



HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2022

ABN 33 150 026 850

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CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Bernard Crawford

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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West Perth WA 6005

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AUDITOR

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

SHARE REGISTRY

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

STOCK EXCHANGE LISTING

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

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

DIRECTORS' REPORT

The Directors of Kalamazoo Resources Limited ("Kalamazoo" or "the Company") submit the financial report for the Company and its consolidated entities (collectively, the "Group") for the half-year ended 31 December 2022.

DIRECTORS

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

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

OPERATING RESULT

The Group's loss for the half-year ended 31 December 2022 after providing for income tax amounted to \$2,499,202 (2021: \$683,422).

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were:

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

REVIEW OF OPERATIONS

ASHBURTON GOLD PROJECT, WESTERN AUSTRALIA

The Ashburton Gold Project ("AGP") was acquired from Northern Star Resources Limited (ASX: NST, "NST") in August 2020. The Project is located on the southern edge of the Pilbara Craton in Western Australia near the towns of Tom Price and Paraburdoo and boasts an existing self-contained camp, core farm and supporting infrastructure. The Project covers 217km², consisting of Mining Leases 52/639, 52/640, 52/734 and 52/735 and Exploration Licences 52/1941, 52/3024 and 52/3025.

Post reporting period Kalamazoo was pleased to announce the results of an independent mineral resource estimate which now stands at **16.2Mt at 2.8g/t Au for 1.44Moz¹** and is detailed in Table 1 below, estimated to the nearest 10,000 tonnes and 1,000 ounces.

¹ ASX: KZR 7 February 2023

Table 1: Mineral Resource Estimate for the Ashburton Gold Project

ASHBURTON GOLD PROJECT MINERAL RESOURCES										
	INDICATED			INFERRED			TOTAL			
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Cut off
	(000's)	(g/t)	(000's)	(000's)	(g/t)	(000's)	(000's)	(g/t)	(000's)	Grade g/t Au
Mt Olympus¹⁻³	8,896	2.9	821	3,346	2.3	252	12,242	2.7	1,073	0.5 - 1.5
Peake⁴	349	5.3	60	1,571	3.0	150	1,920	3.4	210	1.5
Waugh⁵	218	2.0	14	292	1.9	18	510	1.9	32	0.5
Zeus^{6,7}	236	2.0	15	1,282	2.6	106	1,518	2.5	121	0.5 - 1.5
TOTAL RESOURCES⁸	9,699	2.9	911	6,491	2.5	525	16,190	2.8	1,436	

1. OP (Open Pit) resource: >0.5 g/t, inside optimised pit Rev factor = 1.2

2. UG (Underground) resource: >1.5g/t below Rev factor = 1.2 pit, inside domain wireframes

3. West Olympus OP: >0.5 g/t, inside optimised pit Rev factor = 1.2

4. UG: >1.5g/t below Rev factor = 1.2 pit, inside domain wireframes

5. OP: >0.5g/t above 395mRL (equivalent to base of current pit)

6. OP: Optimised Pit 11 with Indicated + Inferred, > 0.5g/t

7. UG: Below Optimised pit >1.5g/t

8. The previous inferred resource at Romulus remains unchanged at 329kt @ 2.6g/t for 27k oz Au. Romulus was not included in this update and is therefore in addition to the total Resource quoted in the above table

The resource includes mineralised material from four deposits, with the large and important Mt Olympus deposit now accounting for 75% of the total resource base ounces.

The material in this report that relates to the Mineral Resources for the Ashburton Gold Project is based on information announced to the ASX on 7 February 2023. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply.

Comparison with Previous Resource Estimate

At the time of acquiring the AGP from Northern Star in August 2020, the reported resource estimate stood at 20.8Mt @2.5g/t for 1.65Moz (which included the 27Koz Romulus Inferred Resource).

The updated resource now stands at 16.2Mt @ 2.8g/t for 1.44Moz, showing a 10% uplift in grade over the previous estimate (although this represents a 13% decrease in total ounces across the four deposits). The increase has chiefly resulted from a change in the interpretation of the major lodes at the important Mt Olympus deposit, which has resulted in an increased confidence in the orientation and continuity of the higher-grade gold mineralisation.

Consequently, there is a significant increase in the proportion of Indicated material to Inferred material at Mt Olympus compared to the previous estimate and a very significant 24% increase in grade, now estimated at 2.7g/t Au (previously 2.2g/t Au). Overall ounces at Mt Olympus remain essentially the same.

The Exploration Target mentioned above exists below the optimised pit shell and outside of the wireframed domains at Mt Olympus. This target has been estimated from drilling intersections that are currently too far apart to confidently predict the orientation and continuity of mineralisation. This mineralisation therefore remains a significant drill target at Mt Olympus and West Olympus.

A table summarising the changes in tonnes, grade and ounces between the two estimates is provided below.

Table 2: Percentage Change between previous (NST) and updated Resource

ASHBURTON GOLD PROJECT MINERAL RESOURCES									
	INDICATED % Change			INFERRED % Change			TOTAL % Change		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Mt Olympus	47%	25%	83%	-63%	6%	-60%	-19%	24%	-1%
Peake	209%	2%	214%	-56%	-10%	-61%	-47%	0%	-47%
Waugh	-37%	-44%	-65%	21%	-48%	-37%	-13%	-46%	-53%
Zeus	-54%	-3%	-55%	141%	17%	178%	46%	13%	68%
TOTAL RESOURCES	38%	22%	68%	-53%	1%	-52%	-22%	10%	-13%

Other notable changes to the methodology that result in differences include:

1. Changes to the cut-off grade, particularly to 1.5g/t below optimised pit shells at Mt Olympus and Zeus. Previously 0.7g/t and 0.9g/t respectively
2. New geological interpretation at Peake
3. Reduction in Inferred tonnes at Peake on lack of drill density, especially in the western portion of the resource is a major contributor to 13% reduction in overall ounces. This now represents a drilling target opportunity for 2023 and beyond
4. Application of 1.5g/t cut-off grade at Peake. Previously 0.9g/t
5. A change in estimation method from nearest neighbour to ordinary kriging at Peake
6. Application of a RL cut-off at 395mRL, being the current base of the open pit, at Waugh
7. Optimised pit shells more accurately reflect current standards with respect to eventual economic extraction
8. Re-interpretation of drilling at Zeus has resulted in a significantly increased resource in both tonnes and grade and therefore ounces, with changes from Indicated to Inferred on drill density

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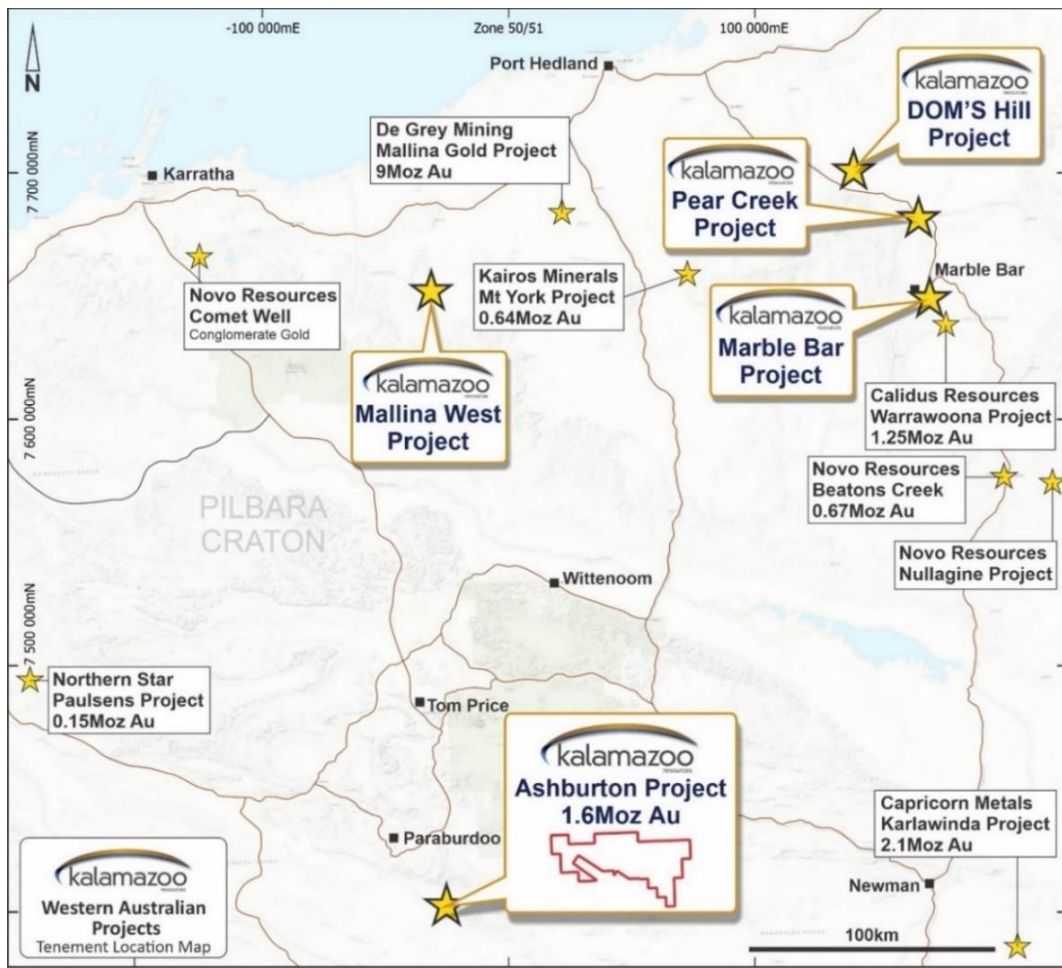


