



# CONSUR TRADING S.A.C.

## COMPANY DISTRIBUTOR COPPER CONCENTRATE

### MARKET OF MINERAL

The sale of mining products occurs in a particular niche market and, hence income needed (flows) are obtained to cover production costs, amortize the necessary investments and return a return on invested by the shareholders of the company capital. The values of minerals depend trade agreements and the volatility of the prices of the metals as a result of supply and demand in the major international exchanges where these "commodities" are traded and those we are a reference (LME, LBMA, COMEX, etc.) to enhance our raw materials (minerals). This balance between supply and demand must be seen in the context of a global market, rarely home, so normally trade in minerals is done through trading operations International. The forms or methods for determining the value of a mineral ore or concentrate vary according to their physical form and composition of metallic elements complementary to the main metal content. According to certain patterns are established standards over many years of marketing of these commodities. Usually, minerals are sold and therefore are valued on the basis of weight, which may refer to carats in the case of gemstones, ounce for precious metals, pounds or kilograms for the valuable metals or tons metrics for the less valuable metals, crude minerals and most industrial minerals. Concentrate prices are determined on the basis of the metal content rather than on the gross weight in itself. For a given mineral, commercial transaction can occur in one or more of the various stages of the production thereof. According to the requirements and formalities, negotiations between mining producers and buyers (May refineries or "marketers") end up shaping their agreements in a contract. Normally the contract is fixed for the time period established, but some points are left open for definition of terms for each respective contract period and according to agree in the contract mechanism.

### THE MARKETING OF MINERALS

The marketing of minerals includes an overview of the markets for production and consumption of minerals and metals in the world. The basic metal products most in demand and production volume are: copper, lead, zinc, aluminum, nickel and tin.

They also have significance for its market value, minerals and metals classified under Precious such as gold, silver and platinum. The marketing of minerals, to define the demand and supply of mining products in a time horizon, depending on the calculation of the type and quantities of mineral products that produce and consume in the future the different players in the industry.

The market generally includes various elements and depends on:

- A) The product (aprovisionamient.)
- B) The production available.
- C) The sale or direct negotiation
- D) The logistics, timely and appropriate delivery.

## CONCENTRATED

It is the mineral product that has been subjected to various processes (flotation, leaching, gravity, etc.) to separate the bulk of gangue mineral content and recover valuable. The concentrates are named after the greatest metal content (which does not mean they are metal products), which can be concentrated zinc, copper, lead and others. For this reason, we note that concentrates contain the main metal but is accompanied by other elements in addition to waste materials that in negotiations become payable and / or penalized elements, depending on operating conditions of the buyer (or refinery) to try (processed) concentrate.

It is important to remember that the content of the concentrates is always different. This can be attributed to the place of origin (because each site has its own particular characteristics) since the content of the site is not homogeneous. Therefore the concentrate will have similar but not the same contents despite mineral concerned the same reservoir.

The market for minerals and metals

Among the markets most important production and consumption are the following:

- **CHINA.-** is the largest producer of minerals in the world, however, is not self-sufficient in the production of copper, zinc and lead; therefore has to import.
- **USA.-** Despite its current crisis, globally ranks as a major producer of copper and lead. However, due to its highly developed industrial structure; indicates failure in the mining and production recycling.
- **THE COMMUNITY SHOWS EUROPEA.-** production of minerals Cu, Pb and Zn, insufficient for industrial requirement. This detail indicates an important import market concentrates.
- **JAPAN.** - is a developed country in the industrial field after the 2nd World War, in the last 4 decades, has become a major buyer of minerals, maintaining long-term contracts for the purchase of concentrated especially copper and zinc .
- **THE REGION SUDAMERICANA** - Led by Brazil, Chile and Argentina in their growing consumption of industrial metals (especially zinc and copper).

International marketing future indicates greater dependence on industrialized countries with respect to those developing countries, due to the disparity in volume tentatively known Mineral Reserves:

- For developed countries . . . . . 35.00%
- For developing countries . . . . . 40.00%

This percentage tends to increase in developing countries, due to variables (environmental measures, policies to encourage mining investment, tax policy or structure) that have not allowed an incentive to research of its mineral resources.

