



First step: Chongqing vice-mayor Ling Yeuming, centre, leads the ground-breaking ceremony yesterday.

INFRASTRUCTURE INTERCESSION

Asia Iron's \$3b development hinges on powerline, water

■ Kate Emery

The Chinese backers of a \$3 billion Mid West magnetite development have made a thinly veiled appeal to the WA Government to approve a \$360 million powerline crucial to the mine going ahead.

Speaking at a ground-breaking ceremony for Asia Iron's Extension Hill project, 85km east of Perenjori, Chongqing vice-mayor Ling Yeuming said he hoped the 10 million tonne a year project would herald the start of a "mutually beneficial" relationship with WA.

However, in an apparent reference to the vital but not yet approved power line, Mr Ling said he hoped the Government would "continue supporting and assisting" the "very significant" project, particularly when it came to power and water.

Asia Iron hopes to have

Extension Hill, which is backed by the Chongqing municipal government, in production by late 2014. Magnetite concentrate will be piped to Geraldton port and exported to Chongqing, 1400km west of Shanghai, to feed its steel mills.

Chongqing Chonggang Minerals Development paid \$280 million for a 60 per cent stake in the project last year, with the balance owned by Hong Kong-based SINOM Investments.

Despite yesterday's ceremony, Asia Iron has yet to make a final investment decision on Extension Hill. That call, expected in the first quarter of 2012, will not happen without the power line.

Last month, a draft determination from WA's economic regulator raised concerns about the cost of the line.

Asia Iron managing director Bill Mackenzie said he was confident

the regulator's concerns could be addressed.

"We fully expect we will get a positive outcome," he said. "The Mid West needs power."

Geraldton MLA Ian Blayney, representing Premier Colin Barnett, acknowledged some hurdles remained but said the Mid West had the potential to become the State's next iron ore powerhouse.

"The Government is committed to unlocking the Mid West," he said.

"There are some short-term obstacles but these can be overcome and must be overcome to reap the long term rewards."

About 140 people attended the ceremony at Extension Hill, which will host a peak construction workforce of more than 2000.

■ The reporter travelled to Extension Hill as a guest of Asia Iron