



ABN 33 150 026 850

ANNUAL REPORT

For the year ended 30 June 2017

Corporate Directory

Directors

Luke Reinehr	Chairman
Peter Benjamin	Managing Director
Angus Middleton	Non-Executive Director

Company Secretary

Bernard Crawford

Registered Office & Principal Place of Business

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Auditor

Grant Thornton Audit Pty Ltd
Chartered Accountants
Level 1, 10 Kings Park Road
West Perth, WA 6005

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")
Home Exchange: Perth, Western Australia

ASX Code: **KZR**

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Chairman's Letter

Dear Fellow Shareholders,

It is with pleasure that I present to you Kalamazoo Resources Limited's (**Kalamazoo's**) inaugural Annual Report.

As many of you are aware, Kalamazoo listed on the Australian Stock Exchange on 16 January 2017 after the completion of a \$5 million Initial Public Offering. This was an excellent achievement by our team completed in the midst of a very turbulent global period surrounding the US election.

Kalamazoo's flagship operation is the Snake Well Gold and Base Metals Project (**Snake Well Project** or **Snake Well**), located in the Murchison region approximately 450kms north of Perth. The Snake Well Project is north-west of the world class gold and base metal Golden Grove volcanic-hosted massive sulphide (VHMS) mine and north of the Deflector gold and copper project.

Just prior to the IPO, Kalamazoo completed its initial gold production at Snake Well with a trial mining exercise that produced 4,459 ounces of gold at a gold grade of 6.83 g/t, which provided confidence in the Project's high grade gold exploration potential.

Since listing, the Company has completed its first round of drilling at the Mixy deposit with some excellent results. This indicates the likely gold mineralisation extends 150 metres to the east of the Mixy trial pit in an oxide zone and open to depth. This program is now being followed up with further drilling in the next few months designed to test for further expansion of the resource.

Drilling at the A-Zone deposit has seen this JORC 2012 deposit increased to 932,000 tonnes at 2.1 g/t for 63,000 ounces of gold. This represents a favourable 30% increase in grade and 15% decrease in tonnages for a total increase in gold metal of 9%. Importantly, this drilling has seen very significant levels of copper, lead, zinc and silver reported from re-assays in oxide, transition and fresh rock zones. Kalamazoo is very encouraged by these results and the potential association with VHMS class of deposits, and its team is now reviewing historical data and planning future exploration programs.

The Company has now taken the first steps on its journey where it aims to explore for and increase its existing gold resources and identify further copper and zinc potential at Snake Well. I encourage you to review this annual report to understand the gold and base metals potential of Snake Well and our Cork Tree copper project in the Doolgunna region of Western Australia.

Your directors are focused on creating a company that delivers tangible shareholder returns with targeted exploration programs that will lead to development and/or corporate initiatives.

We look ahead of the next 12 months with excitement, and thank you for your continued support.

Yours sincerely,



Luke Reinehr
Chairman

Review of Activities

2016-2017 HIGHLIGHTS

Kalamazoo Gold Limited's inaugural financial year focussed on the preparation of its prospectus in the first six months of the year, leading to the successful listing on the Australian Securities Exchange in January 2017.

The Company's successful \$5 million raising associated with the ASX listing was to provide funds for the aggressive exploration of Kalamazoo's flagship Snake Well gold and base metals project in Western Australia.

Key investment and operational highlights for the period included:

GOLD

- Milestone achieved as Kalamazoo Resources Limited ("Kalamazoo") listed on the ASX on January 16th raising A\$5M.
- Drilling successfully completed at A-Zone within the Snake Well project, with Minjar Gold Pty Ltd sole funding this activity.
- Drilling results confirm the general position and grades of (historical) mineralisation at A-Zone, with gold mineralisation open at depth.
- This led to a new Mineral Resource estimate for A-Zone reported in accordance with JORC 2012 and resulted in a favourable 30% increase in grade and a 15% decrease in tonnages for a total increase in contained metal of 9%.
- Drilling at the associated Mixy gold project indicates oxide mineralisation extends some 150 metres east of the current trial pit, with mineralisation open at depth.
- First Right agreed with Minjar Gold via an Ore Purchase Agreement for future Mixy and A-Zone gold ore processing.
- Drilling to test for additional, near surface mineralisation at the historical Royal Standard underground mine completed with assay results awaited.

BASE METALS

- At A-Zone, recent drilling indicated the occurrence of significant base metals with assays ranging up to 5.76% Copper, 7.07% Zinc, 1.88% Lead and up to 247 g/t Silver.
- A review commenced for the base metal potential of a 25 kms long strike, between the A-Zone and the Company's Volcanic Hosted Massive Sulphide (VHMS) base metal project called "Conquistador".
- Cork Tree (Copper): Exploration commenced to identify areas for copper/gold potential.
- Experienced and proven Board and Management team and a good financial position.

Review of Activities

Company and Projects Overview

Projects

Kalamazoo Resources Limited (ASX: **KZR**; **Kalamazoo**) is an Australian gold and base metal exploration company focused on growth through the discovery and development of gold and base metal resources at its portfolio of quality projects within Australia.

Following the successful capital raising, and ASX listing, the Company has quickly progressed its previously outlined exploration and development initiatives at its flagship project - the Snake Well Gold Project (Figure 1) in Western Australia with an early focus on:

- Drilling at the A-Zone gold deposit and upgrading the gold mineral resource estimate;
- Drilling of the near surface extensions of the Mixy gold deposit;
- Finalising the First Right agreed with Minjar Gold via an Ore Purchase Agreement for future Mixy and A-Zone gold ore processing;
- Commencement of exploration for Cork Tree copper project; and
- Assessment of various other gold and copper opportunities.

