



**HD Padbury had not locked in Oakajee port and rail project funding, despite telling ASX it had**

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Padbury has told the Australian Securities Exchange it had not locked in \$6.5 **billion** in funding for Oakajee despite telling the market it had.

The **company** told the ASX on April 11 it had "100 per cent **equity** funding secured" for the Oakajee port and rail project.

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Padbury resumed share trading today after being in a trading suspension for three weeks as the ASX sought answers over questions about its construction plans.

The corporate regulator ASIC is also investigating Padbury's disclosure and share trading.

WA explorer Padbury **Mining** has revealed it had not locked in the finance when it told the market it had secured \$6.5 **billion** to build an **iron ore** export hub in the state's Mid West.

The **company** told the Australian Securities Exchange (ASX) on April 11 it had "100 per cent **equity** funding secured" for the Oakajee port and rail project.

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Earlier this week, Padbury said it had abandoned the finance deal and that it had been terminated by agreement with the financiers, Superkate and Alliance Super Holdings.

But today Padbury told the ASX the finance was not in place when it made the announcement last month.

It also said a shareholders agreement between it, Superkate and Alliance Super Holdings required it to pay hundreds of **millions** of dollars in fees to obtain the money to build Oakajee.

The companies are controlled by Sydney entrepreneur, Roland Bleyer, who used to run the Bleyer Hair Clinics in Australia.

Mr Bleyer told the ABC that the finance deal had been ended by "mutual agreement" and blamed the media for the plan falling apart.

The **company** said it was required to give a demand guarantee issued by a bank for \$94 **million** to the financiers by early June as part of the conditions for securing the money.

Padbury was required to get the necessary approvals for building the project from the WA Government and shareholders.

The \$6.5 **billion** was to be paid to Mid West Infrastructure, the vehicle set up by Padbury to build the project, in three tranches and Padbury was required to pay the financiers 20 per cent of each funding tranche.

ASX questions level of disclosure

The ASX has asked why Padbury did not disclose the conditions to the shareholder agreement in the April 11 market announcement, which said that \$6.5 **billion** had been secured to build Oakajee port and rail.

Padbury said at the time it was confident it could satisfy the finance conditions but has admitted that initial announcement was not reviewed by external lawyers.

It also said it was in confidential and incomplete talks with other parties to try and satisfy the requirement for the first bank guarantee.

Padbury's latest quarterly accounts showed it had just \$1.5 **million** cash-in-hand at the end of the March quarter.

The **company** would have had to launch a capital raising to pay the fees or obtain the money via a loan or by issuing corporate **bonds**.

Padbury said it had been negotiating with Superkate and Alliance Super Holdings for 18 months.

The ABC understands that Superkate and Alliance Super Holdings have approached other companies offering to raise finance.

In March, the New South Wales Supreme Court ordered Superkate to return a fund raising fee to aged care **firm**, Craigcare.

And a plan by Alliance Super Holdings to raise finance for WA **iron ore** explorer, FairStar Resources, to develop its major **iron ore** project fell through after FairStar found a **Chinese** state-owned **firm** to invest.

Padbury **Mining** has also made concessions to the Australian Securities Exchange in relation to its disclosure of market information practices.

The **company** says it will get an external law **firm** to review its corporate governance policies, ASX disclosure and listing rule compliance processes, and put in place a training and assessment program for Padbury's officers and staff.

Padbury **Mining** is run by former WA public servant, Gary Stokes who was fined \$1,500 in 2012 for leaking confidential information to former premier, Brian Burke.

#### **Equity** levels and negotiations scrutinised

The April 11 market announcement said the Oakajee project would have 100 per cent **equity** but it is rare for a project to have that.

Gina Rinehart's Roy Hill **iron ore** project in the Pilbara had 30 per cent **equity** and \$7 **billion** in funding from a consortium of lenders.

It took Roy Hill more than two years to secure the funding from 19 commercial lenders and five export credit agencies, and extensive due diligence was conducted.

The ASX has also asked questions about the nature of Padbury's negotiations with the WA Government.

In the April 11 market announcement, Padbury said negotiations were underway with the WA Government to build the project.

However, the WA Government told the ABC last month that there had been no detailed negotiations with any new proponent to build Oakajee.

Padbury has told the ASX that it has corresponded on numerous occasions with the WA Government and had meetings with staff of the WA Premier.

WA Premier Colin Barnett said the Department of State Development met with Padbury but he did not.

He told 720 ABC Perth this week that the Padbury proposal was "opportunistic" and he had dismissed it within "about 30 seconds".

"The ASX I think will look at it pretty carefully", he said.

Many a WA premier has sought to get a deepwater port and railway line built at Oakajee near Geraldton to transport stranded **iron ore** deposits in the state's Mid West.

Last year Japan's Mitsubishi abandoned its plans to build Oakajee because it could not find an **equity** partner.

Mr Barnett said **Chinese** state-backed CITIC Group has had talks with Mitsubishi about restarting Oakajee and he believes that CITIC will **lead** the development.

Padbury **Mining** closed down 85 per cent today to half a cent.

**CO** rivgol : Padbury Mining Limited | ausste : ASX Ltd

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