

## Shareholder update

Aquila Resources Limited (ASX:AQA, **Aquila**) provides shareholders with the following update.

### 1. Incomplete non-binding proposal received from Mineral Resources Limited

On 16 June 2014, Aquila received a proposal (**Proposal**) from Mineral Resources Limited (ASX:MIN, **MRL**). The Proposal contemplated a conditional off-market takeover offer for Aquila, with the consideration to consist solely of MRL shares at a value equivalent to \$3.75 for each Aquila share. The Proposal was expressed to be confidential, indicative and non-binding, and subject to a number of conditions. The Proposal indicated that any subsequent offer would also be subject to a number of conditions.

Aquila had discussions with MRL concerning its Proposal with a view to agreeing a recommended offer. Aquila and MRL were not able to agree terms that were acceptable to both parties. Aquila's Independent Board Committee (**IBC**) has therefore formed the view that it is not able to recommend the Proposal as, taking into account all aspects of the Proposal, it was not considered superior to the current cash offer (**Offer**) made by Baosteel Resources Australia Pty Ltd (**Baosteel**) and Aurizon Operations Limited (**Aurizon**) (together **the Bidders**). Discussions between Aquila and MRL have ceased.

### 2. Offer by Baosteel and Aurizon

On 5 June 2014, the Bidders dispatched the Bidder's Statement in relation to the Offer for all the ordinary shares in Aquila at a price of \$3.40 cash per share.

On 13 June 2014 the Bidders announced that they will not increase the Offer price and that they will not extend the Offer period (other than in certain limited circumstances) beyond 11 July 2014.

Having carefully considered its position and in light of the Bidders' announcement referred to above the IBC advises that it intends to recommend that Aquila shareholders **ACCEPT** the Offer **in the absence of a superior proposal**.

Mr Tony Poli has a relevant interest in approximately 28.92% of Aquila and currently intends to accept the Offer in the absence of a superior proposal. However, Mr Poli reserves his right to revisit this.

You will shortly receive a Target's Statement from Aquila detailing the reasons to accept the Offer. The Target's Statement will also include an independent expert's report from Grant Samuel & Associates Pty Limited.

The IBC wishes to draw the following important points to Aquila shareholders' attention:

- The IBC's intention to recommend accepting the Offer is subject to there being no superior proposal. It remains possible that a superior proposal could emerge. So, Aquila shareholders do not need to take any action immediately. There will be adequate time for Aquila shareholders to receive and consider Aquila's Target's Statement.
- The Target's Statement will set out details on other considerations and risks which should be considered by Aquila Shareholders.
- The Offer will remain open until 7.00pm (Sydney time) on 11 July 2014, unless all remaining Conditions of the Offer are fulfilled or waived by the Bidders prior to that time, in which case it may be extended.
- Aquila Shareholders should delay taking any action in relation to the Offer until they have read the Target's Statement having regard to their own circumstances.

- If you accept the Offer it is unlikely that you will be able to withdraw your acceptance and, if the Offer becomes unconditional, that acceptance will become binding. In other words you will limit your right to deal with your Aquila shares while the Offer remains open.

### **3. Extension of time for dispatch of Target's Statement**

Among other factors, the matters outlined above necessitated an application to the Australian Securities and Investments Commission (**ASIC**) for an extension of time in which to dispatch Aquila's Target's Statement. ASIC has granted Aquila relief (**ASIC Relief**) to extend the date by which Aquila must dispatch its Target's Statement to its shareholders in relation to the Offer.

The effect of the ASIC Relief is to extend the date by which Aquila must send its Target's Statement to shareholders from 21 June 2014 to **26 June 2014**. Aquila must lodge its Target's Statement with ASIC and send it to the ASX and the Bidders by Monday, 23 June 2014.

Aquila will continue to keep shareholders informed of further material developments as appropriate.

For further information, please contact:

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