

Milpo to run Chapi copper sulfides project study

By Alex Emery - Thursday, November 20, 2014 – BN Americas

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Votorantim Metais' Peruvian miner Milpo said it would begin work on a study for a sulfide project at Chapi, one of two copper mines it closed last year because of slumping prices.

The company is also finishing work on a feasibility study to restart the Chapi copper oxides operation, in Moquegua department, CEO Victor Gobitz said. A decision is also pending on whether to restart the Ivan copper mine in Antofagasta, Chile, he added.

The company finished scoping studies for its Magistral (copper) and Pukaqaqa (copper-gold) projects and plans to wrap up feasibility studies by the first half of 2015, according to Gobitz. Milpo is also studying options to build a "staged growth operation" at its Hiláron zinc project to reduce initial capex, he said.

"Once the progress studies are completed, the company will have a better idea when, and in which order, the projects will be developed," Gobitz said on a conference call to discuss third quarter financial results. "The general idea is to follow the Cerro Lindo model, in other words, by stages."

Milpo, which has invested US\$394mn to date in the expansion of its Cerro Lindo zinc-lead mine in Ica region to 15,000t/d, is in the final phase to secure permits to increase treatment capacity to 18,000t/d, Gobitz said.

The company, which is working to merge mining operations at its El Porvenir and Atacocha zinc-lead mines in Pasco region to cut costs, is waiting for government approval to integrate tailings disposal systems at both mines, he said.

The Aripuanã and Bongará advanced zinc projects acquired for US\$60mn earlier this month are close to finishing the pre-feasibility stage, COO Juan Carlos Zevallos said on the same call. More than 100,000t have been drilled at each of the deposits, he said.

Operating capex will be about US\$100mn-120mn next year without including investment in greenfield projects, CFO Claudia Torres said on the call. Capex fell 43% to US\$69mn through the first three quarters of 2013.

Milpo's third quarter profit jumped 73% to US\$24.3mn and sales rose 11% to US\$131mn as rising production compensated for slumping silver and copper prices.

Zinc concentrates output rose 5% to 129,314t in the quarter, while lead production gained 17% to 18,401t, copper increased 14% to 40,612t and silver rose 4% to 1.68Moz after carrying out expansions at El Porvenir and Cerro Lindo.