## THE AUSTRALIAN \*

SE Business

HD Aurizon closer to Pilbara rail dream with Aquila bid

BY Sarah-Jane Tasker, infrastructure

 WC
 474 words

 PD
 6 May 2014

 SN
 The Australian

SC AUSTLN
ED Australian

**PG** 22

LA English

CY © 2014 News Limited. All rights reserved.

LP

The freight **company** will emerge with 15pc of the junior miner

AUSTRALIA'S largest freight rail operator, Aurizon, could finally get the foothold in Western Australia's rich iron ore region it has been chasing if the bid for Aquila Resources succeeds.

TD

Aurizon is set to emerge with a 15 per cent stake in the target and spearhead the infrastructure arm to be spun out of the company if the \$1.4 billion bid takes off.

Aurizon has made no secret of its desire to break into the lucrative **iron ore** space in Western Australia's **iron ore** region that is dominated by the majors, BHP Billiton and Rio Tinto, and fears of future demand cooling has not altered its strategy.

Aurizon chief executive Lance Hockridge said while it was now a different world it was not "zero growth" in terms of demand.

"Partnering with Baosteel we have observed a customer and partner who has their own demand," he said.

"Baosteel is developing a new steel works in the south of China, the first stage will be the production of around 10 million tonnes of additional steel. We are confident on the back of that — the engagement of the end customer — this is a long-term and stable prospect for us." He said the bid did not mean the company was not still focused on opportunities in the Mid-West region or the east Pilbara.

Aurizon, in conjunction with Brockman Mining and Atlas Iron, completed a study in 2012-13 for a new independent iron ore railway in the Pilbara. But it has become increasingly likely that the miners are focused on dealing with an existing infrastructure provider.

Mr Hockridge said infrastructure developed for the West Pilbara **iron ore** project — Aquila's \$7.4bn development project — could support other deposits in the region. The proposed infrastructure development includes a 432km heavy-haul rail line from the West Pilbara **iron ore** project to the Anketell port.

The port could be developed to handle as much as 300 million tonnes — which would be close to Rio's planned future iron ore exports, or twice as much Fortescue Metals Group target.

"Baosteel is partnering with Aurizon for Aurizon's expertise in Australian bulk haulage solutions to deliver the rail and port component of the overall project." Aurizon said.

If the bid does succeed, Aurizon will be given a 12-month exclusivity period to work with Baosteel on the infrastructure for that project. "The parties contemplate that they will work towards an infrastructure transaction that could see the restructure of the assets of the (joint venture) into an infrastructure vehicle holding rail and port assets, to be majority owned by Aurizon, and a separate **mining** vehicle holding mine assets and associated reserves," Aurizon said.

aqures : Aquila Resources Ltd. | dorval : Aurizon Mines Ltd | hclamn : Hecla Mining Co

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

NS ccat : Corporate/Industrial News

RE austr : Australia | waustr : Western Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB News Ltd.

AN Document AUSTLN0020140505ea560005i