

4 July 2014

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## **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**

We act for Baosteel Resources Australia Pty Ltd ACN 154 815 362 (**Baosteel**). Please find attached a notice of initial substantial holder in respect of Red Hill Iron Limited (**Red Hill Iron**), for immediate release to the market.

**This does not mean Baosteel (or any of its related bodies corporate) have acquired shares in Red Hill Iron (or Cullen Resources Limited ("Cullen Resources")), in respect of the notice given yesterday). The notices are given to satisfy requirements of the Corporations Act 2001 (Cth) arising as a result of Aurizon and Baosteel's bid for Aquila Resources Limited ("Aquila").**

As a result of having voting power of more than 20% in Aquila, certain entities in the Baosteel Group (as set out in the attached notice) (**Relevant Entities**) are automatically deemed to have the same relevant interests as Aquila under section 608(3)(a) of the Corporations Act. The Relevant Entities are deemed to have the same relevant interests as Baosteel as they control Baosteel.

As far as Baosteel is aware, Aquila (or subsidiaries of Aquila) remain the registered shareholders of Aquila's relevant interest in Red Hill Iron and Cullen Resources.

Yours faithfully  
**MINTER ELLISON**



Adam Handley  
Partner

Contact: Adam Handley or Bryn Davis  
Email: adam.handley@minterellison.com or bryn.davis@minterellison.com  
Partner responsible: Adam Handley Direct phone: 61 8 6189 7864  
Our reference: 45-7350010

enclosure

**Form 603**  
Corporations Act 2001  
Section 671B

**Notice of initial substantial holder**

To Company Name/Scheme Red Hill Iron Limited

ACN/ARSN ACN 114 553 392

**1. Details of substantial holder (1)**

Name Baosteel Group Corporation (**Baosteel**), Fortune BS Company Pte. Ltd. (**Fortune BS**), Baosteel Resources Australia Pty Ltd (ACN 154 815 362) (**Baosteel Resources Australia**) and each of Baosteel's subsidiaries listed in Annexure A which control Baosteel Resources Australia (**Baosteel Subsidiaries**)

ACN/ARSN (if applicable) As specified above

The holder became a substantial holder on 01/07/2014

**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary shares	8,680,179 <sup>1</sup> (see footnote)	8,680,179	17.57%

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Baosteel Resources Australia, Fortune BS, Baosteel, Baosteel Subsidiaries and Aurizon Operations Limited (ACN 124 649 967) ( <b>Aurizon</b> )	Taken under section 608(3)(a) of the <i>Corporations Act 2001</i> (Cth) ( <b>Corporations Act</b> ) to have a relevant interest in 8,680,179 ordinary shares, by virtue of having voting power in excess of 20% in Aquila Resources Limited (ACN 092 002 769) ( <b>Aquila</b> ) <sup>2</sup>	8,680,179 ordinary shares

**4. Details of present registered holders**

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Each of the parties named in item 3	Penoir Pty Ltd	n/a	6,735,772 ordinary shares
	Aquila	n/a	1,286,564 ordinary shares
	BT.X Pty Ltd	n/a	657,843 ordinary shares

**5. Consideration**

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Each of the parties named in item 3	n/a – deemed to acquire relevant interest pursuant to acquisition of a relevant interest in Aquila shares	n/a – deemed to acquire relevant interest pursuant to acquisition of a relevant interest in Aquila shares		8,680,179 ordinary shares

<sup>1</sup> We have calculated this figure based on the Form 604 Notice of change of interests of substantial holder given by Aquila to Red Hill Iron on 15 January 2010 (**Aquila SHN**) and Red Hill Iron's 2013 Annual Report (**Annual Report**). Based on the Aquila SHN, we have assumed Aquila's relevant interest is equal to the shareholdings of the registered holders named in section 4 of the Aquila SHN in respect of the Aquila group, as most recently set out in the Annual Report.

<sup>2</sup> For details, refer to Aquila SHN, Annual Report and Baosteel's notice of change of interests of substantial holder dated 4 July 2014 as was released on Aquila's ASX disclosure platform.

## 6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Baosteel, Baosteel Resources Australia, Fortune BS and each other Baosteel Subsidiary	Associates pursuant to section 12(2)(a) of the Corporations Act, by virtue of the fact that Baosteel controls each of Baosteel Resources Australia, Fortune BS and each other Baosteel Subsidiary.
Aurizon	Persons with whom Baosteel Resources Australia and/or Fortune BS (as relevant) has entered into the following agreements (section 12(2)(b) and (c) of the Corporations Act): <ol style="list-style-type: none"><li>1. Joint bidding agreement between Baosteel Resources Australia and Aurizon dated 3 May 2014;</li><li>2. Shareholders agreement between Baosteel Resources Australia, Fortune BS and Aurizon dated 3 May 2014;</li><li>3. Infrastructure framework agreement between Baosteel Resources Australia, Fortune BS and Aurizon dated 3 May 2014; and</li><li>4. Convertible securities agreement between Aurizon and Baosteel Resources Australia dated on or about 4 May 2014.<sup>3</sup></li></ol>

## 7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Baosteel, Fortune BS and each other Baosteel Subsidiary	c/o Baosteel Tower, No 370 Pudian Road, Pudong New District, Shanghai, China
Baosteel Resources Australia	Level 20, Allendale Square, 77 St Georges Terrace, Perth, WA, 6000
Aurizon	Level 17, 175 Eagle Street, Brisbane, QLD, 4000
Aquila, Penoir Pty Ltd and BT.X Pty Ltd	Level 2, 1 Preston Street, Como, WA 6000 Australia

## Signature

print name Adam Handley

capacity Solicitor

sign here



date 04/07/2014

### DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.

<sup>3</sup> Copies of these agreements were annexed to Baosteel's notice of change of interests of substantial holder dated 5 May 2014 as was released on Aquila's ASX disclosure platform.

- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
- (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

## ANNEXURE A

### Baosteel Subsidiaries

This Annexure A of 1 page referred to in Form 603 Notice of initial substantial holder and signed by me, Adam Handley (solicitor):

Signed:



Dated: 4 July 2014

Name	ACN/ARSN (if applicable)
Baosteel Resources International Co., Ltd.	n/a
BSR Global Holdings Ltd	n/a
Baosteel Resources Holding Company Ltd.	n/a