

Las Bambas Copper Mine

Apurímac Region, Peru

Chinese Financing for Transition Minerals



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AIDDATA

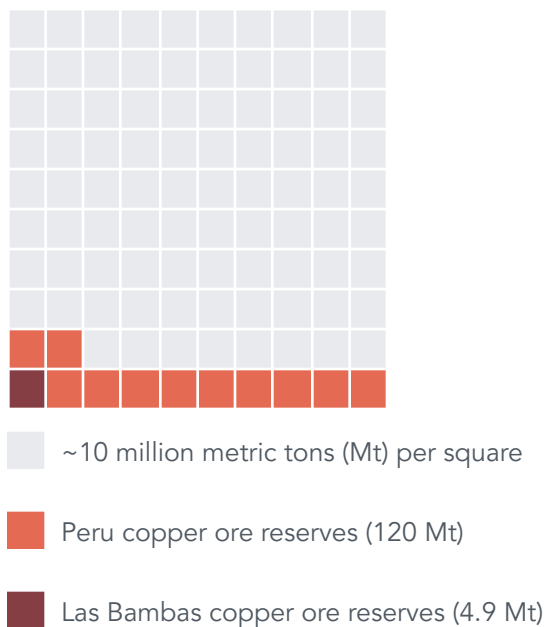
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Las Bambas Mining Site Overview

Location	Minerals	Metric Tons	Exploitation	Life of Mine
Peru	Copper	4.9 million	Open-pit	24 years
Cotabambas and Grau Provinces, Apurímac Region	With by-products including gold, silver, molybdenum	Of copper in total ore reserves	Surface mining technique to extract ore from the site	Minimum anticipated years of production

Located across three districts within Peru's Apurímac region, Las Bambas is one of the world's largest copper mines. Enabled by a \$6.96 billion acquisition financed by a consortium of Chinese banks, the mine has been in commercial operation by a group of Chinese companies since 2016. It has since faced significant environmental and social challenges, leading to frequent protests by local communities that have disrupted operations.

Global Copper Ore Reserves: 1,000 Mt



Source: USGS Commodity Summaries 2024

What are ore reserves?

When we refer to the reserves of a certain type of mineral, we are describing the amount of mineral output that can be recovered in a way which is economically viable. Feasibility studies assess whether it is practical and profitable to extract ore reserves.

Reserves estimates change over time. They may decrease as mineral extraction activities deplete existing deposits, and they may increase as technological advancement makes additional mineral extraction feasible. As of 2024, Peru held an estimated 12% of global copper reserves.

Introduction

A significant player in the global copper market, Las Bambas is an open-pit site producing nearly 0.3 million metric tons of copper and byproducts including molybdenum every year. The Las Bambas project tenements include approximately 35,000 hectares of land, of which less than 10% has been explored for additional resources. The estimated life of the mine, according to the initial project plans, was 18 years, but new investment plans approved in 2024 have extended this by an additional 6 years. Las Bambas is within the Andahuaylas-Yauri copper belt, which hosts the Antapaccay and Constancia copper mines.

The acquisition of this mining operation by a group of Chinese companies from Swiss company Xstrata Plc represented a significant strategic development in the copper mining industry.

Geography

The Las Bambas project is a premier copper development nestled in Peru's Apurímac region, covering the provinces of Cotabambas and Grau. It encompasses the districts of Challhuahuacho, Tambobamba, Coyllurqui, and Progreso, located just 72 kilometers from the historic city of Cusco within Peru's Apurímac region. This area features rugged mountainous terrain and diverse natural habitats, including Andean forests and grasslands. It remains vulnerable to several climatic challenges, such as heavy rainfall, landslides, and periods of drought.

