



ICSG Insight

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Impact of lower copper prices and world economic downturn on copper supply and demand

Introduction

The copper market has changed considerably since the ICSG October 2008 forecast, and the next ICSG official forecast will only be developed at the April 2009 meeting. Following a broader analysis on the impact of the financial crisis on the copper industry (ICSG insight No.4 released in December 2008), this paper presents a more specific and quantitative analysis of the impacts that falling copper prices, the credit crunch, and the economic downturn are having on the supply and demand for copper. As such, it highlights the main changes that have been announced to date far by industry that may significantly alter the results of the October 2008 ICSG forecast for 2009 and 2010. Hopefully, it will provide readers with a tool to assess their impact on the supply and demand forecast.

At the time of the October 2008 ICSG meetings, participants were well aware of the evolving nature of the current market and included the following cautionary statement in their press release: “ICSG recognizes that the current crisis in the financial and credit sectors may significantly alter current forecasts. Not only may global usage be reduced by a global economic downturn, but also credit constraints and altered feasibility analyses could reduce or delay expected new production. Therefore, we are cautionary as to the uncertain net impact of production and usage constraints on forward-looking market balances.”

Practically all information contained in this paper has been taken from company releases or quarterly reports. The use of additional information sources has been identified as appropriate.

Notice: This paper is for reference purposes only. References to sites, companies, and agencies are for information purposes only. For further information regarding this document please contact Ms. Ana Rebelo, Chief Statistician, International Copper Study Group (rebelo@icsg.org).

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Background

Over the first four years of this decade, copper prices remained stable, averaging 1,682US\$/ton in current dollars or 1,631US\$/ton in constant 2000 dollars. In 2004/2005 prices rose to around 3,000US\$/ton, and it was not until mid-2006 that prices rose considerably to levels above 7,000US\$/ton.

Although turmoil on the financial market started in 2007, the global economic outlook and sentiment only began to severely deteriorate in the summer of 2008. During 2007 and 1st half 2008, copper prices remained at very high levels (both in current and constant prices) averaging respectively 7,126US\$/ton and 8,119US\$/ton, which was more than triple the average prices prevailing in the first five years of this decade. In constant (real) terms, the average prices in 2007 and 1st half 2008 were as high as the last records seen in the late sixties and early seventies (Chart 1).

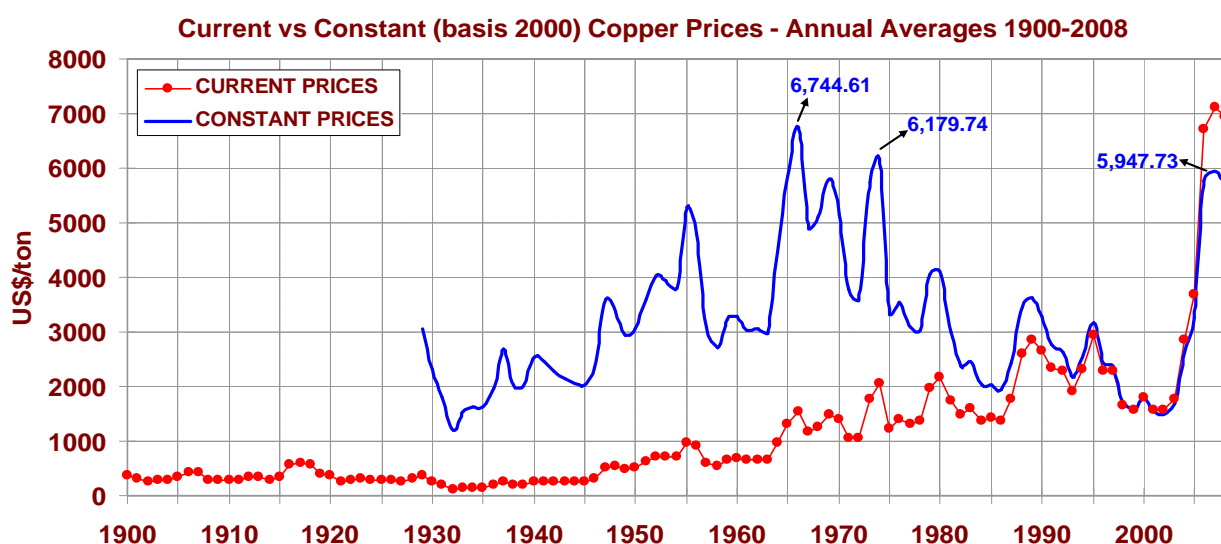


Chart 1: Copper prices in current and constant terms (source ICSG)

The increase in prices in 2004/2005 corresponded to a continued decrease in stocks, which began in mid-2002, to very low levels and a calculated market production deficit beginning in 2003. Through the third quarter of 2008, stocks remained at low levels, usage was driven by strong Chinese demand, and supply has been affected by a series of factors including operational failures and falling ore grades, and equipment, labor and utility shortages that prevented the market from moving to surplus despite large anticipated capacity increases (Chart 2). High prices and market volatility also corresponded to increased activity in various commodity funds and sharp increases in most globally traded fuel, mineral, and agricultural commodities. This period of high prices was also marked by a wave of company acquisitions and mergers, production capacity expansions, modernizations and investment in new projects.

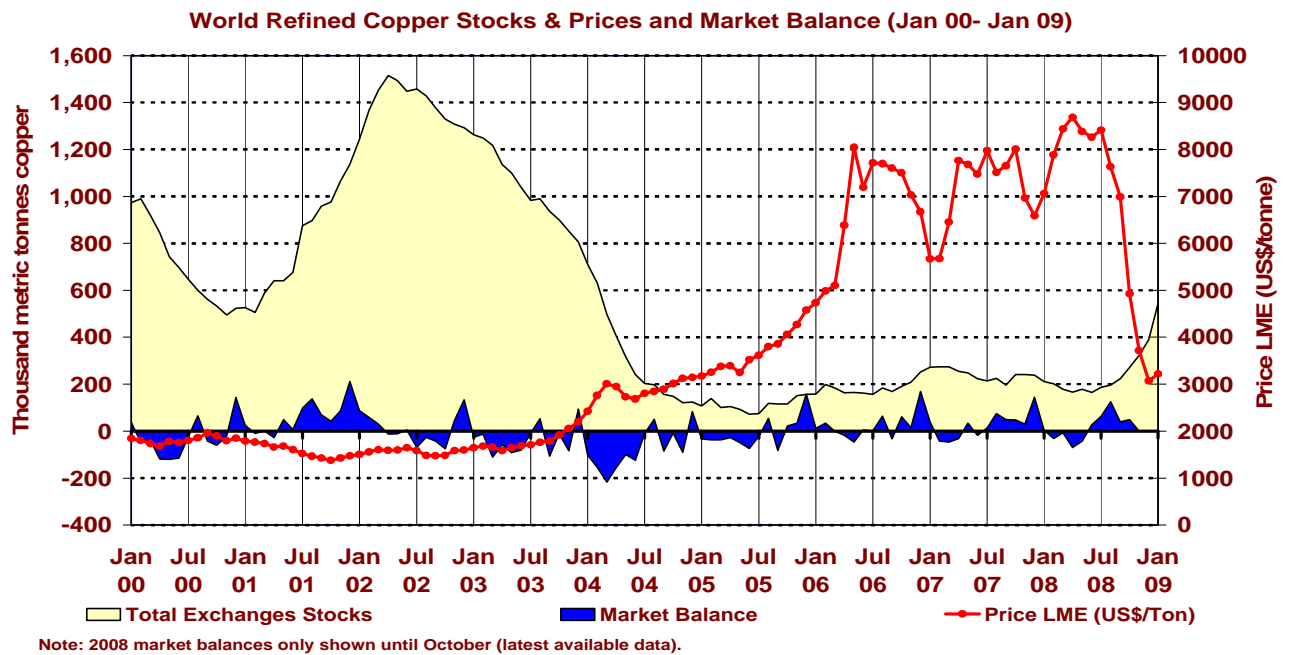


Chart 2: Evolution of copper prices & stocks and market Balance (source ICSG)

As Chart 3 clearly shows, following a record-high LME price on 3 July of 8,985US\$/ton, there was a sharp reversal during the second half of 2008, and prices declined dramatically to 2,770US\$/ton on 24 December (a level not seen since end of 2004). Although supply continued to be constrained by operational and labor problems, usage started to weaken, stocks started to increase, investment in commodity funds declined, and the market turned to surplus. January 2009 has seen a small recovery in the copper prices, averaging 3,220.64US\$/ton.

