

Manuka making sweet success

Manuka Resources Ltd executive chairman Dennis Karp admits to being lost for words at the reaction to his company's recent listing on the ASX.

Following its July 14 debut as the first resources IPO since the onset of the global coronavirus pandemic, Manuka's stock has tripled in value and at one stage in late August the New South Wales-focused gold producer and silver hopeful was trading as high as 71c/share.

It could have been a very different story for Manuka given the lack of resources floats in the queue at the time and the feelings of trepidation from Karp and his team after being forced to postpone their initial plans to list the company back in May as financial markets around the world closed ranks.

However, with the resources sector showing signs of a fast recovery from a low point in March and prices for both gold and silver steadily surging, Manuka reset the dial for a mid-year listing.

The Sydney-based company subsequently raised \$7 million via an oversubscribed IPO as investors threw their support behind Manuka's impressive start to production at the Mt Boppy gold mine and its plans to rejuvenate the nearby Wonawinta silver project. In fact, the uptake was so strong a number of investment applications had to be scaled back.

Since listing, Manuka's shareholder base has grown from about 600 to more than 2,000 at the time of print.

"Given there were no IPOs at the time, we weren't certain how the market was going to take a new resources IPO," Karp told **Paydirt**.

"We were very pleasantly surprised after two days [of launching the prospectus] we had more than doubled the high-end of the amount of money we were looking for. We were actually a bit lost for words, but at the same time very pleased to have had that level of support, which has just continued on after the listing."

Manuka has essentially been a story four years in the making following on from Karp's Rescap Investment acquiring the Wonawinta project, including the mothballed 850,000 tpa processing plant, in August 2016. Almost three years later the historic Mt Boppy gold mine was added to the Cobar-based portfolio.

The company then secured a \$US14 million debt facility from a Hong Kong-based lender but was given a strict mandate not to spend any of that money on exploration. Manuka then made plans to undertake a complete refurbishment and upgrade of the Wonawinta plant with a view towards processing stockpiled ore from Mt Boppy.



Stockpiled ore from the Mt Boppy gold mine (above) is being trucked to the 850,000 tpa plant at Wonawinta (below) for processing. Manuka is currently upgrading the existing 52 moz silver resource at Wonawinta, near Cobar in central NSW



Proceeds from Mt Boppy (existing resource of 320,000t @ 3 g/t gold for 31,000oz) are expected to wipe the company free of any debt over the course of the next 10 months.

"Between 1895 and 1925 this was the richest gold mine in NSW," Karp said. "It produced 500,000oz at an average head grade of 15 g/t, which for NSW is pretty significant. We're mining the remnants of that."

"Our lenders wouldn't allow us to spend any money on exploration and I think that is the key value proposition that is going to rise from those two projects over the years ahead."

We've got a project which is cash flow positive and will continue to be so for some time to come and we're also in the processing of upgrading our 52 moz silver resource at Wonawinta.

"Internally we believe we'll be mining for the next 5-6 years on what we know, but we do need to have a look at what is beneath the surface because it hasn't really been explored properly before. Both of our projects are very shallow and the Cobar Basin is a very deep basin."

Of the \$7 million raised from the IPO, \$3.58 million has been set aside for Manuka's three-stage exploration and resources conversion programme at both Wonawinta and Mt Boppy.

Infill drilling is the primary focus at Wonawinta, although the company has indicated it will assess the potential of some "advanced greenfields" targets towards the end of the 9,000m RC and diamond campaign.

Drilling to test for depth extensions to the Mt Boppy hits is also under way and has already yielded encouraging intercepts of 10m @ 34.48 g/t gold from 57m and 14m @ 14.51 g/t gold from 59m.

Manuka was finalising a 3D model at the time of print to soon begin exploring a prospective 9sq km area which incorporates historical workings at Canbelego King, Reid-Rankins and Birthday.

Karp is supported on the Manuka board by former general manager for Newcrest Mining Ltd's Cadia Valley operations Tony McPaul and experienced silver mineralogist Nick Lindsay. Haydn Lynch is the company's chief operating officer, with Cobar identity Dave Power also on the team as general manager, operations.

"We've kept the team pretty lean to this point in time, but we believe we've got all bases covered and if we find ourselves short in certain areas then we'll look to recruit accordingly," Karp said.

"We've gone from having a care-and-maintenance crew of two back in December last year to now having 55 full-time employees on the project. We've been running 24/7 with essentially three crews on shift at the mine. The start-up has been pretty seamless."

— Michael Washbourne