



# **ANNUAL REPORT**

**For the year ended 30 June 2018**

**ABN 33 150 026 850**

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## CORPORATE DIRECTORY

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### DIRECTORS

Luke Reinehr Executive Chairman / Interim CEO  
Angus Middleton Non-Executive Director  
Paul Adams Non-Executive Director

### COMPANY SECRETARY

Bernard Crawford

### REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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West Perth, WA 6005

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### AUDITOR

Grant Thornton Audit Pty Ltd  
Chartered Accountants  
Central Park, Level 43, 152-158 St. Georges Terrace  
Perth, WA 6000

### SHARE REGISTRY

Advanced Share Registry  
110 Stirling Highway  
Nedlands, WA 6009

### SECURITIES EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Ltd ("ASX")

Home Exchange: Perth, Western Australia  
ASX Code: KZR

## CHAIRMAN'S LETTER

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Dear Fellow Shareholders,

It is with pleasure that I present to you Kalamazoo Resources Limited's ("Kalamazoo") 2018 Annual Report. The 2018 financial year has been an extremely busy and formative year for Kalamazoo, particularly since our listing on the Australian Securities Exchange on 16 January 2017. Your Directors have continued their focus on creating a company that delivers tangible shareholder returns with targeted exploration programs that will lead to development and/or corporate initiatives.

In a company making initiative, Kalamazoo has recently secured a 70km<sup>2</sup> Exploration Licence containing the entire Wattle Gully Gold Project and the surrounding Castlemaine Goldfield in Victoria. A second 218km<sup>2</sup> Exploration Licence has been applied for overlying major sub-parallel faults to the east and south. The Castlemaine Goldfield has produced 5.6Moz of gold to-date and is one of the richest goldfields in Australia. It has been subject to very limited exploration activity in the past decade, and little effective drilling below 400m. There is significant potential to apply the modern exploration techniques that have been hugely successful at the nearby Kirkland Lake Gold's (ASX:KLA) world-class Fosterville gold mine and Catalyst Metals (ASX:CYL) Tandarra gold project. As part of the Wattle Gully acquisition, Kalamazoo has secured an extensive exploration database and substantial drill core farm.

In late 2017 Kalamazoo completed the purchase of interests in three highly prospective gold projects (DOM's Hill, Sisters and Marble Bar) in WA's Pilbara, covering 252km<sup>2</sup>. The tenements are located in proximity to the important Pilbara gold projects of TSX-listed Novo Resources and ASX-listed Artemis Resources, De Grey Mining, DGO Gold and Calidus Resources. This is a very active and prospective region and we are now actively exploring in the area.

There was significant activity during the year at Kalamazoo's Snake Well Gold and Base Metals Project located in the Murchison region approximately 450km north of Perth. Snake Well is north-west of the world class Golden Grove gold and base metal mine and north of the Deflector gold and copper project.

A significant new geological interpretation has now been completed for the Mixy gold lode at Snake Well which was used as a basis for an updated JORC 2012 Mineral Resource released in November 2017. The new Mineral Resource estimate for the Mixy Lode has resulted in a substantial 85% increase in grade and a 13% increase in tonnage for a total increase in contained metal of 63% (to 65,000oz).

Consequently, the total Mineral Resource (JORC 2012) inventory for Snake Well has increased by 32% to 141,000oz. This much-improved mineral resource provides consideration for options for a larger pit possibly leading to underground development at Mixy.

Kalamazoo has now taken the first steps to identify further copper and zinc potential at Snake Well. This work follows very significant levels of copper, lead, zinc and silver reported from re-assays at the 63,000oz A-Zone (JORC 2012) gold deposit during 2017/18.

I encourage you to review the detail on our projects provided in this annual report as we look ahead to the next 12 months with excitement and thank you for your continued support.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Luke Reinehr", written over a light blue horizontal line.

**Luke Reinehr**

Chairman

## REVIEW OF ACTIVITIES

### 2017–2018 HIGHLIGHTS

Kalamazoo Resources Limited’s second financial year as a listed entity focussed on the advancement of its key gold and base metal projects at Snake Well and Cork Tree while also evaluating opportunities to improve the project base. This work was successful in securing the addition of two very significant new ventures, a diversified group of gold and base metal tenements in the Pilbara and a major gold project in Victoria.

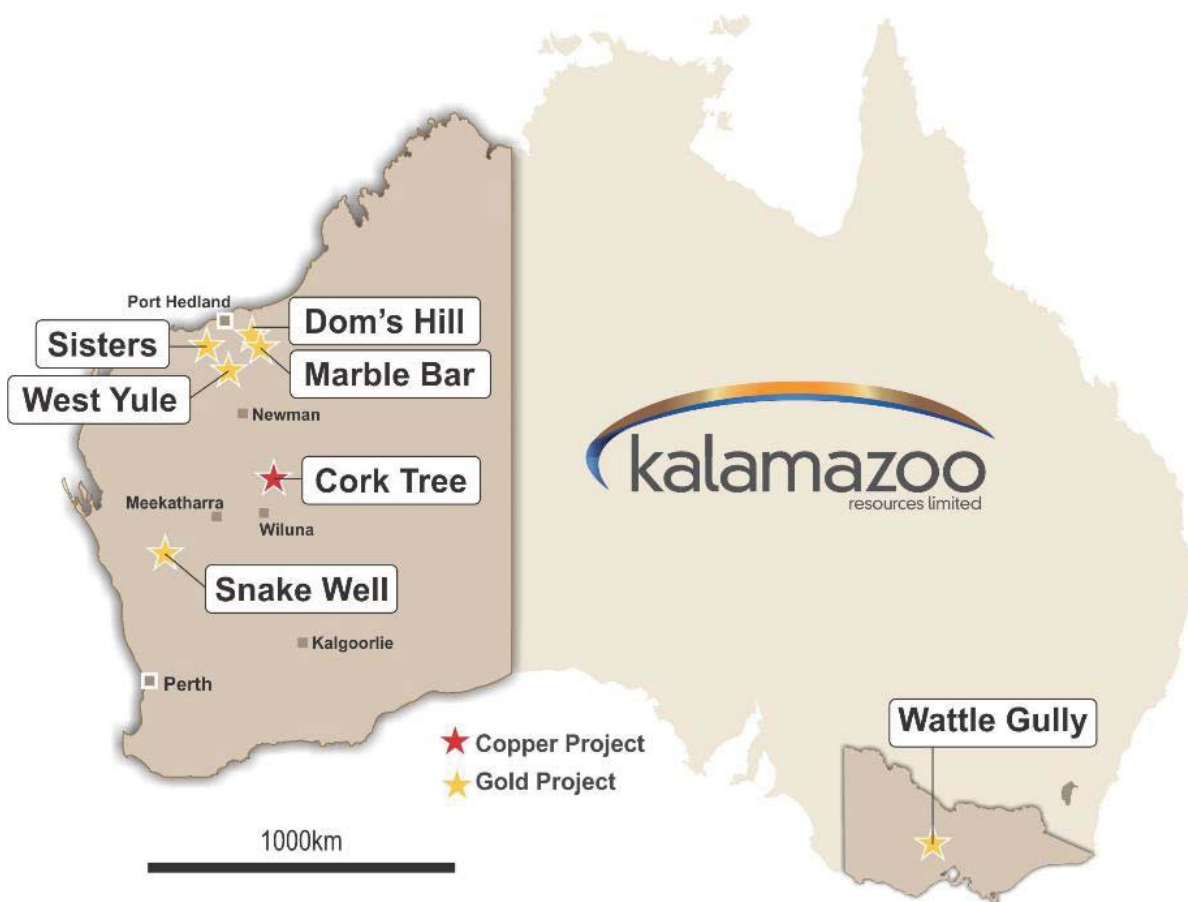


Figure 1: Location of Kalamazoo’s Projects

Key investment and operational highlights for the period included:

#### **GOLD – Wattle Gully (VIC), Snake Well (WA) & Pilbara Projects (WA)**

- Securing a 70km<sup>2</sup> Exploration Licence containing the entire Wattle Gully Gold Project and the surrounding Castlemaine Goldfield in Victoria, which was granted in June 2018.
- Securing the application of a second 218km<sup>2</sup> Exploration Licence immediately south of the granted EL. Both licences overly major sub-parallel faults interpreted to be associated with gold potential.
- Addition of three highly prospective gold projects in WA’s Pilbara, acquiring between 80% and 100% in the projects covering a total of 252km<sup>2</sup>.

- Securing two further tenement applications over highly prospective ground in the Pilbara, one of which was granted in July 2018.
- The Pilbara tenements are close to the important Pilbara gold projects of TSX-listed Novo Resources and ASX-listed Artemis Resources, De Grey Mining, Venturex Resources, Arrow Minerals, Coziron Resources, Impact Minerals, DGO Gold and Calidus Resources.
- Encouraging drilling results at the Mixy Project (Snake Well) which, combined with a complete review of the historical Mixy data, led to a new Mineral Resource estimate for the Mixy lode (reported under JORC 2012). This resulted in a very significant uplift of 85% in gold grade, 13% increase in tonnage and 63% increase of total metal content.
- The gold inventory for the Snake Well project area increased by 32% to 141,000oz.
- Follow up drilling strongly indicates that the Mixy main gold zone structure continues and remains open at depth and along strike, east and west.
- High gold grades, ranging from 5.1g/t to 18.9g/t Au, intersected in three holes provided further evidence that the structure is well mineralised.
- Two tenement applications were granted, securing further prospective ground at the Snake Well project.

#### **BASE METALS - Snake Well (WA) & Cork Tree (WA)**

- An exploration program targeting the Volcanic Hosted Massive Sulphide (VHMS) deposits at Snake Well commenced this year. VHMS deposits represent a significant source of the world's copper, zinc, lead, gold and silver ores.
- The program followed up very significant levels of copper, lead, zinc and silver reported from re-assaying of samples at the A-Zone Project (Snake Well). Interpretation of the base metals results indicate they are associated with VHMS style mineralisation and similar to the world-class Golden Grove VHMS deposits.
- The base metals are associated with a 25km long corridor of felsic rocks occurring from west of A-Zone to well to the east of the Conquistador project.
- A review and re-interpretation of historical geophysical data across the belt identified several new targets, due mainly to improvements in geophysical techniques and more sophisticated modelling.
- Base metal exploration continued at the Cork Tree (Copper) Project where the exploration area is a contiguous block of six tenements covering 40km of strike mainly within the Earahedy Basin and partly along the contact with the Yerrida Basin. Three tenement applications were granted this year, connecting the existing three granted tenements and extending the project area.
- The project is strategically located in the Doolgunna region, which hosts the DeGrussa Copper Mine, Thaduna Copper deposit, Enigma Copper prospect and Horseshoe Lights Copper-Gold mine.
- Historic exploration has identified widespread secondary copper mineralisation within thick dolomite-shale-sandstone stratigraphy at several prospect areas within the Cork Tree tenements.
- Preparation for a drilling program comprising an initial 7 holes for 1,050m is underway, with the Program of Works (POW) approved by DMIRS and a heritage clearance survey scheduled for late September 2018. The drill hole locations have been marked on the ground and field checked.

**PROJECT OVERVIEW**

**Victorian Wattle Gully Gold Project – Castlemaine**

Kalamazoo applied for and was granted in June 2018 Exploration Licence EL006679 covering the Wattle Gully Gold Project, near the town of Castlemaine, in Victoria with a total area of 70km<sup>2</sup>. An application for a second Exploration Licence EL006752 (“Wattle Gully South”), covers an area of 218km<sup>2</sup>, thus taking the total tenement holding (once granted) to 288km<sup>2</sup>. The regional geological structures are known to be associated with gold potential.

Wattle Gully adds a significant gold project to Kalamazoo’s portfolio, at an extremely low cost. The asset is in a supportive mining region which is becoming increasingly active with significant exploration and development success across multiple projects including Fosterville, Tandarra and Costerfield. Strategically, the Castlemaine region is well supported with a number of gold processing plants within 80km haulage distance of the Wattle Gully Gold Project.

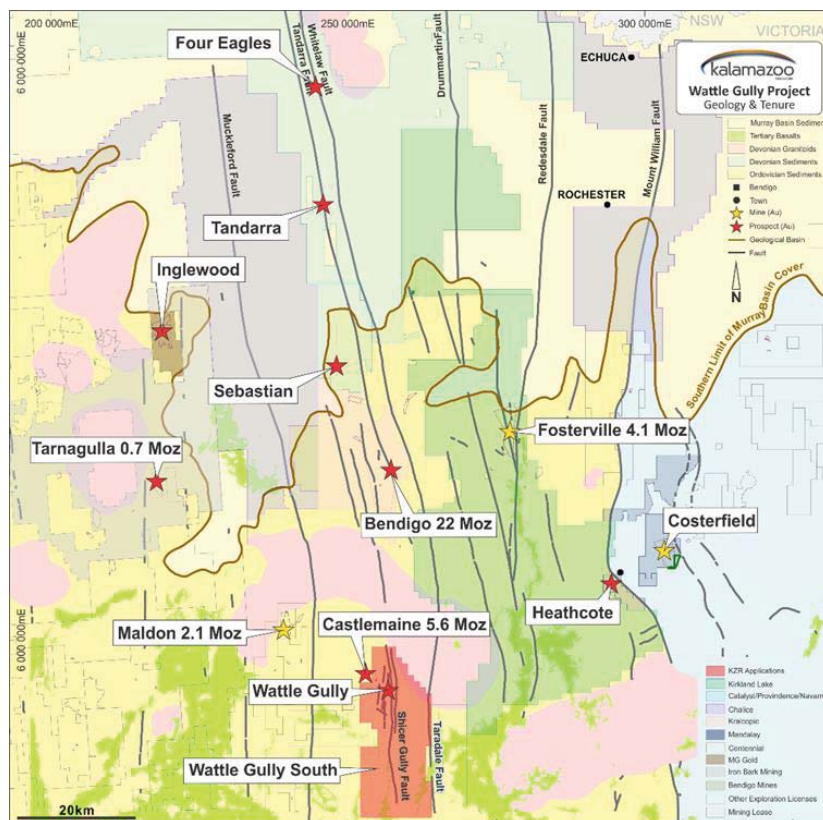


Figure 2: Regional Geology, Structures, Gold Projects and Wattle Gully Project Tenements

The Bendigo Zone is the second highest producing goldfield in Australia having produced an estimated 60Moz from alluvial and continuous quartz reef mining activity from 1853 to 1954 (Willman et al 2002, Geological Survey of Victoria, Report 121). From within this zone, the Bendigo Goldfield produced an estimated 22Moz primarily from quartz reef mining. The Ballarat Goldfield was the second largest with an estimated 10Moz produced. Castlemaine was the next richest goldfield in Victoria, having produced 5.6Moz since 1851 from both alluvial and underground sources. Previous mining and exploration at Castlemaine targeted shallower areas primarily within 400m of the surface.

The recent exploration success that has been achieved by Kirkland Lake Gold (ASX: KLA) at the Fosterville Gold Mine demonstrates the substantial gold prospectivity that the Victorian systems can possess at depth (Fosterville Mineral Reserves increased approximately 247% from 31 December 2016 to 1.7Moz @ 23.1g/t – refer to ASX: KLA 3 May 2018). Successful exploration north of Wattle Gully along the Whitelaw Fault Corridor by companies such as Catalyst Metals (ASX: CYL), Navarre Minerals Limited (ASX: NML), Hancock Prospecting Pty Ltd and others has also resulted in a number of significant new gold discoveries such as Sebastian North, Tandarra, Four Eagles and Macorna Bore.

The recent deep drilling success by Canadian listed Mandalay Resources Ltd (TSX: MND) beneath its operating Costerfield gold-antimony mine is very encouraging for Kalamazoo as it lies to the north east of the Castlemaine Goldfield (Figure 2). Centennial Mining Limited (ASX: CTL) is operating its Porcupine Flat gold processing facility at Maldon, only 20km to the northwest of Wattle Gully.

Unlike the other major gold projects in the Bendigo Zone, the Castlemaine Goldfield has not been subjected to the same depths of drilling. Kirkland Lake's Fosterville Gold Mine is being profitably mined at depths of more than 800m with reports that the mineralised shoots are typically 4m to 15m thick, 50m to 150m up/down dip and 300m to 1,500m+ down plunge, and have average grades of 5-10g/t Au, with individual assays up to 60g/t Au\*.

\*refer to Kirkland Lake Gold Website: <http://www.klgold.com/assets/operations-and-projects/australia/operations/fosterville-mine>

The majority of gold produced from the Castlemaine Goldfield was alluvial (4.7Moz) and is considered to be one of the richest alluvial goldfields on earth. Hardrock underground mining produced an estimated 0.9Moz of gold across four known lines of reefs, which were mined to a maximum depth of approximately 400m (Table 1).

In comparison to the other fields within the Bendigo Zone, Castlemaine has not been tested comprehensively at depth leaving open the prospect of repetitions of mineralisation at deeper levels.

