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SN	Industry Snapshot
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CY	Copyright 2014. Acquisdata Pty Ltd.
LP	
	LATEST COMPANY NEWS
	News and Commentary
TD	<p>New Australia Institute survey lack of support for coal industry - 14/6/2014</p> <p>Almost 85% of Hunter residents consulted in a new Australia Institute survey did not want to see the coal industry expand.</p> <p>For the complete story see:</p> <p>(http://coal.steelguru.com/australia/16325/new_australia_institute_survey_lack_of_support_for_coal_industry)</p> <p>Australian Mining - SSAB to acquire 51pct stake in G&G Mining Fabrication - 16/6/2014</p> <p>SSAB has signed an agreement to acquire 51% of the shares of Perth-based G&G Mining Fabrication.</p> <p>For the complete story see:</p> <p>(http://www.miningaustralia.com.au/news/ssab-to-acquire-51pct-stake-in-g-g-mining-fabricat)</p> <p>The Australian - iron ore miners brace for hit as commodity price plunges to nearly two-year lows - 16/6/2014</p> <p>Australia iron ore producers are likely to take a hit in the market today.</p> <p>For the complete story see:</p> <p>(http://www.theaustralian.com.au/business/mining-energy/iron-ore-miners-brace-for-hit-as-commodity-price-plunges-to-nearly-two-year-lows/story-e6frg9df-1226955264989#)</p> <p>Australian Mining - Mine restart to create 50 new jobs in Queensland - 16/6/2014</p> <p>The reopening of an ilmenite mine in North Queensland could lead to the creation of 50 new jobs after it was bought by a Canadian mining company.</p> <p>For the complete story see:</p>

(
<http://www.miningaustralia.com.au/news/mine-restart-to-create-50-new-jobs-in-queensland>)

Businessweek - Fortescue Orders Ships to Cut Costs After **Ore** Price Drops - 16/6/2014

Fortescue will spend \$275 **million** on building four ships to help cut costs.

For the complete story see:

(
<http://www.businessweek.com/news/2014-06-15/fortescue-orders-ships-to-cut-costs-after-iron-ore-price-drops>)

Media Releases

BHP Billiton Sustainable Communities Supports Discovery of New Species in the Kimberley – 3/6/2014

Australia is home to more than 560,000 native species, many found nowhere else on Earth – yet only one-quarter of this biodiversity has been scientifically documented.

This week BHP Billiton Sustainable Communities will play a part in helping document the biodiversity of one of Australia's most striking wilderness areas, The Kimberley, through its support of the Bush Blitz program – a ground breaking species discovery partnership between the Australian Government, BHP Billiton and Earthwatch Australia.

To date, BHP Billiton Sustainable Communities has invested more than US\$4 **million** in the partnership which has discovered at least 700 new species since its launch in 2010. These include 272 species of true bugs, 130 species of spiders and scorpions, 36 species of bees and 11 species of vascular plants.

The 21st Bush Blitz began on 26 May in the eastern Kimberley on the Aboriginal owned Karunjie and Durack stations. Already the participants believe they've discovered many new species, including new true bugs, spiders, a fish and pseudoscorpions. Traditional Owners and teachers are participating in the program, as well as a number of high profile scientists.

BHP Billiton President - HSE, Marketing and Technology, Mike Henry, said BHP Billiton Sustainable Communities' support for the program was consistent with BHP Billiton's focus on supporting strong partnerships.

"BHP Billiton is committed to operating sustainably, which is one of Our Charter values. The Bush Blitz program is generating long-term, positive and sustainable outcomes for Australia and our **Company** is proud to be a part of an initiative that is making a real difference in building deeper knowledge of Australia's unique biodiversity," he said.

"Supporting biodiversity is important to us – we do this at BHP Billiton mine sites through our land management practices and through our contribution to programs such as Bush Blitz which are leading to a greater

understanding of the unique biodiversity values found in Australia.

"I am really excited for everyone taking part in the program, particularly the Traditional Owners and teachers who are playing a key role in the Kimberley Blitz."

The Kimberley Bush Blitz also includes a sub project called Bush Blitz TeachLive, an interactive educational experience for science teachers and their students. Science teachers are given a unique professional development experience and are able to teach 'live' back to their classrooms via the Bush Blitz TeachLive website.

The Kimberley Bush Blitz focuses on participation of Traditional Owners and science teachers, however BHP Billiton environmental professionals also often participate in the programs.

BHP Billiton Sustainable Communities Director, Ian Wood, said since 2010, 43 BHP Billiton employees have participated in seven expeditions.

"BHP Billiton employees act as research assistants in the field and support scientists with trapping species, collecting plant samples and processing specimens," he said.

"It is a highly regarded professional development opportunity for our people where they learn survey techniques on a wide variety of species and by the end of the expedition they have a broader understanding of Australia's unique biodiversity and ecosystems."

BHP Billiton Sustainable Communities is a charity established by BHP Billiton as part of its community investment program. Most projects supported by BHP Billiton Sustainable Communities are multi-year projects and they predominately focus on building capacity of individuals and institutions, so that after the project is completed, it will leave a lasting positive legacy.

(
<http://www.bhpbilliton.com/home/investors/news/Pages/Articles/BHP-Billiton-Sustainable-Communities-Supports-Discovery-of-New-Species-in-the-Kimberley.aspx>)

BHP Billiton Launches New Online Society Section and Community Review Publication – 10/6/2014

BHP Billiton today launched a new section at www.bhpbilliton.com called Society. BHP Billiton Society online brings together the **Company's** global community and sustainability content into one central location.

BHP Billiton's online Society section features news, case studies and relevant reports and presentations including our Sustainability Reports, and the latest updates to regulatory and compliance information.

BHP Billiton's Community Review was also released today on the website. To view the Community Review, click here. This publication outlines the **Company's** approach to community investment and highlights its contribution to communities through economic

development, education and training, environment, health, Indigenous communities and disaster relief in a selection of over 40 case studies. The Community Review is separate from the **Company's** annual Sustainability Report which provides details on its sustainability commitments, standards and performance requirements.

The case studies range from a world-class supplier program in Chile, job creation in South Africa and protecting Australia's environmental biodiversity to girls' education in Pakistan and drought relief in East Africa.

BHP Billiton has a long history of investing in communities and working in partnerships that support the sustainable development of regions where we operate. The **Company** supports more than 1,200 programs in 16 countries across six continents. Over the past decade, BHP Billiton has committed US\$1.5 **billion** to a range of community programs globally through business directed charitable giving, local programs and our Corporate Charities.

"We are delighted to showcase our community and sustainability news and information in a new Society section of our website and the Community Review which raises the awareness of BHP Billiton's ongoing commitment to community engagement and support," said Tony Cudmore, President, Corporate Affairs.

"We are committed to Our Charter value of Sustainability and consider the long-term future of our business, our people and the societies in which we operate. We are privileged to be in a position where we are able to partner with communities and help contribute to positive change," he said.

Regular community and sustainability news updates will be available on the Society section of BHP Billiton.com and those interested in staying informed can create a new subscription to receive email notification of community news and updated publications by following this link.

(
<http://www.bhpbilliton.com/home/investors/news/Pages/Articles/BHP-Billiton-Launches-New-Online-Society-Section-and-Community-Review-Publication.aspx>)

BHP Billiton Provides Submission to the Australian Government's Competition Policy Review Panel – 16/6/2014

BHP Billiton today welcomed the opportunity to provide a submission to the Australian Government's Competition Policy Review Panel and commended the Australian Government for initiating a review of the nation's competition law and policy.

In its submission, BHP Billiton is asking governments to renew their commitment to the "guiding principle" under the Competition Principles Agreement, to ensure that legislation should not restrict competition unless it is demonstrated that the benefits of the restriction to the community as a whole outweigh the costs, and that the objectives of the legislation can only be achieved by restricting competition.

Specifically, BHP Billiton has called for an amendment to the National Access Regime to preclude future declaration applications.

President, Corporate Affairs, Tony Cudmore, reiterated the **Company**'s support for policies and laws which promote free trade, innovation, competition and productivity, to sustain an investment climate that is internationally competitive.

"In BHP Billiton's experience, the costs associated with the application of the declaration regime to nationally significant single-user infrastructure greatly outweigh any potential benefit. The costs associated with applying the declaration regime to nationally significant single user infrastructure can include **billions** of dollars in lost exports and GDP," Mr Cudmore said.

"It is important Australian companies large and small are able to innovate more easily and produce, sell and distribute increased volumes of product at lower cost, in shorter times and with fewer barriers to trade – sound competition policy can assist in meeting these objectives.

"Open markets and societies and free trade in goods and services and ideas, create the right conditions for long-term development and prosperity. Societies and economies can be strengthened by good competition policy and regulation; one that is risk-based and supports an open and competitive process rather than protecting individual interests or competitors."

Mr Cudmore said that while the submission focuses primarily on Australia's domestic competition policy, it also highlights the critical importance of Australia's international trade policy.

"When considering Australia's competition policy, the Review Panel should also consider the power of international trade to create national wealth and jobs and grow resilient economies both domestically and internationally," Mr Cudmore said.

Referencing the **Company**'s recent achievements in terms of embedding sustainable productivity improvements within the business, Mr Cudmore emphasised the equally important role of industry and policy makers in ensuring Australia becomes more competitive and productive.

"BHP Billiton is dedicated to working smarter to safely deliver greater volume growth from our existing equipment at lower unit cost," Mr Cudmore said.

"Whilst productivity improvements can be achieved at the **Company** level, BHP Billiton supports industry and policy makers recommitting to Australia's future competitiveness and productivity."

As part of its submission, BHP Billiton said there should be a re-commitment to reviewing Australian regulation under the Competition Principles Agreement. This involves identifying and addressing existing legislation and regulation which reinforces anti-competitive market structures and ensuring that a robust cost-benefit analysis underpins future legislation and regulations.

<http://www.bhpbilliton.com/home/investors/news/Pages/Articles/BHP-Billiton-Provides-Submission-to-the-Australian-Governments-Competition-Policy-Review-Panel.aspx>

Latest Research

Structural and hydrothermal alteration evidence for two **gold** mineralisation events at the New Celebration **gold** deposits in Western Australia

S. J. Nichols, S. g. Hagemann

Abstract

The New Celebration **gold** deposits (~2 Moz Au) are located within the Boulder segment of the first-order, transcrustal Boulder-Lefroy fault zone about 35 km southeast of Kalgoorlie, in the Kalgoorlie Terrane of the Eastern Goldfields Province, Western Australia. The **gold** deposits are hosted by ultramafic rocks (komatiite), differentiated gabbro/dolerite and variably thick (0.5 to 5 **m**, locally up to 80 **m**) felsic porphyry dykes that have intruded the ultramafic–mafic rock contact. Host rocks have undergone regional metamorphism to upper greenschist facies.