## PARTICIPANTS IN THE MARKETING OF MINERALS

International Trade in mining products, which perform different types of sellers and buyers.

Business sellers constituted by independent producers (miners), integrated producers and commercial intermediaries ("traders"). Sourcing companies, which may be independent

consumers (refineries), integrated producers, commercial intermediaries ("traders"). In Bolivia, Colombia, Chile, Venezuela, for example in the case of zinc and lead smelters do not exist and / or refineries in operation or operation. Both products are marketed, in the case of small mining and operative through local traders who export the product to international traders and in the case of the median mining companies sell concentrates directly to international traders.

The most important private trading companies are multinationals, diversified corporations, vertically and / or horizontally which often include financial activities. The commercialization of mining for these products business model, comprising the following steps:

Shopping - Storage - For Sale - Transport - Financing Pre and Post Shipment.

Marketing infrastructure plays a very important market intermediaries ("dealers"), requiring high investments for setting role. A marketing company must have a close network of producers and deposits offices and agents in consumer countries.

Another determining factor for the efficiency of marketing is the existence of staff trained in all phases of activity. Producers who do not have

This infrastructure and personnel, they can only sell the concentrate to such Marketers.

## **METHOD OF SALE - TYPES OF CONTRACTS.**

Sales of mining products are performed under various types of contracts, the main:

**a. Short term:** stipulates the sale of a certain tonnage in one delivery.

**b. Long term:** stipulates the sale of a certain tonnage in installments or Shipments, with a duration spanning a year later.

## **METAL EXCHANGES**

### **International Prices**

#### **Prices:**

The prices of the most important metals are determined in entities called BAGS OF METALS. Fundamentally metal prices are determined by the forces of supply and demand in a particular market or exchange. These markets bring together buyers and sellers and provide values-highly liquid securities or shares.

It is important to note that Metal Exchange not buy or sell metals. Neither set their prices, but it does mean a place that ensures transactions of sale.

In a Metal Exchange, the price of metals varies by:

1. Investment flow.
2. Levels of present and future profitability.
3. Current Economic Situation of the bidders companies and applicants.

### **Metal Exchange**

Globally, the most important BAGS OF METALS in which metal prices are determined are:

### **London Metal Exchange (LME) England – 1935**

In future operations, is the main metal exchange in the world, specifically in her aluminum, copper, lead, zinc, nickel, silver and tin are traded. Trade negotiations forward on the LME, over time become an obligation in cash and its application is common for manufacturers, wholesalers, traders, consumers and processors in general, in order to reduce the risk inherent in price fluctuations in any of the stages through which passes through a metal until its ultimate purchaser. The application of different types of coverage are performed in order to ensure the metal's price relative to changes that this may occur over time, for example, if you bought a metal and then be sold after three months at the price of that day, which must make is sold forward replacement of that stock exchange, then make the purchase in cash.

### **New York Commodity Exchange (COMEX) of USA – 1877**

The COMEX is the second bag world's most important metals, specifically specializing in the market (trading) gold, silver, copper and aluminum and other nonferrous metals. The COMEX is formed by a system of clearing, in which all contracts must be immediately recorded and compensated by a member of the chamber in order to cope with the risks that beset a product, and in turn requires payment of a deposit as modifiable trends in product prices, subject to negotiations. This mechanism allows control of market behavior and the smooth running of business operations.

The London Metal Exchange is the world's largest market of non-ferrous metals.

Its official prices are used as reference in commercial contracts

Sale of ore concentrates

### **PAYMENTS**

This clause payment advances or loans to be performed by the supply of concentrates are established. Usual are:

**Progress:** 80% of the provisional value store lading or other delivery point mutually agreed. Since this is a financing usually applied interest until the contractual date of the provisional payment.

**Interim Payment:** 85% of the provisional value, usually based with price information, weights and analysis of date shipment, invoice will be paid within 5 working days of the submission of the complete documentation (invoice + shipping documents + certified interim weights and assays).

**Final Payment:** Once known weights, laws and closing prices.

The General Management  
CONSUR TRADING S.A.C.