

---

## Chinalco to buy GBP 880 million of Rio shares - Report

*Tuesday, 30 Jun, 2009*

Bloomberg quoted two people familiar with the matter said that Aluminum Corporation of China plans to buy GBP 880 million of Rio Tinto Group stock, taking its share of a rights offer by the world's third biggest mining company.

One of the people said that Chinalco, as the state owned entity is known, may buy about 63 million new shares in Rio. London-based Rio is selling USD 15.2 billion of stock in the UK and Australia to help pay debt.

The sale would allow Beijing based Chinalco to retain its 9% stake after its proposed USD 19.5 billion investment in Rio, the single largest foreign investment by a Chinese company, was rebuffed. Rio instead opted to sell shares and agreed to form an iron ore venture with BHP Billiton Limited.

Ms Rebecca O'Dwyer an analyst at Investec Securities in London who rates Rio a hold said that China is always talking about access to resources like iron ore, copper and aluminum over the long term. So to let yourself be diluted today because the larger deal was rejected would be very short-sighted.

Ms O'Dwyer said that "We continue to believe Rio Tinto and BHP for that matter are more attractive to Chinese buyers than companies like Anglo American and Xstrata because of the commodities that they offer such as iron ore, copper and aluminum."

According to company filings, Rio is offering existing shareholders the right to buy 21 new shares for every 40 they hold at 1,400 pence for its London shares and AUD 28.29 for its Sydney shares. The offer is scheduled to close at 5 PM Melbourne time July 1st.

According to a statement, Rio is issuing 524 million new shares traded in London, representing about 52.5% of its existing share capital and 34.4% of the enlarged share capital traded in London. The offer, valued at USD 15.2 billion, would help Rio pay down some of the USD 38.9 billion of debt.

Credit Suisse Group AG, JPMorgan Cazenove Limited, Deutsche Bank AG, Morgan Stanley and Macquarie Capital Limited are the joint global coordinators on the rights offer.

(Sourced from Bloomberg)

For more news visit at [www.steelguru.com](http://www.steelguru.com)