

HD **FED:iron ore miner gets \$1.4b takeover offer**
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AURIZON By Kim Christian

PERTH, May 5 AAP - **Chinese** steelmaker Baosteel and rail operator Aurizon plan to kickstart the stalled \$10 **billion** West Pilbara **Iron Ore** Project with a takeover of its major stakeholder.

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The pair have offered \$1.42 **billion** for Aquila Resources, which has a 50 per cent **stake** in the project, sending Aquila's shares to a two year high.

Analysts say the deal is attractive for Aquila shareholders, but major hurdles remain for the completion of such a large-scale mine, rail and port project.

Baosteel Resources has held Aquila shares for five years, and become frustrated with the lack of progress on the West Pilbara **Iron Ore** project, vice president Wu Yiming said.

"We are going to get things started and if our bid is successful our intention is to progress development," Ms Wu told reporters on Monday.

Both Baosteel and Aurizon could fund the West Pilbara **Iron Ore** Project, she said, which has an estimated price tag of \$10 **billion**.

Approval has been granted for the development of the project's Anketell Port, but environmental approval for mines and rail infrastructure is yet to be secured.

Morningstar analyst Gareth James said Aquila had a track record of disputes with project partners, and had already spent hundreds of **millions** of dollars on the West Pilbara **Iron Ore** Project.

"This does look like quite a good solution for Aquila shareholders," he said.

"There doesn't seem to be another alternative as the projects aren't really progressing."

Despite recent **iron ore** price weakness and pessimistic forecasts, Baosteel said it was confident the West Pilbara **Iron Ore** Project could cope with **iron ore** prices as low as US\$80 per tonne.

Aurizon chief executive Lance Hockridge said his **company** was yet to have any formal discussions with other potential users of the project's rail lines, such as Atlas **Iron** and Mineral Resources.

"There are tens of deposits that are within reach of the infrastructure," he said.

Aurizon and Baosteel had been considering a takeover move on Aquila for several months, he said.

Aurizon, formerly QR National, and Baosteel are offering to pay \$3.40 per Aquila share, which is 38 per cent above Aquila's closing share price on Friday of \$2.45.

Aquila shares soared on Monday, gaining 36 per cent to \$3.34.

Aurizon shares fell 4.9 per cent to \$4.92.

Aquila said it would consider the takeover proposal and update shareholders in due course.

AAP krc/dmc

CO dorval : Aurizon Mines Ltd | hclamn : Hecla Mining Co

IN i211 : Metal Ore Mining | i2111 : Iron Ore Mining | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying | i2112 : Gold Ore/Silver Ore Mining

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