The Gold Explorer that Escaped Market Contagion.

written by InvestorNews | September 21, 2021

When the market has an across the board sell off like it did on Monday it's always interesting to look at the few names that were flat-to-up on the day. Not that it makes those particular equities best in class nor does it necessarily mean anything at all. Nevertheless, I'm always curious to see what escaped the blood bath, especially when it's as widespread as it was yesterday. In Canada, it was generally utilities and some gold stocks that managed to escape the market rout. The S&P 500 saw the best performance from the airline stocks – not sure I fully understand that but so be it.

Whether the possible collapse of China's Evergrande Real Estate Group causes some sort of market contagion that in turn causes more market pain over the coming days and weeks, remains to be seen. What I do know is that one of the gold stocks that finished the day in positive territory was Kalo Gold Corp. (TSXV: KALO | OTCQB: KLGDF). Kalo Gold is a mineral exploration company focused on the Vatu Aurum gold project on Fiji's north island, Vanua Levu. Kalo holds two mineral exploration licenses covering over 36,700 hectares of land in the Southwest Pacific Ring of Fire.

Despite being a relatively new public company, having only been publicly traded for 7 months, which went public via a reverse takeover by Venture exchange listed E36 Capital Corp, the Company has a pretty good head start on the development of its primary asset. There was already 9,479 metres of diamond drilling done on the property, 50% of it done by Placer Pacific, concentrated in the resource area at Qiriyaga Hill. These

historical workings paint a picture of potential, including an inferred resource of 158,831 oz of gold, although this is not NI 43-101 compliant (the company is working on that). Additionally, historic drilling results at the Qiriyaga Hill zone, which is the primary target, confirmed the presence of several high-grade zones with selective drill intersections including 8.75m at 36.02 g/t Au (61.25m to 80m) and 10m at 27.18 g/t Au (76m to 86m) including 120 g/t Au between 80m to 83m in drill hole KCD-17 (again the qualified person has not completed sufficient work to verify the historical technical data and information).

Based on this historical data, Kalo moved forward with its own drilling program that started in early 2021 with a planned exploration program consisting of 8 confirmation and step-out diamond drill holes totaling 1,800 metres in the Qiriyaga Zone targeting the Qiriyaga Hill and Vuinubu Ridge areas. On March 29th the Company released results from its first two holes with hole #1 recording multiple thick gold intersections, over an interval of 101m averaging 0.94 g/t Au starting at surface, including 2m at 6.00 g/t Au at 8m depth, 16m at 2.08 g/t Au at 69m depth including 2m at 5.36 g/t Au. A promising start and the proximity to surface has appeal as it's almost always cheaper and easier when your resource can be accessed by someone with a good shovel.

On July 13th results from holes #3 and #4 were released confirming additional thick, near-surface, high-grade gold mineralization. Highlights include 69m at 0.96 g/t Au starting at 21m (including 4m of 5.11 g/t Au) in drill hole KGD-04, an in-fill drill hole to the northeast of Qiriyaga Hill. Drill Hole KGD-03, a step-out drill hole to the northwest of Qiriyaga Hill, located 40m to the northwest of the previous closest hole, recorded multiple thick intersections, over an interval of 24m averaging 1.01 g/t Au, starting at 21m, including 2m of 6.27g/t

Au. These results provide further confirmation of the continuity of epithermal-type mineralization, with the deposit open in multiple directions.

Did I mention how big the Vatu Aurum project actually is? It stretches 25km (15.5 miles) with 7 historic prospects and only 2% of the property has actually been drilled so far. To that end, in addition to the actual drill results Kalo has, both new and historic, in May the Company announced mapping and sampling at the Mouta prospect, located on the northwest part of the property approximately 9km from Qiriyaga Hill. Two rock chip samples taken from an outcrop returned assays of 6.2g/t Au, 645g/t Ag and 3.12% Cu (19.3g/t AuEq) and 0.82g/t Au, 181g/t Ag and 0.33% Cu (3.774 g/t AuEq). A sample taken from a historical stockpile assayed 3.06g/t Au, 819g/t Ag and 1.63% Cu (16.6g/t AuEq). Not bad for a "lower priority" location on your property.

Source: Kalo Gold Company Highlights

Unfortunately, this is where the story goes quiet for a bit as Fiji has been under COVID-19 inter-island travel restrictions since mid-April 2021. Drilling on the Vatu Aurum gold project won't resume until restrictions on inter-island travel are lifted to allow the Company's drillers to return to the site. In the meantime, the Company will continue with the review of surface and core geology and expand soil sampling in the Qiriyaga Zone, mapping of Mouta following the completion of soil sampling, and visits to the other prospects.

Kalo Gold has enough cash to complete the planned 8 hole drill program with four holes still remaining. It's a fairly tight share structure with 54 million shares outstanding placing its current market cap at $13.4 million based on yesterday's close of $0.25. Where the stock goes next will depend a lot on what

the final 4 holes of the drilling program tell us and perhaps that little issue with the overall market.