
Mongolia can undercut Australian coal export dreams

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Mongolia is emerging as a major competitor to Australian coal exports due to its vast untapped reserves, cost efficiency and close proximity to China.

Mining giant Leighton Holdings Ltd said that Mongolia has at least has 10 billion to 15 billion tonnes of recoverable coal that could be supplied to China for less than USD 100 per tonne.

Leighton Asia is the only international miner in Mongolia, where it operates three coal mines, including the Ukhaakhudag Coal Mine in the South Gobi region, 200 km from the Chinese border.

Mr Wal King CEO of Leighton said that "There is no doubt the coal mining market in Mongolia is going to give Australia a lot of competition. It is very close to the Chinese border, it has huge reserves of coking coal and thermal coal and it is very cost efficient."

Mr King made the comments on the same day that Leighton delivered a 39% rise in annual net profit to USD 611.9 million. He estimated the state owned Tavan Tolgoi deposit, near Ukhaakhudag, could supply coal to China for less than USD 100 a tonne.

He said that "That is competing with coal from Gladstone or Mackay in Australia at USD 220 a tonne."

Mr King said that Leighton would increase output from Ukhaakhudag to 15 million tonnes a year by January 2013.

He added that the company also operates the Khushuut coal mine in Western Mongolia and a third mine close to the Russian border.

(Sourced from AAP)

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