

# Nickel IPO creates storm of interest

Croesus Mining's move to vend out its base metal exploration rights into a new float called Nickel Australia Limited has been keenly backed.

By James Hamilton

It's been said a million times before but timing is everything in life. Yet when Croesus Mining's managing director Mike Ivey approached well-known nickel explorer Tony Rovira late last year and asked him to lead a new float to be called Nickel Australia, little could the pair have known just what market excitement would follow in the weeks before the company listed on December 16.

Call it good luck or good planning, Nickel Australia's prospectus (to raise \$10 million via the issue of 40 million 25c

shares) popped out just as the eye of last year's nickel market storm was taking hold in the market.

A soaring nickel price and continued forecasts of production shortage due to booming Chinese demand prompted an army of punters to scribble on application forms to try and get Nickel Australia stock. Even though the company had planned for \$2 million in oversubscriptions, nobody expected \$27 million to be put on the table. The end result was that the company took \$15



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million and handed back \$12 million — a stunning result.

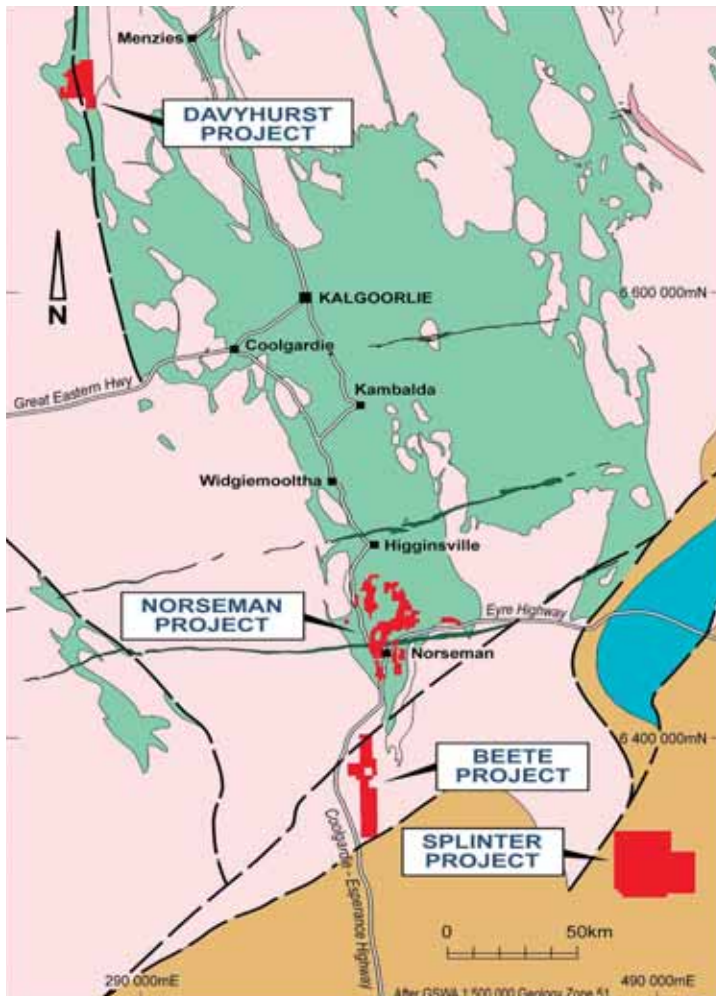
The biggest winners in the paper scramble were Croesus Mining which got 18% of the stock for vending in its nickel and other non-gold mineral rights, and wealthy Perth prospector Mark Creasy, who bagged just over 6% of the company. Creasy was one of the first to call the current resources boom some years out. To his credit he has put his money where his mouth is and can be found on the register of many prominent junior mining and exploration houses.

But Croesus didn't just get shares — it got a 1% royalty on the value of nickel concentrate mined from the Nickel Rights area. It also got a commitment from Nickel Australia to spend \$3.15 million on exploration and meet 50% of the statutory outgoings and work commitments on its tenements. But best of all it got Rovira. Previously with nickel miner Jubilee Mines, Rovira is a former Prospector of the Year and one half of the team that discovered the rich Cosmos and Cosmos Deeps deposits which Jubilee today is exploiting for tremendous profit.

Joining managing director Rovira on the board is chairman Campbell Ansell who also chairs Dragon Mining and is a director of De Grey Mining and Croesus Mining. Alongside Ansell is geologist Michael Fowler and lawyer John Saleeba.

Nickel Australia has four key project areas: Norseman, Davyhurst, Beete (which are all nickel targets) and Splinter which is a copper-gold opportunity. Beete and Splinter are currently under application (for exploration licences), which according to Rovira means Norseman and Davyhurst will get most of the focus in 2004. The company has budgeted to spend \$3 million on exploration this year. Norseman will get the lion's share, or \$2.7 million, of that.

The Norseman land position covers more than 420 square kilometres and lies



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on the end of the Eastern Goldfields Province and covers parts of Norseman Terrane as well as parts of the southern Coolgardie and Kambalda domains. The project area covers extensive sequences of ultramafic rocks with the potential to host komatiite-associated nickel sulphide mineralisation and differentiated mafic intrusion hosted nickel sulphides.

Previous exploration for nickel has been limited. There was some drilling done back in the early 70s by Central Norseman along the Jimberlana Dyke and later in the early 90s. The most recent exploration was done by Western Mining Corporation in 2000-01 when it put down six RC and three diamond holes.