Figure 1: Pilbara Craton Location Map showing Kalamazoo's Pilbara Projects

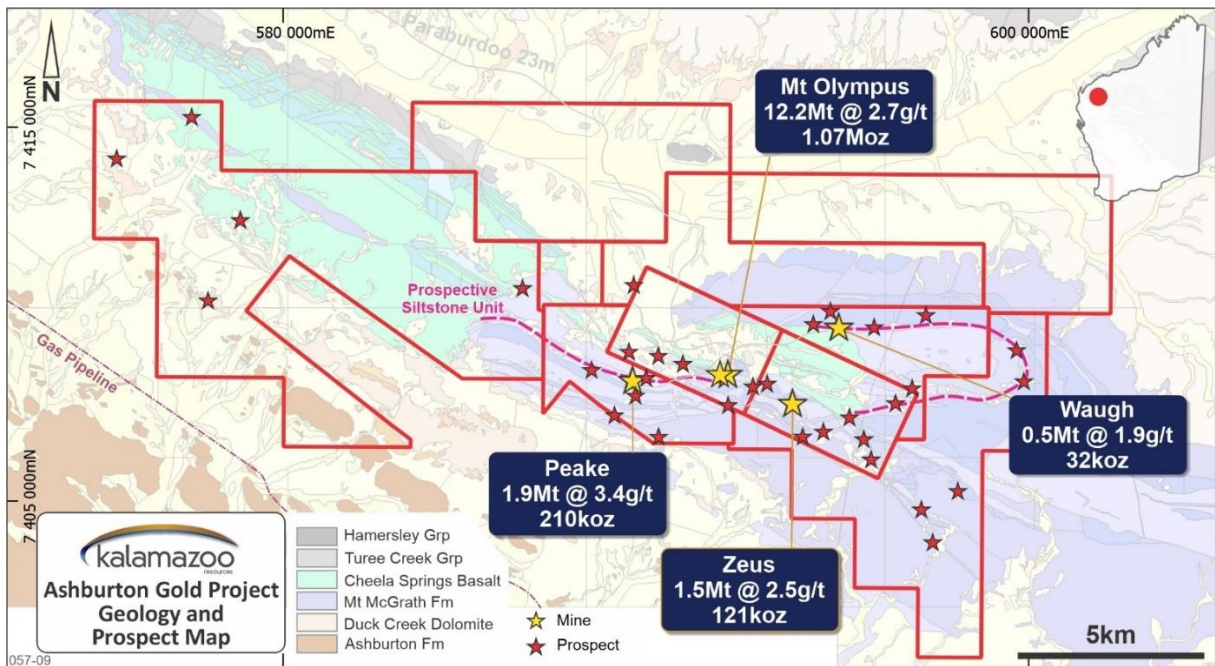


Figure 2: Geology map showing the historical open pit mines and locations of mines and prospects and new resource estimate numbers for each deposit

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MALLINA WEST GOLD PROJECT

The Mallina West Gold Project (E47/2983, E47/4489, E47/4490, E47/4491 and E47/4342) covers 484km² and is located in the Pilbara region of WA. The area is considered prospective for "Hemi-style" intrusion hosted gold mineralisation as well as additional styles of mineralisation associated with the Wohler Shear Zone, a prospective splay of the Tabba Tabba, Mallina, Withnell and Berghaus Shear Zone complex (Figure 3).

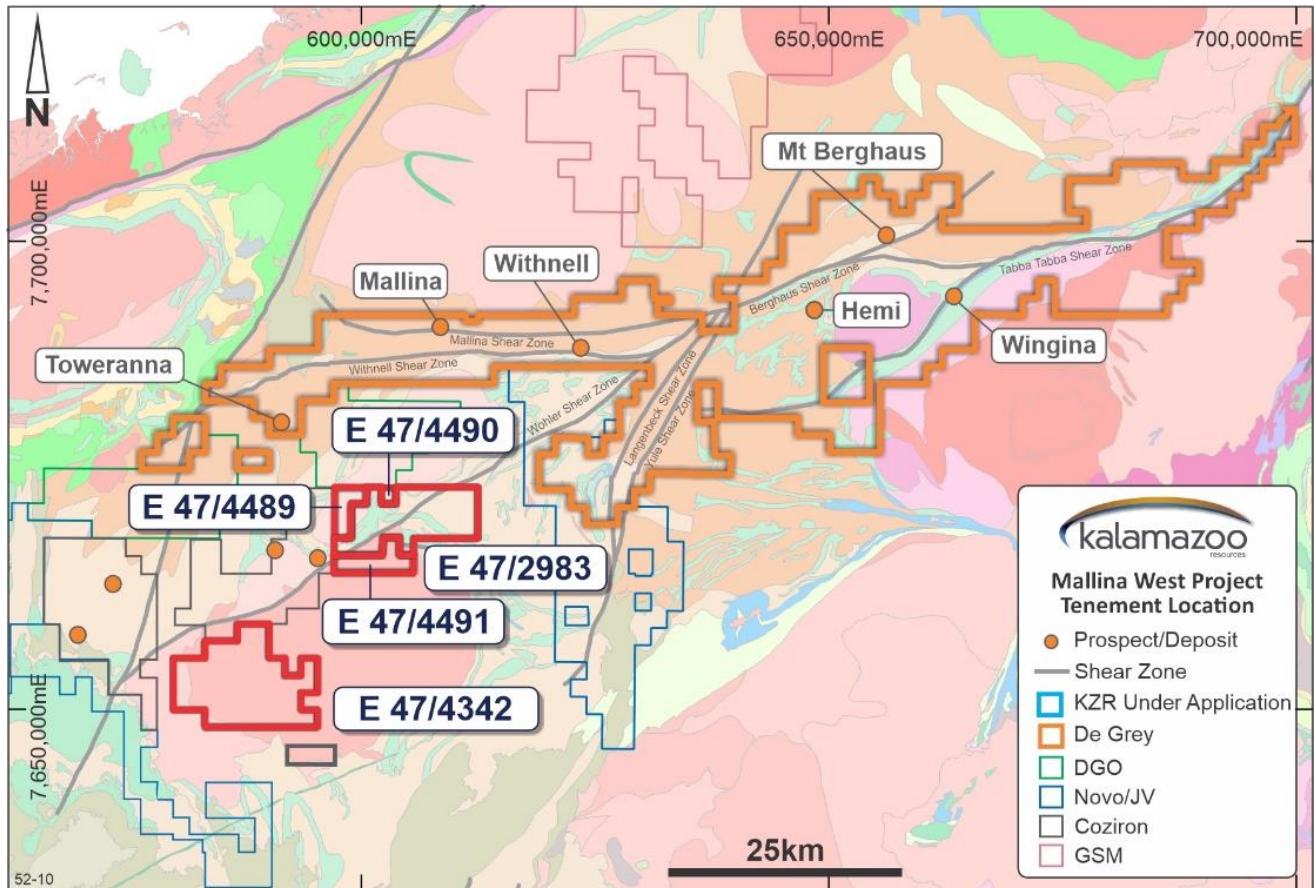


Figure 3: Mallina West Gold Project tenement location

Kalamazoo completed a maiden RC drilling program at Mallina West during the reporting period which focused on the Wattle Plains, Hockey, and a portion of the "Intrusion Target Area" Prospects before the drilling program was abandoned due to unseasonal rain and flooding (Figure 4). The results included a significant high-grade result at the Wattle Plains Prospect for **1m @ 10.35g/t Au** in KAMRC0016 from 99-100m EOH².

This high-grade intercept is notable as it occurs at the end of the final hole of a particular reconnaissance drill traverse (Figure 4). Geological logs of KAMRC0016 show an ~80m wide zone of alteration containing 1-2% disseminated pyrite overlying the end-of-hole intercept of **1m @ 10.35g/t Au** hosted by basalt. The relationship to the magnetic anomaly spatially associated with this drill hole is currently unknown.

² ASX: KZR 16 November 2022

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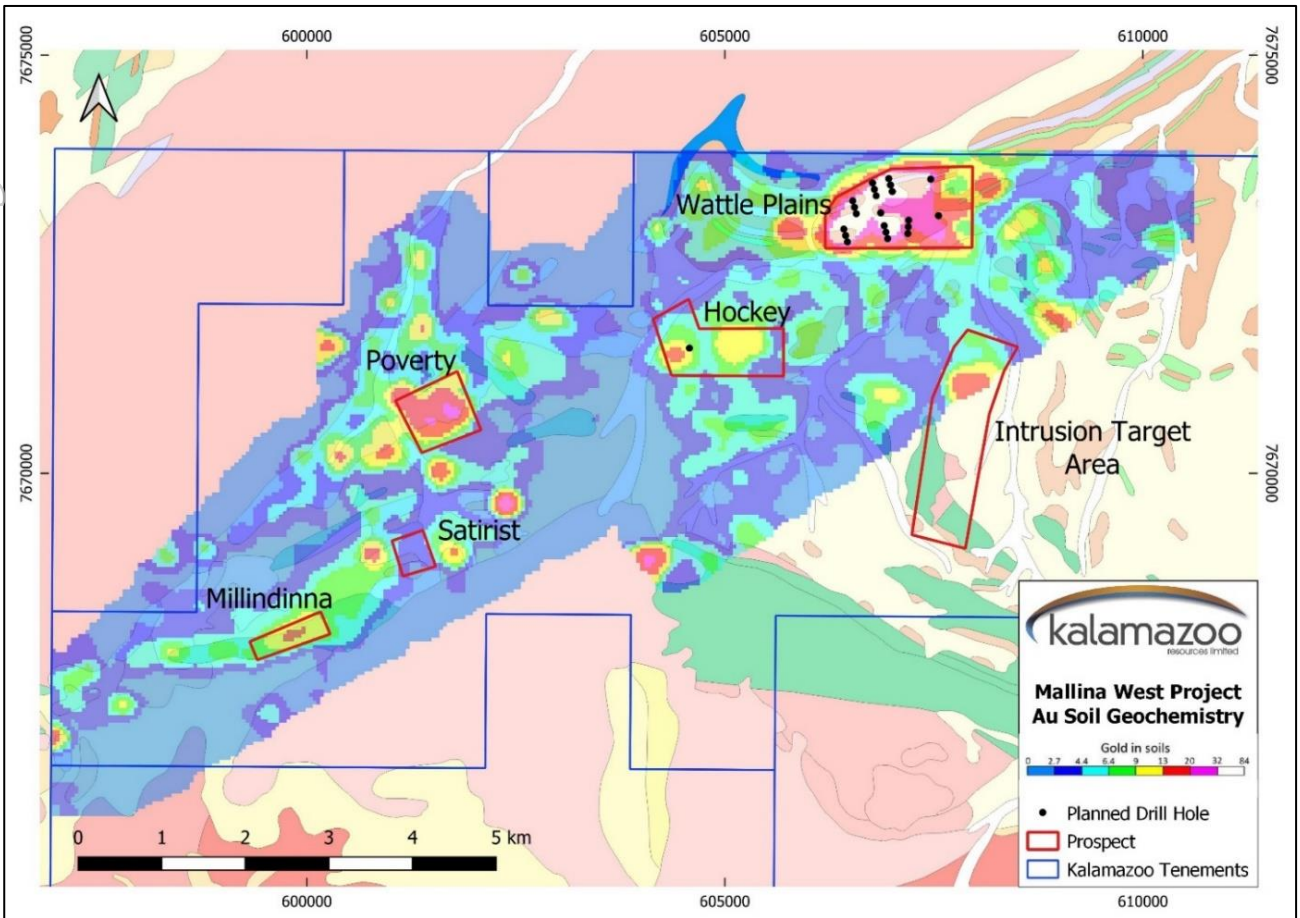


Figure 4: Mallina West gold prospects and drill hole location map

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DOM's HILL AND MARBLE BAR LITHIUM PROJECTS, WESTERN AUSTRALIA

The DOM's Hill and Marble Bar Lithium Projects (Figure 5) are part of an exploration Joint Venture agreement between Kalamazoo and major Chilean lithium producer Sociedad Química y Minera de Chile S.A. ("SQM")³. SQM has been granted the right to earn an initial 30% interest (to a maximum of 70%) in all mineral rights at both Projects by sole funding a minimum of A\$12 million of exploration and development activities over the next four years. SQM is one of the world's leading lithium producers with its main asset in Australia being its 50% joint venture interest in the Mt. Holland Lithium Project.

