

Overextended Disappointing chrome mines drive company to bankruptcy court

Ferromet settles warehouse bills, restructures other debts

LONDON
BY JANIE DAVIES

Ferromet has repaid its debts to warehousing companies after its request for a restructuring of the company was approved in June, a company spokesman told MB.

The Swedish trading firm, which is operating under the supervision of its lawyers, had debts to the value of Skr52.7 million (\$8.1 million) including what was owed to warehouses, according to documents filed with Sweden's bankruptcy court, dated June 23.

This includes Skr23.8 million to Danske Bank, while debts to suppliers and advances from customers amount to Skr26.7 million and total assets stand at Skr59.7 million.

In addition to those paid to warehouses, it may have settled some other debts, MB understands.

The company had been spending money to support underperforming chrome assets in Kosovo and Albania, a spokesman said.



Warehouses were paid first

"We have used our own money to finance the chrome mine and we overextended ourselves, which is why we have asked for a restructuring," the spokesman told MB, adding that the company had used funds from its trading account.

"We intend to offer successful sales of our chrome assets and pay all our creditors," he said.

The company needed to pay the warehouses first to guarantee the movement of material.

The assets in Kosovo are valued at Skr20.5 million. The subsidiary owes the parent Skr8.3 million.

Danske Bank pulled credit from Ferromet in June and the trading firm will seek alternative financing, according to the documents.

"They were not happy with the mining operation," the spokesman said.

All companies that are owed money have received letters from Ferromet's lawyers and will have the opportunity to confirm that the calculations of debt are correct, the spokesman said.

They will also be allowed to submit comments.

A list of creditors included in the court documents includes Euro-Rijn International, CSteinweg Handelsveem, ICD Metals, FE Mottram, J Oosterom & Zoon, Pacorini Metals and Metraco.

Ferromet trades and distributes ferro-alloys and raw materials to the steel, foundry and aluminium industries.

SHANGHAI

China halts 1,600 battery makers after five-month probe

China has ordered the shutdown of 1,598 lead-acid battery producers and recyclers, about 83% of the 1,930 companies covered in an environmental inspection launched in March.

The shutdowns, which include both permanent and temporary halts, could underpin prices in China's lead market, which had been suffering from poor demand and high inventories.

"Lead producers are sitting on big inventories, as some of them only managed to sell half of their production during the worst time in previous months," an analyst in Shenzhen said.

As of end-July, 430 out of 484 producers in Jiangsu were shut,

according to the government. Zhejiang has 328 producers, of which 307 were closed.

Battery producers that met requirements have resumed production, boosting demand for refined lead.

Production of lead-acid batteries fell every month in the second quarter, with June output dropping to a 16-month low. Lead-acid batteries account for about 80% of lead consumption.

But recovery in the refined lead industry is not assured, given the oversupplied lead sector, market participants said.

"We are still watching where lead prices may go later on, because while many sub-standard recycling lead producers have been shut down and supply reduced, lead-acid producers have also been greatly affected," a major lead producer in central China said.

LONDON

Ferro-tungsten prices rise on higher concentrate offers

Ferro-tungsten prices rose last week on higher offers for Chinese tungsten concentrates and a lack of European inventory.

Material traded at \$48.80-49.50 per kg, compared with \$47-48.25 per kg on July 29 when prices moved 25 cents at the top end.

"There are higher indicated prices coming from China but we've done no business this week," a trader told MB last week.

There is little high quality material in Europe, so buyers must pay the Chinese prices, a second trader said. "We're having to buy direct from Chinese producers and traders. There's been lots of trader interest in the last few days," the second trader added.

LONDON

Windimurra will start ferro-vanadium production in autumn

Windimurra Vanadium will start production in late September and could reach capacity within 18 months, owner Atlantic said.

"We hope to be in production to meet our target; most likely the final weeks of September for first production," Atlantic spokesman Glen Zurcher told MB.

Atlantic expects Windimurra production to meet about 7% of world demand and full capacity has been revised up 11% to 6,300 tpy contained vanadium.

"The period of ramp-up is outlined to be 18 months but we have a good feeling we can be more aggressive than that," Zurcher told MB.

Ferro-vanadium prices have fallen almost 8% since this year's peak of \$30.50-31.75 per kg in February, amid weak demand and cheap offers from China.

Windimurra's cash operating cost will be less than \$15 per kg, according to Atlantic.

The market is balanced and surplus material will not undermine price, Zurcher said.

MOST READ ON THE WEB

- 1 DRC miners will be forced to beneficiate locally – M'Poko
- 2 Former shareholders query MRI Trading stake payouts
- 3 China halts 1,598 battery makers, recyclers after five-month probe
- 4 Glencore, Trafigura will compete for Exxaro zinc concentrates
- 5 Bauxite supply issues will lead to sharply rising prices
- 6 Tantalum shortage frays nerves on revert loops
- 7 Market 'gets it wrong' on mining stocks, PwC says
- 8 Chinese tungsten conc prices pushed to seven-week high on sentiment
- 9 Metal markets: does it feel like 2008 to you?
- 10 China's imports of low-grade nickel ore set to surge

Most read non-ferrous stories in the week to August 5. See www.metalbulletin.com