At least four deformation events are recorded at New Celebration: (1) D1NC is represented by vertical stratigraphic contacts, the expression of regional scale upright folds. (2) D2NC deformation is expressed as a well-developed, NNW-trending, steeply WSW-dipping penetrative shear foliation (S2NC) and foliation-parallel, boudinaged quartz–carbonate veins (V2NC), which are representative of the regional D2 Boulder fault zone; movement on the fault is sinistral oblique slip. (3) D3NC deformation resulted in NNE-trending, WNW-dipping, short strike length (less than 50 **m**) faults, quartz–carbonate–epidote–chlorite fault fill veins and widely spaced S3NC foliation. Subhorizontal L3sNC slickenline lineations on D3NC fault planes indicate strike-slip movement during D3NC (no kinematic indicators are observed), whereas the geometry of S–C fabrics in the S3NC foliation suggests sinistral movement. (4) D4NC deformation is poorly developed by west-dipping, curvilinear faults that cross cut the S2NC foliation. Lineations formed during D2NC deformation include: (a) moderate to steep, SSE to SSW-plunging L2mNC mineral elongation lineations, (b) moderate, NW-plunging L2iNC intersection lineations between S- and C-foliation planes, and (c) moderate to steep, SSE to SSW-plunging L2sNC slickenline lineations. Moderate to steep SSW-plunging quartz L2mNC elongation lineations, in conjunction with the orientation of S–C fabrics, constrain the sense of movement on the shear zone as sinistral oblique-slip. The S2NC foliation is also developed in thin (1–5 **m** width) M1 plagioclase-rich porphyry dykes, thus indicating their emplacement pre- to syn-D2NC deformation. The mylonitic fabric in the first-generation Magmatic 1 (M1) porphyry dykes contrasts with the 'fresh,' undeformed igneous textures of second generation Magmatic 2 (M2) quartz–feldspar porphyry dyke, which preferentially intruded along the mafic–ultramafic rock contacts. The lack of internal ductile deformation fabrics and a predominance of brittle structures (e.g. fracture network at the margins) in the

M2 porphyry dyke indicate its emplacement into a brittle deformation environment.

Two **gold** events are interpreted at the New Celebration deposit. (1) An 'early' Mylonite-style **gold** event in high-strain, quartz–ankerite–biotite–sericite mylonite in mafic rocks and M1 porphyry dykes, which is interpreted to be synchronous with the D2NC deformation. Minute inclusions of **gold** (less than 100 µm) are hosted within pyrite that is aligned parallel to the S2NC foliation planes. **Gold** in mafic mylonite is in equilibrium with ankerite–sericite ± biotite ± pyrite and is also spatially and temporarily associated with **gold** and non-**gold**-bearing tellurides such as calaverite, petzite, hessite, altaite, melonite and a bismuth telluride. (2) A 'late' **gold** event that consists of Contact and Fracture-infill styles. The Contact-style **gold** mineralisation is located in high-Mg basalt within S2NC foliation planes that wrap around the M2 porphyry dyke during late D2NC deformation. **Gold** is in equilibrium with pyrite–sericite–ankerite. The Fracture-infill-style **gold** mineralisation is located in brittle fracture networks formed at the margin of the M2 porphyry dyke. 'Free' **gold** and inclusions of **gold** in pyrite are in equilibrium with pyrite–sericite ± ankerite. No telluride species are observed in either Contact or Fracture-infill-style mineralisation. The exact timing of the Fracture-infill-style **gold** mineralisation is equivocal; it may have formed late-D2NC or during D3NC or even during a later deformation event.

The New Celebration **gold** deposits are a rare example of an orogenic **gold** system located in a first-order, transcrustal fault system, the Boulder-Lefroy fault. Its complex fault zone architecture and long-lived nature of fault movement is interpreted to be at least in part responsible for the high **gold** endowment when compared with the typically barren first-order fault zones. Magnetite and biotite in the outer alteration zones are spatially related to M1 dykes, and the spatial and temporal restriction of tellurides to the M1 dyke suggest that the orogenic New Celebration **gold** deposits were sourced from magmatic fluids, at least during the early stages of the formation of the deposits.

(
http://www.tandfonline.com/doi/abs/10.1080/08120099.2014.879072#.U5_zQPmSwb0)

The Industry

Minerals Industry Will Need 18,000 New Employees To 2018

The release today of the Australian Workforce and Productivity Agency's (AWPA) latest report on the resources sector's skilled labour needs confirms that **mining** will continue to expand in the years ahead, providing a critical boost to the domestic economy.

The AWPA's Resources Sector Skills Needs 2013 report shows that minerals industry **operations** will need around 18,000 more skilled workers through to 2018 – as the sector moves from the construction to production phase of the millennium **mining** boom.

The minerals industry has strong skills foundations in place and welcomes AWPA's acknowledgement of the sector's focus on the skilling and development of its workforce. This includes:

Spending 5.5 per cent of payroll on training activities, with one in twenty employees being an apprentice or a trainee;

the contribution to higher education outcomes, with the MCA-operated Minerals Tertiary Education Council (MTEC) contributing \$36 million since 1999 to tertiary minerals disciplines;

Innovative efforts to overcome skills shortages via:

the MTEC Associate Degree program, designed to free up the time of engineers and geologists by producing a new cadre of educated technicians, who will have pathways to full degree status;

programs to cross-train workers in different industry disciplines such as the MCA/NFF/Commonwealth Skills MOU and the Regional Agriculture and Mining Integrated Training Initiative

Efforts to encourage under-represented groups to take part in the industry – specifically the increase in indigenous participation (at 3.1 per cent, the highest workforce participation rate of all industries) and women (an increase in the percentage of female participants in the minerals workforce from 11 per cent in 2003 to 16 per cent in August 2013).

The importance of Long Distance Commuting and skilled migration to the skills needs of the industry.

(
http://www.minerals.org.au/news/minerals_industry_will_need_18000_new_employees_to_2018)

Leading Companies

Arrium Ltd (ASE: ARI)

Arrium Mining Quarterly Production Report For the quarter ended 30 September 2013

Summary

- Record quarterly shipments of 3.13Mt (dmt) up 0.4Mt on prior quarter and up 1.5Mt or 94% on the prior corresponding quarter
- The new higher capacity ship loader at the Inner Harbour was successfully commissioned mid- July and achieved its designed rate of 4,200tph within the first week of operations
- Successful commissioning of new locomotives and wagons resulted in record railings of ore in the quarter.
- Current run rate supports full year volume guidance of 12Mt.
- The Platts 62% Fe CFR market index price averaged US\$133/dmt, up US\$7/dmt on the prior quarter

- Arrium's average realised price was ~US\$113/t FOB (dmt), up US\$9/t on the prior quarter
- Average cash cost loaded on ship ~A\$49/wmt1 in line with guidance
- The port expansion at the Inner Harbour was officially opened by Tom Koutsantonis MP, SA Minister for Mineral Resources and **Energy** on 30 July.
- Civil works in preparation for the recommencement of **mining** at the **Iron** Knob **Mining** Area later in the year started in July

Market

The Platts 62% Fe index averaged US\$133/t CFR (dmt), a US\$7/t increase compared to the prior quarter. Continued high levels of steel production, lower than average port stocks and stable economic conditions in **China** have underpinned strong demand for **iron ore** and the higher average price.

Arrium **Mining**'s average price received for the quarter of US\$113/t FOB (dmt)⁴ was up US\$9/t compared to the prior quarter. The improvement was due to the increase in the market price as well as lower average freight costs. The timing of price settlements with customers continued to be a factor in maintaining a strong price recovery compared to the Platts 62% Fe index.

Our new Opal blend and Whyalla blend products have received strong customer support. Lower impurities and moisture provide sintering benefits to Mills utilising our ores. Arrium continues to market the blends to a broader range of customers, with a number of trials of our products underway with further prospective customers.

Freight rates moved up appreciably in late August and September due to factors including longer haul distance from increased Brazilian exports, increased Australian exports and the general slow steaming of most cape vessels to reduce fuel costs, which all reduced ship availability.

Production and Shipping

Hematite **ore** mined in the Middleback during the quarter of 2,155 (wmt) was 28% higher compared to the June quarter. Emphasis focused on crushing output to achieve the targeted sales rate with additional capacity added at the **Iron** Knight during the quarter.

Ore mined by Southern **Iron** at Peculiar Knob of 810k (wmt) was up by 13% compared to the prior quarter. Crushing volumes increased by 337k (wmt) to 1,075k (wmt) to meet the increase in sales capability with the completion of the new port at the inner harbour. Record railed tonnes were achieved in the quarter of 3,340k (wmt).

Arrium **Mining**'s **ore** shipments of 3,125K (dmt) were in line with expectations and 15% higher than June quarter, reflecting the full commissioning of the expanded supply chain at the Inner Harbour. The combination of the self-powered barge and the existing transshipment fleet has created greater flexibility for the

operations. The quarter also included 40kt of pellet sales.

Costs

Arrium **Mining**'s average cost loaded on the ship (excluding royalties and depreciation) for the combined **operations** at Middleback and Southern **Iron** for the quarter of ~A\$49/wmt1 was in line with previous guidance of ~A\$50/wmt at the 12Mtpa rate.

Development

Whyalla Port Expansion

The Whyalla Port Expansion Project was completed in July with the commissioning of the high capacity travelling ship loader and port capacity has now doubled to ~13Mtpa. This brings to a close the **company's** successful ~\$600 **million** expansion to double the size of the **Mining** businesses' **iron ore** sales and Port capacity, which was delivered on time and on budget.

Iron Knob **Mining** Area

Arrium has started preparations for **mining** in the **Iron** Knob **Mining** Area as part of the **company's** strategy to deliver on its aim for sales of at least 12Mtpa over 10 years. Activity to date has focused on the building of road and office infrastructure prior to the commencement of pre strip **mining** later in the December Quarter. The investment in this project is expected to be approximately \$82 **million** in FY145 and includes three open cut mine pits (Monarch, Princess and Princess West). First ores are expected in the first half of FY15. The project is running to schedule and budget.

Magnetite Optimisation Project

Arrium has been a leader in the commercialisation and use of magnetite in Australia. This project includes installation of a tertiary grinder and modifications to the existing grinding circuit to allow the concentrator to treat a wider range of ores, as well as maximise product recovery through fine grinding technology and improved final concentrate washing. The project benefits include additional output (pellets, lump or concentrate) of ~400kt per annum with reduced **mining** activity based on the consumption of stockpiled materials.

The total cost of this investment is expected to be approximately \$86 **million**, with \$36 **million** incurred in FY13, and the remainder expected in FY14. The project is on schedule and budget with commissioning to occur in the December quarter. Operating benefits are expected to commence in the second half of FY14.

Exploration

Exploration activity continues to focus on:

- Adding to or extending the mine life of existing **operations** to utilise the full capacity of the Whyalla Port
- Investigating further ferrous opportunities across the Middleback Ranges and Southern **Iron** tenements.

