

HD **China's** MMG to spend \$3 bln to complete Peru mine

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MELBOURNE, Oct 16 (Reuters) - **China's** MMG Ltd said it expects to spend around \$3 **billion** completing construction of the huge Las Bambas **copper** mine in Peru and aims to start producing in the first quarter of 2016, a higher cost and later start than previously expected.

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MMG led a **Chinese** consortium that bought Las Bambas, set to become the world's third largest **copper** mine, for \$7 **billion** from Glencore Plc in August and outlined its plans for the mine for the first time on Thursday.

The **company** had been aware of significant risks to the project schedule and costs when it was negotiating the **acquisition**, it said.

These included the availability of skilled labour, changes in the design of the tailings dam and higher than expected costs for building a new town for the community that had to be moved at the site, which had led to delays and an increase in capital expenditure.

"As a result, MMG expects first production of concentrate in the first quarter of 2016, with the capital expenditure required to complete the Las Bambas project to be in the range of \$2.7-\$3.2 **billion**," MMG said in its quarterly production report.

The mine was previously expected to start production in 2015.

"Nothing has come as a significant surprise to us and we are looking at opportunities to optimise the project while maintaining a realistic outlook," Chief Executive Andrew Michelmore said in a statement.

The **company** also pared its forecast range for **copper** output this year to 175,000-187,000 tonnes and further trimmed its forecast for zinc production to 565,000-590,000 tonnes.

It had earlier expected to produce 177,000-190,000 tonnes of **copper** and 575,000-600,000 tonnes of zinc in 2014.

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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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