

MMK Has \$878M in Assets Frozen by Australian Court

By [The Moscow Times](#)

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Magnitogorsk Iron & Steel, controlled by billionaire Viktor Rashnikov, had some Australian assets including a stake in Fortescue Metals Group frozen under a court order sought by Eurasian Natural Resources.

MMK, as Magnitogorsk is known, is prevented from disposing of, dealing with or diminishing the value of any of the Australian assets, valued at as much as 858 million Australian dollars (\$878 million), according to a Nov. 25 order made in Sydney by Federal Court Justice Steven Rares.

The figure includes a 4.99 percent stake valued at about 735 million Australian dollars in Perth-based Fortescue, Australia's third-largest iron-ore exporter.

Swiss trader ENRC Marketing AG, a unit of ENRC, has said it is in dispute with MMK over iron-ore shipments. MMK, with operations in Kazakhstan, Russia and Brazil, last month agreed

to buy Flinders Mines for about 554 million Australian dollars in cash, giving it control of a proposed iron-ore project in Australia.

MMK sees the possibility of an out-of-court settlement after the ruling, it said Thursday in an e-mailed reply to queries. It also "positively values" the chance to contest the ruling, which won't affect operations, the servicing of obligations or commitments under the Flinders deal, the company said.

The steelmaker cut orders to 700,000 metric tons of iron ore a month in the fourth quarter, while being obliged to buy 1 million tons, ENRC said in a Nov. 10 statement on its web site. The two agreed to an \$8.4 billion, 10-year supply deal in 2007.

MMK has advised Adelaide-based Flinders Mines that the freezing of its Australian assets won't affect MMK's ability to complete the takeover, Flinders said Thursday in a statement. A hearing is scheduled for Dec. 9 at the court in Sydney.

Flinders fell 5.4 percent, the most in more than a month, to Australian 26.5 cents by the close of Sydney trading.

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