



Exclusive  
**BHP cuts FY'18 iron ore output forecast**

Adrienne Valdez

2,281 words

19 April 2018

SNL Financial Extra

SNLFE

English

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TOP NEWS

**BHP cuts FY'18 iron ore output forecast**

BHP Billiton Group's iron ore output increased 8% year over year to 57.7 million tonnes during the third quarter of its fiscal 2018, but it narrowed its full-year production guidance to between 272 million and 274 million tonnes, due to car dumper reliability issues. The increase in third-quarter output was attributed to record production at the Jimblebar and Area C mines in Western Australia but was partially offset by the impact of Cyclone Joyce in January and the unplanned car dumper maintenance.

**South32's aluminum, metallurgical coal output in fiscal Q3'18 slips YOY**

South32 Ltd.'s alumina and aluminum production fell to 1.23 million tonnes and 242,000 tonnes, respectively, in the third quarter of its fiscal 2018, from 1.29 million tonnes and 245,000 tonnes in the same year-ago period. Metallurgical coal output slumped to 794,000 tonnes from 1.43 million tonnes in the year-ago period, while energy coal production rose to 7.10 million tonnes from 6.86 million tonnes. The BHP spinoff lowered its fiscal 2018 guidance at the Illawarra metallurgical coal mine to 4.1 million tonnes from 4.5 million tonnes.

**Rusal turns to China to buy alumina, sell aluminum products**

United Co. Rusal PLC officials met with Chinese companies to explore the possibility of buying alumina and selling aluminum products in China in the wake of U.S. sanctions against the Russian company. Sources with knowledge of the talks told Bloomberg News that Rusal has not reached any sort of agreement as Chinese officials remain cautious of dealing with Rusal given the risk of violating U.S. sanctions.

**DIVERSIFIED**

\* Moody's raised Teck Resources Ltd.'s corporate family rating to Ba1 from Ba2, with a stable outlook, citing the miner's continuous free cash flow generation and strong liquidity.

**BASE METALS**

\* Rio Tinto has a joint venture with Kazgeology, the state-owned subsoil agency of Kazakhstan, to explore for copper in two areas of the Karaganda region southeast of the capital Astana. However, Gary Hodgkinson, director and general manager of Rio Tinto Exploration in the Central Asia District, told S&P Global Market Intelligence the projects are still at very early stage grassroots exploration.

\* China booked a 4.6% rise in refined copper in March to 753,000 tonnes compared to output a year ago, Reuters reported, citing the country's statistics bureau. China's lead output rose 4.4% in the month to 423,000 tonnes, while zinc production was flat at 469,000 tonnes.

\* Phoenix Global Mining Ltd.'s preliminary economic assessment for the Empire copper project in Idaho estimated a posttax net present value, discounted at 7.5%, of US\$53.7 million and an internal rate of return of 23.5% over an eight-year mine life.

\* Glencore PLC reportedly paid less income tax to Peru from the sale of the Las Bambas copper mine in 2014, La República reported, citing a report by online investigative journalism website Convoca.pe. The report, citing the Paradise Papers, said sales proceeds of about US\$2.4 billion were transferred within 24

hours to an elaborate tax scheme that included "loans" between Glencore-related companies in Australia and Chile through its offshore unit in the Bermuda Islands to evade tax obligations in Peru and these countries.

\* Union workers filed an application to acquire Doe Run Peru SRL's Cobriza copper mine in Peru's Huacavelica region in an ongoing tender offer process. The workers also considering acquiring the La Oroya smelter, La República reported. The company's board of creditors will review the proposal at meetings scheduled for April 26 and May 2.

## PRECIOUS METALS

\* Acacia Mining PLC's first-quarter gold production fell 45% year-over-year to 120,981 ounces, and gold sales fell 37% on a yearly basis to 116,955 ounces. The drop in production was attributed to the Bulyanhulu project reducing its operations in September 2017 and Buzwagi's output being sourced from lower-grade ore stockpiles.

\* Excellon Resources Inc.'s first-quarter silver equivalent production more than doubled to 482,079 ounces from the output a year ago on the back of an 80% jump in silver production, a 109% surge in lead output and a 158% rise in zinc production.

