

fastFT Rio Tinto PLC

Rio Tinto's Mongolian mining woes deepen

Neil Hume in London MARCH 13, 2018

Rio Tinto is facing further problems in Mongolia, where it is developing a giant copper and gold deposit.

Turquoise Hill Resources, the Canadian-listed company through which Rio controls the Oyu Tolgoi mine, said on Tuesday it had received an “information” request from the Mongolian Anti-Corruption Authority (ACA) to provide financial information.

“The request relates to an investigation about possible abuse of power by authorized officials during negotiation of the 2009 Oyu Tolgoi Investment Agreement. There is no indication in the ACA information request to suggest that Oyu Tolgoi is a subject of the investigation,” the company said in a statement.

Oyu Tolgoi in Mongolia's Gobi Desert is one of Rio's most important growth assets. The company and its partners are ploughing more than \$5bn into an underground expansion project aimed at lifting output to 560,000 tonnes a year between 2025 and 2030.

Oyu Tolgoi is 66 per cent owned by Turquoise Hill and 34 per cent by the Mongolian government. Rio's interest comes through a 50.8 per cent stake in Turquoise Hill, which has a market value of \$6.6bn.

Rio and Turquoise have a turbulent relationship with the Mongolian government. In January, Turquoise Hill was hit with a \$155m tax claim, while copper exports from the mine have also been interrupted by protests near the border between Mongolia and China.

More recently, the Mongolian government ended a deal that allowed Rio to source power for Oyu Tolgoi from China. The Anglo-Australian miner is now seeking approval to build a power station at the mine, a move that could add to the costs of the underground expansion project.

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