	Castlemaine	Bendigo	Ballarat	Fosterville
Size (Moz)	5.6	22	10	~5
No. historic shafts	1700	5500	? (100's)	-
Lines of reef	4	17	3	?
Age (Ma)	445	445	445	380
Major mineralisation type	Fault	Saddle	Fault	Fault
Minor mineralisation type	Saddle	Fault/spur	Saddle	?
Host lithology	Sandstone	Shale	Sandstone	Shale
Depth (km)	0.4	1.5	~1.0	1.2
Repetitions	?	Yes	Yes	Yes
Ore host	Quartz	Quartz	Quartz	Sulphide/Quartz

Table 1: Comparison of Victorian Gold Regions (Modified after Ballarat - Annual Qualified Persons Report for the Ballarat Gold Mine, Australia for the Year Ended 31 March 2017, Petrie et al. and Fosterville – Report on the Mineral and Mineral Reserves of the Fosterville Gold Mine, 2017, for Kirkland Lake Gold Ltd, Fuller et al).



The previous Wattle Gully mining and exploration leases were controlled by Singapore-listed LionGold Corp Ltd (A78.SI) (“LionGold”) following its acquisition of then ASX-listed Castlemaine Goldfields Limited (ASX: CGT) (“CGT”) in 2012. As part of this transaction, LionGold acquired CGT’s operating Ballarat Gold Mine and since this time has largely focused its exploration efforts on near-mine targets around Ballarat.

EL006679 is valid for an initial period of five years with a minimum expenditure commitment of \$265,000 over five years. Subsequently, Kalamazoo has applied for a second, larger tenement, EL006752, located east and south of the previously granted Wattle Gully tenement (Figure 4). The tenement application over Wattle Gully South, covering areas which have the potential for extensions of important structures (fault lines) known to be potential hosts for gold mineralisation.

Kalamazoo has been able to secure the project’s 200GB+ database, including 3D models of various deposits and the entire drill core farm. The replacement value of this dataset is estimated by Kalamazoo to be more than \$20 million.

Modern exploration techniques, for example gravity and seismic surveying, have not been utilised within the project area but have proven to be very effective at Kirkland Lake’s Fosterville Gold Mine and the potential to apply these tools at Castlemaine is being evaluated.

**Prospective Areas of Interest**

An initial review of the Castlemaine Goldfields by Kalamazoo confirmed that the Wattle Gully, North Quartz Hill, Eureka, Vineyard and Cappers/Shellback projects were important sources for gold production (Figure 4). The initial focus will be on these areas for their potential to develop exploration targets, most likely at depth, via a dedicated technical review which is well underway.

Kalamazoo believes the combination of new exploration techniques and the knowledge that will be derived from the analysis of the extensive database and core farm will permit the company to outline an effective exploration strategy to identify areas with high grade gold potential.

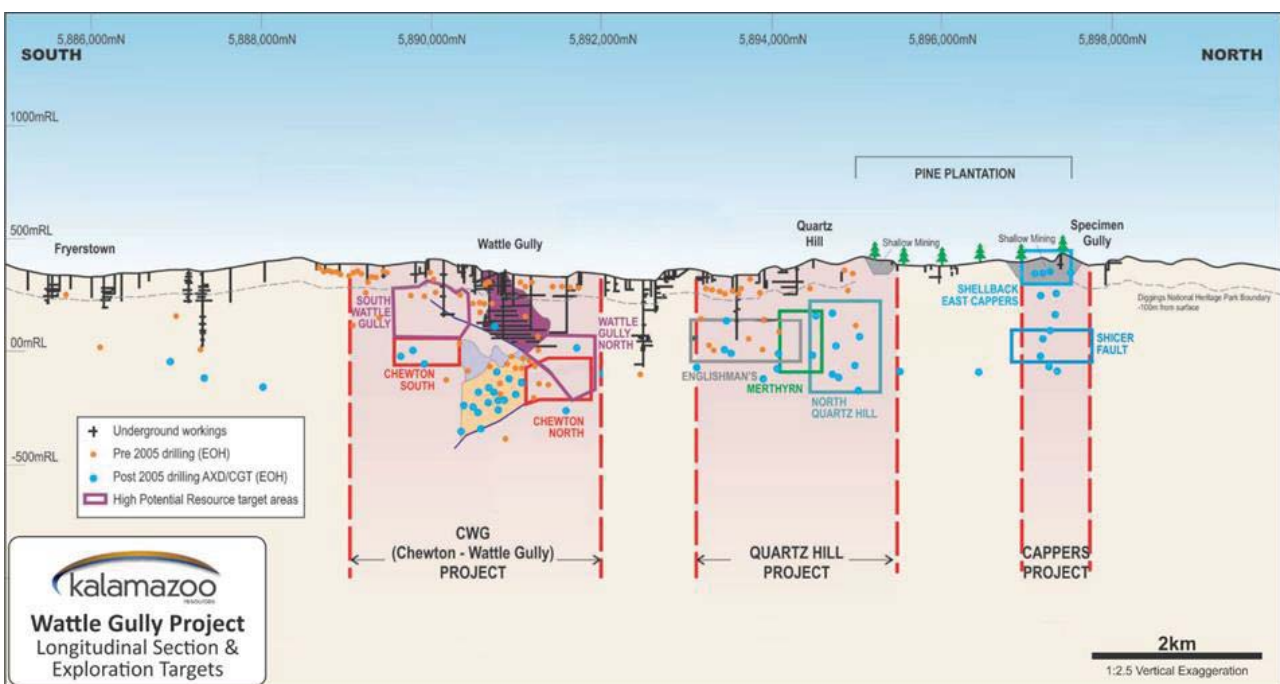


Figure 3: Long Section of the Wattle Gully Project Area and gold prospects (Modified from ASX: CGT AGM 2009 Presentation)

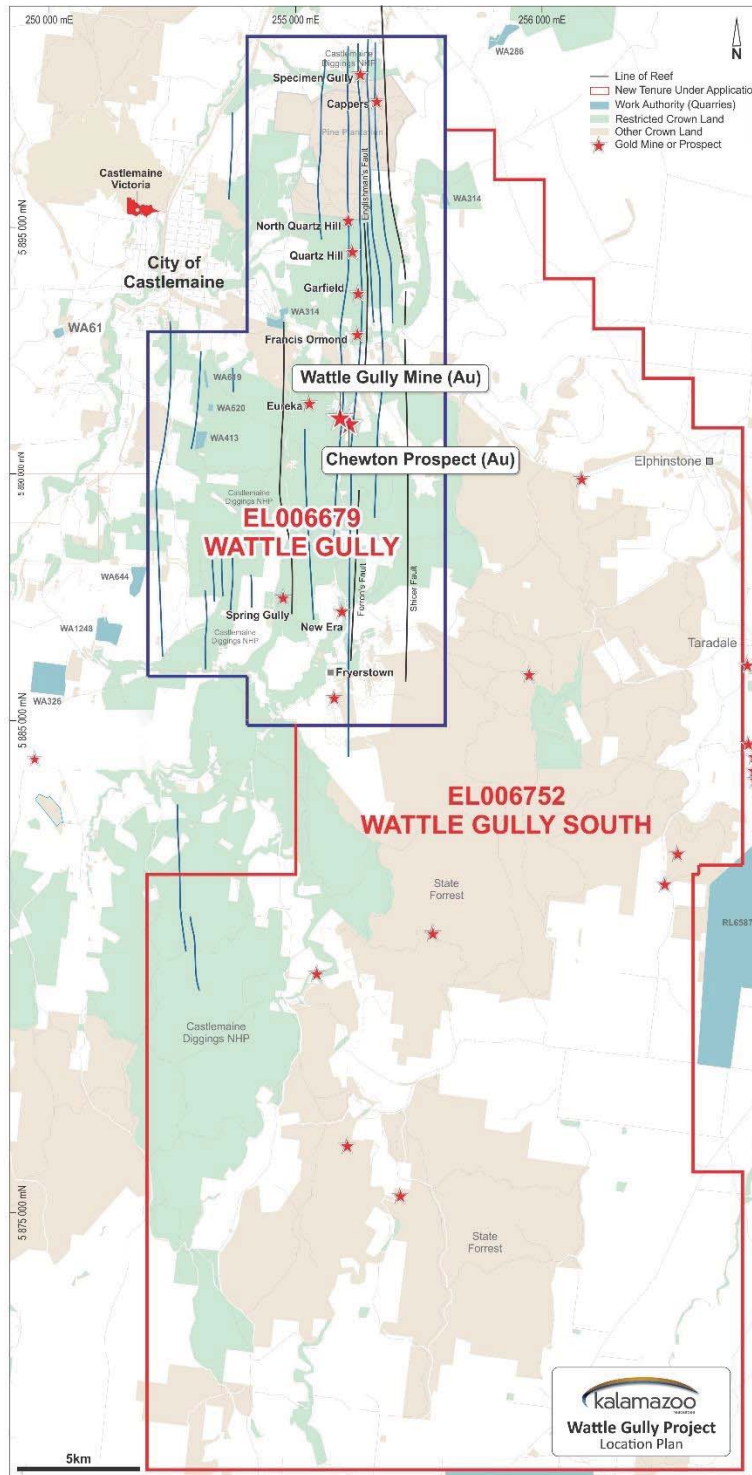


Figure 4: Tenement location of Wattle Gully (Granted) and Wattle Gully South (Application)

### Planned Work Program

Consolidation and validation of the substantial Castlemaine Goldfield database is in progress and once finalised will permit Kalamazoo to:

- Complete a technical review assisted by local consultants with a view to establishing exploration targets;
- Refine the geology and structural controls to gold mineralisation;
- Review and apply modern exploration practices and techniques suitable for this style of mineralisation which may include; soil sampling, mapping, ground and airborne magnetic surveying, seismic and gravity surveying; and
- Drill test identified target areas.

### PILBARA GOLD PROJECT

During the year Kalamazoo exercised an option to acquire between 80% and 100% equity in three highly prospective gold projects in WA’s Pilbara region. The projects have the potential to host significant gold mineralisation and are located close to some of the Pilbara’s most exciting gold projects (ASX: KZR 17 April 2018). Kalamazoo also applied for two further tenements over prospective ground in the region, one of which was granted in July 2018.

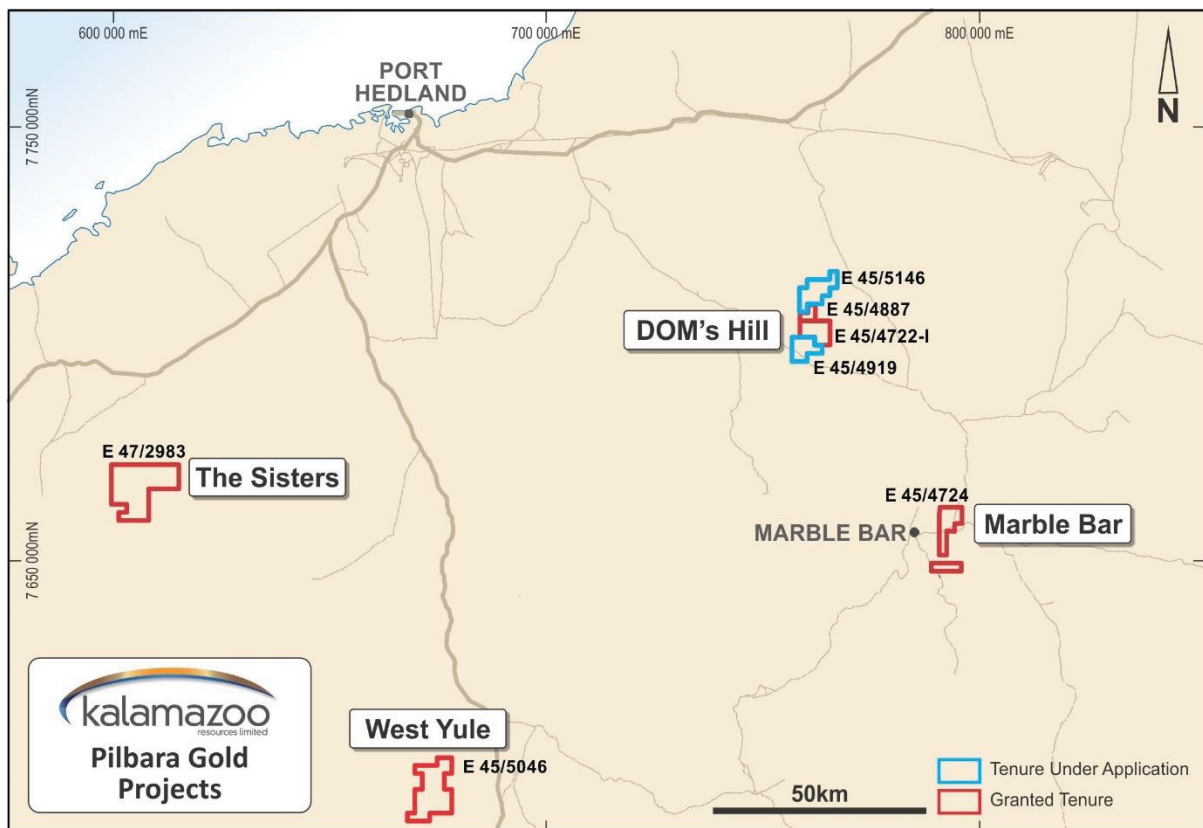


Figure 5: Location of Sisters, DOM's Hill and Marble Bar Gold Project Tenements

### DOM's Hill Gold Project (E45/4722, E45/4887, ELA45/4919 and ELA E45/5146)

The DOM's Hill Gold Project (Figures 6 & 7) now consists of two granted Exploration Licenses and two Exploration License Applications located 110km south east of Port Hedland within the Archaean East Pilbara Region. The project area is considered prospective for a range of gold, nickel, cobalt and base metal deposits. Past exploration has highlighted the potential for shear-hosted lode-gold mineralisation with a number of advanced targets within the project including DOM's Hill and the North-East Zone.

Within the E45/4722 tenement and approximately 500m to the north east of the DOM's Hill Gold Prospect is the Singer Prospect. Great Sandy Pty Ltd located gold mineralisation in proximity to an interpreted, north-east trending, fault zone within a chert, mafic and ultramafic sequence. Great Sandy and prospectors have found up to 300oz of gold nuggets in this zone (ASX: KZR 6 October 2017). Historic drilling has not adequately tested this prospect. Assessment of this, and other areas known to host significant gold nuggets, will be the focus of future exploration.

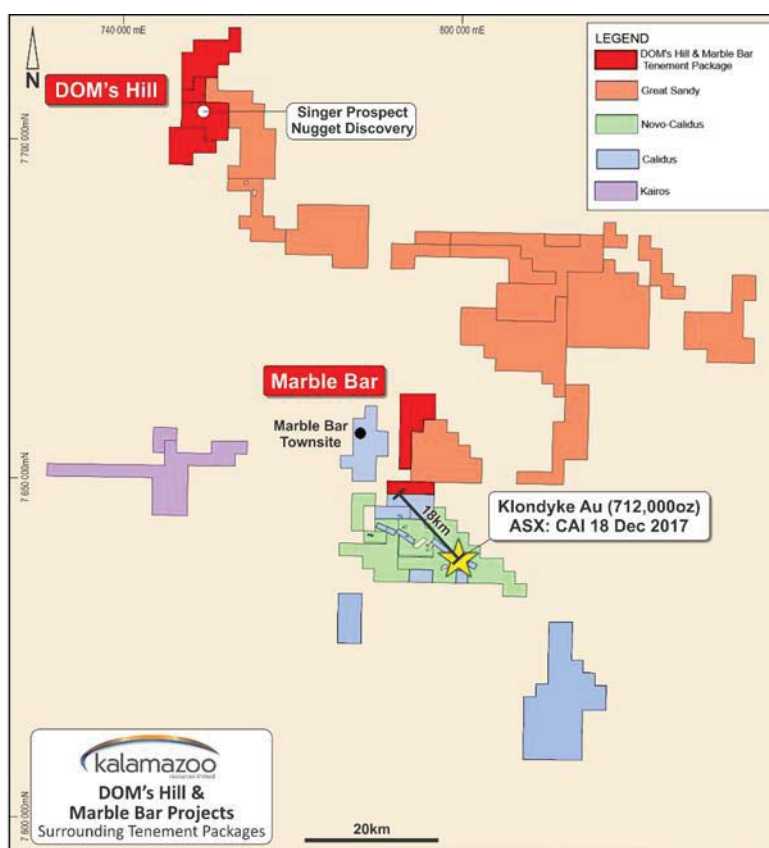


Figure 6: DOM's Hill and Marble Bar Gold Projects and surrounding tenements

The DOM's Hill Gold Project (Figure 7) contains an array of exploration targets ranging from advanced prospects with significant gold grade intersections through to grass roots conceptual targets.

