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ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000


17 July 2014

BY ELECTRONIC LODGEMENT

Joint off-market bid for Aquila Resources Limited – Compulsory acquisition of Aquila shares commenced

Please find attached announcement for immediate release to the market.

Yours faithfully



Dominic D Smith
VP & Company Secretary



ASX Release
17 July 2014

TAKEOVER OFFER BY BAOSTEEL AND AURIZON – COMPULSORY ACQUISITION OF AQUILA SHARES COMMENCED

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**), as set out in their bidders' statement (as supplemented) dated 14 May 2014.

As the Bidders now have a relevant interest in more than 90% of Aquila¹, they intend to compulsorily acquire all of the outstanding ordinary shares in Aquila (including Aquila shares issued on the exercise of Aquila options within six weeks after the notice of compulsory acquisition is given) pursuant to the *Corporations Act 2001* (Cth) (**Corporations Act**).

Shareholders who ACCEPT the offer will have their consideration paid within FIVE BUSINESS DAYS of their valid acceptance being processed (by dispatch of a cheque). Aquila shareholders who do not accept the Offer will have their shares compulsorily acquired in accordance with the Corporations Act and will receive their consideration later than if they accept the Offer – consideration will not be paid for at least one month (subject to extension under the Corporations Act).

ACCEPT the Offer now to avoid delayed payment of your consideration.

Holders of Aquila options that exercise their Aquila options and are issued Aquila shares within six weeks after the notice of compulsory acquisition is given, but do not accept the Offer in respect of those Aquila shares before it closes, will have those Aquila shares compulsorily acquired by the Bidders (subject to completion of the compulsory acquisition process).

Attached, in accordance with section 661B(1)(d) of the Corporations Act, is a copy of an ASIC Form 6021: *Notice of compulsory acquisition following takeover bid (Compulsory Acquisition Notice)*, together with a covering letter to Aquila shareholders and holders of Aquila options. The Compulsory Acquisition Notice and covering letter have been lodged with ASIC and will be dispatched to Aquila shareholders and Aquila option holders later today.

The Offer is scheduled to close at 7.00pm (Sydney time) of 25 July 2014.

¹ and have acquired at least 75% of the shares they offered to acquire.

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

17 July 2014

┌ 000001 000 AQATKO
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Dear Sir/Madam

COMPULSORY ACQUISITION OF YOUR AQUILA SHARES BY BAOSTEEL AND AURIZON

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**), as set out in their bidders' statement (as supplemented) dated 14 May 2014.

As the Bidders have a relevant interest in more than 90% of the ordinary shares in Aquila¹, they are entitled under the *Corporations Act 2001* (Cth) (**Corporations Act**) to compulsorily acquire all of the Aquila shares they do not already have a relevant interest in (including Aquila shares issued on the exercise of Aquila options within six weeks after the notice of compulsory acquisition is given). The Bidders have decided to exercise that right of compulsory acquisition.

This letter is being sent to you because you are currently registered as the holder of Aquila shares or Aquila options. If you hold:

- Aquila shares but do not accept them into the Offer, the Bidders will compulsorily acquire all the Aquila shares that you hold;
- Aquila options and exercise them, the Bidders will compulsorily acquire any Aquila shares issued to you on or before Sunday, 31 August 2014 as a result of exercising those options (if those shares are not accepted into the Offer). If you hold Aquila options but do not exercise them by that time, you can ignore this letter.

If you hold Aquila shares and **ACCEPT** the Offer before it closes, payment of your consideration (A\$3.40 per Aquila share) will be made within **five business days** of your valid acceptance being processed.

If you do not accept the Offer before it closes and your shares are compulsorily acquired, you will receive your consideration later than if you accept the Offer. Your consideration will not be paid for at least one month (subject to extension under the Corporations Act).

¹ and have acquired at least 75% of the shares they offered to acquire.

Please find enclosed an ASIC Form 6021: *Notice of compulsory acquisition following takeover bid (Notice)*, which the Bidders are required to give to you under the Corporations Act to exercise their right of compulsory acquisition. Please read this notice carefully.

If you do not accept the Offer before it closes, subject to completion of the compulsory acquisition process, your Aquila shares will be compulsorily acquired by the Bidders as described above. The Bidders will pay A\$3.40 for each Aquila share that they compulsorily acquire, which is the same price per share that was offered to all Aquila shareholders under the Offer. However, you will receive your consideration later than if you accept the Offer.


