

## **China's gold sales to see zero growth in 2009**

The volume of gold sales in China in 2009 is estimated to be the same as that of last year, due to the global financial crisis, the Shanghai Daily reported, citing Albert Cheng, managing director of the World Gold Council Far East.



China, the world's largest gold producer and the world's second biggest gold consumer after India, is still a strong market, while the demand in markets such as the U.S. is waning, said Cheng. Last year, purchases of gold jewelry, gold coins and gold bars in mainland China, Taiwan and Hong Kong increased 18% year on year to 432.1 tons, according to council.

China's gold production in 2008 reached a record high of 282 tons, up 4.26% from a year earlier, according to an earlier statement by China Gold Association.

## **China Jan-Feb gold output up 7.46 pct**

China produced 41.133 tons of gold in January and February, up 7.46 percent on year. Among that, mines posted output growth of 9.90 percent on year to 34.048 tons, while the output of processors dropped 5.1 percent on year to 7.085 tons.

## **Beitai Steel launches CNY 2.6 billion projects in 2009**

It is reported that  
CNY 2.6 billion energy



Liaoning based Beitai Iron & Steel Group Co Ltd marks out conserve and emission cut projects in 2009 to help improve its core competitiveness. The capital spending is the biggest ever for the steel mill, with the projects covering steelmaking, steel rolling, sintering, coking etc. Now, the CNY 190 million worth sewage disposal plant is under construction, and can cut COD emission by 5,100 tonnes per year after it completes. Beitai Steel is hopeful to gain CNY 1.5 billion bank loans to support the huge projects.

## **Baosteel participates in Ningbo Steels management**

Baosteel has assigned senior managers to Ningbo Steel after it took a controlling 56.15 percent of shares in the latter for 2.02 billion yuan on  
of shares, Hangzhou Steel was relegated

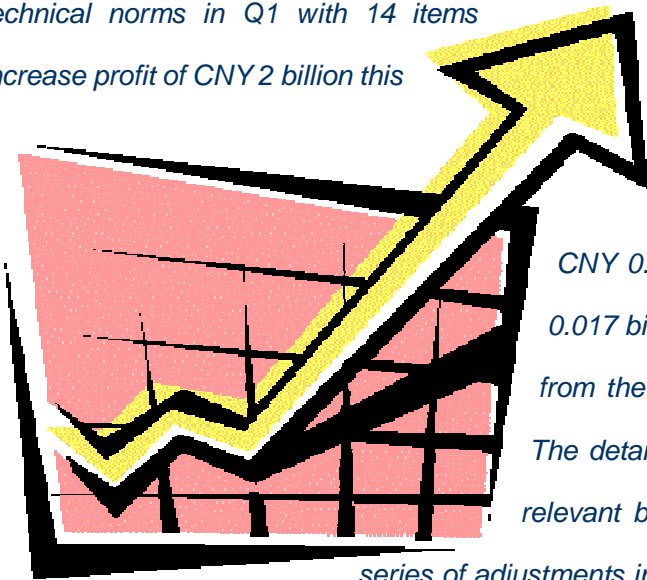
**participate**

March 1. With 43.85 percent to the second largest

shareholder of Ningbo Steel. According to goals set by the new team, Ningbo Steel will produce six million tons of steel and achieve profitability this year.

## Tangshan Steel earns profit of CNY 100 million in Q1

It is reported that Tangshan Steel, a subsidiary of Hebei Steel Group, achieved profits of CNY 100 million in the Q1 against the general losses of other big mills, showing a good opening this year. Mr. Yu Yong GM of the mill said "The mill is forced to change. Tangshan Steel improved its economic and technical norms in Q1 with 14 items listed ahead in China. And, the mill plans to increase profit of CNY 2 billion this year." It's noted in the mill's 2009 production plan that Tangshan.



Steel will add benefits and reduces costs of CNY 0.13 billion from the purchasing department CNY 0.017 billion from the non-steel projects; CNY 0.11 billion from the optimization of economic and technical norms. The detail of the CNY 2 billion has been assigned to the relevant brunches. In the meanwhile, the mill has made series of adjustments in its production plan to carve out the most gains.

In January the mill yielded 46,800 section steel, more than the designed output of 43,400 tonnes due to the high return. And, it still increased long products of 15,000 tonnes and thin grade products, since these products would bring in more profits. In contrast, it reduced HR products, when they were less profitable than others. As per report, the above moves bring in tens of millions of profits for Tangshan Steel. Despite this, Tangshan Steel still caught the opportunities to supply goods for Beijing-Shijiazong and Beijing-Shanghai High Speed Railway projects.

