

SE Business
HD **MMG moves on copper giant**
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The final condition of Glencore's \$US29 **billion** takeover of Xstrata last year is set to be satisfied within months after the merged group struck a deal to sell one of the world's biggest **copper** projects to **China's** MMG.

The \$US5.85 **billion** (\$6.23 **billion**) **sale** of Las Bambas, bought by Xstrata in a Peruvian government-run auction for \$US121 **million** in 2004, was long expected but only announced yesterday, and is due to settle next quarter.

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It now focuses attention on what GlencoreXstrata expects to do with the proceeds. The deal also confirms that **China** remains in the hunt for quality **mining** assets at a time when BHP Billiton and Rio Tinto are streamlining their portfolios and Anglo American is seen as vulnerable to a takeover.

Las Bambas is the biggest deal done by MMG, the Melbourne-based but **Chinese**-controlled miner run by former WMC Resources managing director Andrew Micheltore.

MMG inherited most of its assets by buying the bulk of OZ Minerals, including Golden Grove in the Mid West, but will be transformed by Las Bambas and its 10.5 **million** tonne **copper** resource and 6.9mt reserve.

About 56 per cent built and \$US2 **billion** left to be spent on its construction, Las Bambas should produce 400,000t a year by 2017 to become one of the world's biggest **copper** mines.

"Assets of this quality and scale are rarely available," Mr Micheltore said.

Glencore Xstrata chief executive Ivan Glasenberg said the **sale** proceeds would "materially de-gear (our) balance sheet".

"Glencore will continue to look for opportunities to reinvest capital in line with our published returns criteria," he said.

Glencore and Xstrata had committed to selling Las Bambas to satisfy **Chinese** competition regulators nervous about the merged miners' influence over global **copper** supply.

Mr Micheltore said the deal had been an exhaustive eight-month process and MMG's other merger and **acquisition** ideas had been largely put on hold.

MMG is expected to continue its search for more assets once Las Bambas is bedded down.

The spotlight will also be on Glencore's next move. It is likely to take a close look at the Nickel West business put up for **sale** by BHP Billiton.

MMG is also likely to have a look at Nickel West, an asset Mr Micheltore knows well from his WMC days before the **company** was taken over by BHP.

CO golpla : OZ Minerals Limited | bkhlp : BHP Billiton Ltd | oriemi : MMG Limited | bltpc : BHP Billiton PLC | cminmc : China Minmetals Corporation | imreht : Inner Mongolia Baotou Steel Rare-Earth (Group) Hi-Tech Co Ltd | lawspr : Minmetals Land Limited | march : Glencore Xstrata PLC

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