

West Pilbara Iron Ore Project Budget Dispute

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. As previously advised, given the existence of the budgetary dispute, the Project moved to minimum expenditure.

Aquila advises that it has given notice to AMCI which Aquila considers brings to an end the arbitration about the budget for the 2012/2013 financial year. In conjunction with this decision, Aquila has also agreed to maintain the Project on minimum expenditure for the remainder of the 2012/2013 financial year.

Aquila will continue to focus its efforts on how best to progress the Project.

Tony Poli
Executive Chairman

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

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