

SE finance
HD **Chinese** steel maker pursues Australian miner; Baosteel hopes to secure supply of **iron ore** with \$1.3 **billion** bid for Aquila
BY By NEIL GOUGH
WC 413 words
PD 6 May 2014
SN International New York Times
SC INHT
PG 16
LA English
CY © 2014 The New York Times Company. All Rights Reserved.

LP

Baosteel Group, one of **China**'s biggest steel makers, is leading a \$1.3 **billion** takeover bid for the Australian miner Aquila Resources as **Chinese** companies continue their global search for raw materials.

Baosteel, a state-owned **company** and the parent of the Shanghai-listed Baoshan **Iron** & Steel, has teamed up with Aurizon Holdings, Australia's largest rail freight operator, in bidding for Aquila, which is developing a giant **iron ore** mine in Western Australia's mineral-rich Pilbara region.

TD

The bidders are offering 3.40 Australian dollars, or \$3.15, for each share of Aquila they do not already own, Aquila said Monday in an exchange filing. That represents a premium of 39 percent over the closing price of Aquila's stock on Friday — 2.45 dollars per share — and values the **company** at 1.42 **billion** dollars.

Baosteel has invested in Aquila since 2009 and holds a 20 percent **stake** in the **company**. If successful, the takeover offer would leave Baosteel owning 85 percent to 90 percent of Aquila, with Aurizon taking up the remaining **stake**.

Aquila owns 50 percent of the West Pilbara **Iron Ore** Project, a mine with a budgeted development cost of more than \$7 **billion** that is expected to produce 30 **million** tons of **ore** for export annually, once it opens. AMCI, a privately owned Australian resources investor, and Posco Group, a South Korean **company**, control the other half of the West Pilbara project, which aims to meet demand for **iron ore**, a key input for making steel, from fast-growing economies in Asia.

Since Baosteel made its initial investment five years ago, "Aquila has had numerous confidential discussions with the Baosteel Group about its potential direct participation in the West Pilbara **iron ore** project," Tony Poli, Aquila's executive chairman, said Monday in a statement. "However, the unsolicited proposal, to acquire control of Aquila, is a new development."

Aquila, which is being advised by Goldman Sachs, said it would form an independent board subcommittee to evaluate the bid. Baosteel and Aurizon have already applied for approval for the proposed takeover from Australia's Foreign Investment Review Board and are "highly confident" of receiving approval, the companies said in a statement.

Baosteel is being advised on the deal by Deutsche Bank while Aurizon has hired Satori Investments and UBS.

CO baoirn : Baoshan Iron & Steel Co Ltd | qnrtnl : Aurizon Holdings Limited | aqures : Aquila Resources Ltd. | baois : Shanghai Baosteel Group Corp
IN i211 : Metal Ore Mining | i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | isteel : Steel Production | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying | i2112 : Gold Ore/Silver Ore Mining | i71 : Railroads | icargo : Freight/Cargo Transport | irailtr : Road/Rail Transport | irfrght : Railroad Freight | itsp : Transportation/Shipping

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

RE austr : Australia | china : China | hkong : Hong Kong | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

PUB International Herald Tribune

AN Document INHT000020140505ea560003q