

SE Business
 HD **Baosteel closer to new deal**
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Premier Colin Barnett has sparked renewed speculation that Aquila Resources' major shareholder is edging closer to a deal to restructure ownership of the **company's** \$7.4 **billion** West Pilbara **iron ore** project.

Sources suggest **Chinese** steelmaker Baosteel is closing on a deal to buy a direct **stake** in the project from American Metal & **Coal** International and Korea's POSCO. Baosteel also spent more than \$40 **million** buying up Aquila shares late last year, lifting its holding to 19.8 per cent.

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Mr Barnett will meet this afternoon in Shanghai with senior executives from Baosteel — including chairman He Wenbo, president Dai Zhihao and Ji Chao, general manager of Baosteel Australia **Mining** Co — with development of the Aquila-led project at the top of the agenda.

On the eve of his departure, Mr Barnett expressed hope that a deepwater port at Anketell Point was further advanced than previously believed, saying Baosteel was keen to secure new sources of feed for its giant Zhanjiang steel plant, scheduled to start production by 2016.

But any move on Anketell would depend on restructuring the ownership of project owner Australian Premium **Iron**, half owned by Aquila, along with AMCI and POSCO (24.5 per cent).

AMCI is understood to be keen for a Pilbara exit at the right price. Debt-ridden POSCO, which paid nearly \$200 **million** for its API **stake** in 2010, is looking to clear its decks of non-core assets, and industry sources suggest it could be a willing seller of at least a partial **stake** to long-time partner Baosteel.

An Aquila spokesman would not comment on the speculation last night.

CO aqres : Aquila Resources Ltd. | baois : Shanghai Baosteel Group Corp | pohn : Posco Co
 IN i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | ibasicm : Basic Materials/Resources | i211 : Metal Ore Mining | i2112 : Gold Ore/Silver Ore Mining | imet : Mining/Quarrying | isteel : Steel Production
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