

SE Business
HD **MMG buy starts mining deal rush**
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Mining

A major domino in the **mining** industry's year of transactions has fallen, with the long-awaited **sale** of GlencoreXstrata's \$US5.85 **billion** Las Bambas project expected to trigger several other deals in Australia and around the world.

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Melbourne-based, **Chinese**-owned miner MMG led a consortium of **Chinese** entities that reached an agreement to buy the prized Peruvian **copper** mine from its Swiss owners on Monday.

MMG's Australian chief executive Andrew Micheltore described the **purchase** as "transformative" for his **Hong Kong**-listed **company**, and it could prove transformative for several other companies too.

The **sale** was required by **Chinese** authorities before they would give their blessings to a merger of Glencore and Xstrata, having previously expressed concerns about the power the merged entity would wield over **copper** markets.

ASX-listed PanAust was also an interested spectator to Monday's events, having needed the **sale** of Las Bambas to occur before it could proceed with its preliminary deal to buy one of GlencoreXstrata's other assets: an 80 per cent **stake** in Papua New Guinea's Frieda River **copper** project.

Clarity over the Las Bambas **sale** - which still requires approval from MMG shareholders and regulators in Peru and **China** - could also precipitate long-awaited asset divestments for Rio Tinto and BHP Billiton, given GlencoreXstrata is considered a suitor for the assets that could be discarded by both miners.

GlencoreXstrata boss Ivan Glasenberg has indicated interest in Rio Tinto's Australian **coal** assets and BHP's nickel assets in WA.

MMG will own 62.5 per cent of the joint venture that will buy Las Bambas, with **Chinese** investment **firm** Guoxin International taking 22.5 per cent and CITIC owning 15 per cent.

The transaction will see the joint venture buy 100 per cent of the corporate entity through which GlencoreXstrata owns Las Bambas, using a share **purchase** agreement.

The deal will involve **equity** and debt, and was made possible by a banking syndicate organised by **China** Development Bank.

Mr Micheltore would not reveal the cost of debt on the deal, but promised to reveal more about the funding package and MMG's plans for developing the asset in May.

Construction of Las Bambas is 56 per cent complete and GlencoreXstrata had expected it to be finished in 2015, but Mr Micheltore said that after its own investigations, MMG may believe a different

schedule is required. "The addition of Las Bambas to MMG's international portfolio delivers on our growth strategy and vision to build a global diversified minerals and metals **company**," he said.

MMG operates the Rosebery base metals mine in Tasmania as well as Queensland's Century zinc mine, which will close in 2015.

MMG recently deferred plans to build a new zinc and silver mine at Dugald River in Queensland, but Mr Michelmores stressed that Dugald River was still a priority despite the **acquisition** of Las Bambas.

Las Bambas will produce more than 2 **million** tonnes of **copper** concentrate in its first five years of operation and will be one of the world's three biggest **copper** producers by 2017.

Baillieu Holst analyst Adrian Prendergast said clarity over Las Bambas would "clear the long-term growth prospects for PanAust", which he said was likely to favour development of Frieda River over another option in Chile.

CO march : Glencore Xstrata PLC | orieml : MMG Limited | cminmc : China Minmetals Corporation | imreht : Inner Mongolia Baotou Steel Rare-Earth (Group) Hi-Tech Co Ltd | lawspr : Minmetals Land Limited

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