



# **HALF-YEAR FINANCIAL REPORT**

**31 DECEMBER 2020**

**ABN 33 150 026 850**

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## CORPORATE DIRECTORY

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### DIRECTORS

Luke Reinehr	Executive Chairman and Chief Executive Officer
Angus Middleton	Non-Executive Director
Paul Adams	Non-Executive Director

### COMPANY SECRETARY

Bernard Crawford

### REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

16 Douro Place  
West Perth, WA 6005

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### AUDITOR

Grant Thornton Audit Pty Ltd  
Chartered Accountants  
Collins Square, Tower 5  
727 Collins Street  
Melbourne, VIC 3008  
Australia

### SHARE REGISTRY

Advanced Share Registry  
110 Stirling Highway  
Nedlands, WA 6009

### STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Ltd ("ASX") and the Frankfurt Stock Exchange ("FRA")

Home Exchange: Perth, Western Australia  
ASX Code: KZR  
FRA Code: KR1

## DIRECTORS' REPORT

The Directors of Kalamazoo Resources Limited ("Kalamazoo" or "the Company") submit the financial report for the Company for the half-year ended 31 December 2020.

### DIRECTORS

The names of Directors who held office during or since the end of the half year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

- Luke Reinehr, Executive Chairman and Chief Executive Officer
- Angus Middleton, Non-Executive Director
- Paul Adams, Non-Executive Director

### OPERATING RESULT

The Company's loss for the half-year ended 31 December 2020 after providing for income tax amounted to \$1,249,601 (2019: \$2,963,788).

### PRINCIPAL ACTIVITIES

The principal activities of the Company during the period were:

- to carry out exploration on its mineral tenements;
- to seek extensions of areas held and to seek out new areas with mineral potential; and
- to evaluate new opportunities for joint venture or acquisition.

### REVIEW OF OPERATIONS

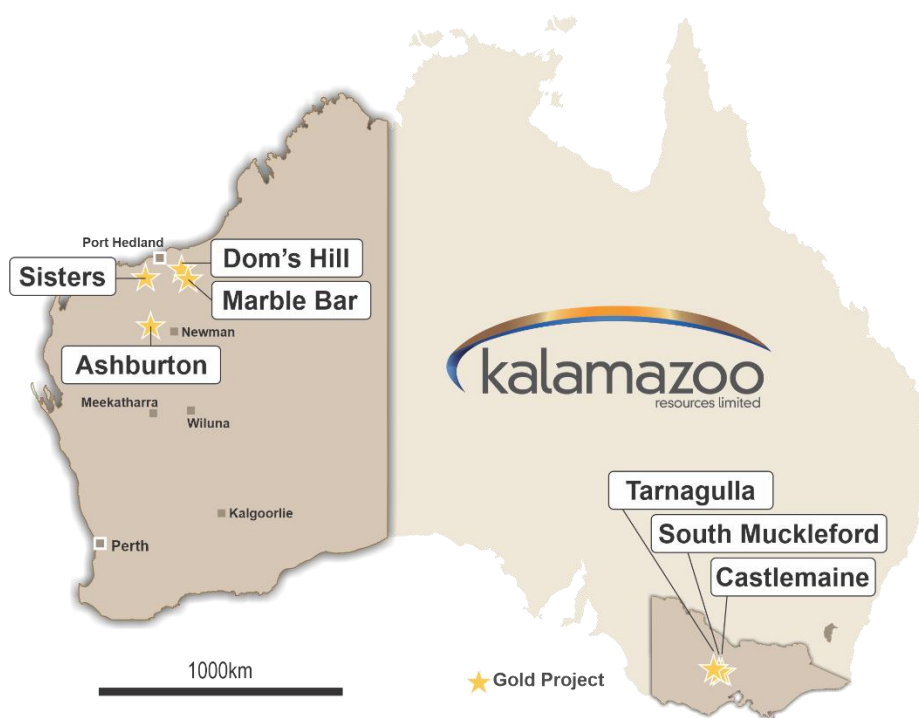
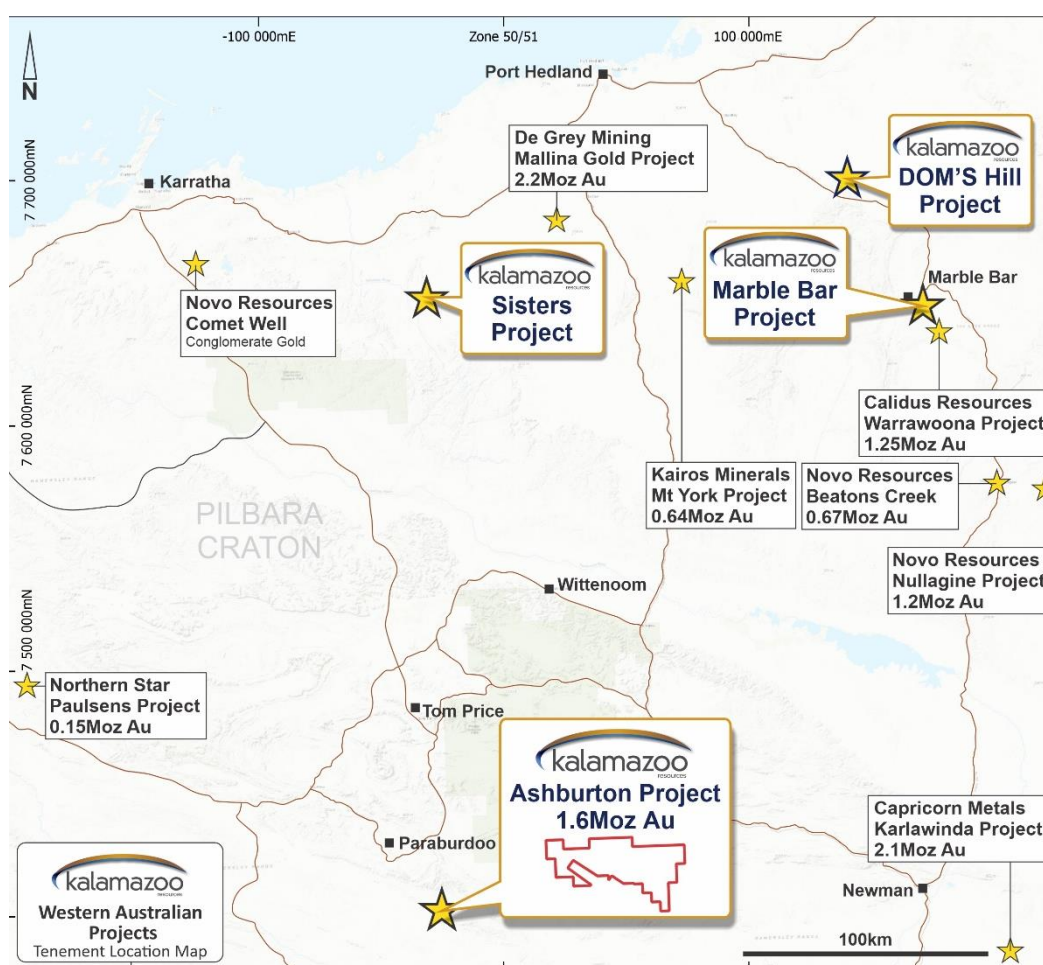


Figure 1: Location of Kalamazoo's Projects

## ASHBURTON GOLD PROJECT

The Ashburton Gold Project is located on the southern edge of the Pilbara Craton in Western Australia near the towns of Tom Price and Paraburdoo and boasts an existing self-contained camp, core farm and supporting infrastructure. The project covers 217km<sup>2</sup>, consisting of Mining Leases 52/639, 52/640, 52/734 and 52/735 and Exploration Licences 52/1941, 52/3024 and 52/3025.

