

# Iceland to pay \$6.4b to failed bank

REYKJAVIK

Iceland's Parliament has approved paying nearly €4 billion (\$6.4 billion) to Britain and the Netherlands, which had compensated more than 320,000 of their savers in a failed Icelandic bank.

Although the measure has stirred resentment among many ordinary Icelanders hard-hit by their country's financial meltdown last year, MPs approved the measure by a vote of 33 to 30 as the issue had become a major

obstacle in the small Atlantic island nation's bid to join the European Union.

Failure to approve the accord may have also threatened to reignite a dispute that prompted Britain to use anti-terror legislation to freeze Icelandic assets last year.

"Congratulations Iceland", shouted one MP from the governing centre-left coalition, while an Opposition lawmaker cried out "treason".

Prime Minister Johanna Sigurdardottir said she was very relieved.

The measure approves the payout of €3.8 billion to the British and Dutch governments, which had partially compensated their savers who lost money in the collapse of the Icesave online bank.

Icesave, an online subsidiary of the Landsbanki bank that had to be rescued in October 2008 as the global credit crunch hit, had attracted savers with its high interest rates.

The British and Dutch governments turned to Reykjavik for the money to be returned, and an initial

compensation deal was approved by Iceland's Parliament in August.

But amendments negotiated by M. Sigurdardottir, a Social Democrat, to get the deal through Parliament were rejected by Britain and the Netherlands, forcing a new vote.

The measure adopted on Wednesday foresees payments of €3.8 billion which is equivalent to nearly 40 per cent of Iceland's annual gross domestic product, to be staggered until 2024.

A poll in August suggested nearly

# Soaring spot price brings cheer for iron ore miners

PETER KLINGER

The old year ended with a big bang for WA's iron ore miners, with spot prices soaring further to pile pressure on China's steel mills to accept a benchmark rise of up to 30 per cent for the steel-making commodity in 2010.

As traders digested the prospect of a big drop in Indian iron ore cargoes this year, the spot price for 62 per cent iron ore shipments to the Chinese port of Tianjin jumped a further \$US6.10 a tonne to \$US118.20/t on Wednesday.

The key spot price has gained 5 per cent in the past week, trading at twice the level it fell to last March when the global financial crisis hit the steel market the hardest.

The booming spot price — buoyed because the Indian Government increased tariffs on iron ore exports — is a fillip for WA's iron ore miners as they close the book on a tumultuous 2009 and await the outcome of this year's pricing talks between industry leaders Rio Tinto and BHP Billiton with Asia's steel mills.

Analysts had already forecast a 10 to 20 per cent rise in benchmark prices this year, although reports out of China this week suggest mills in the world's biggest iron ore market will accept a jump of up to 30 per cent on last year's figure.

It would mean the 2009 cut to benchmark prices of about 37 per cent could be almost recovered in one year, and consign last year to a blip in an otherwise unheralded boom for iron-ore producers.

Fortescue Metals Group led its WA peers higher yesterday, with its shares gaining 2 per cent to \$4.44.

Mid-West miners Murchison Metals (up 2 per cent to \$2.50) and Hindalbie Metals (up 3.4 per cent to



Looking good: Mindax has reported maiden drilling results from its Mt Forrest iron ore project in the Yilgarn.

\$1.06) were also stronger, along with Pilbara peers Atlas Iron (up 0.8 per cent to \$1.89), BC Iron (up 2.6 per cent to \$1.18), Aurox Resources (up 1.9 per cent to 27¢) and Brockman

Resources (up 0.9 per cent to \$2.37).

Junior Mindax missed out, with its stock closing steady at 53¢, despite reporting maiden drilling results from its Mt Forrest project in the Yilgarn.

Mindax said the early-stage results included intercepts grading 63.4 per cent iron and confirmed modelling that Mt Forrest could contain a sizeable hematite-magnetite deposit.