



## **Golden chance for miners to buy out rivals amid commodity sell-off - DATA ROOM**

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### **Body**

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A sell-off in gold stocks on Thursday following the US election result could see a raft of groups that were looking to raise cash before Christmas pare back the size and price of their deals.

Record high gold prices have prompted Australian-listed gold miners to capitalise on their booming share prices trading off the back of the strong sentiment surrounding the commodity.

But on Thursday, share prices of gold companies came under substantial pressure, with groups such as Northern Star, Spartan, **Ramelius**, Evolution Mining, Regis **Resources** and most others in the sector down by more than 5 per cent.

Groups that have strong cash balance sheets may try to capitalise on the opportunity by acquiring peers at their cheaper prices now that stocks have weakened.

The obvious play is for **Ramelius Resources** to move on Spartan, which saw its shares fall by more than 15 per cent on Thursday, taking its market value to \$1.7bn. Spartan's shares closed at \$1.24, after they had hit a 2024 high last month above \$1.60.

**Ramelius**, which is in a \$455m net cash position, pounced on Spartan in June, buying an 8.9 per cent stake at 92c a share, so perhaps the stock needs to fall further before it becomes interested in a deal.

Northern Star is also in a strong position for a buyout, with \$358m of net cash. Its most logical target is De Grey Mining, whose shares also fell more than 5 per cent on Thursday.

Part of the reason behind a rally in the gold price in the past two months has been expectations of geopolitical instability and an uncertain outcome in the US election.

But the sweeping victory of Donald Trump in the race for the White House has caught out some gold traders, with the result creating more certainty about US policy.

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Also sending the gold price lower on Thursday was a rally in the US dollar following the election outcome, with the US economy expected to be stronger under Mr Trump.

However, while gold may be volatile for about two months as the market assesses the impact of Mr Trump's leadership, if he introduces trading tariffs on other countries such as China, and the US dollar remains high, that would lead to global inflation.

And inflation usually supports a higher gold price.

The same would be said about more geopolitical tension, should it occur under Mr Trump.

Groups that were also looking to raise equity may now have second thoughts over doing so before Christmas, or may raise less funds and at a lower price. Another plus for gold miners wanting to do deals following the election of Mr Trump is that it may be easier to come across financing for transactions at better rates, sources say.

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