

SPONSORED SUPPLEMENT: AUSTRALIA MINING

Industry depends on foreign investment



Simon Bennisson, chief executive, AMEC



Michael Roche, chief executive, Queensland Resources Council



Reg Howard-Smith, chief executive, CME



Stephen Gallilee, CEO, NSW Minerals Council

Investments in Australia's resource sector have enabled the country to develop a world-class mining industry and become a key partner for China. As the countries celebrate 40 years of diplomatic relations, Australia and China are focusing on opportunities in the mining industry.

"The first recorded European discovery of coal was at Newcastle by convicts on the run from Port Jackson", says Stephen Gallilee, CEO of New South Wales Minerals Council. "In 1798, the first shipment of coal was exported from Newcastle, New South Wales to India."

In the 1840s, silver and copper were discovered in South Australia. A decade later, the first of numerous "gold-rushes" started in New South Wales and Victoria, generating populous areas, wealth and the foundations of the affluent states seen today.

Australia remains one of the world's leading mining authorities and still possesses an abundance of minerals and resources. The entire mining industry accounts for approximately 19 per cent of Australia's GDP and 60.8 per cent of the country's total exports. Iron ore and coal accounted for 58.2 per cent of total resource exports last year, with a combined value of US\$114.37 billion.

Australia has the world's largest reserves of brown coal, mineral sands (rutile and zircon), nickel, lead, silver, uranium, iron ore and zinc.

In recent years, China has overtaken Japan to become Australia's largest export market. Two-way trade between the countries is valued at US\$124.89 billion.

Energy and minerals constitute two-thirds of Australia's total exports to China, and more than half of Australia's iron ore exports are bound for the country.

"The strength of the Australian economy is in large part due to China's demand for our resources", says Simon Bennisson, CEO of the Association of Mining and Exploration Companies. "The Chinese have also been providing Australian mining companies with a lot of investor capital at a time when traditional investors have been taking a more conservative approach".

Reg Howard-Smith, chief executive of the Chamber of Minerals and Energy of Western Australia, says: "China is extremely important to us as an investor base because we cannot finance all of our projects by ourselves. The industry has always been dependent on foreign investment and China today presents itself as a leading source of capital and a reliable strategic partner for our industry."





Western Australia's resources sector employs more than 110,000 people and accounts for 95 per cent of the state's merchandise export income. The period 2010 to 2011 saw private investment into the state's resource industry exceed US\$50 billion, a quarter of the national total for the same period.

While companies such as gold and iron ore explorer Vector Resources have already secured strategic Chinese partners, there remain countless other companies with the expertise to provide Chinese investors with an entry into the Australian market. Peak Resources, having brought their expertise and exploration capabilities overseas, are now seeking strategic partners and off-take customers in China and other markets in the Far East for their rare earth discovery.

"We are a secure destination for Chinese investment and encourage them to continue to view Australia as a reliable partner and supplier. China is our number one customer and we expect to continue to collaborate with them moving forward," Howard-Smith says.

Queensland is promoting itself as a hub for the growing "fly-in fly-out" mining workforce created by the 177 resource industry companies based in the state.

"Our state is a one-stop shop for all minerals which now includes LNG. We have numerous projects in the pipeline and these require substantial investment in infrastructure which could be an opportunity for Chinese investors," says Michael Roche, chief executive of the Queensland Resources Council. Just as the last 40 years have proven, Australia and China are well positioned to work even more closely together in the future.



With mining activity in all of its states and territories, Australia continues to drive the global mining industry forward. Photos: Queensland Resources Council

Australia welcomes foreign investment

Australia's abundant mineral resources, sophisticated mining equipment, technology and services industry, and proximity to rapidly-growing Asian markets have made it a world-leading mining nation with an investment pipeline of A\$430 billion.

Record growth
In 2011, Australia's energy and mineral commodity exports rose to a record A\$190 billion, a 15 per cent increase on the previous year, signifying continued strong demand for minerals and commodities and confidence Australia's mining sector can deliver.




Sophisticated mining equipment, technology and services

The scale of Australia's mining and resources industry has enabled it to develop a sophisticated mining equipment, technology and services sector. Australia is competitive across the spectrum, including the development of mining software and equipment, scientific analysis, exploration assessment technology, mineral processing technology, environmental services, and health and safety services and equipment.

