

Small Caps

Kalamazoo welcomes Eric Sprott and Novo Resources' \$8m investment

By *Lorna Nicholas* - January 15, 2020



Novo Resources and Eric Sprott have become cornerstone investors in Kalamazoo after it uncovered up to 1,916g/t gold at its Castlemaine gold project in Victoria late last month.

Billionaire precious metals investor Eric Sprott and renowned conglomerate gold explorer Novo Resources have taken a punt on [Kalamazoo Resources \(ASX: KZR\)](#), with both agreeing to invest a combined \$8 million in the junior gold explorer.

Under the agreement, Novo and Mr Sprott have each subscribed for 10 million shares in Kalamazoo at \$0.40 – equating to a combined \$8 million investment.

Additionally, each new Kalamazoo share issued will have an attaching option that is exercisable at \$0.80 within 18 months.

Victorian goldfields

What attracted Mr Sprott and Novo's interest in Kalamazoo is the Castlemaine gold project, which is situated in Victoria's Castlemaine goldfields.

Late last month, Kalamazoo revealed drilling at the project's Mustang prospect had unearthed an "exceptional" high-grade intersection of 1.42m at 261.3 grams per tonne gold from 100.32m.

The intercept included a visible gold interval of 0.17m at 1,916g/t gold.

Commenting on Novo and Mr Sprott's \$8 million investment, Kalamazoo chairman and chief executive officer Luke Reinehr said it was a "terrific endorsement" of the company's central Victorian goldfields strategy and using new technologies to "explore smarter".

Mr Reinehr added the "exceptionally" high-grade intersection unearthed late last month was "extremely encouraging", particularly because the visible gold-bearing quartz veined appeared to only have been partially intersected.

"This high-grade intersection supports our exploration strategy to focus on the incredibly rich historical Castlemaine and South Muckleford goldfields in our search for the next major gold deposit in central Victoria, particularly due to their proximity and geological similarities to [Kirkland Lake Gold's \(ASX: KLA\)](#) world class, high-grade underground mine at Fosterville 45km north-east."

Mr Reinehr noted that Kalamazoo's assets in Victoria and Western Australia's Pilbara complemented Novo and Mr Sprott's existing Australian investments.

Speaking about Novo's strategy behind the investment, Dr Hennigh pointed out many companies were now exploring the Victoria goldfields since Kirkland's success at Fosterville.

“Here at Novo, we quickly recognised the potential of Kalamazoo’s new discovery to be of the same ilk – epizonal orogenic high-grade vein mineralisation – as the recent high-grade veins found at Fosterville.”

“High-grade epizonal mineralisation forms at shallow depths and is usually eroded away during the mountain-building process associated with the formation of such deposits,” Dr Hennigh explained.

“Kalamazoo’s recent results display many of the right geological indicators of this special type of high-grade deposit, remarkable given these recent results are at such an early stage,” he added.

Formerly chairman of Kirkland Lake, Mr Sprott said the Victorian goldfields were “ripe” for more discoveries.

Kalamazoo’s shares rocketed on the news and were trading at \$0.445 by mid-morning – up 28.99%.