



Resources

## Ulysses gold project puts Genesis on the acquisition radar

12 hours ago | [Barry FitzGerald](#)

Merger and acquisition activity in the gold sector is tipped to step up in 2018 as cashed-up mid-tier producers set out to expand their growth options by moving on undervalued junior explorers and developers with promising projects under their belt.

There has already a couple of nibbles along those lines in recent times.

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Bill Beament's **Northern Star** (ASX:NST) recently spent \$28m acquiring a strategic 19.2 per cent stake in **Echo Resources** (ASX:EAR), the Bronzewing gold project developer.

And Bob Vassie's **St Barbara** (ASX:SBM) has spent \$11.5m topping up its stakes in Victorian gold explorer **Catalyst Metals** (ASX:CYL) and NSW base and precious metals explorer, **Peel Mining** (ASX:PEX), to 16 per cent apiece.

Like the rest of the mid-tier gold producers, Northern Star and St Barbara aren't short of their own internal growth options.

It's just that with fat margins of \$A600-\$A700, they have cash pouring in the door.

They have the choice of making a big bang acquisition but with asset values in the mid-tier sector starting to look pretty rich, they have decided to dive down in to the ranks of the developers and explorers to secure new growth opportunities.

Barring a meltdown in the gold price, it is a strategy that can be expected to take hold across the mid-tier and explorer/developer space in the year ahead.

It is on that basis that a stock like **Genesis Minerals** (ASX:GMD) could be worth watching this year. It last traded at 3.9c for a market value of \$29 million.



Genesis Minerals (ASX:GMD) shares over the past year.

Genesis has actually been a producer in recent times at its key project, Ulysses, 30km south of Leonora and split in two by the broken lines of the Goldfields Highway.

But it was a small toll treatment operation from pits on either side of the highway, with the ore trucked to the Paddington mill near Kalgoorlie for treatment.

The arrangement had the desired effect of making Genesis pretty much self-sufficient while it got on with the main event of determining if Ulysses could support a much bigger toll treatment operation, or a stand-alone mining and processing operation.

The latter has recently become a real option thanks to impressive exploration results pointing to the resource base at Ulysses being substantially upgraded to something well north of the current estimate of 2.8m tonnes grading 2.3g/tonne gold for 206,400 oz.

Should the stand-alone option firm up in 2018 – an initial resource upgrade is due to be completed by the end of next month – it will undoubtedly be good news for the lightly capitalised Genesis.

But it will also put the company on the radar of the established gold producers in the region – and there are plenty of them.

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To have a stand-alone development on its hands, and to make itself particularly appealing to producers in the region, Genesis would need to increase the resource base at Ulysses to something like 750,000 oz.

It has got a lot of work to do to get to that sort of level but an impressive batch of high-grade results released on Australia Day eve suggest it is well on its way. The assay results were from the final holes of last year's drilling program.

Best results included 4.62m at 20.36g/t from 166m. The company said the results reinforced the "potential for a long-term underground mine at Ulysses".

Managing director Michael Fowler said that the drilling had consistently interested high-grade mineralisation below the current resource estimate, and that a much clearer understanding of the three main known high grade zones had emerged.

A new program aimed at increasing the resource (again) starts next month.

Genesis has another string to its bow – the high-grade Barimaia gold project near the Mt Magnet. It was acquired last year and initial drilling returned some impressive hits.

Results from more recent work are imminent.