



Work together to Save South Africa Iron and Steel Industry : Zuma



President Jacob Zuma called on government, business, and trade unions to work together to prevent job losses in the struggling iron and domestic steel industry sector. "This is a time for unity in the sector so that this critical industry can be supported and emerge from the current challenges stronger and play its historic role as a critical player and employer in the economy," said Zuma. The President's call follows a meeting recently between a government delegation and representatives

from business and trade unions. The meeting was led by Minister of Trade and Industry Dr Rob Davies and Minister of Economic Development Ebrahim Patel, and government discussed the challenges the sector was facing. Zuma welcomed the meeting between the three parties.

Of the challenges, an estimated 50,000 jobs were on the line with steel manufacturers such as ArcelorMittal South Africa and Evraz Highveld Steel having recently announced the possibility of retrenchments.

Mount Gibson Iron Ore Reserves Slashed



MOUNT Gibson Iron has reduced its ore reserves estimate by more than 80 per cent after the seawall collapse at its Koolan Island mine.

The company said its iron ore reserves had been cut by 84 per cent to 7.1 million tonnes as of the end of the financial year.

That is down from 44.3 million tonnes last year, after reserves at Koolan Island, in Western Australia, were discounted following the failure of a seawall at its main pit.

Chief executive Jim Beyer said the removal of the Koolan Island reserves was disappointing, but not surprising, while resolving insurance claims and completing an evaluation of a possible redevelopment of the mine would take an "extended period".

"Nonetheless, Koolan Island's main pit deposit remains a high quality, high-grade hematite asset that will continue to provide the company with significant future opportunity value," Mr Beyer said.

Mount Gibson acquired the West Australian Koolan Island mine through the takeover of Aztec Resources in 2007.

Operations at the project have been suspended since November 2014, after a seawall failure led to the flooding of the main pit.

The mine's viability is being reviewed to determine if the seawall can be rebuilt, However, the price of iron ore is hovering above a 10-year low.

The Perth-based company's total iron ore resources increased to 94.9 million tonnes at the end of the 2015 financial year, up from 83.3 million tonnes last year, thanks to the addition of the Iron Hill deposit at the miner's Extension Hill project and an increase in the group's Shine deposit.

Mount Gibson said it expects to start mining at Iron Hill after it exhausts the deposit at the current Extension Hill pit in 2016 to 2017.

Iron ore to Slump 30% on Supply : Goldman



Steel production in China typically drops in the third quarter on the back of seasonal cycles, the analysts said. At the same time, iron ore supply growth will resume as operational issues that had held up some output are resolved, they said.

Iron ore futures on the Dalian Commodity Exchange dropped 1 per cent. Hebei province has notified 3785 companies to halt or cut output to ensure air quality before a parade in Beijing next

month, according to two people who received the notice. The region is the largest steel producer in China. Australia & New Zealand Banking Group recommended bets on iron ore losses in a report , targeting a retreat to less than \$US50 a ton. Recent gains in prices will probably prove to be short-lived, according to Morgan Stanley.

"The next phase of balancing will require a further 30 per cent price decline over the next 18 months, on our forecasts" Goldman's Lelong and Cai wrote. "The summer of 2015 is the calm before the storm."

Iron ore prices may tumble about 30 per cent over the next 18 months as supply expands while steel output falters, according to Goldman Sachs Group, which said the impact on the market from China's devaluation was a sideshow.

Supply is likely to diverge further from demand," analysts Christian Lelong and Amber Cai wrote in a report. Contrary to market consensus, we believe that peak-steel production will be followed by a contraction in China, they wrote, sticking with price forecasts for the next four quarters.