

# Gold Fields adds to its Ghanaian assets with stake in Asanko Gold

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Gold Fields made its long-anticipated move to buy assets in Ghana, buying half of Canadian Asanko Gold's subsidiary in the country and buying a 9.9% stake in the parent company for a combined total of nearly \$204m.



Nick Holland, CEO: Gold Fields

Gold Fields CEO Nick Holland has long spoken of Ghana as an area of growth for the JSE-listed company, which has the Damang and Tarkwa mines in the country. There had been speculation that there could be a deal with AngloGold Ashanti around the Iduapriem mine, but AngloGold repeatedly said it was not interested.

To pay for the two-tier deal with Asanko, Gold Fields will use its cash and draw down on existing debt facilities. Gold Fields said the investment would provide a return of 15% at a gold price of \$1,300/oz, and it would be paid back within five years.

"We are comfortable that despite our current investment programme (Damang in Ghana and Gruyere in Australia) this acquisition is well within our balance sheet capacity, particularly as it is a producing asset," Gold Fields said.

The transaction should be completed in the third quarter of 2018 provided the Ghanaian government gives its approval for the deal.

Gold Fields will pay \$165m upfront to buy a 50% stake in Asanko's subsidiary Asanko Gold Ghana, which owns 90% of the Asanko gold mine and exploration tenements in Ghana. The Ghanaian government owns the remaining 10% of the mine.

Gold Fields will pay \$20m later towards the Asanko Gold Ghana transaction.

"Importantly, the Asanko Gold Mine is an in-production asset that generates earnings before interest, tax, depreciation and amortisation and cash flow and does not require any additional investment by the joint venture partners," Gold Fields said.

"The Asanko joint venture will give immediate access to low-cost production ounces, increasing the quality of the Gold Fields portfolio," it said.

Asanko has guided the market to expect average annual production of 253,000oz from the gold mine at an all-in sustaining cost of \$860/oz between 2019 and 2023.

"Further, the sizeable resource base of the asset is immediately accretive to Gold Fields in terms of life, with the potential for further discoveries on the large, relatively unexplored, tenement package held by Asanko," it said.

In addition, Gold Fields will buy 9.9% of TSX-listed Asanko for \$17.6m.

**Source:** *BDpro*

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