

Friday, 15 January 2010

## Wild Rivers balance can be achieved, says Cape Alumina

A BALANCE between responsible mining economic development and protection of the natural values of the Wenlock River in western Cape York can be achieved, Cape Alumina's Managing Director Dr Paul Messenger said today.

The Queensland Government is presently considering declaring the Wenlock River basin a wild river area under the State's *Wild Rivers Act (2005)*.

The proposed declaration has the potential to adversely affect Cape Alumina's Pisolite Hills bauxite mining project if the boundaries of the buffer zones surrounding the river and associated features are set in an arbitrary rather than a scientifically sound way.

"The scientific studies undertaken by Cape Alumina confirm that responsible and sustainable economic development of the Pisolite Hills project and environmental protection of the Wenlock River can both be achieved," Dr Messenger said today.

"We are now finalising the Environmental Impact Statement (EIS) for our Pisolite Hills project, which will represent the most comprehensive environmental study ever undertaken in the area.

"We are confident that we have got the science right – the detailed environmental studies have not highlighted any issues that would be expected to cause permitting delays.

"We have no plans to mine any wetlands, rivers, springs or areas of high conservation value, and the Wenlock River will be fully protected under our operational and environmental management plans.

"The elevated dry stringybark country earmarked for shallow mining will be fully rehabilitated progressively throughout the life of the operation."

Dr Messenger said that the Company made a submission to the Queensland Government as part of the public consultation process around the proposed declaration of the Wenlock River basin as a Wild River area.

"Cape Alumina believes that the High Preservation Areas (HPA) in the proposed Wenlock Basin Wild River should be set to reflect the results of detailed analysis of the environmental features in the vicinity of Pisolite Hills, and with reference to published literature on the protection of wetlands and water courses from mining and development activities," Dr Messenger said.

"Cape Alumina believes that the widths of the buffer zones outlined in the Wild Rivers Area Declaration Proposal for the HPA surrounding the special feature referred to as the Coolibah Springs Complex have been set without reference to specific criteria relevant to these features and can be safely reduced from the arbitrary proposal of over 500m to a maximum of 200m determined on a case by case basis.

"A maximum 200m buffer zone meets, and in most cases exceeds, all the necessary environmental safeguards. This is supported by numerous detailed environmental studies which have been based upon site-specific hydrology, ecology, flora, fauna, and soil geochemistry data from the area.

“Setting the buffer zone of the HPA for the Coolibah Springs Complex to a maximum of 200m will not impact on the hydrological connectivity between the evergreen springs, their source aquifer and the Wenlock River,” Dr Messenger said.

Dr Messenger said the Pisolite Hills project would create hundreds of permanent jobs in an area which suffers from endemic unemployment and has few economic opportunities.

“The project will generate up to \$4 billion in exports, hundreds of millions in state royalties and federal taxes and provide much needed opportunities for Aboriginal people in Cape York,” he said.

“It will also challenge the current foreign-owned monopoly in the Australian bauxite market and create much needed competition.”

Cape Alumina expects to complete the EIS by the first half of this 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.

#### **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 130\* 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 and successful financing, construction is expected to be carried out between 2012 and 2013 with bauxite production commencing in 2013/14 at 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.

#### **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.

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