Dominic D Smith
Vice President & Company Secretary

Aurizon Holdings Limited
ABN 14 146 335 622

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Brisbane QLD 4000

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ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

5 May 2014

BY ELECTRONIC LODGEMENT

Aurizon – Initial substantial holder notice for Aquila Resources Limited

Please find attached notice of initial substantial holder in respect of Aquila Resources Limited, for immediate release to the market.

Yours faithfully

Dominic D Smith
VP & Company Secretary

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme: Aquila Resources Limited

ACN/ARSN: 092 002 769

1. Details of substantial holder (1)

Name: Aurizon Holdings Limited

ACN/ARSN (if applicable): 146 335 622

This notice is given by Aurizon Holdings Limited on behalf of itself, each of its controlled bodies corporate (**Aurizon Subsidiaries**) named in the list of 1 page annexed to this notice and marked **A**, Aurizon Operations Limited and ACN 169 052 288 Pty Ltd.

The holder became a substantial holder on 3/5/2014

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	81,492,569	81,492,569	19.79%

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
Aurizon Holdings Limited	Taken under section 608(3)(b) of the Corporations Act to have a relevant interest by reason of having control of Aurizon Operations Limited.	81,492,569 ordinary shares
Aurizon Operations Limited	Power to control exercise of voting rights and disposal pursuant to the Joint Bidding Agreement entered into by Aurizon Operations Limited and Baosteel Resources Australia Pty Ltd dated 3 May 2014 (the **Joint Bidding Agreement**) and the Shareholders Agreement entered into by Aurizon Operations Limited, Baosteel Resources Australia Pty Ltd and Fortune BS Company Pte Ltd dated 3 May 2014 (the **Shareholders Agreement**), copies of which are annexed to this notice and marked **B** and **C** respectively.	81,492,569 ordinary shares
Aurizon Subsidiaries	Taken under section 608(3)(a) of the Corporations Act to have a relevant interest by reason of having voting power above 20% in Aurizon Operations Limited.	81,492,569 ordinary shares
Baosteel Resources Australia Pty Ltd (**BRA**)	Registered holder of 22,999,895 ordinary shares.	22,999,895 ordinary shares
Fortune BS Company Pte Ltd (**Fortune BS**)	Registered holder of 58,492,674 ordinary shares.	58,492,674 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	BRA	Not applicable	22,999,895 Ordinary shares
Each of the parties named in item 3	Fortune BS	Not applicable	58,492,674 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
		Cash	Non-cash	
Aurizon Holdings Limited	3 May 2014	Not applicable	Pursuant to the: (1) Joint Bidding Agreement; (2) Shareholders Agreement; and (3) Infrastructure Framework Agreement entered into by Aurizon Operations Limited, BRA and Fortune BS dated 3 May 2014 (the **Infrastructure Framework Agreement**) a copy of which is annexed to this notice and marked **D**	81,492,569 ordinary shares
Aurizon Operations Limited	3 May 2014	Not applicable		
Aurizon Subsidiaries	3 May 2014	Not applicable		

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
Aurizon Holdings Limited	Controls Aurizon Operations Limited
Aurizon Operations Limited	Controlled by Aurizon Holdings Limited
BRA and Fortune BS	Pursuant to the Joint Bidding Agreement, the Shareholders Agreement, the Infrastructure Framework Agreement and the Convertible Securities Agreement entered into by Aurizon Operations Limited, BRA and ACN 169 052 288 Pty Ltd (the **Convertible Securities Agreement**) a copy of which is annexed to this notice and marked **E**. and section 12(2)(b) and (c) of the Corporations Act
Aurizon Subsidiaries	Bodies corporate controlled by Aurizon Holdings Limited
ACN 169 052 288 Pty Ltd	Pursuant to the Convertible Securities Agreement and section 12(2)(b) and (c) of the Corporations Act

7. Addresses

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

Name	Address
Aurizon Holdings Limited	Level 17, 175 Eagle Street, Brisbane, QLD 4000 Australia
Aurizon Operations Limited	c/- Aurizon Holdings Limited, Level 17, 175 Eagle Street, Brisbane, QLD 4000 Australia
Aurizon Subsidiaries	c/- Aurizon Holdings Limited, Level 17, 175 Eagle Street, Brisbane, QLD 4000 Australia
BRA	Level 20, Allendale Square, 77 St Georges Terrace, Perth WA 6000 Australia
Fortune BS	c/o Baosteel Tower, No 370 Pudian Road, Pudong New District, Shanghai, China
ACN 169 052 288 Pty Ltd	c/- Aurizon Holdings Limited, Level 17, 175 Eagle Street, Brisbane, QLD 4000 Australia

Signature

print name	Dominic D Smith	capacity	Company Secretary
sign here		date	5/5/2014

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.

(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

Form 603
Aurizon Holdings Limited
ACN 146 335 622

This is the Annexure A of 1 page referred to in the Form 603 (Notice of initial substantial holder) signed by me and dated 5 May 2014.

Dominic D Smith
Company Secretary
Dated: 5 May 2014

Aurizon Subsidiaries

Each of the following is an Aurizon Subsidiary:

Company name	ACN
Aurizon Finance Pty Ltd	145 991 680
Aurizon Intermodal Pty Ltd	114 388 377
Aurizon International Pty Ltd	161 638 580
Aurizon Moorebank Holding Pty Ltd	158 434 783
Aurizon Moorebank Pty Ltd	158 434 667
Aurizon Network Pty Ltd	132 181 116
Aurizon Property Holding Pty Ltd	145 991 662
Aurizon Property Pty Ltd	145 991 724
Aurizon Resources Logistics Pty Limited	082 175 700
Aurizon Surat Basin Pty Ltd	122 385 568
Aurizon Terminal Pty Ltd	145 991 555
Australia Eastern Railroad Pty Ltd	118 274 776
Australia Western Railroad Pty Ltd	094 792 275
Australian Rail Pty Ltd	118 274 481
Australian Railroad Group Employment Pty Ltd	087 891 601
AWR Lease Co Pty Ltd	094 792 159
CRT Group Pty Ltd	004 935 915
Interail Australia Pty Ltd	087 619 010
Logistics Australasia Pty Ltd	004 411 983
NHK Pty Ltd	004 541 360

ANNEXURE B

Joint Bidding Agreement

Form 603
Aurizon Holdings Limited
ACN 146 335 622

This is the Annexure B of 43 pages referred to in the Form 603 (Notice of initial substantial holder) signed by me and dated 5 May 2014.

I certify that this a true copy of the agreement.

Dominic D Smith
Company Secretary
Dated: 5 May 2014

Execution version

Joint Bidding Agreement

in relation to Aquila Resources Limited

Baosteel Resources Australia Pty Ltd (**BRA**)
Aurizon Operations Limited (**Aurizon**)

MinterEllison

Confidential

LAWYERS

LEVEL 4 ALLENDALE SQUARE 77 ST GEORGES TERRACE PERTH WA 6000
AUSTRALIA
T +61 8 6189 7800 F +61 8 6189 7999
www.minterellison.com

Joint Bidding Agreement
in relation to Aquila Resources Limited

Details

Date 3 MAY 2014.

Parties

Name	**Baosteel Resources Australia Pty Ltd**
ABN	**66 154 815 362**
Short form name	**BRA**
Notice details	Address: Level 20, 77 St Georges Terrace, Perth WA, 6000 Facsimile: +61 8 9220 5811 Attention: Managing Director
Name	**Aurizon Operations Limited**
ABN	**47 564 947 264**
Short form name	**Aurizon**
Notice details	Address: Level 17, 175 Eagle Street, Brisbane, Qld, 4000 Facsimile: +61 7 3019 2188 Attention: Group General Counsel

Background

A BRA is the registered holder and beneficial owner of 22,999,895 Aquila Shares. A related body corporate of BRA (Fortune BS Company Pte. Ltd. (**Fortune BS**)) is the registered holder and beneficial owner of 58,492,674 Aquila Shares.

B Aurizon is not the registered holder or the beneficial owner of any Aquila Shares and, but for the proposed joint takeover bid referred to in recital C below, has no intention to acquire Aquila Shares or business or assets of Aquila.

C BRA and Aurizon are intending to make a joint takeover bid in accordance with Chapter 6 of the Corporations Act for all the Aquila Shares, as set out in this agreement.

D This agreement sets out the manner in which the Bidders will conduct the Bid.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this agreement:

Advisors means:

(a) for Aurizon, Satori Investments and UBS (financial advisors), Ashurst (solicitors) and Aurizon's external tax advisors;

(b) for BRA, Deutsche Bank (financial advisor), Minter Ellison (solicitors) and Deloitte (tax advisor); and

(c) for both BRA and Aurizon, the Joint Advisors.

Alternative Bid means any proposal or transaction that, if completed, would mean a person other than a Bidder or its Associates would:

(a) directly or indirectly, acquire an interest or a relevant interest in, or become the holder of:

(i) 20% or more of Aquila's securities or of the securities of any of its subsidiaries; or

(ii) all or a substantial or material part of Aquila's business or assets,

including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, joint venture or the creation of any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to any Aquila Shares;

(b) acquire Control of Aquila; or

(c) otherwise acquire, or merge with, Aquila.

Alternate Lead has the meaning given in clause 5.1(a).

Announcement means the announcement set out in Schedule 1 or in such other form as the parties may agree.

Announcement Date means the date on which the Announcement is made.

Aquila means Aquila Resources Limited ABN 81 092 002 769.

Aquila Board means the board of directors of Aquila as constituted from time to time.

Aquila Convertible Securities means:

(a) the Aquila Options – being the 1,870,000 options to be issued Aquila Shares, referred to in Aquila's Most Recent Quarterly Report;

(b) the Aquila Performance Rights – being the 363,989 Share Performance Rights granted by Aquila under its Long Term Incentive Plan referred to in Aquila's Most Recent Quarterly Report; and

(c) the Aquila Share Appreciation Rights – being means the 1,219,147 Share Appreciation Rights being granted by Aquila under its Long Term Incentive Plan referred to in Aquila's Most Recent Appendix 3B.

Aquila Director means a director of Aquila.

Aquila Share means a fully paid ordinary share in Aquila.

Aquila Shareholder means a holder of one or more Aquila Shares.

Aquila's Most Recent Appendix 3B means the "*Appendix 3B – New issue announcement, application for quotation of additional securities and agreement*" released by Aquila to ASX on 29 September 2013.

Aquila's Most Recent Quarterly Report means the "*March 2014 Quarterly Report*" released by Aquila to ASX on 29 April 2014.

ASIC means Australian Securities and Investments Commission.

Associate has the same meaning as in section 12(2) of the Corporations Act.

ASX means ASX Limited, or the securities exchange operated by ASX Limited (as the context requires.

Aurizon Indemnified Party means each of Aurizon, its related bodies corporate and each of their Related Parties.

Aurizon Information is defined in clause 5.3(b)(i).

Aurizon Parent means Aurizon Holdings Limited ABN 14 146 335 622.

Aurizon Regulatory Condition means the Condition in paragraph (c) (Aurizon FIRB condition) of Annexure 1 to the Announcement.

Bank means a body corporate that is an ADI (authorised deposit-taking institution) for the purpose of the *Banking Act 1959* (Cth).

Baosteel Parent means Baosteel Resources International Co., Ltd (a company incorporated under the laws of Hong Kong and having company registration number 527537).

BRA Indemnified Party means each of BRA, its related bodies corporate and each of their Related Parties.

BRA Information is defined in clause 5.3(b)(ii).

BRA Regulatory Condition means the Condition in paragraph (b) (BRA FIRB condition) of Annexure 1 to the Announcement.

Bid means the off-market takeover bid by the parties jointly for all of the Aquila Shares to be implemented in compliance with Chapter 6 of the Corporations Act and in accordance with this agreement and the Announcement.

Bidder means each of BRA and Aurizon, or either of them, as the context requires.

Bidders' Statement means the bidders' statement prepared by the parties for the Bid and includes any supplemental or replacement bidders' statement prepared or required to be prepared by the parties for the Bid.

Bid Leaders means the persons appointed by the Bidders in accordance with clause 5.1(a).

Bid Team means the bid team established under clause 5.1(b).

Business Day means:

(a) for receiving a notice under clause 12, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and

(b) for all other purposes, a day that is not a Saturday, Sunday, public holiday or bank holiday in any of:

  (i) Hong Kong, China;

  (ii) Brisbane, Queensland;

  (iii) Perth, Western Australia; and

  (iv) Shanghai, China.

Business Hours means from 9.00am to 5.00 pm on a Business Day.

Change of Control means, in relation to:

(a) Aurizon, that Aurizon ceases to be a subsidiary of Aurizon Parent;

(b) BRA, that BRA or Fortune BS ceases to be a subsidiary of Baosteel Parent.

Claim includes a claim, notice, demand, action, proceeding, litigation, investigation, judgment, damage, loss, cost (including legal cost), expense or liability however arising, whether present, unascertained, immediate, future or contingent, whether based in contract, tort or statute and whether involving a third party or a party to this agreement.

Competing Proposal means any proposal or transaction by any person to, directly or indirectly:

(a) acquire a relevant interest in or become the holder of any Aquila Shares;

(b) enter into, buy, Dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to any Aquila Shares;

(c) acquire, or obtain an economic interest in, Aquila's business or assets;

(d) acquire Control of Aquila; or

(e) otherwise acquire, or merge with, Aquila.

Conditions means the conditions to the Offer which are described in Annexure 1 to the Announcement.

Control has the meaning given in section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth) as relevantly modified or varied by ASIC.

Dispose includes sell, assign, transfer, convey or otherwise dispose of a legal or beneficial interest.

FIRB means the Foreign Investment Review Board.

Fortune BS means Fortune BS Company Pte. Ltd. (a company incorporated under the laws of Singapore and having company registration number 200916207M).

Government Agency means:

(a) a government or government department or other body;

(b) any governmental, semi-governmental or judicial person; or

(c) a person (whether autonomous or not) charged with the administration of a law.

Infrastructure Framework Agreement means the agreement of that name between BRA, Fortune BS and Aurizon dated on or about the date of this agreement.

Insolvency Event means, in relation to an entity:

(a) a receiver, receiver and manager, administrator, trustee or similar official is appointed over any of the assets or undertaking of the entity;

(b) the entity suspends payment of its debts generally;

(c) the entity ceases or threatens to cease to carry on business;

(d) the entity is or becomes unable to pay its debts when they are due or is unable to pay its debts within the meaning of the Corporations Act;

(e) the entity enters into or resolves to enter into any arrangement, competition or compromise with, or assignment for the benefit of, its creditors or any class of them;

(f) an application or order is made for the winding up or dissolution of, or the appointment of a provisional liquidator, to the entity or a resolution is passed or steps are taken to pass a resolution for the winding up or dissolution of the entity otherwise than for the purpose of an amalgamation or reconstruction while solvent; or

(g) an administrator is appointed under the Corporations Act,

or equivalent events under the laws of any other applicable jurisdiction.

Internal Costs of a party means all costs and expenses incurred by that party other than Transaction Costs.

Listing Rules means the listing rules of the ASX.

Joint Advisors means a public relations and media advisor and any other advisors which are engaged jointly by both BRA and Aurizon.

Joint Information has the meaning given to it in clause 5.3(b)(iii).

Liabilities includes all liabilities (whether actual, contingent or prospective), losses, damages, costs and expenses of whatever description.

Offer means each offer to acquire Aquila Shares to be made by the parties to each Aquila Shareholder under the Bid on terms consistent with this agreement.

Offer Period means the period during which the Offer is open for acceptance.

Offer Price means the consideration offered for each Aquila Share under the Bid.

Regulatory Approvals means those consents, approvals, instruments or other acts made or given by a Government Agency, including ASX and ASIC, that are necessary or desirable to implement the Bid.

Regulatory Conditions means the BRA Regulatory Condition and the Aurizon Regulatory Condition.

Related Parties means, in relation to a party, its related bodies corporate, directors, executive officers, advisers and agents.

Respective Proportions means:

(a) in respect of BRA, the number of Aquila Shares acquired by BRA pursuant to the Bid, expressed as a proportion of the total number of Aquila Shares acquired by the parties pursuant to the Bid; and

(b) in respect of Aurizon, the number of Aquila Shares acquired by Aurizon pursuant to the Bid, expressed as a proportion of the total number of Aquila Shares acquired by the parties pursuant to the Bid.

Shareholders Agreement means the agreement of that name between BRA, Fortune BS and Aurizon dated on or about the date of this agreement.

Transaction Costs means the sum of all costs and expenses directly incurred by the parties in conducting the Bid comprising:

(a) all stamp duty, duty or other tax of a similar nature incurred in connection with this agreement or any transaction contemplated by this agreement (including fines, penalties and interest);

(b) lodgement fees; and

(c) any other costs agreed by the parties,

but excluding all costs and expenses:

(d) associated with the Advisors (other than the Joint Advisors) in connection with the Bid; and

(e) associated with a party's obligations in respect of any financing in connection with the Bid.

Transaction Documents means each of:

(a) this agreement;

(b) the Shareholders' Agreement;

(c) the Infrastructure Framework Agreement; and

(d) any other document that the parties agree is a transaction document.

1.2 Interpretation

In this agreement, except where the context otherwise requires:

(a) the singular includes the plural and vice versa, and a gender includes other genders;

(b) another grammatical form of a defined word or expression has a corresponding meaning;

(c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this agreement, and a reference to this agreement includes any schedule or annexure;

(d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;

(e) a reference to **A$**, **$A**, **dollar** or **$** is to Australian currency;

(f) a reference to time is to Sydney, Australia time;

(g) a reference to a party is to a party to this agreement, and a reference to a party to a document, includes the party's executors, administrators, successors and permitted assigns and substitutes;

(h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;

(i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(j) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;

(k) the meaning of general words is not limited by specific examples introduced by **including**, **for example** or similar expressions;

(l) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it; and

(m) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2. Objectives

2.1 Objectives of this agreement

This agreement:

(a) records the Bid structure and the terms of the Bid, and all matters incidental to them;

(b) describes the method by which the Bidders will co-operate to cause the Bidders' Statement to be lodged and to complete the Bid;

(c) establishes a framework for the Bidders to resolve all commercial, financial and legal issues in relation to the Bid;

(d) describes the rights and obligations of each party in respect of the Bid; and

(e) describes the parties' obligations in respect of the compulsory acquisition of any Aquila Shares and Aquila Convertible Securities.

2.2 Meeting the objectives

To meet the objectives outlined in clause 2.1, each Bidder must:

(a) co-operate and, subject to agreed Bid pricing parameters, use best endeavours to ensure that the Bid is successful;

(b) be fair to each other and provide to each other full information, details and explanations of all matters relating to the Bid and its conduct (including to ensure that any substantial shareholder disclosure obligations are discharged properly and efficiently);

(c) do or cause to be done all acts that are reasonably necessary or desirable for the implementation of this agreement or the Bid and exercise any voting rights and other rights as an Aquila Shareholder (as far as it can by exercising those rights) to give full effect to this agreement and the rights and obligations of the parties under this agreement;

(d) consult with each other in good faith about matters arising during the conduct of the Bid; and

(e) not unreasonably delay any action, approval, direction, determination or decision required under this agreement.

3. Bidding structure

3.1 Structure for joint bid

(a) The parties' objective is to conduct and make an off-market takeover offer for all of the Aquila Shares.

(b) The Bid will be conducted jointly by Aurizon and BRA in accordance with this agreement by the making of a joint and several offer by Aurizon and BRA for all Aquila Shares (as opposed to conducting the Bid through a joint bidding vehicle).

3.2 Allocation of Aquila Shares between parties

(a) Aquila Shares acquired under the Bid (including Aquila Shares acquired pursuant to compulsory acquisition) shall be acquired for and allocated as between BRA and Aurizon as follows:

(i) firstly, acceptances received for up to 82,319,708 Aquila Shares (being equivalent to 19.99% of Aquila Shares presently on issue) will be allocated equally between the Bidders;

(ii) secondly, acceptances received in excess of clause 3.2(a)(i) up to the level of acceptances at which the Bidders and their associates together have relevant interests in 90% (by number) of all Aquila Shares will be allocated to BRA; and

(iii) thirdly, acceptances received in excess of clause 3.2(a)(ii), and any Aquila Shares acquired pursuant to compulsory acquisition in accordance with clause 4.4, will be allocated equally between the Bidders. If the allocation of Aquila Shares under this clause 3.2(a)(iii) results in a fractional entitlement, Aurizon's allocation will be rounded down and BRA's allocation will be rounded up.

(b) The Bid documentation will be structured to reflect the allocation of acceptances contemplated in this clause 3.2.

4. The Bid

4.1 Announcing the Bid

Immediately following execution of this agreement, the parties must:

(a) make the Announcement; and

(b) make the disclosures required by, and in accordance with, Part 6C.1 of the Corporations Act (Substantial Holding Information).

4.2 Bid terms

The terms of the Bid will comprise the following:

(a) the Bid will be for all issued Aquila Shares and all Aquila Shares that are issued during the bid period as the result of the exercise of Aquila Convertible Securities;

(b) the Offer consideration will be paid entirely in cash;

(c) the consideration offered under the Bid for each such Aquila Share will be the amount set out in the Announcement; and

(d) each Offer and any contract which results from its acceptance will be subject to the Conditions,

unless otherwise agreed by the parties.

4.3 Alteration to Bid terms

(a) Subject to clause 4.3(b), any alteration to a term of the Bid, including any change to the Offer Price, any extension of the Offer Period, any amendments or waiver of any of the Conditions and any statement to a similar effect (including a "Truth in Takeovers" statement) must only be made with the prior written approval of the Bid Leader of each party.

(b) Clause 4.3(a) does not apply to the extent that any alteration to a term of the Bid is required by an order made by the Takeovers Panel or a court without the consent of the parties.

4.4 Compulsory acquisition

(a) If during the Offer Period the Bidders become entitled to proceed with compulsory acquisition under Part 6A.1 of the Corporations Act in respect of Aquila Shares:

  (i) the Bidders must exercise their rights, and must implement the procedures, set out in that Part and Part 6A.3 so as to compulsorily acquire all the Aquila Shares (if any) which have not been acquired by them (without acquiring Aquila Shares in which either Bidder has a relevant interest); and

  (ii) provided the Bidders become, or a related body corporate of them becomes, entitled to proceed with compulsory acquisition under Part 6A.2 of the Corporations Act, the Bidders must, or must cause the related body corporate to, exercise the rights, and implement the procedures, set out in that Part and Part 6A.3 so as to compulsorily acquire all the Aquila Convertible Securities (if any) which are then outstanding for consideration agreed jointly by the Bidders.

(b) Any Aquila Convertible Securities acquired pursuant to Part 6A.2 and 6A.3 of the Corporations Act will be allocated to BRA and Aurizon in the ratio of 85:15. If the allocation of Aquila Convertible Securities under this clause 4.4(b) results in a fractional entitlement, Aurizon's allocation will be rounded down and BRA's allocation will be rounded up.

(c) The Bidders agree to procure that any Aquila Convertible Securities acquired pursuant to Part 6A.2 and 6A.3 of the Corporations Act are cancelled promptly following their acquisition (on terms agreed by the parties acting reasonably).

(d) Each Bidder must take all action reasonably necessary, including the signing of any documents, to give effect to the compulsory acquisitions pursuant to clause 4.4(a) and Parts 6A.1, 6A.2 and 6A.3 of the Corporations Act.

4.5 Funding

(a) The Bid consideration will be funded as follows:

(i) Aurizon must fund the consideration payable for the Aquila Shares which are allocated to it under clause 3.2(a) and Aquila Convertible Securities allocated to it under clause 4.4(b). Aurizon must ensure that the funds are available for payment to accepting Aquila Shareholders in sufficient time to ensure that each accepting Aquila Shareholder is paid in a timely manner in accordance with the terms of the Offer, and for payment to the holders of any Aquila Shares or Aquila Convertible Securities compulsorily acquired pursuant to clause 4.4(a) and allocated to Aurizon under clauses 3.2(a) and 4.4(b) (respectively); and

(ii) BRA will fund the consideration payable for the Aquila Shares which are allocated to it under clause 3.2(a) and Aquila Convertible Securities allocated to it under clause 4.4(b). BRA must ensure that the funds are available for payment to accepting Aquila Shareholders in sufficient time to ensure that each such accepting Aquila Shareholders is paid in a timely manner in accordance with the terms of the Offer, and for payment to the holders of any Aquila Shares or Aquila Convertible Securities compulsorily acquired pursuant to clause 4.4(a) and allocated to BRA under clauses 3.2(a) and 4.4(b) (respectively).

(b) For the purpose of enabling the Bidders to meet their respective payment obligations under clause 4.5(a) above (but without limiting the Bidders' respective obligations under clause 4.5(a) above), and facilitating payment of the consideration to which accepting Aquila Shareholders and holders of Aquila Convertible Securities become entitled, the Bidders agree that:

(i) as soon as practical after the date of this agreement, the Bidders shall establish an interest bearing joint bank account with an Australian Bank (to which a representative of each Bidder is a signatory) for the purposes of, and into which the Bidders shall deposit and maintain funds in accordance with, clauses 4.5(b)(ii) and (iii) below; and

(ii) at least 2 Business Days before the date on which all conditions of the Bid are satisfied or waived:

(A) BRA must deposit into, and maintain in, the joint bank account the sum of \$421,586,680.50 (or such greater sum as BRA may decide); and

(B) Aurizon must deposit into, and maintain in, the joint bank account the sum of \$139,943,503.60 (or such greater sum as Aurizon may decide); and

(iii) each Bidder must from time to time deposit sufficient funds into, and maintain sufficient funds in, the joint bank account for payment to be made, out of the account, for:

(A) Aquila Shares that are accepted into the Bid, in accordance with the terms of the Offer and the Corporations Act; and

(B) Aquila Shares and Aquila Convertible Securities compulsorily acquired pursuant to clause 4.4(a) and the Corporations Act,

which are allocated to it in accordance with clauses 3.2(a) and 4.4(b). The deposits must be made by the Bidder no later than five Business Days before payment for the Aquila Shares or Aquila Convertible Securities (as the case may be) that are allocated to that Bidder is required to be made under the terms of the Offer and the Corporations Act.

(c) Funds deposited in the joint bank account shall be used to fund, and only for the purpose of funding, consideration payable to holders of Aquila Shares accepted into the Bid or holders of Aquila Shares or Aquila Convertible Securities compulsorily acquired pursuant to clause 4.4(a) and the Corporations Act.

(d) Funds deposited by:

(i) BRA into the joint bank account will, subject to payments out of it in accordance with this clause 4.5, be held on trust for BRA; and

(ii) Aurizon into the joint bank account will, subject to payments out of it in accordance with this clause 4.5, be held on trust for Aurizon.

(e) If there are any funds remaining in the joint bank account after all consideration payable in accordance with clause 4.5(a) above has been paid or when this agreement terminates, the Bidders must procure that those funds (and any interest on those funds) are promptly repaid to the Bidder for whose benefit those funds are held in accordance with 4.5(d).

4.6 BRA bank guarantee

(a) Subject to clause 4.6(b) below, before the date on which all conditions of the Bid are satisfied or waived, BRA shall procure provision of a bank guarantee issued to Aurizon, drawn by a bank acceptable to Aurizon acting reasonably and in a form reasonably satisfactory to Aurizon:

(i) for an amount that is not less than the difference between:

(A) the total amount of the consideration that BRA would be required to fund under the Bid and this agreement for Aquila Shares if the Bidders acquired all of the Aquila Shares in which the Bidders do not already have a relevant interest, assuming that all of the Aquila Convertible Securities are exercised and the Bidders acquire all of the Aquila Shares that may be issued as a result (**Maximum BRA Consideration Payable**); and

(B) the amount actually deposited by BRA into the joint bank account under clause 4.5(b)(ii)(A) above; and

(ii) with an expiry date no earlier than 6 months after the date of this agreement.

(b) To avoid doubt, the parties acknowledge that if the amount actually deposited by BRA into the joint bank account under clause 4.5(b)(ii)(A) above is equal to or greater than the Maximum BRA Consideration Payable, BRA shall not be required to procure provision of the bank guarantee under clause 4.6(a) above.

(c) If BRA procures a bank guarantee in accordance with its obligations under this clause 4.6, Aurizon:

(i) must bear half the fees charged by the bank for the bank guarantee;

(ii) is entitled to draw down any amounts under the bank guarantee only if and to the extent that BRA is in default of an obligation under clause 4.5;

(iii) acknowledges that BRA's obligations under clause 4.5 will be satisfied to the extent of any draw down on the bank guarantee pursuant to clause 4.6(c)(ii); and

(iv) must promptly return to BRA the bank guarantee if and when BRA has complied with and fully satisfied all its obligations under clause 4.5.

4.7 Failure to fund

If one Bidder fails to fund the Bid in accordance with this agreement (in whole or in part), or fails to meet any of its Liabilities to third parties (including Aquila Shareholders) arising under or in connection with this agreement (in whole or part) or the Bid, any payment borne by the other Bidder on account of such failure will give rise to an immediate right of contribution on the part of the other Bidder against the first mentioned Bidder.

4.8 Compliance with law

Each Bidder must do all things within its power and control to ensure that the Bid is, at all times, conducted in accordance with Chapter 6 of the Corporations Act and all other laws relevant to each Bidder's involvement in the Bid.

5. Conduct of the Bid

5.1 Bid Team

(a) Each Bidder shall by notice to the other Bidder appoint a Bid Leader upon entering into this agreement, and those Bid Leaders shall act as joint Bid Leaders in relation to the Bid, with the ability of either Bid Leader to appoint an alternate to act as lead until such time as that authority is revoked (**Alternate Lead**). A Bidder may replace a Bid Leader appointed by it, by notice to the other Bidder. Subject to the provisions of this agreement, the Bid Leaders will have primary responsibility for coordinating the Bid on behalf of the parties, including giving directions and instructions to the Joint Advisors, establishing appropriate committees to undertake the work plan and convening meetings of the Bid Team at regular intervals.

(b) The Bid Leaders will nominate a core team of employees from their respective organisations and their Advisors (together the **Bid Team**) to act on behalf of the parties in coordinating and carrying out the work plan set out in clause 5.2 and all other matters contemplated by this agreement.

(c) Meetings of the Bid Team may be convened by either Bid Leader upon reasonable notice to the other and may be conducted in any form or manner as the parties may agree upon.

(d) Each Bidder agrees to delegate to its Bid Leader all power and authority required to make on behalf of it any decisions necessary or desirable for or in connection with the Bid.

(e) Subject to clause 5.1(f), the following items each require written confirmation by both Bid Leaders, or the agreement of both Bidders, before either Bidder may proceed with them:

(i) all aspects of Bidders' Statement before submission to the respective boards of the Bidders in accordance with section 5.3;

(ii) the making of strategic plans in relation to the Bid;

(iii) the engagement of any Joint Advisors;

(iv) the making of, or any communications strategy which may lead to the making of, any public statements relating to the Bid by either Bidder in accordance with clause 5.4;

(v) any changes to the Offer described in Schedule 1; and

(vi) communications and dealings with Aquila on the basis outlined in this agreement.

(f) For the avoidance of doubt, neither Bidder will be in breach of clause 5.1(e), if it does something which is consistent with the any agreed strategic plan or communications and engagement plan subject to compliance with clauses 5.4, 5.5, 5.6, 5.7 and 5.8.

(g) For the purposes of clause 5.1(e), the written confirmation of the Bid Leaders can be given by way of a Notice under clause 12.1, by email between the Bid Leaders, and any other means of written confirmation agreed by the Bid Leaders.

5.2 Work plan

To implement the Bid, the Bidders will, subject to the provisions of this agreement:

(a) undertake, and cause the Advisors and the Bid Team to undertake, all necessary work to prepare, lodge with ASIC and issue the Bidders' Statement, and make the Offers as required by the Corporations Act within two months after the Announcement Date;

(b) seek all necessary Regulatory Approvals and authorities;

(c) initiate or defend actions or proceedings in relation to the Bid (including any action or proceeding involving an Aquila Shareholder, an interested party, ASIC or the Takeovers Panel) as they agree; and

(d) complete, and update on a timely basis, a critical timetable from the date of this agreement until completion of the Bid.