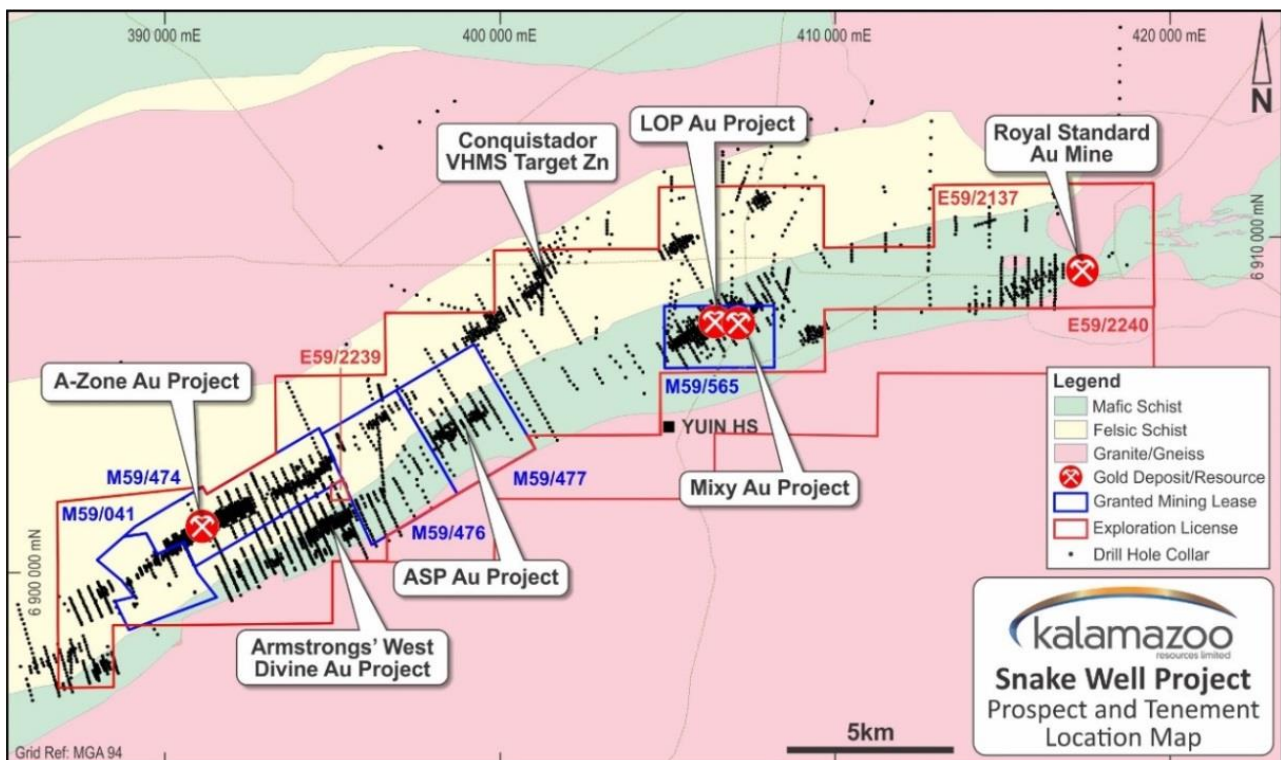


Figure 1: Location of A-Zone and Mixy Project areas

Review of Activities

In addition to the gold potential of the Snake Well project area, there is also considerable potential for base metals, especially, for the volcanogenic hosted massive sulphide (VHMS) style of base metal deposit, as evidenced by the base metal assays from the drilling at A-Zone. This has led Kalamazoo to commence an assessment of the base metal potential at Snake Well, along a 25 kilometre strike length from west of A-Zone to east of the Conquistador prospect.

Snake Well Gold and Base Metal Project

A-Zone Gold Project Drilling results

The Company completed a Reverse Circulation (**RC**) and diamond drilling program with the dual objectives of infilling coverage within the historically defined gold deposit and confirming previously identified mineralisation widths and grades. Results from diamond drilling also supplied new material for geological, geotechnical and metallurgical assessment. Overall, Kalamazoo completed a maiden 75 hole RC and diamond drilling program for 3,375 metres on the A-Zone Gold project (**A-Zone**) at its Snake Well Gold Project.

Gold mineralisation is present in a series of elongated lenses over a surface strike of 1.2 kilometres and the sub-parallel lenses dip to the southeast. The results indicate that the A-Zone mineralisation has been successfully intersected where expected and is visually discernible in the oxide zone. More importantly, many significant intersections of gold mineralisation were made, generally supporting the position and tenor of gold grades indicated by the historical drilling.

A summary of selected¹ A-Zone gold assays is as follows:

- 2 metres of 9.54 g/t Au from 62 metres in hole MJAZRC054
- 2 metres of 4.35 g/t Au from 24 metres and 6 metres of 3.21 g/t Au from 29 metres in hole MJAZRC060
- 5 metres of 3.23 g/t Au from 25 metres in hole MJAZRC063
- 10 metres of 2.77 g/t Au from 3 metres in hole MJAZRC011
- 13 metres of 4.15 g/t Au from 51 metres in hole MJAZRC013
- 6 metres of 3.28 g/t Au from 7 metres in hole MJAZRC022
- 11 metres of 2.53 g/t Au from 29 metres in hole MJAZRC023
- 7 metres of 1.72 g/t Au from 54 metres in hole MJAZRC024

These significant assay intersections are reported using criteria of a lower threshold of 0.5 g/t Au, and a maximum of 2 metres of downhole dilution (<0.5 g/t Au) included within the intercept length.

The drilling on Section A-B (Figure 2) targeted the principal mineralised lode that dips at approximately 600 to the south-east and historical drilling on Section A-B indicates the presence of deeper primary mineralisation. Most of the current drilling targeted the oxide and transitional zones together with some shallow, primary mineralisation. Significantly, mineralisation is open at depth in fresh rock.

¹ Refer to ASX announcements dated 29th March and 11th April 2017



(Intersections are down hole lengths of >0.5 g/t Au, and include a maximum of 2m at <0.5 g/t Au)
(Note: Selective historical drill hole intercepts, 86CRC013 to 97AZRC02 were included within the Inferred Mineral Resource for A-Zone.)

(Note: Selective historical drill hole intercepts, 86CRC013 to 97AZRC02 were included within the Inferred Mineral Resource for A-Zone.)

Based on the drilling results, an updated 2017 Mineral Resource estimate for the A-Zone deposit was prepared and has been classified as Indicated and Inferred Mineral Resources and reported in accordance with the JORC Code (2012 Edition) as shown below in Tables 1 & 2.

Review of Activities

TABLE 1: A-ZONE DEPOSIT MINERAL RESOURCE ESTIMATE² 0.5 g/t Au CUT-OFF (2017)

	Indicated			Inferred			Total		
	Tonnes (t)	Au (g/t)	Au (oz)	Tonnes (t)	Au (g/t)	Au (oz)	Tonnes (t)	Au (g/t)	Au (oz)
Fresh	145,000	2.5	11,600	123,000	2.3	9,200	268,000	2.4	20,700
Transition	191,000	2.1	12,900	86,000	1.7	4,600	277,000	2.0	17,500
Oxide	327,000	2.0	21,300	59,000	1.7	3,300	386,000	2.0	24,600
TOTAL	663,000	2.1	45,800	269,000	2.0	17,100	932,000	2.1	62,900

TABLE 2: MINERAL RESOURCE ESTIMATE² COMPARISON FOR A-ZONE, MAY 2017 & OCTOBER 2016

Min. Resource	JORC Category	Cut Off Grade	Total	Diff'	Gold Grade	Diff'	Metal	Diff'
Model	2012	(g/t Au)	Tonnages	(%)	(g/t Au)	(%)	Ounces	(%)
Oct-16	Inferred	0.5 g/t Au	1,100,000		1.60		58,000	
Difference				-15		31		9
May-17	Total	0.5 g/t Au	932,000		2.10		63,000	
	Indicated	0.5 g/t Au	663,000		2.15		46,000	
	Inferred	0.5 g/t Au	269,000		1.98		17,000	

A comparison between the previous mineral resource and this updated mineral resource is shown in Table 2 and indicates that the reported tonnages are 15% less, the gold average grade is 30% more and the contained gold ounces are increased by 9%. The tonnage reduction is mainly due to using lower density measurements from the recent drilling program.

