Pacgold Announce Transformational Acquisition

Pacgold (ASX: PGO)

Pacgold announce they are acquiring the White Dam Gold Operation in South Australia.

The Agreement is with GBM Resources Ltd (ASX: GBZ) for the acquisition of 100% of the issued capital of Millstream Resources Pty Ltd, which holds a 100% interest in the Project ('Acquisition').



Pacgold – White Dam Project – Courtesy of GBM Resources

	Pacgold	**ASX : PGO**
	Stage	**Exploration**
	Metals	**Gold**
	Market cap	**A$21 m @A$ 9c**
	Location	**Queensland, Australia**
	Website	**www.pacgold.com.au/**

Comment

I like this news, it looks sensible, and moves Pacgold into the league of small producers generating cashflow to assist their exploration activities whilst minimising dilution to shareholders.

I am a great fan of this model, hence my shareholdings in Horizon Minerals, Kaiser Reef, Meeka, and New Murchison Gold.

Let's hope the financing goes smoothly, at a decent price.

I am going to consider a top up depending upon where the price sits after the stock commences trading again, it is currently halted.

Pacgold to Acquire White Dam Gold Operation in South Australia

A clear pathway to near-term gold production and cash flow

Pacgold Limited (ASX: PGO) ('Pacgold' or 'the Company') is pleased to announce it has executed a Share Sale and Purchase Agreement ('Agreement') to acquire the White Dam Gold Operation ('Project') located in South Australia.

The Agreement is with GBM Resources Ltd (ASX: GBZ) for the acquisition of 100% of the issued capital of Millstream Resources Pty Ltd, which holds a 100% interest in the Project ('Acquisition').

HIGHLIGHTS

• WHITE DAM GOLD OPERATION ACQUISITION- Pacgold to acquire 100% of the White Dam Gold Operation (Project) in South Australia through from GBM Resources Ltd (ASX: GBZ).
• HISTORIC PRODUCTION & JORC 2012 RESOURCE – Operational from 2010, White Dam has produced ~180,000oz of gold from heap leaching 7.5Mt of ore at 0.94 g/t Au. Production was from two pits, Hannaford and Vertigo, with a remaining JORC 2012 Resource of 4.6Mt @ 0.7 g/t Au for 102Koz1 (~29% Indicated Category).
• SIGNIFICANT INFRASTRUCTURE FOOTPRINT – The White Dam Gold operation includes open pit mines, heap leach pad, full personnel camp and operational gold extraction plant with

related infrastructure.

• NEAR-TERM CASH FLOW & EXPANSION POTENTIAL – Pacgold is targeting near term cashflow through retreatment and re-crushing of existing heap leach material on final lift of pad, involving minimal future expansion capital requirements and unlocking significant near mine resource development and exploration potential

• STRATEGIC PROJECT LOCATION – The Project is located near well-established mining services and workforce, approximately 80km southwest of Broken Hill, providing a strategic and transformational addition to the Company's highly prospective gold and antimony exploration projects in northeast QLD.

• ATTRACTIVE CONSIDERATION – Total consideration for the acquisition comprises a
combination of: 1) a $AUD1.2 million upfront cash payment inclusive of $AUD 75,000
exclusivity fee, funded by existing cash on completion; 2) issue of 15 million FPO Pacgold shares which will be subject to a 12-month voluntary escrow period; and 3) a contingent payment of $AUD2.2 million, payable in cash or Pacgold shares (at Pacgold's election), upon achieving commercial production of at least 5,000oz of gold at the Project.

• CAPITAL RAISE- Pacgold has engaged Bell Potter and Taylor Collison to act as Joint Lead Managers (JLM's) to undertake a capital raise to secure funding to advance the acquisition and for restart of the White Dam project.

Pacgold's Managing Director,

Matthew Boyes, commented:

“We are delighted to have secured this transformational acquisition for Pacgold, providing a clear pathway to near-term gold production and cash flow from the White Dam Gold Operation in South Australia, only 80km from the well-established mining hub of Broken Hill and with a fully operational plant with significant production history, and minimal up front capital required to recommence gold production.

“With gold remaining in the heap leach and a solid JORC Resource base, White Dam offers both immediate production opportunity and significant growth potential through future resource development and exploration over a large tenement package with multiple drill ready targets.

“Importantly, this acquisition complements our existing portfolio, enabling us to generate short term cash flow while continuing to advance our flagship Alice River Gold Project and the St George Gold-Antimony Project in northeast Queensland.

“Together, these assets position Pacgold with a unique project portfolio of near-term production, resource growth, exploration upside and consistent year-round news flow for our shareholders, I’m really looking forward to this next chapter in the Pacgold story.”

To read the full news release, please click HERE

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To View Pacgold’s historical news, please click here

The Spot gold price can be found HERE

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Disclosure

At the time of writing the author holds shares in Pacgold

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