

Vales buys Aquila's stake in coal project

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GLOBAL miner Vale says is moving to full control of the Belvedere coal project in Queensland after exercising its option to purchase Perth-based Aquila Resource's 24.5 per cent stake.

The move comes just two days after the Brazilian mining company raised its ownership in the proposed Belvedere coal operation to 75.5 per cent on Wednesday, when it purchased the 24.5 per cent stake held by local operator AMCI Investments for \$92 million under private treaty.

Previously Vale held 51 per cent of the project.

The operation is in the Bowen Basin near Moura in central Queensland.

Vale said in a statement that the price for Aquila's stake will be "fair market value" determined in accordance with terms of the Belvedere joint venture agreement between both parties.

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

He said that they had been made without consideration to the specific requirements for determining "fair market value" under the joint venture agreement.

"Also, in some cases they were done prior to the release of the pre-feasibility study results by the manager and prior to the announcement of the Australian government's Resource Super Profits Tax," Mr Amaral said in a statement.

Mr Amaral said Vale's view was that the AMCI transaction provided a clear indication of the fair market value for an arm's length transaction for an equivalent interest between two parties with intimate knowledge of the project.

He said the proposed super profits tax added another dimension of challenge to the Belvedere project that would require a large investment in capital and expertise but that Vale had a long and successful track record of developing difficult but rewarding large projects.

A pre-feasibility study of Belvedere indicated an underground longwall mine producing initially 3.5 million tonnes per annum (Mtpa) of coking coal and then up to around 7 Mtpa with a second longwall mining unit.

Shares in Aquila were placed in a trading halt on Wednesday. Its shares last traded at \$8.83.

Aquila is currently pushing ahead with its West Pilbara Iron Ore project which includes the development of the Anketell iron ore port near Karratha, which is planned to be operational in 2013.