PRC Financing Summary

In 2014, China Development Bank (CDB), the Export-Import Bank of China (China Eximbank), the Industrial and Commercial Bank of China (ICBC), and Bank of China (BOC) provided two syndicated loans (\$969 million and \$5.99 billion) to Minera Las Bambas S.A.—a special purpose vehicle and joint venture of MMG (62.5%), Guoxin International Investment Group Ltd. (22.5%) and CITIC Metal Co. Ltd. (15%)—for the acquisition of the Las Bambas copper project, the repayment of the Las Bambas Sellers' Group intragroup loans, and to meet the capital requirements of the project. In the same year, Top Create Resources Limited, a wholly-owned subsidiary of China Minmetals, provided a \$2.26 billion shareholder loan to MMG to finance its 62.5% share of equity contribution to the joint venture entity.

Since the initial deal, several Chinese state-owned banks have provided financing to support mine operations. In 2019, BOC Sydney Branch and ICBC Luxembourg Branch each provided a \$175 million, three-year revolving credit facility to Minera Las Bambas to support operational funding requirements. In 2023, BOC Sydney Branch and ICBC provided new three-year revolving credit facilities valued at \$275 million and \$150 million, respectively, which replaced the credit facilities from 2019.

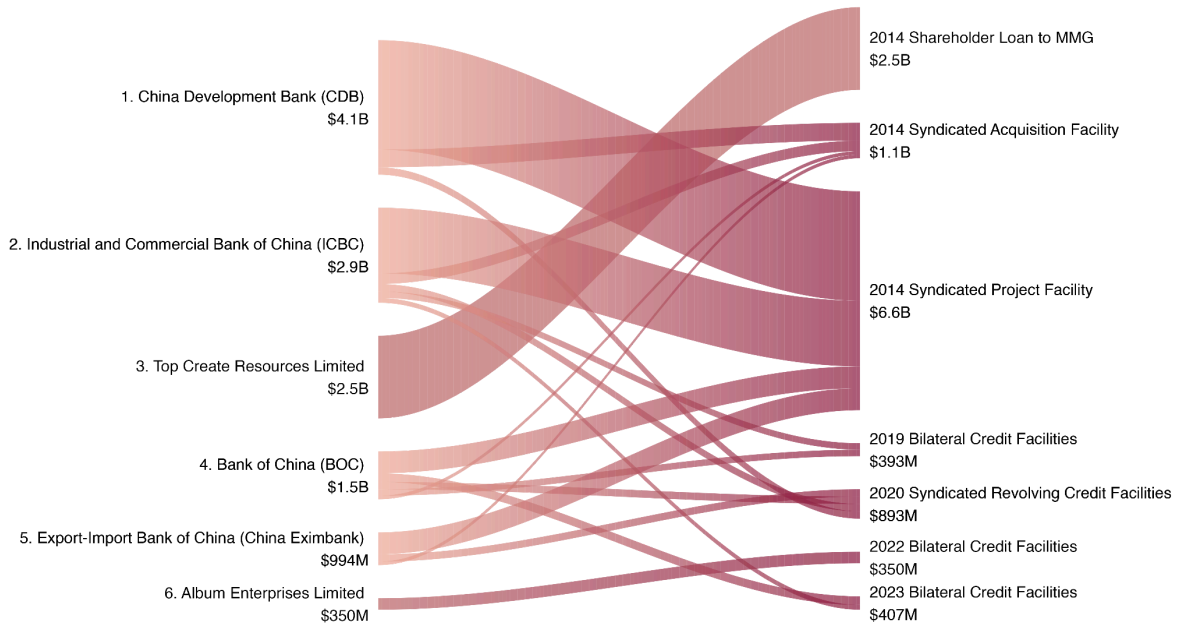
In 2020, CDB, BOC Sydney Branch, ICBC, and China Eximbank provided an \$800 million three-year syndicated revolving credit facility to support operational funding requirements. In 2022, Album Enterprises Limited, a subsidiary of China Minmetals Non-ferrous Metals Co. Ltd., provided a \$350 million revolving credit facility, which as of December 31, 2023, was undrawn and expired in August 2024.