The project's historical gold production consisted of **350,000oz Au** in the period 1998-2004 and currently contains a Mineral Resource Estimate (JORC Code (2012)) of **20.8Mt @2.5g/t Au** for **1.65Moz**.



**Figure 2: Pilbara Craton Location Map showing Kalamazoo's Pilbara gold projects**

During the reporting period the Company completed its maiden drilling program (ASX: KZR 5 January 2021) which consisted of 5,677m Reverse Circulation (RC) and 104m diamond drilling. The program focused on the Waugh and Connie's Find Prospects on the northern side of the Diligence Dome and at Peake and Peake West on the southern side of the Dome.

These prospect areas were selected as high priority targets due to their current resources, including 3.7Mt @3.4g/t Au for 399,000oz at Peake and 0.59Mt @ 3.6g/t Au for 68,000oz at Waugh (JORC Code (2012)) and the high grade of the historically mined resources including 18.7k oz Au @ 6.5g/t Au at Peake and 67k oz Au @ 6g/t Au at Waugh. Importantly, these prospect areas have been sparsely tested along strike or down dip and as such, demonstrate the potential to host new oxide and primary sulphide gold mineralisation.

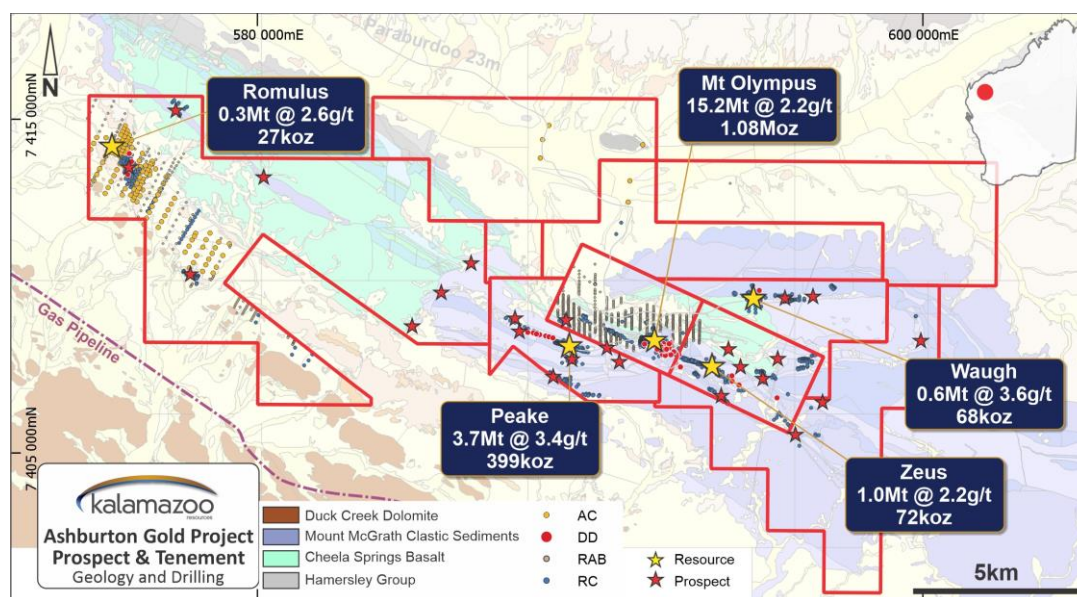


Kalamazoo continues to develop its exploration strategy for the Ashburton Project with a keen focus on the commonly anomalous and variably carbonaceous and calcareous siltstone unit that extends around the Diligence Dome. The unit hosts the Waugh and Peake deposits, as well as several undeveloped prospects and is considered highly prospective for Carlin-style mineralisation.

An investigation of potential geophysical techniques to target mineralisation within this unit has commenced with thirty eight petrophysical samples of mineralised and unmineralised rock collected from drill core and surface exposures at Mt Olympus, Peake and Waugh and sent for analysis.



**Figure 3: RC drilling at Connie's Find, approximately 400m to the west of the Waugh Pit shown in the background**



**Figure 4: Preliminary Exploration targets, historical drilling and identified Mineral Resources**

Over the next 12-24 months, Kalamazoo aims to substantially increase the 1.65Moz oxide and sulphide gold resource with an aggressive drilling campaign of over 15,000m planned for the 2021 field season.

Operating concurrently with the exploration program is the ongoing technical investigation of gold deportment and processing pathways to advance the development of the substantial existing refractory resources at the Ashburton Gold Project.

Heading up the Western Australian based exploration team is Kalamazoo's Non-Executive Director Paul Adams who recently played a key role in the major WA exploration discovery of Penny West as Managing Director of Spectrum Metals Limited. Joining the team is Mr Matthew Rolfe as the Exploration Manager – Ashburton (ASX: KZR 4 August 2020).

The material in this report that relates to the Mineral Resources for the Ashburton Gold Project is based on information announced to the ASX on 23 June 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply.

ASHBURTON GOLD PROJECT MINERAL RESOURCES										
	INDICATED			INFERRED			TOTAL			
	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Cut off Grade
Mt Olympus	6,038	2.3	448	9,138	2.2	632	15,176	2.2	1,080	0.7 g/t Au
Peake	113	5.2	19	3,544	3.3	380	3,657	3.4	399	0.9 g/t Au
Waugh	347	3.6	40	240	3.6	28	587	3.6	68	0.9 g/t Au
Zeus	508	2.1	34	532	2.2	38	1,040	2.2	72	0.9 g/t Au
Romulus	-	-	-	329	2.6	27	329	2.6	27	0.9 g/t Au
<b>TOTAL RESOURCES</b>	<b>7,006</b>	<b>2.4</b>	<b>541</b>	<b>13,783</b>	<b>2.5</b>	<b>1,105</b>	<b>20,789</b>	<b>2.5</b>	<b>1,646</b>	

