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This Is The Ideas Generation Vehicle, Says DGR Global's Nick Mather

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Nick Mather

"I think we're going into another resource boom", says Nick Mather of DGR Global.

If that name seems familiar, it's because Nick has been the driving force behind several successful junior mining companies over the years, although he actually started out in the oil and gas space with Arrow Energy, a company that was eventually acquired by Shell and Petrochina for a cool US\$3.5 billion.

More recently, Nick has been prominent as the man who kept the ship steady at [SolGold](#) as it negotiated a series of management changes and a major change of focus. It's now largely moved on from its efforts in the islands of the South Pacific, and is instead concentrating its efforts drilling up the Cascabel copper-gold project in Ecuador.

A 1.5 kilometre mineralised intersection and a share price that's risen six-fold over the past 12 months tells the story of how that's all worked out.

But Nick has plenty of other irons in the fire too. He's also a founder and non-executive director of Orbis Gold, the Australian gold company that's working up assets in Burkina Faso, and he sits as chair of Armour Energy, a gas company with assets in Australia.

But behind it all sits DGR Global, an ASX-listed vehicle that generates ideas, projects, and ultimately companies.

"It's a resource company factory", says Nick. "This is the ideas generation vehicle. There are no preconceived ideas about what we will and won't do. I had so many exploration ideas that I wanted to follow up on, I said we'd turn this company into a resource company creator."

The timing could be very auspicious. If Nick's predictions of a new resources boom are right, DGR's positions in gas, iron and copper companies, plus its diverse and international project pipeline across a wide range of commodities could lead to a real value uplift in due course.



Anyone who doubts it should just have a look at the track record so far. "There's been A\$7 million worth of value that's been created every year", says Nick. He sets that sum against the arguments of any who claim that a project generator like DGR doesn't enjoy the same sort of market esteem that a cash generating company would.

"It is a cash flow business", he says. "But the cycle times range from three-to-twelve years. And when you cash out it's a really big payday. I've now been on the receiving end of eight takeovers. So we take a long term view." The market however, has a more short-term focus, and Nick is keen to address a widespread misconception.

"There is some negative sentiment", he says. "A belief that because we are relatively cash constrained we are dumping shares in the companies we own, thereby forcing their share prices down. But we're not doing that."

That negative sentiment has hit DGR's own share price, down by around 40 per cent over the past 12 months, although the recent drilling success from [SolGold](#) has had some positive rub off and the trajectory now looks to be up once more.

But even so, at these levels Nick won't countenance a share issue. So what are the funding options?

In fact, there are several. At the last count, in an announcement released at the end of February, the company's asset portfolio was valued at A\$39 million. That leads Nick naturally towards a debt solution.

"We can provide security on any debt with our listed assets", he says. "At these interest rates I know I can add value quicker than the interest rate. We're also interested in debt convertible at the asset value."

And he doesn't rule out other instruments, like royalties or off-take agreements.

Indeed, there could be an uplift in value pretty soon, as the Aim listing of one of DGR Global's major holdings, Iron Ridge, gathers momentum. This has been on the cards since late last year, and although Nick won't talk about the specifics of timing, it now looks to be well advanced.

[SolGold](#) too offers ongoing promise, as drilling at Cascabel continues, while Orbis Gold, as Nick says "looks after itself" as it moves forward with its 2.5 million ounce gold inventory.

All told, what DGR does next will be highly illuminating. For a non-cash generating company to take on debt is risky, but Nick has the entrepreneurial skills to make it work. More interesting will be to see where the debt comes from. To Nick's mind, the capital pools in Australia remain very shallow.

Hence he's in London talking about DGR. And if London comes up with the right deal, that will lead to several interesting conclusions as to just how the next resources boom will get funded at the junior end.



