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Industry SnapShots

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Industry SnapShots

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AUSTRALIA METAL AND MINING

20 September 2016

This Week's News

- **Australian Mining - Australian Government secures $39m payout for coal carrier reef incident - 20/9/2016**
  The incident happened in April 2010.
  For the complete story see: https://www.australianmining.com.au/news/australian-government-secures-39m-payout-coal-carrier-reef-incident/
- **Australia Mining - 45 jobs slashed at Duralie mine - 19/9/2016**
  Yancoal is cutting 45 jobs at its Duralie open cut mine near Gloucester.
  For the complete story see: https://www.australianmining.com.au/news/45-jobs-slashed-duralie-mine/
- **Platts - Adani's Australian Carmichael coal mine faces new legal challenge - 19/9/2016**
  Indian Adani Mining's giant Galilee Basin thermal coal project is facing another legal hurdle as the Australian Conservation Foundation.
  For the complete story see: http://www.platts.com/latest-news/coal/sydney/adanis-australian-carmichael-coal-mine-faces-26548668

Other Stories

- The Australian - Iron ore tax puts BHP's South Flank project 'at risk' - 15/9/2016
- RTT News - Rio Tinto and Bougainville Execute Deed to Terminate Service Agreement - 15/9/2016
- MINING.com - Abandoned Aussie gold mine to become renewable energy hub - 15/9/2016
- Mining Review - Sierra Rutile and Iluka extend merger deal consultation period - 15/9/2016
- Australia Mining - Downer secures mining contracts worth $250m - 15/9/2016
- Australia Mining - QRC welcomes North West province exploration - 14/9/2016
- Bloomberg - A 100-Year-Old Australian Coal Mine Returns as Prices Double - 14/9/2016

Media Releases

- BHP Billiton Ltd (ASE: BHP) - BHP Billiton launches inaugural Technology and Innovation Award – 19/9/2016
- Newcrest Mining Ltd (ASE: NCM) - Sale of Hidden Valley interest – 19/9/2016
- Fortescue Metals Group (ASE: FMG) - Fortescue announces US$700 million repayment of 2019 Term Loan – 13/9/2016

Latest Research

- Leaching of rare earths from fine-grained zirconosilicate ore - By H. Lim, D. Ibana, J. Eksteen

Overviews of Leading Companies

Arrium Ltd (ASE: ARI)
Alumina Ltd (ASE: AWC)
BHP Billiton Ltd (ASE: BHP)
Bluescope Steel Ltd (ASX: BSL)
Fortescue Metals Group (ASE: FMG)
Iluka Resources Ltd (ASX: ILU)
Newcrest Mining Ltd (ASE: NCM)
Regis Resources Ltd (ASX: RRL)
Rio Tinto Ltd (ASE: RIO)
Sims Metal Management Ltd (ASE: SGM)

News and Commentary

Australian Mining - Australian Government secures $39m payout for coal carrier reef incident - 20/9/2016

The incident happened in April 2010.

For the complete story see:
https://www.australianmining.com.au/news/australian-government-secures-39m-payout-coal-carrier-reef-incident/

Australia Mining - 45 jobs slashed at Duralie mine - 19/9/2016

Yancoal is cutting 45 jobs at its Duralie open cut mine near Gloucester.

For the complete story see:
https://www.australianmining.com.au/news/45-jobs-slashed-duralie-mine/

Platts - Adani's Australian Carmichael coal mine faces new legal challenge - 19/9/2016

Indian Adani Mining's giant Galilee Basin thermal coal project is facing another legal hurdle as the Australian Conservation Foundation.

For the complete story see:
http://www.platts.com/latest-news/coal/sydney/adanis-australian-carmichael-coal-mine-faces-26548668

The Australian - Iron ore tax puts BHP's South Flank project 'at risk' - 15/9/2016

South Flank iron ore development would be "at risk" if a controversial $5 per tonne irons ore tax was introduced.

For the complete story see:
http://www.theaustralian.com.au/business/iron-ore-tax-puts-bhps-south-flank-project-at-risk/news-story/ffe258ea434d9ac69e3ec4d5ccdaa8f1

RTT News - Rio Tinto and Bougainville Execute Deed to Terminate Service Agreement - 15/9/2016

As a result Bougainville Copper is now an independently managed Papua New Guinea company.

For the complete story see:
http://www.rttnews.com/2693352/rio-tinto-and-bougainville-execute-deed-to-terminate-service-agreement.aspx

MINING.com - Abandoned Aussie gold mine to become renewable energy hub - 15/9/2016

There are already 72 renewable energy projects in Queensland, mostly biomass using sugarcane waste.

For the complete story see:
http://www.mining.com/abandoned-aussie-gold-mine-to-become-renewable-energy-hub/

Mining Review - Sierra Rutile and Iluka extend merger deal consultation period - 15/9/2016

Sierra Rutile and Iluka confirm that no provision of the MIA has been amended, modified or waived.

For the complete story see:
https://www.miningreview.com/news/sierra-rutile-and-iluka-extend-merger-deal-consultation-period/

Australia Mining - Downer secures mining contracts worth $250m - 15/9/2016

Downer has secured five contracts worth more than $250 million for mining services at several operations sites.

For the complete story see:
https://www.australianmining.com.au/news/downer-secures-mining-contracts-worth-250m/

Australia Mining - QRC welcomes North West province exploration - 14/9/2016

QRC has welcomed the government’s land release for exploration in the state’s North West province.

For the complete story see:
https://www.australianmining.com.au/news/qrc-welcomes-north-west-province-exploration/

Bloomberg - A 100-Year-Old Australian Coal Mine Returns as Prices Double - 14/9/2016

Jindal Steel restarted Wongawilli coking coal mine in July.

For the complete story see:
http://www.bloomberg.com/news/articles/2016-09-14/a-100-year-old-coal-mine-in-australia-restarts-as-prices-double

https://www.facebook.com/acquisdata/
https://twitter.com/acquisdata

Media Releases

BHP Billiton Ltd (ASE: BHP) - BHP Billiton launches inaugural Technology and Innovation Award – 19/9/2016

19 September 2016, 11:30 AM

BHP Billiton today awarded Henry Muller the inaugural Technology and Innovation Award for his work in the 1980s that allowed Olympic Dam to become a commercially viable operation making four products copper, uranium, gold and silver.

Mr Muller, a former employee, developed a single process flow sheet to mine and process one of the largest, most complex mineral deposits in the world.

In recognising his achievement, BHP Billiton Chief Technology Officer Diane Jurgens said she was delighted to present to Mr Muller the inaugural CTO Award that recognises outstanding contribution in the field of technology and innovation.

“Mr Muller’s process proved that economic benefit could be derived from Olympic Dam and other similar deposit styles. The process flow sheet he created had never been done before. It was a creative and unique application of metallurgical technologies and allowed the Company to produce all four products at the one mine site,” she said.

“This is an example of how technology can create value by unlocking resources and lowering costs.

“Importantly, Mr Muller’s work opened up opportunities for mining of other similar complex ore bodies.”

Discovered in 1975, Olympic Dam is the first discovery of an iron oxide-copper-gold-uranium orebody and the largest uranium, fifth-largest copper and third-largest gold deposit in the world.

The Technology and Innovation Award recognises contribution to technology across BHP Billiton.

http://www.bhpbilliton.com/investors/news/bhp-billiton-launches-inaugural-technology-and-innovation-award

Newcrest Mining Ltd (ASE: NCM) - Sale of Hidden Valley interest – 19/9/2016

Newcrest has signed an agreement to sell Newcrest PNG 1 Ltd to a wholly owned subsidiary of Harmony Gold Mining Company Limited (Harmony). Newcrest PNG 1 Ltd is a 100% owned subsidiary of Newcrest that holds its 50% interest in the Hidden Valley Joint Venture (‘JV’) including the Hidden Valley mine. Completion of this sale is conditional upon the receipt of any required South African regulatory approval.

Newcrest has also signed an agreement to sell its 50% interest in certain regional exploration tenements proximate to the Hidden Valley mine to Harmony.

The transactions will enable Newcrest to focus its attention on its other assets. The parties will remain joint venture partners in the Wafi-Golpu project.

Key Points

- Following completion, Harmony will become 100% owner of the Hidden Valley JV including the Hidden Valley mine.
- Following completion, Harmony will assume all liabilities and expenses related to the Hidden Valley Joint Venture and mine, including all closure, rehabilitation and remediation obligations with effect from 31 August 2016.
- At 30 June 2016 Newcrest had provisioned US$35m on mine rehabilitation obligations which will now be reversed

- Newcrest expects to recognise a loss on sale of approximately US$10m
- Newcrest and Harmony will remain 50 / 50 joint venture partners in the Wafi-Golpu project

As part of the transaction Newcrest has funded Newcrest PNG 1 Ltd with an amount of US$22.5m. This represents Newcrest's one-off contribution towards future Hidden Valley closure liability partially offset by the option value of the possible future cash flows of the asset. Harmony has made commitments to Newcrest in relation to the standard of closure to be undertaken in respect of the mine.

Sandeep Biswas, Newcrest Managing Director and CEO said, "Having completed the strategic review of Hidden Valley, Newcrest determined that the best outcome was to exit the operation and focus our attention on safe, profitable growth at our other assets. We look forward to continuing to work with Harmony on the Wafi-Golpu project."

http://www.newcrest.com.au/media/market_releases/2016/Market_Release_-_Sale_of_Hidden_Valley_interest_1.pdf

Fortescue Metals Group (ASE: FMG) - Fortescue announces US$700 million repayment of 2019 Term Loan – 13/9/2016

Fortescue Metals Group (ASX: FMG, Fortescue) has issued a US$700 million repayment notice for the 2019 Senior Secured Credit Facility ("Term Loan").

In line with Fortescue's previously announced strategy, the US$700 million Term Loan repayment will be made at par on Friday 16 September 2016, generating annual interest savings of approximately US$26 million.

Chief Financial Officer, Stephen Pearce, said "This US$700 million repayment adds to the US$2.9 billion which we repaid in FY16 and further reduces our all-in cost base. We will continue to apply our free cash flow to repay debt, lowering our gearing and strengthening our balance sheet".

http://fmgl.com.au/media/2879/fortescue-announces-us-700-million-repayment-of-2019-term-loan.pdf

Latest Research

Leaching of rare earths from fine-grained zirconosilicate ore

H. Lim, D. Ibana, J. Eksteen

Abstract

Leaching of rare earths Y, La and Ce by sulphuric acid from fine-grained zirconosilicate ore was investigated using Taguchi method of experimental design. An orthogonal array of L8, 27 which denotes 7 factors at 2 levels was chosen to consider the various factors relevant to the leaching process: baking time, baking temperature, acid dosage, leaching time, leaching temperature, grind size and dilution. Statistical analysis showed that sulphation baking was a significant step for the leaching of rare earths from the whole-of-ore and optimized leaching of rare earths involved the following condition: baking for 3 h at 320 °C at 3.2 g acid/g ore acid dosage followed by water leaching at 20 °C for 1 h and dilution of 20 mL water/g ore using 300 um grind size. The effect of each leaching factor was also discussed.

http://www.sciencedirect.com/science/article/pii/S100207211660114X

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 Limited 1H FY16 Results

At a Glance

Underlying NLAT $24 million – lower iron ore prices
Statutory NLAT $236 million – includes asset impairments, restructuring and other costs
Underlying EBITDA $115 million – lower iron ore prices and adverse NRV in Mining
Statutory EBITDA $40 million – includes restructuring costs
Mining Consumables – strong performance despite weaker external environment
Underlying EBITDA $109 million, up 15% pcp
Stable grinding media margins
Steel – strong lift in earnings pcp
Underlying EBITDA $44 million, up 238% from $13 million pcp
Further cost reductions, efficiency improvements and lower scrap prices
Mining – restructuring benefits offset by further decline in iron ore prices
Underlying EBITDA negative $20 million – includes $22 million adverse NRV adjustment
Restructuring announced June 15 tracked to plan
Restructuring organisation to rapidly reposition company with competitive and resilient businesses
Targeting at least $200 million annualised cost reductions and productivity gains
Net debt $2,076 million – restructuring costs, lower iron ore prices, FX and adverse working capital
Asset impairments $142 million – primarily in Mining
Continue to comply with banking covenants
Strategic review continues to progress and the company is assessing a number of proposals
No interim dividend declared

Mining Consumables – strong performance despite weaker external environment

Underlying EBITDA $109 million, up 15% from $95 million pcp
Lower commodity prices: average copper, gold, iron ore prices down 26%, 10% and 38% respectively
Some mines mothballed / production slowed
Increased focus by miners on reducing costs
Total grinding media sales volumes up 1% on prior half
Further strengthened competitive position through roll out of next generation (NG) SAG ball – strong customer support with growth expected in 2H16
Grinding media margins stable
ROFE ~13% for Moly-Cop grinding media businesses in North and South Americaiv
Capacity expansion at La Joya, Peru tracking to plan for commissioning mid 2016
Demand for rail wheels improved from low base
Earnings expected to increase in 2H FY16 – increasing volumes (grinding media and rail wheels)

Steel – earnings up significantly in difficult external environment

EBIT positive for second consecutive half
Underlying EBITDA $44 million, up 238% from $13 million pcp
Cost reductions, lower raw material costs and FX more than offset impact from:
Decline in Asian prices to 12 year lows
Earnings improvement in all businesses other than Whyalla Steelworks

- Whyalla Steelworks operating loss $43 millionviii and capital expenditure of $24 million
  - October 2015 – announced $100 million cost reduction target to improve competitiveness
  - Additional $60 million required to achieve cash breakeven at current low Asian steel prices
- Continued improvement in domestic demand – increased construction activity
  - Domestic sales volumes up 5% on prior half – reinforcing volumes up strongly
- Recycling EBITDA breakeven – significantly lower scrap prices
- Steel earnings expected to be weighted to 2H – increasing volumes, cost reductions and anti-dumping

Mining – restructuring benefits offset by further decline in iron ore prices

- Export hematite sales 4.21Mt, target for FY16 ~9Mt
- Restructuring initiatives announced June 2015 completed
- Sharp fall in iron ore price November/December – average US$43/dmt with low of US$38/dmt mid Dec.
- Average Platts index price for 1H US$51/dmt down 38% from US$82/dmt pcp (62% Fe CFR China)
- Average loaded cash costv A$35.1/wmt, down 23% on prior half – in line with FY16 target
- Total cash cost (CFR China) A$57.6/dmt, down 11% on prior half
- Capital spend down 70% pcp – FY16 target ~A$7/t (~US$5/t)
- Underlying EBITDA negative $20 million – includes $22 million adverse NRV at half end