5.3 Bidders' Statement

(a) The Bidders must prepare the Bidders' Statement and take all reasonable steps to ensure that it:

(i) complies with the Corporations Act, the Listing Rules and applicable ASIC Regulatory Guides and Takeovers Panel guidance;

(ii) is not misleading or deceptive in any material respect (whether by omission or otherwise); and

(iii) is updated by all further or new information that may arise after the Bidders' Statement has been lodged with ASIC until the close of the Offer Period, which is necessary to ensure that it is not misleading or deceptive in any material respect (whether by omission or otherwise).

(b) To that end:

(i) Aurizon must provide, or procure the provision of, in a form suitable for inclusion in the Bidders' Statement all information regarding Aurizon and Aurizon Parent that is necessary to ensure that the Bidders' Statement complies with the Corporations Act, the Listing Rules and applicable ASIC Regulatory Guides and Takeovers Panel guidance including statements relating to Aurizon's intentions in respect of Aquila (**Aurizon Information**). Aurizon must ensure that all such information is:

(A) not misleading or deceptive in any material respect (whether by omission or otherwise) including in the form and context in which it appears in the Bidders' Statement; and

(B) updated by all such further or new information which may arise after the Bidder's Statement has been despatched until the close of the Offer Period which is required by section 643 of the Corporations Act;

(ii) BRA must provide, or procure the provision of, in a form suitable for inclusion in the Bidders' Statement all information regarding BRA and Baosteel Parent that is necessary to ensure that the Bidders' Statement complies with the Corporations Act, the Listing Rules and applicable ASIC Regulatory Guides and Takeovers Panel guidance including statements relating to BRA's intentions in respect of Aquila (**BRA Information**). BRA must ensure that all such information is:

(A) not misleading or deceptive in any material respect (whether by omission or otherwise) including in the form and context in which it appears in the Bidders' Statement; and

(B) updated by all further or new information which may arise after the Bidders' Statement has been lodged with ASIC until the close of the Offer Period which is required by section 643 of the Corporations Act; and

(iii) the Bidders are jointly responsible for, and must consult with one another as to preparation of, the remaining content of the Bidders' Statement (**Joint Information)** and exchange progressive drafts of the Bidders' Statement so that they each have a reasonable opportunity to review and comment upon those drafts (including the final draft).

(c) The Bidders' Statement will include a statement:

(i) by Aurizon that neither Aurizon nor any Aurizon Indemnified Party is responsible for any BRA Information contained in the Bidders' Statement; and

(ii) by BRA that neither BRA nor any BRA Indemnified Party is responsible for any Aurizon Information contained in the Bidders' Statement.

(d) Aurizon must undertake due diligence and verification processes for the purposes of complying with clause 5.3(b)(i) and will make such verification material available to BRA on request by it.

(e) BRA must undertake due diligence and verification processes for the purposes of complying with clause 5.3(b)(ii) and will make such verification material available to Aurizon on request by it.

(f) Each Bidder must promptly inform the other if, before the end of the Offer Period, it becomes aware of any of the following or of circumstances suggesting the existence of any of the following:

(i) a misleading or deceptive statement in the Bidders' Statement;

(ii) an omission from the Bidders' Statement of information required by section 636 of the Corporations Act;

(iii) a new circumstance that:

(A) has arisen since the Bidders' Statement was lodged; and

(B) would have been required by section 636 of the Corporations Act to be included in the Bidders' Statement if it had arisen before the Bidders' Statement was lodged.

(g) Prior to lodgement of the Bidders' Statement with ASIC:

(i) Aurizon must provide to BRA a duly completed verification certificate (in a form customary for transactions of this nature and reasonably acceptable to BRA) in respect of the Bidders' Statement (excluding the BRA Information), and each of Aurizon and Aurizon Parent must provide to BRA a duly completed consent to be named in the Bidders' Statement in connection with the Aurizon Information in accordance with the Corporations Act;

(ii) BRA must provide to Aurizon a duly completed verification certificate (in a form customary for transactions of this nature and reasonably acceptable to Aurizon) in respect of the Bidders' Statement (excluding the Aurizon Information), and each of BRA and Baosteel Parent must provide (and if required BRA must procure that Fortune BS provides) to Aurizon a duly completed consent to be named in the Bidders' Statement in connection with the BRA Information in accordance with the Corporations Act; and

(iii) a meeting of the board of directors of each of Aurizon and BRA must be convened for the purpose of approving the Bidders' Statement, unless the relevant board approves the Bidders' Statement by written resolution (in either case which approval must be notified to the other Bidder promptly after it is so resolved).

(h) If the Bidders disagree on the form or content of the Bidders' Statement then:

(i) they will consult in good faith to try to settle an agreed form of the Bidders' Statement; and

(ii) failing such agreement within two Business Days, the dispute shall be referred to the CEO of Baosteel Parent and the CEO of Aurizon Parent for resolution,

provided that it is acknowledged that if the Bidders fail to agree on the form or content of the Bidders' Statement:

(iii) if the dispute relates to Aurizon Information, Aurizon will have the final decision on such form or content; and

(iv) if the dispute relates to BRA Information, BRA will have the final decision on such form or content.

(i) Even if there is a dispute as to the form or content of the Bidders' Statement and the Bidders are using the procedures set out above, the Bidders will use their best endeavours to continue to perform their obligations under this agreement.

5.4 Announcements and Public Comment

(a) A Bidder must not make or authorise a press release or other public statement relating to the Bid or the subject matter or terms of this agreement (and each Bidder must procure that none of its related bodies corporate makes or authorises a press release or other public statement relating to the Bid or the subject matter or terms of this agreement), except as required under clause 4.1, unless:

(i) it has the prior written approval of the other Bidder's Bid Leader; or

(ii) it is required by law or the rules of the ASX or another recognised stock exchange on which its securities are listed (in which case clause 5.4(b) will apply).

(b) If a Bidder (or a related body corporate of a Bidder) is required by law or the rules of the ASX or another recognised stock exchange on which its securities are listed to make any such press release or other public statement the Bidder must before doing so:

(i) notify the other Bidder; and

(ii) give the other Bidder a reasonable opportunity to comment on the contents of, and the requirement for, any such statement.

5.5 Communications with Aquila Shareholders

All correspondence, discussions or communications about the Bid by or on behalf of either Bidder to any Aquila Shareholder, including in relation to acceptance solicitation, enquiry lines and related work streams, and any scripts to be used by telephone call centres commissioned by the Bidders to provide information helpline services or shareholder canvassing services, communications, or proposed meetings must have the prior written approval of both Bid Leaders.

5.6 Dealings with Government Agencies

(a) In respect of the BRA Regulatory Condition, BRA must:

(i) consult with Aurizon in respect of, and prior to, any discussion with, or submissions to, FIRB to be made after the Announcement Date;

(ii) provide Aurizon with an opportunity to attend, and request the consent of FIRB to Aurizon attending, any meetings or discussions with FIRB;

(iii) give Aurizon a reasonable opportunity to comment on any applications and submissions to be made after the Announcement Date prior to filing or making them;

(iv) as soon as practicable after the Announcement Date, ensure that all necessary notices are filed and all necessary applications are made;

(v) keep Aurizon reasonably informed of the status of any application and any circumstances which are reasonably likely to result in the BRA Regulatory Condition not being satisfied in accordance with its terms; and

(vi) promptly advise Aurizon of the satisfaction of the BRA Regulatory Condition.

(b) In respect of the Aurizon Regulatory Condition, Aurizon must:

(i) consult with BRA in respect of, and prior to, any discussion with, or submissions to, FIRB to be made after the Announcement Date;

(ii) provide BRA with an opportunity to attend, and request the consent of FIRB to BRA attending, any meetings or discussions with FIRB;

(iii) give BRA a reasonable opportunity to comment on any applications and submissions to be made after the Announcement Date prior to filing or making them;

(iv) as soon as practicable after the Announcement Date, ensure that all necessary notices are filed and all necessary applications are made;

(v) keep BRA reasonably informed of the status of any application and any circumstances which are reasonably likely to result in the Aurizon Regulatory Condition not being satisfied in accordance with its terms; and

(vi) promptly advise BRA of the satisfaction of the Aurizon Regulatory Condition.

(c) Except in relation to the Regulatory Conditions (in respect of which clauses 5.6(a) and 5.6(b) apply), each Bidder must:

(i) consult with the other in respect of, and prior to, any discussions with or submissions to any Government Agency in connection with the Bid;

(ii) co-operate and provide assistance in good faith to the other Bidder in relation to Regulatory Approvals that the other Bidder seeks, including providing information reasonably requested by the other Bidder, in connection with the Bid; and

(iii) if requested to do so by the other Bidder in connection with the Bid, make supporting submissions to any Government Agency from which a Regulatory Approval is sought,

and instruct its Advisors to act accordingly.

(d) Each Bidder acknowledges that its obligations under clause 5.6(c) include obligations to seek to obtain ASIC relief or ASX waivers on technical issues arising out of the Bid.

5.7 Information

Subject to clause 9 each Bidder will provide the Bid Team with all information necessary for disclosure in the Bidders' Statement or to the other Bidder's applicable stock exchange.

5.8 Dealings with Aquila

(a) No Bidder shall initiate or engage in any discussions with Aquila or its Related Parties, or any Aquila Shareholder (other than in respect of discussions between BRA and Fortune BS), unless the Bid Leaders agree on the proposed discussions in advance or the proposed discussions are consistent with any agreed communications and engagement plan.

(b) No party shall hold itself out as being able to make any decision on behalf of any other party.

(c) Without limiting clause (a) above, if a Bidder or a related body corporate of a Bidder engages in discussions with Aquila or its Related Parties or any Aquila Shareholder (other than in respect of discussions between BRA and Fortune BS) in connection with the Bid without a representative of the other Bidder being present, the Bidder must promptly disclose to the other Bidder full details of the matters discussed.

(d) Each Bidder must provide the other Bidder with copies of any correspondence received by it (or any of its related bodies corporate) from Aquila or its Related Parties or any Aquila Shareholder in connection with the Bid, promptly upon receipt of such correspondence, other than information that Mr Zhaoming Lu (Baosteel Parent's nominee on the Aquila board) receives from Aquila in his capacity as a director of Aquila where such information is not disclosed to BRA.

(e) Nothing in this clause 5.8:

(i) applies to discussions or other communications between BRA or its related bodies corporate and Mr Zhaoming Lu (Baosteel Parent's nominee on the Aquila board), provided that those discussions do not relate to Aquila or its affairs (including the Bid) and are not contrary to the information barrier protocols relating to information concerning Aquila and its affairs; and

(ii) restricts Mr Zhaoming Lu (Baosteel Parent's nominee on the Aquila board) from fulfilling his duties as a director of Aquila.

5.9 Participant Bidder

The Bidders agree that, for the purposes of ASX Settlement Operating Rule 14.12.4, BRA and Aurizon will act jointly as the 'Participant Bidder' in respect of the Bid.

6. Exclusivity

6.1 BRA

BRA represents and warrants that, other than the discussions with Aurizon in connection with the Bid and this agreement, no subsidiary of Baosteel Parent, has been, or is currently, in negotiations or discussions in respect of any Competing Proposal with any person, or will enter into any negotiations or discussions whatsoever in respect of any Competing Proposal with any person for the duration of the Bid.

6.2 Aurizon

Aurizon represents and warrants that, other than the discussions with BRA in connection with the Bid and this agreement, no subsidiary of Aurizon Parent has considered, or had any intention of, acquiring any interest in Aquila Shares or the business or assets of Aquila, or has been, or is currently, in negotiations or discussions in respect of any Competing Proposal with any person, or will enter into any negotiations or discussions whatsoever in respect of any Competing Proposal with any person for the duration of the Bid.

6.3 Standstill

(a) During the bid period each Bidder must not and must procure that its Associates (other than entities that are Associates of the relevant Bidder only by reason of the relevant Bidder entering into the Transaction Documents) do not, without the consent of the other Bidder:

(i) acquire a relevant interest in any Aquila Shares;

(ii) accept any competing offer;

(iii) Dispose of any Aquila Shares; or

(iv) enter into, buy, Dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to Aquila Shares.

(b) Nothing in clause 6.3(a) restricts the implementation of the Bid in accordance with the provisions of this agreement or the acquisition of Aquila Shares under the Bid.

7. Warranties

7.1 Capacity and status

Each party represents and warrants to each other party that each of the following statements is true and accurate as at the date of this agreement:

(a) it is validly existing under the laws of its place of incorporation;

(b) it has the power to enter into and perform its obligations under this agreement and to carry out the transactions contemplated by this agreement;

(c) it has taken all necessary action to authorise its entry into and performance of this agreement and to carry out the transactions contemplated by this agreement; and

(d) its obligations under this agreement are valid and binding and enforceable against it in accordance with their terms.

7.2 BRA warranties

BRA represents and warrants to Aurizon that each of the following statements is true and accurate as at the date of this agreement:

(a) BRA is:

(i) a wholly owned subsidiary of Baosteel Parent; and

(ii) the registered holder and beneficial owner of 22,999,895 Aquila Shares,

and there are no mortgages, charges, liens, restrictions against transfer, encumbrances or other third party interests over or affecting those Aquila Shares;

(b) Fortune BS is:

(i) a wholly owned subsidiary of Baosteel Parent; and

(ii) the registered holder and beneficial owner of 58,492,674 Aquila Shares,

and there are no mortgages, charges, liens, restrictions against transfer, encumbrances or other third party interests over or affecting those Aquila Shares;

(c) except for the Aquila Shares described in clauses 7.2(a) and 7.2(b), it does not have any relevant interest in any Aquila Shares or voting power in Aquila;

(d) BRA and its Associates (other than an Associate of BRA that is an Associate of BRA only by reason of BRA entering into the Transaction Documents) have not provided or agreed to provide any consideration for any Aquila Shares under any purchase or agreement during the four months before the date of this agreement other than as disclosed on the ASX or to Aurizon prior to the date of this agreement;

(e) it has sufficient funding arrangements in place to pay for all the Aquila Shares which may be allocated to it under clause 3.2(a) and Aquila Convertible Securities allocated to it under clause 4.4(b), and has reasonable grounds to expect that such funding will remain in place for the term of this agreement; and

(f) all non-public information known to BRA or Baosteel Parent that is required to be included in the Bidders' Statement has been or will be provided to Aurizon and will be included in the Bidders' Statement, and none of that information is subject to any obligation (including any obligation of confidentiality) that prohibits or will prohibit BRA and Baosteel Parent from including that information in the Bidders' Statement.

7.3 BRA indemnity

BRA indemnifies the Aurizon Indemnified Parties from all Claims and Liabilities which they (or any of them) suffer or incur by reason of any of the representations and warranties given by BRA in clauses 7.1 and 7.2 being untrue or inaccurate in any respect.

7.4 Aurizon warranties

Aurizon represents and warrants to BRA that each of the following statements is true and accurate as at the date of this agreement:

(a) Aurizon is a wholly owned subsidiary of Aurizon Parent and is not the registered holder or beneficial owner of Aquila Shares;

(b) except as a consequence of entering into this agreement, Aurizon does not have any relevant interest in any Aquila Shares or voting power in Aquila;

(c) Aurizon and its Associates have not provided or agreed to provide any consideration for any Aquila Shares under any purchase or agreement during the four months before the date of this agreement;

(d) it has sufficient funding arrangements in place to pay for all the Aquila Shares which may be allocated to it under clause 3.2(a) and Aquila Convertible Securities allocated to it under clause 4.4(b), and has reasonable grounds to expect that such funding will remain in place for the term of this agreement; and

(e) all non-public information known to Aurizon or Aurizon Parent that is required to be included in the Bidders' Statement has been or will be provided to BRA and will be included in the Bidders' Statement, and none of that information is subject to any obligation (including any obligation of confidentiality) that prohibits or will prohibit Aurizon and Aurizon Parent from including that information in the Bidders' Statement.

7.5 Aurizon indemnity

Aurizon indemnifies the BRA Indemnified Parties from all Claims and Liabilities which they suffer or incur by reason of any of the representations and warranties given by Aurizon in clauses 7.1 and 7.4 being untrue or inaccurate in any respect.

8. Termination

8.1 Bid successful

If the Bid Conditions are satisfied or waived, this agreement will terminate upon the parties having satisfied and discharged their respective obligations under clauses 3 and 4 of this agreement.

8.2 Bid unsuccessful

This agreement will terminate immediately on the earlier of:

(a) withdrawal of the Bid in accordance with the Corporations Act; and

(b) the takeover contracts for the Bid becoming void as a result of the operation of section 650G of the Corporations Act.

8.3 Superior Alternative Bid

(a) If a superior Alternative Bid is announced by any person other than a Bidder or its Associates, the Bidders must consult with each other in good faith about whether to amend the Bid terms so that they are no less favourable to Aquila Shareholders than the terms of the superior Alternative Bid.

(b) If a Bidder has complied with its obligations under clause 8.3(a) but the Bidders have not been able to agree on amendments to the Bid terms within 7 Business Days after the date of announcement of the superior Alternative Bid (or such longer period as they may agree in writing), the Bidder may, by giving notice in writing to the other Bidder, require the other Bidder to take such steps within its power and control as will cause termination at the earliest possible time under clause 8.2.

8.4 Material breach of agreement

A Bidder may, by giving notice in writing to the other Bidder, require the other Bidder to take such steps within its power and control as will cause termination at the earliest possible time under clause 8.2 if:

(a) the other Bidder is in material breach of a material term of this agreement; and

(b) either:

  (i) the breach is capable of being remedied and the breach is not remedied within two Business Days of the breach; or

  (ii) the breach is incapable of being remedied.

8.5 Insolvency Event or Change of Control

A Bidder may, by giving notice in writing to the other Bidder, require the other Bidder to take such steps within its power and control as will cause termination at the earliest possible time under clause 8.2 if:

(a) an Insolvency Event occurs in relation to the other Bidder; or

(b) without the prior written consent of the Bidder, a Change of Control of the other Bidder occurs.

8.6 Consequences of termination generally

If this agreement terminates, all obligations of the parties under this agreement, other than any clause that by its nature survives termination (including clauses 4.5(e) (Funding, 4.7 (Failure to fund), 7.3 (BRA Indemnity), 7.5 (Aurizon Indemnity), 9 (Confidentiality) to 14 (inclusive) and this clause 8 (Termination)), immediately cease to be of any further effect.

Termination of this agreement does not affect any rights that accrue prior to termination or remedies of a Bidder.

9. Confidentiality

Each party acknowledges and agrees that:

(a) the contents of any documents (including drafts) prepared by a party or its Advisors in respect of the Bid (including the Bid), including any document containing commercial, financial, legal and technical information and know how (including forecasts and projections);

(b) information provided or obtained under clause 5.3 or clause 5.7 of this agreement; and

(c) all copies of information, agreements and those parts of the notes and other records referred to in clauses 9(a) and (b) inclusive,

that is provided or otherwise made available by a party (**disclosing party**) to another party (**receiving party**) is information confidential to the disclosing party (**confidential information**) and must not be disclosed or used by the receiving party except for or in connection with the Bid or this agreement. However, this clause does not prohibit use or disclosure of information that the receiving party can establish:

(d) is in or enters the public domain through no fault of the receiving party or any of its Related Parties;

(e) is or was already known to the receiving party at the time it was made available to the receiving party and the receiving party obtained the information by lawful means from a third party in circumstances that did not involve the third party breaching an obligation of confidence owed to the disclosing party;

(f) is or was developed by the receiving party without reference to or use of confidential information of the disclosing party; or

(g) is required to be disclosed by applicable law or the rules of the ASX or another recognised stock exchange on which the receiving party's securities (or the securities of a related body corporate of the receiving party) are listed.

10. Indemnities

10.1 Aurizon

Aurizon indemnifies the BRA Indemnified Parties against each Claim or Liability (including legal costs on a full indemnity basis) which any of the BRA Indemnified Parties may suffer or incur by reason of a breach by Aurizon of clause 4.5(a)(i) (Funding), clause 5.3(b)(i) or clause 5.3(f).

10.2 BRA

BRA indemnifies the Aurizon Indemnified Parties against each Claim or Liability (including legal costs on a full indemnity basis) which any of the Aurizon Indemnified Parties may suffer or incur by reason of because a breach by BRA of clause 4.5(a)(ii) (Funding), clause 5.3(b)(ii) or clause 5.3(f).

10.3 Joint Information

Subject to clauses 7 and 13.4, the Bidders shall equally bear and be equally responsible for Claims and Liabilities in connection with the accuracy or completeness of Joint Information (whether under the Corporations Act or otherwise).

11. GST

11.1 Interpretation

Words or expressions used in this clause 11 which are defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) have the same meaning in this clause.

11.2 Consideration is GST-exclusive

Any consideration to be paid or provided for a supply made under or in connection with this agreement, unless specifically described in this agreement as 'GST inclusive', does not include an amount on account of GST.

11.3 Gross up of consideration

Despite any other provision in this agreement, if a Bidder (**Supplier**) makes a supply under or in connection with this agreement on which GST is payable (not being a supply the consideration for which is specifically described in this agreement as 'GST inclusive):

(a) the consideration payable or to be provided for that supply under this agreement but for the application of this clause 11.3 (**GST-exclusive consideration**) is increased by, and the recipient of the supply (**Recipient**) must also pay to the Supplier, an amount equal to the GST-exclusive consideration multiplied by the prevailing rate of GST (**GST Amount**); and

(b) subject to clause 11.6, the GST Amount must be paid to the Supplier by the Recipient without set off, deduction or requirement for demand, at the same time as the GST-exclusive consideration is payable or to be provided.

11.4 Reimbursements (net down)

If payment to a Bidder under this contract is a reimbursement or indemnification or otherwise calculated by reference to a loss, cost or expense incurred by that Bidder, then the payment will be reduced by the amount of any input tax credit to which that Bidder, or the representative member of the GST group that Shareholder is a member of (as the case may be), is entitled in respect of that loss, cost or expense.

11.5 Revenue (net down)

If the consideration for a supply under this agreement is calculated by reference to the consideration for another supply, in performing that calculation, the consideration payable or to be provided for the supply under this agreement excludes any GST payable included in the consideration payable for that other supply.

11.6 Tax invoices

The Recipient need not pay the GST Amount in respect of a taxable supply made under or in connection with this agreement until the Supplier has given the Recipient a tax invoice in respect of that taxable supply.

11.7 Adjustment events

If an adjustment event arises in respect of a supply made under or in connection with this agreement, then:

(a) if the Supplier's corrected GST Amount is less than the previously attributed GST Amount, the Supplier will refund the difference to the Recipient; or

(b) if the Supplier's corrected GST Amount is greater than the previously attributed GST Amount, the Recipient will pay the difference to the Supplier; and

(c) the Supplier must issue an adjustment note to the Recipient.

12. Notices and other communications

12.1 Service of notices

A notice, demand, consent, approval or communication under this agreement (**Notice**) must be:

(a) in writing, in English and signed by a person duly authorised by the sender; and

(b) hand delivered or sent by prepaid post or facsimile to the recipient's address for Notices specified in the Details, as varied by any Notice given by the recipient to the sender.

12.2 Effective on receipt

A Notice given in accordance with clause 12.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

(a) if hand delivered, on delivery;

(b) if sent by prepaid post, on the second Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia);

(c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight Business Hours after the transmission, the recipient informs the sender that it has not received the entire Notice,

but if the delivery, receipt or transmission is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.

13. Costs

13.1 Costs

Each party must pay its own costs of negotiating, preparing and executing this agreement.

13.2 Bid costs and liabilities if Bid is successful

Subject to clauses 13.3 and 13.4 below, and to clauses 4, 7 and 10:

(a) all Transaction Costs will be borne by the Bidders in their Respective Proportions; and

(b) each Bidder will pay and be liable for one-half of all Liabilities arising from or in any way connected with the Bid,

provided that:

(c) each Bidder must pay and will be liable for its own Internal Costs;

(d) if a Transaction Cost or Liability is incurred because of a breach of this agreement by one but not both Bidders, the Bidder that breached this agreement shall bear and be responsible for the Transaction Cost or Liability; and

(e) if a Transaction Cost or Liability is incurred because of a breach of this agreement by both Bidders, each Bidder will pay and be liable for one-half of the Transaction Cost or Liability.

13.3 Bid costs and liabilities if Bid is not unsuccessful

Subject to clauses 13.4 below, and to clauses 4, 7 and 10, if the Bidders' Statement is not lodged with ASIC, the Bid is withdrawn, or the takeover contracts for the Bid become void as a result of the operation of section 650G of the Corporations Act, or no Aquila Shares are acquired under or in connection with the Bid, each Bidder will pay and be liable for one-half of the Transaction Costs and all Liabilities arising from or in any way connected with the Bid provided that:

(a) each Bidder must pay and will be liable for its own Internal Costs;

(b) if a Transaction Cost or Liability is incurred because of a breach of this agreement by one but not both Bidders, the Bidder that breached this agreement shall bear and be responsible for the Transaction Cost or Liability; and

(c) if a Transaction Cost or Liability is incurred because of a breach of this agreement by both Bidders, each Bidder will pay and be liable for one-half of the Transaction Cost or Liability.

13.4 Advisor and Joint Advisor costs

(a) Each Bidder will bear the costs and expenses of its own Advisors.

(b) The fees and costs of the Joint Advisors shall be borne and shared between the Bidders equally.

14. Miscellaneous

14.1 Alterations

This agreement may be altered only in writing signed by each party.

14.2 Approvals and consents

Except where this agreement expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this agreement.

14.3 Assignment

A party may only assign this agreement or a right under this agreement with the prior written consent of the other party.

14.4 Counterparts

This agreement may be executed in counterparts. All executed counterparts constitute one document.

14.5 No merger

The rights and obligations of the parties under this agreement do not merge on completion of any transaction contemplated by this agreement.

14.6 Entire agreement

This agreement constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with its subject matter.

14.7 Further action

Each Bidder must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this agreement and any transaction contemplated by it.

14.8 Severability

A term or part of a term of this agreement that is illegal or unenforceable may be severed from this agreement and the remaining terms or parts of the terms of this agreement continue in force.

14.9 Waiver

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

14.10 Relationship

Except where this agreement expressly states otherwise, it does not create a relationship of employment, trust, agency or partnership between the parties.

14.11 No consequential loss

To the full extent permitted by law, a party is not liable (whether in negligence or otherwise) to another party for any Liability or Claim under or in connection with this agreement (including under any indemnity given by this agreement) to the extent that the Liability or Claim is for indirect or consequential loss (including loss of profit of any nature whatsoever, loss of expected savings, loss of opportunity, loss or reduction of goodwill and damage to reputation).

14.12 Governing law and jurisdiction

This agreement is governed by the law of Western Australia and each Bidder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

Schedule 1 – Announcement

ASX and MEDIA RELEASE
May 2014

BAOSTEEL AND AURIZON ANNOUNCE INTENTION TO MAKE JOINT ALL CASH OFFER TO ACQUIRE 100% OF AQUILA

HIGHLIGHTS

- **All cash takeover offer of $[3.40] per Aquila Share**
- **Up to and including 2 May 2014, being the last trading day prior to announcement of the Offer, the Offer represents a premium of:**
  - 38.8% to A$2.45, the closing price of Aquila Shares on the ASX on Friday, 2 May 2014;
  - 38.0% to A$2.46, the 5 day VWAP* of Aquila Shares;
  - 30.6% to A$2.60, the 1 month VWAP of Aquila Shares;
  - 32.3% to A$2.57, the 3 month VWAP of Aquila Shares;
  - 45.0% to A$2.34, the 6 month VWAP of Aquila Shares; and

  52.7% to A$2.23, the 12 month VWAP of Aquila Shares

  -
- **Aquila Shares have not closed above the Offer price since May 2012**
- **Provides accepting Aquila Shareholders with certainty of value at an attractive cash premium**
- **Offer is conditional on securing a relevant interest in Aquila of more than 50% (on a fully diluted basis)**
-

Overview

Baosteel Resources Australia Pty Ltd (**Baosteel**), a wholly owned subsidiary of Baosteel Resources International Co., Ltd. (**Baosteel Resources International**), the overseas resources development arm of Baosteel Group Corporation (**Baosteel Group**), one of the world's leading iron and steel producers, and

*VWAPs are calculated including both ASX and CHI-X trading data.

Aurizon Operations Limited (**Aurizon**), a wholly owned subsidiary of Aurizon Holdings Limited, Australia's leading bulk rail freight operator (together the **Bidders**), announce their intention to jointly make a conditional off-market takeover offer (the **Offer**) to acquire all of the ordinary shares of Aquila Resources Limited (ASX:AQA, **Aquila**) that are not already owned by a Bidder (or a related body corporate of a Bidder). If the Offer becomes unconditional, accepting Aquila Shareholders will receive $3.40 cash for each Aquila Share they hold, valuing the equity in Aquila at approximately $[*] billion.

The Aquila Shares accepted into the Offer will be allocated between the Bidders such that, following the successful completion of the Offer, Aurizon will own up to 15.0% of Aquila and Baosteel will own all of the remaining shares acquired under the Offer. If the Offer closes with the Bidders owning between 50% and 90% of Aquila Shares, Aurizon will own 10.0% of Aquila and Baosteel will own the remaining Aquila Shares acquired.

The Bidders have entered into a number of agreements in connection with the Offer including a Joint Bidders Agreement, a Shareholders Agreement, and Infrastructure Framework Agreement. Copies of these agreements will accompany Aurizon's substantial shareholder notice to be issued to the ASX later today. Currently have a relevant interest in approximately 19.8% of Aquila ordinary shares on issue (held by Baosteel and its related body corporate, Fortune BS Company Pte Ltd).

Why Baosteel and Aurizon are making the Offer to Aquila Shareholders

Announcing the intention of the Bidders to make the Offer, Baosteel Resources International Chairman Mr. Zhihao Dai said "Since the Bidders have been unable to progress discussions with the Aquila board regarding our proposal in a timely manner, we have respectfully decided to put the Offer directly to shareholders. We believe this is a compelling offer for Aquila Shareholders as it provides an opportunity for them to realise certain value for their Aquila Shares at a significant premium to current market prices through an all-cash offer, at a time of reasonably low trading volumes for Aquila Shares and uncertainty on the funding and development pathway for Aquila's suite of greenfield projects. The acquisition of Aquila is in line with Baosteel Resources International's strategy of building a leading global steel and resources business through the development of the West Pilbara Iron Ore Project and the Eagle Downs Hard Coking Coal Project."

Mr. Lance Hockridge, the Managing Director and Chief Executive Officer of Aurizon, said: "This Offer is compelling and provides Aquila Shareholders with a unique opportunity to realize certain value for their Aquila Shares. This cooperation represents a co-investment by Australia's leading rail infrastructure provider and China's leading iron and steel producer in developing quality Australian resources, with potential to develop a new world-class iron ore district in the western Pilbara, supported by an integrated multi-user rail and port solution and to create Australian jobs, boost national exports and deliver to government significant royalty revenue. The Eagle Downs project also represents a significant opportunity for the companies to cooperate and deliver significant benefits to local communities."

Why Aquila Shareholders should accept the Offer

- **The Offer represents a significant premium to recent trading levels.**
  Up to and including 2 May 2014, being the last trading day prior to announcement of the Offer, the Offer represents a premium of:
  - 38.8% to A$2.45, the closing price of Aquila Shares on Friday, 2 May 2014;
  - 38.0% to A$2.46, the 5 day VWAP* of Aquila Shares;
  - 30.6% to A$2.60, the 1 month VWAP of Aquila Shares;
  - 32.3% to A$2.57, the 3 month VWAP of Aquila Shares;
  - 45.0% to A$2.34, the 6 month VWAP of Aquila Shares; and

- 52.7% to A$2.23, the 12 month VWAP of Aquila Shares

*VWAPs are calculated including both ASX and CHI-X trading data.

Further, Aquila Shares have not closed above the Offer Price since May 2012.

