



Exclusive

Glencore backs away from Rusal/EN+ share swap on US sanctions

Suhaib Zuberi

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TOP NEWS

Glencore backs away from Rusal/EN+ share swap on US sanctions

Glencore PLC CEO Ivan Glasenberg resigned as a director of United Co. Rusal PLC, in light of its inclusion on a list of specially designated nationals, along with En+ Group PLC. The diversified miner said it is evaluating its position under its aluminum and alumina purchase contracts with Rusal, adding that the contracts are not financially material to Glencore. The company will not proceed with a previously signed nonbinding term sheet with EN+ to swap its shares in Rusal for global depositary receipts in EN+.

Norsk Hydro cuts 50% aluminum capacity at Albras plant in Brazil

Norsk Hydro ASA decided to suspend 50% of the annual aluminum production capacity at its Albras plant as the Alunorte alumina refinery is unable to supply more than half of Albras' alumina needs. The cut represents 230,000 tonnes per year. Albras will restart production when Alunorte resumes full production.

Baosteel's FY'17 net profit jumps 111% on price hikes, lower costs

Baoshan Iron & Steel Co. Ltd.'s net profit attributable to shareholders surged 111.2% to 19.17 billion Chinese yuan, or 86 fen per share, in 2017. The Chinese iron and steel major attributed the improvement to relatively high steel prices resulting from domestic supply-side reforms as well as a reduction of 6.11 billion yuan in its operating costs. The company declared a final dividend of 45 fen per share.

DIVERSIFIED

* Rio Tinto paid US\$5.1 billion in taxes and royalties in 2017, with the majority of the taxes paid in Australia, Canada, Chile, Mongolia, South Africa, the U.K. and the U.S. Corporate income tax comprised about half of the miner's global tax payment, followed by government royalties and other taxes.

BASE METALS

* PJSC Norilsk Nickel Co. President and Chairman Vladimir Potanin said the 14.6% slump seen in the company's shares April 9 will correct in the long term, Interfax reported. "I am confident that in the long term, they will rebound, but investors are never happy when shares fall," he added.

* Vedanta Ltd.'s application to renew the operating permit at its Tuticorin copper smelter in Tamil Nadu, India, was rejected, pending "more clarifications" from the company. A 15-day maintenance shutdown at the plant is now likely to be extended. The plant produced a record 402,000 tonnes of copper cathode in fiscal 2016-17.

* The bonus of 18 million Chilean pesos that Antofagasta PLC agreed on in March to pay its union workers to prevent a strike at its Los Pelambres copper mine in northern Chile should not act as a precedent for other collective bargaining negotiations scheduled this year in the industry, CEO Ivan Arriagada told Diario Financiero. To Arriagada, the deal is not comparable because Pelambres is one of the most productive mines in Chile while labor negotiations are specific to each company and project.

* Altiplano Minerals Ltd. estimated a maiden inferred mineral resource of 278,360 tonnes at an average grade of 1.92% copper and 0.12 parts per million gold at the Farellon project in Chile. The estimate uses a 1.0% copper cutoff and is centered on the newly constructed 395-meter level.

* Mintails Ltd. raised about A\$7.0 million through a heavily subscribed placement 3 Australian cents per share to relist on the ASX.

* Mark Creasy-backed Galileo Mining is looking to raise up to A\$15 million via an IPO on the ASX of up to 75 million shares at 20 Australian cents per share, Australian Mining reported. Funds from the raising will be used for exploration at the company's two cobalt-nickel-copper projects in Western Australia.

* South32 Ltd. plans to construct a 3-MW solar farm at its Cannington lead-silver project in Queensland, Australia, to power the supporting infrastructure for the mine, Australian Mining reported. The solar farm will generate additional electricity to be used at the mining and processing operations.

* Shenzhen Zhongjin Lingnan Nonfermet Co. Ltd. expected net profit for the first quarter to range between 300 million Chinese yuan and 330 million yuan, compared to the 218.8 million yuan net profit posted a year ago. The company said it has benefited from price hikes in lead and zinc products in the period.

