
Berong Nickel Mine Q4 output totaled 16,279 tonnes

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Toledo Mining Corporation said that for the quarter ended December 31st 2008, only 16,279 tonnes of ore was mined at the Berong Nickel Mine and hauled to the coast. Production was reduced in response to the increasing stock levels, deteriorating markets and onset of the non shipping window.

In October, a total of 47,995 wet metric tonnes of nickel laterite ore was shipped to BHP Billiton in Australia at an average grade of 1.54% nickel and 34.13% iron. Approximately 297,000 tonnes of ore was stockpiled at the coast at the end of December awaiting shipment. Of the stockpiled ore, approximately 150,000 tonnes meets the BHP Billiton quality specifications, the remainder being lower in nickel and iron grade.

Production and shipping volumes for the full year 2008 was 476,850 tonnes. Considering the extreme wet weather conditions during the first half of 2008 and the state of the Chinese laterite market throughout the year, operating performance has been good and has shown continuous improvement quarter on quarter.

To an extent, Berong is insulated from the Chinese market by the BHP Billiton ore supply contract. As previously reported, the BHP Billiton contract is for the supply of up to 500,000 tonnes per annum of nickel laterite ore until 2013. Negotiations to increase the sales volume to around 1,000,000 tonnes per year were unsuccessful, and concluded with BHP Billiton allocating only 400,000 tonnes for full year 2009. Whilst disappointing, approximately 40% of this volume can be supplied from stockpiles which means full scale mining operations can be deferred until the second half of 2009.

Nickel laterite sales to China are being heavily discounted and are now regularly quoted on a delivered basis at a major Chinese port.

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