

DJ Aquila Resources, Vale In Dispute Over Eagle Downs Coal Project

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MELBOURNE, Jun 14, 2010 (Dow Jones Commodities News via Comtex) -- Aquila Resources Ltd. (AQA AU) said Tuesday it is engaged in a dispute with its joint venture partner Vale SA (VALE) over the proposed budget for the pair's Eagle Downs hard coking coal project.

The disagreement heightens tensions between the two companies, which are already squaring off over the price Vale should pay as it exercises its option to acquire Aquila's 24.5% stake in the Belvedere coal project.

Aquila said Vale has proposed that the initial capital works program for Eagle Downs be conditional on a feasibility study being delivered and the partners making a decision to undertake mining.

Aquila said it wants a clarification that the feasibility study should detail port and rail logistics for the project which are acceptable to financiers but said Vale disputes the need for this.

"Although Aquila does not consider it is a prerequisite that binding commitments for port and rail logistics be entered into in order for the feasibility study to be delivered, Aquila is of the strong view that port and rail logistics which are sufficiently certain to be acceptable to relevant financial institutions are a necessary component for a feasibility study," the company said in a statement.

- By Alex Wilson, Dow Jones Newswires: 613-9292-2094; alex.wilson@dowjones.com

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