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LP Chris Ellison's Mineral Resources appears to have killed off Aurizon's hope of entering the Pilbara iron ore market with a stunning deal to become Aquila Resources' third-biggest shareholder.

Angry at the prospect of being frozen out of Aquila's West Pilbara development after months of on-off partnership talks with Aquila, MinRes yesterday dealt itself into the takeover game.

TD It is likely to push for a project partnership with Aquila that will result in a substantial cut to West Pilbara's estimated \$7.4 billion capital cost, thereby fast-tracking the asset's development and delivering MinRes a sought-after big-ticket iron ore operation.

MinRes' surprise acquisition of Aquila shareholder M&G's 12.1 per cent stake — and possibly other investors' stock — will be confirmed today with a maiden substantial shareholder notice. It will come five weeks since Queensland coal hauler Aurizon and China's Baosteel lobbed their hostile \$1.4 billion takeover. Their bid valued Aquila at \$3.40 a share, an offer blown out of the water by MinRes splashing out \$3.75 for the M&G stock.

Aquila shares yesterday closed 12¢ higher at \$3.61

MinRes was not talking last night while Aurizon was working out how it and Baosteel could stay in the bid battle after having spent more than a month arguing their \$3.40 offer was fully valued.

"We are awaiting further market news but at this point we see our bid as fully valued and on the table," Aurizon said.

The Tony Poli-led Aquila, which has been resisting the Aurizon bid and is next week expected to reject the offer, also remained tight-lipped. It noted that about "50 million of its shares were traded in a block this morning at \$3.75 a share together with a number of other large trades at the same price".

MinRes, which began life as a mining contractor, has increasingly focused on acquiring iron ore deposits and using its infrastructure experience as a processor and transporter. Although a customer of Aurizon's in the Yilgarn, it has responded to high rail tariffs by ordering its own rolling stock and locomotives.

Boasteel is a 20 per cent Aquila shareholder and thought to have a working relationship with MinRes. It will spark suggestions the steel mill will not object if MinRes devises an economic plan to fast-track West Pilbara's development. But Aurizon appears to be frozen out if MinRes succeeds, because its role as rail and port provider will be taken over by the Ellison company.

CO aqures : Aquila Resources Ltd. | dorval : Aurizon Mines Ltd | hclamn : Hecla Mining Co

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