- **All cash Offer provides certain value.**
  The Bidders are offering all cash consideration for Aquila Shares accepted into the Offer, which provides an opportunity to Aquila Shareholders to realise both certain and significant value for their Aquila Shares.
- **Avoidance of future funding uncertainties.**
  Remaining as a shareholder of Aquila will mean that Aquila Shares will continue to be exposed to the risks relating to funding Aquila's key development projects, the West Pilbara Iron Ore Project (WPIOP) and the Eagle Downs Hard Coking Coal Project (Eagle Downs). These will require substantial capital to reach production. Aquila has disclosed that its share of the remaining development costs for WPIOP and Eagle Downs is $3.7 billion and $408 million respectively.
- **Avoidance of future operating and project development risks.**
  Remaining as a shareholder of Aquila will mean that Aquila Shares will continue to be exposed to the risks relating to the development of the WPIOP and Eagle Down projects and their future operation.
- **The likelihood of a counterbid emerging with a superior offer is low.**
  Baosteel and Aurizon believe that the likelihood of another bidder emerging with a superior proposal is low, given (i) the substantial cash premium offered, (ii) the Bidders' relevant interest in approximately 19.8% of Aquila Shares, and (iii) the significant capital expenditure required to develop Aquila's greenfield projects.
- **Risks if Aquila Shareholders do not accept Offer.**
  Remaining as a shareholder of Aquila will mean that Aquila Shares will continue to be exposed to a number of other risks associated with maintaining the investment in Aquila. For example, the trading price of Aquila Shares may fall if the Offer is unsuccessful; and the trading price of Aquila Shares will continue to be subject to market volatility.
- **The Bidders are confident that Minimum Acceptance Condition can be satisfied.**
  Given the Bidders' relevant interest in approximately 19.8% of Aquila Shares and the compelling nature of the Offer the Bidders are confident that the conditions to the Offer can be satisfied.
- **Avoid risks associated with being a minority shareholder**
  If as a result of the Offer the Bidders together hold more than 50% but less than 100% of Aquila Shares, the Bidders will control the majority of Aquila Shares. There are risks associated with remaining as a minority shareholder in Aquila in those circumstances, including reduced liquidity, which may impact shareholders ability to readily dispose of their Aquila Shares at an attractive price in the future.

Offer Conditions

The Offer will be subject only to a 50% minimum acceptance condition (on a fully diluted basis), FIRB approvals, and limited other relatively customary conditions, as out in Annexure 1.

There is no NDRC condition associated with the Offer.

Funding

There is no financing condition associated with the Offer.

The Offer will be fully funded from Baosteel's and Aurizon's respective cash reserves and existing debt facilities.

Bidders' Statement

Baosteel and Aurizon expect to lodge the Bidders' Statement in relation to the Offer with the Australian Securities and Investments Commission (**ASIC**) shortly. The Bidders' Statement will set out in detail why Aquila Shareholders should accept the Offer. It is expected that the Bidders' Statement will be dispatched to Aquila Shareholders approximately two weeks after its lodgement with ASIC, and its provision to Aquila and the ASX.

Advisers

Deutsche Bank is acting as financial adviser and Minter Ellison is acting as legal adviser to Baosteel in relation to the Offer.

Satori Investments (lead) and UBS are acting as financial advisers, and Ashurst is acting as legal adviser to Aurizon in relation to the Offer.

For further information regarding the Offer, please contact the Bidders' advisers:

Public relations adviser	**Public relations adviser**
Greg Baxter New Gate Tel: +61 [*]	Paul Everingham GRAE Tel: +61 [*]
Financial adviser (Baosteel):	**Financial advisers (Aurizon):**
Pei-Shen Chou Deutsche Bank Tel: +852 6202 1253	Paul Glasson Satori Investments Tel: +86 138 1683 2788

About Aquila

Aquila is a West Australian-based resources company with a portfolio of greenfield projects in Australia and South Africa. Commodities within Aquila's portfolio of projects include iron ore, coal (hard coking coal and low volatile PCI) and manganese, all of which are used in the production of steel products.
Additional information about Aquila can be found on its website at http://www.aquilaresources.com.au/

About Baosteel, Baosteel Resources International and Baosteel Group

Baosteel is an Australian incorporated company formed in 2011 for the purpose of investing in Australia. Other than its existing holding of Aquila Shares, Baosteel does not currently undertake any other business activities.

Baosteel Resources International is a wholly-owned subsidiary of Baosteel Group. Baosteel International is incorporated in Hong Kong and its principal activities involves investment and development of mining resources overseas.

Baosteel Group is a Chinese state-owned iron and steel producer headquartered in Shanghai, China. The company is one of China's largest steel producers with crude steel output of approximately 43.8 million tons in 2012.

Additional information about Baosteel Resources International and Baosteel Group can be found on the below websites at http://www.baosteelresources.com/index_1.aspx and http://www.baosteel.com/group_en/.

About Aurizon

Aurizon is Australia's largest bulk rail freight operator, operating a 2,670km network of heavy haul rail infrastructure in Central Queensland. It is the largest hauler of coal in Australia, transporting 193.7 million tonnes in 2012/13. Aurizon also provides a range of specialist services in rail design, engineering, construction, management and maintenance, and offers large-scale supply chain solutions to a diverse range of customers across Australia. Aurizon is incorporated in Australia and listed on the ASX.
Additional information about Aurizon can be found on its website at www.aurizon.com.au.

1. Bid Conditions

The Offer will be subject to the following conditions, unless waived by the Bidders:

(a) **Minimum Acceptance**

During or at the end of the Offer Period the Bidders and their associates together have relevant interests in more than 207,772,064 Aquila Shares[1].

(b) **FIRB approval - Baosteel**

Prior to the end of the Offer Period the Treasurer (or a delegate of the Treasurer) unconditionally consents or gives Approval under FATA and the Australian Government's foreign investment policy to the proposed acquisition by Baosteel (or a related body corporate of Baosteel) of all of the Aquila Securities under the Offer (including pursuant to any subsequent compulsory acquisition) or under or pursuant to the Shareholders Agreement or pursuant to any on market purchases, and the Treasurer is taken to have so consented or given Approval if Baosteel receives written notice from or on behalf of the Treasurer (such notice being unconditional) to the effect that the acquisition by Baosteel (or a related body corporate of Baosteel) of all of the Aquila Securities under the Offer (including pursuant to any subsequent compulsory acquisition) or under or pursuant to the Shareholders Agreement or pursuant to any on market purchases is not inconsistent with the Australian Government's foreign investment policy or is not objected to under FATA.

(c) **FIRB approval - Aurizon**

[Prior to the end of the Offer Period the Treasurer (or a delegate of the Treasurer) unconditionally consents or gives Approval under FATA to the proposed acquisition by Aurizon (or a related body corporate of Aurizon) of a substantial interest in Aquila Securities under the Offer (including pursuant to any subsequent compulsory acquisition) or under or pursuant to the Shareholders Agreement or pursuant to any on market purchases, and the Treasurer is taken to have so consented or given Approval if Aurizon receives written notice from or on behalf of the Treasurer (such notice being unconditional) to the effect that the acquisition of a substantial interest in Aquila Securities by Aurizon (or a related body corporate of Aurizon) under the Offer (including pursuant to any subsequent compulsory acquisition) or under or pursuant to the Shareholders Agreement or pursuant to any on market purchases is not objected to under FATA.]

(d) **Conduct of business in the ordinary course and no material acquisitions, disposals or new commitments**

[1] This number is equal to 50% of the sum of the number of: (i) Aquila Shares on issue, and (ii) the number of Aquila Shares that may be issued on exercise or vesting of the Aquila Options, the Aquila Performance Rights, and the Aquila Share Appreciation Rights

Except as proposed in any announcement by Aquila to the ASX prior to the Announcement Date:

(i) during the period from the Announcement Date to the end of the Offer Period (each inclusive), Aquila's business and the business of Aquila's subsidiaries is carried on in the ordinary course; and

(ii) none of the following events occurs during the period from the Announcement Date to the end of the Offer Period (each inclusive) without the prior approval of the Bidders in writing:

(A) Aquila or any subsidiary of Aquila acquires, offers to acquire or agrees to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than A$40 million;

(B) Aquila or any subsidiary of Aquila disposes of, offers to dispose of or agrees to dispose of, or grants an option, or other right or entitlement (including a pre-emptive right) the effect of which could be the disposal or loss of control of, one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value (as recorded in Aquila's consolidated statement of financial position as at 31 December 2013) is, in aggregate, greater than A$40 million;

(C) Aquila or any subsidiary of Aquila enters into, or offers to enter into or agrees to enter into, any agreement, joint venture or partnership which would require expenditure, or the foregoing of revenue, by an Aquila Group Entity of an amount which is, in aggregate, more than A$30 million;

(D) Aquila or any subsidiary of Aquila incurs or otherwise becomes exposed to a liability or contingent liability for one or more related items with an aggregate amount or value greater than A$30 million;

(E) Aquila or any subsidiary of Aquila enters into, offers to enter into, agrees to enter into any transaction, or is otherwise affected by any transaction or proposal under which any third party would acquire any legal or economic interest in, or there would be any diminution in the rights granted under, any mineral tenement held by any Aquila Group Entity;

(F) Aquila or any subsidiary of Aquila enters into, offers to enter into, agrees to enter into any transaction, or is otherwise affected by any transaction or proposal under which any third party would acquire any legal or economic interest in production from Aquila's current or future operations or right to sell or market that production;

(G) Aquila or any subsidiary of Aquila announces an intention to do any of the matters referred to in sub-sections (A) to (F) above, or brings forward the time for performance of any commitments to, or releases any rights it has against, third parties relating to such matters in existence at the Announcement Date.

(e) **No grant of exclusivity or arrangements in relation to infrastructure development or services for Aquila or API JV**

During the period from the Announcement Date until the end of the Offer Period, none of Aquila, a subsidiary of Aquila and any participant in the API JV:

(i) enters into, continues or conducts discussions or negotiations with respect to, or enters into, an agreement, arrangement or understanding, or offers to enter into an agreement, arrangement or understanding, or publicly announces that it is a party to an agreement, arrangement or understanding, which would be breached if Aurizon were appointed exclusively to:

(A) undertake Infrastructure Development;

(B) provide Infrastructure Services;

(C) provide a Base Tariff;

(D) undertake pre-feasibility studies for Infrastructure Development; or

(E) act as API JV's agent for the purpose of undertaking Infrastructure Development,

as contemplated under clause 9 of the Infrastructure Framework Agreement; or

(ii) enters into, continues or conducts discussions or negotiations with, or enters into a contract, arrangement or understanding with, any person about undertaking Infrastructure Development, or providing Infrastructure Services, or does anything that materially hinders or materially adversely affects Aurizon's ability to perform its obligations under the Infrastructure Framework Agreement or to carry out a pre-feasibility study;

(iii) takes any action in connection with an Alternative Pathway; or

(iv) publicly announces an intention to do any of the things referred to in paragraph (i) or (iii) above.

(f) **No material adverse change**

Before the end of the Offer Period, no event, change or circumstance occurs, is announced or becomes known to the Bidders where that event, change or circumstance (either individually or aggregated with other events, changes or circumstances) has had, or could reasonably be expected to have, a material adverse effect on any of the following:

(i) the business, assets, liabilities, financial or trading position, profitability or prospects of Aquila or any of its subsidiaries, taken as a whole; or

(ii) on the status or terms of material arrangements entered into by Aquila or any of its subsidiaries; or

(iii) the status or terms of any Approvals, licences, tenements or permits issued by any Public Authority to any member of Aquila or any of its subsidiaries,

including, without limitation, any one or more events, matters, change or circumstances which have had or could reasonably be expected to have any of the following the effects, which are taken to constitute a material adverse effect:

(iv) diminishing the fair market value of the net assets of the Aquila Group by $40 million or more;

(v) any material rights under any of the tenements in which an Aquila Group Entity (or management company associated with a joint venture in which an Aquila Group Entity has an interest) has an interest, or any contract in which an Aquila Group Entity (or management company associated with a joint venture in which an Aquila Group Entity has an interest) has an interest, being suspended, revoked, invalidated, varied, terminated, or otherwise coming to an end;

(vi) a material restraint on or hindrance to the development, timely completion, feasibility, operation, or profitability of the material projects in which an Aquila Group Entity has an interest;

(vii) the incurring of any obligations, liabilities, costs or expenses (whether contingent or otherwise), other than capital expenditure, where the quantum (whether individually or when aggregated) exceeds $40 million, except in the ordinary course of business;

(viii) any change in any applicable laws or regulations which would result in a material impairment of the costs structure of the Aquila Group;

(ix) any person announcing, commencing or threatening any litigation against any Aquila Group Entity (whether in aggregate or for any single litigation) which may result in a judgment against the Aquila Group Entity of more than $40 million (individually or in aggregate);

but does not include any of the following, which are taken not to constitute a material adverse effect:

(x) any matter fairly disclosed to the Bidders or their representatives (other than the Baosteel Nominee Director) or to the ASX or otherwise widely known publicly on or before the Announcement Date;

(xi) any event, occurrence, circumstance or matter affecting the iron ore or coal mining industries generally;

(xii) any change in general economic, financial, currency exchange, securities or commodities market conditions;

(xiii) any change in accounting policy required by law.

(g) **No regulatory actions**

During the period from the Announcement Date to the end of the Offer Period (each inclusive):

(i) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;

(ii) no action or investigation is announced, commenced or threatened by any Public Authority; and

(iii) no application is made to a Public Authority (other than by the Bidders or their associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel for the purpose or in exercise of the powers and discretions conferred on it by the Corporations Act), which:

(iv) restrains, prohibits, or impedes or threatens to restrain, prohibit or impeded or may otherwise materially adversely impact upon the making of the Offer, the acquisition of Aquila Shares under the Offer, the rights of either of the Bidders in their capacity as a shareholder of Aquila, or the completion of any transaction contemplated by the Offer or the Bidders' Statement; or

(v) seeks to require the divesture of any Aquila Shares by either of the Bidders; or

(vi) seeks to require the divesture of any material assets by any Aquila Group Entity; or

(vii) imposes any new terms on, amends the existing terms of or otherwise materially affects the rights held by Aquila as at the Announcement Date under any Approval, licence, tenement or permit issued by any Public Authority to Aquila.

(h) **No distributions**

Between the Announcement Date and the end of the Offer Period (each inclusive), Aquila does not make, determine as payable or declare, or announce an intention to make, determine as payable or declare any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

(i) **Non-existence of certain rights**

No person has any right (whether subject to conditions or not) as a result of the Bidders or either of them acquiring Aquila Shares to:

(i) acquire, or require Aquila or a subsidiary of Aquila to dispose of, or offer to dispose of, any material asset of Aquila or a subsidiary of Aquila, including any interest in the API JV or the WPIOP; or

(ii) terminate or vary any material agreement with Aquila or a subsidiary of Aquila, including in respect of any interest in the API JV or the WPIOP.

(j) **No prescribed occurrences**

During the period between the date that the Bidders' Statement is given to Aquila and the end of the Offer Period (each inclusive), none of the following events occur:

(i) Aquila converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;

(ii) Aquila or a subsidiary of Aquila resolves to reduce its share capital in any way;

(iii) Aquila or a subsidiary of Aquila enters into a buy-back agreement or resolves to approve the terms of a buy back agreement under section 257C(1) or 257D(1) of the Corporations Act;

(iv) Aquila or a subsidiary of Aquila issues shares (other than shares issued as a result of the exercise of Aquila Options, or the vesting of Aquila Performance Rights or Aquila Share Appreciation Rights, the existence of which had been notified to ASX before the Announcement Date) or grants an option over its shares, or agrees to make such an issue or grant such an option;

(v) Aquila or a subsidiary of Aquila issues, or agrees to issue, convertible notes;

(vi) Aquila or a subsidiary of Aquila disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

(vii) Aquila or a subsidiary of Aquila grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;

(viii) Aquila or a subsidiary of Aquila resolves to be wound up;

(ix) a liquidator or provisional liquidator of Aquila or of a subsidiary of Aquila is appointed;

(x) a court makes an order for the winding up of Aquila or of a subsidiary of Aquila;

(xi) an administrator of Aquila or of a subsidiary of Aquila is appointed under section 436A, 436B or 436C of the Corporations Act;

(xii) Aquila or a subsidiary of Aquila executes a deed of company arrangement; or

(xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Aquila or a subsidiary of Aquila.

(k) **No prescribed occurrences prior to dispatch**

None of the events referred to in paragraphs (k)(i) to (k)(xiii) happens during the period commencing on the Announcement Date and ending at the end of the day immediately preceding the date the Bidders' Statement is given to Aquila.

Annexure 2 – definitions

Alternative Pathway means exploring, investigating, developing or undertaking with any third party:

(a) a pre-feasibility or feasibility study in connection with the Infrastructure, Infrastructure Development or Infrastructure Services; or

(b) any other project (including by means of an arrangement or study of any type) or transaction in connection with Infrastructure, Infrastructure Development or Infrastructure Services,

other than under, and consistently with, the terms of the Infrastructure Framework Agreement.

Announcement Date means the date of this announcement.

API JV means the unincorporated joint venture called the Australian Premium Iron Joint Venture and which is, as at the date of this announcement, between Aquila Steel Pty Ltd ACN 097 803 613 (which is 100% owned by Aquila) and AMCI (IO) Pty Ltd ACN 123 253 485, and is managed by API Management Pty Ltd ACN 112 677 595.

Approval means:

(a) a consent, authority, licence, approval, order, ruling, waiver or exemption which is required by law or by a Public Authority; or

(b) in relation to anything which will be fully or partly prohibited or restricted by law if a Public Authority intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry or termination of that period without intervention or action.

Aquila means Aquila Resources Limited ACN 092 002 769.

Aquila Convertible Securities means the Aquila Options, the Aquila Performance Rights and the Aquila Share Appreciation Rights.

Aquila Group means Aquila and its subsidiaries [/controlled entities], and **Aquila Group Entity** means any of one them.

Aquila Options means options to be issued Aquila Shares.

Aquila Performance Rights means the performance rights granted by Aquila pursuant to its long term incentive plan.

Aquila Securities means the Aquila Shares and Aquila Convertible Securities.

Aquila Share means one ordinary fully paid share in Aquila.

Aquila Shareholder means a person registered in the registers of members of Aquila as a holder of Aquila Shares.

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*VWAPs are calculated including both ASX and CHI-X trading data.

Aquila Share Appreciation Rights means the share appreciation rights granted by Aquila pursuant to its long term incentive plan.

ASIC means the Australian Securities and Investments Commission.

Assets means includes assets, facilities, real and personal property, goods, services, rights under Authorisations or contracts, and Intellectual Property.

associate means as that term is defined in section 12 of the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it.

Aurizon means Aurizon Operations Limited (ABN 47 564 947 264).

Aurizon Holdings Limited means Aurizon Holdings Limited ACN 146 335 622.

Authorisation means

(c) an authorisation, consent, declaration, exemption, notarisation or waiver, however it is described; and

(d) in relation to anything that could be prohibited or restricted by Law if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken,

including any renewal or amendment.

Baosteel means Baosteel Resources Australia Pty. Ltd ACN 154 815 362.

Baosteel Australia Mining means Baosteel Australia Mining Company Pty Ltd ACN 100 513 844.

Baosteel Group means Baosteel Group Corporation, a company incorporated under the laws of the People's Republic of China and having company registration number 310000000008029.

Baosteel Resources International means Baosteel Resources International Co., Ltd, a company incorporated under the laws of Hong Kong and having company registration number 527537.

Baosteel Nominee Director means Baosteel International's nominee on the Aquila board from time to time.

Base Tariff means a tariff that is to be paid for undertaking Infrastructure Development and the provision of an Infrastructure Service, in accordance with the Infrastructure Framework Agreement.

Bidder means Baosteel and Aurizon, jointly and severally, on the terms of the Joint Bidding Agreement.

Bidder's Statement means the bidders' statement, being the statement of the Bidders under Part 6.5 of the Corporations Act relating to the Offer.

BS Fortune means BS Fortune Company Pte Ltd, a company incorporated under the laws of Singapore and having company registration number 200916207M.

Corporations Act means the *Corporations Act 2001* (Cth) as relevantly modified or varied.

Eagle Downs means Aquila's Eagle Downs Hard Coking Coal Project.

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

FIRB means the Foreign Investment Review Board.

Infrastructure means Railway Infrastructure and Port Infrastructure used, or to be used, in connection with transporting and handling mining products for: (a) the API JV; and (b) other third parties (including Aquila) that may use that API JV related infrastructure.

Infrastructure Development means the activities necessary or desirable for designing, constructing and developing the Infrastructure, and any subsequent development or expansion of the Infrastructure, including: (a) securing all necessary funding; (b) project management of the design, construction and development of the Infrastructure; (c) securing all necessary Authorisations to design, construct, develop and operate the Infrastructure; (d) securing all necessary agreements with relevant government agencies, native title groups, and other third parties, to design, construct, develop and operate the Infrastructure; (e) obtaining all necessary tenure in respect of the Infrastructure; and (f) managing any regulatory issues associated with, and conducting due diligence in respect of, the Infrastructure.

Infrastructure Framework Agreement means the agreement of that name entered into between Baosteel, BS Fortune and Aurizon on [*] May 2014.

Infrastructure Services means any service provided by means of, or using, Infrastructure, including: (a) the operation and maintenance of the Railway Infrastructure; (b) a rail haulage service using the Railway Infrastructure; (c) the operation and maintenance of the Port Infrastructure; (d) a port handling service using the Port Infrastructure; and (e) any service necessary or incidental to the provision of the above services.

Intellectual Property means all present and future rights conferred by Law in or in relation to copyright, trade marks, designs, patents, circuit layouts, plant varieties, business and domain names, inventions and confidential information, and other results of intellectual activity in the industrial, commercial, scientific, literary or artistic fields whether or not registrable, registered or patentable. These rights include: (a) all rights in all applications to register these rights; (b) all renewals and extensions of these rights; and (c) all rights in the nature of these rights, excluding Moral Rights.

Joint Bidding Agreement means the joint bidding agreement between Baosteel and Aurizon dated [*] May 2014.

Offer means the offer for Aquila Shares contained in the Bidders' Statement, comprising the off-market takeover bids constituted by that offer and each other offer by the Bidders for Aquila Shares in the form of that offer, including in each case as varied in accordance with the Corporations Act.

Offer Period means the period during which the Offer will remain open for acceptances

Port Infrastructure means all Assets necessary for the development or operation of a port (including Anketell Port), including Assets necessary to: (a) connect Railway Infrastructure to a port; (b) berth vessels; (c) load and unload mining and other goods on berthed vessels; and (d) stockpile goods for loading or that have been unloaded.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

Railway Infrastructure means all Assets necessary for the development or operation of a railway, including: (a) railway track, associated track structures, over or under track structures, supports (including supports for equipment or items associated with the use of the railway); (b) sidings or spur lines; (c) tunnels and bridges; (d) stations and platforms; (e) buildings and workshops; (f) associated plant and equipment; (g) Rolling Stock; and (h) related infrastructure, including Rolling Stock maintenance facilities, train control systems and facilities, signalling systems and facilities, communications systems and facilities, office buildings, housing, freight centres, and terminal yards and depots.

Related body corporate means as that term is defined in section 50 of the Corporations Act.

Rolling Stock means any vehicle, whether self-propelled or not, that operates on or uses a railway track.

Security interest has the meaning given in section 51A of the Corporations Act.

Shareholders Agreement means the shareholders agreement between Baosteel, Aurizon and Fortune BS dated [*] May 2014.

Takeovers Panel means the Takeovers Panel under the Corporations Act.

Treasurer means the Treasurer of the Commonwealth of Australia.

WPIOP means the West Pilbara Iron Ore Project.

Signing page

EXECUTED as an agreement.

Executed by **Aurizon Operations Limited ABN 47 564 947 264** in accordance with section 127 of the Corporations Act 2001 (Cth)

Signature of director ←

Signature of ~~director~~/company secretary ←
(Please delete as applicable)

LANCE HOCKRIDGE
Name of director (print)

Dominic Dupont Smith
Name of ~~director~~/company secretary (print)

Executed by Mr Ji Chao as attorney for **Baosteel Resources Australia Pty Ltd ABN 66 154 815 362** under power of attorney dated 4 April 2014 who has no notice of revocation of such power of attorney in the presence of

Signature of witness ←

Signature of attorney ←

BRYN DAVIS
Name of witness (print)

ANNEXURE C

Shareholders Agreement

Form 603
Aurizon Holdings Limited
ACN 146 335 622

This is the Annexure C of 48 pages referred to in the Form 603 (Notice of initial substantial holder) signed by me and dated 5 May 2014.

I certify that this a true copy of the agreement.

Dominic D Smith
Company Secretary
Dated: 5 May 2014

Execution version

Shareholders agreement

relating to Aquila Resources Limited

Baosteel Resources Australia Pty Ltd (**BRA**)

Fortune BS Company Pte. Ltd. (**Fortune BS**)

Aurizon Operations Limited (**Aurizon**)

Shareholders agreement

Details

Date

3 MAY 2014

Parties

Name	**Baosteel Resources Australia Pty Ltd**
ABN	66 154 815 362
Short form name	**BRA**
Notice details	Address: Level 20, 77 St Georges Terrace, Perth, WA, 6000 Facsimile: +61 8 9220 5811 Attention: Managing Director

Name	**Fortune BS Company Pte. Ltd.** a company incorporated under the laws of Singapore and having company registration number 200916207M
Short form name	**Fortune BS**
Notice details	Address: 7, Temasek Boulevard, #27-01A, Singapore (038987) Facsimile: +65 6884 5969 Attention: Finance Manager

Name	**Aurizon Operations Limited**
ABN	47 564 947 264
Short form name	**Aurizon**
Notice details	Address: Level 17, 175 Eagle Street, Brisbane, QLD, 4000 Facsimile: +61 7 3019 2188 Attention: Group General Counsel

Background

A BRA and Aurizon have agreed to make the Takeover Bid for Aquila.

B If the Takeover Bid is successful, BRA, Fortune BS and Aurizon will hold Shares, and have agreed to hold their Shares and, if applicable, to manage and control Aquila, according to the terms of this agreement.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this agreement:

Accounting Standards means:

(a) accounting standards approved under the Corporations Act and its requirements about the preparation and contents of accounts; and

(b) generally accepted accounting principles, policies, practices and procedures in Australia.

Affiliate, in relation to a Shareholder, means the Shareholder's Parent, or any body corporate Controlled by the Shareholder's Parent (or, if the Shareholder does not have a Parent, any body corporate Controlled by the Shareholder), other than Aquila and its Subsidiaries.

API Project means the iron ore exploration joint venture between Aquila Steel Pty Ltd ACN 097 803 613 and AMCI (IO) Pty Ltd ACN 123 253 485.

Aquila means Aquila Resources Limited ABN 81 092 002 769.

Aquila Securities means any securities of Aquila, including Equity Securities.

Associate has the meaning given in section 12 of the Corporations Act.

Aurizon Group means Aurizon Holdings Limited ABN 14 146 335 622 and each body corporate Controlled by it from time to time.

Baosteel means BRA and Fortune BS.

Baosteel Group means Baosteel Resources International Co., Ltd (a company incorporated under the laws of Hong Kong and having company registration number 527537) and each body corporate Controlled by it from time to time, other than Aquila and its Subsidiaries.

Bid Conditions means the conditions to the Takeover Bid.

Board means the board of directors of Aquila as constituted from time to time.

Board Meeting means a meeting of the Board (or any committee of the Board) convened and held in accordance with this agreement and Aquila's constitution.

Business means the business of Aquila from time to time, including the exploration and mining development activities in Western Australia and Queensland.

Business Day means:

(a) for receiving a notice under clause 37, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and

(b) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in any of:

(i) Perth, Western Australia, and Brisbane, Queensland, Australia; and

(ii) Hong Kong, China.

Business Hours means from 9.00am to 5.00pm on a Business Day.

Business Plan means the three year program current from time to time for carrying on the Business during the current Financial Year and the next two Financial Years, comprising:

(a) a business plan including the proposed or projected:

(i) agreed activities of the Business;

(ii) production and sales targets (if any);

(iii) profit and loss statement, cashflow statements and balance sheet;

(iv) capital expenditure;

(v) financing plans including proposed debt and equity funding;

(vi) staffing requirements; and

(vii) infrastructure development plans,

during the period; and

(b) a budget estimating the income and expenses of the Business during the period.

CEO means the chief executive officer of Aquila from time to time.

Change of Control means, in relation to a Shareholder if, the person who Controls the Shareholder when that Shareholder first becomes a Shareholder stops having Control, or where no person Controls the Shareholder when that Shareholder first becomes a Shareholder, a person comes to Control the Shareholder, other than as a consequence of a transfer or issue of securities which are listed on the ASX or another recognised securities exchange.

Clearances means necessary governmental and regulatory approvals and clearances (including approvals or clearances required under the rules of a relevant stock exchange).

Confidential Information means any of the following that is not in the public domain:

(a) information relating to a Transaction Document or any transaction contemplated by a Transaction Document;

(b) all data bases, source codes, methodologies, manuals, artwork, advertising manuals, trade secrets and all financial, accounting, marketing and technical information, customer and supplier lists, know-how, technology, operating procedures and other information, used by or relating to the Group and its transactions and affairs;

(c) all notes and reports incorporating or derived from the material referred to in paragraphs (a) or (b); and

(d) all copies of the material referred to in paragraphs (a) to (c).

Corporations Act means the *Corporations Act 2001* (Cth).

Deed of Accession means a deed of accession in the form of Schedule 6.

Director means a director of Aquila from time to time.

Directors Unanimous Decision means:

(a) a resolution passed by all Directors present at the relevant meeting of Directors entitled to vote on the resolution; or

(b) a written circular resolution signed by all Directors entitled to vote on the resolution.

Eagle Downs Project means the coal joint venture between Aquila Coal Pty Ltd ACN 097 801 940 and Bowen Central Coal Pty Ltd ACN 107 198 676 in respect of the project known as 'Eagle Downs' in the Bowen Basin, Queensland.

Encumber means to mortgage, pledge, charge, assign as security or otherwise encumber and includes the creation or perfection of a 'security interest' as defined in the PPSA (and **Encumbrance** has a corresponding meaning).

Equity Securities means Shares and any preference shares, options, convertible notes, warrants or other securities convertible into Shares (including performance rights and share appreciation rights).

Excluded Issue means:

(a) an issue of Shares under a Reorganisation Event; or

(b) an issue of Shares on conversion of convertible securities.

Exclusivity Expiry Date has the meaning given to that term in the Infrastructure Framework Agreement.

Fair Value, in relation to Aquila Securities, means the fair market value of the relevant securities determined by an Independent Valuer having regard to all normal share valuation factors that the Independent Valuer thinks are relevant, including on the following assumptions:

(a) there is a willing but not anxious buyer and a willing but not anxious seller for the securities;

(b) there is a reasonable time in which to sell the relevant securities being valued in the open market (and for that purpose 60 Business Days is deemed to be a reasonable time); and

(c) there is no discount for minority shareholdings nor a premium for a shareholding that will give the buyer a controlling shareholding.

Financial Year means the 12 months from 1 July to 30 June (inclusive), or other dates agreed by the Board.

Group means Aquila and its Subsidiaries from time to time.

Independent Valuer means an appropriately qualified and experienced partner of a chartered accounting firm of good standing (being a firm which is independent of the Shareholders and their related bodies corporate, Aquila and its Subsidiaries, and which is not an auditor of any such person) that is:

(a) agreed to by the Shareholders in writing;

(b) failing agreement by the parties within five business days after the requirement for appointment under this agreement has arisen, nominated by President of the Institute of Arbitrators & Mediators Australia (IAMA), subject to this agreement, to act in accordance with the expert determination rules of IAMA.

Infrastructure Development Agreement has the meaning given in the Infrastructure Framework Agreement.

Infrastructure Framework Agreement means the agreement of that name between BRA, Fortune BS and Aurizon dated on or about the date of this agreement.

