

Kalamazoo Resources Ltd: \$7 Million Sale of Snake Well Project

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Perth, Australia - [Kalamazoo Resources Ltd.](#) (ASX:KZR) is pleased to advise that it has signed a Term Sheet to sell its Snake Well Gold Project in the Murchison region of Western Australia for \$7.0 million to Adaman Resources Pty Ltd ("Adaman").

Highlights

- Kalamazoo has signed a Term Sheet for the \$7.0 million sale of its Snake Well Gold Project in Western Australia to Adaman Resources
- Kalamazoo maintains a 2.5% Net Smelter Royalty on any base metals mined within the project area
- Tenement Sale Agreement to be finalised by 31 December 2018
- \$7.0 million sale proceeds payable over 24 months and will fund Kalamazoo's aggressive exploration and drilling program at its Wattle Gully Gold Project, at Castlemaine in Victoria and its Pilbara gold tenements in WA
- \$1.5m cash to be paid to Kalamazoo on or before 31 December 2018

A key component of the transaction is that Kalamazoo can elect to engage Adaman to provide up to \$4.0m of drilling services (deducted from the sale proceeds) at the Wattle Gully Gold Project in Castlemaine, which if exercised further fast-tracks Kalamazoo's drilling program.

The Snake Well sale follows Kalamazoo's acquisition in June this year of the entire Wattle Gully Gold Project and the surrounding Castlemaine Goldfield in Victoria.

"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," Kalamazoo's Chairman, Mr Luke Reinehr, said today.

"Snake Well has been a wonderful initial project for us with its very successful trial pit (4,459 ounces of gold mined at 6.83g/t in 2016) and now provides the opportunity to generate further cash for our next stage of growth," Mr Reinehr said.

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

Snake Well has a Mineral Resource Inventory of measured, indicated and inferred gold resources, reported in accordance with JORC 2012 of 1.79Mt @ 2.45 g/t Au, for 141,000 ounces of gold and this represents a sale price of \$50 per resource ounce (Refer to ASX : KZR AGM presentation November 20th, 2017).

Mr Reinehr said the past 18 months had been a very exciting and progressive period for Kalamazoo that had seen the Company list on the ASX and acquire two major exploration projects with significant potential.

"The Company has been focused on prioritising its exploration activities and the sale of Snake Well has not diminished Kalamazoo's belief in this project's excellent gold and base metals potential. The opportunity to establish a relationship with Adaman that would add significant value to our respective companies was compelling," he said.

Adaman Resources, a privately-owned mining solutions provider with drilling, logistics and corporate capabilities, is co-owned by two independent mining services companies, headed by Nathan Mitchell of The Mitchell Group and Mark Rowsthorn of the Rivet Group. Adaman in May this year, purchased the Kirkalocka gold mine near Mt Magnet in the Mid-West.

The \$7.0m sale proceeds will be paid in cash progressively over the next 24 months and is secured across the project. The sale will be subject to all necessary governmental consents and approvals normal for a

transaction of this type, including any requisite consent of the Minister under the Mining Act 1978 (WA). At settlement of the sale, Kalamazoo will pay to [Atlas Iron Ltd.](#) (ASX:AGO), the previous owner of the Snake Well Gold Project the sum of \$625,000 in full satisfaction of an outstanding gold royalty across the project.

Kalamazoo's June 2018 Victorian acquisition secured the entire Wattle Gully Gold Project and the surrounding 288km² Castlemaine Goldfield. This was achieved via Exploration Licence (EL006679) and application (EL006752) with both tenements covering major structures interpreted to be commonly associated with high gold potential. Included in the acquisition of this advanced regional gold asset is an extensive exploration database and substantial drill core farm at minimal cost. The Castlemaine Goldfield produced 5.6M ounces* of gold across its life and is one of the richest gold fields in Australia, with only minor exploration activity having been undertaken over the past decade with limited effective drilling below 400m. (*refer to Willman et al 2002, Geology Survey Victoria, report 121).

Kalamazoo considers there is significant potential to apply modern exploration techniques, and to look for mineral zones at depth. This is a similar strategy that has been successfully applied at Kirkland Lake Gold's (ASX:KLA) Fosterville gold mine, 45km to the north east and Catalyst Metals (ASX:CYL) Tandarra gold project north of Castlemaine.

Details of the Transaction

The principal terms of the transaction are as follows:

- The Agreement will cover Exploration Licences 59/2239, 59/2240 and 59/2137 and Mining Leases 59/41, 59/474, 59/476, 59/477 and 59/565 including the right to all minerals.

- Consideration of \$7.0 million in cash will be paid as follows:

- o a refundable deposit of \$150,000 on execution of the Term Sheet;

- o \$1,350,000 payable on 31 December 2018 or signing the Tenement Sale Agreement, whichever occurs first;

- o \$500,000 on or before 30 June 2019;

- o \$1,000,000 on or before 31 December 2019;

- o \$750,000 on or before 31 March 2020;

- o \$750,000 on or before 30 June 2020;

- o \$1,000,000 on or before 30 September 2020; and

- o \$1,500,000 on or before 31 December 2020.

- Kalamazoo retains a 2.5% Net Smelter Royalty on the value of all base metals mined and recovered from the tenements;

- The parties may agree for Adaman to provide up to \$4.0 million of drilling services for Kalamazoo's Wattle Gully Project on commercial arms' length terms with any amounts used deducted from the consideration payable.

About Kalamazoo Resources Ltd:

[Kalamazoo Resources Ltd.](#) (ASX:KZR) listed on the ASX in January 2017 and is actively exploring at its Snake Well Gold and Base Metals Project in the Murchison region, Western Australia and its Cork Tree Cu Project in the Doolgunna region, Western Australia. Kalamazoo recently acquired four project areas in the Pilbara, Western Australia, prospective for gold.

Source:

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