As a result of exploration field visits by Kalamazoo and local prospectors contracted to conduct metal detecting, Kalamazoo announced the discovery of a second zone of gold nuggets discovered during early field exploration at the DOM's Hill Gold Project (E45/4722). Six nuggets were recovered from three sites over a 2km by 1km area from the new identified area (ASX: KZR 17 November 2017) which has been largely untested by previous exploration. One nugget recovered at the Singer's Prospect confirms previously reported occurrences (ASX: KZR 23 November 2017).

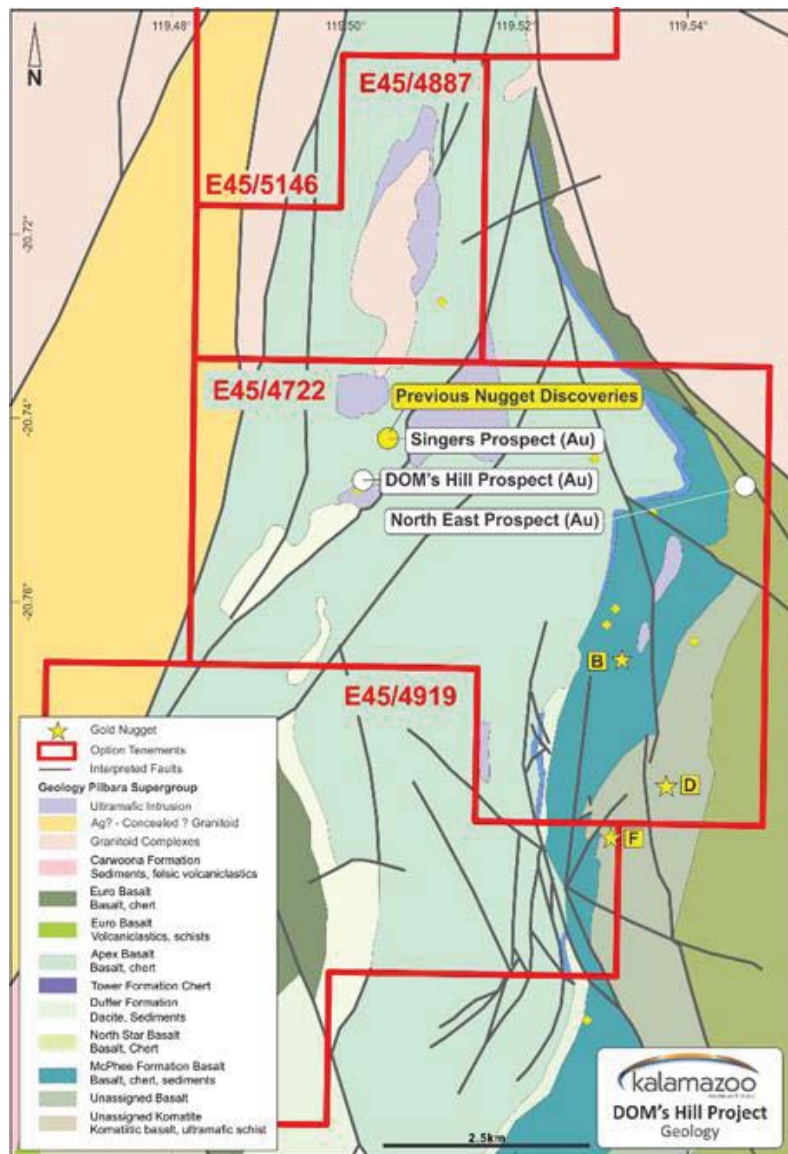


Figure 7: DOM's Hill project showing the location of the DOM's Hill, Singer and North East Zone gold prospects, along with location of the new nugget zone at DOM's Hill. There are numerous gold, nickel and base metal occurrences within the project

**THE SISTERS GOLD PROJECT**

**(80% interest in mineral rights other than lithium E47/2983)**

The Sisters Gold Project is a granted 136km<sup>2</sup> exploration licence located 100km south west of Port Hedland (Figure 8) and is prospective for epigenetic gold mineralisation associated with the Mt Wohler Shear, a prospective splay of the gold mineralised Mallina Shear Zone.

There is no reported systematic exploration along this prospective shear. The Project is partly underlain by Mallina Formation sediments, host to recent nugget discoveries by Arrow Minerals (ASX: AMD 7 November 2017) (formerly Segue Resources) in the adjacent tenement E47/3476. Kalamazoo re-assayed of soil samples initially collected by Sayona Mining for lithium exploration, and defined a gold-in-soil anomaly over 3km along the Wohler Shear Zone corridor (ASX: KZR 23 November 2017). The anomaly is open to the north-east and south-west (Figure 9).

Kalamazoo also announced further gold nugget discoveries at the Sisters Gold Project as part of its due diligence process (ASX: KZR 23 November 2017). With no previous systematic gold exploration, Kalamazoo believes this project provides a significant opportunity.

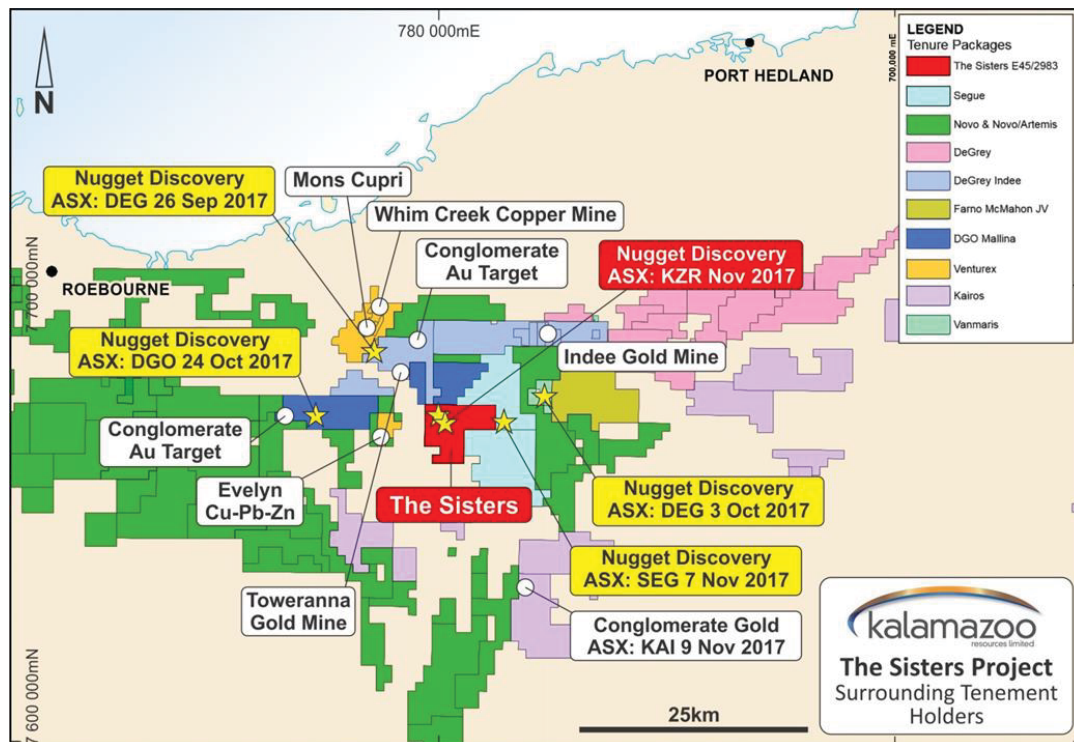


Figure 8: The Sisters Project and surrounding tenements

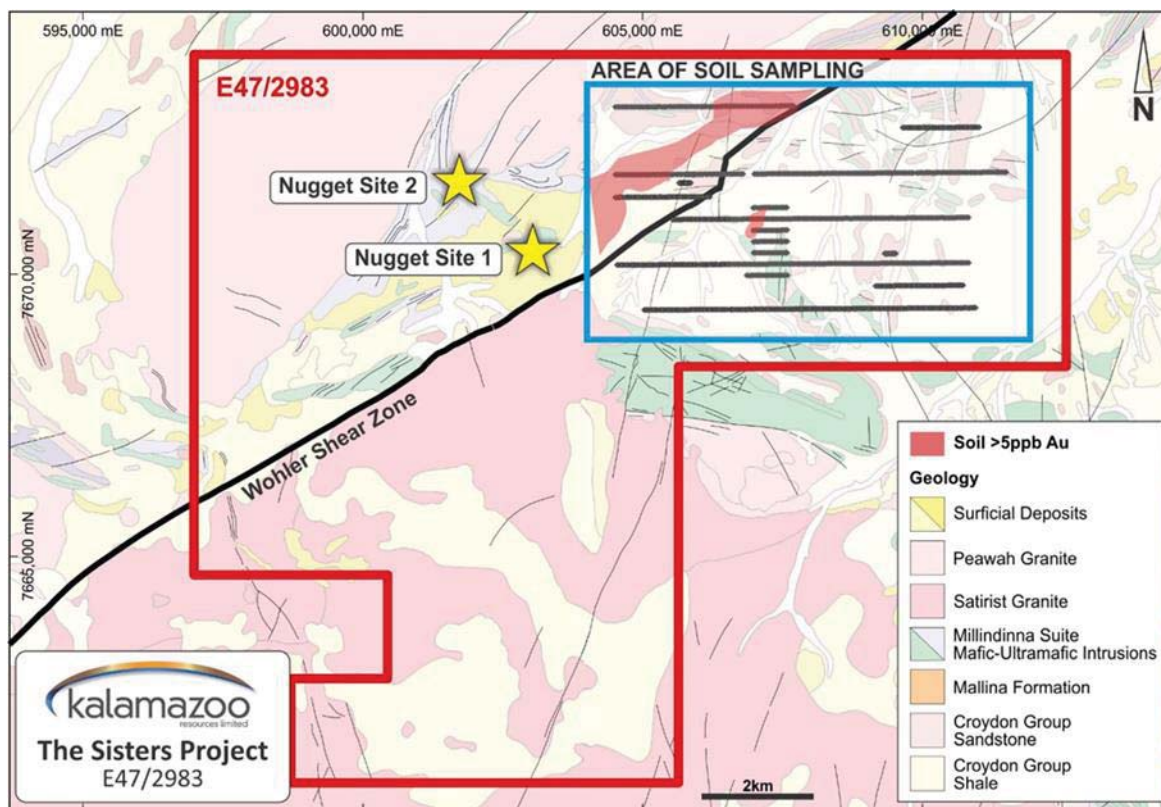


Figure 9: The Sisters Project geology, soil sampling coverage and location of nuggets

## MARBLE BAR GOLD PROJECT

### (100% interest in mineral rights other than lithium over EL45/4724)

The Marble Bar Project comprises one granted tenement of 48km<sup>2</sup> located 6.5km east of Marble Bar and 11km north-west of ASX-listed Calidus Resources' Klondyke Gold Project located within the Warrawoona Gold project area (Figure 10).

The southern boundary of E45/4724 is adjacent to Calidus' tenement E45/4555 which contains the high grade Klondyke Gold deposit. Approximately 12km of the prospective Warrawoona Formation stratigraphy occurs within E45/4724. The tenement straddles the western intrusive contact of the Archaean Mt Edgar Batholith and the adjacent basalts, amphibolites and ultramafic units of the Warrawoona Formation. Major northerly trending arcuate regional structures traverse the project.

Calidus Resources Limited (ASX: CAI) commenced an aggressive resource definition and exploration program focused on the Warrawoona Project, located 21km south east of Marble Bar in June 2017. Calidus has consolidated much of the Warrawoona greenstone belt for the first time and recently announced a combined JORC (2012) Indicated and Inferred Mineral Resource of 712,000oz within its Klondyke project area (ASX: CAI 18 December 2017).

Kalamazoo’s review of the data for the Marble Bar tenement indicates it contains a sheared meridional greenstone belt over which there has been very little reported gold exploration despite the large number of small gold leases throughout the larger area (e.g. Haoma Mining NL) and the mines on-strike to the south (Klondyke Gold Limited (ASX: KLD)). The Warrawoona Formation units within E45/4724 are poorly explored and justify a systematic gold exploration program. There is great potential for previously unknown gold occurrences in the favourable and structurally modified zones in the mafics/ultramafics.

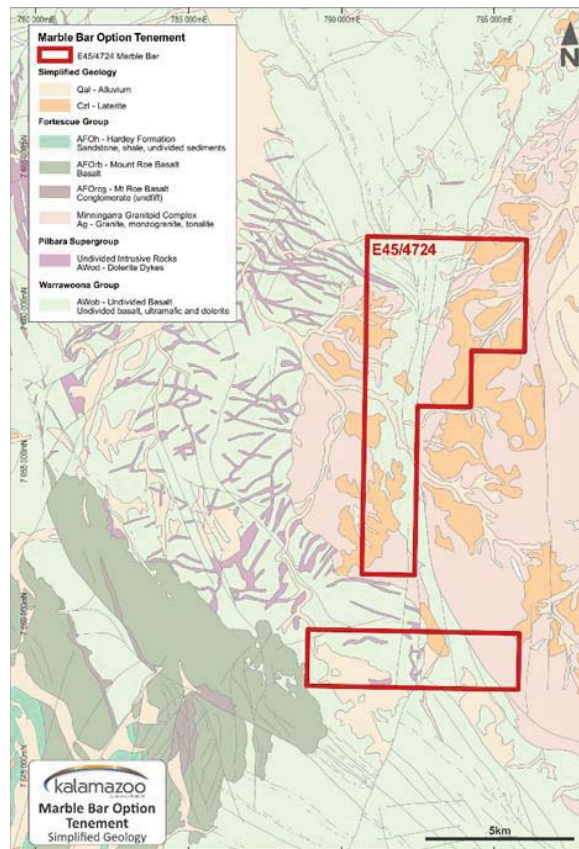


Figure 10: Geology of Marble Bar Tenement E45/4724

Kalamazoo will continue with a managed exploration program in the Pilbara, principally for gold, that will comprise:

- A soil sampling and rock chip program, mapping and further geophysical modelling to identify target areas;
- Identified target areas prioritised for further exploration, most likely drilling; and
- Continuing to test the potential for conglomerate-hosted gold below Mt Roe Basalts (which has been prolific in the region).



## SNAKE WELL GOLD AND BASE METAL PROJECT

### Mixy Gold Project

The Mixy Gold Deposit within the Snake Well Project (Figure 11) was the site of the successful trial pit completed by Kalamazoo in early 2016, which produced 4,459oz of gold processed through the Minjar Gold Plant under an Ore Tolling Agreement.

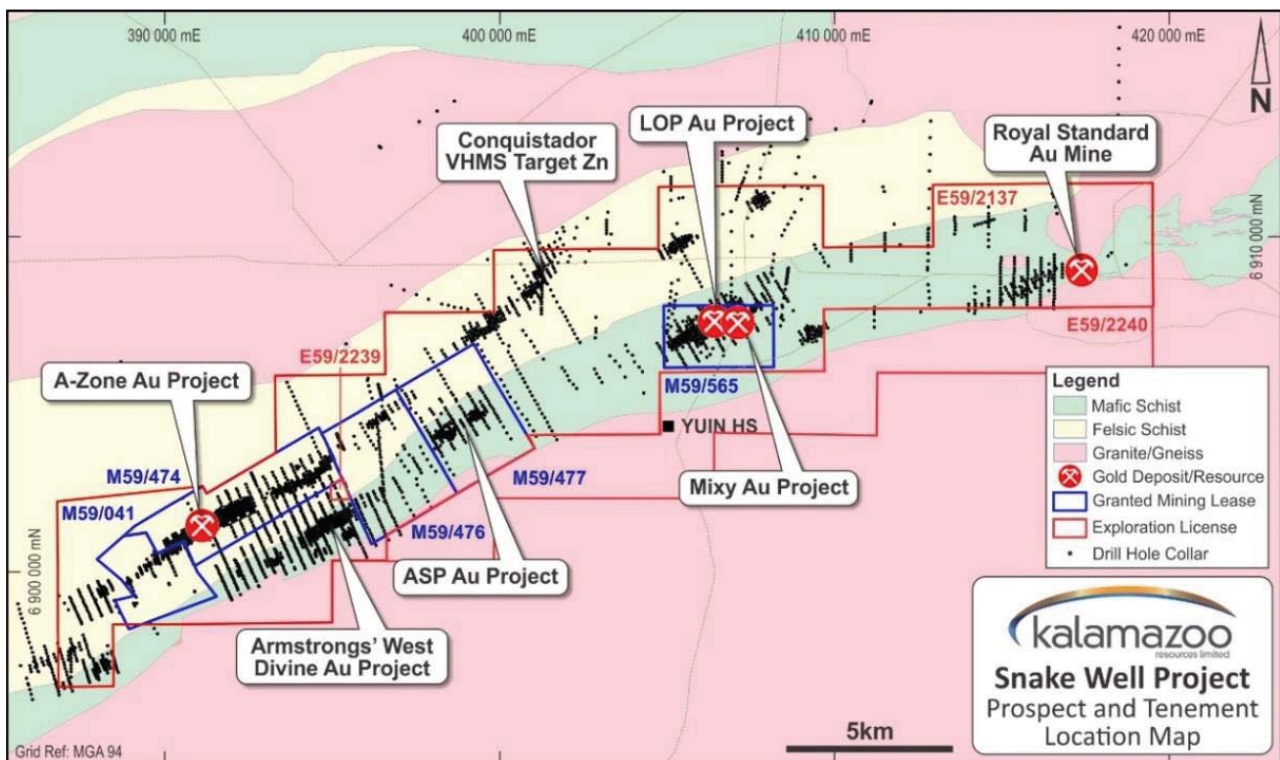


Figure 11: Location of the main prospects, including A-Zone and Mixy, within the Snake Well Project

Subsequently, following encouraging drilling results in mid-2017, a significant new geological interpretation was completed for the Mixy gold lode. This new interpretation was based on an extensive review of the historical and recent geological drilling data, which was supported by an independent consultant.

