



## MEDIA STATEMENT

3 January 2006

### GRD WINS EPCM CONTRACT FOR CVRD'S A\$1.6 BN NIQUEL DO VERMELHO PROJECT

GRD Limited announced today that its construction subsidiary, GRD Minproc, has been awarded the engineering, procurement and construction management (EPCM) contract by Companhia Vale do Rio Doce (CVRD) for its A\$1.6 billion (US\$1.2 billion) Niquel do Vermelho project in Brasil. It takes GRD's secured project order book to more than A\$2.5 billion with an additional A\$1 billion of orders as preferred contractor.

GRD Minproc is an international boutique engineering contracting business, which provides high value services and specialises in the design, engineering and construction of resource projects. GRD Minproc has been associated with the Niquel do Vermelho project since November 2002 when it was appointed to undertake the feasibility studies for the project.

The Niquel do Vermelho project, located in the northern Brasillian state of Para in the Carajas region, will produce 46,000 tonnes of nickel cathode per annum, 2,800 tonnes of cobalt cathode per annum and 500 tonnes of copper per annum. Mobilisation is set to start immediately and production will commence in quarter four 2008.

The project is located close to CVRD's existing iron ore mines in the Carajas region and is only 10 km from CVRD's operating Sossego copper project.

Brettney Fogarty, GRD's executive chairman, said: "We are pleased to be working with, and look forward to further strengthening our relationship with CVRD, one of the world's largest diversified mining companies.

"The project is significant for GRD as it is most likely the largest international project undertaken by an Australian contractor. We have a world class team committed to delivering the project, on time, on budget and operating to CVRD's expectations."

GRD Minproc has appointed two major Brasillian engineering companies as local contractors to provide in country support for the Niquel do Vermelho project. Minerconsult Engenharia, an engineering company based in Belo Horizonte, and Setal Engenharia Construcoes e Perfuracoes S.A., based in Sao Paulo, have significant engineering and project management expertise and considerable experience in operating in Brasil.

The engineering, procurement and construction management for the project implementation will be based in Belo Horizonte, close to CVRD's project and research facilities. The project team is expected to peak at approximately 450 people, mostly located in Belo Horizonte, with the remainder being on site to supervise the construction. The construction workforce on site is expected to peak at around 5,000 people.

### ENDS

For further information contact:

Mr. Brettney T Fogarty  
Executive Chairman  
Tel +61 8 9278 1888  
GRD Limited

Mr. Peter Eggleston  
Director Corporate Affairs  
Tel +61 8 9278 1888  
GRD Limited

Mr. Roc Ronge  
Director Investor Relations  
Tel +61 3 9656 5303  
GRD Limited

## Background Information

### Niquel do Vermelho Project

Location	Carajas region, Para state, Brasil
Life of mine	40 years
Reserves	290 million tonnes (proved and probable)
Ore type	Nickel, limonitic
Process route	High pressure acid leaching Hydroxide precipitation Electrowinning - Nickel cathodes
Autoclave feed	1.5 – 1.8% Ni (first 20 years)
Concentrate	3 million tpa @ 1.7% nickel (Autoclave feed)
Production	46,000 tpa nickel cathode 2,800 tpa cobalt cathode 500 tpa copper
Capital cost	US\$1.2 billion
Schedule	20 months design, 38 months to first commercial nickel cathodes
Manning	Approximately 5,000 at peak Engineering team in Belo Horizonte approximately 450

Located in the mineral province of Carajas region in Para state, the Vermelho deposit was discovered during 1974.

The project is a nickel laterite project in the Northern Brasil state of Para and will produce 46,000 tonnes per annum of nickel cathode, 2,800 tonnes per annum of cobalt cathode and 500 tonnes per annum of copper. It signals a move by the world's largest iron ore producer to further diversify its resource portfolio by investing in nickel production.

GRD Minproc has been associated with the project since November 2002 when it was appointed by CVRD to conduct studies to determine two preferred process flowsheets for the project. This work identified the mixed hydroxide precipitation (MHP) route producing nickel and cobalt cathode and the mixed sulphide precipitation route producing nickel and cobalt briquettes as being the preferred flowsheets for the project.

Following the successful completion of this work, CVRD selected the MHP route as the single preferred flowsheet. In 2003, CVRD engaged GRD Minproc, ahead of several large international engineering companies, to conduct the engineering and estimating components of a pre-feasibility study to investigate the viability of the project. The outcomes of this study were favourable and in 2004 CVRD engaged GRD Minproc, again ahead of several large international engineering companies, to conduct the engineering and estimating components of a final feasibility study to further investigate the viability of the project. The completion of this study in March 2005 led to the approval of the project by the Board of CVRD in July 2005.