In total, between 2014 and 2023 Chinese official sector institutions extended \$12.3 billion of credit in constant 2021 prices for the Las Bambas copper mine acquisition, development, and operations (as represented in the infographic on page 3). Other financial commitment values in the profile are represented in current prices (i.e. their values in the years when they were committed), but for the purposes of cross-year comparison, the values are deflated to constant 2021 prices to adjust for inflation and enable aggregation over time.

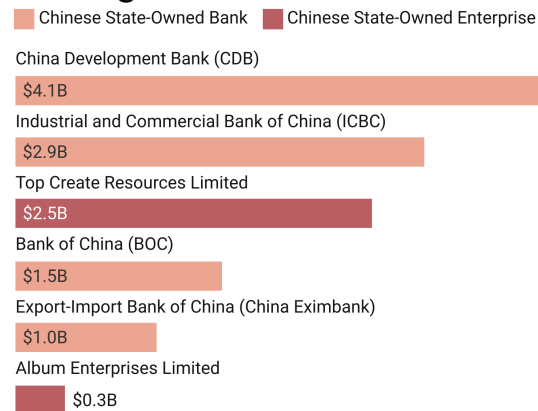
Las Bambas Copper Mine: Overview of Chinese Lending and Ownership

Loans \$12.3 billion Provided between 2014-2023	Lenders 6 Chinese state-owned banks and companies	Co-financing 0% From non-Chinese lenders	Equity Holders 3 Chinese state-owned companies	Ownership 100% Of the joint venture is Chinese-owned
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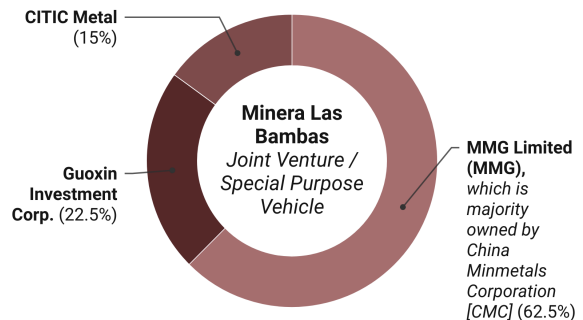
Official Sector Loans



Funding Sources



Ownership Structure



All of the equity holders in Minera Las Bambas are Chinese state-owned enterprises

Note: The financial commitment amounts represented in the infographic are deflated to constant 2021 prices, which adjusts for inflation and enables aggregation over time. Other financial commitment values in the profile are represented in current prices (i.e., their values in the years when they were committed).

PRC Financing Details

On July 31, 2014, Minera Las Bambas S.A.—a special purpose vehicle and joint venture of MMG (62.5%), Guoxin International Investment Group Ltd. (22.5%) and CITIC Metal Co. Ltd. (15%)—acquired the Las Bambas copper project in Peru from Glencore Xstrata for an estimated \$6.96 billion, including the repayment of intragroup loans. Glencore Xstrata's sale of all its equity interests in Las Bambas was one of the authorization conditions imposed by China's Ministry of Commerce to approve the 2013 merger between Glencore and Xstrata.

To finance this acquisition, Minera Las Bambas secured two syndicated loans in 2014 from a consortium of four Chinese state-owned banks: China Development Bank (CDB), Industrial and Commercial Bank of China (ICBC), Export-Import Bank of China (China Eximbank), and Bank of China (BOC). CDB was the lead arranger of the two syndicated loans, and was responsible for about 50% of the financing. The first loan, which MMG refers to as the "Acquisition Facility," totals \$969 million, the entirety of which contributed to the acquisition of the mine. The second loan, which MMG refers to as the "Project Facility," totals \$5.99 billion, and was used by the borrower to repay the Las Bambas Sellers' Group intragroup loans, which was one of the terms of the acquisition agreement, as well as to meet the ongoing capital requirements of the Las Bambas project.