Restructuring and cost reductions

- Restructuring organisation to rapidly reposition company with competitive and resilient businesses
- Focus on transformation of Steel and Mining businesses
- Simplified and lower cost corporate structure
- ~300 reduction in Arrium workforce in 1H16
- Targeting at least $200 million annualised cost reductions and productivity improvements next 2 years
  - Up $40 million from October 2015 announcement
  - Achieved $20 million in 1H16, $70 million target 2H16 (annualised rate end FY16 $180 million)

Whyalla Steelworks

- Significant operating loss of $43 millionviii and cash loss including capital spend of $24 million in 1H16
  - Impact of low Asian steel prices and fixed iron ore feed cost
  - Identified opportunities totalling ~$100 million cost reduction target announced October 15
  - Employee reduction across Steel and magnetite operations ~280 – previously announced
  - Additional $60 million required to achieve cash breakeven at current Asian steel prices
  - Work continuing to identify additional savings to sustain operations (labour, productivity, efficiencies and waste reduction)
  - Working closely with South Australian Government to identify options to sustain facility through current low price environment
  - Continuing to engage other State and Federal Governments on Whyalla and wider steel industry challenges
  - Beginning to plan for 'care and maintenance' options for all or part of Steelworks and Magnetite supply chain, if unable to address cash loss position
  - Planning work for consideration of 'care and maintenance' option to be completed by mid 2016

Mining

- Restructuring in 2015 targeted reduction in cash breakeven price to ~US$50/t for FY16 (FY15 US$84/t)
- Further reduction in cash breakeven price required – lower iron ore prices (US$43/t average from October 15)
- Targeting a further ~A$10/t reduction in cost base
- Work to date has identified opportunities to further lower average cash breakeven price to ~US$45/t in FY17 with assistance from contractors

Continuing to work with contractors to agree reset of cost base

Strategic Review

Continuing to progress the Strategic Review to achieve an appropriate structure and level of debt
Arrium has received a number of proposals, including for the sale of Mining Consumables, interest in other businesses, recapitalisation of the company and additional funding for the company
Arrium will now consult with its lenders
The Board is focused on achieving the best outcome for Arrium and its stakeholders

Results Commentary

Group

Mining and materials group, Arrium Limited (ASX:ARI) today reported an underlying net loss after tax (NLAT) of $24 million for the half year ended 31 December 2015, compared to an underlying NLAT of $22 million for the prior corresponding half. Stronger earnings in the Mining Consumables and Steel businesses were offset by the impact of lower iron ore prices in the Mining business.

On a statutory basis, NLAT for the year was $236 million after including asset impairments of $142 million and restructuring and other charges of $70 million.

Lower iron ore prices and a related adverse $22 million inventory valuation adjustment in the Mining business led to a decrease in underlying EBITDA from $189 million for the prior corresponding half to $115 million.

Arrium's Managing Director and CEO, Mr Andrew Roberts said: "It is currently a very difficult external environment for mining and steel companies globally, and Arrium is no exception as reflected in our disappointing first half Group results. Although we delivered solid earnings improvements in both our Mining Consumables and Steel businesses in very challenging conditions, the performance of our Whyalla businesses weighed heavily on Group earnings.

"Pleasingly, our Mining Consumables business again performed well, delivering increased earnings in a weaker and more challenging global resources environment.

"In Steel, all businesses other than Whyalla delivered improved earnings underpinned by increased construction activity and lower costs.

"At Whyalla, the competitiveness of our Steel business was significantly impacted by the continued decline in Asian steel prices to 12 year lows. In Mining, the further sharp fall in iron ore prices through November and December more than offset the earnings benefits from the restructuring we announced last June. "In October last year we announced that work was progressing to transform both our Mining and Steel businesses and improve their earnings and cash generation in response to the weaker external environment. Despite the work progressing well, further deterioration in iron ore and Asian steel prices since October has led to the need for additional restructuring and cost savings. "We have a positive outlook for Mining Consumables and Steel demand and we expect earnings in these businesses to be stronger in the second half. We are also working rapidly to reposition Arrium as a more competitive and resilient business", Mr Roberts said.

Operations

In Mining Consumables, underlying EBITDA was up 15% on the prior corresponding half to $109 million despite lower commodity prices and an increased focus by miners on lowering costs. Demand for grinding media remained strong, albeit some mines were mothballed or slowed in response to lower prices, with copper, gold and iron ore down 26%, 10% and 38% respectively. Grinding media volumes increased 1% on the prior half supported by contract renewals and the roll out of our market leading next generation (NG) SAG ball, which is receiving strong customer support. In rail wheels, sales volumes were up 11% on the prior corresponding half due mainly to an increase in maintenance activity and export sales, and reflects the first increase in rail volumes since FY13. The capacity expansion at La Joya, Peru is progressing well for commissioning mid-2016. The expansion is expected to provide the business with sufficient capacity for at least the medium term, and position the business for optimising cash generation. Earnings for Mining Consumables in FY16 are expected to improve in the second half due to increasing sales volumes, mainly related to the ramp up of a number of completed mine projects, further take up of the NG SAG ball and improving rail wheel demand.

In Steel, underlying EBITDA was up 238% to $44 million from $13 million for the prior corresponding half. The increase was due to cost reductions, improved margins over scrap and a lower AUD/USD, which more than offset the significant adverse impact of a further decline in Asian prices. The business was again underlying EBIT positive, the second consecutive underlying EBIT positive half since the GFC. Domestic demand continued to improve, mainly through increased construction activity in NSW and Victoria. Domestic sales volumes increased 5%, with volumes improving across all products associated with the construction sector, particularly the reinforcing range of products and the hot rolled structural products from Whyalla.

Earnings in the Recycling business were lower than the prior corresponding half due to the impact of lower ferrous and non-ferrous prices more than offsetting cost reductions and productivity improvements.

Steel earnings for FY16 are expected to be weighted to the second half. This is due to an expected increase in sales volumes from Whyalla and as a number of large infrastructure projects commence and ramp up. The business is also expected to benefit from further significant cost reductions and from recent anti-dumping decisions.

In Mining, iron ore prices continued to decline. The average index price decreased 38% on the prior corresponding half to US$51/dmt. Restructuring initiatives announced last June were implemented, significantly lowering the export business' average cash breakeven price. Iron ore prices fell sharply through November and December leading to the need to further reset the cost base.

Restructuring and cost reductions

Restructuring across the company is continuing with the aim of rapidly repositioning Arrium as a competitive and resilient business. This includes providing a more integrated and lower cost organization with a simplified corporate structure, addressing loss making businesses including the Mining and Steel businesses at Whyalla, and ensuring the Steel-in-Concrete business is positioned to benefit from the growth in domestic construction activity. This has led to the company targeting $200 million of annualized cost reductions and productivity improvements over the next two years, including $100 million related to the Whyalla Steel business. All of the $200 million target has now been identified, with the initiatives being progressively implemented.

The further deterioration in iron ore and Asian steel prices since October 2015 means the Whyalla Steelworks will need an additional $60 million to achieve cash breakeven if the current conditions prevail. While in Mining, a further ~A$10/t reduction in the cost base is being targeted. Work to identify opportunities to achieve this target is focused on labour, contractors, capital and equipment and freight. To-date, opportunities have been identified that would lower the targeted average cash breakeven iron ore price for FY17 to ~US$45/dmt.

Balance sheet

Following the company's normal practice of testing the carrying value of its assets at the end of each reporting period, asset impairments totaling $142 million were recorded at the end of the half. This includes $106 million in the Mining business due to lower forecast iron ore prices, and $37 million in the Recycling business due to lower forecast scrap steel margins.

Net debt at the end of the first half was $2,076vi million compared to $1,750vii million at 30 June 2015. The increase reflects an operating cash outflow for the half of $156 million, capital expenditure $139 million, adverse foreign exchange translation of $36 million, and proceeds from asset sales of $5 million. The Mining business and Whyalla Steelworks account for ~$230 million of the cash outflow through operating cash losses, capital expenditure and Southern Iron closure costs.

Strategic Review update

Arrium continues to progress its Strategic Review with the objective of achieving an appropriate structure and level of debt in a low iron ore price environment. The company has received proposals from interested parties covering:

- A sale of the Mining Consumables business
- Interest in other businesses within the Group
- Recapitalisation of the company through new debt and equity funding
- New debt facilities

The company has received a number of proposals for the Mining Consumables business. However, the value of the proposals was impacted by the deterioration in the external environment and the availability of financing for the resources sector, and did not adequately reflect the underlying value of the business which has continued to perform well in a very challenging environment.

The recapitalisation proposals received could, if implemented, result in a sustainable capital structure enabling Arrium to pursue identified turnaround initiatives as well as future growth opportunities. The Board continues to assess the proposals received to determine the best option for Arrium, and the company will now consult with its lenders.

Mr Roberts said: “Through the Strategic Review we have identified and assessed a range of options. We are carefully working through the proposals, having regard to the challenging external environment and the need to address the level and structure of debt within the Group. The Board remains focused on achieving the best outcome for the company and its stakeholders through this process.” The company will continue to update the market as the Strategic Review progresses, as appropriate.

http://www.arrium.com/~/media/Arrium%20Mining%20and%20Materials/Files/ASX%20Announcements/FY2016/ARI%20Half%20Year%20Results_App%204D_Release%20and%20FR.pdf

Alumina Ltd (ASE: AWC)

Alcoa Reports Fourth Quarter 2015 and Full-Year Results

Value-Add delivers solid results and Upstream profitable, overcoming lower alumina and aluminum prices

Portfolio strengthened ahead of separation

4Q 2015 Results

• Net loss of $500 million, or $0.39 per share; excluding-special items, net income of $65 million, or $0.04 per share

• Revenue of $5.2 billion, 7 percent revenue increase year-over-year from aerospace and acquisitions more than offset by a 25 percent decrease from lower alumina and aluminum prices, divestitures and closures

• Value-Add businesses: $3.3 billion of revenue, after-tax operating income of $215 million and adjusted EBITDA of $448 million

- Global Rolled Products: $52 million after-tax operating income; year-over-year auto sheet shipment growth of 18 percent; shifting revenue mix to higher margin products resulted in an adjusted EBITDA per metric ton increase of 19 percent year-over-year

- Engineered Products and Solutions: record revenue of $1.4 billion as well as $123 million after-tax operating income; year-over-year aerospace revenue increased 34 percent

- Transportation and Construction Solutions: $40 million after-tax operating income and record fourth quarter adjusted EBITDA margin of 14.6 percent

• Upstream businesses: $2.4 billion of revenue, after-tax operating income of $58 million, and adjusted EBITDA of $239 million

- Sequential price declines in alumina of 24 percent and aluminum of 1 percent (down 43 percent and 28 percent, respectively, in 2015); Alumina profitable and Primary Metals improved adjusted EBITDA per metric ton sequentially

- Alcoa projecting robust global aluminum demand growth, up 6 percent over 2015, and global alumina and aluminum deficits in 2016

• Productivity gains of $350 million year-over-year across all segments

• $865 million in cash from operations; $467 million in free cash flow

• $1.9 billion of cash on hand

4Q 2015 Business Highlights

• Aerospace growth strategy delivers: three major multi-year aerospace contracts in the fourth quarter; approximately $9 billion in 2015 contracts, double the amount of 2014

- More than $2.5 billion in multi-year agreements with Boeing for fastening systems and titanium seat tracks with RTI pull-through

- $1.5 billion-plus multi-year agreement with GE Aviation for blades, vanes and structural parts

• Aggressive Upstream portfolio actions:

- Announced curtailments and closures of approximately 25 percent operating smelting and approximately 20 percent operating refining capacity in 2015

• Launched new business improvement programs for 2016:

- Value-Add to deliver $650 million

- Upstream to deliver $600 million

- Above includes overhead reduction across Alcoa with $100 million to be realized in 2016, $225 million over two years

• Two strengthened portfolios on track for separation in the second half of 2016

• Announced executive management teams for the future Value-Add and Upstream companies

• Form 10 filing with the U.S. Securities and Exchange Commission targeted by mid-year

Full-Year 2015 Results

• Net loss of $121 million, or $0.15 per share; excluding special items, net income of $787 million, or $0.56 per share

• Revenue of $22.5 billion, down 6 percent from 2014

• Value-Add portfolio after-tax operating income of $1.0 billion and adjusted EBITDA up 5 percent over 2014

• Global Rolled Products after-tax operating income of $244 million and 15 percent increase in adjusted EBITDA per metric ton; auto sheet shipments doubled from 2014

• Engineered Products and Solutions revenue up 27 percent, after-tax operating income of $595 million and adjusted EBITDA up 9 percent

• $1.6 billion in cash from operations; $402 million in free cash flow

• $1.2 billion in productivity gains

New York, Jan. 11, 2016 – Lightweight metals leader Alcoa (NYSE:AA) today reported fullyear 2015 results, ending the year on solid operational footing. In fourth quarter 2015, the Value-Add businesses reported strong performance, while the Upstream remained profitable despite lower alumina and aluminum prices. Every segment delivered productivity gains. The Company also undertook restructuring to further strengthen the Upstream portfolio and streamline overhead ahead of its planned separation in the second half of 2016.

In fourth quarter 2015, Alcoa reported a net loss of $500 million, or $0.39 per share. Results include $565 million in special items related primarily to closures or curtailments of capacity in the Upstream business and discrete income tax charges. Fourth quarter 2015 results compare to net income of $159 million, or $0.11 per share, in fourth quarter 2014.

Excluding special items, fourth quarter 2015 net income was $65 million, or $0.04 per share, compared to net income of $432 million, or $0.33 per share, in the year-ago period. Strong productivity gains were more than offset by lower alumina and aluminum prices. In 2015, the Midwest transaction price for primary aluminum fell $657 per metric ton, or 28 percent, and the Alumina Price Index dropped $154 per metric ton, or 43 percent.

Fourth quarter 2015 revenue was $5.2 billion, down 18 percent from $6.4 billion in fourth quarter 2014. Organic growth in aerospace and acquisitions increased revenue 7 percent, which was more than offset by a 25 percent revenue decline from lower alumina and aluminum prices, the impact of divested, curtailed or closed facilities, and unfavorable currency.

"2015 was a pivotal year for Alcoa," said Klaus Kleinfeld, Alcoa Chairman and Chief Executive Officer. "We substantially strengthened our aerospace offerings through innovations and acquisitions and our customers responded favorably, awarding us $9 billion in aerospace contracts; and we continued to ramp up our automotive business and shift the midstream to a higher-margin product mix. In the Upstream, we faced harsh headwinds with prices for alumina down 43 percent and aluminum down 28 percent. As a result of our closures, curtailments, productivity actions and new business structure we improved competitiveness and strengthened the portfolio. We are fully on track to launch two strong, standalone companies in the second half of 2016."

