



MEDIA RELEASE

MRM COMMITS 100% OF PROJECT INVESTMENT IN AUSTRALIA

Darwin, 13 October 2006

McArthur River Mining (MRM) today committed that 100 percent of the development cost for the proposed conversion of the mine to open pit operations would be spent with Australian suppliers contributing to the strong economic value anticipated from the project.

While the due process for the environmental assessment of the proposed conversion of the mine from underground to open pit operations has been followed over the past 14 months, MRM has been negotiating with potential suppliers eager to be involved if the project is approved.

MRM General Manager, Mr Brian Hearne, said that of the current estimated development cost of \$110 million, 31 percent (\$34 million) would be invested with Territory-based suppliers. This includes \$4.5 million earmarked for labour hire.

"Everything we need for this development can and will be sourced in this country," Mr Hearne said.

"It means jobs, investment and business opportunities with a lot of growth potential."

Mr Hearne said the company's policy is to give first opportunity to Northern Territory suppliers where capabilities are competitively available. Current plans have budgeted for transport, fuel, plant hire, labour hire, spare parts, food and consumables, and engineering services to be sourced through Territory businesses.

"We have already progressed discussions with a number of NT companies such as Central Desert Enterprises and Northern Territory Extraman, to provide services to the development," he said.

"If the development approval is granted, then we can start finalising these contracts and give all suppliers and their staff some certainty as to what we need for at least the next two years."

An economic impact study conducted for the MRM EIS estimates the mine has generated \$3.5 billion worth of economic benefits to the Territory since 1995 through direct and indirect employment and investment, taxes and charges, operating costs, income generation and value-adding.

This includes annual spending with more than 400 Northern Territory based suppliers which in 2005, totalled more than \$60 million.

If the open pit development is approved, an estimated \$13 billion worth of economic benefits to Australia including up to 1,700 direct and indirect jobs, are expected to flow over the 25 year mine life.

"Anyone who says the mine contributes nothing to the NT or Australia knows nothing about the economics of business," Mr Hearne said.



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The \$110 million now estimated for the development is up from the revised cost of \$86 million in July 2006 and compares with the initial estimate in August 2005 of \$66 million. The latest increase has been necessitated by delays in the development program.

A significant part of the increases has also been the \$10 million additional cost to incorporate the recommendations by the Northern Territory Government's independent expert, Professor Wayne Erskine, in the modified design for the McArthur River and Barney Creek diversions.

Mr Hearne said the commitment is worth the investment though given that the NT Environment Protection Agency is now satisfied that with these changes, the diversions will be safe in all weather conditions.

"We respect the need to ensure all operations are sustainable within the environment," he said.

The NT Environment Protection Agency's Assessment Report 54 responding to the MRM Public Environmental Report said: "the design modifications provided should be sufficient to provide for relatively stable realigned channel for the McArthur River".

This result follows the findings of the EPA's earlier Assessment Report 51 which confirmed there is no scientific evidence to date of impact from the mine in the estuarine reaches of the river or in the Gulf.

"After 14 years of analysis and operation, there has been no pollution of the McArthur River or the Gulf by MRM," Mr Hearne said.

"We have done everything possible to show through the environmental assessment process that the mine is sustainable, safe and contributing positively to the Territory."

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For more information

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