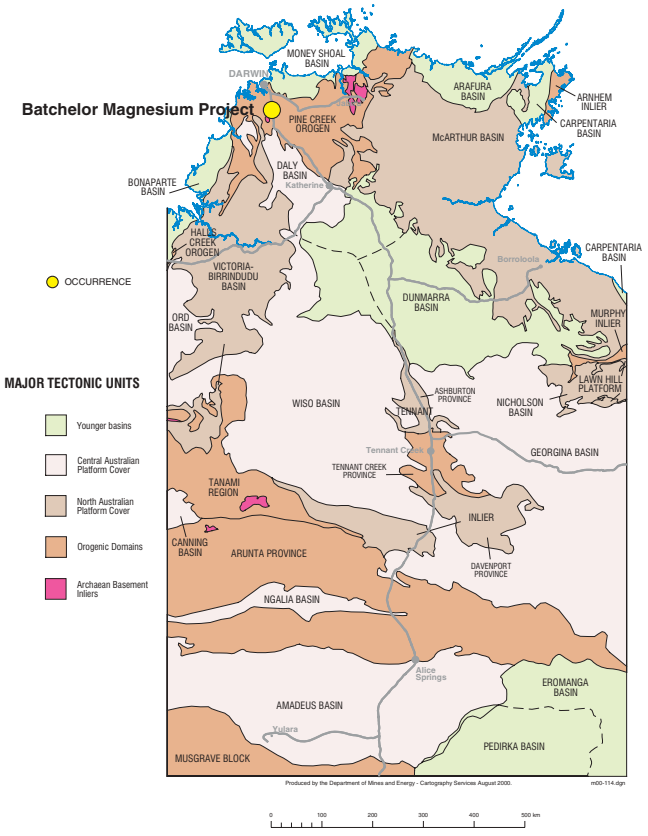
Batchelor Magnesium Project

Potential Sunrise Gas Customer

Fact Sheet

Batchelor Magnesium Project



Project

Batchelor Magnesium Project

Employment

• Construction workforce	100 average
• Operations workforce	73 (Stage 1)
	150 (Stage 3)

Project Size

• Stage 1	12,500 tpa magnesium
• Stage 2	25,000 tpa magnesium
• Stage 3	50,000 tpa magnesium

Capital Expenditure

• Stage 1	A$76M
• Stage 2 & 3	A$124M
Total	**A$200M**

Northern Territory Government

Current at: 28/03/02

Batchelor Magnesium Project

Key Selling Points

- Electricity and gas consumption

	Electricity (MW)	Process Gas (PJ per annum)
Stage 1	16	0.85
Stage 2	32	1.7
Stage 3	64	3.4

- Production commences 2004
- Offtake agreement with Frank & Schulte for 10,000 tpa Magnesium
- Has Major Project Facilitation status from the Commonwealth Government

The Project

Mount Grace Resources NL (Mt Grace) is proposing the staged development of their Batchelor Magnesium Project. They plan to mine high grade macro crystalline magnesite (MgCO3), contained within the Winchester Deposit and process on site using the Mintek continuous metallothermic technology into magnesium metal.

The deposit is four kilometres west of Batchelor in the Northern Territory. It is about 85 kilometres by sealed road from Darwin's East Arm Port. The site is also close to the Amadeus Basin to Darwin Gas pipeline and essential services such as power and water.

Project Status

Independent engineering consultants, the Bateman-Multiplex joint venture, have completed Stage 1 of the feasibility study. The report indicates the potential for an economically robust project. A Bankable Feasibility Study is to be completed later in 2002.

URS Australia Pty Ltd is preparing the Environmental Impact Statement. The draft report was submitted in March 2002 to the Northern Territory Government. The draft EIS will be available for public review and comment from 25 March 2002 until 29 April 2002.

Mt Grace in April 2001 signed an off-take agreement with the German company Frank and Schulte, a division of Stinnes AG, for 10,000 tpa magnesium.

Technology

In October 2000, Mt Grace Resources signed an agreement with Mintek to use the group's continuous metallothermic process. Mintek use a silico-thermic DC Arc Furnace reduction technology.

Mintek has successfully used Batchelor ore to produce magnesium fume from a small 100kVa furnace, which provided indications of optimal reagent mix. Testing Batchelor feedstock in their 1.5MW furnace will commence shortly. While progressing the Batchelor project using Mintek technology, Mt Grace also hold a license to use the Heggie Metallothermic technology.

Scheduling

The feasibility study indicated that the optimal size for Stage 1 of the plant is a 14MW furnace with an annual capacity of 12,500 tonnes. It is anticipated that construction will start in March 2003 and production by 2004.

The timing of further expansions to 25,000tpa (Stage 2) and 50,000tpa (Stage 3) will be dependent on market requirements.

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