



ANNUAL REPORT

For the year ended 30 June 2020

ABN 33 150 026 850

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CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Bernard Crawford

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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AUDITOR

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

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") and the Frankfurt Stock Exchange ("FRA")

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

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

It is with pleasure that I present to you Kalamazoo Resources Limited's ("Kalamazoo") 2020 Annual Report. Since listing on the ASX in January 2017, it has been an extremely busy and transformational time and the 2020 financial year was no different. Over the last year we have continued to expand and advance our projects in the Victorian Goldfields and Western Australia and in particular the acquisition of the 1.65Moz Ashburton Gold Project from Northern Star Resources Limited. Your Directors have continued their focus on creating a company that delivers tangible shareholder returns with major acquisitions and targeted exploration programs.

In Victoria we are committed to acquiring and exploring quality projects based upon our high-grade, large resource model. In that regard we significantly expanded the Castlemaine Gold Project tenure with the grant of Exploration Licence EL006752 and at the South Muckleford Gold Project with Exploration Licences EL006959 and EL007021.

During the year in Victoria we completed our first collaborative research project with CSIRO. In February 2020, a further research project with the CSIRO was announced using the latest UltraFine+™ geochemical sampling as a vector to gold mineralisation. This program has provided some exceptional results across the Castlemaine and South Muckleford Gold Projects and is consistent with our strategy of conducting exploration in a smarter, low impact manner and utilising new technologies and science.

We also undertook detailed Induced Polarisation (IP), ground magnetic surveys and 3D geological structural modelling across high ranking prospects at the Castlemaine Gold Project prior to commencing our maiden diamond drill program in November 2019. This program at the Mustang prospect saw ~5,000m drilled across 14 holes with anomalous or high-grade gold intersections (including 1.42m @ 261g/t Au) in every hole.

In the Pilbara we completed an extensive surface geochemical program and aeromagnetic / radiometric surveys at The Sisters Gold Project, along strike from the complex that hosts much of De Grey Mining Limited's Mallina Gold Project and its recent world class gold discovery at Hemi.

Since the acquisition of the Ashburton Gold Project in June 2020, our WA based Director Paul Adams, who is leading our exploration team in the Pilbara, has been building a first-class team. This is in conjunction with planning for an extensive exploration and drilling campaign with the aim to make new discoveries, substantially increase the 1.65Moz oxide and sulphide gold resource, and advance project development plans.

As to funding, we have been well supported with the ongoing receipt of the Snake Well Gold Project sale proceeds, the \$1.2m capital raise in July 2019 and the \$8m invested by Eric Sprott and Novo Resources Corp. in January 2020 when they each took a cornerstone equity position.

Kalamazoo completed its dual listing on the Frankfurt Stock Exchange and has undertaken marketing and promotional events throughout year. However, the onset of COVID-19 has restricted these activities during recent months. At a very early stage during this health crisis, we implemented rigorous health protocols to ensure the health and safety of our people and established stand-alone exploration teams for our Victorian and Western Australian projects.

I encourage you to review the project details provided in this annual report and thank you for your continued support.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Luke Reinehr".

Luke Reinehr
Executive Chairman and CEO

REVIEW OF ACTIVITIES

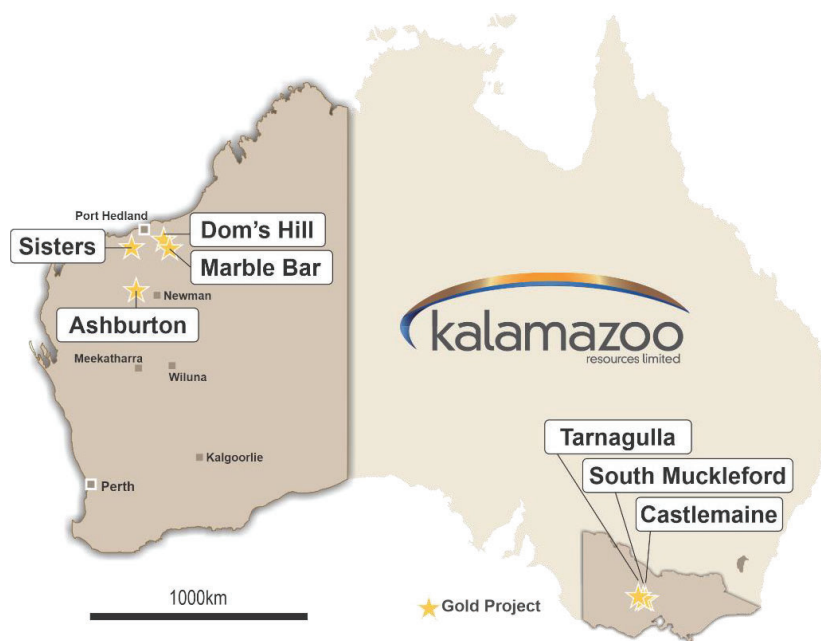


Figure 1: Kalamazoo Project Locations

The 2019/2020 reporting period was a period of significant activity for Kalamazoo with the acquisition of the Ashburton Gold Project from Northern Star Resources Limited, completion of its maiden diamond drilling program at the Castlemaine Gold Project in Victoria and, the grant of two tenements which collectively make the South Muckleford Gold Project in Victoria. In addition, an extensive surface geochemical program and aeromagnetic / radiometric surveys were completed at The Sisters Gold Project in the Pilbara (Figure 1).

VICTORIA

CASTLEMAINE GOLD PROJECT

The Castlemaine Gold Project consists of three exploration licences, EL006679 ("Wattle Gully", 70km²), EL006752 ("Wattle Gully South", 218km²) and EL007112 ("Queens", 22km²). EL006679 lies immediately east and south of the town of Castlemaine and covers almost the entire historic Castlemaine Goldfield whilst EL006752 lies to the east and south of EL006679 and covers regional geological structures known to be associated with gold potential. EL007112 lies adjacent and to the east of EL006752.

Several detailed Induced Polarisation ("IP") and ground magnetic surveys of the top 10 highest ranked prospects were completed in October 2019. These geophysical surveys successfully achieved the aim of mapping the sub-surface geology and identifying potentially gold mineralised fault/fold structures for follow-up diamond drill testing.

Following the development of a 3D structural model the maiden diamond drilling program at the Mustang Prospect was conducted over a five month period November 2019 to March 2020 (ASX: KZR 29 April 2020). All 14 diamond drill holes intersected anomalous to high-grade gold mineralisation (0.8m @19.4 g/t Au from 319.8m in MU19DD02 and 1.42m @ 261.3 g/t Au from 100.32m in MU19DD04) and/or alteration which was consistent with historical drill holes in this area. Whilst the Mustang Prospect generated high-grade Au intersections, a subsequent technical review by Kalamazoo concluded that mineralisation in this area did not currently demonstrate sufficient widths or continuity to meet Kalamazoo's stated target criteria, a minimum of 1 million ounces at >10 g/t.



Figure 2: Diamond Drill Rig at the Castlemaine Gold Project

Post the end of the reporting period exploration licence EL007112 Queens was granted and like the remainder of the project area this new licence is considered under-explored and has not been subject to any modern exploration.

CSIRO

Kalamazoo was awarded a grant in early 2019 under the Innovation Connections element of the Australian Government Department of Industry, Innovation and Science Entrepreneurs' Programme ("Entrepreneurs' Programme") (ASX: KZR 19 March 2019). The purpose of the grant was to assist the Company in a collaborative research program with CSIRO, led by Dr. Adam Bath to map mineral gradients and potential vectors to gold mineralisation within the Castlemaine Gold Project. The Company engaged with CSIRO in Perth, Western Australia to undertake a field sampling program and detailed laboratory studies "Mapping Geochemical Gradients at the Wattle Gully Gold Deposit" which

was completed in December 2019. Outcomes of the study determined that Al-rich white mica and Fe-rich chlorites are consistently found around the Wattle Gully Gold Mine – this feature is potentially a very powerful tool for exploration, as the white micas are preserved in the saprolite (upper weathered rocks). CSIRO’s data predicts that alteration halos around the mineral zonation patterns in the area could be detected by low cost gridded soil sampling over weathered basement rocks at 100 meters spacing.

Following on from the success of this collaboration was the award of a second grant under the Innovation Connections Scheme of the Entrepreneurs’ Programme (ASX: KZR 4 February 2020). This second grant has assisted Kalamazoo with funding a further collaborative research program with CSIRO to map mineral zonation patterns and potential vectors to gold mineralisation at the Castlemaine and South Muckleford Gold Projects. In particular, this study is utilising the Ultrafine+™ multi-element geochemical analyses of gridded soil sample surveys to detect and map sub-surface gold mineralisation. This program has been extended to also include the Sisters Gold Project in Western Australia.

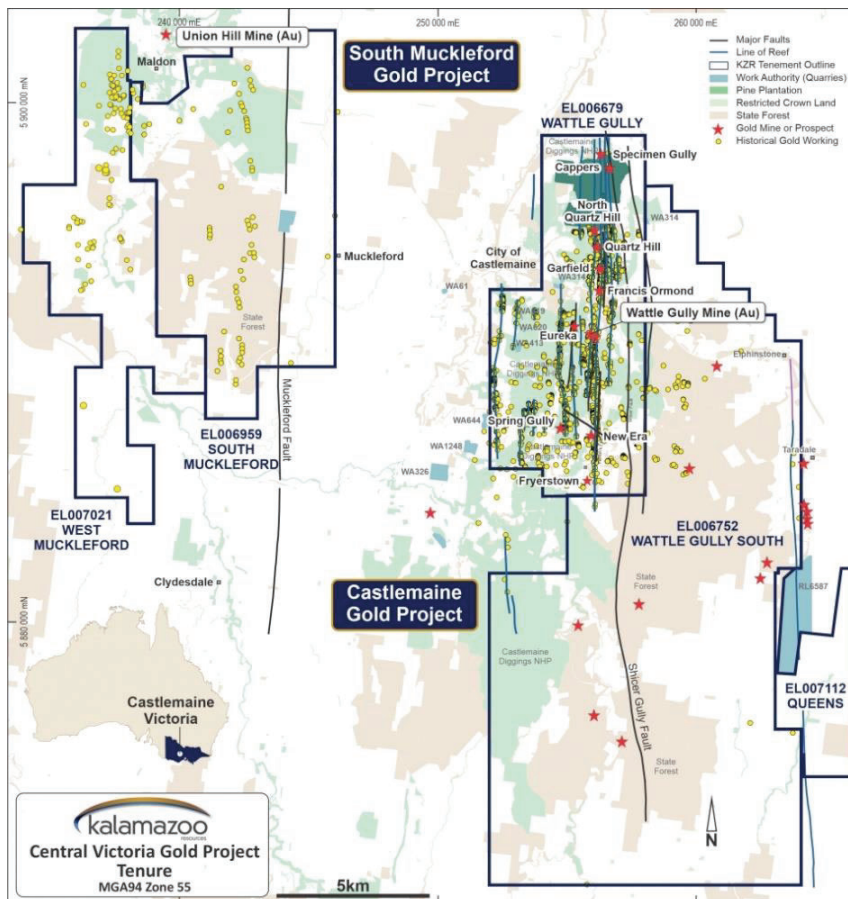


Figure 3: Central Victoria Gold Project Tenure

SOUTH MUCKLEFORD GOLD PROJECT

The South Muckleford Gold Project (Figures 3 and 4) consists of two exploration licences, EL006959 (“South Muckleford”, ~84km²) granted in July 2019 and EL007021 (“West Muckleford”, 68km²) granted in May 2020. This project is located in the southern Maldon Goldfield with the majority of the project

located within Crown Land. The Maldon Goldfield is the 7th largest goldfield in Victoria and hosts historical production of >1,975,000oz (>56t) and 317,000oz (9t) of primary and alluvial gold, respectively (Phillips G N 2010, Geoscience Victoria Special Publication).

The South Muckleford Gold Project is located just 10km west from Kalamazoo’s Castlemaine Gold Project and covers a highly prospective goldfield with proven endowment and historical high-grade gold production associated with the major regional Muckleford fault and adjacent historical workings to the west (i.e. hanging-wall position) and including the southern strike extent of the Union Hill Gold Mine, at Maldon. A technical review of historical exploration in this project has confirmed the South Muckleford area has not been subjected to any systematic modern exploration techniques with only very limited and localised shallow drilling.