New Ore Purchase Agreement for Treatment of Mixy and A-Zone Ore via Minjar Gold Plant

In May 2013, prior to its ASX listing, Kalamazoo undertook a conceptual mining study of the Mixy Lode to gather information regarding the optimum way to accurately estimate gold grade. The positive result from this study enabled Kalamazoo to sign a Mining Agreement with Minjar Gold Pty Ltd (**Minjar**) to mine approximately 4,400 ounces of near-surface gold ore from the Mixy Lode, which was undertaken in late 2015.

The final mill reconciliation for the mill feed was 20,320 tonnes of ore at a grade of 6.83 g/t Au for a total of 4,459 ounces generating \$2.2m free cash flow for Kalamazoo and Minjar. The mill recovery averaged 98.1% despite the Minjar plant not having a gravity gold recovery circuit.

Kalamazoo reached an agreement with Minjar that provides Minjar with a first right to treat any further ore from the Mixy Lode and/or the A-Zone deposit, at the Minjar plant, on terms to be agreed. This new Ore Purchase Agreement replaces the Ore Sales and Purchase Agreement dated January 2017.

² Refer to ASX announcement dated 2nd June 2017

Review of Activities

A-Zone Base Metals

The 2017 drilling program funded by Minjar, tested the spatial location of the gold mineralised lodes and general gold grade ranges previously indicated by historical drilling. However, as Minjar was only focused on oxide gold, a re-assay program was undertaken to validate historic levels of elevated silver, copper, lead and zinc at A-Zone, using samples (pulp) from this 2017 drill program.

Quartz veining is abundant at A-Zone, but it is the association of gold with sulphides, or iron oxides after sulphides that is of greater significance. The occurrence of significant base metals at A-Zone, particularly in the transition and fresh rock has the potential to value-add to the project.

A review commenced on the base metal potential of the A-Zone. This was especially in the transition and fresh (sulphide) zones and, also at the Company's nearby Volcanic Hosted Massive Sulphide (**VHMS**) Base Metal zone called "Conquistador", and the potential correlation between these deposits. Also completed was an initial resampling program to assess the base metal (Zn, Cu, Pb and Ag) VHMS potential using assay pulps from the recent Minjar drill program at A-Zone.

Subsequently, very significant levels of copper, lead, zinc and silver were reported from these re-assays at A-Zone in oxide, transition and fresh rock zones. These base metal zones are spatially associated with the A-Zone gold mineralised lodes and may form a halo of a few metres around the gold lodes.

Base metal assays³ range up to 5.76% Copper, 7.07% Zinc, 1.88% Lead and up to 247 g/t Silver. Results received for the re-assayed pulps include:

- 15 metres of 2.85 g/t Au, 0.25% Cu, 0.33% Pb, 1.23% Zn and 17.7 g/t Ag from 59 metres in hole MJAZRC010 including; 2 metres of 8.68g/t Au, 0.66% Cu, 0.70% Pb, 4.12% Zn and 45.5 g/t Ag from 59 metres
- 9 metres of 4.35g/t Au, 0.61% Cu, 0.22% Pb, 0.09% Zn and 26.2 g/t Ag from 40 metres in hole MJAZRC009 including; 1 metre of 6.67 g/t Au, 2.57% Cu, 0.30% Pb, 0.07% Zn and 153 g/t Ag, from 45 metres
- 1.1 metres of 0.44 g/t Au, 5.76% Cu, 0.18% Pb, 0.20% Zn and 48.5 g/t Ag from 47.7 metres in hole MJAZDD001; and
- 1 metre of 6.19 g/t Au, 0.20% Cu, 0.66% Pb, 7.07% Zn and 16.6 g/t Ag from 57 metres in hole MJAZRC024

³ Refer to ASX announcement dated 23rd June 2017

Review of Activities

Base metals results from the recent re-assay program are listed together with gold assays and downhole intervals and shown, for example, in cross section A-B in Figure 3.

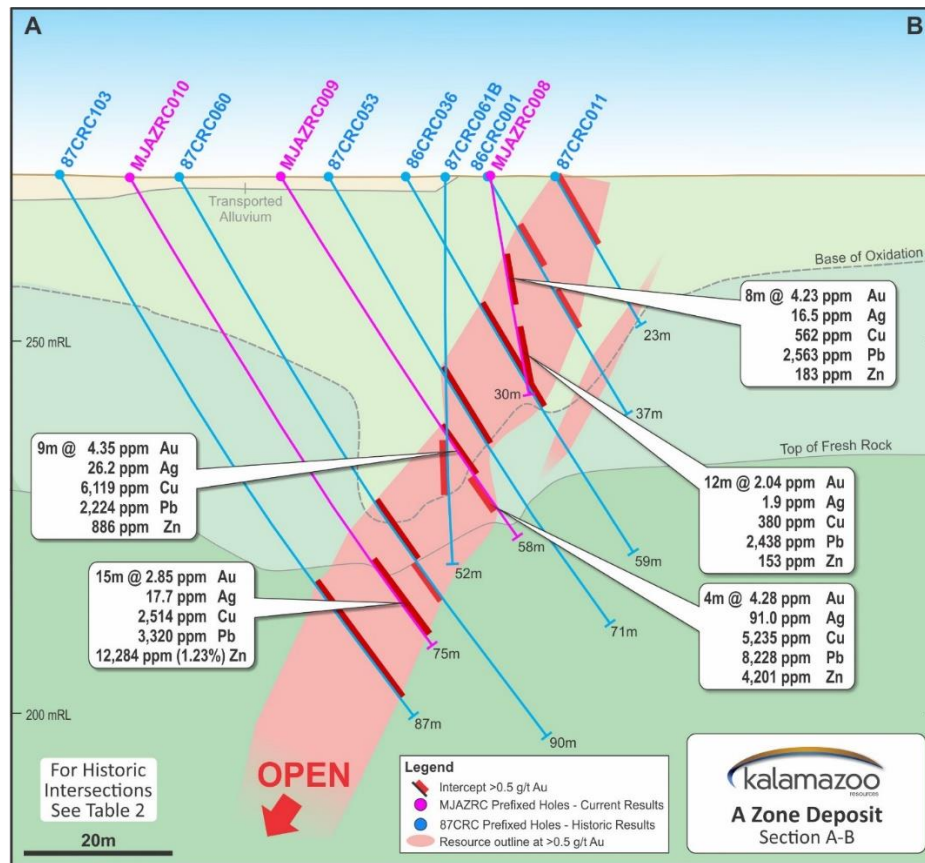


Figure 3: A-Zone Cross Section A-B looking southwest with gold resource outline

(Intersections are down hole lengths of >0.5 g/t Au, and include a maximum of 2m at <0.5 g/t Au
Note: Selective historical drill hole intercepts were included within the Mineral Resource for A-Zone)

These very significant levels of base metals require further review to determine the potential for VHMS association, direct future exploration programs and conduct metallurgical studies to investigate potential processing paths.

