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Vice President & Company Secretary

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ASX Market Announcements  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

4 July 2014

**BY ELECTRONIC LODGEMENT**

**Joint bid for Aquila – Offer unconditional, bidders reach 81% relevant interest in Aquila and offer extended**

Please find attached announcement for immediate release to the market.

Yours faithfully



**Dominic D Smith**  
VP & Company Secretary



ASX Release  
4 July 2014

## OFFER UNCONDITIONAL, BIDDERS REACH 81% RELEVANT INTEREST IN AQUILA AND OFFER EXTENDED

We refer to the joint takeover offer by Baosteel Resources Australia Pty Ltd (ABN 66 154 815 362) and Aurizon Operations Limited (ABN 47 564 947 264) (together, the **Bidders**) to acquire 100% of the ordinary shares in Aquila Resources Limited (ABN 81 092 002 769) (**Aquila**) that they do not already own for A\$3.40 per share (the **Offer**).

Yesterday the Bidders declared the Offer free from all defeating conditions.

The Bidders' relevant interest in Aquila shares has now increased to **81%** (equivalent to 333,572,219 Aquila shares).

The Bidders attach, in accordance with section 650D of the *Corporations Act 2001* (Cth), a formal notice varying the Offer to extend the offer period. The notice of variation extending the Offer has been lodged with the Australian Securities and Investments Commission.

The Offer will now close at **7.00pm (Sydney time) on 25 July 2014 (unless further extended)**. A letter to holders of Aquila shares and securities convertible into Aquila shares in relation to the extension of the period of the Offer is also attached.

The Offer remains open now for acceptance and the Bidders encourage you to **ACCEPT** now.

**Ms Yiming Wu**

Director

Baosteel Resources Australia Pty Limited  
ABN 66 154 815 362

**Registered office**

Level 20, Allendale Square  
77 St Georges Terrace  
Perth WA 6000  
AUSTRALIA

**Mr Dominic D Smith**

Director

Aurizon Operations Limited  
ABN 47 564 947 264

**Registered office**

Level 17  
175 Eagle Street  
Brisbane QLD 4001  
AUSTRALIA

**ENDS**

**For further information regarding the Offer, please contact the Bidder's advisers:**

**Financial adviser (Baosteel):**

Damian Pearson  
Deutsche Bank  
Tel: +61 420 987 851

**Media Enquiries:**

Greg Baxter  
Newgate Communications  
Tel: 0419 461 368

Mark Hairsine  
Aurizon  
Tel: 0418 877 574

**Financial adviser (Aurizon):**

Paul Glasson  
Satori Investments  
Tel: +61 409 354 109

**Aquila Shareholder Enquiries:**

Offer Information Line:  
Within Australia (toll-free): 1300 309 589  
Outside Australia: +61 2 8022 7902  
Offer Website: [www.aquilaoffer.com.au](http://www.aquilaoffer.com.au)

CORPORATIONS ACT 2001 (CTH)

NOTICE BY

BAOSTEEL RESOURCES AUSTRALIA PTY LTD ABN 66 154 815 362 (BAOSTEEL)

AND

AURIZON OPERATIONS LIMITED ABN 47 564 947 264 (AURIZON)

UNDER SECTION 650D OF THE CORPORATIONS ACT 2001 (CTH)

VARIATION OF THE OFFER (EXTENSION)

To: Aquila Resources Limited ACN 092 002 769 (**Aquila**)

ASX Limited

Australian Securities and Investments Commission (**ASIC**)

The holders of ordinary shares in Aquila registered at 7.00pm (Sydney time) on 25 June 2014 and the holders of Aquila Options, Aquila Performance Rights or Aquila Share Appreciation Rights registered at 7.00pm (Sydney time) on 25 June 2014 (other than persons who have already accepted the offer by Baosteel and Aurizon)

This is a notice given by Baosteel and Aurizon under section 650D of the *Corporations Act 2001* (Cth) that:

- Baosteel and Aurizon vary the offers dated 6 June 2014 under their joint off-market takeover bid for all of the ordinary shares in Aquila to which their bidders' statement dated 14 May 2014 (as supplemented by supplementary bidders' statements dated 5 June 2014 and 20 June 2014) (**Bidders' Statement**) relates by extending the period during which the offers remain open for acceptance by 14 days so that it now ends at 7.00pm (Sydney time) on 25 July 2014; and
- the terms of the variation are, to replace the date "11 July 2014" wherever appearing in the Bidders' Statement with the date "25 July 2014".

