



ANNUAL REPORT

For the year ended 30 June 2021

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 Executive Director

COMPANY SECRETARY

Bernard Crawford

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West Perth, WA 6005

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AUDITOR

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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") 2021 Annual Report. There is no doubt that the last 12 months has been challenging for every Australian dealing with COVID-19, and in our industry, this has been heightened further by travel restrictions and very tight demand for drilling rigs and assay results. However, I am very pleased to report that through these difficult circumstances our team has done an exceptional job and we are pleased to provide an update on some recent outstanding developments.

Over the last year we have continued to expand and advance our projects in the Victorian Goldfields and our major 1.65Moz Ashburton Gold Project in Western Australia.

Your Directors have continued their focus on creating value for shareholders with major acquisitions and targeted exploration programs. In Victoria, we have expanded our exploration footprint with the grant of the Myrtle Gold Project just 20km south of the Fosterville Gold Mine and by entering into a joint venture with Canadian company Novo Resources, that will see accelerated exploration on our Queens Gold Project further to the south over the next few years.

In Victoria, we have continued to collaborate with the CSIRO using the UltraFine+™ geochemical sampling process, which is consistent with our strategy of conducting exploration in a smarter, low impact manner and utilising new technologies and science. We completed our second drill program at Castlemaine at the Lightning prospect, successfully extending the strike length to about 2km which demands further attention. This was followed with our first drilling campaign at South Muckleford at the highly prospective Fentimans Reef epizonal gold/antimony prospect.

In early 2020, Kalamazoo lodged a tender bid for highly sought exploration ground in the North Central Victorian Goldfields land release, which surrounds the world class Fosterville Gold Mine. We were expecting an announcement of the successful tenderers during 2020/21, however this has been delayed by further Government evaluation, so we continue to wait.

In the Pilbara we have made excellent progress led by our WA based Director Paul Adams, who is managing our talented local WA exploration team. During the year, we completed extensive exploration and drilling programs at the Ashburton Gold Project as we look to substantially increase the existing 1.65Moz gold resource and advance project development plans.

We have also progressed plans for an extensive drilling program at The Sisters Gold Project, along strike from De Grey's Tier One 9Moz Mallina Gold Project and we are now waiting on final approvals. In recent months, we have identified significant pegmatite-hosted lithium mineralisation potential at our DOM's Hill and Marble Bar projects in the Pilbara. With our previous exploration on these projects being primarily focused on gold, the opportunity to expand the lithium potential of these projects, which are in a province hosting the world class Pilgangoora and Wodgina lithium mines, is a terrific bonus for shareholders.

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", is shown above a horizontal dashed line.

Luke Reinehr
Executive Chairman and CEO

REVIEW OF ACTIVITIES

The 2020/2021 reporting period was a busy period for the Company’s project portfolio both in Victoria and Western Australia. The activities conducted included the completion of the acquisition of the Ashburton Gold Project from Northern Star along with the maiden drilling program. In Victoria, a further drilling program was completed at the Castlemaine Gold Project as well as both a soil geochemistry program and maiden drilling program at the South Muckleford Gold Project. Kalamazoo was also pleased to welcome Novo Resources as a Joint Venture partner on the Queens Project, which forms part of the Castlemaine Gold Project. A maiden drilling program was also designed for The Sisters Gold Project in the Pilbara region of Western Australia.

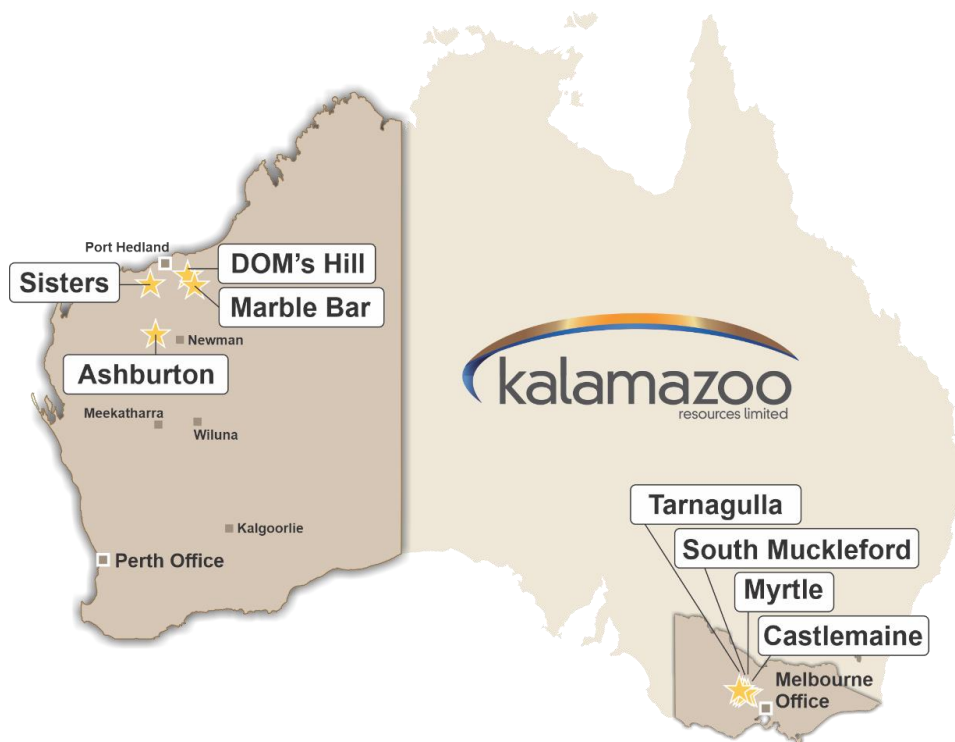


Figure 1: Kalamazoo Project Locations

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) for a total of 310km². 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 (Figure 2).

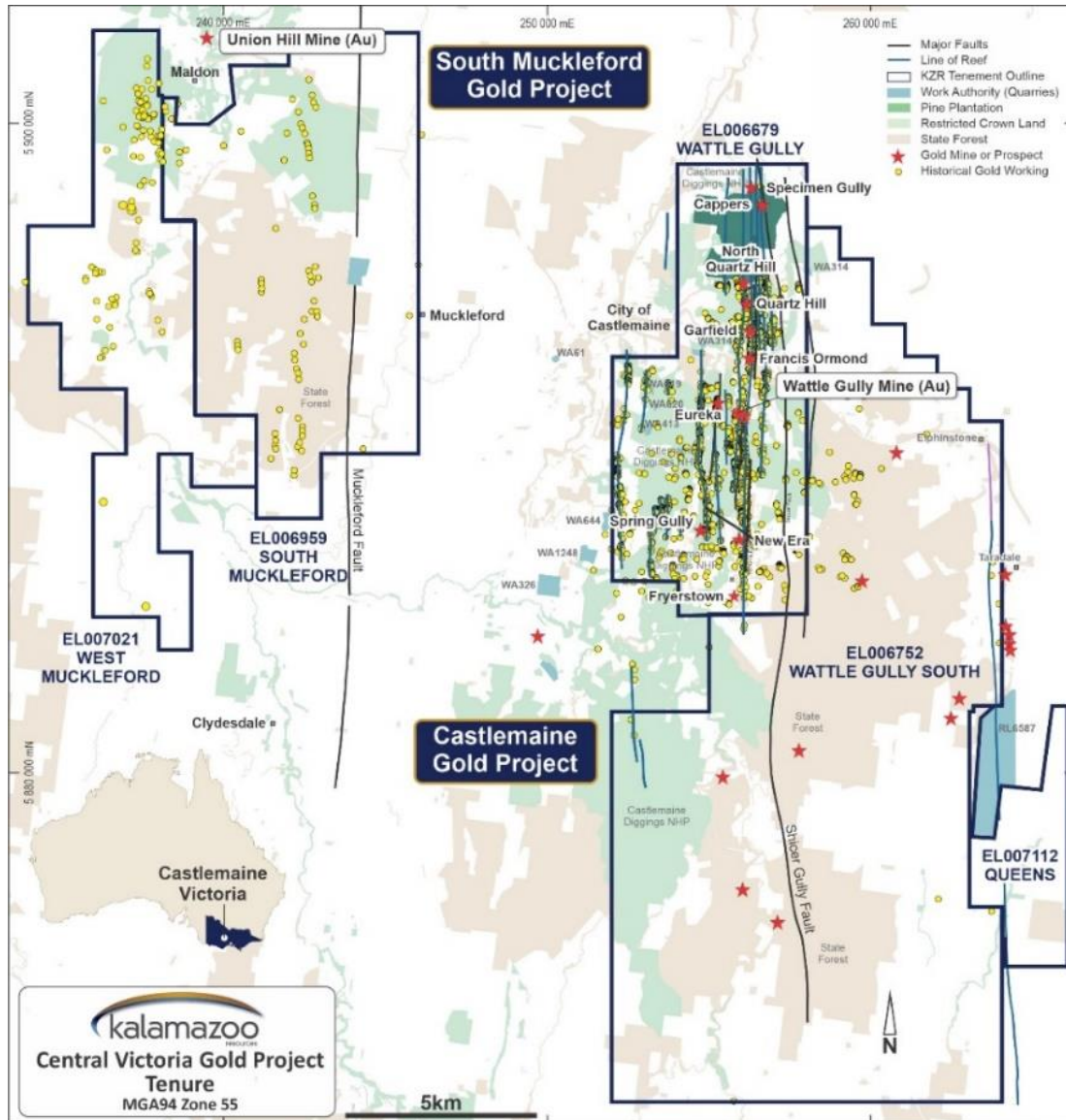


Figure 2: Castlemaine and South Muckleford Gold Project locations

During the reporting period Kalamazoo completed a further drilling campaign at the Lightning Prospect in the Castlemaine Gold Project (Figure 3). This Prospect is located within the private Pine Plantation in the northern section of EL006679 and approximately 2km south of the Mustang Prospect, where Kalamazoo completed its maiden diamond drilling program in April 2020¹.

The Lightning Prospect was identified in 2019 as one of Kalamazoo’s top ten prospects located within the Castlemaine Gold Project. This assessment was based on historical gold production and records, historic drilling and the results from groundwork, geophysical and geochemical surveys and 3D structural modelling carried out by Kalamazoo. The Lightning Prospect drilling program comprised 1,819m for six holes and was designed to test the 440m strike-extent of prospective structures interpreted to be an analogue of the nearby Wattle Gully Mine, approximately 5km to the south. The drilling results from all six holes confirmed the targeted “Wattle Gully Mine” analogue structure,

¹ ASX: KZR 29 April 2020

consisting of a west-dipping fault zone up to 10m in thickness with abundant quartz veining, alteration and minor visible gold. The best gold assays recorded were 0.8m at 11.1 g/t Au from 143m, 0.4m at 12.3 g/t Au from 139m (LT20DD02W) and 0.55m at 10.6 g/t Au from 143m (LT20DD02)².



