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HD **Cliffs Natural Resources Swings to Loss**

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Cliffs Natural Resources Inc. swung to a loss in the third quarter, dragged down by a $6 **billion** write-down related largely to its **purchase** of a Canadian **iron ore** mine as well as lower **iron ore** and metallurgical **coal** prices.

The Cleveland-based **iron ore** and **coal** miner--the largest **iron**-**ore** miner in the U.S. that in April was removed from the S&P 500--has said it intends to sell its less profitable **mining operations** and focus on its Minnesota and Michigan mines, which supply **iron ore** to booming automotive-focused steel mills.

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Iron ore is the main ingredient in the making of steel, and Cliffs' U.S. mines have benefited from the resurgence of the Detroit auto industry and drill-pipe demand for natural-gas wells in North America.

The hefty write-off comes as **iron ore** markets have been rocked this year. The big three miners--BHP **Billion** and Rio Tinto Ltd. in Australia, and Vale SA of Brazil that collectively produce more than 60% of global **iron**-**ore** exports--expanded production while **Chinese** steel output eased, resulting in a drop in prices.

China produces about half of the world's steel and imports about two-thirds of the **iron ore** traded on global markets.

Prices for metallurgical **coal**, the other key ingredient in steelmaking, have also fallen.

In the most recent period, Cliffs Natural said **iron ore** prices fell 32% and metallurgical **coal** 17%.

The **company** has a cost disadvantage compared with the big three miners. BHP, Rio Tinto and Vale control massive mines, ports and railroads, which allows them to produce **iron ore** at $50 or below per ton.

By comparison, Cliffs's costs at its Eastern Canadian **operations** were $81.71 per ton in the third quarter. Cliffs expects that cost to remain in the $80 to $85 range.

For the most recent period, Cliffs reported a loss of $5.88 **billion**, or 38.49 cents a share, from a year-earlier profit of $117.2 **million**, or 68 cents a share, a year earlier. That figure includes preferred stock dividends. Excluding certain items, however, Cliffs reported a profit of $33 **million**, or 21 cents a share, down from $144 **million**, or 88 cents a share.

Revenue fell 16% to $1.3 **billion**.

Analysts surveyed by Thomson Reuters had expected a loss of four cents a share on revenue of $1.28 **billion**.

Gross margin narrowed to 9.8% from 22.5% a year earlier.

Through Monday's closing, shares were down nearly 65% for the year.

-- John W. Miller contributed to this article.

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