Drilling activity in the September quarter generated 10,444m. The program included resource definition Reverse Circulation (RC) drilling, diamond drilling and specialist hydrogeological drilling.

At the northern end of the Middleback Ranges, diamond drilling south of **Iron Princess** supporting the **Iron Knob Mining** Area expansion continued, and then moved to resource drilling in the South Middleback Ranges. Results from the **Iron Princess** drilling were incorporated into updated resource models and mine design work. Drilling is expected to commence in the **Iron Knob Mining** Area in the second half of FY14.

In the northern portion of the South Middleback Ranges project area, resource definition and extension RC drilling continued at **Iron Chieftain**. Drilling focussed on inferred extensions north and south of the mineralised envelope, as well as infill drilling in the pit. Extension drilling was based on the enhanced understanding of the structural controls on mineralisation developed over the last six months and assisted by the use of high resolution geophysical data. The extension drilling results are being progressively incorporated into the mine plan.

In the southern portion of the South Middleback Ranges project area, RC drilling commenced at **Iron Duchess South**, to test inferred extensions to the north and south of the existing Duchess South mineralisation.

In the Southern **Iron** project portfolio, resource definition and extension RC drilling continued and hydrological drilling commenced on the Hawks Nest project at the Buzzard hematite prospect. The hydrological drilling is being conducted with the aim of investigating dewatering requirements within the proposed pit shell.

In addition to drilling activities on the Southern **Iron** projects, interpretation of the recently acquired high resolution magnetic and radiometric data for each of the Mt Brady, Windy Valley and Hawks Nest projects is being used to define targets as part of the assessment of the potential for both **iron ore** and **iron oxide copper gold** (IOCG) mineralisation within these tenements. Subject to the result of heritage clearance surveys to be carried out in 2QFY14, aircore and RC drilling programs are planned to be carried out in the second half of FY14.

Important information

Arrium **Mining** is a division of Arrium Limited, a **mining** and materials group consisting of **mining**, **mining** consumables and steel and recycling businesses. This report has been prepared to provide additional information regarding Arrium **Mining**'s activities related to the external **sale** of hematite **iron ore**. Due to its non-**mining** activities, Arrium Limited is not a '**mining** entity' for the purpose of the ASX Listing Rules and therefore is not subject to the additional mandatory quarterly reporting requirements under Chapter 5 of the ASX Listing Rules. Arrium Limited is providing this report on a voluntary basis only and, accordingly, this report may not contain all of the information which would be required for an entity subject to such additional mandatory reporting requirements.

The information in this report that relates to Mineral Resources or **Ore** Reserves (Reserves and Resources Information) is based on information compiled by or under the supervision of Paul Leever. Except as otherwise expressed, where a summary or extract of Reserves and Resources Information is included in this report, the basis for that summary or extract is the **company's** latest Resources Statement, which is attached to this report. Mr Leever is a Member of The Australasian Institute of **Mining** and Metallurgy and is a full-time employee of OneSteel Manufacturing Pty Ltd. Mr Leever has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and **Ore** Reserves'. Mr Leever has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled by or under the supervision of Geoff Johnson BSc (Hons), PhD, Grad Dip Env Sc. Dr Johnson is a Fellow of the Australian Institute of Geoscientists and a Fellow of the Australasian Institute of **Mining** and Metallurgy and is a full-time employee of the **Company**. Dr Johnson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and **Ore** Reserves". Dr Johnson has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

This report contains certain forward-looking statements with respect to the financial condition, results of **operations** and business of Arrium Limited and its Arrium **Mining** division and certain plans and objectives of the management of Arrium Limited and its Arrium **Mining** division. Forward-looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. All such forward looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are outside the control of Arrium Limited, which may cause the actual results or performance of Arrium Limited to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward-looking statements speak only as of the date of this presentation. Factors that could cause actual results or performance to differ materially include without limitation the following: risks and uncertainties associated with the Australian and global economic environment and capital market conditions, previously undiscovered geological features, the cyclical nature of the steel industry globally, the level of activity in the construction and manufacturing industries in **China**, the occurrence of adverse weather events, the capacity, demand for and performance of the global shipping

market, commodity price fluctuations, fluctuations in foreign currency exchange and interest rates, competition, Arrium **Mining**'s relationships with, and the financial condition of, its suppliers and customers, legislative changes, regulatory changes or other changes in the laws which affect Arrium **Mining**'s business, including environmental laws, a carbon tax, **mining** tax and operational risk. The foregoing list of important factors is not exhaustive. There can be no assurance that actual outcomes will not differ materially from these statements.

This report contains certain non-statutory financial measures including average loaded cost on ship per tonne, average realised price, measurements of royalties and depreciation in respect of specific **operations** and assets, development and exploration costs, cash expenses and unconsolidated expenditure, revenue and other measures. These measures are used to assist the reader understand the financial performance of the Arrium **Mining** division's activities covered by this report. Non-statutory financial information has not been audited or reviewed as part of the Arrium Limited audited accounts. However, a process has been agreed with Arrium Limited's auditor to agree the financial inputs utilised by Arrium **Mining** to derive the measures stated in the report.

(
<http://www.arrium.com/~media/Files/ASX%20Announcements/FY2014/Arrium%20Mining%20Quarterly%20Production%20Report%2018%20Nov%202013.pdf>)

Alumina Ltd (ASE: AWC)

Alcoa First Quarter Earnings Results

Alumina Limited notes Alcoa Inc's ("Alcoa") quarterly earnings release and attaches it for reference.

Relevant market data to assist readers in understanding the market, operational and commercial matters of Alcoa World **Alumina** & Chemicals ("AWAC") are attached.

Alumina Limited's CEO Peter Wasow, commented, "Margins for the **alumina** segment improved over the last quarter due to ongoing productivity improvements, cost control and a decline in the Australian dollar. Industry conditions remained challenging due to long refining positions in the Atlantic region. In **China**, there have been further curtailments in refining capacity in the Shandong region due to uncertainty over bauxite supply and cost, while inland refiners continue to satisfy domestic **Chinese** demand. Worldwide, **alumina** demand growth remains robust as the demand for aluminium outpaces GDP growth."

AWAC's production of **alumina** was 4.0 **million** tonnes for the first quarter.

Alumina Limited received capital repayments from AWAC of \$43 **million** so far this year. **Alumina** Limited's only capital contribution to AWAC during the first quarter was an **equity** contribution to Ma'aden of \$18.4 **million**.

Alumina Limited's net debt was approximately \$129 **million** at the end of March 2014.

Alcoa Reports Strong First Quarter 2014 Results

Offset by Special Items as Portfolio Transformation Accelerates

1Q 2014 Financial Highlights

- Net loss of \$178 **million**, or \$0.16 per share; excluding special items, net income of \$98 **million**, or \$0.09 per share
- Revenue of \$5.5 **billion** as realized aluminum prices fell 8 percent yearover-year
- Record first quarter Engineered Products and Solutions after-tax operating income, up 9 percent year-over-year
- Global Rolled Products profitability nearly tripled sequentially
- Upstream segments improved performance for 10th consecutive quarter
- Best quarterly **Alumina** after-tax operating income since 2011, up 59 percent year-over-year
- Cash on hand of \$665 **million**
- Debt-to-capital ratio 35.0 percent; net debt-to-capital ratio 33.0 percent
- Global end market growth remains solid

1Q 2014 Portfolio Transformation Highlights

- Commissioned \$300 **million** automotive expansion in Davenport, Iowa
- Investing to double Dura-Bright® wheel production in Hungary
- Investing \$40 **million** in high-value specialty packaging facility in Brazil
- Australian can sheet rolling mills to be permanently closed by year-end
- Reduced operating smelting capacity by 1.2 **million** metric tons, or 28 percent, since 2007, once announced upstream actions executed

New York, April 8, 2014 – Alcoa (NYSE:AA) today reported strong quarterly results offset by special items tied to restructuring as the **Company's** transformation accelerates.

In first quarter 2014, Alcoa reported a net loss of \$178 **million**, or \$0.16 per share, which includes \$276 **million** in special items largely tied to smelter and rolling mill capacity reductions. Excluding the impact of special items, net income was \$98 **million**, or \$0.09 per share. Alcoa's value-add businesses drove 76 percent of segment profits in first quarter 2014, with record first quarter results in Engineered Products and Solutions and a near three-fold sequential increase in profitability

in Global Rolled Products. **Alumina** reported the best quarterly aftertax operating income (ATOI) since 2011 and the combined upstream segments have improved operating performance for the 10th consecutive quarter.

"We hit record downstream profitability, nearly tripled results in the midstream, and strengthened our upstream business for the 10th quarter in a row," said Klaus Kleinfeld, Alcoa Chairman and Chief Executive Officer. "Our transformation is accelerating – we're powering growth in our value-add businesses and aggressively reshaping our commodity business."

First quarter 2014 revenues were \$5.5 **billion**, down 2 percent sequentially on lower Primary Metals third-party shipments. Capacity reductions in Primary Metals combined with an 8 percent decline in year-over-year realized aluminum prices caused revenues to fall 6 percent from the first quarter last year. The **Company's** value-add businesses drove 58 percent of Alcoa's first quarter revenues.

Sequentially, first quarter 2014 results compare to a net loss of \$2.3 **billion**, or \$2.19 per share, in fourth quarter 2013. Excluding special items, first quarter 2014 results compare to net income of \$40 **million**, or \$0.04 per share, in the sequential period.

Year-over-year, first quarter 2014 results compare to net income of \$149 **million**, or \$0.13 per share, in first quarter 2013. Excluding special items, first quarter 2014 net income compares to \$121 **million**, or \$0.11 per share, in the year-ago period when realized aluminum prices per metric ton were \$193 higher.

Continued Growth Across End Markets

Alcoa is increasing its 2014 global aerospace growth expectation by one percentage point (8 percent to 9 percent, previously 7 percent to 8 percent), on strong demand for both large commercial aircraft and regional jets and continued growth in the business jet market. The **Company** also continues to project 2014 growth in automotive (1 percent to 4 percent), packaging (2 percent to 3 percent), and building and construction (4 percent to 6 percent).

Alcoa expects a steady commercial transportation market (-1 percent to 3 percent) and a decline in the industrial gas turbine market (-8 percent to -12 percent) on lower orders for new gas turbines and spare parts. Alcoa continues to project 7 percent global aluminum demand growth in 2014.

Value-Add Portfolio Transformation

Alcoa continued to build out its value-add businesses in the first quarter by introducing innovative new products, investing in high-value expansions, and optimizing its rolling mill portfolio.

Within Engineered Products and Solutions (EPS), the **Company's** downstream business, Alcoa introduced the world's lightest heavy-duty truck wheel. The Ultra ONE™ is based on Alcoa's newest and strongest aluminum wheel alloy,

MagnaForce™. The 40-pound wheel weighs 47 percent less than comparable steel wheels, and can help save 1,400 pounds per rig for increased payload and better gas mileage. Over 150 fleets are specifying 67,000 Ultra ONE™ wheels since they were introduced.

