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 HD **Aquila rises on higher bid hope**  
 BY Sarah-Jane Tasker, RESOURCES  
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SHARES in takeover target Aquila Resources continue to hover comfortably above **China's** bid price as the market continues to bet on a sweetened offer.

**Chinese** state-owned entity Baosteel launched a \$3.40-a-share bid for Aquila on Monday last week in a \$1.4 **billion** move to secure ownership of significant **iron ore** and **coal** assets in Australia.

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Shares in Aquila have traded above the bid price since it was launched and yesterday the stock closed up 1.75 per cent at \$3.48.

Analysts have said that an increase in the original bid would be needed to gain the support of **company** founder and executive chairman Tony Poli, who controls about 30 per cent of the stock. But the **Chinese**, which have teamed up with Australia's Aurizon in a joint bid, set a minimum acceptance level at 50 per cent, meaning they can take control of the **company** without Mr Poli's support.

The Aquila board has yet to formally respond to the offer as it is awaiting the bidder's statement. But it has told shareholders to take no action and established an independent committee to review the offer.

Junior **iron ore** hopefuls in Western Australia that surround Aquila's \$7.4 **billion** West Pilbara **iron ore** project are watching the transaction closely, as the promise of independent third-party infrastructure in the region could be a game-changer for some.

In the deal Aurizon stands to gain a 15 per cent **stake** in Aquila, which it will later divest, and exclusive rights to negotiate to develop a multi-user rail and port.

A Wood Mackenzie report said the bid had the potential to transform the **iron ore** industry.

"Developing **iron ore** infrastructure is a good fit for Aurizon because it can replicate its proven **coal** business model of multi-user rail infrastructure in the Pilbara **iron ore** region," the report said.

"The entrance of Aurizon into Pilbara region **iron ore** infrastructure has the ability to transform project development in the region by making it possible to develop small and medium-sized **iron ore** mines." "In the past, many of these projects stalled due to both their geographic isolation and the heavy capital investment required to build port and rail infrastructure."

CO aqres : Aquila Resources Ltd. | dorval : Aurizon Mines Ltd | hclamn : Hecla Mining Co  
 IN i5020017 : Harbor Construction | i2111 : Iron Ore Mining | i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | i211 : Metal Ore Mining | i502 : Heavy Construction | ibasicm : Basic Materials/Resources | iconst : Construction | icre : Real Estate/Construction | imet : Mining/Quarrying | i2112 : Gold Ore/Silver Ore Mining  
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