

IPOs spinning into fashion

The pipeline of new resources floats seeking to join the ASX continues to flow at a very rapid rate, with the number of proposed spin-outs and dual listings also on the rise.

It was reported last month that there were more than 100 fresh IPOs and reverse takeovers across multiple industries queuing up to list on arguably the world's most buoyant exchange for investors in the current economic climate. Many of those are understood to be connected to the mining and exploration sectors.

As **Paydirt** went to print with this edition, three companies – Bastion Metals Ltd, Firebird Metals Ltd and Tulla Resources plc – were ringing the bell to signal their respective arrivals on the bourse, while at least seven more new resources floats were poised to do the same within a matter of weeks.

Firebird was the vehicle Firefly Resources Ltd set up last year after making the decision to divest of its non-core Oakover manganese project and focus solely on development of the Yalgoo gold project.

Spin-outs of non-core or unwanted assets appear to be the popular choice for many companies needing to downsize their portfolios for one reason or another, while still retaining some value for shareholders. The likes of Blackstone Minerals Ltd (Codrus Minerals Ltd) and Jadar Resources Ltd (Balkan Mining and Minerals Ltd) recently announced plans to bundle such assets into new vehicles, allowing management to focus solely on the development of their respective flagship projects.

Byrah Resources Ltd announced last month it was vending its Tumblegum South project (resource of 600,000t @ 2.2 g/t gold for 42,500oz) into the Melbourne-based unlisted public company Star Minerals Ltd for \$500,000 cash, 9 million shares and 7 million performance options.

Star must undertake an IPO and be approved to join the ASX before May 31 for the transaction to be finalised.

Byrah managing director Neil Marston said vending Tumblegum South into another company while retaining some upside in its future development was the best option on the table for his business.

"The limiting factor for Tumblegum South is it's an isolated tenement, it's surrounded by other parties and it's only 70ha in size which was always going

to constrain us as far as the amount of ounces we could develop on that site," Marston said.

"It's always been very much a second-tier project to our main focus which is exploring for a big copper deposit up in the Bryah Basin and so we got to a point where we thought now was the time to monetise it. And that's when Star Minerals first approached us.

"We really advanced it as far as we could without actually spending too much more money on the asset and certainly it's going to need probably \$1 million for final drilling and preparation before you can actually get tonnes on to a truck. So, we were of the view that if we can work with these guys to put it into an IPO, that was going to deliver the best value for Bryah shareholders."

Bryah is set to hold 21.6% of Star upon listing, with the potential to increase that position to over 30% through conversion of performance rights, culminating in first gold production at Tumblegum South, located within the company's Gabanintha project near Meekatharra.

Star is looking to raise \$5 million for its IPO, an amount Marston believes will be more than adequate for the likely two-year timeframe it would take to develop the project.

"What sets Star Minerals apart from the market's perspective is that they've actually got an asset which has a pathway to production and cash flow within that standard two-year horizon after an IPO," Marston said.

"We've spoken to the guys at Star about the future of that organisation and whilst Tumblegum South is the first development they're going to work on, they have some good exploration ground as well and once you've got cash you can start looking at all sorts of opportunities, especially within that Meekatharra region."

"The market is still clearly open for IPOs. The gold price might have come off a little bit over the last few months, but it's still very positive and it's had a little bit of an uptick of late. I still think there's plenty of appetite for this kind of story."

Marston expects his company will be kept busy over the next nine months with non-stop drilling at both its copper and manganese projects in the Byrah Basin, beginning with an 8,000m RC and diamond campaign at Windalah.

Kincora Copper Ltd is also anticipating the drill rigs will keep turning across its

projects in the Lachlan Fold Belt, New South Wales, for the remainder of the calendar year after raising \$10 million to add an ASX listing to its original Canadian domicile.

Having debuted on the TSX in 2011 on the back of acquiring a suite of Mongolian assets with porphyry potential, Kincora switched its focus to Australia two years ago and now believes the ASX is the natural market for the company.

Kincora president Sam Spring said it was not unusual for investors to want to tip their money into assets which were located in the same time zone as them.

"I think they just understand what's going on in their own backyard a lot better than they do if the project is overseas," Spring told **Paydirt**.

"We raised some money in August last year and one of the commitments we made was to dual list on the ASX but also to address one of the weaknesses we felt we've got in that over 50% of the register is in institutional hands, which really doesn't help in terms of liquidity."

Morgans and Bridge St Capital were the joint lead managers of Kincora's IPO for the ASX.

The Kincora team includes seasoned porphyry experts John Holliday and Peter Leaman, who have been respectively credited in the discoveries of Cadia and Reko Diq. Former long-serving Rio Tinto Ltd executive Cameron McRae is the company's chairman.

Spring said the IPO funds will allow the company to sink some 20,000m of drilling into its flagship Trundle project, about 30km from Northparkes. Drill programmes are also planned for the Fairholme and Nyngan prospects.

"We're a pretty established team, all bringing complementary skillsets to the table and knowing how to go about business in right manner," Spring said.

"An awful lot of IPOs are very early-stage exploration plays, but we've already got two rigs going at Trundle, so this isn't the sort of raising to start at the very beginning of that cycle. We've raised money to accelerate and broaden our activities."

The Lachlan Fold Belt became one of the hottest exploration destinations on the planet following Alkane Resources Ltd's discovery of Boda back in 2019. Spring said the region remained very active despite a minor slowdown this time last year during the height of the coronavirus pandemic.

“A lot of juniors have raised money to explore in the region, so there’s a lot of activity still going on,” he said. “Fortescue [Metals Group Ltd] are now drilling in the belt, even though they’re not making a huge amount of publicity about what they’re doing there.

“It’s a very busy area and you can see that with the time it’s taking for assays to come back from the lab. There’s still quite a large backlog.”

– Michael Washbourne

Recent and upcoming ASX resources listings

Company	ASX ticker	IPO amount	Listing date
92 Energy Ltd	92E	\$7 million	April 9
Bastion Metals Ltd	BMO	\$6 million	March 16
Cosmo Gold Ltd	CSM	\$6 million	March 24
Firebird Metals Ltd	FRB	\$5.5 million	March 18
Iceni Gold Ltd	ICL	\$20 million	April 7
Juno Minerals Ltd	JNO	\$20 million	TBA
Kincora Copper Ltd	KCC	\$10 million	March 30
Medallion Metals Ltd	MM8	\$12.5 million	March 22
Metal Tiger plc	MTR	N/A	TBA
Peregrine Gold Ltd	PGD	\$2.5 million	March 22
TechGen Metals Ltd	TG1	\$6 million	April 13
Tulla Resources plc	TUL	\$243.8 million	March 18



Neil Marston



TSX-listed Kincora Copper is about to join the Australian bourse and ramp up drilling efforts in the Lachlan Fold Belt, NSW



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