

FINANCIAL REVIEW

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HD **Iron ore** ends Termite's digging days
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Termite Resources has been sent to its grave after less than four years of digging, a victim of plunging **iron ore** prices.

Even having a 49 per cent owner from **China**, the centre of the world's appetite for **iron ore**, wasn't enough. The entity, a subsidiary of ASX-listed IMX Resources, operated the Cairn Hill **iron ore** mine in northern South Australia, about 55 kilometres from the opal **mining** centre of Coober Pedy. Termite has now been officially buried in the corporate graveyard after creditors voted for a liquidation.

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Termite was 51 per cent-owned by IMX and 49 per cent by **China**'s Taifeng Yuanchang International Development, and was an early victim of the slump in **iron ore** price with administrators Ferrier Hodgson appointed in June. Creditors voted for a liquidation last week. There is still a scramble to try and salvage something, as Perth-based advisers PCF Capital field offers for the mine, in a process where final bids were due on September 23.

IMX acting chief executive Phil Hoskins said on Thursday that even if funds were raised from that part of the process they will go to creditors, and nothing will find its way to IMX. In December, 2010, IMX had a market capitalisation of \$200 **million** as the first shipments of **iron ore** were made from Cairn Hill.

IMX's market capitalisation is now just \$10 **million** and it is focusing on nickel, **gold** and graphite prospects in Tanzania.

Analysts say the Cairn Hill mine was high cost and its small output of 1.7 **million** tonnes per year meant it was vulnerable to any **iron ore** price slide. Since Termite hit strife in June, the **iron ore** price has tumbled even further to below \$US80 per tonne, its lowest level since September 2009. This compares with an average of \$US135 per tonne last year.

Ferrier Hodgson – which is also the liquidator of Termite – in an update to creditors said it had found a buyer for 49,000 tonnes of **iron-copper ore** which had been sitting at the port of Port Adelaide, with the **sale** to be completed over the next few weeks.

Two weeks ago, IMX exited completely from **iron ore** in SA, with a separate deal to sell its Mount Woods tenements near Coober Pedy for \$3.7 **million** to a private Perth **company** called Cu-River **Mining**, owned by **Chinese** interests.

Mr Hoskins said \$3 **million** of that will go to pay a liability to Flinders Ports, which operates most of SA's ports. "Flinders Ports required a parent **company** guarantee," he said. This was a guarantee over shiploading and logistics which Termite couldn't satisfy under its own structure.

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

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