



ArcelorMittal

ArcelorMittal South Africa Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1989/002164/06)
JSE Code: ACL ISIN: ZAE000103453
("ArcelorMittal South Africa" or "the Company")

ACQUISITION BY ARCELORMITTAL SOUTH AFRICA OF ARCELORMITTAL GROUP'S 16.31% SHAREHOLDING IN COAL OF AFRICA LIMITED

1 INTRODUCTION

ArcelorMittal South Africa has concluded a transaction with ArcelorMittal S.A., a subsidiary of the ArcelorMittal Group (collectively referred to as "AMAG") to acquire AMAG's holding of 67 081 519 shares in Coal of Africa Limited ("CoAL") representing 16.31% of the total CoAL shares in issue ("the Transaction").

2 INFORMATION ON COAL

CoAL is primarily focused on the acquisition, exploration and development of thermal and metallurgical coal projects in South Africa with approximately 2.2 billion gross in-situ resource tonnes as at 31 December 2008. Approximately 95% of the resources are in coking coal projects. The Company is listed on the Alternative Investment Market in London ("AIM"), Australian Securities Exchange ("ASX") and has a secondary listing on the JSE Limited ("JSE") with a market capitalisation of R2 528.9 bn at the close of business on 6 April 2009.

CoAL has three principal coal projects:

Mooiplaats

A 100% held thermal coal project in the Ermelo coal field which is intended to produce peak run of mine ("ROM") of approximately 3.36 mtpa bituminous, anthracite and lean coals. The majority of the coal production is destined for the export market utilising Richards Bay dry bulk terminal with the residual coal being supplied to the Camden power station as well as the local industry.

Makhado

A 100% held hard coking coal project in Limpopo which is intended to produce peak ROM of approximately 25.1 mtpa. The coal is intended for the local industry as well as the export market via Maputo.

Vele

A 74% held coking coal project in Limpopo which is intended to produce peak ROM of approximately 14.1 mtpa. The coal is intended for either the local industry or export market via Maputo.

3 RATIONALE

ArcelorMittal South Africa is in the process of implementing its backward integration strategy. The Transaction will secure part of ArcelorMittal South Africa's future coal needs, mitigating one of the Company's key variable input costs. As part of the Transaction, ArcelorMittal South Africa has secured an option to enter into an off-take agreement with CoAL for the supply of 2.5 million tonnes of metallurgical (coking) coal annually, with an option to raise this further in future.

4 TERMS AND CONDITIONS OF THE TRANSACTION

4.1 The purchase consideration

The purchase consideration payable to AMAG by ArcelorMittal South Africa is R404 501 560 in cash for the 67 081 519 CoAL shares ("the sale shares") at a price of R6.03 per CoAL share, which is based on the 15 day traded volume weighted average price at which the CoAL shares traded on the stock exchange operated by the JSE to the close of business on 31 March 2009.

4.2 Conditions precedents

The Transaction is conditional upon the fulfilment of the following conditions precedent on or before 20 April 2009 (or such later date as may be agreed between the parties in writing):

- the sale shares, which are currently listed and trading on AIM being transferred to the JSE; and
- Exchange Control approval, to the extent required.

4.3 Effective date

The effective date of the Transaction is the first business day after the fulfilment of the conditions precedent.

5 FINANCIAL EFFECTS

The Transaction will not have a significant effect (i.e. less than 3%) on the net assets, net tangible assets per share and earnings or headline earnings per share of ArcelorMittal South Africa which have therefore not been disclosed.

6 RELATED PARTY TRANSACTION

In terms of the Listings Requirements of the JSE, the Transaction is a related party transaction as AMAG owns 52% of ArcelorMittal South Africa. As the purchase consideration represents approximately 1.1% of ArcelorMittal South Africa's market capitalisation at the close of business on 6 April 2009 it is classified as a small related party transaction and accordingly ArcelorMittal South Africa is required to obtain an opinion from an independent professional expert acceptable to the JSE confirming that the terms of the Transaction are fair to the shareholders of ArcelorMittal South Africa.

ArcelorMittal South Africa has appointed Rand Merchant Bank, a division of FirstRand Bank Limited ("RMB"), as its independent professional expert in relation to the Transaction. RMB's appointment has been confirmed by the JSE.

7 OPINION

RMB has confirmed to the board of Directors that, at the date of the opinion, being 7 April 2009, based upon and subject to the factors, assumptions and limitations detailed in its opinion letter, the terms and conditions of the Transaction are fair to the shareholders of ArcelorMittal South Africa.

The RMB opinion will lie for inspection at ArcelorMittal South Africa's registered office at 3rd Floor, Main Building Vanderbijlpark Works, Vanderbijlpark, Gauteng for a period of 28 days commencing on 7 April 2009.

Vanderbijlpark
7 April 2009

Independent professional expert and
transaction sponsor



Sponsor

