

SE Business
 HD Chatter all talk, steel giant set to stick by Sandfire
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It's the eve of a new quarter, which means it must be time for another round of speculation over the **sale** of POSCO's 15 per cent **stake** in Sandfire Resources.

The latest round of chatter, wafting over the ocean from **Hong Kong**'s Mines and Money conference last week, appears to have been kicked off with the change of management at the Korean steelmaker, and after comments by incoming chief executive Kwon Oh-joon at the **company**'s annual meeting this month that his leadership would mark a break with POSCO's previous diversification strategy in order to focus on its core business in steel.

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But with **copper** again on the nose with investors, and Sandfire trading below \$6 for much of this month, the timing seems a little off for an imminent **sale**.

The latest rumours, which started swirling late last week, appear to emanate from speculation in the Korean press that POSCO could transfer its **stake**, worth about \$135 **million** at Friday's close, into the natural resources private **equity** fund POSCO set up in late 2012.

The transfer could make some sense if POSCO was looking for an easy way to trickle out shares in a sell-down without taking the discount a block trade might require.

But, as with the last time, the rumours appear to be little more than that, according to Sandfire boss Karl Simich.

Simich says his contacts at POSCO assured him late last week they had made no move to offload its **stake**. Although he's got little doubt POSCO will eventually move to exit Sandfire, Simich says he's had little indication there's a block trade imminent.

What could make more sense for POSCO is the **sale** of its 24.5 per cent **stake** in Aquila Resources' Australian Premium **iron** joint venture with AMCI in the West Pilbara.

The project is effectively on ice and both Aquila and Hans Mende's AMCI have turned their focus to their respective **coal** projects. With POSCO's Pilbara focus firmly on progress at Gina Rinehart's Roy Hill project, and the Korean **company** unlikely to want to extend its balance sheet further in the short term, an exit from the joint venture seems more likely than a Sandfire **sale**.

And after **China**'s Baosteel group spent a bit of time and money buying itself up to a sliver under 20 per cent of the Aquila register late last year, there's what could be an interested party sitting conveniently in the wings.

CO sanfir : Sandfire Resources Ltd | pohn : Posco Co
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 NS ccat : Corporate/Industrial News

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