



## China Railway Buys Stakes in Two Australian Explorers (Update1)

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By Jesse Riseborough

Sept. 8 (Bloomberg) -- China Railway Materials Commercial Corp. agreed to pay A\$39.8 million (\$34 million) to buy stakes in two Australian iron ore explorers to secure supplies.

State-owned China Railway agreed to buy an 11.4 percent stake in **United Minerals Corp. NL** and a 12 percent stake in **FerrAus Ltd.**, the two Australian companies said today in separate statements. Both agreements include talks for sales accords with Beijing-based China Railway for future ore output.

China, the world's biggest iron ore buyer, has been investing in Australia to secure supplies as steel demand surges on a 4 trillion yuan (\$586 billion) government stimulus plan. **Fortescue Metals Group Ltd.**, 17.3 percent owned by Hunan Valin Iron & Steel Group, is seeking to complete a \$6 billion financing accord with Chinese lenders this month.

FerrAus **jumped** 12 percent to 60 cents at the 4:10 p.m. Sydney time close on the Australian stock exchange, while United Minerals **advanced** 6.9 percent to A\$1.09.

China Railway will buy 22.9 million shares in FerrAus at 55 cents each and the two companies also agreed to study the development of projects in Western Australia, the Adelaide-based company said today in a statement.

"FerrAus has one of the most promising iron ore resources in the region and is well positioned for consolidation," China Railway President **Song Yufang** said in the FerrAus statement.

China Railway, which is also one of the nation's top three steel traders, will help FerrAus get finance for project construction, including rail roads, FerrAus said in the statement. China Western Mining Co. bought a 9.9 percent stake in FerrAus in 2008, it said.

The Chinese company also will buy 20 million new shares in United Minerals at A\$1.35 a share and 2 million options at 10 cents each for a total of A\$27.2 million, the Perth-based company said in a statement.

The Australian company is seeking to develop its Railway iron ore deposit and the accord with China Railway will assist in securing finance for the project, United said.

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