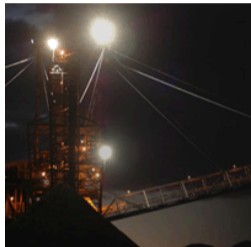


Dispute arises between Aquila Resources Ltd (ASX:AQA) and Vale

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Aquila Resources Ltd (ASX:AQA) says a budget dispute has arisen with Brazil's Vale in relation to the Eagle Downs Hard Coking Coal project.

The company says the dispute concerns the approval of the latter part of the proposed budget for the 2010/2011 financial year for the commencement of construction at the project.

Aquila says the dispute has arisen in relation to the condition upon which the initial capital works component is to be approved.

Vale has proposed that the condition be that a feasibility study is delivered and the participants in the project make a decision to undertake mine development for the relevant development area.

Aquila says it would like a clarification that the feasibility study refer to and take into account port and rail logistics for the project which are acceptable to a financial institution experienced in funding projects similar to the project in support of project finance.

Aquila says Vale disputes the need to have this clarification, however Aquila says while it is not a prerequisite that binding commitments for port and rail logistics be entered into in order for the feasibility study to be delivered, is it of the strong view that port and rail logistics which are acceptable to major financial institutions are a necessary component of the study to meet the standards set in the joint venture agreement.

Aquila posted a loss in fiscal 2009 after a profit the year before.