Insolvency Event means the occurrence of any of the following events in relation to a Shareholder:

(a) a resolution is passed for the winding up of the Shareholder (other than for the purposes of reconstruction or amalgamation on terms which have been previously approved in writing by the other party);

(b) a liquidator, provisional liquidator or receiver or receiver and manager, voluntary administrator, or administrator of a deed of company arrangement is appointed to all of the property of the Shareholder;

(c) a receiver, receiver and manager, voluntary administrator or an administrator of a deed of company arrangement, is appointed to, or a mortgagee takes possession of, all of the business or assets of the Shareholder;

(d) the Shareholder makes any composition or arrangement or assignment with or for the benefit of its creditors;

(e) the Shareholder or any creditor appoints a voluntary administrator or a resolution is passed for that party to execute a deed of company arrangement;

(f) the Shareholder ceases to carry on its business; or

(g) the Shareholder becomes insolvent within the meaning of section 95A of the Corporations Act.

Joint Bidding Agreement means the agreement of that name between Aurizon and BRA, dated on or about the date of this agreement.

Offer Period means the period ending 20 Business Days after the date on which the relevant Sale Offeree receives a Transfer Notice.

Parent in relation to a Shareholder, means:

(a) where the Shareholder is BRA or Fortune BS – Baosteel Resources International Co., Ltd (a company incorporated under the laws of Hong Kong and having registration number 527537);

(b) where the Shareholder is Aurizon – Aurizon Holdings Limited ABN 14 146 335 622;

(c) in the case of any other Shareholder – any entity that Controls the Shareholder and is not itself Controlled by any other entity.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Relevant Proportion means:

(a) in clauses 12.2 and 38.5 in relation to a Shareholder, the proportion which the number of Shares held by the Shareholder bears to the Share Capital at the relevant time;

(b) in clause 27 in relation to a Sale Offeree, the proportion which the number of Aquila Securities held by the Sale Offeree bears to all the Aquila Securities held by all the Sale Offerees at the relevant time based on the maximum number of Aquila Shares into which the Aquila Securities then on issue may be converted upon exercise where applicable (to avoid doubt, if there is only one Sale Offeree, the Relevant Proportion is 100%).

Reorganisation Event means:

(a) a bonus issue of Shares;

(b) a sub-division or consolidation of Shares; or

(c) any other reorganisation or reconstruction of the Share Capital where Aquila does not pay or receive cash.

Sale Offeree has the meaning given to that term in clause 27.2.

Share Capital means all of the Shares on issue.

Shares means ordinary shares in the capital of Aquila.

Shareholder means a person that holds Shares and is a party to this agreement.

Shareholders Unanimous Decision means a vote, resolution or consent passed or given by all Shareholders entitled to vote on the relevant matter.

Subsidiary means each subsidiary of Aquila from time to time.

Takeover Bid means the off-market takeover bid announced by Baosteel and Aurizon on or about this date of this agreement for all of the Shares, to be implemented in compliance with Chapter 6 of the Corporations Act and in accordance with the Joint Bidding Agreement.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same), including GST (goods and services tax).

Transaction Document means each of:

(a) this agreement;

(b) Aquila's constitution;

(c) the Joint Bidding Agreement;

(d) the Infrastructure Framework Agreement; and

(e) any other document that the parties agree is a transaction document.

Transfer means to sell, assign, transfer, convey or otherwise dispose of a legal or beneficial interest.

Transfer Prohibition Period means the period beginning on the date on which Part C of this agreement commences and ending (unless the Shareholders agree in writing otherwise) on:

(a) the Exclusivity Expiry Date; or

(b) if the parties enter into an Infrastructure Development Agreement pursuant to clause 14.1 of the Infrastructure Framework Agreement before the Exclusivity Expiry Date, the date that commercial production in respect of the API Project commences.

1.2 Control

For the purpose of this agreement, a person **Controls**:

(a) a body corporate if:

(i) the person directly or indirectly has the capacity to determine the composition of the board of directors of the body corporate;

(ii) the board of directors of the body corporate is accustomed to act in accordance with the instructions, directions or wishes of the person;

(iii) the person directly or indirectly has the capacity to determine the financial and operating policies or management of the body corporate; or

(iv) the person holds or owns (alone or with its Associates or related bodies corporate):

(A) the majority of the issued shares of the body corporate;

(B) the majority of the issued shares of the ultimate holding company of the body corporate; or

(C) the majority of any securities or other rights granted by the body corporate entitling holders to distributions based on the profits, earnings or net liquidation proceeds of the company;

(b) a trust if:

(i) the person is the sole trustee of the trust;

(ii) the composition of the board of directors of any trustee company of the trust is determined by the person;

(iii) the board of directors of any trustee company of the trust is accustomed to act in accordance with the instructions, directions or wishes of the person; or

(iv) the person directly or indirectly has the capacity to determine the financial and operating policies or management of the trustee company of the trust;

(v) the person holds or owns (alone or with its Associates or related bodies corporate):

(A) the majority of the issued shares of any trustee company of the trust;

(B) the majority of the issued shares of the ultimate holding company of any trustee company of the trust; or

(C) the majority of the units, securities or other rights granted by the trust entitling holders to distributions from the trust;

(c) any other entity if the person directly or indirectly has the capacity to determine the financial and operating policies or management of the entity,

and **Controlled** has a corresponding meaning.

1.3 Interpretation

In this agreement, except where the context otherwise requires:

(a) the singular includes the plural and vice versa, and a gender includes other genders;

(b) another grammatical form of a defined word or expression has a corresponding meaning;

(c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this agreement, and a reference to this agreement includes any schedule or annexure;

(d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;

(e) a reference to **A$**, **$A**, **AUD**, **dollar** or **$** is to Australian currency and a reference to any recognised international currency symbol is to the currency represented by that symbol;

(f) a reference to time is to Perth, Australia time;

(g) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;

(h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;

(i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(j) a word or expression defined in the Corporations Act (for example, "subsidiary" and "wholly-owned subsidiary") has the meaning given to it in the Corporations Act;

(k) the meaning of general words is not limited by specific examples introduced by **including**, **for example** or similar expressions;

(l) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term but excluding references to any of the Shareholders) binds them jointly and severally;

(m) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term but excluding references to any of the Shareholders) is for the benefit of them jointly and severally;

(n) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it;

(o) a reference to 'absolute discretion' means not having to consider the interests of other parties when giving a consent or approval, or making a determination;

(p) if a day on or by which an obligation must be performed or an event must occur or is deemed to occur, is not a Business Day, the obligation must be performed or the event must occur or will be deemed to occur on or by the next Business Day;

(q) a reference to Aquila includes any Subsidiary from time to time and all rights and obligations of the parties under this agreement apply to each Subsidiary as if a reference to Aquila is to the Subsidiary; and

(r) fractions of Aquila Securities or Equity Securities are to be rounded down to the nearest whole number when calculating the number of Aquila Securities or Equity Securities issued or transferred.

1.4 Headings

Headings are for ease of reference only and do not affect interpretation.

Part A - General

2. Condition Precedent

2.1 Agreement is conditional

The provisions of clause 8(c), Part B, Part C and Part D of this agreement have no force or effect unless and until:

(a) all of the Bid Conditions are satisfied or waived; and

(b) the offer period under the Takeover Bid ends.

2.2 Consequences of termination

If the conditions in clause 2.1 are not satisfied by 30 September 2014 (or such later date that the parties may agree):

(a) this agreement automatically terminates and is of no further force or effect;

(b) each Shareholder does not have any further obligations to the other Shareholder under this agreement; and

(c) no Shareholder will have any claim against the other Shareholder for any of the costs or expenses incurred by it in the negotiation, preparation and execution of this agreement, or for any loss of profit, loss of bargain, loss of opportunity, economic loss or indirect or consequential loss.

3. Operation of Part B of this agreement

Subject to clause 2 above, Part B will cease to have any force or effect if and when the condition in clause 4 below is satisfied.

4. Operation of Part C of this agreement

Without limiting clause 2 above, Part C of this agreement has no force or effect unless and until the Shareholders together hold 100% of the Aquila Securities on issue pursuant to their Takeover Bid and the exercise of any rights of compulsory acquisition in accordance with the Joint Bidding Agreement.

5. Operation of Part D of this agreement

Subject to clause 2 above, Part D of this agreement applies at all times during the term of this agreement.

6. Shareholders' objectives

The objectives of the Shareholders are:

(a) to acquire all the Shares under, and subject to the conditions of, the Takeover Bid;

(b) if they become entitled to do so, to acquire all remaining Shares and other Aquila Securities pursuant to the compulsory acquisition process in Parts 6A.1, 6A.2 and 6A.3 of the Corporations Act and the terms of the Joint Bidding Agreement, and to delist Aquila; and

(c) to maximise the value of Aquila and the Business.

7. Shareholders' relationship

7.1 Shareholder not liable for the other Shareholder

Each Shareholder is responsible for its obligations under this agreement and is not liable for any obligation of the other Shareholder.

7.2 Relationship between Shareholders

Except where this agreement expressly states otherwise, this agreement does not create any relationship between the Shareholders under which a Shareholder:

(a) is liable generally for the acts or omissions of the other Shareholder; or

(b) may share profits.

7.3 Authority of Shareholders

A Shareholder:

(a) may not hold itself out as a partner of, or principal or agent or trustee of the other Shareholder;

(b) except where this agreement expressly states otherwise, does not have authority to act for, or to create or assume any responsibility or obligation on behalf of the other Shareholder; and

(c) the rights, duties, obligations and liabilities of a Shareholder are in every case (subject to clause 7.6) several, and not joint nor joint and several unless otherwise agreed between them and, in any event, do not constitute a partnership between the Shareholders.

7.4 Shareholders must act in good faith

Each Shareholder must, including in relation to the objectives of this agreement set out in clause 6, act in good faith when dealing with the other party and otherwise act reasonably in all matters relating to Aquila, a Subsidiary and any Transaction Document.

7.5 No responsibility for Tax

No Shareholder is responsible for the other Shareholder's obligations under the Tax laws of any applicable jurisdiction.

7.6 BRA and Fortune BS

The rights and obligations of BRA and Fortune BS under this agreement are joint and they shall be taken to be a single Shareholder of Aquila for the purposes of this agreement.

8. Shareholder obligations

Each Shareholder must:

(a) comply with this agreement;

(b) use all reasonable endeavours to promote the Business and to maximise the profitability of Aquila;

(c) exercise its voting rights and other rights as a Shareholder (as far as it can by exercising those rights) to give full effect to this agreement (including the objectives in clause 6) and the rights and obligations of the parties under this agreement and any other Transaction Documents.

Part B – Shareholders hold <100% of Aquila

9. Joint Decision Making

The Shareholders will consult and work with each other with a view to agreeing how to vote on any resolution proposed to be considered at any general meeting of Aquila members or at any meeting of a class of Aquila members. If the Shareholders do not agree on how to vote on a proposed resolution before the date that is 15 Business Days before the date appointed for the relevant meeting, the matter shall be referred to the CEOs of the Shareholders who must use their best efforts to agree on how to vote on a proposed resolution before the date appointed for the relevant meeting.

10. Board composition

10.1 Restructure of Aquila Board

Subject to the remainder of this clause 10, promptly following the satisfaction of the condition in clause 2.1, Baosteel and Aurizon will take such action as is necessary to procure the appointment and removal of directors from the Aquila Board so that that the Aquila Board comprises:

(a) 4 nominees of Baosteel;

(b) 1 nominee of Aurizon; and

(c) 2 independent directors.

10.2 Baosteel nominee directors

Aurizon (and any Affiliate of it that becomes a Shareholder) must support the election (including re-election) to the Board of four (or any other number agreed by the parties) persons nominated by Baosteel so long as Baosteel (or any Affiliate of it that becomes a Shareholder) holds at least 40% of all Shares.

10.3 Aurizon nominee directors

Baosteel (and any Affiliate of it that becomes a Shareholder) must support the election (including re-election) to the Board of one (or any other number agreed by the parties) person nominated by Aurizon for so long as Aurizon (or any Affiliate of it that becomes a Shareholder) holds at least 9.9% of all Shares.

10.4 Notification of nominee directors

In order to give effect to clauses 10.2 and 10.3, each Shareholder must notify the other of the identity of the persons it wishes the other Shareholder to support for election (including re-election) to the Board. From time to time, a Shareholder may change the identity of the person it has nominated for the purposes of clause 10.2 or 10.3 (as relevant) by further notice to the other Shareholder.

10.5 Independent directors

Baosteel and Aurizon (and any Affiliate of either that becomes a Shareholder) agree that the Board is to include at all times at least two independent non-executive directors. Baosteel and Aurizon will consult in good faith to agree the identity of such independent non-executive directors and will support their election (including re-election).

10.6 Removal of directors

If it is necessary for one or more incumbent directors of Aquila to be removed to allow the appointment or re-election of directors in accordance with clauses 10.1 to 10.5, Baosteel and Aurizon will consult in good faith to agree which director or directors of Aquila are to be removed from the Board.

11. Directors' duties

(a) Each party acknowledges and agrees that the directors of Aquila from time to time owe statutory and other legal duties to Aquila, including duties to exercise their powers and discharge their duties in good faith in the best interests of Aquila, and for a proper purpose.

(b) Each party acknowledges and agrees that a director may have regard to the interests of the Shareholder appointing the director only where to do so is consistent with his or her duties to Aquila.

12. Acquisitions of Aquila Shares

12.1 Notice of proposed acquisitions to be given

A Shareholder must not, and must procure that its Associates (other than entities that are Associates of the Shareholder only by reason of the Shareholder entering into a Transaction Document) do not, acquire a relevant interest in any Shares unless:

(a) the Shareholder proposing to acquire (or whose Associate proposes to acquire) the relevant interest has first given at least five Business Days' notice to the other Shareholders of its intention to do so, specifying the number of Aquila Shares proposed to be acquired; and

(b) that acquisition does not breach any applicable law; and

(c) the acquisition is made within 6 months after the date of the notice given under paragraph 12.1(a) above.

12.2 Notice of proposed acquisition by both shareholders

If more than one Shareholder has provided notice of a proposed acquisition pursuant to clause 12.1, and together the proposed acquisitions would result in a breach section 606 of the Corporations Act, the Shareholders must negotiate in good faith to agree the number of Aquila Shares to be acquired by each Shareholder before either Shareholder acquires any Aquila Shares. In the absence of agreement between the Shareholders:

(a) the total number of Aquila Shares that may be acquired by the Shareholders will be reduced so that together the acquisitions do not breach section 606 of the Corporations Act (**Reduced Acquisition Shares**); and

(b) each Shareholder will be entitled to acquire its Relevant Proportion of the Reduced Acquisition Shares.

12.3 Notice of acquisitions made

Each Shareholder must immediately notify the other Shareholders of any acquisition of a relevant interest by it or an Associate of it (other than an entity that is an Associate of the Shareholder only by reason of the Shareholder entering into a Transaction Document), whether or not the Shareholder is required to give a substantial holder notice as a consequence of the acquisition.

12.4 Exception for acquisitions under Takeover Bid

This clause 12 does not apply in relation to an acquisition of Aquila Shares under the Takeover Bid or the exercise of any rights of compulsory acquisition in accordance with the Joint Bidding Agreement.

Part C – Shareholders hold 100% of Aquila

13. Board composition, proceedings and governance

13.1 Board of Aquila

Each Shareholder must exercise its rights as a Shareholder to ensure the Board is composed, and its meetings are conducted, in accordance with Schedule 1.

13.2 Board of Subsidiaries

Each Shareholder must, and must exercise its rights as a Shareholder to, ensure the board of each Subsidiary acts in accordance with the decisions of the Board.

13.3 Constitution

Each Shareholder must exercise its rights as a Shareholder to ensure that this agreement prevails over any inconsistent provision in Aquila's constitution from time to time. The Shareholders agree to amend Aquila's constitution to remove any inconsistency promptly after this Part C becomes effective pursuant to clause 4 above and otherwise as soon as they become aware of it.

13.4 Director's exercise of powers and interests

Each Shareholder acknowledges that a director nominated or appointed by a Shareholder is the nominee of that Shareholder. Subject to the statutory and fiduciary duties of a director and this agreement, any director nominated to the Board or appointed by a Shareholder:

(a) may have regard to and represent the interests of the director's nominating Shareholder; and

(b) may act on the wishes of the director's nominating Shareholder in performing any of the director's duties or exercising any power, right or discretion as a director.

14. Management of Aquila

14.1 Management responsibilities

Subject to clause 15, each Shareholder must exercise its rights as a Shareholder to ensure:

(a) management of Aquila is vested in the Board;

(b) the CEO has the power and authority to manage Aquila in accordance with:

(i) any agreement between the CEO and Aquila in relation to the CEO's service; and

(ii) the Business Plan; and

(c) the CEO is responsible for:

(i) the day-to-day management of Aquila and conduct of the Business in compliance with the Business Plan;

(ii) the general administration of Aquila;

(iii) the implementation of, and compliance with, the Business Plan; and

(iv) giving the Board and each Shareholder full information about the activities of Aquila,

subject to the Board's supervision, lawful direction or delegation in accordance with this agreement.

14.2 Advice and consultation

(a) Each Shareholder will be entitled to routinely meet with and advise management of Aquila with respect to operations of Aquila and its direct and indirect subsidiaries, including all Aquila's business and financial matters and management's proposed annual operating plans, and management will meet regularly during each year with representatives of the Shareholder at Aquila's facilities or such other place as may be agreed at mutually convenient times for such consultation and advice, including to review progress in achieving those plans.

(b) Each Shareholder must cooperate to procure that Aquila gives the Shareholders reasonable advance written notice of any significant new initiatives or material changes to existing operating plans of Aquila and its direct and indirect subsidiaries and affords the

Shareholders adequate time to meet with management to consult on such initiatives or changes prior to implementation.

(c) Each Shareholder must cooperate to procure that Aquila agrees to give consideration to any advice given and any proposals made by the Shareholders.

15. Unanimous decisions

15.1 Directors Unanimous Decisions

Each Shareholder must do all things within its power and control to ensure that none of Aquila and its Subsidiaries does, or commits to do, the things listed in Schedule 2 except with a Directors Unanimous Decision.

15.2 Shareholders Unanimous Decisions

Each Shareholder must do all things within its power and control to ensure that none of Aquila and its Subsidiaries does, or commits to do, the things listed in Schedule 3 except with a Shareholders Unanimous Decision.

15.3 Other consents required

The requirements of clauses 15.1 and 15.2 are in addition to any other consent or approval required under the Corporations Act or Aquila's constitution for any such matter.

16. Financial and other reporting

16.1 Reports and information

The Shareholders must procure that Aquila give:

(a) each Director and Shareholder the financial reports and information listed in Schedule 4 at the times specified in Schedule 4; and

(b) each Shareholder any other reports or information required by the Shareholder in a form reasonably satisfactory to the Shareholder.

16.2 Costs

Each Shareholder must pay any costs incurred by Aquila in giving any reports or information requested by the Shareholder under clause 16.1(b) above, except if all Shareholders agree that Aquila will pay the costs.

16.3 Confidentiality

Any reports or information given by Aquila under clause 16.1 are given subject to clause 34.

17. Accounts and records

17.1 Keeping records and accounts

The Shareholders must procure that Aquila's records and accounting books:

(a) are kept in accordance with the Corporations Act;

(b) are audited yearly by Aquila's auditors; and

(c) reflect the Accounting Standards consistently applied.

17.2 Access

Subject to clause 34, each Shareholder and any accountant, agent, adviser, consultant or employee of each Shareholder has access during Business Hours to the books, accounts and financial records of Aquila and the facilities of Aquila to audit or value Aquila or for any other reasonable purpose. Subject to this agreement the Shareholder must pay any cost incurred in connection with any such audit or valuation of Aquila.

17.3 Notice requesting access

Any person seeking access under clause 17.2 must give Aquila notice requesting access at least two Business Days before the date on which access is sought.

17.4 Copying of books and records

Any person referred to in clause 17.2 may copy anything it has access to, using Aquila's facilities.

17.5 Confidentiality

A Shareholder may only disclose information to which it has access, or any copy of that information, in accordance with clause 34.

18. Disclosure of information by Directors

Subject to clause 34, each Director may disclose any information (including confidential information) about the affairs, finances and accounts of the Group that comes into the Director's possession from time to time to the Shareholder that appointed the Director.

19. Prohibition on Transfer during the Transfer Prohibition Period

(a) During the Transfer Prohibition Period, a Shareholder must not Transfer any Aquila Securities other than if:

(i) each other Shareholder consents to the Transfer; or

(ii) the Transfer is one referred to in clause 27.8 (Affiliate Transfers) or is pursuant to and in accordance with any of clause 25 (Deadlock), or clause 28 (Default).

(b) The restrictions in clause 19(a) apply in addition to the restrictions in clause 27.

20. Issue of Aquila Securities

(a) Each Shareholder must do all things within its power and control to ensure that Aquila does not issue any Aquila Securities, and no Subsidiary issues any securities (other than to Aquila or a wholly-owned subsidiary of Aquila), except with the prior approval of a Shareholder Unanimous Decision.

(b) The Board must not allot or issue any Aquila Securities to a person that is not a Shareholder until the proposed allottee has executed, and delivered to Aquila, a Deed of Accession.

21. Fe offtake

(a) The Shareholders must do all reasonable things within their reasonable power and control to procure, that Aquila offers to sell to each Shareholder (or the Shareholder's Affiliate) that Shareholder's relevant proportion of any and all iron ore off-take product (including any metallic ores, concentrates, metals and other mineralised products) to which Aquila or any Subsidiary is or becomes entitled from time to time pursuant to its participation in the API Project, for so long as it remains a Shareholder, at the prevailing market rates based on the 58% PLATTS index with appropriate adjustments for such product (having regard to the specifications (including Fe content, phosphorous, silica, alumina, LOI and other measurement) of the product and the volume of product offered for sale) and on the Agreed Terms (defined in paragraph (c) below). An offer made pursuant to this paragraph must remain open for not less than 30 Business Days (**Fe offer period**). For the purpose of this clause 21, the "relevant proportion", in respect of a Shareholder, is the same as the proportion that the number of Shares held by that Shareholder bears to the total number of Shares on issue at the time of the offer.

(b) Upon receipt of the offer made to it under this clause, the Shareholder must accept, or must procure that the Affiliate accepts, the offer before the end of the Fe offer period. If the Shareholder or the Affiliate has not accepted the offer before the end of the Fe offer period, the Shareholder is taken to have accepted the offer made to it.

(c) The Shareholders must negotiate in good faith with a view to agreeing, within 6 months after Part C of this agreement becomes effective, the terms and conditions that are to apply with respect any agreement for the sale and purchase of iron ore product made pursuant to this clause. If there is a dispute between the parties with respect to the terms and conditions, clause 32 (Resolution of disputes) shall apply. The terms and conditions so agreed (the **Agreed Terms**) shall apply in respect of each such sale and purchase (unless the Shareholders agree otherwise).

(d) The Shareholders must each do all reasonable things within their reasonable power and control to ensure, that any agreement entered into by Aquila or a Subsidiary (in each case the "**Aquila Participant**") with an API Project participant (or proposed participant) allocates to the Aquila Participant iron ore off-take product in proportion to the Aquila Participant's participating interest in the API Project, such that the Aquila Participant is able to offer that product to the Shareholders in accordance with this clause 21.

(e) Nothing in this clause requires any Shareholder to do anything that would cause Aquila or a Subsidiary to breach any agreement relating to the API Project in effect as at the date on which the conditions in clause 2.1 are satisfied.

22. Restructure of API Project

Each Shareholder that is not a party to the Infrastructure Framework Agreement must comply with the obligations of the parties under clause 9.3 of the Infrastructure Framework Agreement.

23. Things the Shareholders must procure Aquila to do

23.1 Shareholders' obligations

Each Shareholder must do all it can to ensure Aquila does, or causes to be done, each thing listed in Schedule 5.

23.2 Application to Subsidiaries

For the avoidance of doubt, the parties must, to the maximum extent possible, ensure that each Subsidiary also does, or causes to be done, each thing listed in Schedule 5.

24. Business Plan

24.1 Initial Business Plan

Each Shareholder shall exercise its rights as a Shareholder to ensure that, within 30 days following the delivery of the strategic review to the Board pursuant to clause 26:

(a) the CEO submits to the Board a draft Business Plan for the next two Financial Years; and

(b) the Board considers the draft Business Plan and approves a Business Plan within a further 14 days.

24.2 Subsequent Business Plans

Each Shareholder shall exercise its rights as a Shareholder to ensure that:

(a) at least two months before the beginning of each Financial Year, the CEO submits to the Board a draft Business Plan for the next two Financial Years;

(b) the Board considers the draft Business Plan and approves a Business Plan before the start of the next Financial Year; and

(c) the Board considers the Business Plan for each Financial Year in the fifth and sixth months of the Financial Year and if necessary, changes the Business Plan for the last six months of the Financial Year and adopts the new Business Plan in place of the old Business Plan.

24.3 Compliance with Business Plan

Each Shareholder must exercise its rights as a Shareholder to ensure that Aquila shall carry on the Business in accordance with the then current Business Plan.

25. Deadlock on Business Plan

25.1 When a Deadlock arises

For the purpose of this clause 25:

(a) a deadlock (**Deadlock**) arises if and only if:

(i) a Relevant Business Plan Proposal is considered at a duly convened meeting of the Board;

(ii) the Relevant Business Plan Proposal is not approved by a Directors Unanimous Decision at the meeting;

(iii) the same Relevant Business Plan Proposal is considered at a second duly convened meeting of the of the Board held within 10 Business Days after the date of meeting referred to in clause (i) above;

(iv) the Relevant Business Plan Proposal is not approved by a Directors Unanimous Decision at the second meeting; and

(v) 6 months have elapsed since the Relevant Business Plan Proposal was considered at the meeting of the Board referred to in clause (i) above.

(b) a **Relevant Business Plan Proposal** is a proposal to adopt or vary in any material way a Business Plan where the Business Plan or proposed variation does not contemplate any of the following things:

(i) any proposal, transaction or other thing that is listed in any of item 4, 6, 7, 8, 9 or 10 of Schedule 2;

(ii) any acquisition or disposal of any asset (either tangible or intangible) or any company or business where the consideration to be paid or received by Aquila in respect of the asset, company or business is equal to or more than 20% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila);

(iii) entering into, amending, terminating, waiving rights under any material contract arrangement or commitment:

(A) with an aggregate value exceeding 20% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila) or with expected revenues or costs exceeding 20% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila); or

(B) relating to the off-take, marketing or sale of any mining product, including any mineral or metallic ores, concentrates, metals and other mineralised products, and any other mineral resources processed, smelted or refined from ores, owned by Aquila or in respect of which Aquila has marketing or sale rights,

other than a sale of product by Aquila to a Shareholder (or a Shareholder's Affiliate) pursuant to and in compliance with clause 21 (Fe off-take), or a contract, arrangement or commitment contemplated in item 2 or 12 of Schedule 2;

(iv) incurring capital expenditure in a Financial Year of more than 20% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila);

(v) any decision to increase or incur new third party borrowings (excluding trade creditors) in excess of 20% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila) or where the total of all third party borrowings is greater than or equal to 40% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila);

(vi) commence or settle any legal, arbitration, proceedings or other dispute involving a value in excess of 20% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila); or

(vii) any proposal, transaction or other thing that is listed in item 4, 6 or 7 of Schedule 3,

provided that, for the purpose of this paragraph (b), any thing referred to above that has separately been approved by a Directors Unanimous Decision or a Shareholders Unanimous Decision shall be disregarded.

25.2 Negotiations

If:

(a) a Relevant Business Plan Proposal is considered at a duly convened meeting of the Board; and

(b) the Relevant Business Plan Proposal is not approved by a Directors Unanimous Decision at the meeting; and

(c) the same Relevant Business Plan Proposal is considered at a second duly convened meeting of the of the Board held within 10 Business Days after the date of meeting referred to in clause 25.2(a) above; and

(d) the Relevant Business Plan Proposal is not approved by a Directors Unanimous Decision at the second meeting,

the Shareholders must, until 6 months have elapsed since the Relevant Business Plan Proposal was considered at the meeting of the Board referred to in clause 25.2(a) above, negotiate in good faith in respect of the Relevant Business Plan Proposal and use their best endeavours to agree a Business Plan which is acceptable to them and all the Directors. Without limiting the foregoing, the Shareholders must refer the matter to their respective CEOs (who must use their best endeavours to agree the Relevant Business Plan Proposal) for resolution if the Relevant Business

Plan Proposal has not been agreed within three months after the Relevant Business Plan Proposal was considered at the meeting of the Board referred to in clause 25.2(a) above.

25.3 Deadlock Notice

Any Shareholder that is a member of the Baosteel Group (**Deadlock Purchaser**) may, within 20 Business Days after a Deadlock arises, give notice (**Deadlock Notice**) to each Shareholder that is a member of the Aurizon Group (**Deadlock Vendors**) setting out particulars of the Deadlock and stating that the notice is given under this clause 25.

25.4 Buy-out of Aurizon's Aquila Securities

(a) If a Deadlock Notice is given the Deadlock Purchaser must buy from each Deadlock Offeree, and each Deadlock Vendor must sell to the Deadlock Purchaser, free and clear of all Encumbrances, all that Shareholders' Aquila Securities for a cash sum that is equal to the Fair Value of such Aquila Securities.

(b) If a Deadlock Notice is given in accordance with clause 25.3, the Shareholders shall procure that an Independent Valuer prepares as soon as practicable (and, in any case, within 30 Business Days after the Deadlock Notice is given) a valuation report setting out the Fair Value, as at the date on which the Deadlock first arises, of the Aquila Securities of each Deadlock Vendor.

(c) The Independent Valuer shall act as expert and not as arbitrator, and its decision shall be final and binding on the Shareholders in the absence of fraud or manifest error. The costs of the Independent Valuer shall be borne by the Deadlock Purchaser as to 50% and the Deadlock Vendors as to 50%.

(d) Settlement of the sale and purchase of such Aquila Securities shall take place as soon as practicable after the Fair Value of the Aquila Securities has been determined and, in any case, no later than 15 Business Days after such determination.

25.5 Approval of Relevant Business Plan Proposal after Deadlock Notice given

If a Deadlock Notice is given under clause 25.3, the Relevant Business Plan Proposal will be taken to be approved by a Directors Unanimous Decision if the Relevant Business Plan Proposal is approved by a resolution passed at a duly convened meeting of the Board by a majority of the Directors present and entitled to vote on the proposal.

Part D - Generally applicable provisions

26. Strategic review

26.1 Timing of review

After the close of the Takeover Bid, the Shareholders must together use best endeavours to conduct, or cause to be conducted, a strategic review of the operations of Aquila and its Subsidiaries. This strategic review must be completed and presented, within 30 days after the close of the Takeover Bid, to the Board.

26.2 Objective

This strategic review must determine how to best utilise and further develop Aquila's assets and business to optimise existing assets and resources.

27. Transferring Aquila Securities

27.1 Procedure on Transfer

A Shareholder may only Transfer Aquila Securities if:

(a) the Transfer is in accordance with the remaining provisions of this clause 27;

(b) each other Shareholder consents to the Transfer; or

(c) the Transfer is one referred to in clause 27.8 (Affiliate Transfer) or is pursuant to and in accordance with clause 25 (Deadlock) or clause 28 (Default).

27.2 Transfer Notice

If a Shareholder wants to Transfer Aquila Securities, the Shareholder (**Seller**) must give each other Shareholder that is not an Affiliate of the Seller (**Sale Offeree**) notice (**Transfer Notice**) stating:

(a) the number and class or classes of Aquila Securities proposed to be Transferred (**Sale Securities**);

(b) the cash price per Sale Security (**Specified Price**);

(c) the name of the proposed transferee (if known);

(d) any other terms of the sale of the Sale Securities, and

(e) offering to sell the Relevant Proportion of the Sale Securities, and any Rejected Securities (as defined in clause 27.3(a)(ii)(C) below), to each Sale Offeree on the same terms.

