

CU-River Mining nears deal for old coal plant site

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A Chinese businessman wants to transform the site of South Australia's last coal-fired power station into a bulk commodity port facility that ships high-grade iron ore from his company's local mining operations to China.

Yong Gang Shan, managing director and sole shareholder of privately owned CU-River Mining, expects to finalise his purchase of the 1068-hectare Spencer Gulf site in Port Augusta, 310km north of Adelaide, once rehabilitation works have been finalised by current owner Flinders Power, an offshoot of Alinta Energy, in April.

The 544-megawatt Northern power station closed in May 2016 after Alinta unsuccessfully sought \$25 million in subsidies over three years from the former South Australian Labor government to keep it operating for three years.

However, the Weatherill government, which was ideologically opposed to coal, rejected the offer.

The closure cost 185 jobs and resulted in significant spikes in power prices, and a lack of energy security in South Australia.

CU-River expects to commence operations at the port within two years, following the completion of a feasibility study and regulatory approvals.

The sale price has not been disclosed, but the project has been valued at \$250 million, incorporating \$185m of retained infrastructure, including a 5km rail loop and unloading systems, and \$65m of new investment.

The facility will be made available to third parties, including other mining companies and agricultural exporters.

Barges will be loaded at port and then sent to deeper waters to be transhipped onto larger vessels.

It is estimated that up to 100 full-time jobs will be created.

"CU-River has a strong project pipeline and an ambitious growth strategy that will see it headquartered in South Australia for decades to come," the company's external affairs manager, Shelaye Boothey, said.

Ms Boothey said the size of the site meant there were opportunities for the land to be developed for other commercial uses, including a large-scale solar farm.

"We will be exploring every option to ensure the site's commercial potential is maximised," she said.

CU-River purchased the mothballed Cairn Hill iron ore mine, 55km southeast of Coober Pedy, in 2014.

Following a \$20m upgrade, it exported one million tonnes of iron ore to China via Port Adelaide, but the company said a planned ramp up of production would make this option unviable.

Cairn Hill is currently undergoing works and production is expected to resume mid this year.

Annual production of three million tonnes is initially forecast, before increasing to 15 million tonnes by 2026.

As part of an offtake agreement with Chinese company Jiujiang, the ore would be sent to China for use in the country's steel industry.

CU-River holds four exploration licenses covering about 3000 sqkm nearby Cairn Hill.

Flinders Power chief Peter Georganis said he was focused on a successful transition to a "new and exciting future" for the site.

"I believe the transition of the site into a port facility is an outstanding opportunity for Port Augusta and the region," he said.

South Australian Energy Minister and local MP, Dan van Holst Pellekaan, said CU River's proposal would re-establish Port Augusta as an international transport hub for the first time in almost 50 years.

"The transformation of the Northern power station site is just one of many business opportunities that are being explored across the Upper Spencer Gulf and Far North that will enhance the economic importance of our region to the state and the nation," he said.

Federal Energy Minister Angus Taylor yesterday claimed the regional Queensland towns of Gladstone and Mackay — both in proximity to coal export terminals — would "shut down" under a Shorten Labor government because of its 45 per cent emissions reduction targets.

Mr Taylor said Labor's policies would also bring an end to Australia's sugar, aluminium and cement industries.

"If people want to shut these industries and lose regional jobs — put good people, hundreds of thousands of good people, out of work — then a high target, the sort of target Labor is proposing, is where you go," he said.