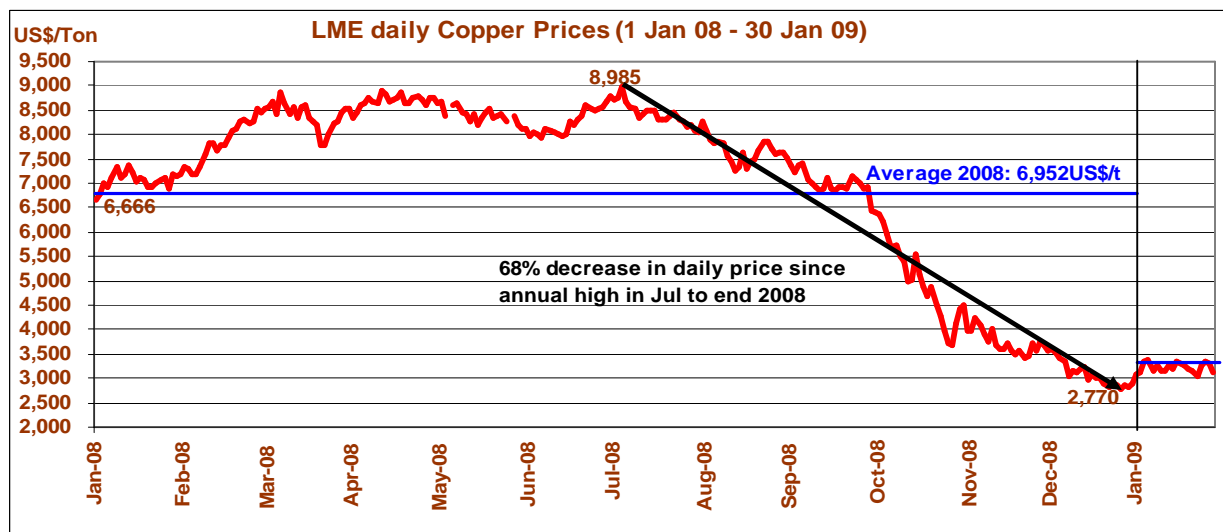


Chart 3: LME copper prices –Jan 08 to Jan 09 (source ICSG)

The copper industry, mainly the mining industry, has been reacting to the current market situation and there have been numerous announcements aimed at reducing production and costs. Governments also have announced rescue measures and stimulus packages to help save their economies. All these measure are having an impact on the copper supply and demand equation, though the final balance is still uncertain.

Impact on copper supply/demand

Supply

In the last few months, industry has announced a number of measures to cut costs and reduce capital expenditure through closure of operations, deferral of planned projects or expansions, delays in the development of new operations, and reductions in operational rates that will reduce capacity and capacity utilization in 2009 and 2010. These announcements go beyond the adjustments included in the October 2008 ICSG supply forecast for probable supply disruptions and lack of feed that amounted to 1.35 Mt of refined copper for 2009 and 1Mt for 2010. We think however, that most of the cancelled or deferred projects will have their main impact beyond 2010, the period for which ICSG has not yet made a forecast.

To date, most of the announced cutbacks have come from the major global producers. However, it is the smaller mining companies that are the most affected by the lack of credit and falling copper prices when trying to bring their projects into operation. Therefore, we expect that in addition to the cutbacks announced by major producers, production from small operations will decrease significantly in 2009. For example, in Chile, production from small miners increased by 54% (115kt Cu) since 2004 when prices started to rise. The fall in copper prices could withdraw around 100kt Cu in 2009 and 2010 from the Chilean market if no increase in copper prices occurs. It is also important to note that, in addition to cuts occurring in operational levels and project development, exploration expenditure is also being reduced which will affect longer term supply.

Besides the decrease in production due to companies' measures to cut costs, some smelters and refineries have also been forced to reduce production because of poor downstream copper demand and low treatment and refining charges, including refineries in Japan and China. Lack of scrap due to low copper prices and the weak sulphuric acid market are also constraining copper production. Falling ore grades will also continue to affect the mining industry, as is the case for the Escondida mine (biggest copper mine in the world).

However not all the news is bad, as some significant projects are still going ahead in 2009/2010 and others are ramping up to full production such as Prominent Hill (104kt Cu) in Australia, Gaby (100kt Cu) in Chile, Tenke Fungurume (115kt Cu) in DRC, Lumwana (170kt) in Zambia, Chambishi new smelter (150kt) in Zambia, Carlota (34kt Cu) in the United States, among others.

Annex A at the end of the document presents a detailed table with the main announcements made by the industry in response to the current crisis.

The next table (Table 1) quantifies the probable impact of those announcements on 2009 and 2010 copper supply. The table is presented by type of announcement (e.g. closure, project delay).

Note that while there have been announced cutbacks at refineries, the announced cutbacks in concentrate production exceed the announced cutbacks in refinery output, and a larger than anticipated feed shortage than in our October 2008 projection is likely to occur.

