

Plus, Firefly's move to set manganese Firebird free delivers windfall for shareholders and has Tolga got an elephant by the trunk at Aston?

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Share Article



FIREBIRD METALS:

It was back in December that Firefly (FFR) decided that the market was ascribing little or no value to its Oakover manganese project in the Pilbara.

Oakover had been worked up as an advanced manganese project between 2009 and 2016 but it fell off the radar once Firefly began kicking goals as a gold explorer at its Yalgoo project.

So instead of letting it languish, Firefly decided to spin it out into a new standalone company – Firebird Metals (FRB).

There was an in specie distribution of shares to Firefly shareholders, and a \$5.5m capital raise with entitlements at 20c a share.

Juiced up with a couple of less advanced manganese projects in the Pilbara, Firebird has gone off like a cracker. Its shares are now trading 64c, giving it a market cap of \$34.4 m which based on ordinary shares alone, makes it worth more than Firefly (\$32m).

So it has been a value creation exercise par excellence. There are a couple of themes that have made Firebird's debut on the ASX on March 16 such a value-creating affair.

First up, look no further than fellow Pilbara manganese stock, Element 25 (E25). It is in the process of commissioning the low capex stage 1 development of its Butcherbird project and is sporting a \$360m market cap (\$2.40 a share).

Manganese is a bit like the nickel market. Its fortunes have long been determined by the steel market (90% consumption) and the dry cell battery market, but a wave of demand of is coming from lithium-ion batteries (it's the M in NMC batteries).

Then there is the falling grades/lack of investment in manganese because of a long stretch of low prices and as mentioned above, car makers like Volkswagen saying that one day maybe, it could up the manganese load in batteries and drop cobalt all together.

Investor interest in E25's Butcherbird project reflects those themes, and it seems that Firebird's stellar start-out does as well.

They are at different stages of development but as far as the underpinning resources are concerned, both have grades of 10% manganese. In terms of tonnage, Butcherbird is 264mt and Oakover 64mt.

Both are low grade compared with the likes of South32's Groote Eylandt operation but then again, everything is. The latest in dense media separation and ore sorting means that saleable product is no longer the problem that 10% grades might have posed in the past.

And besides, the record global steelmake and the battery revolution means new mines are required more than ever.

Melbourne's bustling Tolga Kumova likes the Firefly/Firebird stories and recently increased his Firebird stake to 10.15% through on market purchases.