

# Business Standard

HD Birlas' Oz copper mine on sale as low price hits

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Aditya Birla Minerals, owned by the Aditya Birla group, has put its Australian copper mine, MT Gordon, on the block, after copper prices fell by almost 12.5 per cent in the last two years and high cost of operations.

Bankers say the company has hired ANZ to conduct a valuation of the copper mine, even as the company's operations at MT Gordon mine remain under its care and maintenance since April last year. The company was earlier producing almost 1.4 million tonnes per annum of copper and supplying it to its parent Hindalco in India.

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"As part of the strategic review of the Aditya Birla Mineral's MT Gordon operations, the management is presently in negotiations with a third party for the potential sale of 100 per cent of the shares in Birla MT Gordon," the company said on Monday.

If the sale takes place, it will be the second sale of overseas assets by the group this year, after it sold off its business process outsourcing unit to CX Partners and Capital Square Partners in January this year for \$260 million.

The Australian company is facing a crisis of sorts after its copper production fell by almost 80 per cent, while sales were down by 98 per cent until last week of August mainly due to suspension of its other mine called Nifty following a sinkhole incident and suspension of operations at MT Gordon. By selling one of its mines, AB Minerals is cutting its losses in Australia, say bankers. India-listed Hindalco owns 51 per cent stake in Aditya Birla Minerals, while the rest of the stake is held by local shareholders.

The Australian company – with \$105 million of cash on its books -- was earlier mining copper concentrates from its two mines and was shipping it to Hindalco's smelter in Dahej, in India. Its competitor Vedanta has also put its mine under care and maintenance in Tasmania, Australia in July this year. Under "care of maintenance," the mine stops production but the plant site is kept safe and secure for future mining operations.

A large number of Indian companies are finding it difficult to sustain their operations abroad, as commodity prices are falling due to slowing demand from China and other emerging economies. Copper prices are down 6 per cent in the last one year to \$6,835 a tonne on the London Metal Exchange.

Aditya Birla Minerals was established in 2003 for copper production and develop copper in concentrate sources in Australia. The company acquired the Nifty copper mine and MT Gordon copper mine alongside adjacent tenements for prospective copper exploration. The Queensland and West Australian copper production accounts for approximately 20 per cent of Hindalco's concentrate requirements. The company was listed on the Australian stock exchanges in 2006.

The company now plans to ramp up production at Nifty mine to produce around 16,000 to 18,000 tonnes of copper till March next year.

CO abmine : Aditya Birla Minerals Limited | cxpar : CX Partners LLP | aditbg : Aditya Birla Group | hindal : Hindalco Industries Ltd

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