

London-Based Rio Tinto to Boost Six-Fold Iron Ore Production in Brazil

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The world's second-largest iron ore producer - the first is Brazil's Cia. Vale do Rio Doce - Rio Tinto PLC, announced that it will spend US\$ 2.15 billion on a major expansion of its iron ore mine in Corumbá, Brazil, to help meet increasing demand in South America and the Middle East.

The London-based company wants to boost production of iron ore, a key ingredient in steel production, at Corumbá more than six-fold, from 2.2 million tons (2 million metric tons) to 14.1 million tons (12.8 million metric tons).

A study will also be conducted into whether the company can expand capacity to 25.6 million tons (23.2 million metric tons) a year, Rio Tinto said in a statement Tuesday.

Output from Corumbá is expected to begin in the fourth quarter of 2010 and the study is to be completed by mid-2009.

Two ports will be built, including one in neighboring Uruguay. The ore from the mine will be moved along the River Paraguay before being loaded onto ships.

Rio Tinto Chief Executive Tom Albanese said the Corumbá investment is a major step forward in the company's goal of extending its iron ore operations beyond the Pilbara region in Western Australia state.

The company outlined plans last year to more than triple its output of iron ore to 661 million tons (600 million metric tons) to repel a takeover proposal by rival mining giant BHP Billiton Ltd.

BHP Billiton Chairman Don Argus said in a letter released to the Australian stock exchange this week that the company expects international regulators to complete their review of its US\$ 147 billion bid for Rio Tinto by the end of 2008.

Rio Tinto produced 179 million tons of iron ore last year. Corumbá will supplement output from its Pilbara mines in Australia, 59% owned by Iron Ore Co. of Canada and the Simandou project in Guinea.

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