

## Azure, ANZ stitch up iron ore merger

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Azure Capital and ANZ Corporate Advisory have been named as advisers to the BC Iron and Iron Ore Holdings tie-up, along with law firms Herbert Smith Freehills and Gilbert + Tobin.

Perth-based iron ore producer BC Iron announced the takeover on Monday morning, which would see BC Iron offer 0.44-shares plus 10¢ in cash for every Iron Ore Holdings share.

Iron Ore Holdings' board has recommended the offer in the absence of a better deal emerging, and Kerry Stokes' Australian Capital Equity – which owns 52.7 per cent of Iron Ore Holdings– said it would also accept the deal.

Long-time advisers Azure Capital and Herbert Smith Freehills worked for BC Iron, while ANZ Corporate Advisory and Gilbert + Tobin advised Iron Ore Holdings.

Citi analysts told clients the acquisition would give BCI growth projects to supplement its "flat production profile" from its flagship Nullagine project.

The analysts said the combined company would have about \$120 million net cash following the deal, which was a strong position but not enough to fund Iron Ore Holdings' 8 million tonnes a year Buckland project.

PhillipCapital analysts told clients the deal was positive for BCI and could see the iron ore producer's annual earnings jump 20 per cent from the 2015 financial year.

They said BCI's relationship with Fortescue Metals Group, where BCI uses Fortescue's port and rail infrastructure, could help lift production rates and reduce operating costs at Iron Ore Holdings' Iron Valley.

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