Kalamazoo has commenced studies to assess the base metal potential contained within the Snake Well Gold Project area, notably at Conquistador (Zinc) and deeper (fresh) portions of the A-Zone (copper and zinc) for VHMS style deposits

Review of Activities

Mixy Gold Project

Following the successful trial pit completed in early 2016, this initial Mixy gold project drilling is part of an overall works program. It is aimed at testing extensions of the near surface and deeper gold mineralised zones at Mixy, the site of the successful Mixy trial pit completed in early 2016 and which produced 4,459 ozs of gold as processed through the Minjar Gold Plant, under an Ore Tolling Agreement.

Results have been received for the completed 15-hole program for drill holes 17KZRC001 to 17KZRC015, totalling 1,424 metres. These drill holes tested two locations within the known mineralised envelope. Firstly, for extensions of the Mixy quartz vein lode(s), over a distance of 250 metres to the east of the Mixy trial pit and secondly at depths down plunge, to 200 vertical metres from surface in fresh rock (Figures 4 to 6).

Results⁴ received are reproduced below:

- 3 metres of 2.48 g/t Au from 87 metres in hole 17KZRC001
- 7 metres of 2.99 g/t Au from 70 metres in hole 17KZRC003
- 6 metres of 6.38 g/t Au from 52 metres in hole 17KZRC005, including 1 metre of 27.8 g/t Au from 52 metres
- 10 metres of 3.73 g/t Au from 68 metres in hole 17KZRC006, including 1 metre of 19.61 g/t Au from 69 metres
- 3 metres of 1.66 g/t Au from 75 metres in hole 17KZRC009
- 3 metres of 4.09 g/t Au from 128 metres in hole 17KZRC011 including 1 metre of 10.72 g/t Au from 129 metres
- 1 metre of 1.72 g/t Au from 193 metres in hole 17KZRC013
- 1 metre of 3.94 g/t Au from 176 metres in hole 17KZRC014
- 1 metre of 2.24 g/t Au from 200 metres in hole 17KZRC015

Gold mineralisation is likely to extend 150 metres to the east of Mixy in the oxide zone and is open to depth. Also, and importantly, results indicate that shallow, historic drilling, in some cases vertical, may have easily missed a Mixy style quartz lode (Figure 5).

Consequently, Kalamazoo plans to review the historical drilling results throughout the Snake Well Gold Project area to assess if past drilling may not have properly tested gold potential, particularly in oxidized zones.

In addition, the Company is now reviewing all recent and historical drilling and planning a second drilling program to test the continuity of mainly oxide gold mineralisation in the eastern extension, to the west and beneath the current trial pit. The purpose of this drilling will be to assess if sufficient gold mineralisation can be delineated to justify the deepening of the existing pit.

