

Aquila considers Belvedere stake sale

The West Australian
May 19, 2010, 2:39 pm



Aquila Resources / Unknown ©

Aquila Resources says it is considering selling its stake in the Belvedere hard coking coal project in Queensland to foreign steel mills if Brazil's Vale does not exercise an option to buy it.

Vale, the world's largest iron ore miner, is already increasing its interest in the project by acquiring AMCI Pty Ltd, which, like Aquila, holds a 24.5 per cent interest in the project.

Should this transaction be completed following Foreign Investment Review Board approval, the Vale group's interest in the project would lift from 51 per cent to 75.5 per cent, Aquila said in a statement on Wednesday.

"If they (Vale) wish to have 100 per cent of the project ... they need our 24.5 per cent and they can do it by agreement, which we may or may not agree to, or they have an option to acquire our interest which expires on June 3," Aquila chairman Tony Poli told AAP.

Vale had dealt directly with AMCI outside of the option agreements "presumably because they felt can get it cheaper than fair market value", he said.

Under the option agreements, an independent valuation would have determined fair market value for the project stakes.

Mr Poli said Aquila would seek to sell its stake in the project to other interested parties if Vale did not exercise its option.

"Clearly, you would talk to steel mills.

"It is a strong vote of confidence in the project with Vale having exercised (the option) to buy 24.5 per cent from AMCI.

"It sends a strong message to steel mills that this project is going forward (and) it's important to Vale.

"We don't know how much they've invested but clearly it is a lot of money."

Shares in Aquila, which is also an iron ore miner, closed 26 cents, or 2.86 per cent, lower at \$8.83.