

## **QUARTERLY REPORT**

For the Period ended

**31 March 2001**

### **CORPORATE**

On 13 January 2001, Aquila Resources Limited ("*Aquila*"), reached agreement with Pasminco Limited ("*Pasminco*") to purchase Pasminco's 49% interest in the Ernest Henry Mine ("*EHM*") for a cash consideration of \$145 million.

The offer to purchase Pasminco's 49% interest in EHM was subject to customary due diligence, to Aquila's financier's due diligence and to MIM Holdings Limited ("*MIM*") not exercising its pre-emptive right.

On 23 March 2001, Pasminco confirmed that MIM had exercised its pre-emptive right over Pasminco's 49% interest in EHM.

After allowing for expenses associated with due diligence of the EHM acquisition, Aquila will have approximately \$3 million cash at bank.

Aquila is currently reviewing legal advice received in relation to its agreement with Pasminco.

### **EXPLORATION**

During the quarter, a geological review of the historical exploration data for the Enterprise and Penny West project areas commenced. The reassessment of the historical data is to encompass a reinterpretation of the geological mapping, the aeromagnetic and Landsat Tm interpretations and the historical drilling from previous exploration. As part of the data review, the historical databases from previous explorers are to be rebuilt which will include the underground drilling from the Enterprise project.

Fieldwork encompassing geological mapping and verification of target areas is to be completed during the forthcoming quarter.

The exploration review is being carried out as part of a process to identify and prioritise exploration targets and is planned to be completed by 30 June 2001.

Rotary Air Blast ("RAB") drilling of identified exploration targets is planned to follow in the September quarter.

For further information please contact :-

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The technical aspects of this report have been prepared by Mr Neil Lithgow, MSc (Geol) of Aquila Resources Limited who is a Corporate Member of the Australian Institute of Mining and Metallurgy, who has had a minimum of five years relevant experience in this field of activity and has consented in writing to the report in the form and context in which it appears.