
Mechel secures syndicated loan for Oriel Resources - Report

Friday, 16 May, 2008

Reuters reported that Russia's Mechel signed a USD 1.5 billion, 12 month bridge loan that backs its acquisition of ferrochrome producer Oriel Resources.

A banking source said that Bookrunners are ABN AMRO and Merrill Lynch. Eleven banks joined the deal, making 13 in the syndicate in total.

The source added that "Syndication was oversubscribed and banks' commitments were scaled back. As a result, there was no general syndication."

The deal pays a margin of 260 basis points over LIBOR for the first six months, rising to 290 basis points thereafter. The intention is for the bridge to be taken out via the IPO of Mechel's mining division.

The all cash acquisition will allow the Russian steel and coal firm to more than double capacity of ferroalloys used to make steel and also gives the New York listed company control of chromite and nickel mines in Kazakhstan which Oriel was preparing to bring on stream.

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