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SE MarketWatch
HD Good reception likely from fibre network deal
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LP Vocus Communications (VOC) $8.52 (trading halt) Acquisitions are ingrained in the DNA of M2 Telecommunications, which earlier this year merged with Vocus to form the nation's fourth-biggest telco.

Vocus hasn't exactly been **M** &A shy either, having acquired the listed fibrous junior Amcom Telecom last year.

TD Combined, M2 and Vocus have completed 30 acquisitions so no one should be surprised at the latest $807 **million** deal to buy "backhaul" fibre network operator Nextgen.

Nextgen runs 17,000km of piping alongside Telstra, Optus and TPG Telecom. Leighton Holdings (now CIMIC) used to own Nextgen, but sold 70 per cent of it to the Ontario Teachers Pension Plan in 2013.

Hang on: aren't superannuation schemes famously forward thinking in their infrastructure plays?

The problem, it seems, is that Nextgen wasn't going to get the requisite traffic from retail telephony providers after a string of consolidations, notably TPG's **purchase** last year of iiNet.

Government and business clients aside, Nextgen's biggest customer was Vocus who, like a canny tenant, figured out buying was better than renting.

According to Morgans telco watcher Nick Harris: "This puts Vocus on a level playing field with Telstra, Optus and TPG in terms of fixed-line offerings.'' While the deal doesn't look like daylight larceny — and we're sure the Canuck teachers did their homework — Vocus founder James Spenceley estimates the network cost $1.2 **billion** to build and the replacement cost would be "well north of that''.

Vocus has launched a $452m accelerated non-renounceable rights raising, as well as a $200m insto placement.

Depending on the share reaction when trading resumes, the deal should elevate Vocus's market cap to well over $5bn and more than halfway to Spenceley's aspirational $10bn.

Given the promised "high single-digit'' synergy benefits, holders should take up the rights.

GBM **Gold** (GBM) 1c The Bendigo battler sure got a golden handshake after taking possession of the ill-fated Bendigo **gold** project, acquired from Unity Miningfor little more than a $6m rehabilitation provision.

Tidying up the ball mill, management recovered "substantial" additional **gold**, the value of which is yet to be determined. "Even though they (Unity) cleaned the place out, we are still finding more,'' says CEO John Harrison.

GBM is hoping to prove the adage that it's the second or third owner that makes money out of a mine. It certainly wasn't the old Bendigo **Mining**, which sunk $350m into developing the project, including a 1km decline and a mill worth $64m at the time. Shortly after then Vic premier Steve Bracks opened the mine in late 2006, management was told the supposed resource of 11 **million** ounces was a tad overstated.

Awkward! Bendigo **Mining** imploded and then morphed into Unity, which extracted 100,000 ounces from the works over three years. "Bendigo **Mining** didn't get it completely wrong, it's just that they got the scale wrong,'' Harrison says.

The former owner of the local Inglewood mine, GBM paid Unity $100,000 for the project, plus a $6m rehabilitation bond. A keen seller, Unity consented to the bond being repaid over three years. GBM envisages a 20,000-ounces-a-year operation from the existing decline. Initially, though, it plans to exploit the quartz tailings that litter the site.

"We think there could be 7000 ounces of **gold** in tailings dam than we can get out via gravity methods,'' Harrison says.

Three quarters-controlled by **Chinese** interests, GBM is a speculative buy.

1-Page (1PG) 52.5c Investors in the Silicon Valley tech souffle have vented their spleen about the **company**'s rapid fall from grace, knocking back the remuneration report vote at yesterday's AGM.

Of the voting holders, 42 per cent were against the motion, well beyond the requisite threshold of 25 per cent.

1-Page has claimed an impressive client base for its revolutionary recruitment method, but judging from the derisory revenues few have been willing to pay beyond a trial period. Avoid.

Highfield Resources (HFR) $1.34 Further to Tuesday's snippet on the Spanish potash hopeful, CEO Anthony Hall says he's confident the country's centre-right parties will form a government "pretty quickly" after last weekend's election.

Highfield has been awaiting environmental approval or its **company**-making Muga project, but Madrid has been in a protracted siesta since last December's deadlocked poll.The Australian accepts no responsibility for stock recommendations. Readers should contact a licensed financial adviser. The author owns Vocus shares.

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