Turning to the current quarter, Kleinfeld continued, “Our solid fourth quarter results reflect our active portfolio management. Aerospace momentum accelerated with record sales and a $4 billion string of major contract wins. In the midstream, adjusted EBITDA per metric ton grew 19 percent as our shift to higher value products like automotive paid off. A new $650 million ValueAdd business improvement program will further sharpen our profitability edge. In the Upstream, alumina prices dropped a further 24 percent and aluminum prices stayed stubbornly low. We took aggressive actions: closed and curtailed more unprofitable capacity, accelerated productivity and weathered the storm with Upstream remaining profitable. To further boost resilience we launched a $600 million Upstream business improvement program. We ended the year in an excellent cash position, with all businesses delivering strong productivity.”

2015 Full-Year Results

In 2015, Alcoa reported a net loss of $121 million, or $0.15 per share, compared to net income of $268 million, or $0.21 per share, in 2014. Excluding the impact of special items, the Company reported net income of $787 million, or $0.56 per share, in 2015, down from $1.1 billion, or $0.92 per share, in 2014. Strong productivity and favorable currency impacts were more than offset by lower metal prices and cost increases. Revenue in 2015 was $22.5 billion, down 6 percent from $23.9 billion in 2014.

In 2015, Alcoa delivered strong performance against its financial targets. The Company achieved $1.2 billion in productivity savings, exceeding a $900 million annual target; managed return-seeking capital of $602 million against a $750 million annual target; controlled sustaining capital expenditures of $605 million against a $725 million annual target; and attained a debtto-adjusted EBITDA ratio of 2.80, slightly above the target range.

For full-year 2015, Alcoa’s cash from operations totaled $1.6 billion, resulting in $402 million in positive free cash flow. In fourth quarter 2015, the Company’s cash from operations was $865 million, which drove $467 million in positive free cash flow. Alcoa’s debt totaled $9.1 billion at the end of 2015, with cash on hand of $1.9 billion, resulting in net debt of $7.2 billion.

Separation Update

Alcoa’s plan to separate into two publicly traded companies is expected to be completed in the second half of 2016. Alcoa has announced executive management teams for the future ValueAdd and Upstream companies, both of which will be U.S. domiciled.

Alcoa is also undertaking business improvement programs across its portfolios: Value-Add will deliver $650 million and the Upstream $600 million, both in productivity and margin improvement, in 2016. This includes implementation of an overhead reduction program across the Company, of which $100 million in benefits will be realized in 2016, and $225 million over two years.

Alcoa is targeting a Form 10 filing with the U.S. Securities and Exchange Commission by midyear, which will include financials and information regarding the form of the separation, legal and capital structure and allocation of assets and liabilities and governance structure, among other items. The separation will be completed subject to the Form 10 being declared effective, final approval from Alcoa’s Board of Directors and completed financing.

Value-Add Business Highlights

After the separation, the innovation and technology-driven Value-Add Company will include Global Rolled Products, Engineered Products and Solutions and Transportation and Construction Solutions.

For full-year 2015, these combined business segments reported revenue of $13.5 billion, aftertax operating income (ATOI) of $1.0 billion and adjusted EBITDA of $2.0 billion, up 5 percent over 2014. Other full-year highlights:

• Global Rolled Products realized a year-over-year, 15 percent increase in adjusted EBITDA per metric ton, reflecting a shift to a higher-margin product mix; automotive sheet shipments doubled from 2014.

• Engineered Products and Solutions revenue up 27 percent and adjusted EBITDA up 9 percent from 2014.

Alcoa secured approximately $9 billion in aerospace contracts in 2015, more than double the amount in 2014, as recent aerospace growth investments delivered value. In the fourth quarter, the Company announced long-term agreements with Boeing valued at over $2.5 billion. Alcoa will supply fastening systems for every Boeing platform and ready-to-install titanium seat track assemblies for the entire 787 Dreamliner family. The seat tracks, from raw material to finished part, will be made using titanium capabilities Alcoa gained through the RTI acquisition. Earlier today, the Company also announced a more than $1.5 billion contract with GE Aviation. Alcoa will provide advanced nickel-based superalloy, titanium and aluminum jet engine components for a broad range of GE Aviation engine programs.

The Company opened its state-of-the-art jet engine parts facility in La Porte, Indiana in the fourth quarter. The facility enables Alcoa to manufacture nickel-based structural parts that are nearly 60 percent larger for the industry's best-selling jet engines for large commercial aircraft. In addition, Alcoa completed its jet engine expansion in Hampton, Virginia. This facility includes technology that cuts the weight of Alcoa's highest-volume jet engine blades by 20 percent and significantly improves aerodynamic performance.

In the automotive business, Alcoa's shipments of aluminum automotive sheet grew 18 percent and, by shifting the revenue mix to higher-margin products, EBITDA per metric ton increased 19 percent, both year-over-year. The Company's newly expanded Alcoa, Tennessee facility continued to ramp up automotive sheet shipments in the fourth quarter. The plant will provide aluminum sheet to automakers that include Ford, Fiat Chrysler Automobiles and General Motors.

Upstream Business Highlights

After the separation, the Upstream Company will comprise five strong business units that today make up Global Primary Products: Bauxite, Alumina, Aluminum, Cast Products and Energy. In full-year 2015, the combined Upstream businesses reported revenue of $11.2 billion, ATOI of $901 million and adjusted EBITDA of $2.0 billion.

In the fourth quarter, Alcoa made significant progress executing its plan to strengthen its Upstream portfolio. As a result, the Company is on target to meet or exceed its 2016 goals of moving to the 38th percentile on the global aluminum cost curve and 21st percentile on the global alumina cost curve. During the fourth quarter, the Company:

• Entered into a three-and-a-half year agreement with New York State to increase the competitiveness of its Massena West smelter, improving its cost position and supporting growth projects for the casthouse;

• Announced plans to curtail smelting capacity at the Intalco and Wenatchee primary aluminum smelters in Washington State by the end of the first quarter 2016 and permanently close the Massena East, New York site; and

• Curtailed the remaining capacity at its Suralco refinery in Suriname, as previously announced, and announced that it will curtail refining capacity at its Point Comfort, Texas refinery.

Earlier this month, Alcoa also said it will:

• Permanently close the Warrick Operations smelter in Evansville, Indiana; and

• Reduce additional alumina production by one million metric tons across its refining system, including curtailing the remaining capacity at its Point Comfort refinery.

Alcoa's aggressive portfolio actions will remove approximately 25 percent operating smelting capacity and approximately 20 percent of operating refining capacity by mid-2016. Once all of the above actions are implemented, Alcoa globally will have 2.1 million metric tons of operating smelting capacity and 12.3 million metric tons of operating refining capacity remaining.

2016 End Market Projections

Alcoa projects another strong year for global aerospace sales. The Company expects 2016 global aerospace sales to increase 8 to 9 percent over 2015 on continued robust demand for large commercial aircraft and jet engines. In automotive, the Company forecasts global production growth of 1 to 4 percent, including 1 to 5 percent growth in North America driven by strong sales.

In the heavy duty truck and trailer market, Alcoa projects production of negative 3 to positive 1 percent globally. In North America, the heavy duty truck and trailer market is expected to decline 19 to 23 percent this year after a strong end for 2015, which was the fourth highest production year on record. In the packaging market, Alcoa forecasts global sales growth of 1 to 3 percent in 2016.

Alcoa expects the building and construction market to continue to improve in 2016, with global sales growth of 4 to 6 percent with the same growth range in North America.

In the industrial gas turbine market, the Company projects a 2 to 4 percent growth rate in 2016. The airfoil market continues to improve as original equipment manufacturers move to higher value-add products for new high efficiency turbines with advanced technology.

In 2016, Alcoa expects a global aluminum deficit of 1.2 million metric tons and a global alumina deficit of 2.8 million metric tons due to global curtailments. The Company also projects record global aluminum demand in 2016 of 60.5 million metric tons, up 6 percent over 2015. Global aluminum demand is expected to double between 2010 and 2020; so far this decade, global demand growth is tracking ahead of this projection.

Segment Information

Global Rolled Products

ATOI in the fourth quarter was $52 million, flat as compared to the year-ago quarter. Strong productivity and automotive shipment growth of 18 percent were offset by cost increases, volume declines in aerospace from fewer spot opportunities and packaging, portfolio actions, and investments for ramping up growth projects, including the Tennessee automotive expansion and Micromill commercialization. As a result of this segment's ongoing transformation initiatives, including divestitures and upgrading the product mix, adjusted EBITDA per metric ton was $312 in fourth quarter 2015, up 19 percent, or $50, from $262 in the year-ago quarter.

Engineered Products and Solutions

In the fourth quarter, this segment reported record revenue of $1.41 billion, up 26 percent year-over-year; a 34 percent increase in aerospace sales; and ATOI of $123 million, essentially flat year-over-year from $124 million. The RTI acquisition contributed $7 million of ATOI to the quarter, which is net of $6 million of an unfavorable impact attributable to purchase accounting adjustments. Year-over-year, productivity improvements of $54 million and positive contributions from the Firth Rixson and RTI acquisitions were largely offset by cost headwinds, investments in growth projects and unfavorable price/mix. Compared to 2014, 2015 revenue was $5.3 billion, up 27 percent, ATOI was $595 million, up 3 percent, and adjusted EBITDA was $1.1 billion, up 9 percent.

Transportation and Construction Solutions

ATOI was $40 million in the fourth quarter, up $2 million, or 5 percent, year over year. The increase was mostly driven by productivity gains, partially offset by cost headwinds. This segment delivered a fourth quarter record adjusted EBITDA margin of 14.6 percent, compared to 12.6 percent in the year-ago quarter.

Alumina

In the face of a 24 percent alumina price decline, ATOI was $98 million in the fourth quarter, down $114 million sequentially from $212 million and $80 million lower year-over-year from $178 million. Sequentially, cost reductions slightly offset the impact of lower pricing related to both the Alumina Price Index and London Metal Exchange-based contracts and unfavorable foreign currency movements. Adjusted EBITDA per metric ton decreased $38 from third quarter 2015 to $57 in fourth quarter 2015 and decreased $28 year-over-year.

Primary Metals

ATOI in the fourth quarter was a negative $40 million, a $19 million sequential improvement from a negative $59 million, and down $307 million year-over-year from $267 million. Sequentially, ATOI improved due to lower costs for alumina and energy and higher energy sales, partially offset by a lower average realized aluminum price, resulting from both lower London Metal Exchange aluminum pricing and regional premiums. Despite third-party realized pricing declining 5 percent in fourth quarter 2015 to $1,799 per metric ton, cost improvements drove a $26 increase in adjusted EBITDA per metric ton to $30.

About Alcoa

A global leader in lightweight metals technology, 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, high performance 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 approximately 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 and follow us on Facebook at www.facebook.com/Alcoa.

http://www.aluminalimited.com/database-files/view-file/?id=7938

BHP Billiton Ltd (ASE: BHP)

Results for the year ended 30 June 2016

Response efforts at Samarco continue with good progress being made on community resettlement, community health and environment restoration.

- There were no fatalities at our operated sites in the 2016 financial year.
- Underlying EBITDA(1) of US$12.3 billion and an Underlying EBITDA margin(2) of 41% for the 2016 financial year, despite weaker commodity prices which had a negative impact of US$10.7 billion.
- Productivity gains of US$437 million(3) achieved for the period and we remain on track for US$2.2 billion of gains over the two years to the end of the 2017 financial year. Conventional petroleum, gradeadjusted Escondida, Western Australia Iron Ore and Queensland Coal unit cash costs(4) declined by 30%, 22%, 19% and 15% respectively.

- Capital and exploration expenditure declined by 42% to US$6.4 billion and is expected to decrease further to US$5.0 billion in the 2017 financial year (BHP Billiton share)(5). On a cash basis, capital and exploration expenditure was US$7.7 billion and is forecast to decline to US$5.4 billion in the 2017 financial year.
- Reduction in operating costs, the flexibility in our investment program and a targeted reduction of working capital supported free cash flow(2) of US$3.4 billion.
- Our balance sheet remains strong, with net debt(2) of US$26.1 billion broadly unchanged from December 2015.
- The Board has determined to pay a final dividend of 14 US cents per share, which is covered by free cash flow generated in the current period. In accordance with the Group's dividend policy, this comprises the minimum payout of 8 US cents per share and an additional amount of 6 US cents per share, reflecting continued balance sheet strength and strong free cash flow during the period.

BHP Billiton Chief Executive Officer, Andrew Mackenzie, said: "The last 12 months have been challenging for both BHP Billiton and the resources industry. Nevertheless, our results demonstrate the resilience of our portfolio and the diverse ways in which we can create value for shareholders despite low commodity prices. Unit cash costs across the Group declined 16 per cent and with increased capital efficiency, supported free cash flow generation of US$3.4 billion despite weaker commodity prices. Next year, we expect another US$1.8 billion of productivity gains as our new Operating Model helps sustain momentum, delivering more than US$7 billion of free cash flow based on current spot prices and a forecast reduction in net debt.

"The strength of our cash flow generation and balance sheet is reflected in the final dividend of 14 US cents per share, which comprises the minimum implied by our payout ratio and a top up from excess cash in line with the capital allocation framework. We continue to pursue capital-efficient latent capacity opportunities which will support volume growth of up to four per cent next year, excluding our Onshore US assets where we continue to defer activity to maximise value. In addition, we have progressed high-return growth projects, with investment decisions on the Mad Dog 2 and Spence Growth Option projects expected by the end of next calendar year.

"Over the past five years we have actively reshaped our portfolio, and we are confident we have the right mix of commodities, assets and opportunities to create substantial value over time. While commodity prices are expected to remain low and volatile in the short to medium term, we are confident in the long-term outlook for our commodities, particularly oil and copper."

In relation to Samarco, he added: "All of us at BHP Billiton remain deeply saddened by the Samarco tragedy. The Company is fully committed to the Framework Agreement and its programs to remediate and compensate for the impacts of the Samarco dam failure. Good progress is being made on community resettlement, community health and environment restoration."

We remain committed to supporting Samarco with the recovery of the communities and environment

Responding to the tragedy following the failure of the Fundão tailings dam at Samarco on 5 November 2015 remains a priority for BHP Billiton. Sadly, authorities have confirmed 19 fatalities, of which five were members of the community and 14 were people who were working on the dams at the time of the dam failure.

On 2 March 2016, Samarco Mineração S.A (Samarco), Vale S.A (Vale) and BHP Billiton Brasil LTDA (BHP Billiton Brasil) entered into an agreement with the Federal Government of Brazil, the States of Espirito Santo and Minas Gerais and certain other public authorities (Brazilian Authorities) (Framework Agreement). Further details are provided in note 7 Significant events on pages 39 to 46.

Samarco and its shareholders continue to believe that the Framework Agreement provides the appropriate longterm framework to remediate and compensate for the impacts of the Samarco dam failure. As set out by the Framework Agreement, a private autonomous foundation has been created to implement the socioeconomic and environmental programs in the Agreement. Samarco has initiated 90 per cent of the 41 programs prescribed by the Framework

Agreement, with good progress being made on most programs including community resettlement, education, community health and compensation.

