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 HD **Baosteel has eyes on huge iron ore deal**  
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**Mining CHINA**'S Baosteel is in the box seat to secure a massive **iron ore** holding in Western Australia after Mineral Resources failed to take control of explorer Aquila Resources.

Aquila yesterday said it had rejected **mining** contractor Mineral Resources' takeover offer, and is still recommending its shareholders accept the offer from Baosteel and Aurizon.

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Analysts say the move paves the way for the state-owned **company** to shore up new **iron ore** supply and reduce the risk of higher prices in future.

Mineral Resources bought a near 13 per cent **stake** in Aquila Resources last week, and on Monday made a share-swap takeover offer for the Pilbara explorer that valued it at \$1.5 **billion**.

Aquila is already the target of a lower \$1.4 **billion** cash takeover bid from steelmaker Baosteel and rail operator Aurizon, as the companies involved look to kickstart the stalled \$10 **billion** West Pilbara **Iron Ore** Project.

Aquila chairman Tony Poli, who holds a 29 per cent **stake** in the **company**, intends to accept the Baosteel and Aurizon offer, while other shareholders have until July 11 to accept it.

Mineral Resources plans to discuss its potential involvement in the construction of the mine, rail and port project, as well as the operation of the mines as it considers what to do with its **stake** in Aquila. Analysts say the Baosteel bid is likely to go ahead as the **Chinese** look to establish a large, stable supply of the steel making ingredient. Morningstar Resources analyst Mathew Hodge said Baosteel wanted control of Aquila. Aquila shares were up 23c, or 7.3 per cent, at \$3.36 yesterday, while Mineral Resources shares were down 28c at \$9.28.

CO baos : Shanghai Baosteel Group Corp | dorval : Aurizon Mines Ltd | hclamn : Hecla Mining Co  
 IN i211 : Metal Ore Mining | i5020017 : Harbor Construction | i2111 : Iron Ore Mining | i502 : Heavy Construction | ibasicm : Basic Materials/Resources | iconst : Construction | icre : Real Estate/Construction | imet : Mining/Quarrying | i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | igoldm : Gold Ore Mining | isteel : Steel Production  
 NS c181 : Acquisitions/Mergers/Takeovers | cacqu : Acquisitions | c18 : Ownership Changes | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter  
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