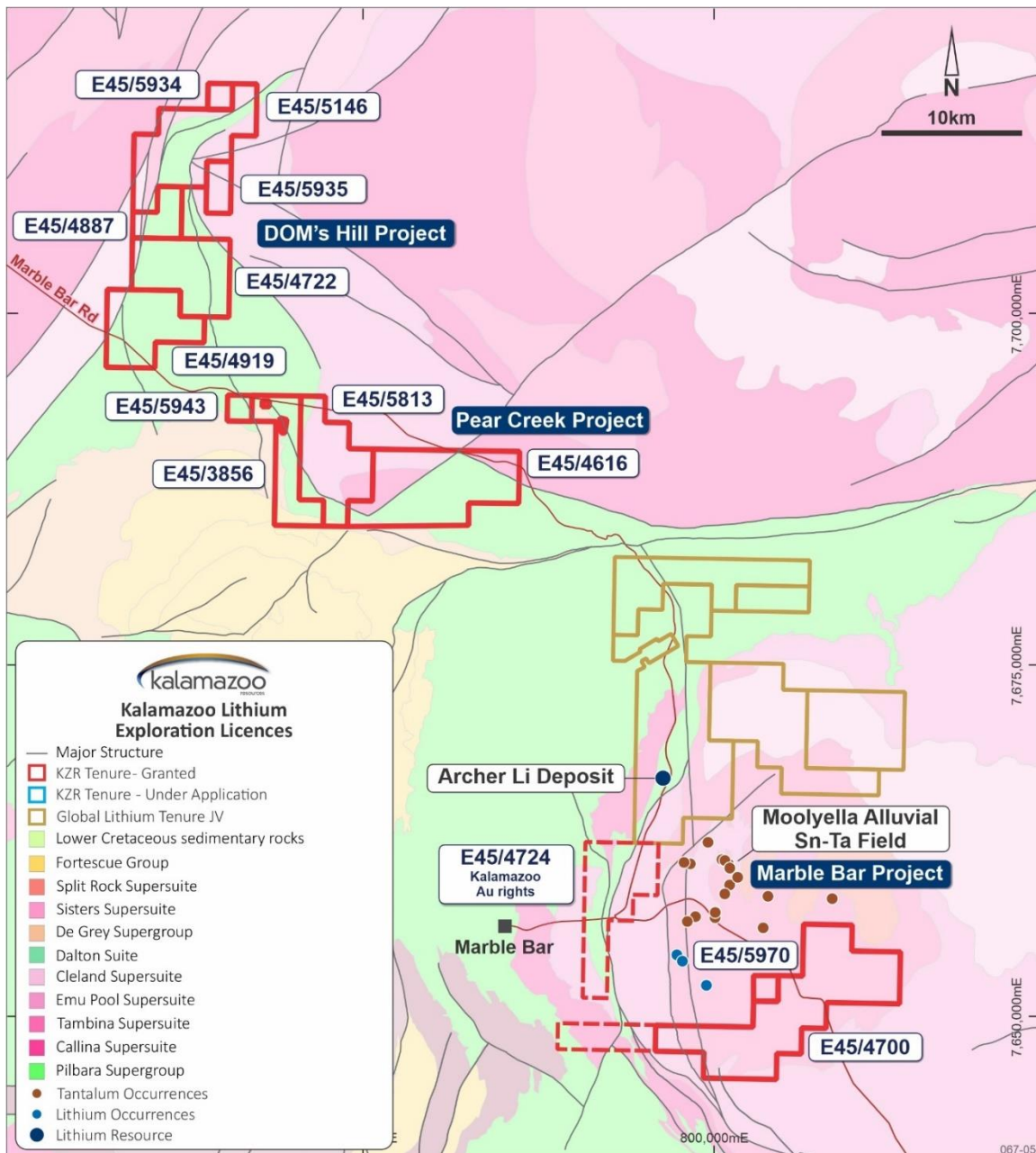


Figure 5: Location of Kalamazoo's lithium exploration projects at DOM's Hill, Marble Bar and Pear Creek Projects, East Pilbara Region WA. Note that Kalamazoo has gold rights only in respect of E45/4724.

³ ASX: KZR 16 December 2021

The DOM's Hill Lithium Project consists of 7 granted exploration licences (E45/4722, E45/4887, E45/4919, E45/5146, E45/5934, E45/5935 and E45/5943).

During the reporting period a maiden RC drilling program consisting of 10 holes for 1,612m was completed⁴ following the success of field mapping and surface sampling activities undertaken earlier across the Project. The program was designed to test three prospects defined by significant soil geochemistry anomalies coincident with favourable structures within E45/4722, E45/4887 and E45/5146.

The results of this program identified the intersection of significant quartz-veining and one unmineralised pegmatite swarm, with the focus now on several identified prospects for ongoing investigations in 2023.

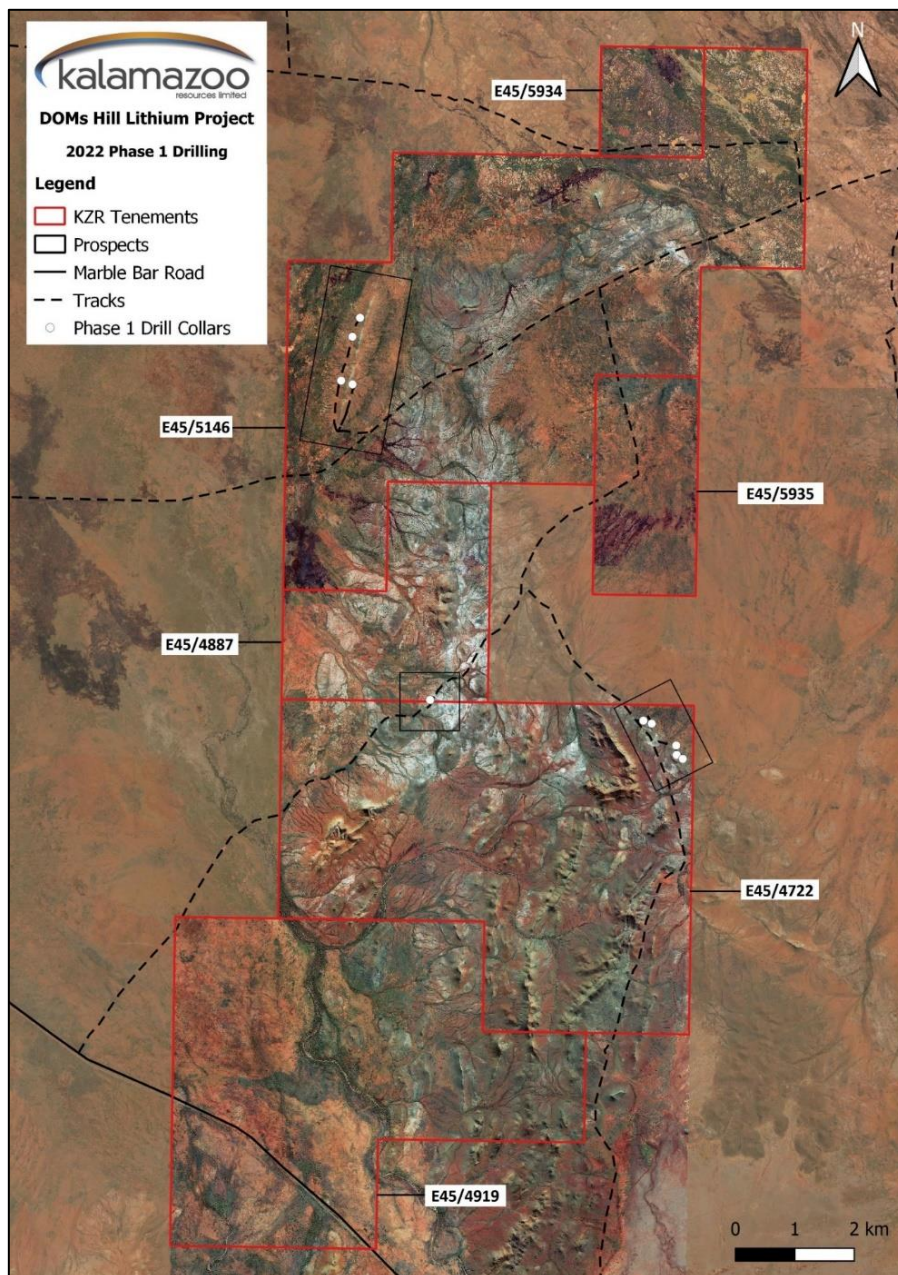


Figure 6: 2022 1st Phase RC drillhole location map at the DOM's Hill Lithium Project

⁴ ASX: KZR 6 July 2022

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The Marble Bar Lithium Project consists of two exploration licences (E45/4700 and E45/5970).

The Project is considered highly prospective for lithium mineralisation due to its favourable proximity to the Moolyella Monzogranite (inferred LCT pegmatite source), its location along the margin of the Moolyella tin and tantalum alluvial field plus numerous local occurrences of mapped lithium-enriched pegmatites. It is also approximately 25km to the south of Global Lithium Resources Limited's (ASX: GL1) Archer Lithium Deposit which boasts a reported upgraded JORC 2012 Mineral Resource of 18.0Mt @ 1.0% Li₂O.

In conjunction with the program at DOM's Hill, the Marble Bar Lithium Project also completed its maiden RC drilling program during 2H 2022 which consisted of 26 x RC holes for a total of 2,416m. The program focused on high priority targets identified from field mapping and soil sample programs which had identified numerous outcrops of pegmatite dykes, some of which contain visible amounts of lepidolite (lithium mica) with a best rock chip sample assay of **1.6% Li₂O** and **372 ppm** tantalum⁵.

