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## Chinese steel-backed Nickel Mines lines up for \$125m IPO



ASX-aspirant Nickel Mines' pitch is all about becoming a bottom quartile nickel pig iron producer, with C1 costs of less than \$US10,000 a tonne. Louie Douvis.

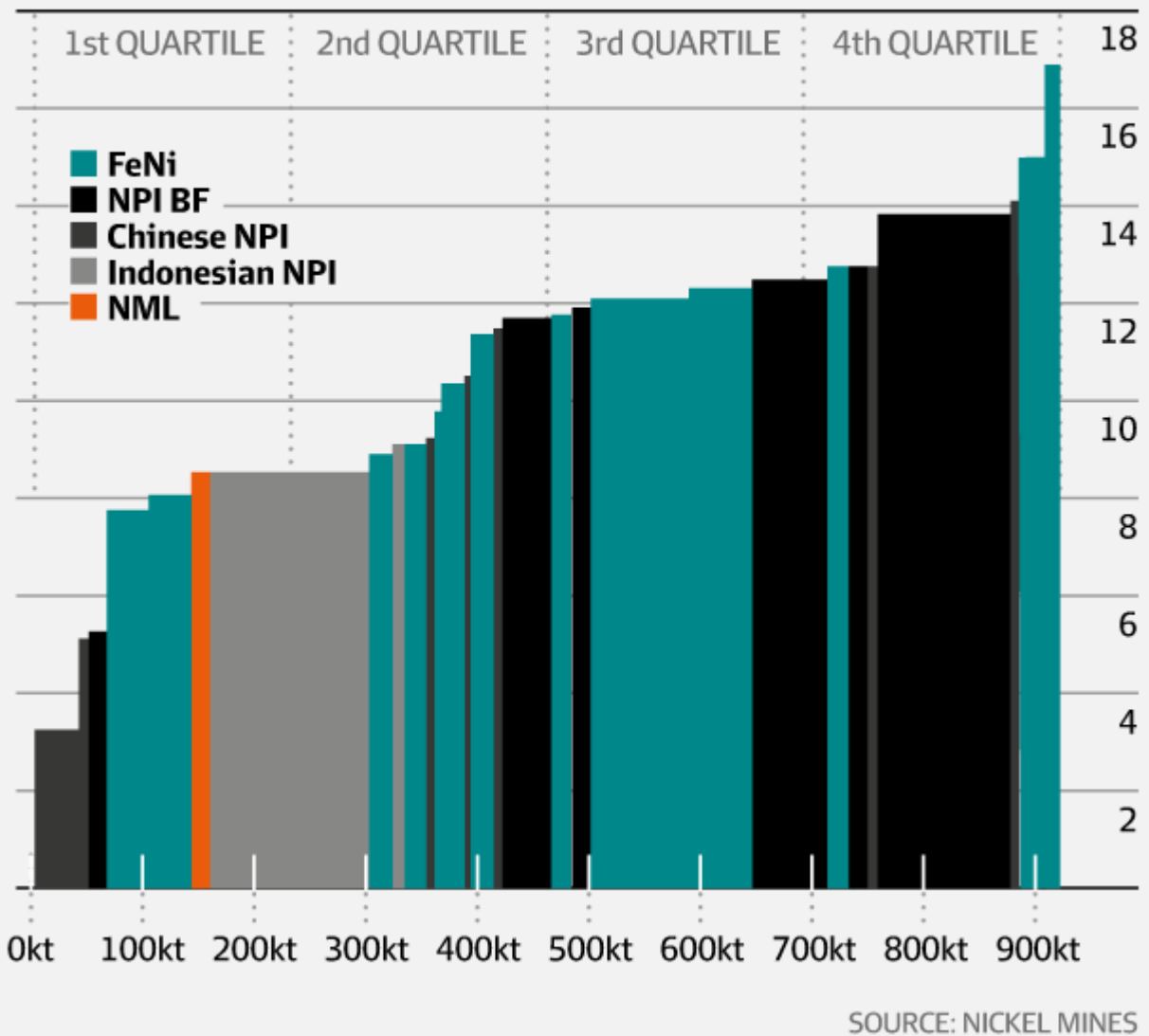
Indonesia's desire for more of its natural resources to be refined, smelted and processed at home before being exported has caused headaches for many a mining company in recent years.

But that adversity has created opportunity for the likes of initial public offering contender, Sydney-headquartered Nickel Mines Limited.

The company has a tight relationship with large Chinese steelmaker Tsingshan, which has built one of the newest nickel pig iron processing and integrated stainless steel plants globally, in Indonesia, over the past four years and in the wake of the domestic processing order

As first reported by Street Talk on Tuesday, Nickel Mines has ruled off a pre-IPO round, which saw Tsingshan and another strategic Chinese investor participate, and is considering a run at the ASX boards in the middle of this year.

