Vedanta to complete USD 400 million Zinc mine at SA

Indian mining and energy company Vedanta is nearing completion of a USD 400 million zinc project in SA and is considering doubling its size and building Africa's second zinc refinery. The refinery, the second outside Namibia, would produce 400,000 tonnes of zinc metal a year from the new Gamsberg mine in the Northern Cape and cost about USD 500 million to build.

Deshnee Naidoo, CEO of Vedanta Zinc said that the first phase of the Gamsberg mine will come into production by the middle of 2018, ramping up to 4 million tonnes a year of ore, which will deliver 250,000 tonnes of zinc in concentrate. About 100,000 tonnes of this concentrate would be sent to Vedanta's Skorpion zinc complex in Namibia for refining and the balance sold onto the market, she said.

She said that Vedanta was keen to more than double mining output to 10-million tonnes a year, which would give it 400,000 tonnes of zinc adding Anglo had already done a feasibility study into the expansion, and Vedanta's project manager had been tasked with designing the open pit to cater for a much larger mine. The civil work at the plant has been built to cope with modular expansion of the plant.

Naidoo further said that "I would say that in the next 12 to 18 months, I'd like to be in a position to make a call on phase two. It would be silly of us to deliver a project fully and only then start another phase. We've got the team; we've got the financing and hopefully the metal price, so why not just carry on."

It would cost far less than the USD 400 million to expand the mining and plant footprint, with the biggest cost coming from the refinery, but Vedanta had received interest from the government pension fund manager, the Public Investment Corporation, and the Industrial Development Corporation to be involved in the second phase of the project.

ACCC considers bid over acquisition of Glencore rail business

Australian Competition and Consumer Commission is still considering bids from Aurizon and Pacific National over the acquisition of Glencore's rail business in the NSW Hunter Valley. Glencore announced the sale of GRail earlier this year as part of a wider plan to pay down billions in debt, with Aurizon and Pacific National submitting proposals to the ACCC in August this year.

In a Statement of Issues released, the Commission argued that having the two competitors would "substantially lessen competition" in the coal haulage market. Section 50 of the Competition and Consumer Act 2010 bans acquisitions that would have the effect, or are likely to have the effect of substantially lessening competition in any market. ACCC considering what the competitive market will be like after the acquisition to determine whether competition will be affected.

The ACCC said that "The ACCC's preliminary view is that each of the proposed

acquisitions may substantially lessen competition because in the future without the proposed acquisitions, an Alternative Purchaser may establish itself as a third competitor in the market by acquiring Grail." It said that "Market participants consider that competition in the market would be enhanced if a third competitor entered the market by acquiring GRail."

Since its development in 2010, GRail has reportedly become the third largest haulage business in Australia. Last year it hauled 40 million out of the 53 million tonnes of coal the company produced, according to the Daily Mercury. The ACCC is calling for public submissions and feedback on the bids, particularly over whether a third entrant would increase competition and whether Aurizon and PN would compete intensely even if one of them acquires the business.