

EAGLE DOWNS HARD COKING COAL PROJECT DISPUTE UPDATE

Aquila Resources Limited (ASX:AQA “the Company” or “Aquila”) refers to its announcement of 23 February 2010 in which it advised of a dispute between Vale’s wholly owned subsidiary, Bowen Central Coal Pty Ltd (“BCC”), and Aquila Coal Pty Ltd (“Aquila Coal”) in relation to the infrastructure requirements for the Bowen Central Coal Joint Venture (“Joint Venture”). As advised in that announcement, Aquila Coal has issued BCC with a default notice (“Default Notice”) under the Joint Venture Agreement. BCC does not agree that it is in default.

To commit to the infrastructure arrangements for the proposed expanded capacity at the Abbot Point Coal Terminal and for capacity on the Goonyella Abbot Point Expansion (“GAPE”) rail project, certain agreements needed to be executed and returned to the relevant counterparties by close of business on Friday, 26 February 2010 (“Deadline”). This required the support of both Aquila Coal and BCC. For its part, Aquila Coal supported the entry into those agreements. BCC did not.

As the relevant agreements were not executed and returned to the relevant counterparties by the Deadline, capacity on the GAPE rail project and at the Abbot Point Coal Terminal have not been secured by the Joint Venture.

Aquila Coal will continue to investigate the infrastructure opportunities available to the Joint Venture. Whilst Aquila Coal will continue to seek to resolve this matter with BCC, in the meantime it will pursue its rights under the Bowen Central Coal Joint Venture Agreement, in respect of the Default Notice it issued on BCC.

Aquila will keep the market informed of any further developments.

Tony Poli **Executive Chairman**

For further information regarding this announcement, please contact Tony Poli.

Telephone:	(08) 9423 0111
Facsimile:	(08) 9423 0133
Email address:	mail@aquilaresources.com.au
Visit us at:	www.aquilaresources.com.au