

## INVESTMENT – AQUILA MOU WITH CHINESE BANK

Aquila Resources and China Development Bank Corporation have signed a Memorandum of Understanding enabling both companies to explore mutual opportunities to facilitate development of Aquila's coal and iron ore projects.

China Development Bank, which was founded in 1994 and operates under the direct jurisdiction of the State Council, provides project financing and financial services to companies in China.

The bank has been a major participant in the long-term financing for key infrastructure and other projects vital to the development of the Chinese economy, and has issued loans totalling more than 1.6 trillion yuan in the last decade to fund more than 4000 development projects.

China Development Bank is a strategic partner of Baosteel Group Corporation, which holds a 15% stake in Aquila. Baosteel and Aquila are parties to a Memorandum of Strategic Cooperation entered into last August.

As well as exploring opportunities to facilitate Aquila's development, the MoU will enable China Development Bank to support Baosteel through its investment in Aquila, to expand its business in Australia as well as assisting China Development Bank expand its business in Australia.

The principles of cooperation are based in equality and mutual benefit, and provide support for projects consistent with the economic development plans and bilateral diplomatic and trade development strategies between China and Australia.

As Aquila's projects are predominantly in steel raw materials, they are clearly seen as important from the perspective of China's rapidly growing steel industry.

Aquila's interests in projects include Isaac Plains Coal Mine, Eagle Downs Hard Coking Coal Project, Washpool Hard Coking Coal Project and West Pilbara Iron Ore Project.

Opportunities include mutually beneficial arrangements for project financing and financial services, and provide that China Development Bank will actively support Aquila both in Australia and China, in the investment in and financing of Aquila's various projects. The parties will meet regularly to review the MoU and to identify additional opportunities for cooperation.

Aquila's executive chairman Tony Poli says, "This MoU provides further opportunity for Aquila to enhance its business connections with the rapidly growing Chinese economy, and to increase the company's profile in China, as Aquila continues to aggressively pursue its growth strategy both in Australia and overseas."

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