

The Border Mail

SE Business
HD **Iron ore** prices plunge below \$US100 mark
WC 394 words
PD 21 May 2014
SN The Border Mail
SC FBORDM
ED First
PG 21
LA English
CY Copyright 2014 Fairfax Media Publications Pty Limited. . Not available for re-distribution.
LP

THE price of **iron ore** has slipped below \$US100 a tonne for the first time in nearly two years, and **mining** chiefs say they would continue to focus on driving down costs.

Iron ore, measured out of the Tianjin port in **China**, lost a further 2.2 per cent overnight on Monday.

TD

It slid to \$US98.50 a tonne, its lowest point since September 2012.

The bulk metal has slumped 6.6 per cent in May and has pushed deeper into bear-market territory, down 26.6 per cent for the year.

Following **iron ore**'s slide this year, Fortescue chairman Andrew Forrest has seen his **company**'s share price and personal fortune tumble.

At Fortescue's peak of \$6.23 this year, Mr Forrest's fortune was worth \$6.43 **billion**.

Since then, Fortescue's share price has plunged 26.8 per cent to \$4.39, wiping \$1.91 **billion** from Mr Forrest's **stake**.

A \$US10 movement in the **iron** price translates to a \$US2.1 **billion** difference to Rio Tinto's bottom line, and \$US1.2 **billion** for BHP Billiton, which is roughly half as exposed as its rival, according to Credit Suisse figures for next year.

Diversified miners are ramping up **iron ore** production, while single-metal miners continue to add to supply, leading to oversupply and a further price slump.

Managing director of Grange Resources, Wayne Bould, said **iron ore** prices were at "pretty unsatisfactory" levels, and he had witnessed a major effort from buyers to push **iron** pellet prices lower this year.

"Normally there is a reasonable premium offered for the pellet products we sell into **China** but there has been an extremely large amount of pressure pushing that premium lower," he said.

Grange requires a long-term average **iron ore** price in the low \$US80-a-tonne range, and given it still has more than \$100 **million** of cash in the bank, Mr Bould was confident his **company** could still be profitable at current levels.

He is studying low-cost ways to develop the Southdown project in Western Australia and said Grange would cut its cloth to suit whatever price was necessary for that project.

Australia is expected to export 687 **million** tonnes of the raw material this year.

IN i211 : Metal Ore Mining | i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying
RE victor : Victoria (Australia) | apacz : Asia Pacific | ausnz : Australia/Oceania | austr : Australia

PUB	Fairfax Media Management Pty Limited
AN	Document FBORDM0020140520ea5l00002