



Exclusive

Norsk Hydro may declare force majeure on Rusal contacts amid US sanctions

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TOP NEWS

Norsk Hydro may declare force majeure on Rusal contacts amid US sanctions

Norsk Hydro ASA notified United Co. Rusal PLC that it may declare force majeure on contracts with the Russian aluminum producer to comply with the recent U.S. sanctions. The Norwegian company does not expect any significant impact on its production, and intends to use its market presence to minimize the potential impact on its customers. Meanwhile, Norsk Hydro halved bauxite production at its Paragominas mine in Brazil on the back of limited production at the company's Alunorte alumina refinery, Metal Bulletin reported.

US trader starts selling US\$1.5B aluminum stockpile

Trading house Castleton Commodities International LLC, which reportedly started stockpiling aluminum in the U.S. two years ago, is now selling down its hoard, Bloomberg News reported, citing sources familiar with the matter. According to the report, the move comes as the global markets scramble for aluminum supplies after U.S. sanctions restricted the business activities of aluminum major Rusal.

Miners slam royalty hike in Australia's Northern Territory

Miners are up in arms about a proposal by Australia's Northern Territory government to "massively" lift the amount of royalties they pay, in a move they fear is part of a structural trend that will spread across Australia. From July 1, 2019, miners will pay the greater of the existing 20% profits-based scheme or a value-based royalty on their gross mineral production revenue at a rate of 1% in a mine's first mineral royalty year on or after that date, 2% in the second mineral royalty year and 2.5% in following mineral royalty years.

DIVERSIFIED

* Rio Tinto completed a previously announced debt reduction drive, cutting its gross debt by US\$1.94 billion. Since the start of 2016, the company has reduced the nominal value of its outstanding bonds to about US\$7.8 billion from US\$21 billion. The early redemption is expected to reduce Rio Tinto's earnings before tax by around US\$90 million and cash flow from operating activities by around US\$80 million in the first half.

* Auris Minerals Ltd. Chairwoman Bronwyn Barnes and director Susan Vearncombe were ousted in a board spill following the approval by a group of activist shareholders led by Westgold Resources Ltd. Chairman Peter Newton, The West Australian reported.

BASE METALS

* Chile's Cochilco expects the country's copper output to jump by 4.3% to 5.8 million tonnes in 2018, Reuters reported. The copper commission also estimated the metal's price at US\$3.06 per pound this year.

PRECIOUS METALS

* As the U.S. sanctions have limited Rusal's operations, the uncertainty around whether fresh sanctions will target other companies such as PJSC Norilsk Nickel Co., which controls about 40% of the global palladium market, sent prices for the metal to a seven-week high, Bloomberg News reported.

* A union representing about 65% of the total workforce at Tahoe Resources Inc.'s La Arena gold mine in Peru launched a strike demanding higher takes in profit sharing. Production at the mine is not expected to be materially and adversely impacted.

* Wishbone Gold Plc's Honduras gold processing plant is now fully operational under a small-scale license and is running batch processing while producing gold and testing various ore samples. The company expects to receive the result for additional permit applications that will allow for expanded operations in May.

* Egyptian businessman Naguib Sawiris reduced his shareholding in Evolution Mining Ltd. to 15% after selling a 5% interest worth about A\$280 million, The West Australian reported.

* Explor Resources Inc. acquired four mineral claims covering 149.86 hectares contiguous to its East Bay gold-prospective property in Quebec. The company will pay C\$2,000 and issue 100,000 shares, while the optionor retained a 2% net smelter return royalty on the claims.

BULK COMMODITIES

* Russian companies affected by the U.S. sanctions, including Rusal, are seeking 100 billion rubles, or US\$1.6 billion, in liquidity support from the government, Reuters reported, citing Finance Minister Anton Siluanov. The minister also said that "temporary nationalization" is an option for some of the companies, but not Rusal.

