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HD **Dull nickel gets all funky**
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What a difference a few months can make. At the start of December nickel was all but dead and buried, sunk by a global supply glut, changing technologies and a combination of falling grades and rising costs in established **mining** jurisdictions.

But if there was ever a case study on how quickly fortunes can change in the **mining** game, it is surely shaping up to be WA nickel.

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Nickel prices have been rising since the Indonesian Government surprised the market by sticking to plans to restrict low-grade exports to pursue a stronger downstream processing industry. That was followed by Vladimir Putin's Black Sea adventurism, which threw some uncertainty over Russian nickel supply into the mix, if serious economic sanctions were to be applied. Add to that this week's news **China's** Jinchuan Group has hit technical troubles at its Gansu province **operations** that could prevent it hitting its 2014 production targets of 150,000 tonnes of nickel — and there are plenty of emerging issues on the supply side.

Given that, it's shaping up as an interesting year for WA nickel stocks. Having done the hard yards to tighten up operating costs last year, most are positioned well to sell into a rising market. This year, all of the significant producers are up, and there's even some market interest in exploration.

Rox Resources and Panoramic Resources have both done very well from some exciting recent drilling results. Rox tucked away a handy \$3.3 **million** placement after its announcement. Western Areas is the pick of the producers, up 45 per cent this year after a capital raising alleviated balance sheet concerns.

Possibilities are also thrown up by the mooted **sale** of BHP Billiton's Nickel West, which some sources suggest could kick off a wave of corporate activity.

To make Nickel West work, a potential buyer needs clear sight of a seven to 10-year feed for its Kalgoorlie smelter and Kwinana refinery. That puts existing producers in a stronger position in regard to **ore** sales. Western Areas, which has an offtake tender for its high-grade concentrate out to market later this year, is an obvious beneficiary. It could also put mothballed assets, such as those Norilsk Nickel wants to sell, and Poseidon Nickel's Mt Windarra project back into play.

It also raises the possibility that a buyer with a big balance sheet could look elsewhere in the local industry, in search of a guaranteed feed, with Sirius an obvious target if Mark Creasey could be persuaded to sell.

If the price goes it all goes, but nickel is far more interesting now than it was a few months ago.

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