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MINING WEEKLY Online

Vale to take full ownership of Australian coal project

By: Esmarie Swanepoel

Published: 4th June 2010



PERTH (miningweekly.com) – Brazil's Vale on Friday said that it wanted full ownership of the Belvedere coking coal project, in Queensland, after exercising its option to acquire the outstanding 24,5% shareholding from ASX-listed Aquila Resources.

Earlier this week, Vale increased its shareholding to 75,5% when it acquired joint-venture (JV) partner AMCI's 24,5% stake in the project for \$92-million.

Aquila said that it could take up to three months to determine a price for its share in the Belvedere project as it determined the fair market value of its interest.

The diversified junior believed that the purchase price paid to AMCI was not reflective of the fair market

value for Aquila's stake in the project.

Under the terms of the Belvedere JV agreement, the price payable to Aquila would be averaged by two valuations, which, if not within 10% of each other, might require a third valuation. It said that this process could take up to three months.

The JV partners completed a prefeasibility study on the Belvedere coking coal project in the first quarter of this year, which proposed an underground longwall mine, initially producing 3,5-million tons a year. This would be ramped up to seven-million tons a year when a second longwall is installed.

Subject to owner and statutory approvals, mine construction could start as early as 2014, with first coal expected to be mined by 2016. The first longwall would be expected in 2017, followed by the second longwall in 2020.

The project was estimated to host around one-billion tons of indicated resources and 1,4-billion tons of inferred resources, and could be developed for a capital cost of A\$2,8-billion.