Approximately two-thirds of the houses and buildings in the Mariana and Barra Longa region, outside of the communities to be resettled, have been completely rebuilt or restored. Samarco has been active in addressing the environmental impact of the dam failure. Samarco is building a series of dykes downstream of Fundão to capture sediment and reduce turbidity. A compensation program has been developed under the Framework Agreement to ensure affected people receive fair and reasonable compensation. Preliminary compensation has already been paid to those most severely impacted.

Samarco has confirmed it is unlikely to have in place the necessary approvals to restart its operations in this calendar year. While technical studies carried out to date indicate operations can restart safely, this will only occur when stabilisation work has been completed to a satisfactory standard and all regulatory approvals are granted and accepted by the relevant authorities and communities.

BHP Billiton Brasil, Vale and Samarco have jointly commissioned an external investigation into the cause of the dam failure. Our understanding is that the findings from the investigation will be available in the next few weeks. BHP Billiton has committed to publicly releasing those findings, and to sharing the results with other resources companies.

The health and safety of our people and the communities in which we operate always come first

In the 2016 financial year there were no fatalities at our operated sites and there was a significant decrease in high potential incidents. While this is encouraging, we continue to strive to make our workplace safer. We are replicating successful in-field leadership programs across our assets, which delivers a structured and improved approach to in-field verification of critical controls and safety engagement. The Group reported a Total Recordable Injury Frequency of 4.3 per million hours worked.

Robust free cash flow in a period characterised by weaker commodity prices

BHP Billiton delivered Underlying EBITDA of US$12.3 billion and an Underlying EBITDA margin of 41 per cent in the 2016 financial year, despite significantly weaker prices across all our major commodities which had a negative impact of US$10.7 billion.

The Group achieved US$437 million of productivity gains, or US$2.0 billion excluding the impact of grade decline at Escondida. Further improvements continue to be realised across the portfolio and we remain on track to deliver US$2.2 billion of gains, or US$3.8 billion excluding the impact of grade decline at Escondida, over the two years to the end of the 2017 financial year. During the period, Conventional petroleum, Western Australia Iron Ore (WAIO), and Queensland Coal unit cash costs declined by 30 per cent, 19 per cent and 15 per cent respectively. Escondida unit costs increased by 11 per cent but excluding the impact of grade decline, unit costs decreased by 22 per cent. Historical cash costs and guidance for the 2017 financial year are summarised in the following table:

The Group reported Underlying attributable profit of US$1.2 billion, while the Attributable loss of US$6.4 billion includes US$7.7 billion of exceptional items (after tax) related to: an impairment charge of US$4.9 billion against the carrying value of the Onshore US assets; US$2.2 billion for the financial impacts of the Samarco dam failure on the Group's income statement; and US$570 million for global taxation matters.

The Group continued to focus on capital productivity and exercise flexibility in its investment program in response to market conditions, which led to a 40 per cent decline in capital and exploration expenditure to US$7.7 billion (cash basis). Combined with the reduction in operating costs and a targeted reduction of working capital, the Group delivered free cash flow of US$3.4 billion. Capital and exploration expenditure of US$5.4 billion (cash basis) is planned for the 2017 financial year, before rising to US$6.2 billion (cash basis) in the 2018 financial year.

We maintained our strong balance sheet, finishing the period with net debt broadly unchanged at US$26.1 billion (31 December 2015: US$25.9 billion; 30 June 2015: US$24.4 billion). The gearing ratio(2) ended the period at 30.3 per cent (31 December 2015: 29.7 per cent; 30 June 2015: 25.7 per cent). We expect net debt to decline in the 2017 financial year from current levels.

Disciplined application of the capital allocation framework to maximise shareholder value

Strict adherence to our capital allocation framework balances value creation, cash returns to shareholders and balance sheet strength in a transparent and consistent manner.

First, capital expenditure has been appropriately prioritised to maintain safe and stable operations.

Second, our balance sheet strength has been maintained with both cash flow and gearing metrics within our target ranges, liquidity of US$16 billion and a long-dated debt maturity profile.

Third, the dividend policy provides a minimum 50 per cent payout of Underlying attributable profit at every reporting period, assuming our operations have sufficient capital allocated to maintain integrity and the balance sheet is strong. In accordance with this, the minimum dividend payment for the period is 8 US cents per share.

Fourth, reflecting robust free cash flow during the period, the Board has determined to pay an additional amount of 6 US cents per share, taking the final dividend to 14 US cents per share. The Board considers cash returns in excess of the minimum implied by the dividend payout ratio at every reporting period. We have also continued to invest in growth and the remaining excess free cash flow of US$1.3 billion has been directed to further strengthen the balance sheet during the second half of the 2016 financial year.

The Group's productivity focus and consistent investment in latent capacity opportunities will support volume growth in the 2017 financial year of five per cent in copper, up to four per cent in iron ore, and three per cent in metallurgical coal. We expect growth in total copper equivalent production of up to four per cent for the 2017 financial year(7), excluding our Onshore US assets where we have chosen to defer development activity for value given the current low commodity price environment.

Strongly positioned to grow shareholder value

While we remain confident in the outlook for our commodities, our capital allocation framework and strong balance sheet provide us with the flexibility and financial strength to pursue a diverse range of opportunities to create shareholder value even without a significant recovery in prices.

We continue to make considerable improvements to productivity. The new Operating Model is already accelerating the replication of best practices across the organisation and will support the expected delivery of a further US$1.8 billion of productivity gains and increasing free cash flow in the 2017 financial year.

Capital-efficient latent capacity options could add more than 10 per cent to current production(7). The Group has made significant progress with these options including: approval of the Escondida Los Colorados Extension copper project in June 2016; commissioning of the Spence Recovery Optimisation project which commenced in June 2016, additional capacity at WAIO's Jimblebar mining hub to be completed during the December 2016 quarter; and the development of the Southern Mine Area at Olympic Dam which will continue into the 2017 financial year. We will also maximise the value of our high-quality Onshore US assets in a disciplined manner as prices recover.

Our growth projects have continued to progress as planned. Board approval will be sought in relation to Mad Dog 2 and the Spence Growth Option before the end of the 2017 calendar year. The Brownfield Expansion (BFX) project at Olympic Dam, which is part of the staged expansion approach to approximately 280 ktpa, is now at concept study phase and we continue to receive encouraging results from the heap leach trials which will enable growth beyond this to 450 ktpa of copper.

We are accelerating our counter-cyclical exploration program and plan to invest approximately US$800 million in exploration in the 2017 financial year. In Petroleum, exploration drilling has commenced in Trinidad and Tobago and in the Gulf of Mexico following positive results at Shenzi North during the 2016 financial year.

Finally, we expect technology will unlock resources and lower the Group's cost base, with a broad range of opportunities identified at a number of our major assets that should create substantial value over time.

Outlook

Economic outlook

Global growth over the remainder of the 2016 calendar year is expected to remain modest and subject to downside risks, including the uncertain economic consequences of 'Brexit'. World trade is still expanding more slowly than global GDP growth, principally reflecting weak business investment and soft demand for consumer durables. Global growth is forecast to remain between 3 and 3.5 per cent in the 2017 calendar year, while global trade should accelerate modestly.

The rate of growth in the Chinese economy appears to have stabilised and we expect that Government policy will remain supportive, in line with the authorities' GDP growth target of between 6.5 and 7 per cent for the 2016 calendar year. Over the medium term, China is expected to grow more slowly. The Government's reform program will improve productivity but this will only partially offset the impact of an expected decline in the workforce and the maturation of the economy's structure. Reform will proceed in a cautious but sustained manner as the authorities seek to improve the efficiency of capital allocation, reduce excess capacity in sectors such as coal and steel while boosting the role of consumer demand and maintaining support for employment.

Commodities outlook

Crude oil prices fell at the start of the 2016 calendar year on growing OPEC supply, rising inventories and resilient United States production. The market has since begun to rebalance due to declining production in the United States, unplanned supply outages elsewhere and strong non-OECD demand growth. While the market will continue to rebalance in the short term, economic uncertainty and high inventory levels are likely to keep prices volatile but range bound. The long-term outlook remains healthy, underpinned by rising demand from the petrochemical industry, a growing transport sector in developing countries and natural field decline.

The domestic gas price in the United States weakened following strong production and subdued heating demand due to a mild winter. This resulted in record inventory levels. In the short term, seasonal demand for cooling offers some price support, but high inventories are likely to prevent significant price appreciation. Longer term, natural field decline and increasing demand underpinned by the environmental, operational and economic advantages of gas in power generation and other applications will support higher prices.

Copper prices continue to be affected by growing supply on the back of improving levels of productivity and slightly weaker rates of demand growth. In the short to medium term, new and expanded production should keep the market well supplied, notwithstanding announced cuts to higher-cost production. Longer term, the copper outlook remains positive as demand is supported by China's shift towards consumption in addition to the scope for substantial growth in other emerging markets. A deficit is expected to emerge as grade decline and limited highquality development opportunities constrain the industry's ability to cheaply meet growing demand.

Global steel production has been weak in the first half of the 2016 calendar year compared to the prior year as most regions saw a contraction in output, with the exception of India. Chinese steel production increased in the June 2016 quarter aided by improving construction demand, however this is expected to soften over the rest of the calendar year. Longer term, Chinese crude steel production is expected to peak between 935 Mt and 985 Mt in the middle of next decade. Global scrap availability will also increase over time and substitute pig iron as a steel making input.

The iron ore price has trended higher since the conclusion of the Lunar New Year holidays, driven by a rebound in the Chinese construction sector, region specific output restrictions and the moderation of seaborne supply growth. The appetite of mills to build iron ore inventories will remain low in the near term due to the availability of port stocks. In the short to medium term, the cost curve should continue to flatten as new seaborne supply ramps up. In the future, the marginal producer's cost structure should determine the long-term price.

The recent rise in metallurgical coal prices has been driven by seasonal demand, China's domestic coal capacity controls and temporary supply disruptions in Queensland. Near term, prices are expected to trend lower as new projects come online in Australia and Mozambique and more than offset the withdrawal of uneconomic high-cost seaborne supply. The longer-term outlook remains robust as the supply of premium hard coking coals is projected to become scarce and demand is driven by steel production growth in emerging markets, particularly India.

Projects

Historical capital and exploration expenditure and guidance for the 2017 and 2018 financial years are summarised in the following table. In future periods, guidance will be provided on the cash basis only.

During the 2016 financial year, BHP Billiton approved an investment of US$314 million for the North West Shelf Greater Western Flank-B petroleum project. This follows the delivery of first production from the North West Shelf Greater Western Flank-A project during the period. At the end of the period, BHP Billiton had four major projects in progress with a combined budget of US$6.9 billion over the life of the projects

Depreciation, amortisation and impairments

Depreciation, amortisation and impairments declined by US$1.1 billion during the 2016 financial year to US$8.9 billion. This reflects a decline in non-exceptional item impairment charges of US$618 million in the current year. In addition, depreciation and amortisation charges decreased by US$497 million primarily due to a reduction in the depreciable asset base at Onshore US resulting from the exceptional item impairment charges previously recorded.

Net finance costs

Net finance costs increased by US$410 million to US$1.0 billion. This reflected higher benchmark interest rates and the issue of multi-currency hybrid notes during the 2016 financial year, and a gain on the early redemption of the Petrohawk Energy Corporation Senior Notes in the prior period.

Taxation expense

The Group's adjusted effective tax rate(2), which excludes the influence of exchange rate movements and exceptional items, was 35.8 per cent (2015: 31.8 per cent). The increase in the 2016 financial year primarily reflects the relative higher proportion of profit from Australian petroleum assets (which are subject to a higher rate of tax due to the Petroleum Resource Rent Tax) in the Group's overall profit compared to the prior year. The adjusted effective tax rate is expected to be in the range of approximately 35 to 40 per cent for the 2017 financial year.

Dividend

Our Board today determined to pay a final dividend of 14 US cents per share. The final dividend to be paid by BHP Billiton Limited will be fully franked for Australian taxation purposes.

BHP Billiton Plc shareholders registered on the South African section of the register will not be able to dematerialise or rematerialise their shareholdings between the dates of 31 August and 2 September 2016 (inclusive), nor will transfers between the UK register and the South African register be permitted between the dates of 26 August and 2 September 2016 (inclusive). American Depositary Shares (ADSs) each represent two fully paid ordinary shares and receive dividends accordingly.

Details of the currency exchange rates applicable for the dividend will be announced to the relevant stock exchanges following conversion and will appear on the Group's website.

Debt management and liquidity

During the 2016 financial year, the Group issued US$3.25 billion of subordinated fixed rate reset notes in the US Dollar market across two tranches, EUR2.0 billion of subordinated fixed rate reset notes in the Euro market across two tranches and GBP600 million of subordinated fixed rate reset notes in the Sterling market.

During the 2016 financial year, the Group repaid US$1.1 billion and EUR1.0 billion of senior debt at maturity.

The Group has a US$6.0 billion commercial paper program backed by a US$6.0 billion revolving credit facility. The revolving credit facility expires in May 2021, after the one-year extension option was exercised in May 2016. As at 30 June 2016, the Group had US$ nil outstanding in the US commercial paper market, US$ nil drawn under the revolving credit facility and US$10.3 billion in cash and cash equivalents.

Petroleum

Underlying EBITDA for Petroleum decreased by US$3.5 billion to US$3.7 billion in the 2016 financial year.

Total petroleum production for the 2016 financial year decreased by six per cent to 240 MMboe.

- Conventional production increased by one per cent to 131 MMboe as new production wells at Atlantis, Mad Dog and Pyrenees and higher gas demand at Bass Strait, offset natural field decline across the portfolio and the divestment of our gas business in Pakistan.
- Onshore US production declined by 13 per cent to 109 MMboe largely as a result of the decision to defer development activity in the Black Hawk and Hawkville. Total petroleum production for the 2017 financial year is expected to decrease to between 200 and 210 MMboe.
- Conventional volumes to decrease to between 123 and 127 MMboe due to the divestment of our gas business in Pakistan, a planned 35 day maintenance shutdown at Atlantis in the September 2016 quarter, deferral of infill drilling in the Gulf of Mexico for value and natural field decline.
- Onshore US volumes to decline to between 77 and 83 MMboe as a result of lower capital expenditure and development activity as we continue to balance near-term cash flow performance and long-term value maximisation.

The decrease in total petroleum controllable cash costs reflects: a US$365 million reduction in total operating costs; a US$208 million reduction in exploration expense primarily attributable to the completion of the Trinidad and Tobago seismic program and higher capitalisation rate of other exploration spend; and a US$104 million decrease in business development. Conventional unit costs(4) decreased by 30 per cent to US$8.53 per barrel as a result of lower lifting, labour and maintenance expenses, but is expected to increase to approximately US$10 per barrel in the 2017 financial year as a result of lower volumes and planned maintenance at Atlantis.