27.3 Response to Transfer Notice

(a) Within the Offer Period, each Sale Offeree must give the Seller notice stating:

(i) whether it accepts or rejects in full the offer made in the Transfer Notice (**Sale Offer**) to sell the Relevant Proportion of the Sale Securities; and

(ii) if:

(A) it accepts in full the Sale Offer made in the Transfer Notice to sell the Relevant Proportion of the Sale Securities; and

(B) there is more than one Sale Offeree; and

(C) it wants to purchase all the Sale Securities offered to any other Sale Offeree where the other Sale Offerees reject the Sale Offer made to it (**Rejected Securities**),

that it offers to purchase some or all of the Rejected Securities in accordance with the Transfer Notice.

(b) If two or more Sale Offerees agree to purchase in aggregate more than the total number of Rejected Securities, the Rejected Securities shall be allocated between them in the same proportion as their respective holdings of Shares bears to the aggregate number of Shares held by all of them.

(c) For the purposes of this clause 27.3, a Sale Offeree may accept the Sale Offer subject to obtaining any necessary Clearances, provided that:

(i) it uses its best endeavours to obtain all necessary Clearances; and

(ii) all necessary Clearances are obtained within 40 Business Days.

27.4 If other Shareholder agrees to buy Sale Securities

If a Sale Offeree accepts the Sale Offer made in the Transfer Notice:

(a) the sale of the relevant number of Sale Securities must be completed on the tenth Business Day after the later of the Sale Offeree obtaining any necessary Clearances and the end of the Offer Period, when the Sale Offeree must buy and the Seller must sell the relevant number of Sale Securities at the Specified Price; and

(b) the agreement for the sale and purchase automatically terminates if the Sale Offeree does not obtain all necessary Clearances within 40 Business Days after the date of the acceptance.

27.5 If other Shareholder does not agree to buy Sale Securities

(a) If:

(i) a Sale Offeree rejects or does not accept the Sale Offer made in the Transfer Notice and no other Sale Offeree has agreed to purchase the Rejected Securities during the Offer Period; or

(ii) a Sale Offeree accepts the Sale Offer made in the Transfer Notice but does not obtain all necessary Clearances within 40 Business Days after the date of the acceptance,

the Seller may, subject to it complying with clauses 27.6 (if applicable) sell any or all of the remaining Sale Securities (**Remaining Securities**) to a third party:

(iii) within 60 Business Days after:

(A) where (i) applies – the expiration of the Offer Period or earlier rejection of the Sale Offer by all Sale Offerrees; or

(B) where (ii) applies – the expiration of the 40 Business Days referred to therein;

(iv) subject to subclause (b) below, at a price per Sale Security not less than the Specified Price; and

(v) subject to subclause (c) below, on terms no more favourable to the third party than those offered to the Sale Offeree; and

(vi) except where the proposed sale is the financial market operated by ASX Limited and the identity of the purchaser of the Sale Securities is not known to the Seller, subject to the Seller demonstrating to the reasonable satisfaction of the Offeree that the third party is a Qualified Buyer.

(b) For the purposes of this clause 27 if the Specified Price was not more than the volume weighted average sale price of all Shares sold on the financial market operated by ASX Limited in the five trading days preceding the date of the Transfer Notice (or, if no sales of Shares occurred during those five trading days on the financial market operated by ASX Limited, the five trading days ending on the day on which the last sale was made on that financial market), subparagraph (a)(iv) above shall not apply in relation to a sale of those Remaining Securities which is made through a stockbroker or otherwise through the financial market operated by ASX Limited if:

(i) not less than three trading days before the day on which the Shares are so sold, the Seller offered all the Remaining Securities for sale to the other Shareholders (excluding any Shareholder that is an Affiliate of the Seller) at the volume weighted average sale price of all Shares sold on the financial market operated by

ASX Limited in the five trading days preceding the date of the offer (or, if no sales of Shares occurred during those five trading days on the financial market operated by ASX Limited, the five trading days ending on the day on which the last sale was made on that financial market); and

(ii) such other Shareholders did not accept the offer for those Remaining Securities on or before the end of the trading day after the date on which the offer was made.

(c) Any sale of Remaining Securities which is made a sale through a stockbroker or otherwise through the financial market operated by ASX Limited is taken to be on terms no more favourable to the third party than those offered to the Sale Offeree for the purpose of subclause (a)(v) above.

27.6 Qualified Buyer

Qualified Buyer shall mean a buyer that:

(a) while Part B of this agreement applies, does not have voting power or an interest in more than 10% of the Share Capital; and

(b) while Part C of this agreement applies, in the reasonable opinion of the Offeree, has the necessary financial resources to meet its obligations as a Shareholder of Aquila.

27.7 No revocation

A Transfer Notice cannot be revoked or withdrawn after it is given by a Shareholder, except if each other Shareholder consents.

27.8 Affiliate Transfers

(a) This clause 27 (except this sub-clause 27.8) does not apply to:

(i) a Transfer of Aquila Securities by a Shareholder (**Initial Shareholder**) to an Affiliate of the Initial Shareholder; or

(ii) a Transfer of Aquila Securities from an Affiliate of the Initial Shareholder to another Affiliate of the Initial Shareholder,

provided that such a Transfer is subject to obtaining any necessary Clearances and is not prohibited by any applicable law or rule of a relevant stock exchange.

(b) If there is a Transfer of Aquila Securities to an Affiliate of an Initial Shareholder under clause 27.8(a) above and as a result of any event, the Affiliate is or will be no longer an Affiliate of the Initial Shareholder, the Affiliate and the Shareholder must immediately take all action necessary to Transfer all Aquila Securities held by the Affiliate to the Initial Shareholder or another Affiliate of the Initial Shareholder. The rights attaching to each Share held by the Affiliate are suspended as between the parties to this agreement, and must not otherwise be exercised, until the Shares have been transferred under this clause.

28. Default

28.1 Events of default

An event of default occurs in relation to a Shareholder if:

(a) an Insolvency Event occurs in relation to the Shareholder; or

(b) a Change in Control occurs in relation to the Shareholder without each other Shareholder first consenting.

28.2 Consequence of default

If an event of default occurs in relation to a Shareholder (**Defaulting Shareholder**) and another Shareholder (not being a Shareholder that is an Affiliate of the Defaulting Shareholder) gives notice (**Default Notice**) to all parties electing that this clause applies:

(a) the:

(i) Defaulting Shareholder and each Shareholder that is an Affiliate of it (if any) shall be prohibited from exercising any voting rights attaching to its or their Equity Securities; and

(ii) presence of a director appointed by the Defaulting Shareholder and of any Shareholder that is an Affiliate of it will not be required to constitute a quorum at any meeting of the Board; or

(iii) presence of neither the Defaulting Shareholder nor any Shareholder that is an Affiliate of it will be required to constitute a quorum at any general meeting of Aquila's Shareholders;

until:

(iv) the default is remedied (and, if the default is not capable of remedy, are suspended, and must not be exercised, indefinitely); or

(v) the Equity Securities and any other Aquila Securities held by the Defaulting Shareholder and by each Shareholder that is an Affiliate of it (if any) are transferred to a person who is neither a Defaulting Shareholder nor an Affiliate of a Defaulting Shareholder; and

(b) the Defaulting Shareholder and each of its Affiliates that is a Shareholder is taken to have given a Transfer Notice under clause 27.2 on the date of the Default Notice on the following terms:

(i) the acquisition relates to all of their Aquila Securities;

(ii) the acquisition is at a cash price per Aquila Security equal to the value determined in accordance with clause 28.4;

(iii) the acquisition is on an "as is" non-contingent cash basis; and

(iv) subject to satisfying all necessary Clearances, completion of the acquisition is to occur no later than 60 Business Days after each non-Defaulting Shareholder accepts the Transfer Notice in accordance with clause 27.

28.3 Other remedies

Clause 28.2 is in addition to and not the exclusion of any other rights or remedies that the non-Defaulting Shareholders may have against a Defaulting Shareholder.

28.4 Independent valuation

If a Default Notice is given under clause 28.2, the Shareholders (the **Non-Disposing Shareholders**) other than the Shareholder whose Shares are proposed to be acquired and any Shareholder that is an Affiliate of that Shareholder (together, the **Disposing Shareholders**) must comply with Schedule 7 and procure an independent valuation of the Aquila Securities of the Disposing Shareholders by an Independent Valuer within 30 Business Days after receiving notice, and immediately give a copy of that valuation to the Disposing Shareholders when the Non-Disposing Shareholders receive it.

28.5 Procedure for Transfer

Clauses 27.2 to 27.8 (inclusive) apply (except that, for the purposes of clause 27.2(b), the price payable shall be that determined pursuant to clause 28.2(b)(ii) and 28.4) mutatis mutandis to any transfer of Aquila Securities under clause 28. However, clauses 27.2 to 27.8 (inclusive) are suspended until an independent valuation of the Defaulting Shareholder's Aquila Securities is obtained under clause 28.4.

28.6 Attorney

In consideration of the mutual promises in this agreement (among other things), each Shareholder:

(a) severally and irrevocably appoints each Director which it appoints (in each case, for so long as the person holds that position) as its agent and attorney with power to:

(i) complete any sale as contemplated by this clause 28 (Default);

(ii) receive money or Aquila Securities from the sale and hold them on trust for the Shareholder;

(iii) complete and execute any necessary documents to complete the sale on behalf of the Shareholder;

(iv) do anything necessary to give effect to a sale under this clause 28 (Default) and the transactions contemplated by that clause;

(b) must ratify and confirm whatever its attorney lawfully does or causes to be done under clause (a) above; and

(c) indemnifies its attorney against any claim, notice, demand, action, proceeding, litigation, investigation, judgment, damage, loss, cost, expense or liability however arising, whether present, unascertained, immediate, future or contingent and, whether based in contract, tort or statute that the attorney may suffer or for which it is liable, to the extent arising from a lawful exercise of all or any of its powers under clause (a) above.

29. Encumbering Shares

A Shareholder must not Encumber any of its Shares or other Aquila Securities unless:

(a) the other Shareholder consents in writing (such consent not to be unreasonably withheld); or

(b) each of the following is satisfied:

(i) the Shareholder (**Mortgaging Shareholder**) is not an Associate of the person taking the Encumbrance (**Financier**);

(ii) the Encumbrance is taken or acquired in the ordinary course of a financier's business of the provision of financial accommodation by any means and on ordinary commercial terms; and

(iii) the Financier covenants with the Shareholder:

(A) to be bound by clause 27 of this agreement in the event that the Encumbrance is enforced by the Financier or the Financier otherwise acquires the Aquila Securities the subject of the Encumbrance (in accordance with the terms on which the Encumbrance was granted); and

(B) that enforcement of the Encumbrance by the Financier, or the Financier otherwise acquiring the Aquila Securities the subject of the Encumbrance (in accordance with the terms on which the Encumbrance was granted), will constitute a Transfer for the purposes of clause 27, such that the Financier must give each Shareholder (other than the Mortgaging Shareholder and its Affiliates) a Transfer Notice under clause 27.2.

30. Deed of Accession

30.1 Application

This clause 30 applies only to a transfer in circumstances:

(a) where the Shareholders together own 100% of the Shares; or

(b) where the transfer is subject to clause 27.8.

30.2 If Equity Securities are transferred

A Transfer of Equity Securities to a person that is not a Shareholder is of no effect unless and until the proposed transferee has executed, and delivered to Aquila, a Deed of Accession.

31. Infrastructure Framework Agreement

It is acknowledged that if any Share acquired pursuant to the Takeover Bid and allocated to Aurizon under the Joint Bidding Agreement ceases to be beneficially owned by the Aurizon Group , or a member of the Aurizon Group enter into any agreement arrangement or understanding involving the conferring of rights on a member of the Aurizon Group, the economic effect of which is equivalent, or substantially equivalent, to the member of the Aurizon Group disposing of an ordinary share in Aquila, then the obligations of BRA, Fortune BS and Aquila under clauses 6.1(a), 6.2(a), 9.2(a) and 9.3(a) of the Infrastructure Framework Agreement will immediately come to an end.

32. Resolution of disputes

32.1 Disputes

This clause 32 applies in respect of any Dispute.

For the purpose of this clause, "**Dispute**" means any dispute arising out of this agreement other than a dispute in respect of clause 9 or clause 25 (including in respect of the appointment of an Independent Valuer under clause 25).

32.2 No proceedings

A Shareholder must not start court proceedings (except proceedings seeking interlocutory relief) in respect of a Dispute unless it has complied with this clause 32.

32.3 Notice of Dispute

A Shareholder claiming that a Dispute has arisen must give each Shareholder to the Dispute notice setting out details of the Dispute.

32.4 Best efforts to resolve Dispute

Each Shareholder to the Dispute (**Disputant**) must use its best efforts to resolve the Dispute within 40 Business Day after the notice is given under clause 32.3 (or any longer period agreed by the Disputants) (**Initial Period**).

32.5 Referral to CEOs

If the Disputants cannot resolve the Dispute within the Initial Period, the Dispute must be referred to the CEO (or their nominee) of each Disputant who must use their best efforts to resolve the Dispute within 20 Business Days after the Dispute is referred to them (**Second Period**).

32.6 Termination of Dispute resolution process

After the Second Period, a Disputant that has complied with clause 32.5 may terminate the dispute resolution process by giving notice to each other Disputant.

32.7 Breach of this clause

If a Disputant breaches clauses 32.1 to 32.5 (inclusive), each other Disputant does not have to comply with those clauses.

33. Warranties regarding capacity and status

Each Shareholder represents and warrants that each of the following statements is true and accurate at the date of this agreement:

(a) if it is a corporate entity, it is validly existing under the laws of its place of incorporation;

(b) it has the power to enter into and perform its obligations under this agreement and to carry out the transactions contemplated by this agreement;

(c) it has taken all necessary action to authorise its entry into and performance of this agreement and to carry out the transactions contemplated by this agreement; and

(d) its obligations under this agreement are valid and binding and enforceable against it in accordance with their terms.

34. Confidentiality and announcements

34.1 Confidentiality obligations

Each Shareholder must:

(a) use the Confidential Information only for the purposes of the Business or to make decisions regarding its investment in Aquila; and

(b) keep the Confidential Information confidential and not disclose it or allow it to be disclosed to a third party except:

   (i) with the prior written approval of each other Shareholder; or

   (ii) to any officer, employee, consultant, adviser or related body corporate of a Shareholder to the extent to which they have a need to know and who are aware that the Confidential Information must be kept confidential; and

(c) take or cause to be taken reasonable precautions necessary to maintain the confidentiality of the Confidential Information.

34.2 Announcements

Subject to clauses 34.3 and 34.5, any announcement, press release or other communication of any kind relating to the negotiations of the parties or the subject matter or terms of this agreement must be agreed by the parties.

34.3 Exceptions

The obligations of confidentiality under this agreement do not extend to information that (whether before or after this agreement is executed):

(a) is disclosed to a Shareholder, but at the time of disclosure is rightfully known to or in the possession or control of the Shareholder and not subject to an obligation of confidentiality on the Shareholder;

(b) is public knowledge (but not because of a breach of this agreement or any other obligation of confidence);

(c) is required to be disclosed in accordance with any registration pursuant to the PPSA;

(d) must be disclosed by law or order of any court, tribunal, authority or regulatory body or in connection with the enforcement of this agreement or by the rules of a stock exchange; or

(e) subject to clause 34.4, a Shareholder discloses to an adviser of the Shareholder on a confidential basis;

(f) is disclosed to a director, officer or employee of a Shareholder that needs to know the information in connection with the fulfilment of his or her duties as a director, officer or employee of the Shareholder; or

(g) subject to clause 34.4, is disclosed by or on behalf of a Shareholder or related body corporate of a Shareholder to:

   (i) a bona fide purchaser or bona fide potential purchaser of Aquila Securities; or

   (ii) a bona fide financier or bona fide potential financier in connection with financial accommodation provided or proposed to be provided to the Shareholder or a related body corporate of a Shareholder.

34.4 Commercially sensitive information

(a) In the case of disclosure under clauses 34.3(e) and 34.3(f), before disclosure is made, the proposed recipient must first have agreed with the Shareholder proposing to make disclosure to keep the relevant information confidential.

(b) Despite any other term of this agreement, a permitted disclosure under clause 34.3(e) and 34.3(f) must not include technical information in relation to Aquila's operations that Aquila or the other Shareholder has informed a Shareholder is commercially sensitive.

(c) In the case of disclosure under clause 34.3(g), before disclosure is made, the proposed recipient must first have agreed with the Shareholder proposing to make disclosure to keep the relevant information confidential, on terms reasonably acceptable to the other Shareholders.

34.5 Press release required by relevant stock exchange

If a Shareholder is required by law or the listing rules of a relevant stock exchange to make any such press release or other public statement, the Shareholder must before doing so:

(a) notify the other Shareholder; and

(b) give the other Shareholder a reasonable opportunity to comment on the contents of, and the requirement for, any such statement.

35. Termination

35.1 Termination for all parties

Subject to clause 35.3, this agreement terminates automatically if:

(a) all the parties agree in writing;

(b) Aquila is wound up by court order; or

(c) all the Aquila Shares are held by one Shareholder or Shareholders that are Affiliates.

35.2 Termination for a Shareholder

(a) Subject to clause 35.3 and paragraph (b) below, this agreement terminates automatically for a Shareholder if it stops holding, directly or indirectly, Shares. At that time the Shareholder has no further rights or obligations under this agreement (except under clauses 27 and 34).

(b) Paragraph (a) above shall not operate to release (and shall not terminate) the obligation of a party which has ceased to hold Shares to take action in accordance with clause 27.8(b).

35.3 Accrued rights

Termination of this agreement is without prejudice to any accrued rights of the parties.

36. GST

36.1 Interpretation

Words or expressions used in this clause 36 which are defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) have the same meaning in this clause.

36.2 Consideration is GST exclusive

Any consideration to be paid or provided for a supply made under or in connection with this agreement, unless specifically described in this agreement as 'GST inclusive', does not include an amount on account of GST.

36.3 Gross up of consideration

Despite any other provision in this agreement, if a Shareholder (**Supplier**) makes a supply under or in connection with this agreement on which GST is payable (not being a supply the consideration for which is specifically described in this agreement as 'GST inclusive'):

(a) the consideration payable or to be provided for that supply under this agreement but for the application of this clause 36.3 (**GST-exclusive consideration**) is increased by, and the recipient of the supply (**Recipient**) must also pay to the Supplier, an amount equal to the GST-exclusive consideration multiplied by the prevailing rate of GST (**GST Amount**); and

(b) subject to clause 36.6, the GST Amount must be paid to the Supplier by the Recipient without set off, deduction or requirement for demand, at the same time as the GST-exclusive consideration is payable or to be provided.

36.4 Reimbursements (net down)

If payment to a Shareholder under this contract is a reimbursement or indemnification or otherwise calculated by reference to a loss, cost or expense incurred by that Shareholder, then the payment will be reduced by the amount of any input tax credit to which that Shareholder, or the representative member of the GST group that Shareholder is a member of (as the case may be), is entitled in respect of that loss, cost or expense.

36.5 Revenue (net down)

If the consideration for a supply under this agreement is calculated by reference to the consideration for another supply, in performing that calculation, the consideration payable or to be provided for the supply under this agreement excludes any GST payable included in the consideration payable for that other supply.

36.6 Tax invoices

The Recipient need not pay the GST Amount in respect of a taxable supply made under or in connection with this agreement until the Supplier has given the Recipient a tax invoice in respect of that taxable supply.

36.7 Adjustment events

If an adjustment event arises in respect of a supply made under or in connection with this agreement, then:

(a) if the Supplier's corrected GST Amount is less than the previously attributed GST Amount, the Supplier will refund the difference to the Recipient; or

(b) if the Supplier's corrected GST Amount is greater than the previously attributed GST Amount, the Recipient will pay the difference to the Supplier; and

(c) the Supplier must issue an adjustment note to the Recipient.

37. Notices

37.1 Service of notices

A notice, demand, consent or communication under this agreement (**Notice**) must be:

(a) in writing and in English directed to the recipient's address for Notices specified in the Details, as varied by any Notice; and

(b) hand delivered or sent by pre-paid post or facsimile to that address.

37.2 Effective on receipt

A Notice given in accordance with clause 37.1 takes effect when received (or at a later time specified in it), and is taken to be received:

(a) if hand delivered, on delivery;

(b) if sent by prepaid post, two Business Days after the date of posting (or seven Business Days after the date of posting if posted to or from outside Australia);

(c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the notice in entirety unless, within eight Business Hours after the transmission, the recipient informs the sender that it has not received the entire Notice,

but if the delivery, receipt or transmission is not on a Business Day or after outside Business Hours in the jurisdiction of the recipient, the Notice is taken to be received at the next commencement of Business Hours after that delivery, receipt or transmission in that jurisdiction.

38. Miscellaneous

38.1 Alterations

This agreement may only be altered in accordance with a Shareholders Unanimous Decision and in writing signed by each Shareholder (and any such Shareholders Unanimous Decision shall be binding on Aquila).

38.2 Approvals and consents

Except where this agreement expressly states otherwise, a Shareholder may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this agreement.

38.3 Assignment

A Shareholder may only assign this agreement or a right under this agreement with the prior written consent of each other Shareholder.

38.4 Costs

Each Shareholder must pay its own costs of negotiating, preparing and executing a Transaction Document and any instrument or document executed to give effect to a Transaction Document.

38.5 Stamp Duty

Any stamp duty, duty or other Tax of a similar nature (including fines, penalties and interest) in connection with this agreement and on any transaction contemplated by this agreement, must be paid by the parties in their Relevant Proportions, other than stamp duty payable on any transfer of Aquila Securities, which must be paid by the transferee. However, the obligations of the parties in respect of stamp duty arising in the context of the Takeover Bid are governed by the terms of the Joint Bidding Agreement.

38.6 Survival

Any indemnity or obligation of confidence under this agreement is independent and survives termination of this agreement. Any other term by its nature intended to survive termination of this agreement survives termination of this agreement.

38.7 Counterparts

This agreement may be executed in counterparts. All executed counterparts constitute one document.

38.8 No merger

The rights and obligations of the parties under this agreement do not merge on completion of any transaction contemplated by this agreement.

38.9 Entire agreement

This agreement together with the Transaction Documents constitute the entire agreement between the parties in connection with their subject matter and supersede all previous agreements or understandings between the parties in connection with their subject matter.

38.10 Further action

Each Shareholder must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this agreement and the transactions contemplated by it.

38.11 Severability

Part or all of a provision of this agreement that is illegal or unenforceable may be severed from this agreement and the remaining parts of the provision or provisions of this agreement continue in force.

38.12 Waiver

A Shareholder does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the Shareholder giving the waiver.

38.13 Relationship

Unless expressly stated, this agreement does not create a relationship of employment, trust, agency or partnership between the parties.

38.14 Governing law and jurisdiction

This agreement is governed by the law of Western Australia and each Shareholder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

38.15 Service of process

Fortune BS and every other member of the Baosteel Group that is not a company registered under the Corporations Act and becomes a Shareholder appoints BRA as its agent to receive service of process for any proceedings in connection with this document, undertakes to maintain this appointment for so long as it is a Shareholder, and agrees that any such process served on BRA is taken to be served on it.

Schedule 1 - Board (clause 13)

1. Board composition

1.1 As at the date of commencement of Part C of this agreement, the Board must comprise as follows:

(a) 6 Directors nominated by Baosteel; and

(b) 1 Director nominated by Aurizon.

Thereafter, each Shareholder shall be entitled to appoint, by notice in accordance with paragraph 1.3 below, the number of directors to the Board determined in accordance with the following table:

Percentage of total issued Shares held by the Shareholder	**Number of directors**
More than 50%	The total number of directors that may be appointed by all other Shareholders plus 5
50%	5 directors
From 25% to less than 50%	2 directors
From 9%, but less than 25%	1 director
Less than 9%	0 directors

Where two or more Shareholders are Affiliates of each other, they shall together be a single Shareholder for the purpose of this paragraph 1.1.

1.2 One of the Directors will be appointed by the board as a CEO.

1.3 Each Shareholder must give Aquila and the other Shareholder notice of appointment or removal of a Director under paragraph 1.1. Any appointment or removal takes effect when the notice is given to Aquila.

1.4 A Director may appoint an alternate Director to act as a Director in his or her absence.

2. Voting

At a Board Meeting:

(a) each Director has one vote;

(b) all decisions are decided by simple majority vote except those requiring a Directors Unanimous Decision; and

(c) the chairperson does not have a casting vote as well as any deliberative vote he or she may have.

3. Quorum

3.1 The quorum for a Board Meeting is 2, provided that one Director appointed by each Shareholder entitled to appoint a director is present.

3.2 If a quorum of Directors is not present within 30 minutes after the time appointed for the Board Meeting, the meeting is adjourned to the same time and place two Business Days later. At the reconvened meeting, a quorum is any 2 Directors.

3.3 Directors do not have to be physically present in the same place and may attend Board Meetings using any technology that allows each Director to hear proceedings and be heard by the other Directors.

4. Frequency of Board Meetings

A Board Meeting must be held at least once every month, except if the Shareholders agree otherwise.

5. Time and location of Meetings

As far as practicable each Board Meeting must be held:

(a) on the same day and week of each month; and

(b) at the same location, being a location in Australia.

6. Notice

Notice of each Board Meeting must be given to all Directors, five Business Days before the scheduled time of the Board Meeting, except if all Directors agree otherwise.

7. Board papers

Each notice of a Board Meeting must include:

(a) an agenda for the meeting:

(b) a report from the CEO on the previous one month's trading, including:

(i) comments on revenues, margins, overheads, profits, cash flow, prospects and any major commercial issues affecting the current and future trading position of Aquila and proposed actions to correct any adverse variances; and

(ii) a profit and loss statement for the month and year to date relative to budget, consolidated finance report, consolidated balance sheet, major variations to budget, cash flow and forecasts; and

(c) copies of all papers to be considered at the meeting.

8. Resolutions at a Board Meeting

The Board may only resolve matters specifically referred to in the agenda for the meeting at a Board Meeting, except if all Directors (present or not, at the meeting) agree otherwise.

9. Written resolutions

The Board may make a decision without convening a meeting or voting by all Directors signing a document or documents recording the decision.

10. Directors Remuneration

Fees, costs and expenses paid to non-executive Directors are:

(a) in the case of non-executive Directors' fees:

(i) payable to each non-executive Director at the rate determined by the Board; and

(ii) payable by equal monthly instalments in arrears on the last Business Day of each month;

(b) reviewed annually in accordance with the Consumer Price Index published from time to time by the Australian Bureau of Statistics;

(c) in the case of all reasonable expenses associated with or incidental to the discharge of their obligations as Directors or otherwise in connection with any business including travelling, hotel and other expenses, reimbursed to the non-executive Directors by Aquila within 20 Business Days after Aquila receives a statement of account for those expenses.

Schedule 2 - Directors Unanimous Decisions (clause 15.1)

1. **(Business Plan and budgets)** Adopt or vary in any material way a Business Plan.

2. **(Acquisitions and Disposals)** Acquire or dispose of:

   (i) any asset (either tangible or intangible); or

   (ii) any company or business,

   except:

   (iii) in the ordinary course of the Business; or

   (iv) where consideration to be paid or received by Aquila in respect of the asset, company or business is less than 5% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila); or

   (v) in accordance with the current Business Plan if the consideration to be paid or received by Aquila in respect of the asset, company or business is less than 20% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila).

3. **(Material Contracts)** entering into, amending, terminating, waiving rights under any material contract, arrangement or commitment:

   (i) with an aggregate value exceeding 5% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila) or with expected annual revenues or costs exceeding 5% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila) that is not in accordance with the current Business Plan;

   (ii) with an aggregate value exceeding 20% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila) or with expected annual revenues or costs exceeding 20% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila) that is in accordance with the current Business Plan; or

   (iii) relating to the off-take, marketing or sale of any mining product, including any mineral or metallic ores, concentrates, metals and other mineralised products, and any other mineral resources processed, smelted or refined from ores, owned by Aquila or in respect of which Aquila has marketing or sale rights,

   other than a sale of product by Aquila to a Shareholder (or a Shareholder's Affiliate) pursuant to and in compliance with clause 21 (Fe off-take), or a contract, arrangement or commitment contemplated items 2 or 12 of this Schedule 2.

4. **(Joint ventures)** Enter into any new material joint venture, or materially alter the terms of any joint venture relating to the API Project that would materially impact the development of any "Infrastructure Assets" (within the meaning of the Infrastructure Framework Agreement).

5. **(Capital expenditure)** Incur capital expenditure in a Financial Year except where the capital expenditure for the Financial Year:

   (i) is less than 10% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila); or

   (ii) is in accordance with the current Business Plan and is less than 20% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila).

6. **(Reorganisation Event)** Undertake or undergo a Reorganisation Event.

7. **(Dividends)** Declare, make or pay a dividend or other distribution.

8. **(Special Resolution)** Propose a special resolution of Shareholders.

9. **(Delegation)** Delegation of the board's powers other than a delegation to the CEO of the powers necessary for the CEO to discharge the responsibilities set out in clause 14.1(c).

10. **(Affiliate transactions)** Any transaction between:

    (a) Aquila or a Subsidiary, and

    (b) a Shareholder, a related body corporate of a Shareholder, a director or officer of the Shareholder or of a related body corporate of the Shareholder, or an entity controlled by a director or officer of the Shareholder or of a related body corporate of the Shareholder.

11. **(Debt and guarantees)** In any year

    (a) raise any financial accommodation resulting in an increase in the liability of any Shareholder; or

    (b) enter into or become liable under any guarantee or indemnity, or similar arrangement under which Aquila may incur a liability (including grant an Encumbrance over all or a material part or undertakings of Aquila or any Subsidiary) in respect of the financial obligation of any other person, other than a Subsidiary.

12. **(Funding)** Any decision to increase or incur new third party borrowings (excluding trade creditors):

    (i) in excess of 10% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila) for each borrowing or increase (as the case may be) or, if the increase or new borrowing is in accordance with the current Business Plan, in excess of 20% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila); and

    (ii) where the total of all third party borrowings is greater than or equal to 40% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila) in aggregate.

13. **(Disputes)** Commence or settle any legal, arbitration, proceeding or other dispute involving a value in excess of 20% of the net assets of Aquila (as shown in the last audited consolidated financial statements of Aquila).

Schedule 3 - Shareholders Unanimous Decisions (clause 15.2)

1. **(New Directors)** Appoint a Director (except in accordance with paragraph 1 of Schedule 1).
2. **(Aquila's constitution)** Replace, repeal or materially alter Aquila's constitution.
3. **(Trade Sale or disposal of Business)** Sell the main operating Subsidiaries, all or substantially all of the Business or all or substantially all of the assets of the Group.
4. **(Change in Nature of Business)** Stop carrying on the Business or any activities presently carried on by the Business, materially alter the scale of operations of the Business or start any business or operational activities.
5. **(Winding up)** Take a step to dissolve or wind up Aquila or any Subsidiary.
6. **(New issues)** Any issue of Aquila Securities.
7. **(Equity structure)** Any other corporate action which alters the equity structure of Aquila, such as:

   (i) the issue of Aquila Securities to a person (other than a Shareholder);

   (ii) the redemption of Aquila Securities;

   (iii) the buy back of Aquila Securities; or

   (iv) a reduction or conversion of capital.
8. **(Shareholder loans)** Repay to a Shareholder or any loans or amounts outstanding to it under a shareholder loan, without making an equivalent repayment to the other Shareholders (if the other Shareholders have also advanced money to Aquila) pro-rata according to the respective aggregate loans or amounts outstanding to the Shareholders, or enter into any such loan.
9. **(Listing)** Apply for listing of any Aquila Securities on any recognised stock exchange.
10. **(Merger or amalgamation)** Merge or amalgamate Aquila with any other entity.
11. **(Scheme of arrangement)** Enter into any scheme of arrangement.
12. **(Board fees)** Any directors' fees or other remuneration arrangements payable to the directors.

