

SE Business  
HD **Mineral Resources in raid on Aquila**  
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**Mining** - \$1.4b battle for **iron ore** project

**Mining** services and **iron ore** minnow Mineral Resources has entered the \$1.4 **billion** fight for Aquila Resources and effectively demanded a role in its West Pilbara **Iron Ore** Project.

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Mineral Resources chief Chris Ellison confirmed on Thursday he had grabbed an almost 13 per cent **stake** in an on-market raid.

While the rich-list member said the move was designed to give Mineral Resources access to the potentially lucrative infrastructure build for the \$7.4 **billion** West Pilbara project, he could also disrupt the bid for Aquila by **Chinese** steel giant Baosteel and rail major Aurizon.

Mr Ellison looms as a potential ally for Aquila chairman Tony Poli - who is also the junior's largest shareholder - in controlling the direction of the fight.

The two multimillionaires are understood to have met in Perth on Wednesday, with Mr Poli formally welcoming Mr Ellison onto the share register.

Earlier that day, Mineral Resources bought its 12.78 per cent **stake** in Aquila from London-based fund manager **M&G Investments** for about \$197 **million**.

It is understood that Mr Ellison and Mr Poli have been in discussions for at least six months about the troubled West Pilbara project.

The share raid comes as Aquila's board nears the deadline to respond to Baosteel and Aurizon's joint \$1.4 **billion** takeover bid. Aquila is expected to lodge its target's statement in the middle of next week.

Mineral Resources, a **mining** services and processing group, joins two other major shareholders on the register - Mr Poli, with 28.9 per cent, and co-founder Charles Bass, with about 12 per cent.

The three holdings amount to a blocking **stake** for the Baosteel-Aurizon bid.

Snaring Aquila would give Aurizon and Baosteel a 50 per cent **stake** in the stalled West Pilbara project. Mineral Resources says it has a plan to build and operate the \$6 **billion** infrastructure underpinning that project. It said it had already "invested considerable time developing a business case to deliver a fit-for-purpose solution" for the project, including a "total mine to port development plan".

Credit Suisse analyst Paul McTaggart said the move was risky and could be a white knight play.

Mineral Resources paid \$3.75 a share for the Aquila share parcel, a notable premium on Baosteel and Aquila's all-cash unsolicited offer of \$3.40 a share.

But it was a risky strategy that would be costly if Baosteel and Aurizon were to walk away, Mr McTaggart said.

"Are Baosteel and Aurizon willing to pay substantially more? Maybe they'll play hardball. They could walk away and make Aquila sweat on it," he said.

The chances of a counter-bid are low, given that Baosteel already owns 19.8 per cent of Aquila's register.

Aurizon and Baosteel are planning to split the \$7.4 **billion** West Pilbara project into separate mine and infrastructure vehicles. Aurizon would take a majority **stake** in the infrastructure vehicle, worth about \$6 **billion**.

**CO** aqres : Aquila Resources Ltd. | dorval : Aurizon Mines Ltd | hclamn : Hecla Mining Co  
**IN** i211 : Metal Ore Mining | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying | igoldm : Gold Ore Mining  
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