

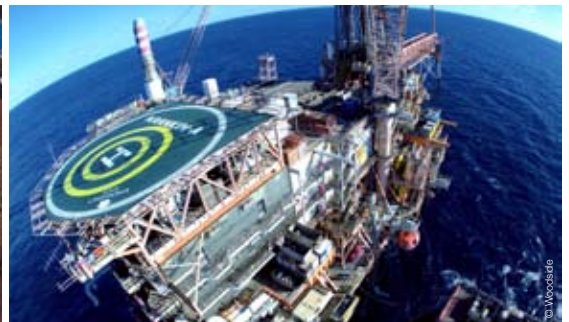
RESOURCES IN WESTERN AUSTRALIA



Government of Western Australia
Department of Mines and Petroleum

Minerals and petroleum industry

To ensure a strong economy through the provision of metalliferous and industrial minerals



The mineral and petroleum sectors continue to remain the pillar of the West Australian economy reaching a value of \$71.8 billion in 2008. During the last ten years the value of Western Australia's mineral and petroleum industry has grown on average by an impressive 18 per cent per annum.

This accounted for 29 per cent of Western Australian Gross State Product and 89 per cent of Western Australia's commodity exports income. The mining and petroleum industry directly and indirectly employed around 26 per cent of Western Australia's workforce in 2008.

Western Australia boasts one of the largest and most diverse mineral and petroleum industries in the world, producing over 50 different minerals. It hosts an impressive 561 commercial resource projects, embracing 1032 operating mine sites and 62 operating oil and gas fields.

The State's mineral and petroleum commodities experienced strong overseas demand and high prices for the first half of 2008. This helped to counteract the effect of slowing demand and falling commodity prices in the fourth quarter of the year.

Top performers in 2008

The State's mineral and petroleum sectors in order of value for 2008 are:

Iron ore: Iron ore is the largest individual mineral sector by value and accounts for 44 per cent of the value of the overall mineral and petroleum sector's output for 2008. Iron ore reached a record sales value of \$31.3 billion as a result of strong demand from China, continued support

from traditional markets, a 15 per cent increase in output and significant price increases. This represents a massive 93 per cent rise from 2007. The quantity sold in 2008 also broke records, increasing by nearly 15 per cent to reach 303 million tonnes.

Petroleum: Western Australian crude oil output remained almost static rising by one per cent to 83.8 million barrels. However, high oil prices saw the value of sales increase by around 32 per cent to reach \$9.7 billion.

Condensate output decreased by two per cent due to reduced gas production. Output reached 36 million barrels with the sales value increasing by almost nine per cent to reach \$3.5 billion.

Crude oil prices in the short-term are likely to remain sensitive to uncertainty of demand due to global financial instability and unexpected changes in world economic growth.

For the first time since 1983, world oil consumption decreased in 2008 by a total of 0.05 million barrels a day compared to 2007. A drop in US oil consumption is considered the major factor behind the vanishing growth in oil demand in 2008.

LNG: LNG output remained static however the influence of high oil prices saw the sales value increasing by a massive 61 per cent for a record value of \$7.2 billion. This resulted in LNG holding the position of third most valuable individual commodity in the State.

Alumina: The steady performance of alumina continued through 2008 allowing it to claim fourth place. A small output increase of one per cent resulted in a record

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12.2 million tonnes being shipped for the year. The value of alumina sales in 2008 rose four per cent to reach another record of \$4.9 billion.

Gold: Output of gold fell by 14 per cent in 2008 to 4.2 million ounces (131,421 kg) due in part to producers taking advantage of strong gold prices to process lower grade ore. This sector is now placed fifth with a value of \$4.4 billion, an increase of seven per cent from 2007. Whilst gold averaged US\$872 per ounce for 2008, in March 2008 the gold price achieved new highs of US\$1,033 per ounce, averaging US\$925 per ounce for the quarter. The weakening Australian dollar in the third quarter saw gold reach A\$1374 per ounce in October 2008.

Nickel: After achieving record prices in May 2007, Nickel has been on a downward spiral. During 2008 the price of nickel fell 43 per cent in US dollar terms. The value of this industry in Western Australia is now down by 40 per cent to \$4.2 billion, placing it sixth in order of value for 2008. Sales quantities dropped by 16 per cent to 188 thousand tonnes.

Base metals: Base metals were down in terms of overall value by seven per cent to \$1.7 billion in 2008.

Zinc's sales volumes increased by a modest three per cent to reach 186 thousand tonnes however an average 42 per cent fall in the US dollar price of zinc saw sales values drop by 24 per cent to \$522 million.

The value of Copper rose by eight per cent to \$1.1 billion even though the price of copper fell on average by six per cent in Australian dollar terms. Output rose by seven per cent to reach 128 thousand tonnes.

Lead production was down in 2008 to 21 thousand tonnes from the previous year's 42 thousand tonnes. Lead prices fell by 19 per cent in US dollar terms and a similar amount in Australian dollar terms. The value of lead sales for 2008 fell 46 per cent to \$62 million.

Domestic natural gas: Domestic natural gas sales fell by seven per cent to 8.5 billion cubic meters in 2008 due

to the Varanus Island incident. The sales value of this gas rose by almost 19 per cent to \$1.2 billion. LPG butane and propane output fell by 14 per cent, however the strong prices helped to return a sales value of \$731 million which is nearly a seven per cent increase on the previous year.

Mineral sands: The total value of mineral sands sales fell by three per cent to \$755 million. Sales volumes were down for most types of mineral sands with the exception of zircon which rose 13 per cent. However, the fall in the quantities for mineral sands output needs to be interpreted with caution. Many mineral sand products are not reported to the Department because they are sourced from private land.

Cobalt: Cobalt sales volumes were almost static, up by just under two per cent. On average cobalt prices increased 26 per cent in US dollar terms to return an overall increase in sales value of 16 per cent or \$397 million.

Diamond: Diamond sales volumes decreased by ten per cent from 23.5 to 21.2 million carats.

Coal: Coal output was up by 16 per cent to 6.7 million tonnes and included several export shipments. Sales revenue was up by a similar amount (15 per cent) to \$306 million.

Salt: The volume of salt sales increased by five per cent in 2008 to 10.9 million tonnes and the value of these salt sales rose by 12 per cent in 2008 to \$257 million.

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Did you know?

In 2008, Western Australia accounted for:

- approximately 71 per cent of Australia's Natural Gas Production (including LNG feedstock);
- an impressive 66 per cent of Australia's crude oil and condensate production;
- approximately 51 per cent of Australia's mineral and energy exports; and
- 41 per cent of Australia's total commodity exports.