



Ramelius in exclusive talks to buy Canada-listed gold miner; Street Talk

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Byline: Sarah Thompson, Kanika Sood and Emma Rapaport

Body

Ramelius Resources is in exclusive due diligence to acquire Toronto-listed West Australian gold miner Karora **Resources**, which it hopes will add a new production centre to replace its ageing Edna May asset.

Street Talk can reveal **Ramelius** boss Mark Zeptner will spend \$700 million to \$1 billion for the acquisition. Karora will bring new production hubs with mills, and could help the company consolidate its position in the region. A **Ramelius** spokesperson declined to comment.

Karora's portfolio, located 60 kilometres from Kalgoorlie, includes 100 per cent ownership of the Beta Hunt mine, Higginsville gold operations and Spargos gold mine. It is expected to produce 170,000 to 195,000 ounces gold in 2024. By contrast, **Ramelius** has told shareholders it would hit 272,500 ounces production this financial year.

Zeptner and his team are chasing the acquisition after a period of solid performance and perky gold prices. **Ramelius** shares have risen nearly 48 per cent in the past year, giving it a \$1.8 billion market capitalisation and a strong balance sheet.

In particular, it has benefited from high-grade Penny ore being fed into the Mt Magnet Mill. Cash and gold reserves are expected to hit \$400 million by year-end, while about \$100 million in undrawn debt would further boost its liquidity profile.

Ramelius reported a 14 per cent increase in revenue to \$348.5 million at its half-year results on February 20. EBITDA shot up 39 per cent to \$140.2 million, thanks to a 12 per cent jump in realised gold price.

Ramelius' biggest asset is the Mt Magnet production centre, which it started building via a \$40 million acquisition in 2010. Now, 14 years on, Mt Magnet speaks for 62 per cent of the group's gold reserves.

When combined with the Vivien gold deposit and Penny gold mine, it is 53 per cent of the total net present value, according to Macquarie Capital analysts. Production is expected to reduce significantly by the 2029 financial year.

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But the more pressing matter for Zeptner has been finding a replacement for Edna May, which it bought from Evolution Mining in 2017. It is now just 2 per cent of the reserves, with a significant production slump ahead in the 2025 financial year.

Other bets like the Rebecca project are still a long way from spitting out cash.

Put that all together, and it's not surprising management has been on the prowl for acquisitions.

Sources told this column logical targets had included Spartan **Resources** as well as Northern Star's Carosue Dam gold mine. However, the former isn't operational, while the latter may have been hard to prise from its current owner.

The mooted acquisition at Karora comes after **Ramelius** acquired ASX-listed gold junior Musgrave Minerals in September.

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