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## ASX Announcement

23 September 2020

### OPTION GRANTED TO NOVO RESOURCES OVER QUEENS PROJECT IN VICTORIA

#### Key Points

- Kalamazoo has granted Canadian listed gold explorer and developer Novo Resources Corp an Option to earn an initial **50%** interest, then earn a further **20%** in its recently granted Victorian Exploration Licence EL007112 ("Queens Project")
- In exchange for 24,883 Novo common shares, Novo has a six-month period in which to exercise its Option to earn a **50%** interest in the Queens Project by paying Kalamazoo an additional **\$2 million** worth of Novo shares
- Novo then has the right to earn a further **20%** in the Queens Project and form a joint venture with Kalamazoo by incurring **\$5 million** of exploration expenditure over a five-year period
- The Queens Project spans the highly prospective Taradale Fault and immediately surrounds GBM Resources' Malmsbury Gold Project that is subject to a joint venture option with Novo Resources
- The Queens Project and greater Malmsbury goldfield area has known gold endowment and is considered prospective for high grade Fosterville-style mineralisation
- Both Kalamazoo and Novo consider that the Queens Project area is under-explored as it has not been subjected to any systematic modern exploration techniques with only limited shallow drilling

**Kalamazoo's Chairman and CEO Luke Reinehr said today,** *"We are delighted to have entered into this transaction with Novo Resources Corp, led by Dr. Quinton Hennigh. Novo has recently established a similar option arrangement on ground adjacent to our Queens Project so there are obvious synergies for it to consolidate exploration activities at Malmsbury. Given our existing relationship with Novo as a strategic Kalamazoo investor and that Dr. Hennigh is part of our technical team, this is a fantastic opportunity to merge both our technical and regional knowledge to hopefully unlock the potential of the exciting Queens Project."*

*"The nature of this JV agreement sees Kalamazoo retaining a significant interest in the Queens Project whilst continuing to maintain our focus on exploration and drilling across the ten priority targets already identified at our other highly prospective Victorian projects. In that regard, we are pleased to advise that our next diamond drilling program will commence at the Lightning Prospect located in our Castlemaine Gold Project in early October 2020."*

*"On the exercise of the Option, the \$2 million in Novo shares will further strengthen our treasury and the likely farm-in expenditure by Novo of \$5 million will ensure that the Queens Project receives the exploration attention it clearly deserves."*

Kalamazoo Resources Limited (**ASX: KZR**) ("**Kalamazoo**" or the "**Company**"), is pleased to advise that it has granted Novo Resources Corp ("**Novo**") (**TSX-V: NVO**; **OTCQX: NSRPF**) an Option to acquire an interest in, and to then enter into a Joint Venture Agreement ("**JV**") with Kalamazoo in respect of its recently granted exploration licence known as the Queens Project.

### **Queens Project Description**

Kalamazoo's Castlemaine Gold Project in the Bendigo Zone of Central Victoria is comprised of three exploration tenements, EL006679 ("**Wattle Gully**", ~70 km<sup>2</sup>), EL006752 ("**Wattle Gully South**", 218 km<sup>2</sup>) and EL007112 ("**Queens Project**", ~22 km<sup>2</sup>) for a total area of 310 km<sup>2</sup> (Figure 1). Located on the south eastern border of Kalamazoo's Wattle Gully South tenure, the Queens Project exploration licence was granted in July 2020<sup>1</sup>.

The Queens Project straddles the highly prospective Taradale Fault and includes parts of the historic Malmsbury goldfield, which has a proven high-grade gold endowment and contains numerous historical gold mine workings. Like the rest of the Castlemaine Gold Project, the Queens Project is considered under-explored as it has not been subjected to modern exploration techniques and only limited shallow drilling.

The Queens Project encircles GBM Resources Limited's (**ASX: GBZ**) ("**GBM**") Malmsbury goldfield and covers multiple structural extensions of the primary lode Au deposits of this important high-grade Au camp (Figure 2). The Malmsbury goldfield is situated in the eastern part of the prolific Bendigo Zone approximately 55km south of Kirkland Lake Gold Inc's (**ASX: KLA**) high-grade Fosterville Gold Mine. Given the similar geologic setting and historic high-grade gold production, Novo's President and Chairman Dr. Quinton Hennigh considers it to be potentially a geological analogue to the high-grade Fosterville epizonal orogenic gold deposit<sup>2</sup>. Novo also holds an option to joint venture GBM's Retention Licence RL6587 and with the addition of the Queens Project option, Novo now potentially holds an interest across the entire Malmsbury gold field.

