

HD **China's Baosteel and Aurizon Holdings launch A\$1.42-bn joint bid for Aquila Resources**

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**China's** Baoshan **Iron** & Steel Co Ltd (Baosteel) has teamed up with Australia's rail freight **company** Aurizon Holdings Ltd to launch an A\$1.42 **billion** unsolicited bid for Australian resource **company** Aquila Resources Ltd.

Baosteel and Aurizon are offering to pay \$3.40 in cash per share, a 38.8-per cent premium to Aquila's closing price of A\$2.45 per share on 2 May 2014.

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The bid is subject to a minimum acceptance condition of 50 per cent of Aquila's stock.

Post closing, Baosteel, which already holds 19.8-per cent **stake** in Aquila, will hold 85 per cent and Aurizon 15 per cent.

Baosteel, **China's** largest steelmaker and the world's third largest steel producer, had acquired the **stake** in Aquila for around \$240 **million** in 2009 in order to secure supplies of **iron ore**, coking **coal** and manganese. (See: Baosteel acquires 15-per cent **stake** in Australian **iron ore** miner Aquila Resources (/industry/**Mining**/20091009\_australian\_regulator\_oneView.html))

Baosteel and Aurizon decided to take their offer directly to Aquila shareholders after failing to secure a meeting on Sunday with Aquila's executive chairman Tony Poli, who holds 30 per cent **stake** in the **company**.

Aquila said that it will form an independent board sub-committee to consider and evaluate the proposal and any resulting takeover offer and will update shareholders in due course.

Aquila explores and develops metallurgical **coal**, **iron ore** and manganese. Since listing on the Australian Securities Exchange in 2000, Aquila has grown rapidly and now holds a portfolio of bulk commodity assets.

The Perth-based **company** is developing two major Australian projects. It holds a 50 per cent **stake** in the Eagle Downs Hard Coking **Coal** Project, and the West Pilbara **Iron Ore** Project.

Eagle Downs is an underground longwall **coal** mine, located in the Bowen Basin, Central Queensland. Construction is underway, and is expected to be complete in the first half of 2017.

The mine, which has 254 **million** tons in reserves, is expected to have a 47 year mine life, with a peak production rate of 5.9 **million** tons annually.

The West Pilbara **Iron Ore** project is one of the largest independently owned undeveloped direct shipping **iron ore** projects in Australia and, once developed, will be a large contributor to seaborne **iron ore** supply.

The mine has proven reserves of around 445 **million** tones of **iron ore** and has an estimated mine life of around 15 years.

CO aqres : Aquila Resources Ltd. | baoirn : Baoshan Iron & Steel Co Ltd | qnrtnl : Aurizon Holdings Limited | baois : Shanghai Baosteel Group Corp | dorval : Aurizon Mines Ltd | hclamn : Hecla Mining Co

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**IPD** steel

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