Table 1: Ashburton Gold Project (JORC Code 2012) Mineral Resources

## VICTORIAN GOLD PROJECTS

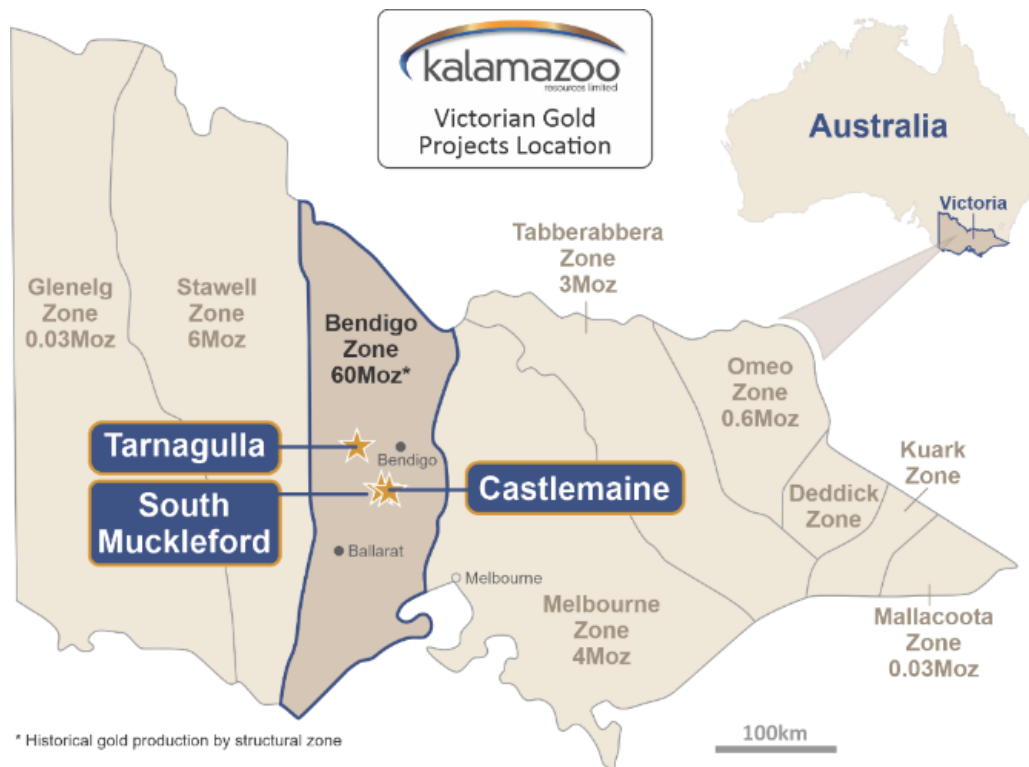


Figure 5: Victorian Gold Project Locations

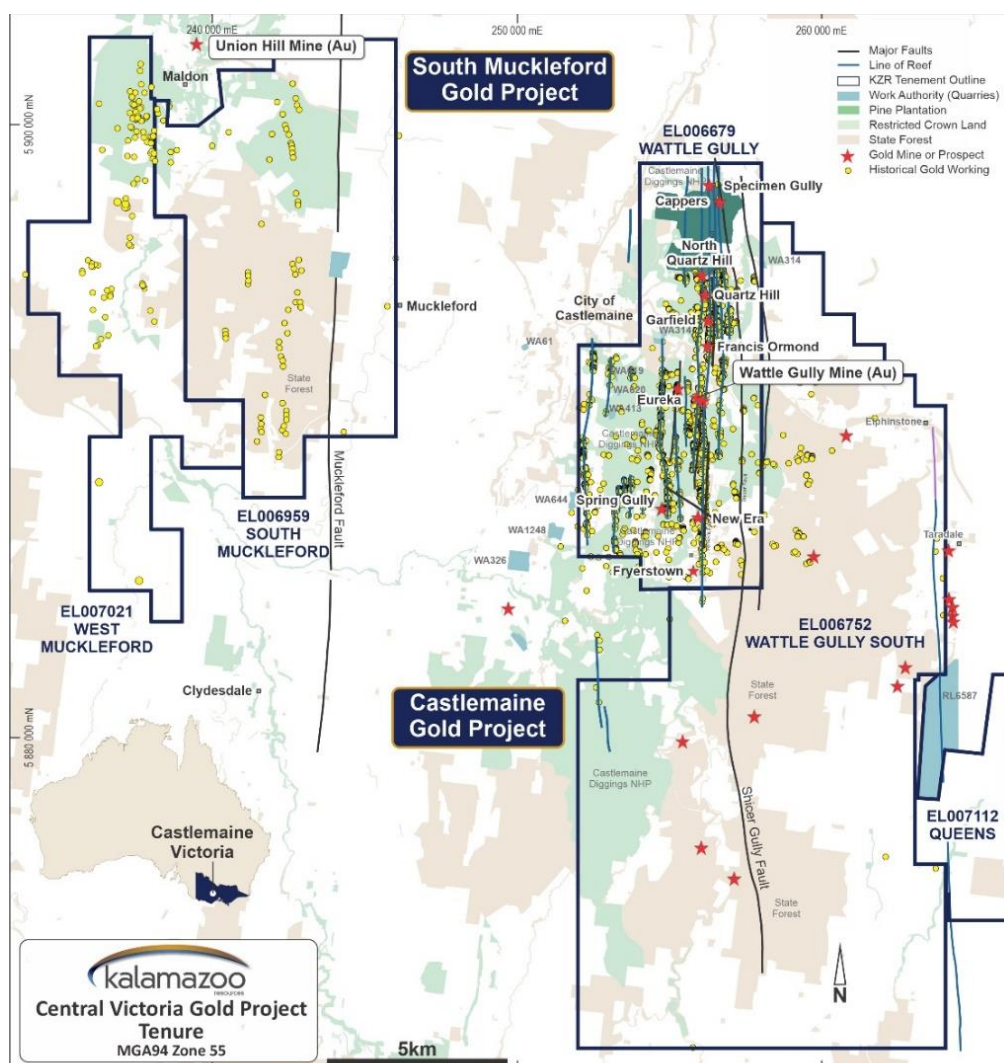
### Castlemaine Gold Project

Kalamazoo's Castlemaine Gold Project is located in the Bendigo Zone of Central Victoria and comprises 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 6).

During the reporting period Kalamazoo completed its second diamond drilling campaign in the northern area of the Project, the Lightning Prospect (ASX: KZR 30 December 2020). This prospect is located approximately 2km south of the Mustang Prospect where Kalamazoo completed its maiden diamond drilling program in April 2020 (ASX: KZR 29 April 2020). The Lightning Prospect program consisted of six diamond drill holes for a total of 1,818.6m and was designed to test 440m strike-extent of prospective structures with interpretation of the results completed post reporting period (ASX: KZR 1 February 2021).

The drilling results from all six holes confirmed the targeted "Wattle Gully Mine" analogue structure consisting of a west-dipping fault zone up to 10m in thickness with abundant quartz veining, alteration and minor visible gold. The best gold assays recorded were **0.8m at 11.1 g/t Au** from 143m and **0.4m at 12.3 g/t Au** from 139m (LT20DD02W) and **0.55m at 10.6 g/t Au** from 143m (LT20DD02).





**Figure 6: Castlemaine and South Muckleford Gold Project locations**

During the reporting period Kalamazoo also announced it had granted Canadian listed gold explorer and developer Novo Resources Corp ("Novo") (TSX-V: NVO, OTCQX: NSRPF) an Option to earn an initial 50% interest, then earn a further 20% interest, in the Queens Project (ASX: KZR 23 September 2020). The Queens Project encircles GBM Resources Limited's (ASX: GBZ) ("GBM") Malmsbury goldfield and covers multiple structural extensions of the primary lode gold deposits of this important high-grade gold camp. This new agreement further strengthens the technical relationship between Kalamazoo and Novo.

