

SE Business
 HD Nickel rebirth wows Diggers
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WA's nickel industry has given the annual Diggers & Dealers conference a flying start, with nickel and gold explorer Duketon Mining enjoying a sterling first day's trading and a newly released Western Areas offtake tender likely to kick off manoeuvring by potential bidders for BHP Billiton's Nickel West assets.

Western Areas yesterday announced it had opened the tender for an estimated 13,000 tonnes of nickel in concentrate a year, to replace a contract with China's Jinchuan Group expiring next year.

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The nickel producer has pulled forward its plans to open the tender to bidders, to capitalise on the sale process for BHP's Nickel West operations.

Winning access to the Western Areas concentrate — and that to be produced by Sirius Resources' Nova mine — is seen as a necessary step for potential Nickel West buyers, as the metallurgical qualities of the Western Areas feed make it critical to blend concentrate produced by BHP's WA nickel mines before they are fed into the Kalgoorlie smelter.

Western Areas executive director David Southam would not comment directly on the Nickel West sale process but said the company had already seen "strong interest" in the contract.

Introducing additional competition for its ore due to the Nickel West sale could pay off for Western Areas through an increase in the "payability" of its nickel concentrate — the percentage of the London Metals Exchange nickel price paid to Western Areas for its ore.

The company does not publicly release details of its ore's payability but most analysts estimate it is paid 70 per cent to 75 per cent of the LME price, with other WA producers generally running at 65 per cent to 70 per cent.

Duketon's warm reception on the Australian Securities Exchange was being celebrated by Diggers delegates as a further sign the long freeze of sentiment for Australian exploration companies may be starting to thaw.

Duketon closed its first day on the ASX up 7¢, or 35 per cent, on its 20¢ float price, with almost 3 million shares changing hands.

It is understood rigs are at Duketon's prospects, with drilling likely to start this week.

CO zdukem : Duketon Mining Limited | bkhlp : BHP Billiton Ltd | wearea : Western Areas Limited | bltpc : BHP Billiton PLC
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