

Eagle Downs Hard Coking Coal Project Upgraded Resource Statement August 2010

Highlights:

The Eagle Downs Hard Coking Coal Project has produced an upgraded Resource Statement with both an increase in overall resource and increase in JORC classification of that resource:

- Increase in total resource to 948Mt from the previously reported 894Mt
- Increase in Measured Resource to 577Mt representing a 70% upgrade in resource classification.
- Increase in Measured and Indicated Resources to 790Mt representing a 52% upgrade in resource classification.

Aquila Resources Limited (ASX:AQA “the Company” or “Aquila”) is pleased to announce an upgraded resource statement for the Eagle Downs Hard Coking Coal Project (“Eagle Downs” or the “Project”) in which the Company has a 50% interest. The Project is located in the Bowen Basin in Central Queensland, immediately down dip from BMA’s Peak Downs mine. The Feasibility Study proposes an underground longwall mine, producing initially up to 4.6Mtpa and then up to 8Mtpa of hard coking coal when the second longwall is installed.



Updated Resource Estimate

The revised resource statement has been prepared by Mr Mal Blaik from JB Mining. The total resource has increased to 948Mt (relative to the previously announced 894Mt) and the JORC classification of the resource has improved significantly.

The work involved:

- Completion of 3D seismic data interpretation
- The drilling of 10 cored holes including four new sites, four redrills and two large diameter holes
- 65 new raw coal quality seam analyses
- 73 new clean coal composite seam analyses including redrills
- Ongoing large scale coking tests
- Geostatistics completion of the Q, HCL and DY seam studies.

This has further improved the existing robust geological model for the Project.

The outcomes of this work are:

- Increase in total resource to 948 Mt from 894 Mt (increased by 54Mt)
- Increase in Measured Resource to 577Mt from 339Mt representing a 70% increase in Measured Resources
- Measured and Indicated Resources has now increased to 790Mt from 518Mt representing a 52% increase in Measured and Indicated Resources.

Results are detailed below:

Table 1 – Summary of In situ Resources by Seam (depths from 150m to >600m)

Seam	Measured Tonnes x 10 ⁶	Indicated Tonnes x 10 ⁶	Total Measured & Indicated Tonnes x 10 ⁶	Inferred Tonnes x 10 ⁶	Total Measured Indicated & Inferred Tonnes x 10 ⁶
Q	73	20	93	14	107
HCU	109	48	157	28	185
HCL	251	100	351	55	406
DY	132	26	158	21	180
DY – “PCI”	12	19	31	39	70
Total	577	213	790	158	948

Tony Poli Executive Chairman

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

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The information in this announcement that relates to the Resource Statement has been based on information compiled by Mr Mal Blaik who is a member of the Australian Institute of Mining and Metallurgy. Mr Blaik is a Principal Consultant of JB Mining Services Pty Ltd. Mr Blaik is a qualified geologist (BSc App Geol (Hons) University of QLD, 1979) and is a member of the Australasian Institute of Mining and Metallurgy and as such qualifies as a Competent Person under the JORC Code. Mr Blaik has consented to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.