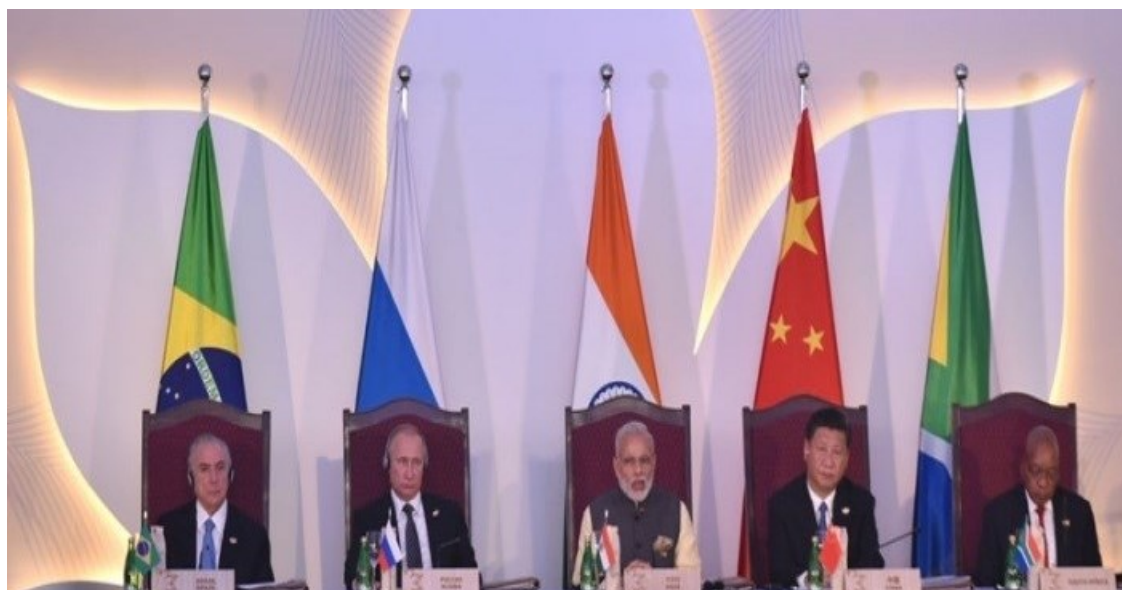


Brics investors shake on first joint mining project

In a first of its kind, Brics countries have come together to invest in a gold mining project in Siberia. The representatives from the five nations signed a memorandum of understanding (MoU) on the sidelines of the Brics summit in India.

Sun Gold Limited, China National Gold Group Corporation, the Russian Sovereign Investment Fund, Far East and Baikal Region Development Fund (FEDF), Trans Africa Capital and a private investor from Brazil plan to develop the Kluchevskoyegold deposit located in the Chita region of Russia in Eastern Siberia.



Source: Brics India 2016

Significant operation

According to the feasibility study completed by Changchun Gold Design Institute, the proposed joint venture aims to develop a significant open pit mine and heap leach operation with an expected production rate of 12m tonnes of ore per year and gold doré production of over 6,5 tonnes per annum. The pre-production investment is expected to be \$400-500m.

Subject to all applicable Russian law requirements having been met, China National Gold will be the largest shareholder with majority equity interest in the joint venture company. It will provide management and development expertise, and will have responsibility for raising long-term favourable debt financing for the project.

Combined expertise

Sun Group has considerable long-term expertise working in Russia, while the FEDF will be an important shareholder in the joint venture company, acting within its mandate, to help support the project's growth, with a particular focus on gold and copper mining opportunities in the Russian Far East.

Using the joint venture parties' combined expertise, the project will be developed in accordance with best international practices in engineering, environmental, governance and community standards. It will utilise innovative technologies, and create substantial local employment and skill transfer.

The project will provide material benefit to the local and national economies over its lifetime in terms of industrial development, development of the supply chain, employment and payment of taxes and royalties.

Roadmap to collaboration

This historic first mining project involving participants from all five Brics countries can act as a roadmap for future cooperation within the alliance, drawing on the strengths of all members to execute challenging and mutually beneficial projects in each other's countries and around the world.

Subject to the approval of the regulatory authorities in the People's Republic of China and the Russian Federation (and other approvals as may be required), the parties intend to work together and implement the proposed joint venture at the earliest opportunity.

"I am honoured to be part of this first-ever, major industrial initiative bringing together our Brics countries in a new partnership that will create economic benefits for the people of all five member states.

"This is an important step in the evolution of Brics, and a concrete example of what our countries can achieve by pooling our resources and working together. We are proud to have the support of our respective governments, and have all committed ourselves to the success of this huge project. As the South African partner, I salute my fellow participants, and wish to congratulate our Governments for making this achievement possible," says Ivor Ichikowitz, chairman of Trans Africa Capital.

For more, visit: <https://www.bizcommunity.com>