

HD Aquila slumps as Baosteel holds pat

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SHARES in Aquila Resources have slumped after **China's** Baosteel has confirmed it will not lift its \$3.40-a-share bid for the **iron ore** and **coal company**.

The **Chinese** state-owned steel giant, in partnership with Aurizon, last month launched the \$1.4 **billion** bid for Aquila, sending the target's shares higher as the market continued to speculate the **Chinese** would increase its offer.

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But Baosteel and Aurizon said today that they would not extend the offer period or increase its offer above \$3.40. The announcement was made following Mineral Resources emerging with a 12 per cent **stake** in Aquila this week, at a price of \$3.75 a share.

But Mineral Resources is not planning a rival bid and made the move to be dealt a seat at the negotiating table as it wants to be involved in the development of Aquila's **iron ore** project in Western Australia.

Following **China's** statement today that it would not increase its bid, shares in Aquila fell 9.8 per cent to \$3.19, which is the first time it has dropped below the offer price since the bid was launched last month.

Aquila Resources has continued to tell its shareholders to take no action on the offer as it prepared its target statement, which is to be released next week.

But on Mineral Resources emerging this week as a significant shareholder, Aquila did refer favourably to the \$3.75-a-share Mineral Resources paid to acquire its **stake**.

Those comments gave its first major hint it was likely to reject the \$3.40-a-share bid by Baosteel.

CO aqures : Aquila Resources Ltd.

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