You do not need to sign or return the Notice. In due course, Aquila will send to holders of Aquila shares who do not accept the Offer a written notice seeking instructions on how to deal with the cash payable to the holder.

Aquila will also be required to hold the cash paid to it in trust for holders of Aquila shares which are being compulsorily acquired.

Not all transfers resulting from acceptances of the Offer have yet been registered. If you have already accepted the Offer, you can ignore this letter – payment of your consideration will be made within five business days of your valid acceptance being processed.

If you have any questions in relation to this letter or the enclosed Notice, or the compulsory acquisition procedure generally, you may call the Aquila shareholder information line on 1300 309 589 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 Dominic Smith
Director
Aurizon Operations Limited

Notice of compulsory acquisition following takeover bid

Notice

To each holder of:

Description of class of securities to which the bid relates

Fully paid ordinary shares
(‘Bid Class Securities’)

Name of target company or body

in
Name (‘the Company’)
Aquila Resources Limited
ACN/ARBN/ARSN
092 002 769

Tick applicable box(es)

- and each holder of securities that will or may be converted into, or confer rights to be issued, in the next 6 weeks, securities to which the bid related.
- and each holder of non-transferable securities issued under an employee incentive scheme referred to in paragraph 2.

Name of bidders

1. Under a takeover bid offers were made by

Baosteel Resources Australia Pty Limited ABN 66 154 815 362
Aurizon Operations Limited ABN 47 564 947 264

in respect of the acquisition of Bid Class Securities in the company.

The offers

Tick one box

- closed
- are scheduled to close

Date offers closed or are scheduled to close

on

Date

2	5	/	0	7	/	1	4
[D]	[D]		[M]	[M]		[Y]	[Y]

Tick applicable box(es).
(see subsection 661A(4) and (4A))

2. You are, as at the date of this notice, the holder of one or more of the following

- securities in respect of which the takeover offer was made, but have not accepted the offer. (If you have accepted the offer but have received this notice you do not need to do anything in response to this notice—the bidder will acquire your securities under the offer.)
- securities to which the bid related issued after the end of the offer period and before the date of this notice
- securities that will or may be converted into, or confer rights to be issued, in the next 6 weeks, securities to which the bid related
- securities issued under an employee incentive scheme to which restrictions on transfer apply under the company’s constitution or the terms of issue, being
- the following securities in the bid class in which the bidder has a relevant interest

Description of securities

Description of securities

3. The bidder gives you notice under subsection 661B(1) of the Corporations Act 2001 (‘the Act’) that the bidder has become entitled pursuant to subsection

Tick one box

- 661A(1)
- 661A(3)

of the Act to compulsorily acquire your securities and desires to acquire those securities.

Continued... Notice

- 4. Under section 661D of the Act, you have the right, by notice in writing given to the bidder within one month after this notice is lodged with ASIC, to ask the bidder for a written statement of the names and addresses of everyone else the bidder has given this notice to.

Date of lodgement

This notice was lodged with ASIC on

Date

1	7	/	0	7	/	1	4
[D	D]		[M	M]		[Y	Y]

- 5. Under section 661E of the Act, you have the right, within one month after being given this notice (see paragraph 8) or within 14 days after being given a statement requested under section 661D of the Act (as referred to in paragraph 4 of this notice), whichever is later, to apply to the Court for an order that the securities not be compulsorily acquired.

- 6. The bidder is entitled and bound to acquire the securities on the terms that applied under the takeover bid immediately before

Tick one box

this notice was given.

the end of the offer period.

- 7. Unless the Court otherwise orders, on application made by you under section 661E of the Act within one month after being given this notice (see paragraph 8) or within 14 days after being given a statement under section 661D (as referred to in paragraph 4 of this notice), whichever is the later, the bidder must comply with paragraph 6 of this notice.

- 8. A notice sent by post to you is taken to be given to you 3 days after it is posted.

Signature

Name of person signing

Mr Chao Ji and Mr Dominic Smith

Capacity

Directors of Baosteel Resources Australia Pty Limited and Aurizon Operations Limited respectively

Signature



Date signed

1	7	/	0	7	/	1	4
[D	D]		[M	M]		[Y	Y]