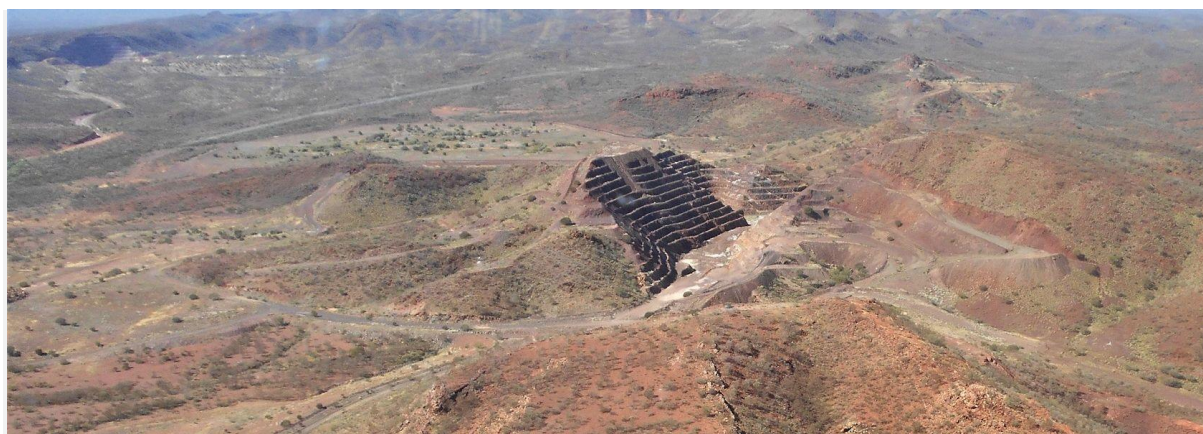


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Richard Roberts

Lots of drilling this quarter for Kalamazoo

CASHED up explorer Kalamazoo Resources has kicked off what is set to be a busy quarter on the exploration front with 12,000m of drilling on permitted ground in Victoria's Castlemaine and Muckleford gold fields, initial drilling at the greenfield Sisters property near Hemi in Western Australia, and a start on Ashburton in WA where director Paul Adams said last month the minnow would aim to define 2-3 million ounces in resources over the next 12-24 months.



Kalamazoo Resources' Ashburton ground in Western Australia's Pilbara region with Mt Olympus in the foreground

Speaking at the Beaver Creek (virtual) and RIU Resurgence conferences, Adams said Kalamazoo's recently completed A\$17.5 million acquisition of Ashburton - on deferred payment terms - from Northern Star Resources, left the company "in a fantastic position with major projects in arguably two of the best gold fields in the world at the moment" and more than A\$11 million in the bank after raising \$8 million earlier this year from Eric Sprott and Quinton Hennigh-run Novo Resources.

"We've [Kalamazoo] been in the Pilbara for a long time but the acquisition of Ashburton has put Kalamazoo on the map in the Pilbara; it gives us a massive step up into that region," Adams said.

"We've got a major drilling program to start [on approval of a program of work submitted two weeks ago] ... and have formed the nucleus of our exploration team in WA with some high-profile hires joining the company.

"There are numerous undeveloped - sometimes undrilled - gold occurrences at surface [in five project areas] that we aim to tackle over the next 12-24 months. We aim to increase the ounces from 1.6Moz to between 2Moz and 3Moz over that time period."

Kalamazoo has started the quarter with drilling at Lightning, at Castlemaine, near where a late 2019 intercept of 1.42m of 261.3gpt from 100.32m depth piqued the interest, and chequebooks, of Sprott and Hennigh.

It has a further 7,000m of RC drilling earmarked for South Muckleford where "we've mapped thousands of pits and shafts that have hardly had a drill hole put in beneath them" and which, unlike at Castlemaine where Kalamazoo is looking for the source of past alluvial gold riches, underground mining previously yielded 2.1Moz at an average 28gpt.

The South Muckleford area is only 10km west of Kalamazoo's Castlemaine ground.

In the north of that ground is Wattle Gully, where the junior also has 5,000m of diamond drilling planned on "multiple target areas".

"We just need to get the PoWs and work through the approvals process in Victoria, which can be quite arduous," Adams said.

Kalamazoo is one of about 20 explorers trying to replicate the discovery success of Kirkland Lake Gold at Fosterville.

Kalamazoo's new WA exploration team is headed by Adams, a geologist for more than 20 years and former head mine geologist at Granny Smith in WA, and includes ex-Northern Star senior geo Matthew Rolfe, and Dr Margy Hawke.

Initial drilling at Ashburton will focus on previously mined Mt Olympus, Waugh and Zeus, targeting oxide and sulphide resource extensions and additions.

Kalamazoo has a current market value around \$90 million (share price more than doubled since the start of 2020), but analyst/historian and supporter Keith Goode says Ashburton alone offers food for thought on that score based on Northern Star's Ashburton records.

"The Ashburton is 180km away on strike south-west of Paulsens and was on a path to become Northern Star's second operation to Paulsens in 2012 and 2013 with its own plant to initially treat the oxide at 100,000ozpa, followed by conversion of the plant to pressure oxidation - autoclaves, etc, to treat the refractory sulphide," Goode wrote last month.

"Northern Star very quickly recognised that the Ashburton has been underexplored and immediately focused on Mt Olympus and Peake, and was quickly able to increase the resources to 1.7Moz - which potentially may prove to be the tip of the iceberg.

"I think it [inferred/indicated resource total] could already be over 2Moz because the last resource was December 2012 and exploration should have occurred for part of 2013, and possibly even later."

"The Ashburton", says Goode, needed a standalone plant (old one was dismantled and removed in the 2000s) for a 100,000ozpa mine, and "although not stated that cost could have been more than \$100 million and carrying risk".

"Whereas in late 2013/early 2014, Northern Star was able to buy Plutonic for \$25 million, followed by Kanowna Belle and 51% of the East Kundana JV for \$75 million, [so] \$100 million for three fully operational mines with their own personnel, equipment, plants, etc, that took NST instantly to 350,000ozpa - and put the Ashburton on the back burner."

Goode concurs with Kalamazoo's belief that drilling below, between and along strike of known oxide and sulphide (including refractory) resources offers considerable upside. He says historical reporting on metallurgical results suggests more investigation of an optimal processing configuration is needed, and obviously scale is important in any consideration of gold concentrate production to complement oxide gold output.

"It can be seen that the project is possibly already more than 2Moz ... and [it's] not too imaginary to envisage mineralisation exceeding 3Moz, with reserves of 1Moz of oxide and 1Moz (already exists as a resource) of sulphide," Goode says.

"A 2-to-3Moz resource should currently be plus-A\$100 million market cap; [a project supporting] 100,000ozpa for five years ... possibly currently equals about a A\$300 million market cap."

Kalamazoo is also about to start drilling at The Sisters, near De Grey Mining's Hemi discovery, "on structural extensions of those Hemi host structures".

"That project has not had a drill hole in it," Adams said.