

Thursday, 27 May 2010

## Cape Alumina welcomes Traditional Owner support for Pisolite Hills

Cape Alumina Limited (ASX Code: CBX) has welcomed the strong expression of support for the Company's Pisolite Hills mine and port project from the Traditional Land Owners of western Cape York.

The Traditional Owners of the land where the Pisolite Hills bauxite mine is proposed have written to the Queensland Government urging them to support Cape Alumina's efforts to establish a mine in the region, which they say would secure their long-term social and economic interests.

The Traditional Owners fear that the Queensland Government will declare the Wenlock River Basin a Wild River and prevent the mine from ever going ahead – condemning the Aboriginal people of the region in the process to entrenched disadvantage and a reliance on welfare and government support.

Managing Director Dr Paul Messenger said Cape Alumina had been working closely with the project's Traditional Owners, Aboriginal Trustees and the local community of Mapoon to ensure the Company's proposed Pisolite Hills mine project had lasting social and economic benefits for all stakeholders, not just some individuals.

"Our Pisolite Hills bauxite mine and port project provides a rare opportunity to uplift the local community and secure a strong, independent economic future for the region, and in particular for the people of Mapoon," Dr Messenger said.

"Stakeholder engagement with the Traditional Owners over the proposed Wenlock wild rivers declaration has been lamentably inadequate and the Queensland Government should take a leaf out of its own book and use this week's Reconciliation Week 2010 as an opportunity to consult properly with those who clearly have the most at stake."

Dr Messenger said if the width of a High Preservation Area buffer zone around the so-called environmental feature known as the Coolibah Springs Complex was greater than 200 metres then the Pisolite Hills project may be rendered uneconomic by the loss of access to 30 per cent of the bauxite reserves.

"Cape Alumina recently released the findings of an Economic Impact Assessment (EIA) that shows the proposed Pisolite Hills bauxite mine and port project in western Cape York will boost economic activity by \$1.2 billion, in Net Present Value (NPV) terms, and create or sustain more than 1,700 jobs over the mine's 15-year life," Dr Messenger said.

This included more than \$600 million (NPV) and 1,300 jobs in the Far North Queensland economy.

"The Pisolite Hills project will generate long-term jobs and economic prosperity for the local western Cape York communities – in particular the Traditional Owners of the region and Mapoon residents – as well as regional centres such as Cairns, Weipa, Cooktown, Townsville and Innisfail," Dr Messenger said.

Dr Messenger said the economic credentials of the Pisolite Hills project were particularly important for the Queensland economy and supported the Queensland Government's stated goals of creating 100,000 jobs over a three-year period.

"At last count the Queensland Government still had 66,000 jobs to create but the Government won't be creating jobs if it shuts down our project – it will be destroying jobs instead," he said.

Unemployment in Cairns and far north Queensland is still running at 10.4 per cent - almost double the State average - while unemployment at Mapoon is chronic.

Dr Messenger said that the Pisolite Hills operation would draw people from the western Cape York area and had the potential to significantly boost skills and reduce unemployment rates in the region.

“Cape Alumina already employs many local Aboriginal people in all of its field operations including exploration, cultural heritage surveys, environmental studies and environmental monitoring,” he said.

“We have recently appointed a Mapoon resident to the position of Community Liaison Officer, and I hope that this will be the first of many Mapoon locals to be employed on a full-time basis by the Company.

“Cape Alumina will invest in infrastructure as well as support local businesses, further boosting community development and employment in Far North Queensland.

“Pisolite Hills represents a tangible opportunity to dramatically boost the employment prospects of hundreds of families in Cairns and indigenous Australians at Mapoon and on western Cape York, which in turn will drive diversity in the Far North Queensland economy.

“So, if the Queensland Government makes the wrong decision and renders Cape Alumina’s project uneconomic, it will jettison all of the economic benefits associated with the project – as well as the positive social benefits that would flow from increased economic activity.

“This would condemn the local community at Mapoon to another generation of entrenched poverty and disadvantage to the Government’s enduring shame,” Dr Messenger said.

Dr Messenger said Cape Alumina was committed to due process and would continue to work with the Mapoon Trustees, all of the Traditional Owners of the land and all stakeholders to ensure all concerned would benefit.

“We know that our Environmental Impact Statement (EIS), which is presently being compiled, will prove that a balance between environmental protection of the Cape York’s natural values and responsible economic development can be achieved,” he said.

Dr Messenger said the Company’s studies showed 80 per cent of the local community was in favour of the mine project going ahead.

“We have no plans to mine any wetlands, rivers, springs or areas of high conservation value and the elevated dry stringybark country earmarked for shallow mining will be fully rehabilitated progressively throughout the life of the operation,” he said.

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



## **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 Xinha, 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. The Pisolite Hills resource base is approximately 132\* million tonnes (Mt) of in situ bauxite. Continuing exploration of the company's surrounding tenements is expected to increase resources.

Subject to a positive feasibility study, permitting and successful financing, construction is expected to be carried out between 2012 and 2013 with bauxite production starting soon after commencement of construction and a design capacity of 7 Mtpa 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.

Cape Alumina's Application for Mining Lease (MLA) 20572 covers 12,360 hectares of Bertiehaugh Cattle Station. This equates to 9.16 per cent of the overall pastoral lease.

The actual land on the Bertiehaugh Cattle Station pastoral lease that is proposed to be mined is 2,053 hectares, which equates to 1.5 per cent of the overall pastoral lease. This land will be fully and progressively rehabilitated to its pre-mining state.

### **Competent Person Statement**

The information in this report related to Exploration Results is based upon data compiled and supplied by Mr John Cameron from Cape Alumina Ltd. The information in this report related to Mineral Resources was compiled by Snowden Mining Industry Consultants Pty Ltd (Snowden), and is based upon and accurately reflects data compiled by Mr Cameron. The reported Mineral Resource has been reviewed by Mr Justin Watson whom at the time of reviewing was employed fulltime by Snowden. Messer's Cameron and Watson are Members of the Australasian Institute of Mining and Metallurgy and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Messer's Cameron and Watson consent in writing to the inclusion in the matters based on the information and context in which it appears.

\*132.4 Mt in-situ to yield 87.3 Mt (20.1 Mt Measured + 37.9 Mt Indicated + 29.3 Mt Inferred) at an average grade of 53.1% Al<sub>2</sub>O<sub>3</sub> (41.5% Trihydrate Available Alumina + 7.5% reactive SiO<sub>2</sub>), at a minimum mining thickness of 0.5 m.

For further information please contact:

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