The drilling program at Marble Bar targeted several of these outcropping lithium-mineralised pegmatite dykes recorded across four high priority prospects. At three of these prospects, the drilling intersected several 1m – 3m average thick intervals of lepidolite-bearing pegmatite dykes hosted within gneissic basement rocks. The best sample assay result being **1m @ 0.6% Li₂O from 4m** (MB22RC019).

The results of this 1st phase reconnaissance drilling have confirmed the presence of numerous lepidolite-bearing pegmatite dykes in the area which will be the subject of further investigation and targeting (Figure 7).

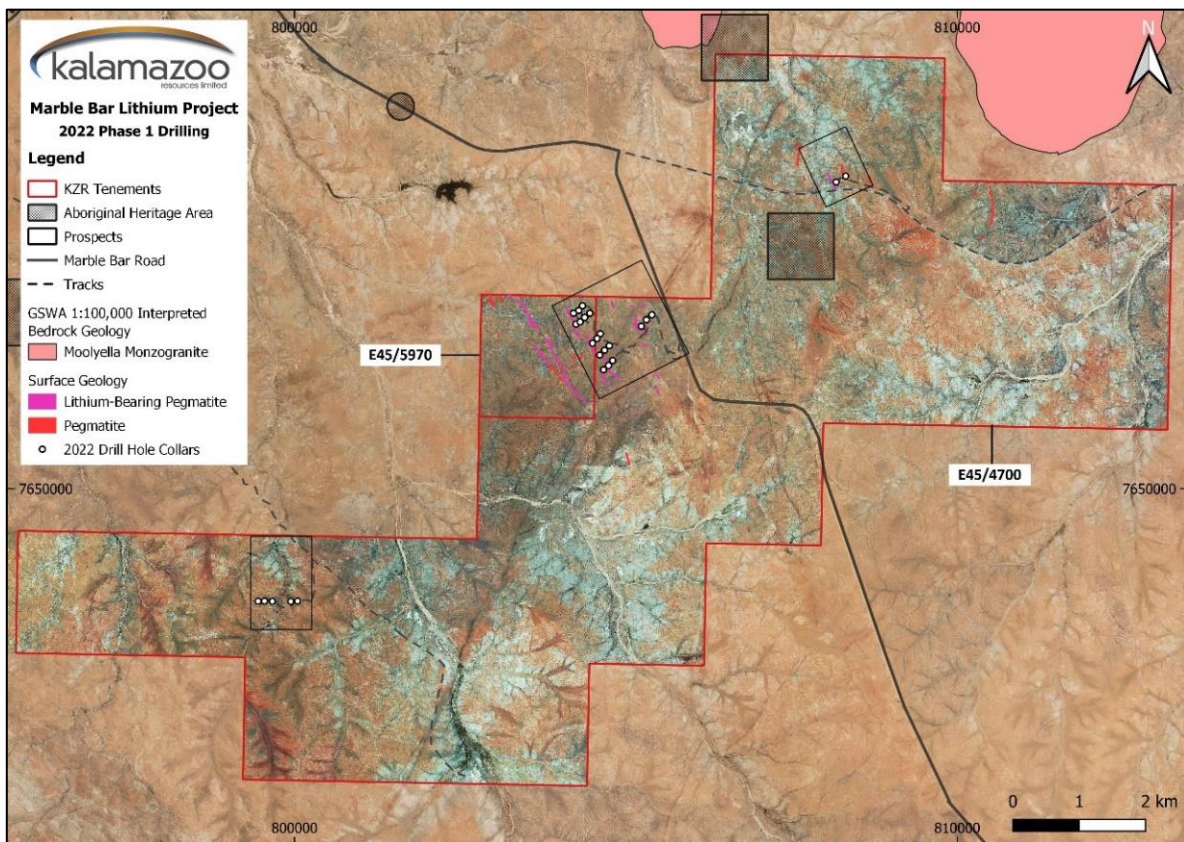


Figure 7: 2022 1st Phase RC drillhole location map at the Marble Bar Lithium Project

⁵ ASX: KZR 11 May 2022

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PEAR CREEK LITHIUM PROJECT, WESTERN AUSTRALIA

Located between these two projects is the 100% owned Pear Creek Lithium Project which was acquired in December 2021 and consists of three granted exploration licences (E45/4616, E45/3856 and E45/5813).

A ~2,300m soil sampling program on a detailed 200m x 200m grid was completed in late June 2022. This soil sampling program initially focused on the "Goldilocks Zone", being approximately 4km wide zone from the Granite-Greenstone contact across all three tenements. The soil samples have been the subject of a preliminary assessment using a pXRF unit with further laboratory and field follow-up work planned in 2023.

JINGELIC LITHIUM PROJECT, NEW SOUTH WALES

The Jingelic Lithium Project⁶ is located in the Lachlan Fold Belt of southern NSW and consists of two granted exploration licences (EL9403 and EL9507) covering 1,220km² (Figure 8). EL9507 was granted post reporting period⁷ and following this tenement grant Kalamazoo's total lithium exploration tenure increases country wide to ~1,328km²

The Project is an "early mover" play covering an area that hosts highly fractionated S-type granites associated with numerous alluvial and hard rock tin-tungsten and tantalum occurrences, including outcropping tin-tungsten bearing pegmatite dykes and historical mine workings. These are critical favourable features of Kalamazoo's LCT-pegmatite exploration model.

Additionally, these fractionated S-type granites and related mineral occurrences are an extension of the same Lachlan Fold Belt geology that hosts known LCT mineralisation at the Dorchap LCT Pegmatite Project. Dart's Dorchap Project is now the subject of a significant Joint Venture with Chilean lithium producer Sociedad Química y Minera de Chile S.A. ("SQM") (NYSE: SQM).

⁶ ASX: KZR 6 June 2022

⁷ ASX: KZR 2 February 2023

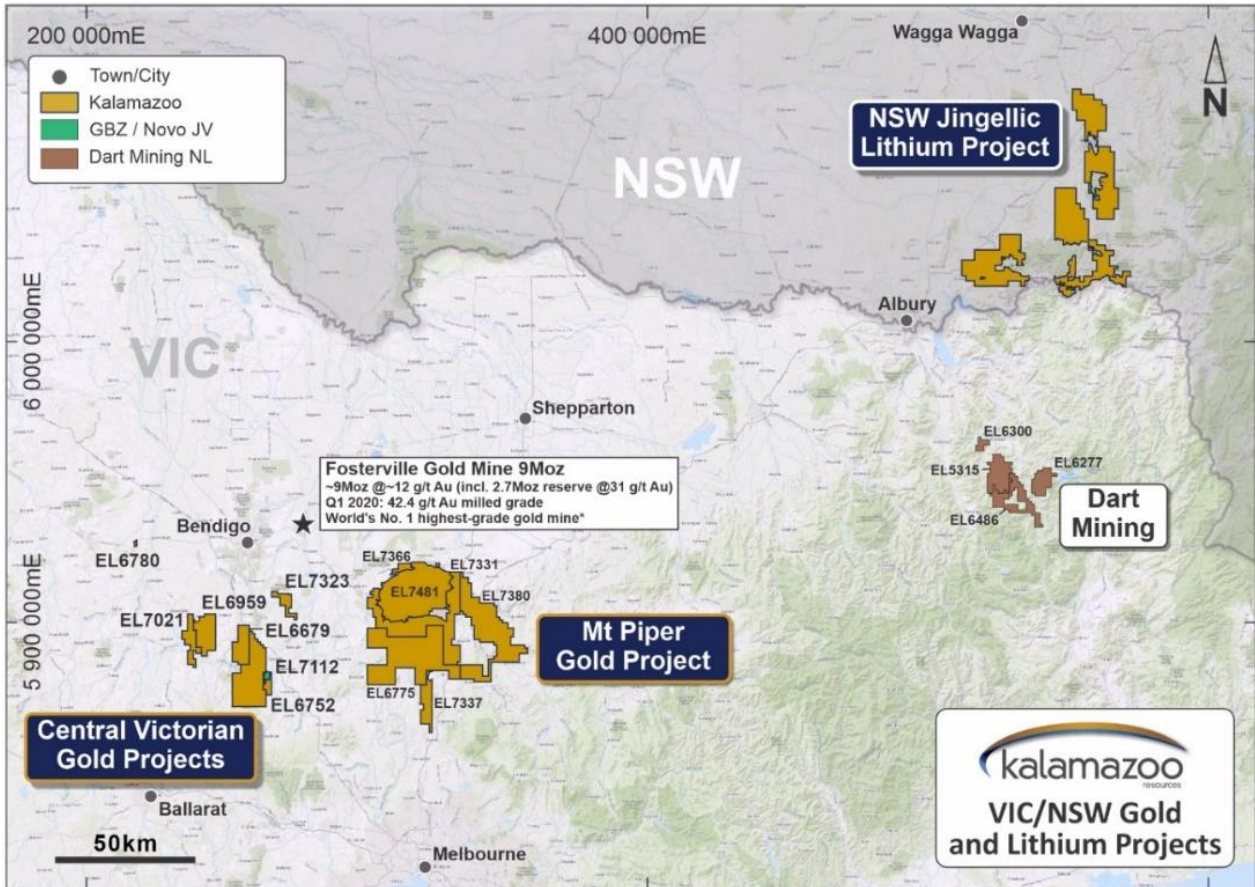


Figure 8: Location of Kalamazoo’s NSW Jingellic Lithium Project with respect to Dart Mining’s Dorchap LCT Pegmatite Project and Kalamazoo’s Central Victorian Goldfields tenements

During the quarter Kalamazoo commenced desktop targeting studies and the initial community engagement process with the 2023 field season to bring a focus on a “low impact” exploration program comprising an initial phase of soil sampling, geological mapping and rock chip sampling.

