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## Tongling, China Railway Plan to Invest \$3 Billion in Ecuador Copper Mine

*By Bloomberg News - Aug 13, 2010*

[Tongling Nonferrous Metals Group Holdings Co.](#) and China Railway Construction Corp. may invest as much as \$3 billion in a copper project in Ecuador, as China seeks to control more commodity assets to feed its economy.

Production at the Corriente Copper Belt may start in 2013, [Hu Guobin](#), vice president of a venture set up by the two Chinese companies for the project, said in an interview. Annual copper in concentrate output would start at 30,000 metric tons and double a year later, he said.

Chinese companies spent more than \$30 billion last year buying oilfields and mines as two decades of economic growth averaging 10.1 percent made China the world's biggest metal and energy consumer. Copper prices have doubled in the past five years, driven by demand in the third-largest economy.

“The investment will significantly lift Tongling’s copper ore self-sufficiency and investors expect the assets to be injected into the listed unit later,” [Heng Kun](#), an analyst at Essence Securities, said by phone.

[Tongling Nonferrous Metals Group Co.](#) rose 2.4 percent to close at 16.20 yuan at the 3 p.m. close in Shenzhen. [China Railway](#) rose 0.4 percent to HK\$10.08 at the 4 p.m. close in Hong Kong.

Tongling, China’s second-biggest [copper](#) producer, and China Railway Construction, the nation’s biggest railroad builder, in December agreed to buy Canada’s Corriente Resources Inc. for C\$679 million (\$652 million) for the copper resources. The deal was completed and Corriente was delisted this month, according to a [statement](#) on Corriente’s website.

### Chinese Demand

“All the ore will be shipped back to China” to meet demand, said Hu, who was nominated to the venture from Anhui-based Tongling. The copper producer will take delivery of half the ore, he said.

Production in the long-term may reach 250,000 tons to 300,000 tons a year, Hu said. Tongling produced 44,000 tons of copper concentrate last year.

The rapid expansion of smelting capacity in China, the world’s biggest producer and consumer of copper metal, has increased ore demand and spurred companies to invest overseas. Larger rival [Jiangxi Copper Co.](#) invested in copper mines in Peru and Afghanistan, and [Zijin Mining Group Co.](#) is seeking copper and cobalt assets in the Republic of Congo.

The Corriente Copper Belt covers 17 deposits in the four main mining regions of Mirador, Mirador Norte, Panantza and San Carlos, China Railway said in December. Copper resources are about 11.54 million tons, based on initial studies, it said.

Corriente was also involved in the exploration and development of gold, silver and molybdenum mines, according to the December statement.

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