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## Update on creation of Russian mining giant

*Tuesday, 27 Jan, 2009*

Prime-Tass reported that Metalloinvest shareholders suggested the Russian government to found a mining company on the basis of Norilsk Nickel and Metalloinvest in the ratio about 2:1. Later UC RUSAL is to join them later but only after debts recapitalization.

Mr Alisher Usmanov shareholder of Metalloinvest said that “We are not against larger alliances foundation, but participants’ number increase must be consequential and deliberate. Metalloinvest is ready to develop an we have already suggested the Government joined projects with Rostekhnologii.

According to Mr Usmanov’s words, he offers to make a mining giant, while the merger of many companies with all their debts is like a mass grave. He tries to lobby the merger of Metalloinvest having heavy debts load with Nornickel. The debt of Metalloinvest is now about USD 6.4 billion; Mr Usmanov’s private debt is USD 5 billion.

Besides the company is likely to have some difficulties with income, it needed RUB 10.5 billion to pay for license for Udikansk copper deposit which was to be paid in December 2008.

Mr Usmanov tries to agree this merger to solve financial problems in combination with Nornickel.

(Sourced from Prime-tass)

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