

HD **UPDATE 1-**China**'s Baosteel faces possible rival for Aquila Resources**

WC 481 words

PD 11 June 2014

ET 13:20

SN Reuters News

SC LBA

LA English

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* New stakeholder snaps up 12 pct **stake** in Aquila

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* Mineral Resources to comment on talk it bought Aquila **stake**

* Baosteel unlikely to offer 10 pct more for Aquila - source (Adds Aquila, Mineral Resources comments)

MELBOURNE, June 11 (Reuters) - **China**'s Baosteel Resources may have to raise its bid for Aquila Resources Ltd after a new stakeholder bought into the **iron ore** and **coal** developer at a price 10 percent higher than Baosteel has offered.

About 12 percent of Aquila's shares traded at A\$3.75 a share, the **company** said on Wednesday, adding it had not been able to confirm speculation that the buyer was **mining services firm** and **iron ore** producer Mineral Resources Ltd.

"Aquila's independent board sub-committee welcomes this recognition that the value of the **Company**'s shares is well in excess of the current \$3.40 cash per share conditional off-market takeover offer by Baosteel Resources Australia Pty Ltd and Aurizon **Operations** Limited," Aquila said on Wednesday.

Mineral Resources sought a trading halt, saying it would comment on a report in the Australian Financial Review on Wednesday that it had bought shares in Aquila.

Baosteel and Australian rail operator Aurizon Holdings Ltd formally launched a bid for Aquila at A\$3.40 a share last week, valuing the **company** at A\$1.42 **billion** (\$1.33 **billion**).

They are chasing Aquila for its 50 percent stakes in an undeveloped \$7 **billion iron ore** mine, rail and port project in Western Australia that was put on ice two years ago, and a **coal** project in Queensland.

The bid needs acceptance from at least 50 percent of Aquila's share base.

If Mineral Resources has a 12 percent **stake** and is opposed to the bid, it could team up with Aquila's executive chairman Tony Poli and Aquila co-founder Charles Bass, who together own about 40 percent of the **company**, to block the deal.

Aquila's shares jumped as much as 8 percent to a two-year high of A\$3.77 on Wednesday after the block trade went through and last traded at A\$3.61.

Aquila so far has told shareholders to sit tight while an independent committee reviews Baosteel and Aurizon's offer and has not spoken to Baosteel. The **company** has until June 20 to issue a formal response to the bid.

A person familiar with Baosteel's bid said the **Chinese firm**, which already has 20 percent of Aquila, and Aurizon were unlikely to raise their bid to A\$3.75 a share.

"I don't think they'd be willing to pay anything like that," the person said.

Mineral Resources chief executive Chris Ellison was not immediately available for comment. An Aurizon spokesman did not immediately respond to requests for comment.

RF Released: 2014-6-11T04:20:43.000Z

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