Table 1: Impact of industry announcements on copper supply

Date (1)	Company	Operation	Country	Action	Capacity kt Cu	Type	Product	Impact in kt Cu (2)		
								2009	2010	after
Nov-08	Frontera Copper	Pidras Verdes	Mexico	C&M	32	mine	sxew	25	30	
Dec-08	Breakaway Resources	Eloise	Australia	C&M	17	mine	conc	17	17	
Dec-08	Anvil Mining	Dikulushi	DRC	C&M	20	mine	conc	15	15	
Dec-08	Nova Ventura	Montecristo	Chile	C&M	20	mine	conc	10	20	
Jan-09	Deno Gold	Kapan	Armenia	C&M	2	mine	conc	2	2	
Jan-09	Aditya Birla Minerals	Mt Gordon & Nifty	Australia	C&M	50	mine	conc	20	20	
Jan-09	Solway Industries	Bucim	Macedonia	C&M	10	mine	conc	7	7	
Jan-09	Weatherly	all mines	Namibia	C&M	45	mine	conc	15	20	
Jan-09	Campbell Resources	Copper Rand	Canada	C&M	7	mine	conc	4	4	
Jan-09	Oz Minerals	Golden Grove	Australia	C&M	20	mine	conc	nil	nil	
Jan-09	BHP	Pinto Valley	USA	C&M	70	mine	conc	50	50	
Jan-09	African Copper	Mowana	Botswana	C&M	20	mine	conc	12	18	
Jan-09	Luanshya Copper Mines	Baluba	Zambia	C&M	30	mine	conc	25	25	
Jan-09	Redbank Mines	Redbank Mines	Australia	C&M	1	mine	conc	1	1	
Feb-09	ACP	Alaverdi	Armenia	C&M	2	mine	conc	1	1	
Feb-09	ACP	Tughout	Armenia	C&M	30	mine	conc	1	1	
Dec-08	First Quantum Minerals	Bwana Mkubwa	Zambia	closure	40	mine	sxew	25	25	
Jan-09	Luanshya Copper Mines	Chambishi	Zambia	closure	10	mine	sxew	7	7	
Jan-09	Kazakhmys	various	Kazakhstan	closure		refinery	cathode	40		
Nov-08	Oz Minerals	Sepon	Laos	expansion delayed	65	mine	sxew		15	
Nov-08	Straits Resources	Tritton	Australia	expansion delayed	24	mine	conc	5	10	
Dec-08	Taseko Mines	Gibraltar	Canada	expansion delayed		mine	conc		10	
Dec-08	Anglo American	Los Bronces	Chile	expansion delayed		mine	conc			X
Jan-09	Rio Tinto	North Parkes	Australia	expansion delayed		mine	conc	nil	nil	
Jan-09	Russian Copper	Kyshtym & Novgorod	Russian Fed.	expansion delayed		refinery	cathode	30	50	
Jan-09	Southern Copper Corp.	various (see Annex A)	Mexico & Peru	expansion delayed		mine				X
Nov-08	Ivanhoe Mines	Oyu Tolgoi	Mongolia	possible delay		mine	conc			X
Dec-08	Pan Pacific	Saganoseki	Japan	production cut		refinery	cathode	8		
Jan-09	Sumitomo	Toyo	Japan	production cut		refinery	cathode	7		
Jan-09	LG Nikko	Onsan	Korean Rep.	production cut	560	refinery	cathode	35		
Jan-09	Mitsubishi Materials Corp.	total refineries	Japan	production cut		refinery	cathode	7		
Jan-09	Mitsubishi Materials Corp.	Gresik	Indonesia	production cut		refinery	cathode	20		
Jan-09	Antofagasta Plc	Michilla	Chile	production cut		mine	sxew	7	7	
Jan-09	Freeport McMoRan	various (see Annex A)	North America	production cut		mine		181	272	
Jan-09	Boliden	Harjavalta & Ronnskar	Sweden & Finland	production cut		refinery	cathode	17		
Feb-09	small mines	small mines	Chile	production cut		mine		100	100	
Oct-08	El Sewedy Cables	Red Sea Copper	Egypt	project delayed	300	refinery	cathode			X
Nov-08	Inca Pacific Res.	Magistral	Peru	project delayed	35	mine	conc			X
Nov-08	Anvil Mining	Kinsevere	DRC	project delayed	60	mine	sxew		10	
Dec-08	Oceana Gold	Didipio	Philippines	project delayed	15	mine	conc	2	15	
Dec-08	Aura Minerals	Aranzazu	Mexico	project delayed	5	mine	conc	2	5	
Dec-08	Nautilus Minerals	Solwara	PNG	project delayed		mine	conc			X
Jan-09	African Eagle Resources	Mkushi	Zambia	project delayed		mine				X
Jan-09	Rio Tinto	Resolution, La Granja, Eagle	USA & Chile	project delayed		mine				X
Jan-09	Monterrico Metals	Rio Blanco	Peru	project delayed	220	mine	conc			X
Jan-09	Vulcano Resources	Kylylahti	Finland	project delayed	9	mine	conc		2	
Jan-09	Freeport McMoRan	various (see Annex A)	South America	project delayed		mine			45	
Jan-09	Southern Copper Corp.	various (see Annex A)	Mexico & Peru	project delayed	120	mine	sxew		20	X
Oct-08	Metals X	Renison	Australia	start-up delayed	3	mine	conc	3	3	
Oct-08	Baja Mining Corp	Boleo	Mexico	start-up delayed	56	mine	sxew		20	
Dec-08	Zaruma Resources	Luz del Cobre	Mexico	start-up delayed	7	mine	sxew	2	7	
Jan-09	Miniere Musoshi Kisenda	Kisenda	DRC	start-up delayed	35	mine	conc	5	35	
Jan-09	Luanshya Copper Mines	Muliashi	Zambia	start-up delayed	60	mine	sxew	5	40	
totals								713	930	

(1) Date of Announcement

(2) When not indicated by the company, ICSG estimate.

Demand

The current deterioration of world economic indicators (Industrial Production - IP collapsing, GDP contracting, OECD leading indicators falling) are pointing to weaker copper usage levels.

However, the demand side picture is more complicated to assess as in addition to the direct quantifiable impact of announced cuts in semis production or delays in start-ups of new wirerod plants, the extent of the crisis and its impact on copper demand are not readily quantifiable. Although we already accounted for a substantial decline in Chinese usage growth rates in our October forecast (growth at 2.9% for 2009), we anticipate that downward revisions may be necessary for China and the three other leading usage regions (EU, Japan and the United States). The weak housing and automotive sectors and reduced consumer spending are impacting domestic copper usage in those regions as well as export demand.

As well as the mining industry response to the crisis, it is expected that the downstream industry, affected by the lack of demand for copper products, will either reduce semis production, close plants, or delay expansions or new projects. This will have a direct impact on our copper usage forecast figures.

Table 2 below presents a comparison between the current estimated 2008 usage growth in the four major consumer countries and that which was forecast at the October meeting. Although full 2008 data is only available for China, estimates are made for Japan, the EU-15 and the United States based on the year to date available data. In 2008, China apparent usage was higher than predicted but usage in the other three regions was estimated to be lower.

Table 2: Copper usage comparison for 2008: ICSG October 2008 forecast vs current estimates

Country	2008 usage growths					2009 usage growth
	Jan-Oct (real)	Jan-Dec (Oct forecast)		Jan-Dec (estimate)		Oct forecast
		%	Kt	%	Kt	
United States	-10.30%	-6.9%	-147	-9.0%	-192 **	0.5%
Japan	-3.60% *	-1.4%	-18	-4.0%	-54 **	-1.1%
EU-15	-2.80%	-1.1%	-40	-4.0%	-123 **	0.1%
Totals decreases			-205		-369	
China		9.8%	447	14.2%	646 ***	2.9%

* Japan is Jan-Nov

** Estimates based on 2008 effective data available

*** Full year apparent usage

Lower than forecast usage in Japan, the EU-15 and the United States for 2008 means that the 2009 and 2010 usage will surely be adjusted downwards. If we were to keep the same growth rates for these three regions as foreseen in the October forecast, but now applied to the current estimated 2008 level, we would have to decrease usage in 2009/2010 by 160kt each year. However, it is probable that growth rates will decline further, which would imply an even larger drop in usage.

Regarding China, 2008 apparent usage was higher than foreseen at the October forecast due to a sharp increase in apparent usage in Nov/Dec (17% higher than the Jan/Oct average) that was

driven by a peak in imports. China Metals (issue no. 311, 25/01/2009) indicates that the surge in imports may be due, in part, to the fact that the price differentials between SHFE and LME continued moving in favor of imports and that the State Reserve Bureau may have started buying copper from abroad to build stock at low prices. The Secretariat is still waiting to receive China country stocks data to better assess 2008 Chinese apparent usage. As an indication, Chinese semis production was up by 18% in 2008.

The lack of scrap availability due to lower copper prices may have a positive impact on the use of cathode in China. China imports of scrap in Nov/Dec 2008 were 24% below Jan/Oct average. Recession in countries that are significant recipients of China's copper products will have a substantial negative impact on Chinese copper exports and usage.

Copper usage in other important consuming countries such as South Korea, Taiwan and Russia will likely be revised downwards as well. New wire rod projects expected to start in 2009/2010 or ramp-ups to full production levels may also be delayed, notably in the Gulf countries.

