

Rio Tinto to sell Rössing stake

26 November 2018

Share

Rio Tinto has agreed to sell its entire 68.62% stake in Rössing Uranium Limited, owner of the Rössing mine in Namibia, to China National Uranium Corporation Limited (CNUC) for up to USD106.5 million.



Rössing (Image: Rio Tinto)

Under a binding agreement Rio Tinto announced today, the total consideration comprises an initial cash payment of USD6.5 million, payable at completion, and a contingent payment of up to USD100 million following completion linked to uranium spot prices and Rössing's net income during the next seven calendar years. Rio Tinto will also receive a cash payment if CNUC sells the Zelda 20 mineral deposit during a restricted period following completion. The total consideration is capped at a maximum of USD106.5 million.

Rio Tinto said the transaction "represents the culmination of an extensive assessment of strategic options" it had considered for the Namibian mine. Its chief executive, J-S Jacques, said Rio Tinto was focused on strengthening its portfolio and focusing on its core assets.

"Rio Tinto has a long history in Namibia and I would like to thank the many people across Rio Tinto and the communities in which we operate who have contributed to the success of Rössing. I wish them continued success under new ownership. Rio Tinto will work closely with CNUC to ensure a smooth transition and ongoing sustainable operation at Rössing," he said.

Rössing, the world's longest-running open pit uranium mine, has been in operation since 1976. It has a nameplate capacity of 4500 tonnes U₃O₈ per year. Its 2017 production was 4,652,000 pounds U₃O₈ (1789 tU) of which Rio Tinto's share was 3,192,000 pounds. By the end of last year, the mine had supplied a total of 132,610 tonnes U₃O₈ to the world.

The mine is located 12 kilometres from the town of Arandis, 70km inland from the coastal town of Swakopmund in Namibia's Erongo region.

Rio Tinto is the majority owner of Rössing Uranium Limited. The Namibian government has a 3% shareholding, but has a majority of 51% in terms of voting rights. The Iranian Foreign Investment Company is a passive legacy investor in Rössing Uranium, with a 15% stake. The Industrial Development Corporation of South Africa owns 10%, while local individual shareholders own a combined 3%.

CNUC is part of China National Nuclear Corporation's (CNNC) Geology & Mining Department. Separate branches are responsible for CNNC's domestic and international uranium mining and exploration activities. CNNC Overseas Uranium Holding Limited's investments include a 25% stake in Namibia's Langer Heinrich uranium mine, currently under care-and-maintenance.

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Subject to conditions, including merger approval from the Namibian Competition Commission, the transaction is expected to be completed in the first half of next year.

Researched and written by World Nuclear News

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