TARNAGULLA GOLD PROJECT

Exploration activities conducted at the Tarnagulla Gold Project (Figure 4) during the reporting period consisted of desktop studies, historical data compilation, basic field reconnaissance, geological mapping and rock chip sampling. The Tarnagulla Gold Project has also been included in the surface geochemical sampling program at the Castlemaine and South Muckleford Gold Projects.

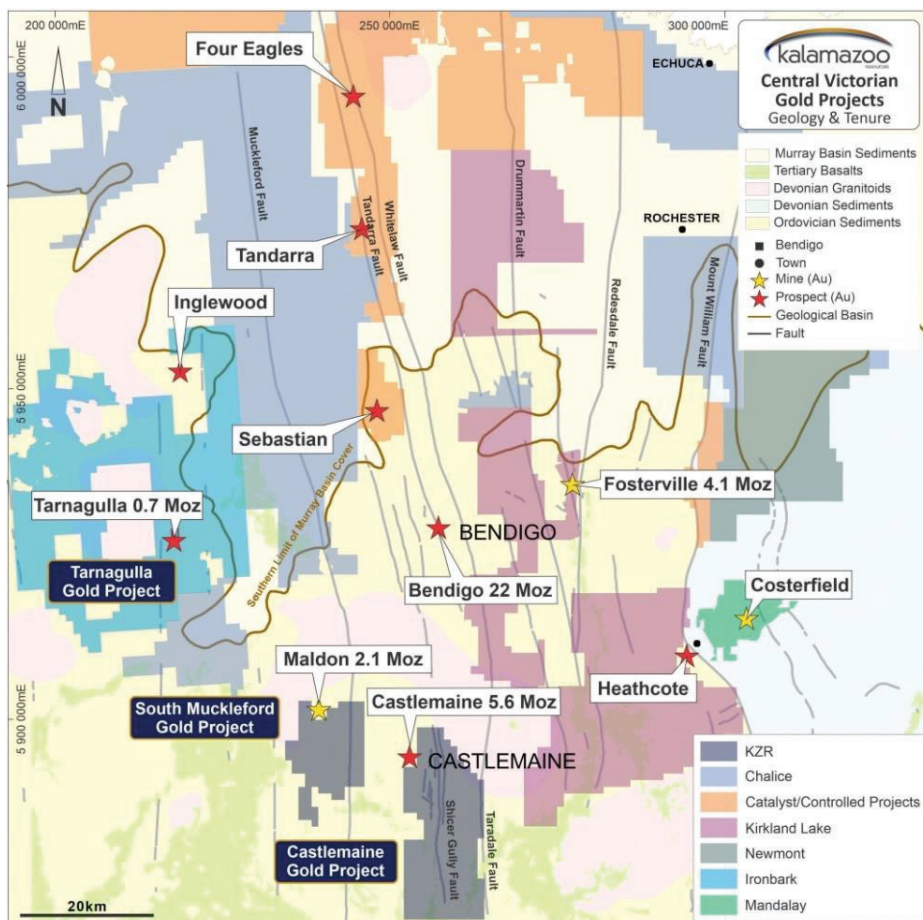


Figure 4: Regional Geology, Structures, Gold Projects and Castlemaine Gold Project Tenements

SURFACE GEOCHEMISTRY SAMPLING PROGRAM

In February 2020, Kalamazoo commenced major project-scale soil geochemistry sampling programs across all of its Central Victorian gold projects in collaboration with the CSIRO. Specifically, soil samples will be the subject of UltraFine+™ multi-element analysis for major and trace elements in a CSIRO-led collaborative leading-edge research project. This program is being undertaken in conjunction with a separate CSIRO Innovations Connections research project that uses the latest advanced technologies to map and detect broad mineral alteration haloes within soil samples (KZR: ASX 4 February 2020). These combined surface geochemistry sampling programs will assist Kalamazoo to identify and prioritise follow-up drill targets. To date, a total of 3,613 soil samples have been collected (Figure 5).

Preliminary results for the majority of these soil samples have been received with numerous encouraging gold plus multi-element anomalies being detected (Figure 6). Kalamazoo’s preliminary assessment and initial field validation exercise has confirmed gold plus multi-element anomalies associated with known gold-bearing reefs and significant alluvial gold fields. Furthermore, these results have identified several new prospects which were subsequently found associated with significant outcropping gossanous quartz veining. The return of the final assay results and their subsequent QA/QC and analysis is expected later in 2020.

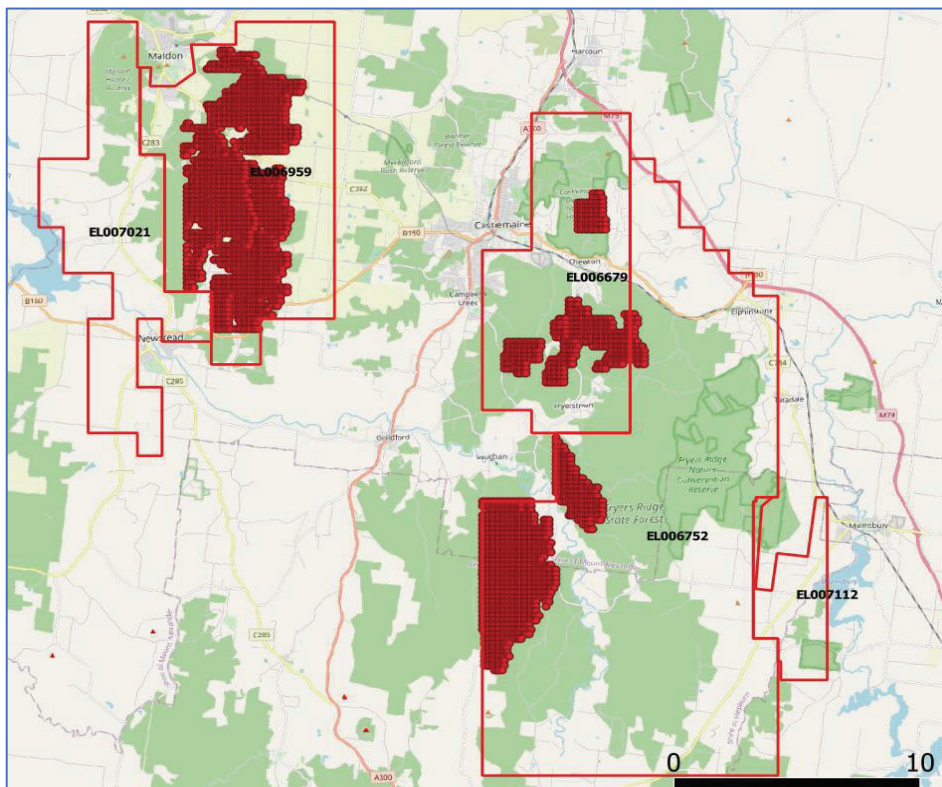


Figure 5: Soil geochemistry sample locations collected during this reporting period across the Castlemaigne and South Muckleford Projects

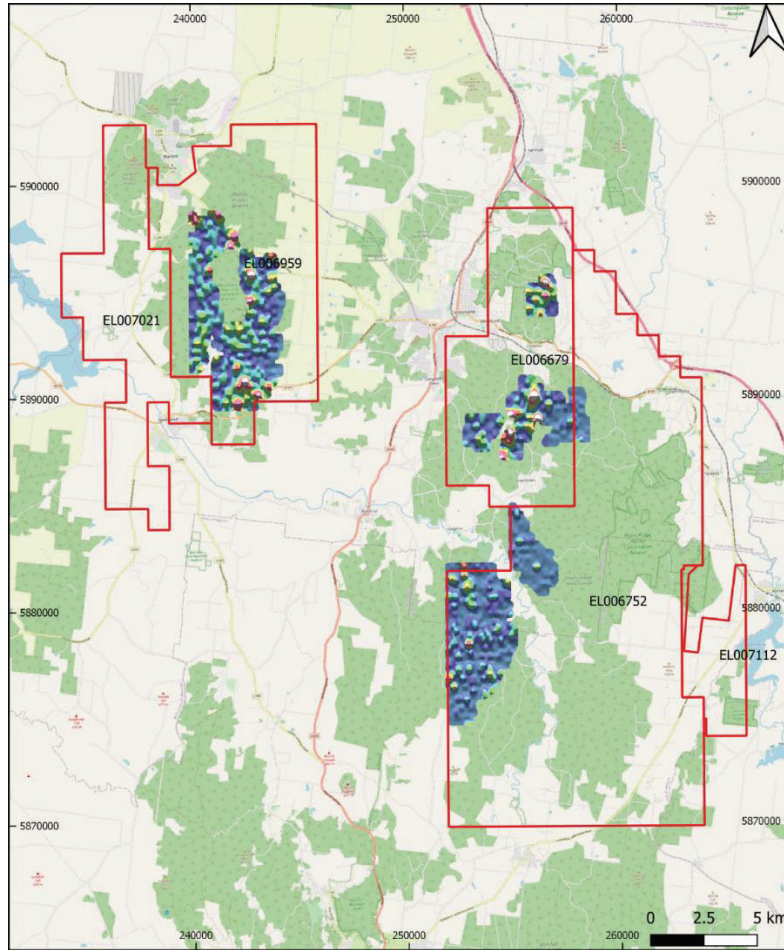


Figure 6: Preliminary gridded gold (ppb) soil geochemistry results received to date across the Castlemaine and South Muckleford Gold Projects

NORTH CENTRAL VICTORIAN GOLDFIELDS RELEASE TENDER

Kalamazoo lodged a tender bid for the highly prospective Blocks 3 and 4 of the North Central Victorian Goldfields Release Tender during the year with applications closing on 14 February 2020 (Figure 7). On 17 July 2020, the Victorian Government announced that due to the impact of COVID-19 the tender awards will be delayed until March 2021.

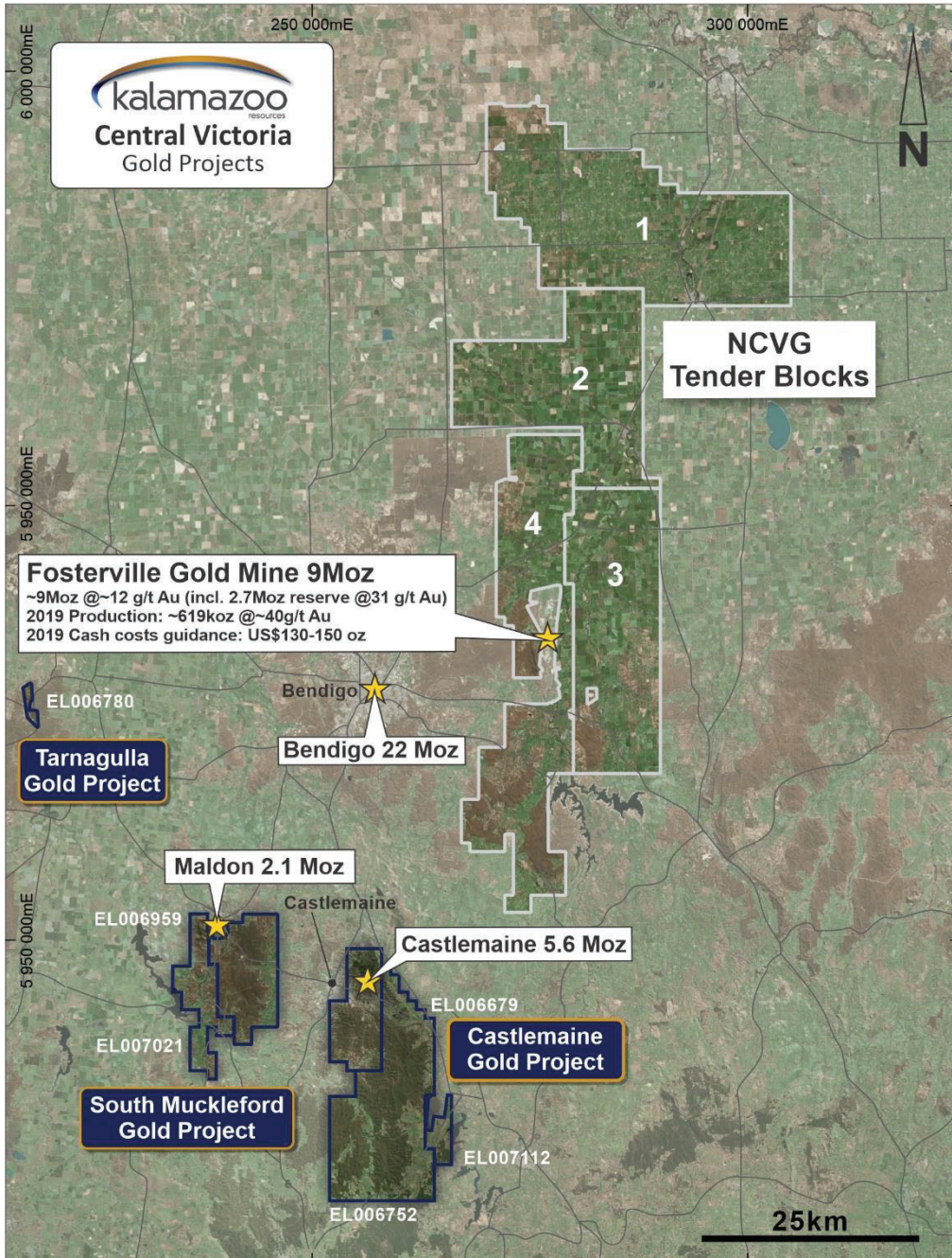


Figure 7: Kalamazoo exploration projects with respect to the North Central Victorian Goldfields Ground Release

