

One-Week Delay for IRC Share Sale

By [The Moscow Times](#)

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HONG KONG — Petropavlovsk's iron ore unit, IRC, delayed a Hong Kong stock exchange listing by a week after the parent said last week that demand for the initial public offering had failed to meet its "highest expectations."

The final allocation of shares will be completed by Oct. 20, according to the offer terms. IRC, with iron ore projects in Russia, already cut the size of the IPO by more than half, according to a sales document sent to investors Friday. Bank of America's Merrill Lynch unit, UBS and Bank of China International Holdings are managing the offer.

IRC is seeking about HK\$1.87 billion (\$241 million) through a sale of 1.04 billion new shares at HK\$1.80 apiece, according to the terms. The company had previously offered 1.325 billion shares at HK\$2.20 to HK\$3 each to raise as much as HK\$3.98 billion, according to a Sept. 29 statement.

Petropavlovsk said Wednesday that it expected the sale to raise about \$222 million. The company will hold 65.6 percent of IRC after the offer, London-based Petropavlovsk said in a

statement.

Shares in the company rose 35 pence, or 3.5 percent, to 1,034 pence at the 4:30 p.m. close of trading in London.

"Whether this is sufficient to fund that large working capital requirement of the unprofitable business and development of the K&S magnetite deposit is unknown," Collins Stewart wrote in a note to investors.

Petropavlovsk is seeking to develop iron ore assets it bought last year. The company acquired the deposits in Russia when it purchased Aricom for £294.5 million (\$467 million) in 2009, buying back a company it spun off in 2003.

The K&S iron ore project in the Amur region is about 65 kilometers from the Chinese border and will produce 3.2 million tons of iron ore concentrate a year starting in 2013. It is also developing the Kuranakh iron ore mine and plans to build a third at its Garinskoye deposit.

IRC joins commodity producers including United Company RusAl, the world's largest aluminum maker, in raising funds in Hong Kong as Chinese raw-material demand jumps. Petropavlovsk said in a statement Friday that it would alter the terms of the IRC offer because of a shortage of investor demand.

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