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Kalamazoo soars after billionaire invests

SHARES in Kalamazoo Resources have soared 60 per cent after the Victorian junior gold explorer received an \$8 million investment from Canada's Novo Resources and billionaire gold bull Eric Sprott.

Kalamazoo chairman and chief executive Luke Reinehr said the investment came after drilling at Kalamazoo's Castlemaine gold project in Victoria struck a significant vein of high-grade gold last month.

"It's a fantastic endorsement for what we're doing" Mr Reinehr said, adding that

it was also a great day for the Victorian gold industry, which has been revitalised with the recent success of Kirkland Lake Gold's Fosterville mine 20km from Bendigo.

"There is no doubt that there is another gold rush happening in Victoria," Mr Reinehr said.

Novo and Novo director Mr Sprout each subscribed for 10 million shares at 40 cents a share, a 24 per cent premium to Kalamazoo's five-day average price, giving both an 8.2 per cent stake in Kalamazoo.

Kalamazoo shares closed at 55.5 cents, up 60.9 per cent, and traded as high as 58.5 cents.

Novo director and chairman Quinton Hennigh said the \$A665 million company was "delighted" to acquire a significant stake in Kalamazoo.

"Many companies are exploring the Victoria goldfields since the success of Fosterville," Mr Hennigh said.

"Here at Novo, we quickly recognised the potential of Kalamazoo's new discovery to be of the same ilk ... as

the recent high-grade veins found at Fosterville."

The Castlemaine gold project is 45km northeast of Fosterville, which Kalamazoo described as one of the highest grade and most profitable gold operations in the world, as well as one of the most exciting.

The mine had been in operation in 2005, but four years ago Kirkland Lake discovered a huge vein of high-grade gold deep underground, exciting explorers who hadn't realised there was much more gold to be discovered in Victoria.