

Laconia eyes \$6m to explore Gimlet

IPO watch

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Increase in small gold companies is building, with Laconia Resources the latest explorer to float.

Laconia is seeking \$6 million in an initial public offering to develop four projects in Western Australia and join other successful listings this year such as Trison Gold and Norseman Gold.

The gold and base metal explorers, Sumatra Copper & Gold and Decarado Resources, also have filed IPOs, and more offerings are expected if the sharemarket rally continues and the gold price rises.

Laconia, expected to have a market capitalisation of almost \$4 million, has some interesting connections for a company its size.

It acquired the projects from Denis O'Meara, a well-known veteran prospector whose mineral interests have been associated with the listings of Atlas Iron, BC Iron, Shaw River Resources, Sandfire Resources and Emergent Resources, one of the better-performing floats last year.

O'Meara is Laconia's largest shareholder with about 35 per cent of its shares, and his private company, Fandell, has a 20 per cent interest in the main gold project, Gimlet.

Laconia's corporate adviser, the boutique Sydney investment bank Emerald Partners, has a

longstanding relationship with O'Meara and has worked on some prominent resource transactions in the past few years.

O'Meara and Emerald hired Ian Stuart, a former geologist and sharebroker, to run Laconia.

After working as a geologist in Australia and Africa, Stuart joined the sharebroking industry in 2000 and eventually specialised in small resource stocks at Macquarie Private Wealth. He left in 2006 to work on his own mining interests but the global financial crisis delayed those plans.

Stuart had earlier met O'Meara through his analysis of De Grey Mining, a small Perth explorer that O'Meara co-founded. De Grey originally owned the tenements on which Laconia was formed.

Laconia chairman Michael Sharwood, a former Blake Dawson Waldron partner, is a friend of O'Meara, and the other non-executive director, Matthew Howison, started Emerald Partners.

A board consisting of a chairman, a non-executive director and managing director, Ian Stuart, would not win corporate governance awards, but Laconia has a more experienced team than many similar-sized IPOs and will expand the board if other projects are acquired.

Laconia is also promoting past exploration work on its tenements with previous owner De Grey Mining and other companies spending about \$2.5 million on Gimlet.



Glimmering prize in store... the miner's early-stage projects suit investors comfortable with speculative plays.

Photo: JIM HICK

De Grey's exploration a few years ago found some good intersections at Gimlet, but the projects were peripheral to its strategy.

The projects were transferred to O'Meara, who vended them into Laconia, which was incorporated in June this year to acquire the rights.

The exploration gives Laconia a solid base of data to reinterpret before it starts drilling later this year.

Laconia will spend \$2.5 million of the \$6 million raised to explore Gimlet over the next two years and has allocated \$800,000 for its fully owned, second gold project, Mooltar.

The other gold and base metal projects, Barramine and 701 Mile, are lower priorities at this stage.

Laconia believes Gimlet, 15 kilometres north-west of

Kalgoorlie, is underexplored and can capitalise on surrounding infrastructure and other mining interests if enough gold is found.

The hope is for a 3.6-kilometre long, 400-metre wide gold anomaly at Gimlet to return promising exploration results over the next six

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months and support Laconia's share price after listing.

Laconia should be well funded if it raises the full \$6 million, given the scope of its projects.

Other small explorers raised lower amounts in the bear market to

close their IPOs, leaving them underfunded.

Laconia is issuing 30 million shares at 20c each through the IPO and will have 69.2 million outstanding shares on listing. The last round of seed funding was at 10c a share in July.

Another 20.5 million options have been issued with a strike price of 20c, expiring before 2014.

Laconia suits investors comfortable with speculative micro-caps. The projects are early stage; as yet no resources comply with the Joint Ore Reserves Committee code, and there have been drilling difficulties before at Gimlet due to water issues.

The Laconia offer closes on September 30. Listing is expected on October 14.