Schedule 4 - Financial and other reporting (clause 16.1)

1. Monthly

Within 15 Business Days after the end of each month, unaudited management accounts for the preceding month comprising:

(a) commentary on the operational and financial position for the preceding month, including any variation between the actual results and those forecast in the Business Plan;

(b) a profit and loss account and cash flow statement for the preceding month;

(c) a balance sheet as at the end of the preceding month; and

(d) a forecast of the performance of Aquila in the next month.

2. Quarterly

Within 20 Business Days after the end of each calendar quarter, unaudited quarterly management accounts for the preceding quarter, including (at least):

(a) commentary on the financial performance for the preceding quarter;

(b) a quarterly management report on any variations from the Business Plan;

(c) a profit and loss statement and cash flow statement for the preceding quarter; and

(d) a balance sheet as at the end of the preceding quarter.

3. Annual

Within 40 Business Days after the end of each Financial Year, audited financial statements (including consolidated profit and loss accounts, balance sheets and cash flow statements) for the Financial Year.

4. Minutes

Within 15 Business Days after each Board Meeting, minutes of the Board Meetings.

Within 15 Business Days after each meeting of Shareholders, minutes of the meeting.

5. Offer information

Full details of any offer received by Aquila to buy:

(a) Shares;

(b) an interest in a Subsidiary;

(c) all or a substantial part of the Business; or

(d) all or substantially all of the assets of the Group.

The information must be given as soon as the offer is received.

Schedule 5 - Things the Shareholders must procure Aquila to do (clause 23)

1. Access

Give such access to the officers, employees and premises of the Group as the Shareholders may reasonably require.

2. Insurance

(a) Take out and maintain insurance policies in respect of all risks that a prudent person would insure in relation to the conduct of a business similar to the Business including indemnity insurance policies in respect of the assets of Aquila and at all times pay all premiums falling due under its insurance policies and observe and perform in all respects their terms and conditions.

(b) Review those policies annually to ensure the policies are maintained to achieve the objective in paragraph (a) above.

3. D & O insurance

Subject to the provisions of the Corporations Act take out and at all times maintain directors' and officers' liability insurance in relation to all Directors providing cover in the amount and of a level reasonably required by the Board and pay the premiums in respect of that insurance.

4. Auditor's report on transactions

Procure Aquila's auditors to give, with every statutory audit report on Aquila, a report of particulars of every transaction affecting Aquila in which a Shareholder or an officer or a senior executive of Aquila has participated whether as a Shareholder or otherwise.

5. Service and confidentiality agreements

Enter into, and maintain on foot, a service agreement or confidentiality agreement with any person designated by the Board from time to time on those terms determined by the Board.

6. Miscellaneous

At all times:

(a) observe and comply with all laws, by laws, rules, regulations and codes of conduct relating to the Business and with the terms of any contract or agreement to which it is a party and must conduct its affairs so as to ensure that there is no breach or failure by it to comply with its duties and obligations under or restrictions imposed on it and its officers by the provisions of Aquila's constitution;

(b) maintain and comply with all licences, consents, permits and authorisations whatsoever which are required or necessary to carry on the Business; and

(c) seek to protect its intellectual property rights including registering and maintaining the registration of any registrable rights and bringing proceedings against any person believed to be infringing such rights.

Schedule 6 - Deed of Accession (clause 30)

Deed of Accession

Date

By

[Acceding Shareholder's name] of *[Acceding Shareholder's address]* (**Acceding Shareholder**)

Background

This deed is supplemental to a shareholders agreement between Aquila and others, dated *[date]* (**Shareholders Agreement**).

Terms

1. The Acceding Shareholder confirms it has been given a copy of the Shareholders Agreement.
2. The Acceding Shareholder covenants with the parties to the Shareholders Agreement (whether original or by accession) to observe, perform and be bound by the terms of the Shareholders Agreement to the intent and effect that the Acceding Shareholder is taken from the date on which the Acceding Shareholder is registered as a Shareholder of Aquila to be a party to the Shareholders Agreement.
3. The address of the Acceding Shareholder for the purposes of the Shareholders Agreement is, until substituted in accordance with the Shareholders Agreement:

   [Acceding Shareholder's address]

   [Facsimile:]

   [Attention:]
4. This deed is governed by the law of Western Australia and the Acceding Shareholder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.
5. *If Acceding Shareholder is a foreign entity:*

   The Acceding Shareholder appoints [ ] of [ ] as its agent to receive service of process for any proceedings in connection with this document and the Shareholders Agreement, undertakes to maintain this appointment for so long as it is a Shareholder, and agrees that any such process served on that person is taken to be served on it.

EXECUTED as a deed.

Schedule 7 - Independent valuation (clause 28)

1. Application of schedule

This Schedule 7 applies if an independent valuation of Aquila Securities is required under clause 28.

2. Appointment of Independent Valuer

The Non-Disposing Shareholders must appoint an Independent Valuer to determine the Fair Value of the Aquila Securities, in which case the valuation for the Aquila Securities is the Fair Value amount as certified by the Independent Valuer.

3. Instructing Independent Valuer

The Independent Valuer must be instructed to determine Fair Value of the Aquila Securities.

4. Period of determination

The Shareholders must use their best endeavours to ensure that the Independent Valuer determines the value of the Aquila Securities as soon as practicable but within 30 Business Days after being appointed.

5. Independent Valuer's role

The Independent Valuer acts as an expert and not as an arbitrator.

6. Independent Valuer's decision

The Independent Valuer's determination is final and binding on all parties to the transaction in the absence of fraud or manifest error.

7. Costs

The Defaulting Shareholder must pay the reasonable costs and expenses of the Independent Valuer.

8. Access to information

Each Shareholder must do all reasonable things within its power and control to ensure:

(a) the Independent Valuer has access at all reasonable times to the accounting records and other records of Aquila; and

(b) officers of Aquila give any information and explanations required by the Independent Valuer to value the Aquila Securities.

Signing page

EXECUTED as an agreement.

Executed by **Aurizon Operations Limited ABN 47 564 947 264** in accordance with section 127 of the Corporations Act 2001 (Cth)

Signature of director ←

LANCE HOCKRIDGE

Name of director (print)

Signature of ~~director~~/company secretary
(Please delete as applicable) ←

Dominic Dupont Smith

Name of ~~director~~/company secretary (print)

Executed by Mr Ji Chao as attorney for **Baosteel Resources Australia Pty Ltd ABN 66 154 815 362** under power of attorney dated 4 April 2014 who has no notice of revocation of such power of attorney in the presence of

Signature of witness ←

BRYN DAVIS

Name of witness (print)

Signature of attorney ←

Executed by **Fortune BS Company Pte. Ltd.** (a company incorporated under the laws of Singapore and having registration number 200916207M) by its authorised director

Signature of authorised director ←

Ji Chao

Name of authorised director (print)

ANNEXURE D

Infrastructure Framework Agreement

Form 603
Aurizon Holdings Limited
ACN 146 335 622

This is the Annexure D of 51 pages referred to in the Form 603 (Notice of initial substantial holder) signed by me and dated 5 May 2014.

I certify that this a true copy of the agreement.

Dominic D Smith
Company Secretary
Dated: 5 May 2014

Execution version

Infrastructure Framework Agreement

Aurizon Operations Limited
ACN 124 649 967

and

Baosteel Resources Australia Pty Limited
ABN 66 154 815 362

and

Fortune BS Company Pte. Ltd.
a company incorporated under the laws of Singapore and having company registration number 200916207M

2014

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CLAUSE **PAGE**

Schedule

THIS AGREEMENT is made on 3 MAY 2014

BETWEEN:

(1) **Aurizon Operations Limited** ACN 124 649 967 (**Aurizon Operations**); and

(2) **Baosteel Resources Australia Pty Limited** ABN 66 154 815 362 (**BRA**); and

(3) **Fortune BS Company Pte. Ltd.** a company incorporated under the laws of Singapore and having company registration number 200916207M (**Fortune BS**).

RECITALS:

(A) On or around the date of this agreement, Aurizon Operations and BRA entered into the Joint Bidding Agreement, and Aurizon Operations, BRA and Fortune BS entered into the Shareholders Agreement, in connection with a proposed joint off-market takeover bid for the fully paid ordinary shares in Aquila.

(B) Aquila, through a wholly owned subsidiary, is a participant in the APIJV and holds 50% of the shares in API, which manages the API Managed Projects.

(C) In order to develop:

(1) the APIJV Projects, the APIJV needs to; and

(2) the API Managed Projects, the participants in those projects need to,

develop and operate, or secure or facilitate the development and operation of, the Infrastructure.

(D) This document records the terms and conditions on which Aurizon and Baosteel have agreed that they will, following the joint off-market takeover bid for Aquila, exclusively work together to carry out a range of activities in connection with Infrastructure Development and the provision of Infrastructure Services.

(E) In particular, Aurizon and Baosteel intend to:

(1) undertake due diligence and further define the feasibility of the APIJV Projects;

(2) use their best endeavours to have Aquila become a party to this document to more effectively pursue the Commercial Objectives, and so that Aurizon exclusively undertakes Infrastructure Development and provides Infrastructure Services;

(3) use their best endeavours to procure that the participants in the APIJV agree that Aurizon undertakes Infrastructure Development and provides Infrastructure Services to and for the APIJV and APIJV Projects; and

(4) restructure the assets of the APIJV so that all InfraCo Assets are held by InfraCo and all MineCo Assets are held by MineCo, subject to the agreement of the participants in the APIJV, and the restructure occurring at the same time that the parties enter into an Infrastructure Development Agreement,

on the terms and conditions set out in this document.

THE PARTIES AGREE AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this document.

Accession Deed means a deed of accession in the form set out at Schedule 1.

Alternative Pathway means exploring, investigating, developing or undertaking with any third party:

(a) a pre-feasibility or feasibility study in connection with the Infrastructure, Infrastructure Development or Infrastructure Services; or

(b) any other project (including by means of an arrangement or study of any type) or transaction in connection with Infrastructure, Infrastructure Development or Infrastructure Services,

other than under, and consistently with, the terms of this document.

AMCI means AMCI (IO) Pty Ltd ACN 123 253 485 (a subsidiary of American Metals and Coal International Inc).

Anketell Port means the proposed port at Anketell in the Pilbara region of Western Australia.

API means API Management Pty Ltd ACN 112 677 595.

APIJV means the unincorporated joint venture called the Australian Premium Iron Joint Venture and which is, as at the Start Date, between Aquila Steel Pty Ltd ACN 097 803 613 (which is 100% owned by Aquila) and AMCI, and is managed by API.

APIJV Infrastructure Assets means all of the Infrastructure Assets which comprise part of the APIJV, whether they are owned by:

(a) Aquila;

(b) each participant in the APIJV;

(c) API;

(d) a person on behalf of the APIJV; or

(e) third parties for the benefit of the APIJV.

APIJV Mining Assets means all of the Assets, other than Infrastructure Assets, which comprise part of the APIJV, whether they are owned by:

(a) Aquila;

(b) each participant in the APIJV;

(c) API;

(d) a person on behalf of the APIJV; or

(e) third parties for the benefit of the APIJV.

APIJV Projects means all projects of the APIJV.

API Managed Projects means all mining projects managed by API in the Pilbara region of Western Australia, including those set out below:

Project	Parties
West Pilbara - Red Hill Iron Ore Project	Australian Premium Iron Red Hill Iron Limited
West Pilbara - Mt Stuart Iron Ore Project	Australian Premium Iron Cullen Resources Limited
Mt Elvire Iron Ore Project	Australian Premium Iron DeBeers
West Pilbara - Yalleen Iron Ore Project	Australian Premium Iron Helix Resources Limited
Hardey Project	Australian Premium Iron

Aquila means Aquila Resources Limited ACN 092 002 769.

Aquila Condition means the addition of Aquila as a party to this document in accordance with clause 7 or clause 8.

Asset Transfer Agreement refers to the agreement or agreements under which the InfraCo Assets will be transferred and held in accordance with clause 11.2 of this document.

Assets includes assets, facilities, real and personal property, goods, services, rights under Authorisations or contracts, and Intellectual Property.

Associate means, in respect of a party, its related bodies corporate, directors, officers, employees, agents and contractors, and directors, officers, employees, agents and contractors of its related bodies corporate.

ASX means the ASX Limited, or the securities exchange operated by ASX Limited (as the context requires).

ASX Listing Rules means the listing rules of the ASX.

Aurizon means **Aurizon** Operations and the **Aurizon** Group.

Aurizon Group means **Aurizon** Holdings Limited ACN 146 335 622 and its subsidiaries from time to time.

Authorisation means:

(a) an authorisation, consent, declaration, exemption, notarisation or waiver, however it is described; and

(b) in relation to anything that could be prohibited or restricted by Law if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken,

including any renewal or amendment.

Background IP means Intellectual Property owned by a party and disclosed to the other party in the course of, and for the purpose of, performing its obligations under this document, other than Project Intellectual Property or Joint Intellectual Property.

Baosteel means BRA and Fortune BS.

Base Development Assumptions is defined in clause 10.1.

Base Tariff means a tariff that is to be paid for undertaking Infrastructure Development and the provision of an Infrastructure Service, that is:

(a) based on, and subject to, the Base Tariff Design Brief and Conditions and the Base Tariff Assumptions; and

(b) structured in accordance with the Base Tariff Principles.

Base Tariff Assumptions means the assumptions set out in clause 15.2.

Base Tariff Design Brief and Conditions has the meaning given in clause 15.1.

Base Tariff Principles means the principles set out in clause 15.3.

Board Restructure means that the board of Aquila is restructured in accordance with clauses 10.1 or 13.1 of the Shareholders Agreement or is otherwise restructured by agreement between Aurizon and Baosteel.

Board Restructure Date means the date on which the Board Restructure occurs.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

Commercial Objectives means the commercial objectives described in clause 4.

Confidential Information means the information described in clause 24.1.

Corporations Act means the *Corporations Act 2001* (Cth).

Definitive Mine Feasibility Study means the study referred to in clause 12.2(d).

Dispute means any dispute arising under, or in connection with, this document.

Dispute Notice means the notice given in accordance with clause 21.2(a).

Due Diligence Activities is defined in clause 12.1(a)(i).

Due Diligence Committee means the committee established under clause 12.1.

Due Diligence Committee Representative, in respect of a party, means a person who:

(a) is a member of the senior management of that party; and

(b) is nominated by that party for the purposes of clause 12.1(b).

Exclusivity Clause is defined in clause 26.

Exclusivity Expiry Date means the date that is 12 months after the Board Restructure Date, as extended in accordance with this document.

Expert Determination Agreement means the agreement referred to in clause 21.4(e).

Expiry Date means the date that is 6 months after the Exclusivity Expiry Date.

Extension Occurrence means the occurrence of:

(a) a default or delay in the performance of an obligation under this document by Baosteel or Aquila (if Aquila is a party to this document) or any of their personnel (including in respect of the provision of information);

(b) a delay in obtaining information or Authorisations from a Government Agency, or any action or inaction by a Government Agency in respect of, including a refusal by a Government Agency to deal with, Aurizon, whether absolutely or on particular terms and conditions;

(c) any inaccuracy or incompleteness in any information provided to, or obtained by, Aurizon in performing its obligations under this document;

(d) a circumstance in which Aurizon is affected by a Force Majeure Event; or

(e) a material change in Law that occurs after the Start Date that affects the performance of an obligation under this document by Aurizon,

to the extent not caused or contributed to by Aurizon, but excluding a Special Extension Occurrence.

Financial Indebtedness means an obligation (whether present or future, actual or contingent) to pay or deliver any money or commodity under or in respect of any financial accommodation including under, or in respect of, any:

(a) money borrowed or raised;

(b) redeemable or repurchasable share or stock;

(c) bill of exchange, promissory note or other financial instrument (whether or not transferable or negotiable);

(d) put option or buyback or discounting arrangement in respect of any property;

(e) lease, licence or other arrangement in respect of any property entered into primarily to raise finance or to finance the acquisition of that property (other than a lease, licence or arrangement which may be accounted for as an operating lease under applicable generally accepted accounting principles);

(f) hire purchase or deferred payment obligation for any property or service;

(g) interest or currency swap or hedge arrangement, financial option, futures contract or analogous transaction; or

(h) arrangement which achieves the same or a similar commercial effect as or to any of the above,

and any Guarantee of Financial Indebtedness of another person.

Force Majeure Event means any occurrence or non-occurrence as a direct or indirect result of which a party is prevented from or delayed in performing any of its obligations under this document (other than a payment obligation) and that is beyond the reasonable control of that party, including:

(a) forces of nature or natural disaster;

(b) acts of war (whether declared or not);

(c) industrial action or labour disturbances;

(d) delay in obtaining information or Authorisations from a Government Agency, or any action or inaction by a Government Agency in respect of, including a refusal by a Government Agency to deal with, Aurizon, whether absolutely or on particular terms and conditions;

(e) currency restrictions;

(f) embargoes;

(g) a failure of a supplier, public utility or common carrier; and

(h) computer disruption due to the effects of a virus or other malicious code introduced other than through the acts or omissions of the party seeking relief.

Government Agency means:

(a) a government or government department or other body;

(b) a governmental, semi-governmental or judicial person including a statutory corporation; or

(c) a person (whether autonomous or not) who is charged with the administration of a Law.

Guarantee means a guarantee, indemnity, letter of credit, performance bond, binding letter of comfort, or other undertaking or obligation (whether conditional or unconditional) to do any one or more of the following in respect of an obligation of another person (whether or not it involves the payment of money):

(a) provide funds (including by the purchase of property), or otherwise to make property available, in or to towards payment or discharge of that obligation;

(b) indemnify against the consequences of default in the payment or performance of that obligation;

(c) be responsible in any other way for that obligation; or

(d) be responsible for the solvency or financial condition of another person.

IAMA means the Institute of Arbitrators & Mediators Australia.

IAMA Expert Determination Rules refers to the rules published by the IAMA for the determination of disputes by an expert.

InfraCo refers to one or more persons nominated by Aurizon.

InfraCo Assets means all of the APIJV Infrastructure Assets and APIJV Mining Assets that the parties identify and determine under clause 11.2(a)(i).

Infrastructure means Railway Infrastructure and Port Infrastructure used, or to be used, in connection with transporting and handling mining products for:

(i) the APIJV; and

(ii) other third parties (including Aquila) that may use that APIJV related infrastructure.

Infrastructure Assets means all Assets in connection with:

(a) the design, construction or operation of Railway Infrastructure; and

(b) the design, construction or operation of Port Infrastructure,

including, to avoid doubt, any existing Railway Infrastructure and Port Infrastructure.

Infrastructure Development means the activities necessary or desirable for designing, constructing and developing the Infrastructure, and any subsequent development or expansion of the Infrastructure, including:

(a) securing all necessary funding;

(b) project management of the design, construction and development of the Infrastructure;

(c) securing all necessary Authorisations to design, construct, develop and operate the Infrastructure;

(d) securing all necessary agreements with relevant Government Agencies, native title groups, and other third parties, to design, construct, develop and operate the Infrastructure;

(e) obtaining all necessary tenure in respect of the Infrastructure; and

(f) managing any regulatory issues associated with, and conducting due diligence in respect of, the Infrastructure.

Infrastructure Development Agreement means the agreement referred to in clause 14.1.

Infrastructure Service means any service provided by means of, or using, the Infrastructure, including:

(a) the operation and maintenance of the Railway Infrastructure;

(b) a rail haulage service using the Railway Infrastructure;

(c) the operation and maintenance of the Port Infrastructure;

(d) a port handling service using the Port Infrastructure; and

(e) any service necessary or incidental to the provision of the above services.

Infrastructure Services Agreement means the agreement referred to in clause 14.1(b)(v).

Intellectual Property means all present and future rights conferred by Law in or in relation to copyright, trade marks, designs, patents, circuit layouts, plant varieties, business and domain names, inventions and confidential information, and other results of intellectual activity in the industrial, commercial, scientific, literary or artistic fields whether or not registrable, registered or patentable.

These rights include:

(a) all rights in all applications to register these rights;

(b) all renewals and extensions of these rights; and

(c) all rights in the nature of these rights, excluding Moral Rights.

Joint Bidding Agreement refers to the joint bidding agreement between Aurizon Operations and BRA dated on or around the date of this agreement.

Joint Project Intellectual Property is defined in clause 19.1(a)(ii).

Law means any law (including subordinate or delegated legislation or statutory instruments of any kind and the laws of equity) of Australia or Western Australia and also any judgment, order, policy, guideline, official directive or request (even if it does not have the force of law) of any Government Agency or regulatory body, including a stock exchange within Australia.

MineCo means the person holding the MineCo Assets following completion of the Asset Transfer Agreement (which may be API).

MineCo Assets means all of the APIJV Infrastructure Assets and APIJV Mining Assets that are not InfraCo Assets.

Moral Rights means rights of integrity of authorship, rights of attribution or authorship, rights not to have authorship falsely attributed, and rights of a similar nature conferred by statute in Australia that may now exist or that may come to exist in relation to the work.

Offer Period has the meaning given to that term in the Joint Bidding Agreement.

Permitted Purpose means the purpose of scoping, engineering, procuring, constructing and operating services on the Infrastructure and complying with obligations under this document.

PFS means a prefeasibility study for the purpose of identifying the studies, investigations and analyses required to undertake Infrastructure Development and provide Infrastructure Services, which may enable Aurizon to:

(a) determine a Base Tariff to a +/- 15% level of confidence;

(b) determine a construction methodology for Infrastructure Development;

(c) establish a work-force planning process for Infrastructure Development; and

(d) establish an engineering, procurement and contracting tender process for Infrastructure Development.

PPS Security Interest means a security interest that is subject to the *Personal Property Securities Act 2009* (Cth).

Port Infrastructure means all Assets necessary for the development or operation of a port (including Anketell Port), including Assets necessary to:

(a) connect Railway Infrastructure to a port;

(b) berth vessels;

(c) load and unload mining and other goods on berthed vessels; and

(d) stockpile goods for loading or that have been unloaded.

Project Intellectual Property means the Intellectual Property developed by, or for, a party in the course of performing this document.

Railway Infrastructure means all Assets necessary for the development or operation of a railway, including:

(a) railway track, associated track structures, over or under track structures, supports (including supports for equipment or items associated with the use of the railway);

(b) sidings or spur lines;

(c) tunnels and bridges;

(d) stations and platforms;

(e) buildings and workshops;

(f) associated plant and equipment;

(g) Rolling Stock; and

(h) related infrastructure, including Rolling Stock maintenance facilities, train control systems and facilities, signalling systems and facilities, communications systems and facilities, office buildings, housing, freight centres, and terminal yards and depots.

Rate of Return means Aurizon's rate of return, comprising a return on equity and cost of debt.

Resolution Period means the period referred to in clause 21.2(b).

Revised Conditions is defined in clause 10.1(c).

Rolling Stock means any vehicle, whether self-propelled or not, that operates on or uses a railway track.

Security Interest means:

(a) a PPS Security Interest;

(b) any other mortgage, pledge, lien or charge; or

(c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property.

Senior Management Representative, in respect of a party, means a person who:

(a) is a member of the senior management of that party; and

(b) is nominated by that party for the purposes of clause 21.

Shareholders Agreement means the shareholders agreement between Aurizon Operations, BRA and Fortune BS dated on or around the date of this agreement.

Special Extension Occurrence means any delay in the provision of, or obtaining access to, information, documents, records or Authorisations in connection with the APIJV or APIJV Projects (including existing studies conducted by or for the APIJV in connection with Infrastructure) where the provision of, or obtaining access to, that information is reasonably necessary for the performance of Aurizon's obligations under this document (to the extent the obligation relates to work that Aurizon is required to perform to produce the binding Base Tariff).

Start Date means the date on which both Aurizon Operations and Baosteel execute this document.

State means the State of Western Australia.

State Agreement means an agreement with the State, or a representative of the State, in respect of the construction, development or operation of the Infrastructure.

Takeover Bid has the meaning given in the Shareholders Agreement.

Target Date is defined in clause 11.2(c).

1.2 Rules for interpreting this document

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

(a) A reference to:

  (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;

  (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;

  (iii) a party to this document or to any other document or agreement includes a successor in title, permitted substitute or a permitted assign of that party;

  (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and

  (v) anything (including a right, obligation or concept) includes each part of it.

(b) A singular word includes the plural, and vice versa.

(c) A word which suggests one gender includes the other genders.

(d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.

(e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.

(f) A reference to **information** is to information of any kind in any form or medium, whether formal or informal, written or unwritten, for example, computer software or programs, concepts, data, drawings, ideas, knowledge, procedures, source codes or object codes, technology or trade secrets.

(g) The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.

(h) The expression **party** means a party who has executed this document or becomes a party to this document following its execution.

(i) The expression **this document** includes the agreement, arrangement, understanding or transaction recorded in this document.

(j) The expressions **subsidiary**, **holding company** and **related body corporate** have the same meanings as in the Corporations Act.

(k) A reference to **dollars** or **$** is to an amount in Australian currency.

(l) An obligation to use **best endeavours** does not require a party to do anything that:

(i) contravenes any Law;

(ii) contravenes any Authorisation; or

(iii) contravenes its constitution or the powers or duties of its directors.

(m) Baosteel or Aquila (if Aquila is a party to this document) will not be held to be in breach of this agreement if it fails to do something because that action would be likely to constitute a breach of any contractual obligation, in existence as at the Start Date, which Baosteel or Aquila (as the case may be) owe to a third party.

(n) The rights and obligations of BRA and Fortune BS under this document are joint and they shall be taken to be a single party for the purposes of this document.

(o) If this document imposes an obligation or confers a right in respect of APIJV, then it imposes that obligation or confers that right (as the case may be) in respect of each person who is a participant in the APIJV.

1.3 Non Business Days

If the day on or by which a person must do something under this document is not a Business Day, then the person must do it on or by the next Business Day.

1.4 The rule about "contra proferentem"

This document is not to be interpreted against the interests of a party merely because that party proposed this document or some provision in it or because that party relies on a provision of this document to protect itself.

2. CONDITIONS PRECEDENT

2.1 Condition

This document (other than this clause, clause 6.1, clause 18, clause 20 and the provisions specified in clause 2.2(d)) has no force or effect unless and until the Board Restructure occurs.

2.2 Result of non-satisfaction of conditions

(a) The condition referred to in clause 2.1 has been included for the benefit of both Aurizon and Baosteel.

(b) The breach or non-fulfilment of the condition referred to in clause 2.1 may only be waived by the consent of both Aurizon and Baosteel.

(c) If the condition referred to in clause 2.1 is not satisfied or waived under this clause 2.2 on or before the date that is 18 months from the end of the Offer Period, then either party may before satisfaction or waiver of that condition, terminate this document by giving notice to the other party.

(d) If this document is terminated in accordance with clause 2.2(c), then all rights and obligations under this document, other than:

(i) clauses 1 (Interpretation), 2 (Conditions Precedent), 24 (Confidentiality), 29 (Notices) and 30 (General);

(ii) any clause which is expressed to survive termination of this document; and

(iii) rights that accrue before the date on which the notice is given,

terminate on the day of the notice.

3. TERM

(a) Except as otherwise specified in this document, the rights and obligations under this document begin on the Start Date and end on the earlier of the Expiry Date and the date on which this document is terminated.

(b) If an Extension Occurrence occurs that directly delays the carrying out of any obligation under this document, then (subject to clause 3(d)) the Exclusivity Expiry Date is automatically extended by a period equal to the period of that delay, provided that Aurizon gives notice to Baosteel within 10 Business Days of becoming aware of the occurrence of the Extension Occurrence.

(c) If clause 24.1 of the Shareholders Agreement is in force and has effect, but the Chief Executive Officer of Aquila does not submit to the board of Aquila a draft business plan as required by clause 24.1 of the Shareholders Agreement, or does not do so within the timeframes specified in that provision, then the Exclusivity Expiry Date is automatically extended by a period equal to the period between the date on which the draft business plan should have been submitted and the date on which it is actually submitted.

(d) The combined maximum period by which the Exclusivity Expiry Date may be extended as a result of:

(i) one or more Extension Occurrences in accordance with clause 3(b); and

(ii) the operation of clause 3(c),

is six months.

(e) If a Special Extension Occurrence occurs, then:

(i) the Exclusivity Expiry Date is automatically extended by a period equal to the period of the delay, in addition to any other extension to the Exclusivity Expiry Date; but

(ii) the maximum period by which the Exclusivity Expiry Date may be extended by reason of a Special Extension Occurrence is six months (in addition to any other extension to the Exclusivity Expiry Date) and any concurrent delay arising from an Extension Occurrence and a Special Extension Occurrence that occur at the same time will not entitle Aurizon to any additional extension referred to in this sub-clause.

(f) Subject to clause 16(b)(ii), Aurizon must notify Baosteel immediately when it has sufficient information reasonably necessary to undertake a PFS. After that time, no Special Extension Occurrence can occur.

4. COMMERCIAL OBJECTIVES

The parties acknowledge and agree that their mutual commercial objectives in entering into, and performing their obligations under, this document are:

(a) to set out a pathway for developing suitable quality Infrastructure and securing the provision of Infrastructure Services, in an economically efficient way for the mutual benefit of the parties and to thereby facilitate the operations of the APIJV and API Managed Projects; and

(b) to set out the framework for entering into an Infrastructure Development Agreement, which seeks to provide the parties with optimal levels of certainty, as early as practicable, in relation to the base forecast capital expenditure likely to be connected with undertaking Infrastructure Development and the Base Tariff that may be payable in connection with the provision of Infrastructure Services.

5. LEGALLY BINDING

(a) Subject to clause 5(b), the parties intend to be legally bound by the terms of this document.

(b) Nothing in this document obligates any party to enter into another agreement, to agree to any terms and conditions (including as to price) of any other agreement, or to perform or comply with the terms of any other agreement, or to execute any agreement.

6. BAOSTEEL MUST DEAL WITH AURIZON EXCLUSIVELY

6.1 Exclusivity between Start Date and Board Restructure Date

(a) Subject to clause 6.1(b), Baosteel must not (and must use its best endeavours to procure that its Associates do not):

(i) enter into, continue or conduct discussions or negotiations with, or enter into any contract, arrangement or understanding with, any person (other than Aurizon or InfraCo) about undertaking Infrastructure Development or about providing Infrastructure Services, or do anything that materially hinders or materially adversely affects Aurizon's ability to perform its obligations under this document and (if relevant) to carry out a PFS; or

(ii) take any action in connection with an Alternative Pathway.

(b) Clause 6.1(a) commences on the Start Date and applies until the earlier of:

(i) the date that is three months after the end of the Offer Period;

(ii) the Board Restructure Date; and

(iii) while either Part B or Part C of the Shareholders Agreement applies, the time at which:

(A) any of the shares in Aquila acquired pursuant to the Takeover Bid and allocated to Aurizon under the Joint Bidding Agreement cease to be beneficially owned within the Aurizon Group; or

(B) a member of the Aurizon Group enters into any agreement, arrangement or understanding involving the conferring of rights on a member of the Aurizon Group, the economic effect of which is equivalent, or substantially equivalent, to the member of the Aurizon Group disposing of ordinary shares in Aquila.

6.2 Exclusivity from the Board Restructure Date

(a) Subject to clause 6.2(b), Baosteel must not (and must use its best endeavours to procure that its Associates do not):

(i) enter into, continue or conduct discussions or negotiations with, or enter into any contract, arrangement or understanding with, any person (other than Aurizon or InfraCo) about undertaking Infrastructure Development or about providing Infrastructure Services, or do anything that materially hinders or materially adversely affects Aurizon's ability to perform its obligations under this document and (if relevant) to carry out a PFS; or

(ii) take any action in connection with an Alternative Pathway.

