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HD **Baosteel, Aurizon further increase Aquila stake**

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China's Baosteel Resources and Australia's Aurizon have further increased their shareholding in Aquila Resources, raising their joint holding in the **company** to 25.49% at the end of last week, from 24.23%.

In early May the **Chinese** behemoth and Australian freighter tabled an unsolicited A\$1.4 **billion** (\$1.3 **billion**) takeover offer for Aquila, which the Australian miner initially resisted on the grounds the A\$3.40/share offer undervalued the **company**.

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On June 18, however, Aquila advised its shareholders to accept the offer after the termination of discussions with Australia's Mineral Resources about a rival takeover bid and Baosteel's previous announcement that it would not increase its offer price or extend the acceptance period beyond July 11.

Aquila Chairman Tony Poli, who holds 28.92% of, had previously said he intended to accept the Baosteel-Aurizon offer in the absence of a superior proposal. "He is likely holding off selling until the latter stages of the expiry period, in the hope a superior proposal emerges," a market source said Monday.

Baosteel and Aurizon need a 50% minimum acceptance from Aquila's shareholders, and if successful Baosteel would then hold 85% of Aquila with Aurizon holding the remaining 15%. Both companies would also take control of Aquila's **stake** in the 30 **million** mt/year West Pilbara **iron ore** project, which is a 50:50 joint venture with American Metals & **Coal** International.

Marnie Hobson

CO aqres : Aquila Resources Ltd. | baois : Shanghai Baosteel Group Corp | qrntrl : Aurizon Holdings Limited

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