

14 November 2018

## Kalamazoo offloads WA project

KALAMAZOO Resources is set to bank A\$7 million from the sale of the project it floated on last year.



*Trial mining at Snake Well in 2016*

The junior has agreed to sell the Snake Well gold project to Adaman Resources for \$7 million in staged payments over 24 months and a 2.5% net smelter royalty on any base metals mined.

While the consideration will be paid in cash, Kalamazoo can also elect to have Adaman complete \$4 million worth of drilling to be deducted from the proceeds.

Kalamazoo will use \$625,000 of the proceeds to pay Atlas Iron to satisfy an outstanding gold royalty.

Adaman is an active private mining, exploration and drilling company jointly owned by the Mitchell Group, SMS Mining Services and the Rivet Group.

The company recently acquired the Kirkalocka gold mine at Mt Magnet and is partnering with Eastern Goldfields to revive the Davyhurst gold operation.

Snake Well has a resource of 1.79 million tonnes at 2.45 grams per tonne gold for 141,000 ounces of gold and produced 4459oz at 6.83gpt gold via a trial pit in 2016.

Kalamazoo said the deal equated to a sale price of \$50 per resource ounce.

The company plans to focus on the Wattle Gully gold project near Castlemaine in Victoria and its Pilbara gold tenements in WA.

Kalamazoo chairman Luke Reinehr said Snake Well had been a good initial project for the company.

"The sale of the Snake Well Gold Project is an excellent result that will enable Kalamazoo to fully fund and accelerate its initial exploration and drilling programs at Wattle Gully and in the Pilbara over the next two years," he said.

"Importantly, we have kept an interest in the base metal rights at Snake Well which provides Kalamazoo and its shareholders with further opportunities."

Kalamazoo raised \$5 million in its initial public offering in January 2017 and had \$715,000 cash at the end of September.

Shares in the company jumped 21% today to 11.5c, valuing the company at just over \$10 million.