

FINANCIAL REVIEW

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HD **Aurizon pushes ahead with Galilee project**
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Aurizon has rejected claims that its Galilee Basin rail and port project is in danger of not proceeding, claiming there is "no change" to its plans to develop infrastructure to support **coal** mines in Queensland.

Environmental groups on Monday questioned the viability of Aurizon's plans to expand existing rail networks in the Galilee Basin after a deadline to submit an environmental impact statement (EIS) for one of its rail expansion proposals to the Queensland government expired.

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But Aurizon said it no longer needed to submit an EIS because the Galilee Basin had been declared a "state development area" by the Queensland Government in June, and an earlier proposal to expand its existing Newlands rail network no longer required separate environmental approvals.

The Newman government's decision to declare the Galilee Basin a state development area means the government will only approve two 500 metre-wide rail corridors from the Galilee Basin to Abbot Point, rather than several different rail corridors that had previously been proposed. Aurizon hopes to build a new rail network to expand to existing networks in partnership with **coal** miner GVK Hancock.

"There is no change to Aurizon's plans to develop rail and port infrastructure to support future mines in the Galilee Basin," Aurizon said.

"Aurizon is also continuing positively in discussions with GVK Hancock towards a transaction to secure majority ownership (51 per cent) of GVK's rail and port project including the current approvals by early 2015."

However, the signing of a final agreement between the two companies has been delayed as GVK Hancock tries to secure funding for the \$10 **billion** mine, port and rail project.

GVK Hancock has been working with Aurizon to get approvals for the first stage of the proposed rail corridor, a 310-kilometre rail line.

The corridor will connect with Aurizon's rail network, enabling **coal** to be hauled to Abbot Point. The coalminer has started consulting landholders along the proposed rail route. It needs their consent before proceeding with the rail line.

GVK said last week it had negotiated "term sheets" (non-binding agreements) with landholders on compensation for acquiring land for around 75 per cent of the rail corridor but has not specified when it hopes to complete the negotiation process.

It also needs to secure approvals for the expansion of port facilities at Abbot Point, which have been delayed by controversy over where sand dredged from the sea should be dumped.

GVK Hancock and coalminer Adani Group, which is also trying to develop rail and port networks, earlier this month agreed to dump dredge spoil on land rather than in the sea to avoid any impact on the Great Barrier Reef.

Aurizon chief executive Lance Hockridge has been cautious on the outlook for the Galilee project, indicating at the **company**'s annual results in August that its Pilbara expansion plans could proceed faster than its Galilee plans.

Aurizon plans to develop a new 430 kilometre rail line to Anketell Point in the Pilbara to export **iron ore** after teaming up with **China**'s Baosteel to buy Aquila Resources' 50 per cent **stake** in the West Pilbara **Iron Ore** Project.

Key points Aurizon says Galilee Basin is a state development area so no EIS is needed for rail. But environmentalists query viability of the coalminer's rail plans.

CO dorval : Aurizon Mines Ltd | qrntnl : Aurizon Holdings Limited | hclamn : Hecla Mining Co

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