

Aquila to move into ASX 100

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Thursday, 4 March 2010

AQUILA Resources could move into the ASX 100 when the next S&P review is made this month as the market reappraises the strength of its coal and other mineral projects, its balance sheet and experienced management.

Speaking at the Wilson HTM Coal Conference in Sydney, Aquila general manager of coal Stephen Pilcher said the company, which is currently in the ASX 200, was getting encouraging results from its 50%-owned Isaac Plains coking coal mine in Queensland and had recently secured the strategic cooperation of steel giant Baosteel Group.

Isaac Plains had delivered consistent production levels in Q3 and Q4 2009, resulting in consecutive record quarterly coal sales of 722,167 tonnes and 775,445t respectively.

The mine produces a mix of semi-hard coking, pulverised coal injection and thermal coal and is well located near regional infrastructure. Coal is exported through the Dalrymple Bay Coal Terminal with planned expansion tonnage covered by contract.

The resource will support another 17 years of production. New environmental approval is being granted following the completion of an environmental impact statement to allow an increase in production to 3.6 million tonnes per annum run-of-mine capacity.

Aquila's 50%-owned Eagle Downs coking coal project in Queensland should mine 4.6Mtpa from three seams using a single longwall, Pilcher said.

The measured and indicated resource for the Harrow Creek Upper seam covers 90% of the mining plan for the payback period.

Mining lease approvals are expected by Q4 2010 and a bankable feasibility study is due in April 2011, with first development coal expected in 2012. The first longwall is expected to be operating in 2014 at up to 4Mtpa.

The estimated capital expenditure of the project is \$A988 million with an operating expenditure of \$71 per tonne (excluding royalties).

"There is also potential for installation of a second longwall for up to 8 million tonnes per annum at full production," Pilcher said.

Aquila and its joint venture partner in Eagle Downs, Vale's wholly owned Bowen Central Coal subsidiary, missed last Friday's deadline of securing access to the proposed expanded capacity of the Abbot Point Coal Terminal and for capacity on the Goonyella Abbot Point Expansion rail project.

Aquila has issued BCC with a default notice under their joint venture agreement after BCC did not support committing to the infrastructure arrangements. BCC does not agree it is in default.

Aquila's share price opened 4c lower at \$10.30 this morning.



Aquila Resources' Isaac Plains coal mine.

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