



Wesfarmers Limited

ABN 28 008 984 049

NEWS

8 November 2005

KWINANA AMMONIUM NITRATE EXPANSION

Ammonium nitrate production by CSBP Limited at Kwinana in Western Australia will double following completion in 2007 of a major expansion project approved today by the Board of Wesfarmers Limited.

The existing plant will be duplicated at a cost of about \$200 million to increase capacity to a world-scale 470,000 tonnes per annum.

Construction of the new facility is expected to begin early in 2006 and at its peak will generate about 125 new jobs. Commissioning is scheduled for mid-2007.

Today's decision follows approval in September by the Minister for the Environment under the Environmental Protection Act. The Town of Kwinana is currently considering planning approval.

The Managing Director of Wesfarmers, Richard Goyder, said the expansion was a significant part of the company's record capital expenditure budget for the current financial year of more than \$900 million and will add to the group's existing involvement in the ammonium nitrate markets in Western Australia and Queensland.

"The decision to proceed comes after a detailed feasibility study over the past 18 months and negotiation of long term off-take agreements for explosive grade ammonium nitrate with major mining and industry customers who will account for more than half the increased output," said Mr Goyder.

Mr Goyder said the terms of the off-take agreements had been agreed and contracts would be finalised in the near future.

"There is currently a shortage of supply of this product in Western Australia and we expect that the increased production capacity will meet current and projected demand over the next 10 years," he said.

The Managing Director of CSBP, Keith Gordon, said the remaining additional product from the new facility would be used to produce a range of liquid fertilisers that were currently imported.

"We have experienced very strong growth in the demand for liquid fertilisers and the substitution of local production for imports will improve the reliability of supply of this increasingly critical input for Western Australia's agricultural sector," said Mr Gordon.

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