

## ArcelorMittal sells manganese project

ArcelorMittal Group, the world's largest steel maker, is selling its 50% stake in the Kalagadi manganese project for R3.9bn to Kalahari Resources, which is run by Daphne Mashile-Nkosi.

By [Allan Seccombe](#) 16 Nov 2012

The mine and sinter plant is part of Kalagadi Manganese, an unlisted company 50% owned by ArcelorMittal and 40% by Kalahari Resources. The Industrial Development Corporation owns the balance of 10%.

ArcelorMittal will receive cash of not less than R3.9bn.

"The proposed transaction will be subject to financing arrangements," ArcelorMittal said.

How Kalahari will fund the purchase of the project that will deliver up to 3m tons a year of sintered manganese, is not immediately clear.

The deal, which was agreed on 14 November, will see Kalahari Resources retaining its 40% stake in Kalagadi, while Mashile-Nkosi or her nominee will own 50% of the business. The IDC will continue to hold a 10%.

Relations between ArcelorMittal and Kalahari have broken down, with the steel maker alleging a lack of corporate governance in Kalagadi, while Kalahari accuses ArcelorMittal of wanting to wrest control of Kalagadi away from other shareholders. The parties went to court over a dispute about funding the project.

The court case brought by Kalahari against ArcelorMittal is likely to be withdrawn once the transaction is concluded, ArcelorMittal said, adding its own appeal process will also fall away.

"We believe the dispute needed to be settled for the sake of the project and the employees that work for it. We believe this sale achieves that objective," ArcelorMittal said, adding it was not leaving South Africa and would remain invested in the country's largest steel maker.