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Mt Padbury deal moves Montezuma closer to manganese sector

Charlotte Dudley
Wednesday, 14 May 2008

DIVERSIFIED explorer Montezuma Mining Company has exchanged its Mt Padbury licence manganese rights for a stake of around 12% in up-and-coming iron ore company, Auvex Metals.

Montezuma – which acquired the Western Australian iron ore licences in two separate transactions earlier this year – has completed the sale to ASX-hopeful Auvex in a deal that will bag the company 10 million Auvex shares, production royalties and a major equity interest in Auvex up listing.



Auvex plans to join the Australian bourse early next year and is eyeing up a production debut at Mt Padbury around mid 2009.

Montezuma managing director Justin Brown said the deal with Auvex made commercial sense, giving the company more viable long-term exposure to the manganese sector while enabling it to focus on its other key assets.

“We see it as two things,” Brown told *MiningNews.net*. “One, it gives us better leverage over the medium term, and potential for greater returns for Montezuma shareholders. And two, it means that our technical guys aren’t distracted from our core business which is our gold at Peak Hill.”

Auvex is targeting an initial one-year production rate of more than 200,000 tonnes per annum of lump manganese ore. Montezuma said rock chip sampling at Mt Padbury had indicated consistent grades of more than 40% manganese.

As well as gaining approximately 12% interest in Auvex’s issued capital on listing, the terms of the Mt Padbury transaction give Montezuma shareholders first dibs on Auvex’s initial public offering shares and allows the company to nominate one director to the Auvex board.

“So what that means is that Montezuma will have exposure to a much bigger story in the manganese sector than we would have just by trying to further the potential at Mt Padbury itself,” Brown said.

Shares in Montezuma rose 2.5c to 17c before slipping to 16.5c in morning trading.



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