

# CLIFFS NATURAL RESOURCES INC.

## FORM 8-K (Current report filing)

Filed 07/27/06 for the Period Ending 07/27/06

Address	200 PUBLIC SQUARE STE. 3300 CLEVELAND, OH 44114-2315
Telephone	216-694-5700
CIK	0000764065
Symbol	CLF
SIC Code	1000 - Metal Mining
Industry	Metal Mining
Sector	Basic Materials
Fiscal Year	12/31

# CLEVELAND CLIFFS INC

## FORM 8-K (Current report filing)

Filed 7/27/2006 For Period Ending 7/27/2006

Address	1100 SUPERIOR AVE 18TH FLR CLEVELAND, Ohio 44114
Telephone	216-694-5700
CIK	0000764065
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

July 27, 2006

Cleveland-Cliffs Inc

(Exact name of registrant as specified in its charter)

Ohio

1-8944

34-1464672

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

1100 Superior Avenue, Cleveland, Ohio

44114-2589

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

216-694-5700

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 7.01 Regulation FD Disclosure.**

On July 27, 2006, Portman Limited ("Portman") filed with the Australian Stock Exchange its Quarterly Report for the period ended June 30, 2006 captioned "Portman Reports Record Second-Quarter Earnings." The Second Quarter and First Half Report is contained in Item 9.01 as exhibit 99(a) on Form 8-K and is incorporated into this Item 7.01 by reference. The information on this Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or incorporated by reference in any filing under the Securities Act of 1933, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

99(a) Portman published a press release captioned, "Portman Reports Record Second-Quarter Earnings," announcing Second Quarter and First Half earnings for the period ended June 30, 2006, filed with the Australian Stock Exchange on July 27, 2006

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

July 27, 2006

Cleveland-Cliffs Inc

By: *George W. Hawk, Jr.*

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*Name: George W. Hawk, Jr.*

*Title: General Counsel and Secretary*

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Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.(a)	Portman published a press release captioned, "Portman Reports Record Second-Quarter Earnings," announcing Second Quarter and First Half earnings for the period ended June 30, 2006, filed with the Australian Stock Exchange on July 27, 2006

# **P** **Portman** **Limited**

27 July 2006

ABN 22 007 871 892

Level 11  
The Quadrant  
1 William Street  
Perth 6000  
Western Australia  
GPO Box W2017  
Perth, 6001  
Tel:  
Fax:

61 8 9426 3333  
61 8 9426 3344

**(12 pages in total)**

The Announcements Officer  
Australian Stock Exchange (Sydney) Limited  
Level 10  
20 Bond Street  
SYDNEY NSW 2001

**Electronically Lodged**

Dear Sir

## **QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2006**

Please find attached Portman's Quarterly Report for the period ended 30 June 2006.

Yours faithfully

/s/ L. A. Kipfstuhl

L. Kipfstuhl  
COMPANY SECRETARY

# **PORTMAN LIMITED P**

**A.B.N. 22 007 871 892**

## **QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2006**

### **HIGHLIGHTS**

#### **Earnings**

- Net profit \$35.5 million.

#### **Marketing**

- Iron ore prices settled at a 19% increase to the benchmark price for lump and fine ore.

## Koolyanobbing Project

- Plant throughput increasing but still below the 8 Mtpa rate.
- All 8 Mtpa infrastructure complete and commissioned.
- Demand remains extremely strong, especially for Fine ore.

## Cockatoo Island Project (100%)

- Production proceeding according to plan with an average 2.5 shipments per month.
- Drilling program at eastern end of main pit completed.
- Resource evaluation will precede a decision of construction of a third stage of the sea wall project.

# PORTMAN LIMITED P

A.B.N. 22 007 871 892

## 1.0 PORTMAN REPORTS RECORD SECOND-QUARTER EARNINGS

Portman Limited (ASX:PMM) today reported a record second-quarter 2006 unaudited net profit of \$35.5 million or 20.2 cents per share (all per-share amounts are “diluted”), versus net profit before transaction costs of \$24.1 million or 13.8 cents per share in 2005. Net profit for the first half in 2006 was also a record \$52.3 million or 29.8 cents per share, versus net profit before transaction costs of \$45.3 million or 25.8 cents per share.

