

SE Business
HD **\$1.4b bid to break deadlock**
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Tony Poli, the founder and architect of Aquila Resources' rise into a **billion**-dollar **mining** house, risks being frozen out of the **company**'s legacy **iron ore** project after Baosteel and **coal** hauler Aurizon surprised the market yesterday with a hostile \$1.4 **billion** cash takeover bid.

Aquila has substantial assets beyond its West Pilbara **Iron Ore** project, including a half **stake** in the under-construction Eagle Downs coking **coal** mine in Queensland. But its biggest prize is the 2.2 **billion**-tonne West Pilbara venture, which offers **China**'s Baosteel the opportunity of a significant **iron ore** off-take deal and Aurizon its long sought-after entry into the Pilbara.

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The pair directly targeted executive chairman Mr Poli, who owns 29 per cent of Aquila. He was not available for comment.

Aquila finance and corporate general manager Martin Alciaturi said the board would consider the takeover bid on its merits.

"We've got a number of weeks to get our thoughts together and give it genuine, considered thought," he said. "It eventually comes down to value."

Aquila shares jumped 89¢ to \$3.34, shy of the \$3.40 bid price.

Baosteel Resources chief financial officer Wu Yiming yesterday expressed her **company**'s frustration with the pace of movement at West Pilbara, saying the **Chinese** steel giant had previously tried to negotiate a way through the impasse between Aquila and its project joint venture partners American Metal & **Coal** International and Korea's POSCO.

"We can't get agreement with the four parties, but especially with Aquila," she said. Ms Wu said Baosteel had last year brought a "change of control" offer to Aquila to try to break the deadlock but had been rebuffed.

AMCI appeared to echo Ms Wu's sentiment, declaring: "We consider the joint bid provides a credible pathway to development of the project."

Colin Barnett, who returned from a trip to **China** last month and trumpeted Baosteel's interests in Anketell, described the bid as "a positive step for the development of the Anketell mine and port and rail infrastructure".

Any doubt the bid was aimed at Mr Poli's robust approach to negotiations is dispelled by the shareholder agreement between Baosteel and Aurizon. If the pair reach the 50 per cent acceptance hurdle but fail to secure 100 per cent of Aquila, they will appoint a new board of four Baosteel nominees, one Aurizon representative and two independent directors.

Baosteel already owns 19.8 per cent of Aquila. Co-founder Charles Bass holds 10 per cent and about 2700 of Aquila's 3365 investors each own 5000 shares or less.

CO aqres : Aquila Resources Ltd. | baois : Shanghai Baosteel Group Corp | dorval : Aurizon Mines Ltd | hclamn : Hecla Mining Co

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