Figure 3: Diamond drill rig in operation at the Lightning Prospect

To date, Kalamazoo has defined a trend of high-grade gold mineralised structures at the Castlemaine Gold Project that includes the Mustang and Lightning Prospects for a total strike extent of approximately 2.5km. This trend is coincident with the presence of numerous historical mine workings and shafts which further supports the prospectivity of this mineralised extent. Accurate historical production

² ASX: KZR 1 February 2021

records for the area are limited, however mining recoveries in the Lightning Prospect (Nimrod) vicinity were reported to be ~1 oz/t (i.e. ~ 31 g/t) of gold for 23 years (as at 1882)³.

In July 2020 the Castlemaine Gold Project was further strengthened by the addition of exploration licence EL007112 ("Queens"). Located on the south-eastern border of Kalamazoo's Wattle Gully South Project, Queens is considered under-explored as it has not been subjected to modern exploration in recent years and has had only received limited shallow drilling. It also straddles the highly prospective Taradale Fault, encircles GBM Resources Limited's (ASX: GBZ) Malmsbury goldfield and covers multiple structural extensions of the primary lode gold deposits of this important high-grade gold camp. The Malmsbury goldfield is situated in the eastern part of the prolific Bendigo Zone, approximately 55km south of Kirkland Lake Gold Limited's (ASX: KLA) high-grade Fosterville Gold Mine.

Shortly after the grant of this tenement, Canadian listed gold explorer and developer Novo Resources Corp ("Novo") (TSX-V: NVO; OTCQX: NSRPF) entered into an Option with Kalamazoo to acquire a 50% interest in the Queens Project⁴ and to enter into a Joint Venture Agreement ("JV") with Kalamazoo⁵. Given the similar geological setting to the Fosterville Gold Mine and historic high-grade gold production, Novo's Dr. Quinton Hennigh was of the view that the Queens Project was potentially geologically analogous to the high-grade Fosterville epizonal orogenic gold deposit⁶. Novo subsequently exercised its Option to earn the initial 50% interest and as consideration for the Option exercise, issued 584,215 Novo shares ("Shares") to Kalamazoo.

Under the terms of the Option, Farm In and Joint Venture Agreement ("Agreement") Novo has the right to earn an additional 20% interest in the Queens Project by incurring \$5 million in exploration expenditure (the "Earn-In Amount") over a five-year period (the "Earn-In Period"). Any expenditure incurred during any year of the Earn-In Period, which surpasses the minimum yearly requirement, will be credited against the subsequent year's commitment.

SOUTH MUCKLEFORD GOLD PROJECT

The South Muckleford Gold Project (161km²) is located just 10km west of Kalamazoo's Castlemaine Gold Project and contains a highly prospective goldfield with proven endowment and historical high-grade gold production. In particular, it covers the regional Muckleford Fault and adjacent historical workings to the west (i.e. hanging-wall position), numerous historical alluvial and hard rock gold mines and the southern strike extent of the Union Hill Gold Mine, at Maldon.

Following a concerted program of historical research, field mapping and rock chip and soil sampling, three prospects were identified, and confirmed the existence of a broad epizonal, high grade gold + antimony + arsenic mineralised system over at least two parallel lines of lode with significant strike extents. The largest of these lodes is at Smith's Reef which has historical surface/shaft mine workings extending for ~1.2km consistent with a coincident Au-Sb-As soil anomaly. The Fentiman's Reef and the

³ The Argus, 18 October 1882 <http://nla.gov.au/nla.news-article11556362>

⁴ ASX: KZR 23 September 2020

⁵ ASX: KZR 23 March 2021

⁶ ASX: GBZ 31 March 2020

newly identified Fentiman's South Prospect are along a semi-continuous line of historical surface/shaft mine workings that extend for at least 750m, with the soil geochemistry indicating this mineralised trend extends beyond >1km long. A third nearby prospect located to the west of Smith's Reef, referred to as "Charcoal Gully", has also been identified from the Ultrafine+™ soil sampling survey (up to 13.8 ppb Au and 146 ppm Sb) completed during 2020⁷.



Figure 4: RC drilling at Fentimans Reef prospect, South Muckleford Gold Project

Following interpretation of the results of this program, a maiden RC drilling program comprising 29 Reverse Circulation (RC) holes for 4,499m at South Muckleford was designed and completed during the

⁷ ASX: KZR 22 December 2020

year (Figure 4). The focus of this program was to target the three high priority prospects which were recently identified as containing epizonal gold-antimony mineralisation which is closely analogous to that of the nearby Fosterville and Costerfield mines in Central Victoria. Results from this program have now confirmed the existence of several shallow epizonal gold-antimony-arsenic reef structures at all three prospects. Assays and visual inspections from these reef intersections have shown rock textures and widespread gold-antimony-arsenic mineralisation typical of a shallow epizonal style of mineralisation with peak 1m composite assays up to 1.4 g/t gold, 0.25% antimony (including visible stibnite) and 0.5% arsenic⁸.

A follow up diamond drilling program has now been planned for 2H 2021.

TARNAGULLA GOLD PROJECT

In September-October 2020, Kalamazoo completed a soil sampling program (59 samples) across its highly prospective Tarnagulla Gold Project as part of a major regional-scale soil geochemistry sampling program in collaboration with the CSIRO⁹. Specifically, soil samples were subjected to Ultrafine+™ multielement analysis for major and trace elements in a CSIRO-led collaborative leading-edge research project. These surface geochemistry sampling programs use the latest advanced technologies and research capabilities to assist Kalamazoo to identify and prioritise drill targets across its portfolio of gold exploration projects. These regional-scale soil sampling programs were designed on 200m x 100m grids covering a large number of high priority target areas with known gold mineralisation across Kalamazoo's Castlemaine, South Muckleford, and Tarnagulla Gold Projects. The target areas have been selected utilising a combination of data including the presence of prospective fault/fold structures, gold mineralised reefs, historical workings, low exploration maturity and historical drill hole records.

The results of the Ultrafine+™ multi-element soil geochemistry program revealed a significant 1.4km long linear gold in soil anomaly (>100 ppb Au) that is coincident with a trend of historical high-grade hard rock mine workings⁸.

As a result of this program, Kalamazoo is looking forward to conducting a minimum 2,000m RC drilling program to test along the strike of this significant gold in soil anomaly. The drill sites have been located along existing tracks to minimise disturbance and the program has been submitted for final permitting. The Company anticipates commencing this RC drilling program in Q4 2021.

MYRTLE GOLD PROJECT

Kalamazoo was pleased to add the Myrtle Gold Project (EL007323) to its Victorian assets (Figure 5) during the reporting period. Covering 44km² of highly prospective goldfields geology and located just 15km north-east of Kalamazoo's Castlemaine Gold Project it is strategically located on the southern border of the North Central Victorian Goldfields Tender Block 4 and adjacent to Kirkland Lake Gold's

⁸ ASX: KZR 22 July 2021

⁹ ASX: KZR 19 October 2021

world-class Fosterville Gold Mine located 30km to the north. The addition of this project has now expanded Kalamazoo’s total exploration tenure in the prolific Bendigo Zone to approximately 515km².

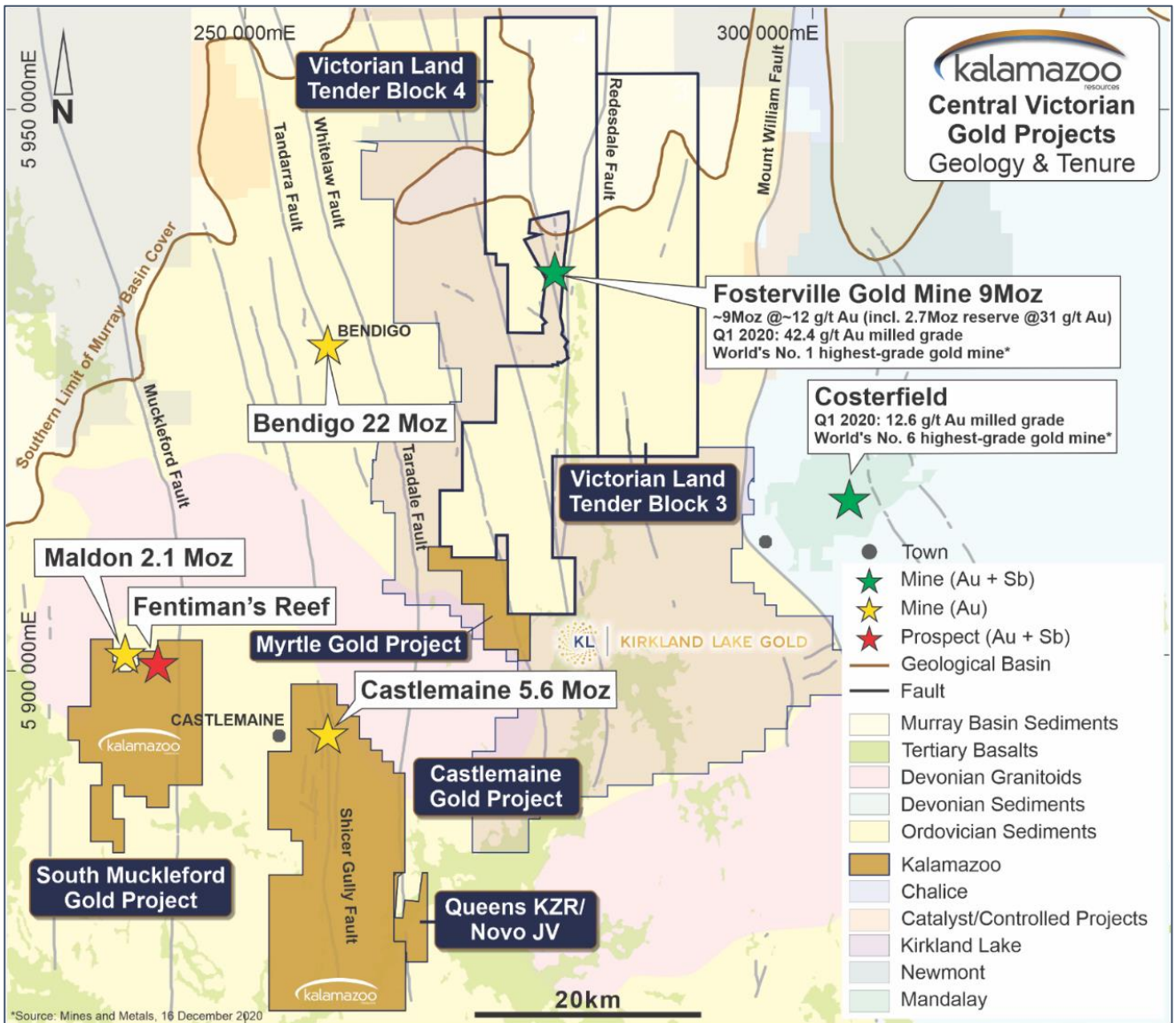


Figure 5: Map of the Central Victorian Goldfields showing the location of Kalamazoo’s Myrtle Gold Project (EL007323) with respect to its nearby Castlemaine, South Muckleford and Queens JV Gold Projects. Also of note, is its location immediately adjacent to the southern margin of NCVG Tender Block 4.

