



26 August 2008

MEDIA STATEMENT

YILGARN WORKING WITH STATE GOVERNMENT ON MID WEST RAIL SOLUTION

Golden West Resource's (ASX: GWR) agreement to become a foundation customer of Yilgarn Infrastructure's proposed Mid West rail network and second Oakajee berth is a strong and welcome endorsement of Yilgarn's capacity to deliver, Chairman Dr John Saunders said today.

Speaking following the formal announcement by GWR of the foundation customer agreement, Dr Saunders said Yilgarn had accepted a State Government invitation to undertake studies for corridors for a Mid West rail network to connect with the proposed Oakajee Port.

Yilgarn was pursuing its rail network plan on behalf of its foundation mine customers Midwest Corporation (ASX: MIS) and Golden West Resources (ASX:GWR) in the region's north, and was also working with WestNet rail on a rail solution to meet their longer term needs.

As well as the rail studies, Yilgarn was also pursuing its right, as outlined by Planning and Infrastructure Minister Alannah MacTiernan in her media release of October 8, 2007 and the Oakajee Port Request for Proposal (RFP), to develop a second berth at Oakajee Port to handle the ore of its mine customers.

"Midwest and Golden West have substantial tonnages between them and will need their own berth given Murchison Metals has targeted 25mtpa to the first berth within the common user infrastructure that its subsidiary Oakajee Port and Rail has been given the first right to negotiate," Dr Saunders said.

"Under our foundation customer agreements with Golden West and Midwest, Yilgarn is committed to advancing work on rail options and a second berth to accommodate their additional ore tonnages.

"Yilgarn will deliver the Mid West a regional infrastructure solution that has the capacity to service all the region's mines, delivering the lowest costs, greatest returns and benefit to the region."

Dr Saunders said an important component of Yilgarn's preferred northern rail alignment was its protection of the Radio Quiet and Section 19 areas set aside for the \$2 billion Square Kilometre Array (SKA) 'super telescope' project that Australian was competing with South Africa to win.

"Yilgarn has always taken the SKA project into account with our rail alignment because we recognise that any interference with the area set aside for it could compromise our nation's capacity to win this project," he said.

"Our rail studies in the north and south are advanced, with the necessary flora and fauna work already undertaken.

“We are well placed to deliver our mine customers infrastructure solutions to suit their demands and timetables. We are however now relying on the ability of Oakajee Port and Rail (OP&R) to achieve and deliver financial close on the Oakajee Port, with its own tonnages secured, and have it constructed by 2012.”

Background

- Yilgarn Infrastructure is an independent, Australian-owned, unlisted, public company with a majority Australian Board and shareholders
- Participating in the State Government rail corridor studies
- Yilgarn’s berth and rail project will be open access, open book and multi-user, designed to service all the Mid West’s commercial mines
- Engineering work advanced with Australian companies including WorleyParsons and Parsons Brinckerhoff, supported by China’s First Design Institute of Navigation Engineering (FDINE) and the China National Overseas Engineering Corporation (COVEC)
- Foundation customer agreements in place with mines including Midwest Corporation and Golden West Corporation appointing Yilgarn as preferred infrastructure provider for the port berth and rail
- Ready and able to finance and deliver to meet the timelines of the region’s mines – subject to State Government approvals and OP&R’s ability to cost effectively fund and develop the Oakajee port on time