Yanzhou Coal bid for Felix Resource fair - Deloitte

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An independent valuer said that a USD 3.54 billion bid by a Chinese state owned company to take over Felix Resources Ltd is fair and reasonable.

Deloitte independent expert of Felix Resources found the fair market value of Felix to be in the range of USD 3.3 billion to USD 3.7 billion. It said that "We are of the opinion that the Proposed Scheme is fair and reasonable to shareholders. It is therefore in the best interests of shareholders."

The announcement comes after the Australian coal miner last month announced plans by China's Yanzhou Coal Mining Co to buy 100% of Felix. The proposed USD 18.05 per share offer would result in the largest Chinese takeover of an Australian company to date.

Deloitte said that "In the absence of a superior offer, all Felix directors who hold Felix shares intend to vote in favor of the scheme and continue to unanimously recommend shareholders do the same."

Under the deal, Felix shareholders would be offered a cash payment of USD 16.95, plus dividend payments of USD 1 and scrip in Felix subsidiary South Australian Coal Limited. If it goes ahead, Felix would become a wholly owned subsidiary of Austar Coal Mine Pty Limited, which would be wholly owned by Yanzhou.

Before the Felix buy out goes ahead, it still has a number of hurdles to clear, including approvals from Australia's Foreign Investment Review Board, government agencies in China and two thirds of Yanzhou's shareholders. When the deal was announced Felix said it expected FIRB approval before the end of September.

On September 14th 2009, Yanzhou resubmitted its application to FIRB, saying the move was done in order to facilitate the approval processes by the relevant regulatory authorities for the acquisition.

Mr Patrick Colmer executive director at FIRB recently said the government was more comfortable with foreigners keeping stakes in undeveloped projects below 50% and below 15% in major producers.

(Sourced from www.theage.com.au)

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