

## West Pilbara Iron Ore Project Hardey Resource Increases to 156Mt

### Highlights

- **Hardey Deposit Resource estimated at 156Mt at 61.47% Fe, an increase of 93Mt over the Resource estimate released in May 2007**
- **Total JORC Resource Inventory for the West Pilbara Iron Ore Project now totals 742Mt**
- **Significant potential to further expand both the Channel Iron and Bedded Iron Resources**

Aquila Resources Limited (“Aquila” or the “Company”) is pleased to report an update to the JORC Resource estimate for the Australian Premium Iron Joint Venture, in which the Company has a fifty percent interest, in relation to its West Pilbara Iron Ore Project, located in the Pilbara region of Western Australia.

Following the completion of an extensive reverse circulation drilling program, a revised Resource estimate has been completed for the Hardey bedded iron deposit, a potential extension of the West Pilbara Iron Ore Project – Stage 1 development.

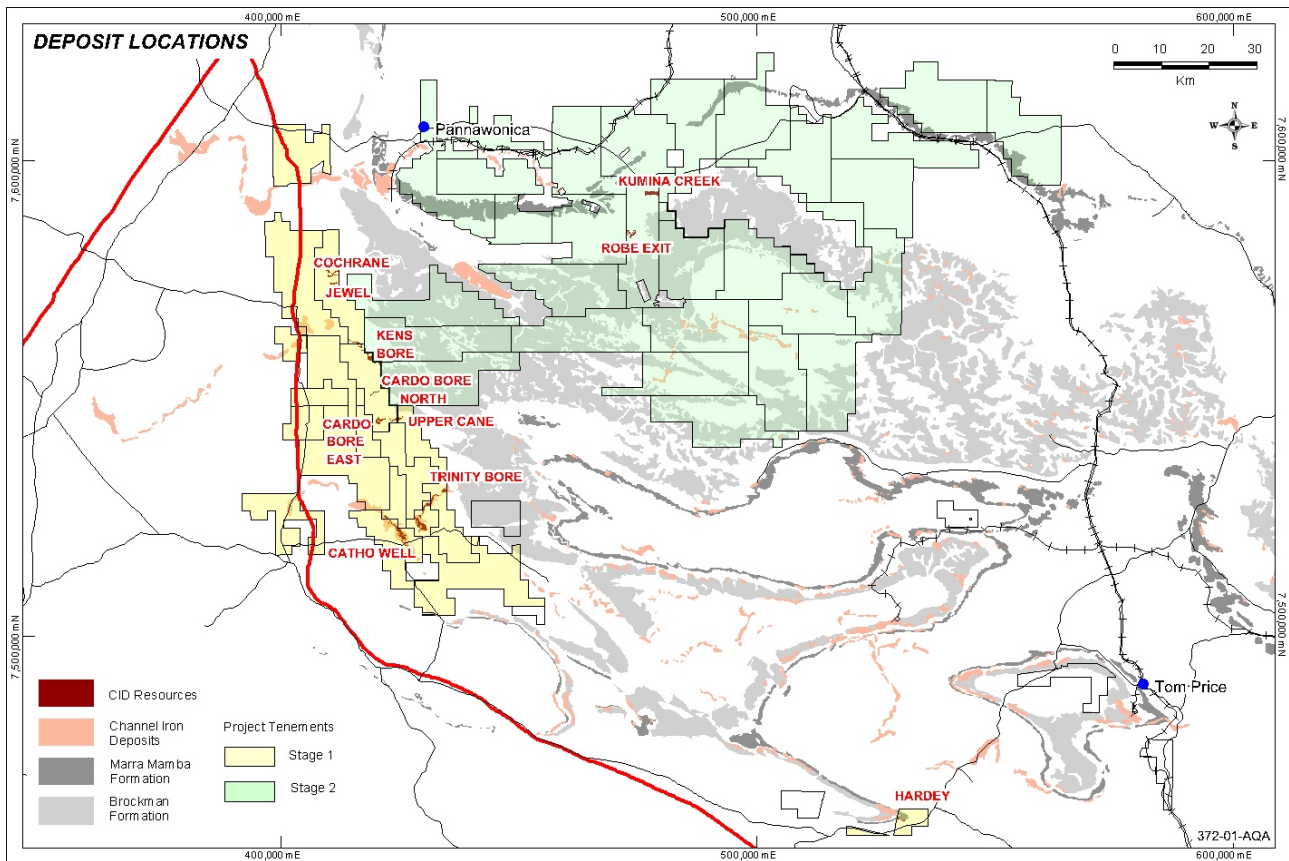
The revised Resource estimate for the Hardey Deposit of 156.08 million tonnes at 61.47% Fe represents an increase of 93.18 million tonnes from the previously released Resource (62.9 million tonnes). Brockman and Marra Mamba type mineralisation has been identified at the Hardey Deposit and is subdivided below.

