

MEDIA RELEASE

Thursday, 29 January 2009

GIOA calls for Government Funding of Oakajee

The Geraldton Iron Ore Alliance (GIOA) has called for federal funding to support the development of the Oakajee deepwater port in the Mid West.

The Oakajee port development is one of the priority projects submitted by the Western Australian State Government to the federal government's Building Australia program, and has the strong support of Premier Barnett.

GIOA Chief Executive Rob Jefferies stated, "the provision of government funding for the Oakajee development has a number of benefits, in particular the government is likely to be in the best position to access finance at lowest cost and the government backing will send a strong message to our overseas investors, partners and customers of the support and confidence our government has in the region's development".

"The development of the Oakajee port and a heavy haulage rail system to planned iron ore mines in the Mid West and Murchison regions is critical for the emerging iron ore industry to reach its potential" Mr Jefferies added.

"The iron ore industry will ultimately be meeting the costs of this major infrastructure development through user charges, and the sustainability of our industry along with any other future uses of the facility relies upon highly efficient transport infrastructure operating at competitive costs".

The development of the Mid West iron ore industry continues to move forward despite the recent downturn in global financial markets, with two multi-billion dollar magnetite projects planning to move forward within the next two years, these being Gindalbie Metals Karara project and Asia Iron Holdings Extension Hill project.

The major hematite projects in the Murchison region are planned to come on-stream when Oakajee deep water port is in place.

"Current plans are for approximately 70 million tonnes per annum to be exported through Oakajee port within a few years of its commissioning."

"This is not just for the benefit of the iron ore industry, the development of the deep water port will initiate the future development of other industries in the adjoining industrial estate," he added.

"The Geraldton port is meeting current iron ore export needs, however the industry will only achieve 20 to 30% of its potential capacity if Oakajee is not available and it must be developed in a timely manner," Rob Jefferies said.

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Media contacts:

Rob Jefferies GIOA Chief Executive Officer Tel: 08 9964 7923 Mob: 0407 447 923	Bill Mackenzie GIOA Chairman & Asia Iron CEO Tel: 08 9216 2600
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About the Alliance:

The Geraldton Iron Ore Alliance (Alliance) has a membership of seven iron ore mining companies which are at various stages of exploration and development of mines in the Mid West. These companies are:

- Midwest Corporation Limited
- Crosslands Resources Ltd
- Gindalbie Metals Ltd
- Golden West Resources Limited
- Royal Resources Limited
- Asia Iron Holdings Limited
- Atlas Iron Limited

The member companies that make up the Alliance are committed to developing and operating in a sustainable manner in their endeavour to establish a world class iron ore industry in the Mid West/Murchison Region of Western Australia.

Further details of the companies and their projects is available on the Alliance's website at www.gioa.com.au.

An independent Study by Economic Consulting Services (2007) estimated potential benefits the Mid West iron ore industry will bring to the State include:

- 1,360 jobs a year during construction;
- 4,254 direct jobs a year (for at least 25 years);
- >12,000 direct and indirect jobs a year in WA;
- \$1.5 billion a year to Gross State Product and
- estimated \$7 billion in taxes and duties to the Federal Government
- estimated \$3.5 billion in royalties and other payments to the State Government