The individual bank contributions to the Acquisition Facility (\$969 million) were as follows: CDB: \$484.5 million; ICBC: \$290.7 million; China Eximbank: \$96.9 million; and BOC: \$96.9 million. The loan carries an interest rate of 6 month LIBOR (averaging 0.329% in 2014 according to global-rates.com) plus an undisclosed margin (not exceeding 350 basis points) and was to be paid back over 7 years. As of 2014, the borrower had utilized (or "drawn down") the entire \$969 million Acquisition Facility.

The individual bank contributions to the Project Facility (\$5.99 billion) were as follows: CDB: \$2.99 billion; ICBC: \$1.80 billion; China Eximbank: \$0.60 billion; BOC: \$0.60 billion. The loan carries an interest rate set at 6 months LIBOR + 365 basis points (3.979%) and an 18-year maturity. As of 2016, the borrower had utilized the entire Project Facility, with drawdowns made in 2014 (\$4.12 billion), 2015 (\$1.54 billion), and 2016 (\$0.26 billion).

The two syndicated loans were secured by (i.e., collateralized with) share security over the entire share capital of MMG South America Management Co. Ltd. and each of its subsidiaries, including Minera Las Bambas S.A. ("MLB"), a debenture over the assets of MMG South America Management Co. Ltd., an assets pledge agreement and production unit mortgage in respect of all of the assets of MLB, assignments of shareholder loans between MMG South America Management Co. Ltd. and its subsidiaries, and security agreements over bank accounts of MLB.

Approximately \$469 million (2018: \$699 million) of the borrowings under the Project Facility (\$5.99 billion) are guaranteed on a several basis by China Minmetals Non-ferrous Metals Holding Company

Limited ("CMNH") and China Minmetals Corporation Limited ("CMCL"), Guoxin International Investment Corporation Limited and CITIC Corporation Limited in proportion to the respective shareholdings of MMG SA, Elion Holdings Corporation Limited and Citic Metal Peru Investment Limited in the Las Bambas Joint Venture Group. ICBC also provided a letter of guarantee for the operation of the Las Bambas copper project.

Prior to the successful acquisition of the Las Bambas copper project, MMG obtained an unsecured four-year term \$2.26 billion shareholder loan in July 2014 from Top Create Resources Limited to finance its equity contribution to Minera Las Bambas S.A. Then, on December 29, 2017, MMG Limited and Top Create Resources Limited entered into an agreement (i) extending the term of the shareholder loan (term) agreement from 4 years to 11 years, with loan repayments now falling due in three separate tranches in July 2021 (\$700,000,000), July 2023 (\$700,000,000), and July 2025 (balance) (originally due in one lump-sum in July 2018); (ii) further postponing interest payments, the first of which would have fallen due in July 2018 (originally July 2017), and annually thereafter; and (iii) with effect from July 25, 2018, the agreement changed the existing single floating interest rate to a separate all-in fixed rate for each of the repayment tranches of between 3.70% and 4.50% per annum.

Since the acquisition of the Las Bambas copper project, several Chinese state-owned banks have provided continued support to the operations of Minera Las Bambas. On August 21, 2019, BOC Sydney Branch and ICBC Luxembourg Branch each provided \$175 million three-year revolving credit facilities to Minera Las Bambas to support operational funding requirements. On April 26, 2023, BOC Sydney Branch provided a new \$275 million three-year revolving credit facility to Minera Las Bambas, which replaced the BOC facility from 2019. Similarly, on June 18, 2023, ICBC provided a new \$150 million three-year revolving credit facility, which replaced the ICBC facility from 2019.