(b) Clause 6.2(a) commences on the Board Restructure Date and applies until the earlier of:

(i) termination of this document;

(ii) entry into the Infrastructure Development Agreement;

(iii) the Exclusivity Expiry Date; and

(iv) while either Part B or Part C of the Shareholders Agreement applies, the time at which:

(A) any of the shares in Aquila acquired pursuant to the Takeover Bid and allocated to Aurizon under the Joint Bidding Agreement cease to be beneficially owned within the Aurizon Group; or

(B) a member of the Aurizon Group enters into any agreement, arrangement or understanding involving the conferring of rights on a member of the Aurizon Group, the economic effect of which is equivalent, or substantially equivalent, to the member of the Aurizon Group disposing of ordinary shares in Aquila.

7. AQUILA CONDITION

(a) In the event that Aurizon and Baosteel acquire 100% of the securities on issue in Aquila, then each of Baosteel and Aurizon must, within 7 Business Days, use their best endeavours to procure that Aquila immediately becomes a party to this document by Aquila executing the Accession Deed.

(b) Upon execution of the Accession Deed by Aquila:

(i) Aquila will be added as a party to this document with effect from the "Commencement Date" set out in the Accession Deed executed by it;

(ii) Aquila will be bound by the provisions of this document as if it had been a signatory to this document from that date; and

(iii) for the purposes of this document, the Aquila Condition is met.

(c) Without limiting clause 7(a), and despite clause 5(b), Aurizon and Baosteel must execute any documents necessary for Aquila to become a party to this document.

8. PARTIES ACQUIRE LESS THAN 100%

(a) While Aurizon and Baosteel hold less than 100% of the securities on issue in Aquila, then each of them must use their best endeavours to:

(i) procure that Aquila becomes a party to this document by Aquila executing the Accession Deed, and, if Aquila does so, clauses 7(b) and 7(c) apply with immediate effect from that date; or

(ii) if Aquila does not execute the Accession Deed, then for the purpose of pursuing the Commercial Objectives of the parties:

(A) procure that Aquila enters into exclusive negotiations with Aurizon for a 12 month period for the purpose of negotiating and entering into an exclusive agreement, based on the principles in this document or such other principles as may be agreed, under which Aurizon will undertake Infrastructure Development for, and provide Infrastructure Services to, Aquila on an arms-length basis (and consistently with the Commercial Objectives) in relation to the APIJV; and

(B) procure that the APIJV enters into exclusive negotiations with Aurizon for the purpose of entering into an exclusive agreement, based on the principles in this document or such other principles as may be agreed, under which Aurizon will undertake Infrastructure Development for, and provide Infrastructure Services to, the APIJV.

(b) The parties acknowledge that, while the parties hold less than 100% of all of the securities on issue in Aquila, Baosteel's and Aurizon's obligations under this document are subject to and qualified by the following:

(i) Aquila is a public company listed on the ASX and Baosteel's obligations are subject to Aquila complying with the requirements of the Corporations Act, the ASX Listing Rules (for so long as it is listed on the ASX), and all other Laws applicable to Aquila;

(ii) decisions of Aquila are determined by the board of directors of Aquila, each director of which is subject to fiduciary duties, and nothing in this document requires a party to procure that its nominee directors on the board of Aquila act in a manner that is not consistent with, or is contrary to, their fiduciary duties, and a party will not be required by this document to replace a nominee director on the Aquila board for any reason; and

(iii) decisions of the APIJV, or the API Managed Projects, are not controlled by Baosteel (or Aquila), and are made by the participants in the those entities (and Baosteel is not a participant in the APIJV) pursuant to the terms of a joint venture agreement and other agreements relevant to those entities.

9. OBLIGATIONS THAT ONLY APPLY ONCE THE AQUILA CONDITION IS MET

9.1 Clause only applies once the Aquila Condition is met

This clause 9 applies with immediate effect once the Aquila Condition is met, but not otherwise.

9.2 Exclusive Appointment of Aurizon by Aquila

(a) Subject to clause 9.2(b), on the date the Aquila Condition is met, Aquila (by the operation of this clause):

(i) appoints, for the purpose of pursuing the Commercial Objectives of the parties, Aurizon exclusively to:

(A) undertake Infrastructure Development;

(B) provide Infrastructure Services; and

(C) provide a Base Tariff to Aquila,

in each case as more particularly set out in clauses 14 and 15; and

(ii) must not:

(A) enter into, continue or conduct discussions or negotiations with, or enter into a contract, arrangement or understanding with, any person, other than Aurizon or InfraCo, about undertaking Infrastructure Development or about providing Infrastructure Services, or do anything that materially hinders or materially adversely affects Aurizon's ability to perform its obligations under this document and (if relevant) to carry out a PFS; or

(B) take any action in connection with an Alternative Pathway.

(b) The obligation in clause 9.2(a)(ii) shall apply until the earlier of:

(i) termination of this document;

(ii) entry into the Infrastructure Development Agreement;

(iii) the Exclusivity Expiry Date; or

(iv) while either Part B or Part C of the Shareholders Agreement applies, the time at which:

(A) any of the shares in Aquila acquired pursuant to the Takeover Bid and allocated to Aurizon under the Joint Bidding Agreement cease to be beneficially owned within the Aurizon Group; or

(B) a member of the Aurizon Group enters into any agreement, arrangement or understanding involving the conferring of rights on a member of the Aurizon Group, the economic effect of which is equivalent, or substantially equivalent, to the member of the Aurizon Group disposing of ordinary shares in Aquila.

9.3 Best endeavours regarding APIJV

(a) Subject to clause 9.3(b), each party must use its best endeavours to procure the APIJV to, within 15 Business Days of the Board Restructure Date:

(i) become a party to this document by executing an Accession Deed. If it executes an Accession Deed, then:

(A) the APIJV will be added as a party to this document with effect from the "Commencement Date" set out in the Accession Deed executed by it;

(B) the APIJV will be bound by the provisions of this document as if it had been a signatory to this document from that date; and

(C) each reference to Aquila is taken to be a reference to both Aquila and the APIJV where appropriate, except under clauses 6.1(b)(iii), 6.2(b)(iv), 7, 8, 9.2(b)(iv), 12.1(b), 14.1(e) and 18(b);

(ii) if the APIJV does not become a party to this document, appoint, on legally binding terms and conditions to the parties' reasonable satisfaction, Aurizon, for the purpose of pursuing the Commercial Objectives of the parties, exclusively:

(A) to undertake pre-feasibility studies for Infrastructure Development; and

(B) following the pathway set out in this document for developing suitable quality Infrastructure and securing the provision of Infrastructure Services, in an economically efficient way for the mutual benefit of the parties and to thereby facilitate the operations of the APIJV and API Managed Projects, to:

(aa) undertake Infrastructure Development; and

(bb) provide Infrastructure Services;

(iii) act as its agent for the purpose of undertaking Infrastructure Development, including for the purposes of clauses 12.2(f) and 12.3(b); and

(iv) not:

(A) enter into, continue or conduct discussions or negotiations with, or enter into any contract, arrangement or understanding with, any third party about undertaking Infrastructure Development or about providing Infrastructure Services, or do anything that materially hinders or materially adversely affects Aurizon's ability to perform its obligations under this document and (if relevant) to carry out a PFS; or

(B) take any action in connection with an Alternative Pathway.

(b) The parties intend that the obligation in clause 9.3(a)(iv) shall apply until the earlier of:

(i) termination of this document;

(ii) entry into the Infrastructure Development Agreement; or

(iii) the Exclusivity Expiry Date.

10. MINE PRODUCTION, INFRASTRUCTURE CAPACITY AND EXISTING STUDIES

10.1 Tonnage and Mine Life

(a) Baosteel and Aquila (if Aquila is a party to this document) acknowledge and agree that Aurizon, Aquila and Baosteel have entered into, and are to proceed in performing their obligations under, this document based on the following assumptions (**Base Development Assumptions**):

(i) that the APIJV Projects and/or the API Managed Projects will be developed and operated so as to produce iron ore over a 16 year period;

(ii) that the APIJV Projects and/or the API Managed Projects will be developed and operated so as to produce the following quantities of iron ore each year during that 16 year term:

(A) during each of the first two years of production, such quantities as are required to ramp up to full production; and

(B) in each of the succeeding 14 years, a minimum of 40 million tonnes per annum of iron ore at approximately 58% Fe content.

(b) It is the intention of the parties that:

(i) all documentation (including the Infrastructure Development Agreement and Infrastructure Services Agreement) be formulated, negotiated and agreed; and

(ii) all obligations (including those under clauses 11, 12 and 14) be performed,

consistently with, and in reliance on, the Base Development Assumptions.

(c) If, in undertaking and completing the Definitive Mine Feasibility Study, Baosteel and Aquila (if Aquila is a party to this document) determine that it is not commercially feasible and viable to develop and operate the APIJV Projects in accordance with the Base Development Assumptions, then they must state that determination and the reasons for it in the Definitive Mine Feasibility Study and state the conditions on which they reasonably consider it is commercially feasible and viable to develop and operate the APIJV Projects (**Revised Conditions**).

(d) If the Revised Conditions are materially different to the Base Development Assumptions, then Aurizon must elect to:

(i) continue to perform its obligations under clauses 11, 12, 13, 14, 15 and 16 on the basis of the Revised Conditions; or

(ii) be relieved of its obligations under clauses 11, 12, 13, 14, 15 and 16 on the basis of the Revised Conditions, in which case this document terminates with immediate effect.

10.2 Infrastructure capacity

Baosteel, Aurizon and Aquila (if Aquila is a party to this document) agree and acknowledge that:

(a) the APIJV has previously contemplated and assessed Infrastructure Development on the basis that the APIJV Projects would produce, and that Infrastructure would therefore be required to transport and handle, 30 million tonnes per annum of iron ore; and

(b) it is their intention to develop and operate the APIJV Projects so that they produce, and that Infrastructure will therefore be required to transport and handle, a minimum of 40 million tonnes per annum of iron ore (following a two year production ramp-up period).

10.3 **Existing studies**

(a) Baosteel, Aurizon and Aquila (if Aquila is a party to this document) agree and acknowledge that existing studies conducted by or for the APIJV in respect of the Infrastructure have been based on the Infrastructure having a capacity of 30 million tonnes per annum.

(b) Aurizon agrees that it must (if it commences and materially completes the PFS) seek to use the existing studies in performing its obligations under this document, and the extent to which the studies are able to be used will be a matter that Aurizon considers (acting reasonably) as part of its due diligence and gap analysis under this document.

11. RESTRUCTURE OF APIJV ASSETS

11.1 **Identification of APIJV Infrastructure Assets**

Each party must use its best endeavours to procure the APIJV and API to identify and notify Aurizon and Baosteel of all of the APIJV Infrastructure Assets and APIJV Mining Assets.

11.2 **Establishment of InfraCo**

(a) Each party must use its best endeavours (including to procure the APIJV participants and API to use their best endeavours) to, by no later than the Target Date:

(i) identify and determine which of the APIJV Infrastructure Assets and APIJV Mining Assets are likely to be of material value and use to InfraCo for the purpose of undertaking Infrastructure Development and providing Infrastructure Services;

(ii) prepare for the separation of the InfraCo Assets from the MineCo Assets;

(iii) negotiate and agree on the terms and conditions of any "**Asset Transfer Agreements**" that are necessary or desirable to transfer the InfraCo Assets to InfraCo before the Exclusivity Expiry Date, so that:

(A) all of the InfraCo Assets are to be held by InfraCo; and

(B) all of the MineCo Assets are to be held by MineCo;

(iv) irrevocably grant InfraCo the right to use and exploit any APIJV Infrastructure Assets and APIJV Mining Assets to the extent they cannot be transferred to InfraCo but are necessary or desirable for InfraCo to undertake Infrastructure Development or provide Infrastructure Services; and

(v) procure InfraCo, MineCo and any other necessary party (which may include API) to enter into the Asset Transfer Agreement or Asset Transfer Agreements.

(b) The intention of the parties is that:

(i) the entry into an Asset Transfer Agreement or Asset Transfer Agreements, as contemplated by clause 11.2(a)(iii);

(ii) the irrevocable grant to InfraCo of the right to use and exploit any APIJV Infrastructure Assets and APIJV Mining Assets, as contemplated by clause 11.2(a)(iv); and

(iii) the procuring of InfraCo, MineCo and any other necessary party to enter into an Asset Transfer Agreement or Asset Transfer Agreements, as contemplated by clause 11.2(a)(v),

will occur contemporaneously with, and subject to, the execution of the Infrastructure Development Agreement.

(c) In clause 11.2(a), "**Target Date**" means:

(i) in the case of clause 11.2(a)(i), the date that is six months prior to the Exclusivity Expiry Date; and

(ii) in the case of clauses 11.2(a)(ii) to 11.2(a)(v), the date that the Infrastructure Development Agreement is executed.

11.3 Ownership of InfraCo

(a) The parties acknowledge and agree that InfraCo will be majority owned by Aurizon on the date that the transfer of the InfraCo Assets under the Asset Transfer Agreement or Asset Transfer Agreements is completed and that other shareholders may include Baosteel, the original APIJV participants and others in minority participation as determined by the parties.

(b) For the purpose of this document, the date on which the Asset Transfer Agreement or Asset Transfer Agreements are completed refers to the date on which all of the requirements under each Asset Transfer Agreement have been fulfilled, or waived, in accordance with its terms.

11.4 Ownership of MineCo

The parties acknowledge and agree that MineCo will be owned by the APIJV on the date that the Asset Transfer Agreement or Asset Transfer Agreements are completed.

12. EXCLUSIVITY PERIOD OBLIGATIONS

12.1 Due Diligence Committee

(a) Aurizon and Baosteel must immediately establish a due diligence committee (**Due Diligence Committee**) to do the following things after the Board Restructure Date:

(i) provide reasonable assistance to the parties in undertaking due diligence and gap analysis under clauses 12.2(b) and 12.2(c), identifying necessary Authorisations under clauses 12.2(f) and 12.2(g), and advancing (if Aurizon elects to carry out a PFS and requests assistance in relation to it) the PFS, and any other relevant tasks in relation to those activities (the **Due Diligence Activities**);

(ii) assist the parties in carrying out the Due Diligence Activities efficiently, in a way that avoids any over-lap and that maximises the use of any existing due diligence, engineering, commercial and other studies previously carried out by Aquila and/or the APIJV that are available to Aurizon and Baosteel; and

(iii) receive and consider reports provided by each party summarising the conclusions of the activities contemplated by or referred to in this clause 12.

(b) The Due Diligence Committee must be made up of:

(i) four Due Diligence Committee Representatives from Aurizon;

(ii) one Due Diligence Committee Representative from Baosteel;

(iii) one Due Diligence Committee Representative from Aquila (if Aquila is a party to this document); and

(iv) one Due Diligence Committee Representative from the APIJV, chosen by AMCI (if the APIJV is a party to this document).

(c) One member from Aurizon must act as Chairperson of the Due Diligence Committee. The responsibilities of the Chairperson are to ensure that:

(i) the meetings of the Due Diligence Committee are conducted at least once per month (or at such other intervals as the parties agree) and are properly conducted;

(ii) all members are properly heard;

(iii) all agenda items and special issues at the meeting are adequately discussed; and

(iv) the proceedings of meetings of the Due Diligence Committee are properly recorded.

(d) The parties will use their best endeavours to co-operate for the purposes of coordinating the Due Diligence Activities.

12.2 **First Six Months**

(a) This clause 12.2 sets out obligations which must be performed by no later than six months prior to the Exclusivity Expiry Date.

(b) Aurizon must, solely at its own cost, and as soon as reasonably practicable:

(i) conduct all appropriate due diligence and gap analysis on existing studies in respect of the Infrastructure necessary or desirable to identify any further appropriate studies required to give effect to the Commercial Objectives of this document; and

(ii) provide a report or reports to the Due Diligence Committee that set out a summary of the conclusions of its due diligence and gap analysis.

(c) Baosteel and Aquila (if Aquila is a party to this document) must, solely at their own cost:

(i) conduct all due diligence and gap analysis necessary or desirable to confirm the tonnage profile that will form the basis of further studies required to give effect to the Commercial Objectives of this document; and

(ii) provide a report or reports to the other parties setting out a summary of the conclusions of its due diligence and gap analysis.

(d) Baosteel and Aquila (if Aquila is a party to this document) must undertake and complete a definitive mine feasibility study in relation to the APIJV Projects (excluding the Infrastructure and Infrastructure Development) which determines the commercial feasibility and viability of developing and operating the APIJV Projects (**Definitive Mine Feasibility Study**), and provide a written summary of the conclusions of the study to Aurizon.

(e) Aurizon must provide the parties with a Base Tariff, to a +/- 25% level of confidence.

(f) Aurizon must, solely at its own cost:

(i) identify all Authorisations necessary or desirable to build and operate the Infrastructure;

(ii) identify whether the APIJV holds all or any of the Authorisations necessary or desirable to build and operate the Infrastructure; and

(iii) provide a report or reports to the other parties setting out a summary of the conclusions arising from paragraphs (i) and (ii) above.

(g) Baosteel and Aquila (if Aquila is a party to this document) must, solely at their own cost:

(i) identify all Authorisations necessary or desirable to conduct any mining activities that the APIJV carries out, or wishes to carry out;

(ii) identify whether the APIJV holds all or any of the Authorisations necessary or desirable to conduct any mining activities that the APIJV carries out, or wishes to carry out; and

(iii) provide a report or reports to the other parties setting out a summary of the conclusions arising from paragraphs (i) and (ii) above.

(h) Subject to any enforceable legal obligations of confidence that it owes to a third party, Aquila (if Aquila is a party to this document) must provide reasonable assistance to Aurizon and Baosteel in performing their obligations under this clause, including by providing them with reasonable access to its premises, documents, records, Authorisations and staff, responding to questions and requests for information, providing copies of documents and records, and assisting Aurizon and Baosteel in dealing with third parties, including Government Agencies.

(i) If there is any delay in the provision of, or obtaining access to, information, documents, records or Authorisations in connection with the APIJV or APIJV Projects (including existing studies conducted by or for the APIJV in connection with the Infrastructure) where the provision of, or obtaining access to, that information is reasonably necessary for the performance of Aurizon's obligations under this document, then Aurizon is relieved of its obligations under this clause 12.2 to the extent that its ability to perform them is affected.

12.3 Months Six to Exclusivity Expiry Date

(a) On or before the Exclusivity Expiry Date, Aurizon must provide the parties with a binding Base Tariff, to a +/- 15% level of confidence.

(b) Aurizon must, solely at its own cost, use its best endeavours to procure either:

(i) the transfer of; or

(ii) execution of arrangements granting the benefit of,

any Authorisations necessary or desirable to build and operate the Infrastructure, to InfraCo under the Infrastructure Development Agreement.

(c) Baosteel and Aquila (if Aquila is a party to this document) must, solely at their own cost use their best endeavours to procure the transfer of any Authorisations necessary or desirable to conduct any mining activities that the APIJV carries out, or wishes to carry out, to MineCo.

(d) The parties acknowledge and agree that:

(i) Aurizon intends to, but is under no obligation to, undertake a PFS; and

(ii) Aurizon is under no obligation to undertake any definitive feasibility studies under the terms of this document, and that such studies will be governed by the terms of the Infrastructure Development Agreement between InfraCo and MineCo (if it is entered into).

12.4 Early progression to Infrastructure Development Agreement and feasibility study

Subject to clauses 14.1(c), 14.1(d) and 14.1(e), the parties agree that they must use their best endeavours to finalise, as quickly as possible, negotiations in respect of an Infrastructure Development Agreement between InfraCo and MineCo (as required under clause 14.1) including the progression to definitive feasibility studies under it.

13. API MANAGED PROJECTS

Each party must use its best endeavours to procure API to assist Aurizon or InfraCo (as specified by Aurizon) to become appointed to exclusively undertake Infrastructure Development and exclusively provide Infrastructure Services in respect of any API Managed Projects on a basis no less favourable to Aurizon (or another body nominated by Aurizon) than that set out in this document.

14. INFRASTRUCTURE DEVELOPMENT AGREEMENT

14.1 Negotiation of Infrastructure Development Agreement

(a) Each party must use its best endeavours to negotiate an Infrastructure Development Agreement between InfraCo and MineCo that is to be executed by no later than the Exclusivity Expiry Date.

(b) The Infrastructure Development Agreement is to provide for:

(i) InfraCo to undertake Infrastructure Development;

(ii) a transparent process for developing the Infrastructure and incurring capital expenditure;

(iii) setting a Base Tariff;

(iv) the performance of the activities set out in Schedule 2, subject to being revised to take into account the findings arising from the Due Diligence Activities, the Definitive Mine Feasibility Study and the PFS (if Aurizon elects to carry out a PFS); and

(v) InfraCo and MineCo to use their best endeavours to negotiate and conclude the terms of an Infrastructure Services Agreement subsequent to the Infrastructure Development Agreement at the time of completing the activities set out in Schedule 2 (subject to being revised to take into account the findings arising from the Due Diligence Activities, the Definitive Mine Feasibility Study and the PFS (if Aurizon elects to carry out a PFS)), that incorporates the following terms:

(A) subject to the Infrastructure being commissioned, InfraCo (or another body nominated by Aurizon) to provide Infrastructure Services to MineCo on an exclusive "Life-of-Mine" basis;

(B) MineCo to be granted minimum rights in respect of the provision of Infrastructure Services by InfraCo in exchange for paying for those minimum rights on a "take-or-pay" basis, under which:

(aa) if MineCo fails to take its contracted capacity, then MineCo will still be required to pay for it; and

(bb) if InfraCo fails to provide the contracted capacity, then MineCo will not be required to pay for it;

(C) the term of the agreement to be the economic life of any relevant mine plus any agreed extension; and

(D) the Infrastructure Services to be provided on a bundled and an integrated basis (bundling below-rail, above-rail haulage and port services).

(c) The intention of the parties is that InfraCo and MineCo will only enter into the Infrastructure Development Agreement if (assuming they otherwise agree to enter into the Infrastructure Development Agreement):

(i) an Asset Transfer Agreement or Asset Transfer Agreements are entered into, as contemplated by clause 11.2(a)(iii);

(ii) the grant to InfraCo of the right to use and exploit any APIJV Infrastructure Assets and APIJV Mining Assets is made, as contemplated by clause 11.2(a)(iv); and

(iii) the procuring of InfraCo, MineCo and any other necessary party to enter into an Asset Transfer Agreement or Asset Transfer Agreements is achieved, as contemplated by clause 11.2(a)(v).

(d) The parties agree that:

(i) the Infrastructure Development Agreement is intended to be an exclusive agreement for Infrastructure Development and the provision of Infrastructure Services; and

(ii) they must (assuming they otherwise agree to enter into the Infrastructure Development Agreement) enter into (and procure that their related bodies corporate enter into) legally binding contracts to give effect to the requirements set out in this clause.

(e) The parties acknowledge and agree that:

(i) an Infrastructure Development Agreement will only be entered into if the binding Base Tariff provided under clause 12.3(a) is acceptable (in their absolute discretion) to:

(A) Baosteel;

(B) Baosteel and Aquila (if Aquila is a party to this document); or

(C) Baosteel, Aquila and the APIJV (if Aquila and the APIJV are parties to this document); and

(ii) if the binding Base Tariff provided under clause 12.3(a) is not acceptable to the parties referred to in clause 14.1(e)(i), then those parties are under no obligation to continue to negotiate in relation to an Infrastructure Development Agreement.

14.2 Execution of Infrastructure Development Agreement between InfraCo and MineCo

(a) Once the parties have agreed the terms of the Infrastructure Development Agreement, then:

(i) Aurizon must use its best endeavours to procure InfraCo to enter into the Infrastructure Development Agreement; and

(ii) each of Aquila (if Aquila is a party to this document) and Baosteel must use its best endeavours to procure MineCo to enter into the Infrastructure Development Agreement.

(b) On the date that the Infrastructure Development Agreement takes effect, this document is terminated.

(c) For the purposes of this document, the Infrastructure Development Agreement takes effect when it is executed and all conditions precedent (if any) to which it is subject have been satisfied or waived in accordance with its terms.

15. BINDING BASE TARIFF

15.1 Base Tariff Design Brief and Conditions

When a clause of this document requires Aurizon to provide a Base Tariff, within a specified level of certainty, that Base Tariff is to be based on and be subject to:

(i) a description of the Infrastructure Development that is contemplated, including material design parameters, physical attributes and capacities, and operational capabilities;

(ii) a description of the Infrastructure Services to be provided by means of the Infrastructure after the Infrastructure Development is completed and commissioned;

(iii) an explanation of the material terms and conditions on which:

(A) the Infrastructure Development would occur if the Infrastructure Development Agreement was to be entered into; and

(B) the Infrastructure Services would be provided if the Infrastructure Services Agreement was to be entered into; and

(iv) an explanation of the material terms of any operating policies and procedures that would apply to the operation and maintenance of the Infrastructure, such as capacity allocation policies, at a level of detail that is appropriate for the specified level of certainty within which the Base Tariff is to be provided and which is (if relevant) acceptable to Aurizon's financiers (**Base Tariff Design Brief and Conditions**).

15.2 **Base Tariff Assumptions**

A Base Tariff provided by Aurizon is provided based on, and subject to, the following assumptions (**Base Tariff Assumptions**):

(a) that the Infrastructure Development Agreement is entered into between InfraCo and MineCo within two months after the end of the Exclusivity Expiry Date;

(b) that the Infrastructure Development commences no later than a specified date after the end of the Exclusivity Expiry Date;

(c) that Aurizon enters into contracts for the design and construction of the Infrastructure Development no later than a specified date after the end of the Exclusivity Expiry Date; and

(d) that there is no material change in Law after the provision of the Base Tariff.

15.3 **Base Tariff Principles**

A Base Tariff referred to in this document must be structured and determined consistently with the following principles (**Base Tariff Principles**):

(a) The Base Tariff must be structured so that it has an Infrastructure Charge, Fixed Operating Charge, and Variable Operating Charge, as defined in clauses 15.3(b), 15.3(c) and 15.3(d) respectively.

(b) The "**Infrastructure Charge**" component of the Base Tariff must be calculated based on the following principles:

(i) the charge must reflect an agreed return on, and return of, the capital investment based on the "Infrastructure Capital Base" over the initial term of the Infrastructure Services Agreement;

(ii) the "Infrastructure Capital Base" must include capitalised study costs, forecast construction costs, forecast construction costs of any expansions and capitalised forecast finance costs during construction, calculated using an agreed Rate of Return (and based on the conclusions of the work that Aurizon carries out as contemplated in clauses 12.2 and 12.3 and on the assumption that if and to the extent that actual costs exceed any forecast costs, this must be at Aurizon's risk and not affect the calculation of the Infrastructure Charge);

(iii) the Infrastructure Charge is to be calculated by amortising the Infrastructure Capital Base over the initial term of the Infrastructure Services Agreement using an agreed Rate of Return;

(iv) there must be a mechanism to adjust the Infrastructure Charge to account for ramp-up and ramp-down periods to generate a constant real tariff over the term of the Infrastructure Development Agreement, subject to the minimum cash flow requirements of Aurizon or InfraCo (as the case may be) and their debt providers;

(v) the expenditure of sustaining capital and other capital expenditure, along with relevant capitalised finance during construction, is to be added to the

Infrastructure Capital Base, and the Infrastructure Charge is to be adjusted accordingly;

(vi) the methodology for calculating the Infrastructure Charge must clearly identify any assumptions relating to the use of the Infrastructure by third parties, including third party tonnes and proposed third party tariffs, based on expansion principles to be developed by Aurizon; and

(vii) the Infrastructure Charge will be periodically indexed for inflation.

(c) The "**Fixed Operating Charge**" component of the Base Tariff must be calculated based on the following principles:

(i) the Fixed Operating Charge is to be a charge in respect of the fixed costs, including corporate costs, in relation to the operation and maintenance of the Infrastructure, including an agreed margin payable on and above fixed, variable and corporate costs, and will therefore be payable on the basis of contracted capacity (not actual throughput) that is agreed between the parties;

(ii) there will be an agreed mechanism to reset the Fixed Operating Charge periodically to reflect agreed changes in underlying costs, market conditions and operating plans; and

(iii) the Fixed Operating Charge will be periodically indexed for inflation.

(d) The "**Variable Operating Charge**" component of the Base Tariff must be calculated based on the following principles:

(i) the Variable Operating Charge is to be a charge in relation to the variable costs in relation to the operation and maintenance of the Infrastructure and will therefore be payable on the basis of actual throughput;

(ii) there will be an agreed mechanism to reset the Variable Operating Charge periodically to reflect agreed changes in underlying costs, market conditions and operating plans; and

(iii) the Variable Operating Charge will be periodically indexed for inflation.

16. **PFS**

(a) If Aurizon undertakes a PFS, then:

(i) Baosteel and Aquila (if Aquila is a party to this document) must provide Aurizon with all reasonable assistance in undertaking the PFS, including by providing Aurizon and its Associates with access (following a reasonable request) to their documents, records, Authorisations and staff, responding to questions and requests for information, providing copies of documents and records, and assisting Aurizon in dealing with third parties, including Government Agencies;

(ii) Aurizon will provide a written report summarising the conclusions of the PFS to the Due Diligence Committee (which may be on reasonable conditions, including in relation to confidentiality and the use of Intellectual Property);

(iii) Aurizon may raise matters in connection with the PFS with the Due Diligence Committee and ask the Due Diligence Committee for reasonable assistance in connection with the PFS, in which case the Due Diligence Committee and parties must use their best endeavours to provide that assistance; and

(iv) to the extent it is practicable to do so, Aurizon may confer with the Due Diligence Committee in undertaking the PFS and may consider its recommendations in relation to Infrastructure Development.

(b) To avoid doubt:

(i) Aurizon intends to undertake a PFS;

(ii) it is at Aurizon's absolute discretion as to whether it undertakes a PFS; and

(iii) if Aurizon decides to undertake a PFS, then:

(A) it is at Aurizon's absolute discretion to determine the scope, extent and level of detail of the PFS; and

(B) Aurizon is under no obligation to complete the PFS (either at all or by a particular time) and is under no obligation as to the standard as to which it undertakes or completes the PFS (if it does so).

17. MOST FAVOURED NATION CLAUSE

It is the intention of the parties that the Infrastructure Development Agreement, or the Infrastructure Services Agreement that InfraCo and MineCo will negotiate during the term of the Infrastructure Development Agreement (if it is entered into), or both, will provide that, if InfraCo enters into any long term agreement with a third party for Infrastructure Development or the provision of Infrastructure Services, the terms (including proposed tariffs) of which are materially more favourable to that third party than are the terms of any agreement relating to the same or similar subject matter with MineCo (having regard to the credit standing of the third party, the mining operations undertaken by the third party, the reserves at the relevant mine(s) to be serviced by Aurizon or InfraCo, and other risk factors), then InfraCo will be required to:

(a) promptly notify MineCo of the existence of such other agreement and the material features of those favourable terms; and

(b) offer to MineCo those terms from the date of commencement of operation of those favourable terms (if that is a prior date), and in any event, for either the balance of the term of the agreement between InfraCo and MineCo or, if shorter, the period that the more favourable terms are available to the third party.

18. NO RESTRICTION ON AURIZON

(a) Nothing in this document has the effect, or is intended to have the effect, of preventing, restricting or limiting Aurizon from:

(i) undertaking Infrastructure Development for, or providing Infrastructure Services to, third parties (including by means of, or using, the Infrastructure or the APIJV Infrastructure Assets, and including parties involved in or associated with the APIJV and API Managed Projects, such as AMCI); or

(ii) entering into contracts, arrangements or understandings with other persons (including persons involved in or associated with the APIJV and API Managed Projects, such as AMCI) for that or any other purpose.

(b) If Aurizon enters into an agreement with a participant in the APIJV under which Aurizon agrees to undertake Infrastructure Development for, or provide Infrastructure Services in relation to, the APIJV Projects, then:

(i) Baosteel is relieved of its obligations under clause 6.2(a); and

(ii) Aquila (if Aquila is a party to this document) is relieved of its obligations under clause 9.2,

unless:

(iii) Baosteel and Aquila (if Aquila is a party to this document) consent to Aurizon entering into the agreement; or

(iv) the agreement into which Aurizon enters is contemplated by this document.