Petroleum capital expenditure for the 2016 financial year declined by 50 per cent to US$2.5 billion. This included US$1.2 billion of Onshore US drilling and development expenditure, of which US$380 million related to a reduction in capital creditors. Our Onshore US operated rig count has been reduced to four however completion activity in the Black Hawk resumed late in the June 2016 quarter.

Increased shale drilling and completions efficiency during the period was reflected in a significant improvement in drill time and completion techniques in the Black Hawk and Permian. Drilling times improved by 19 per cent to 15 days per well in the Black Hawk and by 22 per cent to 26 days per well in the Permian.

Petroleum capital expenditure of approximately US$1.4 billion is planned in the 2017 financial year. This includes conventional capital expenditure of US$0.8 billion which is focused on life extension projects at Bass Strait and North West Shelf. Onshore US capital expenditure is expected to be approximately US$0.6 billion with development activity tailored to market conditions.

Petroleum exploration expenditure for the 2016 financial year was US$590 million, of which US$273 million was expensed. Activity for the period was largely focused on our core areas in the deepwater Gulf of Mexico, the Caribbean and the Northern Beagle sub-basin off the coast of Western Australia, where we acquired additional acreage, seismic data and increased drilling activity. Our exploration activity has increased in the Gulf of Mexico following the positive exploration well results at Shenzi North. The Group is also encouraged by early indications from the deepwater Le Clerc well in Trinidad and Tobago which encountered gas in multiple zones. While the focus is on a commercial oil discovery, these results support further appraisal of the basin. We are pursuing high-quality oil plays in our three priority basins and a US$700 million exploration program is planned for the 2017 financial year as we accelerate testing of our future growth opportunities.

Copper

Underlying EBITDA for the 2016 financial year decreased by US$2.6 billion to US$2.6 billion.

Total copper production for the 2016 financial year decreased by eight per cent to 1,580 kt.
- Escondida production decreased by 20 per cent to 979 kt despite a 28 per cent decline in grades.
- Pampa Norte production increased by one per cent to 251 kt.
- Olympic Dam production increased by 63 per cent to 203 kt reflecting improved smelter and mill utilization following the Svedala mill outage in the prior period and higher grades.
- Antamina production increased by 36 per cent to 146 kt due to higher grades and mill throughput. Total copper production for the 2017 financial year is expected to increase by five per cent to 1.66 Mt.
- Escondida production to increase by nine per cent to 1,070 kt enabled by the commissioning of the Escondida Water Supply (EWS) project and the ramp-up of the Los Colorados Extension (LCE) project, with volumes weighted to the second half of the 2017 financial year.
- Pampa Norte production to increase with the commissioning of the Spence Recovery Optimisation project which is expected to ramp-up during the September 2016 quarter and achieve an annualised production rate of approximately 200kt from the December 2016 quarter.
- Olympic Dam production to remain broadly unchanged from the 2016 financial year.
- Antamina production to decrease by 11 per cent to 130 kt as the planned mining sequence moves through lower copper grades and zones of high zinc content. Zinc production is expected to increase from 55 kt to approximately 90 kt in the 2017 financial year.

We will continue to unlock latent capacity across our copper assets. Following the approval of the US$180 million (100 per cent basis) LCE project, first production is expected in the second half of the 2017 financial year adding incremental capacity of approximately 200 ktpa in the 2018 financial year. In the medium term, the Spence Growth Option has the potential to extend mining operations by more than 50 years and increase copper capacity by approximately 200 ktpa. Final Board review is expected in the second half of the 2017 calendar year.

Unit cash costs at our operated copper assets increased by nine per cent to US$1.20 per pound during the 2016 financial year due to anticipated grade decline at Escondida. This was six per cent lower than prior guidance of US$1.27 per pound and was underpinned by a significant reduction in absolute costs. In addition, Olympic Dam unit cash costs declined by 29 per cent to US$1.38 per pound as a result of productivity-led cost improvements and a further reduction in labour and contractor costs. In the 2017 financial year unit cash costs at our operated copper assets are expected to decline by 12 per cent to US$1.05(4) per pound.

Escondida's Underlying EBITDA declined by US$2.3 billion in the 2016 financial year and reflected lower realised prices and grade-related volume decline. This was partially offset by a US$369 million (US$269 million post tax) increase in estimated recoverable copper contained in the sulphide leach pad following the successful completion of the Escondida Bioleach Pad Extension project and productivity initiatives. Escondida's unit cash costs increased by 11 per cent to US$1.12 per pound. This was seven per cent lower than guidance due to a significant reduction in absolute costs and productivity initiatives.

On a grade-adjusted basis, unit costs declined by 22 per cent to US$0.79 per pound. In the 2017 financial year, Escondida unit costs are expected to decline by 11 per cent to US$1.00 per pound(4) largely reflecting higher concentrate throughput as a result of EWS commissioning and ongoing productivity improvements.

Iron Ore

Underlying EBITDA for the 2016 financial year decreased by US$3.0 billion to US$5.6 billion.

Total iron ore production for the 2016 financial year decreased by two per cent to 227 Mt.

- Western Australia Iron Ore (WAIO) production increased by two per cent to a record 257 Mt (100 per cent basis), as the Jimblebar mining hub operated at full capacity and utilisation at the Newman ore handing plant improved.
- Samarco production was 11 Mt (100 per cent basis). Mining and processing operations remain suspended following the dam failure. Sales from the final shipment of pellets were settled in the June 2016 quarter.

Total iron ore production for the 2017 financial year is expected to increase to between 228 and 237 Mt, excluding production from Samarco. WAIO production is forecast to increase to between 265 and 275 Mt (100 per cent basis) with volumes weighted to the last three quarters of the financial year.

The 24 month rail renewal and maintenance program, which will support the integrated supply chain's long-term reliability, is progressing on schedule. Along with our focus on productivity and the ramp-up of additional capacity at the Jimblebar mining hub, this should deliver an increase in system capacity to 290 Mtpa in the 2019 financial year.

The installation of the new primary crusher and additional conveying capacity at Jimblebar is expected to be completed in the December 2016 quarter, with all associated spend included within WAIO's long-term average annual sustaining capital expenditure of approximately US$4 per tonne.

WAIO unit cash costs declined by 19 per cent to US$15 per tonne, underpinned by reductions in labour and contractor costs, increased equipment productivity, lower diesel prices and consumption and a stronger US dollar. In the 2017 financial year, unit costs are expected to decline a further seven per cent to US$14 per tonne.

Coal

Underlying EBITDA for the 2016 financial year decreased by US$607 million to US$635 million.

Metallurgical coal production increased by one per cent to 43 Mt and energy coal production decreased by 16 per cent to 34 Mt in the 2016 financial year.

- Record metallurgical coal production at five Queensland Coal mines and first production from the Haju mine in Indonesia, offset the cessation of production at Crinum and a convergence event at the Broadmeadow mine.

 Energy coal production declined following the divestment of the San Juan Mine, operational rescheduling at New South Wales Energy Coal (NSWEC) and unfavourable weather at NSWEC and Cerrejón. Metallurgical coal production of 44 Mt and energy coal production of 30 Mt(8) is expected for the 2017 financial year.
 Higher wash-plant and truck utilisation at Queensland Coal will offset the planned divestment of IndoMet Coal. On 7 June 2016, BHP Billiton entered into an agreement to sell its 75 per cent interest in IndoMet Coal.
 Productivity improvements at NSWEC will partially offset the divestment of our New Mexico Coal assets, with the divestment of Navajo Coal completed on 29 July 2016. BHP Billiton will continue to manage Navajo Coal in accordance with the Mine Management Agreement until 31 December 2016. Excluding New Mexico Coal, energy coal volumes are expected to increase approximately 10 per cent.

Queensland Coal unit cash costs declined by 15 per cent to US$55 per tonne, supported by increased equipment and wash-plant utilisation, lower labour and contractor costs, lower diesel prices and a stronger US dollar. In the 2017 financial year, unit costs are expected to decline further to US$52 per tonne(4) reflecting continued productivity improvements. NSWEC unit costs decreased by two per cent to US$41 per tonne despite lower volumes and are expected to decline a further seven per cent to US$38 per tonne(4) in the 2017 financial year.

Group and unallocated items

Underlying EBITDA expense decreased by US$273 million to US$171 million in the 2016 financial year. The decrease reflected a US$170 million reduction in corporate overheads, lower operating costs at Nickel West, and a prior period self-insurance claim related to the mill outage at Olympic Dam of US$238 million. This was partially offset by weaker average realised prices received by Nickel West.

Corporate overheads have now declined approximately 40 per cent since the 2012 financial year.

Resources and reserves assessment

BHP Billiton is confirming revised resources and reserves estimates for Samarco following the dam failure and will provide updated information in due course.

http://www.bhpbilliton.com/~/media/bhp/documents/investors/news/2016/160816_bhpbillitonresultsyearended30june2016.pdf?la=en

Bluescope Steel Ltd (ASX: BSL)

BlueScope announces FY2016 financial results

Date: 22 August 2016

BlueScope today announced a $353.8 million reported net profit after tax (NPAT) for FY2016 – a $217.5 million increase on FY2015. Underlying NPAT1 of $293.1 million was 119 per cent higher than FY2015. Second half underlying NPAT was $174.1 million.

BlueScope's Managing Director and CEO, Mr Paul O'Malley said, "BlueScope lifted underlying EBIT by 89 per cent to $570.5 million through a combination of sales growth, cost reductions and the benefit of the North Star acquisition. Second half underlying EBIT was $340.4 million, 160 per cent higher than the comparable period in FY2015.

"Across our global portfolio our people achieved these outstanding results while also continuing our safety journey to zero harm.

“Our direct interventions in reducing costs have significantly lifted performance of our steelmaking operations in Australia and New Zealand despite continuing global overcapacity and production which drove regional commodity steel spreads in the six months to 30 June 2016 to their lowest levels since BlueScope listed in 2002.

“Moving forward, we must not be complacent in our pursuit of continued productivity improvements. We need to deliver returns necessary to support a decision in 10 to 15 years to reline the blast furnace at Port Kembla. What we have achieved in the last year is essential to being the competitive and profitable producer needed to support this future reinvestment opportunity. All stakeholders have a role to play in securing our steelmaking future,” Mr O’Malley said.

Net debt at 30 June 2016 was $778.0 million, reduced by $595.4 million from 31 December 2015 through strong operating cash flow. Leverage2 at 30 June 2016 of 0.8 times EBITDA was 50 per cent less than the position at 31 December 2015 of 1.6 times EBITDA. Our intention is to further reduce leverage to be sustainably below 1.0 times net debt to EBITDA.

The Board has approved payment of a fully franked full year dividend of 3.0 cents per share, in line with our FY2015 final dividend.

DELIVERY ON OUR STRATEGIC PRIORITIES

“We are making good progress across each of our strategic themes” Mr O’Malley said.

“In Coated & Painted Products:

- We have delivered 31 per cent compound annual underlying EBIT growth in our Building Products segment over the last four years. Our home appliance steels, in partnership with NSSMC, are now in production in Thailand and are gaining customer acceptance in line with our expectations. In Australia, we saw 9 per cent growth in coated and painted sales volume during the year.
- Our current focus is to further grow our business particularly in Asia, implementing our growth strategy in coated and painted products. The BlueScope Board has given in-principle approval, subject to finalisation of contracts and NS BlueScope joint venture board approval, for a third metal coating line with in-line painting in Thailand; the new line will deliver added capacity to meet demand in the growing Retail/SME building market. Rigorous cost management remains essential and ongoing, particularly for more mature markets like Australia and New Zealand.

“In BlueScope Buildings:
- We are delivering continued growth in North American earnings; in FY2016 underlying EBIT was $40 million, up $8 million on FY20153. We are commencing a sizeable productivity and cost-out project to drive further earnings growth whilst introducing new innovative products into the market.
- Earnings in China turned the corner in FY2016, with reduced losses at our buildings business. Our focus is to continue to improve our market and customer engagement in China.

“For North Star, in FY2016 we made very good progress in maximising the value of this structurally advantaged steel making business to BlueScope shareholders:
- In October 2015 the Company acquired Cargill’s 50 per cent of North Star, to bring BlueScope to full ownership.
- With steel spreads rising approximately 60 per cent since the acquisition, North Star had an excellent financial finish to FY2016 and is well positioned at the start of FY2017 to benefit from higher steel spreads.
- The business continues to deliver low-cost incremental volume growth initiatives.

“In Australian and New Zealand steelmaking, progress on cost savings has provided the basis to continue to make steel for now. In the Illawarra, the constructive engagement by employees, the management team, union leaders, the Fair Work Commission and the New South Wales government was essential and outstanding – seeing 4,500 jobs saved, large restructuring costs avoided and positive exposure to the benefit of higher steel prices preserved. In New

Zealand, there is still further work to be done to determine whether the Glenbrook operations can be internationally competitive and profitable.

OUTLOOK FOR 1H FY2017

"We expect 1H FY2017 underlying EBIT to be around 50 per cent higher than 2H FY2016 underlying EBIT which was $340.4 million.
"We expect 1H FY2017 underlying net finance costs to be lower than 2H FY2016 due to lower average borrowings, underlying tax rate to be slightly higher and profit attributable to non-controlling interests similar to 2H FY2016.
"Expectations are subject to spread, FX and market conditions," Mr O'Malley said.

https://s3-ap-southeast-2.amazonaws.com/bluescope-corporate-umbraco-media/media/2188/fy2016-asx-release-final.pdf

Fortescue Metals Group (ASE: FMG)

Net profit of US$985 million and full year dividend of A$ 12 cents per share

Fortescue Metals Group Limited (ASX: FMG, Fortescue) has released its 2016 full year results reporting a profit after tax of US$985 million and underlying EBITDA of US$3,195 million.

The FY16 financial results have been driven by Fortescue's excellent operational performance with a sustained focus on productivity and efficiency initiatives reducing C1 operating costs to US$14.31 per wet metric tonne (wmt) in the June 2016 quarter, the tenth consecutive quarterly reduction.

Fortescue CEO, Nev Power said, "The entire Fortescue team has delivered on safety, production and cost targets resulting in outstanding FY16 results. Successful cost improvement measures and lower capital expenditure have more than offset the impact of falling iron ore prices to generate strong free cash flow. We have repaid US$2.9 billion of debt in FY16, reducing net debt to US$5.2 billion and will continue to repay debt from operating cashflows." "Our continued focus on safety, innovation, efficiency and productivity has ensured a solid foundation for achievement of FY17 goals and ongoing balance sheet strength."

