



HD Australia, **China** : AQUILA RESOURCES weighs \$1.4 **billion** takeover proposal

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Aquila Resources has received a \$3.40-cash-per-share takeover proposal from its major shareholder **Chinese** steelmaker Baosteel and Aurizon **Operations**. The offer price values Aquila at \$1.4 **billion**, with shares to be allocated between Baosteel's local arm, Baosteel Resources Australia, and Aurizon **Operations**, which is a owned subsidiary of Aurizon Holdings. Aurizon will own up to 15% of Aquila shares, with Baosteel owning all the remaining Aquila shares acquired under the offer. Baosteel invested in Aquila through a strategic placement in 2009 then bought shares late last year taking its **stake** in the Australian listed **company** to 19.8%. Since making the initial investment, the **company** had confidential discussions with the Baosteel group about its potential direct investment in the West Pilbara **Iron Ore** Project, in which Aquila Resources owns a 50% **stake**.

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The unsolicited proposal to acquire Aquila is a new development, with Baosteel and Aurizon electing to go straight to shareholders with the offer. Aquila will form an independent board sub-committee to consider and evaluate the Proposal and any resulting takeover offer and will update shareholders in due course. Baosteel Resources International chairman, Zhihao Dai, said that the **acquisition** of Aquila supported Baosteel's strategy in building out its global integrated business through the development of the West Pilbara **Iron Ore** Project and the Eagle Downs Hard Coking **Coal** Project in Queensland's Bowen Basin, in which Aquila also has a 50% **stake**.

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

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