



Wesfarmers Energy Limited

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WESFARMERS ENERGY ACQUIRES CONTROL OF STATEWEST POWER

Wesfarmers' Energy Division has secured a 65% shareholding in StateWest Power Pty Ltd, marking the division's entry into the electricity supply industry.

StateWest Power is an independent power producer specialising in electricity supply to mining operations and regional towns. StateWest also constructs, operates and maintains power supply infrastructure on behalf of third party owners.

"We are pleased to have secured a controlling interest in StateWest Power and to have retained its existing senior management," the Managing Director of Wesfarmers Energy, David Robb, said today.

"The company operates in a niche market for small, remote power stations and we believe its expertise offers strong potential for growth throughout Australia. StateWest's activities are also a logical fit with the rural gas supply focus of our Kleenheat Gas business".

StateWest Power has constructed over 20 power stations in Australia and internationally since its inception in 1979 and currently operates 8 power stations in Western Australia, representing 77 megawatts of generation capacity.

Wesfarmers Energy acquired a 50% shareholding in StateWest from Port of Portland Holdings Pty Ltd, formerly IAPL Pty Ltd, and immediately moved to increase its holding to 65% through the issue of new shares.

Wesfarmers' capital investment is expected to be around \$30 million during the early years of its involvement, rising as new projects are undertaken. The investment will have a negligible earnings effect in the first year but, indicatively, the earnings before interest and tax contribution could reach \$10 million within three to four years.

StateWest Power has recently executed new Power Purchase Agreements with Western Power and Gwalia Tantalum Pty Ltd, a subsidiary of Sons of Gwalia Limited. The Agreement with Western Power involves StateWest Power building new power stations at the Mid West towns of Meekatharra, Mt Magnet, Cue, Yalgoo, Sandstone and Wiluna and the supply of electricity to Western Power over a ten-year period.

The Agreement with Gwalia Tantalum involves StateWest Power expanding its current power station facilities at Gwalia Tantalum's Wodgina mine in the Pilbara by the installation of nine gas-fired generators.

Under a new Shareholders Agreement, executed between Wesfarmers Energy and founding shareholders Stewart Walker Holdings Pty Ltd, Wesfarmers Energy will increase its shareholding in StateWest Power over time by providing capital to fund construction of new power station facilities in return for the issue of new shares.

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