
BHPB bid for Rio - Chinalco hit by USD 8 billion

Tuesday, 02 Dec, 2008

Aluminum Corporation of China is estimated to incur unrealized loss of over USD 8 billion after the global mining giant BHP Billiton announced the withdrawal from the acquisition offer of USD 66 billion for its archrival Rio Tinto.

The price stood in vivid contrast against GBP 60 per share a price at which Chinalco and US based Alcoa Inc acquired a 12% stake in Rio Tinto's London-listed shares, or 9% holding in the group, in February 2008 a deal worth USD 14.05 billion in total.

Mr Hu Kai an iron ore analyst at Umetal.com said obviously, the withdrawal announcement is not good news to Chinalco, although it maybe of benefit to domestic steelmakers.

Mr Lv Youqing vice president of Chinalco stressed earlier that his company would not sell the stake in Rio Tinto and might even lift its ownership. He said that the Chinese leading metal manufacturer expects Rio Tinto to operate well to bolster stock prices and considers the Australian miner as an even better investment target than the beginning of this year.

Mr Lv said Chinalco has had cash of about CNY 60 billion, or USD 8.78 billion in hand and the money is enough to support its normal operation and will help it weather the global financial crisis and economic downturn.

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