

# THE AUSTRALIAN

Business

## Hegarty crew ponders BHP copper mine bid - DATAROOM

BRIDGET CARTER & SCOTT MURDOCH

475 words

26 April 2018

The Australian

AUSTLN

Australian

16

English

© 2018 News Limited. All rights reserved.

Fresh from striking a deal to buy Rio Tinto's Kestrel coking coal mine for an eye-watering \$US2.25 billion (\$3bn), Owen Hegarty's Melbourne-based private equity firm EMR Capital is believed to be running the ruler over BHP Billiton's Cerro Colorado copper mine in Chile.

The mine produces about 77,000 tonnes annually of high-quality copper cathode and has been on the market for more than a year, although the thinking is that the sales process may soon be reaching a conclusion.

EMR Capital partnered with Adaro Energy in March to buy the Kestrel coalmine for \$US2.25bn in a bid that was also said to have backing from the China Investment Corporation.

Now it appears to be hungry for more acquisitions.

The company is cashed up after it raised \$1.1bn for a new fund about two years ago and Cerro Colorado may prove a better fit for EMR Capital than BHP. It is the resources giant's smallest mine in Chile, and for that reason is seen as better off sold.

Among the buyers earlier understood to be looking were Glencore, which acquired Rio's Hail Creek coking coal mine last month for \$US1.7bn, while Chinese parties are said to have been circling.

Copper assets are in demand from global miners with the price of the commodity performing strongly, gaining about 30 per cent in the past year. However, its performance may be subdued in future in a higher interest rate environment. The metal is typically used as a litmus test for the state of the economy given it is used broadly in manufacturing.

BHP is divesting Cerro Colorado as it prepares for the sale or float of its US-based shale gas assets in the first quarter of next year.

The strong prices Rio achieved for its sale of Hail Creek and Kestrel coking coal mines in Queensland bodes well, some believe, for the BHP process.

BHP's growth plans and capital allocation decisions came under intense scrutiny last year, amid pressure on the company from US activist fund Elliott Management. Following the agitation from Elliott, BHP announced its US shale gas portfolio was on the block.

Mr Hegarty is executive chairman of EMR Capital and is well regarded in the industry as the founder and managing director of copper and gold miner Oxiana, now OZ Minerals, and a former Rio executive.

Last year, EMR Capital acquired the Golden Grove copper and zinc mine in WA from MMG for \$210 million, which was previously in his control when it was owned by Oxiana. EMR also led a consortium in the prior year that secured a 95 per cent stake in the Martabe gold and silver mine in Indonesia for \$US775m from G-Resources.

Document AUSTLN0020180425ee4q0002x