WESTERN AUSTRALIA

ASHBURTON GOLD PROJECT

An important addition during the year was the acquisition of the highly prospective Ashburton Gold Project from Northern Star Resources Limited (ASX: NST) ("Northern Star") (ASX: KZR 23 June 2020). Located on the southern edge of the Pilbara Craton in Western Australia, the project's historical gold production consisted of 350,000oz Au in the period 1998-2004 and currently contains a Mineral Resource estimate (JORC Code (2012)) of 20.8Mt @2.5g/t Au for 1.65Moz¹. Covering 217km² the project area consists of Mining Leases 52/639, 52/640, 52/734 and 52/735 and Exploration Licences 52/1941, 52/3024 and 52/3025.

In a similar investment strategy to the acquisition of its flagship Castlemaine Gold Project in Victoria in 2018, the deal structure enables Kalamazoo to invest funds directly "into the ground". Under the terms of the agreement, Kalamazoo will pay Northern Star:

- \$5.0M on mining of the first 250,000 tonnes of Ore;
- a 2% Net Smelter Royalty ("NSR") on the first 250,000oz of gold produced, with a 0.75% NSR on any subsequent gold produced from the tenements; and
- the same NSR's will also apply on any other metals produced from the tenements.

A pre-existing 1.75% royalty on gold production (excluding the first 250,000oz) is applicable across the Project, with all Heritage and Mining Agreements in place with Native Title parties.

¹ ASX: KZR 23 June 2020

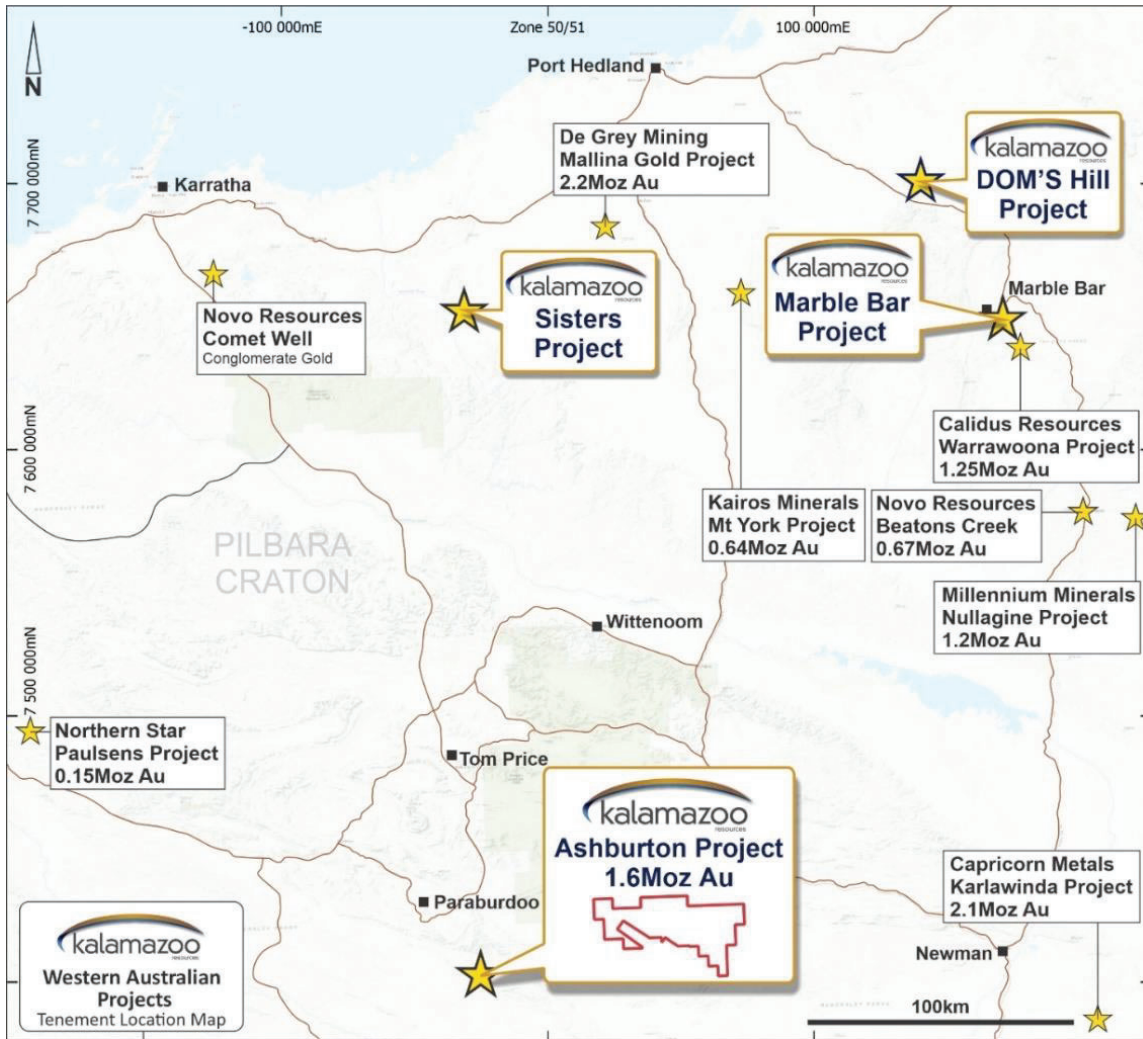


Figure 8: Pilbara Craton Location Map showing Kalamazoo’s Pilbara gold projects

Located in the Ashburton region on the southern edge of the Pilbara Craton, the project is well situated near the towns of Paraburdoo and Tom Price (Figure 8).

During 1996 and 1997, Sipa Resources Limited (ASX: SRI) (“Sipa”) discovered five deposits at Ashburton - Mt Olympus, West Olympus, Zeus, Peake, and Waugh.

Mt Olympus, Zeus, Peake, and Waugh together produced approximately 350,000oz of gold from 3.2Mt of oxide (and minor transition) ore at an average grade of 3.3g/t Au between December 1998 and April 2004 (Figure 9). The majority of the gold came from Mt Olympus, which produced 242,000oz of gold from 2.5Mt at an average grade of 3g/t Au, with a recovery of 92% and a strip ratio of 3:1. The onsite plant was sold in 2006 and site rehabilitation was completed in 2007.

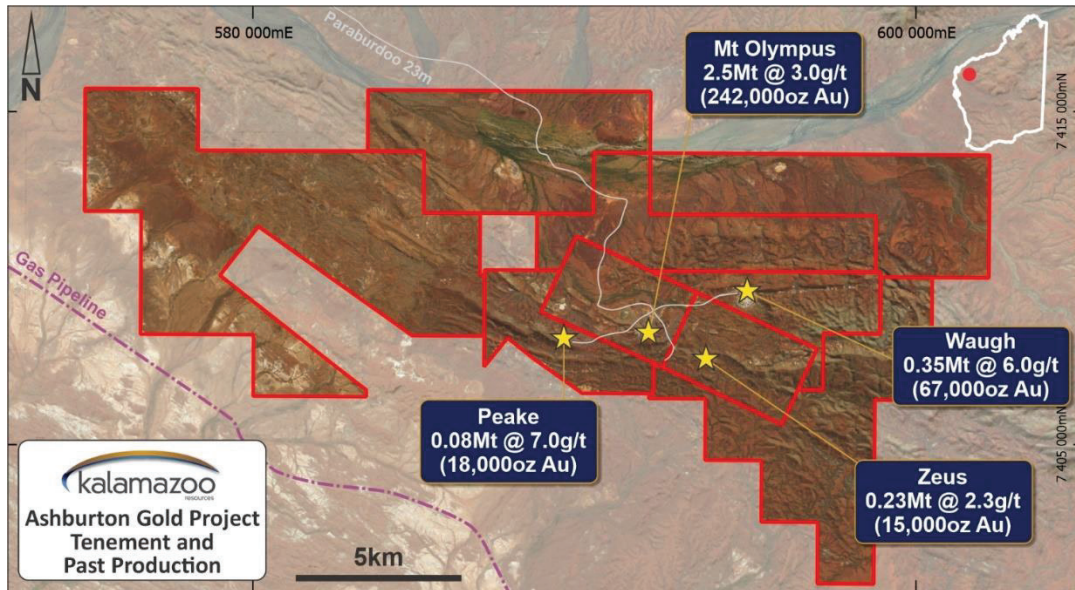


Figure 9: Ashburton Gold Project tenement map detailing past gold production by Sipa Resources 1998-2004 (modified from ASX: NST 14 February 2011)

During 2012, Northern Star drilled 92 RC and diamond drill holes for 23,512m at the Ashburton Gold Project as part of its upgrading of the Inferred Mineral Resource and extending the known mineralisation. At Mt Olympus, Northern Star increased the Mineral Resource estimate (JORC Code 2012) to 15.18Mt @2.2g/t Au for 1.08Moz (Figure 10).

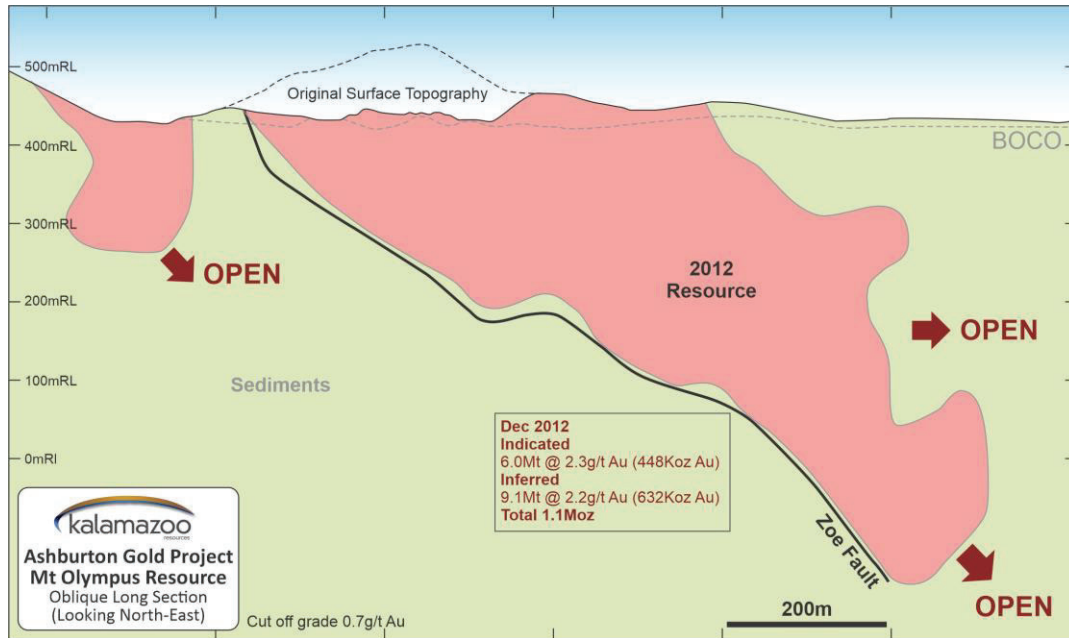


Figure 10: Long Section of Mt Olympus Resource (modified from ASX: NST 28 February 2013)

In 2012, Northern Star also completed a major drilling campaign focused on the Peake Prospect which is located 3km from the Mt Olympus deposit. The Peake Prospect is an open pit that was mined in 2001 and produced approximately 89,000t at 6.5g/t Au for 18,700oz from the oxide zone. The mined ore body has a strike length of 600m, true width of 2-4m and dips 70-85 degrees south².

