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By: Jamie Freed

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ON THE RAILWAY

The competition regulator has begun an informal review of BHP Billiton's proposed \$204 million acquisition of the Pilbara iron ore hopeful, United Minerals.

It will be worth watching whether some of the smaller players in the region, particularly United's spurned Chinese partner, China Railway Materials, will object to the increased dominance of the region by BHP.

However, as the Australian Competition and Consumer Commission approved a full merger between BHP and Rio Tinto last year, it is unlikely to take issue with this minor consolidation. And BHP actually owned United's Railway project until 2003 when, as part of a West Australian state agreement for its Mining Area C project, it agreed to divest 264 square kilometres of ground.

In an interesting, but much overlooked part of the United deal, the junior company is actually only selling the Railway project to BHP.

It will restructure its other operations and dispose of "certain assets"

– principally a 25 per cent interest in a Kimberley bauxite joint venture with Norsk Hydro – so that the Railway project is the only thing left in the company for BHP to buy, apart from a stake in Phosphate Australia.

Elsewhere in the smaller end of the mining industry, MetroCoal is raising up to \$10 million for a float, with help from Patersons Securities. It hopes to start trading in December with a market value of \$35 million.

The Botswana copper hopeful Discovery Metals is raising \$13 million, with help from RBS Morgan, at 45c a share – a 20.4 per cent discount to the last closing price.

And Rey Resources, with help from BBY, is raising \$10 million via a placement at 20c a share and \$5 million from an underwritten share purchase plan at the same price. The raising is occurring even though it is subject to bids from Crosby Capital and Gujarat NRE. Interestingly, the placement price is slightly higher than Crosby's 19.5c per share bid, which is the higher of the two.