

# Kavango Resources PLC

11:55 23 Sep 2020

## Will Kavango Resources become the next Norilsk Nickel?

"The first time Norilsk occurred to us as an exploration model was when we first looked at the historical drill core from the KSZ a few years ago," says Mike Moles, one of Kavango Resources PLC's (LON:KAV) two principal geologists, who's also a non-executive director.

"What struck us was that some of the gabbros had intruded into coal measures which typically contain large amounts of sulphur."

What Moles is describing with regard to the core from the Kalahari Suture Zone is of course also a distinguishing feature of the giant copper-nickel-palladium deposits at Norilsk.

"At Norilsk," says Moles, "gabbro intruded into coal measures and incorporated coal into the molten magma so that the sulphur was able to combine with the nickel, copper and platinum group metals and turn them into a heavy immiscible sulphide liquid. This sulphide liquid pooled in trap zones within the sills, and when these eventually cooled, they became the metal-rich deposits that have been so successfully mined for over a century."

Was this a pattern that was replicated at the Kalahari Suture Zone? The historic drill core confirmed to Moles and Hillary Gumbo (who co-founded the company) that at least it was a question worth asking.

With that in mind, and with the help of a professor of geology from the University of Leicester, they set up a table of characteristics which were typical of Norilsk style mineralisation - of boxes that needed to be ticked - in order for the hypothesis to continue to hold good.

"We've got up to box number 12 or 13," says Moles. "There are one or two more boxes we need to tick, but we haven't had any negative results yet."

The latest tick in the box was found through a complex three-dimensional modelling exercise completed by the company in August, and which continues to highlight similarities between the KSZ and Norilsk.

"I was struck by the similarity in the morphology of the sills from Norilsk and those from the KSZ," says Moles.

"As the magma comes up and approaches the surface, it spreads out laterally along the weaker sedimentary horizons and is then extruded out on the surface as lava. In sectional view the KSZ sills appear as flat-lying intrusive bodies with a typical 'gull wing' shape in the extremities and a much thicker 'keel' towards the center.

Images of many of the Norilsk sills exhibit strikingly similar morphologies. As the molten magma cools, the heavy immiscible metal sulphide liquid tends to gravitate towards the bottom of the sills. Metals and sulphur will probably be much less abundant in the gull wings, but if you drill into the keels you stand a good chance of finding significant

**Price:** 2.89

**Market Cap:** £5.58 m

### 1 Year Share Price Graph



December 2019 June 2020 December 20

### Share Information

**Code:** KAV

**Listing:** LSE

**52 week High Low**  
3.75 0.5001

**Sector:** General mining & base metals

**Website:** [www.kavangoresources.com](http://www.kavangoresources.com)

### Company Synopsis:

KAVANGO RESOURCES PLC ("Kavango" or the "Company")

*is a mineral exploration company focused on Botswana. Its shares are listed on the London Stock Exchange (Standard List) with ticker KAV. L. At Admission on 31 July 2018 it raised gross proceeds of £1. 5m. Kavango has been set up by an experienced team of geologists and a geophysicist with a history of exploration discoveries in southern Africa.*

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concentrations of massive sulphide accumulations."

Now that the new 3D model is in place, the next steps will be crucial. Drilling is clearly now looming on the horizon, and the latest Kavango press release mentions that the company will seek to define six potential targets.

On the other hand, drilling in this part of the world is expensive and not something to be undertaken lightly. If there is a Norilsk lookalike at the Kalahari Suture Zone, the main reason why it has not yet been discovered could be that it's buried beneath around 70 meters of Kalahari sand.

"We could just go and drill now," says Moles, "but some of the keels are as much as 500 meters deep, so we are now searching for sills that are at a higher erosion level and are closer to the surface. Drilling is very expensive, so we also want to have a high level of confidence that our drill targets will contain massive sulphide accumulations"

Ahead of any drilling, Kavango is therefore planning to undertake ground based electromagnetic surveys using a special technique developed specifically for sand covered arid terrains. This technique employs a high-powered electromagnetic transmitter at a low frequency using a very long loop. The objective is to focus on the trap zones within the keels of the sills where high levels of electromagnetic conductivity would be expected.

"We are confident that our electromagnetic surveying will be able to pick up massive sulphides in the keels of these sills, if they exist," says Moles.

A positive result would represent a tick in the final box before the drill rigs are deployed. But whether it's Kavango that deploys those rigs or a potential industry partner remains an open question. For a company that may be sitting on the next Norilsk, its market capitalisation is a relatively modest £4.5mln, and its pockets are not deep.

One option would be to bring in a major industry partner to help with the heavy lifting. This could be beneficial on a couple of levels. Firstly, the sharing of the financial burden would obviously be welcome under the right circumstances. But secondly, if the drilling doesn't hit straight away, a big-hitting partner with a clear understanding of the geological potential would be able to weather that disappointment and carry on working in a way that would be hard for a junior.

Whether it pans out that way remains to be seen. It's a box ticking exercise, and for now it's one box at a time. But if it turns out that Kavango Resources is sitting on the next Norilsk, don't say nobody told you!

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