

Information Sheet
Market Sounding for MUIOF

Esperance Ports Sea & Land (EPSL) is undertaking a Market Sounding exercise to determine public sector interest in financing, building and managing a new multi-user iron ore facility (MUIOF) at the Port.

A recent study into the potential of the Yilgarn Region's iron ore industry showed an emerging demand for iron ore export infrastructure, and EPSL was the preferred Port from which the miners could seek to ship their product.

Esperance is home to the deepest port on the southern coast of Australia and is capable of handling cape-sized vessels to 225,000 tonnes. It is connected to the Yilgarn Region by standard gauge railway and major highways.

Although considered world's best practice with a fully enclosed iron ore circuit, EPSL's current infrastructure was never intended to handle the emerging demand from the Yilgarn. Exports have increased from 1.5 million tonnes a year in 1995 to more than 11 million tonnes this year.

EPSL presently has one iron ore exporting customer – Cliffs Natural Resources (Cliffs) – which mines in the Yilgarn Region and transports its product approximately 600 km by rail to Esperance Port from Koolyanobbing. This year Cliffs will export more than 11 million tonnes of iron ore to Asian markets.

The Market Sounding will provide the Port with an understanding of the private sector's interest in the project and the ability of those mining companies wishing to use the MUIOF to satisfy the security and other requirements of private sector investors in the MUIOF. The MUIOF Project presents a potential opportunity for the private sector to fund the expansion on the basis that it also bears the associated price and volume risks of the MUIOF.

The Market Sounding will also inform infrastructure capacity planning at the port in both the nearer and longer terms. An initial expansion may see the export capacity increase by up to about 20 million tonnes per annum, with further potential increases after that.

Any short-term capacity expansion will need to be developed so as not to impact on EPSL's current operations and may need to be developed incrementally. Any new infrastructure must not constrain future development.

On Saturday, June 16, EPSL advertised in the National and WA State newspapers inviting private sector companies to apply to register their interest in the MUIOF Project. Applications will be received until Tuesday, June 26.

A project team has been formed to determine the extent of the private sector interest, analyse responses from interested parties, assess the optimal scale of expansion that may be commercial and technically viable, and recommend a procurement approach to guide the next phase of the project.

It is anticipated that if a business case to progress the project to the next phase is supported by the findings of the Market Sounding, a procurement process will be initiated early in 2013 with a view to selecting a preferred proponent by the third quarter of 2013.