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ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

20 June 2014

BY ELECTRONIC LODGEMENT

Joint off-market bid for Aquila Resources Limited – Second Supplementary Bidders' Statement

Please find attached announcement for immediate release to the market.

Yours faithfully



Dominic D Smith
VP & Company Secretary





20 June 2014

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

And to:
Aquila Resources Limited
Level 2 Aquila Centre
1 Preston Street
Como WA 6152

Dear Sir/Madam

JOINT OFF-MARKET BID BY BAOSTEEL RESOURCES AUSTRALIA PTY LTD AND AURIZON OPERATIONS LIMITED TO ACQUIRE 100% OF THE SHARE CAPITAL OF AQUILA RESOURCES LIMITED – SECOND SUPPLEMENTARY BIDDERS' STATEMENT

We refer to the bidders' statement dated 14 May 2014 (as supplemented by a first supplementary bidders' statement dated 5 June 2014) in respect of the joint 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 of Aquila Resources Limited ACN 092 002 769 that they do not already own.

In accordance with section 647 of the *Corporations Act 2001* (Cth), we enclose a second supplementary bidders' statement dated 20 June 2014 in relation to the joint off-market bid by the Bidders.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Chao Ji'.

Mr Chao Ji
Director
Baosteel Resources Australia Pty Ltd

A handwritten signature in blue ink, appearing to be 'Lance Hockridge'.

Mr Lance Hockridge
Director
Aurizon Operations Limited



Second Supplementary Bidders' Statement in relation to the Joint Offer by

Baosteel Resources Australia Pty Ltd

ABN 66 154 815 362, a wholly-owned subsidiary of Baosteel Group Corporation

and

Aurizon Operations Limited

ABN 47 564 947 264, a wholly-owned subsidiary of Aurizon Holdings Limited

to acquire all your ordinary shares in

Aquila Resources Limited

ABN 81 092 002 769

for

A\$3.40 cash per ordinary share

This is an important document and requires your immediate attention. If you are in any doubt as to how to act, you should consult your financial or legal adviser as soon as possible.

The Offer is scheduled to close at 7.00pm (Sydney time) on 11 July 2014.

Second Supplementary Bidders' Statement

This is the second supplementary bidders' statement (**Second Supplementary Bidders' Statement**) given by Baosteel Resources Australia Pty Limited ABN 66 154 815 362 (**Baosteel**) and Aurizon Operations Limited ABN 47 564 947 264 (**Aurizon**) under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

This Second Supplementary Bidders' Statement relates to and supplements Baosteel and Aurizon's Bidder's Statement dated 14 May 2014 as supplemented by the first supplementary bidders' statement dated 5 June 2014 (**Bidders' Statement**) in respect of their joint offer to acquire all of the ordinary shares of Aquila Resources Limited ACN 092 002 769 (**Aquila**), and should be read together with those documents.

Unless the context otherwise requires, terms defined in the Bidders' Statement have the same meaning when used in this document. To the extent there is any inconsistency between the Bidders' Statement and this Second Supplementary Bidders' Statement, this Second Supplementary Bidders' Statement will prevail.

A copy of this Second Supplementary Bidders' Statement was lodged with ASIC and sent to Aquila on 20 June 2014. Neither ASIC nor any of its officers takes any responsibility as to the contents of this Second Supplementary Bidders' Statement.

1. Aquila's IBC intends to recommend Aquila Shareholders **ACCEPT** the Offer in the absence of a superior proposal

Aquila announced to the ASX on 18 June 2014 that its Independent Board Committee intends to recommend that Aquila shareholders **ACCEPT** the Offer in the absence of a superior proposal.

Further, Aquila has announced that the Executive Chairman and CEO of Aquila, Mr Tony Poli (who has a relevant interest in 28.92% of Aquila Shares) has advised he currently intends to **ACCEPT** the Offer, in the absence of a superior offer. However, Mr Poli has reserved the right to revisit this.

2. Target's Statement Availability

As announced to the ASX on 18 June 2014 by Aquila, Aquila must:

- lodge its Target's Statement with the ASIC, and send it to ASX and the Bidders, by Monday **23 June 2014**; and
- send its Target's Statement to Aquila Shareholders by 26 June 2014.

