

Acquisitions Signal a Turning Market for Miners; Canadian Junior TNR Gold Holds Back-In Right Into One of the Largest Copper Deposits in the World

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VANCOUVER, British Columbia, Aug. 28, 2014 (GLOBE NEWSWIRE) -- A wave of optimism is sweeping through the mining industry, as a series of high-profile acquisitions suggest a new trend of asset-purchases is emerging and an active hunt for copper and gold properties is underway.

It has been a steep slide from the highs of 2010, which saw mining contribute \$36 billion to Canada's GDP (Mining Association of Canada, 2011 Facts and Figures).

However, recent deals have brought interest back to the market. These include the acquisition of [Osisko Mining Corp.](#) (\$3.7 billion), [Augusta Resource Corp.](#) (\$555 million), and Sulliden Gold Corp. (\$300 million), all of which have helped push the 2014 total to more than 40 deals worth over \$7 billion.

For junior and mid-tier companies, First Quantum Mineral's recent acquisition of Argentina-focused [Lumina Copper Corp.](#) is a leading indicator. The \$470 million deal, centered on junior miner Lumina's highly promising Taca Taca copper project (120 kilometres east of the Escondida, the world's largest producing copper mine), has spurred interest in companies with similar assets across the Americas. The purchase sets a much-needed price benchmark, an essential gauge in a market now accustomed to good companies with reduced market caps and undervalued assets.

McEwen mining, an aspiring gold and silver producer whose Los Azules copper deposit lies in close proximity to Taca Taca, feels the timing is near for its project. In a press release dated July 17, 2014 President Rob McEwen notes "With First Quantum acquiring Lumina Copper and their Taca Taca project, Los Azules moves to the forefront in terms of world-class, underdeveloped, high-grade copper assets not owned by a major mining company. As we have said in the past, Taca Taca serves as a good proxy for the value of Los Azules and we believe this transaction demonstrates value in projects located in Argentina."

One of the world's largest underdeveloped copper deposits, the Los Azules is an advanced-stage, high-grade porphyry copper exploration project located in the cordilleran region of San Juan Province, Argentina. The open pit project contains 14.3 billion pounds of inferred copper and 5.4 billion pounds indicated.

Like [Lumina Copper Corp.](#), Vancouver-based junior exploration company [TNR Gold Corp.](#) (TSX-V:TNR) is also well-positioned for the copper turnaround. The company secured interests near the Andean Copper Belts in Argentina and holds a claim to the Los Azules project. After a lengthy legal battle between TNR and McEwen, TNR was granted a back-in right to Los Azules in November 2012. The right is exercisable following the completion of a feasibility study and allows TNR to back-in for 25% of the northern part of the property, which McEwen said contains the largest share of the known resource.

The advantage for TNR is that it doesn't assume any risks for Los Azules, nor does it need to raise any funds until a feasibility study is complete.

"Los Azules is a unique, long-life, copper mining opportunity in Argentina," commented Kirill Klip, Non-Executive Chairman of TNR. "Recent acquisitions, which include the Las Bambas copper mining project in Peru acquired by Minmetals Group from China and the Taca Taca copper deposit in Argentina acquired by First Quantum Minerals, confirm there is significant value to be realized for projects in this region. We are pleased that large-scale, capital intensive projects like Los Azules are attracting attention from global mining companies, increasing our ability to monetize our portion of the asset."

McEwen withdrew the Los Azules project from sale in June 2013, avoiding a depressed market price. However, as McEwen noted on the company's Q2 earnings call, the project could soon be back up for sale:

"The recent sale of Lumina Copper is very encouraging and not only signals that big projects in Argentina are again becoming attractive but it also provides a measure of the value of the Los Azules project. This and other sales suggest Los Azules has a value of approximately US\$300 million and represents a source of future liquidity."

Lumina Copper's stock value climbed from \$3 to nearly \$11 in three months in response to the acquisition. This is an encouraging sign for properties such as Los Azules, located in close proximity and containing a considerable resource.

With Los Azules moving to the top of the M&A list, TNR is focusing on monetizing the asset and furthering the success of its lead generator business model. The company successfully applied this model in 2010 and 2011, when it identified the Mariana lithium brine and Blackstairs lithium pegmatite projects, which became key to the formation of [International Lithium Corp.](#) – a company partnered with China's Ganfeng Lithium and which TNR owns a 25.5% stake in.

TNR also plans to attract a strategic partner for its 100% Shotgun gold project in Alaska and is seeking strategic partners for its rare earth element project in Canada.

According to TNR President Gary Schellenberg, the company sees encouraging signs in the market to support its lead generator model. "Our ultimate plan is to develop a portfolio of projects and market them to end product users or developers who will de-risk the projects for our shareholders by spending the early exploration and development capital. Thus being less reliant upon the equity markets."

When TNR and Lumina secured interests in Argentina's Andean copper belt, the market was projecting a dropping copper demand from China. Many analysts failed to take into account that demand has continued to rise while the refined market ran into a deficit. The result was a hit for Lumina, whose early exploration and development caught the upswing for copper demand.

For TNR, the rapidly advancing communications and technology sectors are a strong sign that senior producers are on the hunt for large copper deposits. And with a share price considerably lower than McEwen's and a 25% stake in one of the world's largest copper deposits, TNR is sitting in a strong position to attract investors looking to benefit from the acquisition upswing.

Kirill likes to reference what he calls the "Las Bambas effect" (in reference to Minmetal's purchase of Glencore's Peruvian mine for \$5.85 billion). This effect, most recently seen in First Quantum's purchase of Taca Taca, is a snowballing interest in high-quality projects and is a promising sign of renewed market interest in copper.

With a strong demand for commodities highlighting the value of projects like Taca Taca and Los Azules, it looks like the market for strategically placed assets is now rebounding off 2013 lows.

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