In Hungary, Alcoa is investing \$13 million in its wheel plant in Székesfehérvár to meet rising European demand for its Dura-Bright® surface-treated wheels. The expansion will enable Alcoa to produce twice as many Dura-Bright® surfacetreated wheels in Europe by early 2015, compared with current production levels.

These portfolio enhancements support EPS' three-year goal of generating \$1.2 billion in incremental revenue growth by 2016, with \$900 million coming from share gains and innovations.

Within Global Rolled Products (GRP), the Company's midstream business, Alcoa announced a \$40 million investment in its Itapissuma, Brazil rolling mill to increase production of specialty foils for aseptic and flexible packaging, the most highly differentiated type of container in packaging. To further improve the profitability of the rolling mill business, Alcoa will also close its two rolling mills in Australia by year-end. The mills serve the Australian and Asian can sheet markets, which have been impacted by excess capacity.

As demand for automotive sheet in North America ramps up, Alcoa commissioned the \$300 million expansion at its Davenport, Iowa facility, and it is now fully operational. Progress continues on the automotive expansion at Alcoa,

Tennessee, and the rolling mill at the Ma'aden-Alcoa joint venture is expected to produce the first auto coil in the fourth quarter of this year. Alcoa projects that the added capacity in Iowa and Tennessee alone will grow auto sheet revenues six fold from 2013 to over \$1.3 billion in 2018.

These actions in the midstream will further optimize GRP's mill portfolio and support its goal of generating \$1.0 billion in incremental revenue growth by 2016, with \$900 million through share gains and innovations.

Financial Performance

Alcoa achieved \$250 million in year-over-year productivity gains against an \$850 million annual target, driven by process improvements and procurement savings across all businesses. Alcoa managed growth capital expenditures of \$92 million against a \$500 million annual target and controlled sustaining capital expenditures of \$117 million against a \$750 million annual plan. Expenditures on the Saudi Arabia joint venture project were on track at \$35 million invested against a \$125 million annual plan.

Free cash flow for the quarter was negative \$760 million, with cash used for operations of \$551 million, driven by the normal build in working capital, semiannual interest payments, and pension contributions. Alcoa ended the quarter with cash on hand of \$665 million.

The **Company** achieved an average of 30 days working capital for the quarter, two days lower than first quarter 2013, equal to approximately \$120 **million** cash and the 18th consecutive quarter of improvement in year-over-year average days working capital. Sequentially, average days working capital is two days higher due to normal inventory build in the first quarter.

In first quarter 2014, holders of \$575 **million** principal amount of Alcoa's 5.25% Convertible Notes due March 15, 2014 exercised their option to convert the Notes into shares of Alcoa common stock. As a result, the **Company** reduced its debt from \$8.3 **billion** in fourth quarter 2013 to \$7.7 **billion** in first quarter 2014, with net debt of \$7.1 **billion**. Alcoa's debt-to-capital ratio stood at 35.0 percent, while net debt-to-capital ratio stood at 33.0 percent.

About Alcoa

A global leader in lightweight metals engineering and manufacturing, Alcoa innovates multi-material solutions that advance our world. Our technologies enhance transportation, from automotive and commercial transport to air and space travel, and improve industrial and consumer electronics products. We enable smart buildings, sustainable food and beverage packaging, highperformance defense vehicles across air, land and sea, deeper **oil** and gas drilling and more efficient power generation. We pioneered the aluminum industry over 125 years ago, and today, our 60,000 people in 30 countries deliver value-add products made of titanium, nickel and aluminum, and produce best-in-class bauxite, **alumina** and primary aluminum products. For more information, visit www.alcoa.com, follow @Alcoa on Twitter at [www.twitter.com/Alcoa](https://twitter.com/Alcoa) and follow us on Facebook at www.facebook.com/Alcoa.

(
<http://www.aluminalimited.com/database-files/view-file/?id=6482>)

BHP Billiton Ltd (ASE: BHP)

BHP Billiton maintained strong momentum in the nine months ended March 2014 with record **production** achieved for four commodities and at 10 **operations**.

Strong operating performance throughout the period, the relatively limited impact of the wet season and the continued ramp-up of Jimblebar underpinned record production at Western Australia **Iron Ore** of 163 **million** tonnes (100% basis). Full-year production guidance has been raised by a further five **million** tonnes to 217 **million** tonnes (100% basis).

Queensland **Coal** achieved record annualised production of 69 **million** tonnes (100% basis) in the March

2014 quarter. A sustainable improvement in productivity and the successful ramp-up of Daunia has underpinned an increase in total metallurgical **coal** production guidance to 43.5 **million** tonnes for the 2014 financial year.

Petroleum liquids production increased by 16% to 77 **million** barrels of **oil** equivalent for the nine months ended March 2014, underpinned by a 71% increase at Onshore US. As a result of the successful divestment of Liverpool Bay and well remediation activities in the Hawkville that are now complete, total petroleum production for the 2014 financial year is expected to be approximately 245 **million** barrels of **oil** equivalent. The overall reduction in full-year guidance has been mitigated by an increased contribution from higher-margin crude and condensate.

Full-year **copper** production guidance remains unchanged at 1.7 **million** tonnes, with a strong June 2014 quarter anticipated

BHP Billiton maintained strong momentum in the nine month period ended March 2014 with record production achieved for four commodities and at 10 **operations**. In total, production increased by 10 per cent during the period and is expected to grow by 16 per cent over the two years to the end of the 2015 financial year.

Record production at Western Australia **Iron Ore** (WAIO) for the nine month period was underpinned by strong operating performance, the relatively limited impact of the wet season and the continued ramp-up of Jimblebar.

Despite tie-in activities associated with the commissioning of the first replacement shiploader scheduled for the June 2014 quarter, we have raised production and sales guidance for the 2014 financial year to 217 Mt (100 per cent basis). In total, we have raised production guidance for this high-margin business by 10 Mt (100 per cent basis) during the course of the year.

Metallurgical **coal** production for the nine month period increased by 24 per cent to a record 33 Mt and included record production at all Queensland **Coal operations**. As a result, total metallurgical **coal** production guidance for the full year has increased by 2.5 Mt to 43.5 Mt.

Following the successful divestment of Liverpool Bay, production guidance for the 2014 financial year has been rebased to 245 MMboe. The two per cent reduction to previous guidance also reflects lower gas and natural gas liquids production in the Hawkville area of the Eagle Ford, although planned well remediation activities have now been completed. Total Onshore US production of approximately 107 MMboe is now anticipated for the 2014 financial year and primarily reflects a lower contribution from natural gas. The overall reduction in full-year guidance has been mitigated by an increased contribution from higher-margin crude and condensate, predominantly from our Gulf of Mexico **operations**.

During the March 2014 quarter, the fourth pellet plant at Samarco achieved first production and commissioning at

Caval Ridge commenced ahead of schedule. The Samarco Fourth Pellet Plant project will not be reported in future Operational Reviews. BHP Billiton's share of capital and exploration expenditure in the 2014 financial

year is expected to decline by 25 per cent to US\$16.1 billion⁴, as planned.

We continued to simplify our portfolio during the period with the successful divestment of Liverpool Bay. In the last two years alone, the Group has announced or completed divestments in Australia, the United States, Canada, South Africa and the United Kingdom, including petroleum, copper, coal, mineral sands, uranium and diamonds assets. As we announced to the market on 1 April 2014, we continue to actively study the next phase of simplification, including structural options, but we will only pursue options that maximise value for BHP Billiton shareholders.

(
http://www.bhpbilliton.com/home/investors/reports/Documents/2014/140416_BHPBillitonOperationalReviewfortheQuarterEnded31March2014.pdf)

Bluescope Steel Ltd (ASX: BSL)

Summary

- FY2013 reported net loss after tax of \$84M, a \$960M improvement on FY2012
- \$30M underlying net profit after tax, a \$267M improvement on FY2012
- \$49M 2H FY2013 market guidance comparable NPAT1
- Major achievements in delivery of NS BlueScope Coated Products JV transaction and Coated & Industrial Products Australia turnaround
- Significant financial improvement after restructure
- Net debt of \$148M at 30 June 2013, being less than 0.4x FY2013 underlying EBITDA, and a reduction of \$436M from 30 June 2012 (after adjusting for the benefit of the timing of year-end cash flows)
- Building Products1 underlying EBIT improved to \$80M; growth of 57% over FY2012 driven by Thailand, Vietnam and North America improvement
- Global Building Solutions underlying EBIT result of \$34M (excludes one-off impact of prior period provision adjustment). Strong contribution from North America and Building Products China, offset by weaker earnings from Buildings Asia
- CIPA underlying EBITDA of \$150M in FY2013, of which \$71M in 2H. Improved spread; lower loss-making export despatches; cost reduction performance strong; domestic volume slightly weaker than FY2012
- Building Components & Distribution Australia underlying EBIT loss of \$25M. Although there is more work to be done, this is a significant improvement on the \$46M EBIT loss in FY2012
- NZ Steel underlying EBIT improved to \$40M in 2H FY2013 (\$42M for full year), up from \$2M in 1H. Higher steel and iron ore prices in 2H, and fewer maintenance outages

- Hot Rolled NA underlying EBIT of \$67M, improved \$5M on FY2012. Continuing review of expansion opportunities

(
<http://www.bluescopesteel.com/media/314696/fy2013%20results%20presentation.pdf>)

Fortescue Metals Group (ASE: FMG)

The September 2013 quarter has seen Fortescue consolidate its operational and financial positions. Peak net debt has now passed, with cash on hand at 30 September 2013 of US\$2.8 **billion** and commencement of the debt repayment programme. Fortescue is poised to deliver 155mtpa and its commitment to debt reduction.

HIGHLIGHTS

- Quarterly shipments of 25.9 **million** tonnes (mt), a four per cent increase from previous quarter and a 61 per cent increase on the previous corresponding period. Full year shipments remain within previously announced guidance of between 127mt and 133mt.
- **Iron ore** prices strengthened during the quarter, resulting in an average realised cost and freight (CFR) price of US\$121 per dry metric tonne (dmt), compared to US\$113/dmt in the prior quarter.
- C1 costs continued to decrease and were US\$33.17 per wet metric tonne (wmt) in the September 2013 quarter, reflecting lower strip ratios, cost reductions and the devaluation of the Australian dollar.
- First **ore** on ship was loaded from Fortescue's fourth berth (AP4) in July 2013, using the third shiploader and third outloading circuit.
- Commissioning of Kings is underway, with first **ore** to be delivered in November 2013. Sustainable production at the 155 **million** tonnes per annum (mtpa) rate will be achieved by the end of March 2014.
- Cash balance of US\$2.8 **billion** at the end of the September 2013 quarter reflected strong operational cash flows, rapidly declining capital expenditure and US\$470 **million** of customer prepayments.
- The **Iron** Bridge transaction was completed after the September 2013 quarter and US\$623 **million** was received by Fortescue in early October 2013.
- Debt reduction programme commenced with the voluntary redemption of A\$140 **million** in preference shares scheduled for November 2013 ahead of final maturity in February 2017

CORPORATE

Balance Sheet

Fortescue's net debt position at 30 September 2013 was US\$9.3 **billion** after taking into account cash on hand of US\$2.8 **billion** and excluding finance leases of US\$0.6 **billion**. Post balance date a further US\$623 **million** of cash was received from Formosa Plastics Group

(Formosa) representing US\$500 million for prepaid port access and US\$123 million for the 31 per cent interest in the FMG Iron Bridge Joint Venture.

