

SE Business  
HD **Barnett dismisses Padbury's port plan**  
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WEST Australian Premier Colin Barnett has dismissed Padbury Mining's ambitious \$6.5 billion plan to revive the Oakajee port and rail network as lacking "substance", revealing that Chinese conglomerate Citic Group could instead spearhead the long-stalled project.

Mr Barnett said yesterday he had met Citic Group chairman Chang Zhenming in Beijing last weekend and was told the state-owned giant had been endorsed by the Chinese government to drive China's involvement in the Oakajee project.

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The Premier, who has championed the project in the state's Mid West region since the 1990s, said he was confident Citic Group would lead Oakajee on behalf of the Chinese companies with mines in the region, which include Sinosteel and Ansteel.

But the involvement of Citic Group in such a large-scale project would be a surprise given its disastrous involvement in the \$10bn Sino Iron magnetite mine in the Pilbara, which has involved huge cost blowouts and an ongoing legal brawl with federal MP Clive Palmer.

Citic Group is the parent company of Citic Pacific, the Hong Kong-listed company that owns Sino Iron. The two companies signed an agreement last month under which Citic Pacific will buy most of its parent company's assets for about 225 billion yuan (\$38bn).

Mr Chang is the chairman of Citic Group and Citic Pacific.

Continued on Page 27 Continued from Page 19 Citic Pacific declined to comment yesterday and referred inquiries to Citic Group in Beijing. But the company did not respond to requests for comment about its potential interest in Oakajee.

The Oakajee port and rail infrastructure is aimed at servicing the emerging magnetite mines of the Mid West and opening up a new export province.

Japanese company Mitsubishi last year abandoned plans to build Oakajee, citing weaker iron ore prices and an inability to entice Chinese state-owned entities to commit the billions of dollars need for the infrastructure.

Mr Barnett's comments yesterday come as a major blow to Padbury Mining, which last week told the ASX it had signed a deal with an unnamed Australian investor to stump up \$6.5bn in equity to build the deepwater port near Geraldton and a rail network through the region.

But Padbury was forced into a trading halt on Friday after the ASIC and the ASX demanded the company reveal who is backing the ambitious plan. Padbury is due to reveal its backer before the market opens tomorrow.

Padbury chief executive Gary Stokes told

The Australian last week the announcement was genuine. But sources in the **iron ore** industry are highly sceptical.

Asked about the Padbury plan yesterday, Mr Barnett said: "I don't see that it has a great deal of substance, but I've had no discussions with Padbury." However, it is known that Padbury has held talks with Mr Barnett's Department of State Development.

Mr Barnett said he also believed that **Chinese** steelmaker Baosteel had received a mandate to **lead China's** involvement in the planned Anketell port project in the Pilbara.

"I was pleasantly surprised by their desire to get on with both the Anketell project in the Pilbara and also to reinvigorate Oakajee," he said. "So there's still a way to go, but I am confident that Citic will **lead** the **Chinese** interests in the Mid-West and Baosteel will **lead Chinese** interests in the Pilbara through Anketell."

**CO** citic : CITIC Group | rivgol : Padbury Mining Limited

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