² ASX: NST 2 February 2013

A significant resource increase was achieved by Northern Star at the Peake Prospect (Figure 11) as part of the Resource upgrade. The Peake Prospect resource now stands at 3.7Mt @ 3.3g/t Au for 399,000oz².

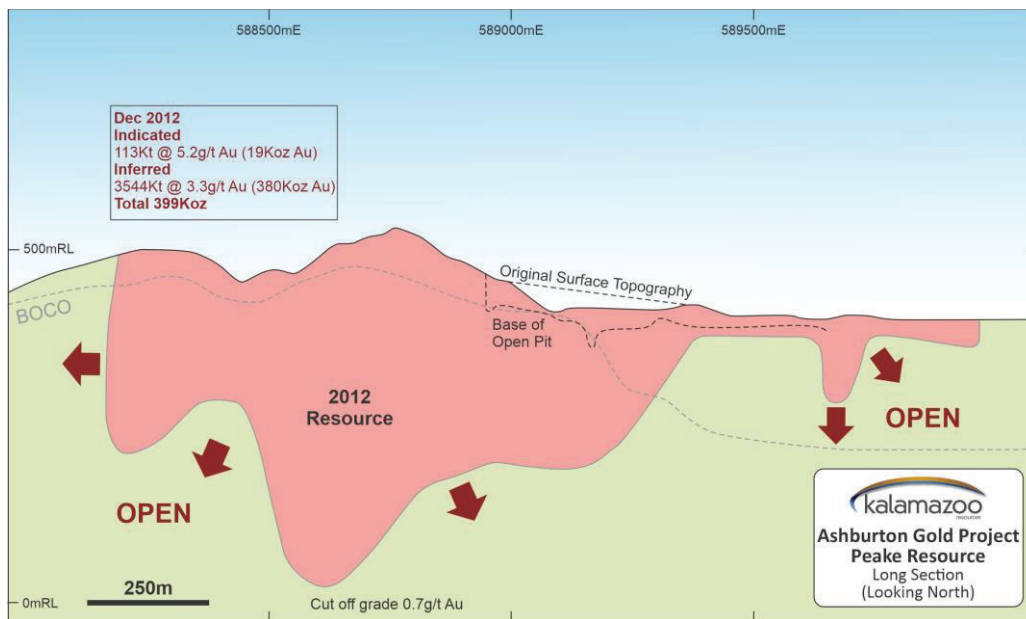


Figure 11: Long Section of Peake Resource (modified from ASX: NST 28 February 2013)

In 2013, Northern Star released an updated Mineral Resource for the Ashburton Gold Project. The estimates were reported in compliance with the JORC Code 2012 with an increase to 20.79Mt @2.45g/t Au containing 1.65Moz as per Table 1. Approximately 650,000oz of this resource was reported to be contained within the oxide material³.

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

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

3 ASX: KZR 23 June 2020

Northern Star’s rapid expansion of the resource inventory from 668,000oz to 1.65Moz in the period 2011 – 2013 and proposed resource extension drilling plans, supports Kalamazoo’s assessment that there is both excellent brownfields and greenfields exploration potential. As such, the primary objective of Kalamazoo’s exploration strategy is now to increase the resource base through a systematic, effective, and innovative exploration process.

As part of the due diligence process, Kalamazoo has already identified several prospect areas that require immediate follow up evaluation and drill testing. Viewed at the regional scale, the historical drilling is biased towards existing prospects with significant residual brownfields plus greenfields exploration potential across the entire 217km² project area (Figure 12).

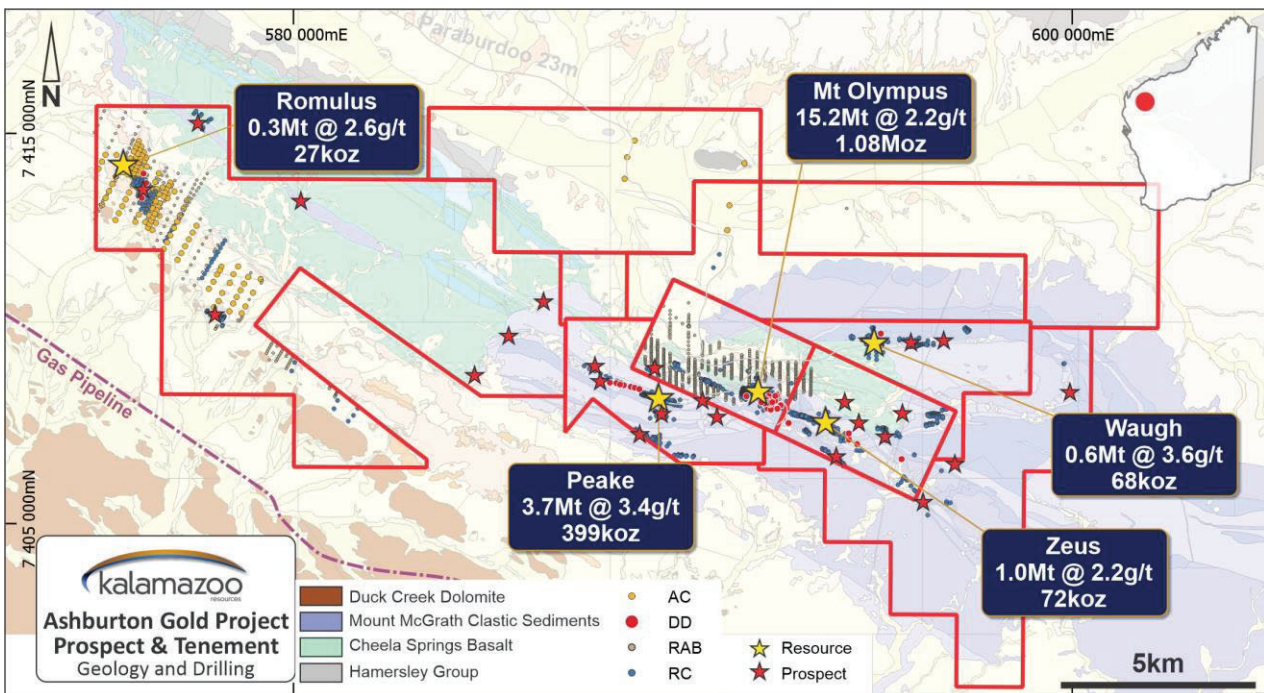


Figure 12: Preliminary Exploration targets, historical drilling and identified Mineral Resources

PILBARA GOLD PROJECTS

THE SISTERS GOLD PROJECT

The Sisters Gold Project consists of one granted exploration licence E47/2983 (“The Sisters”, 136km²) and one exploration licence application ELA47/4342 (“Sherlock River”, 117km²). The Project is considered prospective for both epigenetic gold mineralisation associated with the Wohler Shear Zone, as well as potential mineralised intrusions as has recently been identified at De Grey Mining’s Hemi Gold Project discovery located 50km to the north east (Figure 13).

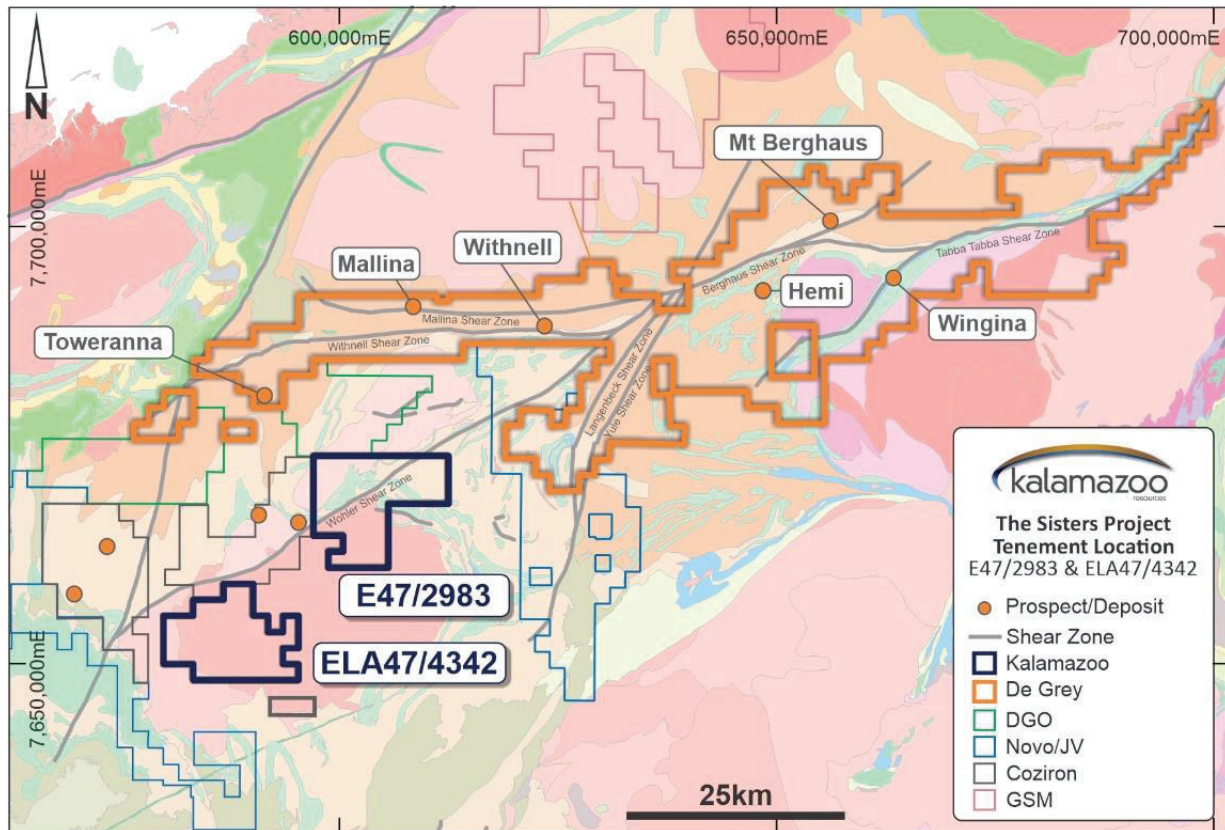


Figure 13: Regional location of The Sisters Gold Project

Previous work by Kalamazoo at The Sisters defined a gold soil anomaly over 3km long with a maximum 80ppb Au⁴ across the major Wohler Shear Zone corridor that was open to the north east and south west, and also located two gold nuggets south west along strike from the gold soil anomaly⁵.

A soil program conducted in May 2020 covered the interpreted extent of the Wohler Shear Zone corridor over 14km of strike at 200m x 100m spacing for 2,200 samples. UltraFine+™ multi-element analysis for gold and a suite of trace elements was completed by LabWest (Perth) post year end and results released to the market⁶. CSIRO will complete multi-element “machine learning” and other analyses, in tandem with similar research work on Kalamazoo’s Castlemaine and South Muckleford Gold Projects in Victoria.

Kalamazoo has also completed a detailed 2,774 line kms low level aeromagnetic and radiometric surveys at The Sisters, including across all the area recently subject to the geochemical soil sampling program. Kalamazoo contracted Perth based MagSpec Airborne Surveys to fly the surveys at The Sisters (E47/2983), taking advantage of MagSpec’s presence in the region to minimise mobilisation costs. The survey was flown to adjoin a 2017 ultra-detailed survey completed by Sayona Mining Ltd (ASX: SYA) using the same 25m spaced east-west line configuration. Data from the two surveys has been merged and interpretation is continuing.

