

Pilbara iron ore vision a step closer for Aquila

Monday, 5 December 2011

MINISTERIAL approvals, a report by the Environmental Protection Authority, a final decision by Fortescue Metals Group on the proposed Anketell Point port development and debt funding are the only items standing in the way of Aquila Resources and its West Pilbara mine and rail project.

It follows conditional state environmental approval for the development, which is owned under an equal joint venture between Aquila and AMCI, less than a week after receiving federal clearance.

Both federal and state environmental departments are considering the Anketell port development, while a report from the EPA is due to be handed down by March next year and ministerial approvals by June.

The initial port development will have a capacity for up to 100 million tonnes per annum, of which Aquila would have half and FMG the balance, before eventually growing as part of stage 2 into a 350-400Mtpa proposition.

First production as part of stage 1 is planned for late 2014, with stage 2 to come online in 2016-17.

Updated capital numbers on West Pilbara and the 282km rail and Anketell port development are also due shortly as part of feasibility study calculations but Aquila has previously advised the cost of \$A5.8 billion, determined in June last year, will be revised upwards.

Meanwhile, talks are continuing with the China Development Bank on debt funding but Aquila executive chairman Tony Poli is confident it will come to the party.

"Clearly, the need to know from the government a determination on who will build the port ... I think it is unlikely that FMG alone will build it as our JV is the only party that has completed all the necessary environmental works," Poli said at the company's annual general meeting in Perth last week.

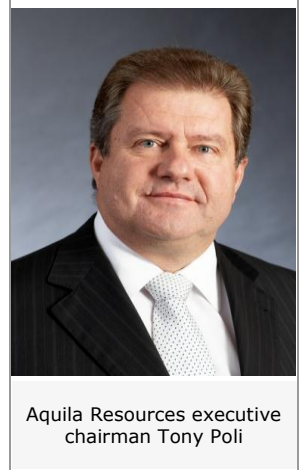
With final environmental approvals due by the end of March and construction tipped to start shortly thereafter, he was confident CDB would have finalised a debt package by then but with some conditions precedent before drawdown, especially if a state agreement had not been concluded by then.

Poli said it was due to be handed down by March next year.

"Clearly, they are going to want to know that we are developing the port, either in our own right, or together with FMG," he said.

The proposed development at Anketell Point, which lies around 30km north of Karratha and 12km west of Rio Tinto's Cape Lambert port, will include four berths, two ship loaders, onshore stockpiles, a desalination plant and a power station.

Shares in Aquila were down 4.71% or 33c in morning trade to \$6.67.



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