

BornOil continues to see gold inventory rising

January 19, 2016, Tuesday



LABUAN: Borneo Oil Berhad (BornOil) is fast reinventing itself as a proxy for Malaysia's gold industry.

In an announcement to Bursa Malaysia, the company said that its gold inventory currently stands at some 11,898 ounce (or 370 kg).

Based on gold price per ounce of US\$1,090 (RM4.43 per dollar), this then translates into an inventory valued at approximately US\$12.97 million or RM57.45 million.

As at last Friday, BornOil issued capital stands at some 2.924 billion shares, giving rise to less than two sen per gold backing.

“Our goal is to further increase our gold backing per share,” said BornOil executive director Raymond Teo.

“We are optimistic that gold prices would soon be heading upwards.”

CNN reported last week that one of US’ top money managers has predicted that gold prices would spike.

Gold would spike to US\$1,400 an ounce, according to Jeff Gundlach, the CEO of big bond house DoubleLine Capital, giving rise to a gain of about 30 per cent from gold’s current price of US\$1,090.

Gundlach thinks gold recently hit a bottom.

It has been rallying since the beginning of the year as investors look for safe havens in the stock market sell-off, reported CNN.

Lately, Gundlach’s predictions have been spot on, CNN further reported.

He was one of the first to predict the sharp oil price crash in the fall of 2014 and then the junk bond turbulence of 2015.

Gundlach believed that global problems would probably cause gold to rally, especially in emerging markets. At BornOil’s end, Teo said that the company’s entry into gold-mining last year couldn’t have been better timed.

“With the weakening ringgit, the exchange rate has worked in our favour as direct cost of production has gone down (since production is incurred in Ringgit).”

To date, BornOil had signed exclusive production sharing agreements to carry out mining works at five sites on 1,500ha in Pahang.

These mining arrangements do not carry any acquisition cost as infrastructure and development facilities were already in place.

“As a result, BornOil saved on a great deal of capital expenditure in terms of infrastructure and pre-mining preparations,” said Teo. — Bernama