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Northern Star divests Ashburton for \$17.5m

William McInnes

Northern Star Resources has agreed to divest the Mt Olympic project, comprising most of the Ashburton project in Western Australia, to Kalamazoo Resources for a deferred contingent cash consideration of \$17.5 million.

The cash consideration comprising \$5 million on mining of the first 250,000 tonnes of ore and a 2 per cent net smelter royalty on the first 250,000 ounces of gold produced with a 0.75 per cent NSR on any subsequent gold produced from the tenements.

"The Ashburton project no longer fits in Northern Star's portfolio but still has strong potential on both the exploration and production fronts," said Northern Star chief executive Bill Beament.

"The royalty structure also enables Northern Star to retain an exposure to the project."