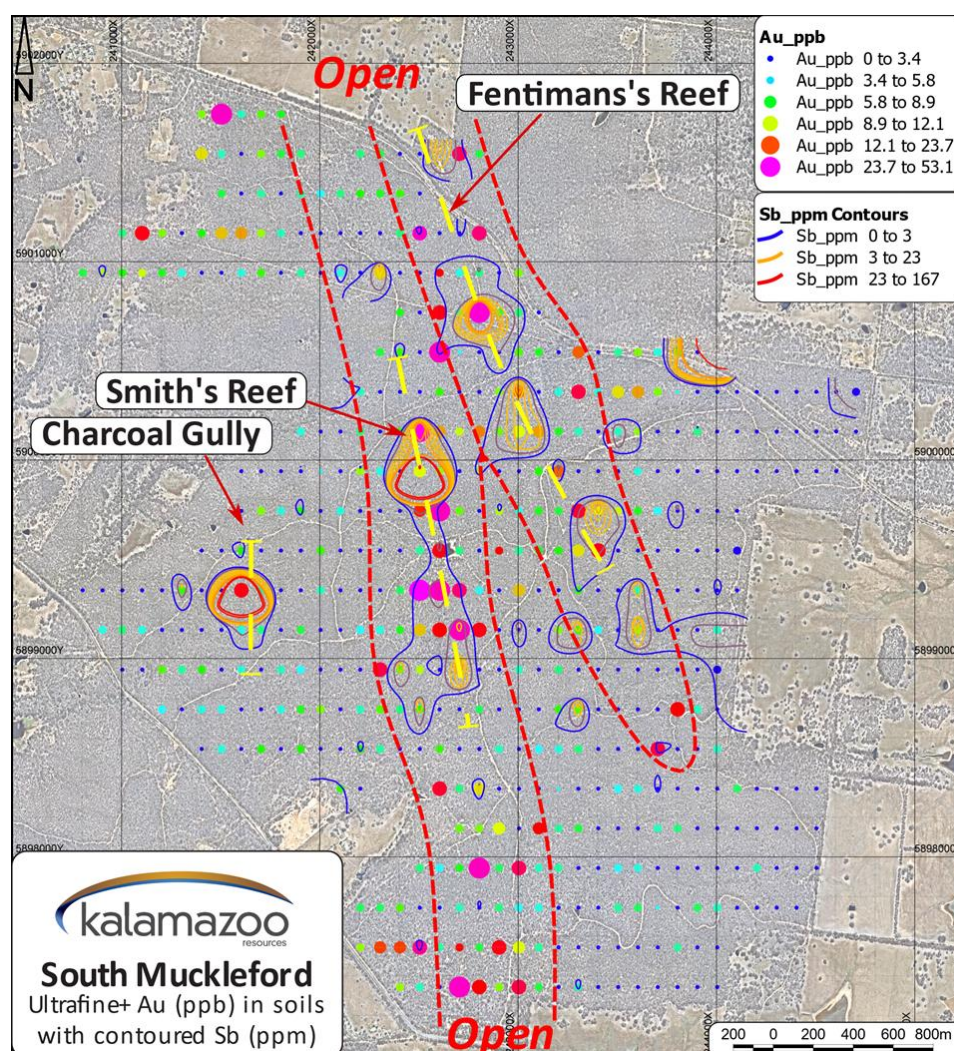
### South Muckleford Gold Project

The South Muckleford Gold Project is located just 10km west of Kalamazoo's Castlemaine Gold Project and consists of two exploration tenements, EL006959 and EL007021 for a total area of 161km<sup>2</sup> (Figure 6).

During the reporting period, following an analysis of the results of a regional soil geochemistry survey utilising CSIRO's Ultrafine+™ technique, a program of field mapping and rock chip sampling was conducted at the Fentiman's and Smith's Reefs Prospects. These programs confirmed the existence of a broad epizonal, high grade gold + antimony + arsenic mineralised system over at least two parallel lines of lode with significant strike extents (Figure 7).

The largest of these lodes is at Smith's Reef which has historical surface/shaft mine workings extending for ~1.2km consistent with a coincident Au-Sb-As soil anomaly. The Fentiman's Reef and the newly identified Fentiman's South prospect are along a semi-continuous line of historical surface/shaft mine workings that extends for at least 750m with the soil geochemistry indicating this mineralised trend extends beyond >1km long.

A third nearby prospect, located to the west of Smith's Reef, referred to as "Charcoal Gully", has also been identified from the Ultrafine+™ soil sampling survey (up to 13.8 ppb Au and 146 ppm Sb; Figure 7). At this location, there is less rock outcrop and limited historic mine workings and its evaluation is ongoing.



**Figure 7: Ultrafine+™ gold (ppb) with contoured Sb (ppm) in soil assays**

Ground geophysical (Induced Polarisation or "IP") surveys, 3D structural geology modelling and the design of RC/diamond drill programs are currently underway with the goal of testing several coincident surface geochemistry anomalies associated with highly prospective structures and significant historical workings.

An aerial LiDAR survey of the northern portion of EL006959 will be undertaken in early 2021 to assist with the mapping of geological structures and identification of historic mine workings. A proposed 4000m RC drilling program is awaiting final Government approval.

