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HD Australian explorers buoyed by growing interest from investors at Mines and Money
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Australian exploration companies are "quietly optimistic" with the level of interest they are seeing from fund managers and institutional investors, which are viewing resource companies as a good buying opportunity at the moment.

Association of **Mining** and Exploration Companies CEO Simon Bennison told SNL Metals & **Mining** on the sidelines of Mines and Money **Hong Kong** that if the interest can get some serious momentum, it is likely to feed down the line into early stage exploration.

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"There's certainly, I think, a fairly optimistic mood that things have bottomed out and certainly the situation is turning around," he said. "We're quietly optimistic that'll feed through in the second half of this year and next year."

However, while Australian explorers are optimistic, they still remain cautious with capital markets still tight and **Chinese** investors reluctant to invest in early stage exploration projects.

"I think it's very clear, listening to some of the analysts and forecasters in relation to consumer demand of various commodities, that there's still some slack in there that's got to be taken up, and they're just waiting for the consumption side of it to pick that up and prices to improve," Bennison said.

"But I think from what they're saying, there are good signs and I think that's helped create some of the optimism that's around."

Bennison said that while established projects have greater access to **equity** funding, it is much harder for early stage exploration projects to attract cash.

"We've seen a number of capital raisings in that space for existing **operations** in Australia, but from the point of view of exploration, we've had two IPOs this year and 12 last year," he said.

"It's very clear that **equity** finance in a venture capital sense is extremely tight, and we're waiting for that to loosen up and people to become far more confident and less risk averse in their investment strategies."

Meanwhile, **Chinese** investors tend to want put their cash into **mining** projects that have at least reached the pre-feasibility or feasibility stage.

"I'm not convinced that the **Chinese** at this stage are going to pour a lot of venture capital into early stage exploration," Bennison said. "It's a space that they normally haven't gone into."

While **equity** markets still remain strained, there has been surprisingly little relinquishment of exploration tenements.

"From what we understand and talking to a number of the companies [at Mines and Money **Hong Kong**] not much has been relinquished at this point in time," Bennison told SNL.

The hope is that the second half of 2014 will see an increase in IPOs to test the market and make sure investors are becoming more confident that commodity prices will pick up and see opportunities for capital growth in resources stocks.

Bennison said the Association of **Mining** and Exploration Companies is keen to see the **gold** price return to where it was and some of the **gold** deposits that have been mothballed returned to production.

"I just think we've just got to hope that [**China**] keep their GDP around 7%, 7.5%, which is still huge, and keep the buoyancy in a number of commodities as a result of that," he said.

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