



**MEDIA RELEASE**

**18 August 2006**

### **EFIC helps Australian engineers develop the first major mine in Kenya**

Export Finance and Insurance Corporation (EFIC) today announced that it has provided Political Risk Insurance (PRI) to a syndicate of commercial lenders in support of Ausenco International Pty Ltd's (Ausenco) execution of a contract to develop the Kwale mineral sands project in Kenya.

Insuring a total debt of US\$80 million for a period of 8 years, EFIC has extended Political Risk Insurance to cover senior lending facilities provided by the lenders (there is also a further senior debt facility of US\$40 million provided by the African Development Bank that does not require Political Risk Insurance). The Kwale mineral sands project, to be completed by late 2008, has an estimated capital cost of US\$178 million.

Tiomin Resources has appointed Ausenco, a member of the ASX listed Ausenco Limited group, to carry out key elements of the Engineering Procurement and Construction Management (EPCM) contract for the Kwale project from its Queensland base.

"Tiomin's lenders required political risk insurance before they would provide the necessary debt facilities. EFIC worked with Ausenco and Tiomin to ensure that their support would address the needs of the lenders. To this end, EFIC's support of Tiomin was essential to our continued involvement," said Ausenco Managing Director, Zimi Meka.

EFIC's PRI policy will cover the lenders - Standard Chartered Bank, WestLB AG and Caterpillar Financial - against the political risks that could affect the project. EFIC first started discussions with Tiomin in 2004 about their plans for the project and the potential for Australian involvement, and was formally engaged in April 2006. Intensive negotiations with the lenders commenced thereafter and were fast tracked to close in August to ensure the project was not delayed.

"The Kwale project represents a sizeable foreign direct investment in Kenya, and the largest in the country's mining sector," said Angus Armour, Managing Director of EFIC. "EFIC is pleased to be supporting Australian involvement in this key project."

"Ausenco will be able to build upon its mineral sands engineering experience to project manage the design and construction of a cornerstone project that will not only assist in creating local employment opportunities, but which should contribute significantly to Kenya's future economic growth," said Mr Meka.

EFIC's support for Australian companies in Africa is increasing, said Mr Armour. "The number of Australian companies seeking opportunities in Africa, and particularly in the resources sector, has never been higher. With the increased level of activity, comes an increasing awareness of the types of risks to be encountered and recognition of how EFIC can assist to mitigate those risks."

EFIC has a long history of supporting resource projects in PNG, Asia and Latin America, and working with commercial banks in these regions to secure contracts for Australian engineering firms and helping Australian firms to develop their overseas projects.

In assessing the project, EFIC worked closely with Tiomin's financial adviser, Barclays Capital, who has significant experience in the mining sector.

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#### **About EFIC**

EFIC is Australia's export credit agency. EFIC supports Australian businesses internationally by providing finance, finance guarantees, insurance and bonding facilities. A self-funding, statutory corporation, EFIC operates beyond the limits of the commercial market. It provides support when financial, country or industry risks exceed the capacity available in financial markets.



### **Political Risk Insurance from EFIC**

Investors, contractors and lenders take out Political Risk Insurance from EFIC to cover them against financial losses resulting from specified political events. EFIC can insure a project, investment or plant and equipment deployed in such project or investment against losses arising from:

- expropriation e.g. nationalisation of your investment or plant and equipment by the overseas host government;
- war damage or political violence;
- currency inconvertibility and exchange transfer blockage; and
- breach of contract.

EFIC's PRI policies are generally available for extended terms, reflecting the nature of the investment or corresponding to the underlying loan or contract period. This capacity can extend to a tenor of 10 years.

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