

## Washpool Hard Coking Coal Project New Resource and Initial Reserves Statement

### Highlights:

- **New Resource Statement for the Washpool Hard Coking Coal Project with the following significant increase in JORC classification of the resource:**
  - **Increase in Coal Resources to 185.5Mt.**
  - **Measured and Indicated Resources have significantly increased to 133Mt and now covers more than 95% of the proposed life of mine plan.**
- **Maiden Reserves Statement for the Washpool Hard Coking Coal Project, which includes:**
  - **Proved and Probable Reserves of 108.3Mt, with 94.7Mt designated as Proved Reserves and 13.6Mt as Probable.**
  - **Marketable Product Reserves of 39Mt, giving an overall mine life of up to 25 years.**



Aquila Resources Limited (ASX:AQA “the Company” or “Aquila”) is pleased to announce an upgraded Resource Statement and maiden Reserve Statement for the Washpool Hard Coking Coal Project (“Washpool” or the “Project”), wholly owned by Aquila.

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 Wesfarmers’ Curragh mining operation and to the east of the Idemitsu owned Ensham Mine. The Feasibility Study which is still to be released, proposes an open cut mine, producing 1.6Mtpa of high rank, hard coking coal over a mine life of up to 25 years.

The Scorpio seam is the main target seam within the project area which is part of the Burngrove Formation. The Project area is confined within Mineral Development Licence application 403, and Mining Lease application 80164.

Aquila has delineated the perched coal basin and found it to be continuous within the Project area, dipping at 3 to 5 degrees from the eastern margin and more steeply from the western margin. The target Scorpio seam is a prospective open cut coal mining target at comparatively shallow depths between 15m and 65m with life of mine strip ratio of 6.5:1.

### New Resource Estimate

The total resource has increased significantly from the previously announced 138.1Mt to 185.5Mt. In addition there has been a material change in JORC classification of the resource from 33.8Mt Indicated and 104.3Mt Inferred to 108.8Mt Measured and 23.9Mt Indicated and 52.7Mt Inferred.

Since the last Resource Statement the following work has been undertaken:

- The drilling of an additional 81 holes;
- Determination of the gas levels across the basin,
- Definition of lox lines in several locations around the north-western margins,
- Commencement of review of the overburden to investigate removal,
- Coal quality investigations to review yields of the Scorpio seam,
- The addition of 13 clean coal composite results.

This has resulted in a significantly more detailed and robust geological model.

The outcomes of this work are:

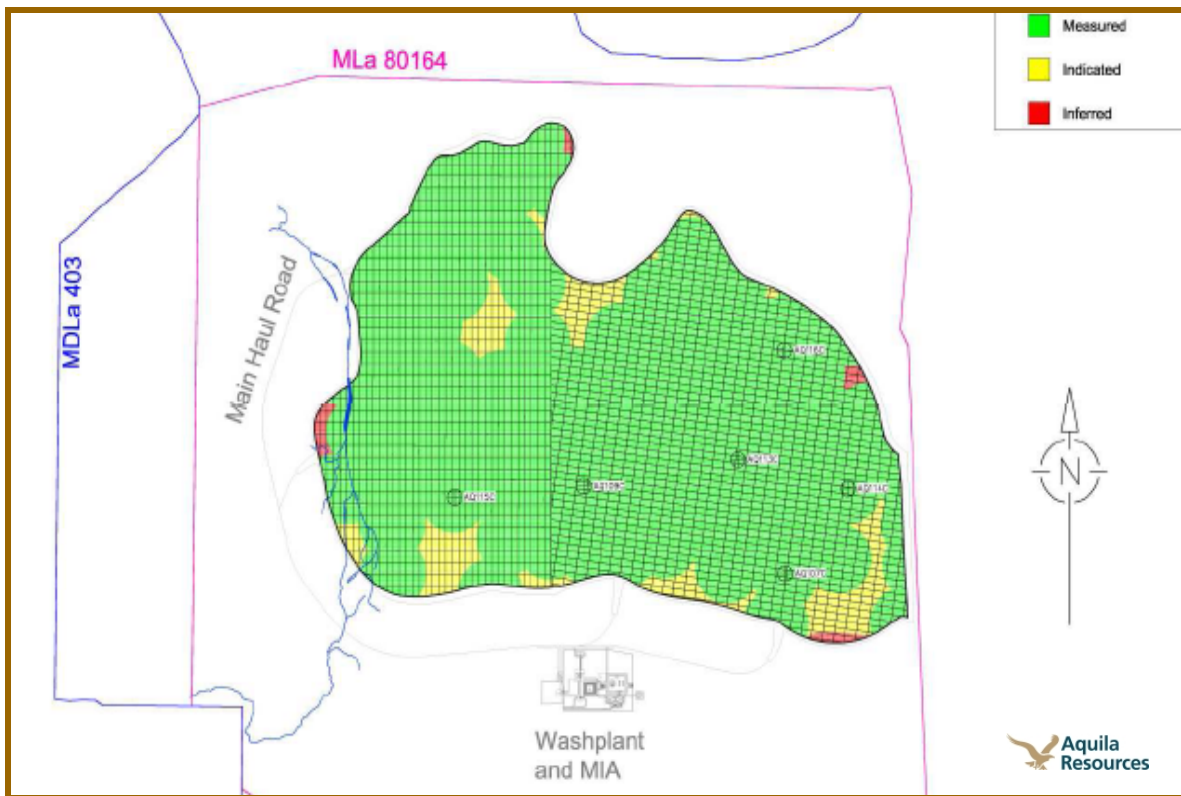
- Definition of Measured Resources of 108.8Mt
- Measured and Indicated Resources have increased significantly for the full project to 132.7Mt and now covers more than 95% of the proposed life of mine plan.