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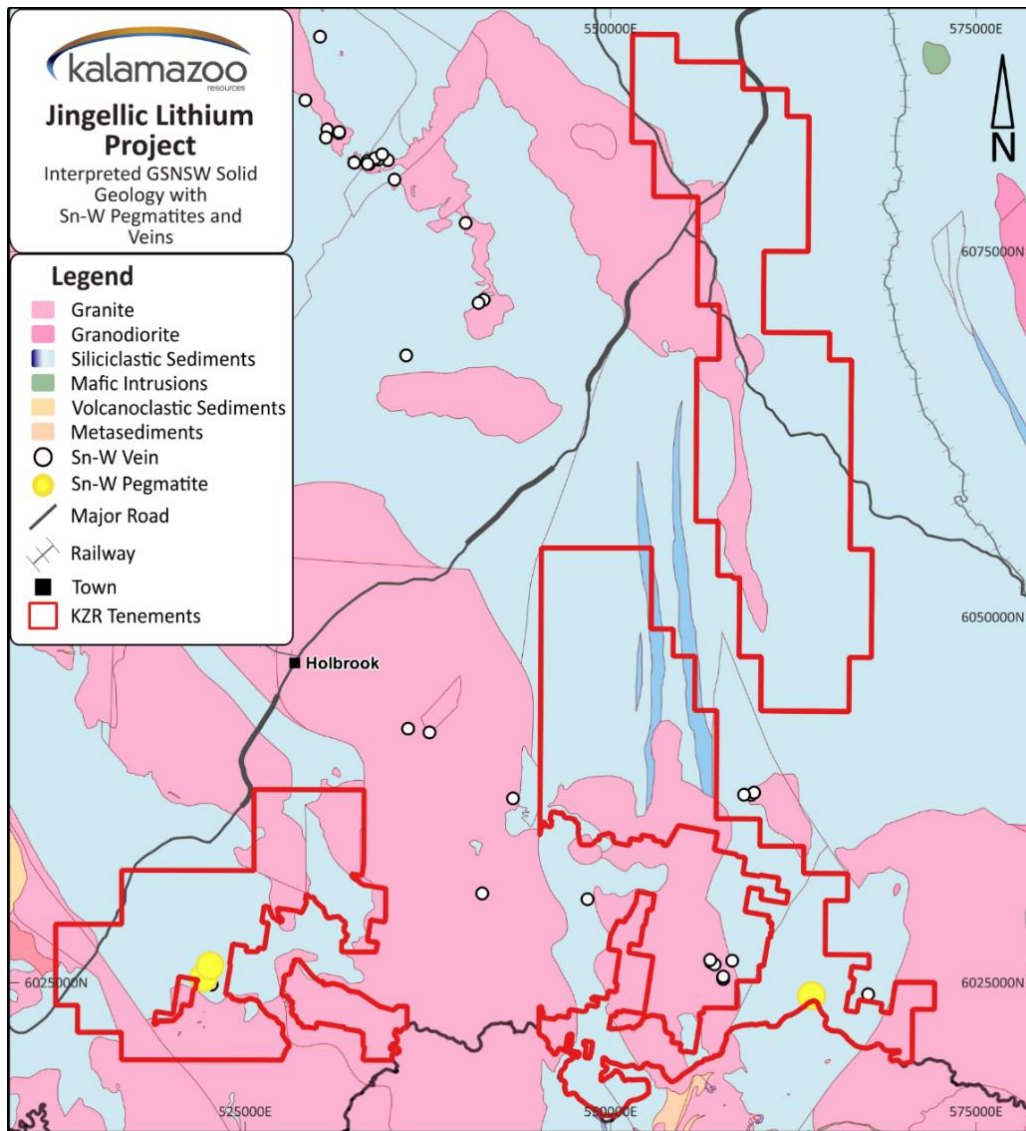


Figure 9: Jingellic Lithium Project on NSW Geological Survey solid basement geology map plus tin-tungsten (Sn-W) mineral occurrences and pegmatite dykes

MT PIPER GOLD PROJECT, VICTORIA

During the reporting period Kalamazoo acquired the Mt Piper Gold Project (~1522km²) in the Melbourne Zone of Central Victoria. The Mt Piper Gold Project consists of five granted exploration licences and one application (EL6775, EL7331, EL7337, EL7366, EL7380 and application ELA7481) and was acquired from Coda Minerals Limited (**ASX COD**)⁸.

The Project is approximately 75km north of Melbourne and is strategically located adjacent to Agnico Eagle Mine Limited's (**NYSE: AEM**) large exploration land tenure and 30km from its world-class Fosterville gold mine in Central Victoria. The Project is also situated between Mandalay Resources' (**TSX: MND**) high-grade Costerfield Gold-Antimony Mine (1km) and the Sunday Creek Project (Southern Cross Gold, **ASX: SXG**).

⁸ ASX: KZR 4 July 2022, 19 September 2022

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The Project is considered highly prospective for epizonal, high-grade gold and antimony deposits (i.e. Fosterville-style) with all tenements considered under-explored, limited to very shallow drilling, and not subjected to modern exploration techniques.

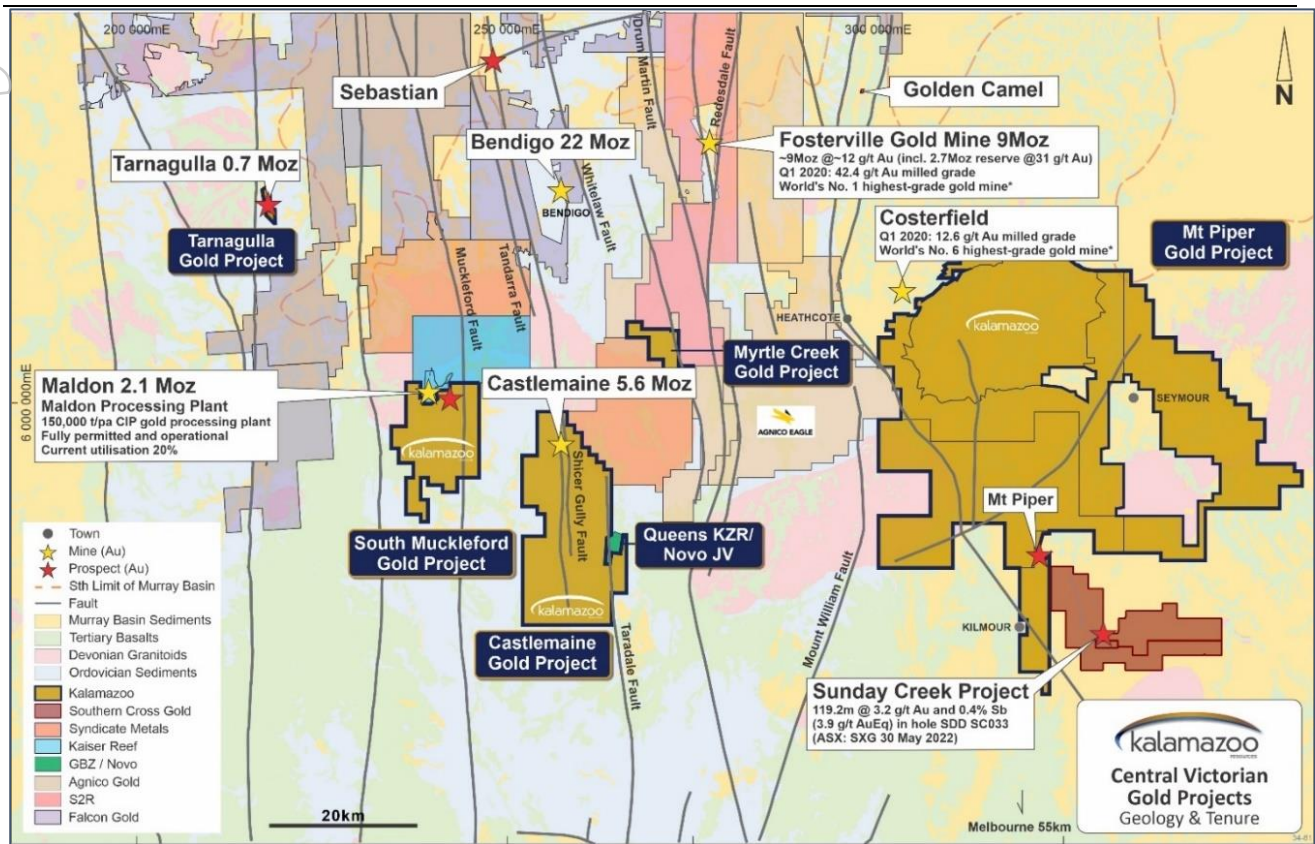


Figure 10: Location of Kalamazoo’s Central Victorian Goldfields tenements, including the Mt Piper Gold Project

Historical work over the Project has largely consisted of localised programs of geological mapping with soil, stream sediment and rock chip sampling, Induced Polarisation geophysical surveys and limited reverse circulation (<100m deep) and diamond drilling⁹. More recently in 2021, previous owners Torrens Mining identified 31 gold targets that were to be the subject of follow-up exploration programs.

Torrens Mining also conducted systematic rock chip sampling at the south-western Goldie Prospect (EL6775) which identified high-grade gold mineralisation over a minimum strike length of 120m and included several parallel reefs identified within a potentially 150m wide corridor. Best rock chip assay results included **31.1 g/t** and **30.4g/t Au⁶**.

The Goldie Prospect is one of several high priority Prospects that will be the subject of further exploration by Kalamazoo in 2023. The important Community Engagement and land access process started in late 2022 and is currently ongoing.

⁹ Torrens Mining Limited IPO Prospectus 2020, ASX: TRN 6 January 2021

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CASTLEMAINE GOLD PROJECT, VICTORIA

The Castlemaine Gold Project is located in the Bendigo Zone of Central Victoria and comprises three exploration tenements, EL006679 (“Wattle Gully”, ~70 km²), EL006752 (“Wattle Gully South”, ~218km²) and EL007112 (“Queens JV Project”, ~22km²) for a total area of 310km².

During the reporting period Kalamazoo completed desktop studies and field reconnaissance exercises across various parts of the project area. In February 2022, Kalamazoo reported an encouraging significant ~800m long Au and As in soil anomaly that was identified within the hangingwall of the regional-scale Taradale Fault in the eastern section of EL006752¹⁰. This significant soil geochemistry anomaly is along strike of historical mine workings located in the adjacent “Queens” Kalamazoo/Novo Joint Venture (EL007112) and is the focus of further investigation.

