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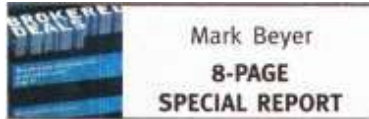
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Golden days as local mining, exploration players deliver big returns to investors



GOLD explorer Doray Minerals heads a list of 10 Western Australian companies that delivered outstanding returns to investors who backed their capital raisings during the past year.

Doray Minerals: +590%

The prize for top initial public offering of 2010 goes to Doray Minerals, chaired by Perth dealmaker Brett Fraser and run by managing director Allan Kelly.

Like dozens of other companies, it floated with plans to buy and develop a handful of prospective mineral tenements, which it had identified using historical drill results.

In March, the company announced that its first drilling program had discovered "spectacular" gold grades at its 80 per cent-owned Andy Well project, north of Meekatharra.

Further drilling has confirmed the initial promise, and the company is working towards a maiden JORC resource.

Doray's IPO, completed in February, was priced at 20 cents per share and valued the company at \$9.6 million.

The strong rise in Doray's share price since then allowed the company to raise a further \$4 million in April and \$21 million in November, with the latter priced at \$1.30 per share.

Its share price ended the year at \$1.38, and has risen further this month.

Its capital raisings were all led by Sydney-based Shaw Stockbroking, which placed the stock with its institutional and sophisticated clients.

Mr Kelly told shareholders last month that Doray's 2011 drilling campaign at Andy Well was aiming to increase the potential resource

base to a level that justifies on-site treatment infrastructure.

Matrix Composites & Engineering: +588%

Matrix has delivered outstanding returns this year, following its successful IPO in November 2009.

A specialist supplier to the oil and gas and mining industries, the Malaga-based company pursued an IPO to raise additional funds to support its growth plans, including construction of a major new production facility at Henderson.

The \$15 million IPO, managed by Argonaut Securities, was prepared and executed in a tight 12-week period. Priced at \$1 per share, it was more than two times oversubscribed and attracted 10 institutional investors.

Argonaut has continued to work closely with the company, managing a \$13.5 million placement in April at \$2.25 per share.

It also managed the sell-down, in August, of 5.3 million shares by company directors at \$3.95 per share. The largest seller was company founder Max Begley, who reaped \$15.8 million, but remains a major shareholder.

In its latest market update, the company said it had an order book at the end of October of \$170 million, which it said would substantially underwrite a doubling in sales in fiscal 2011.

The market has lapped up the Matrix story, with the stock finishing 2010 at \$6.88 per share.

Hunnu Coal: +570%

Hunnu Coal, like Aspire Mining (see below), has attracted enthusiastic investor support by pursuing

coalmining projects in Mongolia.

Led by executive chairman Matthew Wood, who is a director of five other listed companies – including Avanco Resources, Signature Metals and Copper Range – Hunnu's goal is to develop three coalmines in Mongolia in the next four years.

The company raised \$20 million at 20 cents per share in its February IPO, which was jointly managed by Azure Capital and CPS Securities.

Azure and CPS teamed up again in October to raise a further \$40 million, this time at 80 cents per share.

The stock finished the year at \$1.34, as investors backed its story with vigour.

Regis Resources: +442%

Nick Giorgetta and Mark Clark achieved great success at Equigold; as chairman and managing director respectively, they are well on the way to achieving further success at Regis Resources.

They gained control of Regis in 2009 after a hostile boardroom battle; since then, the good news has flowed plentifully.

Regis' main asset at the time of the boardroom battle was the Duketon gold project, which was developed last year and achieved its first gold pour in August – ahead of time and significantly under budget, according to Euroz Securities director Doug Young.

The news got even better when Regis discovered the Garden Well gold deposit, which Mr Young rates as "the best new gold discovery by an Australian mid cap in more than a decade".

Last month, Regis reported a maiden reserve estimate of 1.34



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million ounces, which Mr Clark said “confirmed that the Garden Well deposit is one of the best virgin gold discoveries in Australia in some time”.

