

## Vale seeks 100% of Belvedere

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Blair Price

**VALE has exercised the option to acquire Aquila Resources' 24.5% stake of the \$A2.81 billion Belvedere hard coking coal project in the southern Bowen Basin of Queensland, but there is still some more haggling ahead.**

Private resources company AMCI sold its 24.5% stake of the joint venture project to Vale earlier this week for \$US92 million (\$A108.75 million), but Aquila is hungry for a bigger pay cheque.

The Perth-based coal and iron ore player released a selection of broker valuations for the Belvedere stake, ranging from \$A143 million to \$414 million.

The largest valuation was made by Southern Cross Equities back on March 8, while the smallest was also the most recently made, by RBC Capital Markets on Wednesday.

The final price will ultimately be decided under established JV arrangements using independent valuation to determine fair market value.

"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 of the process last month.

Should the two valuations not be within 10% of each other, then a third "determining" valuer is brought into the mix.

Vale is not keen on some of the numbers being thrown around.

Vale global coal managing director Decio Amaral said some media and broker reports suggesting inflated figures for the stake were by their nature unreliable.

He added they were made without consideration to the specific requirements for determining "fair market value" under the Belvedere JV agreement, as they were speculative and based only on public information.

"Also, in some cases they were done prior to the release of the prefeasibility study results by the manager and prior to the announcement of the Australian government's resource super-profits tax," he said.

Amaral said the \$US92 million AMCI transaction provided an indication of the market value but indicated Vale would prefer to strike a deal without going through the full valuation process.

"Negotiating the sale gave both Vale and AMCI certainty in the struck price. This certainty could not be achieved by either party through the option process," he said.

Aquila expects the valuation process under the JV arrangement to determine a price in about three months.

Belvedere'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.

Construction could start up in 2014, with first coal mined in 2016 and the first longwall installed in 2017.

Belvedere holds 3.87 billion tonnes of resources, including 1.53Bt indicated and 2.34Bt inferred.

Aquila shares are up A10c to \$8.93 this morning.



Drilling at Belvedere.

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