

**General Meeting Presentation
Novotel Perth Langley, Perth, Australia**

Aquila Resources Limited is pleased to attach a copy of the powerpoint presentation which was delivered today by the Chairman, Mr Tony Poli, at the General Meeting held at the Novotel Perth Langley Hotel.

Tony Poli
Executive Chairman

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

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Baosteel Group Corporation

General Meeting

28 October 2009

More about Baosteel Group Corporation

- Baosteel operates through the following listed companies
 - Baoshan Iron & Steel Co., Ltd
 - Xinjiang Ba Yi Iron & Steel Co., Ltd
 - Shanghai Baosight Software Co., Ltd
 - Guangzhou Iron & Steel Co., Ltd
 - SGIS Songshan Co., Ltd
- Baosteel has around 110,000 employees
- 2008 turnover was CNY246.8 billion (A\$39 billion)
- 2008 profit was CNY23.8 billion (A\$3.8 billion)
- Baosteel's major activities include steelmaking, resource development, steel processing, technology services, finance and production services

Share Subscription Agreement

- Aquila has agreed to issue ~34.2million new shares to Baosteel as permitted under Listing Rule 7.1
- Aquila has agreed to issue ~9.7 million new shares to Baosteel subject to today's shareholder approval
- Baosteel will hold a 15% interest in the expanded capital of Aquila
- Baosteel has agreed to pay \$6.50 per share for the above shares
- The issue of the above shares by Aquila is conditional on:
 - the consent of the Treasurer of Australia under Australia's foreign investment policy; and
 - the approval of the appropriate Chinese Government Agencies, but within 15 days of the Treasurer's consent

Share Subscription Agreement

- Baosteel may appoint one nominee to the Board of Directors of Aquila provided it maintains a 10% equity interest
- Baosteel has nominated Mr Dai Zhihao, Vice President of Baosteel Group Corporation
- Aquila has granted Baosteel anti-dilution rights for a period of 12 months, such that Baosteel may maintain its 15% shareholding in the event Aquila raises further equity capital
- Baosteel may not dispose of any shares acquired through the placement or under the anti-dilution provisions without Aquila's written consent
- Baosteel has agreed not to acquire an interest in Aquila of more than 19.99% within the 12 month period, except in the event of a third party acquiring more than 19.99% of Aquila or the Aquila Board approving a proposal to do so

Memorandum of Strategic Co-operation

- For a period of 6 months, Baosteel is entitled to conduct due diligence on certain of the Company's projects
- For a period of 12 months, Baosteel has a priority right to conduct due diligence and good faith negotiations should Aquila decide to sell all or a part of its interest in any of these certain projects
- In the next 12 months, Aquila and Baosteel have agreed to discuss the establishment of a joint marketing arrangement to supply a proportion of the production from Aquila's projects to Chinese customers using Baosteel's strong local sales network
- In the next 12 months, Aquila and Baosteel have agreed to discuss the provision of long term supply agreements to Baosteel from Aquila's projects
- Baosteel has agreed to work with Aquila in sourcing low cost financing from Chinese institutions for certain of Aquila's projects

Aquila's Project Portfolio

COMMODITY / Project	CAPACITY	AQUILA'S SHARE
IRON ORE		
West Pilbara Iron Ore – CID	30.0 Mtpa	12.0 Mtpa
– BID	10.0 Mtpa	5.0 Mtpa
Thabazimbi (South Africa)	2.5 Mtpa	1.9 Mtpa
Total	42.5 Mtpa	18.9 Mtpa
COAL * (Queensland)		
Isaac Plains	2.8 Mtpa	1.4 Mtpa
Eagle Downs – Stage 1	4.0 Mtpa	2.0 Mtpa
Washpool	1.6 Mtpa	1.6 Mtpa
Total	8.4 Mtpa	5.0 Mtpa
MANGANESE (South Africa)		
Avontuur	1.0 Mtpa	0.74 Mtpa

Aquila's Project Portfolio

COMMODITY / Project (Aquila Share)	CAPEX* (A\$M)	EBITDA (\$AM)	Assumptions FX = US\$75 cents; 7.5 Rand
IRON ORE			FOB
West Pilbara Iron Ore (12Mtpa)	2,050	496	Price: US\$46, Cost: A\$20
Thabazimbi (1.85Mtpa)	52	79	Price: US\$66, Cost: R340
Total	2,102	575	
COAL (Queensland)			FOB
Isaac Plains (1.4Mtpa)	0	47	Price: US\$85, Cost: A\$80
Eagle Downs (2Mtpa)	490	150	Price: US\$120, Cost: A\$85
Washpool (1.6Mtpa)	400	75	Price: US\$110, Cost: A\$100
Total	890	272	
MANGANESE (South Africa)			CIF
Avontuur (0.74Mtpa)	60	118	Price: US\$230, Cost: R1,100
TOTAL	3,052	965	

Summary

- Baosteel, the largest steel company in China, has selected Aquila Resources Limited for its first international investment in a corporation outside of China
- **This is a ringing endorsement of Aquila's portfolio of assets and its management team**
- The Baosteel placement of \$285 million provides Aquila with a stronger Balance Sheet with which to advance its projects
- Off-take arrangements with Baosteel will support the underwriting of finance for Aquila's projects
- Baosteel's introduction of Aquila to Chinese financial institutions may provide access to low cost funding for project development