

# Kalgoorlie Miner

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HD **QCG plans \$60m listing after nickel mine deal**  
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QCG Resources will test the Australian market's rediscovered appetite for nickel stocks, pushing ahead with a \$60 **million** initial public offering on the back of its April deal to buy 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 **company's acquisition** of Avebury from **China's** MMG could not have been better.

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Although the deal was signed in mid-April, Mr Daws said QCG and MMG committed to the **sale** late last year, before nickel began a bull run that has seen its price surge more than 50 per cent in 2014.

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 when each of the first 10,000t production milestones are reached.

Internal MMG figures had put Avebury's restart costs at only \$3.8 **million**, but Mr Daws said QCG plans to spend \$20 to \$25 **million** on minor refurbishments, including 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 up to \$250 **million** into building a mine that was closed within six months of its opening, having processed only 400,000t of **ore**.

Avebury was once valued for far more than that. 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. Zinifex managing director at that time was Andrew Michelmores, now MMG's boss.

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

Mr Daws said the IPO documents were still being prepared.

CO orieml : MMG Limited | cminmc : China Minmetals Corporation | imreht : Inner Mongolia Baotou Steel Rare-Earth (Group) Hi-Tech Co Ltd | lawspr : Minmetals Land Limited | qgcres : QCG Resources Limited  
IN i211 : Metal Ore Mining | i2114 : Copper Ore/Nickel Ore Mining | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying | i22 : Primary Metals | i224 : Non-ferrous Metals | i2245 : Aluminum | i2112 : Gold Ore/Silver Ore Mining

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