On 17 September 2013, Fortescue issued a voluntary Notice of Redemption to holders of the A\$140 million (US\$128 million) Redeemable Preference Shares. The redemption of the 9 per cent Preference Shares removes Fortescue's most expensive piece of debt and represents the first step in the Company's strategy to reduce debt and gearing levels. Net cash flow generation is expected to continue through operational performance and the relative reduction in capital expenditure as the T155 project is completed. This will provide the funds to consider further voluntary debt repayments.

(
<http://www.fmgil.com.au/UserDir/FMGReports/Documents/1266023190.pdf>)

Iluka Resources Ltd (ASX: ILU)

OVERVIEW

Iluka's combined production of zircon, rutile and synthetic rutile (Z/R/SR) in the September quarter was 142.3 thousand tonnes, 11.9 per cent higher than June 2013 quarter production of 127.2 thousand tonnes. This mainly reflects the company's decision to increase the processing of zircon-rich concentrate from Jacinth-Ambrosia in the context of lower levels of finished goods available and strengthening of zircon demand in the first half. Iluka produced no synthetic rutile in the September quarter, as previously foreshadowed and in the context of its production curtailment measures.

Combined Z/R/SR production on a year-to-date basis was 380.4 thousand tonnes, 41.1 per cent lower than the 645.9 thousand tonnes recorded for the same period in 2012. This lower production reflects Iluka's ability to flex production downwards in response to lower demand at the low point of the business cycle, both to facilitate a progressive draw down of finished goods inventory, as well as to reduce total operating costs.

Mineral sands revenue for the three months to 30 September 2013 was \$147.0 million. Revenue on a year-to-date basis was \$528.7 million, compared with \$887.3 million in the same period in 2012, a 40.4 per cent decline, mainly reflecting lower received prices period on period, as conveyed in the half year results.

The average Australian/US dollar exchange rate for the quarter was 91.6 cents, down from 99.2 cents in the June quarter. The majority of Iluka's revenue is denominated in US dollars. A lower Australian/US dollar exchange rate is favourable for revenues translated into the reporting currency.

MINERAL MARKET CONDITIONS

After a first half recovery in demand for zircon in a number of markets, especially China, the third quarter saw more subdued market conditions in most markets relative to their robust first half run rate, reflecting both

normally quarterly variations and continuing fragile business confidence levels, with the latter still impacted by prevailing and new economic and political uncertainties. This was reflected in a more cautious approach to ordering by customers during the quarter.

Demand in the United States, which is mainly manufacturing related, remained on the whole robust, while demand in other regions - while higher than 2012 - is still volatile reflecting the aforementioned business confidence levels and fragile consumer sentiment.

Iluka previously advised that it did not expect the typical second half zircon sales weighting to be evident in 2013 sales volumes and this has now been confirmed, with lower demand in the third quarter unlikely to be offset in full by stronger sales volumes in the fourth quarter.

As the **company** has previously indicated, the pre-conditions for a recovery in pigment, and in turn high grade feedstock demand, are becoming evident. This is reflected in pigment producer commentary in relation to the reduction of pigment inventories to more usual levels and the intention, over time, to move back to higher yields at pigment plants and pursue higher prices.

However, seasonal factors in the northern hemisphere mean that the industry is entering its typical lower demand period and it remains Iluka's expectation that clear signs of recovery in high grade feedstock demand may not become evident until late 2013 or into 2014.

Iluka's expectation is supported by increased customer inquiry levels regarding future supply, especially for 2014, which are at levels not seen for over 12 months.

Iluka's full year sales expectations for high grade feedstock volumes are subject to further discussions with customers but remain at this stage as previously indicated, which is roughly in line with annual production of rutile and synthetic rutile of approximately 200 thousand tonnes combined.

While year-to-date rutile prices to the end of September are in line with the commentary provided by Iluka at the half, the current pricing environment has weakened, based on some producers unable or unwilling to await demand recovery, to a level approximately 20 per cent below the first half rutile weighted average price level of approximately US\$1,200 per tonne.

PRODUCTION

Lower production levels are in line with Iluka's previously announced operational adjustments, which reflect a major operational response to a cyclical low in market demand and the **company**'s objective to draw down finished goods inventory, while preserving capacity to respond quickly to market demand recovery. On an annualised run rate, production levels to the end of September reflect an approximate 60 per cent utilisation rate relative to typical "mid cycle" production settings across the main products of zircon, rutile and synthetic rutile.

Zircon production on a year-to-date basis was 216.6 thousand tonnes, which reflects the processing of lower

levels of heavy mineral concentrate, principally from the Jacinth-Ambrosia operation in South Australia. Rutile production was also constrained to 104.8 thousand tonnes year-to-date, mainly reflecting lower utilisation rates and the build of concentrate in the Murray Basin, Victoria. All of Iluka's four synthetic rutile kilns remained idle and there was no production of synthetic rutile in the September quarter following the idling of the last remaining operational kiln in the second quarter of 2013. This capacity will be reactivated as high grade titanium dioxide demand recovers. Ilmenite production year-to-date was 468.1 thousand tonnes, with some of this material available for **sale** and some held in inventory as a feed source for the synthetic rutile kilns when reactivated.

At the Jacinth-Ambrosia **mining** operation, normal **mining operations** continued during the September quarter. During the quarter, heavy mineral concentrate shipping to the **company's** two Australian mineral separation plants at Narngulu, Western Australia and Hamilton, Victoria increased in response to a lower level of finished goods available, and will continue to be adjusted to meet demand whilst minimising cash expenditure. During the quarter approximately 120 thousand tonnes of Jacinth-Ambrosia concentrate was shipped. Over the same period approximately 100 thousand tonnes was processed in Western Australia and 25 thousand tonnes in Victoria.

At the Murray Basin **operations**, **mining** and processing operated continuously across the quarter, with the Hamilton mineral separation plant product mix adjusted toward higher zircon, lower rutile production by utilising an approximate 20 per cent blend of Jacinth-Ambrosia heavy mineral concentrate. In terms of forthcoming operational settings, a number of arrangements are likely which may entail continued lower utilisation rates for the mineral separation plant to provide a steady production rate and production continuity, in light of market demand recovery, while also allowing inventories to be worked down.

In Western Australia, the Tutunup South mine remains idled, as does the Eneabba mine in the Mid West.

At Iluka's Virginia **operations** in the United States **mining** continues in a lower grade part of the deposit. During the quarter, the Concord **mining** unit was successfully relocated to a new area. Due to **mining** being in the lower grade part of the deposit currently as part of the normal **mining** schedule, heavy mineral concentrate production was lower than capacity at the mineral separation plant.

Appendix 1 shows physical movements on a year-to-date basis. In relation to heavy mineral concentrate produced to that processed the year-to-date figures indicate a concentrate build of approximately 380 thousand tonnes. In the September quarter, concentrate produced and processed was more aligned with approximately 375 thousand tonnes of concentrate produced and approximately 310 thousand tonnes processed.

<http://www.iluka.com/docs/default-source/asx-releases/september-2013-quarterly-production-report>

Newcrest **Mining** Ltd (ASE: NCM)

Half Year Financial Results and Resources and Reserves Update

Today Newcrest **Mining** Limited released its Financial Results for the six months ended 31 December 2013 (ASX

Appendix 4D Half Year Financial Report) and its updated Mineral Resources and **Ore** Reserves estimates as at

31 December 2013 (Annual Mineral Resources and **Ore** Reserves Statement – 31 December 2013). This market release is a summary document and readers are directed to the full text of those releases on the ASX platform and which are also available on the Newcrest website.

Key points

Statutory profit of A\$40 **million** and Underlying profit of A\$207 **million**

EBITDA of A\$731 **million** and EBIT of A\$404 **million**

Cash flow from operating activities was an inflow of A\$228 **million**

Free cash flow was an outflow of A\$229 **million**

Cash flow from operating activities and free cash flow were adversely impacted by the reversal of favourable working capital balances at 30 June 2013 (approximately A\$200 **million**) and the tax payment relating to the voluntary amendment to research and development claims (approximately A\$70 **million**)

Gearing of 30.5% at 31 December 2013

A\$1,250 **million** in cash and undrawn, committed bank facilities at 31 December 2013

Gold production of 1,207,697 ounces and **gold** sales of 1,204,507 ounces

All-In Sustaining Cost, of A\$1,003/oz (US\$925/oz at an A\$:US\$ exchange rate of \$0.922710)

A\$47 **million** after tax impairment of West African exploration assets after assessing the carrying value of all assets, and after taking into account the December 2013 Resources and Reserves update

No interim dividend

Group Mineral Resources and **Ore** Reserves are estimated to contain 150 **million** ounces of **gold** and 78 **million** ounces of **gold** respectively, a reduction of around 7% and 11% respectively compared with the previous estimate at 31 December 2012.

Newcrest Chief Executive Officer, Greg Robinson said, "Newcrest has made steady progress on producing lower cost, higher margin ounces, while reducing costs

and capital expenditure across the business. Delivering the second block cave at Cadia and driving group costs lower remain key priorities. Overall, our focus remains on optimising our current **operations**, maintaining our growth options and maximising free cash flow to enable the **Company** to reduce gearing and return to paying dividends to shareholders.”

Half Year Results

Statutory profit of A\$40 **million** for the six months ended 31 December 2013 (corresponding prior period A\$323 **million**) included the previously announced increase in income tax expense of A\$120 **million** relating to the

Company's voluntary amendment of its Australian research and development claims with respect to the 2009 to

2011 financial years¹⁴ and a A\$47 **million** impairment of exploration assets in West Africa.

Underlying profit for the six months ended 31 December 2013 was A\$207 **million** (corresponding prior period A\$323 **million**). The benefit of a 26% increase in **gold** sales volume was largely offset by a 13% lower average

realised **gold** price compared to the corresponding prior period.

EBITDA of A\$731 **million** and EBIT of A\$404 **million** for the current period represent EBITDA and EBIT margins of 36% and 20% respectively.

Free cash flow, being cash flow from operating activities less cash flow from investing activities, for the six months ended 31 December 2013 was an outflow of A\$229 **million**, A\$694 **million** lower than the corresponding prior period (outflow of A\$923 **million**).

