

Taiwanese company makes major investment in FMG iron ore project in the Pilbara –

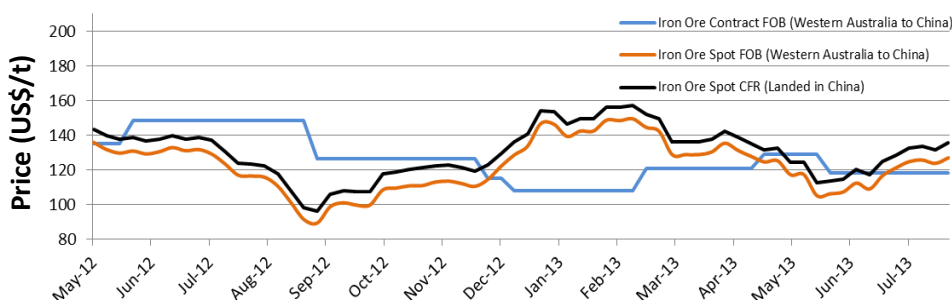
Taiwan's largest private company has signed a deal to invest \$1.15 billion in Fortescue Metals Group's Iron Bridge mine in the Pilbara. Fortescue plans to develop the mine, 100 kilometres south of Port Hedland, with China's Baosteel Group Corporation. Under the deal, Taiwan's Formosa Plastics Group will acquire a 31 per cent stake in the project and fund the first stage of its development. Formosa is currently investing in the construction of a steel mill in Vietnam. Formosa would also help fund the second phase of the development and buy up to 3 million-tonnes of iron ore once the Vietnamese steel mill is up and running in 2015. Fortescue's Nev Power says it will help the company pay down some of its debt, while also increasing the company's reach. "To continue to develop our customer base in the developing economies in Asia," he said. The deal is subject to approval from Australian and Taiwanese foreign investment authorities.

India: Iron ore production to fall to 100MT for 12-13 – The iron ore production in India is expected to fall to 100 million tonnes for 2012-13 a drop of 28.5 per cent, due to mining ban's in states including Goa and Karnataka. The production was 140 MT in 2011-12 and 207 MT in 2010-11. India is also set to become a net importer of iron ore in the current fiscal, according to Federation of Indian Mineral Industries (FIMI). The country was the world's third largest exporter of iron ore recently, but even the exports are declining. The mining in Goa has been stopped completely, while the Supreme Court has partially lifted ban on mining in Karnataka. In Odisha, the state government has put many restrictions on mining, which is why the iron ore production in Odisha is expected to come down to 67MT this year from 81MT previously. The government needs to ensure speedy clearances and if fiscal policies are reversed to pre-2010 level, then the situation can be improved for the mining industry which is on a downward track, FIMI's President H C Daga said. "There is an urgent need for speedy forest, environment and other necessary clearances for pending or new mining licences. Fiscal policies also need to be relooked at". The increase in export duty along with high railway freight charges for iron ore has impacted the industry hard.

Iron ore rally is boon for mining industry – Iron ore prices rose above \$140 a tonne on Tuesday, their highest level in five months, as the Chinese steel industry moved to re-build inventories. The rally in iron ore – one of China's most important commodity imports – reflects growing confidence in the country's industrial sector about the economic outlook. Benchmark Australian iron ore prices, with 62 per cent iron content, have rallied 28 per cent since the middle of June to Tuesday's high of \$141.80 a tonne. Analysts said lower supplies from both Australia and Brazil – the two main iron ore producers – had combined with a wave of buying by Chinese traders and steelmakers to drive prices higher. Iron ore prices have "continued to defy our earlier expectations, with mills' re-stocking supporting a series of particularly strong physical tenders over the past few days", said an analysts at Credit Suisse. Melinda Moore, bulk commodities analyst at Standard Bank, noted that the move higher was not simply a function of Chinese optimism. "Supplies remain tight, particularly with Vale continuing to have patchy shipment rates and domestic [Chinese] concentrate yet to run back at full output rates, after May's price rout". Over the past year, spot prices have averaged \$127.50 a tonne.

