

**CITIC PACIFIC
MINING**

19 March 2009

Committee Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Committee Secretary,

I write in response to the Committee's inquiry into the exposure drafts of the Carbon Pollution Reduction Scheme legislation.

CITIC Pacific Mining are currently constructing the Sino Iron project, a A\$5 billion magnetite mining and processing operation located at Cape Preston, 100km south west of Karratha in Western Australia.

We provide the following feedback for further consideration of the activities in the magnetite mining and processing industry in regards to emissions trading. The legislation in its current form presents a number of issues for our company, namely:

i. Reduced emissions through use of magnetite

The Sino Iron Project, whose key activities are the production of magnetite concentrate and pellets, will be a high greenhouse gas emissions intensity project due to the large scale downstream processing being conducted in Australia. Whilst we recognise the energy used in the beneficiation process will result in relatively high greenhouse gas emissions in Australia, the finished magnetite products from the Sino Iron Project will provide a more energy-efficient feedstock in the next stage steel-making process in China. The global greenhouse gas emissions will represent an overall reduction in comparison to more conventional means of steel production using hematite ore. This is supported by the Life Cycle Analysis we included in our submission to the Green Paper in September 2008. We submit that this global reduction should be recognised through the design of the CPRS.

ii. EITE assessment

Although CITIC Pacific Mining has committed 75% of our capital expenditure to date and will be moving into operational phase in the coming years, our project does not meet the criteria for preliminary EITE assessment of being an operating project. The magnetite projects currently operating in Australia are substantially different to our project and are unlikely to meet the EITE threshold, where our project may do so due to its scale and differences in source of energy.


The impact on the project from the CPRS would be substantial and we request the Government to review the EITE status of the project at its current stage to enable us to continue the development with certainty. The project will assist global carbon emission reduction, and contribute huge employment (4000 jobs at peak construction) and investment benefits to Australia at a time of economic downturn, as well as long term employment in a downstream processing industry.

The points I have outlined in this letter are a very brief overview for the Committee to consider. CITIC Pacific Mining has previously made a submission on the CPRS Green Paper which is available in the public domain. A submission for EITE Preliminary Assessment has been provided to the Department of Climate Change detailing the points made above.

If you would like to discuss further any of the issues raised in this letter, or would like to know more about CITIC Pacific Mining's Sino Iron project, please contact our Corporate Affairs Manager, Hannah Fitzhardinge on (08) 9226 8000.

Thank you for taking the time to consider our brief submission. We would appreciate all attempts to keep the details of our submission confidential as it contains commercially sensitive information.

Yours sincerely,

A handwritten signature in black ink that reads "Barry Fitzgerald". The signature is written in a cursive style with a large, looped initial "B".

Barry Fitzgerald
CHIEF EXECUTIVE OFFICER