There is no doubt that the poor economic performance foreseen for 2009 and 2010 will have a negative impact on metals usage. Governments' stimulus packages to help their economies could have a positive impact on metals demand, such as in China and the United States. Nevertheless, it is difficult at present to assess either the timing or the size of the impact on copper demand

As suggested in China Metals (issue no. 310, 10/01/2009), China's economic stimulation package will help maintain economic growth and boost metals demand but the likely effect on the domestic metals market is not clear. Not all the RMB 4,000 billion investment package is incremental. According to China Metals' calculation, only 1/3 to 2/5 of the investment is incremental, the rest being part of original plans (Table 3).

Table 3: Investment in Infrastructure Construction in 2009 – China

(Unit: RMB billion)	<u>Total</u>	<u>Original</u>	<u>Incremental</u>
Railway	530	300	230
Highway	850	600	250
Water carriage	110	100	10
Urban traffic	160	120	40
Airport	45	35	10
Hydropower & water conservation	150	100	50
Power grid	460	340	120
Environmental protection	330	300	30
Welfare housing	300	15.6	14.4
Total	2,935	1,910.6	754.4

Source: Government Ministries' Statement And News Release (in China Metal 10/1/2009)

In one of its publications (n°. 144, December 2008) Antaika comments that the production of most copper-using products, including home appliances and autos, fell in 2008 and that power industry was the only strong sector. Referring to the Chinese government 4.0 trillion Yuan stimulus plan to boost the domestic economy, they indicate that the government will inject 900bn Yuan of this stimulus in low-income housing, which could push forward development of the whole copper

industry chain including the air-conditioner and refrigerator industries. However, they add that projects relating to railways, airports and other infrastructure have limited impact on expanding copper consumption. For infrastructure, copper is mainly used in power plant projects and energy resource projects.

China's National Development and Reform Commission has reportedly also drawn up a stimulus package concerning the auto industry that is yet to be announced (China Metals 10/01/09).

Regarding the United States and the EU countries, rescue measures taken by governments should boost copper usage, such as modernizing existing infrastructure and investment in new infrastructure.

Conclusions

The purpose of this paper is to document changes in the industry that have occurred since the last ICSG October forecast that have impacted the 2008 market balance and that will impact considerably our forecast for 2009 and 2010. When looking at the forecast one should bear in mind the following:

- Attention should be focused not only on the announced supply curtailments but also on the negative impact that the weak world economy will have on copper usage;
- Therefore, by adjusting downwards both sides of the supply/demand equation (production and usage) the impact on the market balance is lower;
- It should be borne in mind that more cuts and delays may be announced if no improvement is seen in the credit and economic environment;
- The supply allowances/adjustments in the ICSG forecast reflect historical disruption levels and are insufficient to account for the impact of the announced production cuts;
- Although the ICSG October forecast for copper usage already considered the impact of poor economic performance in 2009 and 2010, the deterioration of the situation will certainly have a stronger impact on our forecast than was foreseen;
- No usage adjustments (allowances) are included in ICSG forecast and as such all downward revisions in country usage data will feed directly into the world market balance;
- The next ICSG forecast will be developed at the April 2009 meeting and will incorporate all the known events that are impacting the copper industry as well as the results of the member country surveys;
- On the social side, the crisis is leading to a high rate of layoffs (see Annex A) and the probability of labor unrest may therefore increase.

ANNEX A : Company Announcements (by type of operation)

Date (1)	Company	Operation	Country	Action	Type	Product	notes
Nov-08	Aurubis	Olen	Belgium	closure	billets & cakes plant		Cumerio Belgium plans to close copper billets and cakes production line in Olen . Substitution products and falling demand lead to production restructuring. The Board of Directors of Cumerio Belgium announced its intention to close one of the five production departments of the Olen site. Production volumes in the billets and cakes department have halved over the past 7 years. With a capacity utilization of approx. 30% only, this activity is now losing money. This drop in volume is due to extensive substitution, in particular in sanitary piping and roofing applications, accelerated by the sharp rise in the price of copper during the last years. This measure is expected to affect 64 jobs. Cumerio Belgium has a total workforce of 497. (company)
Oct-08	Metals X	Renison	Australia	start-up delayed	mine	conc	The revised Renison Project was designed and constructed to include a copper circuit that will enable the generation of a copper co-product. The construction of the copper circuit has been completed but, as was highlighted in the quarterly report, the current low copper price has consumed the expected profit margin from planned copper production. The Company has elected not to commission and operate this circuit . Accordingly the co-product revenue from copper production will not materialise until copper prices recover. (company)
Oct-08	Baja Mining Corp	Boleo	Mexico	start-up delayed	mine	sxew	Baja Mining Corp. advises that due to the current global financial crisis, it has elected to delay construction activities at the Boleo Project , Mexico. While project economics remain robust even at low metal prices, the impact of the current financial crisis on short term metal prices and hedging prices, coupled with an effective shutdown of the global bank syndication and equity markets, require Baja to revise its construction schedule. Ongoing baselining and engineering activities at Boleo will continue, as will completion of the Boleo construction camp and certain other on-site infrastructure activities. However, other activities at Boleo will be suspended until market conditions improve. (company)
Nov-08	Inca Pacific Res.	Magistral	Peru	project delayed	mine	conc	Inca Pacific Resources Inc. announces that as a result of turbulent equity, debt and metal markets it is taking steps to conserve working capital. Until recently the Company, in the interests of accelerating the development of its Magistral Copper & Molybdenum property, had budgeted to order long lead time equipment and upgrade the main access road to the project prior to receiving approval of its Environmental & Social Impact Assessment and being granted the majority of its construction permits. As result of current circumstances and the uncertainty of when project financing might be obtained the Company has decided to cancel the previously placed order for a ball mill announced in August; postpone any new orders for long lead time equipment; and postpone the upgrade of the main access road. These decisions may impact the commencement of commercial production . Under the Company's current agreement with the Government of Peru, Inca Pacific has an obligation to place the Magistral property into production no later than December 31, 2011. (company)
Nov-08	Frontera Copper	Pidras Verdes	Mexico	C&M	mine	sxew	Frontera Copper Corporation today announced that in response to the recent downturn in copper prices, mining activities at its Piedras Verdes will be temporarily suspended . Copper production will continue on a gradually declining basis while leaching operations will proceed on an uninterrupted basis to recover copper from ores previously placed on the leach pads. Reduction of approx 100 employees, not including people who are employed by the contractors. President said, "We are disappointed in the recent developments in the copper market and the precipitous decline in copper prices. After careful study, we have decided to take proactive measures to generate cash and protect the long-term viability of our operation. Our cash flow will be substantially enhanced by the cessation of mining as we eliminate the most significant component of our production costs. We are also able to generate revenue from the nearly 100 million pounds of recoverable copper contained in our leach pads during this period of uncertainty in the global economy and the copper market." Copper production for the first quarter of 2009 is currently estimated at 6 million to 7 million pounds. (company)
Nov-08	Anvil Mining	Kinsevere	DRC	project delayed	mine	sxew	Furthermore, in the current environment, there is limited availability of debt finance for mining companies and the Company has concluded that raising equity finance is not currently a viable option. Central to this strategy, the Company has placed the construction works associated with the Kinsevere Stage II SX-EW development on hold until additional finance is available and there is greater certainty in global financial and commodity markets. While the Company currently expects to have financing arranged in time to allow for the recommencement of the Kinsevere Stage II SX-EW development during the third quarter of 2009, with commissioning of the plant in early 2010, there can be no assurance that required finance will be available and that development of the project will re-commence within this timeframe. (company)
Nov-08	Ivanhoe Mines	Oyu Tolgoi	Mongolia	possible delay	mine	conc	"We are reviewing our 2009 capital investment program in light of the current and anticipated, global economic environment. We are prepared to reconsider our projected pre-construction spending on the Oyu Tolgoi Project and, if necessary, act decisively to further curtail spending if sufficient progress is not made toward the timely conclusion of an Investment Agreement with the Mongolian Government." (company)
Nov-08	Oz Minerals	Sepon	Laos	expansion delayed	mine	sxew	Sepon copper expansion (from 65 to 80kt) will be suspended and capital expenditure of approximately US\$50 million deferred until after 2009. Commissioning of the second autoclave, which is currently on site, will continue. Expansion studies at Golden Grove to investigate the addition of open-pit copper mining and possible extensions of the underground mine have been temporarily put on hold due to current low commodity prices. (company)
Nov-08	Imperial Metals	Mount Polley	Canada	Layoff	mine		Imperial Metals Corporation reports layoff notices have been delivered to 49 of its 397 employees at the Mount Polley mine. The layoffs are scheduled to take place February 5, 2009. The layoffs are part of a package of cost reduction, restructuring and investment measures aimed at maintaining operations at the Mount Polley mine in the face of sharply reduced metal prices. (company)
Nov-08	Straits Resources	Tritton	Australia	expansion delayed	mine	conc	As outlined in a previous announcement and in response to recent sharp falls in the copper price, Straits has engaged in a careful review of all current and future capital and development works at the Tritton Copper Operation. In this regard Straits has now taken the decision to suspend further underground development activities at the Murrawombie and Girilambone North mines. The expansion to 35,000 tonnes per annum of copper production that was scheduled to be achieved in the first half of 2009 has been suspended and the immediate target will be to produce a minimum of 75,000 tonnes of ore per month from the Tritton underground mine and approximately 2,200 tonnes of copper per month. (company)
Dec-08	Zaruma Resources	Luz del Cobre	Mexico	start-up delayed	mine	sxew	In Oct 2007 the Company signed agreements with a subsidiary of Glencore International AG, whereby Glencore undertook to finance \$22 million of the capital cost to put Luz del Cobre into production, thereby obtaining the right to acquire the copper produced. By Sep 30, 2008 the project was within four months of producing copper, and the full amount of the financing had been advanced. In October, the Company was informed that Glencore did not intend to make additional funds available, leaving a shortfall of \$15 million to cover outstanding commitments. On Oct 17, 2008 the Company suspended further development of the Luz del Cobre as it had not been able to arrange additional project financing to complete the development of the mine and construction and equipping of the production plant. An estimated additional \$15 million is required to complete the project, which was approximately four months from start-up at the time of suspension. (company)
Dec-08	First Quantum Minerals	Bwana Mkubwa	Zambia	closure	mine	sxew	Adapting to Changing Economic Environment: Suspended copper cathode production at Bwana Mkubwa , Introduced measures to reduce operating and overhead costs, Renegotiating supply contracts and credit terms, Improving working capital management practices, Deferring non-essential exploration and capital expenditure programs. (company)

