

## Vale reaffirms Australian commitment

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**VALE has confirmed it is fully committed to its coal operations in Australia, despite recent changes to its business organisation and disagreements with joint venture partner Aquila Resources about infrastructure for the Eagle Downs coal mine.**

The Brazilian miner's global coal managing director Decio Amaral pointed to the company's development of several Queensland coal mines and its \$34.9 million mineral exploration budget in Australia as evidence of its commitment.

"Vale wants a much larger presence here and that is what we are working towards," he said.

"Vale is the world's second-largest diversified mining company based on market capitalisation and aims to be the largest mining company in the world. We understand that this achievement will not be possible without a strong presence in Australia."

Amaral, who was appointed three months ago, acknowledged there had been changes at Vale's coal division that were "necessary but in the short-term destabilising".

Yesterday, Aquila began legal proceedings against Vale's local subsidiary Bowen Central Coal, seeking damages after it claimed BCC was in default of the JV agreement by not agreeing to secure expanded capacity of the Abbot Point Coal Terminal and the Goonyella Abbot Point Expansion rail project for the Eagle Downs hard coking coal project.

BCC does not agree it is in default.

Aquila executive chairman Tony Poli yesterday confirmed that the two companies will continue to work together to find alternative infrastructure arrangements for the mine.

"Whenever there is a new business and new leadership, there will be a period of change while the business is set on a proper course," Amaral said.

"Sometimes, the business priorities change substantially and, as a result, new structures are put in place with new personnel – this is normal – and Vale is new to coal.

"Personally, I am pleased at the structure and integration that has been achieved in such a short time in the life of a new business.

"The structure that has been established for the coal business is evolving. And further changes may be required to allow for a global coal presence as we draw on the international expertise Vale can offer.

"Vale wants to be a major player in the seaborne coal business and sees the coal business as a major contributor to the company's growth."

Vale expects to soon complete commissioning of its \$480 million Carborough Downs coal mine expansion near Moranbah in Queensland.

The project enlarges the mine's production capacity to more than 4 million tonnes annually.

Vale owns 80% of the Carborough Downs Mine, 50% of the nearby Isaac Plains Mine and 61% of the Integra Mines in New South Wales.

"Completing Carborough Mine expansion is a milestone. Carborough started life in 2006 as a trial pit and now Vale has transformed it into a modern, state-of-the-art longwall mine," Amaral said.

Vale was progressing development of its 100%-owned Ellensfield coal project near Moranbah and is progressing studies into the proposed Belvedere underground mine near Moura in Central



Vale global coal MD Decio Amaral and Carborough Downs GM Chris Coombes at the Carborough Downs face.

Queensland.

"We have a budget of \$50 million for project development at Ellensfield, the expansion at Integra and for work on Eagle Downs and the second phase study of Belvedere pending approval of stage 1 studies," Amaral said.

"Early indications from exploration in the Galilee Basin are also encouraging."

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