

Teck dam deal brings giant Chile copper project in focus

Teck Resources last week reached a deal to sell its 66% interest in the Waneta Dam hydroelectric project in British Columbia, Canada to a local utility for C$1.2 billion ($870m).

Teck is Canada's largest diversified miner with revenues of $9.3 billion in 2016 and interests in copper, met coal, zinc in Canada, Chile and Peru, and projects in the Alberta oilsands. The Vancouver-based company is worth just shy of $11 billion on the NYSE and is trading 84% higher than this time last year.

Quebrada Blanca Phase 2 to develop the hypogene orebody comes with a hefty price tag of some $4.7 billion

In a research note ratings agency Moody's Investor Services says it anticipates the proceeds of the dam sale will not be used for further debt reduction because after a $1 billion repayment earlier this year, debt levels are already within range of management targets.

Moody's believes Teck could use the proceeds to bolster its cash position as management decides on whether to proceed with the expansion of its Quebrada Blanca copper mine and possible financing options for the project:

[The proceeds] could provide Teck an important cushion on any large capital expenditures, such as the second phase of development of Quebrada Blanca […] which it will decide whether to pursue by mid-2018.

The 76.5%-owned Quebrada Blanca mine is located in Tarapacá Region of northern Chile at an elevation of 4,400 metres, and last year the operation produced 35,000 tonnes of copper, down more than 10% from 2015.

Quebrada Blanca Phase 2 to develop the hypogene orebody c

Teck says Quebrada Blanca production is currently anticipated to continue until mid-2019, though at reduced production rates as the supergene deposit is exhausted.

The expansion extends the life of the mine by more than 25 years with annual production of 275,000 tonnes of copper and over 7,700 tonnes of molybdenum in concentrate for the first full five years.

Teck's overall copper output came to 324,000 tonnes last year and should the expansion go ahead it would catapult the company into the **global top ten copper producers.**

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