ANNEX A : Company Announcements (by type of operation)

Date (1)	Company	Operation	Country	Action	Type	Product	notes
Dec-08	Oceana Gold	Didipio	Philippines	project delayed	mine	conc	OceanaGold announced that it has placed the Didipio gold-copper project (philippines) on care and maintenance following completion of the strategic review that began in July. OceanaGold CEO, Stephen Orr said "The deterioration of global economic conditions has required that we take prudent measures in order to secure and preserve our assets in the Philippines. We recognize the inherent value that the Didipio project and our exploration portfolio in the Philippines represent for shareholders but the uncertainty around current financial markets dictates that we affect this strategy." (company)
Dec-08	Breakaway Resources	Eloise	Australia	C&M	mine	conc	Further to the announcement of 3 December regarding the rock failure in a portion of the main production stope at the Eloise Copper Mine in Queensland, Breakaway Resources Limited has received a further update from the mine owner, FMR Investments Pty Ltd (FMR). After taking into consideration a number of factors but in particular the substantial recent reductions in the copper price, which have impacted on all copper producers, FMR has advised that the most commercial approach for managing the Eloise Mine and maximising its future value, is to cease mining activities and place it on temporary care and maintenance. (company)
Dec-08	Anvil Mining	Dikulushi	DRC	C&M	mine	conc	In view of the current low copper price, Anvil has begun in early December 2008, the process of suspending concentrate production , postponing underground development work and initiating a care and maintenance program at its Dikulushi mine. (company)
Dec-08	Aura Minerals	Aranzazu	Mexico	project delayed	mine	conc	Aura Minerals Inc. announces that all mining activities at the Aranzazu Project have been temporarily suspended and that all capital projects, including underground development work, have also been deferred. Given the current economic environment, management has undertaken several measures to allow the Company to preserve its cash resources while at the same time maximizing the Company's ability to deliver metal into future higher metal price environments. Management is continuing its detailed review and may decide that further operating and/or capital expenditure cuts may be required depending on market conditions going forward. (company)
Dec-08	Taseko Mines	Gibraltar	Canada	expansion delayed	mine	conc	Taseko Mines Limited began a review of its Gibraltar Mine operating costs. As a result, a new 24-month plan was developed which includes a significantly reduced strip ratio and lower equipment hours and manpower requirements. With the significant pullback in the price of copper over the past few months and the corresponding effect on cash flow, management has been pursuing a number of financing opportunities in order to fund completion of the concentrator expansion. (company)
Dec-08	Anglo American	Los Bronces	Chile	expansion delayed	mine	conc	Anglo American plc has completed a wide ranging review of its capital expenditure programme in recent weeks, at a time when the mining industry has experienced an unprecedented period of rapid declines in commodity prices due to global economic uncertainty. Such circumstances present a very different near term outlook and a clear need to adjust the Group's investment plans Anglo American expects 2009 production of its base metals to be maintained at similar levels to 2008 with the exception of copper production, which is expected to be approximately 5% higher than 2008 due to the benefit of the debottlenecking project undertaken at the Collahuasi mine. Base Metals' project capital expenditure for 2009 has been reduced to \$1.3 billion. Los Bronces (Chile) – an eight month commissioning delay to the expansion project , with first copper production expected in Q4 2011. (company)
Dec-08	Nautilus Minerals	Solwara	PNG	project delayed	mine	conc	Nautilus Minerals Inc. announces it has decided to adopt a more cautious strategy and to preserve its strong cash position by delaying the construction of the equipment for the Solwara 1 mining system. This decision is driven both by the challenges and opportunities presented by the unprecedented speed and severity of the global economic downturn and the uncertainty in the financial and commodity markets. The Company will continue to move forward with permitting for its Solwara 1 Project, as well as with various engineering and testing activities. In addition, the Company will continue with its focused exploration program to increase its resource base. As a result of this decision, the Company will today reduce its workforce by approximately 30% As a consequence, the Board believes that the previously announced timetable for first ore production at the Solwara 1 Project is likely to be delayed beyond December 2010. (company)
Dec-08	Nova Ventura	Montecristo	Chile	C&M	mine	conc	Chilean miner Nova Ventura has shut down its Montecristo mine due to low copper prices after having reopened the mine in late 2007, according to a report by newspaper Diario Financiero (Bnamericas & Cesco)
Jan-09	Deno Gold	Kapan	Armenia	C&M	mine	conc	Kapan mine: In response to the economic slowdown and the significant decrease in metal prices, an orderly shutdown of the Deno Gold operations had commenced in early November 2008, to effectively place the facilities on care and maintenance , pending a significant improvement in metal prices. Discussions with Armenian government officials and EBRD representatives are ongoing to ensure a smooth transition and to maintain positive and constructive relationships. DPM is committed to its investment in the region and recognizes the significant operational improvements that have been made in a very short period of time and looks forward to resuming operations and its development plans when the economic climate improves. DPM has ceased all exploration and drilling activities on its Armenian properties and is taking steps to ensure that its titles and licenses are preserved. (company)
Jan-09	Luanshya Copper Mines	Chambishi	Zambia	closure	mine	sxew	Chambishi Metals is to close its mine on January 31 as a result of unfavorable market conditions and the global economic recession, the company has said. Workers at the mine were being given notices of the upcoming closure with the National Union of Miners and Allied workers confirming the shutdown. A union official said, "It is true that the mine is closing, and all the workers have been informed about it." The union has voiced objections to the shutdown, saying there were other options available than firing all workers, although some workers were happy to take the severance pay. Chambishi Metals is a division of Luanshya Copper Mines, whose operations have already been put on care and maintenance. Chambishi's cobalt plant was the first to be shut down early December 2008 and now its copper operation is being closed. (CRU, 05/01/2009)
Jan-09	Aditya Birla Minerals	Mt Gordon & Nifty	Australia	C&M	mine	conc	The Mount Gordon Mining operations have been put into care and maintenance and the ore processing operations would continue with the ore available on the surface. At Nifty the mining operations is continuing as usual. In the SX/EW operations at Nifty, have stopped the crushing and stacking of ore on the leach pads. Will continue the leaching till the operations are economically viable. (company)
Jan-09	Solway Industries	Bucim	Macedonia	C&M	mine	conc	The Bucim copper mine in Macedonia is to temporarily shut its operations due to the declining copper price and economic crisis. Nikolajco Nikolov, manager at the mine, said, "The mine can start working again in a week if the price of copper reaches \$5,000 per tonne," but cannot continue at present because, "it is not profitable anymore". The mine employs 460 people, most of whom will be made redundant (CRU - 8/1/09). The Bucim mine will not resume production after winter holidays and will remain closed for at least several months because of "deteriorating market conditions" the management has announced. In 2007, the mine produced 33,467 tons of copper concentrate, 7,300 tons of copper. (Metals Place 22/12/08)
Jan-09	African Eagle Resources	Mkushi	Zambia	project delayed	mine		Mkushi Copper Mines in Zambia remains our most advanced near term production project. Our JV partner CGA Mining Limited delivered its draft feasibility study in November 2008, but in the light of current market conditions and copper prices, the two companies agreed to defer a decision on project development for the time being. (company)

