

SE Business
HD **MinRes play sidelines Aurizon**
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Chris Ellison's Mineral Resources appears to have killed off Aurizon's hope of entering the Pilbara **iron ore** market with a stunning deal to become Aquila Resources' third-biggest shareholder.

Angry at the prospect of being frozen out of Aquila's West Pilbara development after months of on-off partnership talks with Aquila, MinRes yesterday dealt itself into the takeover game.

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It is likely to push for a project partnership with Aquila that will result in a substantial cut to West Pilbara's estimated \$7.4 **billion** capital cost, thereby fast-tracking the asset's development and delivering MinRes a sought-after big-ticket **iron ore** operation.

MinRes' surprise **acquisition** of Aquila shareholder **M&G's** 12.1 per cent **stake** — and possibly other investors' stock — will be confirmed today with a maiden substantial shareholder notice. It will come five weeks since Queensland **coal** hauler Aurizon and **China's** Baosteel lobbed their hostile \$1.4 **billion** takeover. Their bid valued Aquila at \$3.40 a share, an offer blown out of the water by MinRes splashing out \$3.75 for the **M&G** stock.

Aquila shares yesterday closed 12¢ higher at \$3.61

MinRes was not talking last night while Aurizon was working out how it and Baosteel could stay in the bid battle after having spent more than a month arguing their \$3.40 offer was fully valued.

"We are awaiting further market news but at this point we see our bid as fully valued and on the table," Aurizon said.

The Tony Poli-led Aquila, which has been resisting the Aurizon bid and is next week expected to reject the offer, also remained tight-lipped. It noted that about "50 **million** of its shares were traded in a block this morning at \$3.75 a share together with a number of other large trades at the same price".

MinRes, which began life as a **mining** contractor, has increasingly focused on acquiring **iron ore** deposits and using its infrastructure experience as a processor and transporter. Although a customer of Aurizon's in the Yilgarn, it has responded to high rail tariffs by ordering its own rolling stock and locomotives.

Baosteel is a 20 per cent Aquila shareholder and thought to have a working relationship with MinRes. It will spark suggestions the steel mill will not object if MinRes devises an economic plan to fast-track West Pilbara's development. But Aurizon appears to be frozen out if MinRes succeeds, because its role as rail and port provider will be taken over by the Ellison **company**.

CO aqres : Aquila Resources Ltd. | dorval : Aurizon Mines Ltd | hclamn : Hecla Mining Co

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