

## ASX Release

10 March 2014

### Update of bauxite projects in Cape York

Since the unexpected and adverse decision by the Queensland Government to ban mining over the Bertiehaugh Cattle Station and the Steve Irwin Wildlife Reserve (SIWR) “in perpetuity”, Cape Alumina Limited (Cape ASX:CBX) has been active on a number of fronts to restore value for shareholders, the Traditional Owners in Cape York, and all Queenslanders. Actions being undertaken are;

- Petitioning to reverse the mining ban on the Steve Irwin Wildlife Reserve
- Advancing the company’s 60Mt Bauxite Hills Project in Cape York
- Raising the awareness of the scientific evidence that supports mining in the SIWR, not a ban
- Raising the awareness of the lost opportunities for all Queenslanders of the decision to ban mining in the SIWR
- Working with the Traditional Owners and representative bodies to help their voice in support of bauxite mining in Cape York to be heard
- Making a submission to the Draft Cape York Regional Plan
- Making submissions and appearing at the public hearing for the Regional Planning Interests Bill 2013
- Participating in a Cairns forum on the Cape York Regional Plan
- Reviewing legal options and Australian precedents for seeking compensation from the Queensland Government if the ban on mining in the SIWR proceeds.
- Identifying and reviewing other business development options.

The Queensland Government announced its ban on mining in Strategic Environmental Areas as part of the Cape York Regional Plan. However, the Cape York Regional Plan is currently only in draft form and the supporting legislation, the Regional Planning Interests Bill, has not yet been presented to the Queensland Parliament. It is expected that the Cape York Regional Plan and the Regional Planning Interests Bill will be enacted in mid 2014.

#### Petition to reverse the mining ban on SIWR

On 5 March 2014, Graeme Sherlock (Managing Director of Cape Alumina) lodged a petition requesting the Premier to consider reversing his decision to ban mining in the Steve Irwin Wildlife Reserve. This petition has been supported by an overwhelming number of Traditional Owners in Cape York and, in particular, the elders of the Taepithiggi Pargon Bertiehaugh Clan, whose land interests overlap the SIWR.

Cape Alumina is encouraging shareholders and other stakeholders to add their names to the petition, which can be found at the website: [www.parliament.qld.gov.au](http://www.parliament.qld.gov.au) (click on the “Work of the Assembly” tab and then click on “Petitions” and then select “Current Petitions”, followed by “Reverse the decision to ban mining in the Steve Irwin Wildlife Reserve”). The E-petition closes on the 19 March 2014.

## Bauxite Hills Project Update

As announced to the ASX on 6 December 2013, Cape Alumina has elevated the focus on the development of its 60 Mt Bauxite Hills mine and port project. However, until the Cape York Regional Plan is finalised, minimal work and expenditure will be undertaken.

## Pisolite Hills Project Update

Cape Alumina is continuing to better understand the Cape York Regional Plan and its effect on its tenements as well as working to restore its position to ensure that it is not impeded in developing its tenements. At this stage it appears that the only major effect on its tenements will be the ban on mining in the SIWR. Cape Alumina is working with the Queensland Government to ensure that all its other tenements are not adversely affected.

Cape Alumina is continuing to explore other avenues to reverse the Queensland Government's proposed ban of mining on the SIWR. This ban and the current draft of the Cape York Regional Plan have the following potential economic consequences (in nominal dollars):

- a loss of **\$600 million** in state royalties and payroll taxes from the Pisolite Hills mine & port project which could have gone directly to either paying down State debt or used in Royalties to Regions programs to help transform the Cape York economy;
- a cost to the Queensland economy of over **\$3 billion** in economic activity over the next 15 years, much of this in far north Queensland which is desperate for opportunities;
- a cost to the Australian economy of over **\$500 million** in lost Federal Government taxes and, more importantly,
- destruction of the hopes and dreams of the Traditional Owners of this land to break the welfare cycle through employment, the creation of sustainable businesses and direct royalties. The traditional owners have lost over **\$375 million** directly in royalties and employment.

Cape Alumina is working to raise the awareness of the scientific information that supports mining in the SIWR and a recognition that this area is not unique, is not an exceptional piece of biodiversity and is not an ecologically significant part of Queensland.

