

Rio approves bauxite study

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RIO Tinto has moved closer to developing a new \$US1 billion (\$A1.06 billion) bauxite operation south of the Weipa bauxite mine and port in Cape York, Queensland, after approving a \$30 million feasibility study into the development.

The mining major said in a statement that with the approval of the new operation, Weipa's total bauxite production would significantly increase from 18.2 million tonnes in 2007 to 35Mt, boosting the company's ability to provide bauxite to its global customers and to Rio Tinto Alcan-owned refineries.

The new development would eventually replace the east Weipa mine and allow further expansion to take advantage of the bauxite reserves and resources in the region south of the Weipa peninsula, the company said.

Under the study, the development has an estimated capital cost of around \$1 billion (in nominal terms) including port costs and would include the development of port facilities, a transport system, power station, a beneficiation plant and operation support infrastructure.

The feasibility study and Environment Impact Statement for mine development on the mine lease south of the Weipa peninsula will take 1-2 years.

The mine development, if approved, would take three years, with first production expected in early 2013.

Rio Tinto Alcan president and chief executive of bauxite and alumina Steve Hodgson said the proposed mine development to the south of the current operations would allow the company to maximise further value from its Weipa bauxite deposits.

"Rio Tinto Alcan has a strong growth pipeline of projects, and the Weipa operation is a vital cornerstone for our global aluminium business," he said.

Hodgson said the feasibility study would also examine a new port and stockpile facilities that would be built at a cost of around \$400 million to service the new mine.

"This project will ensure the future growth of Rio Tinto Alcan's alumina business on Australia's east coast," he said.

"It supports our decision in 2007 to invest US\$1.8 billion to expand the Yarwun alumina refinery in Gladstone and will underpin Rio Tinto Alcan's plans to be a major participant in the global third party bauxite sales market.

"The aluminium market remains strong, and this extension supports Rio Tinto's strategy of developing large, long-life, value-adding assets.

"Production from the mine extension will increase as demand for bauxite increases," he added.

Rio Tinto Alcan Weipa bauxite reserves at the end of 2007 were 1224Mt and its resources were 2219Mt, according to Rio Tinto's 2007 annual report.

Shares in Rio closed 86c higher at \$137.06.

