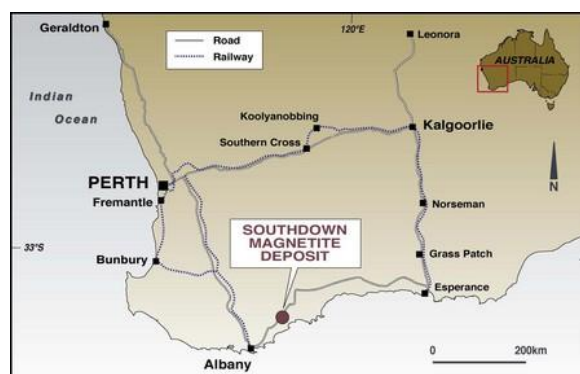


Current Major Projects

SOUTHDOWN MAGNETITE MINE

- **Approximate project value:** \$1.94 billion
- **Estimated completion date:** (tbc)
- **COA role:** Regulator
- **Contact:** Brendan Corry, Grange Resources

Project Details



The Southdown Magnetite Deposit is located approximately 90 kilometres northeast of the Port of Albany. The deposit is known to extend a distance of approximately 12 kilometres in length, with the western 6 kilometres held by Grange Resources Limited under three granted mining leases (M70/433, M70/718 and M70/719) covering an area of over 1700 hectares on freehold farming property. Surrounding the mining leases is an exploration licence E70/2512. In September 2007 Grange Resources Limited acquired from Rio Tinto Exploration Pty Ltd a 100% interest in the exploration licence. The Southdown Magnetite Project is a joint venture between Grange and Sojitz Corporation, a Japanese trading house in which Grange has a 70% share.

Grange Resources proposes to mine the Southdown Magnetite deposit using proven open pit mining methods with the magnetite mineralisation being crushed, ground, screened and then magnetically separated to produce a magnetite concentrate at a planned ultimate production rate of 6.6 million tonne per annum (Mtpa). Coarse production waste (tailings) will be dewatered and deposited as solid tailings while finer material will be deposited in a slurry form into a tailings storage facility. Overburden is to be placed in waste rock dumps for the first 5 years of production following which progressive backfilling of the pit with both waste rock and tailings is planned.

The magnetite concentrate will be pumped as slurry, approximately 100 km to a concentrate storage facility at the port of Albany before being loaded on to vessels and shipped to an iron ore pellet plant. Filtered water recovered from the slurry will be pumped back to the mine site for re-use in the concentrator via a return water pipeline buried beside the slurry pipeline.

At Albany Port the construction of a new berth will be required and the Albany Port Authority proposes to reclaim land to accommodate a concentrate storage facility and ship loading infrastructure.

Widening of the existing shipping channel into Princess Royal Harbour and extending the channel into King George Sound is also proposed to facilitate the access of capesize vessels.

Grange intends to export the Magnetite concentrate from Albany to a new pellet plant located at a suitable location. The design capacity of the pellet plant is 6.8 Mtpa. These pellets are forecast to be suitable for use in producing Direct Reduced Iron (DRI).

The magnetite resource within the Grange mining leases is sufficient to support the planned production rate of 6.6 Mtpa for a period of approximately 22 years. Known extensions to the magnetite deposit within the adjacent exploration licence could extend the project life considerably.

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