Key points of new interpretation include:

- The gold lode consists of three zones: Main Zone, Hanging Wall (HW) Zone and Footwall (FW) Zone;
- The Main Zone is now larger and more cohesive - up to 400m in strike and 250m down dip and is still open in all directions;
- The Main Zone now has a shallower plunge with potential for more ounces per vertical metre - an important consideration for any development proposal; and
- Separating the lower grade HW and FW zones from the Main Zone should also result in an overall increase in the average gold grade for the Main Zone.

The outcomes from the new interpretation (ASX: KZR 19 October 2017) support more drilling for both increased confidence in upper oxide portion of the mineral resource and to test for resource extensions.

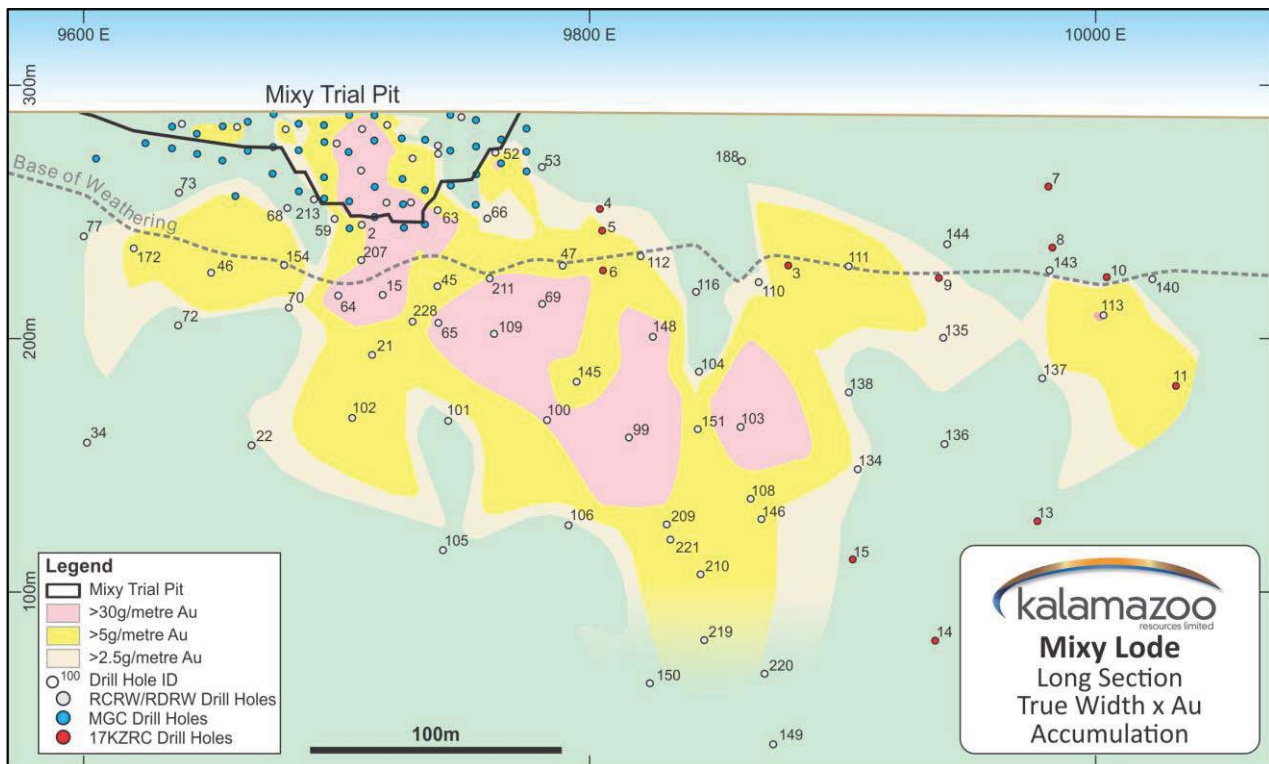


Figure 12: Contoured (Accumulation in gram/metres gold)\* of the Mixy Main Zone gold shoot. Note: Pierce points and hole numbers are displayed

*\*Accumulation modelling is modelling based on contouring of the gold grade of the drill intersection pierce point and the estimated true intercept width in metres (ETW), expressed in grams/metre. Modelling by Ravensgate Mining Industry Consultants using Vulcan software, contouring with no anisotropy and accumulation was grade (g/t Au sample & uncut) multiplied by true thickness (metres) and samples were length weighted.*

This new interpretation for the Mixy lode (Figure 12) was used as a basis for an updated Mineral Resource estimate (ASX: KZR 20 November 2017) (Table 2), prepared by an independent expert in accordance with JORC 2012 which has resulted in a significant 85% increase in grade and a 13% increase in tonnage for a total increase in contained metal of 63%.

Consequently, the Mineral Resource (JORC 2012) inventory for Snake Well has increased by 32% to 141,000oz. This much-improved mineral resource provides the possibility for the Company to consider options for a larger pit possibly leading to underground development.

Two tenement applications were granted, securing further prospective ground at the Snake Well project.

JORC Category 2012	Cut Off Grade (g/t Au)*	Total Tonnages	Gold Grade (g/t Au)	Metal Ounces
Measured	0.5 & 2.0 g/t Au	11,000	5.3	2,000
Indicated	0.5 & 2.0 g/t Au	110,000	5.4	20,000
Inferred	0.5 & 2.0 g/t Au	350,000	3.9	44,000
Total	0.5 g/t Au	470,000	4.3	65,000

Table 2: Global Mineral Resource Estimate for Mixy Lode, November 2017

Notes: Open Pit Resource is up to 90m below surface (>200mRL) & Underground Resource is below 90m from surface (<200mRL). Tonnages reported as dry tonnes. Rounding has been applied to appropriately reflect the precision of the estimate. (Refer to ASX: KZR 20 November 2017)

## Second Drilling Program

The new resource interpretation provided confidence to commence a second drilling program at the Mixy Lode in 2018. The objective was to test along strike and for deeper extensions of the high-grade Main Lode mineralisation.

The program comprised a combination of six Reverse Circulation/Diamond holes for 1,597 metres.

Shearing, alteration and veining observed in five of the six holes strongly indicate that the Mixy main gold zone structure continues and remains open at depth and along strike, east and west. High gold grades ranging from 5.1g/t to 18.9g/t Au, intersected in three holes, is further evidence that the structure is well mineralised and warrants further drilling and evaluation.

## Snake Well Base Metals

Following the completion of the drilling campaign at A-Zone by Minjar Gold Pty Ltd, aimed at the delineation of oxide gold resources, the resultant presence of significant base metals has focused exploration on the potential for VHMS deposits. The copper, zinc and lead base metals occur in close spatial association with the gold lodes.

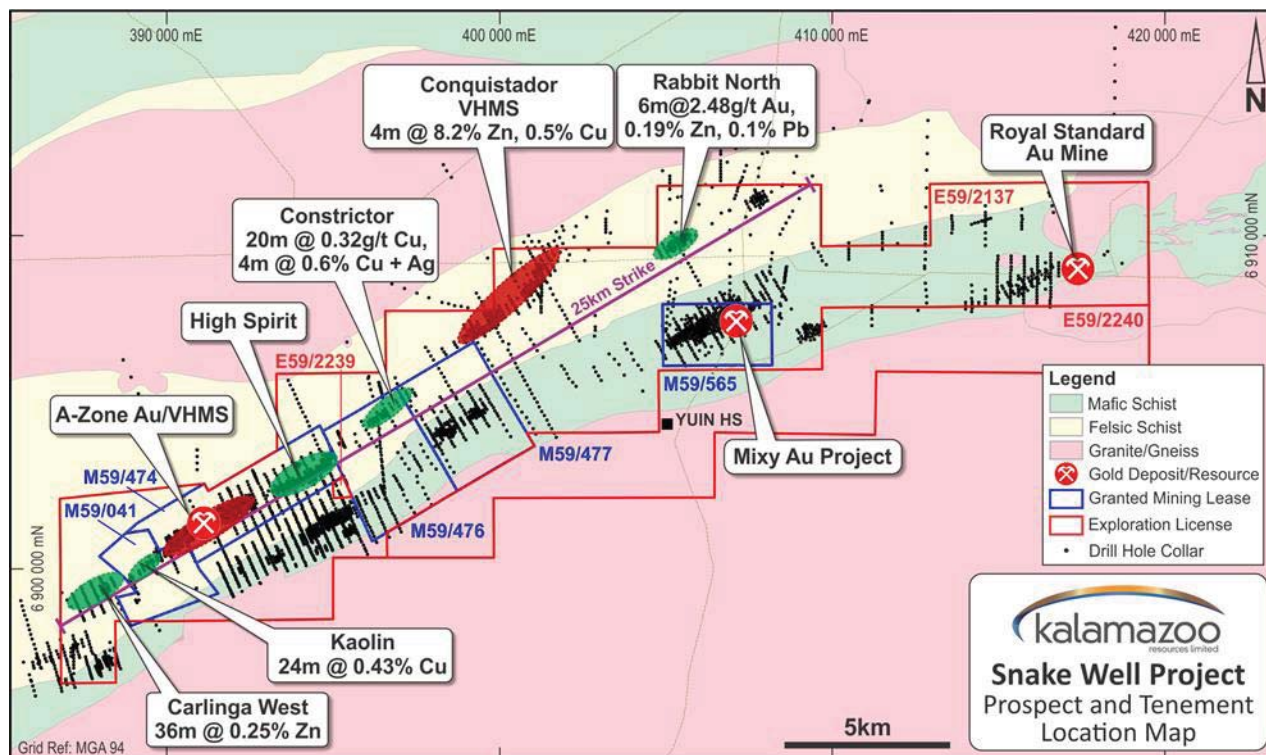


Figure 13: Location of Base Metal (VHMS) Prospects within the Snake Well Project

Significant base metals have been interpreted (ASX: KZR 23 June 2017 and 21 July 2017) to be associated with a zone of prospects nearly 25km long within the Snake Well tenements and include Carlinga West, Kaolin, A-Zone, Constrictor, Conquistador and Rabbit Well North (Figure 13).

Kalamazoo reviewed the geology and historical exploration of the base metal occurrences at Snake Well and considers that the A-Zone and Conquistador prospects show evidence of Volcanic Hosted Massive Sulphide Deposits (VHMS) mineralisation with similar style and nature to the world-class Golden Grove deposits.

Past exploration has focused on gold, with limited systematic work on exploring base metal mineralisation within and beneath highly depleted soil regolith which comprises only the top 40 to 50 metres. Consequently, few holes have tested the stratigraphy in the deeper, fresh rock.

Ravensgate reviewed the A-Zone Project on behalf of Kalamazoo and identified that, prior to the 2017 base metal analysis program, (ASX: KZR 23 June 2017), only approximately 1% of the analysed samples had been assayed for zinc and silver and up to 80% had been assayed for copper and lead. Giralia Resources Limited (now Atlas Iron Limited ASX: AGO) had previously reviewed the assay database of the Conquistador zinc prospect. Giralia's review of past CRA Exploration, Zinc Corp Ltd, and Roebuck Exploration open file data identified that only about 20% of samples at Conquistador had been assayed for zinc, with the remainder assayed for lead, copper and gold.

The results of the 2017 program of re-analysis of RC samples using a portable XRF instrument and historical review conducted by Kalamazoo (ASX: KZR 23 October 2017) show strong levels of copper, zinc and lead, such as:

- MJAZRC009: 11m @ 0.24% Zn from 2m
- MJAZRC010: 18m @ 0.46% Cu, 0.36% Zn, 0.12% Pb from 3m

- MJAZRC013: 13m @ 0.36% Pb, 0.41% Zn, 0.22% Cu from 50m
- MJAZRC018: 2m @ 4.4% Zn, 2.9% Pb from 54m
- MJAZRC019: 14m @ 0.87% Zn, 0.36% Cu, 0.76% Pb from 4m
- MJAZRC061: 11m @ 0.39% Zn, 0.30% Cu, 0.30% Pb from 49m
- MJAZRC073: 31m @ 0.21% Zn from 22m

The results also show strong high-grade coincident zinc and silver, and significant copper and lead mineralisation at A-Zone. The project area from Carlinga West to Rabbit Well North remains largely underexplored for VHMS mineralisation (of similar style to Golden Grove deposits), a distance of over 25km.

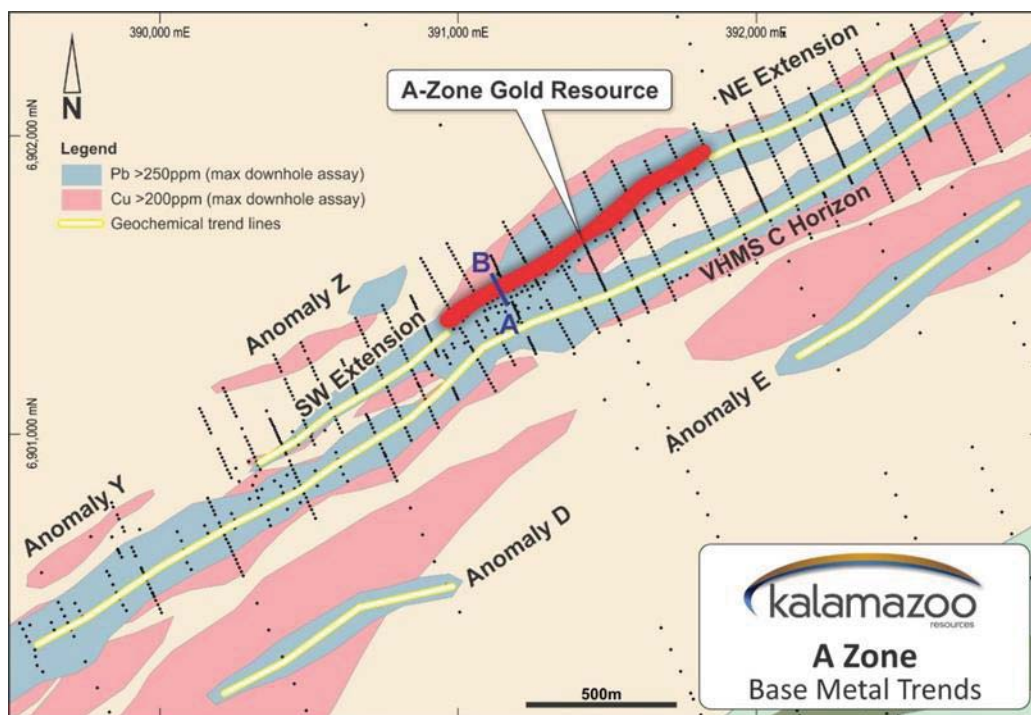


Figure 14: Interpreted base metal distribution trends near the A-Zone gold resource

Following the discovery of significant base metals at A-Zone, Kalamazoo completed a lease wide review (ASX: KZR 23 October 2017) of the base metal potential. The result of this review is that multiple new base metal target horizons (currently seven, refer Figure 14) have been defined at A-Zone, including:

- A Zone anomaly extends 3.5km by 1km highlighting VHMS deposit potential;
- Additional zone of base metal anomalism defined in hanging wall 'B-Zone';
- A substantial anomalous zone ('C Horizon') is defined and is open for 5km along strike; and
- Five additional anomalous horizons require follow-up.

