
CITIC Pacific ink accord to sell two third of iron ore

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CITIC Pacific an arm of China biggest state owned Investment Company signed accords to sell as much as two thirds of the iron ore from its USD 4 billion Australian project to Chinese mills. The stock surged on that news.

Mr Barry Fitzgerald CEO of CITIC Australian unit, CITIC Pacific Mining said "We've identified the major steel works in China who have signed up preliminary sales agreements. The balance of the output will be used by the company's own plants in the mainland."

Mr Fitzgerald said in Perth that CITIC Pacific shares jumped 9.09% to close at HKD 22.20. Of the mine 28 million tonne output as much as 20 million tonnes may be sold to customers with the rest kept for CITIC Pacific own mainland steel plants. China demand will continue.

First output is scheduled for the Q4 next year from CITIC Pacific Mining Sino Iron project at Cape Preston in Western Australia Pilbara region. The open pit mine will be one of the largest in the world and over its estimated 25 year life will be 5.5 kilometres long, 3 kilometre wide and 600 meters deep. After the material is mined, it will be transported to six grinding mills. The mills, being built in China will be supplied from January.

Mr Fitzgerald conceded that the strong Australian dollar is affecting construction costs. He said that "We sell our products in US dollars and a lot of our costs are in Australian dollars. It's pretty well known that with any of the exporters out of Australia that any time you see the Australian dollar go up the profit forecasts godown."

(Sourced from news.mining.com)

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