



Southern Cross and Mawson in rethink

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Body

Canadian-listed Mawson Gold wants to reverse its spin-out of Victorian precious metals explorer Southern Cross Gold, pitching a merger that would result in the combined company being listed on the Australian and Toronto stock exchanges.

Southern Cross has been drilling out its promising Sunday Creek gold and antimony project, which sits only 60km north of Melbourne, with high-grade hits this year having pushed the -company's valuation to almost \$550m - with a five-fold increase on its share price from only a year ago.

Mawson spun out Southern Cross in 2022 in order to instead focus on new gold and uranium projects in Finland and Sweden, retaining just under half of Southern Cross stock after the company's initial public offering on the Australian market.

The Canadian-listed company had planned to distribute its holding in Southern Cross to its own shareholders, but its own exploration efforts have lagged those of its Australian cousin and Mawson now wants to take the Victorian gold project back into the fold, according to Tuesday's -announcement by both comp-anies.

Under the proposed deal, Mawson will sell off its Scandinavian assets and consolidate its own shares - offering Southern Cross shareholders a one-for-one deal that would result in the company's Australian stock holders emerging with 50.4 per cent of the joint company.

The re-merged company would be dual-listed in both Australia and Canada. Southern Cross is yet to declare an initial resource at Sunday Creek, but has released a number of impressive drilling hits over the past year, including a 20-metre strike grading 62.7 grams a tonne gold.

While any ore mined at the project in the future is likely to be more difficult to process than traditional Australian gold mines, the company also says its drilling has revealed substantial grades of antimony - considered a critical mineral by most Western governments.

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But, while Southern Cross stock has been buoyed by the recent rise in the price of the precious metal, Tuesday's merger announcement came amid a blip in the gold price as Chinese authorities halted gold buying in May, and a shift in strategy on US -markets as investors begin to factor in potential rate cuts in the country.

Major Australian gold stocks tumbled on Tuesday, with Newmont shares closing down 3.3 per cent at \$61.49, Evolution Mining off 6.5 per cent at \$3.76, Genesis Minerals down 8.8 per cent at \$1.815, and Northern Star **Resources** off 5.1 per cent at \$13.82.

In other heavy falls, Regis **Resources** closed down 8.1 per cent on Tuesday at \$1.765 and **Ramelius Resources** was down 7.3 per cent at \$1.855. The merger announcement was received favourably by Southern Cross shareholders, however, with its shares bucking the falls across the gold sector, closing up 2c at \$2.82.

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