

MEDIA RELEASE

The Association of Mining & Exploration Companies Inc.

12 February 2010

2009 - 05

WA Royalty speculation extremely unhelpful

The Western Australian Treasurer's statement yesterday that he believes mining royalties are too low has led to very predictable and damaging speculation of an imminent rise in the State tax.

Association of Mining and Exploration Companies CEO Simon Bennison said the comments were extremely unhelpful and served only to further erode fragile investor confidence.

"Although Treasurer Buswell said he will not be drawn on likely changes in the 2010 State budget he is certainly speculating on increases in revenue from royalties having said he concurs with Ken Henry who has proposed that mining royalties are too low," Mr Bennison said.

"While the Treasurer did avoid making any specific statement about the Government's plans to alter Royalties, it doesn't take a genius to join the dots that he left in full daylight.

"Given the industry that delivers the largest source of income to WA's budget is just starting to emerge from a disastrous global financial crisis, this kind of speculation is very damaging.

"Investors are nervous. Speculation of a regime change creates further angst and will prompt some investors to put their money in the bank rather than backing projects that are very important for Australia's financial future.

"This comment from the WA Treasurer is unhelpful, particularly on the back of recent Federal Government speculation to introduce a new resource rent tax.

"We urge senior Government officials to carefully consider their public remarks and bare in mind at all times that Australian resources companies are competing with many other attractive jurisdictions for investment and ultimately, jobs," Mr Bennison said.

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