* Codelco reached an agreement for a new three-year labor contract at its Chuquicamata mine with the supervisors' union, Metal Bulletin reported.

* Meanwhile, Codelco and five unions representing over 5,000 workers at the Chuquicamata division are at odds over the mine's transition from open pit to an underground model, which will use more automation and employ fewer workers, Bloomberg News reported. The unions claim the company is moving forward with the transition without a prior agreement about retirement plans, contracts and other benefits.

* The first stage of arbitration between PanAust Ltd. and Highlands Pacific Ltd. regarding their Frieda River copper joint venture in Papua New Guinea tipped in favor of PanAust, with the arbitrator determining that Highland's free-carry ended when PanAust lodged a special mining lease application June 23, 2016.

* Phoenix Global Mining Ltd. expanded its landholding under the Empire copper mine in Idaho by 28% by adding 21 unpatented mining claims contiguous to its Horseshoe claim block.

* Ausmon Resources Ltd. intends to acquire three cobalt-prospective properties in Australia's New South Wales and Queensland states by purchasing the entire issued share capital of New Base Metals Pty. Ltd.

* Clancy Exploration Ltd. signed a deal to purchase three cobalt licenses in Morocco, each covering 16 square kilometers, held by Atlas Managem SARL and Chater SARL.

* Anglo American PLC is on track to seek board approval for its Quellaveco copper project in Peru around midyear, Bloomberg News reported, citing Hennie Faul, the head of Anglo's copper business. Mitsubishi Corp., which owns an 18% interest in the project, is in talks with Anglo about raising its stake, and Faul said there has been plenty of interest from other prospective buyers.

PRECIOUS METALS

* Acacia Mining PLC's gold production in the first quarter dropped 55% year over year to 120,981 ounces. The lower output is mainly due to reduced operations at the Bulyanhulu mine and a move to stockpile processing at the Buzwagi mine, both in Tanzania.

* Chaarat Gold Holdings Ltd. plans to take its Chaarat gold deposit in the Kyrgyz Republic into production by initially developing the Tulkubash oxide ore using open pit mining and a heap leach processing facility, which will produce 100,000 ounces of gold per year and generate US\$40 million to US\$60 million of free cash flow per year. In the project's second phase, the Kyzyltash refractory sulfide ore will be developed, which can produce 200,000 to 300,000 ounces of gold per annum, generating free cash flow of US\$150 million to US\$200 million per year.

* Tharisa PLC produced 38,200 ounces of platinum group metals and a record 366,700 tonnes of chrome concentrate in the quarter ended March 31, compared to output in the previous quarter of 38,800 ounces of PGMs and 365,800 tonnes of chrome concentrate. The company is on track to produce 150,000 ounces of PGMs and 1.4 million tonnes of chrome concentrates this year.

* Westgold Resources Ltd. cut its gold production guidance for this year to 275,000 ounces, from the previous guidance of 310,000 to 340,000 ounces.

* Ridgestone Mining Inc. signed an option with YQ Gold de Mexico S de RL de CV to acquire the Rebeico gold-copper property, comprising six mining concessions covering approximately 167 hectares in Sonora, Mexico.

* Aurelia Metals Ltd. completed the US\$58 million acquisition of the Peak gold-copper-lead-zinc mine in New South Wales, Australia, from New Gold Inc.

* Tahoe Resources Inc. said a fuel spill at its La Arena gold mine in Peru the evening of April 6 was contained within the property. The spill occurred when a contractor overfueled one of the diesel storage tanks, spilling 300 to 500 gallons of diesel into the containment facilities, as the containment drain valve was left open due to rains. Tahoe added that production at the project remains unaffected.

* Newmont Mining Corp. resumed operations at its Ahafo and Akyem gold mines in Ghana. The operations were suspended following a tunnel collapse at the Ahafo mill expansion project that killed six workers. Civil works on the mill expansion project remain suspended.