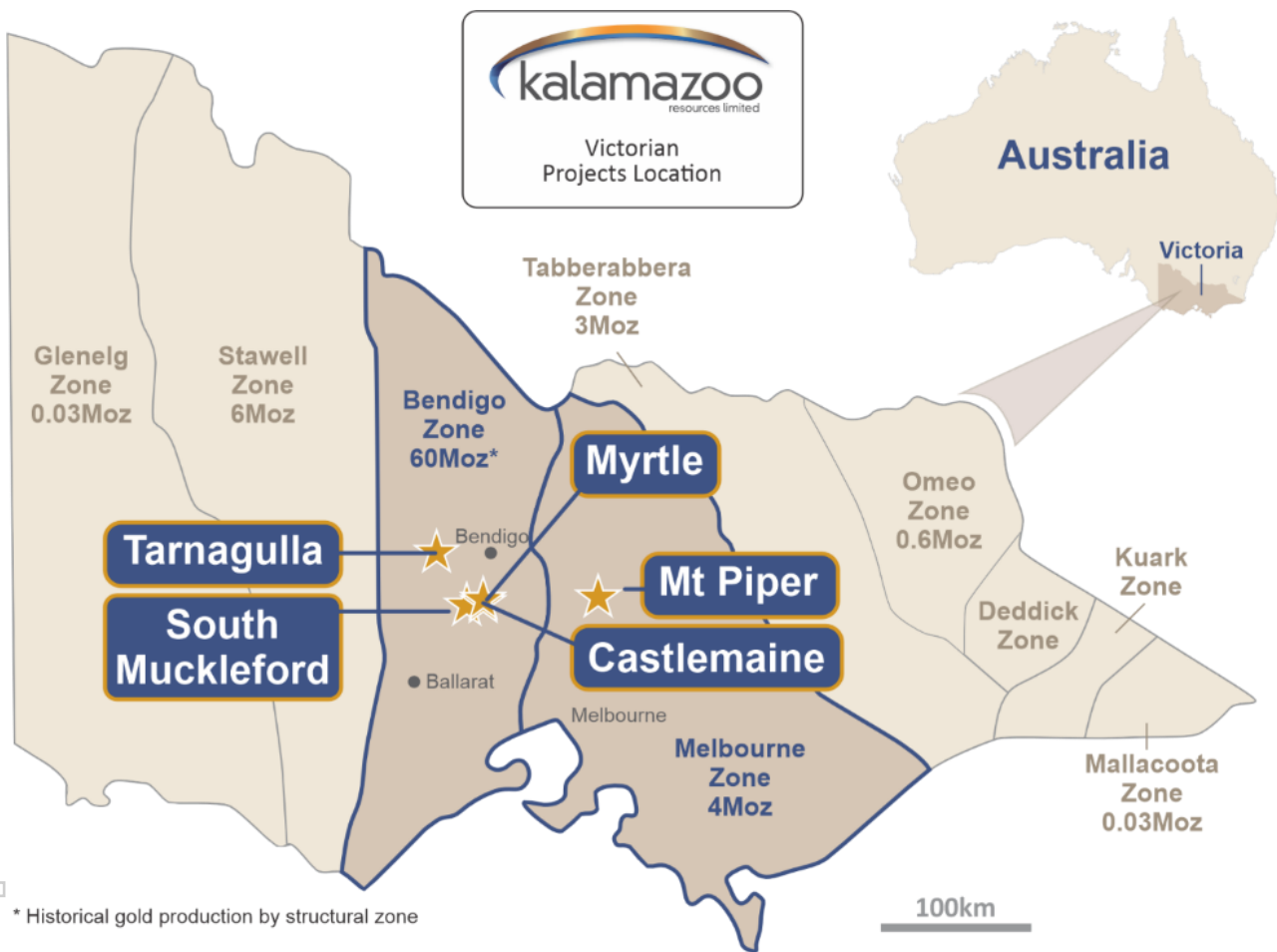


Figure 11: Victorian Gold Project Locations

¹⁰ ASX: KZR 2 February 2022

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SOUTH MUCKLEFORD GOLD PROJECT, VICTORIA

The South Muckleford Gold Project is located 10km west of Kalamazoo's Castlemaine Gold Project and consists of two exploration tenements, EL006959 and EL007021, for a total area of 161km².

In February 2022, Kalamazoo announced the final assay results for the one surface diamond hole and one diamond tail hole at the Fentiman's Reef Prospect plus two surface diamond holes at the Smith's Reef North Prospect (652.1m) completed in September 2021⁷. All four drill holes reached their target zones and intersected significant quartz vein and fault structures which were subsequently sampled and sent for laboratory assay analysis. Whilst geochemically anomalous the samples returned only low levels of gold in assays. Kalamazoo remains encouraged by the drilling program results with the current focus on further 3D structural geology modelling, geochemical vectoring investigations and targeting exercises with the aim of identifying extensional and/or deeper targets along these defined reef structures.

TARNAGULLA GOLD PROJECT, VICTORIA

The Tarnagulla Gold Project is located ~180km NE of Melbourne and comprises of one granted exploration licence, EL6780.

The Project's proposed maiden drilling program has received final permitting for a planned ~1,700m diamond drill hole program designed to test a significant 1.4km long linear gold in soil anomaly (Figure 12). The drilling program is expected to be completed in 2023.

MYRTLE GOLD PROJECT, VICTORIA

The Myrtle Gold Project comprises one granted exploration licence, EL7323, and is located within the prospective hanging wall of the Axe Creek Fault, a major northwest trending structure which strikes sub-parallel to the Fosterville fault, located approximately 25km to the north. The Myrtle Gold Project is considered prospective for both Fosterville-style epizonal orogenic Au as well as intrusion related Au ± Mo deposits.

In late February 2022, Kalamazoo completed a detailed Ultrafine+™ multi-element soil geochemistry program (~780 samples) across key parts of the project area. The soil samples were collected on a detailed 200m x 100m E-W grid. The laboratory assay results have been received from LabWest (Perth) and are still being evaluated

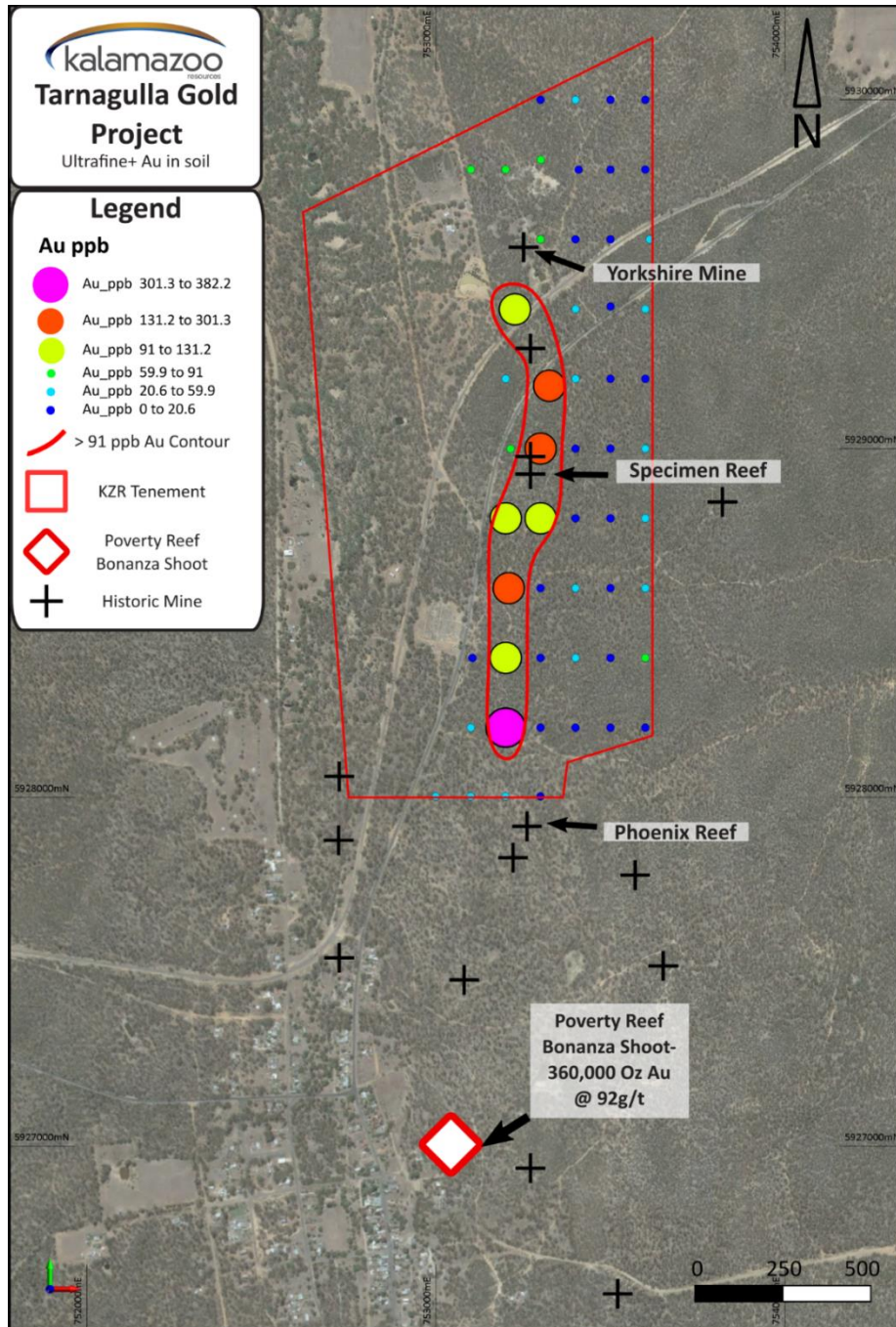


Figure 12: EL006780 (red polygon) and the location of significant gold in soil anomalies on a background aerial photography image – note the location of the historical high grade Poverty Reef Gold Mine to the south

EVENTS SUBSEQUENT TO THE REPORTING DATE

On 10 March 2023, the Company announced the sale of its 50% joint venture interest in Victorian Exploration Licence EL007112 (“Queens Project”) to joint venture partner Novo Resources Corp. (“Novo”) for A\$1.5 million. Under the terms of the Sale and Purchase Agreement (“Agreement”) Kalamazoo will receive A\$750,00 in cash and 2,088,554 in Novo shares (valued at A\$750,000). The shares will be subject to a voluntary trading restriction period of 12 months from the date of issue. The Agreement also provides for the termination of the Royalty over the Queens Project.

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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



Luke Reinehr
Chairman

15 March 2023

Competent Person's Statement

The information for the Victorian Gold Projects as well as the Mallina West, DOM's Hill, Marble Bar and Pear Creek 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 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 Ashburton Gold Projects is based on information compiled by Mr Matthew Rolfe, a competent person who is a Member of The Australasian Institute of Geoscientists. Mr Rolfe is an employee of Kalamazoo Resources Ltd and is engaged as Exploration Manager Western Australia Gold Projects 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 Mr Phil Jankowski, who is a Fellow of Australasian Institute of Mining and Metallurgy. Mr Jankowski is an employee of CSA Global Ltd who are engaged as consultants to Kalamazoo Resources Limited. Mr Jankowski 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 Jankowski consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

Statements regarding Kalamazoo's plans with respect to its mineral properties and programs 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.