Results are detailed below:

*Table 1. – Total In-Situ Coal Resource - Washpool Hard Coking Coal Project\**

Ply	Measured Million Tonnes Mt	Indicated Mt	Total measured and indicated Mt	Inferred Mt	Total Measured Indicated & Inferred Mt
A1	-	10.0	<b>10.0</b>	1.1	11.2
A2	14.3	1.7	<b>16.1</b>	1.6	17.8
B1	7.7	0.9	<b>8.6</b>	0.7	9.3
B2	10.1	1.1	<b>11.2</b>	0.6	11.8
B3	6.6	0.8	<b>7.4</b>	0.4	7.6
C1	15.8	2.0	<b>17.8</b>	0.9	18.7
C2	5.6	0.8	<b>6.4</b>	0.3	6.8
D1	24.3	3.1	<b>27.4</b>	1.5	28.9
D2	9.9	1.3	<b>11.2</b>	0.6	11.9
E1	8.0	1.2	<b>9.2</b>	0.5	9.8
E2	6.4	0.9	<b>7.3</b>	0.5	7.8
F1	-	-	-	23.2	23.2
F2	-	-	-	20.8	20.8
<b>Total</b>	<b>108.8</b>	<b>23.9</b>	<b>132.7</b>	<b>52.7</b>	<b>185.5</b>

*\*Note tonnes quoted are on an air dried basis and were not assessed with in-situ moisture contents. The impact of accounting for in-situ moisture will result in an expected reduction of tonnes of about 1-2%.*



*Block Layout for Washpool Hard Coking Coal Project Deposit*

### Initial Reserves Estimate

A total of 108Mt of run of mine (ROM) coal of Proved plus Probable Reserves has been calculated by Xenith Consulting Pty Ltd.

The Reserves were identified based on:

- Exclusion of 5 of the 13 plies within the Scopio Seam, due to their high insitu ash.
- Key coal quality information from the 2009/2010 exploration program which has been included in the current geological model, supported by quality information from the 2007/2008 exploration program.
- Product coal recoveries, based on a laboratory yield for a 15% ash, high rank, hard coking coal product.
- JORC Resource calculations and category classifications, supplied by Aquila.
- A margin rank of the entire deposit, conducted using loss and dilution assumptions consistent with a thin seam mining operation.
- Positive cash margin was identified throughout the deposit.

The outcomes of this work are:

- Proved and Probable Reserves have been identified for the full project to 108.3Mt and now cover more than 95% of the proposed life of mine plan.
- Equivalent Marketable Coal Reserves of some 39Mt have been identified which will provide a mine life of up to 25 years at 1.6Mtpa.

In addition further exploration work will be undertaken during 2010-2011 outside the boundaries of the Project Mining Lease Application area to locate additional resources.

Table 2 – JORC Open Cut Reserves – ROM and Marketable Coal

ROM Working Section	Proved ROM Coal (Kt)	Probable ROM Coal (Kt)	Total ROM Coal (Kt)	Proved Marketable Coal (Kt)	Probable Marketable Coal (Kt)	Total Marketable Coal (Kt)
A2	14,151	1,924	16,075	4,080	588	4,668
A2B1B2B3C1	39	0	39	17	0	17
B1B2B3	11,069	401	11,470	5,675	210	5,885
B1B2B3C1	25,000	5,357	30,357	11,332	2,523	13,855
B2B3	7	0	7	3	0	3
B2B3C1	106	56	162	42	23	65
B3C1	31	5	36	11	2	13
C1	6,318	267	6,585	2,543	110	2,653
D1	23,175	3,242	26,417	5,994	807	6,801
E1	8	0	8	2	0	2
E1E2	14,836	2,265	17,101	4,378	737	5,115
E2	3	0	3	1	0	1
Total	94,743	13,517	108,260	34,078	5,000	39,078

**Tony Poli**  
**Executive Chairman**

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*The information in this announcement that relates to the Resource Statement has been based on information compiled by Mr Rod Doyle, who is a full-time employee of Aquila Resources Pty Ltd. He is a qualified Geologist (BSc Geology UOW 1978 and MAppSc UNSW 1988) with some 30 years experience in coal geology, coal mining and resource evaluation. He is a member of the Australasian Institute of Mining and Metallurgy and qualifies as a Competent Person under the JORC Code. Mr Doyle holds shares in Aquila Resources Ltd.*

*The Reserves Estimate was prepared by Mr Ross Haupt who is a Director of Xenith Consulting Pty Ltd. He has a Bachelor Degree in Mining Engineering from University of Queensland with over 25 years experience in the open cut coal mining industry and substantial experience in mining operations. Ross Haupt is a Member of the Australasian Institute of Mining and Metallurgy and as such qualifies as a Competent Person under the JORC Code.*

*Mr Doyle and Mr Haupt consent to the inclusion in the announcement of the matters based on their information in the form and context in which it appears.*