

IPO Watch: Will new gold float Miramar Resources be Doray 2.0?

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Mining veteran Allan Kelly is taking another gold junior to the ASX and if interest in the recent seed raising is anything to go by, he could be onto a new potential winner.

Kelly is now planning to launch an IPO for Miramar Resources after raising \$400,000 in seed capital. The company was only aiming for \$250,000.

Kelly, who has been in the exploration game for over two-and-a-half decades, is well known as the man that led **Doray Minerals (ASX:DRM)** to success, having floated the company in 2010 following a \$4.6m IPO.

Doray rocketed from its IPO price of 20c to \$1.70 in its first year on the ASX, earning itself the title of the most successful IPO of 2010.

The company went from explorer to producer, funding and building two new WA gold mines in three years.

The company was also **the first IPO that successful and well-known mining investor Tolga Kumova “went all in on”**.

Kelly jointly took out the Association of Mining and Exploration Companies' "Prospector Award" in 2014 for the discovery of the high-grade Wilber Lode at Doray's flagship company-making Andy Well mine.

The following year Andy Well was named "Australian Mine of the Year".

Doray **sold that mine for \$10m in cash and shares back in 2018**, before **being swallowed up** by bigger rival **Silver Lake Resources (ASX:SLR)** not long after.

Kelly was also the founding managing director of **Riversgold (ASX:RGL)**, **another company Kumova is backing** which made its debut on the ASX in October 2017.

'Fickle' but rewarding

Following completion of the seed raising, Kelly told *Stockhead* exploration was a "fickle" business and several things needed to come together at the same time for it to be successful.

"You have to be in the right company, with the right management, with the right gold price, with the right budget, with the right projects," he said.

"And it can be as simple as heading out to look at a project and getting three flat tyres before lunch and deciding you're not going to go. It can be that simple when things just get overlooked."

Kelly pointed to Andy Well as a prime example.

“Mike Fotios had Andy Well in 1998. He drilled a couple of holes and then he got rained out,” Kelly explained.

“So he pulled the rig out and never went back there. If he’d drilled a third hole in that section, he would have got 6m at 70 grams and would’ve made the discovery instead of me.”

Kelly’s strategy is simple – just look at the data.

“I just look at the data and look at the projects and then see what’s there, make sure that it is what it is – go out on the ground and make sure there’s been no work done since then or anything like that and then go from there,” he said.

“I try not to think too much about why the company didn’t do any more work.”

COVID-inspired pegging

The COVID-19 lockdown has been a perfect time for Kelly to pull together his next project.

Sticking to his home turf of WA, Kelly says gold is the best commodity to be in because there is a need for more new discoveries.

“Gold is obviously a great place to be, WA has always been a great place for exploration and I think people want to see some new stuff,” he said.

“Having that lockdown period to really grind through some old reports and do a bit of pegging, because that’s all online anyway, and then the next few months of getting the prospectus ready to go, I think the timing could be really good.

“Hopefully things relax a bit in the next few months. And given that all the projects are in WA, obviously that’s good from a logistics point of view – the fact that we can get out on the ground without any travel restrictions and things like that.”

The (gold) price is right

Kelly said when he started Doray the gold price was sitting around \$600 an ounce.

“When we got Andy Well up and running it was about \$1400/\$1500 and when we got Deflector up and running it was still only about \$1600 because of the exchange rate,” he said.

Now thanks to multiple economic jitters, including COVID-19 and US-China trade tensions, and a weak Aussie dollar the gold price is in a bull run, **hovering around \$2560 an ounce – a seven-year high.**

Kelly is now preparing to launch a prospectus for Miramar Resources in September targeting between \$4m and \$6m, which would give the company a market cap of between \$7 and \$9m and an enterprise value of \$3.5m.

The “bread and butter” for Miramar is its three underexplored gold projects near Kalgoorlie – Gidji, Glandore and Randalls, which sit in the **fertile Eastern Goldfields.**

While Kelly says the “simple surface discoveries” (the stuff sticking out of the ground) are a bit harder to come by in WA, there is still plenty of potential for discoveries beneath salt lakes and shallow cover.

“The Gidji project is one of our flagships. It’s on the highway 14km north of Kalgoorlie, but it was part of a bigger land position around the Super Pit,” Kelly said.

“It had a lower priority to other stuff that the company was drilling at the time. There’s stuff like that, that gets a bit overlooked.

“I think if you look a little bit deeper, if you look in the sort of 60 to 100m depth or you look under salt lakes you can still find stuff.”

Gidji is located along strike from **Horizon Minerals (ASX:HRZ)** 500,000oz Boorara gold operation and hosts several walk-up targets, including a northern extension of the 8-Mile Dam porphyry, with potential similarities to **Northern Star Resources’ (ASX:NST)** Kanowna Belle mine.

8-Mile Dam sits south of Miramar’s tenement boundary and has previously delivered thick intersections such as 281m at 1.03 grams per tonne (g/t) gold and 190m at 1.9g/t, as well as high-grade hits of 0.9m at 55.8g/t and 4.2m at 11.8g/t.

Miramar says the 8-Mile Dam porphyry continues onto the company’s tenements and extends for 1.8km.

Shallow aircore drilling at Gidji has returned intercepts of 9m at 1.25g/t to the end of hole, which remains open in all directions, and 1m at 1.5g/t which is open along strike.

Multiple opportunities

The Glandore project, meanwhile, has gold mineralisation defined over at least 2km, with drilling of the Eastern target returning hits including 8m at 22.5g/t and remaining open to the south for a further 800m.

The Western target is virtually untested for 2km.

And Miramar’s Randalls project sits adjacent to Silver Lake’s Maxwells/Cockeyed Bob/Santa banded iron formation (BIF) gold operations.

Miramar also has earlier stage projects in the Murchison and a nickel-copper-platinum group elements (PGE) opportunity up in the Bangemall, which Kelly says has similarities to the big Nova-Bollinger discovery in the Fraser Range.

Kelly says his passion has always been in exploration and this time around the focus isn’t necessarily on taking Miramar into production, but more about monetising the opportunity.

“I think this will be more about finding opportunities, working them up to a point and then potentially seeing if we can monetise them – sell them or JV them or do something like that rather than taking it through to production,” he said.

“Never say never, but my excitement is in actually coming up with a concept, building it up, growing it up and then just monetising it and moving onto the next one.”