



NORTHERN BOWEN BASIN COAL OPPORTUNITY

Introduction

Aquila Resources Pty Ltd (the “Vendor” or “Aquila”) is considering the potential divestment of its 100% interest in MDL 518 and EPC 985 (the “Talwood Coal Project” or the “Project”).

Following Aquila’s acquisition by Baosteel Resources (a subsidiary of China’s largest steel producer, Baowu), Aquila has sought to rationalise its extensive tenement holding in order to focus on its core assets.

Aquila is now seeking expressions of interest for the potential 100% acquisition of the Talwood Coal Project.

Investment Opportunity

Opportunity to acquire a proposed underground mine located in the prolific Bowen Basin in Queensland, which produces nearly two-thirds of global seaborne metallurgical coal supply.

- Potential for a large underground mine targeting coking and thermal coal products, from the Rangal Coal Measures;
- Further opportunity for a viable smaller scale open cut operation that could ultimately be used to access the underground Resource;
- Three studies undertaken presenting development optionality;
- Future expansion potential with the broader tenement area hosting a total JORC Resource of 435Mt;
- World class regional infrastructure including rail with access to Abbot Point and Dalrymple Bay coal terminals; and
- Potential synergistic / partnering options exist, with the Project surrounded by existing coal mines operated by major miners (e.g. BMA, Peabody, Anglo).

Location and Infrastructure

The Project is located in the Northern Bowen Basin in Central Queensland, 200km west of Mackay and 40km north of Moranbah.

The Project is proximate to regional infrastructure:

- There is public road access via Red Hill Road;
- Regional rail infrastructure providing access to Abbot Point and DBCT; and
- Options for water and power exist in close proximity.

Geology

The regional stratigraphy comprises the Rangal Coal Measures, the Fort Cooper Coal Measures and the Moranbah Coal Measures.

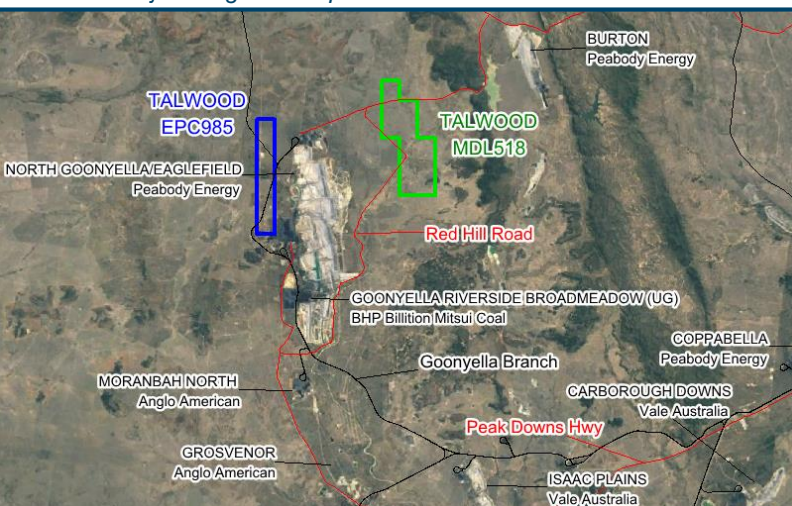
Talwood Coal Project development has focussed on the Rangal Coal Measures. The base of weathering over the area is typically 20 to 30 metres deep along the subcrop of the Rangal Coal Measures.