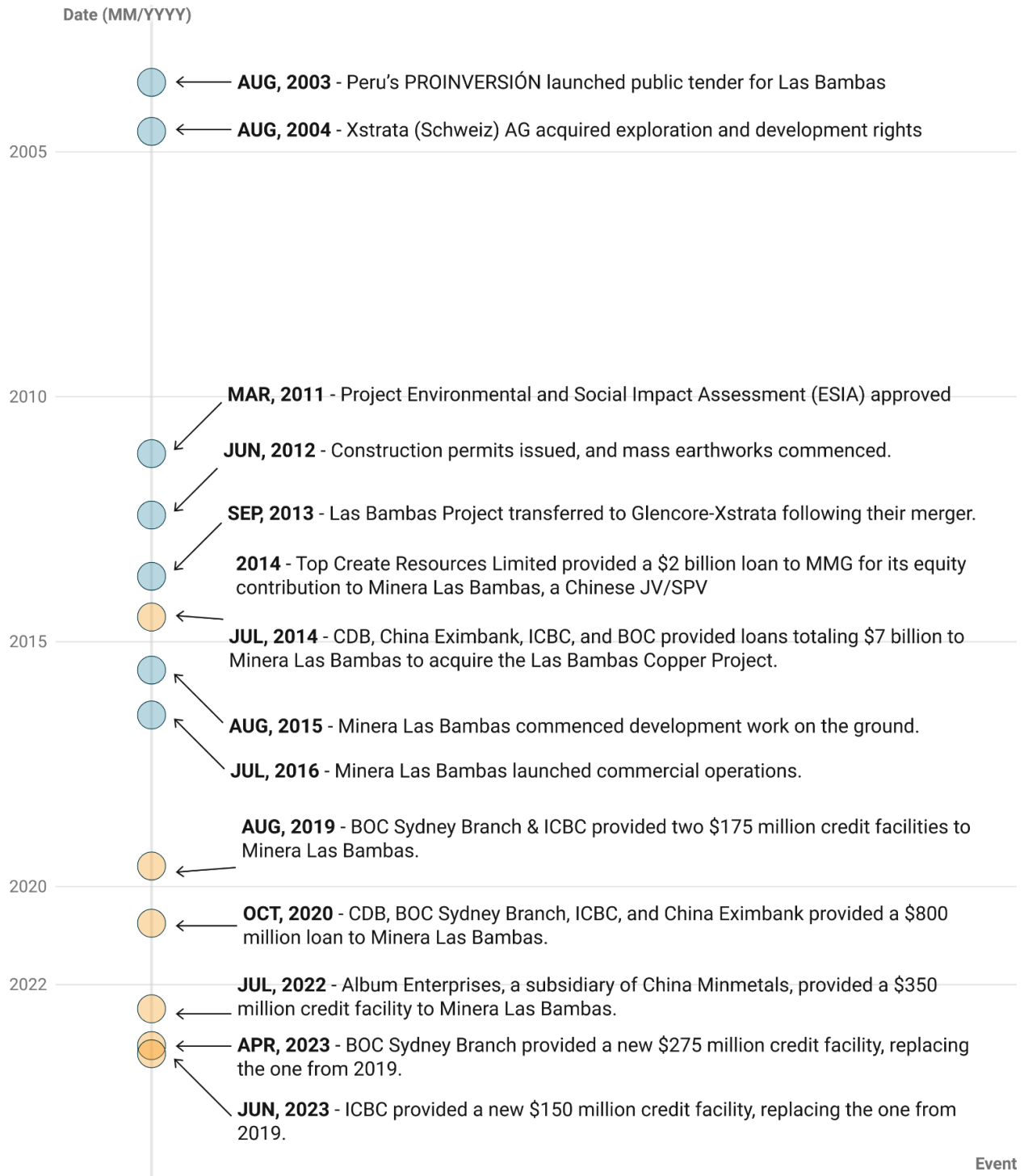
On October 19, 2020, CDB, BOC Sydney Branch, ICBC, and China Eximbank provided a \$800 million three-year syndicated revolving credit facility to support operational funding requirements. In July 2022, Album Enterprises Limited, a subsidiary of China Minmetals Non-ferrous Metals Co. Ltd., provided a \$350 million revolving credit facility, which as of December 31, 2023, was undrawn, and expired in August 2024.

