



POPSTAR DIGGING FOR BIG BULLIONS

Townsville Bulletin (Australia)

December 21, 2024 Saturday

Townsville Edition

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Section: WBUSINESS; Pg. 45

Length: 771 words

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Body

All that glisters seems to turn to gold for former Neighbours and 2002 "Kiss Kiss" pop star Holly Valance and now she and her husband, British billionaire Nick Candy are backing gold as the next way to pave their fortunes.

Overnight, a firm the two control which is listed on London's Aim Market, Metals Exploration, lobbed a £67.5 million bid for fellow Aim-listed Condor Gold. It's just the latest in a string of takeover plays in the sector both in Australia and abroad as companies look to size up on the back of record high gold prices.

In Australia last week two of the biggest gold companies, Northern Star **Resources** announced a scrip-only merger with De Grey Mining - which is yet to produce a bar of gold - in a proposed deal to create a \$5bn miner.

Just today, West Australian gold explorer Spartan **Resources** announced a \$220m capital raising, which it said was for exploration and mine development. The company is building up a war chest after itself being the target of fellow miner **Ramelius Resources**, which grabbed 17.9 per cent of its shares in a surprise raid in July.

One of the nation's biggest market makers said there "probably" will be more consolidation to take place in the short term. He would not be named for the article.

"We think it makes sense," the unnamed fund manager said. "There's a big premium for size. Larger companies trade at higher multiples." Companies such as Remelius, Genesis Minerals, and Westgold **Resources** are potential bidders of targets such as Spartan, as well as Vault Minerals and Pantoro, which his firm holds shares in.

Sharing his prediction of takeovers aplenty in the gold industry is funds firm Capital Outcomes.

"We anticipate further consolidation is likely to occur in the Australian gold market," said Capital Outcomes chief investment officer Emanuel Datt "We expect most of the consolidation to occur amongst the Australian mid-tier gold players." Mr Datt predicts the hunters will be **Ramelius**, Westgold and Perseus Mining and their targets could be Spartan **Resources**, Bellevue Gold and Predictive Discovery.

Gold is hot right now (as a pop starlet might say) because the global markets believe risks are rising. Gold is viewed as an investment safe haven in a world where the conflict in the Middle East has never looked further from ending,

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the war in Ukraine continues, and as markets try to predict which countries US president-elect Donald Trump may choose to either punish or praise.

In addition, many central banks, like the People's Bank of China have been buying gold to diversify their holdings away from US bond markets.

Predicted interest rate cuts in Australia and globally may lead to a further hike in the gold prices as investors look to escape falling yields from bonds.

"Gold prices remain high with a strong fundamental outlook," said Mr Datt. The price of gold hit new record highs several times this year - reaching US\$2,790 in October. Although it's eased since then, the price is still significantly higher than its usual trading range for the previous few years.

For gold companies looking for the scale they need to attract the attention of large investors - this bullish outlook gives them the confidence to make capital plays that might otherwise seem too risky.

"We have observed an increase in risk appetite amongst the acquirers, case in point being Northern Star acquiring De Greys, which holds a large orebody with a complex processing flowsheet," said Mr Datt.

The fact that even exploration-only miners are starting to attract greater attention also reflects the increased difficulty of starting new mines. Four months ago, West Australian gold miner Regis **Resources**, had a \$1bn project in NSW blocked by Environment Minister Tanya Plibersek in a surprise Indigenous heritage ruling.

Goldman Sachs Australia Head of Metals & Mining Gavi Friedland, believes the balance is shifting toward companies that already have mines or project approvals in place.

"We may now see this materialise in an environment where Capital Outcomes chief investment officer says it is generally cheaper to 'buy vs. build'," said Goldman Sachs Australia Head of Metals & Mining Gavi Friedland.

It augers well for former Melbounian Ms Valance. The firm she part owns with hubby Mr Candy -- Metals Exploration - expects to produce 80,000 ounces of gold from its mines in the Philippines this year and its target company Condor owns gold mines in Nicaragua. The former actress and singer seems to have a great track record with timing, starring in Neighbours in its prime, sticking to just one very well timed pop album, marrying a property mogul and backing Donad Trump.

Load-Date: December 20, 2024