

HD Rules gag visiting Glencore chairman as merger tilt in wings

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Flying visit: Tony Hayward.

The arrival of Glencore chairman Tony Hayward into Australia this week will do little to calm tensions between the Swiss miner and Rio Tinto, amid expectations a second proposal to **merge** the two **mining** giants could emerge early next year. Mr Hayward's flying visit to Australia will include a speaking engagement in Melbourne on Tuesday and meetings with some of Glencore's Australian staff, but British takeover laws will probably prevent him from publicly spruiking the merits of a merger with Rio this week. It is believed the British rules, which require a six-month freeze between an unsuccessful first **acquisition** or merger attempt and a second bid, will even prevent Mr Hayward from approaching Rio's Australian-based shareholders in private to discuss a second offer. Glencore reportedly approached some of Rio's bigger owners, including its biggest shareholder **Chinalco**, about a merger before Rio announced it had been the subject of a merger offer on October 7. Several of Rio's large Australian shareholders indicated they were not scheduled to meet Mr Hayward this week. Mr Hayward, who was chief executive of BP during the disastrous Deepwater Horizon **oil** spill in 2010, will speak at an Australian Institute of **Company** Directors event in Melbourne on Tuesday, which will take

place under strict "Chatham House Rules" that prevent attendees from reporting his comments. The two companies have been shadow boxing ever since Glencore's approach to Rio was publicised, but

the Rio merger is just one of several transactions Glencore has pursued in recent months. The Swiss **company** was deeply involved in BHP Billiton's **sale** process for its Nickel West business in Western Australia earlier this year, but couldn't convince the nation's biggest **company** to part with the asset, which BHP says is no longer subject to a formal **sale** process. Speaking at an investor briefing in London last week, Glencore's nickel department director Kenny Ives hinted that the battle for Nickel West might not be over. "We would love to have bought it but literally it didn't work out. It is as simple as that. Who knows what the future brings?" he said. Glencore chief executive Ivan

Glaserberg told the same briefing Glencore would continue to be opportunistic in the hunt for **acquisition** targets, and the depressed prices in **iron ore** and **oil** could make distressed producers in those sectors vulnerable to an approach. While Glencore said it would retain a competitive base dividend and would continue the current \$US1 **billion** round of share buybacks, the **company** was less clear on its plan for shareholder returns than other miners have been. Rio, in particular, has promised to reveal a plan to deliver increased shareholder returns in February. Rio's Australian shares were at \$53.67 at the close on Friday. The stock has fallen 24 per cent since February.

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