

GERALDTON IRON ORE ALLIANCE FORMED

COOPERATIVE FOCUS FOR INFRASTRUCTURE DEVELOPMENT IN AUSTRALIA'S FASTEST GROWING IRON ORE PROVINCE

A coordinated approach to common-user infrastructure development and stakeholder relations is vital to unlock the full potential of Australia's fastest growing new iron ore province, according to the newly formed Geraldton Iron Ore Alliance ("the Geraldton Alliance"), which was launched today.

The three initial members – Midwest Corporation Ltd, Murchison Metals Ltd and Gindalbie Metals Limited – have agreed to cooperate to facilitate the development of the iron ore industry in the Geraldton area, which is rapidly emerging as the most active region for new iron ore projects in Australia outside the Pilbara.

Former Western Australian State Development Minister, Clive Brown, who has agreed to act as independent Chairman of the Geraldton Alliance, said the Geraldton region could be producing 50-60mtpa of iron ore and carbon steel related minerals and products within a decade – with up to 10% of this material in the form of value-added products such as pellets.

Mr Brown was responsible for all resource projects in Western Australia during his tenure as State Development Minister until his retirement from Parliament in February this year.

"The opportunities for Geraldton and the Mid West region are enormous, and the benefits both to the region and the economy of Western Australia from a properly managed expansion of the many different iron ore projects currently planned or under feasibility study can not be underestimated," Mr Brown said.

"The region is benefiting from the current strong environment for commodity prices and particularly from the strong levels of demand for iron ore and carbon steel-related products in China."

"Each of the three companies is planning a Stage One start-up at different times in the next 18 months and plans to use existing infrastructure in the region including the port of Geraldton for their initial development," Mr Brown added.

The foundation members have agreed that the newly formed alliance will, inter alia:

- liaise with governments, industry groups, non government organisations and community groups, particularly relevant departments and agencies of the Western Australian Government, the Western Australian Chamber of Minerals and Energy and the Association of Mining and Exploration Companies on key issues of infrastructure, regional development and community relations;
- promote the development of appropriate common user and other infrastructure and work closely with all stakeholders in the region to optimise the utilisation of existing infrastructure;
- work closely and cooperatively with the Geraldton Port Authority and other stakeholders to enhance the efficiency and capacity of the port; and
- liaise with community groups and stakeholders including Government agencies to address issues arising from the expansion of the iron ore industry.

Mr Brown said the Geraldton Alliance welcomed the Geraldton Port Authority's decision to pursue the installation of a new dedicated 4,500tph iron ore shiploader at Berth 5. The new shiploader is an important step towards enhancing the efficiency and capacity of the port.

"The Alliance will work with governments and all stakeholders to unlock the full potential of the iron ore industry in the Geraldton region," he added.

"Our activities will build upon and support the good work undertaken by individual member companies over the past 12-18 months," Mr Brown said.

The Alliance will work towards developing a common position on the infrastructure needs for each project and the expansion of the Midwest iron ore industry.

All three foundation members of Geraldton Alliance are actively developing their stage one projects to provide a platform for further expansions. Some member companies are also in the process of proving-up larger second stage projects.

Murchison Metals has already commenced construction of a \$24 million 'starter' project at its Jack Hills Project, 400km north east of Geraldton, which is scheduled to commence production at the level of 1.2mtpa from early next year. Murchison has also secured the backing of Korean steel major POSCO for a much larger Stage 2 development, where it is targeting production of 25mtpa by the end of the decade.

Gindalbie Metals is accelerating exploration and pre-feasibility studies on its initial 1.5mtpa direct shipping ore (DSO) project based on its hematite deposit at its Blue Hills iron ore project, 200km inland from Geraldton, which will be based at Mungada Ridge, adjacent to the historical DSO mining centre. Gindalbie has also commenced feasibility activities on the Mt Karara magnetite deposit, where it is targeting a 400 million tonne deposit from current drilling 15km from Mungada, which will form the basis of a substantial long-term concentrating and pelletising operation.

Midwest Corporation is scheduled to commence exports by 2005 year end at 1mtpa from its Koolanooka hematite project. Midwest is also pursuing the planned joint development of its Weld Range hematite project, located 65km south west of Meekatharra, and its Koolanooka magnetite Project, with China's largest iron ore importer, SinoSteel Corp. The target is to produce 15-20mtpa hematite from the Weld Range Project, and about 5mtpa concentrates/pellets from the Koolanooka magnetite project, by the end of the decade.

"While all the companies in the group have different development strategies, they all recognise the benefits in promoting appropriate common-user infrastructure such as the Oakajee Port and in working closely and cooperatively with all stakeholders in the region," Mr Brown said.

The resources sector is now the single most important contributor to the economy of the Mid West region, with the value of minerals and energy production in the region reaching \$2.3 billion in 2003. Resources development employs approximately 15% of the region's working population.

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**On behalf of:
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