⁴ Refer to ASX announcements dated 5th May 2017 and 14th June 2017

Review of Activities

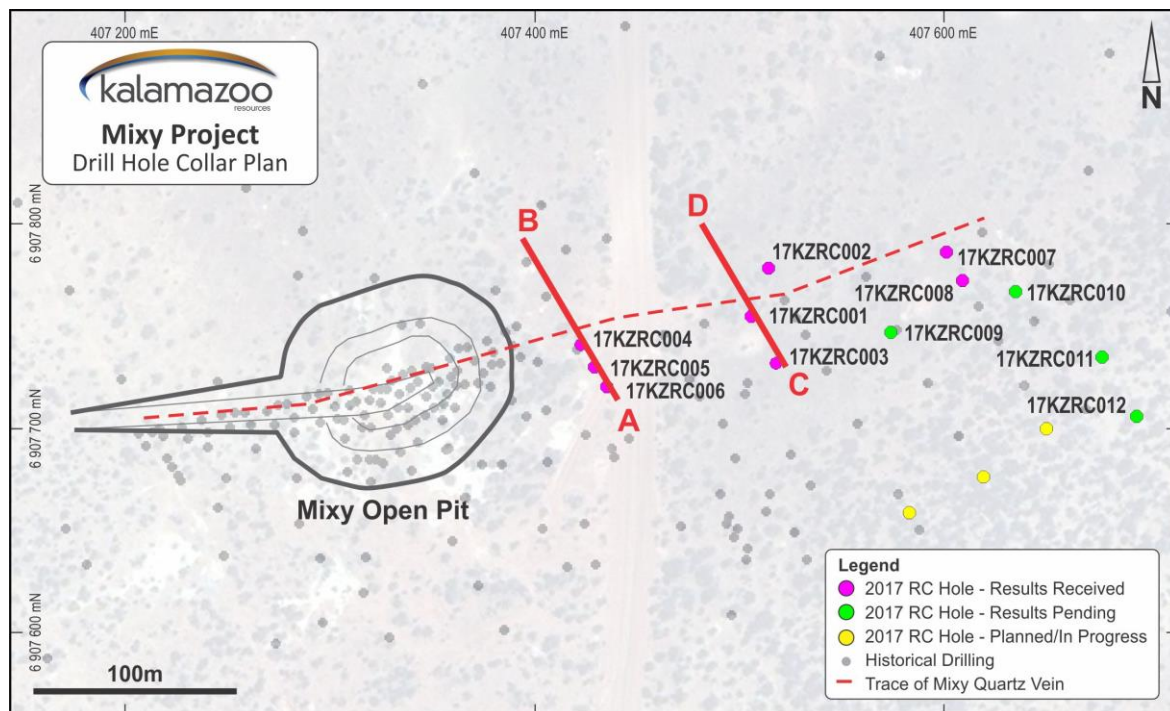


Figure 4: Mixy Project Drill Collar Location Plan and Cross Section Locations

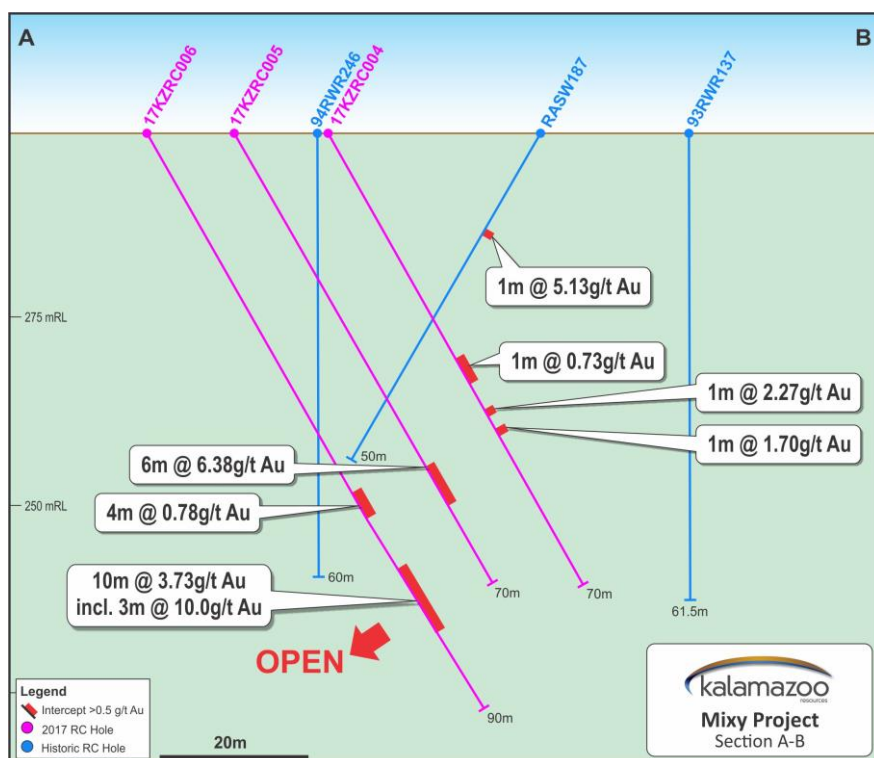


Figure 5: Cross Section A-B Drill Results

(Intersections are down hole lengths of >0.5 g/t Au, and include a maximum of 2m at <0.5 g/t Au)

Review of Activities

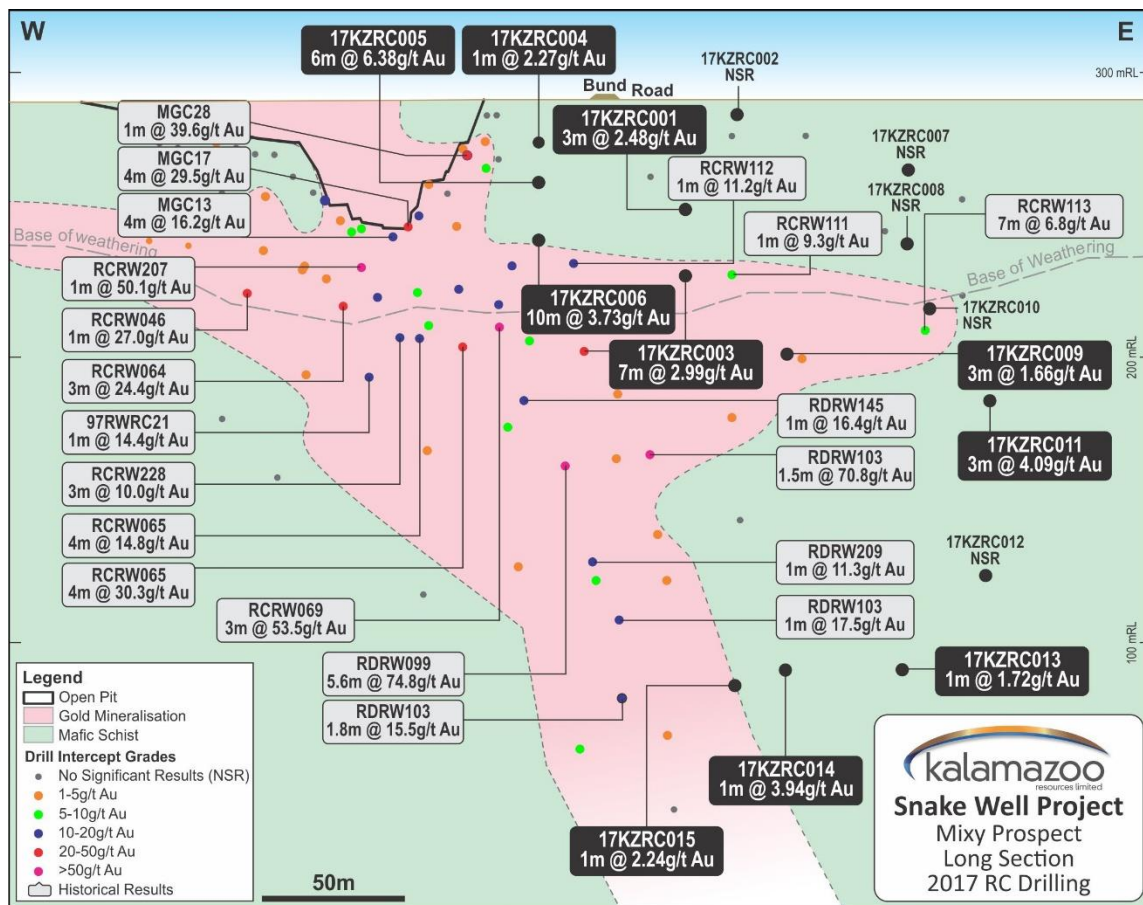


Figure 6: Mixy Longitudinal Section (looking north) Drilling Results

Royal Standard

The Company also completed a first-pass RC drilling program on the Royal Standard Project (**Royal**), part of its flagship gold project in Western Australia.

At the Royal Standard Mine, a north dipping quartz vein, up to three metres thick, is traceable at surface for over 800 metres and has been mined from surface to a depth of 75m over a strike of several hundred metres, producing 68,000 tonnes at 13.1 g/t Au from 1897-1937⁵.

The program comprised 15 holes for approximately 1,000 metres to test for the presence of near surface gold mineralised zones between the surface and the bottom mine level, about 75 metres from surface and results are pending.

⁵ Cranley, N.J., 1985. Yuin Project Non-statutory Report: Geological Assessment, April 1985, P59/20. Department of Mines and Petroleum WAMEX Open File Report A15979

Review of Activities

Cork Tree Copper Project

The Cork Tree Project consists of three granted exploration licences (E52/2056, E52/2057, E52/3042), and more recently three exploration licence applications, comprising 117 blocks and covering approximately 370km² along the contact of the Yerrida Basin and the Earaaheedy Basin (Figure 8). The Company now controls an area approximately 40 km x 20 km along the basin margins.