Las Bambas Copper Project in Peru

Estimated closure phase: 2039-2044

Milestones

■ Funding Events involving Chinese Official Financing
 ■ Operation Milestones



Implementation

Las Bambas is an open pit mining operation producing copper concentrate with by-products of gold, silver, and molybdenum. The ore is crushed and transported on an overland conveyor to a flotation plant to produce copper concentrate, and then by pipeline to another adjacent plant for the processing of molybdenum. The concentrate is transported 458 kilometers by roads to Pillones, and then by rail to the Port of Matarani in the Arequipa region for onward international shipment. The public highways used to transport concentrate include a national highway (Quehuira-Chumille), a departmental highway in Apurímac (Chumille-Ccapacmarca) and Cusco (Ccapacmarca-Choccoyo), and national highways passing through the localities of Velille, Yauri, and Condorama via route PE-34A to Pillones. These public highways are also used by the populations of the Apurímac, Cusco, and Arequipa regions.

As of 2024, the Las Bambas mine has estimated reserves of 4.9 million metric tons of copper, although new exploration activities are intended to unlock access to additional reserves. The estimated annual production levels during the past few years were between 280,000 and 320,000 metric tons of copper, with actual production varying, depending on disruptions caused by local community protests. In 2022, actual production was 254,836 metric tons of copper, with operations suspended for more than 50 days due to protests. After continued dialogues with local communities, Las Bambas produced 302,033 metric tons of copper in 2023 and 322,912 tons in 2024. Minera Las Bambas' new investment plan was approved by Peruvian authorities in November 2024. This plan would involve a near doubling of the size of the Ferrobamba pit, development of the Chalcobamba pit, and improved processing capacity, with anticipated investments over \$1.8 billion for the construction stage and \$4.9 billion for the operational stage. The company has the goal of reaching production levels of 400,000 tons of copper in 2025.

As shown in the financing and ownership visual above, Minera Las Bambas' activities are supported by several financiers and owners. MMG is the main operator of the Las Bambas mine through its majority share (62.5%) in Minera Las Bambas S.A. Other stakeholders include Guoxin Investment Corp. (22.5%) and CITIC Metal (15%). As the indirect majority shareholder of MMG, with majority shares held through its wholly owned subsidiaries Album Enterprises Limited and Top Create Resources Limited, China Minmetals Corporation (CMC) is the ultimate controlling shareholder of the Las Bambas mine. Minera Las Bambas received loans from 5 different Chinese state-owned banks and companies between 2014-2023 to finance the acquisition and development of the Las Bambas mining project, as well as to meet the ongoing working capital requirements of the project. Another Chinese state-owned company, Top Create Resources Limited, also financed MMG's equity contribution to the joint venture company.

Bechtel, an American company, partnered with MMG to provide engineering, procurement, and construction services for the development of the mine, which was completed in 2015. MMG reports that over 250 local businesses provided direct services to the company for the Las Bambas project, including maintenance, construction and civil works, transport, and other services.

MMG's financial advisors for the acquisition of Las Bambas mine include BOCI Asia Limited, which is a subsidiary of Bank of China International Holdings Limited, and ICBC International Capital Limited, as well as several non-Chinese institutions, including Citigroup, Bank of America Merrill Lynch, and Deutsche Bank. Legal advisors include the Peruvian firm Elias & Medrano, along with non-Chinese firms White & Case and Dentons and Rodrigo. All environmental consultants involved in the project have been companies based in Peru, including Golder Associates Perú S.A, which completed the initial Environmental Impact Assessment (EIA) in 2011, SNC Lavalin Perú S.A., which completed the third modification to the EIA in 2018, and AMEC Foster Wheeler Perú S.A. (WOOD), which completed the fourth modification to the EIA in 2024.

Environmental, Social, and Governance Risks and Mitigation Measures

The Environmental Impact Assessment (EIA) for the Las Bambas mining project was approved on March 7, 2011. Before MMG commenced development work in 2015 in preparation for the start of commercial operations in 2016, two modifications to the EIA were approved by Peruvian authorities on August 14, 2013 and November 17, 2014. These early amendments made to the EIA were linked to a change in the means of transportation for the copper concentrate, by which the concentrate would no longer be transferred by pipeline but instead would be hauled overland. Several hundred trucks carried copper concentrates and chemicals each day along the 458-kilometer route, including unpaved dirt roads through rural communities, shaking the land and buildings, raising dust and endangering livestock. A lack of consultation with local communities prior to the approval of these early amendments contributed to social unrest during the early stages of construction and production, which escalated in September 2015 when four local residents were shot and killed by police.

