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Sojitz Corporation

Sojitz Undertakes Full-scale Start of Expansion at Canadian Molybdenum Mine

—Reductions of production cost and increase of production volume through supplemental capital investment—

Sojitz Corporation and its partner the Canadian mining company Thompson Creek Mining Ltd. are injecting a total joint investment of about CN\$500 million (about ¥45 billion) in the Endako molybdenum mines (Sojitz: 25%, Thompson Creek Mining Ltd.: 75%) in British Columbia, Canada, with the aim of enhancing production capacity.



【Endako Mines, Canada】

Although the present expansion project was temporarily discontinued due to the slowdown in demand following the Lehman Brothers shock, the decision was made to restart the project once there was a clear sign of recovery in molybdenum demand. The completion of construction is expected as early as the latter half of 2011 with the subsequent start of production. As a result, the current annual production of about 10 million pounds (molybdenum net weight, likewise below; approx. 4,500 tons) will be increased to an annual production volume of about 16 million pounds (approx. 7,300 tons). The investment will also contribute to improvements in production efficiency and reductions in operating costs as well as profitability through the introduction of the state-of-the-art facilities and equipment.

The demand for steel, which accounts for some 70% of molybdenum use, remains firm along with the economic development of newly emerging markets. Furthermore, China, which had been an exporting country, has now become a net importer due to restrictions on molybdenum exports as a result of the boost in domestic demand. Consequently, overall global demand for molybdenum is expected to increase by 75% over the next decade from about 450 million pounds (approx. 200,000 tons) to 765 million pounds (approx. 350,000 tons) with prospects for strong demand to continue on into the future.

Sojitz proactively invests in rare metals and maintains operating bases in Canada, South Africa, Philippines, Portugal and elsewhere for six of nine items targeted for national stockpiling, maintaining a well-balanced portfolio both in terms of mineral type and region. In particular, the company's molybdenum business centered in its holdings in the Endako Mines represents the core of Sojitz's rare metals operations. It will continue hereafter to actively pursue investments in holdings and transactions in the rare metals field.

<Reference Data >

■ Summary of molybdenum

Use: Mainly in steel (stainless, specialty steels)

Characteristics: Improvements in hardness, heat resistance and corrosion resistance

Usage examples: In stainless steel, it is used in equipment, home kitchens, etc., where importance is placed on heat and corrosion resistance

In specialty steels, it is used in prime security parts (engines, crankshafts, etc.) in the automobile industry, etc.

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