

SE Business  
HD **QCG to test nickel lovers with \$60m public offer**  
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QCG Resources will test the Australian market's rediscovered appetite for nickel stocks with a \$60 **million** initial public offering after its April **purchase** of the mothballed Avebury nickel mine in Tasmania.

The price of nickel last week soared to its highest levels in two years, pushing \$US20,000 a tonne on Friday, and QCG managing director Chris Daws said the timing of the **acquisition** of Avebury from **China**'s MMG could not have been better. Although the deal was formally signed in mid-April, Mr Daws said QCG and MMG committed to the **sale** late last year, before nickel began a bull run with a price surge of more than 50 per cent in 2014.

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QCG will pay about \$40 **million** for Avebury. It has already handed over a \$1.75 **million** deposit and will pay another \$33.25 **million** to close the **purchase**, plus two \$2.5 **million** tranches for each of the first 10,000t production milestones reached.

Internal MMG figures had put Avebury's re-start costs at only \$3.8 **million** but Mr Daws said QCG plans to spend \$20 **million** to \$25 **million** on minor refurbishments. That included modifications to the processing plant to add a circuit to filter out arsenic that had posed a barrier to the production of a high-grade 20 to 23 per cent nickel concentrate.

But Mr Daws said the as-new facility was still a bargain, given its previous owners had sunk more than \$250 **million** into building a mine that was closed within six months of opening, having processed only 400,000t of **ore**. Mr Daws said MMG's exploration team had also done considerable work at Avebury since acquiring it from OZ Minerals in 2009.

"There's about a 50 per cent improvement in the resources since Zinifex had it back in 2008," he said. "They spoke about the ease with which they put those on, and there's significant resource potential still at the site."

In a top-of-the-market offer that raised eyebrows even in the heady days of early 2008, Zinifex paid \$852 **million** for Avebury developer Allegiance **Mining** as part of its efforts to diversify away from its core zinc **mining** business, launching a hostile bid only months before announcing its ill-fated tie-up with Oxiana to create OZ Minerals. The Zinifex managing director then was Andrew Micheltmore, now the boss at MMG.

Avebury opened later that year, but was shut down within six months, as nickel prices plunged below \$US10,000/t in February 2009, at the height of the GFC.

QCG is yet to announce the pricing of its float, or how much of the **company** will be offered to the public. Mr Daws said the IPO documents were still being prepared and he hoped QCG would be trading on the Australian bourse by September or October.

**CO**      orieml : MMG Limited | cminmc : China Minmetals Corporation | imreht : Inner Mongolia Baotou Steel Rare-Earth (Group) Hi-Tech Co Ltd | lawspr : Minmetals Land Limited | qgcrs : QCG Resources Limited

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