



# SOUTHERN FLINDERS RANGES DEVELOPMENT BOARD

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### MINING BOOM WILL CREATE BUSINESS OPPORTUNITIES

The South Australian Government Plan for Accelerating Exploration (PACE) program has seen a huge increase in exploration expenditure. In fact exploration expenditure exceeded \$233 million for the 12 months ended March 2007. The following pages highlight some of the potential mining projects to the north and north-east of the State. Businesses in the Southern Flinders Ranges are well placed to take advantage of these new opportunities.

Oxiana has commenced work on their \$775 million mine at Prominent Hill. Perilya are further developing their mine at Beltana. The Honeymoon Uranium mine owned by Uranium One has been approved and BHP Billiton are conducting a feasibility study into a \$6 Billion expansion at Olympic Dam. There are many other potential projects in the pipeline over the next few years. Naturally not all mineral finds will turn into mining projects nevertheless there will be many opportunities for local companies to win work on those projects that do go ahead.

Businesses in the Southern Flinders Ranges must plan ahead to prepare themselves to be service providers of choice to the mining companies and their head contractors.

### INVITATION TO BUSINESS FORUM 18<sup>th</sup> SEPTEMBER 2007

The purpose of the forum will be to seek your input as to: "How local businesses can best prepare themselves for future opportunities in the resource sector?" and "How can the SFRDB best help you?"

The Forum will be held at the Central Hotel in Port Pirie on Tuesday 18<sup>th</sup> September 2007 at 5.30 pm. To register your attendance please call 8632 5633 or email [board@sfrdb.com.au](mailto:board@sfrdb.com.au)

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## MAJOR RESOURCE INDUSTRIES IN THE STATE'S NORTH

BHP-Billiton (Olympic Dam) - Currently produce 200,000 t.p.a of copper. A pre-feasibility study is currently underway looking at increasing production up to 500,000 t.p.a. Should the project be viable it may require an investment in the vicinity of \$6 Billion. Studies are also underway looking at electricity and water supply. If the expansion goes ahead a construction workforce averaging 5,000 people will be required for 3-4 years.

Dominion Mining - Operates the Challenger Gold Mine. The company is now progressing underground mining and is conducting further underground drilling to determine extent of reserves.

Flinders Power - Operates a coal mine at Leigh Creek and two power stations at Port Augusta producing a total of 780 MW. Significant amounts will be spent on maintenance to ensure reliability over the next few years.

Heathgate Resources - Operates one of the three uranium mines in Australia. The Beverly mine is located in the north east of the state and is expanding its exploration activities. Currently produces about 1,000 tonnes of Uranium Oxide p.a.

OneSteel Whyalla Steelworks - Is both a mining and smelting operation. Over 1 million tonnes of iron is produced through the Blast Furnace each year. OneSteel is nearing completion of a \$350 million upgrade to treat magnetite ore as a substitute for hematite and extend the life of the operations beyond 2027.

Santos - Is a major oil and gas exploration and production company with global interests including significant operations in the Cooper Basin. Gas from the Cooper Basin is distributed widely across Australia. In addition a 659 Km underground pipeline connects Moomba to the Port Bonython processing plant (north of Whyalla). Products exported from Port Bonython include naphtha, crude oil, propane and butane.

Zinifex Port Pirie Smelters - This is the largest lead smelter in the world and produces 230,000 t.p.a lead, 40,000 t.p.a zinc, 4,200 t.p.a copper, 450 t.p.a silver, 99,000 t.p.a sulphuric acid plus other by-products. Zinifex and Umicore have signed an agreement to combine their respective smelting businesses. The new business will be called Nyrstar. Nyrstar will become the worlds largest zinc producer with operations on four continents.

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## POTENTIAL NEW RESOURCE PROJECTS IN THE REGION

Set out below is a list of some of the potential new projects for the Upper Spencer Gulf. This list is not intended to be a complete list of all projects but rather an indicative list to indicate the potential in the region:

AGL - Developing a 45 turbine wind farm near Hallett and also plans to expand the capacity of the gas fired peaking plant located near Hallett.

Alliance Resources - Drilling at Four Mile Uranium Project (located near Beverley Mine) has shown encouraging results.

Altona Resources - Assessing Arckaringa Basin Coal Field (near Coober Pedy) - Drilling program is part of a feasibility study currently underway for the development of an integrated Coal Mine, Coal-to-Liquids and Power Cogeneration Plant.

Argo Exploration - Exploring for copper, gold, uranium south and south-west of Olympic Dam

Copper Range Limited - Exploring for copper on various tenements stretching from Hawker down to Kapunda.

**POTENTIAL NEW RESOURCE PROJECTS IN THE REGION (CONTINUED)**

Curnamona Energy Limited - Drilling at its Oban prospect, 100 kilometres northwest of Broken Hill, has recorded encouraging uranium intersections.

