

**SE** News Stories; Other News  
**HD** **Padbury Mining terminates Oakajee port funding deal**

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**Mining** minnow Padbury **Mining** said Wednesday it had scrapped an agreement to develop the large Oakajee port and rail project in Western Australia.

The **company** — which had a market capitalization of around \$68 **million** when its shares were still trading — shocked the **iron ore** sector April 11 when it said it had raised the \$6 **billion** necessary to fund the project from a group of private **equity** investors. That announcement sent its share price soaring, and ASX ordered a trading halt.

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The financing was to be provided by Alliance Super Holdings Pty Ltd and Superkite Pty Ltd in three tranches. However, Padbury said in a regulatory filing Wednesday the agreement with the parties had been terminated.

"Padbury will continue to actively explore all available opportunities to exploit its existing intellectual property with respect to the Oakajee project," it added, without elaborating.

Oakajee would have a capacity of 35 **million**-45 **million** of **iron ore** if it were successfully developed, unlocking reserves in Australia's Mid West.

However, all attempts to develop the infrastructure have so far been unsuccessful. Murchison Metals and Japan's Mitsubishi Development were awarded the right to build and operate the new port and rail infrastructure in July 2008, after beating the **China**-backed Yilgarn consortium in a two-way tender.

But Perth-based Murchison proved unable to fund its half of the \$6 **billion** project, forcing it to sell out to its Japanese partner. Mitsubishi and the West Australian government then tried to lure **Chinese** investment but failed, despite Sinosteel owning an asset in the region.

Padbury is developing the Peak Hill magnetite project in the Mid West region, which could potentially produce as much as 10 **million** mt/year of **iron ore**, but requires the Oakajee port and rail project to be built to be viable.

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**CO** rivgol : Padbury Mining Limited

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