\* Evolution Mining Ltd. raised the floor for its full-year gold production guidance for fiscal 2018, increasing it to 790,000 ounces from 750,000 ounces, with a cap of 805,000 ounces. The miner's gold production in the third quarter of its fiscal 2018, which ended March 31, rose to 191,474 ounces, compared to 186,488 ounces produced in the prior quarter.

\* Mid-cap gold miners are expected to become attractive takeover targets over the next five years as larger gold companies eye acquisitions to replenish depleting reserves, said Ned Naylor-Leyland, manager of a gold and silver fund valued at over US\$260 million at asset management firm Old Mutual Global Investors.

\* Gold Fields Ltd. CEO Nick Holland said exploration in Western Australia is seen to rise as inventories in current gold mines are being depleted, The West Australian reported.

\* Shanta Gold Ltd. produced 17,663 ounces of gold at an operating cost of US\$599/oz at its New Luika mine in Tanzania during the first quarter, compared to 21,288 ounces at US\$591/oz in the fourth quarter of 2017, in line with its revised mine plan and full-year gold production guidance of between 82,000 and 88,000 ounces.

\* New Age Metals Inc. is acquiring the drill-ready Genesis platinum group metals project in Alaska from Anglo Alaska Gold Corp.

\* Endomines AB is considering delaying the investment required to continue production at its Pampalo gold mine in Finland beyond September and temporarily suspending the mine's operations. The company also initiated talks with Pampalo's employees over potential layoffs at the mine.

\* Goldplay Exploration Ltd. agreed to acquire the San Marcial silver-zinc-lead prospective project in Sinaloa, Mexico, from an SSR Mining Inc. unit.

\* Sixty North Gold Mining Ltd. raised about C\$1.3 million in an IPO and is set to begin trading on the Canadian Securities Exchange on April 19.

\* Sixteen miners are trapped in a gold mine in Colombia after the entrance collapsed, Mining.com reported.

## BULK COMMODITIES

\* Alcoa Corp.'s net profit in the first quarter fell to US\$150 million from US\$225 million reported in the year-ago period. Revenue in the period rose to US\$3.09 billion from US\$2.66 billion a year earlier, driven mainly by increased shipments and a favorable mix of alumina and higher aluminum prices.

\* Russia can buy aluminum for export from Rusal amid fears of social unrest in the regions of the company's production, Vedomosti reported.

\* Russia joined the growing list of countries demanding compensation from the U.S. over its tariffs on global imports of steel and aluminum, Reuters reported, citing a statement from the World Trade Organization.

\* Moody's said Russia's public and external financing would protect its broader economy from the latest U.S. sanctions, though the sanctions will be credit negative for certain debt issuers, including Rusal.

\* Novelis Corp., one of the world's biggest producers of rolled aluminum products, said it will cease buying metal produced by Rusal to comply with U.S. sanctions against the Russian company, Reuters wrote. In a separate news brief, Reuters said Nord Pool suspended Rusal's Kubal aluminum production facility in

Sweden from trading on its exchange as of April 18 following the U.S. sanctions. According to the report, Kubal is Rusal's only primary metal production facility outside of Russia.

\* Meanwhile, Rusal's customers in the U.S. are scrambling to find new sources of aluminum, while prices rallied to a seven-year high, Reuters reported, citing companies and metals analysts. Morgan Stanley estimates that Rusal accounted for about 9% of U.S. aluminum imports in 2017.

\* Alexander Shokhin, a former deputy prime minister of Russia, suggested the state buy out shares of companies affected by U.S. sanctions to help them deal with the negative implications of the U.S. government's move. According to Reuters, a Kremlin spokesman said one of the options to help Rusal is a temporary nationalization of the company.

\* Steel Dynamics Inc.'s first-quarter net income rose to US\$227.6 million from US\$200.8 million in the same year-ago quarter, leading to an increased dividend of 18.75 U.S. cents per share. The company's net sales reached US\$2.60 billion, up from US\$2.37 billion a year ago.

