

Aquila Receives Notice of Potential Change in Control of AMCI Participant in Belvedere Hard Coking Coal Project

Aquila Resources Limited (ASX: AQA) (Aquila), advises that its wholly owned subsidiary BD Coal Pty Ltd (BD Coal) has received from AMCI (BC) Pty Ltd (AMCI (BC)) a notice of potential change in control under the Belvedere Coal Joint Venture Agreement (Notice). AMCI (BC) is a wholly owned subsidiary of AMCI. The Notice advises that, "subject to Foreign Investment Review Board approvals and certain other conditions", AMCI (BC) will become a wholly owned subsidiary of Rio Doce Australia Pty Ltd (RDA). AMCI (BC) currently holds a 24.5% interest in the Belvedere Hard Coking Coal Project (Project).

RDA is a subsidiary of Vale S.A. (Vale) and is a related body corporate of Vale Belvedere Pty Ltd (Vale Belvedere), the Vale subsidiary which currently holds the Vale group's 51% interest in the Project.

Should the transaction proceed to completion, the Vale group's interest in the Project will increase from 51% to 75.5%.

As previously advised, BD Coal's and AMCI (BC)'s respective 24.5% interests in the Project are currently the subject of a first option in favour of Vale Belvedere, which expires on 3 June 2010. Vale Belvedere may exercise this first option to acquire an interest in the Project of either 49% (in which case a 24.5% interest will be acquired from each of BD Coal and AMCI (BC)) or 24.5% (in which case BD Coal may elect that the interest is to be acquired wholly from BD Coal, or 12.25% from BD Coal and 12.25% from AMCI (BC)). Should the first option not be exercised (or if it is exercised only as to 24.5% in aggregate), Vale Belvedere has a second option, exercisable during the period 4 June 2010 to 3 December 2012 (inclusive), to acquire an interest in the Project of 24.5% (in which case, broadly, BD Coal may elect that the whole of the 24.5% interest is to be acquired from BD Coal, or 12.25% from BD Coal and 12.25% from AMCI (BC)).

Should either of the options be exercised, the price payable for the interest purchased is the fair market value of that interest. BD Coal and AMCI (BC) (together) and Vale Belvedere must appoint a valuer to determine the fair market value. In the event the two valuations are within 10% of each other, then the price payable for the interest is the average of those valuations. If the valuations are not within 10% of each other, a third determining valuer is appointed to determine the fair market value (which must not be less than the lower of the two valuations already obtained), which third valuation will then be the price payable for the interest.

Aquila is reviewing the Notice and will keep ASX advised of further developments.

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Executive Chairman

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

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