

MINING

Gold giants go bargain hunting**Beaten-down juniors and even a mid-size producer make analysts' takeout list**ANDY HOFFMAN
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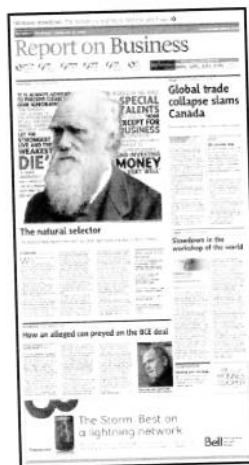
MINING REPORTER

They've got the cash, so how are they going to spend it?

With the price of gold approaching \$950 (U.S.) an ounce, the big bullion producers have been aggressively tapping the equity markets and loading up the war chest to go after beaten-down juniors.

There are plenty of bargains to be found, according to analysts at Canaccord Adams. The brokerage has compiled a list of some of the top takeout candidates and is also speculating on who might be doing the buying.

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ANDINA MINERALS INC.

With former investment banker Sean Harvey as its chairman, **Andina** has long been seen as a potential prize for a big gold miner. The company's flagship asset is the Volcan project in northern Chile, which boasts a resource base of nearly 10 million ounces. That much gold would move the needle for even the world's largest producer.

Canaccord's Steve Butler points out that Volcan sits just 10 kilometres away from **Yamana Gold Inc.'s** La Pepa project and 35 kilometres from **Kinross Gold Corp.'s** Maricunga mine. "We view Kinross, Yamana and **Barrick [Gold Corp.]** as potential interest buyers, in declining order of likelihood," Mr. Butler said.

DETOUR GOLD CORP.

It is endowed with a total resource of 13.2 million ounces at its Detour Lake gold project in northeastern Ontario, so this company's property certainly has the size to attract the big boys. **Detour's** market value is just \$361-million (U.S.), or about \$27 an ounce of gold.

Canaccord identifies only one potential suitor for Detour - **Goldcorp**. "We would put Goldcorp near the top of the list of potential interested buyers given its regional presence in Northern Ontario with three operating mines: Porcupine JV, Musselwhite and Red Lake," Mr. Butler said.

PREMIER GOLD MINES LTD.

Goldcorp is also identified as the likely buyer for **Premier**, which has several exploration projects including one in Goldcorp's backyard near Red Lake, Ont. The Rahill-Bonanza project is a joint venture between the two companies. Goldcorp owns 51 per cent while Premier owns the remainder. The company does not have a resource estimate for the property, but Canaccord says "we believe a potential resource of three million ounces could be discovered."

Base metals miner Inmet Mining owns about 14 per cent of Premier. Canaccord says it believes Goldcorp owns about 8 per cent of the junior. It says there are "reasonable odds that the company is a consolidation target for Goldcorp."

YAMANA GOLD INC.

Not everyone on Canaccord's takeover target list is a junior miner. Mid-sized gold producer Yamana also gets the nod. Canaccord figures that the company's flagship El Penon mine in Chile, which it acquired through the takeover of Meridian Gold, would be coveted by several large players.

With operations in Chile, Brazil and Argentina, Canaccord's Mr. Butler says Yamana could draw interest from Kinross, Barrick or **Newmont**. Yamana would make a reasonable geographic fit with Kinross's operations in Chile and Brazil as well as Barrick's mines in Chile and Argentina.

Due in part to disappointing production results, Yamana is trading at a major discount. Canaccord says the stock is fetching 9.4 times 2009 estimated cash flow

compared with the sector average of 19.2 times. Yamana's market value is \$7.2-billion (Canadian).

HATHOR EXPLORATION LTD.

Gold companies aren't the only miners drawing takeover speculation. **Hathor**, which controls a slew of uranium properties in and around the Athabasca Basin in Saskatchewan and Alberta, is also cited as a target. Canaccord's Eric Zaunscherb says French uranium giant **Areva Group**, Toronto's **Denison Mines Inc.** and Saskatoon's **Cameco Corp.**, the world's largest producer of the metal used to make fuel for nuclear reactors, might all be interested in Hathor.

One of the company's most significant discoveries is within 15 kilometres of Areva's underutilized McLean Lake mill. Denison also owns a 22.5-per-cent stake in McLean Lake. The mill is being expanded to accommodate ore from Cameco and Areva's Cigar Lake mine. However, Cigar Lake has flooded and is likely facing significant delays that will leave the mill needing another source of feed.

Takeover candidates?

COMPANY	TICKER	1-YR RETURN	RETURN SINCE NOV. 18, 2008
Detour Gold	DGC	-44.4%	168.2%
Andina Minerals	ADM	-66.7%	150.8%
Yamana Gold	AUY	-44%	118%
Hathor Exploration	HAT	442%	41.1%
Premier Gold Mines	PG	-2.9%	20.6%

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