

Aquila and Vale get back in the ring

Blair Price

Tuesday, 15 June 2010

AQUILA Resources and Vale are back to squabbling over the port and rail logistics for their Eagle Downs hard coking coal project in Queensland.

The disagreement between the 50:50 joint venture partners has arisen as the proposed 2010-11 budget covering early development work at the project needs to be approved.

Before starting an initial capital works program, Vale subsidiary Bowen Central Coal would like to see the feasibility study completed.

Aquila wants the scope of the study to include port and rail logistics for the project which would be "acceptable to a reputable financial institution" experienced in funding similar projects.

Aquila said BCC was disputing this proposal.

The Perth-based company added that under the JV agreement the feasibility study for Eagle Downs had to meet "a standard customarily required by major financial institutions in support of project finance".

"Although Aquila does not consider it is a prerequisite that binding commitments for port and rail logistics be entered into in order for the feasibility study to be delivered, Aquila is of the strong view that port and rail logistics which are sufficiently certain to be acceptable to relevant financial institutions are a necessary component for a feasibility study to be complete and of the standard required by the terms of the JVA," the company said this morning.

Vale is yet to publicly respond to Aquila's announcement.

The project is scheduled to begin underground development in 2012 and longwall production in 2014, initially producing 4.6 million tonnes per annum from a single longwall, followed by the staged introduction of a second longwall in 2020 to lift output to 8Mtpa.

Aquila and Vale have previously disputed the project's logistics, with an option to ship from Abbot Point via the Northern Missing Link and Goonyella-Abbot Point expansion lapsing.

While Aquila was in favour of the option, Vale said its preferred option was to export through Dalrymple Bay Coal Terminal.

Aquila had said the earliest availability from Dalrymple would be at the start of 2015, pushing back the schedule for Eagle Downs.

The definitive feasibility study is due in the second quarter of 2011.

Aquila shares are down A5c to \$8.67 this morning.



Image courtesy of Aquila Resources

© Aspermont Limited

Aspermont Limited

Street Address 613-619 Wellington Street, Perth WA Australia 6000

Postal Address PO Box 78, Leederville, WA Australia 6902

Head Office Tel +61 8 6263 9100 Head Office Fax +61 8 6263 9148

e-mail contact@aspermont.com website www.aspermont.com ABN 66 000 375 048