⁴ ASX: KZR 23 November 2019

⁵ ASX: KZR 2 April 2020

⁶ ASX: KZR 28 August 2020

It is of note that De Grey has also utilised the CSIRO UltraFine+™ and SAM geophysical surveys at its nearby Mallina Gold Project to explore through sand cover and to better define controlling gold structures and provide improved targeting for drilling campaigns⁷.

DOMS HILL GOLD PROJECT

The DOM's Hill Gold Project located 110km south east of Port Hedland is comprised of three granted Exploration Licences and one Exploration Licence Application (E45/4722, E45/4887, E45/5146 and ELA45/4919) (Figure 8). Recently granted exploration licence E45/5146 (granted 16 October 2019) covers the extension of the greenstone sequence to the north of the adjoining E45/4887.

Following notification from prospectors that nuggets had been located within the project area a reconnaissance field investigation including metal detecting activity was undertaken by Kalamazoo in November 2019 within E45/5146 and E45/4722⁸. Gold nuggets were discovered at two locations within E45/5146 and five locations within E45/4722.

No outcropping sources for the gold have yet been located. As for the previous discoveries within E45/4722 the irregular shapes of the nuggets suggest that they have not been transported a significant distance.

MARBLE BAR GOLD PROJECT

The Marble Bar Gold Project consists of one granted tenement E45/4724 covering 48km². The Project is located 6.5km east of Marble Bar and 11km north west of Calidus Resources' Limited Klondyke Gold Project located within the Warrawoonda Gold project area (Figure 8).

During the year work included a reconnaissance soil sampling program which was completed in September 2019 (ASX: KZR 9 October 2019). The program identified a high priority soil gold anomaly in the southern area of E45/4724. Gold values peak at 261ppb (0.26ppm) in an anomalous zone stretching over 500m along an east-west grid line. A single point anomaly of 104ppb Au (0.1ppm Au) is located on a line one kilometre to the south. Additional soil and rock chip sampling were completed to follow up the soil gold anomaly defined in the southern portion of E45/4724. An infill soil traverse was completed midway between the two original one kilometre spaced lines at 100m spacing along the traverse (Figure 12). Fourteen rock chip samples, mainly of quartz veining, were taken at various locations with results announced (ASX: KZR 2 December 2019).

⁷ ASX: DEG 2 July 2019

⁸ ASX: KZR 2 December 2019

Response to COVID-19

Kalamazoo is continuing to review the ongoing situation relating to the COVID-19 pandemic and the implications for the health and wellbeing of our employees, contractors and stakeholders.

The Company has been pro-active with respect to its response to COVID-19 and has developed operational procedures and plans in line with official health advice and government directives. Kalamazoo will continue to operate within these guidelines and will adapt its procedures as required.

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

Competent Persons Statement

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

The information in this report relating to the exploration data for all Western Australian projects is based on information compiled by Mr. Lance Govey, a competent person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Govey is an employee of BinEx Consulting who is engaged as the Exploration Manager Western Australia for the Company. Mr. Govey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Govey consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the estimation and reporting of mineral resources (Section 3 of the JORC Table 1's) at the Ashburton Project is based on information compiled by Dr Damien Keys, a competent person who is a Member of Australian Institute of Geoscientists. Dr Keys is an employee of Complete Target Pty Ltd who is engaged as a consultant to Kalamazoo Resources Limited. Dr Keys has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Keys consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

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

Forward Looking Statements

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

DIRECTORS' REPORT

Your Directors present their report on Kalamazoo Resources Limited ("the Company") at the end of the year ended 30 June 2020.

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 / Chief Executive Officer
- Angus Middleton, Non-Executive Director
- Paul Adams, Non-Executive Director

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 2020 was \$3,313,023 (2019: profit of \$1,158,146).

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 Activities" section of this Annual Report.

FINANCIAL

Exploration and evaluation costs totalling \$1,159,907 (2019: \$9,405) were expensed during the year in accordance with the Company's accounting policy. These costs were principally associated with the surrender of the Cork Tree tenements E52/2056 and E52/2057 and the write down of the carrying value of the exploration assets for this project to zero.

As at 30 June 2020 the Company had net assets of \$17,047,349 (2019: \$7,891,239) including cash and cash equivalents of \$8,902,122 (2019: \$766,204).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

In Victoria the Company significantly expanded the Castlemaine Gold Project tenure with the grant of Exploration Licence EL6752 and at the South Muckleford Gold Project with Exploration Licences EL6959 and EL7021.

In June 2020 the Company announced that it had acquired the highly prospective Ashburton Gold Project in Western Australia from Northern Star Resources Limited (ASX:NST).

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

In January 2020, the Company completed a placement of \$8 million via the issue of 20 million ordinary shares at \$0.40 and 20 million attaching unlisted options exercisable at \$0.80 and expiring on 24 August 2021 to Novo Resources Corp. (TSX-V: NVO; OTCQX: NSRPF) and investor Eric Sprott.

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

In August 2020, the Company completed the acquisition of the Ashburton Gold Project from Northern Star Resources Limited (ASX: NST) ("Northern Star") (ASX: KZR 24 August 2020). The Ashburton Gold Project covers 217km² and consists of Mining Leases 52/639, 52/640, 52/734 and 52/735 and Exploration Licences 52/1941, 52/3024 and 52/3025.

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 Victoria and Western Australia 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 Economic Development, Jobs, Transport and Resources (*Victoria*) and the Department of Mines, Industry Regulation and Safety (*Western Australia*).

Kalamazoo Resources Limited 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 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 2020, however reporting requirements may change in the future.

INFORMATION ON DIRECTORS

Luke Reinehr LL.B, B.A. (Executive Chairman / Chief Executive Officer), 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 and was appointed as Chief Executive Officer in July 2019. 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	931,246
	Unlisted options – Kalamazoo Resources Limited	7,000,000

Angus Middleton SA Fin, MSAA (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>Torian Resources Limited (19 September 2019 to 21 April 2020)</p> <p>Aphrodite Gold Limited (21 January 2014 to 20 December 2017)</p>	
Special responsibilities	None.	
Interests in shares and options	Ordinary shares – Kalamazoo Resources Limited	371,905
	Unlisted options – Kalamazoo Resources Limited	3,500,000

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

Experience and expertise	Paul has an Honours degree in Geology and has 20 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 Porgera Gold Mine in Papua New Guinea and has held senior geology roles at Australian Gold Fields 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 large number of projects and companies across a range of commodities. Most recently Paul was Managing Director of Spectrum Metals Ltd (ASX:SPX) and led the Spectrum team in the high grade gold discovery at Penny West and the subsequent sale of the company to Ramelius Resources Ltd. Paul also holds a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australia.	
Other current directorships	None.	
Former directorships in last three years	Spectrum Metals Limited (25 May 2018 to 6 May 2020)	
Special responsibilities	Heading the exploration team for the Ashburton Gold Project.	
Interests in shares and options	Ordinary shares – Kalamazoo Resources Limited Unlisted options – Kalamazoo Resources Limited	Nil 2,500,000

COMPANY SECRETARY

Bernard Crawford B.Com, CA, MBA, AGIA ACG (appointed 12 August 2016)

Mr Crawford is a Chartered Accountant with over 25 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 2020, and the numbers of meetings attended by each Director were:

	Board of Directors	
	A	B
Luke Reinehr	6	6
Angus Middleton	6	6
Paul Adams	6	6

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 2020 Annual General Meeting.

REMUNERATION REPORT (AUDITED)

The Directors present the Kalamazoo Resources Limited 2020 Remuneration Report, outlining key aspects of the Company’s 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 22 to 23 for details about each director)

Name	Position
Luke Reinehr	Executive Chairman / Chief Executive Officer
Angus Middleton	Non-Executive Director
Paul Adams	Non-Executive Director

Other key management personnel

Name	Position
Bernard Crawford	Chief Financial Officer and 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 2001* 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 was sought during the period ended 30 June 2020.

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 are valued using the Black Scholes 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 Non-Executive 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 Non-Executive 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 2019 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

g) Details of remuneration

The following table shows 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 \$	Bonus \$	Non-monetary benefit \$	Superannuation \$	Options \$		
2020							
<i>Directors</i>							
L Reinehr	297,855	-	-	-	496,800	794,655	62.5
A Middleton	36,000	-	-	3,420	248,400	287,820	86.3
P Adams	42,285	-	-	3,135	248,400	293,820	84.5
<i>Executives</i>							
B Crawford	104,625	2,500	-	-	101,100	208,225	48.6
TOTALS	480,765	2,500	-	6,555	1,094,700	1,584,520	
2019							
<i>Directors</i>							
L Reinehr	144,555	-	-	-	218,280	362,835	60.2
A Middleton	36,000	-	-	3,420	109,140	148,560	73.5
P Adams	36,000	-	-	3,420	54,570	93,990	58.1
P Benjamin	20,151	-	-	-	-	20,151	-
<i>Executives</i>							
B Crawford	104,025	2,500	-	-	57,320	163,845	35.0
TOTALS	340,731	2,500	-	6,840	439,310	789,381	

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.

L Reinehr, Chief Executive Officer / Executive Chairman

Mr Reinehr is remunerated pursuant to a formalised Executive Services Agreement ("Agreement"). Under the Agreement, the Company has agreed to employ Mr Reinehr as Chief Executive Officer of the Company effective 1 July 2019. Either party may terminate the Agreement without cause by providing three months' written notice. 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. 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.

B Crawford, Chief Financial Officer

Mr Crawford is remunerated pursuant to an Executive Services Agreement ("Agreement"). Under the Agreement, the Company agrees to employ Mr Crawford as Chief Financial Officer and Company Secretary. Either party may terminate the Agreement without cause by providing three months' written notice. 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. 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**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 IOP or to receive any guaranteed benefits. During the financial year 6,750,000 Options were issued to key management personnel including 6,000,000 Options issued to Directors which were approved by shareholders at the 2019 Annual General Meeting. All Options vested immediately and were not subject to performance conditions as the grant of Options is considered as a cost effective and efficient reward and incentive as opposed to other alternative forms of incentive.

The fair value of options at grant date are independently determined using an option 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
Directors							
L Reinehr	C ⁽ⁱ⁾	4,000,000	13 Sep 2016	13 Sep 2016	31 Dec 2019	\$0.30	\$177,150
L Reinehr	H	4,000,000	14 Nov 2018	14 Nov 2018	30 Nov 2021	\$0.25	\$218,280
L Reinehr	M	3,000,000	13 Nov 2019	13 Nov 2019	30 Nov 2022	\$0.42	\$496,800
A Middleton	C ⁽ⁱ⁾	2,000,000	13 Sep 2016	13 Sep 2016	31 Dec 2019	\$0.30	\$88,575
A Middleton	H	2,000,000	14 Nov 2018	14 Nov 2018	30 Nov 2021	\$0.25	\$109,140
A Middleton	M	1,500,000	13 Nov 2019	13 Nov 2019	30 Nov 2022	\$0.42	\$248,400
P Adams	H	1,000,000	14 Nov 2018	14 Nov 2018	30 Nov 2021	\$0.25	\$54,570
P Adams	M	1,500,000	13 Nov 2019	13 Nov 2019	30 Nov 2022	\$0.42	\$248,400
Executives							
B Crawford	C ⁽ⁱ⁾	1,000,000	13 Sep 2016	13 Sep 2016	31 Dec 2019	\$0.30	\$44,287
B Crawford	G	1,000,000	17 Jul 2018	17 Jul 2018	30 Nov 2021	\$0.25	\$57,320
B Crawford	L	750,000	15 Oct 2019	15 Oct 2019	30 Nov 2022	\$0.42	\$101,100

i) Expired during the period

Further information on the fair value of share options and assumptions is set out in Note 23 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
2020								
Directors								
L Reinehr	8,000,000	3,000,000	-	(4,000,000) ⁽ⁱ⁾	7,000,000	-	7,000,000	-
A Middleton	4,857,143	1,500,000	(110,000)	(2,747,143) ⁽ⁱⁱ⁾	3,500,000	-	3,500,000	-
P Adams	1,000,000	1,500,000	-	-	2,500,000	-	2,500,000	-
Executives								
B Crawford	2,000,000	750,000	-	(1,000,000) ⁽ⁱ⁾	1,750,000	-	1,750,000	-
TOTAL	15,857,143	6,750,000	(110,000)	(7,747,143)	14,750,000	-	14,750,000	-

i) Expired during the period

ii) 2,047,143 expired during the year, 700,000 were disposed.