HIGHLIGHTS

- Safety TRIFR target of 4.3 achieved, 15 per cent improvement on prior period
- Profit after tax of US$985 million and underlying EBITDA of US$3,195 million
- 169.4 million tonnes (mt) shipped
- US$15.43/wmt C1 cost in FY16, a 43 per cent reduction from FY15
- Net debt of US$5.2 billion, including $1.6 billion in cash
- A$ 12 cents per share fully franked final dividend

US$ millions	FY16	FY15	Var %
Revenue	7,083	8,574	-17%
Underlying EBITDA	3,195	2,506	+27%
Net profit after income tax	985	316	+212%
Net cash flow from operating activities	3,023	2,037	+48%
Basic earnings per share (US cents)	31.6	10.2	+210%
Operating cash flow per share (US cents)	97.1	65.4	+48%

FINANCIAL PERFORMANCE

- Underlying EBITDA of US$3,195 million reflects Fortescue's continued focus on efficiency and productivity measures which have reduced costs offsetting the impact of lower iron ore prices as shown in the chart below:

- Revenue of US$7,083 million (FY15: US$8,574 million) reflects a 29 per cent reduction in the average Platts 62% CFR index price to US$51.37/dmt, offset by an improvement in price realisation and increased shipments. Fortescue's average realised price in FY16 was US$45.36/dmt, an 88 per cent realization of the average Platts 62% CFR index price.
- C1 operating costs continued to improve averaging US$15.43/wmt for FY16, a 43 per cent reduction from the prior year. Fortescue achieved C1 costs of US$14.31 in the June 2016 quarter and exited the month of June at US$13.10/wmt.
- Total delivered cost to customers, inclusive of C1, shipping, royalty and administration costs, decreased to US$23/wmt, a 39 per cent reduction compared to FY15 (US$38/wmt).

CASH FLOW AND BALANCE SHEET

- Cash on hand at 30 June 2016 of US$1.6 billion.
- Free cash flow from operations of US$2,719 million, a 93 per cent increase from the prior year, reflecting the positive cash margins generated through operational efficiencies and lower capital expenditure.
- Capital expenditure reduced to US$304 million (FY15: US$626 million) including US$225 million of sustaining capital, US$48 million in VLOC progress payments and US$31 million of exploration expenditure.
- Net debt at 30 June 2016 of US$5.2 billion (US$7.2 billion at 30 June 2015), including cash on hand of US$1.6 billion and finance lease liabilities of US$505 million. During FY16 debt was reduced by a total of US$2.9 billion through a series of on-market buy backs, tender offers and calls.

Fortescue has maintained the flexibility to continue early debt repayments or refinancing to further reduce debt levels. First debt maturity is in June 2019 as shown in the graph below:

- Prepayment balances were US$571 million at 30 June 2016 with scheduled amortization of US$374 million in FY17 and US$197 million in FY18, subject to future additions and rollovers.

DIVIDEND

- After taking into account current results, cash flow forecasts and market conditions the Board has declared an A$ 12 cents per share final fully franked dividend.

This brings total FY16 fully franked dividends to A$ 15 cents per share, a payout ratio of 36 per cent of profit after tax, in line with guidance of 30 to 40 per cent.

FY17 GUIDANCE

- FY17 shipping guidance of 165-170mt.
- US$12-13/wmt average C1 cost based on an exchange rate of 0.75 and an oil price of US$50 per barrel (WTI).
- Average strip ratio of 1.1. Strip ratios are expected to be slightly higher in the September 2016 quarter gradually reducing over the course of FY17.
- Price realisations between 85 and 90 per cent of the 62% Platts CFR index and an average moisture content of 8.5 per cent.
- Sustaining capital expenditure of US$2/wmt.
- Construction of eight VLOC ships continue on schedule. Options are currently being negotiated for the funding of future VLOC payments of $270 million in FY17 and US$180 million in FY18.

- Tugs and infrastructure expenditure at Port Hedland is expected to be less than US$200 million. US$90 million will be incurred in FY17 and the balance in FY18. Options to fund this project are also being considered.
- Depreciation and amortisation charges reduced to US$7.10/wmt shipped.

http://fmgl.com.au/media/2859/160822_media-release-fy16-results.pdf

Iluka Resources Ltd (ASX: ILU)

Iluka Half Year Results Six Months to 30 June 2016

Key Features of Results

- Iluka reported a net loss after tax of $20.9 million, compared with a $20.4 million profit in the first half of 2015. Key factors influencing the result included lower income received from the Mining Area C iron ore royalty (MAC), down $18.2 million period-on-period, and higher first half non production cash costs associated in particular with a significant investment in trialling an innovative mineral sands mining technique. Other factors influencing the result included lower USD prices (mainly for zircon), lower ilmenite sales and sales mix factors which were offset by: lower unit cost of goods sold; higher zircon/rutile/synthetic rutile (Z/R/SR) volumes; and favourable exchange rate movements.

- Z/R/SR sales volumes increased by 14.7 per cent (to 316.4 thousand tonnes) with a full half of synthetic rutile sales volumes. Combined rutile and synthetic rutile sales increased 32.2 per cent period-on-period. Zircon sales volumes of 154.5 thousand tonnes were similar to the first half of 2015.

- Z/R/SR revenue was $321.1 million, up by 3.0 per cent from first half 2015. Higher sales volumes were partially offset by a lower realised weighted average USD zircon price in the period and a higher proportion of synthetic rutile in the sales mix. Unit revenue per tonne of Z/R/SR was $1,015 (down 10.2 per cent from the first half of 2015). Lower ilmenite sales and other revenue in the first half of 2016 reflects the internal use of ilmenite for synthetic rutile production and the phasing of planned ilmenite sales to the second half of 2016.

- Cash production costs of $140.7 million were $34.8 million or 19.8 per cent lower than the first half of 2015, reflecting the cessation of US operations (in December 2015); the suspension of mining and concentrating at Jacinth-Ambrosia (from 15 April 2016) and the completion of mining of the Woornack, Rownack, Pirro deposits in the Murray Basin (in March 2015). Partially offsetting the reduction were costs associated with a full six months of synthetic rutile production. Cash production costs, year-to-date, are trending lower than Iluka's full year guidance of ~$300 million (refer ASX Release, Key Physical andFinancial Parameters, 19 February 2016).

- Unit cost of goods sold decreased by 12.7 per cent to $717 per tonne of Z/R/SR sold, relative to the first half of 2015. In periods of large inventory movements, unit cost of goods sold (which includes cash costs, inventory movements and non-cash costs), rather than unit cash costs of production, provides a more accurate reflection of current year production costs for product sold.

- Work-in-progress inventory decreased by $43.6 million to $357.6 million as heavy mineral concentrate (HMC) processed of 497 thousand tonnes exceeded heavy mineral concentrate production of 244 thousand tonnes. Finished product inventory decreased by $13.3 million to $363.8 million. This drawdown in inventory is consistent with Iluka's reduced production and demand following approach, which are likely to see HMC and finished goods inventories return to pre-2012 levels within the next two years.

- Mining Area C (MAC) royalty earnings were $20.9 million, compared with $39.0 million in the first half of 2015. Iron ore sales volumes decreased 7.6 per cent and the average AUD realised price decreased by 10.2 per cent. There were no capacity payments in the first half of 2016 (2015 H1: $3.0 million). 2015 included a one-off $10.4 million payment associated with the finalisation of revised royalty arrangements.

- Restructure and idle capacity charges of $26.8 million were in line with the previous corresponding period (1H 2015: $27.4 million), with the idling of the US operations in December 2015 resulting in an increase in US restructure and idle costs (1H 2016: $14 million; 1H 2015: $5.5 million), which was offset by a reduction in Australian idled costs (1H 2016: $12.8 million; 1H 2015: $21.9 million), following the restart of SR2 in the South West. The US restructure and idle costs partly reflect feasibility costs associated with the planned re-treatment and recovery of zircon in concentrate from tailings stocks.

- Group EBITDA margin was 10.7 per cent compared with 32.7 per cent in the first half of 2015, largely reflecting lower MAC earnings and increased resource development costs (up $23.9 million) associated in particular with a significant investment in assessing an innovative mineral sands mining technique.

- During the half operating cash flow was an outflow of $15.5 million with receipts from customers down $106.8 million, partly reflecting sales made late in the half and associated later cash collection; lower MAC royalty cash flows, $23.9 million higher resource development expenditure referred to above and other factors referred to in the 4D (page 11). Associated with the above, free cash outflow was $50.6 million, compared with an inflow of $39.0 million in the first half of 2015.

- Capital expenditure of $28.8 million (1H 2015: $39.6 million) includes $16.7 million for the further development of major projects of Cataby (Western Australia), Balranald (New South Wales) and $12.1 million associated with an increased equity stake in the UK technology company Metalysis Limited. This investment brings Iluka's equity position in Metalysis to 26.0 per cent at 30 June 2016.

- Net debt increased to $124.1 million (net debt was $80.2 million at 30 June 2015 and $6.0 million net cash as at 31 December 2015), reflecting free cash outflow in the half. Gearing (net debt / net debt plus equity) was 8.7 per cent. Iluka has $828 million of undrawn facilities from total facilities of $1,010 million and cash and cash equivalents of $53 million.

Dividend

Directors have determined an interim dividend of 3.0 cents per share, fully franked. The dividend is payable on 6 October 2016 for shareholders on the register as at 9 September 2016. This dividend compares with a 2015 interim dividend of 6.0 cents (fully franked)

Market Conditions

Zircon

Zircon sales volumes for the first half were 154.5 thousand tonnes, similar to the first half of 2015 (153.4 thousand tonnes). Sales volumes in March were adversely affected by a rumoured price decrease by a major competitor, which caused some customers to defer ordering. Following confirmation of a ~US$100/tonne price decrease by a major competitor, Iluka announced a ~10 per cent reduction in its Zircon Reference Price2 to US$950 per tonne on 16 April, effective for the second quarter. In May Iluka advised customers that it planned to increase its Zircon Reference Price by US$60 per tonne effective 1 July. After observing a number of other suppliers implement a range of price variations, across different geographies, Iluka has moderated its third quarter Reference Price increase and will advise the weighted average received price for the third quarter in accordance with its usual disclosure of price outcomes with future financial results.

Iluka's weighted average received price varies from the Reference Price, reflecting product and customer mix as well as commercial arrangements for specific customers. Iluka's weighted average zircon price for all zircon products, as well as its premium and standard products, are shown in the table below. Premium and Standard grade accounted for 47 per cent and 40 per cent of sales in the period, respectively, relative to 60 per cent and 27 per cent, respectively, in full year 2015. Sales of zircon concentrate in the first half reflect the priority given to monetisation of this material, which is expected to be largely complete in 2016.

http://www.iluka.com/docs/default-source/financial-results/iluka-2016-half-year-results.pdf?sfvrsn=4

Newcrest Mining Ltd (ASE: NCM)

Financial Year 2016 Full Year Results & Update

Newcrest has reported an FY16 full year Statutory profit of US$332 million and an Underlying profit of US$323 million underpinned by production of 2.439 million ounces of gold.

As reported to the market on 17 December 2015, Newcrest has changed its reporting (presentation) currency from Australian dollars to US dollars (US$) in the current financial year. All financial data presented in this release is quoted in US$ unless otherwise stated.

Key Points for FY16

Statutory profit of US$332 million and Underlying profit of US$323 million

Free Cash Flow2 of US$814 million

Net debt reduced 27% (US$0.8 billion) over the year to US$2.1 billion as at 30 June 2016

Final dividend of US 7.5 cents per share

Gold production increased 1% to 2.4 million ounces for the year

Group All-In Sustaining Cost per ounce decreased 2% to US$762 per ounce for the year

Group All-In Sustaining Cost margin decreased 8% to US$404 per ounce for the year

Newcrest Managing Director and Chief Executive Officer, Sandeep Biswas, said: “Newcrest’s financial performance in the 2016 financial year was solid, with all sites contributing positive free cash flow and the Group achieving a 27% reduction in net debt. The resulting improvement in Newcrest’s target financial metrics, together with Newcrest’s profitability and market conditions, has given the Board confidence to announce a final unfranked dividend of US 7.5 cents per share. Newcrest continues to focus on safety, operational discipline and cash flow generation, and has identified a range of opportunities to improve its performance in FY17 and pursue profitable growth.”

With gold production of 2.439 million ounces, at an All-In Sustaining Cost of $762 per ounce, and copper production of 83kt, Newcrest was within its guidance ranges despite challenges at some sites. This achievement was driven by record gold production at Lihir, which produced 900,034 ounces for the year. At Cadia, Panel Cave 2 continued its ramp up and Cadia East became the sole feed source for the plant with Ridgeway placed on care and maintenance in March 2016.

In parallel with a focus on safe production, Newcrest’s pursuit of profitable growth has progressed through advancing studies at Lihir, Cadia and Golpu and continued to build its low cost early entry portfolio of exploration options – all of which are aimed at profitable growth.

Safety

Newcrest is committed to eliminating fatalities and life-altering injuries from its business. Improving and sustaining the Company’s safety performance is a major focus for the Board and Management.

As reported in the FY16 Half Year Results, Newcrest conducted a safety review during the year which helped focus the safety improvement effort on three key programs – NewSafe, Critical Control Management and Process Safety. NewSafe aims to build a stronger safety culture throughout the organisation. The roll out of NewSafe has progressed within the Company, and is well advanced at Cadia and Telfer and commenced at Gosowong in February. Lihir and Bonikro will commence NewSafe in FY17.

Critical Control Management is focused on ensuring that managers, supervisors, and front line operators know what the critical controls are for every high-risk task, and that the critical controls are established, in place and working before that task commences. Across the Company, over 1,000 System Verifications have taken place and over 9,000 Field Critical Control Checks have been completed since May 2016.

On Process Safety, Newcrest is pursuing the development of a systematic and comprehensive framework for managing the integrity and containment of high energy and toxic processes.

Statutory profit was $332 million and Underlying profit was $323 million in the current period.

The Statutory profit in the current period includes significant items (after tax and non-controlling interests) with a net benefit of $9 million, comprising an $18 million profit on sale of a financial asset partially offset by a $9 million net expense associated with the settlement and costs of a shareholder class action.

Underlying profit was $101 million lower than the prior period primarily driven by lower realised gold and copper prices, the suspension of operations at Gosowong in February 2016, higher depreciation expense and lower copper sales volumes. This was partially offset by improved operational and financial performance at Lihir, the positive impact on costs from the weakening of all key operating currencies against the US dollar, lower energy prices, and lower income tax expense compared to the prior period.

Gold revenue of $2,857 million was 3% lower than the prior period, due to a 5% reduction in the realised gold price ($1,166 per ounce in the current period compared to $1,221 per ounce in the prior period).

The gold price impact was partly offset by a 1% increase in gold sales volumes, primarily due to higher ore feed grades and milling rates at Lihir and higher throughput at Bonikro. Production and associated sales volumes in the current period were adversely impacted by the suspension of operations at Gosowong and lower ore volume and mill grades at Telfer.

