

Newmont to buy Goldcorp in \$10bn deal

NEW MONT Mining Corp says it will buy smaller rival Goldcorp Inc in a deal valued at \$10 billion, creating the world's biggest gold producer by output.

The deal is the second high-profile merger in the mining industry since Barrick Gold Corp agreed to buy Randgold Resources Ltd in September last year to cut costs.

The gold mining industry has come under fire from investors in recent months for poor management of capital. This combined with falling gold reserves and higher extraction costs have

prompted miners to look for cost efficiencies.

"The strategic rationale for combining Goldcorp with Newmont is powerfully compelling on many levels," Goldcorp Chief Executive Officer David Garofalo said in a statement.

The combined company is expected to produce 6-7 million ounces of gold over the next 10 years. In 2017, Newmont produced 5.3 million ounces of gold, while Goldcorp mined 2.6 million ounces.

Newmont will offer 0.3280 of its share and \$0.02 for each Goldcorp share. Based on Newmont's

Friday close, that translates to \$11.46 per share, a premium of about 18 per cent to Goldcorp's Friday close on the New York Stock Exchange.

The combined company's reserves and resources will represent the largest in the gold sector and will be located in favourable mining jurisdictions in the Americas, Australia and Ghana, the companies said.

Goldcorp's U.S.-listed shares were up 13 per cent before the bell on Monday. Newmont Mining's shares were down 2.6 per cent.

—Reuters



• Mr Garofalo