

Unhappy ending for Aquila joint venture

IT looked to **Aquila Resources** like a union made in heaven.

In the dark days before China reignited global demand for resources, Aquila had put its foot on iron ore prospects in Western Australia and a number of coal prospects in Queensland.

And as the China boom came along, who should be looking to diversify into coal but Brazilian group Vale, the

world's biggest iron ore producer.

It hasn't all been plain sailing, however, since Vale joined Aquila as its joint venture partner in the \$1 billion Eagle Downs coking coal project in Queensland's Bowen Basin.

And yesterday Aquila, which a week ago accused Vale of breaching the joint venture agreement, launched

legal proceedings seeking damages from Vale.

Aquila and Vale initially indicated they would become customers of the proposed rail line designed to link the basin to an expanded coal port at Abbot Point.

But while Aquila was ready to sign up, Vale said no.

A settlement may well be found, or it's off to court.

Tony Grant-Taylor