

## Eagle Downs Hard Coking Coal Project Drifts Construction Contract Awarded

### Highlights:

- **Estimated \$142.8 million drifts contract awarded for the Eagle Downs Hard Coking Coal Project**
- **Two drifts will be driven from surface to the Harrow Creek Upper coal seam, 270m vertically below surface**

Aquila Resources Limited (ASX:AQA “the Company” or “Aquila”) refers to its previous announcements regarding the status of the Eagle Downs Hard Coking Coal Project (“Eagle Downs” or “the Project”), which is 50% owned by Aquila in a joint venture with Vale SA’s wholly owned subsidiary, Bowen Central Coal Pty Ltd (“the Participants”).

The drifts construction contract (“Contract”) has been awarded to WDS Limited (ASX:WDS “WDS”), an experienced mining services provider, which has completed numerous mine access drifts in Queensland and New South Wales.

The Contract is primarily a rates-based contract with expenditure estimated to be \$142.8 million. The relevant works have a planned duration of just over two years.

The Contract covers the construction of two drifts extending on a decline approximately 2km to a vertical depth of 270m. One of the drifts is for men and materials and the second drift is for the mine drift conveyor. The Contract also includes installation of all the permanent mine services pipelines. In addition to the Harrow Creek Upper coal seam, these drifts will be used in the future to gain access to other coal seams where Reserves have been identified.

The drifts driveage will be completed using two roadheaders specifically engineered to meet the requirements of the Contract, including onboard roof-bolting and shotcrete tunnel lining capabilities.



*Roadheader to be used at Eagle Downs (left) and example of drifts driveage (right)*

With the Contract awarded, mobilisation to site is expected in the March Quarter 2014, with drifts driveage to commence once mobilisation is complete.

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Following this successful retendering, further work will be undertaken to progress additional tenders and negotiations for other major work packages, including the establishment of site power and raw water supply, ventilation shafts, development and longwall equipment, underground conveyors and the coal handling and preparation plant (including rail loop and loading facilities).

The Project, which has a 254Mt Reserve, is located in the Bowen Basin in Central Queensland, adjacent to and immediately down dip from the BHP Billiton Mitsubishi Alliance operating Peak Downs Coal Mine. The Project involves construction, development and operation of one of only two new underground longwall hard coking coal mines currently under development in Australia.

Construction of the drifts is a critical path development task, representing an important development milestone, with Project completion scheduled to occur in the first half of 2017.

With cash balances in excess of \$500m, Aquila is uniquely placed amongst ASX-listed mid-cap miners to capitalise on the current subdued market for mining construction services by progressing development of Eagle Downs.

**Tony Poli**  
**Executive Chairman**

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*The information in this announcement that relates to the Eagle Downs Hard Coking Coal Project is a summary of the information as set out in the Eagle Downs Coal Reserves (see Company's ASX Release "Eagle Downs Hard Coking Coal Project Study Results" issued on 31 May 2011 for further details), which was based on information reviewed by Mr Jack Steenekamp, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Steenekamp 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC 2004 Code"). Mr Steenekamp is a full time employee of Mining Consultancy Services (Australia) Pty Ltd and holds the position of Managing Director. Mr Steenekamp has consented to the inclusion in the announcement of the matters relating to Coal Reserves based on the information he has reviewed, in the form in which it appears. Reserves are quoted in compliance with the JORC 2004 Code.*