Northern Star Resources (ASX: NST) is pleased to advise that it has agreed to acquire Westgold Resources’ (ASX: WGX) South Kalgoorlie Operations for a total consideration of A$80 million.

The acquisition comprises the project’s operating processing facility, which has an annual throughput capacity of 1.2 million tonnes, a JORC Resource of 4Moz, including 250,000oz in Reserves, and 800sqkm of prospective gold tenure.

South Kalgoorlie Operations, which is located 50km from Northern Star’s Kundana operations (see Figure 1), is currently producing at the rate of 30,000-40,000ozpa. The plant is also toll-treating ore for third parties.

Under the agreement, Northern Star will pay Westgold A$80 million, comprising 9.5 million Northern Star shares at a ten-day VWAP of $6.30 per share, representing a total of A$60 million in NST shares and A$20 million in cash.

Northern Star Executive Chairman Bill Beament said the acquisition would be an economical means of ensuring the Company met its 300,000ozpa production target from organic sources at its Kalgoorlie Operations.

The transaction would also provide an outstanding example of how gold companies can work together to rationalize their operations, generate economies of scale and ultimately increase returns for both groups of shareholders.

“Our highly successful exploration strategy in Kalgoorlie has generated huge growth in our inventory and paved the way for us to grow production there to 300,000ozpa,” Mr Beament said.

“To capitalise on this success, we were considering the option of expanding our Kanowna Belle facility.

“However, the South Kalgoorlie Operations purchase will enable us to achieve our organic growth target in a more timely and economical fashion and at the same time provide us with significant exploration potential, including a Resource inventory.

“The 1.2Mtpa South Kalgoorlie processing facility is one of the best-run facilities in the district and is well within trucking distance of our Kundana Operations.”

Settlement of the transaction is due for completion on 01 April 2018.

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1 The information is extracted from the report entitled ‘2017 Annual Update of Mineral Resources & Ore Reserves’ created on 4 September 2017 and is available to view on Westgold Resources Limited’s website (www.westgold.com.au) and the ASX (www.asx.com.au). Northern Star confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Northern Star confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.
Figure 1 – Kalgoorlie Operations Location Plan including 100% NST Kundana, EKJV and newly acquired South Kalgoorlie Operations

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Competent Persons Statements

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr Jake Russell B.Sc. [Hons] MAIG, Mr Paul Hucker B. Eng [Hons] MAusIMM and Mr Anthony Buckingham B.Eng [Mining Engineering] MAusIMM. All have sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which they are undertaking to qualify as a Competent Person as defined in the 2012 Editions of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012)”. All consent to the inclusion in this report of the matters based on his information in the form and context in which it appears. All are full time senior executives of Westgold Resources Limited and are eligible to, and may participate in short-term and long-term incentive plans of Westgold Resources Limited as disclosed in its annual reports and disclosure documents.

Forward Looking Statements

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