

## **Anglo American sells Chile copper mines for \$300M**

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<http://www.marketwatch.com/story/anglo-american-sells-chile-copper-mines-for-300m-2015-08-24>*

LONDON--Anglo American PLC (AAL.LN) said Monday it has agreed to sell two Chilean copper mines to a consortium led by investment firm Audley Capital Advisors LLP for \$300 million in cash as it seeks to sell non-core assets to pay down debt and turnaround the company's operating performance.

Investment firm Orion Mine Finance Group acted as the principal co-investor for the Mantoverde and Mantos Blancos open pit mines in northern Chile. The consortium has agreed to pay an additional \$200 million if certain criteria are met.

The deal is forecast to close in the third quarter of this year, subject to regulatory approvals.

Anglo American announced last year that it was considering selling certain non-core assets, including the Chilean copper assets, to focus on more profitable assets. The globally diversified miner is selling the two smaller mines to Audley Capital, an investment firm whose mining team is run by John MacKenzie, a former senior Anglo executive that headed Anglo's copper business.

The consortium said it will pay extra cash depending on the copper price performance and if the operating life of the Mantoverde mine is extended.

The two mines were valued at a minimum of \$1 billion last year, a person familiar with the matter told the Wall Street Journal in November. The deal attracted interest from investors such as QKR Corp, a London-based investment group set up by Lloyd Pengilly, a former J.P. Morgan Chase & Co banker and Magris Resources Inc., a Toronto-based firm run by Aaron Regent, the former CEO of Barrick Gold Corp.

However, a steep slump in the copper price since then prompted some investors to reassess their price expectations for certain assets. Copper fell on Monday to a fresh six-year low on renewed fears of an economic slowdown in China, the world's largest consumer of the red metal.

Mark Cutifani, Chief Executive of Anglo American said in a statement that "The sale of our Norte copper assets to the Audley consortium represents a good outcome for Anglo American, both in terms of the up-front value achieved, the potential upside geared to the copper price and the continued delivery of our asset disposal program.

"Although the transaction is only a modest step in delevering the balance sheet, the fact that Anglo American got another transaction done is a positive sign," said Investment bank Morgan Stanley in a note. Investec Securities also said that the outcome was good, adding that the \$300 million price tag was higher than expected.

The deal follows Barrick Gold Corp's **ABX, -9.74%** agreement in July to sell a 50% stake in the Chilean Zaldívar copper mine to U.K.-listed Antofagasta for \$1 billion, a deal that some analysts described as pricey.

The Mantoverde and Mantos Blancos have a shorter operating life than the Chilean Zaldívar copper mine. Whereas the Zaldívar mine has a 14-year life span, the Mantos Blancos and Mantoverde mines have only have 10 and five years respectively.

Anglo American's shares were down 6% at 689 pence a share as of 1020 GMT while the FTSE 350 mining index was down 5.2%. Mining equities worldwide were pummeled Monday by escalating fears over the health of China, the resources sector's biggest customer.

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