

SE Business  
HD **Glencore to Close Australian Coal Mine; Falling Prices Have Forced Mining Companies to Review Operations**  
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SYDNEY—Glencore Xstrata PLC will shutter one of its Australian coal mines this year, the latest in a string of closures and cutbacks in the country's once thriving coal industry as a global commodities boom cools.

Glencore's Ravensworth underground operation will be the first coal mine suspended by the Switzerland-based resources titan due to the sharp slide in prices for the fuel, although this follows hundreds of job cuts over the past year as the company looked to bolster the profitability of its sites. The company said Thursday it would stop producing semisoft coking coal at the Ravensworth underground mine in September.

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Falling prices have forced mining companies including BHP Billiton Ltd. and Anglo American PLC to review their operations, resulting in staff cutbacks, shelved expansion plans and asset sales. BHP, which through its partnership with Mitsubishi Corp. is the world's largest coking-coal exporter, has already closed mines including its Norwich Park and Gregory operations in eastern Australia citing weak prices.

The value of coking coal, used in steelmaking, has been falling since 2011 as new mines planned during the boom times moved into production. Analysts say high stockpiles in countries such as China, and a rise in the Asian country's own production of the fuel, are helping keep prices weak.

Australian coking-coal prices are near their lowest level since 2007.

Glencore on Thursday said it had laid off 17 workers at the Ravensworth underground site, with a further 113 at risk of redundancy as the mine approaches closure later in the year. The company, which has already cut more than 80 staff members from the site in the past 12 months, said it was looking at whether it could redeploy any of those workers to its other mines in the country's east.

"Continued operations [are] no longer financially viable due to a combination of lower prices, high production costs at the mine, a strong Australian dollar and geological constraints in future mining areas," a spokesman for the company said in an emailed statement. Two nearby open-cut mines won't be affected, the spokesman said.

Ravensworth underground produced 2.1 million tons of salable semisoft coking coal in 2013.

Managers at the site had been working to improve the competitiveness of the mine over the past year, which included the reductions in the number of development, maintenance, support and services staff. The mine, which started producing coal in 2007, is 70% owned by Glencore, with the remainder held by Japan's Marubeni Corp. and South Korean steelmaker Posco.

Analysts and mining executives said they don't expect a substantial recovery in coal prices in the coming months.

"We see very little evidence of any discipline in what is a very fragmented metallurgical **coal** industry," analysts at investment bank Jefferies said in a note. "The bull case for met **coal** being offered by many today is that low prices will cut high cost production [but] at best, when prices rise, high cost production gets restarted and caps the price rise."

New Hope Corp. Chief Executive Shane Stephan earlier this week said he expects global **coal** markets to remain oversupplied, and prices weak, for at least another year.

New Hope, Australia's largest listed **coal mining company** by market value, reported a 67% slide in first-half profit because of weak market prices. As a result, New Hope said it had pushed back timelines on several development projects, including plans to develop the Lenton deposit in Queensland's **coal**-rich Bowen Basin.

"**Coal** market prospects for 2014 remain challenging," GlencoreXstrata said in an annual report. Chief Executive Ivan Glasenberg acknowledged weak **coal** prices had been a drag on the performance of its industrial business. The **company** said earlier in March that it swung to a net loss for 2013 after a write-down on its **acquisition** of Xstrata PLC.

Still, Glencore forecast continued robust **coal** demand from Asia as economies in countries such as **China** and India further expand.

Glencore temporarily suspended **operations** at its Collinsville **coal** mine in September when it took control of that site from contractor Thiess, but attributed the closure to troubles with negotiating employee conditions. **Operations** at Collinsville restarted in January.

<b>CO</b>	mtsubc : Mitsubishi Corp   aamcr : Anglo American PLC   bkhlp : BHP Billiton Ltd   mrubni : Marubeni Corp   nope : New Hope Corporation Ltd   pohn : Posco Co   march : Glencore Xstrata PLC   bltpc : BHP Billiton PLC
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