
Zijin timing in metals still good for mergers

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Bloomberg cited Mr Lan Fusheng vice chairman of Zijin Mining Group Company as saying that the company will increase investments in overseas projects because timing in metal markets is still good.

Mr Chen Jinghe board chairman of Zinjin Mining said that the Shanghang, Fujian province based company missed opportunities to buy overseas projects as the metals market rebounded too fast after the global financial crisis.

China, undeterred by its failure to invest in London based Rio Tinto Group is boosting spending on oil and mining acquisitions by at least half this year to take advantage of lower valuations after prices slumped. Rio, the world's second largest iron ore supplier rebuffed a USD 19.5 billion investment from Beijing based Aluminum Corporation of China in June in favor of a share sale and a JV with rival BHP Billiton Limited.

Mr Lan said that "We have sufficient cash and low debt. We have been a bit conservative in investments before but we will focus on overseas projects even though risks will be high."

He said that Zijin missed acquisitions opportunities in the H1 of 2009 because applications for foreign currency funds didn't get through in time. Non state controlled companies such as Zijin face a longer process of approvals from county and provincial bodies, the National Development and Reform Commission, and the Commerce Ministry, which can take more than 6 months in total.

The executive said that Zijin has spent USD 300 million in the past 5 years in 8 overseas projects without naming them. Some overseas mining companies are still short of cash and need to sell assets to fund projects. The company is looking at gold and copper assets in Southeast Asia, Africa and Latin America, which include copper assets in the Democratic Republic of Congo.

(Sourced from Bloomberg)

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