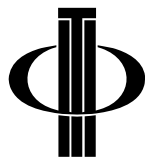


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CITIC PACIFIC

CITIC Pacific Limited
中信泰富有限公司

(incorporated in Hong Kong with limited liability)
(Stock Code: 00267)

**ANNOUNCEMENT PURSUANT TO RULE 13.09(1) OF
THE LISTING RULES**

IRON ORE MINE PROJECT UPDATE

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited.

Significant progress has been made in 2011 on the construction of CITIC Pacific Limited's ("CITIC Pacific") magnetite iron ore project in Western Australia.

Responsibility for the implementation of this project is divided into two parts. One group of tasks is directly managed by CITIC Pacific Mining Management Pty Ltd ("CPM") and the others are assigned to an Engineering, Procurement and Construction ("EPC") contractor.

Under the direct management of CPM, the power station, desalination plant and the port area are ready for integrated commissioning; and the mine pit operation has already moved over 100 million tonnes of material.

The project's EPC contractor is the China Metallurgical Group Corporation ("MCC"). MCC is responsible for the concentration processing area and related facilities, including crushers, grinding mills, pipelines, dewatering plant and stockpiles. MCC recently informed CITIC Pacific that although individual components of the first production line under their responsibility are at various stages of being completed and tested, they can only be ready for integrated commissioning by the end of 2011. CITIC Pacific notes this delay with regret. Considering the time required for integrated commissioning, CITIC Pacific believes that it would be prudent to expect production and export of iron ore concentrate in the first half of 2012 rather than at the end of 2011 as planned.

The contract with MCC was signed in 2007. MCC is an experienced contractor for similar projects in China. Taking into consideration the higher costs of meeting

Australian technical standards and employing local contractors, after assessing all possible alternatives, in May 2010, CITIC Pacific signed a supplemental agreement under which CITIC Pacific agreed to pay an additional amount of US\$835 million to MCC.

In the past few years, increased steel production in China and other emerging countries led to a continued rise in the price of iron ore. This in turn significantly increased the construction costs in most iron ore mining projects in Australia as a result of factors such as labor shortages, the rise in the value of the Australian dollar, and higher costs of equipment and construction materials. As reported by the media, some projects had to be delayed, capacity reduced or, worse, cancelled.

MCC also put forward a proposal for an additional payment of approximately US\$900 million, part of which they claim to be due to design and scope of work changes made by CITIC Pacific. CITIC Pacific is evaluating and studying the details of the proposal and preparing to negotiate with MCC. It believes that, among the possible options, continuing to employ MCC to complete its work as fast as possible at a cost within reason is in the best interest of CITIC Pacific and its shareholders. At the same time, CITIC Pacific will also consider and assess other alternatives.

Although CITIC Pacific is clearly disappointed with the performance of MCC and any cost increase, additional expenditure is necessary to complete the project. The capital expenditure on building the mine is not a small sum, but compared to the total cost of operating the mine over its 25-year life it is not very significant.

The project is the largest magnetite iron ore project under development in the world. It is also the first large scale production line in the world employing advanced technology to process magnetite iron ore. The amount of work involved and its complexity far exceeded original expectations. Today, the project is nearing its initial production and is the most advanced among similar magnetite projects in Australia. The industrialization and urbanization of China and other emerging markets are expected to bring continued demand for steel. The iron ore price is likely to remain high in the foreseeable future. The primary focus and objective of CITIC Pacific is to complete construction of the project as early as possible so it can generate cash flow and begin contributing to the profit of the company.

CPM has a solid management team composed of experienced Australian and Chinese managers. The team is ready to take on the challenge to ensure the successful operation of the mine after its completion.

By Order of the Board
CITIC Pacific Limited
Ricky Choy Wing Kay
Company Secretary

Hong Kong, 15 July 2011

As at the date hereof, the executive directors of CITIC Pacific are Messrs Chang Zhenming (Chairman), Zhang Jijing, Carl Yung Ming Jie, Vernon Francis Moore, Liu Jifu, Milton Law Ming To and Kwok Man Leung; the non-executive directors of CITIC Pacific are Messrs André Desmarais, Ju Weimin, Yin Ke and Peter Kruyt (alternate director to Mr André Desmarais); and the independent non-executive directors of CITIC Pacific are Messrs Alexander Reid Hamilton, Gregory Lynn Curl and Francis Siu Wai Keung.