The forecast cash costs put Garden Well in the lowest quartile of the Australian gold industry, while production at Golden Well, due in 2012, is expected to lift Regis’ output to 250,000 ounces per year.

The market has enjoyed the story. Investors who bought stock at 42 cents per share in the company’s December 2009 capital raising, managed by Euroz, have seen the value of their scrip rise to \$2.28 per share.

Aspire Mining: +427%

Aspire, formerly Windy Knob Resources, announced plans to buy the Ovoot coking coal project in northern Mongolia in late 2009. As part of the deal, it raised \$2.65 million at 2.65 cents per share.

It appointed Argonaut as corporate adviser in May 2010, and soon after completed a \$4.5 million placement at nine cents per share.

Aspire has subsequently formed

a strategic alliance with Mongolian coal producer South Gobi Resources (majority owned by Ivanhoe Resources) to gain access to local expertise and help it address the lack of bulk transport infrastructure around its proposed mine site.

The alliance included a \$20.1 million placement to South Gobi at 19 cents per share, which was approved by shareholders last month.

Chaired by Gindalbie Metals founder David McSweeney, Aspire will focus this year on a resource upgrade at Ovoot and analysis of infrastructure options, including access to rail.

The alliance with South Gobi has been structured so that Aspire retains 100 per cent ownership of its coal project, with a maiden resource of 335 million tones.

The stock finished 2010 at 47.5 cents

Beadell Resources: +346%

Beadell is another gold stock that came a long way in 2010, with progress at its projects in WA and Brazil.

Its latest news, reported earlier this month, was drilling results at

its Tropicana East gold project near Meekatharra, or more significantly near AngloGold’s spectacular Tropicana gold discovery, which is set to become a large mine.

Beadell said assay results “confirmed the presence of an extremely high grade gold discovery”, which got investors excited.

The company is also working on its Tucano (formerly Amapari) gold and iron ore project in Brazil, where Ausenco and SRK have undertaken a definite feasibility study.

Beadell has come a long way since early last year, when it had a market cap of \$21 million and aspirations to buy the Brazil project for \$60 million.

Macquarie Capital Advisers was engaged to help.

It invested \$10 million of its own funds, helped in negotiations with the vendor, and organised a fund raising.

Macquarie raised \$57 million at 15 cents per share, enabling Beadell to complete the purchase of the Brazil project.



POUR: Regis’ Duketon project achieved its first gold pour last August. Photo: Regis Resources



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Strong investor returns

Beadell has subsequently raised further cash by selling an associated iron ore royalty for \$31 million to Anglo Pacific Group plc, and is evaluating the potential sale of its earthmoving fleet to a mining contractor.

The stock finished the year at 67 cents per share, and the Tropicana East drilling results have pushed the stock to 76 cents this month.

Tusker Gold: +300%

Investors in Tusker Gold reaped a quick and lucrative cash profit last year. The Tanzania-focused gold explorer was a spin-out from another Perth company, Indago Resources, which retained a 67 per cent shareholding. Tusker raised \$10 million in its December 2009 IPO, and just two months later global mining giant Barrick Gold lobbed a takeover offer at 80 cents per share.

The offer was successful, resulting in Tusker being delisted in June.

MACA: +75%

Established mining contractor MACA completed one of the larger IPOs of 2010.

Formed eight years ago by managing director Chris Tuckwell and his fellow directors, MACA describes itself as a 'hands on' mining contractor. It has contracts across the iron ore, gold, nickel and lead sectors.

With Hartley as sole broker, MACA raised \$60 million at \$1 per share. The company listed in October at \$1.70 per share and finished the year at \$1.75.

For a relatively mature business with strong cash flow and dividend payments, that was an impressive gain.

Aurora Oil & Gas: +73%

One of the hottest investment sec-

tors of 2010 was shale gas and oil in the US. Production of shale gas in the US has boomed, bringing with it some well publicised environmental issues, but for now the focus is on the growth opportunities.