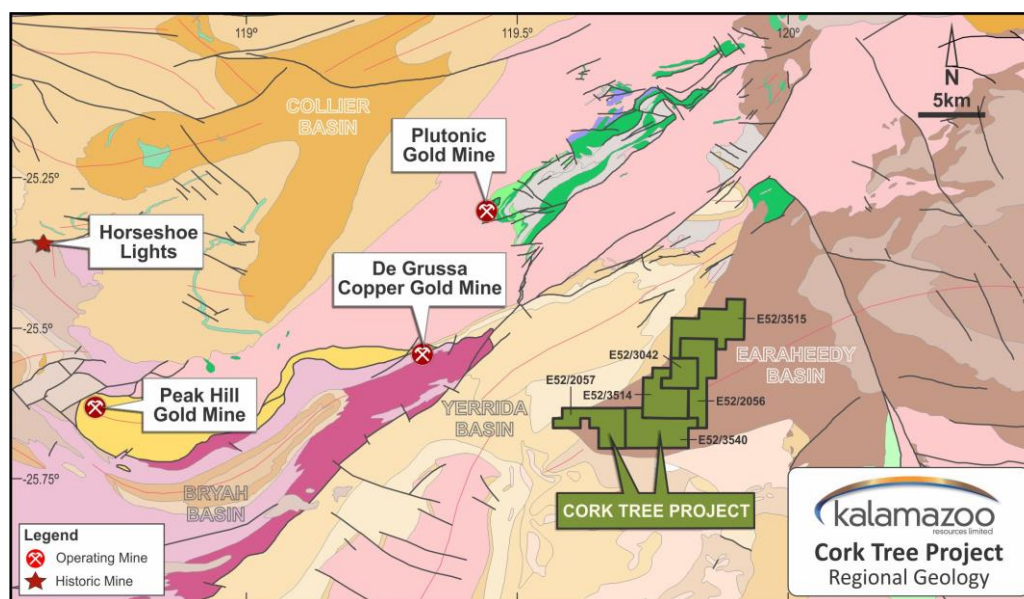


Figure 7: Location of Cork Tree tenement package, geology and significant deposits

Kalamazoo entered into a farm-in and joint venture (JV) agreement with ASX-listed Atlas Iron over two Cork Tree tenements in March 2013, and has currently completed the Stage 1 earn-in for 51%. The WA exploration area covers a contiguous block of six tenements covering 40 kms of strike (Figure 7) mainly within the Earaaheedy Basin and partly along the contact with the Yerrida Basin. The area is strategically located in WA's Doolgunna region, which hosts the DeGrussa Copper Mine, Thaduna Copper deposit, Enigma Copper prospect and Horseshoe Lights Copper-Gold mine.

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

Mineralisation within the area surrounding the Cork Tree Project dominantly occurs as epigenetic gold deposits (Peak Hill, Fortnum, and Horseshoe mining centres) with lesser VHMS (Horseshoe Lights and DeGrussa deposits) and epigenetic copper (Thaduna deposit). The operating DeGrussa copper-gold mine is located 30km to the west, while the Thaduna copper mine is located 10km to the northwest. Mineralisation in the project region includes new discoveries by ASX-listed Sipa Resources Limited (ASX: SRI) at the Enigma prospect, and by Sandfire Resources NL (ASX:SFR) at Red Bore and Monty.

The Thaduna copper mine was discovered by prospectors in 1941 and total recorded production of copper oxide ore (malachite, cuprite and chrysocolla, Figure 8) is 30,290t at 8.7% Cu. There remain stockpiles of 48,400t at 2.74% Cu and tailings of 20,500 tonnes at 2.5% Cu. The Thaduna lode is about 600m long and

Review of Activities

averages 3m wide. The mineralisation comprises high-grade, shear hosted shoots and lower-grade disseminated mineralisation. In places the disseminated zone is up to 20m wide.



Figure 8: High grade copper (malachite) mineralisation, Thaduna Mine

Historical exploration has indicated encouraging copper potential at the Cork Tree Project:

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

Kalamazoo has commenced an exploration program at the Cork Tree Project of infill lag geochemistry, reprocessing and remodelling of historical geophysical data, including gravity, magnetics and electromagnetics (EM), geological mapping and rock chip sampling. Review of this data is expected to lead to a better understanding of the regional geology and most importantly directing exploration to specific target areas for follow up exploration.

Kalamazoo believes its Cork Tree tenements hold significant potential for the discovery of copper/gold mineralisation. Historic exploration has identified widespread secondary copper mineralisation within thick dolomite-shale-sandstone stratigraphy at a number of prospect areas within the Cork Tree tenements.

Potential exists to develop new base metal targets within the Cork Tree Project through undertaking regional geophysical and geochemical surveys over areas where coverage by previous explorers has been poor.

Review of Activities

Other Projects

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

Competent Persons Statement

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

The information in this report that relates to the mineral resources of the Company is based on information compiled by Mr David Reid, a competent person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Reid is an employee of Ravensgate Mining Industry Consultants (**Ravensgate**) who is engaged as the Independent Geologist of the Company. Mr Reid has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves'. Mr Reid consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

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

Forward Looking Statements

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

Directors' Report

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
Peter Benjamin, Managing Director
Angus Middleton, Non-Executive Director

Principal activities

The principal activities of the Company during the year were:

- a) to complete all of the regulatory and compliance activities necessary for the Company to be admitted to the Official List of the Australian Securities Exchange;
- b) to carry out exploration on its mineral tenements;
- c) to seek extensions of areas held and to seek out new areas with mineral potential; and
- d) 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 2017 was \$1,646,901 (2016: \$1,415,185).

Dividends

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

Operations and financial review

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

Prospectus

During the year the Directors recommended to the shareholders that the Company be converted from a private Company to a publicly listed Company on the ASX.

The main operational activities for the first half of the year were the preparation and completion of a Prospectus and Supplementary Prospectus raising \$5M. The subscription was successful and the Company received the funds in late December and then progressed to listing on the ASX on 16 January, 2017.

The Offer in the Supplementary Prospectus was for 25,000,000 Shares at \$0.20 per Share to raise \$5,000,000 with the minimum subscription being \$5,000,000, the Offer being fully underwritten by DJ Carmichael Pty Limited.

Directors' Report

Financial

Exploration and evaluation costs totalling \$72,230 (2016: \$1,662,526) were expensed during the year in accordance with the Company's accounting policy.

As at 30 June 2017 the Company had net assets of \$5,918,842 (2016: \$1,488,683) including cash and cash equivalents of \$3,567,884 (2016: \$77,762).

Significant changes in the state of affairs

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

During the year the Company converted from a private Company to a public Company and subsequently raised \$5M and listed on the ASX on 16 January, 2017.

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 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 Mines, Industry Regulation and Safety (*Western Australia*).

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

Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with both the *Energy Efficiency Opportunity Act 2006* and the *National Greenhouse and Energy Reporting Act 2007* which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements for the year ended 30 June 2017, however reporting requirements may change in the future.

