

The Australian

Brazilian giant Vale moves in on Belvedere

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BRAZILIAN mining giant Vale has exercised an option to buy Aquila Resources' 24.5 per cent stake in the big Belvedere underground coking coal project in Queensland.

The purchase of the stake, which has been valued as high as \$900 million by analysts, would give Vale a 100 per cent stake in Belvedere.

Vale also confirmed it had bought a separate stake from AMCI. The next step will be to work out fair value for the stake in Belvedere, expected to cost \$2 billion to develop.

The Australian understands Vale has told Aquila of its intentions, sending the Perth-based miner into a trading halt yesterday.

Vale yesterday appeared to be preparing for a battle on price, which will have to be agreed by independent valuations.

Vale confirmed it had bought a separate 24.5 per cent stake in Belvedere from privately held mining investor AMCI through the exercise of another option.

The transaction had been flagged two weeks ago, but the price of just \$US92m (\$110.5m) was revealed only yesterday.

Vale also indicated it might have been overpaying at this price. "The price for this transaction was settled before the announcement by the Australian government . . . to create the resource super-profits tax to be imposed on mining companies," Vale said.

The RSPT was announced at the start of last month.

The low price generated questions as to whether there was debt, or some other undisclosed component as part of the deal.

Under the option agreement, Aquila and Vale now need to get independent valuations of Aquila's 24.5 per cent stake.

If the valuations are more than 10 per cent apart, a third valuation will be commissioned.

Belvedere is in the southern Bowen Basin, near the town of Moura. If it is developed, it has the potential to produce 7 million tonnes of coal a year.
