'Big Dogs' keep adding bite for junior mining partners

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Highlight: In tough times for many junior ASX mining companies, luring a "big dog" onto the share register to add financial grunt has become a common boardroom pursuit.

Body

After a few years of "easy money", a big chunk of the small-cap mining sector has recently found the going tough as global financial pressures have seen widespread interest in the highly-speculative bottom end of the market come to a screeching halt.

And that has required more business agility than ever, including strategic boardroom moves to try and attract established, big-spending partners to the share register.

In this second edition part of our occasional "Big Dogs" feature series, we look at four companies which have received both a timely cash injection and a share price boost up to recent highs after announcing a tie-in with a much bigger player in the industry.

A good case in point is Kincora Copper, which revealed on May 28 that global gold giant AngloGold Ashanti had signed a staged earn-in joint-venture (JV) agreement for its Northern Junee-Narromine Belt (NJNB) project in New South Wales' renowned Macquarie Arc region.

AngloGold has the right to spend $25 million on exploration to earn an initial 70 per cent in the JV, with either a further $25 million spend or completion of a preliminary feasibility study (PFS) required to increase its stake to an 80 per cent interest.

The two companies will target the prospective project that includes the Nyngan and Nevertire licences, where a wide range of near-untouched, sizeable intrusive-related copper-gold targets will be tested by the one piece of equipment that always lets you know exactly how things are - the ever-honest drill bit.

Market punters took a liking to the news, with the share price that closed at 3.6c on May 24 before the trading halt, bolting out of the gates on the morning of the announcement.

The price opened at 4.6c that day and shot to an intraday high of 5.7c. It then continued its march forward in the next few weeks, hitting 7c on June 3 and then touching its year-high of 7.1c on June 14 for a near 100 per cent gain since the announcement.

Volumes that had as few as 12,000 shares swap hands the day before the trading halt, took a leap of faith with much higher-than-normal volumes and exceeded more than a million units in a single day for the first time this year.

A whopping 1.3 million shares changed hands on May 31 and more than 2 million units found a new home on the next trading day on June 3.

The Macquarie Arc porphyry copper-gold geology is recognised as a globally-significant region, with two of Australia's biggest copper-gold producing mines - Newmont Corporation's massive Cadia operation and the Evolution Mining-Sumitomo Group's Northparkes mine.

In the 2023 financial year, Cadia produced a whopping 597,000 ounces of gold at a stunningly low cost of $45 per gold ounce, due to huge credits from the copper that is also produced at the site.

The NSW Government recently released a report indicating the Macquarie Arc has produced more than 14 million tonnes of copper and hosts some 50 per cent of the State's gold endowment.

Another company benefitting from a tie-in with a powerful player is HyTerra after it revealed to the market on August 29 that iron ore giant ***Fortescue***'s wholly-owned subsidiary, ***Fortescue*** Future Industries Technologies, will invest $21.9 million to acquire a 39.8 per cent stake in the company at a price of 3.4c per share, subject to shareholder approval.

The ***Fortescue*** investment funds will enable the expansion of the exploration drill program at HyTerra's Nemaha project in the State of Kansas in the United States. A two-well drill program will be stretched to a six-well campaign after the investment has been finalised.

HyTerra is pursuing the discovery of white hydrogen at Nemaha as it aims to assist the push towards global decarbonisation. White hydrogen, also known as natural hydrogen or geologic hydrogen, is a gas formed underground by natural processes and extracted by conventional methods.

Funds will also contribute to plans for significant additional leasing and geophysics to be conducted at Nemaha. The two firms plan to enter into a strategic alliance agreement to advance the project and explore new opportunities globally.

News of the tie-in resonated with the market, helping the 3.1c closing price before the ***Fortescue*** reveal to leap at the open to 4.8c and touch an intraday peak of 5.5c.

The share price bounced around for a few days on massive volumes, with 90.6 million units swapping hands on the day of the announcement, followed by 64.3 million on August 30 and 29.2 million the next trading day. Overall, the price has remained positive since, with it trading predominantly in a 4c to 5c range.

Green Technology Metals also got the market excited when it advised of a strategic investment from South Korea's 21st-biggest listed company, the US$16.95 billion (AU$24.8 billion) market-capitalised EcoPro Innovation Co.

The world-leading electric vehicle (EV) battery metals producer agreed to subscribe for an $8 million, two-tranche placement in Green Technology. It provides a foundation for co-operation between the two firms, as Green Technology strives to become the first integrated lithium producer in the Canadian province of Ontario.

The investment was made at a significant premium to the market price.

Executed agreements cover proposals for upstream and downstream activities, including potential mine development and proposed lithium conversion facilities. It provides for a 12-month option to have exclusive rights to negotiate and agree on staged investments in the Seymour and Root projects in the expectation of negotiating a possible JV agreement for either or both projects.

The deal also includes the option to undertake negotiations to form a comprehensive agreement for co-funding a prefeasibility study (PFS) for the Canadian lithium conversion facility, which may in turn lead to a JV for completing a definitive feasibility study (DFS) and the co-development of the North American plant.

Green Technology's shares rallied on the prospect of the South Korean giant bolstering the company's promising projects after recent times for virtually all juniors in the lithium space that could best be described as bleak.

The stock opened at 9.2c on August 20 after previously closing at 6.4c, then jumped to hit an intraday high of 9.5c on bigger than normal volumes. It ran again two days later, touching 11c on volumes of 2.8 million shares traded, its heaviest trading day since March, for a 71.88 per cent increase after the news of the tie-in.

Like a lot of junior mining companies in the rare earths space, Peak Rare Earths has seen its market capitalisation and share price tumble south in the past few years. Yet, its Ngualla rare earths project seems to be kicking goal after goal.

The company's shares hit a 12-month low of 17.5c on July 19 prior to revealing on July 24 that Chinese rare earths company Shenghe Resources Holding Co., through its Singaporean subsidiary, had agreed to subscribe for a 50 per cent interest in the Ngualla Group UK from Peak, which retains the remaining 50 per cent.

Ngualla Group has an 84 per cent interest in the Ngualla rare earths project and Shenghe agreed to stump-up a cool $96 million for its slice of the pie.

The market obviously liked what it heard and pushed the share price to 22c at the day's trading open after the news, before reaching an intraday high of 23c. It then traded sideways for a period before touching 24c on September 5.

Shenghe's big investment into the junior's rare earths project came after other positive developments for Peak, including its significant, new partner entering into an offtake agreement for 100 per cent of the rare earths concentrate from the project for an initial term of seven years.

The icing on the cake came in the form of a consortium of lenders signing a non-binding indicative term sheet for the funding of a US$176.6 million (AU$256.7 million) debt solution for the Ngualla operation.

The lump sum contribution from Shenghe will fund the development of the project, in addition to the balance of the project's capital costs to be met by a Shenghe-arranged debt facility - a la the consortium's non-binding term sheet.

Peak has no requirement to contribute towards equity funding for the project. It now holds a 42 per cent interest in Ngualla and Shenghe has also moved to 42 per cent, with the Government of Tanzania holding the remaining 16 per cent.

It all just goes to show that adding a bit more bark can, in fact, lead to a harder bite.

Is your ASX-listed company doing something interesting? Contact: *mattbirney@bullsnbears.com.au*

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