Auditor's Independence Declaration

To the Directors of Kalamazoo Resources Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Kalamazoo Resources Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J C Esterhuizen
Partner – Audit & Assurance

Perth, 15 March 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

		Half-year ended 31 Dec 2022	Half-year ended 31 Dec 2021
		\$	\$
Other income	4	207,050	43,556
Employee benefits expense		(252,925)	(170,382)
Share based payment	13	(1,593,900)	-
Depreciation expense		(100,725)	(114,933)
Exploration expenditure written off	7	(27,349)	(11,688)
Finance costs		(214,709)	(13,634)
Consulting and investor relations		(174,045)	(141,225)
Other expenses		(342,599)	(275,116)
Profit / (Loss) from continuing operations before income tax		(2,499,202)	(683,422)
Income tax benefit / (expense)		-	-
Profit / (Loss) after income tax attributable to the owners of Kalamazoo Resources Limited		(2,499,202)	(683,422)
Other comprehensive income / (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		(115,729)	(432,460)
Other comprehensive income / (loss) net of tax		(115,729)	(432,460)
Total comprehensive profit / (loss) for the period attributable to the owners of Kalamazoo Resources Ltd		(2,614,931)	(1,115,882)
Earnings per share:		<i>Cents</i>	<i>Cents</i>
Basic and diluted loss per share	14	(1.70)	(0.51)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		31 Dec 2022	30 Jun 2022
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	2,791,678	2,817,825
Trade and other receivables	6	108,995	463,412
Other current assets		156,617	84,566
TOTAL CURRENT ASSETS		3,057,290	3,365,803
NON-CURRENT ASSETS			
Property, plant and equipment		166,332	254,895
Right of use assets		194,488	253,414
Exploration and evaluation assets	7	18,414,167	16,361,189
Financial assets at fair value through OCI	8	188,820	304,549
Other non-current assets		30,124	30,124
TOTAL NON-CURRENT ASSETS		18,993,931	17,204,171
TOTAL ASSETS		22,051,221	20,569,974
CURRENT LIABILITIES			
Trade and other payables	9	462,748	1,061,302
Financial liability at amortised cost	10	2,019,571	-
Derivative financial liability	10	379,044	-
Short-term provisions		115,673	114,344
Lease liabilities	11	128,578	121,481
TOTAL CURRENT LIABILITIES		3,105,614	1,297,127
NON-CURRENT LIABILITIES			
Long term provisions		19,630	13,990
Lease liabilities	11	74,892	140,855
TOTAL NON-CURRENT LIABILITIES		94,522	154,845
TOTAL LIABILITIES		3,200,136	1,451,972
NET ASSETS		18,851,085	19,118,002
EQUITY			
Issued capital	12	28,446,550	28,219,212
Option reserve		2,866,941	2,409,770
Financial asset reserve		(1,841,348)	(1,725,619)
Accumulated losses		(10,621,058)	(9,785,361)
TOTAL EQUITY		18,851,085	19,118,002

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Issued Capital	Option Reserve	Financial Asset Reserve	Accumulated Losses	Total Equity
Note	\$	\$	\$	\$	\$
Balance at 1 July 2021	24,016,755	3,141,373	(665,788)	(8,533,212)	17,959,128
Total comprehensive loss for the period	-	-	-	(683,422)	(683,422)
Other comprehensive loss	-	-	(432,460)	-	(432,460)
Total comprehensive loss for the period net of tax	-	-	(432,460)	(683,422)	(1,115,882)
Transactions with owners in their capacity as owners					
Issue of shares	3,625,000	-	-	-	3,625,000
Transaction costs of issuing shares	(21,041)	-	-	-	(21,041)
Transfer from share option reserve:					
due to exercise of options	598,498	(598,498)	-	-	-
- due to lapse of options	-	(133,105)	-	133,105	-
Balance at 31 December 2021	28,219,212	2,409,770	(1,098,248)	(9,083,529)	20,447,205
Balance at 1 July 2022	28,219,212	2,409,770	(1,725,619)	(9,785,361)	19,118,002
Total comprehensive loss for the period	-	-	-	(2,499,202)	(2,499,202)
Other comprehensive loss	-	-	(115,729)	-	(115,729)
Total comprehensive loss for the period net of tax	-	-	(115,729)	(2,499,202)	(2,614,931)
Transactions with owners in their capacity as owners					
Issue of shares	259,250	-	-	-	259,250
Transaction costs of issuing shares	(31,912)	-	-	-	(31,912)
Issue of options	-	2,120,676	-	-	2,120,676
Transfer from share option reserve:					
due to expiry of options	-	(1,530,400)	-	1,530,400	-
due to lapse of options	-	(133,105)	-	133,105	-
Balance at 31 December 2022	28,446,550	2,866,941	(1,841,348)	(10,621,058)	18,851,085

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Half-year ended 31 Dec 2022	Half-year ended 31 Dec 2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Other income received	83,017	15,288
Payments to suppliers and employees	(840,929)	(595,524)
Interest received	21,132	5,974
Interest paid	(11,904)	(13,634)
	(748,684)	(587,896)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	-	(3,792)
Proceeds from the disposal of property, plant and equipment	61,197	-
Payments for exploration activities	(1,767,882)	(3,474,024)
Payments to acquire tenements	(300,000)	-
Proceeds from sale of the Snake Well Gold Project	-	150,000
	(2,006,685)	(3,327,816)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Lind share subscription agreement	3,000,000	-
Lind share subscription agreement costs	(204,387)	-
Proceeds from conversion of options	-	2,825,000
Share issue costs	(7,525)	(21,041)
Lease principal repayments	(58,866)	(56,284)
	2,729,222	2,747,675
Net decrease in cash and cash equivalents	(26,147)	(1,168,037)
Cash at the beginning of the period	2,817,825	5,850,997
CASH AT THE END OF THE PERIOD	2,791,678	4,682,960
5		

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 1: CORPORATE INFORMATION

This general purpose financial report of Kalamazoo Resources Limited ("the Company") for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 15 March 2023.

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

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

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

This general purpose interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Kalamazoo Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

All accounting policies are consistent with those applied for the year ended 30 June 2022.

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

b) New accounting standards and interpretations

In the half-year ended 31 December 2022, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2022.

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

c) Going concern

These financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company generated a loss for the period of \$2,499,202 (2021: loss of \$683,422) and net cash outflows from operating and investing activities of \$2,755,369 (2021: \$3,915,712). As at 31 December 2022 the Company had a cash balance of \$2,791,678 (30 June 2022: \$2,817,825).

The ability of the Company to continue as a going concern is principally dependent upon its ability to secure funds by raising capital from equity markets and managing cashflow in line with available funds.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

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 Directors have prepared a cash flow forecast, which indicates that the Company will raise sufficient capital and 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.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

d) Principles of consolidation

The financial statements incorporate the assets and liabilities of the Company's subsidiary at 31 December 2022 and the results of its subsidiary for the half-year then ended. The Company and its subsidiary together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The acquisition method of accounting is used to account for business combinations by the Group. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and the Statement of Changes in Equity respectively.

e) Critical accounting estimates and judgements

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

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual financial statements as at and for the year ended 30 June 2022.

NOTE 3: SEGMENT INFORMATION

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

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

NOTE 4: OTHER INCOME

	31 Dec 2022	31 Dec 2021
	\$	\$
Interest income	25,485	4,559
Gain on fair value of derivative (refer note 10)	97,413	-
Other income	84,152	38,997
	207,050	43,556

NOTE 5: CASH AND CASH EQUIVALENTS

	31 Dec 2022	30 Jun 2022
	\$	\$
Cash at bank and on hand	2,241,678	1,267,825
Short term deposits	550,000	1,550,000
	2,791,678	2,817,825

NOTE 6: TRADE AND OTHER RECEIVABLES

	31 Dec 2022	30 Jun 2022
	\$	\$
Current		
Debtors	18,154	309,202
GST receivable	90,841	154,210
	108,995	463,412

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.

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NOTE 7: EXPLORATION AND EVALUATION ASSETS

	31 Dec 2022	30 Jun 2022
	\$	\$
Exploration and evaluation assets	18,414,167	16,361,189
Capitalised cost at the beginning of the period	16,361,189	11,636,910
Exploration expenditure incurred during the period	2,080,327	4,752,772
Impairment of exploration and evaluation assets	(27,349)	(28,493)
Capitalised cost at end of the period	18,414,167	16,361,189

Pursuant to Australian Accounting Standard AASB 6: *Exploration for and Evaluation of Mineral Resources* the Group has elected to capitalise its exploration expenditures as incurred. The Group reviews its capitalised expenditure by tenement on an ongoing basis to assess whether there are any impairment indicators that may suggest that that the carrying amount exceeds the recoverable amount.

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NOTE 8: FINANCIAL ASSETS

Financial assets at fair value through other comprehensive income

	31 Dec 2022	30 Jun 2022
	\$	\$
Opening balance	304,549	1,364,380
Change in fair value	(115,729)	(1,059,831)
Closing balance	188,820	304,549

The Company holds 609,098 shares in Canadian listed gold explorer and developer Novo Resources Corp ("Novo") (TSX-V: NVO, OTCQX: NSRPF). The shares were issued as consideration for Novo earning a 50% interest in the Company's Queens Project (EL007112) in Victoria.

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 Group 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.

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 Group'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 Group 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.

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NOTE 9: TRADE AND OTHER PAYABLES

	31 Dec 2022	30 Jun 2022
	\$	\$
Trade creditors	288,528	834,798
Other payables and accruals	174,220	226,504
	462,748	1,061,302

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

NOTE 10: FINANCIAL LIABILITIES

	31 Dec 2022	30 Jun 2022
	\$	\$
Financial liability at amortised cost	2,019,571	-
Financial liability at FVTPL – derivative component	379,044	-
	2,398,615	-

The Company entered into a Share Subscription Agreement (“Agreement”) for an investment of \$3,000,000 with Lind Global Fund II (“Lind”), LP on 29 August 2022. The \$3,000,000 investment by Lind is via a placement of ordinary fully paid shares (“Placement Shares”) and 6 million unlisted options (“Options”).

The key terms of the Agreement are:

- Lind has pre-paid a total of \$3,000,000 (“Advance Payment”), in return for the Options and in total a credit amount worth \$3,100,000 (“Advance Payment Credit”), which may be used to subscribe for shares.
- The Advance Payment does not accrue interest.
- The term of the Agreement is 24 months.
- The Company paid Commitment Fee of \$180,000.
- 2,100,000 Initial Shares were issued in return for the Advance Payment on 2 September 2022. The Initial Shares may be utilised to reduce the number of Placement Shares required to be issued or can be issued to Lind by Lind paying the relevant Subscription Price for the shares.
- 6,000,000 options were issued with an exercise price of \$0.375 per share and expiring on 1 September 2025.
- The purchase price of Placement Shares is either;
 - At a Fixed Subscription Price: \$0.50; or
 - At a Variable Subscription Price: being the higher of:
 - 90% of the average of the five lowest daily VWAPs during the 20 days prior to the date on which the Subscription Price is to be determined; and
 - 75% of the VWAP of the Shares calculated over the 15 days prior to the date on which the relevant Shares are to be issued.

