

Isaac Plains Coal Mine – Resolution of issues between Aquila and Vale

Aquila Resources Limited (ASX: AQA “the Company” or “Aquila”) is pleased to today announce that its wholly owned subsidiary IP Coal Pty Ltd (“IP Coal”) has reached agreement with Vale Australia (IP) Pty Ltd (“Vale IP”) to resolve a number of outstanding issues between them in respect of the Isaac Plains Coal Mine.

The issues between the parties arose from a difference of view where IP Coal maintains that each of it and Vale IP have clear rights to separately take their share of Isaac Plains coal and deliver it to their respective customers. Vale IP does not agree with this and has asserted that a further agreement is needed to permit this. Whilst IP Coal does not agree with Vale IP’s view, in order to resolve the outstanding issues between the parties, IP Coal has agreed to enter into a lifting agreement with Vale IP which applies with immediate effect until 30 June 2013. This new agreement replaces the current lifting agreement between the parties which was due to expire on 31 March 2012.

IP Coal has also agreed with Vale IP to discontinue the damages claim commenced by IP Coal in the Federal Court on 11 July 2011, with each party bearing its own costs.

Resolution of these two key issues assisted the parties in also reaching agreement on approval of the budget for Isaac Plains for the current financial year (as referred to in the Company’s December 2011 Quarterly Report, which was released on 25 January 2012).

Aquila considers that the resolution of these issues will now enable IP Coal and Vale IP to focus their efforts on delivering value from the Isaac Plains Coal Mine for the benefit of their respective stakeholders.

Tony Poli
Executive Chairman

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

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