

SE Business  
HD BC **iron** go-slow on Buckland  
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WC 431 words  
PD 6 October 2014  
SN The West Australian  
SC TWAU  
ED Second  
PG 1  
LA English  
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BC **iron** has flagged a go-slow approach to **Iron Ore** Holdings' \$744 **million** Buckland project as it tries to win back investor support amid the worst **iron ore** market in more than a decade.

In his first comments on plans for IOH since launching the takeover two months ago, BC managing director Morgan Ball said yesterday he would review all options for Buckland.

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In the meantime minimal cash would be spent on Buckland.

It suggests IOH's erstwhile target, to ship first Buckland **ore** by 2016, may not be met.

Mr Ball said he retained faith in Buckland and BC's logic for taking over IOH but conceded the falling **iron ore** price meant all development scenarios, including the potential to join Baosteel-Aurizon's West Pilbara proposal, needed to be examined.

BC's share price has halved since it announced the IOH bid, suffering more than Atlas **iron** (off 42 per cent), Mount Gibson **iron** (off 34 per cent) and Fortescue Metals Group (off 24 per cent). In addition to the dilutionary effect of the scrip-and-cash takeover, analysts said BC shareholders were worried Buckland's **acquisition** would trigger a big expenditure program at a time when profit margins at BC's Nullagine mine were under pressure.

Compounding BC's woes have been operational problems at Nullagine, where clay in the **ore** body has slowed production and increased cash costs. BC hopes to make up the three delayed shipments over the course of the year.

Mr Ball said yesterday some BC investors had quit because of the **company's** perceived shift from low-risk dividend payer to a more growth-focused, traditional **mining company**.

"We believe with Buckland that we have picked up a long-life asset with optionality," he said. "It is an asset with reasonable (**ore**) quality and a port solution (at Cape Preston East). We will look at all options for Buckland (and) it will take six to 12 months."

When IOH released the outcome of Buckland's feasibility study in June, it flagged a construction start this year and first **ore** in 2016. At the time 62 per cent **iron ore** delivered to the **Chinese** port of Qingdao was worth \$US93.70 a tonne, compared with \$US79.60/t last night.

BC declared its IOH takeover unconditional late on Friday, having secured acceptances of 83 per cent — including Kerry Stokes' 52.7 per cent holding that will convert into a 19 per cent **stake** in BC. The offer is due to close on October 14.

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ironoa : Iron Ore Holdings Ltd.

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i211 : Metal Ore Mining | i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying | i2111 : Iron Ore Mining

**NS** ccat : Corporate/Industrial News  
**RE** waustr : Western Australia | apacz : Asia Pacific | ausnz : Australia/Oceania | austr : Australia  
**PUB** West Australian Newspapers Limited  
**AN** Document TWAU000020141005eaa600008