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HD Evolution makes eyes at Phoenix to oust Chinese suitor

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LP [Evolution Mining](#), one of the gold sector's most acquisitive players, has revealed its intention to trump a Chinese suitor in the tussle for control of a coveted gold explorer, as merger and acquisition activity in the gold space heats up.

Evolution is the largest shareholder of explorer Phoenix Gold with 19.8 per cent and on Thursday it said it would offer Phoenix shareholders 0.06 of an Evolution share and 6¢ cash for each share they hold. The offer would be conditional on the completion of Evolution's acquisition of La Mancha's Australian assets, among other things.

TD The offer trumps a 10¢ a share cash bid from China's Zijin Mining and values Phoenix at about \$56.4 million, higher than its current market capitalisation of about \$49 million.

Zijin holds about 8.9 per cent of Phoenix but through a pre-bid agreement with Phoenix shareholder Geologic Resource Partners has a relevant interest of about 17.9 per cent.

Phoenix has attracted the attention of both suitors because of its strategic landholding beside the La Mancha operations and near the Paddington mill that Zijin picked up in its recent takeover of [Norton Gold Fields](#).

Phoenix has advised shareholders to take no action on either offer at this stage.

Evolution managing director [Jake Klein](#) said he thought Evolution's potential offer gave Phoenix shareholders the best opportunity of realising value from the company's ground.

Morgans analyst James Wilson said Evolution's move on Phoenix aimed to secure "one of the last key strategic assets" in the region but was likely to "stir the hornet's nest in a big way" because both bidders saw significant value in the landholding.

A spokesman for Zijin declined to comment on the company's reaction to the Evolution offer.

Meanwhile, Saracen Minerals picked up St Barbara's King of the Hills mine and Kailis resource for \$3 million. Both are less than 80 kilometres from Saracen's Thunderbox project, expected to be in production by mid-2016.

Saracen Minerals managing director Raleigh Finlayson said the acquisition was a great bolt-on opportunity close to its infrastructure, with potential opportunities at Kailis looking attractive.

Mr Wilson said the deal was "a prudent low cost value accretive acquisition but our preference right now is for the more aggressive players like Evolution and Northern Star Resources that have gone for big value accretive deals".

Mr Finlayson said Saracen was content looking at smaller opportunities but wouldn't rule out bigger deals once Thunderbox was operational.

"We have seen Northern Star Resources and Evolution ahead of us striking deals ... but chasing slightly bigger prey and for us, recognising our size and where we are at in the cycle, we have a big development and our focus is primarily on getting Thunderbox going, so this is by no means a distraction and who knows, the next step may well be larger."

CO westml : Evolution Mining Limited

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