

SE Business
HD **MinRes hurting after Aquila rebuff**
BY Amanda Saunders
WC 443 words
PD 19 June 2014
SN The Age
SC AGEE
ED First
PG 24
LA English
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Takeovers - Chairman agrees to deal with Baosteel and Aurizon

Mineral Resources is mulling its options of remaining as a minority shareholder in takeover target Aquila Resources, or blowing \$18 **million** by exiting days after raiding the miner's register and launching a counter-offer.

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Mineral Resources boss Chris Ellison has been left licking his wounds after Aquila chairman Tony Poli rebuffed a friendly scrip bid from Mineral Resources and bowed to the certainty of a hostile cash offer from Baosteel and rail major Aurizon. Mr Poli has agreed to sell his 28.9 per cent Aquila **stake** into the bid.

Mineral Resources, a **mining** services and mineral processing group with a market capitalisation of about \$1.8 **billion**, put an all-scrip offer, a share swap priced at \$3.75, on Monday. On Wednesday the Aquila board recommended shareholders accept the Bao-Aurizon bid, saying talks with Mineral Resources had fallen over.

Mineral Resources bought in at \$3.75 a share, so selling into the Bao bid would see it take a loss of about \$18 **million**. It is yet to indicate which way it will move.

Mr Poli will receive \$404 **million**, including his wife's holding, while co-founder Charles Bass will make \$150 **million**.

Before Mineral Resources launched its counter offer, Mr Poli had been backed into a corner by Bao and Aurizon making their offer "best and final" last Friday, a day after Mr Ellison confirmed he had raided Aquila's register.

The share raid was aimed at forming a blocking **stake** with Mr Poli, who is Aquila's biggest shareholder, and Mr Bass, who has about 11 per cent. Mr Poli was understood to have been partial to Mineral Resources involvement. The raid also bought Mineral Resources a seat at the table for the development of Aquila's \$7.4 **billion** West Pilbara **iron ore** mine. Mineral Resources paid \$197 **million** for a 12.78 per cent **stake** in Aquila in an on-market raid.

"Aquila had discussions with Mineral Resources concerning its [development] proposal [for West Pilbara] with a view to agreeing a recommended offer," Aquila said on Wednesday. "Aquila and Mineral Resources were not able to agree terms."

Talks between the two pre-dated the Bao bid.

Baosteel chairman Dai Zhihao wrote to Mr Ellison on Monday threatening that if his bid failed, the West Pilbara project would have no support - financial or otherwise - from **China**.

Mr Poli said he would sell his **stake** in the absence of a superior offer, but added the unusual caveat that he "reserves his right to revisit this".

CO aqres : Aquila Resources Ltd. | dorval : Aurizon Mines Ltd | hclamn : Hecla Mining Co

IN i211 : Metal Ore Mining | ibasicm : Basic Materials/Resources | igoldm : Gold Ore Mining | imet : Mining/Quarrying

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AN Document AGEE000020140618ea6j00045