* Arconic Inc. and Ball Corp., which have a major presence in Russia, could be prevented from purchasing aluminum from Rusal due to the U.S. sanctions, Bloomberg News reported. The two companies run four plants in Russia that buy more than 200,000 tonnes of aluminum per annum from Rusal, said two people familiar with matter.

* Glencore PLC-owned Access World delisted 12 of its 20 London Metal Exchange-registered warehouses in the Netherlands amid outflows of aluminum stocks following the sanctions on Rusal, Metal Bulletin reported.

* The European Union requires complete exemption from the U.S. import tariffs on steel and aluminum to work with the U.S. government on trade with China, Reuters reported, citing French Finance Minister Bruno Le Maire.

* German shipping group Oldendorff Carriers is halting its business in Guyana in the wake of the sanctions on Rusal, which has a bauxite plant in the South American country, Reuters reported. Denmark's Maersk and Switzerland's MSC have already suspended trade with sanctions-hit Russian entities.

* GFG Alliance-owned Liberty House completed its acquisition of Glencore's Tahmoor coking coal mine in New South Wales, Australia, Metal Bulletin reported.

* Usinas Siderúrgicas de Minas Gerais SA, or Usiminas, posted net income of 140.1 million Brazilian reais for the first quarter, increasing 58% year over year from 88.9 million reais. Revenue jumped to 3.24 billion reais from 2.35 billion reais on an annual basis, while EBITDA increased to 621.9 million reais from 528.1 million reais.

* Separately, Usiminas halted flat steel exports from its Cubatão facility in Brazil due to the high costs of slab, Metal Bulletin reported, citing CEO Sergio Leite. The suspension is expected to remain in place for about three months, the executive added.

* Cleveland-Cliffs Inc. sunk deeper in the red with an attributable net loss of US\$84.3 million in the first quarter compared to a loss of US\$28.1 million posted a year ago. The miner said that the period's losses include a US\$71 million loss related to its Asia-Pacific iron ore segment, where it has ceased mining activities, along with a US\$16 million income tax expense.

* Noble Group Ltd.'s third-largest shareholder, Goldilocks Investment Co. Ltd., said it is formulating a new restructuring plan for the company and asked other shareholders to support its proposal, The (Singapore) Business Times reported. Noble said the same day that it received a letter from Goldilocks looking to nominate five nonexecutive directors at the company's upcoming annual general meeting.

* The European merger of ThyssenKrupp AG and Tata Steel Ltd. faces further delays as talks to strike a deal with labor unions are taking longer than expected, Mint reported, citing ThyssenKrupp Electrical Steel CEO Jens Overath. The executive reportedly told the newspaper that the steel producers expect the transaction to close before December as discussions with the unions are still ongoing.

* ArcelorMittal is expected to secure EU antitrust approval to acquire Italian steelmaker Ilva International SpA after proposing to sell several operations, Reuters reported, citing two anonymous sources. In exchange for

the approval, ArcelorMittal agreed to divest its only galvanized steel plant in Italy and operations in several other European countries, including Romania, Macedonia, the Czech Republic, Luxembourg and Belgium.

* Vale SA said that a federal court in Brazil's Minas Gerais state extended the deadline to complete a compensation plan for victims of the 2015 tailings dam burst at the Samarco iron ore mine in the country. Vale, BHP Billiton Group and their joint venture Samarco Mineração SA now have until June 25 to determine and process the timeline for a final settlement in connection with the incident.

* HSBC Holdings PLC said it will stop financing new coal-fired power plants globally, except in three countries, to support the transition to a low-carbon economy.

* Mount Gibson Iron Ltd. said that an updated estimate increased iron ore reserves by 64% at its past-producing Koolan Island property in Western Australia, resulting in an extension to the operation's projected mine life. Koolan Island hosts proven and probable reserves totaling 21 million tonnes grading 65.5% iron, increasing from 12.8 million tonnes at 66% iron as of mid-2017.

* Yara International ASA posted a profit of US\$116 million in the first quarter slipping from US\$201 million in the year-ago period.

