

IRC Plans \$400M Ore Plant to Supply China

By [The Moscow Times](#)

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IRC, a Russian mining company listed in Hong Kong, said Monday that it commissioned China National Electric Equipment Corporation to build a \$400 million processing plant to supply iron ore to Asia's largest economy.

State-run China National Electric's work is contingent on the Industrial & Commercial Bank of China providing \$340 million in project financing, IRC said in a statement. Cash from IRC's share sale, which raised about \$241 million in October, will cover the rest of the project costs.

A successful commissioning of the plant at IRC's K&S iron ore deposit will bring on line 3.22 million metric tons of ore concentrate in 2013, IRC said in a statement before the share sale. Global demand for the ore used to make steel will outweigh supply in the next few years because of growth in Asia, according to Vale, the biggest ore exporter.

IRC is an iron ore unit of Petropavlovsk, a gold mining company developing deposits in

Russia's Far East.

Improving political relations are boosting Russian commodity sales to China while demand in Europe slows. Russia agreed last year to supply China with oil for 20 years in return for a \$25 billion credit to its state-run oil producer Rosneft and pipeline monopoly Transneft. United Company RusAl, the largest aluminum maker, this year became the first Russian company to list in Hong Kong and said it aimed for Asia to account for 30 percent of sales.

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