

Another year of losses for Aussie explorers

IT WAS another strong year for new blood for the Australian resources sector, with almost A\$1.4 billion raised for new floats over the past 12 months, with more than 30 new players hitting the bourse, although those backing the floats have again seen a lot of value destruction.



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Everblu Capital calculated there had been 86 IPOs or reverse takeovers for the entire ASX in 2018, but just 19 show positive returns, with the average loss being 16.4%.

Of the \$8 billion raised in total, the loss so far on the amount raised is more than \$1.3 billion, with two of the biggest losers being Coronado Global Resources and Viva Energy down 25% and 24% respectively.

According to figures prepared by PCF Capital Group, for 2017 there were 28 clean mining IPOs raising a total \$173 million and just 10 mining IPOs for a total value of \$59.85 million in 2016.

Of the total amount raised for resources floats, around \$774 million was raised by a single company, coal miner Coronado Global, which was well out in front in terms of cash raised.

Resurrected manganese miner Jupiter Mines came in a distant second with a "mere" A\$240 million, followed by Norm Seckold's Indonesian pig nickel player Nickel Mines with

\$200 million.

If you take that trio as a yardstick for the health of the market, the overall performance has not been great. While thinly traded, Coronado shares have fallen from \$3.35 to \$2.97, Jupiter has dropped from 41c to 28c, and Nickel Mines has fallen from 31c to 25c.

After stripping out the three biggest raisings, PCF calculated that around \$105 million has been raised by juniors this year, suggesting that Australian market now prefers larger assets and companies, which has also been observed in the share price appreciation of medium to large gold producers such as Saracen Mineral Holdings and Northern Star Resources.

Looking further down the list the fourth and fifth largest raisings were \$18 million for Queensland pure play coking coal miner Bounty Mining, which has fallen from 40c to 14.5c, and arguably one of the years' more interesting floats, the Mark Creasy-backed Galileo Mining, which raised \$15 million, but which has also seen its shares fall from 34c to 16c as the cobalt price has dimmed despite rapidly building a resource out near Norseman.

It wasn't all doom and gloom. The year's standout performer is Bosnia and Herzegovina explorer Adriatic Metals, which raised \$10 million, and has managed to deliver a string of extremely promising, high-grade metal hits.

Everblu noted Adriatic saw its valuation hit 63c, an increase of 215%, eclipsing all other stocks new listings.

Charles Bass' tightly-held Eagle Mountain Mining listed in March, and was the only other resource company in the top 10, at tenth position, off its 25% rise since listing thanks to some promising drilling in Arizona through the year.

The top 20 also included speculative explorer Tempus Resource (up 20%), WA gold hunter Saturn Metals (up 10%), investment fund Tribeca Global Natural Resources (up 2.4%) and recent listing Caprice Resources.

Orminex, which backdoored into the shell of failed South African miner Mintails, has become a small-scale gold producer and, has more than doubled its share price to 23c thanks to its plan to resurrect mines like Comet Vale.

The year opened trading with the listing of African-focused Frontier Diamonds, the year's only diamond float, which like Jupiter is one of a handful of companies looking at South Africa, and it was the worst performer of the period.

Frontier was off around 82% from its listing price, performing only slightly worse than Pilbara metal hunter Podium Metals, which is off 70% despite its drilling results being in line with expectations.

Also populating the bottom 20 were Tietto Minerals, Rafaella Resources, Bounty, BlackEarth Minerals, Cygnus Gold, Black Dragon Gold, Tao Commodities, and troubled

Tasmanian copper-gold-copper explorer Accelerate Resources, down between 40-70%.

Most junior explorers raised between \$4.5-7 million, and the WA gold-dominated the field with the likes of Saturn, Kingwest Resources and Golden State Mining looking to apply new ideas to old areas, although some companies like Moho Resources and Aldoro Resources have a pretty strong nickel sulphide flavour.

Most IPOS were focused on Australia, with the rare exceptions being the likes of Black Dragon, which is seeking to develop one of Europe's largest gold deposits, West Africa-focused gold hunter Mako Gold, and Czech-focused Euro Manganese.

The first part of the year had a strong cobalt flavour, but the strong vanadium price led to the listing of Queensland-focused QEM, which is looking at extracting the metal and shale oil from the Toolebuc shale, and more recently ScandiVanadium back-doored into a shell company, and it is looking at older Scandinavian drill hits to see what it can make of them.

Also looking in Scandinavia is copper-zinc explorer Koppa Resources.

In terms of contractors and suppliers, the most notable IPO of the year was Primero Group. The engineering contractor raised \$20 million in July. Primero was one of the better performing stocks, being only off 7.5%.

The final listing of the year, or first of next year, could be Canterbury Resources, which is looking for giant copper-gold porphyry systems in Queensland and Papua New Guinea, which *MNN* understands also raised its target \$6 million, but is still looking to attain its spread.



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