Copper revenue of $403 million was 35% lower than the prior period, driven by a 24% reduction in the average realised copper price ($2.21 per pound in the current period compared to $2.89 per pound in the prior period) and a 16% decrease in copper sales volumes as a result of lower copper production from Cadia and Telfer.

Operating costs of $1,921 million were $248 million or 11% lower than the prior period.

The decrease in operating costs includes a foreign exchange benefit of approximately $186 million as a result of the weakening of the Company's key operating currencies against the US dollar.

Lower site production costs also related to lower energy prices and continuing cost reductions from the Edge improvement program in the form of lower input prices and increased operational efficiency. Unit operating costs were adversely impacted at Gosowong following the geotechnical event at Kencana on 8 February 2016 that resulted in the suspension of mining activities at both Kencana and Toguraci mines. Mining recommenced at Toguraci on 12 April 2016 and at Kencana on 10 June 2016.

The increase in depreciation expense compared with the prior period primarily reflects the higher depreciable asset base of Telfer following the partial reversal of the Telfer asset impairment at 30 June 2015, higher levels of depreciation at Ridgeway leading up to cessation of mining in March 2016 and increased production volumes at Lihir and Bonikro. The weaker Australian dollar against the US dollar partially offset the increase in depreciation at Telfer and Ridgeway, where it is an Australian dollar denominated expense. Corporate administration expense for the current period decreased by $17 million compared to the prior period. This was offset by other items reducing Underlying profit by $31 million compared to the prior period due to lower foreign exchange gains in the current period and the cessation of equity accounting for the investment in Evolution Mining Limited in February 2015.

Income tax expense was $90 million lower than prior year primarily due to lower earnings.

Free cash flow for the current period of $814 million was $40 million lower than the prior period. The decrease reflects lower cash flows from operating activities primarily due to lower average realised gold and copper prices, and the suspension of operations at Gosowong, partially offset by lower operating costs and improved financial and operational performance at Lihir.

All operations were free cash flow positive before tax in the current period.

Dividend

Newcrest's dividend policy continues to balance financial performance and capital commitments with a prudent leverage and gearing level for the Company. Newcrest looks to pay ordinary dividends that are sustainable over time having regard to its financial policy, profitability, balance sheet strength and reinvestment options in the business.

The Newcrest Board has determined that, having regard to the Company's financial performance in the 2016 financial year and target financial metrics at year end, a final unfranked dividend of US 7.5 cents per share will be paid on 18 October 2016. The record date for entitlement is 22 September 2016. The financial impact of the dividend amounting to US$57 million has not been recognised in the Consolidated Financial Statements for the year. The dividend will be paid from conduit foreign income and will be exempt from withholding tax. The Dividend Reinvestment Plan remains in place.

Newcrest had net assets and total equity of $7,120 million as at 30 June 2016. Net debt (comprising total borrowings less cash and cash equivalents) of $2,107 million at 30 June 2016 was $782 million lower than the prior period. All of Newcrest's debt is US dollar denominated.

Lihir

Newcrest surpassed its target of a 12mtpa grinding throughput rate by the end of December 2015, and achieved a record grinding throughput for the 2016 financial year of 12.1 million tonnes.

This record throughput contributed to the record production of 900,034 ounces of gold for the year. Lihir generated $307 million in free cash flow for the financial year. The target remains to achieve a sustainable grinding mill throughput rate of 13mtpa by the end of December 2016 (subject to market and operating conditions and no unforeseen circumstances arising).

During the year, the Lihir Pit Optimisation Prefeasibility Study was approved by the Board to progress to Feasibility Study stage. Key outcomes of the study affirmed the potential benefits of lateral mine development of the open pit and endorsed the progression to Feasibility Study with respect to a near shore cut-off wall in place of a coffer dam, substantially reducing expected future capital expenditure on the seepage barrier. Refer to the Company's Market Release of 15 February 2016 entitled "Lihir Pit Optimisation Project to progress to Feasibility Study stage" for more detail.

Cadia

Despite previously disclosed challenges, Cadia continued to be a strong free cash flow generator for Newcrest, contributing $482 million free cash flow at an AISC of $274 per ounce and resulting AISC margin of $892 per ounce.

The ramp up of Cadia East Panel Cave 2 continued with 126 out of a planned 165 drawbells having been fired by 30 June 2016. The firing of all drawbells is expected to be completed by the end of FY17. With the ramp up of Cadia East, the Ridgeway mine was placed on care and maintenance in March 2016 after 15 years of operation.

The Pre-feasibility Study on increasing Cadia's processing throughput capacity from 26mtpa to 32mtpa, in line with permitted capacity was progressed during the year. The study has identified two significant potential enhancements, namely an increase in the grinding level (which could increase recovery) and the capability to expand processing rates beyond 32mtpa. The identification of these two potential enhancements has compelled an extension of the study timetable by a number of months.

An update on the Pre-feasibility Study is expected to be provided at Newcrest's Investor Day in November 20167 .

A concept study on increasing capacity of the mine and other infrastructure beyond 32mtpa has also commenced.

Any potential increase beyond 32mtpa is subject to all relevant permits and approvals.

Other Assets

At Telfer, the Future Options Review was completed during the financial year and resulted in Newcrest retaining Telfer and engaging a contractor to undertake all open pit mining and mobile open pit mining equipment maintenance. Notwithstanding Newcrest's general policy of not hedging gold production, a portion of Telfer's future gold sales were hedged during the year. This was done to help support the economics of investment in future cutbacks and mine development at the mine, given the large scale, low grade nature of Telfer.

At Gosowong, mining activity was suspended following a geotechnical event on 8 February 2016, and recommenced at the Toguraci mine on 12 April 2016 and at the Kencana mine on 10 June 2016. The impact of this geotechnical event has resulted in a revised mining sequence and a move to cut and fill as the sole mining method to be employed at Kencana.

With the change in mining method, the ore production capacity in terms of ore mined from Gosowong is expected to be approximately three quarters of the production levels achieved prior to the geotechnical event. It is expected that Gosowong will ramp up production to this level during the first quarter of FY17.

Bonikro achieved a strong production result for the 2016 financial year, increasing production by 15% and contributing $44 million free cash flow to the group.

The Hidden Valley Joint Venture partners continue to review all strategic options in relation to the future of Hidden Valley. Pre-stripping for the Stage 5 area of the Kaveroi pit, which has a lead time to first ore of approximately 18 months, remains on hold with the focus of the operation moving to processing stockpiles and a reduced level of mining in the Hamata pit. It is expected that processing of the existing low grade stockpiles can potentially continue for approximately 12 months. Hidden Valley generated $10 million free cash flow for Newcrest in the financial year.

In February 2016 Newcrest updated the market on the Wafi-Golpu Stage One Feasibility Study and Stage Two Prefeasibility Study. The Wafi-Golpu Joint Venture parties are progressing permitting and the application for a Special Mining Lease, while concurrently continuing discussions on a suitable fiscal and stability framework and supporting arrangements with the PNG Government. Changes to the level and manner of local equity participation in new projects are being considered as part of the Papua New Guinea government's continuing review of the mining act.

Exploration

During FY16 Newcrest entered into a number of early stage, low cost entry arrangements with respect to prospective ground in key target geographies, and progressed exploration in existing greenfield and brownfield projects. See the Company's quarterly reports for more detail.

First quarter FY17 gold production is expected to be relatively lower than the implied average for FY17 guidance whilst AISC spend is expected to be maintained at around average rates. As a consequence, AISC per ounce is expected to be elevated in Q1. At Lihir a planned total plant shutdown occurred in July and the feed grades are expected to be lower in Q1 than average grade expected for the FY17 year based on a higher proportion of feed processed through the flotation circuit. Telfer also has a planned dual train shutdown in the first quarter of FY17 impacting throughput. Gosowong and Cadia are still progressing with their ramp-up of mining activity in the first quarter.

http://www.newcrest.com.au/media/market_releases/2016/FY16_Results_Release_Final.pdf

Regis Resources Ltd (ASX: RRL)

Annual Financial Statements 30 June 2016

Regis Resources Limited reports its results for the financial year ended 30 June 2016.

Summary of financial results:

- The profit before tax of $159.1 million was a $34.1 million (27%) increase on 2015. This was largely the result of an 8% increase in the delivered gold price ($1,600/oz) and a 7% decline in all in sustaining costs to $927/oz as further cost efficiencies were achieved across the business at the Duketon Gold Project.

- The profit after tax of $111.8 million was up $24.8m (29%) on the 2015 result. Earnings per share also increased by 29% to 22.37 cents per share.

- EBITDA increased from $181 million in FY2015 to $234 million in FY2016 and cost efficiencies saw the EBITDA margin increase strongly from 39.0% to 46.7%.

- The Board of Directors has declared a final dividend of 9 cents per share, fully franked payable on 31 August 2016. The full year dividend of 13 cents per share represents a payout ratio of 13% of revenue and 58% of profit after tax for FY2016.

Operations

Operating results for the Duketon Project for 2016 were as follows:

- Ongoing optimisations of the processing plant and ore blend at the Duketon South
Operations saw throughput increase 4% to 10.25 million tonnes for FY2016.

- Milled grade for the whole Duketon operation of 1.03g/t in FY2016 was lower than the grade of 1.11g/t in FY2015 primarily due to lower head grade at the Moolart Well mine which was as expected and reflective of the ore scheduled to be mined during the year.

- Gold production at Duketon of 305,084 ounces for FY2016 exceeded the upper end of annual guidance of 275-305koz. All-in sustaining costs of $927 per ounce were 7% lower than the previous year due to ongoing cost efficiencies and were below the lower end of annual guidance.

- The 31 March 2016 Ore Reserves update saw reserves increase to 2.13 million ounces for the Duketon project and Regis successfully more than replaced FY16 production. The 445,000 ounce (22%) increase in Ore Reserves in FY2016 net of depletion was the result of maiden reserves at Gloster and Baneygo and additions to existing reserves at Rosemont and Moolart Well.

Cashflow

■ Net cash from operating activities for the year was $204.0 million, up 44% from $142.0 million in the previous year reflecting the strong operating performance and gold price environment.

■ Cash and gold bullion holdings increased to $122.3 million as at 30 June 2016 (30 June 2015: $64.5 million), an increase of $57.8 million after repayment of $20 million of bank debt, payment of $50 million in dividends and $1.8 million invested in equity investments.

■ The full repayment of bank debt of $20 million during the year has resulted in Regis being debt free other than normal trade creditors and leasing arrangements. Regis Managing Director, Mr Mark Clark commented:

"It is pleasing that the strong operating performance at Duketon has been reflected in a 29% increase in 2016 earnings to $112 million. The robust cash operating margin has seen cash on the balance sheet build and has underpinned the payment of 13cps in dividends for the year. It is also exciting that our organic growth strategies are delivering opportunities to increase reserves and a higher medium term production outlook."

http://www.regisresources.com.au/reports-2/asx-announcements?download=224

Rio Tinto Ltd (ASE: RIO)

Rio Tinto releases robust first quarter production results

19 April 2016

Rio Tinto chief executive Sam Walsh said "These results demonstrate our commitment to operational excellence in 2016, with notable improvements in several important areas, including a strong performance in Aluminium. However, we continue to experience volatility in commodity prices across all markets. In the face of a testing external environment, our focus remains on delivering further cost and productivity improvements, disciplined capital management and maximising free cash flow, to ensure that Rio Tinto remains strong."

Highlights

■ Global iron ore shipments of 80.8 million tonnes (Rio Tinto share 64.9 million tonnes) were 11 per cent higher than in the first quarter of 2015 due to the completion of some brownfield developments and expanded infrastructure capacity in the Pilbara in 2015, but were lower than the prior quarter due to normal seasonal factors.
■ Improvements throughout the Aluminium product group:
o Bauxite production of 11.1 million tonnes, improved by six per cent compared with the first quarter of 2015.
o Alumina production increased by seven per cent compared with the first quarter of 2015.
o Aluminium production increased by ten per cent compared with the first quarter of 2015 following the successful completion of the ramp-up at the Kitimat smelter.
■ Mined copper production was 27 per cent higher than the previous quarter, with higher grades at Kennecott, improved throughput and water availability at Escondida and a share of production from Grasberg.
■ During the quarter, the Group completed the divestment of the Bengalla coal mine and the restructure of the Coal & Allied group and announced the sale of the Mount Pleasant coal project

Pilbara operations

Pilbara operations produced 79.9 million tonnes (Rio Tinto share 65.0 million tonnes) in the first quarter of 2016, 12 per cent higher than the same quarter of 2015. Higher year-on-year production reflects the stronger performance following completion of the brownfield developments and infrastructure expansions in 2015. First quarter production was three per cent lower than the previous quarter.

Pilbara sales

Sales of 76.7 million tonnes (Rio Tinto share 62.5 million tonnes) in 2015 were 11 per cent higher than in the first quarter of 2015.

Sales were around three million tonnes below production in the first quarter of 2016 due to seasonal restocking and weather disruptions from Tropical Cyclone Stan. Inventory at port returned to optimum levels in the first quarter.

On 15 April 2016, Rio Tinto announced the extension of the Channar Mining Joint Venture with Sinosteel Corporation. This extension, together with a separate agreement for Rio Tinto to supply iron ore from the Pilbara, will enable sales of up to 70 million tonnes of iron ore to Sinosteel Corporation over the next five years.

Pilbara projects

Work continued on the Nammuldi Incremental Tonnes (NIT) project which delivers high grade, low phosphorous ore into the Pilbara Blend. The initial phase, with a five million tonne per annum capacity, commenced production in the fourth quarter of 2015 and the second phase, which will take annual mine capacity from five to ten million tonnes per annum, is due to come into production in the fourth quarter of 2016. A further investment decision on the Silvergrass project is expected in the second half of the year.

The Cape Lambert Power Station project is progressing on schedule with civil contractors mobilised. The station will provide the power required for additional infrastructure in the Pilbara. Testing and verification of AutoHaul® is continuing, with over 75,000 kilometres of mainline trials completed: however, some delays are being experienced.

Iron Ore Company of Canada (IOC)

Operational performance continued to improve at IOC. A new first quarter record for concentrate production of 2.1 million tonnes was achieved, which was an increase of 54 per cent compared with the first quarter of 2015, although 26 per cent lower than the fourth quarter of 2015 due to seasonal impacts. IOC continues to optimise production of pellets and concentrate for sale based on prevailing market conditions and demand. However, pellet production declined by ten per cent to 2.0 million tonnes when compared with the first quarter of 2015, mainly due to equipment reliability.

2016/17 guidance

Rio Tinto's expected global shipments in 2016 are unchanged at around 350 million tonnes (100 per cent basis), from its operations in Australia and Canada, subject to weather conditions.

