



## Why Is Barrick Gold Chairman Peter Munk Blasting Newmont Mining?

### Description

One of the most hotly debated topics these days revolves around *The Confidence Gap*, a new book that argues women lack self-confidence compared to men. As *Globe and Mail* columnist Margaret Wenthe put it, “you could, of course look at it another way. The problem is really male overconfidence... Men talk big, even when they can’t deliver.”

So it seemed only fitting when, on Thursday, **Barrick Gold** ([TSX: ABX](#))(NYSE: ABX) chairman Peter Munk blasted **Newmont Mining** ([NYSE: NEM](#)), claiming that “they are not shareholder-friendly.” It seems that Mr. Munk is doing his best to prove the point of the book’s authors.

### The wrong choice of words

This is an odd statement for Mr. Munk to make, because Barrick has a very poor track record when it comes to shareholder friendliness.

One only has to go back to 2011, when Barrick was trading north of \$50 per share. The company was not only riding sky-high gold prices, but was also trading at a nice premium to its net asset value – many shareholders just wanted a way to bet on gold soaring higher. But then the company went out and bought Equinox, a copper producer in Africa. While it’s easy to criticize that decision now because it hasn’t worked out, shareholders were also upset at the time as it reduced their gold exposure.

Or one can look more recently, when Barrick gave its high-level executives and directors enormous pay packages, right as its share price was plummeting.

### So why got Mr. Munk so upset?

Barrick and Newmont are in the midst of merger negotiations, and Mr. Munk is frustrated that Newmont seems to be dragging its feet. The two companies have actually tried to negotiate a merger on and off for many years, but have not been able to reach a deal.

Unlike Barrick, Newmont has a fairly conservative culture, and has been fairly light on the M&A front. Mr. Munk compared Newmont’s culture to that of Inco, which was once the world’s largest nickel

producer but eventually got bought out.

### **Foolish bottom line**

Mr. Munk has every right to be frustrated, but he should not have described Newmont as “not shareholder friendly”, after all that Barrick has done wrong. Because even though Newmont has a very conservative frame of mind, investors are not as poorly treated. Meanwhile, Mr. Munk is quickly becoming the latest example of what Margaret Wente and the book’s authors were talking about.

### **CATEGORY**

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