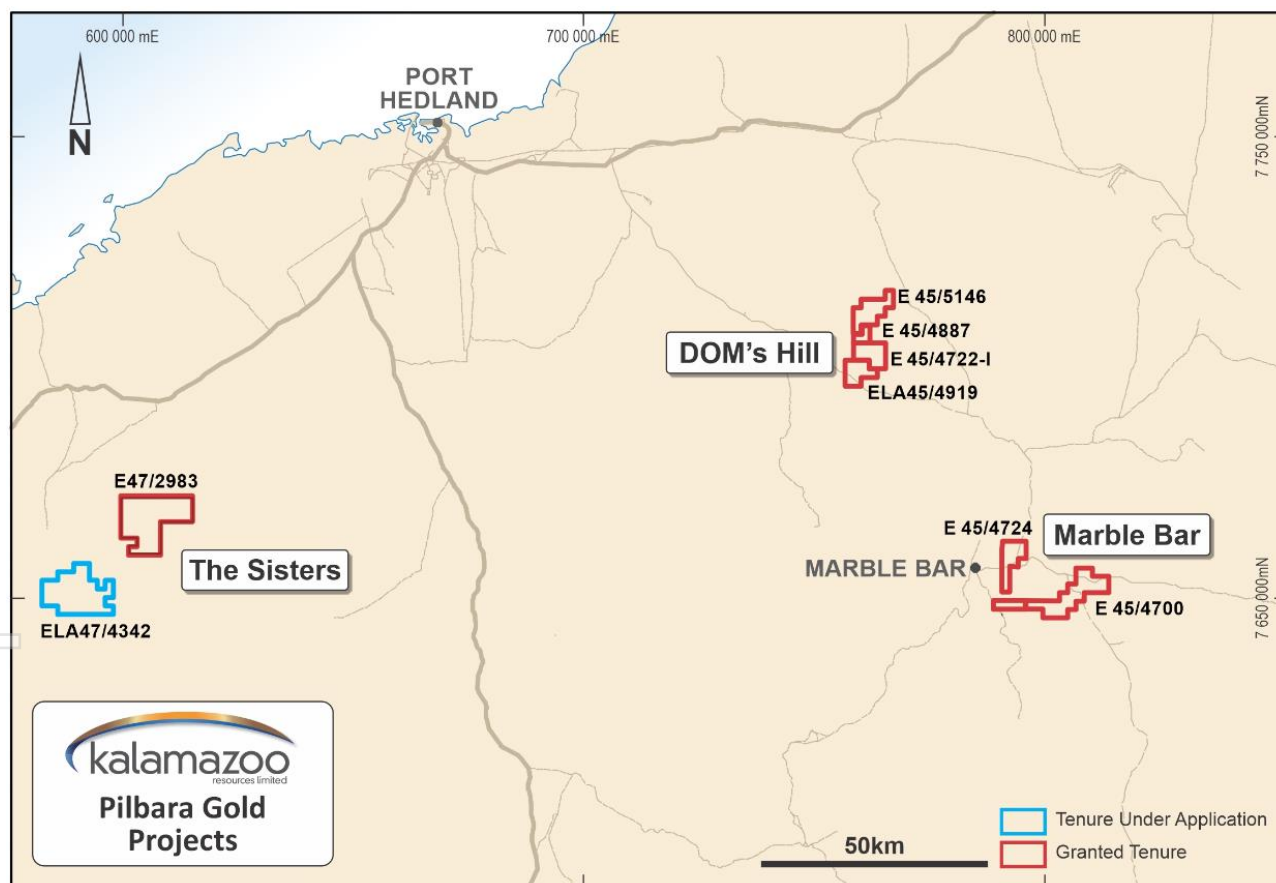


## Tarnagulla Gold Project

During the reporting period Kalamazoo completed desktop studies, basic field reconnaissance and mapping as well as a broad-scale soil sampling program across the tenement. The soil samples collected have been analysed using the innovative multi-element, fine fraction ( $<2\mu\text{m}$ ), UltraFine+™ assay methodology as part of a collaborative research project with the CSIRO.

The results of this recent Tarnagulla soil sampling program have recorded significant gold anomalism (up to 1.4 g/t Au). A technical review of this soil sampling program has revealed that within a very highly anomalous gold in soil background ( $>100$  ppb Au) there is a clear trend which strongly aligns with the nearby historical mines of the Poverty – Nick O' Time – Yorkshire trend running through the eastern half of the tenement. Kalamazoo considers these results to be very encouraging and warrant further follow-up exploration.

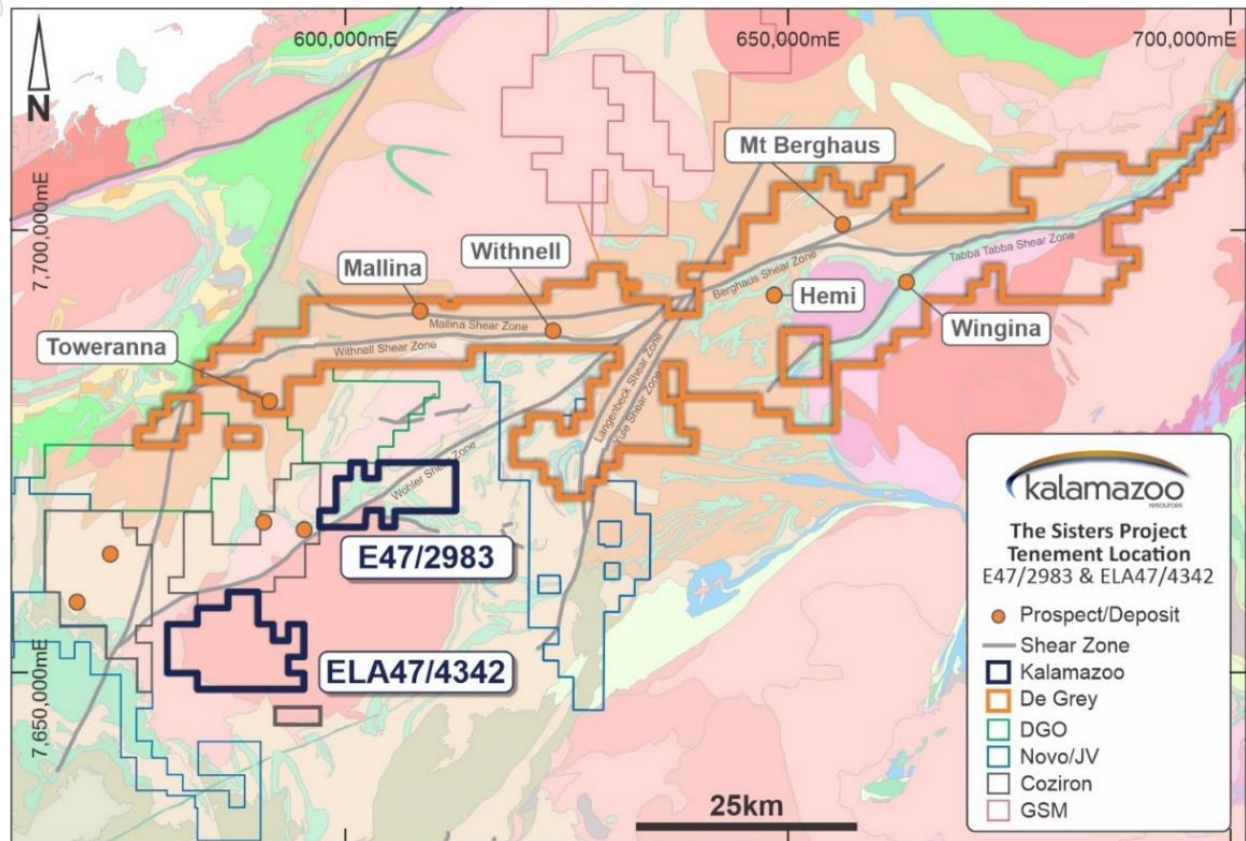
## PILBARA GOLD PROJECTS



**Figure 8: Location of Sisters, DOM's Hill and Marble Bar Gold Project Tenements**

## The Sisters Gold Project

The Sisters Gold Project is located in the Pilbara region of Western Australia and consists of one exploration license E47/2983 and one exploration licence application E47/4342 covering 136km<sup>2</sup>.



**Figure 9: The Sisters location**

A project wide soil sampling program completed in June 2020 identified several zones of anomalous gold. This program was the first gold focused exploration program undertaken in this area with the gold anomaly zones consistent with significant magnetic features identified in the previously completed airborne magnetic and radiometric surveys.

