

Karora Resources Announces Agreement to Acquire the Lakewood Gold Mill and Significantly De-Risk Growth Plan

25.05.2022 | [CNW](#)

TORONTO, May 24, 2022 - [Karora Resources Inc.](#) (TSX: KRR) (OTCQX: KRRGF) ("Karora" or the "Corporation") is pleased to announce that it has entered into a binding agreement to acquire the operating, fully permitted 1.0 Mtpa Lakewood Mill gold processing facility located near Kalgoorlie, Western Australia, approximately 60 kilometres from the Beta Hunt Mine. The acquisition price of A\$80 million is comprised of A\$70 million in cash and A\$10 million in Karora shares. Karora successfully tolled Beta Hunt material through the Lakewood mill in Q1 2022, achieving 94% Au recovery.

The transaction is subject to, among other conditions, satisfactory completion by Karora of its due diligence, Toronto Stock Exchange approval and Australian regulatory approval. Closing will occur three business days following the satisfaction or waiver of such conditions. The A\$10 million in Karora share consideration will be satisfied by the issuance of shares based on a 20-day volume weighted average share price on the TSX and applicable currency exchange rates. Karora has paid a A\$500,000 deposit to the seller to be deducted from the cash portion of the purchase price due at closing.

Paul Andre Huet, Chairman & CEO, commented: "Closing the acquisition of the Lakewood Mill would be a transformational step forward for Karora, similar to the Higginsville mill acquisition in June 2019. Not only is the Lakewood mill closer to Beta Hunt than Higginsville, but the acquisition would provide several immediate strategic and operating benefits to Karora.

First and foremost, it is anticipated that the acquisition would immediately de-risk our growth plan to increase gold production to between 185,000 and 205,000 ounces by 2024, by eliminating the procurement, schedule and construction risks associated with a major expansion of Karora's Higginsville Mill. In the current highly inflationary capital environment, which is negatively impacting many of our peers, we expect that this acquisition would take that risk completely off the table. We would also reduce our reliance and exposure to a single milling solution, further de-risking our future growth.

Secondly, upon closing, the addition of a second mill is anticipated to immediately increase our nominal processing capacity by over 60% from 1.6 Mtpa to approximately 2.6 Mtpa. In addition, a second ball mill is already in place at the Lakewood site that is expected to increase capacity to 1.2 Mtpa once commissioned. In the first quarter, we toll milled 60,000 tonnes of Beta Hunt material through the Lakewood mill yielding a 94% recovery rate. This provides us with a high degree of comfort regarding the metallurgical performance of our material through this mill.

The addition of a second operating mill brings with it significant potential toll milling capacity - we intend to fill short-term spare capacity through toll milling arrangements at one or both of the Higginsville Mill and Lakewood Mill until the Beta Hunt expansion is completed. Upon completion of acquisition of the Lakewood Mill, we will begin to evaluate mill optimization opportunities to maximize the efficiencies at both mills as a single, significantly de-risked business.

The expansion to double production from Beta Hunt to 2 Mtpa is well underway and, as previously announced this morning, the development of the second decline is tracking ahead of schedule and on budget.

Lastly, and certainly not least, the future potential to expand the Higginsville mill to 2.5 Mtpa on its own remains, should we find the requisite feed sources and once the current inflationary environment has passed. With this acquisition, we expect that our milling bottleneck days will be well and truly in the rear-view mirror. I am thrilled to be able to announce this transaction to our shareholders."

About Karora Resources

Karora is focused on increasing gold production to a targeted range of 185,000-205,000 ounces by 2024 at its integrated Beta Hunt Gold Mine and Higginsville Gold Operations ("HGO") in Western Australia. The Higginsville treatment facility is a low-cost 1.6 Mtpa processing plant, expanding to a planned 2.5 Mtpa by 2024, which is fed at capacity from Karora's underground Beta Hunt mine and Higginsville mines. At Beta Hunt, a robust gold Mineral Resource and Reserve are hosted in multiple gold shears, with gold intersections along a 4 km strike length remaining open in multiple directions. HGO has a substantial Mineral gold Resource and Reserve and prospective land package totaling approximately 1,900 square kilometers. The Company also owns the high grade Spargos Reward project, which came into production in 2021. Karora has a strong Board and management team focused on delivering shareholder value and responsible mining, as demonstrated by Karora's commitment to reducing emissions across its operations. Karora's common shares trade on the TSX under the symbol KRR and also trade on the OTCQX market under the symbol KRRGF.

Cautionary Statement Concerning Forward-Looking Statements

This news release contains "forward-looking information" including without limitation statements relating to the Karora's production guidance, the completion the acquisition of the Lakewood Mill gold processing facility, the de-risking of Karora's growth plan, the anticipated benefits of the Lakewood Mill gold processing facility, the potential of the Beta Hunt Mine, Higginsville Gold Operation, the Aquarius Project and the Spargos Gold Project and the commencement of mining at the Spargos Gold Project.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Karora to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could affect the outcome include, among others: future prices and the supply of metals; the results of drilling; inability to raise the money necessary to incur the expenditures required to retain and advance the properties; environmental liabilities (known and unknown); general business, economic, competitive, political and social uncertainties; results of exploration programs; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; or delays in obtaining governmental approvals, projected cash operating costs, failure to obtain regulatory or shareholder approvals. For a more detailed discussion of such risks and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, refer to Karora 's filings with Canadian securities regulators, including the most recent Annual Information Form, available on SEDAR at www.sedar.com.

Although Karora has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this news release and Karora disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.

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SOURCE: Karora Resources Inc.

<https://www.rohstoff-welt.de/news/415735--Karora-Resources-Announces-Agreement-to-Acquire-the-Lakewood-Gold-Mill-and-Significantly-De-Risk-Growth-P>

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