
List of suitors for Anglo Brazilian iron ore projects growing

Monday, 29 Jun, 2009

The Times reported that Anglo American is in talks with Dubai Natural Resources World to co-develop iron ore assets in Brazil.

The report said that “The discussions with the Dubai Natural Resources World, owned by the Emirate of Dubai, come after separate talks with other potential investors, including Chinalco, the Chinese state owned metals group, although these are not expected to result in a deal.’

As per a report in Bloomberg, Anglo is also in talks with Sojitz Corp. of Japan.

Anglo American is seeking a partner to help fund its Brazilian iron ore project. Anglo needs cash to bring its Brazilian iron ore reserves into production and an injection of capital from an outside investor might help it to fend off Xstrata’s unwelcome merger proposal. Anglo believes that it needs USD 3.6billion to develop the Brazilian iron ore.

It spent USD 5.5 billion buying MMX-Minas Rio assets 18 months ago and a sale of part of its stake in MMX is being considered to raise the money needed to begin production.

Some shareholders have said that the acquisition of MMX is one of the reasons that they have lost confidence in Ms Cynthia Carroll, the chief executive. She is accused of paying too much for MMX. However, if another investor bought into the project at a similar level it could vindicate her decision.

Anglo has been forced to slash its capital expenditure budget by USD 4.5 billion this year and to lay off 19,000 workers because of the downturn in commodity markets.

Dubai Natural Resources World, Anglo's potential partner, was set up last year to create a portfolio of investments in the oil, gas, agriculture, alternative energy and mining sectors. It is a division of Dubai World, the state-owned conglomerate that holds much of Dubai's wealth.

(Sourced from the Times)

For more news visit at www.steelguru.com