HD **Australia's iron ore miners hang tough as prices fall**

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* Miners not sweating yet over iron ore price drop

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* Use to the ups and downs in prices, they say

* Most still operating in the black

* "We just get on with it," one miner says

By James Regan

PERTH, March 13 (Reuters) - If Australian miners are worried about the dramatic decline in iron ore prices, it doesn't show.

At an annual gathering of many of the world's biggest and smallest iron ore producers here the mood is upbeat - as if the heftiest one-day fall in ore prices since the global financial crisis never happened.

"Iron ore mining isn't tennis, it's a contact sport," said David Flanagan, chairman of Atlas Iron Ltd. "Sometimes it hurts a bit, like you copped it in the stomach. We just get on with it."

Iron ore for immediate delivery to China slumped 8 percent on Monday after data showed China's trade balance swung into deficit, amplifying concerns about a slowdown in the world's No. 2 economy and the biggest importer of the steel-making ingredient.

Iron ore is down 22 percent so far this year to $104.70 a tonne, triggering comparisons with a slump in 2012 to below $90 that shuttered many mines and left producers rethinking expansion plans.

Australia is expected to ship more than half a billion tonnes of iron ore to China in 2013. Like most Australian producers, Atlas is still in the black, putting its total costs of getting iron ore into China at A$70 to A$75 a tonne ($63 to $68 a tonne).

"I'm just not fussed over what's gone on in the market this week," said Wayne Richards, executive chairman of Tawana Resources, which is digging an iron ore mine in Liberia.

"The way I see it, the price was driven down on sentiment, not fundamentals, and sentiment will again push the price up," he said.

China's biggest listed steel maker, Baoshan Iron & Steel , complained this week that iron ore prices were still too high given weak demand and government efforts to close outdated and polluting mills.

But big miners such as Fortescue Metals Group, Rio Tinto and BHP Billiton say Chinese demand won't peak until around 2025 at about a billion tonnes a year.

"This market isn't going to disappear," Fortescue's director of development, Peter Meurs said.

PARTY OVER?

The big miners have room for manoeuvre with landed prices to China at around $50 a tonne, but further falls could put some higher cost miners in trouble.

Shares in Gindlabie Metals, which has a minority stake in the Western Australia Karara venture with production costs of about $70 or more before shipping, fell 18 percent on Wednesday.

Shares in other small miners have also taken a hit with Atlas down 16 percent over the past three weeks and BC Iron down 11 percent.

The majors have not been spared either.

BHP has fallen nearly 8 percent over the last three weeks and Rio Tinto 13 percent, while Fortescue, which is carrying debt of more than A$8 billion, has slumped 17 percent.

The impact can also be seen in Perth, a city that is the headquarters for many miners and well-versed in the boom-bust cycle of commodities.

In West Perth, a low-rise area of the city favoured for long lunches and deal making among the mining set, restaurants and cafes have been ominously quiet lately.

"I just don't go down to West Perth these days, and I'm not alone," one mining executive said. "With so much uncertainty out there, it sends the wrong message to shareholders."

Most at the Global Iron Ore and Steel Forecasting Conference say the price fall was the result of Beijing's efforts last year to tighten credit, which they believe could threaten 2014 economic growth targets.

"We can't control factors like that," said Morgan Ball, managing director of BC Iron Ltd, which is operating on an assumption iron ore will average $110-$130 a tonne in 2014.

"If it comes in within that range, we will have a very pleasing year," Ball said.

He may be overly optimistic though, if analyst forecasts are right.

Citigroup sees the price falling to $80 by 2016, citing "inescapable market surpluses".

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