

FINANCIAL REVIEW

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HD Cu-River buys Termite mine

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LP A group of **Chinese** businessmen have bought the failed Cairn Hill **iron ore** mine from the liquidator of Termite Resources, one of the first companies to go bust last year at the start of the **iron** price tumble, which has worsened considerably in the past few months.

Cu-River **Mining** has acquired the mine near Coober Pedy in northern South Australia for an undisclosed price, adding to some nearby exploration tenements it bought in September 2014 from the liquidator, Ferrier Hodgson. Those tenements are known as the Mt Woods **iron ore** project.

TD Cu-River **Mining** is an entity set up in Australia in June 2014 and its president is listed as Yonggang Shan.

Termite's assets have been liquidated by Ferrier Hodgson, which was appointed administrator in June 2014, when the **iron ore** price was \$US89 (\$116.82) a tonne. It is now \$US47 a tonne. Termite operated the mine for less than four years before it collapsed, throwing 200 people out of work.

Termite was 51 per cent-owned by ASX-listed **IMX Resources**, with the other 49 per cent owned by **China's** Taifeng Yuanchang International Development. IMX had a market capitalisation of \$200 **million** in December 2010 as the first shipments of **iron ore** were made from Cairn Hill, 55km from the opal **mining** centre Coober Pedy.

Ferrier Hodgson partner Martin Lewis said Cu-River had continued to invest in Australian **iron ore** assets and it was a positive outcome, given the conditions facing **iron ore** miners.

Ferrier Hodgson wouldn't comment on the price tag of the **iron ore** mine.

The transaction has been approved by the South Australian government, the federal Treasurer and the Department of Defence.

The Mt Woods tenements comprise eight exploration licences covering about 3400 square kilometres, about 50 kilometres south of Coober Pedy. The **acquisition** by Cu-River of those tenements in September 2014 for \$3.7 **million** enabled IMX to pay \$3 **million** to extinguish a liability to **Flinders Ports**, which operates most of South Australia's ports. Termite was exporting **iron ore** through Flinders ports.

Cairn Hill was a high-cost mine but was able to prosper initially at a time of much higher **iron ore** prices. The **iron ore** price averaged about \$US135 a tonne during 2013.

CO ferhod : Ferrier Hodgson & Company | gldsm : IMX Resources Limited

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