

Kalgoorlie Miner

News

Barrick dials back asset sale

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The world's biggest gold miner, Barrick Gold Corporation, has dialled back its rhetoric on selling assets to cut debt as it embarks on a new era after the death of founder Peter Munk.

The new attitude has opened the door for the Canadian gold producer potentially to keep its half of Kalgoorlie's Super Pit, which it put on the block in July, 2016, or to hold out for an over-the-odds offer like the \$US1.3 billion bid from China's Shandong Tianye Group that fell through a year ago.

Newmont, the US miner which owns the other half of KCGM, operates the massive gold mine and has a major presence in Australia, is known to be keen on its joint-venture partner's half, and is understood to be close to pushing the button on an extension that will take the life of the pit to 2026.

Barrick's half of KCGM came in at 85,000 ounces in the March quarter, though Newmont is yet to report and there are often discrepancies between the two owners' production figures.

KCGM is expected to produce 350,000oz-400,000oz for Barrick in 2018, according to its quarterly filings, down from previously stated guidance of between 390,000oz and 440,000oz.

Barrick has spent much of the past five years trying to divest assets to rein in the mountain-ous debt it accrued through the boom.

It includes the highly publicised fire sale of its then high-cost Australian assets, including the bottom-of-the-market handballs of the now highly profitable Granny Smith, Kanowna Belle/Kundana, and Cowal mines to Gold Fields, Northern Star Resources and Evolution Mining, respectively.

But Barrick president Kelvin Dushnisky told analysts on its quarterly results call on Tuesday night the company now had only \$US100 million (\$132 million) of its mammoth \$US6.4 billion debt due before 2020, with three-quarters of the debt due after 2032.

It now expects to meet its target of reducing debt to \$US5 billion by the end of this year through cash flow and the \$US2.4 billion sitting in the company's bank account.

"Given how materially we have strengthened our balance sheet, we now do not intend to sell further assets for the purposes of debt repayment," Mr Dushnisky said.

"And we will use free cash flow and cash on hand to try and achieve this \$US5 billion goal.

"Proceeds from any additional portfolio optimisation will be reinvested back into the business to enhance our project pipeline or returned back to shareholders."

Mr Munk died last month at the age of 90.

Mr Dushnisky paid tribute to the former Barrick chairman, calling Mr Munk "an icon".

Barrick expects to turn out 4.5Moz-5Moz in 2018, leaving it neck-and-neck with Newmont as world's most productive gold miner.

