

# IRC Share Sale 'Priced to Go'

By [The Moscow Times](#)

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LONDON — Gold miner Petropavlovsk said Friday that the initial public offering of its iron ore unit, IRC, in Hong Kong was oversubscribed, after the miner halved the size of the offer and cut the price because of initial low demand.

"We have obviously had to cut back. It was very much a deal that is priced to go," Petropavlovsk chairman Peter Hambro said in an interview Friday.

London-listed Petropavlovsk shrank its offer to 1.04 billion shares and fixed the price at HK\$1.80 per share, 18 percent lower than the bottom of its previously indicated price range.

IRC, which is expected to raise a net \$222 million from the IPO, is due to start trading in Hong Kong on Thursday.

"It is important for people in Hong Kong. They have never really had development companies list on the exchange before," he said, adding that it would make life easier for other companies to list there.

IRC currently produces 900,000 tons of concentrates and almost 300,000 tones of ilmenite.

IRC is estimated to have more than a billion tons of iron ore, and its operations in the Far East are close to China, a key consumer of the steel ingredient.

Prices for iron ore have started to pick up again this month, which is good news for IRC. Spot iron ore prices traded at \$152.70 a ton Friday, not far away from April's record high of \$186.50.

"The dollar is rapidly going down. Iron ore prices are likely to stay firm because of Chinese demand, but in dollar terms — to rise dramatically because of the weakness of the dollar," Hambro said.

The gold miner plans to keep a 65.61 percent holding in its non-precious metals division.

"We are much less of a diversified company than we were. With the equity that has been raised, with the funding from the Chinese bank, we have really, really, really de-risked the gold business," Hambro said.

Gold miners typically trade at a much higher net present value multiple than more diversified companies.

Gold prices rose to a record high this week and have climbed more than 25 percent this year as the prospect of further quantitative easing in the United States undermined the dollar and prompted investors to buy the precious metal as a safe store of value.

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