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HD **Plan to kickstart stalled mines**
BY PAUL GARVEY
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EXCLUSIVE THE \$US7.9 **billion** (\$8.9bn) Denham Capital private **equity firm** is eyeing a suite of stalled **mining** projects around the country as it readies to launch its new Australia-focused **mining** venture.

Denham has recruited former Karara **Mining** chief executive Steve Murdoch to run the new business, called Auctus Minerals, and will back the venture with \$US130 **million** in capital.

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Boston-based Denham is one of the largest resources-focused private **equity** firms globally, with the group involved in about 40 different ventures around the world.

Mr Murdoch said Auctus was looking to secure development-ready **mining** projects that were struggling to secure finance through traditional channels.

Construction costs were falling sharply on the back of the downturn in the resources sector, he said, opening opportunities for groups like Auctus that were backed with significant amounts of capital.

"There's some real quality projects out there which for a range of reasons, particularly with the negative sentiment in the market, have found it extremely difficult to get traditional sources of funding and have sat there and not been developed," Mr Murdoch said.

"The combination of the guys at Auctus Minerals and Denham Capital is a very powerful combination, because we have the ability, skills and confidence to be able to drive these projects forward and we have access to the capital, experience and culture of Denham." Mr Murdoch will be joined at Auctus by former Karara chief financial officer Paul Sims, and Mr Murdoch's former colleague from Cape, Terry O'Connor.

He said the team he had assembled had deep experience in managing profitable **mining operations** in low commodity price environments. "There's been a generation of professionals and executives in the Australian **mining** industry who haven't gone through cyclical lows," he said.

"They've had a sustained period of massive capital injections, particularly in Western Australia where there's been an extended period of the party going on. We understand what it takes to run a tough executive team." Mr Murdoch was also the former general manager of metallurgy at Mount Isa Mines, where he helped drive a return to profitability despite the low commodity prices of the time.

The managing director of Denham in Australia, Bert Koth, said the **firm** had spoken to investors exposed to Karara **Mining**'s namesake **iron ore** project in WA and was told that Mr Murdoch had helped save the troubled development from collapse.

Karara, a joint venture between **China**'s Ansteel and Australia's Gindalbie Metals, has battled numerous challenges and overruns during its development.

Mr Koth said the feedback about Mr Murdoch's time at Karara, and his history at Mount Isa, had convinced him Mr Murdoch was the right man for the job. "This is one of the few teams out there in the Australian market that has a steady long-term record of eliminating redundant dollars," he said.

He said Auctus had already looked at about 1000 projects around the **company**, and had narrowed down a list of several possible ventures — mostly in base metals — that could be pursued in the months ahead.

"There are a number of companies out there that are financially constrained, cannot raise the development capital and in some cases are run by management that is not ideally suited for the development stage of a **mining** project," Mr Koth said. Earlier this year, Denham recruited former Gloucester **Coal** managing director Barry Tudor to run Pembroke Resources, a new venture focused on acquisitions in Australia's coking **coal** industry.

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