Also, anomalous base metals identified in fresh bedrock in an historic diamond hole (ASX: KZR 23 October 2017) (Figure 15) supports the interpreted oxide geochemical trends:

- CWRD180: 24m @ 0.74% Zn from 76m, including 2m @ 5.4%Zn, 0.5%Cu, 0.7%Pb and 16g/t Ag from 87m

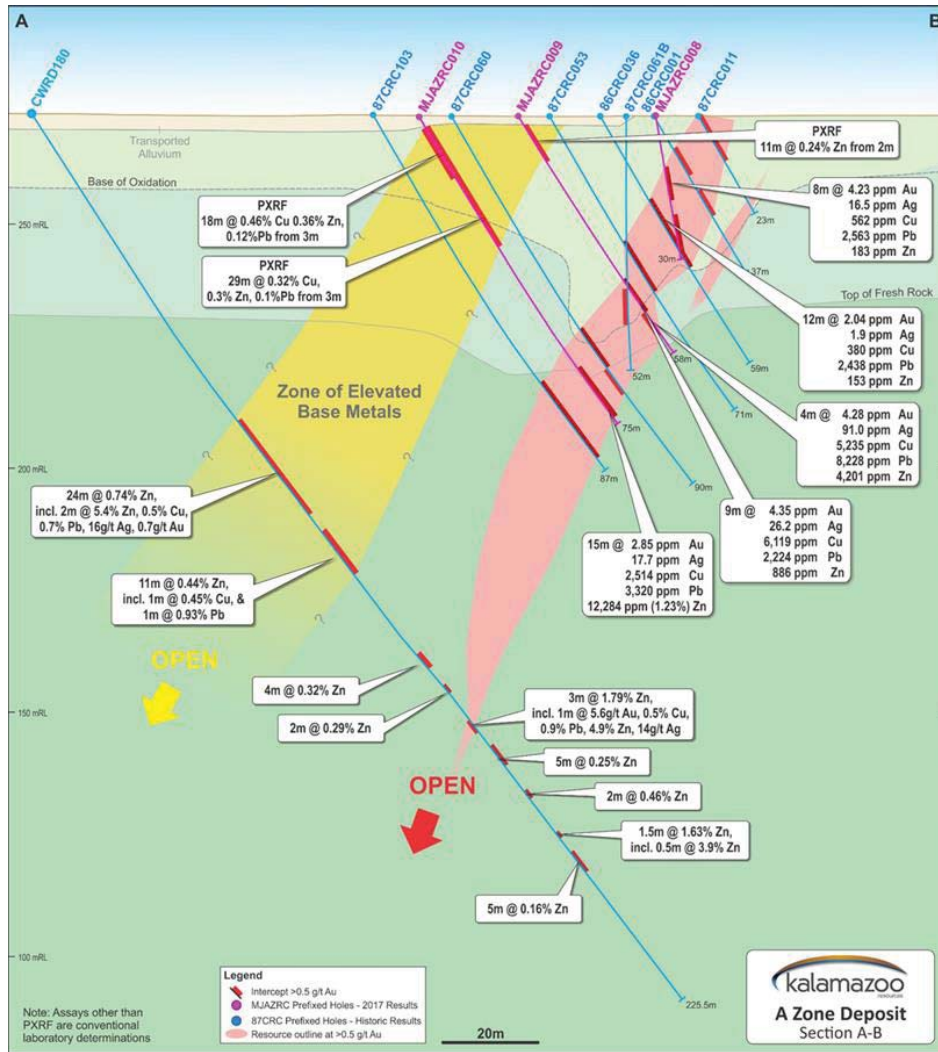


Figure 15: Cross section A-B showing elevated base metals in the hanging wall at A-Zone

Follow-up exploration for base metal VHMS potential will focus on the 25 kilometre underexplored corridor.

### Cork Tree Copper Project

The Cork Tree Project consists of six granted Exploration Licences (E52/2056, E52/2057, E52/3042, E52/3514, E52/3515 and E52/3540) comprising 117 blocks and covering approximately 370km<sup>2</sup> mainly within the Earahedy Basin and partly along the contact with the Yerrida Basin (Figure 16). The Company now controls an area approximately 40km x 20km along the basin margins.

Kalamazoo entered into a farm-in and joint venture ("JV") agreement with Atlas Iron over two Cork Tree tenements in March 2013 and has currently completed the Stage 1 earn-in for 51%.

An exploration program at the Cork Tree Project commenced to identify areas for copper/gold potential. Initially this involved a review of all historical data, regional geology and geophysics and identification of anomalous and target zones for follow up.

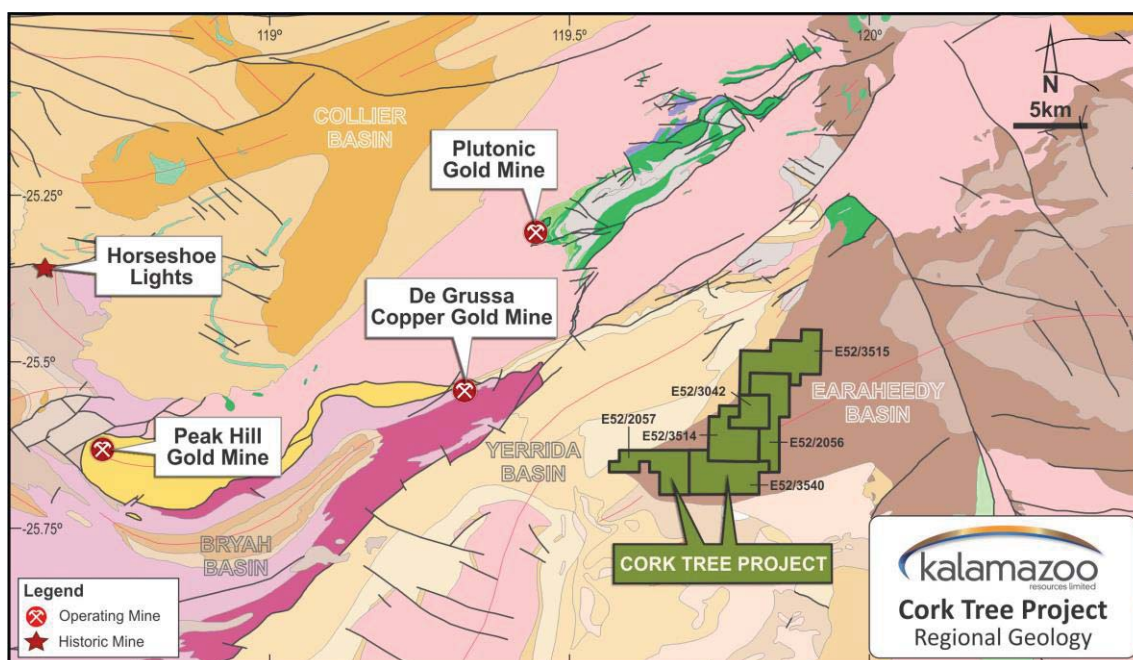


Figure 16: Location of the Cork Tree tenement package and significant deposits, over regional geology

Mineralisation within the area surrounding the Cork Tree Project dominantly occurs as epigenetic gold deposits (Peak Hill, Fortnum, and Horseshoe mining centres) with lesser VHMS (Horseshoe Lights and DeGrussa deposits) and epigenetic copper (Thaduna deposit).

Historical exploration has indicated encouraging copper potential at the project:

- Regional soil sampling defined an anomaly some 1,950m x 600m in extent, with results ranging from 2ppm to 25ppm Cu; and
- Eight rock samples of 'gossans' returned copper assay above 0.1% with a maximum of 1.42% Cu.

A program of infill lag geochemistry was completed, along with mapping and rock chip sampling. Reprocessing and remodelling of historical geophysical data, including gravity, magnetics and electromagnetics ("EM") was also completed. Review of this data has led to a better understanding of the regional geology and improved the exploration model which most importantly has directed exploration to specific target areas for follow-up work.

Preparation for a drilling program comprising an initial 7 holes for 1,050m is underway, with the Program of Works (POW) approved by DMIRS and a heritage clearance survey scheduled for late September 2018. The drill hole locations have been marked on the ground and field checked.

## Other Projects

Kalamazoo continues to seek out and review other projects which can meet the necessary criteria to add value to the Company. A number of projects have been assessed, mainly potentially open pit, gold projects and base metal (principally copper) exploration projects.

## CORPORATE - Board Changes

After the announcement of the acquisition of the Wattle Gully project, several Kalamazoo board changes were announced (ASX: KZR 2 July 2018):

- Managing Director Peter Benjamin retired in July 2018 after two years in the role.
- Chairman Luke Reinehr was appointed as interim CEO role while a replacement is secured.
- Paul Adams appointed Non-Executive Director in July 2018.
- Experienced Victorian gold geologist John Collier appointed as senior technical consultant to Kalamazoo's Wattle Gully gold project in Victoria.

## COMPETENT PERSONS STATEMENT

The information that relates to the exploration data 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 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.

Mr John Collier is the Principal Consultant to Conarco Consulting who is engaged as a Consultant to the Company for the Wattle Gully Project. Mr Collier 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 Collier 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 report that relates to the Western Australian mineral resources of the Company is based on information compiled by Mr David Reid, a competent person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Reid is an employee of Ravensgate Mining Industry Consultants ("Ravensgate") who is engaged as the Independent Geologist of the Company. Mr Reid 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 Reid consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

For additional and detailed information, including the JORC 2012 Minerals Resource Estimates, please refer the Independent Geologist's Report prepared by Ravensgate in Section 5 of the Company's Prospectus dated 3 October 2016 and Supplementary Prospectus dated 14 November 2016.

## FORWARD LOOKING STATEMENTS

This document may contain certain forward-looking statements. Forward-looking statements include but are not limited to statements concerning Kalamazoo Resources Limited's ("Kalamazoo's") current expectations, estimates and projections about the industry in which Kalamazoo operates, and beliefs and assumptions regarding Kalamazoo's future performance. When used in this document, words such as "anticipates", "could", "plans", "estimates", "expects", "seeks", "intends", "may", "potential", "should", and similar expressions are forward-looking statements. Although Kalamazoo believes that its expectations reflected in these forward-looking statements are reasonable, such statements are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Kalamazoo and no assurance can be given that actual results will be consistent with these forward-looking statements. Actual values, results or events may be materially different to those expressed or implied in this document. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements. Any forward-looking statements in this document speak only at the date of issue of this document. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Kalamazoo does not undertake any obligation to update or revise any information or any of the forward-looking statements in this document or any changes in events, conditions or circumstances on which any such forward-looking statement is based.



## DIRECTORS' REPORT

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### DIRECTORS

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report unless noted otherwise:

- Luke Reinehr, Executive Chairman
- Angus Middleton, Non-Executive Director
- Paul Adams, Non-Executive Director (appointed 2 July 2018)
- Peter Benjamin, Managing Director (retired 13 July 2018)

### PRINCIPAL ACTIVITIES

The principal activities of the Company during the year 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.

### FINANCIAL RESULTS

The loss of the Company after providing for income tax for the year ended 30 June 2018 was \$234,839 (2017: \$1,646,901).

### DIVIDENDS

No dividends have been paid or declared since the start of the financial year. No recommendation for the payment of a dividend has been made by the Directors.

### OPERATIONS AND FINANCIAL REVIEW

Information on the operations of the Company and its prospects is set out in the "Review of Operations" section of this Annual Report.

### FINANCIAL

Exploration and evaluation costs totalling \$17,439 (2017: \$77,230) were expensed during the year in accordance with the Company's accounting policy.

As at 30 June 2018 the Company had net assets of \$6,207,803 (2017: \$5,918,842) including cash and cash equivalents of \$1,138,441 (2017: \$3,567,884).

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year were as follows:

Kalamazoo was granted Exploration Licence EL006679 covering the Wattle Gully Gold Project, near the town of Castlemaine, in Victoria with a total area of 70km<sup>2</sup>. An application for a second Exploration Licence EL006752 ("Wattle Gully South"), covers an area of 218km<sup>2</sup>, thus taking the total tenement holding (once granted) to 288km<sup>2</sup>. The regional geological structures are known to be associated with gold potential.

During the year Kalamazoo completed the purchase of three highly prospective gold projects in WA's Pilbara, under an option agreement acquiring between 80% and 100% in the projects covering a total of 252km<sup>2</sup>.

Drilling results at the Mixy Project (Snake Well) resulted in a complete review of the historical Mixy database. This led to a new Mineral Resource estimate for the Mixy lode (reported under JORC 2012) and resulted in a very significant uplift of 85% in gold grade, 13% increase in tonnage and total metal content increase of 63%. The gold inventory for the Snake Well area thus increased by 32% to a total inventory of 141,000 ozs.

There were no other significant changes in the state of affairs of the Company during the financial year.

### **EVENTS SINCE THE END OF THE FINANCIAL YEAR**

After the announcement of the acquisition of the Wattle Gully project, Peter Benjamin retired as Managing Director and Chairman Luke Reinehr was appointed as interim CEO role while a replacement is secured. In addition Paul Adams was appointed as a Non-Executive Director in July 2018.

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Company in future financial years.

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

The Directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial years not already disclosed in this report.

### **ENVIRONMENTAL REGULATION**

The Company is subject to significant environmental regulation in respect of its exploration activities. Tenements in Western Australia and Victoria are granted subject to adherence to environmental conditions with strict controls on clearing, including a prohibition on the use of mechanised equipment or development without the approval of the relevant Government agencies, and with rehabilitation required on completion of exploration activities. These regulations are controlled by the Department of Mines, Industry Regulation and Safety (*Western Australia*) and the Department of Economic Development, Jobs, Transport and Resources (*Victoria*).

The Company conducts its exploration activities in an environmentally sensitive manner and is not aware of any breach of statutory conditions or obligations.

### Greenhouse Gas and Energy Data Reporting Requirements

The Directors have considered compliance with both the *Energy Efficiency Opportunity Act 2006* and the *National Greenhouse and Energy Reporting Act 2007* which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements for the year ended 30 June 2018, however reporting requirements may change in the future.

### INFORMATION ON DIRECTORS

<b>Luke Reinehr</b> LL.B, B.A. (Executive Chairman), Director since 23 March 2011		
Experience and expertise	<p>Luke was the Company's managing director from January 2013 until 31 July 2016 and was primarily responsible for driving Kalamazoo's early growth and path towards an initial public offer. Luke has been the executive chairman of Kalamazoo since 1 August 2016. Luke's core legal experience complements mining and resources, project development and information technology skills. Working across all levels of management, Luke has extensive partnership, director, CEO and chairman experience with companies in Australia and internationally.</p> <p>Luke holds a Bachelor of Law and a Bachelor of Arts degree from the University of Melbourne and Monash University respectively.</p>	
Other current directorships	None.	
Former directorships in last three years	None.	
Special responsibilities	Chair of the Board	
Interests in shares and options	Ordinary shares – Kalamazoo Resources Limited Unlisted options – Kalamazoo Resources Limited	931,246 4,000,000

**Angus Middleton** SA Fin, MSA (Non-Executive Director), Director since 5 February 2014

Experience and expertise	<p>Angus is a fund manager and former stockbroker who has extensive experience in the capital markets sector in Australia. He is currently a director of SA Capital Pty Ltd, a corporate advisory firm specialising in equity raisings and underwriting, and the managing director of SA Capital Funds Management Limited, an Adelaide based investment fund that has been involved in advising and raising equity for corporations in the form of venture capital, seed capital, private equity, pre-initial public offerings and initial public offerings.</p> <p>The Board considers Angus Middleton to be an independent Director as he is not a member of management and is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board.</p>	
Other current directorships	None.	
Former directorships in last three years	<p>Aphrodite Gold Limited (acquired by Spitfire Materials Limited under a Scheme of Arrangement (21 January 2014 to 20 December 2017))</p> <p>Bubs Australia Limited (formerly Hillcrest Litigation Services Limited (27 October 2010 to 20 December 2016))</p> <p>Dropsuite Limited (formerly Excalibur Mining Corporation Limited (6 May 2014 to 20 December 2016))</p>	
Special responsibilities	None.	
Interests in shares and options	<p>Ordinary shares – Kalamazoo Resources Limited</p> <p>Unlisted options – Kalamazoo Resources Limited</p>	<p>261,905</p> <p>2,857,143</p>

**Paul Adams** B.SC., GradDipAppFin and Investment (Non-Executive Director), Director since 2 July 2018

Experience and expertise	<p>Paul has an Honours degree in Geology and has 18 years' experience in the mining industry in exploration, open pit, underground and operational roles, both in Australia and overseas. He was Chief Mine Geologist and Evaluations Manager at Placer Dome's Granny Smith Mine in Western Australia, 2IC and production coordinator at the giant Porgera Gold Mine in Papua New Guinea and has held senior geology roles at Australian Gold Mines Ltd and Dominion Mining. He has an additional 12 years' experience as Director – Head of Research and Natural Resources at DJ Carmichael Pty Ltd, a Perth-based stockbroking and wealth management company, specialising in small to mid-cap resource companies. Paul has experience in evaluating and valuing a range of projects and companies across a range of commodities. Paul holds a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australia.</p>	
Other current directorships	Spectrum Rare Earths Limited (appointed 25 May 2018)	
Former directorships in last three years	None.	
Special responsibilities	None.	
Interests in shares and options	<p>Ordinary shares – Kalamazoo Resources Limited</p> <p>Unlisted options – Kalamazoo Resources Limited</p>	<p>Nil</p> <p>Nil</p>

**Peter Benjamin** B.Sc. (Hons), Grad Dip (Exploration), (Bus Admin), GAICD, MAusIMM, AFAIM (Managing Director), Director since 15 February 2013, retired 13 July 2018

Experience and expertise	<p>Peter is a geologist with over 30 years' experience in senior exploration, project, operational and executive management roles for both junior and mid-tier resources companies. These roles have included significant experience in the development and subsequent operations for open pit and underground precious, base metal and bulk mineral mines throughout Australia. Peter has extensive experience in managing and implementing exploration strategies which have led to the successful and ongoing discovery and delineation of new mineral resources and ore reserves. Peter was previously the managing director of Shaw River Manganese Ltd, a manganese focused mineral exploration and development company in Namibia.</p> <p>Peter was responsible for leading a team of up to 80 in all aspects of exploration, development/project geology, mine geology and the preparation of the mineral resources inventory at Iluka Resources Limited, for 11 years. Iluka's Exploration team won a number of industry awards including: "Explorer of the Year" in 2006 for the Tier 1 Jacinth-Ambrosia discoveries and Strezleki Environmental award for exploration excellence.</p>	
Other current directorships	None.	
Former directorships in last three years	None.	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary shares – Kalamazoo Resources Limited	275,000
	Unlisted options – Kalamazoo Resources Limited	4,857,143

## COMPANY SECRETARY

**Bernard Crawford** B.Com, CA, MBA, ACIS (appointed 12 August 2016)

Mr Crawford is a Chartered Accountant with over 20 years' experience in the resources industry in Australia and overseas. He has held various positions in finance and management with NYSE, TSX and ASX listed companies. Mr Crawford is the CFO and/or Company Secretary of a number of public companies. He holds a Bachelor of Commerce degree from the University of Western Australia, a Master of Business Administration from London Business School and is a Member of the Institute of Chartered Accountants in Australia and the Governance Institute of Australia.

## MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2018, and the numbers of meetings attended by each Director were:

	Board of Directors	
	A	B
Luke Reinehr	8	9
Peter Benjamin	9	9
Angus Middleton	9	9

A = Number of meetings attended.

B = Number of meetings held during the time the Director held office.

**RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS**

Mr Angus Middleton, being the Director retiring by rotation who, being eligible, will offer himself for re-election at the 2018 Annual General Meeting. Mr Adams was appointed to the Board on 2 July 2018 and by virtue of the Company’s Constitution and ASX Listing Rule 14.4 will stand for re-election at the Annual General Meeting.

**REMUNERATION REPORT (AUDITED)**

The Directors present the Kalamazoo Resources Limited 2018 Remuneration Report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report contains the following sections:

- a) Key management personnel covered in this report
- b) Remuneration governance and the use of remuneration consultants
- c) Executive remuneration policy and framework
- d) Relationship between remuneration and the Company’s performance
- e) Non-executive director remuneration policy
- f) Voting and comments made at the Company’s last Annual General Meeting
- g) Details of remuneration
- h) Service agreements
- i) Details of share-based compensation and bonuses
- j) Equity instruments held by key management personnel
- k) Loans to key management personnel
- l) Other transactions with key management personnel.

**a) Key management personnel covered in this report**

**Non-Executive and Executive Directors (see pages 26 to 28 for details about each director)**

Name	Position
Luke Reinehr	Executive Chairman
Angus Middleton	Non-Executive Director
Paul Adams	Non-Executive Director (appointed 2 July 2018)
Peter Benjamin	Managing Director (retired 13 July 2018)

**Other key management personnel**

Name	Position
Bernard Crawford	Company Secretary

**b) Remuneration governance and the use of remuneration consultants**

The Company does not have a Remuneration Committee. Remuneration matters are handled by the full Board of the Company. In this respect the Board is responsible for:

- the over-arching executive remuneration framework;
- the operation of the incentive plans which apply to executive directors and senior executives (the executive team), including key performance indicators and performance hurdles;
- remuneration levels of executives; and
- non-executive director fees.

The objective of the Board is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

In addition, all matters of remuneration are handled in accordance with the Corporations Act requirements, especially with regard to related party transactions. That is, none of the Directors participate in any deliberations regarding their own remuneration or related issues.

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the period ended 30 June 2018.

### **c) Executive remuneration policy and framework**

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

All executives receive consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. The Board reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries.

All remuneration paid to specified executives is valued at the cost to the Company and expensed. Options issued during the reporting period were valued using the Binomial option pricing model.

### **d) Relationship between remuneration and the Company's performance**

Emoluments of Directors are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of Directors. Fees paid to Directors are not linked to the performance of the Company. This policy may change once the exploration phase is complete and the Company is generating revenue. At present the existing remuneration policy is not impacted by the Company's performance including earnings and changes in shareholder wealth (e.g. changes in share price).

The Board has not set short term performance indicators, such as movements in the Company's share price, for the determination of Director emoluments as the Board believes this may encourage performance which is not in the long-term interests of the Company and its shareholders. The Board has structured its remuneration arrangements in such a way it believes is in the best interests of building shareholder wealth. The Board believes participation in the Company's Incentive Option Plan motivates key management and executives with the long-term interests of shareholders.

### **e) Non-executive director remuneration policy**

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration relevant to the office of Director.

The Board policy is to remunerate Non-Executive Directors at commercial market rates for comparable companies for their time, commitment and responsibilities. Non-Executive Directors

receive a Board fee but do not receive fees for chairing or participating on Board committees. Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.

The maximum annual aggregate Non-Executive Directors' fee pool limit is \$250,000 as disclosed in the Company's Prospectus dated 3 October 2016.

Fees for Non-Executive Directors are not linked to the performance of the Company. Non-Executive Directors' remuneration may also include an incentive portion consisting of options, subject to approval by shareholders.

#### f) Voting and comments made at the Company's last Annual General Meeting

Kalamazoo Resources Limited received more than 99% of "yes" votes on its remuneration report for the 2017 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

#### g) Details of remuneration

The following tables show details of the remuneration received by the Company's key management personnel for the current and previous financial year.

	Short-term benefits		Post-employment benefits	Share-based payments	Total \$	Options %
	Salary & fees \$	Non-monetary benefit \$	Superannuation \$	Options \$		
<b>2018</b>						
<i>Directors</i>						
L Reinehr	87,600	-	-	-	87,600	-
P Benjamin	262,800	-	-	-	262,800	-
A Middleton	36,000	-	3,420	-	39,420	-
<i>Executives</i>						
B Crawford	104,025	-	-	-	104,025	-
<b>TOTALS</b>	<b>490,425</b>	<b>-</b>	<b>3,420</b>	<b>-</b>	<b>493,845</b>	
<b>2017</b>						
<i>Directors</i>						
L Reinehr	151,100	-	-	177,150	328,250	54.0
P Benjamin	248,900	-	-	177,150	426,050	41.6
A Middleton	33,000	-	3,135	88,575	124,710	71.0
<i>Executives</i>						
B Crawford	110,572	-	-	44,287	154,859	28.6
<b>TOTALS</b>	<b>543,572</b>	<b>-</b>	<b>3,135</b>	<b>487,162</b>	<b>1,033,869</b>	

#### h) Service agreements

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms of appointment, including compensation relevant to the office of Director. Remuneration and other terms of employment for other members of key management personnel are formalised in service agreements as summarised below.



### P Benjamin, Managing Director

Mr Benjamin was remunerated pursuant to a formalised Executive Services Agreement ("Agreement"). Under the Agreement, the Company agreed to employ Mr Benjamin as Managing Director of the Company with a gross salary of \$262,800. Mr Benjamin retired effective 13 July 2018.

### B Crawford, Chief Financial Officer

Mr Crawford is remunerated pursuant to a formalised Executive Services Agreement ("Agreement"). Under the Agreement, the Company agrees to employ Mr Crawford as Chief Financial Officer and Company Secretary with his current gross salary being \$104,025. Either party may terminate the Agreement without cause by providing three months' written notice or by making payment in lieu of notice (in the case of the Company), based on the annual salary component. Should the Company terminate the Agreement with notice, it will also make a payment of three months' salary at the end of the notice period to Mr Crawford. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct, the Company can terminate employment at any time.

## i) Details of share-based compensation and bonuses

### Options

Options over ordinary shares in Kalamazoo Resources Limited are granted under the Incentive Option Plan ("IOP"). Participation in the IOP and any vesting criteria are at the Board's discretion and no individual has a contractual right to participate in the scheme or to receive any guaranteed benefits. Any options issued to Directors of the Company are subject to shareholder approval. No options were provided as remuneration to Directors and senior management during the current reporting period.

The fair value of options at grant date are independently determined using a Binomial pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The terms and conditions of each grant of options affecting remuneration in the current or future reporting periods are set out below:

	Option series	Number granted	Grant date	Vesting date	Expiry date	Exercise price	Value of options at grant date
L Reinehr	C	4,000,000	13 Sep 2016	13 Sep 2016	31 Dec 2019	\$0.30	\$177,150
P Benjamin	C	4,000,000	13 Sep 2016	13 Sep 2016	31 Dec 2019	\$0.30	\$177,150
A Middleton	C	2,000,000	13 Sep 2016	13 Sep 2016	31 Dec 2019	\$0.30	\$88,575
Executives							
B Crawford	C	1,000,000	13 Sep 2016	13 Sep 2016	31 Dec 2019	\$0.30	\$44,287

Further information on the fair value of share options and assumptions is set out in Note 22 to the financial statements.

## j) Equity instruments held by key management personnel

The following tables detail the number of fully paid ordinary shares and options over ordinary shares in the Company that were held during the financial year by key management personnel of the Company, including their close family members and entities related to them.

### Options

	Opening balance at 1 July	Granted as remuneration	Options exercised	Net change (other)	Balance at 30 June	Vested but not exercisable	Vested and exercisable	Vested during the year
<b>2018</b>								
Directors								
L Reinehr	4,000,000	-	-	-	4,000,000	-	4,000,000	-
P Benjamin	4,857,143	-	-	-	4,857,143	-	4,857,143	-
A Middleton	2,857,143	-	-	-	2,857,143	-	2,857,143	-
Executives								
B Crawford	1,000,000	-	-	-	1,000,000	-	1,000,000	-
<b>TOTAL</b>	<b>12,714,286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,714,286</b>	<b>-</b>	<b>12,714,286</b>	<b>-</b>

During the year, no ordinary shares in the Company were provided as a result of the exercise of remuneration options.

### Shareholdings

	Opening balance at 1 July	Granted as remuneration	Options exercised	Net change (other)	Balance at 30 June
<b>2018</b>					
Directors					
L Reinehr	500,000	-	-	431,246	931,246
P Benjamin	275,000	-	-	-	275,000
A Middleton	261,905	-	-	-	261,905
Executives					
B Crawford	175,000	-	-	-	175,000
<b>TOTAL</b>	<b>1,211,905</b>	<b>-</b>	<b>-</b>	<b>431,246</b>	<b>1,643,151</b>

## k) Loans to key management personnel

There were no loans to individuals or any key management personnel during the financial year or the previous financial year.

## l) Other transactions with key management personnel

There were no other transactions with key management personnel during the financial year or the previous financial year.

END OF REMUNERATION REPORT (AUDITED)

## SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
9 November 2014	9 November 2019	\$0.70	2,757,602
1 November 2015	1 November 2019	\$0.20	2,857,143
13 September 2016	13 December 2019	\$0.30	12,250,000
23 December 2016	23 December 2018	\$0.20	5,000,000
23 December 2016	23 December 2018	\$0.25	5,000,000
29 March 2018	31 March 2021	\$0.25	2,000,000
17 July 2018	30 November 2021	\$0.25	2,500,000
<b>TOTAL</b>			<b>32,364,745</b>

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

## SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no other shares issued on the exercise of options during the year and up to the date of this report.

## CORPORATE GOVERNANCE STATEMENT

The Company's 2018 Corporate Governance Statement has been released as a separate document and is located on the Company's website at <http://www.kzr.com.au/corporate-governance/>.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium to insure the Directors and Officers of the entity against any liability incurred as a Director or Officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits the disclosure of the nature of the liabilities covered or the amount of the premium paid.

The Company has not entered into any agreement with its current auditors indemnifying them against claims by a third party arising from their position as auditor.

## NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor (Grant Thornton Audit Pty Ltd) for audit and non-audit services provided during the year are set out in Note 17. During the year ended 30 June 2018 no amounts were paid or were payable for non-audit services provided by the auditor of the Company (2017: \$20,850).

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Signed in accordance with a resolution of the Directors.

A handwritten signature in blue ink, appearing to read "Luke Reinehr", is written over a light blue dashed horizontal line.

Luke Reinehr  
**Chairman**

Perth, 14 September 2018

## 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 audit of Kalamazoo Resources Limited for the year ended 30 June 2018, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner – Audit & Assurance

Perth, 14 September 2018

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
Revenue from operating activities	3(a)	-	12,687
Other income	3(b)	744,669	102,812
Employee benefits expense	3(c)	(222,744)	(828,283)
Depreciation expense		(4,881)	(3,891)
Finance expense	3(d)	-	(5,663)
Exploration expenditure write-off	9	(17,439)	(77,230)
Other expenses	3(e)	(734,444)	(847,333)
<b>Loss from continuing operations before income tax</b>		<b>(234,839)</b>	(1,646,901)
Income tax benefit	5	-	-
<b>Loss after income tax for the period attributable to the owners of Kalamazoo Resources Limited</b>		<b>(234,839)</b>	(1,646,901)
Other comprehensive income		-	-
<b>Other comprehensive income for the period (net of tax)</b>		<b>-</b>	-
Total comprehensive loss for the period attributable to the owners of Kalamazoo Resources Limited		<b>(234,839)</b>	(1,646,901)
		<b>Cents per share</b>	Cents per share
<b>Loss per share attributable to the owners of Kalamazoo Resources Limited</b>			
Basic profit/(loss) per share	16	(0.27)	(2.39)

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

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	1,138,441	3,567,884
Trade and other receivables	7	85,055	152,731
Other current assets	8	22,940	20,196
<b>Total Current Assets</b>		<b>1,246,436</b>	3,740,811
<b>Non-Current Assets</b>			
Property, plant and equipment		8,866	7,832
Exploration and evaluation assets	9	5,302,172	2,882,605
Other non-current assets	10	13,750	13,750
<b>Total Non-Current Assets</b>		<b>5,324,788</b>	2,904,187
<b>TOTAL ASSETS</b>		<b>6,571,224</b>	6,644,998
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	348,961	705,867
Short-term provisions	12	14,460	20,289
<b>Total Current Liabilities</b>		<b>363,421</b>	726,156
<b>TOTAL LIABILITIES</b>		<b>363,421</b>	726,156
<b>NET ASSETS</b>		<b>6,207,803</b>	5,918,842
<b>EQUITY</b>			
Contributed equity	13	11,936,245	11,486,245
Reserves	14	1,146,032	1,072,232
Accumulated losses	15	(6,874,474)	(6,639,635)
<b>TOTAL EQUITY</b>		<b>6,207,803</b>	5,918,842

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

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>At 1 July 2016</b>	<b>6,329,681</b>	<b>151,736</b>	<b>(4,992,734)</b>	<b>1,488,683</b>
Total comprehensive loss for the period	-	-	(1,646,901)	(1,646,901)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period (net of tax)	-	-	<b>(1,646,901)</b>	<b>(1,646,901)</b>
Transactions with owners in their capacity as owners				
Issue of shares – August 2016	455,000	-	-	455,000
Issue of shares – September 2016	600,000	-	-	600,000
Issue of IPO shares – December 2016	5,000,000	-	-	5,000,000
Issue of shares – April 2017	30,000	-	-	30,000
Transaction costs of issuing shares	(928,436)	-	-	(928,436)
Issue of executive options	-	542,541	-	542,541
Issue of options to DJ Carmichael	-	377,955	-	377,955
<b>At 30 June 2017</b>	<b>11,486,245</b>	<b>1,072,232</b>	<b>(6,639,635)</b>	<b>5,918,842</b>
<b>At 1 July 2017</b>	<b>11,486,245</b>	<b>1,072,232</b>	<b>(6,639,635)</b>	<b>5,918,842</b>
Total comprehensive loss for the period	-	-	(234,839)	(234,839)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period (net of tax)	-	-	<b>(234,839)</b>	<b>(234,839)</b>
Transactions with owners in their capacity as owners				
Issue of shares for Pilbara tenements	450,000	-	-	450,000
Issue of options to consultants	-	73,800	-	73,800
<b>At 30 June 2018</b>	<b>11,936,245</b>	<b>1,146,032</b>	<b>(6,874,474)</b>	<b>6,207,803</b>

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



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(861,169)	(1,087,300)
Interest received		48,075	36,629
Interest paid		-	(5,663)
Research and development tax rebate received		702,111	57,793
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	23	<b>(110,983)</b>	(998,541)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(5,916)	-
Payments for exploration activities		(2,037,544)	(815,856)
Payments for acquisition of Pilbara tenements		(275,000)	(815,856)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(2,318,460)</b>	(815,856)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	6,055,000
Share issue costs		-	(550,481)
Proceeds from borrowings		-	-
Repayment of borrowings		-	(200,000)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-</b>	5,304,519
Net increase in cash and cash equivalents		(2,429,443)	3,490,122
Cash and cash equivalents at beginning of period		3,567,884	77,762
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	6	<b>1,138,441</b>	3,567,884

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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### NOTE 1: CORPORATE INFORMATION

The financial report of Kalamazoo Resources Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 14 September 2018.

