
Minmetals reviewing shelved copper mine expansion - Update

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Bloomberg reported that China Minmetals Corporation may revive a shelved plan to boost copper output at the Sepon mine in Laos by 23%.

It said that the company's Melbourne based Australian unit, Minerals and Metals Group will review in the near term a project to boost copper production capacity to 80,000 tonnes per year from 65,000 tonnes.

An 80% rebound in metal prices this year has prompted producers to study reopening shuttered mines and boost output on optimism demand has rebounded from the worst global recession since World War II. Minmetals, which paid USD 1.39 billion for most of the assets of OZ Minerals Limited in June, may restart the Avebury nickel mine should prices improve 2010.

Mr Andrew Michelmore CEO of MMG said that "Once we are comfortable that the price is going to be steady around the USD 20,000 mark then that's when we will feel more confident. When we look at the demand and the potential supply, we are still not comfortable that that price is going to sit at the level that we would need."

Former owner OZ Minerals shut the mine in Australia's Tasmania state in December because of a slump in prices. Nickel has rebounded 62% this year as plants that make stainless steel, the biggest use of the metal, boost production.

Mr Michelmore declined to comment on whether MMG is interested in acquiring BHP Billiton Limited's mothballed Ravensthorpe nickel mine in Western Australia State. Bank of America Corporation Merrill Lynch is helping the company study options for the mine. The previous cost estimate of USD 178 million for expanding capacity at Sepon will be reviewed.

(Sourced from Bloomberg)

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