

Aquila advances Washpool project

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AQUILA Resources aims to start mining its \$A320 million Washpool coking coal project in 2013 after successfully completing the feasibility study for the future open cut operation in Queensland's Bowen Basin.

Located immediately west of Wesfarmer's Curragh open cut mine and east of the Ensham mine, the feasibility study confirmed the project's technical and economic feasibility.

The mine will produce 4 million tonnes per annum of raw coal for the production of 1.6Mtpa of hard coking coal over a mine life of 25 years.

Coal will be exported through the proposed Wiggins Island Coal Terminal at Gladstone.

Construction of the mine is targeting 2012 with first coal production in 2013 but the timetable remains subject to government approvals and further technical studies.

Of the capex, surface infrastructure is estimated to cost \$136 million while the coal handling and preparation plant is expected to cost \$53 million.

Engineering, procurement and construction management is budgeted at \$51 million while there is \$42 million slated for contingency costs.

Power infrastructure is estimated to cost \$23 million while preproduction expenses are forecast to reach \$15 million.

Mining and processing costs are expected to hit \$87 per tonne, while rail and port charges will equate to \$19/t.

The total cost of \$106/t in Australian dollars leaves plenty of profit margin especially if premium coking coal prices are above \$US200/t when production kicks off.

The modelling of the project used a long-term price estimate of \$US144/t.

Notably the Washpool coking coal will feature a high ash content of 15%.

Aquila said marketing will target end-users who aim to develop blends with lower ash coking coals.

Total resources of the project are 185.5Mt, including 108.8Mt as measured, 23.9Mt indicated and 52.7Mt inferred.

Proved run-of-mine coal reserves are 94.74Mt while probable ROM coal reserves are 13.52Mt.

But Aquila notes there is still exploration to be undertaken for the balance of the Washpool and Mt Crocker exploration licences surrounding the project area.

Definitive feasibility study

The recently completed study is using a base case of overburden removal using cast doze and excavate methods, but the DFS will explore using a dragline from the second year of operation.

The DFS will also further evaluate the two proposed locations for the mine's rail loop.

Aquila has lodged a mining lease application and an environmental impact statement is underway.

Aquila shares closed down 3.6% to \$7.25 yesterday as the local stock market declines on the back of falls on overseas markets on Friday.



Washpool project area.

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