Kalamazoo Resources Limited is a for-profit company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The nature of the operation and principal activities of the entity are described in the attached Directors' Report.

The principal accounting policies adopted in the preparation of these financial statements are set out below and have been applied consistently to all periods presented in the financial statements.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. The Company is a for-profit entity for the purposes of preparing the financial statements.

#### Compliance with IFRS

The financial statements of Kalamazoo Resources Limited also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

#### New and amended accounting standards and interpretations adopted by the Company

The following standards relevant to the operations of the Company and effective from 1 July 2017 have been adopted. The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

- AASB 2016-1: *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*;
- AASB 2016-2: *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*; and
- AASB 2017-2: *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle*.

#### New accounting standards and interpretations

The following new and amended accounting standards and interpretations relevant to the operations of the Company have been published but are not mandatory for the current financial year. The Company has decided against early adoption of these standards and, based on its preliminary assessment, does not expect that there will be a material impact on the financial statements from the adoption of these standards.

The key new standards which may impact the Company in future years are detailed below:

New or revised requirement	Application date of standard	Application date for Company
<p><b>AASB 9: <i>Financial Instruments</i></b></p> <p>AASB 9 replaces AASB 139: <i>Financial Instruments: Recognition and Measurement</i>. The objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.</p>	1 Jan 2018	1 Jul 2018
<p><b>AASB 15: <i>Revenue from Contracts with Customers</i></b></p> <p>The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.</p>	1 Jan 2018	1 Jul 2018
<p><b>AASB 2016-5: <i>Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions</i></b></p> <p>This Standard amends AASB 2: <i>Share-based Payment</i>, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:</p> <ul style="list-style-type: none"> <li>• The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments.</li> <li>• Share-based payment transactions with a net settlement feature for withholding tax obligations.</li> <li>• A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.</li> </ul> <p>The entity is yet to undertake a detailed assessment of the impact of AASB 2016-5. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.</p>	1 Jan 2018	1 Jul 2018
<p><b>AASB 16: <i>Leases</i></b></p> <p>This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.</p> <p>The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.</p>	1 Jan 2019	1 Jul 2019

**a) Basis of measurement****Historical cost convention**

These financial statements have been prepared under the historical cost convention, except where stated.

**Critical accounting estimates**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed where appropriate.

**b) 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 Company incurred an operating loss after income tax for the year ended 30 June 2018 of \$234,839 (2017: \$1,646,901) and experienced net cash outflows from operating and investing activities of \$2,429,443 (2017: \$1,814,397). As at 30 June 2018 the Group had cash and cash equivalents of \$1,138,441 (2017: \$3,567,884).

The Company has the ability to defer or reduce its operating expenditure and commitments, or to dispose of assets. However, based on its current projected work program it is anticipated that it will be necessary for the Company to raise additional equity capital during the next twelve months.

The Directors are of the opinion that its projects are very prospective and that the ongoing gold and base metal potential of its projects will enable the Company to secure fresh capital as and when required. The Directors have reviewed the Company's financial position and are of the opinion that the going concern basis of accounting is appropriate having regard to the matters outlined above.

If the Company is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements.

**c) Critical accounting judgements and key sources of estimation uncertainty**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **Share-based payment transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

### **Exploration and evaluation costs carried forward**

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the Directors. In conducting the review, if any impairment indicators are identified, the recoverable amount is then assessed by reference to the higher of "fair value less costs to sell" and, if applicable, "value in use".

In determining value in use, future cash flows are based on estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction, production and sales levels, future commodity prices, future capital and production costs and future exchange rates.

Variations to any of these estimates, and timing thereof, could result in significant changes to the expected future cash flows which in turn could result in significant changes to the impairment test results, which in turn could impact future financial results.

### **d) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Kalamazoo Resources Limited.

### **e) Functional and presentation of currency**

The financial statements are presented in Australian dollars, which is the Company's functional and presentational currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Statement of Profit or Loss and Other Comprehensive Income, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit or Loss and Other Comprehensive Income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### **f) Revenue recognition**

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Interest income is recognised as it accrues.

## **g) Income tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## **h) Leases**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

**i) Impairment of assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**j) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with maturities of three months or less.

**k) Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are 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.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the profit or loss.

**l) Exploration and evaluation expenditure**

Exploration and evaluation expenditure, including the costs of acquiring licences and permits, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of minerals in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property and development assets within property, plant and equipment.

When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

### **m) Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the diminishing value and prime cost methods to allocate their cost, net of their residual values, over their estimated useful lives, or in the case of certain leased plant and equipment, the shorter lease term as follows:

- Motor vehicles 8 years
- Office and computer equipment 1–10 years
- Furniture, fittings and equipment 1–10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

### **n) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid



within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

## **o) Employee benefits**

### **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. All other short-term employee benefit obligations are presented as payables.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

### **Other long-term obligations**

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service, is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### **Share-based payments**

The Company provides benefits to employees of the Company in the form of share options. The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number that vest.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

### **Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of

withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value. No termination benefits, other than accrued benefits and entitlements, were paid during the period.

**p) Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**q) Earnings per share**

**Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

**Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**r) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**s) Financial assets**

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the

Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

#### t) Other income

Amounts received or receivable from the Australian Tax Office (ATO) in respect of the Research and Development Tax Rebate (R&D Rebate) are recognised in Other Income for the year in which the claim is lodged with the ATO. Management assesses its research and development activities and expenditures to determine if these are likely to eligible under the R&D Rebate.

The Company records the benefit of the R&D Rebate only when it has obtained sufficient evidence from the ATO that the credit will be granted.

### NOTE 3: REVENUE AND EXPENSES

#### a) Revenue from operating activities

	2018 \$	2017 \$
Rock sales royalty	-	12,687
Total revenue from operating activities	-	12,687

#### b) Other income

	2018 \$	2017 \$
Interest revenue	42,558	45,019
R&D tax rebate	702,111	57,793
Total other income	744,669	102,812

#### c) Employee benefits expense

	2018 \$	2017 \$
Wages, salaries, directors fees and other remuneration expenses	215,844	279,872
Superannuation contributions	6,900	5,870
Share-based payments expense	-	542,541
Total employee benefits expense	222,744	828,283

#### d) Finance expense

	2018 \$	2017 \$
Interest paid	-	5,663
Total finance expenses	-	5,663

**NOTE 3: REVENUE AND EXPENSES (Continued)****e) Other expenses**

	2018 \$	2017 \$
Secretarial, professional and audit costs	266,926	232,592
Corporate consultants	284,371	166,443
Travel and promotion	31,349	116,272
ASX	35,259	84,580
Occupancy costs	57,909	79,514
Legal	4,193	79,919
Other expenses	54,437	88,013
<b>Total other expenses</b>	<b>734,444</b>	<b>847,333</b>

**NOTE 4: SEGMENT INFORMATION**

The Company operates in one geographical segment, being Australia and in one operating category, being mineral exploration. Therefore, information reported to the chief operating decision maker (the Board of Kalamazoo Resources Limited) for the purposes of resource allocation and performance assessment is focused on mineral exploration within Australia. The Board has considered the requirements of AASB 8: *Operating Segments* and the internal reports that are reviewed by the chief operation decision maker in allocating resources and have concluded at this time that there are no separately identifiable segments.

**NOTE 5: INCOME TAX**

	2018 \$	2017 \$
Statement of Profit or Loss and Other Comprehensive Income		
<i>Current income tax:</i>		
- R&D tax concession	-	-
Income tax expense/(benefit) reported in the Statement of Profit or Loss and Other Comprehensive Income	-	-
A reconciliation of income tax expense/(benefit) applicable to accounting profit/(loss) before income tax at the statutory income tax rate to income tax expense/(benefit) at the Company's effective income tax is as follows:		
Accounting loss from continuing operations before income tax	(234,839)	(1,646,901)
At the statutory income tax rate of 27.5% (2017: 27.5%)	(64,581)	(452,898)
<i>Add:</i>		
- Share-based payment	20,295	149,199
- Expenditures not allowable for income tax purposes	331	522
- Other deductible items	(30,276)	(46,169)
- Non-assessable items	(193,081)	-
- Net deferred tax asset not recognised due to not meeting recognition criteria	267,312	349,346
Deferred income tax		
Recognised on the Statement of Financial Position, deferred income tax at the end of the reporting period relates to the following: (2018: 27.5%, 2017: 27.5%)		
<i>Deferred income tax liabilities:</i>		
- Accrued income	790	2,307
- Capitalised expenditure deductible for tax purposes	1,152,467	698,605
- Net book value for depreciable assets	2,438	2,154
- Prepayments	4,183	1,911
	<b>1,159,878</b>	<b>704,977</b>
<i>Deferred income tax assets:</i>		
- Accruals	(17,462)	(9,171)
- Employee benefits	(4,452)	(5,736)
- Capital raising costs	(103,292)	(137,723)
- Tax losses available to offset DTL	(1,034,672)	(552,347)
Net deferred tax asset/(liability)	-	-

In the 2018 income year, the Government had enacted a change in the company tax rate based on the type of entity. A company which satisfies a base rate entity test must apply the lower tax rate of 27.5%. A base rate entity is a company that both has an aggregate turnover less than \$25M for the 2018 income year and is carrying on a business. Kalamazoo Resources Limited satisfies the criteria to be a base rate entity. However, currently there is a Bill before the Senate that may alter the position of the tax rate for Kalamazoo. The retrospective impact, when enacted, will be only on the amount of deferred tax asset, no amount is disclosed.

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise benefits.

The utilisation of tax losses is dependent on the Company satisfying the continuity of ownership test or the same business test at the time the tax losses are applied against taxable income.

**NOTE 6: CASH AND CASH EQUIVALENTS**

	2018 \$	2017 \$
Cash at bank and on hand	538,441	567,884
Short-term deposits	600,000	3,000,000
	<b>1,138,441</b>	<b>3,567,884</b>

The weighted average interest rate for the year was 1.09% (2017: 1.45%).

The Company's exposure to interest rate risk is set out in Note 21. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

**NOTE 7: TRADE AND OTHER RECEIVABLES**

	2018 \$	2017 \$
Current		
Debtors and prepayments	1,569	67,348
GST receivable	83,486	85,383
	<b>85,055</b>	<b>152,731</b>

The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that these amounts will be received when due. The Company's financial risk management objectives and policies are set out in Note 21.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

**NOTE 8: OTHER CURRENT ASSETS**

	2018 \$	2017 \$
Prepayments	20,067	11,806
Accrued interest	2,873	8,390
	<b>22,940</b>	<b>20,196</b>

**NOTE 9: EXPLORATION AND EVALUATION**

	2018 \$	2017 \$
Capitalised cost at the beginning of the period	2,882,605	1,605,440
Exploration and expenditure incurred during the year	2,437,006	1,354,395
Impairment of exploration and evaluation assets	(17,439)	(77,230)
Closing balance	<b>5,302,172</b>	<b>2,882,605</b>

The recoverability of the carrying amount of deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

**NOTE 10: OTHER NON-CURRENT ASSETS**

	2018 \$	2017 \$
Deposits paid	13,750	13,750
	<b>13,750</b>	<b>13,750</b>

**NOTE 11: TRADE AND OTHER PAYABLES**

	2018 \$	2017 \$
Trade creditors	200,204	650,814
Other payables and accruals	148,757	55,053
	<b>348,961</b>	<b>705,867</b>

Trade creditors are non-interest bearing and are normally settled on 30-day terms. The Company's financial risk management objectives and policies are set out in Note 21. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

**NOTE 12: PROVISIONS**

	2018 \$	2017 \$
Short-term Annual leave	14,460	20,289
	<b>14,460</b>	<b>20,289</b>

**NOTE 13: CONTRIBUTED EQUITY****a) Share capital**

	2018 Number	2017 Number
Ordinary shares fully paid	89,488,577	83,391,016

**b) Movements in ordinary shares on issue**

	Number	\$
Balance at 1 July 2016	333,742,060	6,329,681
1 for 7 consolidation of shares – August 2016	(286,064,621)	-
Shares issued – August 2016	4,550,000	455,000
Shares issued – September 2016	6,000,000	600,000
Shares issued pursuant to prospectus – December 2016	25,000,000	5,000,000
Shares issued – April 2017	163,577	30,000
Share issue costs	-	(928,436)
Balance at 30 June 2017	<b>83,391,016</b>	<b>11,486,245</b>
Shares issued – October 2017 and April 2018 <sup>(1)</sup>	6,097,561	450,000
Balance at 30 June 2018	<b>89,488,577</b>	<b>11,936,245</b>

<sup>(1)</sup> Shares issued for the acquisition of the Pilbara tenements.

**NOTE 13: CONTRIBUTED EQUITY (Continued)**

Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

**c) Movements in options on issue**

	2018 Number	2017 Number
Balance at beginning of the financial year	27,864,745	39,303,219
1 for 7 consolidation of options	-	(33,688,474)
Options granted	2,000,000	22,250,000
Balance at the end of the financial year	<u>29,864,745</u>	<u>27,864,745</u>

**NOTE 14: RESERVES**

	2018 \$	2017 \$
Share option reserve		
Opening balance	1,072,232	151,736
Issue of options to consultants	73,800	-
Issue of employee options to executives and employees	-	542,541
Issue of options to DJ Carmichael (and nominees)	-	377,955
Balance at the end of the financial year	<u>1,146,032</u>	<u>1,072,232</u>

**NOTE 15: ACCUMULATED LOSSES**

	2018 \$	2017 \$
Balance at the beginning of the financial year	(6,639,635)	(4,992,734)
Net loss attributable to members	(234,839)	(1,646,901)
Balance at the end of the financial year	<u>(6,874,474)</u>	<u>(6,639,635)</u>



**NOTE 16: EARNINGS PER SHARE**

	2018 Cents	2017 Cents
Basic profit/(loss) per share	(0.27)	(2.39)
Diluted profit/(loss) per share	(0.27)	(2.39)

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

	2018 \$	2017 \$
Profit/(loss) used in calculating basic and diluted earnings per share	(234,839)	(1,646,901)

	2018 Number	2017 Number
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	85,902,432	69,029,109

**NOTE 17: AUDITOR'S REMUNERATION**

	2018 \$	2017 \$
Audit services		
Grant Thornton Audit Pty Ltd		
- Audit and review of the financial reports	32,300	47,000
- Taxation compliance	-	6,900
- Other services	-	13,950
Total remuneration	32,300	67,850

**NOTE 18: CONTINGENT ASSETS AND LIABILITIES**

The Company had contingent liabilities in respect of:

**Future royalty payments**

In February 2013, the Company entered into a Farmout and Joint Venture Agreement with Giralia Resources Pty Ltd ("Giralia") (a subsidiary of Atlas Iron Limited) covering Cork Tree tenements E52/2056 and E52/2057. The Company currently holds a 51% interest in these tenements. Should the Company proceed to a decision to mine, Giralia may elect either to contribute its proportion of the mining costs or convert its interest to a 2% gross royalty of all proceeds (except iron ore, clay, stone and sand).

In April 2013, the Company entered into the Snake Well Sale Agreement ("Agreement") with Carlinga Mining Pty Ltd ("Carlinga") and Giralia (jointly "the Sellers") whereby the Sellers sold various tenements to the Company. A number of the tenements which were the subject of the Agreement are no longer in existence and others have been converted into Mining Leases. The Mining Leases covered by this agreement are M59/41, M59/474, M59/476, M59/477 and M59/565. The balance of the purchase price of the tenements (\$625,000) is payable by a gross royalty of \$16 per ounce of gold produced and sold from the tenement area.

### NOTE 18: CONTINGENT ASSETS AND LIABILITIES (Continued)

In April 2015, the Company assumed the obligations of the Native Title Agreement between Carlinga and the Mullewa Wadjari People covering Mining Leases M59/474, M59/476, M59/477 and M59/565. A production royalty ranging from 0.116% to 0.333% (based on the gold price) is payable on gold recovered and sold from the Mining Leases.

In April 2015, the Company also assumed the obligations of the Mining Agreement between Carlinga and the Wajarri Yamatji Claim Group covering Mining Leases M59/474, M59/476, M59/477 and M59/565. A production royalty ranging from 0.116% to 0.333% (based on the gold price) is payable on gold recovered and sold from the Mining Leases.

In April 2018, the Company entered into a Tenement Sale Agreement with Great Sandy Pty Ltd, Drillabit Pty Ltd and KS Gold Pty Ltd ("Holders") whereby it acquired between 80% and 100% in three gold projects in WA's Pilbara region. Should the Company achieve a 50,000oz Au JORC Resource within five years on any of the tenements the subject of the Tenement Sale Agreement, then the Company must pay \$1,000,000 to the Holders. The Company may elect to issue its ordinary shares to the value of \$1,000,000 (at the then current 5 day VWAP less 20%) or cash or a combination of both.

