

# Equity Investment Advisers Gold Report



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## Barrick Gold makes \$17.8bn hostile bid for Newmont

Barrick Gold is going hostile in its bid to acquire Newmont Mining and create the world's largest gold producer by offering \$17.8bn for the company in an all-share deal.

The offer raises the potential for a three-way fight between some of the world's largest gold miners, and comes after Newmont's CEO blasted talks about a takeover as a "desperate" and "bizarre" move by Barrick.

Barrick, based in Toronto, said it is offering "at market" valuation of 2.5694 a share for each Newmont share. That implies that it is valuing Colorado-based Newmont at \$17.8bn and \$33.50 a share, an 8% discount to Friday's close.

The bid, if completed, would likely derail Newmont's own \$10bn takeover of rival Goldcorp, announced last month, putting a big question mark over the future of three large gold miners. It would also put an end to years of on-again, off-again talks to merge Barrick and Newmont, the latest of which collapsed in 2014.

"It's a desperate and bizarre attempt to muddle up our deal," Newmont CEO Gary Goldberg said before Barrick's announcement. "And it's certainly not the sort of behaviour that will appeal to investors who want to invest in serious, well-run companies."

In an unusual step early in a takeover attempt, Barrick released a public letter to the board of Newmont with details of its proposal, urging them to support it.

Newmont said in a statement on Monday that it previously reviewed and rejected potential combinations with each of Barrick and Randgold Resources prior to the merger of those companies, which was completed last month. While Newmont's board will "fully evaluate the Barrick proposal and respond in due course," the proposed combination with Goldcorp represents the "best opportunity," Newmont said.

A key part of Barrick's quest for Newmont are its adjoining assets in Nevada. The two companies have talked about how some sort of "unification" of their operations could benefit them.

Barrick CEO Mark Bristow said in a presentation on Monday that "we as a team can't wait until after Newmont and Goldcorp merge because we don't want Goldcorp's lower-quality assets in our portfolio."

"Paying a 17% premium for Goldcorp with the second-tier assets and no synergies, followed almost immediately by the departure of Newmont CEO, strikes me as both desperate and bizarre," Bristow said.

Newmont shares were little changed before regular trading in New York. Barrick shares rose 0.3% in pre-market trading in Toronto.

Building the world's largest gold miner was a goal of Barrick's late founder Peter Munk, but in recent years the company has struggled to keep pace as it dealt with debt issues by selling assets and seeking joint ventures.

## Gold Price



## Silver Price



## Gold To Silver Price Ratio

1 Year Gold/Silver



## Titan Minerals and Core Gold merge and create Latin America-focused company

Perth-based Titan Minerals (ASX: TTM) and Vancouver-based Core Gold (TSX-V: CGLD) announced that they are joining forces to create a diversified Latin America-focused, ASX-listed gold company with a portfolio of projects in Ecuador and Peru.

In a press release, the miners explained that they signed a binding arrangement pursuant to which Titan will acquire all of the issued and outstanding Core Gold common shares by way of a share exchange.

Once the merger is completed, Core Gold and Titan shareholders will each hold approximately 48.5% and 38.9% of the combined company, respectively, with the new shareholders subscribing for Titan Shares under the placement holding approximately 12.6% of the combined company, based on a minimum raise of A\$20 million.

The Dynasty Goldfield project is located in the Loja province in southwestern Ecuador and it is an advanced-stage gold project with a CIM-compliant mineral resource estimate of 437,000 ounces of gold at 4.7 Au g/t measured, and 585,000 ounces at 4.6 Au g/t indicated.

The Portovelo Mill and Processing Plant, which processes all ore mined from Dynasty with one of its two ball mills, is also in Ecuador and has a nameplate capacity of 2,000 tpd.

Around the same area, Core Gold also owns the high-grade Linderos gold project and the early-stage gold-copper exploration Duke project.

In southern Ecuador, the Canadian miner owns the Zaruma project, which is currently on care and maintenance. The site initially commenced production in 2013 and ceased in 2016.

### The Quick Rundown: Italy's gold reserves contested

- The Italian Government has clashed with the European Central Bank over control of state gold reserves.
- Italian newspaper, La Stampa, published an article claiming that the Government was planning to sell a large chunk of the country's gold bullion holdings.
- The Coalition Government intends to pass a law bringing ownership of Italy's gold back under the State's control, rather than that of the Central Bank.
- The move has upset the European Central Bank, which has condemned any related action threatening its influence over the continent's gold reserve activity.
- The Government claims that it wishes to sell 500 – 600 tonnes of gold to 'ease strain on the public'.
- Joint Deputy Prime Minister Matteo Salvini didn't mince words, stating that "The gold is the property of the Italian people, not of anyone else".
- Italy is officially the world's third largest holder of gold bullion reserves with over 2,450 tonnes.

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## ETF – Betashares Gold

GAU.ASX from 26/02/2018 to 25/02/2019



## ETF – Physical Gold

GOLD.ASX from 26/02/2018 to 25/02/2019



## ETF – Physical Silver

ETPMAG.ASX from 26/02/2018 to 25/02/2019



Listing (ASX)	Points	Percent.	Price
Evolution Mining	0.020	0.549%	\$3.660
Newcrest Mining	0.400	1.584%	\$24.860
Northern Star	0.030	0.321%	\$9.320
Rio Tinto	0.820	0.862%	\$94.310
South32	0.060	1.527%	\$3.870

As at 5:05 pm NZT, 26 February