

Bulging pipeline

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AQUILA Resources has progressed with its Eagle Downs, Belvedere and Washpool projects with several milestones already hit this year.

At the Eagle Downs hard coking coal project, a definitive feasibility study will start this quarter and is due to be finished in the second quarter of 2011.

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.



Flooded access to the Isaac Plains coal mine.

During the quarter, Aquila butted heads with Eagle Downs 50:50 partner Vale over the logistics for the project, with an option to ship from Abbot Point via the Northern Missing Link and Goonyella-Abbot Point expansion lapsing.

While Aquila was for the option, Vale said its preferred option was to export through Dalrymple Bay Coal Terminal. Aquila says the earliest availability from Dalrymple will be at the start of 2015, pushing the schedule for the project back.

Interim solutions are being sought to allow the project to be developed on schedule.

A prefeasibility study was released for the Belvedere hard coking coal project during the March quarter.

A longwall mine is envisaged, initially producing 3.5Mtpa and increasing to 7Mtpa when a second longwall is installed.

Partner Vale, which holds 51%, recommended progressing to the feasibility study but with a limited scope to target technical and infrastructure issues.

The Belvedere study assumes a high gas environment drained under a fast-track strategy, requiring high capital inputs. Aquila plans to undertake further studies looking at a complementary gas business that will act as a profit centre rather than a capital cost centre.

The Belvedere project is expected to cost \$A2.814 billion and have operating costs of \$71 per tonne, free-on-board and excluding royalties.

Subject to approvals and completion of technical studies, construction of the mine could start in 2014 with first coal to be mined in 2016.

The first longwall would be expected to be installed in 2017, followed by the second longwall in 2020.

Vale still has until early June to decide if it will exercise its option to acquire Aquila's interest in the project. It also has a second option, expiring early December.

Exploration at the Washpool project was completed during the quarter and a feasibility study is due this quarter.

The Isaac Plains environmental approval to increase production by 3.6Mtpa of run-of-mine coal was finally received April 20 after a long wait. The delay meant mining had to be stopped on February 25 once the permitted limit of 2Mtpa was reached.

Rain also hurt production at the mine with three evacuation events and days lost. The mine was able to produce 298,000t of saleable coal during the quarter.

Aquila was down 0.69% in early afternoon trade at \$10.12.

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