WEST PILBARA IRON PROJECT – HARDEY BEDDED IRON RESOURCES									
Resource Classification	Tonnes (M)*	Fe %	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	S %	P %	Mn %	MgO %	LOI (1000°C)
<b>BROCKMAN</b>									
Measured	55.31	61.83	2.43	3.31	0.006	0.143	0.077	0.054	5.33
Indicated	55.16	61.59	2.43	3.65	0.006	0.138	0.078	0.051	5.27
Inferred	33.46	61.55	2.38	3.64	0.007	0.137	0.074	0.052	5.34
<b>TOTAL</b>	<b>143.94</b>	<b>61.67</b>	<b>2.42</b>	<b>3.52</b>	<b>0.006</b>	<b>0.140</b>	<b>0.077</b>	<b>0.052</b>	<b>5.31</b>
<b>MARRA MAMBA</b>									
Measured	-	-	-	-	-	-	-	-	-
Indicated	4.47	59.56	2.71	5.16	0.026	0.064	0.098	0.051	6.51
Inferred	7.67	58.84	2.82	5.47	0.022	0.062	0.128	0.042	7.12
<b>TOTAL</b>	<b>12.14</b>	<b>59.10</b>	<b>2.78</b>	<b>5.35</b>	<b>0.024</b>	<b>0.063</b>	<b>0.117</b>	<b>0.045</b>	<b>6.90</b>
<b>TOTAL RESOURCE</b>									
Measured	55.31	61.83	2.43	3.31	0.006	0.143	0.077	0.054	5.33
Indicated	59.63	61.44	2.45	3.76	0.008	0.133	0.079	0.051	5.36
Inferred	41.14	61.05	2.46	3.98	0.009	0.123	0.084	0.050	5.67
<b>TOTAL</b>	<b>156.08</b>	<b>61.47</b>	<b>2.45</b>	<b>3.66</b>	<b>0.007</b>	<b>0.134</b>	<b>0.080</b>	<b>0.052</b>	<b>5.43</b>

\* Based on SG = 3.35t/m<sup>3</sup>, Fe lower cut-off = 56.0%.

Of the total Resource, 55.31Mt (35.4%) have been classified in the Measured category, 59.63Mt (38.2%) of the Resource are classified as Indicated, with the balance of 41.14Mt (26.4%) in the Inferred category. The Resource estimate is established by applying an iron cut-off determined from grade tonnage curves, with all mineralised domains reported at a 56% Fe cut-off.

Figure 1 – Deposit Locations



A Pre-Feasibility Study is under way to determine the viability of developing the Hardey Deposit at an annual production rate of up to 10Mtpa. This would be in addition to, and using the infrastructure for the initial 30Mtpa Stage 1 of the West Pilbara Iron Ore Project.

