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Vale acquires AMCI Holdings Australia

Companhia Vale do Rio Doce (Vale) announces that it entered into a purchase and sale agreement to acquire 100% of AMCI Holdings Australia Pty (AMCI HA) for AUD 835 million.

AMCI HA is a privately held company headquartered in Brisbane, State of Queensland, Australia, which operates and controls coal assets through unincorporated joint ventures. Vale's stake is equivalent to a nominal production capacity of 8 million tons of coal (predominately coaking coal) and reserves of 103 million tons. AMCI HA has a net debt of AUD 157 million as of November 30, 2006.

Located in two of Australia's best coal producing regions, Hunter Valley, State of New South Wales, and Bowen Basin, State of Queensland; AMCI HA's main coal assets are the following:

- (a) Integra Coal Joint Venture (Integra Coal), Hunter Valley, open cast and underground mines. AMCI HA owns 61% of Integra.
- (b) Carborough Downs Joint Venture (Carborough Downs), Central Queensland, an underground mine ramping up to full capacity in by 2009/2010. AMCI HA owns 80% of Carborough Downs.
- (c) Isaac Plains Joint Venture (Isaac Plains), Central Queensland, open cast mine ramping up to full capacity by 2009/2010. AMCI HA owns 50% of Isaac Plains.
- (d) Broadlea Joint Venture, Central Queensland, open cast mine, which is 100% owned by AMCI HA.
- (e) An extensive and highly prospective coal exploration portfolio that is also included in this acquisition with the potential to produce 3 billion tons of non-audited mineralized material.

Investment in the coal business is an important part of Vale's growth strategy. Prior to this acquisition, the company already has minority stakes in two Chinese companies - Shandong Yankuang International Coking Co. and Henan Longyu Energy Resources Ltd. - and is presently concluding a feasibility study to develop a large coal deposit in Mozambique, Moatize, and a pre-feasibility study of the Belvedere deposit in the Bowen Basin, State of Queensland, Australia.

The acquisition of AMCI HA creates a strong growth platform to develop Vale's coal business and contributes to diversify the company's product portfolio, providing simultaneously geographic diversification into Australia, an investment-grade country with some of the world's richest natural resources. It allows the company access to operating assets, with logistics infrastructure and a high growth potential. The acquisition of AMCI HA brings a highly skilled and seasoned team in coal project development, operations and marketing, which will be important to support Vale's expansion.

More information

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