\* Jupiter Mines Ltd. CEO Priyank Thapliyal criticized the Western Australian government for not supporting its efforts to gain access to infrastructure crucial for the development of the A\$1.6 billion Central Yilgarn iron ore project in the state, The West Australian reported.

\* A strike at the IOC iron ore mining operations in Newfoundland and Labrador is now in its fourth week as unionized strikers rejected a new offer from Iron Ore Co. of Canada Inc. in a vote held late April 17. "We're going to stay out here as long as it takes now, until we actually get something we're going to be able to accept," the newswire quoted Ron Thomas, president of United Steelworkers Local 5795.

\* Rio Tinto's 40%-owned Alouette aluminum smelter in Canada does not plan to declare force majeure, Reuters reported, citing a spokesperson. The clarification came after speculation that Alouette may have to take the measure due to a shortage of alumina.

\* Brazilian federal prosecutors and BHP and Vale SA joint venture Samarco Mineração SA will seek 30 additional days from a local court to conclude a compensation plan for the 2015 Samarco dam disaster in Minas Gerais, Brazil, Reuters reported, citing the prosecutor's office.

\* A 30-year concession agreement to construct a 410-kilometer Kyzyl-Kuragino railway linking the Elegest coal field with Transsib, worth 192.4 billion Russian rubles, was launched, Kommersant reported.

## SPECIALTY

\* Gem Diamonds Ltd. said the Lesotho government intends to renew the mining lease of the Letseng mine to 2034. The renewed lease may be further extended should there be an underground development of the mine.

\* De Beers SA is looking to pilot a program named GemFair, which will support artisanal and small-scale diamond mining and trading, Mining Weekly wrote. GemFair, among other projects, will establish a secure and transparent process to market ethically sourced diamonds from artisanal and small-scale miners.

\* Xiamen Tungsten Co. Ltd.'s net profit attributable to shareholders dropped 77% year over year to 30.1 million Chinese yuan, or 2.78 fen per share, in the first quarter. Operating revenues rose 43% to 3.41 billion yuan on increased sales volumes of tungsten products and lithium battery materials.

\* Iluka Resources Ltd.'s mineral sands production in the first quarter fell 16.7% year over year to 280,500 tonnes. Mineral sands revenue rose to A\$264.1 million, from A\$218.5 million a year ago.

\* Firestone Diamonds PLC's Lihobong diamond mine in Lesotho sold 217,380 carats in the third quarter of its fiscal 2018, generating revenue of US\$17.6 million at an average value of US\$81/carats, up from 156,942 carats for US\$12.5 million in the second quarter.

\* Triton Minerals Ltd. entered into a binding off-take agreement with Qingdao Tianshengda Graphite Co. Ltd. to sell up to 16,000 tonnes per annum of graphite concentrate from its Ancuabe project in Mozambique for an initial period of five years, with an option to extend the deal another five years.

\* Denis Manturov, Russia's trade and industry minister, said the country will not ban titanium exports to the U.S. in retaliation to the recent sanctions on Moscow as the move will affect shipments of state-owned Rosted's VSMPO-Avisma subsidiary and of its Russian-American joint venture, the Financial Times reported.

## INDUSTRY NEWS

\* Mining tools maker Weir Group PLC plans to buy U.S.-based competitor Esco Corp. in a US\$1.29 billion deal as the former looks to boost its mining business, Bloomberg News wrote.

\* Australian companies believe that their dialogue with Tanzania's government following recent changes to the mining code has "hit home" after President John Magufuli announced the makeup of a long-awaited mining commission, which S&P Global Market Intelligence has learned will have a massive backlog of work. On April 18, the president named University of Dodoma's founding vice-chancellor, Professor Idris Kikula, to chair the new mining commission with eight commissioners.

\* Newly-elected Peruvian President Martin Vizcarra will not impose mining projects on communities that oppose them, but will seek to promote mining investments to take advantage of improved commodity prices, Reuters reported.

\* The U.K. government is looking to finance more mining projects in Kazakhstan, Andrew McAllister, deputy head of mission at the British Embassy in Kazakhstan, said during the MINEX Central Asia Forum in Astana, Kazakhstan.

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