

Not just market volatility weighing on minnows

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Resource stocks snapped their four-day losing streak as the sector was the best performer on the market on Friday afternoon with the withdrawal of the Greek referendum sparking a wave of bargain hunting.

The S&P/ASX 200 Resources Index was trading around 3 per cent higher on Friday and had clawed back most of the week's losses after the index crashed 4.8 per cent from the start of the week to Thursday.

Greece changed its mind overnight about putting the painfully crafted European Union deal to save the country from a bond default to a national referendum, and that prompted a positive response from European and United States equity markets.

Shareholders in oil and gas company Cooper Energy would welcome even a small return of calm to the market as they have endured a hair-raising ride over the past few months as the stock was rocked by the bleak macro environment and internal issues.

Cooper has undergone a board shake-up but a major shareholder is looking to secure two seats to divest some of the company's assets and pay a special dividend as a way to unlock value in the asset-rich company.

The current board of Cooper Energy would rather focus on running the company better and developing its Australian and Tunisian assets.

The stock has tumbled 9.5 per cent over the past month, and if it continues to underperform, it will invite further speculation that Beach Energy will make a tilt for the company, as both companies have projects in the Cooper Basin.

Cooper was trading 1¢ higher at 38¢ this afternoon.

Another junior that could be the subject of takeover speculation is Robust Resources. The precious and base metals junior has hired JPMorgan to help defend them from takeover attempts as the Indonesian-focused explorer is believed to have received a few enquires from interested suitors.

The miner is believed to have signed the mandate letter in August and company executives have refused to comment on the matter.

While it isn't clear who would be keen on Robust, it's worth noting that the junior's Indonesian project was once held by Billiton (before its merger with BHP) but Billiton had abandoned the area due to the lack of exploration success.

However, technological advancements have made all the difference to Robust and early results seem to indicate that the junior is sitting on a world-class gold and base metal deposit. The question now is whether BHP Billiton is looking for a second chance.

Meanwhile, Clean Global Energy has also gone through a turbulent time as the company was rocked by systemic issues and the loss of investor risk appetite.

Some of its internal issues included the messy removal of its chief executive John Harkins and a damaging legal dispute with Universal Power and Oil that was only settled for an undisclosed sum last month.

The new leadership team at Clean Global is undertaking a highly dilutive option issue via a one-for-one non-renounceable pro-rata entitlement offer with an issue price of 0.2¢ per option and an exercise price of 7¢ an option with a July 2013 expiry.

Breakaway Investment Group is urging investors to take up the options as it believes the options are cheap, particularly since Clean Global will end up with a very low enterprise value to physical assets.

However, the independent research company questioned the logic of the issue given that the raising would only inject around \$380,000 after costs.

The company is changing its strategic direction and is now focusing more on conventional coal mining projects. Clean Global will also continue to develop its proprietary underground coal seam gas technology and evaluate suitable overseas sites for such projects, said Breakaway.

The research company has a "hold" recommendation on the stock at around the 2.1¢ mark. Clean Global added 0.2¢ to 2.4¢ in afternoon trade.

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