Rio Tinto's coal problem

By Ben Butler | 9 January 2026

If **Rio Tinto** goes ahead with a full takeover of **Glencore**, it would end up **buying back coal mines** it sold the Swiss company in 2018 as it moved out of fossil fuels.

The prospect has sparked speculation that Rio, which is more interested in Glencore's fashionable copper assets, would **immediately sell off the coal mines**.

Analyst **Tim Buckley**, the founder of think tank **Climate Energy Finance**, thinks that if Rio ends up buying Glencore's coal mines as part of the deal "they're **probably paying more than they sold them for**, having missed several years of very nice profits".

Buckley says coal miners have made **"obscene profits"** in recent years as the transition to clean energy slowed due to the influence of **Donald Trump** and prices soared due to **Vladimir Putin**.

"There was some massive windfall war profiteering going on with Putin's invasion of Ukraine," he says.

But he says costs have also soared and "when prices go back to anything like normal it's going to be ugly".

He says Glencore's coal assets are probably a sticking point for Rio's board.

"I would expect they will sell it off because there's always some billionaire who doesn't give a f*** about the planet.

"They'll privatise it."

Reuters columnist **Antony Currie** thinks the takeover could spark a series of transactions that will have mergers and acquisitions bankers **"rubbing their hands with glee"** - including selling off the coal business, which he estimates could be worth $US100b to shareholders because fossil fuel companies are valued at lower multiples than metals miners.

He has some more ideas too:

"That's not all. China's Chinalco owns 14.5% of Rio, just below the cap imposed by the Australian government, and has not wanted to sell any shares. That has tied Rio's hands on buybacks. An all-stock merger with Glencore would **dilute the state-owned enterprise** and give scope for decent stock repurchases.

"And if a spun-out iron ore business were only listed in Sydney, as opposed to Rio's current set-up of 75% of shares on the London Stock Exchange, it would be able to **pass on more of the $9 billion or so in Australian dividend tax breaks known as franking credits** that are currently on the books."

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