



Westgold snaps up Karora

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Body

Australia's mid-tier gold consolidation has taken another step forward, with Westgold **Resources** agreeing to a \$1.1bn deal to acquire Karora **Resources**, after WA rival **Ramelius** walked away from talks with the Canadian-listed gold producer.

The deal will add Karora's Beta Hunt and Higginsville gold operations to Westgold's stable of producing assets, in a move targeted at pushing the company's annual production to more than 400,000 ounces.

If the deal is consummated, Westgold will issue 2.52 of its shares for each Karora share, plus pay 68c in cash. Karora holders will also get a share in a new company that will hold its 22 per cent stake in lithium hopeful Kali Metals.

The Westgold deal comes only a week after Westgold rival **Ramelius Resources** walked away from talks with the Canadian-listed miner, saying that no agreement on valuation could be reached.

Westgold boss Wayne Bramwell said the company had been monitoring Karora's position for some time, and had agreed to a deal as a play on the future of the company's Beta Hunt mine.

Westgold sold the Higginsville mine and processing plant to Karora (then known as RNC Minerals) in 2019 for \$50m in cash and shares, but Mr Bramwell said the growth potential at Beta Hunt was the key to the transaction.

"We've been underground at Beta Hunt and we see that there is a massive opportunity. There is the bolt-on cash flow - once we complete this transaction the combined business will produce 400,000 ounces a year, unhedged," he said. And we're absolutely confident that Beta Hunt can be bigger and higher grade, because we think it's under-drilled." Westgold expects its operations to produce about 225,000 ounces in the current financial year. Westgold shareholders will control 50.1 per cent of the combined company.

Karora shareholders will vote on the agreement in June, with a 67 per cent majority needed to seal the merger. Westgold shares closed 1c lower at \$2.27.

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