

SE Business
HD **Telfer U-turn lifts Newcrest**
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WC 429 words
PD 24 January 2014
SN The West Australian
SC TWAU
ED Second
PG 89
LA English
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A big turnaround at Newcrest **Mining**'s Telfer **operations** underpinned a positive December-quarter result for the under-pressure **gold** producer, with a cost-cutting spree and higher **gold** grades slashing 26 per cent from the mine's production costs.

Although a shadow still hangs over the mine after the death of a young contractor at the site last month, Newcrest said its costs and output improved markedly over the three months to the end of December.

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Newcrest produced 156,789 ounces of **gold** and 7352 tonnes of **copper** from Telfer in the quarter, 27 per cent more **gold** and 39 per cent more **copper** than the September quarter. A higher grade feed from its underground **operations**, hit in the September quarter by the failure of the mine's hoisting system, and the completion of a stripping program at the open pit led to a 26 per cent fall in all-in sustaining costs to \$957/oz.

That meant Telfer was generating positive cash flow for Newcrest for the quarter, with the miner receiving an average price of \$1372/oz during the period. Even Newcrest's major problem child, the Hidden Valley mine in Papua New Guinea, achieved all-in costs below Newcrest's average **sale** prices for the quarter.

That may not last, however, with Newcrest tipping lower **gold** grades and lower production at Telfer in the second half.

And, with the **gold** price still volatile and dipping to \$US1235/oz yesterday, it is unclear whether Newcrest's mines will be cash-flow positive this year.

It said its financial year output would be towards the top end of guidance, at about 2.3 **million** ounces, but it was "managing the business to be free cash-flow positive . . . at a **gold** price of \$1450/oz".

China-backed MMG also reported falling costs at its Golden Grove base metals mine yesterday, saying C1 cash production costs for both **copper** and zinc were below its guidance.

For the full year ending December 31, Golden Grove produced 33,780t of **copper** and 23,619t of zinc. Cash costs for **copper** of \$US2.69/lb were below MMG's forecast of \$US2.80 to \$US3.10/lb. Zinc production was more than 3600t ahead of MMG's guidance but less than half of forecasts of US45¢ to US55¢/lb at US19¢/lb.

Newcrest shares shed 21¢ yesterday to close at \$9.13. Cutting costs \$957 The all-in December-quarter sustaining costs for an ounce of **gold** at Telfer, a 26 per cent drop.

CO newmoh : Newcrest Mining Ltd

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AN Document TWAU000020140123ea1o0001q