
Grange Resources slows work on iron ore project

Monday, 13 Jul, 2009

Grange Resources has slowed work at its AUD 1.6 billion Southdown iron ore venture in Western Australia due to the market downturn and delays in approvals.

Mr Russell Clark MD of Grange said that "With the markets doing what they have done, we have slowed up on Southdown we are not going to get into the detailed engineering yet. The ability to raise finance right now is difficult."

Perth based Grange which is 47 % owned by China's Jiangsu Shagang Group had planned a 6.6 million tonnes a year mining and processing operation starting in 2012 or 2013.

But many iron ore miners have cut production and delayed expansions in the past nine months as demand for the steel making commodity slumped in line with the global economic downturn.

Mr Clark is unwilling to provide new estimates on the timing of Southdown, which aims to produce iron pellets for use in steel furnaces. He said that "Certainly our Chinese shareholders Shagang have a keen interest in the project. I am not sure they want to push the button right now but they certainly want it to continue to move forward."

Mr Clark said that any further major investments will require certainty on mine and port permits, and land access for a pipeline.

Grange which owns 70% of Southdown in partnership with Japan's Sojitz Corp recently completed a drilling program that increased mineral resources by 37% to 654.4 million tonnes grading 36.5% magnetite. Grange has invested AUD 35 million in Southdown to date, spending four years seeking clearances from Western Australia's Environmental Protection Authority.

(Sourced from theaustralian.news.com.au)

For more news visit at www.steelguru.com