

# Karora Resources Acquires The Lakewood Gold Mill

Karora Resources Inc. (TSX: KRR)

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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. [...]



Lakewood Gold Mill – Karora Resources, Western Australia

# Karora Resources Announces Agreement To Acquire The Lakewood Gold Mill And Significantly De-Risk Growth Plan

TORONTO, May 24, 2022 /CNW/ – **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 M tpa 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.

## Karora Resources management comments

*“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 M tpa to approximately 2.6 M tpa. In addition, a second ball mill is already in place at*

the Lakewood site that is expected to increase capacity to 1.2 M tpa 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 M tpa 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 M tpa 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.”*

**Paul Andre Huet, Chairman & CEO, Karora Resources.**

**For brevity, this summary has been redacted, to read the full news release, please click [HERE](#)**

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If you need clarification of any information contained in this note, or have any questions, I will be delighted to assist – Please email [andrew@city-investors-circle.com](mailto:andrew@city-investors-circle.com)

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## Disclosure

At the time of writing the author owns shares in **Karora Resources**, bought in the market at the prevailing price on the day of purchase.

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