

HD Mineral Resources Confirms Aquila Stake Buy -- Update**BY** By Ross Kelly**WC** 542 words**PD** 12 June 2014**ET** 16:40**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

SYDNEY--Australia's Mineral Resources Ltd. admitted buying a large **stake** in **iron-ore** prospector Aquila Resources, but quelled speculation it was planning a rival takeover bid to the one led by **China's** Baosteel Group.

Mineral Resources--which confessed to being the mysterious buyer of a 12.8% **stake** in Aquila on Wednesday--said it made the **purchase** chiefly to get a foothold in Aquila's 7.4 **billion** Australian dollar (US\$6.9 **billion**) **iron-ore** project.

TD

Baosteel's bid, made in partnership with Australia's Aurizon Holdings, values Aquila at A\$1.4 **billion**. The deal, if completed, would help support **China's** long-term industrialization by securing a major supply of the crucial steelmaking ingredient.

There had been speculation Mineral Resources may look to partner up and launch a rival bid. But on Thursday, the **company** said it wanted to cooperate with Aquila and Baosteel on developing Aquila's facility in resource-rich Western Australia state.

Mineral Resources said it had already drawn up a development plan, according to which it would manage all processing and mine-related infrastructure for the project, as well as the supply chain all the way through to ship-loading.

Some saw the **company's** step to become a key shareholder in Aquila as mainly defensive. "If Baosteel is in control of the port-contracting process it may become an all-**Chinese** affair, with Mineral Resources being shut out completely," said Mike Harrowell, resources director at Sydney-based broker BBY. "Hence, the need to get inside the tent."

Aquila's shares fell as much as 3% on Thursday to A\$3.49 as hopes of a rival bid subsided. The shares, however, are still trading above the Baosteel-led bid's A\$3.40-a-share offer, potentially weakening its appeal. Aquila, whose directors including executive chairman and co-founder Tony Poli hold 37% of the **company**, hasn't so far responded to Baosteel's proposal.

Mineral Resources paid A\$3.75 each for its Aquila shares, which could conceivably be combined with the directors' holdings to act as a blocking **stake**. "We have the financial capacity to make a meaningful capital contribution toward the development of the project," Chris Ellison, chief executive of Mineral Resources, said in the **company's** statement.

BBY's Mr. Harrowell said given Mr. Poli's previous demand for a higher price, a bid from Baosteel at A\$3.75 or above was increasingly likely--"once Mineral Resources' position has been negotiated."

Baosteel, which owns **China's** largest listed steel mill, bought 15% of Aquila in 2009 when **iron-ore** prices were rising, and later raised its **stake** to 20%. It was attracted to Aquila's plans for the project in the mineral-abundant Pilbara region eventually to produce more than 30 **million** metric tons of **iron ore** a year.

Under its proposal, Baosteel would own as much as 85% of Aquila, which also has an undeveloped coking-**coal** prospect in the eastern state of Queensland. Rail-freight hauler Aurizon would take the remaining interest.

Write to Ross Kelly at ross.kelly@wsj.com

(END) Dow Jones Newswires

June 12, 2014 02:40 ET (06:40 GMT)

CO mnrlau : Mineral Resources Limited | aqures : Aquila Resources Ltd.

IN i71 : Railroads | iindstrls : Industrial Goods | imet : Mining/Quarrying | ibasicm : Basic Materials/Resources | irailtr : Road/Rail Transport | itsp : Transportation/Shipping | i211 : Metal Ore Mining | i232 : Mineral Mining Support Activities | igoldm : Gold Ore Mining

NS c18 : Ownership Changes | c181 : Acquisitions/Mergers/Takeovers | cacqu : Acquisitions | ccat : Corporate/Industrial News | ncmac : Commodities Asset Class News | neqac : Equities Asset Class News | cactio : Corporate Actions | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB Dow Jones & Company, Inc.

AN Document DJDN000020140612ea6c000oq