ANNEX A : Company Announcements (by type of operation)

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Jan-09	Weatherly	all mines	Namibia	C&M	mine	conc	On 19 November 2008 Weatherly announced that in response to the recent decline in world copper prices, it had taken various actions to lower costs including the closure of the Tsumeb West and Matchless Mines and was reviewing its remaining operations. The Board announces today that following the conclusion of its review the decision has been taken to suspend operations at the Company's remaining mines, Otjihase and Tschudi and to place them on care and maintenance . Copper prices have declined from approximately US\$ 8400/t in July 2008 to present prices of around \$3,700/t. Consensus forecasts do not indicate there will be a recovery in the medium term. Taking into account the costs of operation, Weatherly's mining operations at current and forecast near term copper prices lack sustainable economic viability. Production will continue until Christmas at which time approximately 630 employees will be made redundant. The Tsumeb smelter will continue to operate. (company)
Jan-09	Campbell Resources	Copper Rand	Canada	C&M	mine	conc	Campbell Resources Inc. today announced that it discontinued all mining operations at its Copper Rand mine on Dec 31,2008. The decision to terminate operations at Copper Rand was originally announced on Sept 9, 2008. Campbell also suspended its bulk sample exploration program at the Corner Bay property in Oct08 because of extreme difficulties in securing financing in the current marketplace and the decline in copper prices. Manpower resources are being reduced to care and maintenance levels. (4kt Cu)
Jan-09	Oz Minerals	Golden Grove	Australia	C&M	mine	conc	As part of its ongoing review of operations OZ Minerals announced today that it would put the Scuddles mine at its Golden Grove operations in Western Australia on care and maintenance . Some of the Scuddles' resources have been redeployed to the site's Gossan Hill mine and the focus now will be on improving operations at this site. It is expected that this re-focusing will lead to an increase in copper production of 5,000 tonnes to 40,000 – 45,000 tonnes. With global commodity prices continuing their decline it is important that every part of the OZ Minerals business is operating as efficiently as possible said Chief Executive Officer Andrew Michelmore (company)
Jan-09	Rio Tinto	North Parkes	Australia	expansion delayed	mine	conc	Rio Tinto has suspended plans to expand its Northparkes copper mine in Australia (\$229 million E48 block cave project). Rio Tinto said the decision was made due to the weak copper price, which has fallen almost 60% since July. The expansion would have seen its life extended to 2016. The expansion cancellation will result in 26 staff and 320 contractors losing their jobs. Northparkes' open-cut mine will continue to operate. (company)
Jan-09	Antofagasta Plc	Michilla	Chile	production cut	mine	sxew	Antofagasta plc announces that its subsidiary Minera Michilla S.A. ("Michilla") expects to continue with its underground mine during 2009, but will cease operations at the higher cost Lince open pit mine which is not economically viable at current copper prices. Consequently, cathode production at Michilla for 2009 is expected to be approximately 38,000 tonnes compared with 45,000 tonnes if the Lince open pit had remained in operation. The closure of the Lince open pit mine will result in the reduction of approximately 70 personnel and termination of contracts related to its operation; this will leave Michilla with a workforce of approximately 440 employees and 1,000 contractors. (company)
Jan-09	Rio Tinto	Resolution, La Granja, Eagle	USA & Chile	project delayed	mine		Pre-feasibility or feasibility work progressed on a number of projects including Resolution (copper/gold, US), La Granja (copper, Peru), Eagle (nickel/copper, US). Evaluation work at many of these projects, notably Simandou, La Granja and Resolution has been considerably scaled back in light of current economic conditions.
Jan-09	Rio Tinto	Kennecott	USA	Layoff	mine		Rio Tinto has announced that it is reducing its headcount in Utah by 241 people. This reduction in force includes 66 current employees and 175 contractors. These reductions have begun for contractors and will begin for employees next week. Reductions are coming from within Kennecott Utah Copper, Kennecott Land, Kennecott Exploration and Rio Tinto service functions. Currently, there are approximately 2,400 employees working for Rio Tinto in Utah. Those affected Rio Tinto employees will be offered severance packages and outplacement assistance
Jan-09	Montmerrico Metals	Rio Blanco	Peru	project delayed	mine	conc	Montmerrico Metals has announced it will postpone development of its Rio Blanco copper mine in Peru. The company had planned to invest \$1.4 million in the project, but has had to put it on hold due to the decline in the price of copper as well as local opposition to the project. Montmerrico Metals is a subsidiary of Zijin Mining and its principal asset is the Rio Blanco project in northern Peru. Rio Blanco was due to begin operations in 2011 and produce 220,000 tonnes of copper per year, increasing to 320,000 tonnes by 2014.(CRU)
Jan-09	BHP	Pinto Valley	USA	C&M	mine	conc	In the December 2007 quarter, we opportunistically restarted copper sulphide mining at Pinto Valley (USA) to take advantage of the market conditions at the time. This is a short life and high cost operation, and as such is uneconomic in the current environment. During February 2009 we will place the sulphide mining operation on care and maintenance . (company)
Jan-09	Miniere Musoshi Kisenda	Kisenda	DRC	start-up delayed	mine	conc	Miniere Musoshi Kisenda (Metorex and Copper Resources Corp) - Camec given notice of failure to make shareholder offer.Underground development at Kinsenda on hold. Dewatering only. Plant construction deferred pending financing (company)
Jan-09	African Copper	Mowana	Botswana	C&M	mine	conc	African Copper plc announces that in response to the Company's current working capital deficit and immediate need to raise up to \$US15 million for its working capital needs and the sharp reduction in the demand and price for copper worldwide, the Company's Mowana mine in Botswana has been placed on care and maintenance pending the finalisation of negotiations to obtain the Required Financing. The ramp up to commercial production continued during the fourth quarter of 2008. However, following the first shipment of copper concentrate that was dispatched at the end of October, further production delays were experienced during the fourth quarter as a result of, among other things, lack of spare parts due to the Company's working capital deficit and unexpected equipment failures . These delays have resulted in production shortfalls during the quarter from the copper in concentrate production forecast of approximately 1,500 tonnes to 270 tonnes (company)
Jan-09	Luanshya Copper Mines	Baluba	Zambia	C&M	mine	conc	Luanshya Copper Mines halted operations at its Baluba Copper Mine and Chambishi Metals PLC in December citing low metal prices. The company has since laid off around 1,300 workers, but 370 workers have been maintained at Baluba and Chambishi smelter which are currently under care and maintenance. According to a company official, mining operations will resume as soon as global metal prices become favorable. Luanshya produced around 20,000 metric tons of copper in 2008. (Market watch Dow Jones)
Jan-09	Luanshya Copper Mines	Muliashi	Zambia	start-up delayed	mine	sxew	Muliashi project due to start end 2009, cap 60kt cathode was also suspended . (Market watch Doe Jones)
Jan-09	Luanshya Copper Mines	Baluba	Zambia	C&M	mine	conc	Officials of the powerful Mine Workers Union of Zambia (Muz) and the National Union of Mining and Allied Workers (Numaw) have asked the government to take over the Luanshya Copper Mine (LCM), which was placed under care and maintenance in December. The unions say they want a temporary government takeover before other investors are found.
Jan-09	Vulcano Resources	Kylylahti	Finland	project delayed	mine	conc	Vulcano Resources: definitive feasibility study for Kylylahti was completed in 2008 envisaging a mine producing 800,000 tonnes per annum to produce an average 9,000 tonnes per annum of copper, 12,000 ounces of gold in copper concentrates, 1,900 tonnes per annum of cobalt, 1,400 tonnes per annum of nickel and 3,800 tonnes of zinc in bulk concentrates.The project is fully permitted but was placed in care and maintenance in October 2008 due to poor metal prices and financial markets.
Jan-09	Freeport McMoRan	various	North America	production cut	mine		FCX's revised plans include a 50 % reduction in the mining and milling rates at Morenci , a 50 % reduction in the mining and stacking rates at newly commissioned Safford mine , a 50 % reduction in the mining rate at the Tyrone mine and a suspension of mining and milling activities at the Chino mine. The effect of curtailed production in North America is at aprox 400Mlb Cu in 2009 and additional 200Mlb in 2010. (company)