With the delay in AutoHaul® , production from the Pilbara is now expected to be between 330 and 340 million tonnes in 2017 (previously 350 million tonnes), subject to final productivity and capital expenditure plans.

Bauxite

Bauxite production of 11.1 million tonnes during the first quarter of 2016 was a six per cent increase on the first quarter of 2015 and was in line with the previous quarter. Strong performance in ramping up the Gove mine increased production by 30 per cent to 2.2 million tonnes and record production at Sangaredi (CBG), at 1.9 million tonnes, was 16 per cent higher compared with the first quarter of 2015. Third party shipments of 6.8 million tonnes were six per cent higher than the first quarter of 2015.

Alumina

Alumina production in the first quarter improved by seven per cent compared with the first quarter of 2015 and was consistent with the fourth quarter of 2015. This solid performance was mainly driven by Yarwun, where first quarter production of 785 thousand tonnes was 15 per cent higher than the first quarter of 2015, setting a new quarterly record. It also reflected the ongoing focus on productivity improvements across all refineries, which continues to be the strategy for the division.

Aluminium

Aluminium production of 887 thousand tonnes represents a ten per cent increase compared with the first quarter of 2015.

Kitimat completed its ramp-up to an annualised rate of 420 thousand tonnes in March 2016.

Production across the Saguenay smelter system increased by four per cent compared with the first quarter of 2015 as a result of ongoing productivity improvements.

2016 guidance

Rio Tinto's expected share of production of bauxite, alumina and aluminium remains unchanged at 45 million tonnes, 7.8 million tonnes and 3.6 million tonnes, respectively.

Rio Tinto Kennecott

Mined copper production increased by 33 per cent compared with the previous quarter and 29 per cent compared with the first quarter of 2015, primarily due to higher copper grades.

The focus continues on the de-weighting and de-watering of the east wall of Bingham Canyon and the development of the south wall pushback.

Refined copper production was 14 per cent higher than the fourth quarter of 2015 again reflecting the higher grades. The 43 per cent decrease compared with the first quarter of 2015 was primarily a result of a drawdown of inventory in 2015, which more than offset lower mine production.

Kennecott continues to toll third party concentrate to optimise smelter utilisation, with 90 thousand tones received for processing in the first quarter of 2016. Tolled copper concentrate, which is smelted and returned to customers, is excluded from reported production figures.

Escondida

At Escondida, mined copper production was 20 per cent higher compared to the previous quarter as a result of higher throughput from the continued ramp-up of the new 152ktpd concentrator and improved water availability. The 25 per cent reduction from the same quarter in 2015 is due to lower grades. Refined copper production for the first quarter of 2016 was ten per cent higher than the corresponding quarter of 2015 as a result of an increase in material stacked for leaching. This was supported by the drawdown of low grade ore-stocks and an increased area under irrigation.

Oyu Tolgoi

In the first quarter of 2016, Oyu Tolgoi achieved record levels of ore processed due to mill throughput improvements. With the mine also continuing to access higher grades, this resulted in mined copper production during the period being 71 per cent higher than the first quarter of 2015 and comparable with the previous quarter.

Work continues on gaining the required permits and licenses for the development of the underground mine. It is expected that the Rio Tinto board will consider this project for approval during the second quarter of 2016.

Grasberg

Through a joint venture agreement with Freeport-McMoRan Inc. (Freeport), Rio Tinto is entitled to 40 per cent of copper and gold produced above an agreed threshold that is referred to as the metal strip.

Grasberg's first quarter production in 2016 exceeded the metal strip and as a result, Rio Tinto's share for the quarter was 8.3 thousand tonnes of mined copper and 12.7 thousand ounces of gold.

Coal

Hard coking coal production was in line with the first quarter of 2015 and four per cent higher than the previous quarter.

Semi-soft coking coal production was 47 per cent higher than the fourth quarter of 2015 and was 31 per cent higher than the same quarter of 2015, reflecting mine production sequencing at Hunter Valley Operations and Mount Thorley Warkworth.

Thermal coal production was 16 per cent lower than the previous quarter and nine per cent lower than the same quarter of 2015, due to the impact of wet weather at Hunter Valley Operations in January 2016. It also reflects the change in ownership following completion of the Coal & Allied restructure and the divestment of Bengalla.

The restructure of the Coal & Allied group came into effect on 3 February 2016. Under the restructure, Rio Tinto obtained 100 per cent ownership of Coal & Allied and Mitsubishi obtained a direct interest of 32.4 per cent in the Hunter Valley Operations. Rio Tinto's interest in Hunter Valley Operations, Mount Thorley and Warkworth mines is now 67.6 per cent, 80 per cent and 55.57 per cent respectively. Historical production data prior to the date of the restructure reflects the previous ownership.

Rio Tinto completed the sale of its 40 per cent interest in the Bengalla Joint Venture for $616.7 million with an effective date of 1 March 2016.

On 27 January 2016, Rio Tinto announced that it had reached a binding agreement for the sale of its Mount Pleasant thermal coal assets to MACH Energy Australia Pty Ltd for $224 million plus royalties. The sale is subject to certain conditions precedent being met and is expected to close in 2016.

2016 guidance

In 2016, Rio Tinto expects its share of mined copper production to remain unchanged at between 575 and 625 thousand tonnes. Refined copper production guidance is also unchanged and is expected to be between 220 and 250 thousand tonnes.

For coal, Rio Tinto's forecast share of production is unchanged and is expected to be 7 to 8 million tones of hard coking coal, 3.3 to 3.9 million tonnes of semi-soft coking coal and 16 to 17 million tonnes of thermal coal. Thermal coal guidance includes a contribution from Bengalla up to 1 March 2016 and the share of production attributable to Rio Tinto prior to and following the restructure of the Coal & Allied group.

Diamonds

At Argyle, production was five per cent higher than the first quarter of 2015 due to increased underground volumes.

At Diavik, carats recovered were 26 per cent higher in the first quarter of 2016 compared with the first quarter of 2015 due to higher mining rates, availability of stockpiled ore and higher grades recovered. Production was also 26 per cent higher than the fourth quarter of 2015 following the processing pause late in 2015.

Minerals

Borates production in the first quarter was 19 per cent greater than the previous quarter due to alignment of production to stronger demand in the US and China. Chinese demand was driven by improvements in residential construction and in overall business sentiment.

Rio Tinto Iron and Titanium (RTIT)

Titanium dioxide slag production was 24 per cent lower than the first quarter of 2015 but 10 per cent higher than the fourth quarter of 2015 as RTIT continues to optimise production in line with demand. Two of nine furnaces at Rio Tinto Fer et Titane and one of four furnaces at Richards Bay Minerals are currently idled, reflecting lower demand for high grade feedstocks.

Salt

Salt production in the first quarter was 13 per cent lower than the previous quarter, due to weaker demand.

Uranium

Energy Resources of Australia (ERA) continues to process existing stockpiles. First quarter 2016 saw a 21 per cent increase in production over the same quarter of 2015. Production was 11 per cent lower than the previous quarter as grade was lower, although in line with the Group's expectations.

Production at Rössing was 152 per cent higher than the same quarter of 2015 following recovery from a fire in February 2015.

2016 guidance

Rio Tinto's expected share of titanium dioxide slag, boric oxide equivalent production, uranium and diamond production in 2016 is unchanged at one million tonnes, 0.5 million tonnes, five to six million pounds and 21 million carats, respectively.

http://www.riotinto.com/documents/160419_Rio_Tinto_releases_robust_first_quarter_production_results_(1).pdf

Sims Metal Management Ltd (ASE: SGM)

Sims Metals Announces Fiscal 2016 Full Year Results

Key Points

- Underlying EBIT of $63 million in 2H FY16, up from a $5 million loss in 1H FY16
- Underlying return on capital of 5.5% in 2H FY16, and 11.0% in 4Q FY16
- Reduced controllable costs by $137 million in FY16 (on a constant currency basis)
- Final dividend of 12.0 cents per share, fully franked
- $60 million returned to shareholders through the repurchase of 7.9 million shares
- Net cash position of $242 million as at 30 June 2016

Group Results

Sims Metal Management Limited (the “Company”) today announced underlying NPAT of $38 million, representing a diluted EPS of 18.6 cents for FY16. Statutory NPAT loss of $217 million, represented a diluted EPS loss of 106.8 cents.

Underlying EBIT was $58 million in FY16, driven by a significant improvement in earnings in 2H FY16. On a half yearly basis, underlying EBIT in 2H FY16 was $63 million compared to a loss of $5 million in 1H FY16 and a $47 million profit in 2H FY15. The improved performance was as a result of substantial cost reductions, coupled with better margins, albeit on flat volumes in the second half of the year.

Sales revenue of $4,652 million in FY16 was down 26% compared to FY15, due to lower prices and sales volumes for ferrous and non-ferrous metals. Sales volumes of 8.6 million tonnes declined 18% from FY15 due to lower market supply and demand. Sales volumes in 2H FY16 declined 1% over 1H FY16, as export demand stabilised in the second half.

In announcing the result, Group CEO Galdino Claro said, “The Company responded quickly and decisively to the challenges of 1H FY16. We accelerated our optimising initiatives, reduced overhead expenses, and sold or idled a number of non-core facilities.”

“The difficult work accomplished in the past year has significantly improved the health and stability of the business. We have reduced the volume break-even point to ensure continued profitability at the bottom of the cycle, yet we have retained enough spare capacity to sell an additional 4-5 million tonnes per annum when industry volumes recover.”

Regional Performance

Commenting on regional performance, Group CFO Fred Knechtel said, “Earnings materially improved during 2H FY16 across our business, despite no improvement in total volumes.”

“North America Metals underlying EBIT of $25 million in 2H FY16 was the second highest half year result since FY11, and compared to a $23 million loss in 1H FY16. The earnings recovery was driven by North America Metals Central and East, and higher income from the SA Recycling joint venture. During FY16, assets identified for sale or closure posted a $19 million EBIT loss. Following the recent sale of operations in Mississippi and Tennessee, the majority of these related assets have been divested, with benefits expected in FY17.”

“ANZ Metals underlying EBIT of $26 million in 2H FY16, increased from $14 million in 1H FY16. The improved results of the second half related to a successful reduction in the operational costs and slightly higher sales volumes driven by stronger domestic demand.”

“Europe Metals underlying EBIT of $17 million in 2H FY16, improved from $2 million in 1H FY16. The better result was driven by lower costs and a 24% increase in volumes, as we repositioned our sales toward export markets. This result was the strongest half since 2008.”

“Global E-Recycling underlying EBIT of $8 million in 2H FY16, compared with near breakeven in 1H FY16. The improvement was driven by stronger precious metal prices and better results in Continental Europe. However, the US business has been challenged by market overcapacity, and this is currently being addressed by resetting initiatives in FY17.”

Final Dividend

The Company has determined to pay a final dividend for FY16 of 12.0 cents per share, fully franked, on 21 October 2016 to shareholders on the Company's register at the record date of 7 October 2016. The dividend was determined by the Board based on factors including the positive outlook for future improved earnings driven by the success of the resetting initiatives and continued positive momentum of internal strategic initiatives.

Strategic Plan Update

In relation to the Company's strategic plan, Mr Claro stated, "We continue to implement new initiatives to improve our core drivers of profitability across Supplier Relationships, Logistics, Operational Excellence, and Product Quality & Services. Through the successes we have already fulfilled and expect to accomplish in the future, we remain highly confident of achieving our goal of greater than cost of capital returns in FY18."

"In November 2015, we announced new initiatives to reset the business to achieve attractive returns, even at the lowest level of market activity. These initiatives generated a significant and permanent improvement in the business, and were a meaningful driver of the material earnings increase in 2H FY16."

"The scope of work to reset the business in the past year was extensive. Twenty-nine lossmaking or non-core facilities were sold or idled, overhead costs were lowered, and employee headcount was reduced by 12%. Through these initiatives, controllable costs in constant currency terms declined by a further $137 million during FY16."

"The swift implementation of these initiatives helped drive the substantial lift in earnings during the second half. Underlying return on capital increased from near break-even in 1H FY16 to 5.5% in 2H FY16, and an even higher 11.0% during the fourth quarter of FY16."

"Since the beginning of our five-year strategy in FY14, controllable costs have been reduced by $234 million and our volume break-even point has been lowered. At the same time we have maintained the majority of our volume capacity, keeping us well positioned for when market volumes recover."

Market Conditions and Outlook

Commenting on market conditions, Mr Claro said, "Overcapacity of steel production in China and high levels of exported semi-finished and finished steel remains an unresolved issue. However, market conditions are showing positive signals."

"Steel exports from China to Mediterranean markets have receded recently to levels similar to 2014, supporting stronger demand for imported ferrous scrap. At the same time, global inventories held by large international scrap exporters are now at multi-year lows. The combination of these dynamics is likely to improve demand and lower downside price risk for ferrous scrap."

"Based on the resetting actions and forecast benefits from internal initiatives in the current fiscal year, we expect return on capital in FY17 to be a step towards our FY18 return on capital target of 10% or higher."

http://phx.corporate-ir.net/external.file?t=2&item=o8hHt16027g9XhJTr8+weNRYaV9bFc2rMd0Q/AXw4zttNyZb4x1+BCz2dw2R9h5d1MAPG3NQW5FcNiLSfE/0teqhtQ2+4maVhfDdiHyTwIoB2NyqGMPrN0+oqkgk+d82uqVLJ6s7OOvBqNh9yeAfbw==&cb=636076771580396529

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Sector Coverage

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- China Banking
- China Automotive
- China Mining
- China Cement
- China Shipbuilding
- China Renewable Energy
- India Information Technology
- India Banking
- Australia Metal and Mining
- Australia Specialty Minerals
- Australia Biotechnology and Pharmaceuticals
- Australia Grains
- Australia Banking
- Australia Tourism
- Brazil Banking
- Brazil Metal and Mining
- Canada Mining
- Canada Grains
- Canada Media
- Canada Telecommunications
- Japan Shipbuilding
- Japan Pharmaceuticals
- Japan Automotive
- Japan Telecommunications
- Mexico Mining
- South Korea Metal and Mining
- South Korea Shipbuilding
- South Korea Automotive
- US Pharmaceuticals
- US Automotive
- US Mining
- US Petroleum and Gas
- US Armaments
- US Biotechnology
- US Textiles
- US Software and Information Technology
- US Grains
- US Telecommunications
- US Media
- US Renewable Energy
- Russia Armaments
- France Armaments
- France Pharmaceuticals
- UK Armaments
- UK Pharmaceuticals
- UK Petrochemicals
- UK Hedge Funds
- Germany Automotive
- Germany Shipbuilding
- Germany Pharmaceuticals
- South Africa Mining
- South Africa Petrochemicals
- Saudi Arabia Petrochemicals, Oil and Gas