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Chinese Buy First Russian Coal Deposit for $90M

By The Moscow Times

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Winsway Coking Coal Holdings, a Chinese importer of Mongolian coal listed in Hong Kong, said its holding company agreed to buy a Russian deposit for $90 million.

The holding company aims to buy 60 percent of the Apsatskoye steelmaking coal deposit in East Siberia's Zabaikalsky region, about 1,000 kilometers from a rail link between Russia and China, Winsway said in a statement Tuesday. The deposit has an estimated 675 million metric tons of resources, it said.

Natural gas trader Itera bought the right to Apsatskoye in 2008, according to the company's web site. The statement didn't give details of the remaining 40 percent, and an official at Itera's press office contacted by Bloomberg News said the company was unable to comment immediately.

"This could become the first purchase of coal assets in Russia by the Chinese," said Dmitry

Smolin, a UralSib Financial analyst in Moscow. Russia may approve the deal as, unlike oil, gas and non-ferrous metals, coal isn't strategic, he said.

China is ready to spend as much as $6 billion to double coal purchases from Russia to more than 20 million tons a year by 2016, the Russian Energy Ministry said in September. ArcelorMittal is the only major foreign company that has produced coal in Russia, according to UralSib.

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