



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

Aquila Resources

Business Description

Aquila Resources Limited (AQA) is a minerals exploration company focused on coal and iron ore exploration in Australia and overseas. AQA also produces coal from its Isaac Plains Project in the Bowen Basin, Central Queensland.

Strategy Analysis

AQA has a pipeline of projects at various stages of development. The 50% owned Isaac Plains Coal Project began production in November 2006. Cashflow from the project and will be used to fund an exploration and feasibility programme across AQA's portfolio of projects. At Isaac Plains, the company is targeting annual production of 2.8Mt (split 75% metallurgical coal and 25% thermal coal). AQA's advanced projects include the Eagle Downs Coal project and West Pilbara Iron Ore project which are both at the feasibility study stage. The Iron Ore project requires approximately \$4bn of capital expenditure. AQA's 24.5% owned Belvedere Coal project is at the pre-feasibility stage. Vale has an option to acquire AQA's stake in Belvedere. AQA are also looking to sell part of the Washpool Coking Coal project and Avonteur project to purchasers who negotiate offtake agreements. Aquila Resources reported negative cash flow of \$12.17m for quarter ended 31 March 2009. Operating cash flow for the period was \$(11.95m). Payments for exploration and evaluation were \$(17.24m). Investing cash flow was \$(219,000). Financing cash flow was nil. Cash in hand at the end of the quarter was \$83.9m.

28 July 2010

Recommendation

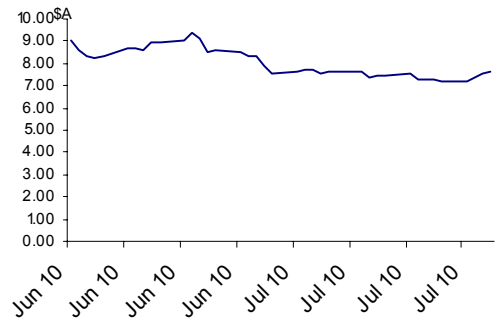
Recommendation: Neutral
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: AQA
Stock price: \$7.60
Market cap: \$2,449m

	Y/E 30/06/2010	2010e	2011e	2012e	2013e
Reported e	\$m	-22.2	119.8	30.0	-6.6
Adjusted e	\$m	-22.6	29.3	30.0	-6.6
EPS adjusted	¢	-7.1	8.5	8.7	-2.0
EPS growth	%	-54.2	-220.3	2.4	-122.5
PE	x	-107.2	89.1	87.0	-386.1
PE relative	x	-5.6	6.9	8.2	-38.9
DPS	¢	0.0	0.0	0.0	
Yield	%				
Franking	%	0.0	0.0	0.0	

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Coal	100.0	17.3	19.4	37.0%	22.0%
Iron Ore	0.0	-124.7	0.0	25.0%	45.0%
Manganese	0.0	0.0	0.0		
Total	100.0	-107.4	19.4		
Results by Geography				Dividend Reinvestment Plan	No
Asia	66.3	0.0	0.0	Shareholder Discounts	No
Americas	15.5	0.0	0.0		
Australia	14.2	0.0	0.0		
Europe	4.0	0.0	0.0		
Africa	0.0	0.0	0.0		
Total	100.0				

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Disclosure: In accordance with Section 849 of the Corporations Law, Macquarie Equities Limited states that The Macquarie Group advised Aquila Resources Limited (AQA:ASX) on strategic options to enhance shareholder value following implementation of the the proposed demerger of certain of its exploration interests as announced on 19 August 2008.

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