

Oglebay reincorporates and consolidates Ohio sand ops

Oglebay Norton Co., a producer of industrial sand, aggregates, lime and other minerals, has reincorporated in Ohio following receipt of shareholder approval. The company has also consolidated its industrial sand operations in Ohio to improve operating results.

The reincorporation was completed by a merger of its Delaware registered company into the Cleveland, OH entity where the company is headquartered, on 30 April. This follows the approval of an 8 March proposal at the company's 2001 annual shareholders meeting on 25 April.

In completing its reincorporation, the company also passed resolutions to make the company more attractive and friendly towards investors says Rochelle Walk, vice president of corporate affairs and secretary of Oglebay. The company has declassified its board of directors, eliminated its poison pill plan, opted out of certain Ohio anti-takeover provisions and increased the number of shares authorized. Most of these measures were designed to reduce the corporation's vulnerability to unsolicited takeover attempts.

The primary reason for the Ohio reincorporation was to eliminate Delaware franchise taxes each year of approximately \$75,000, which are based upon the company's capitalization. Oglebay pays this in addition to the Ohio franchise tax paid based upon its level of activity within Ohio. The Delaware tax would have tripled with the proportional increase in the company's authorized capital stock, which was tripled to 30,000,000 common shares as part of the merger.

At a time of much reorganization for the company it previously announced the consolidation of its industrial

sand operations in Ohio to improve operating results. The company will alter the product mix of the two affected plants, both in the Zanesville area, to increase efficiencies and better utilize their respective production capabilities.

The movement of product lines between the two plants will increase efficiency through producing a more defined product offering at each plant while enabling one to operate at full capacity.

In its first quarter 2001 results Oglebay Norton Co. said that higher energy costs eroded margins in spite of strong demand. Revenues increased 13% to \$65.7m. for the quarter but its net loss increased to \$11.5m. The company stated that if energy costs had remained neutral it would have improved EBITDA by 19% for the quarter. Increased interest expenses from debt incurred to purchase Michigan Limestone operations and Global Stone Portage contributed to the quarterly loss.

The company's performance minerals segment achieved strong quarter-to-quarter results with operating income up 64% on a 20% revenue increase.

The company will continue to implement cost reduction measures. A voluntary early retirement program reduced salaried headcount by 10% recently and capital expenditure will be lower than in recent years, commented John Lauer, chairman, president and CEO of the company, during its first quarter conference call to analysts.

Oglebay Norton aims to achieve a 5% improvement in EBITDA for 2001. The company has established a number of task forces of cross-functional and enterprise-wide senior managers to instigate productivity measures to further reduce costs and improve margins.

Freeport completes Hutton garnet report

Freeport Resources Inc. is pushing ahead with its garnet-titanium beach sand project in Hutton, LB following the completion of a prefeasibility report and marketing study. The company aims to produce a bulk sample for further development work later this summer.

The report states that the preliminary estimate of the resource and reserve is over 1.3m. metric tons, of which 779,200 metric tons are measured and probable reserves. The report was produced by independent geological consultant Zdenek Hora (formerly of British Columbia Ministry of Mines and Energy) and garnet marketing consultant, James Hansink.

The report estimates preliminary extraction and production costs at C\$165 per metric ton, based on similar-scaled sand and gravel operations, written quotes and known industry costs experienced by other producers. Brenda

Clark, president of Freeport, said that she would expect these to be lower in actual production.

Clark said the company is now in discussions with all concerned parties including potential sources of finance, government agencies and the local community prior to producing a 2,500 metric ton sample. The sample will be used to perform further work on the production of garnet concentrates.

Freeport intends to supply the waterjet market in major eastern industrial centers such as Montreal, Toronto, Boston, New York and Philadelphia. Hutton garnet has a sub-angular shape with an absence of fractures and inclusions and has been previously tested by a producer of waterjet cutting equipment. The waterjet market has a 12% annual growth rate in North America.

Cargill reduces phosphate production in Florida

Sluggish demand in export markets has caused Cargill Fertilizer Inc. to reduce production at its Bartow and Riverview, FL phosphate fertilizer production facilities. Operating rates at the plants, which produce about 4m. tpa of phosphate products, will be reduced by 25% until conditions improve. No employee layoffs are planned at this time.

Corrine Ricard, vice president of phosphate products marketing, commented the decision is due to a number of market factors on both the supply and demand side. Lower than normal demand in Latin American and Asian

markets, caused by poor crop prices, combined with increasing capacity in target countries has resulted in sluggish sales.

Although DAP and MAP pricing continues to be poor - DAP is around \$147 per metric ton - the cutback will be in effect until there is a turnaround in demand.

Cargill, one of the largest phosphate fertilizer producers in the world, also markets phosphates produced in Lithuania and Australia. It is the latest of several producers to reduce production. IMC Global Inc. has idled over 30% of its DAP/MAP capacity due to prevailing market conditions.