

IRON-ORE

Strategy Rethink

Steel group to review mining strategy in light of iron-ore settlement

TERENCE CREAMER | DEPUTY EDITOR

Steel producer ArcelorMittal South Africa (AMSA) reports that protracted shareholder negotiations have been the main cause of a delay in progressing with plans for a greenfield Northern Cape iron-ore mine. But outgoing CEO **Nonkululeko Nyembezi-Heita** said earlier this month she still anticipated that a mining application would be submitted by mid-2014.

The project had initially been pursued with the intention of securing replacement feedstock for iron-ore arising from the Thabazimbi mine, which was approaching the end of its life.

However, a recent iron-ore settlement agreement with Kumba Iron Ore had improved prospects for a life-extension project at Thabazimbi and had also given AMSA some breathing space to review its entire mining strategy.

On November 5, AMSA and Kumba unveiled a “holistic” deal aimed at resolving a number of long-running disputes between the two JSE-listed companies. The deal, which came into force in January, regulated the sale of 6.25-million tons of iron-ore a year from Kumba’s Sishen and Thabazimbi mines to AMSA’s steel mills in Gauteng, KwaZulu-Natal and the Western Cape. The material was to be supplied at a price derived using the cost of production at Sishen’s dense-media separation plant, plus a 20% margin.

Kumba was also piloting a mining solution at Thabazimbi, which, if successful, would extend the life of the mine significantly and save about 1 300 jobs in the process.

Nyembezi-Heita indicated that the settlement made it possible for AMSA to review its entire mining strategy and that this review was



Picture by Chai Photographers/Duane Dawe

NONKULULEKO NYEMBEZI-HEITA

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likely to take place during the course of 2014.

“The mining strategy was designed at a time when we thought there was growth in the domestic market . . . in the heyday of 2008, when we thought we would be ramping up to ten-million tons per annum potentially,” she stressed.

Conditions had since changed and the strategy “may now need some recalibration”.

To watch a video in which AMSA's Nonkululeko Nyembezi-Heita and Dr Hans Ludwig Posenstock discuss the group's future mining strategy, scan the barcode with TagReader (at www.gettag.mobi) on your cellphone, or go to 'Video Clips' on www.miningweekly.com.

