

HD MMG buy starts mining deal rush

BY Mining Peter Ker

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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. 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 Michelmore 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

MMG's Peru buy first domino to fall in mining deal rush

Glencore's mine sale could kick off more transactions.

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Glensberg 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 22.5per cent and CITIC owning 15per 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 Michelmore 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 56per cent complete and GlencoreXstrata had expected it to be finished in 2015, but Mr Michelmore 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 Michelmore 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.

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**CO** bkhlp : BHP Billiton Ltd | orieml : MMG Limited | bltplt : BHP Billiton PLC | cminmc : China Minmetals Corporation | imreht : Inner Mongolia Baotou Steel Rare-Earth (Group) Hi-Tech Co Ltd | lawspr : Minmetals Land Limited

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