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HD In their cups, miners talk up big asset sales  
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IT'S long been said that the juiciest stories out of Diggers & Dealers come not from the procession of speakers at the conference podium, but instead from the Hannan Street bars packed full of delegates each night (and often well into the next morning).

This year was no different. If the chatter doing the rounds in the bars of the Palace and Exchange hotels is anything to go by, we should be standing by for a flow of deals in the months ahead.

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While Kalgoorlie's infamous skimpies went about their business behind the bar — this year's collection of scantily clad barmaids were apparently flown in from the **Gold** Coast specially for the event — much of the talk focused on the big asset sales said to be in the works.

The sales process around BHP Billiton's Nickel West smelter, just down the road from the action in Kalgoorlie, was a subject of significant gossip.

Despite reports Glencore had walked away from the process, there was talk the Swiss giant was in fact still in the fray albeit frustrated by BHP's approach to the **sale**. Private **equity** group Apollo Global Management is understood to have its offer for the assets knocked back, while **China**'s Jinchuan is still very much in the running.

One view was that Jinchuan may partner with nickel miner Panoramic Resources, with whom it has forged a strong relationship over several years.

Panoramic managing director Peter Harold gave a curt "no comment" when asked about the situation.

Also subject to much conjecture was the Koolyanobbing **iron ore** mine of US group Cliffs Natural Resources. A recent board challenge was won by a ticket advocating the **sale** of its non-US assets, with Koolyanobbing flagged as a likely asset for **sale**.

Cashed-up **iron ore** miner Mineral Resources, fresh from its spurned \$1.4 **billion** offer for Aquila Resources, has the appetite for a bid. And **Chinese** groups may see an opportunity to reverse their habit of buying early-stage **iron ore** assets that have ultimately proved difficult to develop and instead snap up an existing mine with a certain, if limited, production profile.

**Iron ore** duo Mt Gibson and BC **Iron** have swollen bank accounts but both are unlikely to be in the running for Koolyanobbing given its projected mine life of just six years does nothing to address their own longer-term production concerns.

No one in Kalgoorlie seems to expect the new Cliffs board will be able to reap anything like the \$1 **billion**-plus price tag they have been touting, with bids likely to come in at less than half that.

The bar-room scuttlebutt also suggested a renewed appetite among smaller players to explore **M&A** opportunities. The successful acquisitions in the past year by companies such as Bill Beament's Northern Star Resources appears to have emboldened boards who had previously preferred to focus on their existing assets.

Sandfire Resources is believed to be looking far and wide for its next project, having comfortably ramped up its DeGrussa **copper** mine, while **gold** producers Evolution **Mining** — which was buying goldmines before Mr Beament made it cool again — and Regis Resources both publicly flagged their preparedness to **purchase** new assets.

Independence Group, under newly appointed managing director Peter Bradford, also made it clear the group was looking for a new project to develop.

Independence owns a **stake** in the Tropicana goldmine, which came into production last year, as well as the Long nickel mine and the Jaguar base metals mine. Mr Bradford has the option to spend \$200 **million** developing the Stockman zinc project in Victoria, but he told The Australian Independence would be willing to spend that money on an **acquisition** if a project capable of generating better returns than Stockman could be found.

With the major miners continuing to shed projects they no longer see as core to their business, Mr Bradford flagged Independence would be interested in partnering with another acquisitively minded group and bidding jointly for assets that would otherwise be out of their individual reach.

“The reality is, as (Evolution executive chairman) Jake Klein said the other day, he’s looked at a lot of things that he didn’t like that he can afford, and a lot of things that he does like that he can’t afford. Potentially there’s a scope to team up with someone else to acquire one of those better projects.” At the smaller end, explorer Hot Chili made a splash when it announced a deal with Chilean heavyweight CMP. The latter will take a 17.5 interest in Hot Chili’s Productora project and will have the right to buy another 32.6 per cent for \$US80 **million**, triggering a 22 per cent surge in Hot Chili’s share price. Just how much of the **M&A** talk has merit, and how much was booze-filled bluster, should become more apparent in the months ahead.

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