

28 Oct 2013 by Metal-Pages

Sierra Gorda, Traxys sign molybdenum distribution deal

SÃO PAULO (Metal-Pages) 28-Oct-13. Sierra Gorda and Traxys North America have signed a multi-year, exclusive distribution agreement starting in 2014 for North, Central and South America.

Situated in the Atacama desert in northern Chile, the Sierra Gorda project is a joint venture between Poland's KGHM, which holds 55% of the project with Sumitomo Metal Mining 31.5% and Sumitomo Corp 13.5%.

Production at Sierra Gorda is expected to start in mid-2014.

Under the terms of the agreement, Traxys will manage the distribution of all Sierra Gorda molybdenum products for resale to customers in the Americas, KGHM said in a statement.

In its initial first five years of production, Sierra Gorda is expected to produce an average 50 million lbs of contained molybdenum, accounting for around 8.5% of global supply of the metal used for steel hardening and as an anti-corrosion agent.

Molybdenum production is forecast at 15-20 million lbs in the following years. A feasibility study technical report previously forecast average annual copper production of 483 million lbs over a 20 year mine life.

"Traxys with their wealth of experience will be a key component of our vision to deliver market-leading logistics, responsiveness and flexibility for our customers in the Americas," KGHM International Senior Vice President Mark Crawley said in a statement.

Sierra Gorda was previously owned by Quadra FNX Mining, which was acquired by KGMH in February 2012.

-By John Evans in São Paulo (john@metal-pages.com)