

SE News
HD **Miners' H1 2014 Australian thermal output rises on year despite price falls**

BY Cecilia Quiambao

WC 785 words

PD 19 August 2014

SN Platts Coal Trader International

SC CLTRDI

VOL ISSN: 1746-8914, Volume 14, Issue 160

LA English

CY © 2014 McGraw-Hill, Inc.

LP

International miners have posted higher production of thermal **coal** in Australia in the first half of 2014, despite benchmark Newcastle prices having fallen sharply from the year-ago period, their latest **company** reports showed.

The rise in production was largely to meet increased demand across Asia in countries such as India and South Korea, which offset falling imports by major buyer **China** and along with it, higher volumes committed under take-or-pay contracts between the miners and end-users, according to analysts.

TD

"There is no incentive for these miners to reduce production, especially so if they have big **coal** reserves," Singapore-based Standard Chartered Bank analyst Serene Lim said Monday.

Lim added that **coal** miners with diverse portfolios are able to use profits from other sectors to offset **coal** revenue declines.

Benchmark 90-day FOB price for Newcastle 6,300 GAR **coal** have been on the downtrend over the past year. Prices averaged \$75.42/mt in H1 2014, down 15.7% from an average \$89.44/mt in H1 2013, Platts data showed.

Platts assessed the price at \$69.30/mt on August 18.

Production efficiency boosts output

For Glencore, the **company**'s H1 2014 thermal **coal** output rose 11.6% year on year to 26 **million** mt.

The **company** attributed the increase in both its thermal and semi-soft output to production ramp up at Ravensworth North project and Rolleston, productivity gains at Ulan and Bulga and the commencement of longwall **operations** at the western part of Ulan.

Glencore's mines in New South Wales include West Wallsend, Bulga open cut, Bulga underground, Mangoola, Mount Owen, Mount Owen-Glendell, Liddell, Ravensworth open cut, Ravensworth underground and Tahmoor. In Queensland, its mines are Collinsville, Newlands, Oaky Creek, Rolleston and now, Clermont.

As for Rio Tinto, an increase in the efficiency of a processing plant at its Hail Creek mine helped push up its share of thermal **coal** output in Australia to 11.39 **million** mt in H1 2014, up 5.6% on year, and offsetting the absence of production from Clermont thermal **coal** mine in Queensland.

Glencore and Japanese trader Sumitomo jointly took over management of Clermont effective May 29 from Rio Tinto, after acquiring Rio Tinto's 50.1% **stake** for more than \$1 **billion** last October.

Rio Tinto's share from Hail Creek in Queensland, where it has 82% **stake**, was 664,000 mt in H1 2014, from none in H1 2013. Increments were also seen from its Bengalla, Hunter Valley and Warkworth mines in NSW, but output from Queensland's Kestrel and Mount Thorley in NSW were down.

BHP Billiton said it produced 19.96 million mt of "energy coal" from its Australia operation in H1 2014, up 10.8% from 18.01 million mt from the year-ago period.

BHP Billiton is a major metallurgical coal producer in Australia. It produced 45.08 million mt of metallurgical coal from Australia in H1 2014, up from 37.65 million mt.

Australia's Peabody Energy posted a 19.2% year-on-year rise in its Q2 2014 seaborne thermal coal sales to 3.1 million mt, up 19.2% on year. Figures for January-June were not available.

Fellow Australian coal producer Whitehaven Coal said its equity thermal and metallurgical coal output in H1 2014 totaled 8.22 million mt, up 28% on year, from its Narrabri, Tarawonga, Rocglen, and Werris Creek operations.

Thailand's Banpu produced 7.37 million mt of coal from its Australian operations in H1 2014, up 6% on year, where its exports came from Airly, Charbon, Clarence, Mandalong, Newstan and Springvale. It also produced coal for domestic sales in the Angus, Mannering and Myuna.

As for Japan's Idemitsu, the company posted a year-on-year increase of 46.7% in its April-June net sales of coal produced from Australia to Yen 24.2 billion (\$237 million).

Idemitsu had previously said equity coal production in the quarter ended December 2013 totaled 2.3 million mt, up from 2.11 million mt in the year-ago period. Production data is not available for this year.

The company has equity stake in the Ensham, Muswellbrook, Boggabri and Tarawonga mines.

Yancoal Australia said its metallurgical and thermal coal production equity share from Australia totaled 8 million mt in H1 2014, up 6% on year.

Yancoal produced from Moolarben, Ashton, Austar, Donaldson, Duralie and Stratford in New South Wales and Yarrabee in Queensland. It also manages the Cameby Downs and Premier mines on behalf of Yanzhou Coal Mining of China. It has a joint venture with Peabody for the Middlemount coal mine.

Cecilia Quiambao

NS c21 : Output/Production | ccat : Corporate/Industrial News
RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania
IPD Production
PUB The McGraw-Hill Companies, Inc.
AN Document CLTRDI0020140916ea8j0000g