

## MEDIA COVERAGE

## AUSTRALIAN FINANCIAL REVIEW

# Mt Oscar boost for Apollo

**Michael Vaughan**

Apollo Minerals is expected to accelerate its efforts to join the long line of Australian magnetite iron ore players that have secured a Chinese joint-venture partner after the first drilling results from its Mount Oscar project in Western Australia exceeded expectations.

It came as Royal Resources secured a memorandum of understanding (MOU) with Singapore-based trading group Sin-Tang Development for a joint development of its Razorback magnetite project in South Australia.

After the news, Royal shares closed 8¢ higher at 36¢ yesterday.

Apollo entered a trading halt yesterday ahead of the release of the first drill result from Mount Oscar, which is understood to have intersected about 200 metres of magnetite.

Apollo signed an MOU with Chinese advisory firm Sinom Holdings in July and then completed a roadshow through China taking in 21 meetings.

“Three of the parties have visited the Mt Oscar site and advanced discussions with interested parties are ongoing, with five parties considering MOU terms,” the company said in its last quarterly report.

Mt Oscar has an exploration target of 800 million tonnes and lies 30 kilometres south of Rio Tinto’s Cape Lambert port and the Cape Lambert magnetite project acquired by China Metallurgical Group for \$400 million last year.



**The demand from China for mining projects is strong.**

Photo: ROB HOMER

Royal chief executive Marcus Flis, a former project director for Rio Tinto Iron Ore business development, said the demand for magnetite projects from China remained strong.

He said this was partly from wanting to promote new sources of supply because of concerns about the proposed iron ore joint venture between BHP Billiton and Rio and the fact that roughly three-quarters of China’s domestic iron ore production was from magnetite.

“That magnetite is depleting,” Mr Flis said. “They’re producing less and less of it and more importantly, it is of a lower and lower quality. They have to replace that. You can try and replace that with hematite from

people like Rio Tinto and BHP and Vale in Brazil or you can go out and find your own magnetite resources.”

Magnetite is a lower-grade iron ore than hematite, which is more expensive to produce but through processing can be turned into a higher-quality product.

Gindalbie Metals is working with 50 per cent Chinese partner Ansteel to develop the Karara magnetite project, China’s Citic is developing the Balmoral magnetite project while groups like Atlas Iron, Aurox Resources, Apollo and Australasian Resources are seeking partners. Fortescue Metals Group, Western Plains Resources, Centrex Metals and Emergent Resources also have deals with Chinese partners.