
Freeport revises largely their plan of moly sales on long term

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Freeport McMoRan Copper & Gold Inc of the USA announced in last week that it has revised its plans to sell copper, molybdenum and gold on a long term in response to the weakened market conditions. Their plans to sell these 3 commodities on a long term as announced on the 21st October of 2008 have been revised largely at December 2nd 2008.

As of December 2nd 2008, the quantities of copper and molybdenum anticipated by Freeport to be sold in the three years of 2008, 2009 and 2010 are

1. 2008: 4,034 million pounds of copper and 72 million pounds of molybdenum in concentrate
2. 2009: 4,100 million pounds of copper and 70 million pounds of molybdenum in concentrate
3. 2010: 4,100 million pounds of copper and 70 million pounds of molybdenum in concentrate

The sales of copper in 2009 and 2010 by Freeport are reduced by 5% to 10% compared with that anticipated to be sold in 2008. Also, the sales of molybdenum in concentrate by Freeport are reduced by 12.5% in 2009 and by 30% in 2010 respectively compared to those as initially planned to sell.

Also, as regards average prices of copper and molybdenum to be sold by Freeport in 2009, the prices are assumed to be USD 1.75 per pound for copper cathode and USD 10 per pound of Mo for molybdenum oxide respectively. For a reference, the unit prices averaged on movements in January to September of 2008 was USD 3.61 per pound for copper cathode and USD 33 per pound of Mo for molybdenum oxide.

Freeport said that unit net cash costs for 2009 would change by approximately USD 0.02 per pound for each USD 1 per pound change in the average price of molybdenum for 2009.

Freeport already announced in November 2008 that output of molybdenum in concentrate at the Henderson primary molybdenum mine is reduced by 10 million pounds, corresponding to approximately 25% of the capacity at this mine. Also, Freeport announced on December 3rd 2008 a suspension of construction activities at the Climax development project for 12 to 18 months, which was initially scheduled to restart to produce 30 million pounds per annum of molybdenum in concentrate from 2010.

Furthermore, Freeport announced that the amount of USD 2,300 million was scheduled to be invested in 2009 but has been reduced by USD 1,200 million to USD 1,100 million. This amount has been shared by USD 900 million to be invested in main projects but the investment in the Climax molybdenum mine is postponed to 2009 and, consequently, USD 285 million will be saved.

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