Catalyst Metals acquires Old Highway gold deposit

Catalyst Metals (ASX:CYL)

Announced that it has signed binding documentation to acquire the Old Highway Gold Deposit from Sandfire Resources for A$32.5m.

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	Catalyst Metals	ASX : CYL
	Stage	Exploration / development
	Metals	Copper / Gold
	Market cap	A$1.43 Billion @ A6.32
	Location	Murchison, Western Australia
	Website	www.catalystmetals.com.au

.Catalyst Metals acquires Old Highway gold deposit

Catalyst Metals Limited (Catalyst or the Company) (ASX:CYL) is pleased to announce that it has signed binding documentation to acquire the Old Highway Gold Deposit (Old Highway) from Sandfire Resources Limited (Sandfire) for A$32.5m.

Old Highway represents an attractive development opportunity for Catalyst. It sits on granted mining leases, and is in close proximity (40km) to the Plutonic mill.

The development has a low capital profile and the level of studies and drilling to date will reduce Catalyst’s timeframe to development.

Highlights

Development ready gold project 40km from Plutonic with 35koz pa gold
production
• Catalyst has signed binding documentation to acquire the Old Highway Gold Project
from Sandfire Resources for A$32.5m
• Old Highway is a near-term gold development project lying within mining leases, 40km
southwest of Plutonic's processing plant – its close proximity to Plutonic allows Catalyst
to considerably lower the project's development costs
• Initial estimates by Catalyst are a A$280m NPV with an AISC of A$1,588/oz (at
A$5,000/oz), from an initial 4 year mine plan via the Plutonic processing plant
• The project has a Resource of 206,000oz at 3.0 g/t gold, which includes a higher-grade underground component of 140koz at 4.6 g/t gold

. Catalyst believes it represents another low capital intensity, satellite project with relatively low operating risk
• Planned development of the underground deposit has the following key metrics:
A$4,000/oz Spot (A$5,000/oz)
AISC (life of mine) A$/oz 1,558 1,588
Life of mine (LOM) yrs 4 4
Payback period (once UG commences) mths 7 –
Steady state production koz pa 35 35
Average annual free cash flow A$m 52 74
• In addition, Catalyst believes Old Highway brings interesting exploration upside
• The acquisition represents the first expansion of Catalyst in Western Australia beyond
the Plutonic Belt

• *The acquisition will be funded through existing cash reserves and Henty sale proceeds.*

Catalyst Metals’ flagship asset is the 40km long Plutonic Gold Belt in Central Western Australia. This belt hosts the Plutonic Gold Mine which currently produces ~85koz pa at an AISC of ~A$2,400/oz.

Over the next 12 to 18 months, Catalyst plans to develop three new pr ojects on the belt. These projects have a low capital intensity – A$31m in total. Each will be processed through the existing, currently underutilised and centrally located, processing plant.

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Catalyst’s Managing Director and CEO, James Champion de Crespigny, said:

“Old Highway is another satellite ore source for Plutonic’s processing plant. The acquisition also comes ith some interesting exploration which could extend its mine life.

“The Plutonic processing plant is underutilised. What it needs is more ore sources. As such, Catalyst has been investing a lot of money into exploration along the Plutonic Belt to expand the known deposits.

“It has also been starting up several undeveloped satellite gold projects lying on the belt. In purchasing Old Highway, it becomes another satellite gold project to Plutonic. Catalyst consolidated the Plutonic Belt bringing together many new ore sources.

“The purchase of Old Highway brings another new ore source into the portfolio. Collectively, these ore sources, all of which are on mining leases, give Catalyst the opportunity to fill the processing plant in the near term.“

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To read the full news release please click HERE

To View Catalyst Metal’s historical news, please click here

The live Spot gold price can be found HERE

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Disclosure

At the time of writing the author holds shares in Catalyst Metals.

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