

Aquila in action against Brazilian

RESOURCES

AQUILA Resources has launched legal proceedings against its coal joint venture partner, Brazil giant Vale, seeking damages over the breakdown in an agreement on infrastructure options.

The Perth-based miner's \$2.3 billion Queensland coal plans were thrown into doubt last week when it announced it was in a dispute with Vale over infrastructure options for their 50-50 Eagle Downs hard coking coal joint venture in the Bowen Basin.

The project was pursuing the option to use the Abbot Point terminal but Vale said it now preferred to look at using the Dalrymple Bay terminal at Mackay.

It is understood shipments could be made from Abbot Point in 2012-13 but it would be pushed out to 2015 if Dalrymple was chosen as the preferred terminal.

The project had already been offered 4 million tonnes per annum of the proposed expanded capacity at Abbot Point, subject to completion of take-or-pay contracts in the first quarter

of 2010.

Failure to agree on the Abbot Point option by last Friday meant the project forfeited the deal for the 4 million tonnes.

Aquila said yesterday that it had begun proceedings in the Supreme Court of Queensland to seek damages following the loss of the capacity deal for Abbot Point.

Executive chairman Tony Poli said it was difficult to understand why the opportunity presented to the joint venture to pursue the Abbot Point option was not accepted.

He said Aquila and Vale would explore other infrastructure options for the project but he would still be pushing to be in production by 2013.

"We will explore all avenues and there are three potential infrastructure regimes in Queensland," Mr Poli said.

Under the agreement with Vale, the Brazilian miner has 30 days since the default notice was issued to remedy the situation, or Aquila has the option to buy it out of the joint venture.

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