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Junior Australian Iron Ore Companies Targeted by Chinese Producers



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KEY POINTS

- Apollo receives strong interest from Asian road show
- Demand for iron ore in China continues, fuelled by the infrastructure roll out in China
- Apollo has met with a number of major Chinese producers

Apollo Minerals Limited (ASX code AON, "Apollo") has now completed the second week of its road show throughout China.

Executive Director Mr Richard Sealy commented, "There is no doubt that China's insatiable demand for iron ore will continue well into the next decade. We have now met with most of the major organisations involved in the industry in China and have been welcomed with open arms."

Mr Sealy said that South China Morning Post had reported that "Chinese imports of major commodities has continued to increase with iron ore imports up 57mt in April 2009 up 33% from last year"

The chief executive of one of the largest producers of iron ore in China told Mr Sealy that their capacity was currently 30 million tonnes per annum (Mt pa) of concentrate and that they had sufficient supply contracts to increase production to 50 Mt pa of concentrate. They however anticipated that their demand next year would be 80 Mt. This organisation is spending 3 billion RMB per year on expanding their production facilities but despite this, they would only be able to meet 30% of their target demand by 2015.

Mr Sealy noted, "This demand for iron ore is being fuelled by the major infrastructure projects being initiated in China including the roll out of rapid rail around China which on it's own will require 25 Mt pa of concentrate".

There is no doubt that the Chinese producers are now focusing on the junior iron ore developers and in particular the magnetite iron ore projects in Western Australia. Mr Sealy said that many of the producers Apollo had met on the road show had openly admitted this, which is good news for Apollo Minerals which is actively seeking a major Chinese operator as a partner at Mt Oscar Magnetite Project.

Mr Sealy will be in China next week to continue discussions with potential partners.

About Apollo Minerals

Apollo is an Australian based mineral exploration company which listed on the ASX in October 2007. Apollo's key asset is its 100% interest in the exploration rights of two mineral tenements at Mt Oscar in the Pilbara region of Western Australia. The Company recently announced the results of an Aero magnetic interpretation study of the area which indicated the existence of an estimated 800 Mt of magnetite iron ore over the whole project area.

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