ANNEX A : Company Announcements (by type of operation)

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Jan-09	Freeport McMoRan	various	South America	project delayed	mine		FCX's revised plans include: Reduced mining rates at Candelaria and Ojos de Salado ; Deferral of the planned incremental expansion at Cerro Verde and a delay in the sulfide project at El Abra and reduced spending for discretionary items. These items do not have a significant effect on 2009 production volumes but result in a reduction in 2010 production of approximately 100 million pounds from previous estimates.(company)
Jan-09	Southern Copper Corp.	various	Mexico & Peru	expansion delayed	mine		As of December 31, 2008, we have spent \$37.7 million for the Toquepala expansion . We are continuing with the feasibility study , as well as the basic and detailed engineering. The environmental impact assessment is also underway and is expected to be completed in the fourth quarter of 2009. The Company has decided to put on hold any new additional capital expense regarding this project . The Company will only continue with the environmental projects at its mining and metallurgical facilities. At La Caridad metallurgical complex the gas handling, and dust and effluent treatment projects are being completed. For the Cuajone expansion project we have signed a feasibility study contract and will only continue at this point with the engineering and the environmental impact assessment .(company)
Jan-09	Southern Copper Corp.	various	Mexico & Peru	project delayed	mine	scxew	As of Dec 31, 2008, we have spent \$118.0 million for the Tia Maria project. We are currently evaluating putting on hold or stopping the project in light of current market conditions, and in order to obtain from our suppliers and engineering firms prices that reflect the economic reality. Regarding our copper deposit projects at Los Chancas in Peru, El Arco , Pílares and the underground polymetallic mine in Angangueo in Mexico, the Company will continue to evaluate these projects, but will defer making a final decision until it is appropriate to move on these projects .(company)
Jan-09	Redbank Mines	Redbank Mines	Australia	C&M	mine	conc	the Company announced that as a result of the advent of wet season and the current price of copper metal, the treatment facilities have been placed on short term care and maintenance while the Company focuses on a high grade copper exploration program. (company)
Feb-09	Antofagasta Plc	various	various	ongoing projects	mine		The Esperanza project remains on schedule with first production expected by the end of 2010. The plant expansion at Los Pelambres , approved in July 2008, remains on schedule for completion at the end of 2009. Feasibility studies for the Antucoya project in Chile and the Reko Diq project in Pakistan continue as planned. The Antucoya study is expected to be completed in the first half of 2009 and the Reko Diq study is now expected to be completed in the second half of this year. (company)
Feb-09	small mines	small mines	Chile	production cut	mine		Due to low copper prices, it is expected that production from small producers will decrease. Production increased by around 100kt Cu (55%) since 2004 when the price started to improve. (ICSG)
Feb-09	ACP	Alaverdi	Armenia	C&M	mine	conc	Closed in November 2008 because of low copper prices. (company)
Feb-09	ACP	Tughout	Armenia	C&M	mine	conc	Project delayed due to the financial crisis
Jan-09	various	various	Zambia	Layoff	mine		Zambia expects massive job losses : A total of 11,939 jobs in Zambian mines will be lost by the end of March, according to research from the National Union of Miners and Allied Workers. NUMAW director of research, Boyd Chibale, said in a January 29 report that most jobs would be lost at Konkola Copper Mines and Mopani Copper Mines, the industry's largest employers, employing in total around 25,000 workers. He said 1,200 workers would lose their jobs at Konkola and about 4,000 at Mopani. About 1,500 workers have already been retrenched at Luanshya Copper Mines, which ceased operating in December 2008 and is currently on a care-and-maintenance program while 486 others were retrenched at First Quantum Minerals' Bwana Mkubwa mine following the shutdown of the company's copper processing plant. The report said that the job losses were triggered by the global economic meltdown which had resulted in low copper prices.(MW 31/1/09)
Dec-08	Rio Tinto				mining company		Rio Tinto key initiatives and commitments (10/12/08): • Reduction of net capital expenditure guidance for 2009 from over \$9 billion to \$4 billion, while retaining future growth options • Capital expenditure to be reduced to sustaining levels in 2010, absent an improvement in expected commodity market conditions • Commitment to reduce controllable operating costs by at least \$2.5 billion per annum in 2010 • Reduction in global headcount of 14,000 roles (8,500 contractor and 5,500 employee roles) • 2008 dividend to be held at 2007 level of US 136 cents with no 20 per cent uplift in 2008 and 2009 • Expanded scope of assets targeted for divestment including significant assets not previously highlighted for sale During the remainder of January and early February there will be a series of local announcements about the impact of capital expenditure reductions on the Group's projects. (company)
Jan-09	Teck Cominco		Canada	Layoff	mining company		Teck Cominco Limited today announced that it will reduce its global workforce by about 1,400 positions, or 13%, as part of its broader strategy to reduce costs and bolster competitiveness in the face of persistently weak commodity prices. (company)
Dec-08			Armenia		mining industry		Armenia's mining industry could grind to a halt if metal prices do not start to recover at the beginning of next year, Armenian Energy and Natural Resources Minister Armen Movsisian told Interfax on Dec23.The drop in world metals prices has forced Armenian mines to scale down production and exports, Movsisian said. Jobs and salaries are being cut. "We could be looking at two scenarios if prices don't rise by February: either mining enterprises will be forced to shut down indefinitely, or they will have to find additional investment to reorganize production," he said.The government will re-address the crisis in the country's mining industry in February, he said.The government has already decided to intervene in resolving the future of three major crisis-hit mining enterprises - the Zangezur and Agarak copper-molybdenum plants and Kapan Mining, which operate in Armenia's Southern Ore Belt. Movsisian said in the middle of November that agreement had been reached with management at the three mines to avoid laying off staff and to keep salaries intact if possible in the next three months.(Interfax)
Jan-09	Xstrata	Horne & Kidd Mine	Canada	Layoff	smelter		15/1/09 (com): Horne Smelter management announces that it is reducing its workforce and capital expenditures to strengthen its viability in current market conditions. The decision comes after careful evaluation of the impact on the Horne operations of the closure of Fabie Bay Mine, a custom milling client, and a reduction in the volume of recycled feed. In total, 55 permanent operational positions associated with milling ore from Fabie Bay Mine and the recycling operation will be made redundant. In addition, the announcement will impact approximately 30 consultants and other contractors.The challenging operating environment requires the Horne Smelter to scale back capital expenditures in 2009. However, investments related to important environmental improvement projects will continue. The Kidd Mine also decided to reduce its staffing requirements by not filling a number of vacant positions and ending a number of consultancy positions. (company)
Oct-08	El Sewedy Cables	Red Sea Copper	Egypt	project delayed	smelter/refinery	cathode	El Sewedy Cables decides to delay the copper smelter project for the time being. The feasibility study however, proved that the fundamentals of the project in Egypt are very strong in terms of the partnership, market, the sourcing of materials and the location of the project, and that, if constructed, would be one of the most cost competitive copper smelter/refinery worldwide. Ahmed El Sewedy, CEO of El Sewedy Cables commented "Giving the current market conditions, we can achieve better returns on our investments in other projects that we are working on. We strongly believe in the fundamentals of the project, we just think the timing could be better, we believe we can build it much cheaper 12 months from now. We will continue monitoring the market condition, and will update our numbers in the right time. (company)

