

Aquila: Washpool Coal To Produce For 25 Years At A\$106/Ton

SYDNEY (Dow Jones)--Diversified junior miner Aquila Resources Ltd. (AQA.AU) hopes to produce hard coking coal from its Washpool project for A\$106 a metric ton from 2013, the company said Monday.

Announcing a completed feasibility study of the project in the Bowen Basin of Australia's Queensland state, Aquila said it would require A\$320 million of capital investment, with construction starting in 2012.

The mine would be able to produce 1.6 million tons of high quality hard coking coal a year for 25 years at the A\$106/ton quoted price, which was quoted at the Australian port price before royalty payments.

The company estimated that, based on a likely market price of US\$144/ton, the current value of the project's expected future cash flows, or net present value, would be A\$364 million.

Its internal rate of return would be 30%, the company said.

The project will depend on the development of the proposed Wiggins Island coal terminal in the port of Gladstone, the company said.

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