WESTERN AUSTRALIA

ASHBURTON GOLD PROJECT

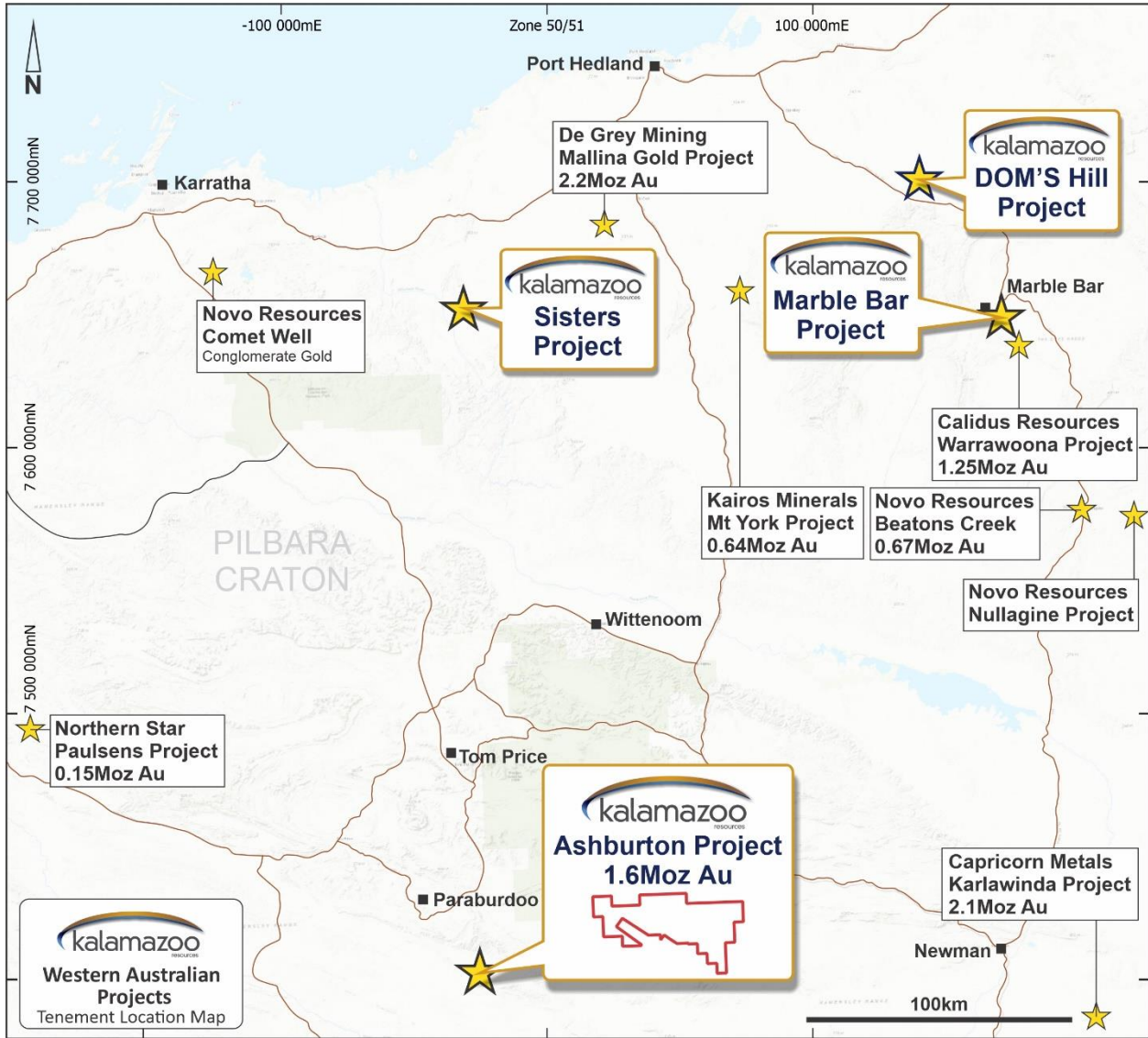


Figure 6: Pilbara Craton Location Map showing Kalamazoo’s Pilbara Gold Projects

The completion of the acquisition of the Ashburton Gold Project from Northern Star Resources Limited (ASX: NST) was a major highlight for Kalamazoo during the reporting year¹⁰. Located 35km SE of Paraburdoo townsite and within the prospective Nanjilgardy Fault Zone following the southern margin of the Pilbara Craton (Figure 6) the project covers 217km² and consists of Mining Leases M52/639, M52/640, M52/734 and M52/735 that produced 350,000oz Au gold between 1998-2004, and Exploration Licences 52/1941, 52/3024 and 52/3025. The project has a current Mineral Resource Estimate (JORC Code (2012)) of 20.8Mt @2.5g/t Au for 1.65Moz¹¹ hosted largely in down plunge extensions of the historical mined open pits.

¹⁰ ASX: KZR 24 August 2020

¹¹ ASX: KZR 23 June 2020

Kalamazoo completed its maiden drilling program of 15 Reverse Circulation (RC) holes for 5,677m and one diamond hole for 104m at the Project in late December 2020 (Figure 8)¹². This initial program focused around the Waugh and Connie’s Find Prospects on the northern side of Diligence Dome and at Peake and Peake West on the southern side of the dome. At Waugh, drilling intersected thick quartz- and-ironstone units, characteristic of “Waugh Type” mineralisation with best intersections comprising 9m at 5.52g/t Au, 9m at 3.03g/t Au, 9m at 4.03g/t Au and 7m at 4.25g/t Au (Figure 7).

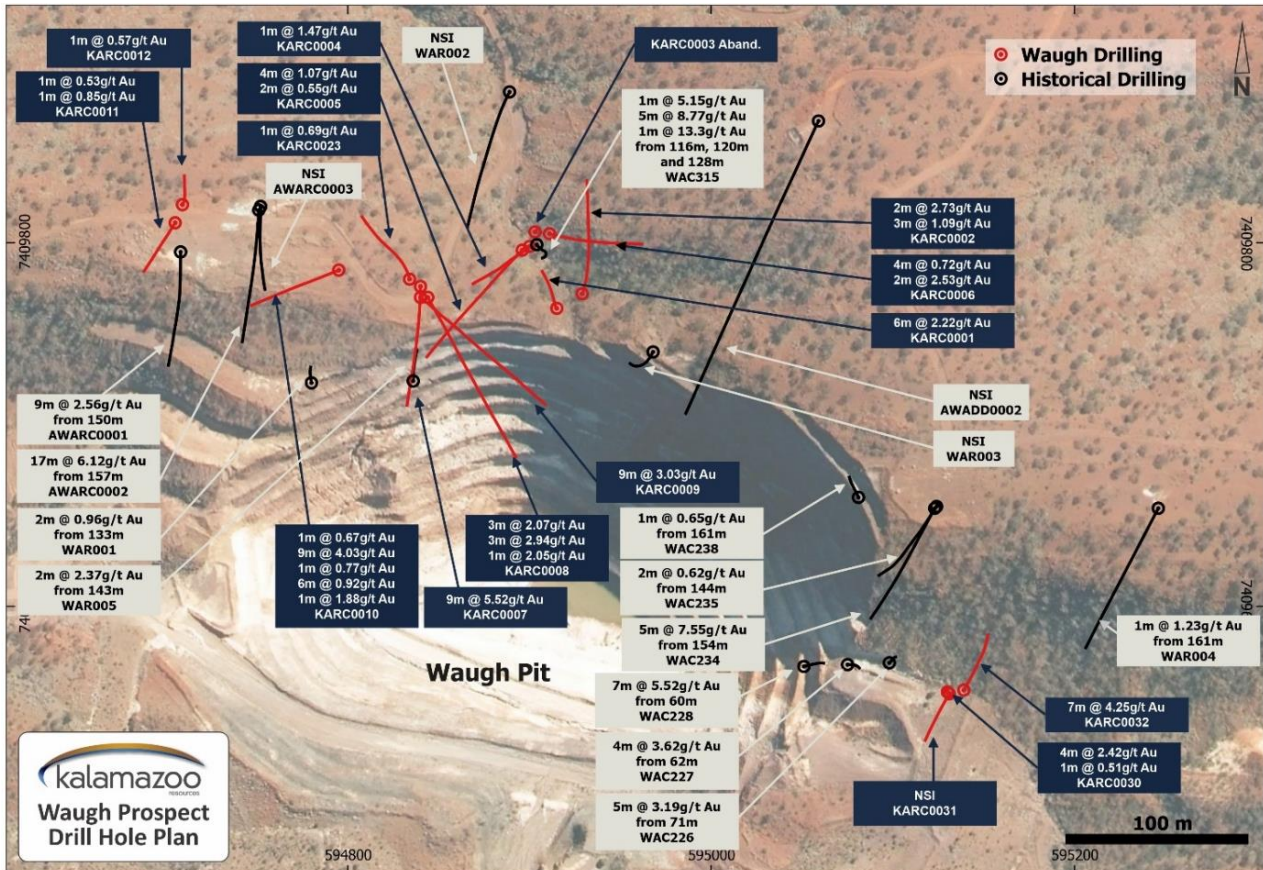


Figure 7: Location map of the Waugh Pit with gold mineralised intercepts from the Waugh Program drill holes completed in December 2020 and historical drill holes

The second drilling program commenced in April 2020 and has been designed to test several areas that demonstrate the potential to host additional shallow, oxide and non-refractory gold mineralisation, consistent with Kalamazoo’s strategy to increase the resource base.

The Phase II drilling program is targeting extensions to mineralised trends in shallow locations east and west of the Waugh Open Pit and within a newly interpreted structure at Connie’s Find. Several high-grade steeply dipping, cross-cutting NW-striking mineralised structures at the Peake Prospect will be followed up as well as bedding sub-parallel mineralisation at the nearby Titus Prospect (Figure 9). Drilling at West Olympus will test a significantly mineralised north-south striking structure.

¹² ASX: KZR 5 January 2021

New discoveries are also being targeted in aircore drilling beneath shallow cover at St Helens and below Cenozoic cover at Petra, with both prospects considered poorly to untested by current drill coverage. A new prospect is also targeted in RC drilling below a strongly weathered regolith at Corfu, which shares many geological characteristics of the Mt Olympus deposit.



