



HD BHP boosts iron ore output and lifts guidance

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Global mining giant BHP Billiton raised its fiscal year iron ore production outlook for a second time this year on Wednesday after seeing a better-than-expected jump in output for January-March.

The world's biggest mining company increased guidance for production the year to June to 217 tonnes, up from the 212 tonnes previously forecast. That comes despite concerns about the strength of the economy in China, the number one buyer of ore.

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It said production in January-March quarter rose 23 percent year on year to 49.6 million tonnes, adding that seasonal bad weather in Western Australia had "relatively limited impact" on performance.

The news came a day after rival miner Rio Tinto blamed cyclonic activity for a drop in its January-March production and shipment of iron ore.

BHP also increased its full-year coking coal guidance by 2.5 million tonnes to 43.5 million tonnes following record nine-month production of 33 million tonnes.

It also said copper output was up two percent at 413,900 tonnes and kept its annual forecast unchanged at 1.7 million tonnes.

However, petroleum production outlook was cut for the 2014 financial year by two percent to 254 million barrels following the sale of assets in Britain. March quarter petroleum output rose three percent to 60.9 million year on year.

Chief executive Andrew Mackenzie praised the "outstanding results, underpinning a 10 percent increase in production so far this year".

"Having achieved record iron ore and metallurgical coal production during the first nine months of this year, we have raised full-year guidance for both commodities.

"We continue to expect cumulative production growth of 16 percent over the two years to the end of the 2015 financial year," he said.

"By maintaining strict financial discipline and a focus on our four pillars of iron ore, copper, coal and petroleum, we continue to believe that an average rate of return of greater than 20 percent is achievable for our major development options."

He said the firm was on track to cut capital and exploration costs by 25 percent in the year to June and further in the next 12 months.

Shares in BHP ended 0.42 percent higher at Aus\$37.94 in Sydney, while the wider ASX200 index rose 0.6 percent.

BHP noted it had in the past two years completed divestments in Australia, the United States, Canada, South Africa and Britain.

"As we announced to the market on 1 April 2014, we continue to actively study the next phase of simplification, including structural options," it said.

BHP Billiton said in February it saw an 83 percent surge in net profit to US\$8.1 **billion** in the first half of the fiscal year thanks to spending cuts and strong **iron ore** production. Revenues climbed 5.9 percent to US\$33.95 **billion**.

bp/mfc/dan

CO bkhlp : BHP Billiton Ltd | bltplc : BHP Billiton PLC

IN i211 : Metal Ore Mining | i2111 : Iron Ore Mining | i221 : Iron/Steel/Ferroalloys | i22 : Primary Metals | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying

NS c21 : Output/Production | ccat : Corporate/Industrial News

RE austr : Australia | nswals : New South Wales | sydney : Sydney | uk : United Kingdom | apacz : Asia Pacific | ausnz : Australia/Oceania | eecz : European Union Countries | eurz : Europe | weurz : Western Europe

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