The historical data, although limited, has identified numerous prospects that beg for more modern exploration. Six areas already have nickel intercepts:

- Talbot Island — 14.3m at 1.16% nickel and 50m at 0.87% nickel
- Jimberlana — 10m at 1.03% nickel, 3m at 1.04% nickel and 2m at 7% nickel.
- Mt Thirsty — 8m at 0.69% nickel
- Polar Bear — 30m at 0.5% nickel and 6m at 0.56% nickel
- Petersens Gossan — 4m at 0.73% nickel
- East Town — 3m at 0.72% nickel

“Norseman is certainly our best and priority target,” Rovira said. “The tenements contain ultramafic rocks which extend north up into the Widgiemooltha Dome area and up into the Kambalda district as well, where numerous nickel mines are currently in production.

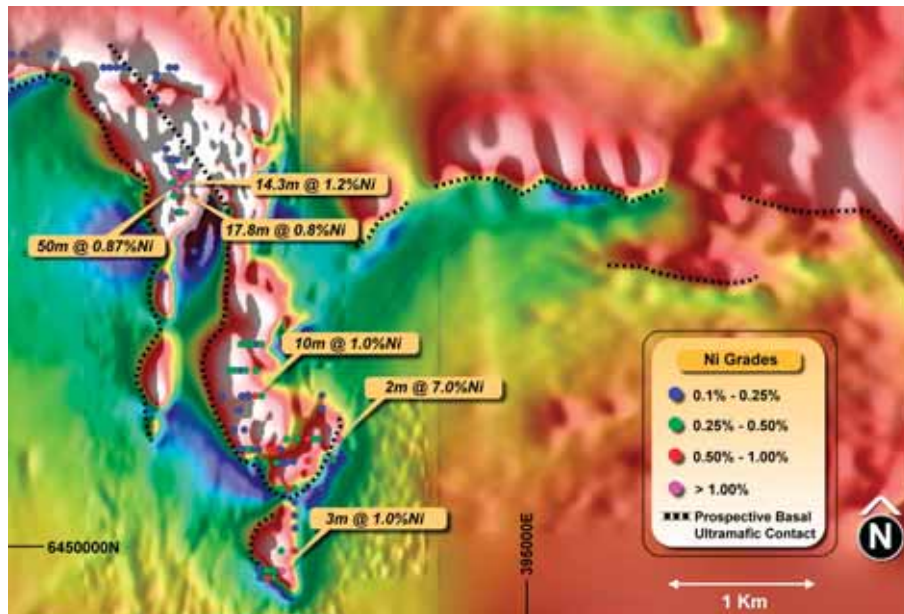
“So in terms of geology it has the right rocks, what it hasn’t had is much focused nickel exploration. And for that reason we have an exciting opportunity.”

Nickel Australia has already started a large electromagnetic survey program which will run for three months. That will be followed by an eight-week aircore drilling campaign and finally diamond drilling (and downhole EM surveys) should orebodies be identified.

The Talbot Island prospect in particular is most interesting. It hosts komatiite that extends for 40km of strike but outcrops in just two places. At one of these outcrops assays have recorded 1.5% nickel.

Also of interest is Jimberlana immediately to the east of Talbot Island which contains a number of anomalous nickel intercepts including a single intersection of massive sulphides (2m at 7% nickel) with associated high copper values.

Rovira says associated copper is often a telltale sign that the ultramafic rocks could contain significant nickel sulphide mineralisation. “Our feeling is that this area must contain something substantial,” Rovira said. “Big, near surface nickel orebodies were found at Kambalda and Widgie in the 1970s, but for reasons that really centre on



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Norseman being a gold exploration hub, this area has only been very lightly tested for nickel.

Nickel Australia’s Davyhurst is another well-known gold camp that has not previously been explored for nickel. “This is a grass roots play and our level of exploration expenditure reflects that,” Rovira said. “However, the gold found in the area is associated with basalts rather than the ultramafics. Consequently there has been little exploration in the ultramafics.

“It’s one of those areas that hasn’t been explored for nickel because no nickel has been found and no nickel has been found because nobody has explored for it. We’ll start on Davyhurst in the fourth quarter. I think we’ll know inside a year how this prospect shapes up.”

The company’s Beete and Splinter projects are on the backburner while it waits for full title. Both are part of the southern extension of Norseman-Wiluna greenstone belt. Both have been subjected to soil sampling but little else.

The Splinter project which is located 120km north-east of Esperance is something of a “smokey”. Here the company is following up calcrete sampling conducted by Helix Resources which outlined a low-level gold and copper anomaly.

Rovira says the company will test the anomaly with RAB drilling next year after further modelling work. The company is following the Tropicana model — Tropicana being a similar styled gold-copper play being explored by AngloGold Ltd and Independence Group NL.

“We are also looking for other projects for our company to invest in,” Rovira said. “We’re concentrating on nickel sulphides, however, we see no reason why we can’t strike sound joint venture deals in other commodities as well. There

are a lot of companies that have good projects but perhaps don’t have the funds to do them justice. Nickel Australia has a strong cash position with \$14 million in the bank and good technical expertise in nickel and gold exploration.”

Well cashed up, well led and well positioned — it’s an attractive recipe for success. Little wonder then that Nickel Australia has the keen support it does. Whether that recipe tastes as good as it sounds could be known in just a few months. Stay tuned for the first taste test.

