

CLIFFS NATURAL RESOURCES INC.

FORM 8-K (Current report filing)

Filed 02/22/08 for the Period Ending 02/22/08

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

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):

February 22, 2008

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

44114-2544

(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))
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Item 7.01 Regulation FD Disclosure.

On February 22, 2008, Portman Limited ("Portman") filed with the Australian Stock Exchange its fourth quarter and annual earnings report for the period ended December 31, 2007. The quarterly and annual report for 2007 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 filed its quarterly and annual earnings for the period ended 31 December 2007 with the Australian Stock Exchange on February 22, 2008

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.

February 22, 2008

Cleveland-Cliffs Inc

By: *George W. Hawk, Jr.*

Name: George W. Hawk, Jr.

Title: General Counsel

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.(a)	Portman filed its quarterly and annual earnings for the period ended 31 December 2007 with the Australian Stock Exchange on February 22, 2008

Portman Limited

ABN 22 007 871 892

22 February 2008

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

(4 pages in total)

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

Electronically Lodged

Dear Sir

QUARTERLY AND ANNUAL EARNINGS FOR THE PERIOD ENDED 31 DECEMBER 2007

Please find attached Portman's Quarterly and Annual Earnings for the period ended 31 December 2007.

Yours faithfully

/s/ C. M. Rainsford
C M Rainsford
Company Secretary

PORTMAN LIMITED

PORTMAN LIMITED

A.B.N. 22 007 871 892

QUARTERLY AND ANNUAL EARNINGS FOR THE PERIOD ENDED 31 DECEMBER 2007

PORTMAN LIMITED REPORTS FOURTH-QUARTER EARNINGS

Perth, WA – February 22, 2008 – Portman Limited (ASX: PMM) today reported a fourth-quarter 2007 unaudited net profit of \$19.0 million or 10.81 cents per share. (All per-share amounts are “diluted.”). This compares with net profit of \$32.8 million or 18.66 cents per share in the fourth quarter of 2006. Full year net profit for the year ending 31 December 2007 is \$96.6 million or 55.00 cents per share compared with net profit of \$115.4 million or 65.66 cents per share in 2006.

Following is a summary:

(In Millions Except Per Share)			
Fourth Quarter		12 Months Ending	
2007	2006	2007	2006

Sales Tonnes (Mt)	1.9	2.3	8.1	7.4
Sales Revenue	\$128.1	\$144.9	\$531.8	\$482.7
Net profit before mark-to-market on hedging	\$ 39.9	\$ 45.4	\$156.0	\$161.2
Net profit before tax	\$ 26.5	\$ 46.8	\$137.4	\$164.3
Net profit after tax	\$ 19.0	\$ 32.8	\$ 96.6	\$115.4
Cents per share	10.81	18.66	55.00	65.66
Depreciation and amortisation	\$ 2.8	\$ 2.6	\$ 20.7	\$ 27.3
Capital additions (1)	\$ 29.9	\$ 10.0	\$ 44.9	\$ 43.2

(1) There were \$24.6 million and \$4.3 million of non-cash additions at 31 December 2007 and 31 December 2006 respectively.

Fourth Quarter

The decrease in net profit after tax of \$13.8 million was comprised of a \$20.3 million decrease in pre-tax profit, net of \$6.5 million decrease in income taxes. The pre-tax earnings decrease of \$20.3 million was due primarily to:

- unfavourable mark-to-market adjustment on the hedge book, \$14.8 million reflecting the fair value movement in the time value of option based hedges;
- an unfavourable favourable sales volume variance \$11.6 million (net of cost of goods sold);
- an appreciation in the Australian dollar relative to the US Dollar \$8.2 million; and
- increased price and spending on costs of goods sold \$3.6 million which includes changeover costs relating to the new mining contractor.

These variances were partially offset by:

- higher selling price, \$13.7 million; and
- a favourable sales mix of \$3.0 million.

Year ending 31 December 2007

The decrease in net profit after tax of \$18.7 million was comprised of a \$26.9 million decrease in pre-tax profit, net of \$8.2 million decrease in income taxes. The pre-tax earnings decrease of \$26.9 million was due primarily to:

- an appreciation in the Australian dollar relative to the US Dollar \$40.9 million;
- mark-to-market adjustment on the hedge book, unfavourable \$21.7 million reflecting the fair value movement in the time value of option based hedges;
- increased price and spending on costs of goods sold \$25.9 million which includes changeover costs relating to the new mining contractor;
- an unfavourable sales mix of \$6.9 million; and
- shipping and selling costs increased by \$6.8 million primarily due to increased sales royalties and ship loading costs.

These variances were partially offset by:

- higher selling price, \$54.2 million; and
- a favourable sales volume variance \$19.5 million (net of cost of goods sold).

Although net profit before mark to market on hedging decreased slightly year on year, 2007 was a positive year for Portman due to the significant increase in tonnes sold from the Koolyanobbing operation. This is despite a cyclone in January causing delays at Esperance, two derailments during the year and some losses being incurred due to on going rail re-sleepering of the interstate line.

In addition the changeover to a new mining contractor occurred with minimal disruption to mining operations.

Capital Expenditure

The Company's 2007 capital expenditure program supporting process improvements and improved quality control totalled \$44.9 million (which includes \$20.3 million in finance leases relating to new mining equipment), which was funded from current cash flow. This is slightly lower than expected for the year due to the timing of delivery of the new mining equipment. Capital expenditure in 2006, which included the approved expansion to 8 million tonnes per annum, totalled \$43.2 million.

Inventory

At 31 December 2007 Portman had 1.2 million tonnes of finished product inventory, 0.3 million tonnes higher than at 31 December 2006.

Liquidity

At 31 December 2007, Portman had \$145.8 million of cash and cash equivalents and \$51.1 million in held to maturity investments exceeding 90 days. At 31 December 2006, Portman had \$123.6 million of cash and cash equivalents. The \$73.3 million increase in liquid assets primarily reflects increased sales prices and sales volumes.

Pricing Outlook

There has been a reported settlement of a 65% increase in pricing for iron ore fines for 2008. Portman is incorporating this into its estimates for pricing projections for lump. However, negotiations are still underway and there may be changes to the pricing for fines. In addition, lump may settle at different pricing levels.

Outlook

Portman's estimate of 2008 production is 7.9 million tonnes which includes 7.6 million from the Koolyanobbing operation. Portman's estimate of 2008 sales is 8.0 million tonnes of which 7.7 million tonnes relates to the Koolyanobbing operation.

Portman expects revenues per tonne of approximately US\$88 in 2008. This estimate assumes a 65% increase in the 2008 international settlement price for lump and fines, which, as stated above, is still subject to change.

Portman expects costs per tonne of approximately A\$53 in 2008. This estimate includes an expanded A\$25 million, or A\$3 per tonne, exploration and evaluation program at the Company's Koolyanobbing operations targeted at expanding Portman's iron ore reserves in Western Australia.