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HD Aquila closer to mining lease for W Pilbara project

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LP Aquila Resources has moved closer to securing a mining lease for its West Pilbara iron ore project in Western Australia, after signing native title agreements with one of the three Aboriginal groups, the company said Wednesday.

"The Native Title agreements will allow for the development of mine and rail infrastructure on native title claim areas," Aquila said in a statement. The company said it remains in negotiations with the other two groups and these talks are expected to be finalized in the September quarter.

TD Native Title agreements comprise of milestone and production payments to provide for ongoing and education support for the native title claim groups, Aquila said.

The miner is developing the 30 million mt/year West Pilbara iron ore project as a 50:50 joint venture with American Metals & Coal International. It will also require a 282 km railway and port capacity at the undeveloped Anketell Point, located west of Port Hedland.

Both partners have, however, been in dispute over the past year about the budget for the estimated A\$7.4 billion (\$6.9 billion) project.

Aquila recently received an unsolicited A\$1.4 billion takeover offer from China's Baosteel and Australian freight company Aurizon. Both companies made a play for Aquila in early May and Aurizon said at the time its involvement is to facilitate independent rail and port infrastructure for the West Pilbara iron ore project and other projects in the region.

Company takes 12% stake in Aquila

On Wednesday Aquila also said an unidentified buyer bought around 50 million of its shares, representing about a 12% stake, at A\$3.75/share (\$3.52/share), beating the recent takeover bid of A\$3.40/mt.

"Aquila welcomes this recognition that the value of the company's shares is well in excess of the current A\$3.40/share conditional off-market takeover offer by Baosteel Resources and Aurizon," Aquila said in a statement. While the identity of the buyer is unknown, Aquila acknowledged press reports suggesting it was Mineral Resources Ltd.

Mineral Resources released a statement Wednesday requesting a halt in the trading of its shares until Friday, pending a further announcement to the market "regarding speculation in this morning's press regarding Mineral Resources purchasing shares in Aquila Resources."

Mineral Resources is an Australia-based mining service, contracting, processing and commodities production company. It produces iron ore and manganese and exports polyethylene pipeline fabrication and pipe lining, according to its website.

Aquila expects to know the identity of the buyer by Thursday morning, as it will be required to file a substantial shareholder notice by 9:30 am Sydney time (23:30 GMT Wednesday).

Marnie Hobson

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

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