

# There's plenty of upside in Navarre Minerals

## IPO watch

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**S**elling a Victorian base metals float is hard work in a market obsessed with African exploration stocks. But that has not stopped Navarre Minerals attracting support.

Navarre wants up to \$5 million to develop projects in western Victoria – an area not known for base metals mineralisation, in a state that has had prominent exploration disappointments.

Lihir Gold's sale of its Ballarat goldmine last year and Bendigo Mining's problems at its Kangaroo Flat goldmine in 2007 cast a shadow over Victorian-focused exploration stocks.

No Victorian explorers raised capital through initial public offerings last year. The most recent, Victorian Gold Mines, now Celamin Holdings, listed in November 2009 after raising \$3 million.

Ironically, Celamin shares broke their slump after the company bought a North African phosphate and base metals explorer in July 2010, rallying from 7.3¢ to 48¢.

Navarre looks tame by comparison. Its projects are not within the famed "golden triangle" region of central Victoria and there are few obvious features in the float to whet speculator appetites.

Closer inspection shows some attractions. The first is GeoScience Victoria's presentation this March of geological survey results across

## Float facts

Company	Navarre Minerals
Operations	Victorian base and precious metals exploration
Minimum subscription	\$3.5 million
Maximum subscription	\$5 million
Issue price	20¢
Market capitalisation at listing	\$10 million
Offer closes	February 4
Expected listing date	February 16
Lead manager	Stonebridge Securities
Website	www.navarre.com.au



SOURCE: ASX

western Victoria and eastern South Australia.

More information on the Delamerian Fold Belt, where Navarre's Black Ranges copper/zinc/gold projects sit, could spur exploration and investor interest in the area. Navarre's other main asset is the Tandarra gold prospect 40 kilometres north of the Bendigo Goldfield.

Navarre, of course, is bullish about western Victoria mineralisation. But unlike many small exploration floats, Navarre was not formed to cash in on an emerging exploration theme.

Its key projects were worked on for several years, only to be hidden within companies that were taken over or had little interest in non-gold projects.

Navarre's lineage stretches back to MPI Mines, an explorer that used to

Perseverance a year later with a takeover.

The Black Ranges and Tandarra prospects were almost lost in these corporate manoeuvres. The Levathan team reformed to incorporate Navarre in 2007 and acquire the prospects from Northgate subsidiary Levathan Resources. Northgate owns Victoria's Stawell and Fosterville goldmines.

Navarre gets to explore the projects and Northgate's subsidiary will exercise an option to buy 10 per cent of Navarre for no consideration. Having a cornerstone investor with significant Victorian gold operations has obvious attractions for Navarre, which will share some resources with Northgate.

More important is the projects finally having their own life in a standalone company that is not wedded to gold and will have enough cash to perhaps settle some "unfinished business".

The potential is there. McDermott, a structural geologist, has spent much of his professional life working in Victoria's gold industry, first for W/MC and later at other key Victorian goldmines. McDermott has not run a listed company before.

Black Ranges exploration began in 1985 when CRA Exploration recorded copper/gold/silver/zinc mineralisation. Navarre believes Black Ranges has similar rocks to those in eastern Tasmania that host the Mt Lyell copper mine. Black Ranges had promising

intersections in a limited drilling campaign. However, much more work is needed to understand the ore body.

Black Ranges and Tandarra are early-stage projects; neither has resources yet complying with the Joint Ore Reserves Committee (JORC) Code.

Navarre has two other projects and wants to add more.

Navarre raised about \$1 million in seed funding to get Black Ranges and Tandarra to a drill-ready stage. The last seed funding was in November at 10¢ a share. A small group of loyal investors have funded Navarre since inception.

Drilling should start soon after listing, giving Navarre potential early news flow at Black Ranges and, to a lesser extent, Tandarra.

The capital structure is tight. Twenty-five million 20¢ shares will be issued, giving 50.1 million outstanding shares and a market capitalisation of \$10 million at the full subscription.

There are 1.5 million options struck at 20¢, and another 650,000 options at 25¢, expiring by December 2014. Directors have plenty riding on Navarre's success.

Navarre is quietly putting a minerals jigsaw puzzle together in a largely unexplored area. The question is whether key information emerges quickly enough after listing to satisfy investors.

Navarre has plenty of upside if early exploration results go its way, but is extremely speculative and suits experienced investors only.