Following is a summary:

	(In Millions Except Per Share)			
	Second Quarter		Half Year	
	2006	2005	2006	2005
Sales Tonnes	1.8	1.5	3.2	3.0
Sales Revenue	124.4	88.3	208.3	159.8
Net profit before transaction costs:				
Amount	35.5	24.1	52.3	45.3
Cents per share	20.2	13.8	29.8	25.8
Expenses related to the transaction after tax:				
Amount		(0.3)		(5.3)
Cents per share		(0.2)		(3.0)
Net profit:				
Amount	<u>35.5</u>	<u>23.8</u>	<u>52.3</u>	<u>40.0</u>
Cents per share	<u>20.2</u>	<u>13.6</u>	<u>29.8</u>	<u>22.8</u>

## Second Quarter

The increase in net profit before transaction costs of \$11.4 million was comprised of a \$16.3 million increase in pre-tax profit, net of \$4.9 million increase in income taxes. The pre-tax earnings increase of \$16.3 million was due primarily to increased sales revenue, \$36.1 million, partially offset by increased cost of goods sold \$19.7 million, and increased shipping & selling costs \$4.3 million. The mark to market adjustment for the hedge book was favourable \$5.9 million, reflecting the fair value movement in the time value of option based hedges.



- Sales revenue increased by \$36.1 million due to a 19% increase in the 2006 international ore price \$25.7 million, higher sales volume, \$13.5 million, partially offset by exchange rate effects of \$2.2 million and an unfavourable sales mix of \$0.9 million. The sales price increase relating to first quarter sales was \$9.9 million.
- Cost of goods sold increased \$19.7 million, primarily due to higher mining costs, \$7.4 million, higher waste removal \$6.0 million and increased rail freight \$4.5 million. Input costs in all areas are being affected by higher fuel costs and labour skills shortage.
- Shipping and selling costs increased by \$4.3 million primarily due to increased sales royalties.
- Increased exploration expenditures \$0.9 million

## **First Half**

The increase in net profit before transaction costs of \$7.0 million was comprised of a \$10.0 million increase in pre-tax profit, net of \$3.0 million increase in income taxes. The pre-tax earnings increase of \$10.0 million was due primarily to increased sales revenue, \$48.5 million, partially offset by increased cost of goods sold \$34.6 million, and increased shipping & selling costs \$5.1 million. The mark to market adjustment for the hedge book was favourable \$2.9 million, reflecting the fair value movement in the time value of option based hedges.

- Sales revenue increased by \$48.5 million due to a 19% increase in the 2006 international ore price \$39.7 million, higher sales volume, \$13.8 million, favourable sales mix of \$3.2 million, partially offset by exchange rate effects of \$8.2 million.
- Cost of goods sold increased \$34.6 million, primarily due to higher mining costs, \$14.6 million, higher waste removal \$11.2 million and increased rail freight \$7.1 million.
- Shipping and selling costs increased by \$5.1 million primarily due to increased sales royalties.
- Increased exploration expenditures \$1.0 million

## Capital Expenditure

The Company's capital expenditure program for 2006 including the completion of the approved expansion to 8 million tonnes per annum and new profit improvement and other sustaining capital items, is estimated to total \$42.8 million, which will be funded from current cash flow. Capital expenditures in 2005 totalled \$76.9 million.

Minor plant adjustments continue to be made to improve the operation of the expanded plant. Portman expects to be shipping at close to an 8.0 million tonne rate in the third quarter.

## Liquidity

At June 30, 2006, Portman had \$39.3 million of cash and cash equivalents and \$5.0 million in held to maturity investments. At December 31, 2005, Portman had \$74.5 million of cash and cash equivalents. The \$30.2 million decrease in liquid assets primarily reflected the increased capital expenditures and an increase in working capital requirements which was primarily due to the payment of the final income tax instalment relating to the 2005 year and an increase in product inventories to support the expanded operation.

## Outlook

Richard Mehan, Managing Director stated that the delay in completion of the expansion project will reduce Portman's estimated 2006 sales volume to 7.5 million tonnes. "Cost pressures remain extremely strong. Salaries, fuel, consumables and construction costs are of particular concern. A lack of skilled contractor personnel and a high level of churn in operators and supervisors is hindering Portman's ability to fully utilise infrastructure".

