

Takeover starts to lose traction

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THEY made a takeover bid but hardly anyone noticed - and now the price might get a little more expensive.

Citigold launched its off-market takeover for **Gateway Mining** late on Friday. Apparently, the Charters Towers miner telephoned the GML office in Sydney about 7pm that night to advise them of the takeover but that office had by then closed for the weekend. There was no advance warning or discussion with the target, even though CTO owns a 15 per cent stake.

It was going to be a hard sell from the start. The offer of two CTO shares for every five GML stock units contained no premium. But now the offer is sub-premium – since Friday CTO shares have retreated while GML's stock price has gained. Moreover, if there is keen interest in the takeover this is revealed by both volume and price gains. Yet on Monday only \$6251 in GML stock went through. On Tuesday total trades were worth \$800, although volume picked up on Wednesday.

No trades today (by 1.30pm). The problem is that no bidder is going to come in over the top with CTO holding 15 per cent – unless, of course, they do a deal with CTO.

However, given this morning's news GML is starting to look a little more valuable.

The company's most promising property is located near Cowra, NSW, just south of the large Cadia and Ridgeway mines operated by **Newcrest Mining**.

Partnering GML at Cowra is **Minotaur Exploration** with 51 per cent and Mitsubishi with 24 per cent. Today MEP has reported that airborne survey have identified more than 50 targets at Cowra, some of which are associated with surface expressions of mineralisation including old shafts and prospecting pits. MEP said drill testing would begin by September.

CTO, whose predecessor Charters Towers Gold Mines tried unsuccessfully to take over GML in 2001, may need to rework its 2009 offer to make a little more tempting.

The writer implies no investment recommendation and this report contains material that is speculative in nature. Investors should seek professional investment advice.