Source: London Commodity News. & FT.com

Iron Ore Prices¹ (US\$ per tonne)



Source: Bloomberg

Market Snapshot

Iron Ore Companies

Company Name	Code	Price	% Change since Jan 2
ASX LISTED Producers			
Atlas Iron Ltd	AGO	0.97	-47.6%
BC Iron Ltd	BCI	3.96	10.9%
Fortescue Metals Group	FMG	4.03	-14.3%
Gindalbie Metals Ltd	GBG	0.16	-40.4%
Grange Resources Ltd	GRR	0.23	-38.4%
IMX Resources Ltd	IXR	0.07	-55.2%
Mount Gibson Iron	MGX	0.68	-22.0%
Murchison Metals Ltd	MMX	0.04	2.5%
Northern Iron Ltd	NFE	0.15	-72.6%
AVERAGE PERFORMANCE Producers			-30.8%

ASX LISTED Explorers/Developers			
Athena Resources Ltd	AHN	0.02	-53.3%
Apollo Minerals Ltd	AON	0.03	-34.2%
Aquila Resources Ltd	AQA	2.16	-15.0%
Australasian Resources Ltd	ARH	0.03	-54.9%
Avonlea Minerals Ltd	AVZ	0.01	-70.0%
Amex Resources Ltd	AXZ	0.95	-3.1%
Brockman Mining Limited	BCK	0.06	-13.8%
Cape Lambert Ltd	CFE	0.17	-40.0%
Centaurus Metals Ltd	CTM	0.15	-56.1%
Cullen Resources Ltd	CUL	0.01	-45.5%
Eastern Iron Ltd	EFE	0.04	-40.0%
Equatorial Resources Ltd	EQX	0.60	-53.3%
Flinders Mines Ltd	FMS	0.05	-33.8%
Ferrowest Ltd	FWL	0.03	31.6%
Gladiator Resources Ltd	GLA	0.01	-83.3%
Golden West Resources	GWR	0.14	-24.3%
Haranga Resources Ltd	HAR	0.06	-64.7%
Ironclad Mining Ltd	IFE	0.12	-61.3%
Iron Ore Holdings Ltd	IOH	0.94	20.5%
Iron Road Ltd	IRD	0.19	-42.4%
Jupiter Mines Ltd	JMS	0.08	-23.5%
Kogi Iron Limited	KFE	0.10	-65.9%
Latin Resources Ltd	LRS	0.07	-53.3%
Magnetic Resources NL	MAU	0.15	123.1%
Mamba Minerals	MAB	0.55	64.2%
Mindax Ltd	MDX	0.10	17.6%
Meteoric Resources NL	MEI	0.05	73.1%
Nemex Resources Ltd	NXR	0.02	-47.6%
Pepinnini Minerals Ltd	PNN	0.02	-50.0%
Radar Iron Ltd	RAD	0.03	-65.0%
Red Hill Iron Ltd	RHI	0.80	-23.8%
Sundance Resources Ltd	SDL	0.08	-79.2%
Sherwin Iron Ltd	SHD	0.08	23.1%
Sphere Investments Ltd	SPH	3.10	3.3%
Strike Resources Ltd	SRK	0.06	-64.7%
Venus Metals Corp	VMC	0.08	-73.3%
Western Desert Resources Ltd	WDR	0.66	-7.0%
WPG Resources Ltd	WPG	0.03	-55.6%
West Peak Iron Ltd	WPI	0.02	-68.0%
AVERAGE PERFORMANCE Exp/Dev			-28.4%
ASX ALL ORDINARIES		5,100.10	8.0%

TSX LISTED			
Adriana Resources	ADI	0.21	-47.5%
Alderion Iron Ore Corp	ADV	1.32	-28.3%
Beaufield Resources Inc.	BFD	0.08	-36.0%
Cap-Ex Ventures Ltd	CEV	0.08	-72.7%
Century Iron Mines Corporation	FER	0.41	9.5%
Champion Iron Mines Limited	CHM	0.21	-68.2%
Golden Dory Resources Copr	GDR	0.02	-40.0%
Labrador Iron Mines	LIM	0.54	-55.0%
Macarthur Minerals Limited	MMS	0.18	-65.4%
New Millenium Capital Corp	NML	0.71	-46.2%
Oceanic Iron Ore Corp	FEO	0.09	-50.0%
Rockex Mining Corp	RXM	0.06	-64.7%
Rogue Iron Ore Corp	RRS	0.02	-84.2%
West Melville Metals Inc.	WMM	0.04	-75.0%
AVERAGE PERFORMANCE			-51.7%
TSX COMPOSITE INDEX		12,704.52	1.3%

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