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BHP has short window to build at Yeelirrie

Matt Chambers | May 23, 2009

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BHP Billiton and other uranium hopefuls may have a short window to get West Australian mines approved, with the state's Labor Opposition planning to reintroduce a ban on mining the radioactive fuel if re-elected.

BHP is building a uranium mine at the Yeelirrie deposit north of Kalgoorlie from 2011 under a plan that would boost national production by 50 per cent and have a life of more than 30 years.

The mining giant has wasted no time moving on the long-dormant project after Liberal Premier Colin Barnett won government late last year and overturned a ban on uranium mining.

WA Opposition mines and petroleum spokesman Jon Ford said yesterday that the state Labor Party remained opposed to uranium mining but was unlikely to halt projects that had already started.

Mr Ford said there had been no debate within the party about changing its policy -- only what to do if mines had started if Labor were re-elected. He said discussions so far had centred on how to contain uranium mining if it had started, not forcing mines to close.

Mr Ford said he had not been lobbied by BHP about the party's stance. He said discussions with BHP had instead been about the five deaths at its Pilbara iron ore mines in recent months and protecting access at Port Hedland for planned expansion.

Prime Minister Kevin Rudd said yesterday that decisions on uranium mining should be made by state governments.

UBS analyst Warren Edney said the quick development of Yeelirrie was a positive for the company. "People are still building nuclear power stations, BHP has the cash to spend and capital costs have come down."

He said BHP's delays expanding the Olympic Dam copper and uranium mine in South Australia and problems plaguing Canada's Cigar Lake mine meant production capacity would be under some strain around the time the mine was expected to come on line in 2014.

Another analyst said the deposit could cost \$500 million to develop.

Globally, about 40,000 tonnes of uranium is produced each year. BHP plans to produce about 5000 tonnes a year at Yeelirrie, about 13 per cent of current global production.

At current prices of \$US40 a pound, the Yeelirrie deposit would bring in revenues of more than \$17 billion over its 30-year life span.

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