
Benxi Steel to join in exploration of giant iron ore deposit

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Benxi Iron & Steel Group plans to join in the exploration and development work on an iron ore deposit touted as Asia's largest in China's Liaoning province.

The group hasn't obtained exploration or mining rights for the discovery, located 20 kilometers from the company in Benxi listed unit Bengang Steel Plates Co in a statement to the Shenzhen stock exchange said that the group can't verify claims that the deposit has reserves of more than 3 billion metric tones.

China, the biggest buyer of iron ore, wants to lift domestic output to reduce imports from Vale SA, Rio Tinto Group and BHP Billiton Ltd. The Dataigou find in the northeastern Chinese province is deeper than any domestic mines in production, according to Zou Jian, a consultant and former chairman of the China Metallurgical Mining Enterprise Association.

Mr Zhu Limin an analyst with Shanghai Securities Co said that "It would take at least a few years for the deposit to start production. The deposit is too deep underground to be an ideal mine resource for the mills."

The Benxi local government this week announced the find after an exploration team drilled 17 holes in the area. The deposit may have 3 billion tons of iron ore, and material was found from 1.2 kilometers below ground to 2.015 kilometers.

The Guangzhou Daily reported that Anshan Iron & Steel Group and listed unit Angang Steel Co haven't considered exploring or investing in the deposit.

It said that Anshan and Benxi could be given the right to develop the project.

(Sourced from Bloomberg)

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