

International mining company Rio Tinto's profits in the first half of 2015 dropped by around 82 percent, the company announced on Thursday.

Results for the first half of 2015 showed the company's net earnings as at \$806 million down from the \$4.4 billion earned in the first half of 2014.

The company's net cash, generated from operating activities for iron ore, declined by 55 percent while earnings from copper and coal fell by 40 percent.

Rio Tinto's global iron ore production, a steel making element, was around 154 million tonnes. This represents an 11 percent increase from the first half of 2014; however the price fall on iron ore changed the company's earnings.

The global price of iron ore has seen a decline from \$192 per ton in 2011 to \$140 in 2012, and a further fall to \$137 in 2013 to the current spot price of around \$56 per ton.

The price of iron ore fell to \$44.50 in early July and was the lowest level since 2009, but has recovered slightly since.

Rio Tinto is a leading global mining group that focuses on exploration, mining and processing the earth's mineral resources. The company employs 60,000 and operates in more than 40 countries.

The company heavily relies on production and sales from iron ore, generating around 80 percent of its profits from it.

"This is a robust set of results, given the tough operating environment," Sam Walsh, Rio Tinto's chief executive said in a statement.

"A continued focus on financial and operating discipline delivered first half cost savings of \$641 million, representing 85 per cent of our original full year target, which we have now increased to \$1 billion," he said.

The company's capital expenditure is expected to decline to around \$5.5 billion in 2015 and less than \$6.0 billion in 2016.

"Rio Tinto is well placed to succeed in these volatile times, and we will use our competitive advantages for the benefit of all our stakeholders," Walsh added.

source: aaenergyterminal.com