
MMK may use FMG stake as collateral for funding - Report

Thursday, 05 Nov, 2009

Bloomberg reported that Russia's third largest steelmaker OAO Magnitogorsk Iron & Steel may use its AUD 574 million stake in Australian iron ore producer Fortescue Metals Group Ltd. as collateral to raise funding.

Mr Oleg Fedonin CFO of MMK told that "We receive different proposals from investment banks on how to make use of this stake" including a so called repurchase deal. We consider all these options."

Mr Fedonin said the company hasn't made a decision on what to do with its interest of about 5% in Fortescue.

Magnitogorsk started accumulating Fortescue shares three years ago when it was considering building a steel mill in Australia. The steelmaker would have raised its stake if the steel mill had proceeded.

Mr Fedonin said "The feasibility study showed that the steel mill in Australia will take too long to pay back and we scrapped this project. We definitely do not plan to increase our stake now."

(Sourced from Bloomberg)

For more news visit at www.steelguru.com