During the year, Mr. Middleton was issued with ordinary shares in the Company as the result of the exercise of remuneration options as outlined above.

Shareholdings

	Opening balance at 1 July	Granted as remuneration	Options exercised	Net change (other)	Balance at 30 June
2020					
Directors					
L Reinehr	931,246	-	-	-	931,246
A Middleton	261,905	-	110,000	-	371,905
P Adams	-	-	-	-	-
Executives					
B Crawford	175,000	-	-	427,000 ⁽ⁱ⁾	602,000
TOTAL	1,368,151	-	110,000	427,000	1,905,151

i) Acquired during the period

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
29 March 2018	31 March 2021	\$0.25	1,000,000
17 July 2018	30 November 2021	\$0.25	1,900,000
14 November 2018	30 November 2021	\$0.25	7,000,000
11 July 2019	10 July 2021	\$0.30	2,000,000
23 September 2019	30 November 2022	\$0.42	2,000,000
15 October 2019	30 November 2022	\$0.42	1,500,000
13 November 2019	30 November 2022	\$0.42	6,000,000
24 February 2020	24 August 2021	\$0.80	20,000,000
TOTAL			41,400,000

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 2020 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 18. During the year ended 30 June 2020 no amounts were paid or were payable for non-audit services provided by the auditor of the Company (2019: \$Nil).

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".

Luke Reinehr
Chairman

Perth, 17 September 2020

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 2020, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner - Audit & Assurance

Melbourne, 17 September 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
Other income	3(a)	472,542	2,369,166
Employee benefits expense	3(b)	(1,822,663)	(723,505)
Depreciation expense		(74,952)	(7,237)
Exploration expenditure write-off	9	(1,159,907)	(9,405)
Finance costs		(12,095)	-
Other expenses	3(c)	(715,948)	(470,873)
Profit/(loss) from continuing operations before income tax		(3,313,023)	1,158,146
Income tax benefit	5	-	-
Profit/(loss) after income tax for the period attributable to the owners of Kalamazoo Resources Limited		(3,313,023)	1,158,146
Other comprehensive income		-	-
Other comprehensive income for the period (net of tax)		-	-
Total comprehensive profit/(loss) for the period attributable to the owners of Kalamazoo Resources Limited		(3,313,023)	1,158,146
		Cents per share	Cents per share
Profit/(loss) per share attributable to the owners of Kalamazoo Resources Limited			
Basic profit/(loss) per share	17	(3.00)	1.29
Diluted profit/(loss) per share	17	(3.00)	0.97

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 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	8,902,122	766,204
Trade and other receivables	7	3,280,040	2,532,373
Other current assets	8	47,683	38,009
Total Current Assets		12,229,845	3,336,586
Non-Current Assets			
Property, plant and equipment		158,994	47,547
Right of use assets	2	236,389	-
Exploration and evaluation assets	9	5,446,083	2,633,217
Other receivables	7	-	2,054,810
Other non-current assets	10	15,125	-
Total Non-Current Assets		5,856,591	4,735,574
TOTAL ASSETS		18,086,436	8,072,160
LIABILITIES			
Current Liabilities			
Trade and other payables	11	772,286	165,481
Short-term provisions	12	34,180	15,440
Lease liabilities	13	77,364	-
Total Current Liabilities		883,830	180,921
Non-Current Liabilities			
Lease liabilities	13	155,257	-
Total Non-Current Liabilities		155,257	180,921
TOTAL LIABILITIES		1,039,087	180,921
NET ASSETS		17,047,349	7,891,239
EQUITY			
Contributed equity	14(b)	22,859,847	11,936,245
Reserves	15	2,274,886	1,293,367
Accumulated losses	16	(8,087,384)	(5,338,373)
TOTAL EQUITY		17,047,349	7,891,239

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 2020

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2018	11,936,245	1,146,032	(6,874,474)	6,207,803
Total comprehensive loss for the period	-	-	1,158,146	1,158,146
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period (net of tax)	-	-	1,158,146	1,158,146
Transactions with owners in their capacity as owners				
Transfer from share option reserve:				
– Due to issue of options	-	525,290	-	525,290
– Due to expiry of options	-	(377,955)	377,955	-
At 30 June 2019	11,936,245	1,293,367	(5,338,373)	7,891,239
At 1 July 2019	11,936,245	1,293,367	(5,338,373)	7,891,239
Total comprehensive profit for the period	-	-	(3,313,023)	(3,313,023)
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period (net of tax)	-	-	(3,313,023)	(3,313,023)
Transactions with owners in their capacity as owners				
Issue of shares	11,228,696	-	-	11,228,696
Transaction costs of issuing shares	(468,963)	-	-	(468,963)
Issue of broker options	-	179,000	-	179,000
Issue of options to directors and employees	-	1,530,400	-	1,530,400
Transfer from share option reserve:				
– Due to issue of options	163,869	(163,869)	-	-
– Due to expiry of options	-	(564,012)	564,012	-
At 30 June 2020	22,859,847	2,274,886	(8,087,384)	17,047,349

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 2020

	Notes	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(965,692)	(670,792)
Interest received		32,507	11,398
Interest paid		(12,095)	-
Government grant received		42,290	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES	24	(902,990)	(659,394)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(134,599)	(45,918)
Payments for exploration activities		(3,459,657)	(1,041,925)
Proceeds from sale of Snake Well Gold Project	7	1,750,000	2,000,000
Payment of royalty on the Snake Well Gold Project		-	(625,000)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(1,844,256)	287,157
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		9,200,000	-
Proceeds from conversion of options		1,868,696	-
Share issue costs		(129,964)	-
Lease principal payments		(55,568)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		10,883,164	-
Net increase / (decrease) in cash and cash equivalents		8,135,918	(372,237)
Cash and cash equivalents at beginning of period		766,204	1,138,441
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	8,902,122	766,204

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 2020

NOTE 1: CORPORATE INFORMATION

The financial report of Kalamazoo Resources Limited for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 17 September 2020.

Kalamazoo Resources Limited is a for-profit company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange and the Frankfurt Stock 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*.

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 Company has reviewed all of the new and revised Standards and Interpretations by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

- AASB 16 *Leases*, and
- AASB Interpretation 23 *Uncertainty over Income Tax Treatments*.

AASB 16 *Leases*

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 *Leases*. The standard includes two recognition exemptions for lessees i.e. leases of 'low-value' assets and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset or ROU asset).

Lessees will separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

AASB 16 became effective for the Company for the accounting period beginning 1 July 2019. The Company has chosen the modified retrospective approach to the application of AASB 16 and has consequently not restated the comparative information.

The Company leases its corporate offices and its core yard and these have been recognised as right-of-use-assets with a corresponding lease liability. For leases of 'low-value' assets and short-term leases the Company has opted to recognise the lease expense on a straight-line basis as incurred.

Impact of adoption of AASB 16 Leases

As at 1 July 2019 the Company recognised right-of-use assets with a net book value of \$82,788 and corresponding lease liabilities of \$82,788. After accounting for new leases taken out during the reporting period, depreciation and lease principal payments the balances as at 30 June 2020 were right-of-use assets with a net book value of \$236,389 and lease liabilities of \$232,621.

The impact on the statement of profit or loss (increase / (decrease)) for the reporting period is:

Expense	\$	Notes
Tenancy and operating	67,663	Rent expense on previously recognised operating lease
Depreciation expense	(51,800)	Depreciation of lease asset recognised under AASB 16
Finance costs	(12,095)	Interest on lease recognised under AASB 16
Net impact on loss for the period	<u>3,768</u>	

There is no material impact on other comprehensive income and the basic and diluted earnings per share.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019:

Total operating lease commitments disclosed at 30 June 2019	\$ <u>91,862</u>
Recognition exemptions:	
Leases with a remaining term of less than 12 months	<u>(51,588)</u>
Operating lease liabilities before discounting	40,274
Discounted using incremental borrowing rate	(3,771)
Reasonably certain extension options	<u>46,285</u>
Total lease liabilities recognised under AASB16 at 1 July 2019	<u>82,788</u>

AASB Interpretation 23 *Uncertainty over Income Tax Treatments*

This Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation addresses (a) whether an entity considers uncertain tax treatments separately; (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and (d) how an entity considers changes in facts and circumstances.

The adoption of this Interpretation has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings.

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
AASB 2018-6: <i>Amendments to Australian Accounting Standards – Definition of a Business</i> The Standard amends the definition of a business in AASB 3 <i>Business Combinations</i> . The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.	1 Jan 2020	1 Jul 2020
AASB 1018-7: <i>Amendments to Australian Accounting Standards – Definition of Material</i> This Standard amends AASB 101 <i>Presentation of Financial Statements</i> and AAS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.	1 Jan 2020	1 Jul 2020

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 Directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of this report.

Based on the cash flow forecast the directors are satisfied that the going concern basis of preparation is appropriate. Given the Company's history of raising capital to date, the Directors are confident of the Company's ability to raise additional funds as and when they are required.

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

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

c) Significant accounting judgements, estimates and assumptions

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.

Exploration and evaluation expenditure carried forward

The recoverability of the carrying amount of exploration and evaluation expenditure carried forward has been reviewed by the Directors. The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

The Company reviews the carrying value of exploration and evaluation expenditure on a regular basis to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. This assessment requires judgement as to the status of the individual projects and their estimated recoverable amount.

Recoverability of trade and other receivables

As at 30 June 2020 the Company was owed \$3.25 million in cash instalments on the sale of its Snake Well Gold Project to Adaman Resources Pty Ltd, \$0.75 million of this amount being paid in July 2020 (refer to Note 7). The Company continues to monitor the recoverability of the remaining two instalments and has not made any provision against the remaining amounts due.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and Directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by utilising a Black Scholes model, using the assumptions detailed in Note 23.

Income tax

Deferred tax assets are recognised for unused tax losses and deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. No deferred tax asset has been recognised in the Consolidated Statement of Financial Position in respect of the amount of either these losses or other deferred tax expenses.

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 currency

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

f) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group 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 as incurred over the period of the lease.

Leases in which a significant portion of the risks and rewards of ownership are transferred to the Group as lessee are classified as finance leases. At the commencement date of a lease, the Group recognises a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). The Group separately recognises the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

g) 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. 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. 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.

h) 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.

i) 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.

NOTE 3: REVENUE AND EXPENSES

a) Other income

	2020 \$	2019 \$
Interest revenue	42,145	8,525
Gain on sale of Snake Well Gold Project (Note 7)	-	2,245,204
Finance income (Note 7)	330,397	99,610
Government grant	100,000	-
Other income	-	15,827
Total other income	472,542	2,369,166

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring services to a customer. Revenue and expenses are recognised on an accrual's basis. Interest income is recognised on a time proportion basis using the effective interest method.

b) Employee benefits expense

	2020 \$	2019 \$
Wages, salaries, directors' fees and other remuneration expenses	243,386	178,667
Superannuation contributions	48,877	19,548
Share-based payments expense (Note 23)	1,530,400	525,290
Total employee benefits expense	1,822,663	723,505

c) Other expenses

	2020 \$	2019 \$
Secretarial, professional and audit costs	183,457	158,366
Corporate consultants	157,384	50,661
Travel and promotion	151,273	61,610
ASX	52,007	48,346
Occupancy costs	33,696	62,147
Legal	9,841	24,272
Other expenses	128,290	65,471
Total other expenses	715,948	470,873

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 operating decision maker in allocating resources and have concluded at this time that there are no separately identifiable segments.

