



## Thyssenkrupp keen on deciding steel merger plan by Sept end



Germany's Thyssenkrupp wants to decide by the end of September whether to pursue a European steel merger with India's Tata Steel, the head of its steel works council said recently.

Guenter Back said that Chief Financial Officer Guido Kerkhoff had said the company would decide by the end of the fiscal year {2016/17} whether to proceed, after more than a year of talks that have

been complicated by the UK Brexit vote.

"The ghost must be laid to rest," he said.

Thyssenkrupp and Tata are keen to combine their European operations in a 50/50 joint venture to

remove overcapacity from the market and cut costs. Thyssenkrupp's operations are mainly in Germany, while Tata's are in Britain and the Netherlands.

A condition of any deal is that Tata finds a solution for its 15 billion-pound (\$19 billion) UK pension scheme, which is heavily in deficit. It is unclear whether a recent deal to separate the pension from operations is sufficient.

## Amsteel takes legal action against Ann Joo Steel for ending contract.

Ann Joo Resources Bhd said Amsteel Mills Sdn Bhd has taken legal action against its wholly-owned subsidiary Ann Joo Steel Bhd for wrongfully terminating a supply contract and addendum.

In a filing with Bursa Malaysia on June 22nd, Ann Joo Resources said Ann Joo Steel had received a writ and statement of claim from Amsteel, seeking among others, RM14.96 million as incurred loss of profits as a result of the termination, which would otherwise have been made from the sales of rebar and wire rod using the billet that were ordered.

Amsteel is also seeking damages of RM885, 200 being the difference between the price of the rebar billet in the contract and addendum, and the market price of rebar billet at the latest date of delivery.

It also sought a declaration that Amsteel is entitled to loss of profits for the failure of Ann Joo Steel to proceed with the supply contract and addendum, as well as costs and/or other relief as the High Court deems fit and proper.

"The Court has fixed a case management before the registrar on July 18 and Ann Joo Steel's solicitors are required to enter appearance by July 4," the filing said.

"The board wishes to highlight that Ann Joo Steel has valid and strong grounds not to continue with the supply contract and has instructed its solicitors to refute the claim on the alleged wrongful termination and also the damages claimed by Amsteel," the filing added.



Ann Joo is also of the view that the statement of claim has no material impact on the financial position of the group and has no impact on the operations of Ann Joo Steel.

## Rio Tinto's Silvergrass iron ore mine to go on stream by year-end

Rio Tinto, the world's second largest iron ore producer, will soon be adding more of the steelmaking raw material into an already oversupplied market by kicking off production at a new mine in Australia.

Construction at the Silvergrass project, which will be Rio's 16th iron ore mine in the Pilbara region, has been ramping up since January, and the \$338 million development is expected to create about 1000 jobs until is fully built, a Brazilian news outlet reported.

Silvergrass is a satellite deposit located adjacent to Rio Tinto's Nammuldi mine and it's part of the company's Pilbara operations, which make up the vast majority of its iron ore production.



The initial phase, with a five million ton per annum capacity, began production in the fourth quarter of 2015, but the second and most important phase which will take annual mine capacity from five to ten million tonnes is expected to come into production in the fourth quarter of this year.

After that, final capacity of over 20 million tonnes per year would easily plug into Rio's existing Pilbara infrastructure and the mine could be in full production in early 2018.

The mining giant is also moving ahead with its \$2.2 billion Koodaideri iron ore project in Western Australia, 110km west-north-west of Newman.

The project, which Rio says is intended to replace existing production, would begin construction in 2019, creating 1600 jobs during that period and 600 full time positions once in production, which is estimated to happen in 2021.