



## [Proprietary Intelligence](#)

**Nelson Resources** (previously **Mongolian Resource Corporation**), a Western Australian-based gold exploration company, could become a takeover target in 18 to 24 months once it has further developed its gold projects, said executive chairman Adam Schofield.

Nelson Resources is in the process of raising AUD 5m-AUD 7.5m (USD 4m-USD 5.7m) as part of a re-compliance listing on the ASX and recently raised AUD 500k in seed capital, as announced in its prospectus. BlueMount Capital is the lead manager for the listing. The proceeds will be used for project development and working capital.

Nelson Resources' tenure is highly prospective, notably its flagship Socrates project, which is located between Kalgoorlie and Norseman. It also has significant drilling data following previous drilling by, among others Greenwood Village CO-based **Newmont Mining** and **Sipa Resources** [ASX:SRI], Schofield said.

Most likely potential buyers would be Australian gold mining companies including other juniors, wanting to bolster their gold assets at a time when there is significant renewed interest in gold, Schofield said. This is being driven by uncertainty in global markets such as Brexit and the US election, which results in investors looking to convert cash into more stable assets, as well as by demand for physical gold from China and India being at an all-time high, he said.

Main body :

While there are significantly varying views in the industry regarding future pricing, "we are heading for a higher long-term gold price in the USD 1600-USD 1800 per ounce range," said Schofield, who believes higher pricing will be a catalyst for takeover opportunities.

Bearing further testimony to its potential appeal, Nelson Resources has attracted a large listed as-yet unnamed Australian metals and minerals group as a cornerstone investor for the re-compliance listing, Schofield said. The company's board members have significant exploration and production experience, he added.

Should Nelson Resources discover a large orebody at a high grade it will likely be targeted by any mid-cap or large player with access to cash within close proximity to Socrates, noted a sector expert. **St Barbara** [ASX:SBM], **Northern Star Resources** [ASX:NST], and **Saracen** [ASX:SAR] could well be keeping an eye on it, he said.

These companies may even look to form a joint venture with Nelson Resources prior to acquiring them to get access to the Socrates asset's feasibility studies data, the expert added. He cautioned, however, that the area between Kalgoorlie and Norseman has historically been significantly mined. Although the region is "well endowed", it is not a certainty that Socrates hosts such a resource.

During the next 12 to 24 months, Nelson Resources will focus on identifying and further developing its most promising assets, Schofield said. In addition to its flagship Socrates, the company's other projects are Yarrie, Wilga Well, Happy Jack, and Woolshed Well. It will consider divesting the least promising of these assets, while looking to acquire gold assets that already have existing resource bases, primarily in Western Australia and Queensland, he added.

Nelson Resources' listing is expected to take place at the end of November. The company, which has a pre-money valuation of AUD 11.6m, expects to list with a market cap of around AUD 21m, Schofield said.

by Louise Weihart in Sydney and Adam Orlando in Perth

[See other intelligence on companies looking to buy in the \(sub-\)sector in the last three months](#)

[See intelligence on companies for sale in the \(sub-\)sector in the last three months](#)

[See recently announced transactions in the \(sub-\)sector in the last six months](#)

[League Table of top financial advisors to the sector in the last 12 months](#)

**Target:** Mongolian Resource Corporation Ltd.  
*Lead Manager:* BlueMount Capital  
**Bidder:** St Barbara Limited, Saracen Mineral Holdings Limited, Northern Star Resources Ltd

**Bidder:** Mongolian Resource Corporation Ltd.

Source : Proprietary Intelligence

Size : 50m < (AUD)

Value : 21 m AUD (Expected market cap on listing)

Stake Value : N/A

Grade : Confirmed

Alert : BlueMount Capital

Intelligence ID : 2326575



[Proprietary Intelligence](#)