Figure 8: RC drilling for down plunge extensions at the Waugh Pit completed in December 2020

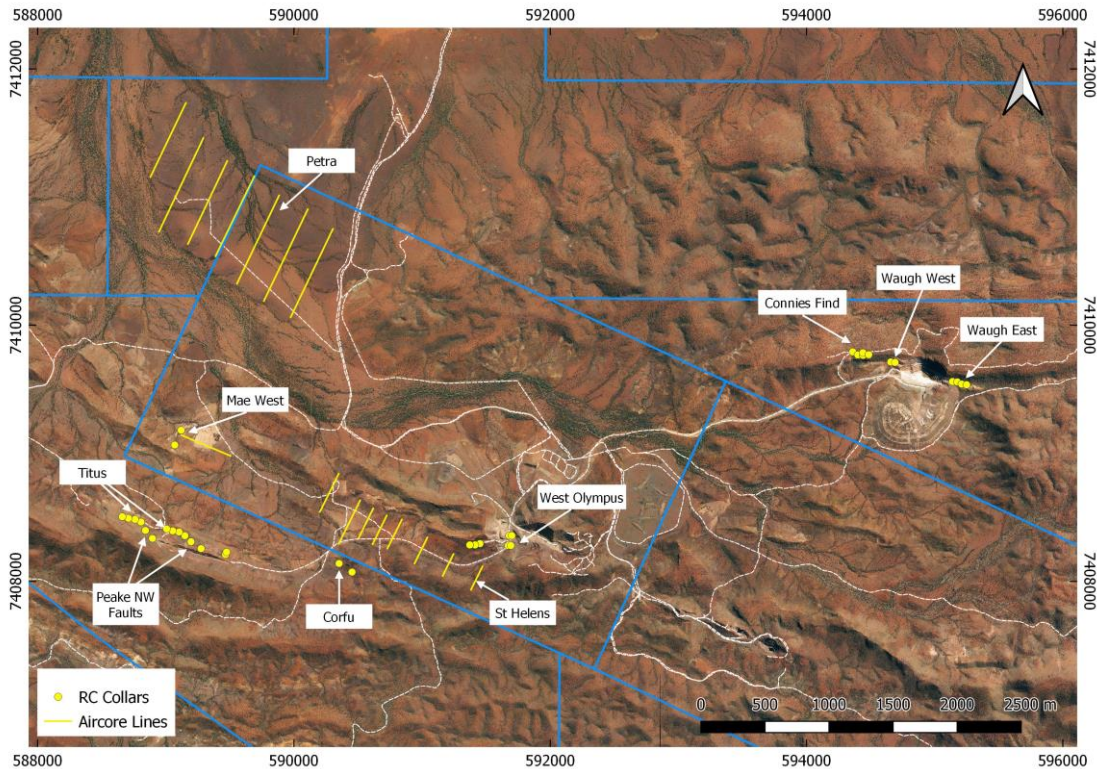


Figure 9: Locations of the Phase II drilling program at the Ashburton Gold Project

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

ASHBURTON GOLD PROJECT MINERAL RESOURCES										
	INDICATED			INFERRED			TOTAL			Cut off Grade
	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)	
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

THE SISTERS GOLD PROJECT

The Sisters Gold Project (E47/2983 and E47/4490 and applications E47/4342, E47/4489 and E47/4491) will cover 239km² in the Pilbara region of WA once all applications are granted. The Project is considered prospective for epigenetic gold mineralisation associated with the Wohler Shear Zone (a prospective splay from the Tabba, Mallina, Withnell and Berghaus Shear Zone complex).

Previous work by Kalamazoo defined a gold soil anomaly over 3km long with a maximum 80ppb Au¹³ across the major Wohler Shear Zone corridor that was is open to the north east and south west. Two gold nuggets were also found south west along strike from the gold soil anomaly¹⁴.

Following on from these results, Kalamazoo completed a project wide soil geochemical survey across the interpreted extent of the Wohler Shear Zone corridor over 14km of strike at 200m x 100m spacing for ~2,200 samples¹⁵.

Using CSIRO’s newly developed UltraFine+™ multi-element analysis for major and trace elements, this extended and refined the initial survey, resulting in gold results of up to 83ppb Au identified along the Wohler Shear. Within the eastern part of the sampling grid, a broad 2.7km x 1.0km gold anomaly (up to 70ppb Au) is coincident with a north-south offset (Figure 10). Anomalous Au correlates with elevated As, Ag, Zn, Pb, and Cu.

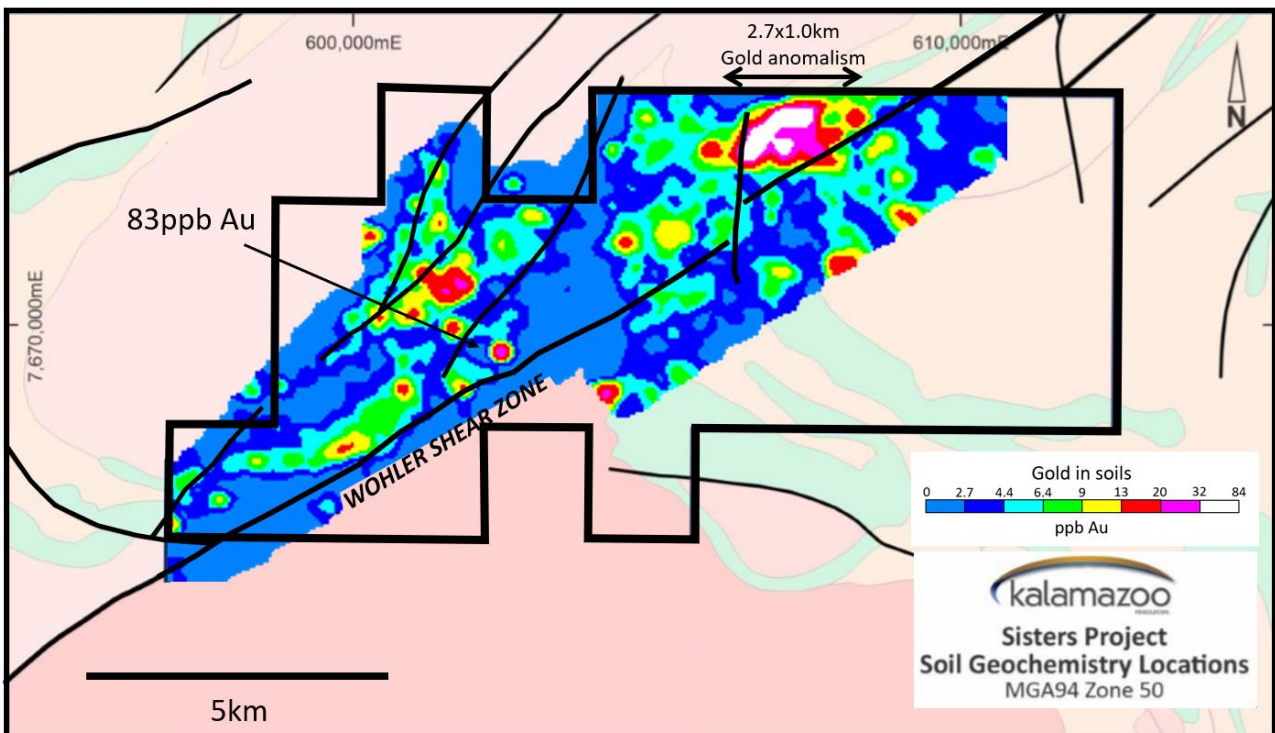


Figure 10: Ultrafine+™ gold results for The Sisters

¹³ ASX: KZR 23 November 2017

¹⁴ ASX: KZR 2 April 2020

¹⁵ ASX: KZR 28 August 2020

Detailed low level aeromagnetic and radiometric surveys comprising 2,774 line km were also completed during 2020, including across the areas recently subject to the geochemical soil sampling program¹⁶.

Following these campaigns, Kalamazoo designed a ~4,900m RC and ~800m diamond drilling campaign (~5,700m in total) and is continuing to advance its heritage and land access agreements for the project to get underway as soon as practicable.

DOM'S HILL PROJECT

The DOM's Hill Project in the East Pilbara WA comprises exploration licences E45/4722, E45/4887, E45/4919 and E45/5146 and licence applications E45/5934, E45/5935 and E45/5943 covering 125km².

Kalamazoo completed pXRF analyses of 732 soil sample pulps, previously collected within E45/5146 for gold exploration purposes, for indications of potential LCT pegmatite mineralisation during the year. These 732 soil samples were collected in late 2020 as part of a gold-focused exploration program and were originally submitted for Ultrafine+™ multi-element analysis (Figure 11). However, the Ultrafine+™ method utilises an aqua regia digestion which is sub-optimal for the detection of lithium and associated path finder elements. Consequently, these pulps were recently re-analysed with a pXRF unit involving a specialised "Li Index" function developed by Portable Spectral Services Pty Ltd. The pXRF Li Index provides a proxy for lithium content via a correlation with a suite of five elements (Rb, Nb, Ta, Ga, and Cs) that are resolvable by pXRF and calibrated against certified reference materials. Note that these soil samples were collected on a broad 400m x 100m spaced grid, which is considered "regional-scale" for a first pass reconnaissance lithium exploration program.

¹⁶ ASX: KZR 3 June 2020

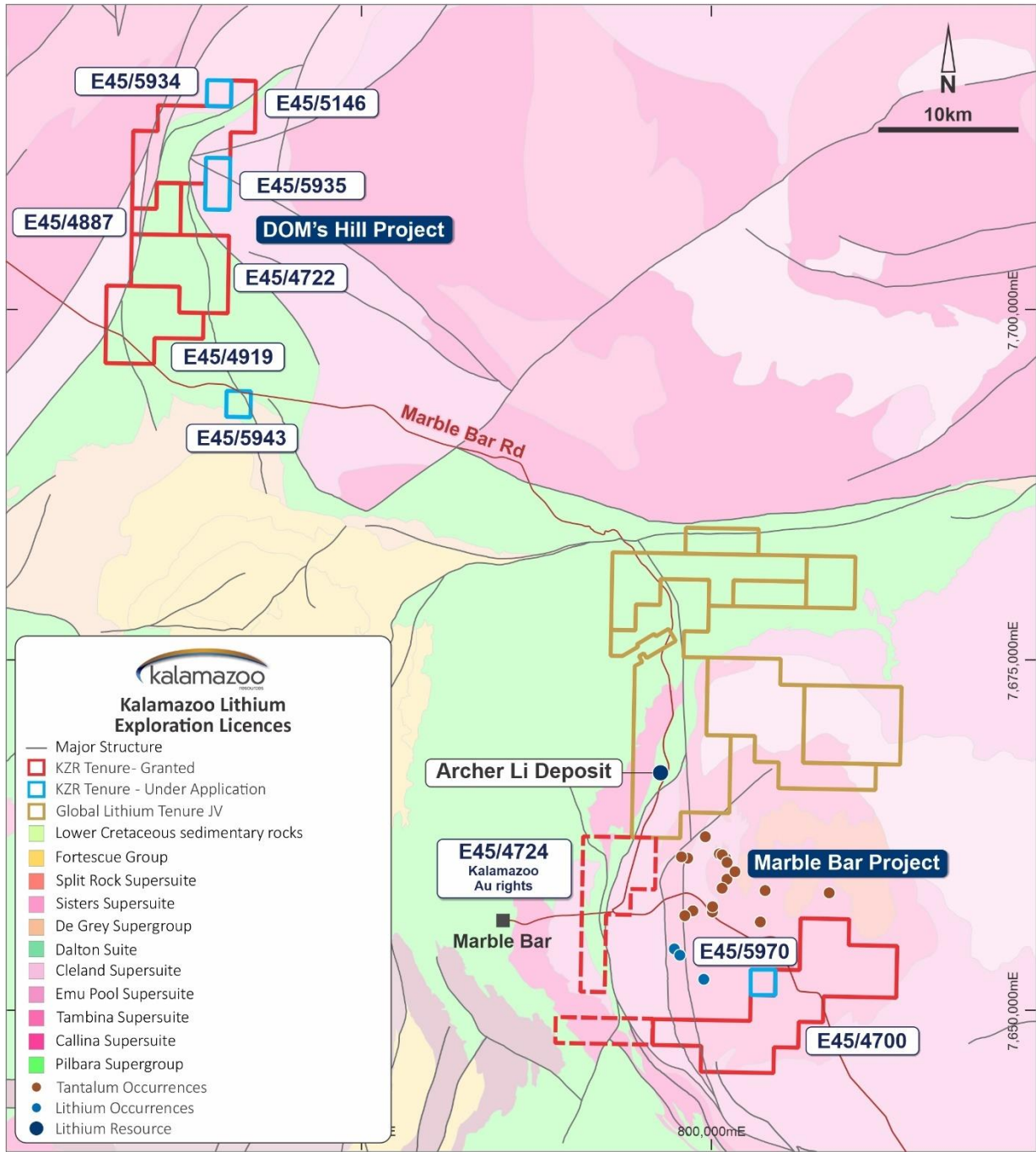


Figure 11: Location of Kalamazoo’s lithium exploration projects at DOM’s Hill and Marble Bar, East Pilbara Region WA. Note that Kalamazoo has gold rights only in respect to E45/4724

