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## **Kagara and Cudeco may be deal targets - Citigroup**

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Bloomberg reported that Kagara Limited and CuDeco Limited are among companies that may be targets for Chinese and Indian companies after Australia changed its foreign investment laws to attract overseas funds.

Kagara, the Australian mining company that supplies Korea Zinc Company sold a 19.9% stake in the company to China's Guangdong Foreign Trade Group Company in June.

Citigroup said that other targets may include Amadeus Energy Limited, Roc Oil Company, Terramin Australia Limited, Toro Energy Limited, Riversdale Mining Limited, Atlas Iron Limited and Indophil Resources NL.

Citigroup analysts led by Mr Craig Sainsbury said that the new rules open up an extra AUD 12 billion of foreign investment potential in Australian resources companies that won't require regulatory approval.

Mr Sainsbury said that "Given the easing of the FIRB screening laws we believe there is the potential for foreign companies, especially those from China and India, to beef up their investment in Australian resource companies. China is continuing to look for projects that can help lift its self sufficiency in materials and limit its exposure as a price taker for most commodities, the change in the framework may see an acceleration of investment in Australian junior mining companies."

He said that China may look for commodities it is deficient in including copper, iron ore, bauxite, coking coal and uranium. For India, given its wealth of natural resources, we see its foreign investment primarily in copper and the coal complex.

Australia's Treasurer Mr Wayne Swan last month announced changes to the law to allow overseas investors to buy as much as 15% of a company with a market valuation of AUD 219 million or below without reference to the Foreign Investment Review Board. That's up from the previous threshold of AUD 100 million.

(Sourced from Bloomberg)

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