(c) Nothing in clause 18(b) affects the operation of clause 18(a).

19. INTELLECTUAL PROPERTY

19.1 Intellectual Property created under this document

(a) Subject to clause 19.1(b), the parties acknowledge that:

(i) all Intellectual Property developed solely by a party in the course of performing this document (**Project Intellectual Property**) will be owned solely by the party who developed that Project Intellectual Property, and vests immediately on creation to that party; and

(ii) all Intellectual Property jointly developed by more than one party in the course of performing this document (**Joint Project Intellectual Property**) will be owned jointly by each party that jointly developed that Joint Project Intellectual Property as tenants in common in equal shares, and vests immediately on creation to those parties.

(b) Each party acknowledges and agrees that all Intellectual Property developed by, or for, a party pursuant to:

(i) clauses 12.2(b), 12.2(e), 12.2(f), 12.3(a) or 15, or in connection with a PFS, will be owned solely by Aurizon and will (or will be deemed to) vest immediately to Aurizon on creation and will be Project Intellectual Property of Aurizon; and

(ii) clauses 12.2(c), 12.2(d) or 12.2(g) will be owned:

(A) subject to clause 19.1(b)(ii)(B), solely by Baosteel and will (or will be deemed to) vest immediately to Baosteel on creation and will be Project Intellectual Property of Baosteel; or

(B) if Aquila is a party to this document, by Baosteel and Aquila and will (or will be deemed to) vest immediately to Baosteel and Aquila on creation and will be Joint Project Intellectual Property of Baosteel and Aquila.

(c) Subject to clause 19.1(d), each owner of Joint Project Intellectual Property irrevocably consents to each other owner of that Joint Intellectual Property using, adapting, reproducing, exploiting and disclosing that Joint Project Intellectual Property for any purpose.

(d) A party must not assign nor grant any licence, sub-licence, or right to another person under the Joint Project Intellectual Property that it owns without the prior written consent of the other parties (such consent not to be unreasonably withheld).

(e) Baosteel and Aquila (if Aquila is a party to this document) grant to Aurizon an irrevocable, non-transferable, non-exclusive, royalty-free, licence to use, adapt, reproduce, exploit and disclose the Project Intellectual Property, for the Permitted Purpose. This licence carries the right to grant a sub-licence to InfraCo but only for the Permitted Purpose.

19.2 **Background IP**

(a) Each party acknowledges that it retains ownership of all of its Background IP.

(b) Each party grants to each other party a non-exclusive, non-transferable, royalty-free licence to use, adapt, reproduce, exploit and disclose the Background IP for the Permitted Purpose.

(c) To the extent that Background IP is necessary to use and exploit Project Intellectual Property or Joint Project Intellectual Property, each party grants to each other party a non-exclusive, non-transferable, royalty-free and irrevocable licence to use, adapt, reproduce, exploit and disclose the Background IP for the Permitted Purpose. This licence carries the right to grant sub-licences to the APIJV but only for the Permitted Purpose.

19.3 **No infringement**

Each party warrants to the best of its knowledge and belief after making all reasonable enquiries that the other party's use of the Intellectual Property under this clause 19 will not infringe any Intellectual Property rights of any person nor give rise to any liability to make royalty or other payments to any person.

19.4 **Survives termination**

This clause 19 survives termination of this document.

20. CONSEQUENTIAL LOSS

20.1 **Exclusion of consequential loss**

To the full extent permitted by Law, neither party (including its directors, officers, employees or agents) has or is under any liability (whether in negligence or otherwise) to the other party (including its directors, officers, employees or agents) for loss of profit of any nature whatsoever, loss of expected savings, loss of opportunity, loss or reduction of goodwill and damage to reputation and all forms of consequential loss or damage in connection with any matter arising under, or in connection with, this document or the performance of this document (including economic loss).

20.2 **Survive termination**

This clause 20 survives the expiry or termination of this document.

21. DISPUTE RESOLUTION

21.1 **Application**

Any Dispute must be determined in accordance with the procedure in this clause.

21.2 **Negotiation**

(a) If any Dispute arises, either party (the **Referring Party**) may by giving notice to the other party (**Dispute Notice**) refer the Dispute to the Senior Management Representatives for resolution. The Dispute Notice must:

(i) be in writing;

(ii) state that it is given pursuant to this clause 21; and

(iii) include or be accompanied by reasonable particulars of the Dispute including:

(A) a brief description of the circumstances in which the Dispute arose;

(B) references to any:

(aa) provisions of this document; and

(bb) acts or omissions of any person,

relevant to the Dispute; and

(C) where applicable, the amount in dispute (whether monetary or any other commodity) and if not precisely known, the best estimate available.

(b) Within 10 Business Days of the Referring Party giving the Dispute Notice (**Resolution Period**), the Senior Management Representatives must meet at least once to attempt to resolve the Dispute. The parties must not delegate the function of the Senior Management Representatives to any other person.

(c) The Senior Management Representatives may meet more than once to resolve a Dispute. The Senior Management Representatives may meet in person, via telephone, video conference, internet-based instant messaging or any other agreed means of instantaneous communication to effect the meeting.

(d) Each party warrants that their Senior Management Representative has full authority to resolve any Dispute.

21.3 **Mediation**

(a) If the parties are unable to resolve the Dispute within the Resolution Period, then the Dispute will be referred to a formal mediation in Western Australia by a single mediator:

(i) agreed by the parties within 5 Business Days of the end of the Resolution Period; or

(ii) failing such agreement, by a mediator appointed by the IAMA.

(b) Unless the parties otherwise agree:

(i) the parties must meet at least once before the mediator to attempt to resolve the Dispute through mediation;

(ii) each party may appoint a person, including a legally qualified person, to represent it or assist in the mediation;

(iii) each party must bear its own costs relating to the preparation for, and attendance at, the mediation; and

(iv) the costs of the mediator are to be borne equally by the parties.

21.4 Expert determination

(a) If the parties are unable to resolve the Dispute by mediation, then either party may give notice to the other party that the Dispute is to be determined by expert determination.

(b) An expert determination of a Dispute is to be conducted:

(i) by an independent and impartial industry expert with appropriate qualifications and practical experience:

(A) agreed by the parties within 5 Business Days of the date on which a party gives notice that the Dispute is to be determined by expert determination; or

(B) failing such agreement, by an expert appointed by the IAMA; and

(ii) in accordance with the IAMA Expert Determination Rules.

(c) To the extent of any inconsistency between the terms of this document and the IAMA Expert Determination Rules, the terms of this document prevail.

(d) The parties must do all things reasonably necessary for the proper, expeditious and cost-effective conduct of the expert determination process.

(e) The parties must, despite clause 5(b), enter into an agreement with the appointed expert on such terms as are reasonable having regard to the qualifications of the expert, the functions the expert is to perform, the expertise that the expert is to bring to the task and the responsibility that the expert is to undertake (**Expert Determination Agreement**).

(f) The parties must not, despite clause 5(b), withhold agreement to:

(i) any term that the expert requests be included in the Expert Determination Agreement, provided the term is reasonable and does not conflict with this document; or

(ii) any reasonable fees and disbursements the expert requests to be set out in the Expert Determination Agreement.

(g) An expert determination conducted under this document is not an arbitration and the expert is not an arbitrator. The expert may reach a decision from his or her own knowledge and expertise.

(h) Each party will:

(i) bear its own costs in respect of any expert determination; and

(ii) pay an equal portion of the expert's costs.

(i) Unless otherwise agreed between the parties, the expert must notify the parties of his or her decision upon an expert determination conducted under this clause 21 within 20 Business Days from the acceptance by the expert of his or her appointment or such longer period as the parties may agree.

(j) The determination of the expert:

(i) must be in writing and must include the expert's opinion with respect to the matters in question and the reasons for the decision; and

(ii) will be final and binding on the parties.

21.5 **Continuance of performance**

Despite the existence of a Dispute, the parties must continue to perform their respective obligations under this document.

21.6 **Appeals against awards**

The parties expressly agree that a party may apply to a court for an appeal on a question of law in connection with an expert determination.

21.7 **Survive termination**

This clause 21 survives the expiry or termination of this document.

22. **REPRESENTATIONS AND WARRANTIES**

22.1 **Representations and warranties**

Each party represents and warrants that:

(a) (**status**) it and each of its subsidiaries is a company limited by shares under the Corporations Act;

(b) (**power**) it has full legal capacity and power to:

(i) own its property and to carry on its business; and

(ii) enter into this document and to carry out the transactions that it contemplates;

(c) (**corporate authority**) it has taken all corporate action that is necessary or desirable to authorise its entry into this document and to carry out the transactions contemplated;

(d) (**Authorisations**) it holds each Authorisation that is necessary or desirable to:

(i) enable it to properly execute this document and to carry out the transactions that it contemplates;

(ii) ensure that this document is legal, valid, binding and admissible in evidence; or

(iii) enable it to properly carry on its business as it is now being conducted,

and it is complying with any conditions to which any of these Authorisations is subject;

(e) (**documents effective**) this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditors' rights generally), subject to any necessary stamping or registration;

(f) (**no contravention**) neither its execution of this document nor the carrying out by it of the transactions that this document contemplates, does or will:

(i) contravene any Law to which it or any of its property is subject or any order of any Government Agency that is binding on it or any of its property;

(ii) contravene any Authorisation;

(iii) contravene any agreement binding on it or any of its property;

(iv) contravene its constitution or the powers or duties of its directors; or

(v) require it to make any payment or delivery in respect of any Financial Indebtedness before it would otherwise be obliged to do so;

(g) (**commercial benefit**) the execution by it of this document, and the carrying out by it of the transactions that this document contemplates, is for its corporate benefit and in its commercial interests; and

(h) (**solvency**) there are no reasonable grounds to suspect that it will not be able to pay its debts as and when they become due and payable.

22.2 Reliance on representations and warranties

Each party acknowledges that the other party has executed this document and agreed to take part in the transactions that it contemplates in reliance on the representations and warranties that are made or repeated in this clause 22.

23. AMENDMENT AND ASSIGNMENT

23.1 Amendment

This document can only be amended or replaced by another document executed by the parties.

23.2 Assignment

A party may only assign, encumber, declare a trust over or otherwise deal with its rights under this document with the prior consent of each other party.

24. CONFIDENTIALITY

24.1 Definition of Confidential Information

(a) In this document, **Confidential Information** means information that:

(i) relates to the business, assets or affairs of a party; and

(ii) is by its nature confidential or the receiving party knows, or ought to know, is confidential.

(b) Confidential Information may be made available or obtained directly or indirectly, and before, on or after the date of this document.

(c) Confidential Information does not include this document, or information that:

(i) is in or enters the public domain through no fault of the receiving party or any of its officers, employees or agents;

(ii) is or was made available to the receiving party by a person (other than the disclosing party) who is not or was not then under an obligation of confidence to the disclosing party in relation to that information; or

(iii) is or was developed by the receiving party independently of the disclosing party and any of its officers, employees or agents.

24.2 **Use and disclosure of Confidential Information**

A party (the **Recipient**) which acquires Confidential Information of another party (the **Discloser**) must not:

(a) use any of the Confidential Information except to the extent necessary to exercise its rights and perform its obligations under this document; or

(b) disclose any of the Confidential Information except in accordance with clauses 24.3, 24.4 or 24.5.

24.3 **Negotiations with the State**

A Recipient is expressly authorised to use and disclose Confidential Information of the Discloser to the State or a Government Agency, or a representative of the State or a Government Agency, to the extent that the Recipient considers reasonably necessary to negotiate the terms of a State Agreement, or obtain or transfer any necessary Authorisation, in respect of designing, constructing or operating the Infrastructure. Before making any such disclosure the Recipient must consult with the Discloser and ensure that the State or Government Agency, or representative of the State or Government Agency, acknowledges that the information is confidential to the Discloser and that the State or the Government Agency will take reasonable steps to protect the confidential information.

24.4 **Disclosures to personnel and advisers**

(a) The Recipient may disclose Confidential Information to an officer, employee, agent, contractor, or legal, financial or other professional adviser if:

(i) the disclosure is necessary to enable the Recipient to perform its obligations or to exercise its rights under this document; and

(ii) prior to disclosure, the Recipient informs the person of the Recipient's obligations in relation to the Confidential Information under this document and obtains an undertaking from the person to comply with those obligations.

(b) The Recipient must ensure that any person to whom Confidential Information is disclosed under clause 24.4(a) keeps the Confidential Information confidential and does not use it for any purpose other than as permitted under clause 24.4(a).

24.5 **Disclosures required by law**

(a) Subject to clause 24.5(b), the Recipient may disclose Confidential Information that the Recipient is required to disclose:

(i) by Law or by order of any court or tribunal of competent jurisdiction; or

(ii) by any Government Agency, stock exchange or other regulatory body.

(b) If the Recipient is required to make a disclosure under clause 24.5(a), the Recipient must:

(i) to the extent possible, notify the Discloser immediately if it anticipates that it may be required to disclose any of the Confidential Information;

(ii) consult with and follow any reasonable directions from the Discloser to minimise disclosure; and

(iii) if disclosure cannot be avoided:

(A) only disclose Confidential Information to the extent necessary to comply; and

(B) use reasonable efforts to ensure that any Confidential Information disclosed is kept confidential.

24.6 Restrictions on public announcements

Subject to clause 24.5, no party may directly or indirectly make a public announcement about or comment on the contents of this document including any discussions between the parties, without the prior consent of the other party.

24.7 Survival of obligations

The obligations in this clause 24 survive the termination or expiry of this document.

25. FORCE MAJEURE

25.1 Notice and suspension of obligations

If a party to this document is affected, or likely to be affected, by a Force Majeure Event:

(a) that party must immediately give the other parties prompt notice of that fact including:

(i) full particulars of the Force Majeure Event;

(ii) an estimate of its likely duration;

(iii) the obligations affected by it and the extent of its effect on those obligations; and

(iv) the steps taken to rectify it; and

(b) the obligations (other than payment obligations) under this document of the party giving the notice are suspended to the extent to which they are affected by the relevant Force Majeure Event as long as the Force Majeure Event continues.

25.2 Effort to overcome

A party claiming a Force Majeure Event must use its best endeavours to remove, overcome or minimise the effects of that Force Majeure Event as quickly as possible. This does not require a party to settle any industrial dispute in any way that it considers inappropriate.

26. BREACH OF EXCLUSIVITY OBLIGATIONS

(a) Each party acknowledges and agrees that:

(i) any breach or threatened breach of an Exclusivity Clause may cause Aurizon and/or InfraCo immediate and irreparable harm for which damages alone may not be an adequate remedy; and

(ii) Aurizon may commence proceedings to restrain any breach or threatened breach of an Exclusivity Clause or compel specific performance of an Exclusivity Clause.

(b) In this clause 26, "**Exclusivity Clause**" means any of clauses 6.1(a), 6.2(a), 9.2(a) and 9.3(a).

27. TERMINATION

27.1 Termination

This document may be terminated:

(a) by agreement in writing between the parties, with effect from the date agreed by the parties;

(b) if permitted, and in the manner specified, by clause 2.2(c), 27.1, 27.2, or 27.3;

(c) by operation of clause 10.1(d)(ii); or

(d) by operation of clause 14.2(b).

27.2 Termination by Aquila or Baosteel after notice

If Aurizon substantially fails to perform a material obligation under this document then Aquila (if Aquila is a party to this document) or Baosteel may notify Aurizon of the default and may give Aurizon 3 months to rectify the default. If Aurizon does not rectify the default within that time, then either Aquila (if Aquila is a party to this document) or Baosteel may terminate this document immediately by notice in writing to the other parties.

27.3 Termination by Aurizon after notice

If Aquila (if Aquila is a party to this document) or Baosteel substantially fail to perform a material obligation under this document, then Aurizon may notify Aquila (if Aquila is a party to this document) and Baosteel of the default and may give Aquila (if Aquila is a party to this document) or Baosteel (as the case may be) 3 months to rectify the default. If Aquila (if Aquila is a party to this document) or Baosteel (as the case may be) does not rectify the default within that time, Aurizon may terminate this document in respect of the defaulting party immediately by notice in writing to all parties.

27.4 Consequences of termination

(a) A party's entitlement to damages is in addition to any other rights and remedies that party may have, including termination of this document.

(b) The termination of this document does not affect:

(i) any claim that either party may have against the other, including a claim for loss of bargain resulting from the termination; and

(ii) any right that is expressed to survive termination.

(c) Any valid exercise by a party of the right to terminate under this document is not a breach or repudiation of this document.

28. GOODS AND SERVICES TAX PROVISIONS

28.1 Definitions

(a) In this clause 28:

GST includes any additional tax, penalty, fine, interest or other charge relating to GST.

GST Law means the same as "GST law" means in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

(b) Interpretation

Terms defined in the GST Law have the same meaning in this clause/document unless the context otherwise requires.

28.2 **GST pass on**

If GST is or will be payable on a supply made under or in connection with this document, to the extent that the consideration otherwise provided for that supply under this document is not stated to include an amount in respect of GST on the supply:

(a) the consideration otherwise provided for that supply under this document is increased by the amount of that GST; and

(b) the recipient must make payment of the increase as and when the consideration otherwise provided for, or relevant part of it, must be paid or provided or, if the consideration has already been paid or provided, within seven days of receiving a written demand from the supplier.

28.3 **Later adjustment to price or GST**

If there is an adjustment event in relation to a supply which results in the amount of GST on a supply being different from the amount in respect of GST already recovered by the supplier, as appropriate, the supplier within 14 days of becoming aware of the adjustment event:

(a) may recover from the recipient the amount by which the amount of GST on the supply exceeds the amount already recovered by giving seven days written notice; or

(b) must refund to the recipient the amount by which the amount already recovered exceeds the amount of GST on the supply to the extent that the supplier is entitled to a refund or credit from the Commissioner of Taxation; and

(c) must issue an adjustment note or tax invoice reflecting the adjustment event in relation to the supply to the recipient within 28 days of the adjustment event except where the recipient is required to issue an adjustment note or tax invoice in relation to the supply.

28.4 **Tax invoices/adjustment notes**

The right of the supplier to recover any amount in respect of GST under this document on a supply is subject to the issuing of the relevant tax invoice or adjustment note to the recipient except where the recipient is required to issue the tax invoice or adjustment note.

28.5 **Change in the GST Law**

If the GST Law changes after the date of this document to change the amount of GST on a supply, any consideration that expressly includes GST must be adjusted to reflect the change in the GST Law.

28.6 **Reimbursements/Indemnities**

(a) Costs actually or estimated to be incurred or revenue actually or estimated to be earned or lost by a party that is required to be reimbursed or indemnified by another party or used as the basis for calculation of consideration for a supply under this document must exclude the amount of GST referrable to the cost to the extent to which an entitlement arises or would arise to claim an input tax credit and in relation to revenue must exclude any amount in respect of GST referable to the revenue.

(b) The parties each indemnify the other against all GST, and losses, liabilities and expenses (including legal liabilities on a full indemnity basis) that the other incurs (directly or indirectly) as a result of a breach of a warranty or other provision in this document relating to GST.

29. **NOTICES**

29.1 **How to give a notice**

A notice, consent or other communication under this document is only effective if it is:

(a) in writing, signed by or on behalf of the person giving it;

(b) addressed to the person to whom it is to be given; and

(c) either:

(i) sent by pre-paid mail (by airmail, if the addressee is overseas) or delivered to that person's address; or

(ii) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full without error.

29.2 **When a notice is given**

A notice, consent or other communication that complies with this clause is regarded as given and received:

(a) if it is sent by fax or delivered, if received:

(i) by 5.00 pm (local time in the place of receipt) on a Business Day - on that day; or

(ii) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day - on the next Business Day; and

(b) if it is sent by mail - on actual receipt.

29.3 **Address for notices**

A person's mail and fax number are those set out below, or as the person notifies the sender:

Aurizon
Address: Level 17, 175 Eagle Street, Brisbane, QLD, 4000
Fax number: +61 7 3019 2188
Attention: Group General Counsel

BRA

Address:	Level 20, 77 St Georges Terrace, Perth, WA, 6000
Fax number:	+61 8 9220 5811
Attention:	Managing Director

Fortune BS

Address:	7, Temasek Boulevard, #27-01A, Singapore (038987)
Fax number:	+65 6884 5969
Attention:	Finance Manager

30. GENERAL

30.1 Governing law

(a) This document is governed by the laws of the State of Western Australia.

(b) Each party submits to the jurisdiction of the courts of that State and of any court that may hear appeals from any of those courts, for any proceedings in connection with this document.

30.2 Liability for expenses

Each party must pay its own expenses incurred in negotiating, executing, stamping and registering this document.

30.3 Giving effect to documents

Each party must do anything (including execute any document), and must ensure that its employees and agents do anything (including execute any document), that any other party may reasonably require to give full effect to this document. This includes perfecting and protecting any Security Interest intended to be created by or pursuant to this document.

30.4 Variation of rights

The exercise of a right partially or on one occasion does not prevent any further exercise of that right in accordance with the terms of this document. Neither a forbearance to exercise a right nor a delay in the exercise of a right operates as an election between rights or a variation of the terms of this document.

30.5 Operation of this document

(a) Subject to paragraph (b), this document contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this document and has no further effect.

(b) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.

(c) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

30.6 Consents

Where this document contemplates that a party may agree or consent to something (however it is described), the party may:

(a) agree or consent, or not agree or consent, in its absolute discretion; and

(b) agree or consent subject to conditions,

unless this document expressly contemplates otherwise.

30.7 Exclusion of contrary legislation

Any legislation that affects an obligation of a party in a manner that is adverse to the interests of the other party, or adversely affects the exercise by the other party of a right or remedy under or relating to this document, is excluded to the full extent permitted by Law.

30.8 Time is of the essence

Time is of the essence in this document.

30.9 Counterparts

(a) This document may be executed in counterparts and all executed counterparts, taken together, constitute one and the same instrument even though the parties may not have executed each separate counterpart. Where it has been executed in counterparts, the date of this document is the day on which the last of the parties delivers the executed counterpart to the other party.

(b) Delivery of a counterpart of this document by email attachment or fax constitutes an effective mode of delivery.

SCHEDULE 1

Accession Deed Poll

This deed poll is made on [***insert date***].

By: [***insert details***] (**Joining Party**).

Recitals

(A) By a document called the "Infrastructure Framework Agreement" dated [***insert date***] (**Infrastructure Framework Agreement**), Aurizon Operations Limited (**Aurizon**), Baosteel Resources Australia Pty Ltd (**BRA**) and Fortune BS Company Pte. Ltd. (**Fortune BS**) agreed to procure Joining Party to become a party to the Infrastructure Framework Agreement in order for the parties to undertake Infrastructure Development and to provide Infrastructure Services to, for, and in connection with the APIJV and API Managed Projects.

(B) Joining Party has agreed to be bound by the terms of the Infrastructure Framework Agreement and to perform the obligations that are expressed to apply to it under the Infrastructure Framework Agreement.

1. **INTERPRETATION**

Terms not otherwise defined in this document have the same meaning as in the Infrastructure Framework Agreement.

2. **COVENANTS BY JOINING PARTY**

(a) With effect from [***insert date on which this Deed Poll is executed***] (**Commencement Date**), Joining Party is to be added as a party to the Infrastructure Framework Agreement, and is bound by the provisions of the Infrastructure Framework Agreement as if it had been a signatory to the Infrastructure Framework Agreement.

(b) Joining Party's obligations under the Infrastructure Framework Agreement are those obligations that are expressed to apply to it under the Infrastructure Framework Agreement.

(c) Joining Party confirms the Infrastructure Framework Agreement.

3. **DECLARATION AND ACKNOWLEDGEMENT**

(a) Joining Party declares that it has executed this deed for the benefit of the parties to the Infrastructure Framework Agreement.

(b) Joining Party declares that, in permitting Joining Party to become a party to the Infrastructure Framework Agreement, Aurizon, BRA and Fortune BS have relied on the execution of this document by Joining Party and the covenants, declarations and acknowledgements made by Joining Party contained in this document.

4. **GOVERNING LAW AND JURISDICTION**

This document is governed by the provisions of the Infrastructure Framework Agreement relating to governing law and jurisdiction.

5. **NOTICES**

Joining Party's address, fax number and email address for notices are those set out below, or as Joining Party notifies the sender:

[***insert details***]
Address: [address]
Fax number: [fax number]
Attention: [name]

Executed as a deed poll.

SCHEDULE 2

Infrastructure Development Process

Feasibility Study

FEASIBILITY STUDIES			
Technical	InfraCo	(a) must conduct studies to develop the infrastructure project to feasibility confidence level of CAPEX +/- 10% (b) must complete EPC tender process and mobilise (c) must complete work-force planning (d) must procure all long lead items	(a) definitive feasibility study report to be developed that is bankable
Commercial	InfraCo	(a) must negotiate service and access agreements (b) must negotiate supplier agreements	(a) binding Infrastructure Services and access agreements to be entered into with customers based on "take or pay" concepts (b) capacity management protocols and development protocols to be in place (c) construction and supplier contracts for InfraCo to be entered into
	MineCo	(a) must negotiate construction and supplier contracts for MineCo Assets	(a) off-take agreements to be entered into (b) construction and supplier contracts for MineCo Assets to be entered into
Approvals	InfraCo	(a) must finalise the State Agreement (b) must complete environmental approvals (c) must complete negotiation of native title agreements (d) must enter into land tenure agreements with lease holders and freehold land owners (e) must submit accreditation approvals to the Office of Rail Safety	(a) all relevant State and federal environmental approvals to be obtained (b) all native title agreements to be executed (c) State Agreement to be legislated (d) accreditation obtained from the Office of Rail Safety

		(f) must finalise economic regulation strategy and model	(e) an approved access regime to be in place (f) all land tenure must be granted (g) economic regulation strategy and model finalised and framework implemented
Financial	InfraCo	(a) must provide funding for Railway Infrastructure and Port Infrastructure pre-feasibility studies	(a) equity funding agreements to be entered into (b) debt funding agreements to be entered into
	MineCo	(a) must provide funding for mine, Railway Infrastructure and Port Infrastructure pre-feasibility studies	(a) equity funding agreements to be entered into (b) debt funding agreements to be entered into
Committee Stage Gate	InfraCo and MineCo	(a) InfraCo has exclusivity with MineCo for the provision of Infrastructure Services within the Infrastructure Development Agreement	(a) all relevant agreements described above must be executed (b) all parties must agree to proceed to next phase of Infrastructure Development process

EXECUTED as an agreement.

Executed by **Aurizon Operations Limited** ACN 124 649 967 in accordance with section 127 of the *Corporations Act 2001* (Cth)

Signature of director ←

Signature of ~~director~~/company secretary
(Please delete as applicable) ←

LANCE HOCKRIDGE

Name of director (print)

Dominic Dupont Smith

Name of ~~director~~/company secretary (print)

Executed by Mr Ji Chao as attorney for **Baosteel Resources Australia Pty Ltd ABN 66 154 815 362** under power of attorney dated 4 April 2014 who has no notice of revocation of such power of attorney in the presence of

Signature of witness ←

Signature of attorney ←

BRYN DAVIS

Name of witness (print)

Executed by **Fortune BS Company Pte. Ltd.** (a company incorporated under the laws of Singapore and having registration number 200916207M) by its authorised director

Signature of authorised director ←

Ji Chao

Name of authorised director (print)

ANNEXURE E

Convertible Securities Agreement

Form 603
Aurizon Holdings Limited
ACN 146 335 622

This is the Annexure E of 5 pages referred to in the Form 603 (Notice of initial substantial holder) signed by me and dated 5 May 2014.

I certify that this a true copy of the agreement.

Dominic D Smith
Company Secretary
Dated: 5 May 2014

THIS AGREEMENT is made on 4 MAY 2014

BETWEEN:

(1) **Baosteel Resources Australia Pty Ltd** ABN 66 154 815 362 (**BRA**); and

(2) **Aurizon Operations Limited** ABN 47 564 947 264 (**Aurizon**); and

(3) **ACN 169 052 288 Pty Ltd (SPV)**.

RECITALS:

(A) BRA and Aurizon (together the **Bidders**) have entered into a Joint Bidding Agreement (**JBA**) on or about the date of this agreement.

(B) Clause 4.4 of the JBA contemplates that the Bidders or a related body corporate of them will in certain circumstances exercise rights of compulsory acquisition available to them or it under the Corporations Act.

(C) SPV is a related body corporate of each of the Bidders.

(D) This agreement is entered into to record the arrangements between the parties to facilitate the compulsory acquisition contemplated by clause 4.4(a)(ii) of the JBA.

THE PARTIES AGREE AS FOLLOWS:

1. INTERPRETATION

In this agreement, words and phrases ascribed a meaning by the JBA have the same meaning for the purpose of this agreement.

2. COMPULSORY ACQUISITION

(a) If during the Offer Period the Bidders become entitled to proceed with compulsory acquisition under Part 6A.1 of the Corporations Act in respect of Aquila Shares and SPV becomes entitled to proceed with compulsory acquisition under Part 6A.2 of the Corporations Act, SPV must exercise the rights and implement the procedures set out in that Part and Part 6A.3 so as to compulsorily acquire the Aquila Convertible Securities which are then outstanding, for consideration to be agreed jointly by the Bidders.

(b) The Bidders agree with SPV to contribute sufficient capital to SPV to enable SPV to meet its obligations under the Corporations Act in respect of the compulsory acquisition of the Aquila Convertible Securities in a timely manner. The parties acknowledge that, in accordance with clause 4.4 of the JBA, the capital contributions as between BRA and Aurizon shall be in the ratio of 85:15.

(c) The parties agree to procure that any Aquila Convertible Securities acquired pursuant to Part 6A.2 and 6A.3 of the Corporations Act are cancelled promptly following their acquisition (on terms agreed by the Aurizon and BRA acting reasonably).

3. JBA

Each of BRA and Aurizon acknowledges that this agreement is supplementary to the JBA and is not intended to limit their respective obligations to each other under the JBA, the Shareholders Agreement or the Infrastructure Framework Agreement.

4. GENERAL

4.1 Further action

Each Bidder must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this agreement and any transaction contemplated by it.

4.2 Counterparts

This agreement may be executed in counterparts. All executed counterparts constitute one document.

4.3 Governing law

This agreement is governed by the law of Western Australia and each Bidder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

EXECUTED as an agreement.

Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

Executed by Mr Ji Chao as attorney for **Baosteel Resources Australia Pty Ltd ABN 66 154 815 362** under power of attorney dated 4 April 2014 who has no notice of revocation of such power of attorney in the presence of

← Signature of witness	← Signature of attorney
Name of witness (print)	

Executed by **Aurizon Operations Limited ABN 47 564 947 264** in accordance with section 127 of the Corporations Act 2001 (Cth)

← Signature of director	← Signature of ~~director~~/company secretary (Please delete as applicable)
LANCE HOCKRIDGE Name of director (print)	Dominic Dupont Smith Name of ~~director~~/company secretary (print)

4. GENERAL

4.1 Further action

Each Bidder must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this agreement and any transaction contemplated by it.

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EXECUTED as an agreement.

Each person who executes this document on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

Executed by Mr Ji Chao as attorney for **Baosteel Resources Australia Pty Ltd ABN 66 154 815 362** under power of attorney dated 4 April 2014 who has no notice of revocation of such power of attorney in the presence of

B Davis ←

Signature of witness

纪超 ←

Signature of attorney

BRYN DAVIS

Name of witness (print)

Executed by **Aurizon Operations Limited ABN 47 564 947 264** in accordance with section 127 of the Corporations Act 2001 (Cth)

←

Signature of director

←

Signature of director/company secretary
(Please delete as applicable)

Name of director (print)

Name of director/company secretary (print)

Executed by **ACN 169 052 288 Pty Ltd** in accordance with section 127 of the Corporations Act 2001 (Cth)

Signature of director

LANCE HOCKRIDGE

Name of director (print)

Signature of ~~director~~/company secretary
(Please delete as applicable)

Dominic Dupont Smith

Name of ~~director~~/company secretary (print)

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