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HD **Hanking's ASX spin-off may fetch up to \$200m**
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EXCLUSIVE CHINESE miner China Hanking Mining is planning a spin-off of its Australian gold assets into a new ASX-listed vehicle that could be worth about \$200 million.

The local head of Hanking's Australian operations, Mark Qiu, said the parent company was studying a spin-off that would add another player to Australia's mid-tier gold sector.

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"Hanking Gold will be the name (of the spin-off). As for when and where, we are evaluating," Mr Qiu said. "The ASX would probably be my preferred site, but we haven't made the final decision yet." Speaking at an event to mark the first gold pour at Hanking's Southern Cross mine near Kalgoorlie on Friday, Mr Qiu said the company was also studying acquisition opportunities potentially worth more than \$100m which would help treble its production over the next three years.

The first production came less than two years after the Hong Kong-listed Hanking acquired the project from St Barbara Mines for \$20m. It has since spent more than \$10m on a refurbishment, and expects the mine to produce about 100,000 ounces of gold a year at an all-in sustaining cash cost of about \$1000 an ounce.

The likely value of the Hanking Gold spin-off is still to be determined, but similar-sized gold miners trading on the ASX are worth more than \$200m.

Mr Qiu said Hanking was stepping up its efforts to buy other gold mines around Australia as it looked to expand its footprint.

While Australia's gold sector has seen a flurry of acquisition activity among smaller miners over the past 18 months, Mr Qiu said he still believed it was a good time to buy. "We have signed confidentiality agreements with a few companies in the last few weeks, so we are studying some projects," Mr Qiu said. "We know there are some big ones coming (to market) ... But there are projects we are looking at that would be over \$100m." Acquisitions will be crucial to Hanking's efforts to expand its production base. "We want to quickly become a mid-tier gold producer. We are hoping that within three years time we will be producing at least 300,000 ounces a year," he said.

In addition to the Southern Cross mine, Hanking owns five iron ore mines in China as well as a large undeveloped nickel deposit on the Indonesian island of Sulawesi.

While many Chinese firms investing in Australia's mining industry have run into problems in recent years, Mr Qiu said Hanking was mindful of not making the same mistakes. He said many Chinese companies had failed to embrace Australian expertise and had struggled to let go of the decision-making processes inherent in China's state-owned entities.

In contrast, Mr Qiu — who did his PhD at the University of Western Australia and worked as the head of exploration and business development for Australian-listed China-focused miner Sino Gold — said Hanking had from the outset tried to structure itself as an Australian company. “Most of the Chinese companies here in Australia are SOEs. Their experience, their decision-making process is different to ours,” Mr Qiu said. “Our people are here, they’re from Australia.” Hanking’s senior ranks include executives with experience working for western mining companies such as Gold Fields, Anglo American and Barrick Gold. “We all have a large understanding that many Chinese companies don’t have,” Mr Qiu said.

Hanking’s Hong Kong-listed shares give it a market capitalisation of around \$US300m (\$383m), but the company believes the Hong Kong market currently ascribes little value to the gold operation. Mr Qiu said three of the company’s five Chinese iron ore mines were still making good money in the current environment, which has seen the iron price halve in the past year.

CO endevr : St Barbara Mines Ltd

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