## China iron ore import up 43 pct to 51 mln t in Mar.

Chinese Ministry of Transportation said Wednesday on its website that the country imported 51 million tons of iron ore in March, up 43 percent from the figure for March last year. China's iron ore imports stood at 46.74 million tons in February. Cumulatively, the import volume during the first three months totaled 130.4 million tons. The Ministry of Transportation attributed the increasing import to the government's stimulus plan and the resumption of steel plants' production capacities.



## **Maanshan steel focusing on value added steel products**

It is reported that the 2250 HR production line of Ma'snshan Steel has played a leading role in its CRC base metal, X70 and X80 pipeline steel, boiler pressure vessel and shipbuilding plates production, which causes the outputs to post an upswing trend.



The HR line has produced 13,000 tonnes of boiler pressure vessels, 100,000 tonnes of pipeline steel plates for West-East natural gas transmission project, and 280,000

tonnes of CR and HR base metals for auto steel and household appliance respectively since the first quarter this year. Ma'anshan Steel aims at the West-East natural gas transmission project to develop X80 and X70 pipeline steel for meeting the market demands. According to some people concerned, only in March the 2250 HR production line has provided 114,800 tonnes of CR base metals for pickled rolling, Zinc-plated and conti-annealing production lines which lays a solid foundation for the enhancement of CR production line and the batch production of auto plates. Furthermore, Ma'snshan Steel has finished the production of 4,781 tonnes of acid and corrosion resistant steel, 19,862 tonnes and 19,901 tonnes of X80 and X70 pipeline steel respectively and surpassed the March production plan by right of its monthly output of 332,900 tonnes last month.

## **Huaneng inks clean coal technology export agreement**

Xi'an Thermal Power Research Institute Co. under China Huaneng Group has signed an initial agreement with US Future Fuels LLC on exporting two-stage pulverized coal pressure gasification technology, announced Huaneng Group on its website. Huaneng said that the technology of Integrated Gasification Combined Cycle (IGCC), which is known as clean coal technology, would be applied to a 150-magewatt IGCC power plant built by Future Fuels in Pennsylvania State in 2010. IGCC power plant releases much less carbon dioxide than traditional coal-fired power plant. China Huaneng Group is the parent company of Huaneng Power International, Inc.



**CLEAN COAL**

## ***Shanxi orders coalmines to mechanize by 2010***

Shanxi Province, China's largest coal producer, will require all local coal mines to begin using coal exploitation machinery by 2010, the Shanxi Coal Industry Bureau (SCIB) announced on April 3.

The local government issued the order to boost the province's annual average coal output per well, which currently stands at 360,000 tons, according to the SCIB. By comparison, the Inner Mongolia Autonomous Region, another coal-rich region, produces about 700,000 tons per well on average. The government also vowed to shut down mines where coal is still dug by hand unless they begin using



more advanced equipment by the end of next year. The order is part of the province's ongoing effort to reduce the number of local coalmines to 1,000 by

2010. The government's goal is for all provincial coal companies to have an annual output of more than 3 million tons as well as one coalmine that can produce at least 1.2 million tons of coal each year.

The SCIB estimated these measures would increase the province's coal output to 900,000 tons per well. "Promoting mechanization will also serve as an indirect means to cap Shanxi's coal output," an anonymous SCIB official said. "Many local coal producers are concerned about the outlook for coal prices over the next two years. Such a move can help stabilize coal prices and protect larger producers."

## ***Right time for China mining firms to spread wings***

The next 12-18 months will be the opportune time for Chinese mining and metals firms to pursue overseas acquisitions, as the market value of their overseas counterparts have dropped to attractive levels, global consultancy firm Ernst & Young said in a report.

Prices of mining products touched a six-year low in 2008 due to the global economic crisis. The market value of the world's mining and metals companies dropped about 40-60 percent, while the top 30 mining and metals companies in the world saw their market value drop to \$808 billion from \$2 trillion, according to the report. "We anticipate Chinese companies with cash on hand to be active shoppers in this current environment, where there are



once-in-a-lifetime acquisition opportunities, such as in low-risk markets like Australia and Canada," said Raymond Ng, partner, Ernst & Young.

Chinese companies have quickened their cross-border mergers and acquisitions since last year. According to the Ernst & Young report, cross-border deals led by Chinese miners and metals producers grew an unprecedented 1,659 percent year-on-year in 2008 in terms of value. The total value of deals involving Chinese companies both at home and overseas increased 914 percent to \$23.8 billion in 2008, while the number of deals increased 62 percent. Ernst & Young also predicted that the mining and metals sector could expect a new rally with a rundown in inventories and infrastructure-intensive stimulus packages around the world. Mega M&A deals will slow this year, while niche deals will increase, the consultancy firm said. Globally, more than \$3 trillion in economic stimulus packages have been announced and about 30-40 percent of this will be going into infrastructure. In China, more than 70 percent of the stimulus package is set to be in metals-intensive infrastructure spending, the report said.



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