Opportunities for investment
Australia is ideally positioned within the Asia-Pacific, the fastest growing region in the world. Unprecedented demand for commodities from the region has driven high levels of investment in minerals exploration and development projects. This expanding market potential is backed up by Australia's highly developed infrastructure, skilled workforce and strong focus on research and development and innovation – which makes Australia an ideal destination to establish operations.

Australian government support
The Australian government welcomes foreign investment. The government's process for approving foreign investment applications is simple and streamlined with the large majority of proposals approved within 30 days. Comprehensive information on the foreign investment approvals process is available at www.firb.gov.au and officials from the Australian Foreign Investment Review Board welcome questions from potential investors at any time.

Further information on investing in Australia is available through the Austrade website at <http://www.austrade.gov.au/Invest/Opportunities-by-Sector/Resources> and at Austrade offices throughout China.





Vector Resources' LO1 S face ore



Gwendolyn East exploration drilling



Glyn Povey, managing director

Vector has seven projects within the Southern Cross region and an additional project located within the prolific gold producing region of Leonora.

Exploration efforts have led to a succession of "high-grade hits" and the company recently secured a significant Chinese-backed investor, Eagle Brilliant Holdings.

With this strategic partnership firmly in place, the company is shifting its Gwendolyn East gold project in Western Australia towards production.

"The Board was extremely pleased, not only to welcome this strategic investment partner's long-term commitment, but also the opportunity to partner with an experienced company that can take Vector into production," says Glyn Povey, managing director of Vector Resources.

While the company's gold exploration assets are attracting a lot of investor attention, Vector is also working alongside Cazaly Resources and Anglo American at Earacheedy Joint Venture, a promising iron ore project.

As Vector continues to acquire and develop highly prospective iron ore and gold resource assets in Australia, Chinese firms are continuing to invest in Australia. The Chinese have played an important role in developing Australia's mining sector and continue to benefit from strategic investments and successful partnerships.

"The support Australia received from China through their imports of Australian iron ore and other commodities helped Australia to stabilise its economy following the global financial crisis," Povey says.

"Our track record as a successful resource-driven economy allows us to position ourselves as a safe haven for Chinese investors. Australian companies will continue to pursue strategic Chinese partners for future projects and build on our close business ties to China."

www.vectorresources.com.au



Mount Dimer's historic open pits

Peak pursues aggressive exploration, development and mining growth strategy

Rare earth elements are critical in the production of components used in industries such as clean technology, advanced electronics, electric cars, wind turbines, glass and ceramics, chemical and consumer products. While China has 50 per cent of the world's reserves and has produced more than 95 per cent of the world's rare earth supply, a decrease in production and export has caused prices to rise and alternative suppliers are looking to meet global demand.

With a potentially low-cost, long-term rare earth project located in Tanzania, Peak Resources is currently developing its Ngualla project – the fifth-largest rare earth deposit in the world outside China.

Peak's vision is to generate shareholder value through the development of its high-grade, low uranium and thorium Ngualla rare earth site. The company recently completed a feasibility study (proof of concept) on a sulphuric acid leaching process that uses proven technology with lower capital and operating costs (leaching refers to the process of extracting minerals from a solid by dissolving them in liquid).

Peak's process provides significant environmental advantages compared to other leaching methods and is a major step forward in the development of Ngualla into a low-cost, long-term rare earth site.

"Achieving this milestone after only nine months of test work is outstanding," says Richard Beazley, Peak's managing director. "This reaffirms Peak's target of commencing production by early 2016. As we create a sustainable project, we also intend to drive our social responsibility initiatives forward."

The company has been listed on the Australian Stock Exchange since 2006 and this year also listed on the New York-based OTCQX market. The OTCQX listing allows Peak to develop and expand outside the Australian capital market. By reaching out to North America, Beazley hopes to generate capital and invite institutional investors onto Peak's share register.

"We are now in a position to engage with strategic partners and off-take customers in China and other markets in the Far East," says Beazley. "We want to commence discussions regarding long-term product supply and facilitate commercial financing arrangements to deliver the project to production."

With a number of additional projects in the Lake Victoria Goldfields area of Tanzania and a dedicated exploration office in Mwanza, Peak's growth strategy looks set to position the company as a leading rare earth producer.

www.peakresources.com.au



Richard Beazley, managing director



Rare earth carbonate



Cerium oxide

Gold and Iron Ore Explorer

Vector Resources Limited is a Western Australian focused resource company with a corporate vision of acquiring and developing highly prospective resource assets that have the capacity of adding significant shareholder value.

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Developing a New Rare Earth Discovery

NGUALLA PROJECT, TANZANIA



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