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## **Ferrous Resources seeking to raise funds**

*Wednesday, 11 Nov, 2009*

Bloomberg reported that Ferrous Resources do Brasil Ltda wants to raise USD 2.7 billion through a combination of debt, an initial public offering and investment from a strategic partner for funding an iron ore complex.

Mr Bob Graham, director of closely held Belo Horizonte in an interview said that Ferrous intends to borrow about USD 1.3 billion and is talking to companies about investment in the Viga and Serrinha projects in Minas Gerais state in return for iron ore supplies.

He told that “We are talking to a number of potential strategic investors and we’re looking at coming to the public market at some point.”

He said that “Ferrous planned an IPO in London last year before commodity prices slumped amid the global economic slowdown. The company has retained JPMorgan Cazenove Ltd as an adviser.”

He said that “It is likely to be a mix of 50:50 debt and equity, but how much of the equity comes from the IPO and how much from the strategic investor is still being decided.”

He said no schedule has been set for the IPO and declined to identify the companies Ferrous is talking to.

Mr Graham said that “Ferrous will use some of the funds it plans to raise to build a port and a 400 kilometer pipeline, which will carry raw material contained in a slurry from the mining complex to the coast.”

Viga and Serrinha will produce 25 million tonnes a year of iron ore. Construction of phase one of the complex is scheduled to begin in 2011 with first production due before the end of 2013. The location of the port has space for an iron-ore pellet plant and steel mill, for which permits are being sought. A second phase could double output to 50 million tonnes.

The company was established in 2007 and raised USD 1.26 billion via private placements between June 2007 and August 2008. The largest investor in Ferrous is Harbinger Capital Partners.

(Sourced from Bloomberg)

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