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<sup>1</sup> ASX: KZR 14 July 2020

<sup>2</sup> ASX: GBZ 31 March 2020

This new agreement further strengthens the technical relationship between Kalamazoo and Novo following the strategic investment in Kalamazoo made by Novo and Canadian investor Eric Sprott in January 2020<sup>3</sup>. Novo's President and Chairman Dr. Quinton Hennigh is also a member of Kalamazoo's Technical Advisory Committee.

### Queens Project Option and Joint Venture Terms

Novo will have a six-month period (the "**Initial Period**") to conduct due diligence on the Queens Project by issuing to Kalamazoo 24,883 fully paid common Novo shares (the "**Initial Shares**") which at the time of issue is equivalent to AUD\$100,000. The Initial Shares will be subject to a statutory holding period of four months from the date of issue. At any time during the Initial Period, Novo will have the right to exercise its option (the "**Option**") to earn a 50% interest in the Queens Project by issuing fully paid common shares in Novo to Kalamazoo to the value of AUD\$2 million, also subject to a statutory holding period of four months from the date of issue.

If Novo exercises the Option it will have the right to earn an additional 20% interest in the Queens Project and form a JV with Kalamazoo by incurring AUD\$5 million in exploration expenditure (the "**Earn-In Amount**") over a five-year period (the "**Earn-In Period**"), with a minimum of AUD\$250,000 during the first year, AUD\$1 million during each of the second, third, and fourth years, and AUD\$1.75 million during the fifth and final year of the Earn-In Period. Any expenditure incurred during any year of the Earn-In Period which surpasses the minimum required amount will be credited against the subsequent year's commitment.

If Novo satisfies the Earn-In Amount by the expiry of the Earn-In Period, it will have 30 days to elect to either:

- (i) earn an additional 10% in the Queens Project by delivering a preliminary economic assessment (the "**PEA**") which must include a minimum 1 million ounces of gold of which at least 60% must be comprised of indicated mineral resources within three years of the Company's election (the "**PEA Conditions**"), or
- (ii) maintain its 70% interest in the Queens Project.

Should Novo elect to maintain its 70% interest in the Queens Project, Kalamazoo must elect to either:

- (i) contribute to 30% of exploration expenditure, or
- (ii) automatically convert to a 2% net smelter returns gold royalty.

Should Novo elect to complete the PEA but fails to satisfy the PEA Conditions, Novo will retain a 70% interest in the Queens Project and Kalamazoo can elect to contribute to 30% of exploration expenditure or dilute at a rate of 1% for every \$100,000 not contributed. If Kalamazoo's interest dilutes below 10%, Kalamazoo's interest will automatically convert to a 2% net smelter returns gold royalty.

If Novo does not satisfy the Earn-In Amount during the Earn-In Period, Novo's interest in the Queens Project will decrease to 49%.

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<sup>3</sup> ASX: KZR 15 January 2020

