

# Sishen rights matter will be resolved this year, says Kumba

STAFF WRITER

THE appeal lodged by the Department of Mineral Resources and Imperial Crown Trading (ICT) against a high court decision to award Kumba Iron Ore 100% mining rights over the Sishen mine will be heard from May 11.

Kumba chairman Allen Morgan told an annual general meeting at the company's offices in Centurion on Friday that the matter could be resolved this year.

The court ruled last year that the Sishen Iron Ore Company, owned by Kumba and Exxaro Resources, holds the rights over the Sishen complex, the country's largest iron-ore mine, overturning the department's award of prospecting rights covering 21,4% of the mine to ICT. Anglo American owns 65% of Kumba.

"With a bit of luck, legal issues can be resolved by the end of the third quarter," Mr Morgan said.

The 21,4% stake was once owned by ArcelorMittal SA.

Kumba cancelled a cost plus 3% iron-ore supply arrangement when ArcelorMittal SA did not convert its old-order mining right over the stake to a new-order right.

ArcelorMittal SA has scrapped plans for an empowerment deal involving the R800m purchase of ICT, a little-known company before the saga over the rights. That deal included people like President Jacob Zuma's son Duduzane and the president's friends, the Gupta family.

ArcelorMittal SA and Kumba have settled on an interim pricing agreement for ore supplied from the Sishen mine to ArcelorMittal SA's steel mills in SA. The matter has been referred to arbitration, with ArcelorMittal SA arguing the supply agreement and its old-order mining right were not linked. Kumba says they were and when one lapsed so did the other.

The parties want a final decision from the court on the appeal process before resuming arbitration because the decision lies at the heart of the arbitration process.

Mr Morgan said Kumba would meet ArcelorMittal SA "in due course" to discuss an interim supply deal that expires at the end of July.

Kumba was "working on a number of opportunities" for expansion in west Africa with Anglo, Kumba CEO Chris Griffith said at the annual general meeting. It would re-examine the Faleme project in Senegal, from which it withdrew in 2007, if the asset became available, he said.

Senegal last year started arbitration proceedings at the International Chamber of Commerce against ArcelorMittal, the world's largest steel maker, claiming slow progress in developing Faleme.

Kumba, which produced 94% of its ore at Sishen in SA last year, is targeting as much as 20-million tons of annual production from West Africa by 2020.

Kumba expects the second half to be stronger than the first, with iron-ore prices to be maintained in this quarter. *Bloomberg*