MARBLE BAR PROJECT

The Marble Bar Project is located just 10km from the Marble Bar township in the Pilbara and consists of exploration licences E45/4724, E45/4700 and licence application E45/5970 for a total landholding of 125km². As with the nearby DOM's Hill Project, following a technical review during the year the Company was pleased to report that the Marble Bar tenement E45/4700 also demonstrates significant lithium exploration potential. This also led to a new tenement application E45/5970 (the Company holds the gold, not lithium, rights to E45/4724).

Kalamazoo considers this area to be highly prospective for lithium mineralisation due to its favourable proximity to the margin of the Moolyella tin and tantalum alluvial field, which includes known cassiterite-bearing pegmatites. Furthermore, within these tenements, there are historical reports of mapped pegmatites and lithium occurrences.

As with the DOM's Hill Project, Kalamazoo intends to undertake lithium exploration across this project area through a systematic process of large, detailed soil sampling programs and field reconnaissance to identify high priority targets for follow-up drill testing (Figure 12).

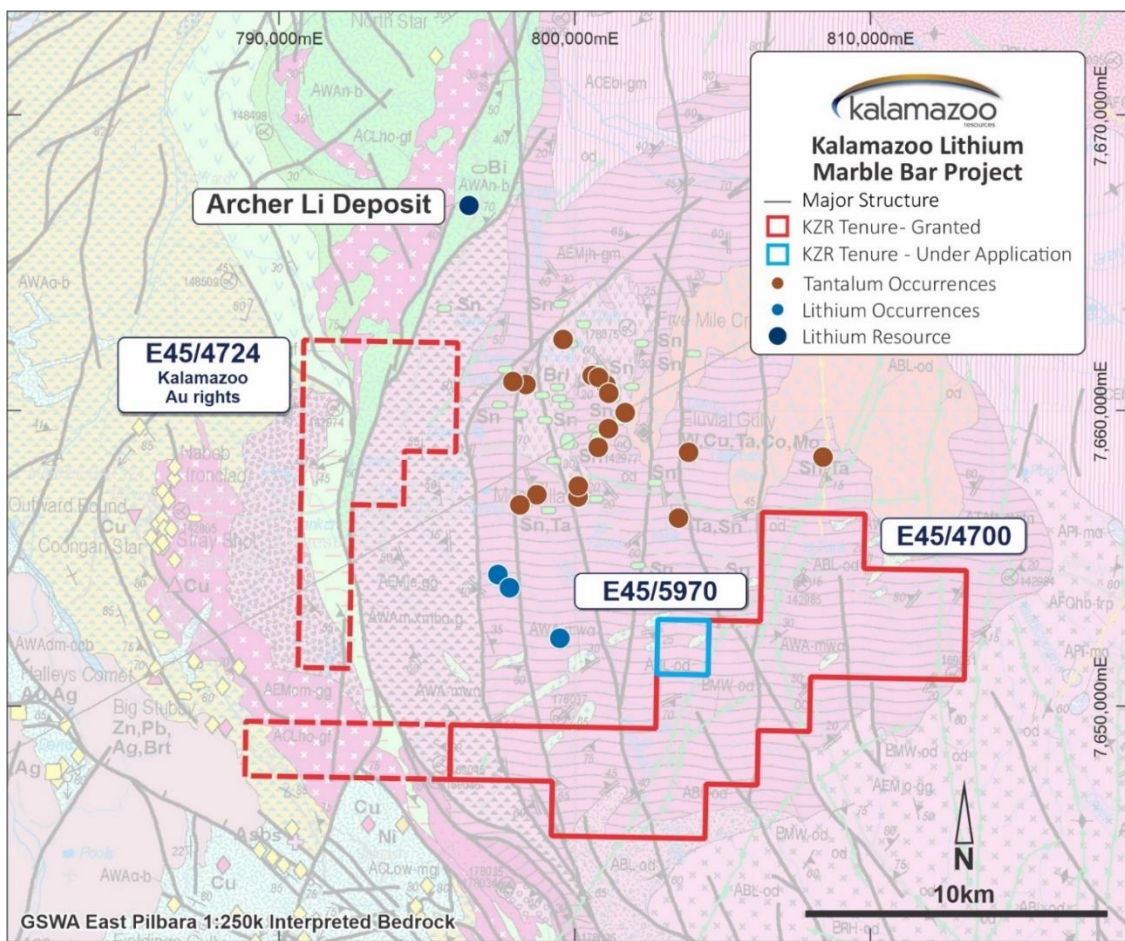


Figure 12: Location of E45/4700 and application E45/5970 on a background GSWA East Pilbara 1:250k Interpreted Bedrock Map Sheet. Note the location of these two tenements on the southern margin of the Moolyella tin and tantalum alluvial field.

Response to COVID-19

Kalamazoo has been proactively managing the potential impact of COVID-19 and has developed systems and policies to ensure the health and safety of its employees and contractors, and of limiting risk to its operations. These systems and policies have been developed in line with the formal guidance of State and Federal health authorities and with the assistance of its contractors and will be updated should the formal guidance change. Kalamazoo's first and foremost priority is the health and wellbeing of its employees and contractors.

To ensure the health and wellbeing of its employees and contractors, Kalamazoo has implemented a range of measures to minimise the risk of infection and rate of transmission to COVID-19 whilst continuing to operate. All operations and activities have been minimised only to what is deemed essential. Implemented measures include employees and contractors completing COVID-19 risk monitoring, increased hygiene practices, the banning of non-essential travel for the foreseeable future, establishing strong infection control systems and protocols across the business and facilitating remote working arrangements, where practicable and requested. Kalamazoo will continue to monitor the formal requirements and guidance of State and Federal health authorities and act accordingly.

Competent Persons Statement

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

The information in this release relating to the exploration data for the Ashburton Gold Project is based on information compiled by Mr Matthew Rolfe, a competent person who is a Member of The Australasian Institute of Geoscientists. Mr Rolfe is an employee of Kalamazoo Resources Ltd and is engaged as Exploration Manager Western Australia for the Company. Mr Rolfe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Rolfe consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to the estimation and reporting of mineral resources at the Ashburton Project is based on information compiled by Dr Damien Keys, a competent person who is a Member of 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 2021.

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, 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 2021 was \$445,828 (2020: loss of \$3,313,023).

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

As at 30 June 2021 the Company had net assets of \$17,959,128 (2020: \$17,047,349) including cash and cash equivalents of \$5,850,997 (2020: \$8,902,122). Exploration and evaluation costs totalling \$90,754 (2020: \$1,159,907) were expensed during the year in accordance with the Company's accounting policy.

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 August 2020 the Company completed the acquisition of the highly prospective Ashburton Gold Project in Western Australia from Northern Star Resources Limited. The Company also completed its maiden drilling program at the project in late December 2020.

In September 2020 the Company granted Canadian listed gold explorer and developer Novo Resources Corp. an Option to earn an initial 50% interest, then earn a further 20% interest, in the Company's Queens Project in Victoria. The consideration for the Option was 24,883 Novo common shares, with Novo having a six-month period in which to exercise its Option. In March 2021 Novo exercised their Option and issued the Company with a further 584,215 Novo common shares, which had a value at the date of acquisition of \$1,939,594.

During the financial year a total of 4,087,500 Options with an exercise price of \$0.25 and expiring on various dates were exercised raising approximately \$1.2 million (before costs).

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

There has not arisen in the interval between the end of the financial year and the date of this report any 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 Jobs, Precincts and Regions (*Victoria*) and the Department of Mines, Industry Regulation and Safety (*Western Australia*).

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

Greenhouse Gas and Energy Data Reporting Requirements

The Directors have considered compliance with 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 2021, 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>A co-founder of Kalamazoo, 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 Unlisted options – Kalamazoo Resources Limited Performance Rights – Kalamazoo Resources Limited	931,246 7,000,000 2,000,000

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	Torian Resources Limited (19 September 2019 to 21 April 2020)	
Special responsibilities	None.	
Interests in shares and options	Ordinary shares – Kalamazoo Resources Limited Unlisted options – Kalamazoo Resources Limited Performance Rights – Kalamazoo Resources Limited	371,905 3,500,000 750,000

Paul Adams B.SC., GradDipAppFin and Investment (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 giant 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 range of projects and companies across a range of commodities. Paul holds a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australia.	
Other current directorships	Latitude Consolidated Limited (appointed 15 February 2021)	
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	Nil
	Unlisted options – Kalamazoo Resources Limited	2,500,000
	Performance Rights – Kalamazoo Resources Limited	1,000,000

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

Mr Crawford is a Chartered Accountant with over 30 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 2021, and the numbers of meetings attended by each Director were:

	Board of Directors	
	A	B
Luke Reinehr	7	7
Angus Middleton	7	7
Paul Adams	7	7

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 Paul Adams, being the Director retiring by rotation who, being eligible, will offer himself for re-election at the 2021 Annual General Meeting.

REMUNERATION REPORT (AUDITED)

The Directors present the Kalamazoo Resources Limited 2021 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	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 2021.

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 2020 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 \$		
2021							
<i>Directors</i>							
L Reinehr	297,855	-	-	-	-	297,855	-
A Middleton	36,000	-	-	3,420	-	39,420	-
P Adams	174,938	-	-	3,420	-	178,358	-
<i>Executives</i>							
B Crawford	147,695	-	-	-	-	147,695	-
TOTALS	656,488	-	-	6,840	-	663,328	
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	

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. The Company may terminate the Agreement without cause by providing twelve months' written notice. Mr Reinehr may terminate the Agreement without cause by providing three months' written notice. Should the Company terminate the Agreement, it may pay Mr Reinehr in lieu of notice or may require him to serve out up to three months' notice or part thereof. 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.