## Accounting Change

Effective 1 January 2006, Portman changed its accounting policy to expense exploration expenditures and deferred waste as incurred. The prior period comparative has been restated as if this policy has applied.

### 2.0 PORTMAN IRON ORE

#### 2.1 Koolyanobbing Project

##### 2.1.1. Production

Production and shipments for the quarter were as follows:

	<u>Actual</u> <u>June Qtr 2006</u>	<u>Actual</u> <u>YTD 2006</u>	<u>Actual</u> <u>June Qtr 2005</u>
<b>Koolyanobbing Iron Ore Project</b>			
<b>Waste: (bcm)</b>			
Koolyanobbing	512,310	986,348	140,291
Mt Jackson	328,860	588,646	122,953
Windarling	1,850,580	3,433,043	1,594,159
<b>Total Waste</b>	<b>2,691,750</b>	<b>5,008,037</b>	<b>1,857,403</b>
<b>Ore Mined: (wmt)</b>			
Koolyanobbing	374,170	657,442	109,141
Mt Jackson	708,570	1,292,857	409,270
Windarling	763,975	1,457,416	960,343
<b>Total Ore Mined</b>	<b>1,846,715</b>	<b>3,407,715</b>	<b>1,478,754</b>
<b>Ore Processed: (wmt)</b>			
Lump	989,698	1,574,672	693,703
Fines	829,783	1,406,191	703,371
<b>Total Ore Processed</b>	<b>1,819,481</b>	<b>2,980,863</b>	<b>1,397,074</b>
<b>Ore Railed: (wmt)</b>			
Lump	1,007,766	1,759,786	725,062
Fines	757,276	1,329,854	702,873
<b>Total Ore Railed</b>	<b>1,765,042</b>	<b>3,089,640</b>	<b>1,427,935</b>
<b>Ore Shipped: (wmt)</b>			
Lump	792,180	1,542,660	726,529
Fines	812,199	1,372,672	658,271
<b>Total Ore Shipped</b>	<b>1,604,379</b>	<b>2,915,332</b>	<b>1,384,800</b>

##### 2.1.2. Project Development

- Price increases of +19% for both Lump and Fine ore were agreed with customers.
- Mining performance at Windarling/Mt Jackson remains below budget. This is a function of contractor performance. Maintaining an appropriate level of supervision and skilled operators is proving difficult.
- Haulage is proceeding smoothly with all but two of the BGC road trains now operational. Widening of the haul road is almost complete.
- Plant operations continued to improve on both an hourly throughput and tonnes per month basis but remain below an 8 Mtpa rate. Take away rates on the main conveyors from the old section of the plant may require modification.

- Approval has been received to construct the Windarling airstrip and work has commenced.
- Meetings have been held with the new above rail operator (Queensland Rail) and track owners (Babcock and Brown Infrastructure). A contract variation for raiiling above 6 Mtpa has been concluded with the operator. Rail performance at around 95% is satisfactory.

## 2.2. Cockatoo Island Joint Venture (100%)

### 2.2.1. Production

Production and shipments for the quarter were as follows:

	<u>Actual</u> <u>June Qtr 2006</u>	<u>Actual</u> <u>YTD 2006</u>	<u>Actual</u> <u>June Qtr 2005</u>
<b>Cockatoo Island Iron Ore Project</b>			
<b>Waste (bcm)</b>	78,235	139,531	110,558
<b>Ore Mined (wmt)</b>	333,835	577,991	240,555
<b>Ore Produced (wmt)</b>	330,095	608,661	266,093
<b>Ore Shipped (wmt)</b>	316,415	621,615	286,354

- Most of the waste from Stages 1 & 2 of the Seawall Project has been removed. Mining is in steady state and the planned shipping rate of around 115,000 tonnes per month is being achieved.
- An exploration drilling program has been undertaken at the far eastern end of the main orebody. If assays and mine schedules confirm adequate tonnage, a third stage of the seawall project is possible. A decision on the extension will be made in the third quarter.