Eden Energy Ltd - Assessing geothermal opportunities near Moomba, Olympic Dam and north of Renmark.

ElectraNet - Will be upgrading power transmission lines and substations in the region. New mining developments will also have the effect of increasing load.

Exco Resources NL - Expediting development of White Dam Gold Project (near Olary) located 80 km west of Broken Hill.

Flinders Diamonds - Looking at several sites for economic quantities of diamonds. Have commenced bulk sampling near Terowie.

Geodynamics Ltd - Investigating the potential to produce electricity from Hot Fractured Rock in the states far north. The company has recently obtained a \$32 million drilling rig which will be used to drill 3 km underground.

Geothermal Resources Ltd - Has commenced an 8 hole shallow drilling program at the Frome project. Drilling is supported by a \$2.4 M Renewable Energy Development Initiative (REDI) Grant from AusIndustry.

Goldstream Mining NL - Nearing completion of a feasibility study to mine iron ore (open cut) at its Cairn Hill Magnetite/Copper-Gold deposit. Expectation is for 1.4 million tonnes of magnetite ore per year for a life of 10 years. Project is located 55 km south-east from Coober Pedy.

GreenRock Energy - Currently pursuing the development of base load power generation from Hot Dry Rocks (geothermal energy) near Olympic Dam. A CSIRO study showed its geothermal leases at Olympic Dam were well suited for development into a geothermal heat exchange reservoir.

Havilah Resources - Kalkaroo deposit located north of Olary contains approximately 320,000 tonnes of copper, 1 million ounces of gold and 8.56 million kg of molybdenum. This is sufficient to maintain an open pit mining operation for a period of almost 11 years. Also progressing feasibility of the Mutooroo copper-cobalt deposit is located some 60 kms west of Broken Hill in South Australia and 17 km south of the Barrier Highway and the intercontinental railway, which links directly to Port Pirie approximately 300 km to the west. Havilah is also progressing modelling of its Portia gold prospect. A trial pit is planned.

Marathon Resources - The Mt Gee deposit in the north-east of the state is one of Australia's largest undeveloped uranium deposits with its Inferred Resource of 45.5 million tonnes of uranium mineralisation averaging 0.068% U<sub>3</sub>O<sub>8</sub>, or 69 million pounds of contained U<sub>3</sub>O<sub>8</sub>.

Monax Mining - Is pursuing exploration for a range of commodities at various sites. The company's flagship is the Punt Hill project targeting copper, gold and uranium mineralisation located south of Olympic Dam.

Oxiana Limited - Has commenced construction of its Copper/Gold mine at Prominent Hill. The mine is open pit. The ore will be processed to create a copper/gold concentrate. Capital cost will be around \$775 million. This will be a Fly in Fly out operation. Head contractor for the mine is Thiess and head contractor for the processing plant is Fluor Australia. About 400 permanent jobs are expected once the mine reaches full production in 2008.

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**POTENTIAL NEW RESOURCE PROJECTS IN THE REGION (CONTINUED)**

Pacific Hydro - Are pursuing the construction of a 400 MW power generation plant in the north east of South Australia utilising steam from water heated by radioactive granite beneath the Australian outback. The plant would be synergistic with BHP Billiton's Olympic Dam mine expansion. Pacific Hydro is also monitoring the economics of a wind farm just south of Port Pirie at Clements Gap.

PepinNini Minerals - Sinosteel Corporation (Sinosteel) and PepinNini Minerals Limited (PepinNini) have signed a Memorandum of Understanding (MOU) to enter a strategic alliance for the joint participation and co-operation in the development and operation of the Crocker Well and Mt Victoria Uranium Deposits and other commodities in the Curnamona Province of South Australia (between Peterborough and Broken Hill).

Perilya - Developing their Beltana Mine. Aim is to export 70,000 tpa of high grade zinc ore to Asia from Port Pirie. Total capital cost for the project is about \$30 million.

Petratherm - Currently undertaking a drilling program to locate hot rocks for future power generation. The Paralana-1 well is located 130 km east of Leigh Creek and 11 km from the Beverley Uranium Mine.

Teck Cominco - Exploration for copper and gold at their Carrapateena project is showing good promise. The site lies on the western shore of Lake Torrens, about 100km southeast of Olympic Dam.

Trustpower - Building a 42 turbine windfarm (88 MW) west of Snowtown.

Uranium One - The South Australian Government has given the go-ahead to the Honeymoon mine near Broken Hill which should start production in March next year.

Western Plains Resources - The Peculiar Knob Project is located in central South Australia 770 kilometres northwest of Adelaide and 90 kilometres southeast of Coober Pedy. Aim is to supply high grade iron ore to the Asian market at a rate of up to 2 million tonnes per annum. The Company has set a strategic goal of commencing production during 2008.