Cash flow from operating activities for the six months ended 31 December 2013 was A\$228 **million**, A\$200 **million** lower than the corresponding prior period (A\$428 **million**). The reduction in cash flow from operating activities reflects:

The impact of 13% lower A\$ average realised **gold** prices compared to the corresponding prior period, notwithstanding the 26% increase in **gold** sales volume

The reversal of favourable working capital balances as at 30 June 2013 of approximately A\$200 **million**, primarily due to payments made to suppliers in the current period in relation to higher levels of **mining**, maintenance and capital activity in the preceding six month period, particularly at Lihir and Telfer. Other elements include the timing of concentrate shipments and debtor receipts, as well as payments in the current period of approximately A\$50 **million** pertaining to the Brisbane office closure and redundancies across the business which were provided for at 30 June 2013

An increase in interest paid of A\$54 **million** associated with higher average debt levels, and

The tax payment of approximately A\$70 **million** as a result of the **Company**'s voluntary amendment in the current period of its Australian research and

development claims with respect to the 2009 to 2011 financial years.

Cash flow from investing activities in the current period comprised:

Capital expenditure¹⁵ of A\$421 million - A\$855 million lower than the corresponding prior period (A\$1,276 million). The reduction in capital expenditure in the current period primarily relates to the completion of major projects which were still in construction in the corresponding prior period, lower sustaining capital and completion of major production stripping programs at Telfer and Bonikro, and

Exploration expenditure of A\$36 million - A\$48 million lower than the corresponding prior period (A\$84 million).

In the current period gold production increased by 27% to 1,207,697 ounces, and All-In Sustaining Cost reduced by 18% to A\$1,003 per ounce sold, compared with the corresponding prior period (953,331 ounces and A\$1,230 per ounce). These outcomes are the result of the transition of major projects to operations at Cadia Valley and Lihir in early calendar year 2013, combined with improved operating performance at Telfer, Lihir and Hidden Valley, and a consistent focus on cost reduction initiatives.

Initiatives undertaken during the six months ended 31 December 2013 to maximise free cash flow included reduced mining activity and increased stockpile processing at Lihir, cessation of processing low-grade stockpiles at Cadia Valley and reduced open pit activity at Telfer. These initiatives, combined with the completion of major production stripping programs at Telfer and Bonikro, resulted in a reduction in open pit material movements across the Company.

Following an assessment of carrying values of assets, there has been a A\$47 million after tax impairment of West African exploration assets. The assessment of carrying value of assets took into account the December 2013 Resources and Reserves update.

Capital structure

As at 31 December 2013, Newcrest's gearing level was 30.5%. The Board is comfortable with gearing being at higher than target levels in the short to medium term, but will remain focussed on effecting a progressive reduction in gearing over time, subject to market and operating conditions.

As at 31 December 2013 Newcrest had an equivalent of A\$1,250 million in cash and undrawn, committed bank facilities. As announced on 14 January 2014 Newcrest signed documentation with a new bank to provide a bilateral loan facility for an additional US\$200 million for a period of three years⁸. This is not included in the amount referenced as at 31 December 2013 above.

The Newcrest Board has determined there will be no interim dividend due to the reduced level of profitability in the current period, the level of gearing at 31 December 2013, and the planned application of

operating cash flow to completion of the Cadia East Panel Cave 2 in the 2015 financial year. This is consistent with the **Company's** dividend policy, with dividend levels set having regard to profitability, balance sheet strength, and reinvestment options in the business.

Annual Mineral Resources and **Ore** Reserves Statement – 31 December 2013

Newcrest **Mining** Limited has updated its Mineral Resource and **Ore** Reserve estimates for the twelve month period ending 31 December 2013. For the purposes of this update, Newcrest has completed a detailed review of all production sources to take into account long term metal price, foreign exchange and cost assumptions, and **mining** and metallurgy performance to inform cut-off grades and physical **mining** parameters. This has resulted in the most marginal ounces being removed from the portfolio and these are reflected in changes to Mineral Resources and **Ore** Reserves.

As at 31 December 2013, Group Mineral Resources are estimated to contain 150 **million** ounces of **gold**, 21 **million** tonnes of **copper** and 130 **million** ounces of silver. This represents a decrease of approximately 11 **million** ounces of **gold** (~7%), 0.24 **million** tonnes of **copper** (~1%) and 8 **million** ounces of silver (~6%), compared with the estimate at 31 December 2012. The change in Group Mineral Resources includes estimated **mining** depletion of approximately 3 **million** ounces of **gold**, 0.1 **million** tonnes of **copper** and 2 **million** ounces of silver. In all circumstances Mineral Resources are reported inclusive of **Ore** Reserves.

The Group Mineral Resources as at 31 December 2013 includes material changes for the Telfer and Lihir Mineral

Resource estimates, as against the 31 December 2012 estimate, of approximately 5.2 **million** ounces of **gold** at Telfer and 4.5 **million** ounces of **gold** at Lihir.

As at 31 December 2013, Group **Ore** Reserves are estimated to contain 78 **million** ounces of **gold**, 12 **million** tonnes of **copper** and 77 **million** ounces of silver. This represents a decrease of approximately 9 **million** ounces of **gold** (~11%), 0.34 **million** tonnes of **copper** (~3%) compared with the estimate at 31 December 2012. Silver **Ore** Reserves decreased by less than one per cent. The change in Group **Ore** Reserves includes estimated depletion of approximately 3 **million** ounces of **gold** and 0.1 **million** tonnes.

The Group **Ore** Reserves as at 31 December 2013 includes a material change for the Telfer (Telfer open pits) and

Lihir **Ore** Reserves estimates, as against the 31 December 2012 estimate, of approximately 5.3 **million** ounces of

gold for Telfer and 3.7 **million** ounces of **gold** for Lihir.

Long term metal price and foreign exchange assumptions for Mineral Resources and **Ore** Reserves

are unchanged for both Newcrest and the Morobe **Mining** Joint Ventures (MMJV) managed sites from those adopted for the 31 December 2012 estimates, other than for Gosowong for which Newcrest has now adopted the same assumptions. The long term **gold** price assumption for the purposes of estimating **gold** resources is US\$1,350 per ounce and for the purpose of estimating **gold** reserve is US\$1,250 per ounce. The long term AUD:USD exchange rate assumption of Newcrest is 80 cents (MMJV price and exchange rate assumptions vary from those used by Newcrest).

Outlook

Newcrest has previously stated it is managing the business to be free cash flow positive in the 2014 financial year (after all capital, exploration and corporate expenditure) at an average realised **gold** price of A\$1,450 per ounce.

Newcrest had a production and cost performance better than plan in the first half of the 2014 financial year, and continues to focus on being free cash flow positive in the 2014 financial year at an average realised **gold** price lower than A\$1,450 per ounce (after taking into account all capital, exploration and corporate costs, including tax and interest), subject to market and operating conditions.

Newcrest's cash flow varies throughout the year, impacted by factors such as shipping schedules, working capital movements, capital projects and tax payments. Subject to market and operating conditions, Newcrest expects free cash flow to be higher in the second half of the 2014 financial year than the six months ended 31 December 2013 which was adversely impacted by the reversal of favourable working capital balances at 30 June 2013 and the previously announced tax payment in relation to the **Company's** amendment of its Australian research and development claims of approximately A\$70 **million**.

Full year production guidance is maintained for both **gold** and **copper**, with **gold** production expected to be around the top end of the guidance range (2.3 **million** ounces), subject to market and operating conditions.

Newcrest's All-In Sustaining Cost (in A\$ **million** terms), and exploration, production stripping and capital expenditure are all expected to be around the lower end of the guidance range, subject to market and operating conditions.

(
http://www.newcrest.com.au/media/financial_reports/2014/FINAL_201314_HY_Financial_Results_Market_Release_-_140214.pdf)

Regis Resources Ltd (ASX: RRL)

Highlights

GOLD PRODUCTION

- Total **gold** production for the quarter of 71,991 ounces at a cash cost of production A\$744* per ounce prior to royalties.

* Cash cost reported only for 63,712 ounces of production for the quarter from Garden Well and Moolart Well. No cost reported on the 8,259 ounces of Rosemont commissioning production.

MOOLART WELL **OPERATIONS**

- **Gold** production of 26,506 ounces for the quarter (Sep 13 qtr: 25,403 oz).
- Cash cost of production A\$566 per ounce prior to royalties (Sep 13 qtr: A\$605/oz).
- Significant milestone achieved during the quarter with 10th tonne of **gold** poured.

GARDEN WELL **OPERATIONS**

- **Gold** production of 37,206 ounces for the quarter (Sep 13 qtr: 44,475 oz).
- Cash cost of production A\$870 per ounce prior to royalties (Sep 13 qtr: A\$755/oz).

ROSEMONT **GOLD** PROJECT

- Rosemont Stage 1 construction completed and commissioning commenced in October 2013.
- **Gold** production from commissioning phase of 8,259 ounces during the quarter.
- Commencement of construction activities for Rosemont Stage 2 plant expansion.

CORPORATE

- **Gold** sales of 73,487 ounces at a delivered price of A\$1,493 per ounce (Sep 13: 72,079 oz at A\$1,477/oz).
- Cash flow from **operations** for the quarter was \$44.7 **million** (Sep 13: \$57.1m).
- Cash and **gold** bullion holding at 31 December 2013 was \$13.2 **million** (Sep 13: \$92.5m).
- Drawdown of \$10 **million** working capital facility to fund significant capital expenditures during the quarter.
- Regis paid a 15 cent per share fully franked dividend (\$74.7 **million**) in relation to the 2013 financial year on 25 October 2013.

Regis completed a strong quarter of **operations** at the Moolart Well **Gold** Mine producing 26,506 ounces of **gold** at a pre-royalty cash cost of production of A\$566 per ounce. Operating costs were 6% lower than the previous quarter due to an 8% higher milled head grade. **Gold** production for the half year ended 31 December 2013 was 51,909 ounces at a pre-royalty cash cost of \$585 per ounces.

During the quarter 316,000 bcm of **ore** and 1,255,000 bcm of waste were mined from the Moolart Well open pits for a total material movement of 1.57 **million** bcm. Of the total material mined, 243,000 bcm was mined from late rite pits and 1,327,000 bcm was mined from the Lancaster and Stirling oxide deposits.

Milling

Operations at Garden Well for the December 2013 quarter produced 37,206 ounces of **gold** at a pre-royalty cash cost of A\$870 per ounce. As reported on 14th January 2014, **gold** production for the quarter was below guidance of 40,000 – 45,000 ounces largely as a result of the lower head grade and issues and complexities around the tie in and ramp up of the Rosemont **ore** flow to the Garden Well wet plant. The head grade milled for the quarter, at

1.12g/t **gold**, was also lower than the previous quarter of 1.2g/t. As a result the cash cost per ounce, at \$870/oz, was higher than the previous quarter, however the cost per tonne milled of \$26.36/t, was in line with the 25.70/t achieved in the September 2013 quarter.

