
Anglo to consider investor for Brazilian iron ore project

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Bloomberg reported that Anglo American Plc, the mining company that rejected Xstrata Plc's proposed merger 2 days ago, may seek a partner to invest in its USD 3.6 billion Minas-Rio iron ore mine in Brazil.

People familiar with the plan said that the London-based company is considering the move to bolster funding. It may sell as much as 30% of Minas-Rio.

Anglo cut capital spending by more than half to about USD 4.5 billion this year and suspended its dividend after commodities prices plunged. The company gained full control of Minas-Rio after paying USD 5.5 billion last year to acquire iron ore mines controlled by Brazilian billionaire Eike Batista. Iron ore demand has fallen since then after global steelmaking slumped.

Mr Johan de Kock head of research at Metropolitan Asset Managers Limited said that "It will be difficult to find someone to invest in it now. Anglo will probably want to retain control, given that they paid so much."

Mr Anwaar Wagner a portfolio manager for Old Mutual's mining and resources fund said that Old Mutual Investment Group, an Anglo shareholder, supports outside investment in Minas-Rio. The plan would bring forward other Anglo mining projects, such as Barro Alto and Los Bronces.

Mr Wagner said that "There are various ways in which a deal can be configured."

(Sourced from Bloomberg)

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