With the increase in the above Resource, the total iron ore Resource inventory for the West Pilbara Iron Ore Project now stands at 742Mt, comprising the following:

WEST PILBARA IRON ORE PROJECT – TOTAL CHANNEL IRON RESOURCES									
Resource Classifications	Tonnes Mt*	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	LOI %	Mn %	MgO %
Measured	74.89	57.56	5.62	3.34	0.085	0.018	8.14	0.02	0.07
Indicated	328.54	56.47	5.27	3.71	0.060	0.016	8.51	0.06	0.11
Inferred	182.25	56.23	6.12	3.70	0.062	0.016	9.08	0.04	0.11
<b>Total</b>	<b>585.68</b>	<b>56.54</b>	<b>6.08</b>	<b>3.62</b>	<b>0.066</b>	<b>0.017</b>	<b>8.78</b>	<b>0.04</b>	<b>0.11</b>

\* This resource includes the deposits of Catho Well, Catho Well North, Cardo Bore East, Cardo Bore North, Cochrane, Jewel, Kens Bore, Upper Cane, Trinity Bore, Kumina Creek and Robe Exit (see Figure 1).

WEST PILBARA IRON PROJECT – HARDEY BEDDED IRON RESOURCES									
Resource Classifications	Tonnes Mt*	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	LOI %	Mn %	MgO %
Measured	55.31	61.83	3.31	2.43	0.143	0.006	5.33	0.077	0.054
Indicated	59.63	61.44	3.76	2.45	0.133	0.008	5.36	0.079	0.051
Inferred	41.14	61.05	3.98	2.46	0.123	0.009	5.67	0.084	0.050
<b>Total</b>	<b>156.08</b>	<b>61.47</b>	<b>3.66</b>	<b>2.45</b>	<b>0.134</b>	<b>0.007</b>	<b>5.43</b>	<b>0.080</b>	<b>0.052</b>

\* Based on SG = 3.35t/m<sup>3</sup>, Fe lower cut-off = 56.0%.

Competent Person Statement

The information in this report that relates to the Hardey, Trinity Bore, Kumina Creek and Robe Exit Mineral Resources is based on information compiled by Mr Stuart H Tuckey. The information in this report that relates to the Catho Well, Catho Well North, Cardo Bore East, Cardo Bore North, Cochrane, Jewel, Kens Bore and Upper Cane Mineral Resources is based on information compiled by Mr Stuart H Tuckey, Dr Sia Khosrowshahi and Mr Jani Kalla who are members of the Australasian Institute of Mining and Metallurgy. Mr Tuckey is full-time employee of the API Management Pty Ltd. Dr Khosrowshahi and Mr Kalla are full-time employees of Golder Associates Pty Ltd. Messers Tuckey, Khosrowshahi and Kalla have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tuckey, Dr Khosrowshahi and Mr Kalla consent to the inclusion in the report of the matters based on their information in the form and context that the information appears.

Details of the Hardey Resource Estimate parameters are contained in Attachment A.

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Attachment A – Resource Estimate Parameters

