

Brightstar and Kingwest merger to consolidate gold assets

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Goldfields explorers Brightstar Resources and Kingwest Resources have agreed to merge in a move to consolidate the gold assets of each company and bring their combined operations a step closer to production. The agreement has been made through a scheme of arrangement under which Brightstar will acquire 100 per cent of the shares in Kingwest.



Brightstar Resources' Laverton processing plant will be used to process ore from Kingwest Resources' Menzies gold project. Credit: File

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Once the deal has been finalised, Kingwest shareholders will hold around 43 per cent and Brightstar shareholders will hold about 57 per cent of the merged group.

The merger will bring the combined companies' assets in the Goldfields region of WA to 21 million tonnes going 1.5 grams per tonne of gold for a total of 965,000 ounces of gold. The total includes Kingwest's Menzies gold project that hosts a mineral resource of 11.7 million tonnes at 1.33 g/t for 505,000 gold ounces and Brightstar's Alpha, Cork Tree Hill and Beta deposits that combine for 8.9 million tonnes at 1.6 g/t for 460,000 ounces of gold.

Ore from both companies is expected to be processed at Brightstar's Laverton facility that is currently under care and maintenance.

Brightstar Resources Managing Director, **Bill Hobba** said: "This is a transformational transaction for Brightstar which marks a refreshed strategic direction for the company. The merger with Kingwest creates a larger, diverse junior gold play and means the company can now start to assess development options utilising a larger resource base and our significant existing infrastructure."

Kingwest says the merger provides the scale, resource base and processing infrastructure needed to unlock the inherent value of the Menzies gold project

In addition to the merger, Brightstar says it has received firm commitments from investors to subscribe for a placement of approximately 100 million fully paid ordinary shares in the company at an issue price of \$0.016 per share to raise \$1.6 million. The funding will be applied to advance exploration activities and provide working capital.

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Bill Hobba has also announced he will retire from the board of Brightstar and **Alex Rovira** will be appointed Managing Director of the company in mid-January next year. Hobba has been on the board since September 2012 and played an instrumental role in the merger. Hobba will continue to be employed by Brightstar as its Technical Services Manager. Recently appointed Kingwest Chief Operating Officer **Dean Vallve** is proposed to take on the same role with the merged group once the deal is finalised.

Whilst the proposed merger still requires both shareholder and court approval, the combined assets of the two companies in addition to the exploration potential of their tenements shows the new and improved Brightstar could be well on its way to adding more gold ounces to the already renowned Goldfields region of WA.

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