

HD Report: Australia's Wesfarmers in **coal** 'for the long run' despite weak market

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Australia-listed Wesfarmers Ltd.'s chief executive Richard Goyder said the **company** will remain in the **coal** business "for the long run," despite suggesting metallurgical **coal** prices may decline in the June quarter, The Sydney Morning Herald reported April 30. The majority of the group's production is met **coal**.

"We would expect a reduction in metallurgical **coal** pricing. ... A majority of producers would find it very financially challenging at current pricing," The Sydney Morning Herald quoted Goyder as saying. However, Wesfarmers, as a low-cost producer, expects to stay afloat until a favorable pricing environment emerges.

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Wesfarmers on April 29 reported strong production results at two of its **coal** mines in Australia — Curragh and Bengalla. Wesfarmers, through its subsidiaries, owns a 100% **stake** in Curragh and 40% in Bengalla.

Wesfarmers said the Curragh **coal** mine produced 2.4 **million** tonnes of met **coal** in the quarter ended March, compared to 1.5 **million** tonnes in the year-ago quarter. Thermal **coal** production at the mine was 830,000 tonnes, up 13.4% from 732,000 tonnes a year ago.

In the three months to March, Wesfarmers' share in Bengalla production totaled 948,000 tonnes, up 34.3% from 706,000 tonnes during the year-ago period.

Goyder's comments on **coal** prices come at a time when Whitehaven **Coal** Ltd., another Australian **coal** producer, expected met **coal** prices to remain at US\$93/tonne in the June quarter. Whitehaven sold met **coal** at an average price of US\$100.79/tonne in the March quarter.

Whitehaven also saw a decline in thermal **coal** prices, reporting an average price of US\$75.19/tonne for the March quarter, down from US\$82.28/tonne in the previous quarter. Whitehaven attributed the weak thermal **coal** prices to "a well-supplied market with little disruption from weather-related events and a lack of buying by **Chinese coal** customers from the seaborne market.'

CO wsfrm : Wesfarmers Ltd

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