

Aquila says West Pilbara iron-ore mine could cost A\$5,8bn

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Published: 5th July 2010



PERTH (miningweekly.com) – Diversified junior Aquila Resources would need to spend A\$5.77-billion to develop a 30-million ton a year iron-ore project in the Pilbara region, a definitive feasibility study (DFS) has shown.

The DFS recommended the stage-one construction of a 30-million ton a year mine, 282 km of new rail and a new deep-water port facility at Anketell Point port.

While there were significant opportunities for the port development to be expanded to cater for third parties, such as Fortescue Metals and China Metallurgical Corporation, the current DFS was based and costed on a dedicated port facility for the West Pilbara project.

Should additional parties join in the development of Anketell Point port, Aquila would be able to reduce its capital expenditure on the port facilities.

Similarly, should other third parties choose to use the proposed railway connecting to the port facilities at Anketell Point, further revenues would be available to the West Pilbara project.

Aquila said in a statement on Monday that a development decision on the project would be taken during the September quarter.

Meanwhile a A\$400-million work programme has been prepared for approval for the 2010/11 period. Subject to statutory and participant approvals, the construction of stage one of the project could start in the March quarter of 2012, with first shipment expected two years later.

Overall, the project is estimated to contain a Joint Ore Reserve Committee-compliant resource of 742-million tons, broken down into channel iron and bedded deposits.

The mine plan developed in the DFS has identified a mineable resource of 352-million tons, from the 501-million tons of channel iron resource within the stage-one development area, with an estimated 12-years production from this mineable resource.

A prefeasibility study for a ten-million ton a year operation at the Hardey bedded deposit would be completed in the December quarter, while channel iron deposits on other tenements would be the subject of separate future studies.

The Hardey iron-ore project would also make use of the stage-one infrastructure of the West Pilbara project, and could increase the volume of ore to be railed to, and shipped from Anketell Point port by ten-million tons a year.

Aquila note that the recent ruling by the Australian Competition Tribunal, regarding the declaration of diversified giant Rio Tinto's Robe River Railway line, would be evaluated for the use of this line for the initial project development.

Subject to the appeal of the ruling and the negotiations of suitable terms of access, the use of the Rove River rail could result in a deferral of capital expenditure on the project's railway.

Meanwhile, Aquila noted that the impact of the recently agreed upon mineral resources rent tax, which replaced the super profits tax, has not been evaluated as yet.

However, it will be considered once the details of the tax are better understood.