

Aquila Resources confirms Vale acquisition of its Belvedere stake

Aquila Resources Ltd. issued a statement to the Australian Stock Exchange (ASX) confirming earlier reports that Brazilian mining giant Vale S.A. will acquire Aquila's stake in Belvedere hard coking coal project.

Aquila Resources said it has received a notice of exercise of Vale to acquire all of Aquila's 24.5 per cent interest in the Belvedere project. The price of the Aquila stakes has yet to be determined.

Analysts put the value of Aquila Resources stake in the Belvedere to be as high as \$900 million.

Under the terms of the Belvedere joint venture agreement, the price payable to the Aquila group is the fair market value of that interest. The joint venture agreement states that two valuers are to be appointed to determine the fair market value. If the two valuations are within 10 per cent of each other, then the price payable for the Aquila stake is the average of those valuations. A third valuation will be commissioned if the first two are more than 10 per cent apart.

Aquila said in a statement that it "expects the process to determine the price payable on exercise of the option to take in the order of 3 months."

The acquisition would give Vale a 100 per cent ownership of the coal project. Currently, Vale owns 75.5 per cent of the Belvedere after purchasing an additional 24.5 per cent from AMCI Investments Pty Ltd. for \$110.5 million.

Belvedere is in the southern Bowen Basin, near the town of Moura. Once it is fully developed Belvedere has the potential to produce up to 7.0 million metric tons per year of coking coal.

The Belvedere project is expected to cost \$2 billion to develop.