**WHAT IS SOUTHERN FLINDERS RANGES DEVELOPMENT BOARD DOING?**

SFRDB is pursuing opportunities for our region in response to resource sector growth. Below is a condensed summary of our approach for 2007-08. You can help refine our plan by attending our Business Forum on Tuesday 18th September. See page 1 for further details.

**SFRDB GOALS FOR 2007-08**

- Investment Attraction - We are targeting national suppliers to the resource sector and making a case for them to base their business in the Southern Flinders Ranges.
- Supporting Local businesses supplying products and services - Helping local businesses, in partnership with Global Maintenance Upper Spencer Gulf (GMUSG) to maximise local participation in major projects. GMUSG is a cluster of businesses in the Upper Spencer Gulf whose goal is to win work in the resources sector. Refer Page 5 for more information.
- Communication - Regular updates for local businesses via email, newsletters, networking etc to make sure you know what is happening.
- Improved infrastructure and Planning - Working with Government and major utilities to ensure adequate supplies of industrial land, transport, energy and other services.
- Population Attraction - Developing promotional materials to help attract new workers and their families to our region.
- Commuter Services for Remote Work Sites - Promoting the Southern Flinders as the best place to live while commuting to remote mining locations. Our goal is to establish air charter and bus transport services.

**POTENTIAL ACTION STEPS FOR LOCAL BUSINESSES****Registering For BHP Billiton - Olympic Dam Expansion**

The Industry Capability Network (ICN) has developed a register for those companies in South Australia who wish to bid for work for the Olympic Dam Expansion.

If you are serious about winning work it is extremely important that you register on the web-site below to ensure your business is recorded.

<http://odxcapabilityreview.icn.org.au>

**Oxiana Ltd – Prominent Hill**

This is a \$775 million project and construction work has already commenced.

If you are interested in this project please follow the link below which will take you into the Industry Capability Network (ICN) Website:

<http://gateway.icn.org.au/ICSPortal/>

Left Mouse Click “South Australia” on the Map of Australia.

Click on the heading “Prominent Hill – Copper – Gold Project”

You will see a brief description of the project. A list of work packages and the names of the companies to whom the work was awarded. These companies are obviously sub-contractors however you may wish to contact some of these companies to check if they require any support in the fields in which you work. There is also provision at the bottom of the page to register through the ICN for this Project. The above “Portal link” will also provide access to other major projects.

**Join Global Maintenance Upper Spencer Gulf (GMUSG)**

GMUSG is a cluster of businesses primarily from the Upper Spencer Gulf (but does include members from other regions) with the common goal of preparing themselves to win work in the resources sector. The cluster has over 70 members and organises Forums and Conferences plus provides regular updates on mining projects along with offering various training courses and opportunities to network with members and mining company representatives. Refer [www.gmusg.com](http://www.gmusg.com) or call Jodie Gillis on 0409 212 488 for a Membership Kit.

**Preparing Your Business For The Opportunities Ahead**

Do not leave it too late to start thinking about how to prepare your business for the opportunities that will evolve over the next few years. Put yourself in the shoes of the bigger resource companies and think about the things that they will require from suppliers and contractors to enable them to move their projects forward. Clearly to win work local business will need to satisfy the needs of the mining companies and their major contractors. Typically this will involve but not be limited to:- health & safety, task capability, quality, timeliness, cost control, innovation and the need to provide quality tender documentation.

A couple of basic things is to make sure you have a Capability Statement in both printed and electronic (PDF) format, also ensure appropriate Policy and Procedure documents are in place (e.g. Health and Safety). If bidding for work take care to provide all appropriate detail as requested in a tender document. You may also need to consider forming alliances with other businesses as tender packages are likely to be larger than have typically been on offer in this region over previous years.

**HOW CAN THE SOUTHERN FLINDERS RANGES DEVELOPMENT BOARD HELP YOU?**

The Development Board can:

- Assist in developing capability statements
- Provide guidance re online registration for projects
- Act as an initial contact point for joining Global Maintenance Upper Spencer Gulf (GMUSG)
- Provide general guidance in tender preparation

The Development Board has experienced staff able to provide free confidential advice and assistance. In addition the Board regularly organises a range of training workshops. The training is generally conducted at no cost to participants however sometimes a small fee may be applicable.

**KEEPING UP TO DATE WITH PROPOSED PROJECTS**

You can keep up to date by:

- Reference to the ICN website as mentioned under the earlier heading associated with Oxiana Ltd. The ICN site will provide information on major projects.
- Monitoring mining company’s websites
- Business sections of Newspapers and relevant magazines. The business section of “The Advertiser” is very useful.
- Various news programs
- Member’s updates plus Forums and Conferences organised by Global Maintenance Upper Spencer Gulf (GMUSG). Refer Page 5.

**FURTHER INFORMATION**

If you would like further information please contact any of the following at the Southern Flinders Ranges Development Board:

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