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HD Rival bid for Aquila in offing

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LP WEST Australian mining millionaire Chris Ellison may be poised to make a rival bid for Aquila Resources.

The battle for Aquila took a dramatic twist yesterday when its newest shareholder, Mr Ellison's Mineral Resources, placed its shares in a trading halt pending a "corporate transaction" announcement.

TD Aquila Resources quickly followed this with a request for a trading halt on its shares because of an expected announcement — tipped tomorrow — on a "corporate transaction".

Perth-based contractor and iron ore developer Mineral Resources already surprised the market last week when it emerged with a 12 per cent stake in [Aquila Resources](#), in a move it said was to put it in the front seat to develop and operate Aquila's West Pilbara iron ore project.

Mineral Resources, with a market capitalisation of about \$1.8bn, is likely to be looking at a scrip deal and The Australian understands that Aquila's boss, and 30 per cent shareholder, Tony Poli, is unaware of what his latest investor has planned.

Aquila, which has a market capitalisation of \$1.2bn, is expected to release its target statement on Baosteel's bid this week and is understood to be planning to recommend shareholders reject the offer.

Baosteel, which has a 20 per cent stake in Aquila, and its joint bidder, Brisbane-based freight operator Aurizon, launched an all cash, \$3.40-a-share offer, last month for the iron ore and coal company.

The market had anticipated the Chinese stated-owned entity would increase the offer after Mineral Resources last week paid \$3.75-a-share for its interest.

That speculation saw Aquila's shares reach an intraday high of \$3.77 last Wednesday.

But Baosteel and Aurizon drew a line in the sand on Friday when they revealed they would not increase the offer.

The Chinese also warned that it could pull its support for the company if its deal did not succeed. Aquila's shares last traded at \$3.13.

Mineral Resources was keen to highlight its experience in iron ore developments when it announced its significant stake in Aquila, outlining that it had been working on a proposal for the past six months to build, own and operate Aquila's iron ore project.

Mr Ellison said at the time that he wanted to speak to all the key stakeholders in the project and The Australian understands that while he has met with Mr Poli, he is yet to meet with Baosteel representatives.

It is understood that Baosteel senior executives have made it clear they will not engage with Mineral Resources.

[Morgan Stanley's](#) David Evans said Mineral Resources' move on to Aquila's share registry flagged the company's longer- term resource infrastructure focus.

"We expect that its focus here is not the product but the process, with Mineral Resources' ambition built around project development and future cashflows from the BOO (build, own, operate) elements of the project," Mr Evans said.

The proposed infrastructure to support the West Pilbara iron ore development includes a 432km heavy-haul rail line from the West Pilbara iron ore project to the Anketell port.

The port could be developed to handle as much as 300 million tonnes.

CO aqres : Aquila Resources Ltd.

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