
Railroad instrumental to development of iron project in Bahia

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BNamericas quoted Mr Gilberto Penna marketing director of Bahia Mineracao as saying that the construction of a railroad will be instrumental for the development of Brazilian miner Bahia Mineracao's roughly USD 1.7 billion Pedra de Ferro iron ore project in Bahia state.

The 533 kilometers long east west railroad will connect Caetité municipality to Ilhéus on the coast and is part of the Brazilian government's growth acceleration plan PAC. In the future, the railroad could transport 100 million tonnes per annum.

Mr Penna said that "The local government has been very supportive because the project is the biggest investment in Bahia. This is also the biggest mining project outside of Minas Gerais and Pará states. We are negotiating, and signing a letter of intent and memorandum of understanding so we can forward them to the banks. Following that we will be raising capital for our project."

In regards to the mine, construction is scheduled to start in April 2010 and production in Q4 of 2012. Output is estimated at some 15 million tonnes per annum. Pedra de Ferro has reserves of nearly 461 million tonnes with an iron ore content of 42.6% in situ. Production will be shipped mainly to China.

(Sourced from www.bnamericas.com)

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