Five high priority targets were identified based on soil geochemistry, magnetic signature, hyperspectral response and proximity to prospective structures. Kalamazoo has designed a ~4,900m RC and ~800m diamond drilling campaign (~5,700m in total) to test the first two high priority drill targets which will commence as soon as the final approvals are granted (ASX: KZR 5 November 2020). Kalamazoo is encouraged by the recent renewed focus on gold exploration in the Pilbara due to the recent world-class Hemi oxide/sulphide gold discovery by De Grey Mining Limited (ASX: DEG).

The highest priority prospect is the Wattle Plains prospect which covers the most extensive and highest intensity Au in soil anomaly at The Sisters, consisting of a 1.2km long zone (diagonally across 5 lines of sampling 200m apart) in the 98th percentile for gold in soil (>20.2 ppb Au). This prospect is proposed to be tested by 11 lines ("fences") of RC drilling comprising ~49 drillholes ~100m deep each, for 4,900m.

The Satirist Prospect is the largest discrete magnetic anomaly in the survey and is considered highly prospective as an intrusion-related gold target. The magnetic high is coincident with the highest and most extensive Ag in soil anomalism in the project area. Inversion modelling of the magnetics suggests a target buried at less than 200m depth. This target is proposed to be drilled with two deep RC or diamond holes to reach the target whilst allowing for uncertainty in the specific shape of the magnetic unit.

The remaining three targets were selected as anomalous Au in soils and either magnetic signatures indicative of buried intrusions or because they are located along prospective structures and contacts with multi-element anomalies. They will potentially be tested in a future drilling campaign.

### **DOM's Hill Gold Project**

The DOM's Hill Gold Project consists of four granted tenements E45/4722, E45/4887, E45/5146 and E45/4919 and is located 110km south east of Port Hedland within the Archaean East Pilbara Region. Technical review of geological data and target generation is ongoing, with the project remaining prospective for both gold and base metal exploration.

### **Marble Bar Gold Project**

The Marble Bar Project comprises two granted tenements E45/4724 and E45/4700 and is located 6.5km east of Marble Bar and 11km north-west of ASX-listed Calidus Resources' Klondyke Gold Project, which lies within the Warrawoona Gold project area. Anomalous gold was identified in soils and rock chips within the southern portion of E45/4724. Technical review of the project is continuing.

## **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is included on page 14.

This report is made in accordance with a resolution of the Directors.



Luke Reinehr

**Chairman**

Perth, 10 March 2021



### Competent Person's Statement

The information for Kalamazoo's 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.

The information in this release relating to the exploration data for the Western Australian Ashburton Gold projects is based on information compiled by Mr Matthew Rolfe, a competent person who is a Member of The Australasian Institute of Geoscientists. Mr Rolfe is an employee of Kalamazoo Resources Ltd and is engaged as a Senior Exploration Geologist for the Company. Mr Rolfe 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'. Mr Rolfe consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to the estimation and reporting of mineral resources at the Ashburton Project is based on information compiled by Dr. Damien Keys, a competent person who is a Member of the Australian Institute of Geoscientists. Dr. Keys is an employee of Complete Target Pty Ltd who is engaged as a consultant to Kalamazoo Resources Limited. Dr. Keys 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. Keys consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The information in this release relating to the exploration data for all Western Australian projects is based on information compiled by Mr Lance Govey, a competent person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Govey is an employee of BinEx Consulting who is engaged as the Exploration Manager Western Australia for the Company. Mr Govey 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'. Mr Govey 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 programmes 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.

### Response to COVID-19

The Company is continuing to review the ongoing situation relating to the COVID-19 pandemic and the implications for the health and wellbeing of our employees, contractors and stakeholders. The Company has been pro-active with respect to its response to COVID-19 and has developed operational procedures and plans in line with official health advice and government directives. Kalamazoo will continue to operate within these guidelines and will adapt its procedures as required.

The impact on the Company's operations to date has not been material and whilst the situation with regards to COVID-19 remains uncertain, the Company remains an active explorer across its projects and does not foresee, at this time, that it will have a material impact on future operations.

## Auditor's Independence Declaration

### To the Directors of Kalamazoo Resources Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Kalamazoo Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
- and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



T S Jackman  
Partner – Audit & Assurance

Melbourne, 10 March 2021

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## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		Half-year ended 31 Dec 2020 \$	Half-year ended 31 Dec 2019 \$
Other income	4	248,164	168,754
Employee benefits expense		(189,667)	(145,296)
Share based payment	12	(665,525)	(1,530,400)
Depreciation expense		(94,902)	(24,331)
Exploration expenditure written off	7	(47,785)	(1,100,560)
Finance costs		(15,851)	(3,301)
Consulting and investor relations		(208,706)	(75,587)
Other expenses		(275,329)	(253,067)
<b>Profit / (Loss) from continuing operations before income tax</b>		<b>(1,249,601)</b>	<b>(2,963,788)</b>
Income tax benefit / (expense)		-	-
<b>Profit / (Loss) after income tax attributable to the owners of Kalamazoo Resources Limited</b>		<b>(1,249,601)</b>	<b>(2,963,788)</b>
<b>Other comprehensive income / (loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
<b>Financial assets at fair value through other comprehensive income – fair value changes</b>		<b>(30,357)</b>	-
<b>Other comprehensive income / (loss) net of tax</b>		<b>(30,357)</b>	-
<b>Total comprehensive profit / (loss) for the period attributable to the owners of Kalamazoo Resources Ltd</b>		<b>(1,279,958)</b>	<b>(2,963,788)</b>
<b>Earnings per share:</b>		<i>Cents</i>	<i>Cents</i>
Basic and diluted loss per share	13	(0.96)	(2.97)

