

Avontuur Manganese Project Update on alleged overlapping prospecting right

Aquila Resources Limited (ASX:AQA "the Company" or "Aquila") refers to its June 2013 Quarterly Report and its 30 June 2013 Financial Report, released on 13 September 2013, in which it advised that the application for the grant of a Mining Right with respect to the Company's Gravenhage Manganese Deposit ("Gravenhage Mining Right Application") has been hampered by an alleged overlapping prospecting right.

The Company has recently received documentation from lawyers representing Pan African Mineral Development Company (Pty) Ltd ("PAMDC"), a company incorporated on 26 November 2007 and owned by the governments of South Africa, Zambia and Zimbabwe, which alleges that PAMDC is the holder of an overlapping prospecting right.

The alleged overlapping prospecting right appears, from the documentation, to have been granted to PAMDC on 17 November 2011, which is over five years after a prospecting right over parts of the same areas was granted to the Company's wholly owned subsidiary. The alleged grant is also almost one year after the Gravenhage Mining Right Application was accepted by the South African Department of Mineral Resources ("DMR"), on 22 December 2010.

Following discussions held by the Company and its Black Economic Empowerment partner (Rakana Consolidated Mining (Pty) Limited) with the DMR and the South African Minister of Mineral Resources ("Minister") and legal advice received earlier today from the Company's South African lawyers (Webber Wentzel), the Company now believes it is unlikely that the matter will be resolved by further discussions.

Webber Wentzel have accordingly today written to the Minister requesting a formal decision on the grant of the Gravenhage Mining Right Application. Failing a positive decision, Aquila will take all necessary action to protect its rights, which may include an internal appeal under section 96 of the South African *Mineral and Petroleum Resources Development Act (2002)*, an injunction and judicial review proceedings.

It is regrettable that Aquila now needs to consider legal action to protect the security of its tenure on the Gravenhage Manganese Deposit, having advanced the project since 2006 in accordance with all relevant laws and DMR requirements.

The Gravenhage Manganese Deposit is situated at the northern end of the Company's Avontuur Manganese Project, which has a combined total JORC Resource of 147.8Mt at an average grade of 38.2% Mn. During 2011, the Company completed a Definitive Feasibility Study on the Gravenhage Manganese Deposit, based on a JORC Reserve of 20.2Mt at an average grade of 40.1% Mn.

Tony Poli
Executive Chairman

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Competent Person Statements

The information in this announcement that relates to the Gravenhage Manganese Deposit (the Haakdoorn, Gravenhage South, Gravenhage and Eersbegint Manganese Resources combined) is a summary of the information as set out in the Avontuur Manganese Mineral Resource Estimate as at 30 March 2012 (see ASX Announcement 'Avontuur Manganese Resource Increases to 147.8Mt' of 30 March 2012 for further details), which was prepared under the supervision of Mr Brent E Green who is a member of the Australian Institute of Geoscientists. Mr Green is a full-time employee of Aquila Resources Limited. Mr Green has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC 2004 Code"). Mr Green consents to the inclusion in the announcement of the matters based on the information in the form and context in which it appears. Resources are quoted in compliance with the JORC 2004 Code.

The information in this announcement that relates to the Gravenhage Manganese Mineral Reserves is a summary of the information as set out in the Gravenhage Manganese Reserve Estimate as at 30 November 2011 (see ASX Announcement 'Gravenhage Manganese Project - DFS Completed' of 30 November 2011 for further details), which was prepared under the supervision of Mr Manie Kriel who is a Fellow of the South African Institute of Mining and Metallurgy. Mr Kriel has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC 2004 Code. Mr Kriel consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears. Reserves are quoted in compliance with the JORC 2004 Code.