

SE Business
HD **Norton's star shines, it readies for a wait**
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Norton **Gold** Fields has gone against the trend of many **Chinese** investments in this State by developing a solid operating track record at its Paddington **gold** mine and keeping minority shareholders well informed.

The miner, controlled by **China**'s biggest **gold** producer Zijin **Mining** Group, is also preparing for a game of patience with its hostile \$24 **million** bid for Bullabulling **Gold**.

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With Norton's **stake** in Bullabulling at 14.6 per cent yesterday on the back of acceptances and on-market buying, the suitor has extended the deadline for its 7¢-a-share offer by a fortnight.

Bullabulling is listed here and on London's AIM, where about 60 per cent of its register is. It closed at 7.2¢ yesterday. However, it continues to fail to reach the 11.1¢ to 16.1¢ valuation that independent expert BDO put on the target.

The big issue that still seems to be bothering Bullabulling shareholders is how their **company** plans to fund its namesake **gold** project. It is a big, low-grade deposit.

Bullabulling has never shied away from the possibility of adding a strategic partner to the project, though it says that it can still add substantial value by completing feasibility studies and upgrading reserves. In other words, it urges Bullabulling shareholders to be patient.

So, it appears, is Norton.

•At the other (somewhat bigger) end of the takeover spectrum with Baosteel-Aurizon's \$1.4 **billion** bid for Aquila Resources, all is quiet on the surface. Although this belies the furious lobbying going on behind the scenes.

This is going to be a drawn-out affair, with Aquila in no hurry to rush out its target statement and likely to leave it to the last minute as per Australia's takeover rules.

Aquila's share price remains stubbornly above the \$3.40 offer price — it closed at \$3.54 yesterday — because shareholders expect the Tony Poli-chaired board to reject the bid on valuation grounds.

Either way, there is a view that Aquila is irretrievably in play now and that a change of control action is the only outcome. So it's either Baosteel-Aurizon (Baosteel already holds almost 20 per cent) or a white knight bidder.

Aquila's price tag and the estimated \$7.4 **billion** cost of developing the target's half-owned West Pilbara **iron ore** jewel mean any suitor will require confidence in the steel-making commodity's price outlook and a long-term investment thesis.

It will not have escaped Baosteel's attention that since it and Aurizon launched their hostile cash bid a month ago, the **iron ore** spot price has fallen \$US14 to \$US92.10 a tonne, a two-year low.

Market sentiment is important and the fall could not have happened at a worse time for Aquila, or Grant Samuel, hired to prepare an independent expert's report to calculate the target's true value.

CO cnchgd : Bullabulling Gold Limited | nogofe : Norton Gold Fields Ltd

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