Rosemont was commissioned and commenced pumping **ore** to the Garden Well plant in October 2013. The combined throughput of Garden Well and Rosemont ores through the Garden Well wet plant was an effective 6.4 **million** tonnes per annum during November and December 2013. Encouragingly the throughput of Rosemont **ore** through the slurry pipeline during this commissioning and ramp up phase has already reached 1.6 mtpa.

It has become apparent that the current Garden Well mill configuration, prior to completion of the Rosemont stage 2 development in the June 2014 quarter, is constrained to some degree for **gold** recovery rates at the current increased throughput rate in excess of 6mtpa. This was borne out with the Garden Well (inclusive of Rosemont) throughput during the quarter at 6.1 mtpa and **gold** recovery at 84%. Rosemont **ore** was introduced to the circuit on 20 October

2013 and the higher gravity **gold** component of this **ore** had an immediate negative effect on recovery. Modifications to the gravity circuit (as flagged in the September 2013 quarterly report) were completed in late November 2013 but had only a limited impact on recovery during the quarter as the circuit continued to be optimised.

With Rosemont now commissioned and on line, the main focus at the two **operations** in the March 2014 quarter will be optimising the interim Garden Well plant configuration to maximise production until completion of the leaching circuit and associated plant upgrade ("Rosemont stage 2") in the June 2014 quarter.

Mining

During the December 2013 quarter 676,025 bcm of **ore** and 3.31 **million** bcm of waste (inclusive of pre-strip) were mined from the Garden Well open pit for a total material movement of 3.99 **million** bcm. **Mining of ore** was largely in the Stage 3 fresh zone of the open pit down to the 390m RL and the fresh zone of the stage 1 pit. Small lower grade blocks were also mined from the stage 4 and 5 cutbacks to the open pit. In addition a total of 700,000 bcm of pre-strip waste was mined from the stage 4 and 5 cutbacks to the open pit down to the 477.5m RL.

Mining Reconciliation

In the September 2013 quarterly report the **Company** reported results of 20m x 20m infill drilling to increase the density of data on the Garden Well reserve for **ore** scheduled to be mined for the next year. This infill drilling model ("IDM") returned 7.27mt at 1.20g/t for 279,622 ounces compared to the reserve of 6.39mt at 1.32g/t for 270,703 ounces. With higher ounces reported in the IDM, it is expected that there will be an opportunity to stockpile lower grade **ore** blocks and achieve close to the reserve grade through the mill.

As previously reported, November and December 2013 were the first two months of actual **mining** based on this IDM. Actual **mining** output for the two months was 1.29 **million** tonnes at 1.02g/t **gold** for 42,416 ounces, compared to the IDM of 1.04Mt at 1.19g/t **gold** for 39,760 ounces. Accordingly, **mining** generated 2,656 ounces (7%) more than the IDM, but at 24% more tonnes and 14% lower grade.

Overview

Limited field work was conducted on exploration projects during the December 2013 quarter. No further drilling was conducted at the McPhillamys deposit during the quarter as geological interpretation and wire framing of the McPhillamys mineralised **ore** zone continued as part of the programme to update the Resource and allow the estimation of a maiden Reserve.

The only exploration drilling conducted across the tenement package was RC drilling at the Rosemont and Moolart Well deposits of the Duketon **Gold** Project in Western Australia.

McPhillamys **Gold** Deposit

No further drilling was conducted at the McPhillamys **Gold** Project during the quarter with work focused on evaluating the analytical results previously received, the local geology and the alteration and structure of the deposit to help define an updated resource. Pre-feasibility work continued on the project including base line environmental studies and metallurgical test work.

CORPORATE

Gold Sales & Hedging

The **Company** had a hedging position at the end of the quarter of 185,790 ounces, being 116,751 ounces of flat forward contracts with a delivery price of A\$1,426 per ounce and 69,039 ounces of spot deferred contracts with a price of A\$1,397 per ounce. The **Company** also has sold a **gold** call option for 50,000 ounces, expiring 30 June 2014 at a strike price of A\$1,400 per ounce. During the December 2013 quarter, Regis sold 73,487 ounces of **gold** at an average price of A\$1,493 per ounce (Sep 13 qtr: 72,079 ounces at A\$1,477 per ounce).

Cash Position

As at 31 December 2013 Regis had \$13.2 **million** in cash and bullion holdings (Sep 2013: \$92.5m).

Operating cash flow from the Duketon **Gold** Project was \$44.7 **million** for the December 2013 quarter (Sep 2013: \$57.1 **million**). In October 2013 the **Company** paid \$74.7 **million** as a fully franked dividend of 15 cents per share to shareholders.

Capital Expenditures

During the quarter, Regis drew down \$10 **million** of its financing facility with Macquarie Bank to help fund the capital expenditure commitments of the **Company's** projects. These expenditures included \$10.5 **million** to complete Rosemont stage 1 development, \$3.2 **million** on Rosemont stage 2 development, \$19.9 **million** on Rosemont pre-production expenditure, and \$11.7 **million** on Garden Well prestrip **mining**. These expenditures will reduce significantly over the coming quarters.

(
<http://www.regisresources.com.au/reports-2/quarterly-reports#>)

Rio Tinto Ltd (ASE: RIO)

Rio Tinto chief executive Sam Walsh said "Rio Tinto has started the year with a series of performance records as we continue to drive productivity gains across our **operations**. Our Pilbara **iron ore** business has again set new benchmarks for production, shipments and rail volumes for the first quarter and we are well on track to reach nameplate capacity of 290Mt/a by the end of the first half of 2014. Our mined **copper** production benefited from higher **ore** grades at Kennecott Utah **Copper** and production ramp up at Oyu Tolgoi and we also had a record first quarter for bauxite, primarily driven by higher production at Weipa."

- Record first quarter **iron ore** production, shipments and rail volumes. Shipments from the Pilbara exceeded production in the quarter, despite the impact of tropical cyclone Christine which closed our ports for three days at the end of 2013 and affected the progressive recovery of rail and ports into January. The full ramp up is well on track to achieve nameplate capacity of 290 Mt/a by the end of the first half of 2014.

- Mined **copper** benefited from higher grades at Kennecott Utah **Copper** and production at Oyu Tolgoi. This more than offset the elimination of production from **copper** assets divested in 2013.

- Record first quarter bauxite production and shipments were driven by a ramp up of production at the Weipa mine in Australia to feed the newly expanded Yarwun **alumina** refinery.

- Production of **coal** improved in the first quarter of 2014 compared to the same period in 2013 due to the productivity improvement programme.

- Exploration and evaluation expenditure was \$155 **million** in the first quarter of 2014, sustaining the savings achieved in 2013 whilst progressing the highest priority future growth projects.

- On 13 March 2014, Rio Tinto launched the latest phase of its industry-leading Mine of the Future™

technology and innovation programme. The Processing Excellence Centre (PEC) is a state-of-the-art facility that harnesses 'big data' in real time at seven Rio Tinto **copper** and **coal operations** across the globe to maximise productivity and improve performance.

Global **iron ore** production of 66.4 **million** tonnes (Rio Tinto share 52.3 **million** tonnes) and shipments of 66.7 **million** tonnes set new first quarter records. Rio Tinto's share of production was eight per cent higher than in the same period of 2013.

Pilbara **operations**

First quarter production of 63.4 **million** tonnes (Rio Tinto share 50.6 **million** tonnes) was ten per cent higher than the same period in 2013 and set a new first quarter record, driven by productivity improvements and the continued ramp up towards 290Mt/a.

Production in the first quarter was below fourth quarter levels due to disruption caused by seasonal weather patterns. Severe tropical cyclone Christine closed Rio Tinto's Pilbara ports and coastal rail **operations** in late December. Heavy rainfall associated with this cyclone and other adverse weather conditions in January and February impacted across mine, rail and port **operations**.

Following early completion of infrastructure works associated with the 290 Mt/a project last year, the ramp up to nameplate capacity of 290 Mt/a continued in the first quarter of 2014. The newly commissioned system achieved daily equivalent run-rates at or above nameplate capacity on certain days in the first quarter, although performance of the integrated system remains variable. The commissioning remains on schedule to be complete by the end of the first half of 2014.

Pilbara marketing

First quarter sales of 64.2 **million** tonnes (100 per cent basis) were 17 per cent higher than the same period of 2013, setting a new first quarter record. Sales in the first quarter continued to exceed production due to the drawdown of **iron ore** inventories built at Pilbara mine sites in previous years to facilitate the rapid ramp up of shipments to 290Mt/a.

Pilbara expansion

Expansion of the port, rail and power infrastructure capacity to 360 Mt/a remains on track for completion by the end of the first half of 2015.

In November 2013, Rio Tinto set out its breakthrough pathway to optimise the growth of mine capacity towards 360 Mt/a at a target all-in capital intensity of between \$120-130 per tonne (100 per cent basis), significantly lower than originally planned. A series of low-cost brownfield expansions will bring on additional tonnes to feed the expanded infrastructure. From a base run rate of 290 Mt/a by the end of the first half of 2014, mine production capacity is planned to increase by more than 60 **million** tonnes a year between 2014 and 2017. The majority of the low-cost growth will be delivered in the next two years, with mine production of more than 330

million tonnes (100 per cent basis) expected from the Pilbara in 2015.

Iron Ore Company of Canada (IOC)

First quarter saleable production was 12 per cent lower than the same period of 2013 due to the exceptionally cold weather associated with a polar vortex experienced in North America.

Pellet sales were 14 per cent higher than in the first quarter of 2013. Concentrate sales were 33 per cent lower than the first quarter of 2013 as a result of the unusually cold weather.

2014 production guidance

2014 production guidance remains unchanged. Rio Tinto expects to produce approximately 295 **million** tonnes (100 per cent basis) from its global **operations** in Australia and Canada, subject to weather constraints. The full ramp up in the Pilbara to nameplate capacity of 290 Mt/a is expected to be delivered by the end of the first half of 2014. The drawdown of **iron ore** inventories at the Pilbara mines will continue to allow shipments to ramp up ahead of production, with around five **million** tonnes of inventory drawdown expected during the year.

Corporate

On 13 January 2014, Rio Tinto announced that it had maintained its holding in Turquoise Hill Resources at approximately 50.8 per cent following the successful completion of the approximately \$2.4 **billion** rights offering which was fully subscribed. The proceeds of the rights issue were used to repay loans outstanding to Rio Tinto, and resulted in a \$1.2 **billion** reduction in Rio Tinto's consolidated net debt.

On 12 February 2014, Rio Tinto announced that it had granted an option to LNG Canada to acquire or lease a wharf and associated land at its port facility at Kitimat in British Columbia, Canada. The agreement provides LNG Canada with a staged series of options payable against project milestones. The financial arrangements are commercially confidential.

