

SE Business
HD **Indian giant overhauls local empire**
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WC 622 words
PD 23 July 2014
SN The Australian
SC AUSTLN
ED Australian
PG 17
LA English
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INDIAN **mining** giant Adani Group is embarking on a sweeping overhaul of its Australian resources empire as it drafts in investment banks for a potential sell-down of its \$2 **billion** Abbot Point **coal** port in Queensland.

Fresh from striking a \$2.2bn rail joint venture with Posco of Korea last week, the **company**, founded and chaired by one of India's richest men, **billionaire** Gautam Adani, has requested proposals from banks to look at a range of options for Abbot Point that could ultimately result in a **sale** worth about \$2bn.

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Abbot Point is one the nation's most significant emerging **coal** ports, 25km northwest of Bowen on Queensland's north coast, and options such as **sale**, partial **sale** or refinancing are on the table as an increasing global **coal** supply causes export demand for the commodity to plummet.

Pricing for thermal **coal** has crashed to below \$US70 a tonne, from almost \$US120 three years ago, when Adani purchased the 99-year lease on the asset for \$1.8bn amid the nation's **mining** boom.

At the time Adani purchased the lease from the North Queensland Bulk Ports Corporation, it was part of a \$10bn-plus expansion project across its rail, port and mine assets in Queensland's Galilee Basin, as it looked to capitalise on surging **coal** exports.

However, questions have since emerged as to whether the expansion plans would proceed, on the back of lower **coal** prices and after concerns its financiers could withdraw support due to environmental fears.

Built in 1984, the most northerly deepwater **coal** port in Australia consists of rail in-loading facilities, **coal**-handling and stockpiling areas, and a single trestle jetty and conveyor connecting to two offshore berths and two ship loaders, all 2.8km offshore.

Mining giants BHP Billiton, Rio Tinto and Glencore Xstrata are its three main customers.

Plans include expansion from two terminals, with annual **coal** export capacity of 50 **million** tonnes, to four terminals with capacity for 70 **million** tonnes. However, the expansion is subject to approval from the Administrative Appeals Tribunal for dredging.

This has been controversial due to suggestions that dredging for the expansion would have a negative impact on the Great Barrier Reef.

Adani has \$US17bn (\$18.1bn) of resources, logistics and **energy** assets globally, and also owns the Carmichael coalmine in Queensland's Galilee Basin, as well as the railway to transport **coal** to port, bound for India and **China**.

Last week's announced railway deal with Posco was understood to involve the construction of a 388km railway line due east from the northern part of the Galilee Basin to the established **coal** area of the Bowen Basin, where the line would connect with existing railway infrastructure.

At the time, Mr Adani said the rail project would **lead** to the opening of the Carmichael mine project, with work to start on the railway next year.

Adani did not comment on its plans for the Abbot Point port yesterday. However, a spokesman said it was routine for businesses such as Adani, spanning **mining**, **energy** and a growing infrastructure footprint in Australia, to review financing options on its significant investments in Australia from time to time.

The asset is likely to attract global buyers amid surging demand for infrastructure assets, which have been undeterred by the falling **coal** price. This year, the NSW government sold the Port of Newcastle — one of the world's largest **coal** ports — for a bullish \$1.7bn to Hastings Funds Management and **China** Merchants Group despite the waning demand. Other east coast port sales, such as the Port of Melbourne, in the months ahead are expected to reap **billions** of dollars for the states.

CO adexns : Adani Enterprises Ltd | pohn : Posco Co

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