## C1 nickel production cost (\$US'000/tonne)



Fund manager sources said the company would seek to raise about \$125 million for its IPO and had hired Bell Potter Securities as sole lead manager.

Details around timing, price and offer structure are being finalised with management, led by Norm Seckold, in the early stages of an investor education roadshow currently under way.

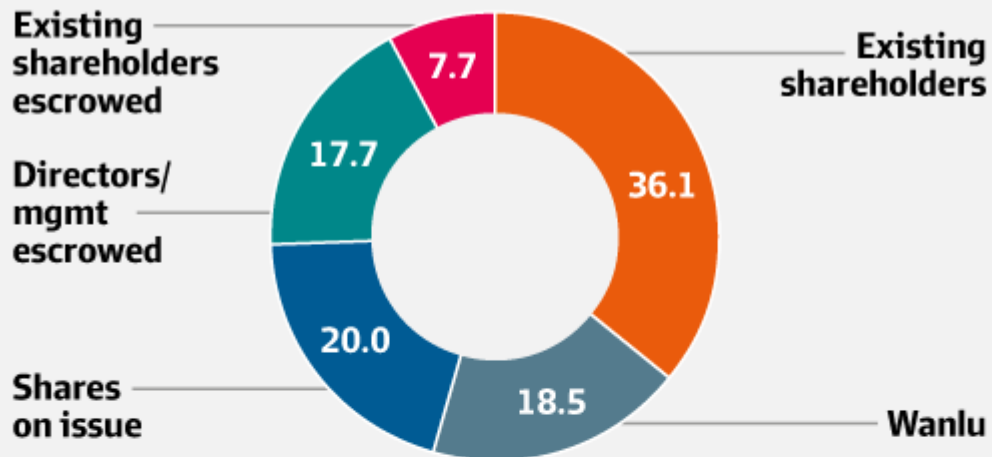
Nickel has been one of the most fickle commodities in the past decade, but prices have risen by more than 50 per cent over the past year and the metal's role in lithium ion batteries has generated enough excitement to deliver big share price rises for existing nickel producers like Independence Group and Western Areas.

Nickel Mines' pitch is all about becoming a bottom quartile nickel pig iron producer, with C1 costs of about \$US8,000 a tonne.

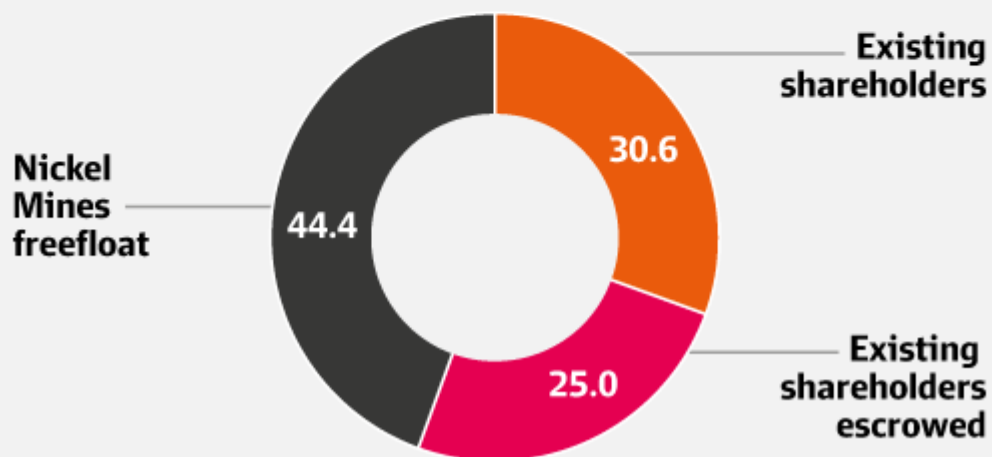
In September last year, the company inked a collaboration and subscription agreement with Shanghai Decent Investment Co, a member of Tsingshan Group,

and strategic cornerstone investor, Shanghai Wanlu Investment Co to construct a "two-line rotary kiln electric furnace" plant to produce nickel pig iron.

### Nickel Mines capital structure (%)



### Nickel Mines post IPO (%)



SOURCE: NICKEL MINES

The pre-IPO round raised about \$US77 million to help facilitate the deal, comprising \$US50 million in subscriptions from Shanghai Decent Investment and Shanghai Wanlu Investment, and the remainder from Australian investors, according to an investor presentation obtained by Street Talk.

Nickel Mines holds an 80 per cent interest in PT Hengjaya Mineralindo which holds 100 per cent of the Hengjaya nickel mine.

The asset is located in Central Sulawesi, Indonesia, adjacent to Tsingshan Group's Indonesian Morowali Industrial Park.

The mooted float comes amid a revival of resources-related IPOs, as vendors and bankers seek to capitalise on Australian investors' renewed appetite for commodities stocks.