

Thursday, 10 June 2010

Cape Alumina maintains consultation with disaffected Traditional Owners in Mapoon

Cape Alumina Limited (ASX Code: CBX) held meetings in Mapoon today with Traditional Owners and members of the community disaffected by the Queensland Government's declaration of the Wenlock River Basin as a wild river area under the state's Wild Rivers legislation.

Managing Director Dr Paul Messenger said that, unlike the Queensland Government, the Company remained committed to meaningful consultation with the local community after five years of dialogue.

"During that time we have held hundreds of community meetings and the commitment continues today, even though we now find ourselves becoming the bearer of bad news," Dr Messenger said.

"Community engagement is more than an ad in a newspaper and a one-off, half-hour meeting organised by government officials. It is an ongoing conversation with the people with the most to gain or lose and working collaboratively with them – not against them.

"Unfortunately, Cape Alumina has been forced to place its Pisolite Hills bauxite mine and port project in western Cape York under review as a result of the Queensland Government's declaration of the Wenlock River Basin as a wild river area under the state's Wild Rivers legislation last week.

"The majority of the local community and real Traditional Owners back the project because of the rare opportunity it would provide them to gain social and economic prosperity – in fact, more than 80 per cent of the local community are in favour of the mine project going ahead."

Dr Messenger told the Traditional Owners of the land where the Pisolite Hills bauxite mine is proposed that there was now a real prospect that the local community would miss out on a significant royalty stream, many permanent jobs and new business opportunities as a result of the Wenlock declaration.

"Based on the shameful subversion of due process with the declaration of the Wenlock River Basin as a wild river area last week, it is clear that these laws prevent the local people from pursuing social and economic independence for themselves and for generations to come," he said

"We fear the Government has condemned the Aboriginal people of the western Cape York region to continued reliance on welfare and government support, rather than facilitating an opportunity for them to secure a strong, independent economic future for the region, and in particular for the people of Mapoon."

Dr Messenger said the economic viability of the project had been materially impacted by the declaration, specifically by the size of the High Preservation Area (HPA) surrounding the so-called Coolibah Springs Complex.

"The Queensland Government's declaration flies in the face of scientific evidence by setting the buffer zone at an arbitrary 500 metres and sterilizing almost 30 per cent of the bauxite reserves in the area, contrary to departmental advice and that of its own independent expert," he said.

“We believe the Queensland Government has ignored science and as a result, failed to adequately balance the protection of the environment with the need for economic development of the Far North Queensland region just to satisfy a vocal minority.”

Cape Alumina recently released the findings of an Economic Impact Assessment that showed the Pisolite Hills would 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.

The boost to the Far North Queensland economy alone included more than \$600 million in NPV terms and 1,300 jobs.

Dr Messenger said the Company was continuing to review all of its operations in western Cape York and would explore all avenues for appeal and appropriate compensation as a result of this decision.

Cape Alumina consulted with the Queensland Government at length on its proposal to declare the Wenlock River a wild river area and the potential impact that any declaration would have on the Company’s Pisolite Hills project.

The Company had planned to complete the EIS by the middle of this year and to be in a position to commence construction in 2012, subject to the outcome of the BFS and receipt of all regulatory approvals.

In addition to undertaking a review of the viability of the Pisolite Hills project, Cape Alumina has now brought forward an assessment of a number of additional exploration targets that fit within the 2,100 km² of exploration permits held by the Company.

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 Xinfu, 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.

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% Al₂O₃ (41.5% Trihydrate Available Alumina + 7.5% reactive SiO₂), at a minimum mining thickness of 0.5 m.



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