Euroz Securities has worked closely with two companies at the forefront of this trend – Aurora Oil & Gas and Sundance Energy.

Euroz's Doug Young said his firm had exploited a "first mover" advantage underpinned by its in-house research.

Aurora's stock started last year at about 25 cents and rose strongly through the year.

In October, it raised \$70 million at \$1.25 per share (with Euroz as lead manager) and in December it raised a further \$120 million at \$1.60 per share (with Euroz as lead manager and underwriter and Canada's TD Securities and GMP Securities as co-lead underwriters).

By the end of December, the stock had risen further to \$2.16 per share.

The proceeds of the capital raisings were used to fund the acquisition of more acreage in the Eagle Ford shale trend in Texas, where Aurora has an interest in four joint ventures, and for associated drilling programs.

Executive chairman Jon Stewart said the acquisitions would increase Aurora's net 3P reserves by 50 per cent to 84 million barrels of oil equivalent, and leave the company with significant cash reserves and no debt.

Adeelaide-based Sundance Energy has also enjoyed strong gains.

Starting the year around 10 cents per share, Sundance completed two capital raisings to fund drilling programs and further acquisitions in the US.

In March, it raised \$8.7 million at 13.5 cents per share and in November raised \$17.4 million at 51 cents per

share. By the end of December, its stock had climbed to 77.5 cents.

Ausdrill: +55%

An established business that delivered strong gains was Ausdrill. Best known as a mining and drilling contractor, the company's managing director and major shareholder Ron Sayers has built a diversified mining services business with operations in Australia and Africa.

Its major transaction during 2010 was a \$103 million capital raising in March, jointly managed by Argonaut Securities and Patersons Securities.

The placement and underwritten entitlement issue was priced at \$2 per share; the stock ended the year up strongly at \$3.10 per share.

Argonaut chief Eddie Rigg described this as a step-change transaction for Ausdrill, as the proceeds were applied to capital spending that significantly increased the company's revenue and profitability.

The raising lifted the number of institutions on Ausdrill's share register from seven to 35, and the subsequent rise in its liquidity and market cap (to \$750 million) led to the company being added in December to the benchmark S&P/ASX 200 stock market index (along with Aurora Oil & Gas).

Mr Rigg said Argonaut has advised Ausdrill on a number of transactions since 2003, including \$240 million of capital raisings, its 2009 acquisition of Brandrill and its 2005 acquisition of African Mining Services.

It also advised Ausdrill on its successful defence of Macmahon Holding's hostile \$440 million takeover offer in 2008. Mr Rigg said if the Macmahon bid had been successful, Ausdrill shareholders would today have shares valued at 86 cents.



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TOP 10 WA CAPITAL RAISINGS

COMPANY	RAISING	DATE	ISSUE PRICE	END-YEAR PRICE
Doray Minerals	\$4.7m IPO	Feb 10	20c	\$1.38
Matrix Composites	\$15.0m IPO	Nov 09	\$1.00	\$6.88
Hunnu Coal	\$20.0m IPO	Feb 10	20c	\$1.34
Regis Resources	\$50.5m placement	Dec 09	42c	\$2.28
Aspire Mining	\$4.5m placement	June 10	9c	47.5c
Beadell Resources	\$57.0m placement	April 10	15c	67.0c
Tusker Gold	\$10.0m IPO	Dec 09	20c	*80.0c
MACA	\$60.0m IPO	Oct 10	\$1.00	\$1.75
Aurora Oil & Gas	\$35.0m placement	Oct 10	\$1.25	\$2.16
Ausdrill	\$104.0m placement	Apr 10	\$2.00	\$3.10

*price of takeover offer.
 Source: WA Business News research



Photo: Doray Minerals



DRILL DOWN: Doray Minerals raised \$4 million in April and \$21 million in November 2010 to undertake further drilling at its Andy Well project, north of Meekatharra. Photo: Doray Minerals