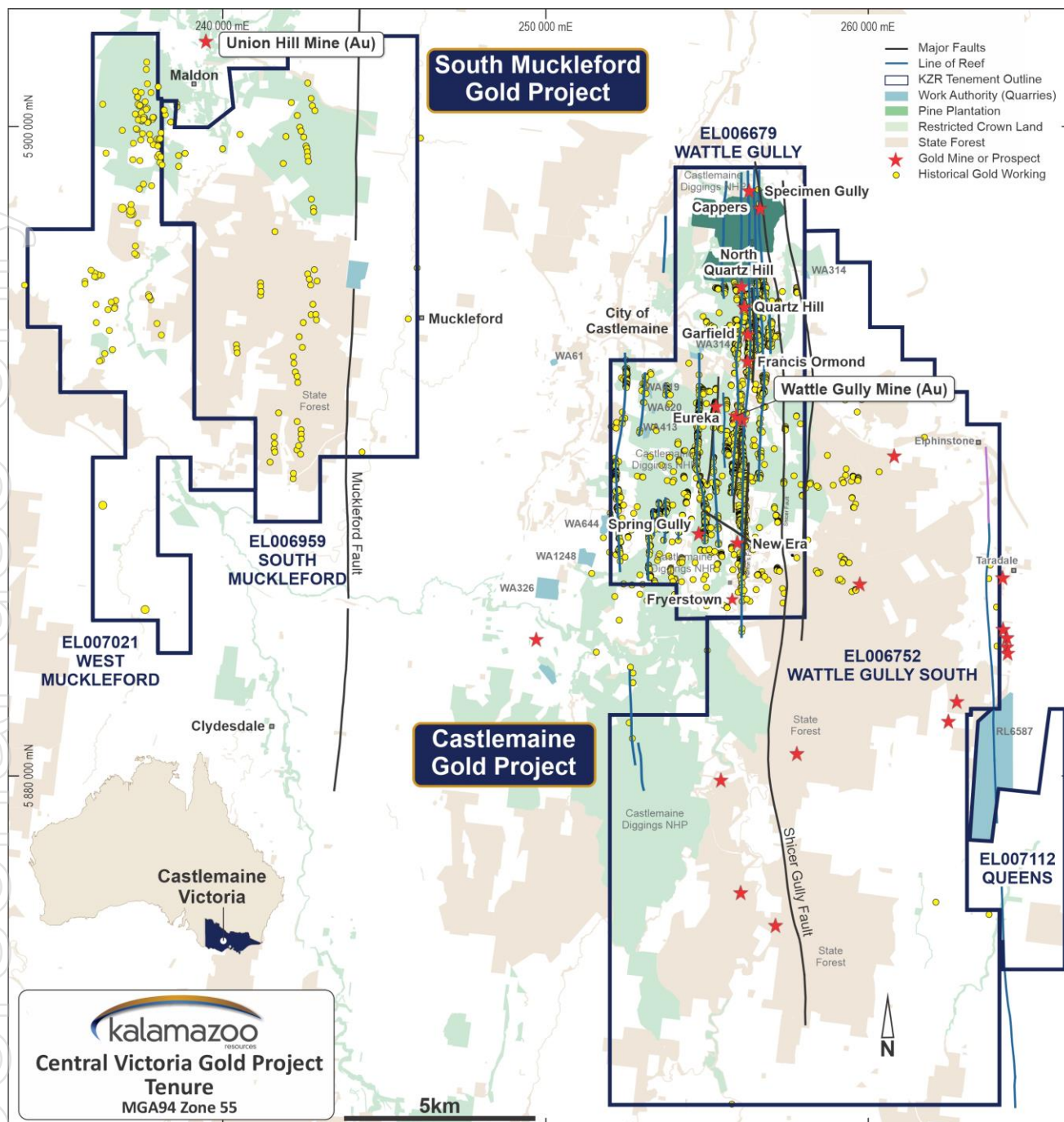


Figure 1: Location of the Castlemaine and South Muckleford Gold Projects and the Queens Project (EL007112) exploration tenement



