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## **ASX ANNOUNCEMENT**

**7 April 2008**

### **Project Update**

#### **Weld Range Project Feasibility Study**

Midwest Corporation Limited (Midwest) (ASX:MIS) announces that the timing for completion of the Pre-Feasibility Study (PFS) for the development of the Weld Range Project has been extended to December 2008.

This follows advice from the Sinosteel / Midwest Joint Venture team that delays have occurred in the drilling programme supporting the PFS, which was previously scheduled for completion by September 2008.

These delays are primarily the result of external factors, including wet weather and challenging drilling conditions. Rain from cyclones in the Pilbara region has caused local flooding forcing road closures, and limiting rig access. Difficult ground conditions involving significant in situ water have been encountered. In addition, the drilling teams have experienced lower than expected drill penetration rates in hard rock drilling through jaspilite, which is expected to continue for another four weeks.

Midwest CEO Bryan Oliver said the two and a half month extension of the PFS is not expected to impact on the project completion schedule of second half of 2011, which is driven by the completion of the new port and rail infrastructure development.

Mr Oliver said "Midwest currently has seven rigs drilling at Weld Range and plan to mobilise four more rigs within the next two weeks to accelerate the drilling programme."

"The Sinosteel / Midwest Joint Venture is well advanced in its exploration program and in January announced a 19 million tonne (mt) resource upgrade," Mr Oliver said.

"Our drilling campaign has been impacted by adverse weather and harder drilling conditions, but a ramp-up from seven to 11 rigs on site during the next two weeks will help offset the impact of the delays. The PFS drilling is now expected to be completed by mid May, with the PFS due in December 2008. Timing for the completion of the Bankable Feasibility Study (BFS) is being reviewed, with the results of this review expected to be available by end of April 2008.

"As the port and rail infrastructure are on the critical path, there are no delays expected for the commencement of hematite mining at Weld Range as a result of the slower than expected drilling program," Mr Oliver said.

The Company's drilling program at Weld Range includes:

- Seven drill rigs (three RC and four diamond core) on site in the Madoonga and Beebyn deposits carrying out infill and closure drilling, as well as geotechnical drilling for mine pit design.
- A further four drill rigs (one RC and three diamond core), making a total of 11 rigs (four RC and seven diamond core), are being mobilised over the next two weeks.
- Approximately 100 exploration personnel are expected to be on site by mid April.

Midwest's flagship Weld Range Direct Shipping Ore Project is located 65 km southwest of Meekatharra in the mid west of Western Australia. It is one of five iron ore projects within Midwest's portfolio of assets.

The Weld Range Project has 133.4Mt of hematite Mineral Resource (JORC) at 58.5% Fe at a cut off grade of 50% Fe, with grades as high as 66.9% Fe having been recorded. The areas covered by the Mineral Resource estimate have no noteworthy deleterious contaminant elements and have acceptable strip ratios (waste : ore).

The Weld Range Project has significant potential due to the high grade outcrops over a 16 km strike length. The current Mineral Resource represents only 6 km of the strike length.

The Weld Range Project Scoping Study was completed on schedule in March 2007. The Study assessed in detail the resource definition, mining and processing, infrastructure, product classification and marketing for the project. The study confirmed the project potential based on a minimum scale of 15mt per annum for 15 years.

The Sinosteel / Midwest Joint Venture Agreement (JVA) covers the Weld Range hematite project and the Koolanooka magnetite projects. The JVA allows for joint implementation of exploration, feasibility studies and an off-take agreement.

The JVA is a long term agreement, which has been in place since 2005, and became unconditional in January 2006 with the granting of approvals for the joint venture from the Chinese Government and the Foreign Investment Review Board.

Completion of the PFS will form the basis for the intrinsic value buy-in negotiations between Midwest and Sinosteel whereby Sinosteel has an option to acquire up to 50% of the project and form an operating joint venture with Midwest, in return for paying an acceptable value for the asset.

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## Current Position of Midwest projects

**Koolanooka/Blue Hills Direct Shipping Ore (DSO) Project** has a remaining ore reserve of 7.9mt at 57.8% Fe and is producing from existing stockpiles with a 1mt per annum installed capacity. Midwest has 100% of current production on secure contracts exporting to China. Production and shipment of iron ore fines from the stockpile at Koolanooka continued at a steady level throughout 2007. Stockpiles at Koolanooka will be exhausted by mid 2008 and Midwest is seeking to ensure continuity of supply by selective mining applications for relatively low environmental impact portions of the hard rock mining project which are expected to incur shorter environmental and mining approval processes.

**The Weld Range DSO Project** is Midwest's flagship DSO project, with a Mineral Resource of 133.4Mt at 58.5% Fe, 50Mt of which is in the measured category. Midwest is continuing its extensive drilling campaign, with 453 holes for 55,473m drilled to the end of the first quarter 2008. Midwest currently has 7 rigs onsite. A Pre-Feasibility Study is currently underway with Worley Parsons as lead engineering consultant, and is scheduled for completion in December 2008. Initial sinter test programmes for value in use assessments on prepared representative lump and fine ore samples from Madoonga and Beebyn were completed with the China Iron and Steel Research Institute. The results from this test programme were very positive.

Hampton Hill Mining NL Joint Venture agreement provides Midwest with the sole and exclusive right to enter into a joint venture to explore, develop and mine iron ore deposits within Hampton's Weld Range tenements, which are located near to Midwest's current project areas at Weld Range.

**Koolanooka Magnetite Project** forms the second stage in the development of the Koolanooka resource. This project is included in the Sinosteel / Midwest Studies Joint Venture. The Koolanooka magnetite project has a significant magnetite Mineral Resource of 430Mt at 35% Fe. The Scoping Study completed in February 2006 examined production rates of up to 6 mt per annum, pipeline, rail and road transport options and pellet plant locations at Koolanooka, Narngulu and Oakajee. A study programme involving further drilling and optimising of the concentration process will be carried out by the Sinosteel / Midwest Studies Joint Venture.

**Jack Hills DSO Project** is part of an ongoing exploration programme to delineate high-grade iron ore reserves at Jack Hills which will provide incremental expansion capacity after implementation of the Weld Range Project. Jack Hills has announced a Mineral Resource of 15.4Mt at 59.7% Fe. Midwest's drilling campaign continues with 188 holes for 12,235m drilled to the end of 2007.

**Robinson Range Project** includes initial low level exploration activities with field mapping to identify drill targets and an initial drilling campaign is planned for 2008. Field mapping and rock chip sampling indicated 59.2% to 63.4% Fe over significant outcropping strike lengths of hematite.