
Baosteel gets approval for Aquila deal

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It is reported that the path has been cleared for Baosteel, China largest steel maker to take a stake of up to 19.99% in Aquila Resources Ltd in its first major international strategic investment in a public company.

Aquila a coal miner and iron ore explorer said in a statement that all necessary Chinese regulatory approvals had been received for Baosteel's USD 285.6 million investments in Aquila. The approvals were the final hurdle after Australia's Foreign Investment Review Board approved the transaction in October.

The proposed transaction is for Baosteel to take 15% of Aquila expanded issued share capital, but the steel maker has FIRB approval to acquire up to 19.99%. Settlement is expected in the next five business days.

The deal secures Baosteel a long term supply of raw materials.

Baosteel will have a preferential opportunity to directly invest in most of Aquila projects and will provide support in sourcing financing from Chinese institutions. The companies have also agreed to a joint sales venture to distribute some of Aquila outputs in China.

(Sourced from news.smh.com.au)

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