*The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31 Dec 2020 \$	30 Jun 2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	7,691,879	8,902,122
Trade and other receivables	6	1,726,967	3,280,040
Other current assets		71,393	47,683
<b>TOTAL CURRENT ASSETS</b>		<b>9,490,239</b>	<b>12,229,845</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		349,719	158,994
Right of use assets		350,032	236,389
Exploration and evaluation assets	7	8,466,142	5,446,083
Financial assets at fair value through OCI	8	60,217	-
Other non-current assets		30,125	15,125
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,256,235</b>	<b>8,856,591</b>
<b>TOTAL ASSETS</b>		<b>18,746,474</b>	<b>18,086,436</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,128,326	772,286
Short-term provisions		70,750	34,180
Lease liabilities	10	109,697	77,364
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,308,773</b>	<b>883,830</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	10	239,609	155,257
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>239,609</b>	<b>155,257</b>
<b>TOTAL LIABILITIES</b>		<b>1,548,382</b>	<b>1,039,087</b>
<b>NET ASSETS</b>		<b>17,198,092</b>	<b>17,047,349</b>
<b>EQUITY</b>			
Issued capital	11	23,734,111	22,859,847
Option reserve		2,831,323	2,274,886
Financial asset reserve		(30,357)	-
Accumulated losses		(9,336,985)	(8,087,384)
<b>TOTAL EQUITY</b>		<b>17,198,092</b>	<b>17,047,349</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Issued Capital	Option Reserve	Financial Asset Reserve	Accumulated Losses	Total Equity
Note	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>11,936,245</b>	<b>1,293,367</b>	<b>-</b>	<b>(5,338,373)</b>	<b>7,891,239</b>
Total comprehensive loss for the period	-	-	-	(2,963,788)	(2,963,788)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the period net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,963,788)</b>	<b>(2,963,788)</b>
<b>Transactions with owners in their capacity as owners</b>					
Issue of shares	1,690,571		-	-	1,690,571
Transaction costs of issuing shares	(267,338)		-	-	(267,338)
Issue of broker options		179,000	-	-	179,000
Issue of options to directors and employees	-	1,530,400	-	-	1,530,400
Transfer from share option reserve:					
due to exercise of options	130,265	(130,265)	-	-	-
– due to expiry of options	-	(564,012)	-	564,012	-
<b>Balance at 31 December 2019</b>	<b>13,489,743</b>	<b>2,308,490</b>	<b>-</b>	<b>(7,738,149)</b>	<b>8,060,084</b>
<b>Balance at 1 July 2020</b>	<b>22,859,847</b>	<b>2,274,886</b>	<b>-</b>	<b>(8,087,384)</b>	<b>17,047,349</b>
Total comprehensive loss for the period	-	-	-	(1,249,601)	(1,249,601)
Other comprehensive loss	-	-	(30,357)	-	(30,357)
<b>Total comprehensive loss for the period net of tax</b>	<b>-</b>	<b>-</b>	<b>(30,357)</b>	<b>(1,249,601)</b>	<b>(1,279,958)</b>
<b>Transactions with owners in their capacity as owners</b>					
Issue of shares	771,875	-	-	-	771,875
Transaction costs of issuing shares	(6,699)	-	-	-	(6,699)
Issue of options	-	665,525	-	-	665,525
Transfer from share option reserve:					
– due to exercise of options	109,088	(109,088)	-	-	-
<b>Balance at 31 December 2020</b>	<b>23,734,111</b>	<b>2,831,323</b>	<b>(30,357)</b>	<b>(9,336,985)</b>	<b>17,198,092</b>

*The Statement of Changes in Equity should be read in conjunction with the accompanying notes.*



## STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Half-year ended 31 Dec 2020	Half-year ended 31 Dec 2019
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(578,655)	(509,803)
Interest received	32,232	3,556
Interest paid	(15,851)	(3,301)
Government grants	57,710	-
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(504,564)</b>	<b>(509,548)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(205,657)	(36,509)
Payments for exploration activities	(2,959,578)	(1,182,288)
Proceeds from sale of Snake Well Gold Project	1,750,000	-
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(1,415,235)</b>	<b>(1,218,797)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	1,690,571
Proceeds from conversion of options	771,875	-
Share issue costs	(6,699)	(88,339)
Lease principal repayments	(55,619)	(15,147)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>709,557</b>	<b>1,587,085</b>
Net decrease in cash and cash equivalents	(1,210,242)	(141,260)
Cash at the beginning of the period	8,902,122	766,204
<b>CASH AT THE END OF THE PERIOD</b>	<b>7,691,880</b>	<b>624,944</b>

*The Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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### NOTE 1: CORPORATE INFORMATION

This general purpose financial report of Kalamazoo Resources Limited ("the Company") for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 10 March 2021.

The Company's principal activities are to carry out exploration of mineral tenements, to continue to seek extensions of areas held and to seek out new areas and opportunities with mineral potential and to evaluate results achieved through geological studies, surface sampling, geophysical surveys and drilling activities.

Kalamazoo Resources Limited is a company incorporated in Australia and limited by shares which are quoted on the Australian Securities Exchange and the Frankfurt Stock Exchange.

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation

This general purpose interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Kalamazoo Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

Except for Note 2(b) the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The half-year financial report has been prepared on a historical cost basis, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### b) New accounting standards and interpretations

In the half-year ended 31 December 2020, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020.

The adoption of the new and revised Standards and Interpretations have not had a material impact on this half-year financial report.

#### c) Going concern

These financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Directors have prepared a cash flow forecast which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

#### d) Critical accounting estimates and judgements

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual financial statements as at and for the year ended 30 June 2020.

#### NOTE 3: SEGMENT INFORMATION

The Company continues to operate in one geographical segment, being Australia and in one operating category, being mineral exploration and evaluation.

The Board has considered the requirements of AASB 8 *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Chief Executive Officer) in allocating resources and have concluded at this time that there are no separately identifiable segments.

#### NOTE 4: OTHER INCOME

	31 Dec 2020	31 Dec 2019
	\$	\$
Interest income	31,397	3,556
Interest income on Adaman receivable (Note 6)	114,793	165,198
Other income	101,974	-
	<b>248,164</b>	<b>168,754</b>

#### NOTE 5: CASH AND CASH EQUIVALENTS

	31 Dec 2020	30 Jun 2020
	\$	\$
Cash at bank and on hand	641,879	1,352,122
Short term deposits	7,050,000	7,550,000
	<b>7,691,879</b>	<b>8,902,122</b>

## NOTE 6: TRADE AND OTHER RECEIVABLES

	31 Dec 2020	30 Jun 2020
	\$	\$
<b>Current</b>		
GST receivable	226,967	144,833
Snake Well Gold Project proceeds receivable	1,500,000	3,135,207
	<b>1,726,967</b>	<b>3,280,040</b>

In February 2019, the Company completed the sale of its Snake Well Gold Project ("Project") to Adaman Resources Pty Ltd ("Adaman") for \$7 million in cash to be paid in instalments to 31 December 2020. As at 31 December 2020, \$5.5 million of the consideration had been paid. The final instalment of \$1.5 million was due as at 31 December 2020. As at the date of this report \$0.6 Million was outstanding which the Directors expect will be received in full.

The carrying value of the non-current instalment payments (at the time of the sale in February 2019) was adjusted to its present value amount at that time. This present value adjustment was partially unwound at each reporting period. The final present value adjustment of \$114,793 was unwound at 31 December 2020 and is shown as "interest income on Adaman receivable" at Note 4.

Trade and other receivables are normally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

## NOTE 7: EXPLORATION AND EVALUATION ASSETS

	31 Dec 2020	30 Jun 2020
	\$	\$
<b>Exploration and evaluation assets</b>	<b>8,466,142</b>	<b>5,446,083</b>
Capitalised cost at the beginning of the period	5,446,083	2,633,217
Exploration expenditure incurred during the period	3,067,844	3,972,773
Impairment of exploration and evaluation assets	(47,785)	(1,159,907)
<b>Capitalised cost at end of the period</b>	<b>8,466,142</b>	<b>5,446,083</b>

## NOTE 8: FINANCIAL ASSETS

### Financial assets at fair value through other comprehensive income

	31 Dec 2020	30 Jun 2020
	\$	\$
Opening balance	-	-
Acquisition	90,574	-
Change in fair value	(30,357)	-
Closing balance	<b>60,217</b>	-

In September 2020 the Company granted Canadian listed gold explorer and developer Novo Resources Corp ("Novo") (TSX-V: NVO, OTCQX: NSRPF) an Option to earn an initial 50% interest, then earn a further 20% interest, in the Queens Project. The consideration for the Option was 24,883 Novo common shares with Novo having a six-month period in which to exercise its Option. The value of the shares at acquisition was \$90,574.

