

Five year deal 'Wengfu believes the vanadium market outlook is strong'

Atlantic strikes Windimurra offtake deal with Wengfu, Element

SINGAPORE
BY CLEMENTINE WALLOP

Atlantic Ltd has agreed a five-year offtake deal with Wengfu Group and Element Commodities for ferro-vanadium from its Windimurra operation, the companies said.

Wengfu will buy Atlantic subsidiary Midwest Vanadium's ferro-vanadium, which will then be marketed by Element, which was founded by former Noble head of ferro-alloys trading Gregor Theiser.

"Under the agreement, Wengfu will purchase 100% of Midwest's annual ferro-vanadium production at prevailing market prices, subject to an agreed minimum and maximum sales price (a collar mechanism), for up to a maximum of 65% of Midwest's annual vanadium production," the companies said.

Noble previously had the provisional off-take deal for the

material, as well as a 10% stake in the project that it agreed in July 2006 when Windimurra was run by Precious Metals Australia, subsequently Windimurra Vanadium.

Windimurra Vanadium went into administration in February 2009 at the height of the global financial crisis. Atlantic bought the operation as part of a consortium in early April 2010, at which time construction was 85% complete.

The agreed minimum price for the material is higher than Midwest's cost of production at the operation, and the pre-agreed maximum is at a premium to current market prices of \$29.50-30.60 per kg in Europe.

This compares with \$26.50-29 per kg at the corresponding time a year ago.

"Wengfu believes the vanadium market outlook is strong and that the Windimurra project is well positioned to supply the growing



Theiser: very, very confident

demand for vanadium from the traditional steel market, the titanium alloy market and new emerging markets for vanadium," the group's intertrade md Liu Zhongjin said in a statement.

Production at Windimurra is expected to start in the third

quarter with a nameplate capacity of 5,700 tpy of contained vanadium.

Theiser is "very, very confident" that Atlantic will be able to bring the project on stream on schedule, he told MB.

Windimurra Vanadium had planned to bring the operation into production in the fourth quarter of 2008 but failed to secure the necessary \$81 million in funding.

This is Element's first foray into marketing for a listed company, Theiser told MB, after he set up the company in October 2009. Element also has off-take deals with unlisted chrome and manganese companies.

The Windimurra material will be sold to Element's existing ferro-alloys customers, Theiser said.

"We do a lot in the ferro-alloys market so we'll market to the same consumers," he said.

SINGAPORE

Posco agrees FeCr venture in Orissa with IMFA

Posco has agreed a ferro-chrome joint venture with Indian Metals Ferro Alloys (IMFA) to produce 35,000 tpy of the steelmaking raw material.

The South Korean steelmaker has a 24% stake in the joint venture while IMFA has a 76% stake. Posco will take 100% of the output from the plant for its stainless steel operations, a spokesman said.

The plant has already been built in India's Orissa state, he said, but declined to comment on the value of Posco's investment.

He also declined to comment on reports that Posco will take the ferro-chrome well below market prices, saying that the company is "mainly focused on stable supply".

High-carbon ferro-chrome is

trading at \$1.20-1.30 per lb compared with \$0.95-1.05 per lb this time a year ago.

It is not clear where IMFA and Posco will buy the ore for the project.

SHANGHAI

FeSi smelters close again in Ningxia, Gansu on tight power

Small producers in China's Ningxia and Gansu provinces have been asked to close their ferro-silicon smelters or cut output again as these areas lack power, said market sources.

"Power supply is very tight now in these areas due to lower inventory of coal. Some of the restarted smelters have shut down again now, and some are being asked to produce on just three to four days a week," said an analyst in Beijing.

Ferro-silicon prices mostly kept steady this week at 7,000-7,200 yuan (\$1,061-1,091) per tonne, despite some producers trying to raise offers.

A Ningxia-based producer said it stopped producing last week due to the power shortage and the upcoming Chinese New Year holiday.

"We just close the furnaces and let our workers go back home for the holiday, as sales are actually not good," said the Ningxia smelter official.

The official one-week Chinese New Year holiday will begin on February 2.

SHANGHAI

Jiangxi Tungsten to shut FeW plant for 3 months

Jiangxi Tungsten Industry Group, China's second-biggest producer,

will shut its 6,000 tpy ferro-tungsten plant in the second or the third week of February for three months to have a regular overhaul, a company source said.

Production will restart in the middle of May, the official said.

News of Jiangxi Tungsten's suspension comes amid already firming prices of tungsten concentrate.

"The shutdown is for a long period of time, and will help the price to keep at high levels as concentrate prices still keep on rising," said an official at Jiangxi Rare Earth & Rare Metals Tungsten Group (JXTC), another major tungsten producer.

JXTC's 3,600 tpy ferro-tungsten smelter was closed earlier this month for routine checks and will resume operation in late February, said the producer.

With the Chinese New Year holiday approaching, demand for ferro-tungsten has increased.