

**RONPHOS REPORT****As At 31<sup>ST</sup> AUGUST 2014****1. Production Summary**

- a) The production for the month of August 14 was 32,507 metric tonnes (mt) being approximately 16,093 below the budgeted production target of 48,600 tonnes for the month. A much improved performance from NRC though their mining production result is still trailing behind by 48,307mt (49%) on YTD target figure of 97,000 mt.

**2. RONPHOS Phosphate Exports- As At 31st August 2014.**

- a) A summary of the year to date phosphate exports is summarised below.

#	Date	Vessel Name	Buyer	QTY MT	Price\$USD	Invoice Value
1	16 July 14	MV Ocean Exporter	Incitec Pivot	25,000	124	\$3,100,000
2	4/8/2014	MV Oslo Bulk 8	Genesis Commodities	7,600	124	\$942,400
3	11/8/2014	MV Sea Harvest	Samsung C&T	21,820	124	\$2,705,680
<b>Total</b>				<b>54,420</b>		<b>\$6,748,080</b>

b) Highlights:

- 25,000 metric tonnes was exported in the month of July 2014, 5000mt short of the projected month end export forecast of 30,000mt.
- 29,420 metric tonnes was exported during the month of August 14, 20,580mt short of the projected export forecast of 50,000 mt.
- Total year to date phosphate export tonnage to 31<sup>st</sup> August 14 is 54,420mt, 25,580mt short of the year to date export target to 31<sup>st</sup> August 2014.
- The average price for the three phosphate export shipments is USD\$124.
- The third shipment on the 11<sup>th</sup> of August 2014 was short supplied by 3,180mt due to break down in plant and equipment during phosphate loading.

c) Lay Can – Phosphate Export Schedule

- All lay canning arrangements have been suspended due to mooring repairs and expiry of the Mooring System license on the 14<sup>th</sup> of August 2014. Repair works are currently in progress.

- Prospective customers, Incitec Pivot and Radiance have been advised accordingly.

d) Export Pricing

- The customer pricing for July –Sept 14 quarter is set at USD\$124 per tonne.
- The quarterly pricing system now used with our standard contracts is becoming accepted by all parties and is making shipment negotiations with our customers more straight forward and transparent.
- The current indicators predict that there will be some upward movement on pricing in the next quarter. This is in the hope that the Indian elections are over and that the agricultural support systems are reviewed. The new strategy of the Government with regard to subsidies, supply and demand situation may lead to moderate increases.

e) New Customer Contract Adoption and Transition

- IPL and RONPHOS have yet to sign the new contract-IPL’s Board are ratifying the few changes proposed.
- Negotiation with Radiance to adopt the new contract format will begin shortly
- The process of annual review of agreements will begin later in the year.

3) Quality Control

- The Laboratory team continues to provide very useful information assisting mine and activity planning.
- Quality Indicators for the month of July 2014 are as follows:

<u>Quality Aspect</u>	<u>July 2014 - Average</u>	<u>August 14 Average</u>	<u>Standard/ Desired</u>	<u>Comments</u>
Moisture Content	2.1%	2.5%	3%	Good and Improving
Calcium Carbonate	8.7%	8.2%	6.5%	Contract-7%
Cadmium		O/S		WIP
BPL	71.09	O/S	Minimum 82%	Bad

4) Land and Legal

- Due to increase in land lease rates from \$3.30 to \$8.50 per sqm, a review of all RONPHOS land leases is underway. Initial assessment indicates that some leases are to be held by other SOEs such as Utilities and NPA. Once reviewed, presentation will be made to the Minister and Cabinet for discussion and action.

## **5) Audit of RONPHOS Account -30<sup>th</sup> June 2014**

- The audit of RONPHOS Corporation for the financial year ending 30<sup>th</sup> June 2014 is well underway. The Auditors paid a preliminary visit between the 29<sup>th</sup> of June 14 to the 2<sup>nd</sup> of July 2014 to observe the year end activities and to begin the audit process. The feedback was that the Auditors were impressed with the improvements in RONPHOS' system since their last visit in 2010.

## **6) CAPEX**

- Project Zero Dust- Removal of old equipment and preparatory works for the new kilns is progressing. A detail report as at 31<sup>st</sup> July 2014 is available detailing project progress.
- Canica Crusher and Associated Conveyors-Awaiting parts from abroad
- The P&H 60 tonne crane has arrived and was fitted by the 3 XCMG consultants. They also conducted training for new operators (local talents) who have showed tremendous commitment and promise. Training will be ongoing. The crane's capability (75 tonne hook) is of great assistance to projects works.
- Shipping delays continues to negatively impact the timely completion of project works.

## **7) Human Resources**

- As at 30<sup>th</sup> June 2014, manpower count has total employee number at 428 (72 staff, 377 labour and trade and 19 trainees. Gender break down is 350 male and 78 female.

## **8) Financial Achievements – (Financial Year 2013-14)**

- All pending balances including superannuation owed by RONPHOS to past and current employee was fully settled / paid in full in early July 2014.
- A total of \$4 million was paid by RONPHOS towards the Bank of Nauru liquidation fund during the financial year 1<sup>st</sup> July 13 to 30<sup>th</sup> June 2014. As part of this payment, \$3 million was paid just before the end of the financial year (30<sup>th</sup> June 2014) to assist the Government of Nauru with the bank liquidation process.

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**Hon Aaron Cook, MP.**

Minister for Commerce, Industry and Environment, RONPHOS and Nauru Rehabilitation Corporation.