NOTE 5: INCOME TAX

	2020 \$	2019 \$
Statement of Profit or Loss and Other Comprehensive Income		
<i>Current income tax:</i>		
- Income tax expense	-	-
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 profit/(loss) from continuing operations before income tax	(3,313,023)	1,158,146
At the statutory income tax rate of 30% (2019: 30%)	(993,907)	347,444
<i>Add:</i>		
- Share-based payments	459,120	157,587
- Expenditure not allowable for income tax purposes	389	1,182
- Other deductible items	(54,113)	(33,029)
- Non-assessable items	(30,000)	-
- Net deferred tax asset not recognised due to not meeting recognition criteria	618,511	(473,184)
Income tax expense	-	-
Deferred income tax		
Recognised on the Statement of Financial Position, deferred income tax at the end of the reporting period relates to the following: (2020: 30%, 2019: 30%)		
<i>Deferred income tax liabilities:</i>		
- Accrued income	2,891	-
- Capitalised expenditure deductible for tax purposes	1,428,455	579,095
- Net book value for depreciable assets	47,698	4,971
- Prepayments	6,436	5,300
- Right of use assets	1,130	-
- FBT refundable	836	-
	1,487,446	589,366
<i>Deferred income tax assets:</i>		
- Accruals	(8,550)	(8,100)
- Employee benefits	(10,254)	(4,632)
- Finance costs	(34,438)	(133,557)
- Capital raising costs	(55,465)	(75,121)
- Tax losses available to offset DTL	(1,378,739)	(367,956)
Net deferred tax asset/(liability)	-	-

Kalamazoo Resources Ltd is no longer considered a base rate entity for income tax purposes and is therefore subject to income tax at a rate of 30% (2019: 30%). At 30 June 2020, Kalamazoo Resources Limited had \$8,675,334 (2019: \$3,294,764) of tax losses that are available indefinitely for offset against future taxable profits subject to the satisfaction of the loss tests. No deferred tax asset has been recognised in respect of either these tax losses or other deferred tax expenses because it is not probable, at this time, that future taxable profits will be available which the Company can utilise. 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

	2020 \$	2019 \$
Cash at bank and on hand	1,352,122	766,204
Short-term deposits	7,550,000	-
	8,902,122	766,204

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.

The weighted average interest rate for the year was 0.86% (2019: 0.92%).

The Company's exposure to interest rate risk is set out in Note 22. 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

	2020 \$	2019 \$
Current		
Debtors and prepayments	-	-
GST receivable	144,833	32,373
Snake Well Gold Project sale proceeds receivable	3,135,207	2,500,000
	3,280,040	2,532,373
Non-current		
Snake Well Gold Project sale proceeds receivable	-	2,054,810
	-	2,054,810

In February 2019, the Company completed the sale of its Snake Well Gold Project ("Project") to Adaman Resources Pty Ltd ("Adaman") for \$7 million in cash to be paid in instalments to 31 December 2020. As at 30 June 2020, \$3.75 million of the consideration had been paid. An instalment of \$0.75 million was also paid in July 2020. The remaining \$2.5 million in consideration is payable in instalments by 31 December 2020. The carrying value of the non-current instalment payments due (as at 30 June 2019) were adjusted to their present value amount. The present value adjustment at 30 June 2019 was partially unwound for the year ended 30 June 2020 to reflect the current nature of the receivable and is shown as "Finance income" at Note 3 a).

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

The Group's financial risk management objectives and policies are set out in Note 22.

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

NOTE 8: OTHER CURRENT ASSETS

	2020 \$	2019 \$
Prepayments	21,454	17,668
Deposits	16,591	20,341
Accrued interest	9,638	-
	47,683	38,009

NOTE 9: EXPLORATION AND EVALUATION

	2020 \$	2019 \$
Capitalised cost at the beginning of the year	2,633,217	5,302,172
Exploration and expenditure incurred during the year	3,972,773	925,446
Sale of Snake Well Gold Project (Note 7)	-	(3,584,996)
Impairment of exploration and evaluation assets	(1,159,907)	(9,405)
Closing balance	5,446,083	2,633,217

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:

- a) the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- b) 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.

NOTE 9: EXPLORATION AND EVALUATION (Continued)

Significant estimate and judgement

There is some subjectivity involved in the carry forward of capitalised exploration and evaluation expenditure or, where appropriate, the write off to the Statement of Profit or Loss and Other Comprehensive Income, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure fairly reflect the prevailing situation.

NOTE 10: OTHER NON-CURRENT ASSETS

	2020 \$	2019 \$
Deposits paid	15,125	-
	15,125	-

NOTE 11: TRADE AND OTHER PAYABLES

	2020 \$	2019 \$
Trade creditors	239,780	98,787
Other payables and accruals	532,506	66,694
	772,286	165,481

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Trade creditors are unsecured, 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 22. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

NOTE 12: PROVISIONS

	2020 \$	2019 \$
Short-term Annual leave	34,180	15,440
	34,180	15,440

NOTE 13: LEASE LIABILITIES

	2020 \$	2019 \$
Current Lease liabilities	77,364	-
	77,364	-
Non-current Lease liabilities	155,257	-
	155,257	-
Total lease liabilities	232,621	-

The Company has leases for its corporate offices and its core yard. The Company has elected not to recognize a lease liability for 'low-value' and short-term leases. Refer also to Note 2 AASB 16 *Leases*.

Future minimum lease payments as at 30 June 2020 were as follows:

	Within one year \$	One to two years \$	Two to five years \$	Total \$
30 June 2020				
Lease payments	97,921	80,750	94,130	272,801
Finance charges	(20,557)	(12,171)	(7,452)	(40,180)
Net present values	77,364	68,579	86,678	232,621
30 June 2019				
Lease payments	-	-	-	-
Finance charges	-	-	-	-
Net present values	-	-	-	-

NOTE 14: CONTRIBUTED EQUITY

a) Share capital

	2020 Number	2019 Number
Ordinary shares fully paid	127,853,934	89,488,577

b) Movements in ordinary shares on issue

	Number	\$
Balance at 1 July 2018	89,488,577	11,936,245
Balance at 30 June 2019	89,488,577	11,936,245
Placement – July 2019 ⁽¹⁾	10,000,000	1,200,000
Placement – January 2020 ⁽²⁾	20,400,000	8,160,000
Exercise of options – various dates ⁽³⁾	7,965,357	2,032,565
Transaction costs	-	(468,963)
Balance at 30 June 2020	127,853,934	22,859,847

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

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

(3) During the year a total of 7,965,357 Options with exercise prices of \$0.20 and \$0.25 and expiring on various dates were exercised.

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. 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

	2020 Number	2019 Number
Balance at the beginning of the financial year	29,364,745	29,864,745
Options granted (1)	38,500,000	9,500,000
Options exercised (2)	(7,965,357)	-
Options expired (3)	(15,411,888)	(10,000,000)
Balance at the end of the financial year	44,487,500	29,364,745

NOTE 14: CONTRIBUTED EQUITY (Continued)

(1) During the year, the Company issued 38,500,000 options as follows:

Option series	Number	Grant date	Expiry date	Vesting date	Exercise price	Fair value at grant date
I ⁽ⁱ⁾	5,000,000	11 July 2019	10 July 20	Immediate	\$0.25	\$0.0000
I	2,000,000	11 July 2019	10 July 20	Immediate	\$0.25	\$0.0357
J	2,000,000	11 July 2019	10 July 21	Immediate	\$0.30	\$0.0538
K	2,000,000	23 Sep 2019	30 Nov 2022	Immediate	\$0.42	\$0.1673
L	1,500,000	15 Oct 2019	30 Nov 2022	Immediate	\$0.42	\$0.1348
M	6,000,000	13 Nov 2019	30 Nov 2022	Immediate	\$0.42	\$0.1656
N ⁽ⁱⁱ⁾	20,000,000	24 Feb 2010	24 Aug 2021	Immediate	\$0.80	\$0.0000
Total	38,500,000					

(i) Free attaching options issued as part of the July 2019 placement. Refer to Note 14 (b).

(ii) Free attaching options issued as part of the January 2020 placement. Refer to Note 14 (b).

The fair value of options issued is measured by reference to the value of the goods or services received. The fair value of services received in return for share options granted to Directors, employees and consultants is measured by reference to the fair value of options granted. The fair value of services received by advisors couldn't be reliably measured and are therefore measured by reference to the fair value of the equity instruments granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. The life of the options including early exercise options are built into the option model. The fair value of the options are expensed over the expected vesting period if appropriate.

The model inputs for options granted during the year are as follows:

Inputs	Issue I	Issue J	Issue K	Issue L	Issue M
Exercise price	\$0.25	\$0.30	\$0.42	\$0.42	\$0.42
Grant date	11 Jul 2019	11 Jul 2019	23 Sep 2019	15 Oct 2019	13 Nov 2019
Expiry date	10 Jul 2020	10 Jul 2021	30 Nov 2022	30 Nov 2022	30 Nov 2022
Share price at grant date	\$0.15	\$0.15	\$0.29	\$0.25	\$0.30
Annualised volatility (%) ⁽ⁱ⁾	100%	100%	103%	103%	100%
Risk-free interest rate (%) ⁽ⁱⁱ⁾	0.93%	0.93%	0.76%	0.76%	0.84%
Expected dividend yield (%)	0%	0%	0%	0%	0%

(i) The expected price volatility is based on historical volatility, adjusted for any expected changes to future volatility due to publicly available information.

(ii) Risk free rate of securities with comparable terms to maturity.

(2) During the year a total of 7,965,357 Options with exercise prices of \$0.20 and \$0.25 and expiring on various dates were exercised.

(3) Refer to Note 23 for details on options expired.

NOTE 15: RESERVES

	2020 \$	2019 \$
Share option reserve		
Opening balance	1,293,367	1,146,032
Options granted	1,709,400	525,290
Options exercised	(163,869)	
Options expired	(564,012)	(377,955)
Balance at the end of the financial year	2,274,886	1,293,367

NOTE 16: ACCUMULATED LOSSES

	2020 \$	2019 \$
Balance at the beginning of the financial year	(5,338,373)	(6,874,474)
Net profit/(loss) attributable to members	(3,313,023)	1,158,146
Transfer from share option reserve	564,012	377,955
Balance at the end of the financial year	(8,087,384)	(5,338,373)

NOTE 17: EARNINGS PER SHARE

	2020 Cents	2019 Cents
Basic profit/(loss) per share	(3.00)	1.29
Diluted profit/(loss) per share	(3.00)	0.97

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

	2020 \$	2019 \$
Profit/(loss) used in calculating basic and diluted earnings per share	(3,313,023)	1,158,146

	2020 Number	2019 Number
Weighted average number of ordinary shares used in calculating basic profit/(loss) per share	110,512,727	89,488,577
Weighted average number of ordinary shares used in calculating diluted profit/(loss) per share	110,512,727	118,853,322

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.

NOTE 17: EARNINGS PER SHARE (Continued)

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.

The issue of potential ordinary shares is antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share has therefore not assumed the conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

NOTE 18: AUDITOR'S REMUNERATION

Audit services
Grant Thornton Audit Pty Ltd
- Audit and review of the financial reports
Total remuneration

	2020 \$	2019 \$
Audit services		
Grant Thornton Audit Pty Ltd		
- Audit and review of the financial reports	45,000	33,815
Total remuneration	45,000	33,815

NOTE 19: CONTINGENT ASSETS AND LIABILITIES

The Company had contingent liabilities in respect of:

Future payments

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.

In August 2020, the Company completed the acquisition of the Ashburton Gold Project from Northern Star Resources Limited (ASX: NST) ("Northern Star") consisting of Mining Leases 52/639, 52/640, 52/734 and 52/735 and Exploration Licences 52/1941, 52/3024 and 52/3025.

Under the terms of acquisition, Kalamazoo will pay Northern Star \$5.0M on mining of the first 250,000 tonnes of Ore, a 2% Net Smelter Royalty ("NSR") on the first 250,000oz of gold produced, with a 0.75% NSR on any subsequent gold produced from the tenements. The same NSR's will also apply on any other metals produced from the tenements. A pre-existing 1.75% royalty on gold production (excluding the first 250,000oz) is also applicable across the tenements.

None of these amounts have been recognised in the 30 June 2020 financial statements due to the high level of uncertainty around future events in order to trigger these payments.

There are no other material contingent assets or liabilities as at 30 June 2020.

NOTE 20: EVENTS OCCURRING AFTER THE REPORTING PERIOD

In August 2020, the Company completed the acquisition of the Ashburton Gold Project from Northern Star Resources Limited (ASX: NST) ("Northern Star") (ASX: KZR 24 August 2020). The Ashburton Gold Project covers 217km² and consists of Mining Leases 52/639, 52/640, 52/734 and 52/735 and Exploration Licences 52/1941, 52/3024 and 52/3025.

