

# Dispatch from Australia 2024

Our Dear Leader is now in Australia. Whilst on his travels, he nevertheless managed to agree and announce a landmark strategic partnership in the UK with **Drakewood Capital Management Limited (“Drakewood”)**. With offices in London, New York and Singapore, Drakewood is a leading investment manager bringing metal sector opportunities to institutional and other types of investors. VSA and Drakewood will support each other across commodities trading, commodity fund management and commodity investment banking and broking. The partnership is intended to position Drakewood and VSA to take advantage of the evolving opportunity set across the metals and mining ecosystem and we expect to realize several shared benefits that will support both parties’ abilities to deliver attractive investment returns for investors and solutions for corporates. VSA expects the Parties’ collaboration to lead to a compelling and unique advisory, fundraising and capital services offering for junior mining companies. [For more information, please click here for the RNS.](#)



Andrew has not been in Australia since he was the CEO of Blue Oar Plc, 16 years ago. Blue Oar had offices in Sydney, Melbourne and Perth and Andrew has always stayed in touch with Olly Cairns who ran the Perth office and now has his own boutique brokerage, Pursuit Capital and VSA is delighted to announce a **JV with Pursuit Capital as their partner in Australia**. This gives VSA even more global reach alongside its capabilities and JV’s in China, USA, Kenya and South Africa and differentiates itself from other players in London who have a much more domestic outlook compared to **VSA’s international outlook**.



VSA office in Perth

Back in the 80s and 90s, it was very common to see Australian companies coming over to London to get financing as London had large pools of capital to invest and Australia had some of the world’s best natural resources companies. Sadly in today’s world, London no longer has those large pools of capital for equities, and especially for natural

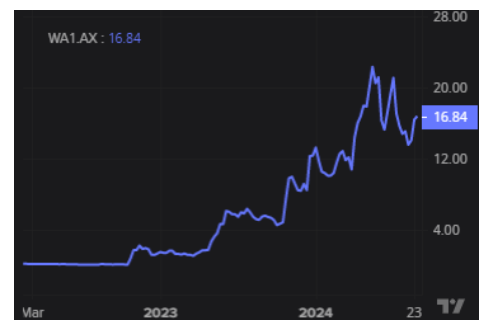


resources. Thanks to Australia’s smart decision in the early 90s to require workers to contribute to pensions through their salaries and establish Superannuation Funds, the country now has large pools of capital and as a result, natural resource companies don’t need to go too far afield.

Many of the conversations that Andrew is having down under are similar to those in the UK; brokers have a lack of deal flow and there are too many micro-cap resource companies on the ASX. The economy is suffering due to the slowdown in China

but property prices are sky high as Chinese money is still buying and leaving them empty (they don’t have a Council Tax unlike the UK and so second home owners are yet to be punished with 100% premiums like in Cornwall!) They moan about their domestic airline Qantas in the same way Brits do about BA (maybe why our Dear Leader flies Cathay Pacific as they are all members of the One World Alliance).

Perth is the home of Mining exploration companies in Australia but what Andrew hears at all of his meetings is that there are no end of micro cap mining companies / shells looking for a project to drop in but there just aren’t the projects out there. But people will always want to try and find the next big one. Everyone here is talking about how they missed WA1 Resources (WA1:AX) which probably was just lucky finding one of the world’s largest deposits of niobium.



VSA acts for five companies based in Sydney and Perth and so Andrew has been meeting with each of them to update and discuss strategies.

**ADX Energy (ADX AU)** this year made one of Europe's largest gas discoveries at Welchau in Austria, completed a permanent production facility with capacity for 3,000bopd at Anshof where production increased 31% QoQ to 231boepd which, with some help from pricing, ensured the company broke-even on an operating basis. Following the well result earlier this year, ADX raised money and currently has net cash of A\$11.6m and a busy work programme for the next six months. A sidetrack well is due to be drilled at Anshof in September which is expected to increase production by around 110bopd while a well testing programme is set to commence in October, subject to permitting along with an exploration well at Lichtenberg. [Watch VSA's most recent video with Ian Tchacos here.](#)

**EQ Resources (EQR AU)** has two producing tungsten mines in Queensland, Australia and Salamanca, Spain. Both are in ramp up mode hitting new production records thanks to the successful installation of ore sorting technology. The company received a A\$20m funding facility from the Queensland Investment Corporation and A\$9.5m from investors to aid the ramp ups earlier this year and in Q3 FY 2024 group production reached 43,388mtu WO3. The tungsten price is increasing and is now in a range of US\$335-360/mtu, up about 20% YTD. With rising prices and funding to support the continued ramp up the company is targeting a transition to profitable mining, and given its position as a leading source of Western tungsten, the company is exploring ways to cement its position as a strategic supplier of this key metal.

**Panthera Resources (PAT LN)** is in an unusual situation having had its Bhukia project expropriated by the Indian Government. The company has secured an off balance sheet financing package to cover the litigation costs. The US\$13.6m facility is from industry leader Litigation Capital Management who have conducted significant due diligence on PAT ahead of the decision to take on the case; it approves around 3% of the applications received. Bhukia has a JORC 2012 compliant resource of 7mnoz while the Geological Survey of India estimates the resource to be in excess of 6mnoz. Whilst not a typical investment case for resource companies, international law is a powerful backstop. The share price of the company going through the process typically adjusts to reflect a risked value of the potential award depending on how far through the process they are. With Panthera's Notice of Arbitration in July 2024, it is at the start of the process and has a market capitalisation of only £14m. Similar successful claims have been made by GreenX Metals, Indiana Resources, Rockhopper Exploration and Indiana Resources in recent years.

**Tectonic Gold (TTAU AQ)** earlier this year agreed a farm out on its flagship holding in Specimen Hill, a prospective license area for IRGS gold systems in Queensland. White Energy may spend up to A\$2m in exploration to earn the right to acquire for a further A\$2m and a 3% royalty. Management recently successfully monetised its non core holding in a South African diamond and heavy minerals project. In return for its 10% stake in the project TTAU received cash of US\$150k and 27.1mn shares in Kazera Global (KZG LN) while at Dec 2023, TTAU had cash of £100k. We also note that in the most recent annual report the company highlighted accumulated tax losses of £41.9m, which could be really useful for existing or future investors.

**Winsome Resources (WR1 AU)** is the Australian company teaching Canadians how to build a lithium business. Having put together a significant package of claims in the James Bay area of Quebec, the company announced a maiden resource of 78mnt at 1.15% Li2O which went straight into the top five largest lithium resources in North America. What makes WR1 stand out is its innovative deal and exclusive option to acquire the Renard diamond project; a permitted processing facility with C\$900m in sunk capital. Permitting in Canada is a slow process and this deal could fast track this leaving only a revamp of the plant required along with infrastructure to link the sites together.

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**Andrew Monk, Chief Executive Officer** | T: +44 (0)20 3005 5001 | E: [amonk@vsacapital.com](mailto:amonk@vsacapital.com)  
**Andrew Raca, Head of Corporate Finance** | T: +44 (0)20 3005 5004 | E: [araca@vsacapital.com](mailto:araca@vsacapital.com)  
**Ollie O'Donnell, Head of Equities & Research** | T: +44 (0)20 3005 5005 | E: [oodonnell@vsacapital.com](mailto:oodonnell@vsacapital.com)

**VSA Capital Limited, Park House, 16-18 Finsbury Circus, London EC2M 7EB** | [www.vsacapital.com](http://www.vsacapital.com)