

Aquila signs 31 steel mills for its Pilbara iron ore

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Aquila Resources says it has signed memoranda of understandings with 31 Chinese, Japanese and Korean steel mills over its West Pilbara iron ore project, weeks out from the release of its bankable feasibility study (BFS).

The coal miner and iron ore hopeful, which counts China's Baosteel as a cornerstone investor, revealed it had signed the MoUs in a presentation to shareholders, but did not name any of the companies.

Aquila is on track to release its West Pilbara BFS next month, which

will include updated project costs.

Initial estimates suggested a price tag of up to \$4.1 billion for the 30 million-tonne-a-year, stage-one operation.

However, the project parameters have since changed somewhat, with Aquila now likely to emerge as a foundation member in a proposed new port at Anketell Point. Aquila had previously been considering a range of development options, including building its own port.

The release of the feasibility study should also help flush out the intentions of Aquila's 50:50 joint venture

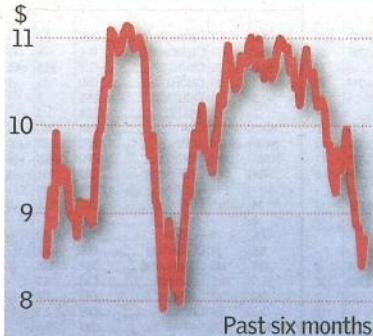
partner, AMCI, which last year asked UBS to shop around its share of the project around.

Public Environmental Review documents for the mine, rail and port are before the Environmental Protection Authority.

Aquila shares rose 33¢ to \$8.70 yesterday in a widespread market rally.

Aquila should find out next week if Vale has decided to exercise an option to buy out Aquila's stake in the Queensland Belvedere coal project. If Vale does not buy Aquila out, Aquila is considered likely to put its stake up for sale.

AQUILA RESOURCES



SOURCE: BLOOMBERG