There are no other material contingent assets or liabilities as at 30 June 2018.

### NOTE 19: EVENTS OCCURRING AFTER THE REPORTING PERIOD

After the announcement of the acquisition of the Wattle Gully project, Peter Benjamin retired as Managing Director and Chairman Luke Reinehr was appointed as interim CEO role while a replacement is secured. In addition Paul Adams was appointed as a Non-Executive Director in July 2018.

There have been no other events subsequent to the reporting date which are sufficiently material to warrant disclosure.

### NOTE 20: COMMITMENTS

In order to maintain an interest in the exploration tenements in which the Company is involved, the Company is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the Company are subject to the minimum expenditure commitments required as per the *Mining Act 1978* (Western Australia), and the *Mineral Resources (Sustainable Development) Act 1990* (Victoria) and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. Currently, the minimum expenditure commitments for the granted tenements is \$910,300 (2017: \$622,800) per annum.

Commitments in relation to the lease of office premises are payable as follows:

	2018 \$	2017 \$
Within one year	46,405	62,542
Later than one year but not later than five years	-	34,333
Later than five years	-	-
	46,405	96,875

## NOTE 21: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Financial Risk Management

#### Overview

The Company has exposure to the following risks from their use of financial instruments:

- Interest rate risk
- Credit risk
- Liquidity risk
- Commodity risk.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's principal financial instruments are cash, short-term deposits, receivables and payables.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the Company uses.

Interest-bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. It is the Company's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

**NOTE 21: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

	Floating interest rate \$	Fixed interest rate maturing in			Non-interest bearing \$	Total \$
		1 year or less \$	Over 1 to 5 years \$	More than 5 years \$		
<b>2018</b>						
Financial assets						
Cash and cash equivalents	522,779	600,000	-	-	15,662	1,138,441
Trade and other receivables	-	-	-	-	85,055	85,055
	<u>522,779</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>100,717</u>	<u>1,223,496</u>
Weighted average interest rate	0.54%	2.29%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	348,961	348,961
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>348,961</u>	<u>348,961</u>
Weighted average interest rate	-	-	-	-	-	-

<b>2017</b>						
Financial assets						
Cash and cash equivalents	394,922	3,000,000	-	-	172,962	3,567,884
Trade and other receivables	-	-	-	-	152,731	152,731
	<u>394,922</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>325,693</u>	<u>3,720,615</u>
Weighted average interest rate	0.60%	2.55%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	705,867	705,867
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>705,867</u>	<u>705,867</u>
Weighted average interest rate	-	-	-	-	-	-

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below:

	Carrying value at period end \$	Profit or loss		Equity	
		100 bp increase \$	100 bp decrease \$	100 bp increase \$	100 bp decrease \$
<b>2018</b>					
Financial assets					
Cash and cash equivalents	1,138,441	39,130	(39,130)	39,130	(39,130)
Cash flow sensitivity (net)		<u>39,130</u>	<u>(39,130)</u>	<u>39,130</u>	<u>(39,130)</u>
<b>2017</b>					
Financial assets					
Cash and cash equivalents	3,567,884	31,084	(31,084)	31,084	(31,084)
Cash flow sensitivity (net)		<u>31,084</u>	<u>(31,084)</u>	<u>31,084</u>	<u>(31,084)</u>

**NOTE 21: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**
**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. The Company trades only with recognised, creditworthy third parties. It is the Company policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The maximum exposure to credit risk is the carrying value of the receivable, net of any provision for doubtful debts.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. This risk is minimised by reviewing term deposit accounts from time to time with approved banks of a sufficient credit rating which is AA and above.

**Exposure to credit risk**

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	2018 \$	2017 \$
Cash and cash equivalents	1,138,441	3,567,884
Trade and other receivables	85,055	152,731
	<b>1,223,496</b>	<b>3,720,615</b>

**Foreign currency risk**

The Company's exposure to foreign currency risk is minimal at this stage of its operations.

**Commodity price risk**

The Company's exposure to commodity price risk is minimal at this stage of its operations.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**NOTE 21: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

The Company's objective is to maintain a balance between continuity of funding and flexibility. The following are the contractual maturities of financial liabilities:

	Carrying amount \$	Contractual cash flows \$	6 months or less \$
<b>2018</b>			
Trade and other payables	348,961	-	348,961
	<b>348,961</b>	<b>-</b>	<b>348,961</b>
Trade and other receivables	85,055	-	85,055
	<b>85,055</b>	<b>-</b>	<b>85,055</b>
<b>2017</b>			
Trade and other payables	705,867	-	705,867
	<b>705,867</b>	<b>-</b>	<b>705,867</b>
Trade and other receivables	152,731	-	152,731
	<b>152,731</b>	<b>-</b>	<b>152,731</b>

**Fair value of financial assets and liabilities**

The fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the Company is equal to their carrying value.

**Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the Company's capital is performed by the Board.

The capital structure of the Company consists of net debt (trade payables and provisions detailed in Notes 11 and 12 offset by cash and bank balances) and equity of the Company (comprising contributed equity and reserves, offset by accumulated losses detailed in Notes 13, 14 and 15).

The Company is not subject to any externally imposed capital requirements. None of the Company's entities are subject to externally imposed capital requirements.

**NOTE 22: SHARE-BASED PAYMENTS****Incentive Option Plan**

The Company has an Incentive Option Plan ("IOP") for executives and employees of the Company. In accordance with the provisions of the IOP, executives and employees may be granted options at the discretion of the Directors.

Each share option converts into one ordinary share of Kalamazoo Resources Limited on exercise. No amounts are paid or are payable by the recipient on receipt of the option. The options carry neither rights of dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Options issued to Directors are subject to approval by shareholders.

**NOTE 22: SHARE-BASED PAYMENTS (Continued)**

The following share-based payment arrangements were in existence during the reporting period:

Option series	Number	Grant date	Expiry date	Vesting date	Exercise price	Fair value at grant date
A	2,757,602	9 Nov 2014	9 Nov 2019	Immediate	\$0.70	-
B	2,857,143	1 Nov 2015	1 Nov 2019	Immediate	\$0.20	\$0.007587
C	12,250,000	13 Sep 2016	31 Dec 2019	Immediate	\$0.30	\$0.044287

**Fair value of share options granted during the year**

During the year, the Company issued 2,000,000 options to consultants for services rendered. The fair value of these options was determined using the Black Scholes pricing model. The fair value of share options expensed issued during the year was \$73,800 (2017: \$542,541).

The model inputs for options granted during the year ended 30 June 2018 are as follows:

Inputs	Issue F
Exercise price	\$0.25
Grant date	29 March 2018
Expiry date	31 March 2021
Share price at grant date	\$0.08
Annualised volatility (%)	110.00%
Risk-free interest rate (%)	2.02%
Expected dividend yield (%)	0%

**Movements in share options during the year**

Movement in the number of share options held by Directors and employees:

	2018		2017	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	27,864,745	0.302	39,303,219	0.054
1 for 7 consolidation, re-pricing and re-dating of options <sup>(1)</sup>	-	-	(33,688,474)	-
Granted and vested during the year	2,000,000	0.250	22,250,000	0.266
Outstanding at the end of the year	29,864,745	0.299	27,864,745	0.302
Exercisable at the end of the year	29,864,745	0.299	27,864,745	0.302

(1) During the year ended 30 June 2017, the outstanding options at the beginning of that year were consolidated on the basis of 1 for 7 and the exercise prices and expiry dates changed.

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.22 years (2017: 2.11 years).

**NOTE 22: SHARE-BASED PAYMENTS (Continued)****Share options outstanding at the end of the year**

Share options issued and outstanding at the end of the year have the following exercise prices:

Expiry date	Exercise price \$	2018 Number	2017 Number
9 November 2019	0.70	2,757,602	2,757,602
1 November 2019	0.20	2,857,143	2,857,143
31 December 2019	0.30	12,250,000	12,250,000
23 December 2018	0.20	5,000,000	5,000,000
23 December 2018	0.25	5,000,000	5,000,000
31 March 2021	0.25	2,000,000	-
<b>Totals</b>		<b>29,864,745</b>	<b>27,864,745</b>

**NOTE 23: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES**

	2018 \$	2017 \$
Loss for the period	(234,839)	(1,646,901)
Non-cash flows in profit/(loss):		
- Depreciation	4,881	3,891
- Exploration expenditure written off	17,439	77,230
- Share-based remuneration	-	542,541
- Share-based payment	73,800	30,000
Changes in assets and liabilities:		
- Decrease/(Increase) in trade and other receivables	1,202	(43,355)
- Decrease/(Increase) in other current assets	(2,744)	(575)
- Increase/(Decrease) in trade and other payables	35,107	32,089
- Increase/(Decrease) in other non-current assets	-	(13,750)
- Increase/(Decrease) in provisions	(5,829)	20,289
<b>Net cash used in operating activities</b>	<b>(110,983)</b>	<b>(998,541)</b>

**Non-cash investing and financing activities**

There were no non-cash investing and financing activities during the year.



**NOTE 24: RELATED PARTY DISCLOSURE****a) Parent entity**

Kalamazoo Resources Limited

Class	Country of incorporation
Ordinary	Australia

**b) Key management personnel compensation**

Short-term employee benefits  
 Post-employment benefits  
 Share-based payments

	2018 \$	2017 \$
Short-term employee benefits	490,425	543,572
Post-employment benefits	3,420	3,135
Share-based payments	-	487,162
	<b>493,845</b>	<b>1,033,869</b>

**Transactions with related parties**

During the year, the Company invoiced North Rossa Pty Ltd (Mr Luke Reinehr is the Managing Director of North Rossa Pty Ltd) in relation to expenditure incurred by the Company on North Rossa's behalf and for office space used by North Rossa Pty Ltd at the Company's Melbourne office. This was undertaken on an arm's length basis and in aggregate for the year ended 30 June 2018 totalled \$16,482 excluding GST (2017: \$26,513). As at 30 June 2018, \$1,569 excluding GST was outstanding (2017: \$10,237).

During the year, the Company invoiced MJ and SE Reinehr Pty Ltd (a company controlled by Mr Matthew Reinehr, a former director of the Company) for office space used by Mr Matthew Reinehr at the Company's Melbourne office. This was undertaken on an arm's length basis and in aggregate for the year ended 30 June 2018 totalled \$29,896 excluding GST (2017: \$17,095). As at 30 June 2018, \$Nil excluding GST was outstanding (2017: \$2,519).

Detailed remuneration disclosures are provided in the Remuneration Report on pages 29 to 33.

## DIRECTORS' DECLARATION

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The Directors of Kalamazoo Resources Limited declare that:

- 1) in the Directors' opinion, the financial statements and notes set out on pages 37 to 64 and the Remuneration Report in the Director's Report are in accordance with the *Corporations Act 2001*, including:
  - a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date; and
  - b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), *Corporations Regulations 2001* and mandatory professional reporting requirements.
- 2) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2; and
- 3) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Managing Director and Chief Financial Officer for the financial year ended 30 June 2018.

Signed in accordance with a resolution of the Directors.



Luke Reinehr

**Chairman**

Perth, Western Australia

14 September 2018

# Independent Auditor's Report

## To the Members of Kalamazoo Resources Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Kalamazoo Resources Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the financial statements, which indicates that the Company incurred a net loss of \$234,839 during the year ended 30 June 2018, and as of that date, the Company reported net cash outflows from operating and investing activities of \$2,429,443. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Exploration and evaluation assets - Notes 2(l) &amp; 9</b></p> <p>At 30 June 2018, the carrying value of exploration and evaluation assets was \$5.302 million.</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Company is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;</li> <li>• reviewing management's area of interest considerations against AASB 6;</li> <li>• conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> <li>○ tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;</li> <li>○ enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure;</li> <li>○ understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;</li> </ul> </li> <li>• assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; and</li> <li>• assessing the appropriateness of the related financial statement disclosures.</li> </ul>

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Directors' for the financial report**

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

#### **Report on the remuneration report**

##### **Opinion on the remuneration report**

We have audited the Remuneration Report included in pages 29 to 33 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Kalamazoo Resources Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner – Audit & Assurance

Perth, 14 September 2018

## ADDITIONAL SHAREHOLDER INFORMATION AS AT 7 SEPTEMBER 2018

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows.

### 1. DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Analysis of number of equity security holders by size of holding:

Shares held	Shareholders
1 to 1,000	12
1,001 to 5,000	40
5,001 to 10,000	88
10,001 to 100,000	303
100,001 and over	91
<b>Total</b>	<b>534</b>

The number of holders of less than a marketable parcel of ordinary fully paid shares is 74.

### 2. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders (i.e. shareholders who hold 5% or more of the issued capital):

Shareholder	Number of shares	Percentage held
Doux Argent Pty Ltd	22,756,964	25.43
Mutual Trust Pty Ltd	16,663,270	18.62

### 3. VOTING RIGHTS

#### a) Ordinary Shares

Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Company. At a general meeting, every shareholder present in person or by proxy, representative of attorney will have one vote on a show of hands and on a poll, one vote for each share held.

#### b) Options

No voting rights.

### 4. QUOTED SECURITIES ON ISSUE

The Company has 66,054,827 quoted shares on issue (total shares on issue including those subject to escrow is 89,488,577). No options on issue by the Company are quoted. In addition, the Company has the following shares subject to escrow:

Number of shares	End of escrow
23,433,750	16 January 2019

## 5. ON-MARKET BUY BACK

There is no current on-market buy back.

## 6. UNQUOTED EQUITY SECURITIES

Unlisted options (exercisable at)	Number on issue	Number subject to escrow	End of escrow	Number of holders
\$0.20 on or before 23 Dec 2018	5,000,000	5,000,000	16 Jan 2019	5
\$0.25 on or before 23 Dec 2018	5,000,000	5,000,000	16 Jan 2019	10
\$0.20 on or before 1 Nov 2019	2,857,143	2,571,429	16 Jan 2019	4
\$0.70 on or before 9 Nov 2019	2,757,602	1,954,031	16 Jan 2019	3
\$0.30 on or before 31 Dec 2019	12,250,000	10,000,000	16 Jan 2019	6
\$0.25 on or before 31 Mar 2021	2,000,000	-	-	2
\$0.25 on or before 31 Nov 2021	2,500,000	-	-	4

## 7. TWENTY LARGEST HOLDERS OF QUOTED ORDINARY SHARES

Shareholder	Number of shares	Percentage held
Doux Argent Pty Ltd	22,756,964	25.43
Mutual Trust Pty Ltd	16,663,270	18.62
Mr Hossein Sabet	2,500,000	2.79
HSBC Custody Nominees Limited	2,322,000	2.59
J P Morgan Nominees Australia Limited	2,081,929	2.33
K S Gold Pty Ltd	1,524,390	1.70
Outback Trees of Australia Pty Ltd	1,226,675	1.37
L & L Reinehr ATF Luke & Lisa Reinehr Super Fund	931,246	1.04
Mrs Anne Maree Richardson	914,634	1.02
Bulletin Resources Limited	900,000	1.01
Hampton Park Pty Ltd	875,000	0.98
Del Paggio Nominees Pty Ltd	800,000	0.89
WGS Pty Ltd	740,000	0.83
Coolstorm Pty Ltd	733,840	0.82
The Australian Special Opportunities Fund LP	723,810	0.81
Mrs JS and Mr DJ Piggin	700,000	0.78
Elpacha Pty Ltd	633,840	0.71
Leet Investments Pty Ltd	600,000	0.67
Ms Langtree Coppin	579,269	0.65
Great Sandy Pty Ltd	574,129	0.64
<b>Total</b>	<b>58,780,996</b>	<b>64.69</b>

## 8. ASX LISTING RULE 4.10.19 DISCLOSURE

In accordance with ASX Listing Rule 4.10.19, the Company advises that it has used the cash and assets in a form readily convertible to cash that it had at the time of the Company's admission to the Official List of ASX Limited on 12 January 2017 in a way consistent with its business objectives during the period from admission to 30 June 2018.



## TENEMENT SCHEDULE

Project/Tenement	Location	Status	Interest
Snake Well Project E59/2137 E59/2239 E59/2240 M59/0041 M59/0474 M59/0476 M59/0477 M59/0565	Western Australia	Granted Granted Granted Granted Granted Granted Granted Granted	100% 100% 100% 100% 100% 100% 100% 100%
Cork Tree Project E52/2056 E52/2057 E52/3042 E52/3514 E52/3515 E52/3540	Western Australia	Granted Granted Granted Granted Granted Granted	51% 51% 100% 100% 100% 100%
Pilbara Project – West Yule E45/5046	Western Australia	Granted	100%
Pilbara Project – The Sisters E47/2983	Western Australia	Granted	80% interest in minerals other than lithium
Pilbara Project – Dom’s Hill E45/4722 E45/4887	Western Australia	Granted Granted	100% 100%
Pilbara Project – Marble Bar E45/4724	Western Australia	Granted	100% interest in minerals other than lithium
Wattle Gully Project EL006679	Victoria	Granted	100%