Project Development

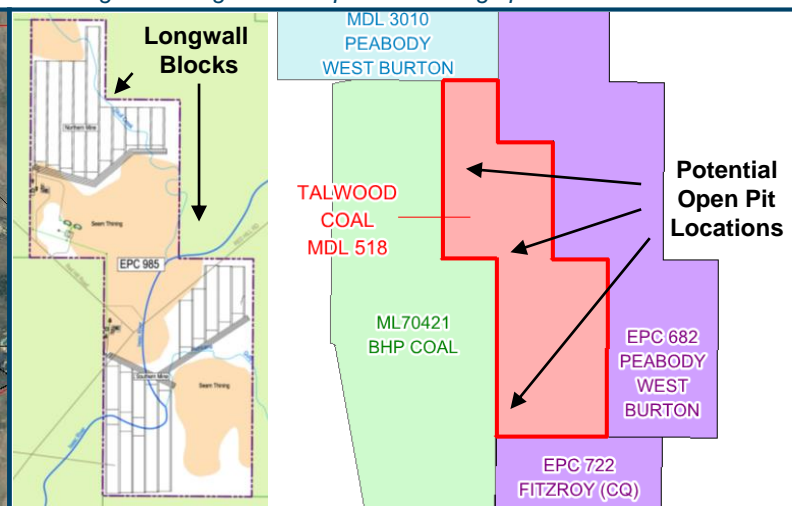
Aquila has undertaken multiple stages of study work, including:

- 2011 MineCraft Study proposing a longwall operation averaging 4.4Mtpa ROM coal over a 10yr LOM (post 2yr ramp up);
- 2012 MCS Study proposing Board & Pillar operation averaging 1.8Mtpa ROM coal over a 18yr LOM (minimal ramp up), and
- 2014 Study identifying potentially open-cuttable Resource along the tenement boundary (creating potential future underground access).

Talwood Project Regional Map



Underground longwall and open cut mining options





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Resource Estimate

Latest Resource estimate prepared in March 2013 in compliance with the 2004 JORC Code.

Seam Category (Insitu)	Leichhardt	Vermont	Goonyella Upper & Middle	Total
Measured	46.6	31.3		77.9
Indicated	31.8	44.8	31.0	107.7
Inferred	6.8	26.9	215.6	249.4
Total	85.2	103.0	246.6	434.9

Coal Quality Testing

Independent coal quality and washability analysis undertaken:

- Coal quality testing results indicate the Leichhardt seam is the principal target seam, with multiple products at economic yields;
- Washability analysis indicates the coal would produce a coking and thermal product, and
- Coal properties indicate a semi-hard product from the southern mining domain and a soft coking coal in the northern domain

Tenure and Ownership

Aquila holds 100% of the Talwood Coal Project.

MDL 518 was granted in July 2014 (converting a portion of EPC 985) for a period of five years and comprises 3,489 hectares.

The remaining area of EPC 985 (situated to the west of MDL 518) comprises an additional 1,915 hectares of tenement area.

The tenements are in good standing.

Confidential Enquires

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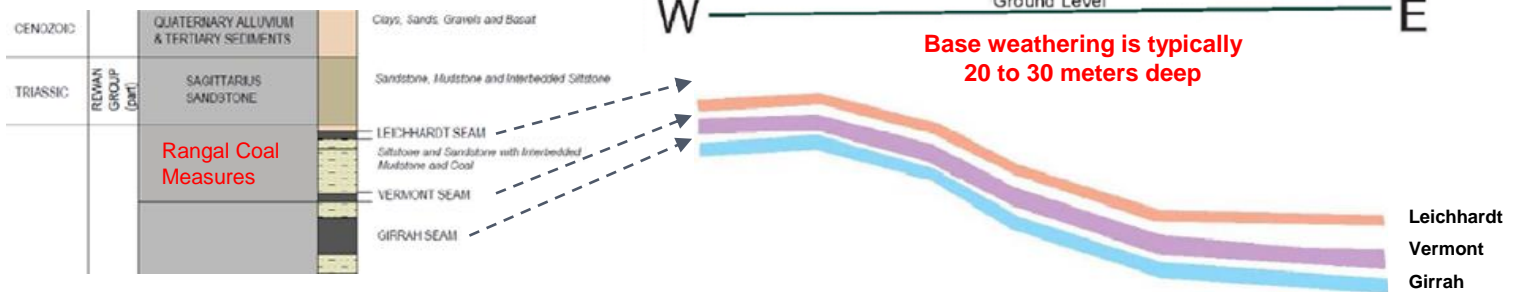
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Talwood Stratigraphy and Schematic Cross Section



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