



Display Options ▼

+ Related Dow Jones Intelligent Indexing™

Listen to Article | Translate Article | Share

HD Ansteel takes majority Karara stake

BY Michael Ramsey

WC 320 words

PD 19 March 2014

SN [Business News](#)

SC WABN

LA English

CY © Copyright 2014 Business News Pty Ltd.

LP Chinese steelmaker Ansteel has taken majority ownership of the Karara iron ore project, lifting its stake above that of [Gindalbie Metals](#) after converting shareholder loans to new equity in Karara Mining.

Ansteel will be issued with a total of 13.9 million new Karara Mining shares at \$4.31 per share, taking its ownership of the company to 52.1 per cent against joint venture partner Gindalbie's 47.8 per cent.

TD The steelmaker last year provided Karara Mining with two loans worth a combined \$60 million, with the caveat that Ansteel could convert all or part of the loans into Karara Mining equity.

Ansteel also has the option to subscribe for further new equity in Karara Mining in exchange for \$US230 million in working capital under an agreement announced in October last year.

Should that condition be exercised, Ansteel would lift its stake in the project to about 62 per cent.

Under the terms of the new ownership arrangement, Ansteel nominee and Karara Mining chairman [Chen Ping](#) has been appointed managing director of the company.

Neil Meadows has meanwhile been appointed chief operating officer.

The Karara Mining board will increase in size to five directors, with three from Ansteel and two from Gindalbie.

Its chairman will be one of three directors appointed by Ansteel and will have a casting vote at board meetings.

Decisions concerning the pricing and quality of product sold by Karara Mining to Ansteel, amendments to existing offtake sales agreements and general product pricing will require unanimous support from the Karara Mining board but all other decisions will simply require a majority.

While the Karara project has been subject to a number of delays, Gindalbie said earlier this month that it expects magnetite concentrate output to reach 75 per cent of nameplate capacity by the end of the month as it works to overcome bottlenecks in its tailings system.

CO gingol : Gindalbie Metals Ltd

IN i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | ibasicm : Basic Materials/Resources | i211 : Metal Ore Mining | imet : Mining/Quarrying

RE austr : Australia | waustr : Western Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB Business News Pty Ltd

AN Document WABN000020140319ea3j000jh