

FINANCIAL REVIEW

SE Market Wrap - Street Talk
HD **Takeover battle looms as Mineral grabs Aquila chunk**
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Mineral Resources is believed to have bought a 12.1 per cent **stake** in **iron ore** rival Aquila Resources, potentially setting up a takeover battle for the **company**.

A line of 49.9 **million** Aquila Resources shares crossed at \$3.75 each on Wednesday morning.

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The trade was at a premium to Aquila's last close of \$3.49 a share.

Prudential was the seller of the shares to Mineral Resources. Broker BBY executed the trade.

Mineral Resources' raid comes as Aquila assesses a \$1.4 **billion** takeover from **Chinese** steel giant Baosteel and Australian **coal** carrier Aurizon Holdings. Baosteel and Aurizon offered Aquila \$3.40 a share cash for all shares Baosteel did not already own.

Sources said Baosteel and Aurizon's advisers, Paul Glasson from Satori and Damian Pearson at Deutsche Bank, visited Prudential's fund manager **M&G** Investment Management in London this week. Prudential's **stake** traded after the meeting.

The Australian Financial Review's Rear Window column foreshadowed the interloper on Wednesday morning.

Aquila shares were trading at \$3.64 each on Wednesday morning, following Mineral Resources' **purchase**.

But it's widely assumed a full takeover bid is unlikely.

Sources pointed out Mineral Resources is more interested in being an infrastructure and crushing provider than becoming an **iron ore** miner.

By gaining a foothold on the register, Mineral Resources can influence infrastructure negotiations and may win additional work on Aquila-related projects.

The Baosteel/Aurizon bid of \$3.40 a share provides a floor, so the downside case for Mineral would be selling into the bid and losing \$17.5 **million**.

CO pru : Prudential PLC | qrntnl : Aurizon Holdings Limited | aqres : Aquila Resources Ltd.

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