

Port Initiates Market Sounding Exercise

Esperance Ports Sea & Land (EPSL) has advertised in national and WA State newspapers for suitable companies to register their interest in participating in a market sounding in respect of a proposed new multi-user iron ore facility (MUIOF) at the Esperance Port.

The market sounding process is open to suitable entities that may be interested in being involved in the development of the MUIOF – which is to be privately financed – such as infrastructure investors, banks, infrastructure developers and managers. Miners who intend to use the MUIOF will also be able to participate in the Market Sounding. The market sounding is not a tender process.

The advertisement follows an announcement by the WA Government in January that Esperance Port had been identified for possible expansion of its iron ore export capacity by up to 20 million tonnes per annum.

EPSL CEO Shayne Flanagan said the decision to proceed with the market sounding has been supported by a study into the Yilgarn Region's developing iron ore industry and the recent awarding of a \$120 million contract to upgrade the transport corridor into the Port.

Mr Flanagan said a study showed an emerging demand for iron ore export infrastructure and that the majority of potential Yilgarn miners would prefer to ship their product out of Esperance.

Esperance Port is the deepest port in southern Australia and capable of handling cape sized vessels to 225,000 tonnes, and the mineral rich Yilgarn Region was connected to the Esperance Port by a standard gauge railway line.

Mr Flanagan said registering private sector interest in the project was the first step towards potentially increasing the Port's iron ore handling capacity from the current 11 million tonnes a year by up to 20 million tonnes in the first instance, which could involve capital expenditure of more than \$600 million.

He emphasised that while the market sounding is not a tender process, it would provide participants with an understanding of the investment opportunity, the features of the MUIOF project and, in the event that the market sounding supports a decision to progress the project to the next stage, the nature of the tender process proposed.

Furthermore, it would give the Yilgarn miners the opportunity to ensure the investment community is aware of their readiness in respect of the progress of their respective mining projects and ability to meet the credit requirements of financiers.

Mr Flanagan said it was important that parties potentially involved in the proposed future tender process for the project were aware of the projects risks and opportunities as well as the proposed process to select the preferred proponent to develop the MUIOF.

He said the market sounding process will enable entities involved in the process to provide feedback to EPSL about a range of matters that might impact on the project prior to any tender process being initiated.

A project team has been formed to determine the extent of the private sector interest, to analyse responses from prospective infrastructure providers, financiers and others key entities potentially involved in a tender process. The project team will also assess the investment appetite of the market having regard to the ability of mining companies to satisfy investors' requirements and it will recommend a procurement approach to guide the next phase of the project.

The team will develop a market sounding report which will inform a business case for the EPSL Board and the WA Government.

Mr Flanagan said suitable organisations interested in the project had until 5pm (WST) Tuesday, June 26, to apply to be involved in the market sounding process after which the Market Sounding background documents would be made available to registered participants.

Other persons interested in the project may refer to the EPSL website at <http://www.epsl.com.au>

Ends

Media enquiries: Richard Grant
Telephone: 0418 789 318