

Aquila Resources (ASX:AQA)

Tony Poli's Aquila Resources Limited has had a memorable 2009 with the successful tie up with China heavyweight Baosteel, finalized in the final quarter of the year. Despite global economic gyrations throughout the year, the Chinese economy is known by many to have stuttered albeit briefly only to bounce back after rapid engagement by Beijing. Mainland companies have used the year to snap up stockpiles during the recent dip in commodity prices in full expectation that they will soon be rallying to stratospheric levels in the not too distant future.

Baosteel's investment in diversified resource miner, Aquila, is in keeping with China's long term vision of ensuring access to raw materials as it continues to grow and develop. The deal which saw Baosteel take 15% of the miner in exchange for A\$286 million also sees Baosteel's Vice President Dai Zhihao taking a seat on the board of Aquila. The tie up is seen as a win-win for both companies, through an agreed strategic co-operation framework covering project investment, financing and product marketing. This arrangement is expected to result in Baosteel opening doors to key Chinese financial institutions and steel mills, enabling Aquila to pursue many of its strategic aims more rapidly than it would be able to achieve itself. On the flip side, Baosteel has gained a new source of iron-ore, coking coal and manganese.

Split between Australia and South Africa, Aquila's share in a number of projects made it a significant potential partner that is material in anybody's eyes. On an annualized basis Aquila's share of projects currently in production or close to is estimated to producing just shy of 19 million tons of iron ore, 5 million tons of coal and 750,000 tons of manganese.