Financial assets are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The Company classifies its financial assets as either financial assets at fair value through profit or loss ("FVPL"), fair value through other comprehensive income ("FVOCI") or at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For investments in equity instruments, the classification depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVPL or FVOCI.

#### Financial assets at FVPL

For assets measured at FVPL, gains and losses will be recorded in profit or loss. The Company's derivative financial instruments are recognised at FVPL. Assets in this category are subsequently measured at fair value. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

#### Financial assets at OCI

For assets measured at FVOCI, gains and losses will be recorded in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. The Company has elected to measure its listed equities at FVOCI.

Assets in this category are subsequently measured at fair value. The fair values of quoted investments are based on current bid prices in an active market.



## NOTE 9: TRADE AND OTHER PAYABLES

	31 Dec 2020	30 Jun 2020
	\$	\$
Trade creditors	683,933	239,780
Other payables and accruals	444,393	532,506
	<b>1,128,326</b>	<b>772,286</b>

These amounts represent liabilities for goods and services provided to the Company prior to the end of the period and which are unpaid. Trade creditors are unsecured, non-interest bearing and are normally settled on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

## NOTE 10: LEASE LIABILITIES

	31 Dec 2020	30 Jun 2020
	\$	\$
Current	109,697	77,364
Non-Current	239,609	155,257
	<b>349,306</b>	<b>232,621</b>

The Company has leases for its corporate office and its core yard. The Company has elected not to recognize a lease liability for 'low-value' and short-term leases.

Future minimum lease payments as at 31 December 2020 were as follows:

	Within one year	One to two years	Two to five years	Total
<b>31 December 2020</b>				
Lease payments	139,699	117,998	151,618	409,315
Finance charges	(30,002)	(19,229)	(10,778)	(60,009)
<b>Net present values</b>	<b>109,697</b>	<b>98,769</b>	<b>140,840</b>	<b>349,306</b>

	Within one year	One to two years	Two to five years	Total
<b>30 June 2020</b>				
Lease payments	97,921	80,750	94,130	272,801
Finance charges	(20,557)	(12,171)	(7,452)	(40,180)
<b>Net present values</b>	<b>77,364</b>	<b>68,579</b>	<b>86,678</b>	<b>232,621</b>

## NOTE 11: ISSUED CAPITAL

### Issued capital

Fully paid ordinary shares

31 Dec 2020	30 Jun 2020
\$	\$
<b>23,734,111</b>	<b>22,859,847</b>

### a) Movement in ordinary shares on issue

	Half-year ended 31 Dec 2020		Year ended 30 Jun 2020	
	No.	\$	No.	\$
Opening balance	<b>127,853,934</b>	<b>22,859,847</b>	<b>89,488,577</b>	<b>11,936,245</b>
Placement <sup>(1)</sup>	-	-	10,000,000	1,200,000
Placement <sup>(2)</sup>	-	-	20,400,000	8,160,000
Exercise of options <sup>(3)</sup>	3,087,500	880,963	7,965,357	2,032,565
Transaction costs	-	(6,699)	-	(468,963)
Closing balance	<b>130,941,434</b>	<b>23,734,111</b>	<b>127,853,934</b>	<b>22,859,847</b>

(1) In July 2019, the Company raised \$1,200,000 (before costs) via a placement of 10,000,000 ordinary fully paid shares ("Shares") and 5,000,000 attaching unlisted options ("Options"). The Shares were issued at \$0.12 per Share along with a one for two attaching Option exercisable at \$0.25 and expiring on 10 July 2020.

(2) In January 2020, the Company completed a placement of \$8 million via the issue of 20 million ordinary shares at \$0.40 and 20 million attaching unlisted options exercisable at \$0.80 and expiring on 24 August 2020 to Novo Resources Corp. (TSX-V: NVO; OTCQX: NSRPF) and investor Eric Sprott.

(3) During the half-year 3,087,500 Options exercisable at \$0.25 were exercised. During the year ended 30 June 2020 a total of 7,965,357 Options with exercise prices of \$0.20 and \$0.25 and expiring on various dates were exercised.

### b) Movement in options on issue

	Half-year ended 31 Dec 2020		Year ended 30 Jun 2020	
	No.	\$	No.	\$
Opening balance	<b>44,487,500</b>	<b>2,274,886</b>	<b>29,364,745</b>	<b>1,293,367</b>
Options granted	1,750,000	665,525	38,500,000	1,709,400
Options exercised	(3,087,500)	(109,088)	(7,965,357)	(163,869)
Options expired	-	-	(15,411,888)	(564,102)
Closing balance	<b>43,150,000</b>	<b>2,831,323</b>	<b>44,487,500</b>	<b>2,274,886</b>

## NOTE 12: SHARE BASED PAYMENTS

In September 2020 the Company issued 1,750,000 options to employees under the terms of the Company's Incentive Option Plan. The fair value of these options was determined using a Black Scholes pricing model. The following table lists the inputs to the model for options granted:

Inputs	Issue O
Exercise price	\$1.04
Grant date	25 Sep 2020
Expiry date	30 Nov 2023
Share price at grant date	\$0.69
Historical volatility (%)	100%
Risk-free interest rate (%)	0.16%
Expected dividend yield (%)	0%

The expense for the half-year was \$665,525 (2019: \$1,530,400).

## NOTE 13: EARNINGS PER SHARE

	31 Dec 2020 cents	31 Dec 2019 cents
Basic and diluted loss per share	(0.96)	(2.97)

The following reflects the income and share data used in the calculations of basic and diluted loss per share.

	31 Dec 2020 \$	31 Dec 2019 \$
Loss used in calculating basic and undiluted earnings per share	(1,249,601)	(2,963,788)

	31 Dec 2020 Number	31 Dec 2019 Number
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	130,650,198	99,724,509

## NOTE 14: DIVIDENDS

No dividends have been declared or paid during the half-year.

## NOTE 15: COMMITMENTS AND CONTINGENCIES

As at the reporting date, there has been no material change in the commitments and contingencies since 30 June 2020.

**NOTE 16: EVENTS SUBSEQUENT TO THE REPORTING DATE**

No matters or circumstances have arisen since the end of the half-year which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs in future years.

## DIRECTORS' DECLARATION

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In the opinion of the directors of Kalamazoo Resources Limited:

- 1) the financial statements and notes of Kalamazoo Resources Limited are in accordance with the *Corporations Act 2001*, including:
  - a) giving a true and fair view of its financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
  - b) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Luke Reinehr  
**Chairman**

10 March 2021



# Independent Auditor's Review Report

## To the Members of Kalamazoo Resources Limited

### Report on the review of the half year-financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of Kalamazoo Resources Limited (the Company), which comprises the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Kalamazoo Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Kalamazoo Resources Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



T S Jackman  
Partner – Audit & Assurance

Melbourne, 10 March 2021