The original of this notice was lodged with ASIC on 4 July 2014. ASIC takes no responsibility for the contents of this notice.

**DATED:** 4 July 2014

This notice is approved by a resolution passed at a directors' meeting of each of Baosteel and Aurizon.



Ms Yiming Wu

Director

Baosteel Resources Australia Pty Limited




Mr Dominic Smith

Director

Aurizon Operations Limited

4 July 2014



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MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

Dear Aquila security holder

**BAOSTEEL AND AURIZON EXCEED 50% IN AQUILA – OFFER NOW UNCONDITIONAL AND CLOSING 25 JULY (UNLESS EXTENDED)**

This letter is to update you on the progress of the offer by Baosteel Resources Australia Pty Ltd ABN 66 154 815 362 (**Baosteel**) and Aurizon Operations Limited ABN 47 564 947 264 (**Aurizon**) (together, the **Bidders**) to acquire 100% of the ordinary shares in Aquila Resources Limited ACN 092 002 769 (**Aquila**) that they do not already own for A\$3.40 per share (the **Offer**).

On 3 July 2014:

- Mr Tony Poli accepted the Offer for his entire 28.92% relevant interest in Aquila. As a result, the Bidders have acquired effective control of Aquila, having a relevant interest in more than 50% of Aquila shares, and the Minimum Acceptance Condition was fulfilled;
- the Bidders waived all remaining defeating conditions of the Offer, so that the Offer became unconditional; and
- the Bidders announced an acceleration of the time for payment of Offer consideration to within 5 business days after the later of 3 July 2014 (being the date the Offer was declared unconditional) and the date the relevant valid acceptance is processed by their share registry.

We encourage you to **ACCEPT** the Bidders' unconditional Offer now for the following reasons:

- Aquila's independent board committee has recommended that Aquila shareholders now accept the Offer;
- Following acceptance into the Offer of Mr Tony Poli's shareholding the Bidders have acquired effective control of Aquila, having a relevant interest in more than 50% of Aquila shares;
- The all cash consideration being offered by the Bidders is a compelling offer and represents a significant premium to the levels at which Aquila shares were trading prior to the announcement of the Offer on 5 May 2014;
- The Offer provides an opportunity to dispose of all your Aquila shares, and to realise full and certain value for your entire Aquila shareholding;
- If you accept the Offer, you will avoid:

- future funding uncertainties associated with Aquila's projects;
- future operating and project development risks associated with Aquila's projects;
- exposure to the iron ore market, which has significantly declined since the Bidders made their Offer; and
- the risks associated with being a minority shareholder in Aquila, including reduced liquidity, which may negatively impact your ability to realise your Aquila Shares at an attractive price in the future;
- The Offer is the only offer available for all Aquila shares today; and
- Aquila's independent expert has concluded that the Offer is not fair but is reasonable to Aquila shareholders (in the absence of a superior proposal).

Further detail on why you should accept the Offer is set out in the Bidders' Statement dated 14 May 2014 sent to you (as supplemented) (the **Bidders' Statement**).

The Bidders have today extended the period during which the Offer remains open for acceptance to 7.00pm (Sydney time) on 25 July 2014 (unless further extended). A copy of the statutory notice required to give legal effect to this extension of the Offer is attached.

Aquila shareholders who have accepted or **ACCEPT** the Offer before it closes at 7.00pm (Sydney time) on 25 July 2014 (unless further extended) will receive A\$3.40 cash per Aquila share in accordance with the terms set out in the Bidders' Statement and the Bidders' 3 July 2014 announcement. Payment will be made within 5 business days after the later of 3 July 2014 (being the date the Offer was declared unconditional) and the date the relevant valid acceptance is processed by the Bidders' share registry.


To **ACCEPT** this Offer and receive A\$3.40 cash per Aquila share, please follow the instructions on the Acceptance Form enclosed with the Bidders' Statement. If you have lost your Acceptance Form and require a replacement, please call the Offer Information Line (details below). Your acceptance must be received in sufficient time to be acted upon before the end of the Offer Period. You will not pay brokerage or stamp duty if you **ACCEPT** the Offer.

If you have any questions in relation to the Offer, please contact your professional adviser, or call the Offer Information Line on 1300 309 589 (toll free if you are dialling from within Australia) or +61 2 8022 7902 (if you are dialling from outside Australia).

Yours sincerely,



Ms Yiming Wu  
Director  
Baosteel Resources Australia Pty Ltd



Mr Lance Hockridge  
Director  
Aurizon Operations Limited