## 2.3

### Exploration

#### Summary

The Koolyanobbing, Mt Finnerty, Perrinvale and Cockatoo Island JV project areas have been the focus of exploration activity during the quarter. At the Koolyanobbing project area, infill and step-out reverse circulation drilling comprised a total of 38 drill holes for 3,864 meters during the reporting period. At the Mt Finnerty project area, scout drilling of initial mapped prospects consisted of 28 drill holes for 1,497 meters. Reconnaissance mapping of Portman's Perrinvale exploration tenements continued during the quarter. At Cockatoo Island a resource definition reverse circulation drilling program testing an eastern extension of the Seawall Hematite orebody consisting of 39 drill holes for 1,608 meters was completed.

#### Koolyanobbing Project Area

Reverse circulation drilling conducted during the 2<sup>nd</sup> quarter 2006 consisted of the completion of in-fill drill programs at the C and W2 deposits with 22 holes drilled, the remaining 2<sup>nd</sup> quarter drilling being a step-out program at the D deposit where 16 holes were drilled.

- The in-fill drill program at the C deposit on the Koolyanobbing Range consisted of 2,171 meters during the reporting period. The aim of the program is conversion of inferred resources to an indicated classification. Best assay results for the reporting period consists of 13 meters @ 59.63% Fe, 0.034% P, 0.016% S, 0.19% Al<sub>2</sub>O<sub>3</sub>

and 6.04% SiO<sub>2</sub> from 38 meters and 21 meters @ 62.29% Fe, 0.013% P, 0.054% S, 0.35% Al<sub>2</sub>O<sub>3</sub> and 1.72% SiO<sub>2</sub> from 134 meters in drill hole KCRC139; 27 meters @ 62.11% Fe, 0.011% P, 0.171% S, 1.14% Al<sub>2</sub>O<sub>3</sub> and 1.11% SiO<sub>2</sub> from 12 meters depth and 18 meters @ 61.35% Fe, 0.009% P, 0.107% S, 0.81% Al<sub>2</sub>O<sub>3</sub> and 0.88% SiO<sub>2</sub> from 48 meters in drill hole KCRC146; 49 meters @ 62.92% Fe, 0.008% P, 0.038% S, 0.45% Al<sub>2</sub>O<sub>3</sub> and 1.62% SiO<sub>2</sub> from 53 meters in drill hole KCRC154, and 30 meters @ 59.16% Fe, 0.059% P, 0.038% S, 0.93% Al<sub>2</sub>O<sub>3</sub> and 2.64% SiO<sub>2</sub> from 14 meters and 21 meters @ 60.37% Fe, 0.048% P, 0.013% S, 0.58% Al<sub>2</sub>O<sub>3</sub> and 2.54% SiO<sub>2</sub> from 48 meters in drill hole KCRC155. Geologic modelling of the mineralization domains is presently underway with an updated C deposit resource estimate scheduled for 3<sup>rd</sup> quarter completion.

- At D deposit, a step-out drill program totalling 1,159 meters was completed. The drill target being a lens of outcropping mineralization extending south from the D deposit towards E deposit. Assay results are not yet available.
- The W2 deposit drilling consisted of 3 deep holes for 534 meters to enhance spatial control for proposed mining advance. Information from these holes is being utilized to optimize the pit design.
- A diamond drilling program consisting of 3 drill holes in each of the C, F and J5 deposits was conducted during the reporting period for a total of 739 meters. The PQ-sized drill core is earmarked for metallurgical testing.
- An update to the W1 geologic model based on 4<sup>th</sup> quarter 2005 drilling along strike from the main outcropping mineralisation has been completed. Additional drilling west of the main W1 mineralization is warranted based on the updated interpretations and prior to incorporating results into a new resource estimate for the deposit.

### **Mt. Finnerty Project Area**

The Mt Finnerty project area is located 65 kilometres east of the Koolyanobbing Range and is covered by an iron ore joint venture agreement with Reed Resources executed in the 3<sup>rd</sup> quarter 2005. The geology of the project area consists of the north-westerly trending Watt Hills greenstone belt containing lenses of variably mineralized and lateritised banded iron formation over a 30 kilometre strike length.