P Adams, Executive Director

Mr Adams is remunerated pursuant to a formalised Consultancy Agreement ("Agreement"). Under the Agreement, the Company has agreed to engage Mr Adams as a Consultant Geologist to the Company. The Company may terminate the Agreement without cause by providing twelve months' written notice. Mr Adams may terminate the Agreement without cause by providing three months' written notice. Should the Company terminate the Agreement, it may pay Mr Adams in lieu of notice or may require him to serve out up to three months' notice or part thereof. 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. The Company may terminate the Agreement without cause by providing twelve months' written notice. Mr Crawford may terminate the Agreement without cause by providing three months' written notice. Should the Company terminate the Agreement, it may pay Mr Crawford in lieu of notice or may require him to serve out up to three months' notice or part thereof. 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 3,250,000 Options were issued to employees. 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	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	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	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

Further information on the fair value of share options and assumptions is set out in Note 24 to the financial statements.

Performance rights

Performance Rights 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. The Performance Rights vest once the specific milestones (outlined below) have been met.

The Company believes that the issue of Performance Rights aligns the efforts of Directors and employees in seeking to achieve growth in the Company's share price and in the creation of Shareholder value. The Board also believes that incentivising with Performance Rights is a prudent means of conserving the Company's available cash reserves. During the financial year 2,125,000 Class A and 2,125,000 Class B Performance Rights were issued. The Performance Rights issued to Directors were approved by Shareholders at the 2020 Annual General Meeting.

Performance Rights with non-market based milestones can only be exercised following the satisfaction of those milestones, a change of control or winding up occurring, or a takeover bid becoming unconditional. Assuming that the milestones are met, the value of a Performance Right is the value of an ordinary share as at the grant date. However, the milestones for the Performance Rights were intentionally set as stretch targets and accordingly the Directors have determined that it is more likely than not that the milestones will not be achieved. Therefore, in accordance with AASB 2: *Share-based Payment* no value has been recognised for the Performance Rights.

The details of the Performance Rights are set out below:

	Class	Number granted	Grant date	Expiry date	Share price at grant date	Exercise price	Value of rights at grant date
Directors							
L Reinehr	A ⁽¹⁾	1,000,000	18 Nov 2020	22 Nov 2023	30 Nov 2021	\$Nil	\$Nil
L Reinehr	B ⁽²⁾	1,000,000	18 Nov 2020	22 Nov 2025	30 Nov 2022	\$Nil	\$Nil
A Middleton	A	375,000	18 Nov 2020	22 Nov 2023	30 Nov 2021	\$Nil	\$Nil
A Middleton	B	375,000	18 Nov 2020	22 Nov 2025	30 Nov 2022	\$Nil	\$Nil
P Adams	A	500,000	18 Nov 2020	22 Nov 2023	30 Nov 2021	\$Nil	\$Nil
P Adams	B	500,000	18 Nov 2020	22 Nov 2025	30 Nov 2022	\$Nil	\$Nil
Executives							
B Crawford	A	250,000	18 Nov 2020	22 Nov 2023	30 Nov 2021	\$Nil	\$Nil
B Crawford	B	250,000	18 Nov 2020	22 Nov 2025	30 Nov 2022	\$Nil	\$Nil

The following milestones (vesting conditions) apply to the Performance Rights issued during the year:

- (1) Class A Performance Rights: on announcing an increased Mineral Resource estimate of at least Inferred category on any of the Company's Projects of at least 500,000 ounces of gold or more, with a minimum cut-off grade of 1g/t Au within 3 years.
- (2) Class B Performance Rights: on announcing an increased Mineral Resource estimate of at least Inferred category on any of the Company's Projects of at least a further 500,000 ounces of gold or more (above Class A), with a minimum cut-off grade of 1g/t Au within 5 years.

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
2021								
Directors								
L Reinehr	7,000,000	-	-	-	7,000,000	-	7,000,000	-
A Middleton	3,500,000	-	-	-	3,500,000	-	3,500,000	-
P Adams	2,500,000	-	-	-	2,500,000	-	2,500,000	-
Executives								
B Crawford	1,750,000	-	-	-	1,750,000	-	1,750,000	-
TOTAL	14,750,000	-	-	-	14,750,000	-	14,750,000	-

Shareholdings

	Opening balance at 1 July	Granted as remuneration	Options exercised	Net change (other)	Balance at 30 June
2021					
Directors					
L Reinehr	931,246	-	-	-	931,246
A Middleton	371,905	-	-	-	371,905
Executives					
B Crawford	602,000	-	-	-	602,000
TOTAL	1,905,151	-	-	-	1,905,151

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
17 July 2018	30 November 2021	\$0.25	1,500,000
14 November 2018	30 November 2021	\$0.25	7,000,000
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
25 September 2020	30 November 2023	\$1.04	1,750,000
9 March 2021	15 March 2024	\$0.69	1,500,000
TOTAL			21,250,000

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

During the year the Company issued a total of 4,087,500 ordinary shares upon the exercise of options having various expiry dates but all having an exercise price of \$0.25.

CORPORATE GOVERNANCE STATEMENT

The Company's 2021 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 19. During the year ended 30 June 2021 no amounts were paid or were payable for non-audit services provided by the auditor of the Company (2020: \$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", is written over a horizontal dashed line.

Luke Reinehr
Chairman

Perth, 23 September 2021

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 2021, 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, 23 September 2021

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
Other income	3(a)	2,184,394	472,542
Employee benefits expense	3(b)	(1,388,657)	(1,822,663)
Depreciation expense		(206,264)	(74,952)
Exploration expenditure write-off	9	(90,754)	(1,159,907)
Finance costs		(32,219)	(12,095)
Other expenses	3(c)	(912,328)	(715,948)
Loss from continuing operations before income tax		(445,828)	(3,313,023)
Income tax benefit	5	-	-
Loss after income tax for the period attributable to the owners of Kalamazoo Resources Limited		(445,828)	(3,313,023)
Other comprehensive loss			
<i>Items that will not be reclassified to profit or loss</i>			
Financial assets at fair value through other comprehensive income – fair value changes	10	(665,788)	-
Other comprehensive loss for the year (net of tax)		(665,788)	-
Total comprehensive loss for the year attributable to the owners of Kalamazoo Resources Limited		(1,111,616)	(3,313,023)
		Cents per share	Cents per share
Loss per share attributable to the owners of Kalamazoo Resources Limited			
Basic profit/(loss) per share	18	(0.34)	(3.00)
Diluted profit/(loss) per share	18	(0.34)	(3.00)

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 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	5,850,997	8,902,122
Trade and other receivables	7	353,802	3,280,040
Other current assets	8	72,356	47,683
Total Current Assets		6,277,155	12,229,845
Non-Current Assets			
Property, plant and equipment		351,007	158,994
Right of use assets		290,440	236,389
Exploration and evaluation assets	9	11,636,910	5,446,083
Financial assets at fair value through OCI	10	1,364,380	-
Other non-current assets	11	30,124	15,125
Total Non-Current Assets		13,672,861	5,856,591
TOTAL ASSETS		19,950,016	18,086,436
LIABILITIES			
Current Liabilities			
Trade and other payables	12	1,624,958	772,286
Short-term provisions	13	70,037	34,180
Lease liabilities	14	108,299	77,364
Total Current Liabilities		1,803,294	883,830
Non-Current Liabilities			
Lease liabilities	14	187,594	155,257
Total Non-Current Liabilities		187,594	155,257
TOTAL LIABILITIES		1,990,888	1,039,087
NET ASSETS		17,959,128	17,047,349
EQUITY			
Contributed equity	15(b)	24,016,755	22,859,847
Option reserve	16(a)	3,141,373	2,274,886
Financial asset reserve	16(b)	(665,788)	-
Accumulated losses	17	(8,533,212)	(8,087,384)
TOTAL EQUITY		17,959,128	17,047,349

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 2021

	Issued Capital \$	Option Reserve \$	Financial Asset Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2019	11,936,245	1,293,367	-	(5,338,373)	7,891,239
Total comprehensive loss for the period	-	-	-	(3,313,023)	(3,313,023)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss 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 exercise 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
At 1 July 2020	22,859,847	2,274,886	-	(8,087,384)	17,047,349
Total comprehensive loss for the period	-	-	-	(445,828)	(445,828)
Other comprehensive loss	-	-	(665,788)	-	(665,788)
Total comprehensive loss for the period (net of tax)	-	-	(665,788)	(445,828)	(1,111,616)
Transactions with owners in their capacity as owners					
Issue of shares	1,021,875	-	-	-	1,021,875
Transaction costs of issuing shares	(10,955)	-	-	-	(10,955)
Issue of options to employees	-	1,012,475	-	-	1,012,475
Transfer from share option reserve:					
– Due to exercise of options	145,988	(145,988)	-	-	-
At 30 June 2021	24,016,755	3,141,373	(665,788)	(8,533,212)	17,959,128

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 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,110,245)	(965,692)
Interest received		48,837	32,507
Interest paid		(32,219)	(12,095)
Government grant received		57,710	42,290
NET CASH FLOWS USED IN OPERATING ACTIVITIES	25	(1,035,917)	(902,990)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(280,024)	(134,599)
Payments for exploration activities		(5,737,072)	(3,459,657)
Proceeds from sale of Snake Well Gold Project	7	3,100,000	1,750,000
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(2,917,096)	(1,844,256)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	9,200,000
Proceeds from conversion of options		1,021,875	1,868,696
Share issue costs		(10,955)	(129,964)
Lease principal payments		(109,032)	(55,568)
NET CASH FLOWS FROM FINANCING ACTIVITIES		901,888	10,883,164
Net increase / (decrease) in cash and cash equivalents		(3,051,125)	8,135,918
Cash and cash equivalents at beginning of period		8,902,122	766,204
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	5,850,997	8,902,122

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 2021

NOTE 1: CORPORATE INFORMATION

The financial report of Kalamazoo Resources Limited for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 23 September 2021.

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

No new standards or interpretations relevant to the operations of the Company have come into effect for the reporting period.

New accounting standards and interpretations

The amended accounting standards and interpretations issued by the Australian Accounting Standards Board during the year that were mandatory were adopted. None of these amendments or interpretations materially affected any of the amounts recognised or disclosures in the current or prior year. The following IFRS Interpretations Committee ("IFRIC") agenda decisions were adopted during the year.

The IFRIC agenda decision on Software-as-a-Service ("SaaS") arrangements

The IFRIC has issued two final agenda decisions which impact SaaS arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019). This decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in a cloud computing arrangement (April 2021). This decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The adoption of the above agenda decisions has not had a material impact on the Company.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 24.

