

## **MMG boss tips 2016 copper recovery as cuts tighten market**

*Bloomberg, December 14, 2015*

Copper prices will recover in 2016 as production cutbacks and higher costs create a tighter market, says Andrew Michelmore, chief executive of MMG, which listed on the Australian Securities Exchange (ASX) on Monday and is preparing to start its biggest copper mine in Peru next quarter.

Reduced supply from Zambia and Indonesia, higher water and power costs in Latin America, and a shortfall in output from Mongolia would all shift the copper market, Mr Michelmore said. The metal's slump to six-year lows had been driven by "naysayers" taking short positions and driving down prices, he said.

"Where there was an oversupply, I think by next year you're going to get very tight supply-demand balances. I think all those people who are shorting, at some stage they will change their view, prices will increase. That's why it's good for us that we're building Las Bambas and we don't start our ramp-up until next year."

MMG's ASX listing is through Chess Depository Instruments and is in addition to its primary listing in Hong Kong. The miner could offer additional shares on one of the markets after Las Bambas is up and running. The project was purchased from Glencore in 2014, when Chinese regulators ordered the world's biggest trader to sell it in exchange for approving a takeover.

"We see the listing as an opportunity to raise more equity, to re-balance our balance sheet, so we're setting up that platform," Mr Michelmore said. "It gives us options between Australian and Hong Kong."

MMG's parent is China Minmetals Corp, the nation's biggest metals trader, which agreed last week to buy China Metallurgical Group, a government-owned engineering and mining group.

MMG shares in Hong Kong were flat at \$HK1.53 in late trade.