
Murchison Metals annual profit falls

Wednesday, 23 Sep, 2009

It is reported that Iron ore miner Murchison Metals Ltd has posted a sharp fall in annual profit despite higher production. The result reflects a downturn in the market for the bulk commodity after Chinese steel makers curtailed output.

Murchison net profit for the 12 months to June 30 was USD 732,000 down from USD 55.6 million for the prior financial year. Ore mined for 2008 to 2009 was 1.65 million tonnes up from 1.61 million tonnes for 2007 to 2008. A total of 1.47 million tonnes of ore was shipped up from 1.34 million tonnes previously.

Murchison said its 50% mining joint venture with Japan Mitsubishi Corporation, Crosslands had maintained regular shipments to customers despite a significantly softer iron ore market. It said "Shipment deferrals and cancellations affected most Australian producers and spot prices for iron ore fell rapidly and sharply."

Murchison said "Despite this, Crosslands maintained regular shipments throughout the year as a result of the excellent relationships established with customers over the initial years of operation at Jack Hills and the high quality of Jack Hills ore. Towards the end of the financial year, the Chinese steel industry showed signs of improvement."

The company said the result included a USD 25.9 million profit from the sale of its 9.2% stake in Sinosteel Corporation controlled iron ore miner Midwest Corporation Ltd. It also accounted for USD 6.5 million to settle litigation with former directors of Chameleon Mining NL plus USD 4.7 million in various legal and consultant expenses.

(Sourced from money.ninemsn.com.au)

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