Cape Alumina is also working to raise the awareness of the lost opportunities for all Queenslanders, as highlighted above, arising out of the decision to ban mining in the SIWR.

## Traditional Owners

Cape Alumina is actively working with the Traditional Owners of the areas overlapping Cape Alumina's tenements (including the SIWR) and their representative bodies, such as the Cape York Land Council, to raise the awareness of the potential effects of the Cape York Regional Plan, and specifically the mining ban in the SIWR, in terms of lost employment and business opportunities.



There is overwhelming support for mining in these areas to create real employment opportunities for the indigenous people of Cape York. The Traditional Owners understand their own land and respect that mining can occur and the environment can be protected and preserved for future generations. They understand that the environment, cultural heritage and mining can all co-exist.

### **Submission on Cape York Regional Plan**

On 7 March 2014, Cape Alumina lodged a draft submission on the Draft Cape York Regional Plan with the Queensland State Department of Development, Infrastructure and Planning. In this submission, Cape Alumina provided information gathered through the preparation of its Environmental Impact Statement for its Pisolite Hills Project that supports the reduction in Strategic Environmental Area boundaries around its bauxite tenements, including the SIWR. Cape Alumina believes there has been a significant amount of misinformation about the actual environmental values on the Cape York bauxite plateaux, which is potentially preventing economic development in the region. Although a balance is required between economic development and the preservation of strategic environmental areas (SEA's) in Cape York, the SEA's need to be established on the basis of actual scientific research and analysis. The balance needs to aim for win/win solutions for the environment, Traditional Owners, Cape Alumina shareholders and the State economy. Cape Alumina will post the final submission on its website.

### **Submission on the Regional Planning Interests Bill 2013**

On 16 January 2014, Cape Alumina lodged a Submission on the Regional Planning Interests Bill 2013. The RPI Bill is proposed to legislate the State's Regional Planning process, including the Cape York Regional Plan. Our submission highlighted a number of significant issues for the mining industry in general, and Cape Alumina specifically.

### **Cape appeared at public hearing in connection with the Regional Planning Interests Bill 2013**

As announced to the ASX on 12 February 2014, Graeme Sherlock (Cape Alumina's Managing Director and CEO) appeared as a witness at a public hearing in connection with the Regional Planning Interests Bill 2013. At the hearing, Graeme explained that the decision on the SIWR has not been enacted and he implored the Committee to question why the decision was made and whether full consideration has been given to the consequences of the decision for Queensland and Australia.

### **Supplementary Submission on the Regional Planning Interests Bill 2013**

On 25 February 2014, Cape Alumina lodged a Supplementary Submission on the Regional Planning Interests Bill 2013. The supplementary submission focussed primarily on providing clarifying comments to opposing submissions referencing the Pisolite Hills mine and port project.

To view the above submissions or transcript of the public hearing, go to the Queensland Parliament website: [www.parliament.qld.gov.au](http://www.parliament.qld.gov.au) (click on the "Work of Committees" tab and then click on "Committees" and then select "State Development, Infrastructure and Industry Committee", followed by "Regional Planning Interests Bill 2013").

## **Cape Alumina involved in Cairns forum on the Regional Planning Interests Bill 2013**

On 23 January 2014, Cape Alumina attended the regional forum on the proposed Regional Planning Interests Bill 2013 chaired by the Member for Cook, Mr David Kempton, with 150 attendees. An outcome of the forum was a report detailing a general consensus that the Regional Planning Interests Bill needed “to strike a greater balance between the economy, the community and the environment”.

### **Compensation Options**

Cape Alumina has spent over \$20 million on the Pisolite Hills project, which was declared a ‘coordinated project’ under section 26 (1) (a) of the State Development and Public Works Organisation Act 1971. The company continues to explore its options for compensation from the Queensland Government if the proposed ban on mining in the Steve Irwin Wildlife Reserve is not overturned. Australian precedents are being reviewed. Any action on compensation will only take place after legislation is passed by the Queensland Parliament that enacts the mining ban and effectively takes away the rights of Cape Alumina and the Traditional Owners.

### **Other Business Development options**

Cape Alumina continues to explore a number of alternate options to create value for shareholders, including development of other tenements in Cape York and investment in international bauxite projects.

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