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Aditya sells Mt Gordon

21ST SEPTEMBER 2015 BY: ESMARIE SWANEPOEL - CREAMER MEDIA SENIOR DEPUTY EDITOR: AUSTRALASIA

PERTH (miningweekly.com) – Embattled copper miner Aditya Birla Minerals has sold its Mt Gordon operation, in Queensland, to Lighthouse Minerals Holdings.

Under the terms of the agreement, Aditya would receive A\$5-million in cash on the completion of the transaction and a further A\$10-million in cash if the three-month delivery quoted price for copper on the LME averages at least A\$4.20/lb over any continuous six-month period in the 12 months after commercial production has restarted at the Mt Gordon operation.

Aditya would also be reimbursed for the care-and-maintenance expenses it incurred at the Mt Gordon site, starting from the execution date of the agreement and ending at the completion of the transaction. It was estimated that this would amount to some A\$500 000 a month.

In addition, Lighthouse would also replace some A\$41.7-million worth of environmental and financial bonds over the Mt Gordon project.

Aditya told shareholders that the transaction would maximise shareholder value and provide it with access to some A\$41.7-million of encumbered cash, as well as cash proceeds from the sale of the Mt

Gordon asset.


The free cash would provide Aditya considerable flexibility, while it assesses options in relation to capital management and the ongoing strategic review of the balance of its business.

Aditya would continue to operate the Nifty copper mine and was reviewing the Maroochydore copper project.

The Mt Gordon transaction was subject to a number of conditions, including Foreign Investment Review Board approval and the discharge of intercompany indebtedness.

Aditya shareholder Hindalco Industries has, meanwhile, agreed to terminate a life-of-mine offtake agreement over the Mt Gordon project, effective from the completion of the transaction.

Hindalco and Lighthouse have entered into a new replacement offtake agreement, which would come into effect on the completion of the transaction.

The Mt Gordon project was placed on care and maintenance in 2013, and had capacity to produce copper concentrate at a rate of 1.4-million tonnes a year. 

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