

## Xstrata Copper confirms Las Bambas spend of US\$5.2bn

Xstrata plc said that the estimated cost of its 400,000t/y Las Bambas copper project in Peru would be US\$5.2bn. The estimate reconfirms its prediction in August 2012, which was a 7% increase on a previous assessment.



Analysts at Liberum Capital said the Las Bambas disclosure should allay any fears of a “capital expenditure blowout”. “Nevertheless, we don’t rule out modifications to the project following the capital allocation review which we expect to follow merger completion.”

Las Bambas is now in the full construction phase having committed almost 65% of the project’s construction capital cost by the end of December 2012, Xstrata said. It could start producing 400,000t/y of copper from 2015 for at least the first five years, it added.

“Las Bambas represents the next major stage in Xstrata Copper’s Peruvian development plans that will result in combined annual production levels [including its Antapaccay project] in the country of around 700,000t of high margin copper from 2015,” said Charlie Sartain, chief executive of Xstrata Copper.

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## Australia’s TSG opens office in Chile

Founded in 1999, TSG is a world leader in detailed analysis and optimisation of complex supply chains and has completed more than 500 projects around the world including Australia, South America, Africa, Indonesia, US and Canada.



This month, TSG opened the doors of its first office in South America in Santiago, to complement its three Australian offices. Mike Dallimore (pictured), one of the founding directors of the firm, has relocated to Chile to head the expanded operations and has been joined by Piero Velletri an experienced Managing Consultant.

TSG has already been working in South America for over five years helping companies achieve their business goals in Chile, Peru, Brazil, Suriname and Uruguay. Its projects have included important roles in Escondida, Antucoya, Distrito Minero Centinela, Cerro Verde, El Abra, Cerro Casale and Conga. Its client list includes BHP, Antofagasta Minerals, Freeport McMoRan, Newmont, Fluor, Sandvik and Bechtel.



The decision to establish an office in Chile was influenced by increased demand for the firm’s services in South America, particularly in the gold and copper sectors, and the positive response from its clients. Having the Santiago presence will enable the firm to be closer to its growing client list and more cost effective for businesses requiring its specialized services.

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## Admiralty Resources doubles resource at its Mariposa iron mine

Admiralty Resources has this month doubled its JORC compliant resource estimates at the Mariposa iron ore project in Chile to 174.5 million tonnes from an earlier estimate of 87.8 million tonnes at 15% Fe cut off. It has also defined a maiden measured resource of 43.4 million tonnes at Mariposa, which is one of the six targets identified in the Harper South District.

The latest results build on the earlier success at its Soberana target, where it defined a maiden inferred resource estimate of 90.2 million tonnes, and puts the company closer to production. They also confirm the potential of the Harper South District as hosting a consistent mineral base and to provide upside to Admiralty’s resource base.

Admiralty has a landholding of 6,800 hectares in the Chilean iron belt, which hosts a number of world class iron oxide copper gold (IOCG) deposits. Demonstrating the prospectivity and activity in the region, Admiralty’s Harper South project is located near to the El Algarrobo iron ore mine, one of the four main magnetite-apatite deposits in the Chilean iron belt.

Admiralty has also submitted an environmental declaration for the Soberana, which is a prerequisite for an open pit production of up to 540,000 tonnes per annum in lumps and or fines of iron ore with an average 62-64% Fe through a dry magnetic separation process. It is anticipated that the assessment of the environmental impact statement application will be made by April/May of this year, paving the way for production.

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## Chairman's Message

Australia's engagement with Latin America has the potential to strengthen considerably in 2013, as more of our companies set up operations in the region and the sustained economic progress of the region becomes known to a greater number of Australians. Supporting this trend are rapidly growing tourism exchanges that, as well as generating income revenue, also serve to educate travellers on what awaits on both sides of the Pacific.



Mining is likely to remain the principal sector that links Australia to Latin America and it is worth noting that a recent ASX presentation highlighted that there are some 93 ASX-listed mining companies present in the region through investment in some 544 projects, albeit that many of those projects are still in the early stages of exploration. To that representation we also need to add the even larger number of mining equipment, technology and services companies that are operating in the region.

The most likely mining hot spot in Latin America for 2013 is Colombia, which is expected to introduce a new mining code later in the year. Global interest in Colombia has been growing for some time and will only increase as a result of the coming into operation last year of an FTA with the US, a development which reflects Colombia's improved credit rating and appeal as an investment and trade destination.

From an Australian perspective, we are indeed fortunate that Colombia has expressed considerable interest in learning from our experience in mining. This eagerness to look to Australia for guidance and support will be on show in early February, when I address the Colombia Genera conference in Cartagena on the potential benefits that could flow from greater interaction between our respective mining sectors, and Australia's Resources Envoy, Peter Beattie, leads an Australian delegation to participate in the Second Annual Conference – Responsible Mining: Allied Development of Colombia, hosted by the Association of Large Scale Miners in Colombia (SMGE). Peter will be speaking at this conference and also reinforcing Australia's sustainable mining credentials.

The mining focus will then receive considerable impetus in May from the holding of the Austmine 2013 conference and exhibition in Perth and the second Latin America Down Under ('LADU') conference in Sydney.

The Austmine conference will showcase the best of the mining equipment, technology and services sector (METS) under the theme of "Australian Technology: Inspiring Global Mining Innovation". Held every two years, the event will feature strong representation from Latin America, being a market where Australian METS companies are increasingly active.