
Tongling signs copper contract with PanAust

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It is reported that Tongling Nonferrous Metals Group, China's biggest smelter of copper agreed to buy raw materials from PanAust Ltd's USD 241 million projects in Laos signing the first long-term contract for the mine which began producing in June.

Brisbane based PanAust in a statement to the Australian Stock Exchange Tongling agreed to buy 80,000 dry metric tonnes of copper and gold concentrate for four years through 2012. The contract can be extended, with treatment and refining charges to be negotiated annually.

Mr Gary Stafford, managing director of PanAust said in the statement that "We will continue with our strategy of entering into a mix of long-term and spot sale agreements. The mix will allow it to "capitalize on competitive treatment charges and refining charges in the currently tight market for copper concentrate."

Copper producers are earning less from smelting, as an oversupply of capacity in China and India and insufficient concentrate enabled mining companies to drive down so-called treatment and refining charges. PanAust has agreed to sales accords for 40% of output from the mine until 2010.

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