

Vale seeks larger slice of Belvedere

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VALE is seeking Foreign Investment Review Board and other approvals to scoop up private resources company AMCI's 24.5% stake in the \$A2.81 billion Belvedere hard coking coal project in Queensland's Bowen Basin.

Details about the deal were announced by 24.5% stakeholder Aquila Resources this morning.

If the transaction goes ahead, Vale will lift its stake of the future longwall mine to 75.5%.

Under the joint venture arrangements, Vale has option rights to gain full ownership in the Belvedere project from its JV partners.

Vale's first option period expires on June 3 and the second runs from June 4 until December 3, 2012.

All three JV partners will appoint a valuer to determine the fair market value of the stake on offer under these arrangements.

"In the event the two valuations are within 10 per cent of each other, then the price payable for the interest is the average of those valuations," Aquila said.

"If the valuations are not within 10 per cent of each other, a third determining valuer is appointed to determine the fair market value (which must not be less than the lower of the two valuations already obtained), which third valuation will then be the price payable for the interest."

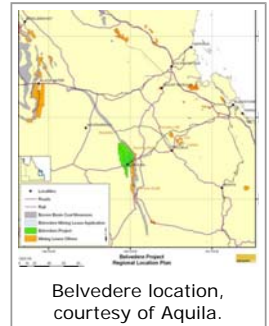
Belvedere is immediately downdip of Anglo's surface coal Dawson mine. The project's prefeasibility study in March confirmed the viability of a 3.5 million tonne per annum coking coal operation, which will increase to 7Mtpa with a second longwall in 2020.

First coal is expected in 2016 and installation of the first longwall is slated for 2017.

Mine construction is slated to start in 2014, while the coal is destined for export through the upcoming Wiggins Island Coal Terminal.

The mine life would exceed 30 years just on the basis of the domains considered in the study, but other resources could further extend the operation.

Aquila shares are down 14c to \$8.95 this morning.



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