

ACN 006 189 331

**YAMARNA GOLDFIELDS LIMITED**  
ABN 84 006 189 331

**COMPANY ANNOUNCEMENT**

**YAMARNA ENTERS INTO CONDITIONAL JOINT VENTURE  
ARRANGEMENTS WITH AQUILA RESOURCES LIMITED**

27 August 2004

Yamarna Goldfields Limited ("Yamarna") is pleased to announce that it has entered into conditional arrangements with Aquila Resources Limited ("Aquila") and Asarco Exploration Company Inc ("Asarco") for the further development of the Yamarna Gold Project near Laverton Western Australia. The attached announcement prepared by Aquila sets out the terms of the arrangement negotiated between Yamarna, Aquila and Asarco. Yamarna will, subject to completion of due diligence by Aquila, increase its participating interest in the Yamarna Gold Project from 20% to 30% and will have the additional option of acquiring a further 10% participating interest (i.e. 40% in total) from Aquila at the same purchase price paid by Aquila to acquire Asarco's interest.

The agreement represents a significant achievement for Yamarna which will now form a new 40/60 joint venture with Aquila to develop and exploit the potential of the Yamarna Gold Project.

For And On Behalf Of The Board

Richard Revelins  
Director

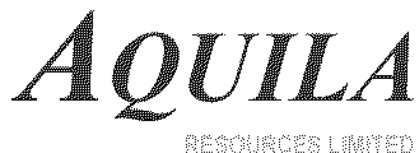
**YAMARNA GOLDFIELDS LIMITED**

ACN 006 189 331

ABN 84 006 189 331

SUITE 2, 1233 HIGH STREET, ARMADALE, VICTORIA 3143 AUSTRALIA

TELEPHONE: +613 9824 8166 FACSIMILE: +613 9824 8161



Aquila Resources Limited  
(ABN: 81 092 002 769)  
Level 4, South Shore Centre  
85 South Perth Esplanade  
South Perth WA 6151  
Tel: (+618) 9474 3311  
Fax: (+618) 9474 4433  
Email: [mail@aquilaresources.com.au](mailto:mail@aquilaresources.com.au)  
Website: [www.aquilaresources.com.au](http://www.aquilaresources.com.au)

27 August 2004

Companies Announcements Office  
Australian Stock Exchange Limited  
4<sup>th</sup> Floor, 20 Bridge Street  
SYDNEY NSW 2000

### **Aquila enters into conditional arrangements to acquire interest in Yamarna Joint Venture**

Aquila Resources Limited ("Aquila") is pleased to announce that it has entered into conditional arrangements with Asarco Exploration Company, Inc ("Asarco") and Yamarna Goldfields Limited ("Yamarna") under which Aquila has the **right to acquire** from Asarco an interest of up to 70% in the Yamarna Joint Venture ("JV"), which includes the Yamarna Gold Project ("Project"). Yamarna will acquire the balance of Asarco's existing 80% interest.

The acquisition is subject to due diligence by Aquila on the JV and the Project, including Aquila being satisfied with the results of Asarco's planned drilling program which has been designed to test the recent drilling result at the North Khan discovery. **Aquila expects its decision as to whether to proceed with the acquisition to be highly dependent on the results of the drilling program.**

The JV, which has an extensive land position in excess of 1,700 sq km on the Yamarna greenstone belt, is located some 140 km east of Laverton. Exploration undertaken to date in the Project area has been at relatively shallow depths and mainly confined to the 6 km long Atilla-Alaric gold mineralised corridor.

The setting is increasingly being recognised as a prospective gold province and for a West Australian archean greenstone belt, it is relatively under explored. A recent deep-crustal seismic survey shows that the Yamarna greenstone belt has a similar structural architecture to the Laverton gold camp. Asarco has assembled an extensive geochemical,

geophysical and geological data base and a geological interpretation has highlighted a number of potentially mineralised positions which are yet to be tested.

A recent eight hole reverse circulation (“RC”) drill program carried out 20km north of the Attila-Alaric trend at North Khan has highlighted a previously unknown gold rich porphyry unit which is adjacent to the Attila-Alaric trend and essentially untested.

Yamarna has reported to the ASX a high grade intersection of 33 metres averaging 7.4 g/t gold from 40 metres to end of hole from YARC 303, drilled on the central traverse at North Khan. This interval includes a section of 23 metres averaging 9.85 g/t gold from 50 metres.

Asarco has, in consultation with Aquila, designed a RC drilling program which is designed to provide a better understanding of the orientation and extent of that mineralisation. The results of this drilling program will form part of Aquila’s due diligence on the Project.

Under the terms of the arrangements:

- (a) subject to paragraph (c) below, Aquila will acquire a 70% interest in the JV and the Project;
- (b) subject to Aquila proceeding with the acquisition, Yamarna will increase its interest in the JV and the Project from 20% to 30% in exchange for Yamarna surrendering certain of its rights under the JV including:
  - surrender of its free carry entitlement through to a decision to mine. Yamarna will contribute to future expenditure in proportion to its joint venture interest; and
  - surrender of its royalty entitlements in relation to Asarco’s share of production from the Project;
- (c) Aquila has granted to Yamarna an option to acquire a further 10% interest in the JV and the Project (to move to a 40% interest) (Aquila 60%) in consideration of Yamarna paying 12.5% of the purchase consideration payable by Aquila to Asarco. Yamarna must exercise the option prior to settlement of Aquila’s acquisition from Asarco.

Relevant terms and conditions of the acquisition include the following:

#### 1. Purchase Consideration

If Yamarna does not exercise its option to acquire an additional 10% interest, Aquila will pay to Asarco:

- (a) up-front cash consideration of \$7.5 million, payable at settlement; and
- (b) a further cash payment, limited to \$3.5 million, once JORC compliant gold reserve milestones are attained (the amount of the payment will depend on the timeframe within which those milestones are attained); and

(c) a 2.3% royalty on gross revenue payable on production ounces in excess of 218,750 ounces derived by Aquila from its share of production from a designated area surrounding the North Khan discovery.

The total consideration for Asarco's 70% interest in the JV is capped at \$15 million.

If Yamarna exercises its option to acquire a further 10% interest in the JV and the Project, Yamarna will bear 1/8<sup>th</sup> of the purchase consideration.

2. The acquisition of Asarco's interest is subject to Aquila giving due diligence clearance within a certain period (the period being dependent on the timing of certain events and expected to be approximately 35 days). If Aquila gives due diligence clearance, the acquisition will be subject to all necessary governmental and native title claimant consents and approvals.

3. Settlement date:

If Aquila elects to proceed with the acquisition, settlement of the transaction will take place as soon as all necessary consents and approvals are received.

Further details of the acquisition will be released to the market if Aquila decides to proceed to settlement by giving due diligence clearance to Asarco.

Tony Poli  
Executive Chairman

For further information with respect to this announcement, please contact Tony Poli on (08) 9474 3311.