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HD BC **iron** bids for Stokes **iron ore** venture
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Resources - \$250 **million** deal looms

A looming \$250 **million** deal could see **billionaire** Kerry Stokes' entrench his position in the lucrative Australian **iron ore** sector.

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Mr Stokes' \$80 **million stake** in ASX-listed **Iron Ore** Holdings could become a \$112 **million stake** in established exporter BC **Iron** under the terms of a takeover bid revealed on Monday.

BC has lobbed a cash and scrip offer to IOH that already has the blessing of the IOH board and Mr Stokes, who is a 52 per cent owner.

It is the second takeover bid to strike the Australian **iron ore** sector in the space of three months after Baosteel and Aurizon acquired Aquila Resources in July.

IOH shareholders have been offered 10¢ in cash, and 0.44 BC shares for every IOH share they own, meaning the deal would deliver about \$8.5 **million** in cash to Mr Stokes, plus about \$112 **million** of BC shares, based on the latter's closing share price on Monday.

Significantly, Mr Stokes will become the biggest shareholder in the enlarged BC, with 19 per cent, if the takeover wins approval from at least 90 per cent of IOH shareholders.

IOH director Ryan Stokes said he was proud of what the **company** had achieved. "We look forward to participating in the growth of BC **Iron** in coming years," he said.

BC exports about 4.3 **million** tonnes per year through its Nullagine joint venture with Fortescue Metals Group, and while that partnership has turned the **company** into a dividend-paying market darling, the joint venture has only six years of mine life remaining. The **acquisition** of IOH could extend that mine life by 15 years, if IOH's two assets can be successfully brought into production.

BC managing director Morgan Ball said IOH's \$800 **million** Buckland Hills project, with its proposed port facility at Cape Preston, was a strategic part of the **acquisition**.

"As a merged **company**, we will sit down and look at all our options in relation to developing Buckland, both from a development perspective and a funding perspective."

The combined entity could yet have relevance to **Chinese** steel maker Baosteel and rail provider Aurizon, who jointly acquired **iron ore** assets close to Buckland Hills in the recent \$1.42 **billion acquisition** of Aquila Resources.

Baosteel and Aurizon are planning to spend more than \$4 **billion** on a railway and a new port at Anketell.

Macquarie analyst Hayden Bairstow said it could make sense for the enlarged BC to co-operate with Baosteel rather than build its own infrastructure.

"Why would BC **Iron** develop a barging facility there if someone else is going to build a greenfields port," he said.

BC shares closed 32¢ lower at \$2.99, while IOH shares rose to their highest price in 27 months, with the stock closing 37.5¢ higher at \$1.325.

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