

13 April 2012

Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Legal Proceedings – Red Hill Iron Ore Joint Venture - Ken’s Bore East CID deposit

Red Hill Iron Limited (RHI) has served a Writ on API Management Pty Ltd (API) in relation to proceedings commenced by RHI in the Supreme Court of Western Australia against API concerning the acquisition by API of an interest in exploration licence 47/1280 and exploration licence 47/1283 (“the Licences”) from a third party in 2006.

RHI contends that this acquisition falls within the provisions of the Farm-in Agreement made on 29 November 2005 between the parties because part of the area covered by the Licences falls within the “Tenement Boundaries” as defined in the Farm-in Agreement.

RHI’s proceedings are based on the claim that API is obligated to offer its interest in the Licences (alternatively its interest in that portion of the Licences which falls within the Tenement Boundaries), to be held by API and RHI subject to the terms of the Farm-in Agreement and the Red Hill Iron Ore Joint Venture Agreement (RHIOJV Agreement) made between API and RHI on 10 January 2007.

The Licences cover the Ken’s Bore East CID deposit which contains Measured, Indicated and Inferred Resources of 117 million tonnes of CID grading 57.6% Fe.*

API Management Pty Ltd is owned as to 50% by a wholly owned subsidiary of Aquila Resources Limited, an ASX listed company, and 50% by AMCI (IO) Pty Ltd a company controlled by AMCI International AG.

Yours faithfully,



N Tomkinson
Chairman

* As reported to the ASX by Aquila Resources Limited (AQA) on 1 November 2010