

Extension of Executive Services Agreement

Aquila Resources Limited (**Aquila**) refers to the Consultancy Agreement between Aquila, Omega Management Services Pty Limited (**Omega**) and Anthony Poli (**Mr Poli**) as referred to in Aquila's Annual Report 2013 (**Agreement**). Mr Poli's services, which include acting as Aquila's CEO, are provided under the Agreement. The Agreement was due to expire on 30 June 2014.

The terms and conditions of the Agreement have not changed other than the Agreement has been extended by a period of 6 months, so that the Agreement will now expire on 31 December 2014.

It is intended that the Agreement will be subject to further review pending the outcome of the conditional off-market takeover offer by Baosteel Resources Australia Pty Ltd and Aurizon Operations Limited.

The material terms of the Agreement are set out in the Schedule to this announcement.

Yours sincerely,

May Chan
Company Secretary

For further information, please contact May Chan:

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Schedule

The material terms of the Agreement are as follows:

Expiry:	31 December 2014
Consultancy Fee:	\$750,000 per annum (excluding GST)
Termination:	<p>Omega may terminate the Agreement upon 6 months' written notice to Aquila</p> <p>Aquila may terminate the Agreement upon 12 months' written notice to Omega for any reason, otherwise the Agreement will terminate on 31 December 2014</p> <p>Aquila and Omega may each also terminate the Agreement with immediate effect in specified circumstances</p>
Termination Payment:	If Aquila becomes entitled to exercise its right to terminate the Agreement immediately, it must pay any outstanding Consultancy Fees for services provided prior to the termination date