

## Minnow digs for fortune in Fiji

FLOAT WATCH: TIM MORRIS THE AUSTRALIAN SEPTEMBER 17, 2013 12:00AM DOME GOLD MINES  
ASX CODE: DME

SHARES ON OFFER: 2.5 million

LISTING PRICE: 20c

MARKET CAPITALISATION: \$23m

LISTING DATE: October 22

**THE minerals industry has grown significantly over the past decade from about 7.5 per cent of gross domestic product to well over 10 per cent.**

After hosting over 50 major discoveries during the decade, we now have more than 500 operating coal and metal mines. Local entrepreneurs are now striving to expand the industry in Fiji, our Pacific neighbour.

In an economy where one-third of GDP is driven by tourism, Fiji's mining industry contributes less than 2 per cent.

Output is dominated by the Emperor Gold Mine, which has produced over seven million ounces during the past 70 years. Further industry development has been hampered by political uncertainty.

Fiji has been administered by an interim regime since a 2006 military coup overthrew its government. Elections have been earmarked for next year, and the re-scheduled listing of Dome Gold Mines indicates that stability could be on the horizon.

After postponing its listing ambitions last year, private funding has sustained this Fiji-focused exploration company amid a challenging capital market and local political regime.

Dome operates three exploration licences spanning 500sq m. . While it doesn't have defined resources yet, the proximity of neighbouring deposits is providing impetus for investment.

Following its initial public offer, Dome Gold's immediate focus is its Nasivi Delta project, which is targeting alluvial gold and iron sands mineralisation. The project lies 50km east of a 220-million-tonne iron sands deposit operated by Amex Resources (AXZ). After completing a bankable feasibility study and securing an undisclosed offtake partner, Amex Resources commands a market capitalisation of about \$80 million.

While resource delineation at Dome Gold's Nasivi Delta project could drive similar interest, development is much less advanced and needs to overcome metallurgical hurdles.

Pre-IPO drilling late last year encountered significant "heavy mineral" grades ranging from 14 per cent to 42 per cent, although individual metal concentrations are uncertain.

For new investors with a speculative appetite, the company's existing \$2m cash reserve provides some added security. However, a relatively high level of unallocated free float is an impediment to the stock's near-term performance.

Tim Morris is an analyst at wise-owl.com.