The Company values Performance Rights by reference to its best available estimate of the number of Performance Rights it expects to vest and revises that estimate, if necessary, if subsequent information indicates that the number of Performance Rights expected to vest differs from previous estimates. The vesting conditions for the Class A and Class B Performance Rights were intentionally set as stretch targets and accordingly the Directors have determined that it is more likely than not that the milestones will not be achieved. Therefore, in accordance with AASB 2: *Share-based Payment* no value has been recognised for the Performance Rights.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 presentation currency.

f) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss 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 Company as lessee are classified as finance leases. At the commencement date of a lease, the Company 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 Company 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Performance rights

The Company provides benefits to Directors and employees of the Company in the form of Performance Rights. The Company values Performance Rights by reference to its best available estimate of the number of Performance Rights it expects to vest and revises that estimate, if necessary, if subsequent information indicates that the number of Performance Rights expected to vest differs from previous estimates. The vesting conditions for the Class A and Class B Performance Rights were intentionally set as stretch targets and accordingly the Directors have determined that it is more likely than not that the milestones will not be achieved. Therefore, in accordance with AASB 2: *Share-based Payment* no value has been recognised for the Performance Rights.

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

	2021 \$	2020 \$
Interest revenue	41,435	42,145
Finance income (Note 7)	114,793	330,397
Gain on disposal of 50% interest in EL007112 (Note 10)	1,921,192	
Government grant	-	100,000
Other income	106,974	-
Total other income	2,184,394	472,542

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

	2021 \$	2020 \$
Wages, salaries, directors' fees and other remuneration expenses	1,374,507	640,267
Superannuation contributions	101,578	48,877
Share-based payments expense (Note 24)	1,012,475	1,530,400
Transfer to capitalised exploration expenditure	(1,099,903)	(396,681)
Total employee benefits expense	1,388,657	1,822,663

c) Other expenses

	2021 \$	2020 \$
Secretarial, professional and audit costs	230,457	183,457
Corporate consultants	341,035	157,384
Travel and promotion	31,548	151,273
ASX	60,399	52,007
Occupancy costs	10,011	33,696
Legal	18,377	9,841
Other expenses	220,501	128,290
Total other expenses	912,328	715,948

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

Statement of Profit or Loss and Other Comprehensive Income

Current income tax:

- 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

At the statutory income tax rate of 30% (2020: 30%)

Add:

- Share-based payments
- Expenditure not allowable for income tax purposes
- Other deductible items
- Non-assessable items
- Net deferred tax asset not recognised due to not meeting recognition criteria

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: (2021: 30%, 2020: 30%)

Deferred income tax liabilities:

- Accrued income
- Capitalised expenditure deductible for tax purposes
- Net book value for depreciable assets
- Prepayments
- Right of use assets
- FBT refundable

Deferred income tax assets:

- Accruals
- FBT payable
- Employee benefits
- Finance costs
- Available for sale financial assets
- Legal costs
- Capital raising costs
- Tax losses available to offset DTL

Net deferred tax asset/(liability)

	2021 \$	2020 \$
	-	-
	-	-
	(445,828)	(3,313,023)
	(133,748)	(993,907)
	303,743	459,120
	641	389
	(40,791)	(54,113)
	-	(30,000)
	(129,845)	618,511
	-	-
	671	2,891
	3,291,203	1,428,455
	105,302	47,698
	8,477	6,436
	(1,636)	1,130
	-	836
	3,404,017	1,487,446
	(6,002)	(8,550)
	(126)	-
	(21,011)	(10,254)
	-	(34,438)
	(199,736)	-
	(2,223)	-
	(14,403)	(55,465)
	(3,160,516)	(1,378,739)
	-	-

NOTE 5: INCOME TAX (Continued)

Kalamazoo Resources Ltd is not considered a base rate entity for income tax purposes and is therefore subject to income tax at a rate of 30% (2020: 30%). At 30 June 2021, Kalamazoo Resources Limited had \$14,722,545 (2020: \$8,675,334) 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

	2021 \$	2020 \$
Cash at bank and on hand	800,997	1,352,122
Short-term deposits	5,050,000	7,550,000
	5,850,997	8,902,122

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 0.50% (2020: 0.86%).

The Company's exposure to interest rate risk is set out in Note 23. 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

	2021 \$	2020 \$
Current		
GST receivable	203,802	144,833
Snake Well Gold Project sale proceeds receivable	150,000	3,135,207
	353,802	3,280,040

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 2021, \$6.85 million of the consideration had been paid with \$150,000 outstanding. 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 fully unwound for the year ended 30 June 2021 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 Company's financial risk management objectives and policies are set out in Note 23.

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

NOTE 8: OTHER CURRENT ASSETS

	2021 \$	2020 \$
Prepayments	28,257	21,454
Deposits	41,863	16,591
Accrued interest	2,236	9,638
	72,356	47,683

NOTE 9: EXPLORATION AND EVALUATION

	2021 \$	2020 \$
Capitalised cost at the beginning of the year	5,446,083	2,633,217
Exploration and expenditure incurred during the year	6,281,581	3,972,773
Impairment of exploration and evaluation assets	(90,754)	(1,159,907)
Closing balance	11,636,910	5,446,083

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: FINANCIAL ASSETS

Financial assets at fair value through other comprehensive income

	2021 \$	2020 \$
Opening balance	-	-
Acquisition	2,030,168	-
Change in fair value	(665,788)	-
Closing balance	1,364,380	-

In September 2020 the Company granted Canadian listed gold explorer and developer Novo Resources Corp ("Novo") (TSX-V: NVO, OTCQX: NSRPF) an Option to earn an initial 50% interest, then earn a further 20% interest, in the Company's Queens Project (EL007112) in Victoria. The consideration for the Option was 24,883 Novo common shares with Novo having a six-month period in which to exercise its Option. The value of the shares at acquisition was \$90,574. In March 2021 Novo exercised their Option to earn their 50% interest and issued the Company with a further 584,215 Novo common shares, which had a value at the date of acquisition of \$1,939,594. The Company offset the consideration against the carrying value of the asset and also recognised a gain on the disposal of its 50% interest of \$1,921,192.

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

The Company classifies its financial assets at fair value through other comprehensive income ("FVOCI"). The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For investments in equity instruments, the classification depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

NOTE 10: FINANCIAL ASSETS (Continued)

Financial assets at OCI

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

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

NOTE 11: OTHER NON-CURRENT ASSETS

	2021 \$	2020 \$
Deposits paid	30,124	15,125
	30,124	15,125

NOTE 12: TRADE AND OTHER PAYABLES

	2021 \$	2020 \$
Trade creditors	1,194,564	239,780
Other payables and accruals	430,394	532,506
	1,624,958	772,286

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

NOTE 13: PROVISIONS

	2021 \$	2020 \$
Short-term Annual leave	70,037	34,180
	70,037	34,180

NOTE 14: LEASE LIABILITIES

	2021 \$	2020 \$
Current		
Lease liabilities	108,299	77,364
	108,299	77,364
Non-current		
Lease liabilities	187,594	155,257
	187,594	155,257
Total lease liabilities	295,893	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.

Future minimum lease payments as at 30 June 2021 were as follows:

	Within one year \$	One to two years \$	Two to five years \$	Total \$
30 June 2021				
Lease payments	132,746	111,070	95,718	339,534
Finance charges	(24,447)	(14,432)	(4,762)	(43,641)
Net present values	108,299	96,638	90,956	295,893
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

NOTE 15: CONTRIBUTED EQUITY

a) Share capital

	2021 Number	2020 Number
Ordinary shares fully paid	131,941,434	127,853,934

b) Movements in ordinary shares on issue

	Number	\$
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
Exercise of options – various dates ⁽⁴⁾	4,087,500	1,167,863
Transaction costs	-	(10,955)
Balance at 30 June 2021	131,941,434	24,016,755

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

(4) During the current financial year a total of 4,087,500 Options with an exercise price of \$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.

NOTE 15: CONTRIBUTED EQUITY (Continued)

c) Movements in options on issue

	2021 Number	2020 Number
Balance at the beginning of the financial year	44,487,500	29,364,745
Options granted	3,250,000	38,500,000
Options exercised	(4,087,500)	(7,965,357)
Options expired	-	(15,411,888)
Balance at the end of the financial year	43,650,000	44,487,500

(1) During the year, the Company issued 3,250,000 options as follows:

Option series	Number	Grant date	Expiry date	Vesting date	Exercise price	Fair value at grant date
O	1,750,000	25 Sep 2020	30 Nov 2023	Immediate	\$1.04	\$0.3803
P	1,500,000	9 Mar 2021	15 Mar 2024	Immediate	\$0.69	\$0.2313
Total	3,250,000					

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 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 O	Issue P
Exercise price	\$1.04	\$0.69
Grant date	25 Sep 2020	9 Mar 2021
Expiry date	30 Nov 2023	15 Mar 2021
Share price at grant date	\$0.69	\$0.455
Annualised volatility (%) ⁽ⁱ⁾	100%	96%
Risk-free interest rate (%) ⁽ⁱⁱ⁾	0.16%	0.11%
Expected dividend yield (%)	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 4,087,500 Options with an exercise price of \$0.25 and expiring on various dates were exercised.

NOTE 16: RESERVES

a) Share option reserve

	2021 \$	2020 \$
Opening balance	2,274,886	1,293,367
Options granted	1,012,475	1,709,400
Options exercised	(145,988)	(163,869)
Options expired	-	(564,012)
Balance at the end of the financial year	3,141,373	2,274,886

b) Financial asset reserve

	2021 \$	2020 \$
Opening balance	-	-
Financial assets at fair value through other comprehensive income (Note 10)	(665,788)	-
Balance at the end of the financial year	(665,788)	-

NOTE 17: ACCUMULATED LOSSES

	2021 \$	2020 \$
Balance at the beginning of the financial year	(8,087,384)	(5,338,373)
Net profit/(loss) attributable to members	(445,828)	(3,313,023)
Transfer from share option reserve	-	564,012
Balance at the end of the financial year	(8,533,312)	(8,087,384)

NOTE 18: EARNINGS PER SHARE

	2021 Cents	2020 Cents
Basic profit/(loss) per share	(0.34)	(3.00)
Diluted profit/(loss) per share	(0.34)	(3.00)

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

	2021 \$	2020 \$
Profit/(loss) used in calculating basic and diluted earnings per share	(445,828)	(3,313,023)

	2021 Number	2020 Number
Weighted average number of ordinary shares used in calculating basic profit/(loss) per share	131,045,578	110,512,727
Weighted average number of ordinary shares used in calculating diluted profit/(loss) per share	131,045,578	110,512,727

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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 19: AUDITOR'S REMUNERATION

	2021 \$	2020 \$
Audit services		
Grant Thornton Audit Pty Ltd		
- Audit and review of the financial reports	49,000	45,000
Total remuneration	49,000	45,000

NOTE 20: 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 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 vendors. 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 M52/639, M52/640, M52/734 and M52/735 and Exploration Licences E52/1941, E52/3024 and E52/3025.

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 M52/639, M52/640, M52/734 and M52/735 and E52/1941.

None of these amounts have been recognised in the 30 June 2021 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 2021.

