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NEWS DIGEST

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Aquila Expands Production At Isaac Plains Coal Mine =Production at new metallurgical coal mines to be started during 2012-13=

Aquila Resources Ltd. of Australia plans to raise raw coal production (on 100% interest basis, same for hereafter) at Isaac Plains coal mine in Queensland in the fiscal year 2010/11 (one year till June 30, 2011) to 3,600,000 MT and coal sales to 2,800,000 MT.

Raw coal production at Isaac Plains coal mine in the fiscal year 2009/10 remained 2,850,000 MT and coal sales 2,480,000 MT, which means by calculation raw coal production is raised by 750,000 MT (26%) and coal sales by 320,000 MT (13%) from the previous fiscal year. The production ratios by type at the mine are approximately 25 percent of semi-hard coking coal, approximately 50 percent of PCI coal and approximately 25 percent of thermal coal. The interest in the mine is shared 50 percent each by Aquila and Vale S.A. of Brazil.

At the same time, from 2012 through 2013, Aquila plans to start metallurgical coal production one after the other at new metallurgical coal projects in Queensland of Eagle Downs and Washpool Projects. At both of these projects, hard coking coal is produced.

Out of the above, at Eagle Downs Project, small scale production is launched in later half 2012 and in later half 2014 longwall operation is started. At this stage, 4,600,000 MT per year of salable coal are produced. After that in 2020 the second longwall system is introduced raising salable coal production to 8 million MT per year. The interest in the project is shared 50 percent each by Aquila and Vale.

At the Eagle Downs Project, after the turn of 2010, conflicts between the partners Aquila and Vale over the choice of delivery route have surfaced. In consequence, the problem of the delivery route must be solved earlier for realization of the projects as originally scheduled.

On the other hand, at Washpool Project, coal production by opencut mining method is started in the first quarter 2013 (January-March) if earlier. By the project, production of 4 million MT per year on the basis of raw coal is envisaged and 1,600,000 MT per year on the basis of salable coal. Aquila holds 100 percent interest in both projects.