Directors' Report

Information on directors

Luke Reinehr LL.B, B.A (<i>Executive Chairman</i>), <i>Director since 23 March 2011</i>		
Experience and expertise	<p>Luke was the Company's managing director from January 2013 until 31 July 2016 and was primarily responsible for driving Kalamazoo's early growth and path towards an initial public offer. Luke has been the executive chairman of Kalamazoo since 1 August 2016. Luke's core legal experience complements mining and resources, project development and information technology skills. Working across all levels of management, Luke has extensive partnership, director, CEO and chairman experience with companies in Australia and internationally.</p> <p>Luke holds a Bachelor of Law and a Bachelor of Arts degree from the University of Melbourne and Monash University respectively.</p>	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Chair of the Board	
Interests in shares and options	Ordinary Shares – Kalamazoo Resources Limited	500,000
	Unlisted Options – Kalamazoo Resources Limited	4,000,000

Peter Benjamin B.Sc. (Hons), Grad Dip (Exploration), (Bus Admin), GAICD, MAusIMM, AFAIM (<i>Managing Director</i>), <i>Director since 15 February 2013</i>		
Experience and expertise	<p>Peter is a geologist with over 30 years' experience in senior exploration, project, operational and executive management roles for both junior and mid-tier resources companies. These roles have included significant experience in the development and subsequent operations for open pit and underground precious, base metal and bulk mineral mines throughout Australia. Peter has extensive experience in managing and implementing exploration strategies which have led to the successful and ongoing discovery and delineation of new mineral resources and ore reserves. Peter was previously the managing director of Shaw River Manganese Ltd, a manganese focused mineral exploration and development company in Namibia.</p> <p>Peter was responsible for leading a team of up to 80 in all aspects of exploration, development/project geology, mine geology and the preparation of the mineral resources inventory at Iluka Resources Limited, for 11 years. Iluka Exploration's team won a number of industry awards including: "Explorer of the Year" in 2006 for the Tier 1 Jacinth-Ambrosia discoveries & Strezleki Environmental award for exploration excellence.</p>	
Other current directorships	None	
Former directorships in last 3 years	Shaw River Manganese Ltd (Resigned 15 August 2014)	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary Shares – Kalamazoo Resources Limited	275,000
	Unlisted Options – Kalamazoo Resources Limited	4,857,143

Directors' Report

Angus Middleton SA Fin, MSAA (Non-Executive Director), Director since 5 February 2014		
Experience and expertise	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. Angus is currently a director of ASX listed Aphrodite Gold Limited. 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.	
Other current directorships	Aphrodite Gold Limited (Appointed 21 January 2014)	
Former directorships in last 3 years	Hillcrest Litigation Services Limited (27 October 2010 to 20 December 2016) Excalibur Mining Corporation Limited (6 May 2014 to 20 December 2016)	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares – Kalamazoo Resources Limited	261,905
	Unlisted Options – Kalamazoo Resources Limited	2,857,143

Company Secretary

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

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

Meetings of Directors

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

	Board of Directors	
	A	B
Luke Reinehr	11	11
Peter Benjamin	11	11
Angus Middleton	11	11

A = Number of meetings attended

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

Directors' Report

Retirement, election and continuation in office of Directors

Mr Luke Reinehr, being the Director retiring by rotation who, being eligible, will offer himself for re-election at the 2017 Annual General Meeting.

REMUNERATION REPORT (Audited)

The Directors present the Kalamazoo Resources Limited 2017 Remuneration Report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report contains the following sections:

- (a) Key management personnel (KMP) 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

<i>Non-Executive and Executive Directors (see pages 18 to 19) for details about each director)</i>	
Luke Reinehr	Executive Chairman
Peter Benjamin	Managing Director
Angus Middleton	Non-Executive Director

Other key management personnel

Name	Position
Bernard Crawford	Chief Financial Officer and Company Secretary

(b) Remuneration governance and the use of remuneration consultants

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

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

Directors' Report

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

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

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the period ended 30 June 2017.

(c) Executive remuneration policy and framework

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

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

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

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

(d) Relationship between remuneration and the company's performance

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

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

(e) Non-executive director remuneration policy

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

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

Directors' Report

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's first Annual General Meeting as a listed entity will be for the year ended 30 June 2017.

(g) Details of remuneration

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

	Short-term benefits	Post-employment benefits	Share-based payments			
	Salary and fees	Non-Monetary Benefit	Super-annuation	Options	Total	Options
	\$	\$	\$	\$	\$	%
2017						
Directors						
L Reinehr	151,100	-	-	177,150	328,250	54.0
P Benjamin	248,900	-	-	177,150	426,050	41.6
A Middleton	33,000	-	3,135	88,575	124,710	71.0
Executives						
B Crawford	110,572	-	-	44,287	154,859	28.6
Totals	543,572	-	3,135	487,162	1,033,869	
2016						
Directors						
L Reinehr	240,000	-	-	-	240,000	-
P Benjamin	32,000	-	-	45,521	77,521	58.7
A Middleton	-	-	-	45,521	45,521	100.0
B Richardson ⁽¹⁾	73,000	-	-	45,521	118,521	38.4
Totals	345,000	-	-	136,563	481,563	

(1) Resigned 30 June 2016

Directors' Report

(h) Service agreements

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

P Benjamin, *Managing Director*

Mr Benjamin is remunerated pursuant to a formalised Executive Services Agreement ("Agreement"). Under the Agreement, the Company agrees to employ Mr Benjamin as Managing Director of the Company with his current gross annual salary being \$262,800. Either party may terminate the Agreement without cause by providing three (3) months written notice or by making payment in lieu of notice (in the case of the Company), based on the annual salary component. Should the Company terminate the Agreement with notice it will also make a payment of three month's salary at the end of the notice period to Mr Benjamin. 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 and Company Secretary*

Mr Crawford is remunerated pursuant to a formalised Executive Services Agreement ("Agreement"). Under the Agreement, the Company agrees to employ Mr Crawford as Chief Financial Officer and Company Secretary with his current gross annual salary being \$104,025. Either party may terminate the Agreement without cause by providing three (3) months written notice or by making payment in lieu of notice (in the case of the Company), based on the annual salary component. Should the Company terminate the Agreement with notice it will also make a payment of three month's salary at the end of the notice period to Mr Crawford. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

(i) Details of share-based compensation and bonuses

Options

Options over ordinary shares in Kalamazoo Resources Limited are granted under the Incentive Option Plan ("ESOP"). Participation in the ESOP and any vesting criteria are at the Board's discretion and no individual has a contractual right to participate in the scheme or to receive any guaranteed benefits. Any options issued to Directors of the Company are subject to shareholder approval.