On 7 April 2014, Rio Tinto announced that it would gift its 19.1 per cent shareholding in Northern Dynasty Minerals Ltd (Northern Dynasty), owner of the Pebble Project, to two local Alaskan charitable foundations. The decision follows the strategic review of Rio Tinto's interest in Northern Dynasty announced last year, which concluded that the Pebble Project does not fit with Rio Tinto's strategy.

(
http://www.riotinto.com/documents/140415_Rio_Tinto_delivers_strong_first_quarter_production.pdf)

Sims Metal Management Ltd (ASE: SGM)

FISCAL 2014 HALF YEAR RESULTS

RESULTS AT A GLANCE

STATUTORY (A\$m) HY14 HY13 Change % Sales
revenue 3,593.3 3,428.5 4.8 EBITDA1 113.0 32.1 252.0

EBIT 52.1 (321.4) NMF2 NPAT 9.3 (296.1) NMF2 EPS (cents) - diluted 4.5 (144.8) NMF2 UNDERLYING (A\$m) HY14 HY13 Change % Sales revenue 3,593.3 3,428.5 4.8 EBITDA1 128.5 93.2 37.9 EBIT 67.6 31.0 118.1 NPAT 42.1 9.4 347.9 EPS (cents) - diluted 20.3 4.5 351.1

SYDNEY, Australia and NEW YORK, February 14, 2014 (GLOBE NEWSWIRE) - - Sims Metal Management Limited (the "Company") today announced a statutory net profit after tax ("NPAT") of \$9.3 million for HY14, representing an earnings per diluted share of 4.5 cents. Underlying NPAT was \$42.1 million, representing earnings per diluted share of 20.3 cents, for the half year ended 31 December 2013. See the Reconciliation of Statutory Results to Underlying Results for HY14 and HY13 in the Appendix 4D for more information.

Sales revenue of \$3,593.3 million in HY14 was up 4.8% compared to HY13. At constant currency, sales revenue was down 5.3% due to lower average ferrous, non-ferrous and precious metal scrap prices. Sales volumes increased by 3.3% to 6.1 million tonnes in HY14 versus 5.9 million tonnes in HY13.

Statutory earnings before interest tax depreciation and amortisation ("EBITDA") of \$113.0 million was 252% higher than HY13. Underlying EBITDA of \$128.5 million was 37.9% higher than HY13. The increase in underlying EBITDA was primarily due to much improved performance from the Group's metal recycling operations in Australia, North America and the UK, as well as higher income from joint ventures. These earnings were partially offset by lower underlying EBITDA from the e-recycling businesses ("SRS") in North America and the UK.

Underlying EBITDA for North America of \$43.1 million was 14% higher than HY13, due to higher sales volumes and positive translation of earnings from a stronger US dollar. Underlying controllable costs at constant currency were \$24.3 million lower compared to HY13. Improved performance from North America Metals was offset in part by weaker underlying EBITDA from North America SRS. We note particularly strong performance in our Eastern region, contrasted by difficult market conditions in our Gulf region which led to the idling of our shredding operations in Mobile, AL in November.

Australasia underlying EBITDA of \$62.1 million was 111% higher over HY13. Stronger earnings were driven by increased sales volumes and improved sales margins in Australia Metals, as well as higher income from associates and joint ventures. At constant currency, underlying controllable costs were \$16.1 million higher, up 16% in HY14 compared to HY13, due to increased intake volumes which were up 18% over the prior corresponding period. Australasia continues to deliver strong consistent earnings and cash flows for the Group. During HY14 construction commenced on a new shredding facility in Western Australia. Management expects the facilities to be operational in the second half of fiscal 2015.

Underlying EBITDA for Europe of \$23.3 million was 10% lower than HY13. Improved performance in the UK

Metals **operations** was offset by lower performance in UK SRS. UK Metals benefited from stronger sales margins and its cost reduction program undertaken in the second half of fiscal 2013 across the Group's UK **operations**. At constant currency, underlying controllable costs were \$16.6 **million** lower, down 12% in HY14 compared to HY13. Business improvements implemented at UK Metals are showing positive results. SRS in Europe remains challenging and we continue to implement restructuring efforts in the UK.

Total Group underlying controllable costs have been reduced by \$55 **million** in H1 of FY14 when compared to H2 of FY12 on a constant currency basis. This equates to \$110 **million** in annualised cost savings, which would exceed management's \$100 **million** target. Cost control will remain a priority for the Group.

Cash flow from operating activities was \$37.8 **million** in HY14. A further \$30.1 **million** was realised through the **sale** of non-core businesses in North America.

Capital expenditures were \$29.2 **million** during HY14 which was significantly lower than capital expenditures of \$82.2 **million** in HY13. Lower capital expenditures in HY14 reflect the recent completion of a number of major capital projects and our intention to maintain low gearing in recognition of difficult industry conditions over the last few fiscal years. The **Company** anticipates full year capital expenditures to be circa \$90 **million** in FY14.

Net debt at 31 December 2013 was \$121.2 **million**, a reduction of \$32.6 **million** from 30 June 2013. Net debt over total capitalisation declined to 5.7%, from 7.4% at 30 June 2013.

INTERIM DIVIDEND

The **Company** has determined not to pay an interim dividend for HY14 due to the absence of meaningful statutory NPAT, and other factors. The **Company's** dividend policy to distribute 45% to 55% of NPAT, subject to the Board's discretion, remains unchanged.

MARKET CONDITIONS AND OUTLOOK

In our largest scrap sourcing market the United States, we are seeing economic activity slowly improving. Consumer confidence has grown steadily since 2008. Consumer confidence is currently tracking near six year highs, though it remains significantly below levels prior to the GFC. We expect restored consumer confidence will eventually kick start the replacement cycle for consumer durable goods and, in turn, increase scrap metal generation.

Despite positive leading indicators, US scrap metal generation remains weak. Based on US Geological Survey data, US ferrous scrap metal collection fell 5% through October 2013 calendar year-to-date, compared to the prior corresponding period. This low level of scrap generation, coupled with excess processing capacity in the industry, is keeping competition for unprocessed material intense. In our view, while the time lag between economic activity and scrap generation has taken longer than historical experience, this disconnect is not sustainable long term. Whilst these conditions persist,

the **Company** will continue to address organisational issues within its control, such as costs and operating structure, so as to improve returns and better position the **Company**. Notwithstanding our intention to carefully manage costs, we remain committed to maintaining our position in the market to ensure that we will benefit from economic recovery, particularly in North America, as and when it occurs.

In Australia, key leading indicators point to a mixed outlook. Investment in the **mining** sector is showing early signs of decline, while General Motors and Toyota have announced they will cease auto manufacturing in Australia. Consequently, GDP growth has slowed and the unemployment rate has steadily increased. Within this challenging environment, several metal recycling competitors have either left markets or scaled back **operations**. These developments have created the opportunity for investment in a new shredding operation in Western Australia, which we expect to become operational in the second half of fiscal 2015.

In Europe, economic conditions are showing some signs of stabilisation, with particular strength noted in the UK. Consumer confidence in the UK has lifted materially, reaching a near six year high in September. Encouraging too for the UK Metals recycling business, the 2013 UK new car market had its best year since 2007 with 2.3 **million** cars registered, an 11% increase over the prior year.

Ferrous and non-ferrous markets ended stronger than they started in HY14. Elevated buying activity during November and December caused East Coast export ferrous scrap prices to close HY14 US\$40/t higher than they began.

Entering H2 FY14, ferrous market trading conditions are challenging. Severe winter weather conditions in North America have restricted industry ability to collect and process at normal levels. Our ability to react as temperatures warm and scrap metal availability loosens will be a key determining factor for success in H2 FY14. We also note the steep deterioration in the currency of many emerging market economies impacted negatively on export demand early in H2 FY14. Most notably in Turkey the lira has fallen circa 15% against the US dollar since the start of FY14, increasing steelmakers' costs and decreasing the attractiveness of imports.

Group Chief Executive Officer Galdino Claro stated, "I am pleased by the substantial efforts of our employees which have led us back to profitability, despite the continued challenges faced by the global metals recycling industry. At this early stage, having just joined the **Company**, I am encouraged by what I have seen. There exists a strong core of operating assets within Sims Metal Management, upon which the foundations for success can be built. However, I also see opportunities for change and material efficiency gains which can be won. My initial focus has been to re-establish a back-to-basics approach by management across the business so as to concentrate on our core drivers of profitability to become less dependent on cyclical industry recovery and capital investment to achieve attractive returns for shareholders. With that approach in place, I will progress my strategic review

with my executive leadership team, and expect we will be in a position to update the market not later than our full year results."

Cautionary Statements Regarding Forward-Looking Information

This release may contain forward-looking statements, including statements about Sims Metal Management's financial condition, results of **operations**, earnings outlook and prospects. Forward-looking statements are typically identified by words such as "plan," "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project" and other similar words and expressions.

These forward-looking statements involve certain risks and uncertainties. Our ability to predict results or the actual effects of our plans and strategies is subject to inherent uncertainty. Factors that may cause actual results or earnings to differ materially from these forward-looking statements include those discussed and identified in filings we make with the Australian Securities Exchange and the United States Securities and Exchange Commission ("SEC"), including the risk factors described in the **Company's** Annual Report on Form 20-F, which we filed with the SEC on 16 October 2013.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this release.

All subsequent written and oral forward-looking statements concerning the matters addressed in this release and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this release. Except to the extent required by applicable law or regulation, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this release.

All references to currencies, unless otherwise stated, reflect measures in Australian dollars.

About Sims Metal Management

Sims Metal Management is the world's largest listed metal recycler with approximately 265 facilities and 6,100 employees globally. Sims' core businesses are metal recycling and electronics recycling. Sims Metal Management generates approximately 63% of its revenue from **operations** in North America. The **Company's** ordinary shares are listed on the Australian Securities Exchange (ASX: SGM) and its ADRs are listed in the United States on the Over-the-Counter market (OTC: SMSMY).

(
<http://www.simsmm.com/News-and-Reports/News-Releases>)

CO	ssab : SSAB AB bkhlp : BHP Billiton Ltd bltplc : BHP Billiton PLC
IN	i211 : Metal Ore Mining i22 : Primary Metals i221 : Iron/Steel/Ferroalloys ibasicm : Basic Materials/Resources imet : Mining/Quarrying isteel : Steel Production
NS	gsust : Sustainable Development ciprof : Industry Profile c184 : Joint Ventures c18 : Ownership Changes cactio : Corporate Actions ccat : Corporate/Industrial News gcat : Political/General News genv : Environmental News gpir : Politics/International Relations gplan : Urban Planning/Development gpol : Domestic Politics ncat : Content Types nfact : Factiva Filters nfcpin : FC&E Industry News Filter
RE	austr : Australia uk : United Kingdom usa : United States victor : Victoria (Australia) waustr : Western Australia apacz : Asia Pacific ausnz : Australia/Oceania eecz : European Union Countries eurz : Europe namz : North America weurz : Western Europe
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