

China's Zijin buys Freeport's copper-gold assets in Serbia

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Zijin Mining, one of China's biggest gold producers, said it would buy partner Freeport McMoran Inc's copper-gold assets in Serbia for up to \$390 million, substantially boosting its resources of both metals.

The move continues a recent acquisition spree for Zijin and strengthens its foothold in the Balkans, having entered Serbia when it took over local copper producer RTB Bor in 2018, before completing the purchase of Nevsun Resources, which also has interests in Serbia, for \$1.4 billion this year.

Zijin will pay Freeport an initial \$240 million for its stake in the lower zone of the Timok copper-gold mine, plus 0.4% of the net sales proceeds once production begins, up to an aggregate maximum amount of \$150 million, according to a filing to the Hong Kong stock exchange.

Zijin already has a 100% interest in the upper zone through its Nevsun acquisition and holds 60.4% of the lower zone. Freeport owns the rest of the lower zone but its holding was due to rise to 54% on completion of a feasibility study.

"After completion of the transaction, the company will own 100% interests in the resources of both the upper zone and the lower zone," Zijin said, adding that the purchase would allow the company to increase its resources and further its internationalisation.

It said the acquisition would lift its total controlled copper resources by 7.72 million tonnes, or 15.6%, to 57.24 million tonnes on an equity basis, while its gold resources would rise by 161 tonnes, or 9.3%, to 1,889 tonnes.

Phoenix-based Freeport did not immediately respond to a request for comment on the sale outside of normal business hours.

Development of the lower zone of Timok has not yet started but Zijin said the deal would help with unified planning, construction and operation of the project. Production from the upper zone is expected to begin in 2021, it added.

Zijin will also acquire Freeport's interests in five exploration licenses in the surrounding area, which are currently held by a Zijin-Freeport joint venture and have "favourable potential for prospecting," the statement said.

Zijin expects the transaction to be completed no later than Feb. 29, 2020.



Source: reuters.com