



NEWS

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APPROVAL OF AMMONIUM NITRATE EXPANSION PROJECT

The Wesfarmers Limited Board has provided final approval to proceed with the expansion of CSBP's ammonium nitrate production facility at the company's Kwinana industrial complex, 40 kilometres south of Perth.

Valued at the previously advised total of \$550 million (in nominal terms and excluding capitalised interest), the project involves the construction of an additional nitric acid plant and ammonium nitrate plant, together with an upgrade of the existing prilling plant and other infrastructure work at the company's Kwinana site, and will deliver an additional 260,000 tonnes per annum (tpa) of ammonium nitrate production capacity.

Wesfarmers Managing Director, Mr Richard Goyder, said that the \$550 million project was inclusive of previously approved capital which has already been committed for the purchase of long-lead equipment, early site works and detailed engineering and design work.

"The Board approval follows environmental approval for the expansion received by CSBP in October," Mr Goyder said.

"Early site works for the nitric acid, ammonium nitrate and prill plant areas have commenced, and tenders for a second round of long-lead equipment items have been issued."

A joint venture of Downer EDI Limited and Clough Limited has been working with CSBP to develop a lump sum price for the construction of the nitric acid and ammonium nitrate proportion of the project and a contract covering this work has been agreed.

"We have negotiated offtake agreements covering the majority of the additional production capacity and will now move to execute these agreements," Mr Goyder said.

"This expansion will bring CSBP's ammonium nitrate production capacity to 780,000 tpa, enabling us to meet both current and forecast demand for explosive-grade ammonium nitrate from the growing Western Australian mining sector.

"Given production capacity will exceed demand until approximately 2020, our ability to divert surplus ammonium nitrate into CSBP fertiliser products should allow us to maximise production in the early years."

Current project timelines indicate that the expansion will be completed in the first half of 2014.

A major manufacturer and supplier of chemicals, fertilisers and related services, CSBP Limited is a subsidiary of Wesfarmers Limited and part of the Wesfarmers Chemicals, Energy & Fertilisers division.

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