A scout reverse circulation drilling program at Mt Finnerty consisting of 28 drill holes for 1,497 meters was completed during the reporting period. The main objective was determining the depth extent of surface-mapped mineralisation at 7 of 9 prospects identified. Only one of the 7 drilled prospects intersected significant mineralization below surface with best assay results at this prospect being 12 meters @ 60.09% Fe, 0.078% P, 0.295% S, 2.20% Al<sub>2</sub>O<sub>3</sub> and 2.94% SiO<sub>2</sub> from 5 meters in MFRC023, 10 meters @ 59.88% Fe, 0.096% P, 0.139% S, 1.67% Al<sub>2</sub>O<sub>3</sub> and 3.54% SiO<sub>2</sub> from 16 meters in MFRC024, 21 meters @ 59.72% Fe, 0.116% P, 0.159% S, 2.74% Al<sub>2</sub>O<sub>3</sub> and 2.77% SiO<sub>2</sub> from 13 meters in MFRC025 and 10 meters @ 58.72% Fe, 0.126% P, 0.140% S, 3.03% Al<sub>2</sub>O<sub>3</sub> and 3.59% SiO<sub>2</sub> from 22 meters in MFRC026.

Reconnaissance drilling at the other six Mt Finnerty prospects returned results with only thin bands of iron enrichment approaching ore grade mineralisation. Follow-up work is warranted in the vicinity of the mineralization intersected in drill holes MFRC023-026. This work will include detailed geological mapping and surface sampling to better delineate prospective zones within the BIF units prior to further drilling.

### **Perrinvale Project Area**

The Perrinvale project area comprises two Portman exploration licences (E29/565 and E30/291) located approximately 90km west of Menzies. In the previous reporting period reconnaissance mapping had been conducted and 68 rock chip samples collected within the project area. The following table lists analytical results for rock chips samples exceeding 58% Fe from the first phase of field work.

<u>E_MGA_Z51</u>	<u>N_MGA_Z51</u>	<u>FE</u>	<u>P</u>	<u>SiO2</u>	<u>Al2O3</u>	<u>Mn</u>	<u>S</u>
<u>224271</u>	<u>6734383</u>	<u>66.89</u>	<u>0.068</u>	<u>2.06</u>	<u>0.70</u>	<u>0.01</u>	<u>0.017</u>
<u>225042</u>	<u>6730714</u>	<u>63.64</u>	<u>0.063</u>	<u>1.63</u>	<u>1.02</u>	<u>0.02</u>	<u>0.054</u>
<u>223681</u>	<u>6742106</u>	<u>63.28</u>	<u>0.054</u>	<u>4.41</u>	<u>1.18</u>	<u>0.02</u>	<u>0.063</u>
<u>225088</u>	<u>6730310</u>	<u>63.15</u>	<u>0.066</u>	<u>1.83</u>	<u>0.48</u>	<u>0.03</u>	<u>0.140</u>
<u>222368</u>	<u>222370</u>	<u>62.75</u>	<u>0.186</u>	<u>1.65</u>	<u>0.48</u>	<u>0.01</u>	<u>0.029</u>
<u>222370</u>	<u>6745867</u>	<u>61.57</u>	<u>0.167</u>	<u>2.35</u>	<u>0.17</u>	<u>0.00</u>	<u>0.011</u>
<u>217087</u>	<u>6764202</u>	<u>60.61</u>	<u>0.045</u>	<u>7.84</u>	<u>0.59</u>	<u>0.03</u>	<u>0.024</u>
<u>217157</u>	<u>6763538</u>	<u>60.60</u>	<u>0.019</u>	<u>4.81</u>	<u>3.72</u>	<u>0.01</u>	<u>0.040</u>
<u>224448</u>	<u>6733098</u>	<u>60.09</u>	<u>0.023</u>	<u>2.65</u>	<u>0.38</u>	<u>0.43</u>	<u>0.056</u>
<u>222517</u>	<u>6744074</u>	<u>59.96</u>	<u>0.041</u>	<u>5.83</u>	<u>2.75</u>	<u>0.01</u>	<u>0.183</u>
<u>224496</u>	<u>6732833</u>	<u>59.85</u>	<u>0.039</u>	<u>6.44</u>	<u>2.28</u>	<u>0.10</u>	<u>0.116</u>
<u>222570</u>	<u>6744068</u>	<u>59.45</u>	<u>0.098</u>	<u>4.80</u>	<u>2.31</u>	<u>0.05</u>	<u>0.200</u>
<u>224221</u>	<u>224221</u>	<u>59.25</u>	<u>0.047</u>	<u>9.22</u>	<u>0.44</u>	<u>0.02</u>	<u>0.047</u>
<u>225051</u>	<u>6730657</u>	<u>59.20</u>	<u>0.056</u>	<u>6.99</u>	<u>1.89</u>	<u>0.02</u>	<u>0.085</u>
<u>220301</u>	<u>6736098</u>	<u>58.58</u>	<u>0.082</u>	<u>4.74</u>	<u>2.25</u>	<u>0.02</u>	<u>0.259</u>
<u>225134</u>	<u>6730955</u>	<u>58.12</u>	<u>0.066</u>	<u>8.42</u>	<u>0.56</u>	<u>0.06</u>	<u>0.047</u>

