

# Australian juniors agree coal merger

AUSTRALIAN-LISTED coal producer Felix Resources Ltd has signed a memorandum of understanding with the shareholders in White Mining Ltd, an unlisted coal producer, with a view to merging the respective operations of the two companies.

Felix was formerly called Aurlon Energy Ltd, and took its present form last November when Resource Management and Mining Pty Ltd (RMM) sold the Yarrabee coal mine in Queensland's Bowen Basin to Felix in return for shares.

RMM is the largest shareholder in Felix. The latter's other assets include the Minerva coal project in the Bowen Basin, coal and iron-ore tenements in South Australia and the Ballymoney lignite project in Northern Ireland.

White has an 80% interest in the Ashton operation in the Hunter Valley of New South Wales, which comprises a 1.6 Mt/y surface mine producing mainly semi-soft coking coal and an underground longwall project. The latter is targeted to produce over 2 Mt/y of mainly semi-soft coking coal within two years. The balance of ownership is held by Itochu Corp of Japan.

White's other assets include a 100% interest in the Moorlaben deposit in



Felix's Yarrabee coal operation, Queensland

the Western Coalfields of NSW, which, Felix says, is capable of supporting an 8-10 Mt/y operation producing thermal and ultra-clean coal (UCC); and 100% in the Harrybrandt deposit in Queensland's Bowen Basin, which hosts low-volatile coal suitable for pulverised-coal injection applications.

The company also has a technology division with a UCC pilot plant in the Hunter Valley, and which holds patents over UCC technologies.

Felix chairman Ian McCauley said the merged company would have "a significant set of coal assets with a broad maturity profile". The addition of White's mines will double Felix's production immediately, and the company believes it can double output again with its near-term growth projects

Felix will make the purchase by issuing White's shareholders with 820 million new ordinary shares, plus 75 million class 'A' shares and 75 million class 'B'. These shares will represent a collective interest of 55.3% in the enlarged share capital of Felix.

The latter has proposed a one-for-ten consolidation, in which case the number of shares to be issued will be reduced accordingly.

The class 'A' and 'B' shares have no voting or dividend rights until, and if, the prices of the shares reach and maintain, for ten consecutive trading days, volume-weighted averages of A\$0.30/share and 0.35/share respectively. Should the shares fail to reach their thresholds within five years from issue, they will be cancelled.

Felix was advised in the deal by Bangkok-based AWR Lloyd, an independent corporate finance adviser specialising in energy, mining and metals in the Asia-Pacific region.

AWR Lloyd's directors include George Lloyd, formerly responsible for business development with Australia-based mining group RGC Ltd; Jeremy Ayre, previously in business development with Rio Tinto in London; and Alexander Wood, who spent nine years in corporate finance at investment bank Paribas.

northern Saskatchewan (*MJ*, March 26, p10).

## ■ EMPEROR RIGHTS ISSUES

A review board of Australia's Takeover Panel has overturned an earlier ruling of "unacceptable circumstances" relating to a proposed A\$20.4 million rights issue by Emperor Mines Ltd. However, the deadline for the issue has been extended to next Friday (November 12). Last month Emperor lodged a revised prospectus incorporating orders made by the panel following an application for "unacceptable circumstances" by three Emperor shareholders (*MJ*, October 22, p12). The application was made on concerns that DRDGold Ltd, which had applied to meet any shortfall in subscriptions to the issue, might potentially increase its 45.3% majority interest (*MJ*, October 22, p12). DRDGold has subsequently agreed to allow all other Emperor shareholders to participate in any shortfall first, and has also consented to measures designed to ensure that its voting power in Emperor does not increase as a consequence of meeting any shortfall.

## ■ MOMA FUNDING

Dublin-based Kenmare Resources plc has completed arrangements for the final equity requirement under the financing agreement for its Moma mineral-sands project in Mozambique. Kenmare has now raised its targeted £53 million. Earlier this year, the company announced it had fallen just short of the funding target and subsequently launched a supplementary placing of shares and warrants (*MJ*, July 16, p10).