

## **Aquila Resources updates on Washpool Coal project**

*Tuesday, 20 Jul, 2010*

Aquila Resources Limited announce that Washpool Coal Pty Ltd a wholly owned subsidiary of Aquila Resources Limited, has completed the Feasibility Study for the Washpool Hard Coking Coal Project which confirms the technical and economic viability of the Project.

The Project is located in the Bowen Basin in Central Queensland, approximately 260km West of Rockhampton and 24km North West of Blackwater. It lies to the immediate West of the Curragh mining operation and to the East of the Ensham Mine. The Feasibility Study proposes an open cut operation mining 4 million tonne per annum of run of mine coal, to produce 1.6 million tonne per annum of high rank hard coking coal over a mine life of 25 years, with the coal to be exported through the proposed Wiggins Island Coal Terminal in Gladstone.

This study commenced following completion of the initial concept stage in June 2009. The work that has been completed, is based on exploration programs undertaken between July 2009 and February 2010, which included both drilling and coal quality coring work and the associated technical testing. In addition, a series of engineering studies have been undertaken to produce capital and operating cost estimates for the Project.

### Highlights:

1. Project Feasibility Study confirms the technical and economic feasibility of the Washpool Hard Coking Coal Project.
2. The Feasibility Study proposes a 4 million tonne per annum open cut mining operation producing 1.6 million tonne per annum hard coking coal over a 25 year life of mine.
3. Capital expenditure is estimated at USD 320 million which includes provisions for EPCM and contingency.
4. Operating Costs of approximately USD 106 per tonne FOB.
5. Investment evaluation of the mine indicates Net Present Value of USD 364 million, with an Internal Rate of Return of 30%.
6. Cultural Heritage Investigation and Management Agreement for Project area executed with the endorsed Indigenous Party, the Kangoulu People.
7. Final Terms of Reference for the Environmental Impact Statement published.
8. Resource and Reserves Statements were released in May 2010
  - A. Measured, Indicated & Inferred Resource of 185.5 million tonne.
  - B. Proved and Probable Reserves of 108.3 million tonne.
9. Project progresses to Definitive Feasibility Study stage.