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Dec-08	Pan Pacific	Saganoseki	Japan	production cut	smelter/refinery	cathode	Pan Pacific Copper Co Ltd, Japan's top copper smelter, will cut runs 10% in January-March and may increase that to 20% in view of a sharp decline in demand amid the economic downtrend, the company said on Thursday. The global financial crisis has hurt demand for copper, which has a wide variety of applications from computer chips to air conditioners and automobiles. With the 10 percent cut, Pan Pacific's copper production in the six months to the end of March will amount to 295,000 tonnes, compared to initial plans of 310,600 tonnes announced in October, it said in a news release. (Thomson Reuters 11/12/08)
Jan-09	Sumitomo	Toyo	Japan	production cut	smelter/refinery	cathode	Sumitomo Metal said it has cut its copper production plan by 7% for the six months to March as the economic downturn lowers demand. The company now plans to produce 201,000 tonnes of copper in October-March, down from 215,000 tonnes it planned in April. "We have decided to reduce output in January-March due to the sharp decline in nonferrous metals demand as a result of the deterioration in the real economy," the company said in a statement. (CRU -8/1/09)
Jan-09	LG Nikko	Onsan	Korean Rep.	production cut	smelter/refinery	cathode	LS-Nikko Copper will cut cathode output about 10% due to weak demand. "This is to accommodate prevailing weak copper demand caused by the ongoing global financial situation. With this production cut, LS-Nikko will produce 515,000 tonnes of copper cathode in 2009," the firm said in a statement. The joint venture between LS Corp and Nippon Mining, Mitsui and Marubeni has annual copper cathode production capacity of 560,000 tonnes.(CRU 8/1/09)
Jan-09	Mitsubishi Materials Corp.	total refineries	Japan	production cut	smelter/refinery	cathode	Mitsubishi Materials Corp. said Tuesday that it will reduce electrolytic copper production by 10% from its initial October-March plan. Mitsubishi Materials initially planned to produce about 142,000 tonnes of copper in the October-March period at its domestic smelters. The company said it will cut output due to a drastic decline in demand caused by the global economic downturn. It added that it may consider further output reduction depending on how the market moves. (Dow Jones Commodities News via Comtex)
Jan-09	Mitsubishi Materials Corp.	Gresik	Indonesia	production cut	smelter/refinery	cathode	Mitsubishi Materials said it will cut production 10 percent at its two domestic smelters as well as at Indonesia's PT Smelting's smelter in Gresik in East Java, in which the Japanese firm has a 60.5 percent stake. The Gresik Smelter, which had an output of about 255,000 tonnes of copper in 2008, was due to produce about 285,000 tonnes of copper this year for distribution in Indonesia and other countries in Southeast Asia. It is due to expand capacity to roughly 290,000-300,000 tonnes this year. (Thomson Reuters 13/01/09)
Jan-09	Kazakhmys	various	Kazakhstan	closure	smelter/refinery	cathode	Kazakhmys: In light of current market conditions, a general review of operations has been undertaken, which is likely to result in a reduction in copper cathode output from own material, in 2009, of around 10%-15%. 2009 own copper cathode output to be reduced to around 300 kt (340kt in 2008) . Output has been temporarily suspended at three higher cost mines, Belousovsky, North Nurkazgan and Kounrad , which in 2008 accounted for 1.3% of copper in ore. Ore output will also be reduced as a result of lower discretionary capital expenditure and potential suspensions at other high cost mines. Both concentrating and smelting capacities may be temporarily reduced to match the lower ore output and to enhance productivity. Some of the copper smelting facilities were due for maintenance shutdowns in 2009 and these may be brought forward to match ore throughput. (company)
Jan-09	Russian Copper	Kyshtym & Novgorod	Russian Fed.	expansion delayed	smelter/refinery	cathode	Russian Copper cut production last year at two of its plants due to the financial crisis. Output at its Kyshtym operation was cut by a third to 80,000 tonnes while production at Novgorod was cut by 10% from its 60,000tpy capacity. Company official Alexander Khanin said, "There were three main reasons for cutting output: the fall of prices, the devaluation of the rouble, which made loans more expensive, and a shortage of copper-containing scrap on the market." RCC last disclosed figures of its annual output in 2007, when it was to produce 191,000 tonnes that year. The company had planned to increase its output to 295,000 tonnes by 2010 through expansions projects to cost \$550 million. RCC has now said most of its expansion projects have been put on hold. (CRU 29/1/09)
Jan-09	Boliden	Harjavalta & Ronnskar	Sweden & Finland	production cut	smelter/refinery	cathode	The prevailing weak market situation is causing Boliden to implement a reduction in copper metal production at its smelters in Sweden and Finland in the first quarter."This is an extreme situation that affects the whole industry, and it is hard to predict how the market is going to develop. The demand for copper and the by-product sulphuric acid is weak," says Svante Nilsson, SVP for Business Area Market. The reduction, which will be implemented with immediate effect, will see copper metal production cut by approx 17kt in 1Q09 . The Boliden Group produced approximately 300kt Cu in 2007. (company)

(1) Date of Announcement