



MEDIA RELEASE

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EFIC supports GRD Minproc with a landmark bonding facility

Export Finance and Insurance Corporation (EFIC) today announced that it has extended bonds with a landmark tenor to the Australian engineering company, GRD Minproc, a subsidiary of GRD Limited. The bonds are in support of GRD Minproc's engineering, procurement and construction management contract for the development of a laterite nickel processing plant in Brazil.

EFIC has issued a A\$10.9 million performance bond and a A\$5.8 million advance payment bond. The 6 year tenor of the performance bond is the longest ever issued by EFIC.

These bonds support GRD Minproc's contract with the Brazilian mining company Companhia Vale do Rio Doce (CVRD) for their development of a US\$1.2 billion greenfields nickel mine. CVRD is the largest iron ore producer in the world and has a market capitalisation of US \$52 billion.

"In winning this contract, GRD Minproc is involved in one of the most significant international projects ever undertaken by an Australian engineering contractor", said GRD's chief executive, Cliff Lawrenson. "It's therefore no surprise that the bonds required under the contract are a landmark in themselves."

"This contract with CVRD represents a significant opportunity for GRD Minproc. However, our commercial bond provider was limited to a maximum tenor of 5 years. The scope of the project demanded performance bonds extending beyond that period. Financing these internally would have required the redirection of funds from other overseas activities. EFIC's support has been very helpful in assisting GRD Minproc fulfil the terms of the CVRD contract", said Mr. Lawrenson.

"EFIC was able to provide support beyond the risk tolerance of the commercial market, in part through our capacity to assess GRD Minproc's suitability for the CVRD contract. Our decision to provide the necessary bonding facility was heavily influenced by their technical capability, a view formed after due diligence of the contract obligations and their performance on similar projects here in Australia", said EFIC's Executive Director Origination & Portfolio Management, Peter Field.

"Beyond sheer size, the project's complexity is increased by the remoteness of operations and the use of new technologies", said Mr. Field. "Laterite nickel projects are complex and we had to be satisfied that GRD Minproc has the expertise, resources and people needed to complete the contract to CVRD's expectations. While such facilities are small in the context of today's financial transactions, nevertheless, for small and medium sized exporters they are vital to winning business in a competitive global market. It is very pleasing to assist Australian companies such as GRD Minproc to compete for and win valuable export contracts."

EFIC will continue to actively monitor the environmental aspects of the contract to ensure that the project adheres to the World Bank's environmental standards.

Export Finance and Insurance Corporation (EFIC) is Australia's export credit agency. EFIC supports Australian businesses internationally by providing finance, finance guarantees, insurance and bonding facilities. A self-funding, statutory corporation, EFIC's products and services are typically focused in the market gap where, because of country, industry or financial risk, there is insufficient commercial market capacity.

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