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MEDIA STATEMENT

YILGARN INFRASTRUCTURE PROJECT PROVIDES SECURITY

Yilgarn Infrastructure's Mid West regional rail and Oakajee Port project proposal ensures Australian interests retain management control and 50 per cent ownership, Executive Chairman John Saunders said today.

The State Government would also be "gifted" key port assets, with responsibility for management of the common user facilities of Oakajee Port falling to the Geraldton Port Authority. The rail network would be subject to the Government's Economic Regulation Authority.

Dr Saunders said the fact that Yilgarn was sourcing competitive debt finance and half the required equity for the project from five Chinese companies in no way gave control of the infrastructure to foreign interests.

"Yilgarn is an open access, multiuser infrastructure provider that is owned independently of the Mid West region's mines. This independence means the ownership of the mines is not an issue," he said.

"If we are awarded proponentcy for the project, Yilgarn will be 50 per cent Australian owned, with its constitution guaranteeing a majority Australian Board and Australian Chairman.

"Yilgarn is the only proponent for this infrastructure that is and is guaranteed to remain predominantly Australian.

"While I understand concerns about national interest, we must keep some perspective when it comes to investment by individual Chinese companies. Most of the Mid West's iron ore companies or projects have significant foreign interests through, for example, the US, Canadian, Japanese, and Korean companies. The commercial interest of individual Chinese companies in our iron ore should not be of any greater concern than that of any other foreign company."

Dr Saunders said it must also be noted that Chinese companies, whether private or State owned, are fiercely competitive and commercial in their approach to investment and seek to secure nothing more than to meet their individual demand for product.

"Without China's overall demand for raw materials, the value of Mid West's ore deposits and the viability of the infrastructure would be questionable.

"The Mid West is predominantly magnetite, with deposits capped with hematite, the ore that has been so plentiful in the Pilbara. Magnetite concentrate is valuable but relatively high cost to produce and to process, which is why the Mid West has so far struggled to develop a major iron ore industry.

"China's demand for raw materials, its expertise in using magnetite, its proximity to Western Australia and the willingness of individual Chinese companies to invest in

our mines, projects and infrastructure means Mid West magnetite is now economic to produce and export. Chinese steel mills are the major customers of this ore and like any other businesses, they have a commercial interest in managing their costs.

“Yilgarn’s independence, its Australian ownership and management and the controls the State Government will have through regulation and the “gifting” back to WA of the common user assets of Oakajee Port mean that infrastructure developed and operated by Yilgarn will be in the control of Western Australian interests on behalf of our customers (the Mid West mines) and the State.”

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