NOTE 21: EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

NOTE 22: 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:

	2021 \$	2020 \$
Exploration expenditure		
Within one year	848,145	956,644
After one year but not more than five years	2,072,814	2,247,974
Greater than five years	3,164,070	3,307,444
	6,085,029	6,512,062

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 23: 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
- Market 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 23: 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:

	2021 \$	2020 \$
Financial assets		
<i>Current</i>		
Cash and cash equivalents	5,850,997	8,902,122
Trade and other receivables	353,802	3,280,040
	6,204,799	12,182,162
<i>Non-current</i>		
Financial assets at fair value through OCI	1,364,380	-
	1,364,380	-
Financial liabilities		
<i>Current</i>		
Trade and other payables	1,624,958	772,286
Lease liabilities	108,299	77,364
	1,733,257	849,650
<i>Non-current</i>		
Lease liabilities	187,594	155,257
	187,594	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 23: 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 \$		
2021						
Financial assets						
Cash and cash equivalents	-	5,050,000	-	-	800,897	5,850,997
Trade and other receivables	-	-	-	-	353,802	353,802
	-	5,050,000	-	-	1,154,699	6,204,799
Weighted average interest rate	-	0.56%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	1,624,958	1,624,958
Lease liabilities	-	-	-	-	295,893	295,893
	-	-	-	-	1,920,851	1,920,851
Weighted average interest rate	-	-	-	-	-	-
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	-	-	-	-	-	-

NOTE 23: 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:

	2021 \$	2020 \$
Impact on profit/(loss) and equity		
Increase of 100 basis points	48,092	48,915
Decrease of 100 basis points	(48,092)	(48,915)

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.

	2021 \$	2020 \$
Cash and cash equivalents	5,850,997	8,902,122
Trade and other receivables	353,802	3,280,040
	6,204,799	12,182,162

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 23: 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 \$
2021			
Trade and other payables	1,624,958	1,624,958	1,624,958
Lease liabilities	56,284	295,893	295,893
	1,681,242	1,920,851	1,920,851
2020			
Trade and other payables	772,286	772,286	772,286
Lease liabilities	32,626	232,621	232,621
	804,912	1,004,907	1,004,907

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.

Market risk

Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the Statement of Financial Position as either derivative financial instruments, or financial assets at FVOCI.

Sensitivity analysis for price risk

A change of 10% in the price of securities held at reporting date on the Company's equity and/or profit or loss by is shown below:

	2021 \$	2020 \$
Impact on profit/(loss) and equity		
Increase of 10%	136,438	-
Decrease of 10%	(136,438)	-

NOTE 23: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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.

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the Consolidated Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2021 and 30 June 2020:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2021				
Financial assets at FVOCI	1,364,380	-	-	1,364,380
	1,364,380	-	-	1,364,380
30 June 2020				
Financial assets at FVOCI	-	-	-	-
	-	-	-	-

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 12 and 13 (offset by cash and bank balances) and equity of the Company (comprising contributed equity and reserves, offset by accumulated losses detailed in Notes 15, 16 and 17).

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

NOTE 24: SHARE-BASED PAYMENTS

Incentive Option Plan

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

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

Options issued to Directors are subject to approval by shareholders.

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
G ⁽¹⁾	2,300,000	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 ⁽¹⁾	6,000,000	13 Nov 2019	30 Nov 2022	Immediate	\$0.42	\$0.1656
O	1,750,000	25 Sep 2020	30 Nov 2023	Immediate	\$0.69	\$0.3803
P	1,500,000	9 Mar 2021	15 Mar 2024	Immediate	\$0.455	\$0.2313

(1) 400,000 of these options were exercised during the year.

Fair value of share options granted during the year

During the year, the Company issued 3,250,000 options to 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 \$1,012,475 (2020: \$1,530,400).

The model inputs for options granted during the year ended 30 June 2021 are as follows:

Inputs	Issue O	Issue P
Exercise price	\$1.04	\$0.69
Grant date	25 Sep 2020	9 Mar 2021
Expiry date	30 Nov 2023	15 Mar 2024
Share price at grant date	\$1.04	\$0.69
Annualised volatility (%)	100%	96%
Risk-free interest rate (%)	0.16%	0.11%
Expected dividend yield (%)	0%	0%

NOTE 24: SHARE-BASED PAYMENTS (Continued)

Movements in share options during the year

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

	2021		2020	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	20,200,000	0.330	29,364,745	0.308
Granted and vested during the year	3,250,000	0.878	9,500,000	0.420
Exercised during the year	(1,800,000)	0.250	(3,252,857)	0.212
Expired during the year	-	-	(15,411,888)	0.369
Outstanding at the end of the year	21,650,000	0.419	20,200,000	0.330
Exercisable at the end of the year	21,650,000	0.419	20,200,000	0.330

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.18 years (2020: 1.84 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 \$	2021 Number	2020 Number
31 March 2021	0.25	-	1,400,000
30 November 2021	0.25	8,900,000	9,300,000
10 July 2020	0.25	-	2,287,500
10 July 2021	0.30	2,000,000	2,000,000
24 August 2021	0.80	20,000,000	20,000,000
30 November 2022	0.42	9,500,000	9,500,000
30 November 2023	1.04	1,750,000	-
15 March 2024	0.69	1,500,000	-
Totals		43,650,000	44,487,500

NOTE 25: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2021 \$	2020 \$
Loss for the period	(445,828)	(3,313,023)
Non-cash flows in profit/(loss):		
- Depreciation	206,264	74,952
- Exploration expenditure written off	90,754	1,159,907
- Share-based remuneration	1,012,475	1,530,400
- Government grants	(49,264)	(57,710)
- Gain on disposal of 50% interest in EL007112 (Note 10)	(1,921,192)	-
- Finance income	(114,793)	(330,397)
Changes in assets and liabilities:		
- Decrease/(Increase) in other current assets	20,778	(9,675)
- Increase/(Decrease) in trade and other payables	144,032	38,941
- Increase/(Decrease) in provisions	35,857	18,740
- Increase/(Decrease) in other non-current assets	(15,000)	(15,125)
Net cash used in operating activities	(1,035,917)	(902,990)

Non-cash investing and financing activities

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

NOTE 26: 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

	2021 \$	2020 \$
Short-term employee benefits	656,488	480,765
Post-employment benefits	6,840	6,555
Bonus payments	-	2,500
Share-based payments	-	1,094,700
	663,328	1,584,520

Detailed remuneration disclosures are provided in the Remuneration Report on pages 24 to 30.

DIRECTORS' DECLARATION

The Directors of Kalamazoo Resources Limited declare that:

- 1) in the Directors' opinion, the financial statements and notes set out on pages 33 to 64 and the Remuneration Report in the Director's Report are in accordance with the *Corporations Act 2001*, including:
 - a) giving a true and fair view of the Company's financial position as at 30 June 2021 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 2021.

Signed in accordance with a resolution of the Directors.



Luke Reinehr
Chairman

Perth, Western Australia

23 September 2021

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 2021, 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 2021 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 (including Independence Standards)* (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
Exploration and evaluation assets - Note 9

At 30 June 2021 the carrying value of exploration and evaluation assets was \$ 11.637 million.

In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Company is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.

The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.

This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.

Our procedures included, amongst others:

- obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;
- reviewing management's area of interest considerations against AASB 6;
- conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including:
 - tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;
 - 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;
 - 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;
- assessing the accuracy of impairment recorded for the year as it pertained to exploration interests;
- evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and
- 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 2021, 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 /Group 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/ar1_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 30 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Kalamazoo Resources Limited, for the year ended 30 June 2021 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, 23 September 2021

ADDITIONAL SHAREHOLDER INFORMATION AS AT 10 SEPTEMBER 2021

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	216
1,001 to 5,000	761
5,001 to 10,000	389
10,001 to 100,000	655
100,001 and over	113
Total	2,134

The number of holders of less than a marketable parcel of ordinary fully paid shares is 304.

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	29.10
Beatons Creek Pty Ltd	10,000,000	7.45
2176423 Ontario Ltd	10,000,000	7.45

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 134,341,434 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 30 Nov 2021	8,500,000	6
\$0.42 on or before 30 Nov 2022	9,500,000	8
\$1.04 on or before 30 Nov 2023	1,750,000	7
\$0.69 on or before 15 Mar 2024	1,500,000	1

7. TWENTY LARGEST HOLDERS OF QUOTED ORDINARY SHARES

Shareholder	Number of shares	Percentage held
Mutual Trust Pty Ltd	40,182,074	29.91
Citicorp Nominees Pty Ltd	11,826,183	8.80
Beatons Creek Gold Pty Ltd	10,000,000	7.44
BNP Paribas Nominees Pty Ltd	6,908,556	5.14
HSBC Custody Nominees (Australia) Ltd	4,372,720	3.25
Taycol Nominees Pty Ltd	1,300,000	0.97
CS Third Nominees Pty Ltd	1,250,000	0.93
Mr Alan Conigrave	1,100,000	0.82
Mr Luke Reinehr	931,246	0.69
Calama Holdings Pty Ltd	898,399	0.67
SH Berdoukas Pty Ltd	895,935	0.67
Mr Rupert James Graham Lowe	850,862	0.63
Whale Watch Holdings Ltd	800,000	0.60
Mr Jonathan Ian Langton & Mrs Kerry Ann Langton	700,000	0.52
Mr Robert Reinehr	700,000	0.52
Mrs Wendy Ann Whiting & Mr John James Whiting	675,000	0.50
Dinwoodie Investments Pty Ltd	650,000	0.48
Elpacha Pty Ltd	633,840	0.47
Puntero Pty Ltd	604,968	0.45
Wandle River Pty Ltd	602,000	0.45
Total	85,881,783	63.91

TENEMENT SCHEDULE

Project/Tenement	Location	Status	Interest	Notes
Pilbara Project	Western Australia			
E47/2983		Granted	80%	1
E47/4490		Granted	100%	
ELA47/4342		Application	-	2
ELA47/4489		Application	-	
ELA47/4491		Application	-	
E45/4700		Granted	100%	
E45/4722		Granted	100%	
E45/4724		Granted	100%	
E45/4887		Granted	100%	
E45/4919		Granted	100%	
E45/5146		Granted	100%	
ELA45/5934		Application	-	
ELA45/5935		Application	-	
ELA45/5943		Application	-	
ELA45/5970		Application	-	
Ashburton Project	Western Australia			
E52/1941		Granted	100%	
E52/3024		Granted	100%	
E52/3025		Granted	100%	
M52/639		Granted	100%	
M52/640		Granted	100%	
M52/734		Granted	100%	
M52/735		Granted	100%	
Castlemaine Project	Victoria			
EL006679		Granted	100%	3
EL006752		Granted	100%	
EL007112		Granted	50%	
Tarnagulla Project	Victoria			
EL006780	Granted	100%		
South Muckleford Project	Victoria			
EL006959		Granted	100%	
EL007021		Granted	100%	
Myrtle Project	Victoria			
EL007323	Granted	100%		

Notes:

1. 80% interest minerals other than lithium.
2. 100% interest minerals other than lithium.
3. 50% interest held by Rocklea Gold Pty Ltd (a subsidiary of Novo Resources Corp.)