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HD Miner MMG's Las Bambas mine swallows more cash
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Chinese-backed miner MMG revealed it would have to cough up another \$US2.7 **billion** to \$US3.2 **billion** to complete the construction of its newly acquired Las Bambas **copper** mine in Peru. MMG's \$US5.85 **billion** (\$6.7 **billion**) **purchase** of Las Bambas, set to become the world's third-largest **copper** mine, was a result of a merger between Swiss resources trader Glencore and Australian **coal** miner Xstrata in 2013. Glencore was forced to sell the mine to gain **China**'s approval for its takeover of Xstrata.

"Time has been the greatest variable at Las Bambas," chief executive Andrew Michelmore said in a conference call. "The start-up time had an impact. It's a big project and we're trying to get our [heads] around it as fast as we can."

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The higher capital expenditure forecasts were released for the first time on Thursday during MMG's third-quarter production report.

Mr Michelmore said the **company** was aware of the higher costs and delays to the Las Bambas completion during its earlier negotiation process with Glencore.

Some of the roadblocks include a lack of skilled labour in Peru to fill temporary construction roles, changes in the project scope and delays and higher than expected costs in the construction of a new town, Nueva Fuerabamba, for the relocation of the local community from the site.

MMG now plans to start production in the first quarter of 2016 and reach full production by the end of 2016. It had previously been scheduled to commence production in 2015. Mr Michelmore also said it already had **sale** agreements in place and would be selling most of its share of Las Bambas's production to its parent, **China** Minmetals. "There won't be a lot of residual risk for MMG," he said.

MMG's production at other mines was in line with guidance. **Copper** production to September 30 was higher by 2 per cent against a year earlier because of strong performance from its Kinsevere mine in Congo. Its quarterly zinc production was 10 per cent lower than the previous quarter due to stockpile management at its Century mine in Queensland.

Su-Lin Tan

CO march : Glencore 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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