

Belvedere Hard Coking Coal Project – Valuation Dispute

Aquila Resources Limited (ASX:AQA “the Company” or “Aquila”) advises that following the previously announced exercise by Vale Belvedere Pty Ltd (“Vale Belvedere”) of an option to acquire the 24.5% interest in the Belvedere Hard Coking Coal Project (“Project”) owned by Aquila’s wholly owned subsidiary, BD Coal Pty Ltd (“BD Coal”), Vale Belvedere and BD Coal each appointed a valuer to determine the Fair Market Value of that interest as provided for in the Belvedere Joint Venture Agreement (“JVA”). The respective determinations of that Fair Market Value by each of the nominated valuers were exchanged between Vale Belvedere and BD Coal on 20 August 2010.

Since the exchange of those valuations, which differed by more than 10%, BD Coal has sought to engage with Vale Belvedere in respect of the joint appointment of a Determining Valuer as contemplated by the JVA but without success.

Late on Friday 24 September, Vale Belvedere instituted proceedings in the Supreme Court of Queensland claiming that the report (“the Report”) prepared by BD Coal’s nominated valuer (which is an international investment bank ranked amongst the top ten investment banks globally on the basis of transactions worldwide in the mining sector over the past two years) does not comply with the terms of the JVA and therefore, in Vale Belvedere’s opinion, does not qualify as a valuation for the purposes of the Fair Market Value determination process.

Vale Belvedere has indicated that its position is that the Fair Market Value determination process must be deferred until the outcome of those proceedings is known.

BD Coal’s preliminary view is that Vale Belvedere’s assertions essentially constitute differences of professional opinion on matters of valuation. BD Coal is disappointed that time and money will be expended in hearing this matter in the Courts rather than following the process for the resolution of differences in the two valuations that the parties agreed when they entered into the JVA.

BD Coal intends to vigorously defend the proceedings.

Aquila will continue to keep the market informed of developments in respect of the Fair Market Value determination process.

Tony Poli
Executive Chairman

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

Telephone: (08) 9423 0111
Facsimile: (08) 9423 0133
Email address: mail@aquilaresources.com.au
Visit us at: www.aquilaresources.com.au