

# Empire expands

Technology company Qmaster has moved beyond coal services, landing contracts with a range of metalliferous players. By **Charlotte Dudley**

An offshoot of coal certification company CCI Holdings, Qmaster debuted on the Australian bourse in December 2001, and quickly established itself as a coal-focused bulk material management company.

With big name clients and a number of hi-tech management systems, Qmaster has expanded its coal affair to include deals with bauxite, nickel and iron ore operators.

Last year Qmaster secured a contract with Rio Tinto subsidiary Comalco Aluminium to supply its Pit to Port management system at a Queensland bauxite operation, while in December the same system was extended to OneSteel at the Whyalla steelworks in South Australia. In January, Qmaster further expanded its commodity base, signing an agreement with a New Caledonian nickel miner for its technology.

As the contracts – both domestic and international – rolled in, Qmaster nonetheless endured fluctuating stock prices and shifting profits. However, a look at the company's form shows a market capitalisation of around \$13 million while shares hover around the 30c mark.

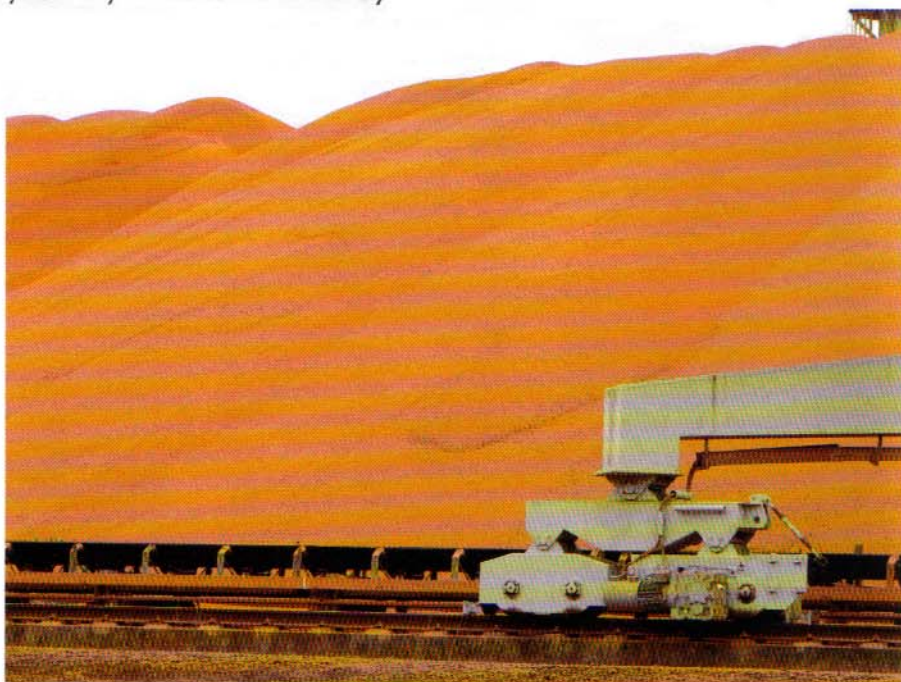
Onboard the company before its listing, Qmaster managing director Trent Bagnall told *Australia's Mining Monthly* that the goal of supplying a broad commodity base had always been part of the Qmaster plan.

"In order to fund some new system developments and get them up to scratch we decided to float on the stock exchange," Bagnall said. "Since that time obviously we've invested that money into the development of our products to make them generic across all the different commodity types.

"Before listing we were very hard-wired into coal – it's only since the redevelopment of better products that we ensured that we were going to make them generic enough to start off with."

Bagnall said a combination of commitment to the development of standardised products and a proactive marketing push had helped propel the company beyond small-scale coal operations.

"We focused on the early development of our products to make sure that they were generic and were going to meet the requirements of those other commodities," he said. "We did a lot of research early on and a



Qmaster's Pit to Port.net and SMS3D.net have been implemented at Comalco's Weipa operation.

lot of development work to make sure that the underlying platform would be generic across all of those different commodity types."

In addition to the focused approach to development and marketing, Bagnall said securing the various coal contracts in the first few years assisted Qmaster's expansion into the non-coal sector.

"Because of the rationalisation of the mining industry from a whole bunch of small companies into really a couple of major companies, us winning those contracts in coal made it more likely that we'd move into those other commodity areas," he said. "Those large companies were looking for standardisation of systems across not only their iron ore or coal supply chain, but across their operations certainly in Australia and globally."

Bagnall said the push beyond coal was driven by both design and well-timed opportunity.

"Sometimes opportunities walk in the door and you obviously take them but we've actively marketed to a number of commodity types," he said. "Probably the nickel one [Qmaster's January deal with Société Le Nickel in New Caledonia] walked in the door a little bit in terms of us not actively chasing nickel at the time."

But as we said, we'd done the hard work before to make sure the systems would meet that particular market, so we were always

confident that our systems would work in those environments."

Despite the technological and economic risks involved, Bagnall said a commitment to research and development was key to the company's past and future success. He said Qmaster funnelled about 30% of its annual revenue towards development.

"That's quite a huge cost upfront but that's the sort of thing that you have to do if you want to future-proof your company," Bagnall said.

Last year Qmaster picked up an AusIndustry grant, which has enabled further work on its stockpile management technology.

Qmaster has made no secret of its expansion plans, both domestically and internationally, and Bagnall is clearly proud of the milestone contracts this "little Newcastle company" has already notched up.

"I think definitely the high points are gaining corporate-wide contracts with some of the tier-one mining companies of the world like BHP Billiton, Anglo [Coal], Rio Tinto," he said. "So at the end of the day that's the acknowledgement that what you've done is right, I suppose.

"Going from having individual local coal mines as our customers, to having installations around the world with the largest global mining companies that there are ... that's a big step up for a little Newcastle company." 