

SE Finance
HD **Glencore** **sale** puts Aussies on alert
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SPECULATION that the Beijing-ordered **sale** by GlencoreXstrata of its \$US6 **billion** (\$6.7bn) Las Bambas **copper** project in Peru is imminent has placed ASX-listed companies PanAust, Highlands Pacific and Indophil on high alert.

The **sale** of Las Bambas -- a condition of **Chinese** approval of last year's merger between the London-listed Glencore and Xstrata -- affects the plans of all three companies in their multi-**billion**-dollar **copper/gold** projects in Papua New Guinea (PanAust and Highlands) or in The Philippines (Indophil).

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Merrill Lynch last week tipped that the **sale** of Las Bambas would be announced "any day", with the market continuing to have **Hong Kong**-listed and Melbourne-managed MMG as the most likely buyer in a deal.

Its 72 per cent owner, **China** Minmetals Corporation (Minmetals) is one of **China**'s biggest multinational state-owned enterprises.

MMG is best known in this market for acquiring the assets of OZ Minerals other than the Prominent Hill **copper-gold** mine in South Australia, when it was forced into a drastic debt restructuring in 2007.

MMG's **operations** include the Century zinc mine in Queensland, the Rosebery zinc operation in Tasmania and the Golden Grove base and precious metals mines in Western Australia.

MMG would not comment on the Las Bambas speculation on Friday.

MMG does not have the financial capacity to take on Las Bambas itself but Minmetals does, thanks to access to **Chinese** import/export financing.

MMG also recently deferred a development decision on its \$US1.5bn Dugald River zinc project in Queensland.

In the meantime, PanAust, Highlands and Indophil are anxiously awaiting an outcome of the Las Bambas sales process.

In the case of PanAust and Highlands, the deal in which PanAust replaces Glencore in the proposed \$US1.8bn modified development plan for the Frieda River **copper/gold** project in PNG hinges on Glencore meeting Beijing's condition that it reaches agreement to sell the Las Bambas project before September 30 this year.

Should Glencore fail to complete the transfer of ownership by June 30 next year, the **Chinese** merger approval requires it put its 80 per cent **stake** in Frieda River up for auction.

PanAust has since struck a deal to acquire Glencore's **stake** for \$US75m as well as forming an alliance with the other partner, Highlands Pacific.

However, the deal remains conditional on Glencore meeting the **Chinese** condition on Las Bambas.

The Melbourne-based Indophil faces similar uncertainty, with Glencore also required to auction off its 62.5 per cent **stake** in the Tampakan **copper/gold** project in The Philippines should Las Bambas not be sold.

Glencore also owns a 13.1 per cent **equity stake** in Indophil.

Indophil owns a 37.5 per cent interest in Tampakan.

Tampakan, like Frieda River, is one of the biggest undeveloped **copper/gold** orebodies in the world.

CO	golpla : OZ Minerals Limited 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
IN	i2114 : Copper Ore/Nickel Ore Mining i211 : Metal Ore Mining ibasicm : Basic Materials/Resources imet : Mining/Quarrying i22 : Primary Metals i224 : Non-ferrous Metals i2245 : Aluminum i8396 : Diversified Holding Companies ibcs : Business/Consumer Services
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