Helicopter reconnaissance was conducted during the reporting period aimed at rapid identification of prospective areas for follow-up prospect mapping and drill target identification.

### Cockatoo Island Joint Venture

A resource definition reverse circulation drill program was conducted at Cockatoo Island during the reporting period consisting of 39 drill holes for 1,608 meters. The aim of the program is to establish a JORC-compliant indicated resource estimate for a Stage 3 eastern extension of the Seawall Hematite orebody. This eastern extension underlies the present fixed plant infrastructure at Cockatoo. The results of the drill program will be utilized in assessing the economic feasibility of relocating this infrastructure and extending the seawall embankment east. No assay results were available during the reporting period. Geologic modelling and resource estimation will be completed during the 3<sup>rd</sup> quarter.

### Exploration Expenditure

	<u>(000's)</u>		
	<u>June Qtr 2006</u>	<u>YTD 2006</u>	<u>June Qtr 2005</u>
<u>Koolyanobbing</u>			
<u>Project \$</u>	<u>1,383</u>	<u>2,138</u>	<u>717</u>
<u>Cockatoo Island (100%) \$</u>	<u>415</u>	<u>419</u>	<u>21</u>

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr R G Graber, who is a Member of the American Institute of Professional Geologists (AIPG), a 'Recognised Overseas Professional Organisation' included in a list promulgated by the ASX from time to time. Mr Graber is an employee of Cliffs Reduced Iron Management Company, a subsidiary of Cleveland-Cliffs Inc, and is seconded to the company. Mr Graber has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Graber consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

## 3.0 FOREIGN EXCHANGE HEDGING

Total residual foreign exchange cover for the Portman Group at 30 June 2006 was US\$314.0M.

<u>YEAR</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>TOTAL</u>
<u>Face Value US\$M</u>	<u>110.0</u>	<u>129.50</u>	<u>59.50</u>	<u>15.0</u>	<u>314.0</u>
<u>Weighted Avg "Worst" Case Hedge Rate</u>	<u>0.7374</u>	<u>0.7585</u>	<u>0.7520</u>	<u>0.7566</u>	<u>0.7497</u>

Portman Group's current Foreign Exchange Policy, for all hedging, provides for:

- **Up to 12 months maturity** Uncommitted Hedging: Minimum 50% Maximum 90% of forecast USD sales  
Committed Hedging: Maximum 90% of forecast USD sales
- **12 to 24 months maturity:** Uncommitted Hedging: Minimum 25% Maximum 75% of forecast USD sales  
Committed Hedging: Maximum 30% of forecast USD sales
- **24 to 36 months maturity:** Uncommitted Hedging: Minimum 15% Maximum 50% of forecast USD sales  
Committed Hedging: Maximum 15% of forecast USD sales

## **PORTMAN LIMITED**

A.B.N. 22 007 871 892

## **Corporate Information**

### **Directors**

John Brinzo	Chairman
Richard Mehan	Managing Director/CEO
David Gunning	Director
Donald Gallagher	Director
William Calfee	Director
Michael Perrott	Independent Director
Malcolm Macpherson	Independent Director

### **Company Secretary**

Leo Kipfstuhl

### **Registered Office**

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At 30 June 2006 there were 175,690,073 Ordinary shares on issue.

### **Substantial Shareholders as at 30 June 2006**

Cleveland-Cliffs Australia Pty Ltd  
AMP Limited

### **Reporting Calendar**

Anticipated release dates for information in 2006 and other important anticipated dates are as follows:

2006 Half Yearly Report	Late August 2006
September 2006 Quarterly Report	Late October 2006