

**HD Private group says to buy idle MMG nickel mine in Australia**

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SYDNEY, April 15 (Reuters) - An Australian private **company** has agreed to buy the long-idle Avebury nickel mine in Tasmania from **China's** MMG Ltd for A\$40 **million** (\$37.65 **million**), saying **operations** were again profitable as global nickel prices rise.

In 2009, the mine was shut as the cost of producing a pound of nickel exceeded the going price at the London Metal Exchange. This week, the LME three-month nickel price hit a 14-month high of \$17,917 a tonne, or \$8.12 a pound.

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Nickel has staged a near-uninterrupted rise since January after the Indonesian government banned exports of nickel **ore**, cutting off a key supply source for **Chinese** steelmakers.

The private **company**, QCG Resources, said it had entered into a binding agreement with MMG and would be making an initial payment of A\$1.75 **million** within 15 days of signing a formal agreement.

"Internal studies conducted by QCG and its advisors as part of the due diligence process show the project in its current form is economic at current nickel prices," QCG Chairman Doug Daws said.

Talks were underway to secure the funds for the full **purchase** price, which includes a A\$33.25 **million** closing payment and A\$5 **million** in two stages on the first 20,000 tonnes of production, according to QCG.

The mine is capable of producing 7,000 tonnes of nickel in concentrate annually and holds a supply agreement with **Chinese** nickel refining **company** Jinchuan Group for all it can ship. (\$1 = 1.0623 Australian Dollars) (Reporting by James Regan; Editing by Ryan Woo)

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

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