
Thompson Creek profit down on weak molybdenum price

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Reuters reported that Thompson Creek Metals is seeking development projects in the hopes of expanding molybdenum output as demand rises for the metal.

Mr Kevin Loughrey CEO of Thompson Creek said that the company was eyeing molybdenum projects that were close to producing. It would also look at deposits with other metals in combination with molybdenum, used for making steel. He said that we are clearly in an acquisition mode. We're out there looking at properties. The logical space to expand outside of moly, if we were to do that, would be in copper moly.

Mr Loughrey said that the company was looking primarily in North America but would also consider assets in South America. We're not limiting ourselves.

The Colorado based company had a cash position of USD 478 million and USD 14 million in debt at September 30th 2009 but has suffered from a sharp drop in molybdenum prices in the past year. Realized prices for the metal, used primarily as a steel hardening agent, were USD 12.75 per pound in the recent quarter down from USD 32.85 in the year before period, just before the economic slowdown eroded demand for building products. However, Mr Loughrey sees demand increasing due to recovering economic activity and new uses for the metal, while supply should be constrained by delayed development of new mines due to the financial crisis. The company expects global demand for the metal to rise to 600 million lbs by 2015 from about 460 million lbs in 2009.

Mr Loughrey noted that China has become a net importer of molybdenum, as the metal's price decline forced the country to shut many of its relatively high cost small mines. In fact, Thompson Creek sold a portion of its produced molybdenum to China in 3009.

(Sourced from Reuters)

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