<b>AUSTRALIAN PREMIUM IRON JOINT VENTURE IDENTIFIED MINERAL RESOURCE</b>	
<b>HARDEY DEPOSIT</b>	
<b>SAMPLING TECHNIQUES AND DATA</b>	
<b>Drilling Technique</b>	<i>Reverse Circulation (RC) drilling utilising a 5 1/2" face sampling hammer. Angled and vertical holes drilled to achieve optimally intersection of BIF/ mineralisation bedding.</i>
<b>Sampling Technique</b>	<i>Industry standard sampling techniques were used for all drill methods and ground conditions encountered. Dry samples - on average 3.5kg samples were collected directly from the cyclone after passing through a riffle splitter. Wet Samples - wet samples were run through a wet splitter with the entire split sample collected in large calico bags. Samples were allowed to dry and sent for analysis. If samples required further splitting samples were dried, crushed and passed through a single stage splitter.</i>
<b>Drill Sample Recovery</b>	<i>Based on data recorded for all sample intervals the average RC sample recovery is 90%.</i>
<b>Geological Logging</b>	<i>Geological logging has been completed on all drilling completed within the resource area. All information from drilling has been recorded using industry appropriate logging and recording system. The level of detail (stratigraphy, lithology, mineral content) is appropriate for mineral resource estimation. Downhole gamma (geophysical) logging was completed for all holes where holes remained open for survey post drilling. Geological and geophysical logging data has been used to develop the geological interpretation and checked, where possible, against geochemical data.</i>
<b>Quality of Assay Data / QAQC</b>	<i>An independent commercial laboratory has been used for all analytical testwork. Appropriate sample preparation and assaying procedures have been used. API has a systematic QA/QC procedure for all sampling programmes. Duplicate samples and industry certified standards are inserted within the sample sequence. The QA/QC procedures are designed to monitor all aspects of sampling techniques and analytical reliability and have been audited by API and Geostats Pty Ltd, an independent expert. Geostats Pty Ltd - "Results from the standards are acceptable; there are no major issues that would prevent the resource from being classified as Measured, Indicated or Inferred. The accuracy and precision of the data is good".</i>
<b>Surveying</b>	<i>All collar locations for the deposits were surveyed in three dimensions by licensed surveyors. Down hole gyroscopic surveys have been completed where holes remained open at completion of drilling. Data is recorded on the API database.</i>
<b>Data spacing</b>	<i>Drill holes are positioned on a regular 100 metre spaced drill lines. Drill holes are positioned on lines at irregular intervals, on average &lt;25m separation dependent on topographic constraints. Drill density provides good geological control and grade continuity. The grade continuity has been established by variography and the data density is sufficient for reasonable variograms in most ore domains.</i>
<b>Auditing</b>	<i>The geological and assay data base is internally audited. An independent audit has been completed on all analytical QC data. Data integrity is checked on upload of all recorded drill, survey, geological and assay data.</i>
<b>ESTIMATION AND REPORTING OF MINERAL RESOURCE</b>	
<b>Database Integrity</b>	<i>The API database is managed by a dedicated Database Manager and has been validated for integrity and completeness.</i>
<b>Geological Interpretation</b>	<i>Geological and mineralisation interpretations were completed by API. The interpretations are based on geological, downhole geophysical and geochemical information from drill holes and surface mapping. The data density and regularity are considered adequate for the definition of the geological boundaries which were used to define both geological and mineralised zones for resource estimation purposes</i>
<b>Dimensions</b>	<i>Hardey Deposit: Brockman mineralised zone - 1500 x 1250 x 255 metres (E x N x RL) Marra Mamba mineralised zone - 1050 x 530 x 90 metres</i>
<b>Estimation and Modelling Technique</b>	<i>The estimation techniques used for the deposits are based on the geostatistical method of Ordinary Kriging. Block model cell size used - 25 x 25 x 2 metres, sub-cell size - 5 x 5 x 2 metres.</i>
<b>Variables Interpolated</b>	<i>Fe, Al<sub>2</sub>O<sub>3</sub>, SiO<sub>2</sub>, P, S, Mn, MgO and LOI (1000°C)</i>
<b>Moisture</b>	<i>Tonnage based on a dry basis</i>
<b>Cut-off Parameters</b>	<i>The resource models are not constrained by assumptions about economic cut-off grades. The reported resource is based on applying lower cut-off grade of 56% for Fe.</i>
<b>Mining Factors</b>	<i>API has assumed that the deposit will be mined by excavators using 4 to 8 m high benches, or a bench height divisible by 2 m.</i>
<b>Metallurgical Considerations</b>	<i>It has been assumed that the metallurgical domains are primarily governed by the position of the ore and waste boundaries.</i>
<b>Bulk Density</b>	<i>An average dry bulk density value of 3.35 was applied to the resource model. The average bulk density is based on density determinations from diamond core and industry standard values for similar iron deposits in the Pilbara. A density of 3.35 is considered appropriate for the type and style of mineralisation.</i>
<b>Classification</b>	<i>Resource classification was primarily based on data density criteria and geological confidence. The level of continuity was sufficient to classify 35% of the resource in the Measured Resource category. The deposit was classified as a Measured, Indicated and Inferred resource. Inferred material represents zones of lower data density.</i>
<b>Accuracy and confidence</b>	<i>An alternative Inverse Distance Weighted (Squared) estimate was made to validate the Ordinary Kriged resource estimate. A validation of block model grades against composited sample interval grades was also completed. Swath plots comparing input, composited and calculated block grades were completed for easting, northing and RL within the deposit area.</i>