

# Aquila, Vale lock horns yet again

**Luke Forrestal**

Aquila Resources is embroiled in a new dispute with Brazilian mining giant Vale over a \$1 billion coal joint venture in Queensland.

Aquila said yesterday it had clashed with Vale over what should be included in a definitive feasibility study on the \$1 billion Eagle Downs project in Queensland's Bowen Basin.

The company wants more information included in the study regarding specific infrastructure solutions to get coal from Eagle Downs to port.

Vale is not sure this is necessary.

"We are struggling to understand how a study could be bankable without having rail and port logistics either entered into or capable of being entered into," said Tony Poli, Aquila's executive chairman and largest shareholder.

"I don't think we're going to get project funding by just saying this is what it's going to cost us and not being able to describe which rail and port."

The companies have disagreed over Eagle Downs in the past and are also arguing over a fair value for Aquila's 24.9 per cent stake in the Belvedere coal project, near Moura in the Bowen Basin, which Vale has agreed to buy.

The latest Eagle Downs dispute should be "straightforward" to resolve, Mr Poli said yesterday. He did not ex-

pect the matter to go to court.

However, if the companies fail to reach an agreement within a certain period of time, the matter will go before an independent arbitrator.

Aquila and Vale had been offered 4 million tonnes capacity at the Abbot Point port and a matching rail allocation for Eagle Downs.

But to Aquila's dismay, Vale decided earlier this year that it would not support those contracts being entered into.

"As we speak today, we do not have any port and rail infrastructure for the project, but we are looking for other opportunities," Mr Poli said.

Despite the apparent bad blood, he said both parties were still keen to see Eagle Downs developed.

The bankable feasibility study is due for completion in April next year, with the mine expected to start production in 2012.

At full capacity, it should produce 4.6 million tonnes of hard coking coal annually — the type that is highly desired by steel makers.

Mr Poli said negotiations on the value of the Belvedere stake were continuing.

A Vale spokesman could not be contacted for comment on either Eagle Downs or Belvedere.

Shares in Aquila slipped 9¢ yesterday to \$8.63.