

West Pilbara Iron Ore Project Budget Dispute Update

Aquila Resources Limited (ASX:AQA “the **Company**” or “**Aquila**”) refers to its previous announcements in which it advised that the Company and its joint venturer in the West Pilbara Iron Ore Project (“**Project**”), AMCI (IO) Pty Ltd (“**AMCI**”), have not reached agreement on a proposed budget for the 2012/2013 financial year. As a result, the dispute was referred to arbitration in September 2012, in accordance with the dispute resolution procedures of the Joint Venture Agreement.

At a directions hearing today, the arbitrator made orders for the arbitration to commence in late February 2013. Aquila is hopeful that the arbitration award will be handed down during the March 2013 Quarter.

As previously advised, a determination by the arbitrator is non-binding, except for the identification of a Vendor Participant whose Venture Interest may be acquired by the other Participant at fair market value (should the relevant dispute remain unresolved).

The Project has moved to minimum expenditure whilst the dispute is being resolved and this has resulted in a number of work programmes being wound down or suspended for the time being.

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