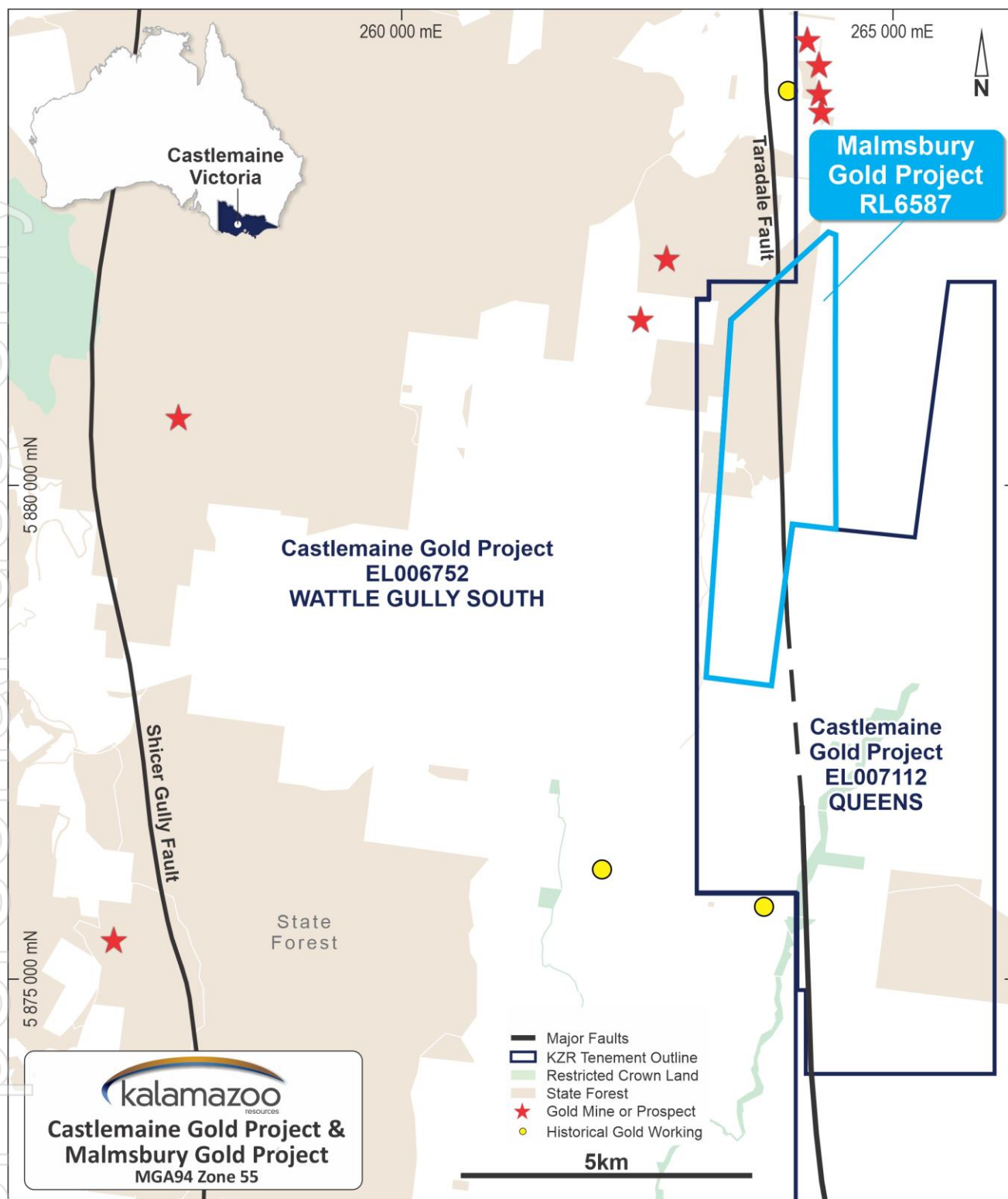


Figure 2: Location of EL007112 Queens Project with respect to the Castlemaine Gold Project (Kalamazoo 100%) and RL6587 Malmsbury Gold Project (GBM-Novo Option JV)

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## Response to COVID-19

Kalamazoo has been proactively managing the potential impact of COVID-19 and has developed systems and policies to ensure the health and safety of its employees and contractors, and of limiting risk to its operations. These systems and policies have been developed in line with the formal guidance of State and Federal health authorities and with the assistance of its contractors and will be updated should the formal guidance change. Kalamazoo's first and foremost priority is the health and wellbeing of its employees and contractors.

To ensure the health and wellbeing of its employees and contractors, Kalamazoo has implemented a range of measures to minimise the risk of infection and rate of transmission to COVID-19 whilst continuing to operate. All operations and activities have been minimised only to what is deemed essential. Implemented measures include employees and contractors completing COVID-19 risk monitoring, increased hygiene practices, the banning of non-essential travel for the foreseeable future, establishing strong infection control systems and protocols across the business and facilitating remote working arrangements, where practicable and requested. Kalamazoo will continue to monitor the formal requirements and guidance of State and Federal health authorities and act accordingly.

## Competent Persons Statement

The information for the Victorian Projects is based on information compiled by Dr Luke Mortimer, a competent person who is a Member of The Australian Institute of Geoscientists. Dr Mortimer is an employee engaged as the Exploration Manager Eastern Australia for the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves'. Dr Mortimer consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

## Forward Looking Statements

Statements regarding Kalamazoo's plans with respect to its mineral properties and programs are forward-looking statements. There can be no assurance that Kalamazoo's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Kalamazoo will be able to confirm the presence of additional mineral resources/reserves, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Kalamazoo's mineral properties. The performance of Kalamazoo may be influenced by a number of factors which are outside the control of the Company and its Directors, staff and contractors.