BULK COMMODITIES

* Fortescue Metals Group Ltd. CEO Elizabeth Gaines said most global iron ore producers are not looking to add new production capacity for supply to China due to a well-supplied market amid the buildup of port inventories, Bloomberg News reported. "Our view is that steel production will remain at roughly the same levels. It will stay relatively flat," Gaines was quoted as saying.

* PAO Severstal's crude steel output in the first quarter increased 6% year over year to 3 million tonnes, while hot metal output remained stable year over year at 2.3 million tonnes. Consolidated and Russian steel products sales both increased 13% on a yearly basis to about 2.9 million tonnes each.

* Kommersant reported that agreements to allocate priority port and railway quotas for the export of Kazakhstan's coal will reduce the income of Russian Railways and Russia's GDP by 10 billion Russian rubles per year and will require a reduction in coal production in Kuzbass, according to the Institute for Natural Monopolies.

* Rio Tinto is expected to benefit from the U.S. sanctions imposed on Russia's Rusal as the penalties will boost costs for U.S. consumers, Reuters reported, citing industry sources. The sanctions are set to disrupt Russian aluminum imports, while Rio Tinto would be well placed to replace that metal with any unsold metal if the restrictions stick.

* Fitch Ratings bumped up U.S. Steel Corp.'s long-term issuer default rating to BB- from B+ while shifting the outlook to positive from stable. The moves were based on various factors including the company's improved profitability, further cost reduction and efficiency efforts, and debt repayments.

* Mitsubishi signed a deal to secure sales and off-take rights for up to 50% of sulfate of potash production from a pilot plant at Salt Lake Potash Ltd.'s Goldfields Salt Lakes project in Western Australia.

* Italian flat steel distributor ArcelorMittal CLN Distribuzione Italia srl and special steel producer Industeel collectively acquired over 91% of European stainless and alloy steel distributor Centro Servizi Metalli, Metal Bulletin reported.

* Evraz PLC launched a new blast furnace with production capacity of 2.5 million tonnes of pig iron per annum at its Nizhny Tagil steel plant in Russia.

* The European Union is expected to explore countermeasures to the 10% tariff on aluminum imports by the U.S., Reuters reported, citing trade body European Aluminium.

SPECIALTY

* Petra Diamonds Ltd. finalized an agreement with its lenders for a waiver of its December 2017 EBITDA covenants on its banking facilities, together with resetting debt agreements for 2018.

* MGX Minerals Inc. will soon put the commercial potential of an atypical lithium extraction technology to the test in a trial-by-fire rollout of planned production facilities. The junior plans to deploy its technology in 2018 to process lithium-bearing wastewater in a bid to become a significant lithium producer within the next year or so.

* Hawkstone Mining Ltd. exercised its option to purchase USA Lithium, which owns the Big Sandy lithium clay project in Arizona and the Lordsburg lithium brine project in New Mexico.

* Shareholders of Mountain Province Diamonds Inc. and Kennady Diamonds Inc. approved a merger between the companies. The merger is expected to close April 13.

* Western Australia's Department of Mines, Industry Regulation and Safety plans to request expressions of interest for the Ellendale diamond mine, formerly held by Kimberley Diamonds Ltd., in the first half.

INDUSTRY NEWS

* The acting head of the U.S. Office of Government Ethics asked the U.S. Environmental Protection Agency to look into whether its administrator, Scott Pruitt, violated standards of conduct in renting a room from the wife of an industry lobbyist or making frequent official trips to his home state. The request requested an EPA ethics official investigate "extremely concerning reports" that Pruitt "reassigned or demoted staff who were attempting to ensure that" expenses related to those activities "were in accordance with laws and regulations."

* Mergers and acquisitions could be good moves for participants in the Australian mining market, according to RBC Capital Markets analysts, who said the sector was as healthy as it has been for more than 10 years. "As we observe the sector now, the clock arrives back at midnight, with prices starting to move, while capital remains low, and operating costs only show early signs of upwards movement," the analysts said. "High margins, low/no debt and manageable costs are identifiers we haven't seen in resources for more than a decade."

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