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## **Pisolite Hills Bankable Feasibility Study starts with refined Mine Development and Infrastructure Plan**

- **Decision taken to proceed with Bankable Feasibility Study following completion of Pre-Feasibility Study review of the Pisolite Hills bauxite mine project**
- **Significant changes to layout and engineering design to minimise the environmental footprint and substantially improve technical and economic efficiencies**
- **Additional infrastructure and economic benefits for Mapoon community and Traditional Owners**

Cape Alumina Ltd's (ASX Code: CBX) proposed Pisolite Hills bauxite mine project in western Cape York took another significant step towards development today following completion of a detailed review of the project's Pre-Feasibility Study.

Chief Executive Officer Dr Paul Messenger said "Cape Alumina will now start work on the project's Bankable Feasibility Study."

"In the meantime, the most comprehensive environmental study ever undertaken in the region continues and preparation of the project's Environmental Impact Statement (EIS) is progressing well, Dr Messenger said.

"As a result of the review of the Pre-Feasibility Study, our project development team has proposed refinements to the project layout and mode of operation, which are expected to generate significant gains in technical and economic efficiencies while minimising environmental impacts."

The refinements include:

- **In-pit conveyors instead of dump trucks;**
- **Two modular, movable in-pit wash plants instead of one central fixed plant;**
- **In-pit fines disposal and mine rehabilitation instead of large permanent fines disposal dams;**
- **Overland conveyor to port instead of road trains;**
- **Relocation of the mine infrastructure and accommodation village to Port Musgrave instead of Pisolite Hills; and**
- **An opportunity to use Mapoon as a transport hub instead of a new airstrip at Pisolite Hills.**

"The project development team has done a tremendous job and delivered a very robust Pre-feasibility Study for a bauxite mine that will have significant social and economic benefits for the local community and substantially enhance shareholder value for the Company," Dr Messenger said.

Cape Alumina expects to complete the EIS by the first half of next year and be in a position to commence construction in 2012, subject to the outcome of the Bankable Feasibility Study and receipt of all regulatory approvals.

### **Minimising environmental impacts and lowering costs**

Dr Messenger said the revised layout and engineering design underpinned a robust business case which had given Cape Alumina's Board of Directors sufficient confidence to approve commencement of the Bankable Feasibility Study.

"The use of in-pit and overland conveyors will reduce operating costs, reduce emissions and improve safety without limiting the project's flexibility," Dr Messenger said.

Modular and moveable in-pit wash plants will also provide greater operational flexibility while cutting costs and minimising environmental impacts due to a reduction in transport and the elimination of double handling ore.

The revised plant configuration will allow easy dismantling and relocation to new mining areas at the end of the operation.

Dr Messenger said Cape Alumina was working with industry leaders in bauxite mine rehabilitation on an innovative new method of fines disposal and progressive mined land rehabilitation.

"This work promises to substantially reduce both the mining footprint and any long-term environmental impacts by eliminating the need for a large fines residue dam," he said.

Dr Messenger said relocation of the central mine infrastructure to Port Musgrave would result in significant reductions in daily travel times, as well as reduced traffic, fuel consumption and vehicle and road maintenance, while further reducing the mine area 'footprint'.

### **Additional infrastructure and benefits for Mapoon**

The project will provide increased long-term benefits to the Aboriginal people of Mapoon and the Traditional Owners of the land.

"The establishment of Mapoon as a transport hub would further reduce the mine area footprint and lead to substantial direct and indirect benefits for the Mapoon community, although this aspect of the project is entirely contingent on receipt of their support," Dr Messenger said.

"If progressed, it will include an upgrade to the existing Mapoon airport and the establishment of a common-user passenger ferry jetty and a barge loading ramp for the transport of goods and equipment.

Staff would be able to fly in and out of Mapoon and then be transported across Port Musgrave by high-speed passenger ferry to the new village and mine infrastructure."

"As well as improved access for the local community, this infrastructure would also provide a range of business opportunities to local people including the potential for increased tourism with direct flights from Cairns to Mapoon," Dr Messenger said.

"Cape Alumina is in discussions with the Mapoon Trustees, Traditional Owners and local Aboriginal people and will invite the Federal and Queensland Governments to participate in this community infrastructure development project."

### **Jobs and national economic impact**

The Pisolite Hills bauxite project has the potential to generate several billion dollars in export revenue from bauxite sales and hundreds of millions of dollars in Queensland Government royalties and Commonwealth Government taxes.

“Cape Alumina is leading the way in creating new export markets in what has been a traditional industry. This will ensure that we are well placed to play a major role in the rapid industrial and urban development of China,” Dr Messenger said.

“The project has the potential to create hundreds of jobs during construction and hundreds of permanent, full-time jobs during the initial 12-to-15 year life of the project.”

### **About Cape Alumina and its Pisolite Hills project**

Cape Alumina is a Brisbane-based, Cape York-focused emerging bauxite company. Cape Alumina has international support from Chinese alumina majors including Xinfra, one of China’s largest aluminium and alumina producers.

The Pisolite Hills bauxite project is centred on an elevated open, dry bauxite plateau approximately 50km northeast of Weipa in Cape York, Queensland.

Pisolite Hills is one of the largest undeveloped bauxite resources in Australia and the largest held outside the integrated majors. Continuing exploration of the company’s surrounding tenements is expected to significantly increase the company’s resource base.

Subject to a positive feasibility study and successful financing, construction is expected to be carried out between 2012 and 2013 with bauxite production commencing in 2013/14 and ramping up to the target rate of 7 Mt per annum of dry bauxite product.

The Pisolite Hills EIS is being fully funded by Cape Alumina Limited and will represent the most comprehensive environmental study ever undertaken in the area.

The EIS will be assessed by the Queensland Department of Environment and Resource Management and the Commonwealth Department of Environment, Water, Heritage and the Arts.

### For further information please contact:

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