

Ports in a storm

Deep water port facilities are critical to the development of South Australia's potential iron ore mines, but which projects are likely to go ahead and when will it all happen? By **Lindy McNamara**.



An image of the proposed Cape Hardy Port facilities

The need for iron ore export options in South Australia has long been a thorn in the side of exploration companies keen to develop their iron ore mines, however it appears progress is being made with one predicting it could realistically have its port operating by the second half of 2014.

There are currently five export options on the table – IronClad's Lucky Bay; Centrex's Port Spencer; Iron Road's Cape Hardy Port; a multi-user deep sea port at Port Bonython and Braemar's slurry pipeline project which will include a floating processing facility off Yorke Peninsula.

All proposals are at varying stages of the approvals process and all players consider their projects to be viable.

Managing Director of IronClad, Robert Mencil, says the company is currently awaiting a decision from the government regarding an amendment to its existing approval for the Lucky Bay port, just north of Cowell. Once received, the project will then need to obtain funding in the realm of \$21-\$22 million and gain board approval.

"It would be a five month construction project, which could see the first ships loading in the second half of the next calendar year," Mr Mencil says.

Under the development, the existing ferry harbour on the west side of Spencer Gulf will be expanded to provide a common user export facility, with IronClad as the main user. IronClad will install a loading dock and moorings for its transshipment vessels.

Further down the coast, Iron Road is hoping to develop Cape Hardy to support its Central Eyre Iron Project.

Managing Director Andrew Stocks says the Definitive Feasibility Study is due for completion by the end of the year, with the report available in the first quarter of 2014. The development gained major project status in August and most environmental monitoring work is complete.

"We have acquired 1100 hectares for the land side of the operations and near-shore geotechnical drilling is due to commence early next year," he says.

Discussions for financing are ongoing and Mr Stocks says intensity has been building as the results of the various studies come to hand.

Ben Hammond, CEO of Centrex is equally optimistic about the company's Port Spencer project.

The development has just received Federal Government environmental approvals, the major condition in the State Development Approval received in December 2012. Other conditions remaining are related to road transport and construction and, of course, locking in a significant customer such as Centrex's Eyre Iron Magnetite Joint Venture with Wuhan Iron & Steel or the Bungalow Magnetite Joint Venture with Baotou Iron & Steel.

"At present we are investigating the potential use of newly-proven transshipment technology operating already in the region, to reduce development capital costs, while

maintaining operating costs at similar levels to the current fixed jetty and wharf design," he says.

The environmental approval processes for Port Bonython are at an advanced stage.

Comments on the Environmental Impact Statement closed on 18 November and the next stage will be addressing any issues raised.

The final report to the State Government is likely to be submitted in early 2014 and Stewart Lammin, General Manager at Flinders Ports, expects decisions from both Federal and State governments on the respective environmental assessments during the first half of next year.

He believes the Port Bonython project offers the mining sector several advantages.

"A common-user facility such as Bonython could assist mining companies in controlling their supply chain costs, because they would not have to build their own ports. Using this existing deep-water port with key road and rail infrastructure in place has environmental benefits too," he says.

Infrastructure Minister Tom Koutsantonis says the Government's role in South Australia's obvious infrastructure needs is "providing leadership and co-ordination, as well as a supportive regulatory environment for public and private investment and efficient approval processes".

He adds that the market, not the Government, will decide which mine is developed first.

"Investors will choose which is the most profitable mine in

which to invest," he says.

Opposition spokesperson Martin Hamilton-Smith says the government needs to do more.

"We need action to deliver a deep sea port on the west coast and government needs to be a partner with the industry to make it happen. The miners themselves need to work together on solutions for shared use and determine solutions.

"Whatever it takes, we need to be able to open up our mineral exports to markets. Too much time has been wasted."

Chair of the Resources & Energy Sector Infrastructure Council (RESIC), Tino Guglielmo says the commercial realities and market conditions will dictate which proposed port projects proceed – and which ones don't.

"Many of our junior miners have limited balance sheets and funding to develop mines is in short supply in the capital markets at present. Supporting industry collaboration to establish infrastructure makes sense.

"It will be up to the individual companies to see the benefit in doing this, which will require some give and take by all parties," he says.

Only time will tell which projects go the distance, however, there is one constant in all discussions: a deep water port and associated infrastructure is fundamental for the future growth of the mining sector in South Australia.