



**CITIC PACIFIC
MINING**

MEDIA RELEASE

Monday 26 November 2007

CITIC PACIFIC MINING PLANS AUSTRALIA'S FIRST MAJOR MAGNETITE PROJECT

Australia's resource industry gained a new participant today with the official launch of CITIC Pacific Mining, proponents of the A\$5.2 billion Sino Iron Project planned for Cape Preston, 100km south-west of Karratha in Western Australia's Pilbara region. CITIC Pacific Mining is the Australian subsidiary of Hong Kong listed company CITIC Pacific.

This world class project would be the largest magnetite mining project in Australia and the first iron ore mine in Australia to include large scale downstream processing.

With an expected mine life of at least 25 years, the Sino Iron project is based on two billion tonnes of magnetite ore and is designed to export 27.6 million tonnes of a mix of high-grade pellets and concentrate each year. A dedicated shipping fleet is being constructed to transport the product to steel mills in China belonging to CITIC Pacific and other companies.

The project involves construction of significant processing and support infrastructure including a magnetite concentrator, pellet plant, slurry pipeline, port facilities, a power station with a capacity of at least 450 megawatts, a 51 gigalitre desalination plant and an accommodation village. Much of this infrastructure will potentially be available for third party use.

CITIC Pacific Mining is working with the Western Australian government to secure changes to the State Agreement Act for the project and obtain other required approvals. Subject to these approvals being received, construction will commence in 2008.

The project will be officially launched at a stakeholder function tonight by CITIC Pacific's Hong Kong-based Chairman Larry Yung.

Mr Yung said he was pleased to be in Perth for the launch and was impressed with the progress being made on the project.

"This project is very significant for our company because it will deliver an integrated steel business during a time of advancing economic development in China," Mr Yung said. "As our first major investment in Australia it has huge potential as it includes a further four options for project expansion, which would increase production to over 70 million tonnes a year."

The project is expected to employ 2500 people during construction, and 600 people during operations. An Australia-wide recruitment campaign will commence early next year.

The indigenous community will receive long term benefits from the project through an alliance and eventual joint venture with Central Mining and Contracting, an indigenous Pilbara-based mining contractor.

CITIC Pacific Mining CEO Barry Fitzgerald said that Australians would be huge winners from the project, with more than 70 per cent of the spending over the life of the project being spent in Australia.

“China is a world leader in magnetite mining and the Chinese-Australian collaboration on this project will enable the transfer of expertise and technology in magnetite mining and processing to Australia.” Mr Fitzgerald said.

“As well as developing new skills in magnetite mining, downstream processing adds more than double the value to the Australian economy of traditional iron ore projects. That means more jobs and more money staying here in Australia.”

To minimise the use of scarce regional water resources, the project’s water needs will be met by a new desalination plant. Greenhouse emissions will be minimised by construction of a new, low emission, combined cycle gas-fired power station, with 150,000 trees to be planted per year for ten years to assist in sequestering unavoidable carbon emissions.

A number of major contracts and letters of intent have already been signed with Australian and international companies to support the project’s ambitious timeline for first production in 2009.

The project will boost the Australian economy by an estimated A\$75 billion over the next 25 years, in addition to at least A\$100 million paid to employees and contractors each year.

CITIC Pacific Ltd

CITIC Pacific Ltd is listed on the Hong Kong stock exchange with a market capitalisation of US\$13 billion. The company is China’s largest specialty steel manufacturer and has significant commercial and residential land development interests in China. It also has extensive interests in power generation, is a major shareholder and operator of Hong Kong’s cross-harbour road tunnels, and is one of Cathay Pacific’s major shareholders.

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