The third modification to the EIA was approved on October 5, 2018, including updated mining plans, optimizations to production, and plans to continue mine development. It included a Citizen Participation Plan meant to reinforce the bond of trust and dialogue between Minera Las Bambas and the affected communities. In 2020, Minera Las Bambas began to develop a fourth modification to the EIA, which included a similar plan for citizen participation. During the elaboration of the fourth modification to the EIA, Peru's National Service for the Environmental Certification of Sustainable Investments (SENACE) held 87 informational meetings with rural communities and officials from local governments and social organizations. Minera Las Bambas held 17 workshops and informational meetings, along with two public hearings, which were attended by thousands of people from affected communities. After several years of elaboration, SENACE approved the fourth modification to the EIA on November 13, 2024.

Along with grievances related to the disruptive road transportation of minerals and the environmental impacts of mining activities, local communities have also lamented a lack of employment opportunities, failure to contract local businesses, and limited economic benefits, all of which had been promised since the earliest stages of project planning. After the completion of construction in 2015, many local workers

lost their jobs and other employment opportunities decreased, as contractors for the Las Bambas mine reduced their staff and stopped hiring local labor due to reduced demand. After the large-scale protests in 2015, social unrest escalated again in 2021-2022, when protestors blockaded the mine, complaining that promises regarding economic benefit for local communities had not been honored.

Peru's Human Rights Ombudsman (Defensoría del Pueblo) is a government agency which responds to complaints from citizens who have experienced violations of their rights. After receiving complaints and investigating concerns, the Ombudsman's Office prepares reports with recommendations to authorities. The Ombudsman's Office has received numerous complaints regarding the Las Bambas mine since the early stages of development, and it has encouraged ongoing dialogue between the central government, municipal governments, local communities, and Minera Las Bambas S.A.

Amidst recent conflicts, the Government of Peru declared a state of emergency in April 2024, in response to protests against the Las Bambas mining activities that disrupted the transportation of copper ore on the Southern Road Corridor in the Velille district. The blockade was later lifted, following government-led dialogue between Velille authorities, community members, and Las Bambas representatives. In July 2024, Minera Las Bambas faced a new wave of social conflict, with opposition to the construction of the Chalcobamba pit. Local organizations protesting the pollution of water sources and blasting operations have reported increased police repression, and on July 4, 2024, the Government of Peru extended the state of emergency for an additional 30 days in the Southern Road Corridor.

The insights in this profile are derived from [AidData's Chinese Financing for Transition Minerals Dataset, Version 1.0](#) (CFTM 1.0), and the sources referenced therein. The dataset captures \$56.9 billion of official sector financial commitments that China provided to 19 low- and middle-income countries between 2000 and 2021 for projects involving the extraction or processing of copper, cobalt, lithium, nickel, and rare earth elements. An accompanying report, [Power Playbook: Beijing's Bid to Secure Overseas Transition Minerals](#), analyzes the dataset and provides evidence about the nature, scale, and scope of the PRC's overseas financing for the extraction and processing of energy transition minerals.

There are 15 records in the dataset which detail financing for the Las Bambas mining site from 2000-2021. The unique record IDs are as follows: 55427, 98780, 98781, 98783, 55426, 98774, 98775, 98776, 91509, 91511, 93224, 93225, 93226, 93227, and 103932. All financing commitments made after 2021 that are referenced in this profile are intended to provide a more holistic view at the mining site level; however, they are not included in the current version of the dataset because comprehensive data collection activities have not yet been completed at scale for years beyond 2021.

For any questions or feedback on this profile, please email china@aiddata.org.

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