Details of options provided as remuneration to Directors and senior management during the current year are set out below:

Option series	Grant date	Vesting date	Expiry date	Exercise price	Value per option at grant date	% Vested
C	13 Sep 2016	13 Sep 2016	31 Dec 2019	\$0.30	\$0.044287	100%

The fair value of options at grant date are independently determined using a Binomial pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected

Directors' Report

price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Details of options over ordinary shares in the Company that were granted as remuneration to each member of key management personnel are set out below:

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

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

(j) Equity instruments held by key management personnel

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

Options

	Opening Balance 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
2017								
Directors								
L Reinehr	-	4,000,000	-	-	4,000,000	-	4,000,000	4,000,000
P Benjamin	6,000,000	4,000,000	-	(5,142,857) ⁽¹⁾	4,857,143	-	4,857,143	4,000,000
A Middleton	6,000,000	2,000,000	-	(5,142,857) ⁽¹⁾	2,857,143	-	2,857,143	2,000,000
Executives								
B Crawford	-	1,000,000	-	-	1,000,000	-	1,000,000	1,000,000
	12,000,000	11,000,000	-	(10,285,714)	12,714,286	-	12,714,286	11,000,000

(1) During the reporting period the options outstanding as at 30 June 2016 were consolidated on the basis of 1 for 7

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

Directors' Report

Shareholdings

	Opening Balance 1 July	Granted as Remuneration	Options exercised	Net change other	Balance at 30 June
2017					
Directors					
L Reinehr	-	-	-	500,000	500,000
P Benjamin	-	-	-	275,000	275,000
A Middleton	1,833,333	-	-	(1,571,428) ⁽¹⁾	261,905
Executives					
B Crawford	-	-	-	175,000	175,000
	1,833,333	-	-	(621,428)	1,211,905

(1) During the reporting period the Company consolidated its shares on the basis of 1 for 7

(k) Loans to key management personnel

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

(l) Other transactions with key management personnel

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

End of Remuneration Report (Audited)

Shares under option

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

Date options granted	Expiry Date	Issue price of shares	Number under option
9 November 2014	9 November 2019	\$0.70	2,757,602
1 November 2015	1 November 2019	\$0.20	2,857,143
13 September 2016	13 December 2019	\$0.30	12,250,000
23 December 2016	23 December 2018	\$0.20	5,000,000
23 December 2016	23 December 2018	\$0.25	5,000,000
			27,864,745

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

Shares issued on the exercise of options

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

Directors' Report

Corporate Governance Statement

The Company's 2017 Corporate Governance Statement has been released as a separate document and is located on the Company's website at <http://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 and/or 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 2017 \$20,850 was paid or was payable for non-audit services provided by the auditor of the Company (2016: \$2,500).

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



Luke Reinehr
Chairman

Perth, 14 September 2017

The Board of Directors
Kalamazoo Resources Limited
Suite 7,8 Clive Street
West Perth, WA 6005

Level 1
10 Kings Park Road
West Perth WA 6005

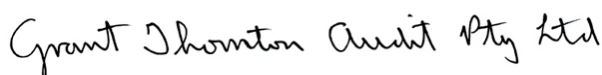
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Auditor's Independence Declaration to the Directors of Kalamazoo Resources Limited

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 2017, 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



Patrick Warr
Partner - Audit & Assurance

Perth, 14 September 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue from operating activities	3 (a)	12,687	5,045,808
Other income	3 (b)	102,812	-
Cost of sales		-	(3,929,000)
Employee benefits expense	3 (c)	(828,283)	(409,596)
Depreciation expense		(3,891)	(4,359)
Finance expense	3(d)	(5,663)	(41,090)
Exploration expenditure write off	10	(77,230)	(1,662,526)
Other expenses	3(e)	(847,333)	(414,422)
Loss from continuing operations before income tax		(1,646,901)	(1,415,185)
Income tax benefit	5	-	-
Loss after income tax for the period attributable to the owners of Kalamazoo Resources Limited		(1,646,901)	(1,415,185)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the owners of Kalamazoo Resources Limited		(1,646,901)	(1,415,185)
		Cents per share	Cents per share
Loss per share attributable to the owners of Kalamazoo Resources Limited			
- basic profit / (loss) per share	18	(2.39)	(0.43)
- diluted profit / (loss) per share	18	(2.39)	(0.43)

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 2017

	Note	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	3,567,884	77,762
Trade and other receivables	7	152,731	56,876
Other current assets	8	20,196	19,621
Total Current Assets		3,740,811	154,259
Non-Current Assets			
Property, plant and equipment	9	7,832	11,723
Exploration and evaluation assets	10	2,882,605	1,605,440
Other non-current assets	11	13,750	-
Total Non-Current Assets		2,904,187	1,617,163
TOTAL ASSETS		6,644,998	1,771,422
LIABILITIES			
Current Liabilities			
Trade and other payables	12	705,867	82,739
Short-term provisions	13	20,289	-
Short-term borrowings	14	-	200,000
Total Current Liabilities		726,156	282,739
TOTAL LIABILITIES		726,156	282,739
NET ASSETS		5,918,842	1,488,683
EQUITY			
Contributed equity	15	11,486,245	6,329,681
Reserves	16	1,072,232	151,736
Accumulated losses	17	(6,639,635)	(4,992,734)
TOTAL EQUITY		5,918,842	1,488,683

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 2017

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2015	5,786,660	-	(3,577,549)	2,209,111
Total comprehensive loss for the period	-	-	(1,415,185)	(1,415,185)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period net of tax	-	-	(1,415,185)	(1,415,185)
Transactions with owners in their capacity as owners				
Issue of shares	543,021	-	-	543,021
Movements in reserves		151,736	-	151,736
At 30 June 2016	6,329,681	151,726	(4,992,734)	1,488,683
At 1 July 2016	6,329,681	151,726	(4,992,734)	1,488,683
Total comprehensive loss for the period	-	-	(1,646,901)	(1,646,901)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period net of tax	-	-	(1,646,901)	(1,646,901)
Transactions with owners in their capacity as owners				
Issue of shares – Aug 2016	455,000	-	-	455,000
Issue of shares – Sep 2016	600,000	-	-	600,000
Issue of IPO shares – Dec 2016	5,000,000	-	-	5,000,000
Issue of shares – Apr 2017	30,000	-	-	30,000
Transaction costs of issuing shares	(928,436)	-	-	(928,436)
Issue of executive options		542,541		542,541
Issue of options to DJ Carmichael		377,955	-	377,955
At 30 June 2017	11,486,245	1,072,232	(6,639,635)	5,918,842

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

Statement of Cash Flows

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	5,008,569
Payments to suppliers and employees		(1,087,300)	(4,330,898)
Interest received		36,629	-
Interest paid		(5,663)	(41,090)
Research and development tax rebate received		57,793	-
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	25	(998,541)	(636,581)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		-	(13,180)
Payments for exploration activities		(815,856)	(681,357)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(815,856)	(694,537)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		6,055,000	20,000
Share issue costs		(550,481)	-
Proceeds from borrowings		-	200,001
Repayment of borrowings		(200,000)	(100,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES		5,304,519	120,001
Net increase in cash and cash equivalents		3,490,122	62,045
Cash and cash equivalents at beginning of period		77,762	15,717
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	3,567,884	77,762

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 2017

1. