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HD Baosteel, Aurizon rule out higher offer for Australia's Aquila

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LP SYDNEY, June 13 (Reuters) - China's Baosteel Resources and Aurizon Holdings said on Friday that they had no intention of increasing a joint A\$1.4 billion (\$1.32 billion) offer for Australian iron ore miner Aquila Resources.

The statement signals Baosteel and Aurizon were unmoved by an above-market purchase of 13 percent of Aquila by a potential white knight.

TD Mining and construction group Mineral Resources Ltd said on Thursday that it had bought more than 52 million Aquila shares in the open market at A\$3.75 a share.

That is considerably more than Baosteel and Aurizon's joint bid of A\$3.40 a share, and above Aquila's average share price of A\$3.44 over the last 30 days.

"The bidders today announce that they will not increase the offer price," Baosteel and Aurizon said in a joint statement, adding that the offer will close on schedule July 11.

Mineral Resources said it wanted to participate in Aquila's West Pilbara Iron Ore Project (WPIOP), which has been delayed over how to fund the estimated \$7 billion cost.

Baosteel, already a shareholder in Aquila, has expressed frustration with the delay and wants to kickstart the project by taking over the company.

Aurizon's goal is to take control of the rail and port tied to the development and open them up to other users.

Baosteel said in Friday's statement that it would consider whether to retain its shareholding in Aquila if the offer lapses.

"If the bid is unsuccessful, and based on the current facts known to us at the date of this announcement, Baosteel sees no meaningful prospect for being involved in the development of the WPIOP," it said.

"In those circumstances Baosteel (and its related entities) would have to carefully consider their ongoing shareholding in Aquila," it said.

Major project partners, South Korean steel giant POSCO 005490.KS and U.S.-based investor AMCI, have repeatedly said they remain committed to it.

Aquila has previously told shareholders to sit tight while an independent committee reviews the offer and has not spoken to Baosteel.

The company has until June 20 to issue a formal response to the bid.

For the takeover to succeed, the suitors need the approval of at least half of Aquila's share base.

Aquila's chairman holds 28.9 percent of Aquila's stock and co-founder Charles Bass owns about 11 percent.

(\$1 = 1.0617 Australian Dollars) (Reporting by James Regan; Additional reporting by Sonali Paul in Melbourne; Editing by Ryan Woo)

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CO mnrlau : Mineral Resources Limited | qmtrl : Aurizon Holdings Limited | aqres : Aquila Resources Ltd. | baos : Shanghai Baosteel Group Corp | dorval : Aurizon Mines Ltd | hclamn : Hecla Mining Co

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