* Hesteel Co. Ltd.'s net profit attributable to shareholders for the first quarter dropped 42.6% year over year to 372.9 million Chinese yuan from 649.3 million yuan. Operating revenues were down 11.6% to 25.03 billion yuan.

* Coal India Ltd. intends to sell over 45 million tonnes of coal under a special forward auction in the current fiscal year, Mint reported.

* The court application to allow the Gupta family's Optimum and Koornfontein coal mines in South Africa to reclaim over 1.7 billion South African rand in rehabilitation funds was postponed. The National Prosecuting Authority's Asset Forfeiture Unit seized the funds, Mining Weekly wrote.

* Fortescue Metals Group Ltd. lodged applications seeking environmental approval to begin early works at its US\$1.5 billion Eliwana iron ore project, part of its Western Hub operations in Western Australia, before a final investment decision later this year, The West Australian reported.

SPECIALTY

* PJSC Alrosa's diamond output in the first quarter totaled 7.4 million carats, dropping 17% year over year. The Russian miner attributed the decline to the August 2017 shutdown of the underground Mir mine at its Mirny Division operations, lower-grade ore from the Aikhal Division's Jubilee pipe and the termination of ore processing from the Udachny Division open pit, where mining operations have transitioned underground.

* Brokerage company Banchile auctioned 1.5 million series-A shares in Chilean lithium miner Sociedad Quimica y Minera de Chile SA at a sale price of 30,000 Chilean pesos per share, or about US\$50.36 apiece, for a total of about US\$76 million, Reuters reported.

* Following a US\$150 million streaming deal, Nemaska Lithium Inc. launched an offering of senior secured callable bonds to raise between US\$300 million and US\$350 million as it looks to raise up to US\$825 million to build the Whabouchi lithium project in Canada.

* China Northern Rare Earth (Group) High-Tech Co. Ltd.'s net profit attributable to shareholders for 2017 surged 342% to 401.3 million Chinese yuan, or 11 fen per share, on price hikes of rare earth products.

* China Minmetals Rare Earth Co., Ltd.'s sales revenue in 2017 rose 59.89% year over year to 716.9 million Chinese yuan, while net profit attributable to shareholders jumped 64.14% to 30.5 million yuan, stockstar.com reported.

* Bolivia selected German company ACI Systems GmbH as a partner to develop the country's lithium resource, Reuters reported. The German company will invest about US\$1.3 billion in the project, which will see the manufacturing and marketing of lithium batteries, said Juan Carlos Montenegro, head of state-owned company Bolivian Lithium Deposits. The parties are soon expected to ink a joint venture deal, with operations to begin in about 18 months.

* IronRidge Resources Ltd.'s earn-in and joint venture deal with Joy Transporters Ltd. for the Saltpond and Cape Coast lithium projects in Ghana is now unconditional.

* Wolf Minerals Ltd. entered into a settlement agreement with GR Engineering to settle all claims related to an engineering, procurement and construction contract on the Hemerdon tungsten project in the U.K.

INDUSTRY NEWS

* Henrik Fisker, an electric vehicle entrepreneur and CEO of Fisker Inc, told S&P Global Market Intelligence that his company is working to commercialize a solid-state battery that does not require cobalt, which is widely used in lithium-ion batteries to enhance energy density. It is a commercially untested product, but if it works, it could disrupt metal supply to the battery sector.

* The U.S. sanctions on Russian oligarch Viktor Vekselberg and his Renova Group froze between US\$1.5 billion and US\$2 billion of assets, Reuters reported, citing two sources close to the matter.

* China's National Development and Reform Commission said the government will promote mixed-ownership reform of state-owned companies in the steel, coal and coal-fired power sectors to expedite the sector's integrated development, and financial institutions will be urged to withdraw loans from sectors suffering from overcapacity in a market-based way, Reuters reported.

* Global investment management company AllianceBernstein concluded from analysis of Western Australia's latest mining sector data that inflated labor costs will return as sentiment continues to recover; however, the industry says skilled shortages have already arrived and will only spread further.

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