NOTE 10: FINANCIAL LIABILITIES (Continued)

- Lind can subscribe for Placement Shares during the term, subject to the following conditions:
 - During months 1 to 6, at the Fixed Subscription Price
 - During Months 7 to 18, the Fixed Subscription Price or the Variable Subscription Price, however Lind may only subscribe for shares at the Variable Subscription Price up to a maximum amount of \$150,000 each for each calendar month during this period
 - During Months 19 to 24 at the lesser of the Fixed Subscription Price or the Variable Subscription Price.
- If for any reason the Company is unable to issue shares to fulfil a subscription request Lind may require the Company to pay the amount which is the greater of the Subscription Share Value and 115% of the Amount Outstanding that would have otherwise been the subject of the issue of the relevant Securities.
- Following a subscription request by Lind, the Company has the option to pay an amount to Lind instead of issuing shares, with this amount being the Subscription Share Value.
- The Company may elect to repay the entire Unused Advance Payment Credit at any time at which point Lind has the right to apply to subscribe to shares to the aggregate value of one-third of the Unused Advanced Payment Credit, at either the Fixed Subscription Price or the Variable Subscription Price.
- Other than where an Event of Default has occurred, if following the end of Term date there is any Unused Advance Payment Credit, the Investor must give KZR a Subscription Notice under which the Subscription Amount is the whole of the Unused Advance Payment Credit.

Accounting policy for Share Subscription Agreement

The Agreement is a hybrid financial instrument which includes a combination of debt financial liability, a derivative financial liability that represents the conversion feature to convert the debt instrument into a variable number of equity instruments and a derivative equity component representing the options issued.

On initial recognition, the embedded derivatives are recognised at fair value and the debt host liability is initially recognised based on the residual value from deducting the fair value of the embedded derivatives from the amount of consideration received from issuing the instruments.

The debt component is subsequently recognised as a financial liability at amortised cost, net of transaction costs. The difference between the fair value of the debt component on initial recognition and the redemption amount is recognised in profit or loss over the period of the instrument using the effective interest method.

The derivative liability is subsequently measured at fair value through profit or loss, with all gains or losses in relation to the movement of fair value being recognised in the profit or loss.

Transaction costs are apportioned to the debt liability, the embedded derivative and equity component in proportion to the allocation proceeds. The transaction costs attributed to the conversion feature are expensed immediately and the transaction costs attributed to the debt and equity components are offset against these components.

Financial liabilities are removed when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in profit or loss as other income or finance costs.

NOTE 10: FINANCIAL LIABILITIES (Continued)

Fair value measurement of financial instruments

When the fair values of financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Monte Carlo simulation model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The proceeds received under the Agreement have been classified as follows on initial recognition:

	31 Dec 2022	30 Jun 2022
	\$	\$
Financial liability at amortised cost	1,963,143	-
Financial liability at FVTPL – derivative component	476,457	-
Equity component – options	560,400	-
	3,000,000	-

A commitment fee of \$180,000 was incurred under the Agreement. These transaction costs have been allocated to the components of the instrument as follows:

	31 Dec 2022	30 Jun 2022
	\$	\$
Financial liability at FVTPL – recognised in profit or loss	28,587	-
Financial liability at amortised cost – recognised over the term	117,789	-
Equity component – transaction cost in equity	33,624	-
	180,000	-

Movement in financial liability at amortised cost

	31 Dec 2022	30 Jun 2022
	\$	\$
Opening balance	-	-
Balance on initial recognition	1,963,143	-
Less transaction costs	(117,789)	-
Interest expense	174,217	-
Closing balance	2,019,571	-

NOTE 10: FINANCIAL LIABILITIES (Continued)

Movement in derivative financial liability

	31 Dec 2022	30 Jun 2022
	\$	\$
Opening balance	-	-
Balance on initial recognition	476,457	-
Fair value movement	(97,413)	-
Closing balance	379,044	-

Finance costs recognised in the Statement of Profit or Loss for the period

	31 Dec 2022	31 Dec 2022
	\$	\$
Transaction costs associated with derivative liability	28,587	-
Interest expense of amortised liability	174,217	-
Closing balance	202,804	-

NOTE 11: LEASE LIABILITIES

	31 Dec 2022	30 Jun 2022
	\$	\$
Current	128,578	121,481
Non-Current	74,892	140,855
	203,470	262,336

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 31 December 2022 were as follows:

	Within one year	One to two years	Two to five years	Total
31 December 2022				
Lease payments	143,146	72,275	8,617	224,038
Finance charges	(14,568)	(5,055)	(945)	(20,568)
Net present values	128,578	67,220	7,672	203,470

	Within one year	One to two years	Two to five years	Total
30 June 2022				
Lease payments	142,270	118,252	32,066	292,588
Finance charges	(20,789)	(8,416)	(1,047)	(30,252)
Net present values	121,481	109,836	31,019	262,336

NOTE 12: ISSUED CAPITAL

	31 Dec 2022	30 Jun 2022
	\$	\$
Issued capital		
Fully paid ordinary shares	28,446,550	28,219,212

a) Movement in ordinary shares on issue

	Half-year ended 31 Dec 2022		Year ended 30 Jun 2022	
	No.	\$	No.	\$
Opening balance	145,194,374	28,219,212	131,941,434	24,016,755
Exercise of options – various dates ⁽¹⁾	-	-	10,900,000	3,423,498
Pear Creek Lithium Project acquisition ⁽²⁾	-	-	2,352,940	800,000
Issue of shares to Lind ⁽³⁾	2,100,000	-	-	-
Mt. Piper Gold Project acquisition ⁽⁴⁾	1,525,000	259,250	-	-
Transaction costs	-	(31,912)	-	(21,041)
Closing balance	148,819,374	28,446,550	145,194,374	28,219,212

(1) During the 30 June 2022 financial year, 2,000,000 Options with an exercise price of \$0.30 and expiring on 10 July 2021 and 8,900,000 Options with an exercise price of \$0.25 and expiring on 30 November 2021 were exercised.

(2) In December 2021, the Company, via its wholly owned subsidiary Kali Metals Pty Ltd, acquired the Pear Creek Lithium Project for the issue of 2,352,940 Kalamazoo shares.

(3) As announced to ASX on 29 August 2022, the Company entered into a Placement Agreement (“Agreement”) with the Lind Global Fund II, LP for a \$3 million cornerstone investment. Under the Agreement, the aggregate number of shares to be issued (not including the 2,100,000 Initial Shares already issued and shown above) is limited to 16,145,833 shares (refer also to Note 10).

(4) During the period the Group acquired the Mt. Piper Gold Project for \$300,000 in cash and 1,525,000 fully paid ordinary shares in Kalamazoo.

b) Movement in options on issue

	Half-year ended 31 Dec 2022		Year ended 30 Jun 2022	
	No.	\$	No.	\$
Opening balance	12,400,000	2,409,770	43,650,000	3,141,373
Options granted	18,600,000	2,154,300	-	-
Options exercised	-	-	(10,900,000)	(598,498)
Options expired / lapsed	(9,850,000)	(1,663,505)	(20,350,000)	(133,105)
Closing balance	21,150,000	2,900,565	12,400,000	2,409,770

NOTE 12: ISSUED CAPITAL (Continued)

c) Performance rights

The Company has 2,125,000 Class A and 2,125,000 Class B Performance Rights on issue.

The Class A Performance Rights vest on the Company 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. The Class B Performance Rights vest on the Company 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. The Class A Performance Rights expire on 22 November 2023, whilst the Class B performance Rights expire on 22 November 2025.

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 at this time.

NOTE 13: SHARE BASED PAYMENTS

At the Annual General Meeting of the Company held on 18 November 2022 shareholders approved the issue of 7,750,000 options to Directors. In November 2022 the Company also issued 4,850,000 options to employees under the terms of the Company's Incentive Option Plan. The fair value of these options was determined using a Black Scholes pricing model. The following table lists the inputs to the model for options granted:

Inputs	Issue R
Exercise price	\$0.365
Issue date	21 Nov 2022
Expiry date	30 Nov 2025
Share price at grant date	\$0.25
Historical volatility (%)	91%
Risk-free interest rate (%)	3.06%
Expected dividend yield (%)	0%

The expense for the half-year was \$1,593,900 (2021: \$Nil).

NOTE 14: EARNINGS PER SHARE

	31 Dec 2022	31 Dec 2021
	cents	cents
Basic and diluted loss per share	(1.70)	(0.51)

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

	31 Dec 2022	31 Dec 2021
	\$	\$
Loss used in calculating basic and undiluted earnings per share	(2,499,202)	(683,422)

	31 Dec 2022	31 Dec 2021
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	147,359,591	134,773,132

NOTE 15: SUBSIDIARIES

The details of the Group's subsidiary is as below.

Entity	Country of Incorporation	Equity Interest		Principal Activities
		2022	2021	
Kali Metals Pty Ltd	Australia	100%	100%	Mineral exploration

NOTE 16: DIVIDENDS

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

NOTE 17: COMMITMENTS AND CONTINGENCIES

As at the reporting date, there has been no material change in the commitments and contingencies since 30 June 2022.

NOTE 18: EVENTS SUBSEQUENT TO THE REPORTING DATE

On 10 March 2023, the Company announced the sale of its 50% joint venture interest in Victorian Exploration Licence EL007112 ("Queens Project") to joint venture partner Novo Resources Corp. ("Novo") for A\$1.5 million. Under the terms of the Sale and Purchase Agreement ("Agreement") Kalamazoo will receive A\$750,00 in cash and 2,088,554 in Novo shares (valued at A\$750,000). The shares will be subject to a voluntary trading restriction period of 12 months from the date of issue. The Agreement also provides for the termination of the Royalty over the Queens Project.

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

DIRECTORS' DECLARATION

In the opinion of the directors of Kalamazoo Resources Limited:

- 1) the financial statements and notes of Kalamazoo Resources Limited are in accordance with the *Corporations Act 2001*, including:
 - a) giving a true and fair view of its financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
 - b) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Luke Reinehr
Chairman

15 March 2023

Independent Auditor's Review Report

To the Members of Kalamazoo Resources Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Kalamazoo Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- a giving a true and fair view of Kalamazoo Resources Limited's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

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

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Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$2,499,202 during the half year ended 31 December 2022 and had operating and investing cash outflows of \$2,755,369. As stated in Note 2, these events or conditions along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J C Esterhuizen
Partner – Audit & Assurance
Perth, 15 March 2023