

**HD** Aurizon joins with **Chinese** steelmaker in \$1.4b bid for Aquila Resources

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QUEENSLAND-based rail operator Aurizon has made an ambitious play to boost its footprint in **iron-ore** rich Western Australia.

The former State Government-owned freight **company** has joined forces with **Chinese** steelmaker Baosteel in a \$1.42 **billion** bid for Aquila Resources.

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If successful, Aurizon will end up with 15 per cent of Aquila, which owns 50 per cent of the West Pilbara **Iron Ore** Project.

Aurizon CEO Lance Hockridge said the plan was to split the \$10 **billion** project's **operations** into a **mining company** and an infrastructure **company** to be operated by Aurizon.

"If successful I believe that this bid would represent a major Australian-**Chinese** nation-building project, one that would deliver infrastructure of national significance with significant job creation and significant royalty flows," he said.

The proposal fits Aurizon's plan to diversify away from just hauling **coal** in Queensland.

"This is a continuation of Aurizon's strategy but it is very different in the sense that it is a bid and ultimately a project uniquely underpinned by the involvement of the end user (Baosteel)," Mr Hockridge said.

Aquila has several **coal** projects on the go in Queensland, including the \$1.4 **billion** Eagle Downs development, a joint venture with Brazilian resources giant Vale.

However, greater access to the WPIOP is the main thrust behind the joint bid.

Baosteel already has a 19.8 per cent **stake** in Aquila. The WPIOP project partners (which include AMCI International and POSCO) will need to build a 432km rail line and huge port infrastructure to exploit the 2.2 **billion** tonne **iron ore** resource.

The initial export capacity is estimated at 40 **million** tonnes of **iron ore** a year.

Aurizon already employs 1000 people in WA and will haul an estimated 30 **million** tonnes of **iron ore** this year.

Aquila shares surged 89 to \$3.34 on Monday, 6 short of the \$3.40 bid price.

Aurizon shares slipped 25 to \$4.92. Evan Lucas at IG Markets said the deal was "expensive".

Aquila said it would consider the proposal and update shareholders in due course.

**CO** aqres : Aquila Resources Ltd. | dorval : Aurizon Mines Ltd | hclamn : Hecla Mining Co

**IN** i221 : Iron/Steel/Ferroalloys | i22 : Primary Metals | ibasicm : Basic Materials/Resources | i211 : Metal Ore Mining | i2112 : Gold Ore/Silver Ore Mining | imet : Mining/Quarrying

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