The Vermelho ore is predominantly limonitic and is amenable to beneficiation. The process plant will consist of crushing and stockpiling followed by beneficiation. The beneficiated ore is then fed to twin high pressure acid leach trains where it is leached using sulphuric acid to extract the contained nickel and cobalt. The leached nickel and cobalt are then separated from the waste material by counter current decantation. The nickel and cobalt are then precipitated as a mixed hydroxide to form an intermediate product. This



intermediate product is then re-leached in the refinery section of the plant using ammonia and subject to a series of purification steps including solvent extraction before being electrowon as metal sheets of nickel and cobalt rounds as the final products.

The project is located close to CVRD's existing iron ore mines in the Carajas region of the state of Para and is only 10 km from CVRD's operating Sossego copper project. This will enable the importation of bulk reagents such as sulphur (for sulphuric acid generation) via CVRD's railway, railheads and seaport. The project also has a sealed highway and existing power line, with low cost power, in close proximity.

Another significant benefit is the availability of fresh water for use in the process. The laterite projects built in Western Australia in the late 1990's and BHP Billiton's Ravensthorpe facility, currently under construction in Western Australia, all have to use highly saline water in the process. The availability and use of fresh rather than saline water allows the use of lower cost materials of construction relative to those required in Western Australian projects where the process solutions are highly corrosive.

The engineering, procurement and construction management (EPCM) for the project implementation will be based in Belo Horizonte, close to CVRD's projects and research facilities. The project is expected to start development immediately with production first production expected in quarter four 2008. The project team should peak at approximately 450 people located mostly in Belo Horizonte with the remainder being on site supervising a construction workforce peaking at around 5,000 people.

#### **GRD Minproc Partners for Niquel do Vermelho project**

GRD Minproc has selected two major Brasillian engineering companies as contractors to provide regional support for the Niquel do Vermelho project.

##### Minerconsult Engenharia (Minerconsult)

Minerconsult is a major engineering company based in Belo Horizonte, Brasil. It has worked with GRD Minproc on the study for CVRD, has significant in house engineering capabilities, and has worked with CVRD over a long period of time.

##### Setal Engenharia Construcoes e Perfuracoes S.A. (Setal)

Setal is a major engineering company based in Sao Paulo, Brasil. It has significant in house engineering and project management capability, and a proven track record in the petrochemical industry. Setal will provide 3D design capability for the project.

## **GRD Limited**

**GRD** is an Australian construction and development company.

### ***Construction:***

**GRD Minproc** is a leading Australian boutique engineering contracting business providing high value services and specialising in the design, engineering and construction of resource projects. GRD Minproc has a \$2.5 billion workbook in addition to \$1 billion preferred bidder pipeline of projects. The company's process engineering and project record are internationally recognised. The company has played a significant part in the modern development of Australia's minerals industry and has completed over 300 feasibility studies and 200 major design and construction projects in 33 countries for companies such as BHP Billiton, De Beers, Anglo American, CVRD, and Gold Fields Limited.<sup>1</sup>

GRD Minproc was awarded the 2005 WA Engineering Excellence Award, International Projects and Exports, for the Kansanshi Copper project in Zambia.

### ***Development:***

**Global Renewables** has built, owns and operates an urban waste treatment project incorporating the UR-3R Process<sup>®</sup> at Eastern Creek, Sydney. The UR-3R Facility is designed to process 260,000 tonnes of municipal solid waste per annum (12 percent of Sydney's waste) through integrated sorting, biological digestion and composting processes.<sup>2</sup> The Eastern Creek UR-3R Facility is a public private partnership and operates under a 25-year contract with WSN Environmental Solutions. Global Renewables has technology licence arrangements with ISKA for the ISKA<sup>®</sup> Percolation and Sorain Cecchini Techno SRL (SCT) for resource separation and composting processes.

Global Renewables is preferred bidder for the Lancashire Waste PFI Project, which has a capital cost of around \$500 million and is designed to process more than 20 million tonnes of municipal solid waste under a 25 year A\$6 billion revenue contract.

**OceanaGold** (57% owned) is a major Australasian gold producer with a dominant position in two major historic goldfields and ownership of a modern day gold discovery in New Zealand. It is New Zealand's largest gold producer with record production of 184,541 ounces from Macraes in 2004.

---

<sup>1</sup> Projects include the Ravensthorpe nickel project, Telfer treatment plant, Kansanshi copper project, the Bogoso BIOX<sup>®</sup> gold project, and the Eastern Creek UR-3R Facility.

<sup>2</sup> Officially opened in September 2004, the Eastern Creek UR-3R plant will produce biogas sufficient to produce 17,000 megawatt hours of green energy (enough to power 2,250 households), 300,000 tonnes of Emission Reduction Units pa (carbon credits equivalent to taking 50,000 cars off the road), and more than 60,000 tonnes of compost products in addition to recyclable products (paper, glass, steel, plastics and aluminium). 1,500,000 tonnes of the Emission Reduction Units have been forward purchased by Mitsui & Co (Australia) Limited and BP Australia Ltd.