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

NOTE 21: 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.

These obligations are not provided for in the financial report and are payable as follows:

	2020 \$	2019 \$
Exploration expenditure		
Within one year	956,644	463,250
After one year but not more than five years	2,247,974	479,069
Greater than five years	3,307,444	-
	6,512,062	942,319

If the Company decides to relinquish certain exploration tenements and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

NOTE 22: 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
- Foreign currency risk
- Commodity risk
- Liquidity 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.

NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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 tabled below:

	2020 \$	2019 \$
Financial assets		
<i>Current</i>		
Cash and cash equivalents	8,902,122	766,204
Trade and other receivables	3,280,040	2,532,373
	12,182,162	3,298,577
<i>Non-current</i>		
Other receivables	-	2,054,810
	-	2,054,810
Financial liabilities		
<i>Current</i>		
Trade and other payables	772,286	165,481
Lease liabilities	77,364	-
	849,650	165,481
<i>Non-current</i>		
Lease liabilities	155,257	-
	155,257	-

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.

NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

	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 \$		
2020						
Financial assets						
Cash and cash equivalents	1,323,164	7,550,000	-	-	28,958	8,902,122
Trade and other receivables	-	-	-	-	3,280,040	3,280,040
	1,323,164	7,550,000	-	-	3,308,998	12,182,162
Weighted average interest rate	0.10%	1.39%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	772,286	772,286
Lease liabilities	-	-	-	-	232,621	232,621
	-	-	-	-	1,004,907	1,004,907
Weighted average interest rate	-	-	-	-	-	-
2019						
Financial assets						
Cash and cash equivalents	254,177	-	-	-	512,027	766,204
Trade and other receivables	-	-	-	-	4,587,183	4,587,183
	254,177	-	-	-	5,099,210	5,353,387
Weighted average interest rate	0.41%	-	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	165,481	165,481
	-	-	-	-	165,481	165,481
Weighted average interest rate	-	-	-	-	-	-

NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Sensitivity analysis for interest rate exposure

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:

	2020 \$	2019 \$
Impact on profit/(loss) and equity		
Increase of 100 basis points	48,915	23,347
Decrease of 100 basis points	(48,915)	(23,347)

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 is tabled below.

	2020 \$	2019 \$
Cash and cash equivalents	8,902,122	766,204
Trade and other receivables	3,280,040	4,587,183
	12,182,162	5,353,387

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.

NOTE 22: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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.

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

	Less than 6 months \$	Total contractual cash flows \$	Carrying amount \$
2020			
Trade and other payables	772,286	772,286	772,286
	772,286	772,286	772,286
2019			
Trade and other payables	165,481	165,481	165,481
	165,481	165,481	165,481

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 and other 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 14, 15 and 16).

The Company is not subject to any externally imposed capital requirements.

NOTE 23: 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.

NOTE 23: SHARE-BASED PAYMENTS (Continued)

Options issued to Directors are subject to approval by shareholders.

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
G	2,500,000	17 Jul 2018	30 Nov 2021	Immediate	\$0.25	\$0.057320
H	7,000,000	14 Nov 2018	30 Nov 2021	Immediate	\$0.25	\$0.054570
K	2,000,000	23 Sep 2019	30 Nov 2022	Immediate	\$0.42	\$0.1673
L	1,500,000	15 Oct 2019	30 Nov 2022	Immediate	\$0.42	\$0.1348
M	6,000,000	13 Nov 2019	30 Nov 2022	Immediate	\$0.42	\$0.1656

Fair value of share options granted during the year

During the year, the Company issued 9,500,000 options to Directors and employees under the IOP. The fair value of these options was determined using a Black Scholes pricing model. The fair value of share options expensed issued during the year was \$1,530,400 (2019: \$525,290).

The model inputs for options granted during the year ended 30 June 2020 are as follows:

Inputs	Issue K	Issue L	Issue M
Exercise price	\$0.42	\$0.42	\$0.42
Grant date	23 Sep 2019	15 Oct 2019	13 Nov 2019
Expiry date	30 Nov 2022	30 Nov 2022	30 Nov 2022
Share price at grant date	\$0.29	\$0.25	\$0.30
Annualised volatility (%)	103%	103%	100%
Risk-free interest rate (%)	0.76%	0.76%	0.84%
Expected dividend yield (%)	0%	0%	0%

Movements in share options during the year

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

	2020		2019	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	29,364,745	0.308	29,864,745	0.299
Granted and vested during the year	9,500,000	0.420	9,500,000	0.250
Exercised during the year	(3,252,857)	0.212	-	-
Expired during the year	(15,411,888)	0.369	(10,000,000)	0.225
Outstanding at the end of the year	20,200,000	0.330	29,364,745	0.308
Exercisable at the end of the year	20,200,000	0.330	29,364,745	0.308

NOTE 23: SHARE-BASED PAYMENTS (Continued)

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.84 years (2019: 1.18 years).

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 \$	2020 Number	2019 Number
1 November 2019	0.20	-	2,857,143
9 November 2019	0.70	-	2,757,602
31 December 2019	0.30	-	12,250,000
31 March 2021	0.25	1,400,000	2,000,000
30 November 2021	0.25	9,300,000	9,500,000
10 July 2020	0.25	2,287,500	-
10 July 2021	0.30	2,000,000	-
24 August 2021	0.80	20,000,000	-
30 November 2022	0.42	9,500,000	-
Totals		44,487,500	29,364,745

NOTE 24: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2020 \$	2019 \$
Profit/(Loss) for the period	(3,313,023)	1,158,146
Non-cash flows in profit/(loss):		
- Depreciation	74,952	7,237
- Exploration expenditure written off	1,159,907	9,405
- Share-based remuneration	1,530,400	525,290
- Government grants	(57,710)	-
- Gain on sale of Snake Well Gold Project	-	(2,790,004)
- Finance income	(330,397)	-
- Finance expense	-	445,190
Changes in assets and liabilities:		
- Decrease/(Increase) in trade and other receivables	-	1,569
- Decrease/(Increase) in other current assets	(9,675)	(1,318)
- Increase/(Decrease) in trade and other payables	38,941	(15,889)
- Increase/(Decrease) in provisions	18,740	980
- Increase/(Decrease) in other non-current assets	(15,125)	-
Net cash used in operating activities	(902,990)	(659,394)

Non-cash investing and financing activities

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

NOTE 25: 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
Bonus payments
Share-based payments

	2020 \$	2019 \$
Short-term employee benefits	480,765	340,731
Post-employment benefits	6,555	6,840
Bonus payments	2,500	2,500
Share-based payments	1,094,700	439,310
	1,584,520	789,381

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 2020 totalled \$2,487 excluding GST (2019: \$18,156). As at 30 June 2020, \$Nil was outstanding (2019: \$Nil).

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 and substantial shareholder in 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 2020 totalled \$26,563 excluding GST (2019: \$31,539). As at 30 June 2020, \$Nil was outstanding (2019: \$Nil).

Detailed remuneration disclosures are provided in the Remuneration Report on pages 24 to 29.

DIRECTORS' DECLARATION

The Directors of Kalamazoo Resources Limited declare that:

- 1) in the Directors' opinion, the financial statements and notes set out on pages 32 to 61 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 2020 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 Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.



Luke Reinehr
Chairman

Perth, Western Australia

17 September 2020

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 2020, 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 2020 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.

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.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="113 405 614 439">Exploration and evaluation assets - Note 9</p> <p data-bbox="113 450 710 517">At 30 June 2020, the carrying value of exploration and evaluation assets was \$5.446 million.</p> <p data-bbox="113 546 782 703">In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, 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 data-bbox="113 732 782 833">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 data-bbox="113 862 782 963">This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p data-bbox="782 450 1252 483">Our procedures included, amongst others:</p> <ul data-bbox="821 512 1468 1346" style="list-style-type: none"> <li data-bbox="821 512 1468 613">• obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; <li data-bbox="821 613 1468 680">• reviewing management’s area of interest considerations against AASB 6; <li data-bbox="821 680 1468 1218">• conducting a detailed review of management’s assessment of trigger events prepared in accordance with AASB 6 including; <ul data-bbox="933 770 1468 1218" style="list-style-type: none"> <li data-bbox="933 770 1468 904">○ tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; <li data-bbox="933 904 1468 1061">○ 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 data-bbox="933 1061 1468 1218">○ 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 data-bbox="821 1218 1468 1285">• assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; and <li data-bbox="821 1285 1468 1346">• assessing the appropriateness of the related financial statement disclosures.

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 2020, 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_2020.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 24 to 29 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Kalamazoo Resources Limited, for the year ended 30 June 2020 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



T S Jackman
Partner – Audit & Assurance

Melbourne, 17 September 2020

ADDITIONAL SHAREHOLDER INFORMATION AS AT 9 SEPTEMBER 2020

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	252
1,001 to 5,000	787
5,001 to 10,000	370
10,001 to 100,000	637
100,001 and over	106
Total	2,152

The number of holders of less than a marketable parcel of ordinary fully paid shares is 73.

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	39,044,234	29.82
Beatons Creek Pty Ltd	10,000,000	7.64
2176423 Ontario Ltd	10,000,000	7.64

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 130,941,434 quoted shares on issue. No options on issue by the Company are quoted.

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 of holders
\$0.25 on or before 31 Mar 2021	1,000,000	1
\$0.30 on or before 10 July 2021	2,000,000	1
\$0.80 on or before 24 Aug 2021	20,000,000	2
\$0.25 on or before 30 Nov 2021	8,900,000	7
\$0.42 on or before 30 Nov 2022	9,500,000	8

7. TWENTY LARGEST HOLDERS OF QUOTED ORDINARY SHARES

Shareholder	Number of shares	Percentage held
Mutual Trust Pty Ltd	40,168,074	30.68
Citicorp Nominees Pty Ltd	11,806,987	9.02
Beatons Creek Gold Pty Ltd	10,000,000	7.64
HSBC Custody Nominees (Australia) Ltd	4,404,220	3.36
J P Morgan Nominees Australia Pty Ltd	2,118,124	1.62
Bnp Paribas Nominees Pty Ltd	2,042,370	1.56
CS Third Nominees Pty Ltd	1,253,503	0.96
Mr Alan Conigrave	1,200,000	0.92
Sailors Of Samui Pty Ltd	1,166,000	0.89
Taycol Nominees Pty Ltd	1,000,000	0.00
Mr Rupert James Graham Lowe	950,862	0.76
Mr Luke Reinehr	931,246	0.73
Calama Holdings Pty Ltd	898,399	0.71
Mrs Wendy Ann Whiting & Mr John James Whiting	800,000	0.69
Del Paggio Nominees Pty Ltd	800,000	0.61
K S Gold Pty Ltd	795,000	0.61
Longridge Partners Pty Ltd	750,000	0.61
Puntero Pty Ltd	700,000	0.57
Elpacha Pty Ltd	633,840	0.53
Wandle River Pty Ltd	602,000	0.48
Total	83,020,625	63.40

TENEMENT SCHEDULE

Project/Tenement	Location	Status	Interest	Notes
Pilbara Project	Western Australia			
E47/2983		Granted	80%	1
E47/4342		Application	-	
E45/4700		Granted	100%	
E45/4722		Granted	100%	
E45/4724		Granted	100%	2
E45/4887		Granted	100%	
E45/4919		Application	-	
E45/5146	Granted	100%		
Ashburton Project	Western Australia			
E52/1941		Granted	100%	3
E52/3024		Granted	100%	3
E52/3025		Granted	100%	3
M52/639		Granted	100%	3
M52/640		Granted	100%	3
M52/734		Granted	100%	3
M52/735	Granted	100%	3	
Castlemaine Project	Victoria			
EL006679		Granted	100%	
EL006752		Granted	100%	
EL007112	Application	-		
Tarnagulla Project	Victoria			
EL006780		Granted	100%	
South Muckleford Project	Victoria			
EL006959		Granted	100%	
EL007021	Granted	100%		

Notes:

1. 80% interest minerals other than lithium.
2. 100% interest minerals other than lithium.
3. Acquisition of Ashburton Project completed on 24 August 2020.