

# Petropavlovsk Again Cuts Size of IRC Share Offer

By [The Moscow Times](#)

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LONDON — Gold miner Petropavlovsk has further reduced the size of the initial public offering of its iron ore unit, IRC, in Hong Kong.

London-listed Petropavlovsk said it will offer 1.04 billion shares, down from a revised 1.07 billion according a term sheet last Friday. Gross proceeds are expected to be \$7 million lower at \$242 million as it retained the IPO price of HK\$1.80.

It already cut the size of the Oct. 21 listing from 1.325 billion shares and fixed the price at below the indicated HK\$2.20-\$3.00 range because of disappointing demand.

The gold miner plans to keep a 65.61 percent holding in non-precious metals division IRC if an over-allotment option is not exercised. This is greater than the 57.5 percent it said last month that it intended to retain.

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

Elsewhere, Petropavlovsk has encountered its own problems with gold production as a result of lower grades at one of its mines and a slower-than-anticipated delivery of large diggers at another.

It cut its gold output guidance in August to 636,500 to 670,000 ounces for the year from the previous range of 670,000 to 760,000 ounces.

John Meyer, an analyst at Fairfax IS, expects the gold miner to produce between 596,000 and 650,000 ounces this year. He said that even this target range is at risk if temperatures in Russia fall below minus 40 degrees Celsius.

One positive for the company is that with gold production weighted toward the end of the year it will benefit from rising gold prices.

Gold rose to a record \$1,364.60 an ounce last week on expectations that quantitative easing will be needed to boost the frail U.S. economy.

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