Aquila Shareholders wishing to review the contents of the Target's Statement will be able obtain a copy of the Target's Statement from the ASX Market Announcements Platform once it is released. This may be accessed through the ASX's website (www.asx.com.au).

3. The Offer Price will not be increased

As announced to the ASX on 13 June 2014, the Bidders **will not** increase the Offer Price. As such, the Offer Price is final at A\$3.40 per Aquila Share.

4. The Offer period will not be extended unless all remaining Defeating Conditions are fulfilled or waived

As announced to the ASX on 13 June 2014, the Bidders **will not** extend the Offer Period¹, which is scheduled to close at 7.00pm (Sydney time) on 11 July 2014, unless all remaining Defeating Conditions are fulfilled or waived prior to that time.

The Bidders encourage Aquila Shareholders to accept the Offer as soon as possible and, in any case, before the Offer Period is scheduled to close at 7.00pm (Sydney time) on 11 July 2014.

5. Baosteel's involvement in West Pilbara Iron Ore Project (WPIOP) and intention to reconsider Aquila shareholding if Offer is unsuccessful

As announced to the ASX on 13 June 2014, if the Offer is not successful, based on the current facts known to it, Baosteel sees no meaningful prospect for being involved in the development of the WPIOP. In those circumstances Baosteel (and its related entities) would have to carefully consider their ongoing shareholding in Aquila.

6. Reasons to accept the Offer

The Bidders encourage you to accept the Offer as soon as possible for the following reasons:

- Aquila has announced that its Independent Board Committee intends to recommend that Aquila Shareholders **ACCEPT** the Offer in the absence of a superior proposal. The reasons for this will be set out in Aquila's Target's Statement;
- Aquila has announced that its Chairman and largest shareholder, Mr Tony Poli (who has a relevant interest of 28.92% of Aquila Shares), intends to **ACCEPT** the Offer in the absence of a superior proposal. However, Mr Poli reserves the right to revisit this;
- 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 holding;
- If you accept the Offer and it is successful, you will avoid:
 - future funding uncertainties associated with Aquila's projects;
 - future operating and project development risks associated with Aquila's projects; and
 - exposure to the iron ore market, which has significantly declined since the Bidders made their Offer;
- The Offer is currently the only offer for all Aquila Shares and is scheduled to close at 7.00pm (Sydney time) on 11 July 2014. The Offer Period will not be extended¹ unless all remaining Defeating Conditions of the Offer are fulfilled or waived prior to that time;
- The trading price of Aquila Shares may fall if the Offer is unsuccessful;
- The Bidders are confident the Minimum Acceptance Condition can be satisfied; and
- If you do not accept the Offer and it is successful, there are risks associated with being a minority shareholder, including reduced liquidity, which may negatively impact your ability to realise your Aquila Shares at an attractive price in the future.

Further detail on why you should accept the Offer is set out elsewhere in the Bidders' Statement (as supplemented).

¹ Subject to any automatic extension under the Corporations Act.

7. Consents

This Second Supplementary Bidder's Statement includes statements which are made in, or are based on statements made in, the following documents lodged with the Market Announcements Platform of ASX by Aquila and others.

| | |
|--------------|---|
| 18 June 2014 | AZJ: Baosteel & Aurizon welcome Aquila recommendation |
| 18 June 2014 | MIN: Terminates discussions with Aquila |
| 18 June 2014 | Shareholder update |
| 13 June 2014 | Takeover Offer Development |
| 13 June 2014 | Aurizon - Joint off-market bid for Aquila Resources Limited |
| 12 June 2014 | MIN: Mineral Resources and Aquila Resources West Pilbara Iron |

Under the terms of ASIC Class Order 13/521, the persons who made those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Second Supplementary Bidder's Statement. Any Aquila Shareholder who would like to receive a copy of any of these documents may contact the Offer Information Line on 1300 309 589 (callers within Australia) or +61 2 8022 7902 (callers outside Australia) and will then be sent a copy free of charge within 2 business days.

8. Approval

This Second Supplementary Bidders' Statement has been approved by a unanimous resolution of the directors of each of Baosteel and Aurizon.

Dated

This Second Supplementary Bidders' Statement is dated 20 June 2014.

Signed



Mr Chao Ye
Company Secretary
Baosteel Resources Australia Pty Limited



Mr Lance Hockridge
Director
Aurizon Operations Limited