Anglo American releases its Q4 2018 production report

Anglo American's fourth quarter, which ended 31 December 2018 reports a 7% increase in total production on a copper equivalent basis - this compared to the same period in 2017, excluding the effect of the stoppage at Minas-Rio.

Image via Anglo American

Mark Cutifani, chief executive of Anglo American, said: "Our continuing focus on efficiency and productivity improvements across the business resulted in another strong quarter, adding to our consistent track record of delivery. Solid operational performance resulted in a 23% increase in production from our copper business, more than offsetting the impact of infrastructure constraints at Kumba.

"We ended this successful quarter with the restart of operations at Minas-Rio and receipt of a key approval relating to the important Step 3 licence area that supports its increase in production towards design capacity."

Highlights:

• De Beers production increased by 12% to 9.1 million carats due to production increases at Orapa.

• Copper production increased by 23% to 183,500 tonnes, with increases at all operations, reflecting continued strong operational performance and planned higher grades.

• Platinum and palladium production both increased by 3% to 602,300 ounces and 386,600 ounces respectively, driven by improved operational performance across the majority of the portfolio.

• Kumba's iron ore production decreased by 13% to 10.2 million tonnes due to infrastructure constraints.

• Metallurgical coal production increased by 15% to 5.6 million tonnes driven by productivity improvements at Moranbah and the continued Grosvenor ramp up.

• Thermal coal export production decreased by 9% to 6.9 million tonnes due to the impact of rain at Cerrejón.

• Minas-Rio restarted operations at the end of the quarter and also received a key approval relating to the important Step 3 licence area.

De Beers

Rough diamond production increased by 12% to 9.1 million carats bringing total production for 2018 to 35.3 million carats due to a planned production increase at Orapa(2) mine, although this was in the lower half of the production guidance range of 35-36 million carats.

Botswana (Debswana) production increased by 15% to 6.3 million carats. Orapa(2) production increased by 20% to 3.6 million carats driven by planned favourable grade and higher plant utilisation. Jwaneng production increased by 9% following an increase in tonnes treated.

Namibia (Namdeb Holdings) production increased by 3% to 0.5 million carats, driven by the Mafuta crawler vessel at Debmarine Namibia spending fewer days in port. This was partly offset by the land operations following the transition of Elizabeth Bay to care and maintenance.

South Africa (DBCM) production increased by 7% to 1.2 million carats as a result of planned higher grade ore at Venetia.

Canada production increased by 5% to 1.0 million carats due to higher grades at Victor as it reaches the end of its life. This was partially offset by planned lower grades at Gahcho Kué.

Rough diamond sales volumes totalled 9.9 million carats (9.3 million carats on a consolidated basis(3)) from three sales cycles, compared with 8.2 million carats (7.5 million carats on a consolidated basis(3)) from the same number of sales cycles during the equivalent period in 2017. Fourth quarter rough sales revenues increased year on year as the re-phased allocations of some lower value rough diamonds from Sight 7 (in September) were realised in Sights 9 and 10.

For the full year, rough diamond sales volumes were 4% lower at 33.7 million carats (31.7 million carats on a consolidated basis(3)) compared with 35.1 million carats (33.1 million carats on a consolidated basis(3)) in 2017. 2018 sales volumes were also lower than production, driven by lower demand for lower value rough diamonds in the second half of 2018.

The consolidated average realised price of $171/ct was 6% higher (2017: $162/ct), due to a lower proportion of lower value rough diamonds sold in 2018.

2019 Guidance

2019 production guidance is 31-33 million carats, subject to trading conditions. The lower production is driven by the process of exiting from the Venetia open pit with the underground becoming the principal source of ore from 2023. Associated with this, an increased proportion of production in 2019 is expected to come from De Beers Group's joint venture partners, a proportion of which generates a trading margin, which is lower than the mining margin generated from own mined production.

Full report figures can be veiwed here.