



Government
of South Australia

15WRM0406

The Hon Ian Hunter MLC

Mr Steven Griffiths MP
Member for Goyder
51 Robert Street
MAITLAND SA 5573

Dear Mr *Owen* Griffiths

I write in response to your letter of 2 July 2015 regarding funding for the Port Wakefield to Pine Point water supply upgrade.

On 25 November 2013, SA Water increased the capital plan for the Port Wakefield to Pine Point Water Supply Upgrade to \$25.570 million. This increase was subject to Rex Minerals obtaining full project funding and necessary approvals for the development of the mine. At the time, the project was intended to provide up to 2,000 megalitres (ML) per annum of mains water from Port Wakefield to Rex Minerals' Hillside operation and local communities. The mine's annual demand was up to 1,700 ML. The remainder of of water would then be available to the local community on Yorke Peninsula.

Since obtaining its Mining Lease in September 2014, Rex Minerals announced that it was focussing on a smaller tonnage phase; one mining and processing option to enable expansion to a larger scale operation in the future. In accordance with this option, Rex Minerals is finalising its extended feasibility study (EFS) process and documentation. Once this study has been completed Rex Minerals will make a decision on project progression to financing, at which time the cost for the Port Wakefield to Pine Point Water Supply Upgrade will be confirmed.

The pipeline from Port Wakefield to Pine Point will be fully funded by Rex Minerals. SA Water will fund and construct the asset on behalf of Rex Minerals and recover its investment from Rex Minerals over the life of the mine. SA Water has budgeted \$8.5 million for this project in 2015-16.

Minister for Sustainability, Environment and Conservation
Minister for Water and the River Murray
Minister for Climate Change

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I am advised that construction is expected to begin during the first quarter of the 2016-17 financial year. Based on an 18 month construction period, it is expected that production will occur in the third quarter of the same year.

SA Water will continue to work closely with Rex Minerals during its EFS period to seek an economic water supply solution for the Rex Minerals development and the Yorke Peninsula Community.

Thank you for taking the time to write to me and I hope that this information is of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Hunter', written in a cursive style.

IAN HUNTER MLC

Minister for Water and the River Murray

17 / 08 / 2015