



ZCMC remains key moly producer

The CRONIMET subsidiary has posted some impressive output figures since 2005

ARMENIA'S largest industrial enterprise Zangezur Copper Molybdenum Combine CJSC (ZCMC), one of the world's leading molybdenum concentrate producers, was founded in 1951 and privatised in 2005.

The company is 60%-owned by leading German group CRONIMET, clearly demonstrating the successful foreign direct investment implemented in Armenia. The owners of the ZCMC are: CRONIMET Mining AG (60% of shares), 'The Plant of Pure Iron' OJSC (15% of shares), Armenian Molybdenum Production Ltd (12.5%) and Zangezur Mining Ltd (12.5%).

The company mines and processes the earth's mineral resources essential for making thousands of everyday products that meet society's needs and contribute to improved living standards.

Sustainable exploration, mining and processing molybdenum and copper – areas of expertise in which the company has a clear competitive advantage – allow it to deliver value to its stakeholders while operating in an ethically and socially responsible manner, and remaining committed to long-term sustainable development.

The company demonstrates proven expertise in technology and production methods, which consist of open-pit mining, and in-plant ore processing. The operations also comprise waste dumps, associated mine infrastructure and tailings. Mine size gives the advantage of greater profitability by means of volume and operating efficiency.

Being a part of CRONIMET group of companies allows ZCMC to successfully utilise experience and expert knowledge with reliability, competence and global partnership, and have access to global metal and financial markets. Group businesses also put sustainable development at the heart of their operations. For ZCMC, it is important that the environmental effects of its activities are kept to a minimum and that local communities benefit as much as possible from operations.

ZCMC exploits the Kajaran copper and molybdenum deposit as an open-pit mine and produces 14Mt/y of ore. This is processed and molybdenum and copper concentrates are produced, which are then roasted and smelted in and outside Armenia.

The mine benefits from natural advantages, such as the deposit's geographical location on a mountain side, large homogenous ore zones with generally visually recognisable ore and waste, as well as good

ZCMC pays 5% of profit to employees as a bonus

The issues of expansion of capacities were discussed at the Shareholders Meeting on May 25.

Since the company was privatised, individual projects were carried out and more than US\$350 million in investments were made. As such production capacity rose by around 75%.

Currently, ore-processing capacity is 14Mt/y. The company is going to launch the biggest in the region complex of ore crushers in September.

During the meeting, shareholders decided to launch the next stage of re-equipment to enlarge capacity to 20Mt. At the same time shareholders unanimously decided to pay 5% of its net profit to employees as a bonus each year, after summing up the economic results of the year. Work experience, position and features of the work will be taken into account. So each employee will have its own share from the profit of the combine.



management and technical knowledge within the company, such as highly skilled operators, well-established culture of mining, availability of spares, spare capacity of production drills and excavators, which enable it to produce the highest-quality products and to plan future increases in production. The mine utilises drill-and-blast techniques to mine the ore and wastes, followed by a truck and shovel operation with ore sent via in-pit ore pass and rail haulage to the primary crusher, or directly by truck. Waste is trucked to a remote waste dump.

LARGE FLEET

The ZCMC truck fleet comprises a large fleet of BelAz and Caterpillar trucks with load capacity of 55-140t. The main excavation equipment comprises 5m³ and 8m³ electric shovels. Several 11.6-13m³ CAT wheel loaders are also used for selective mining. Additionally, a wide range of auxiliary mine equipment is employed, particularly dozers for bench stripping and waste dump operations, multipurpose tractors, water bowsers and others.

ZCMC CJSC was the target of more than US\$350 million in investments between 2005 and 2011, and it boosted its production of copper concentrate by 75% over this time. The company

managed to boost its copper output by 50% and molybdenum by 3.2% in spite of the economic crisis, to reach totals which were almost double what the company achieved in the Soviet years. New technologies and methods are behind this strong increase. Zangezur is finishing the set-up of a multimillion-dollar facility which will be one of the biggest concentrating mills in the CIS countries.

For the future, ZCMC CJSC has ambitious goals. It aims to continue upgrading technologies, increasing production and reaching EU standards in all activities, including environmental protection and safety. The main strategy of ZCMC is to have treatment infrastructure for copper and molybdenum which meets Western standards. Along with its satellite companies, ZCMC CJSC employs more than 10,000 people.

Recently, Armenia's State Revenue Committee published the list of the 1,000 largest taxpayers in the first quarter in 2011; ZCMC headed the list. The company has during the first three months paid 7.45 billion Armenian drams in taxes which is a six-fold growth compared to the same period last year. These figures have shifted the company from the 11th in the ranking list last year to the top in 2011.

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