

HD Corporate News: Longer Life Sought for Mine in Australia

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China Molybdenum Co. is seeking to extend the life of its recently acquired Australian **copper-and-gold** mine, Northparkes, and is considering the **acquisition** of further foreign **mining operations**, the head of its Australian **mining** operation said Thursday.

Northparkes managing director Stefanie Loader described **China** Molybdenum as "an ambitious and growing international resources **company**," signaling continued interest from **Chinese** investors in overseas resources despite a recent shopping spree that yielded bad investments for some companies.

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She said the **company** was pushing to extend the expected life of Northparkes, one of Australia's largest **copper** mines, beyond its existing 2032 end date, with drilling work underway on land surrounding the mine.

"We are also seeking to acquire and invest in producing and cash-generating resources projects in politically stable countries," Ms. Loader said at a business event in Sydney. She didn't elaborate.

China has snapped up foreign resources in recent years amid a rapid expansion in its economy, helping to feed its factories and ensure it wasn't reliant on Western powers for raw materials. **China's** overseas investments in resources climbed to \$53.3 **billion** last year, from \$8.2 **billion** in 2005, according to an investment database compiled by the American Enterprise Institute and the Heritage Foundation.

While many major deals, particularly in **iron ore**, have struggled with high costs or less output than expected, Ms. Loader said the Northparkes project was helping bolster the bottom line of its **Chinese** owner, particularly after slashing operating costs 20% last year, bolstering margins. It recently posted a 66% rise in first-half profit.

China Molybdenum bought an 80% **stake** in the Northparkes mine from Rio Tinto PLC last year for \$820 **million**. Rio Tinto, which had acquired Northparkes in 2000, sold the mine as part of its strategy to shed unwanted assets to pay down debt and protect its credit rating.

Japan's Sumitomo Group owns the remaining 20% interest.

China is the world's biggest buyer of **copper**, used in wires and pipes for industries including electronics and construction. It accounts for 40% of global demand.

Ms. Loader declined to speculate on the outlook for **copper** prices. The commodity dropped to a three-month low this week as weaker economic data from **China** fanned investor concerns the world's No. 2 economy could slow further.

Northparkes, in Australia's New South Wales state, produces about 55,000 tons of **copper** a year.

Still, **mining** executives and analysts are upbeat on the longer-run outlook for **copper**, as **China** rebalances from steel-intensive industrialization toward consumer-led growth, which tends to demand high levels of **copper** for items such as computers and home appliances.

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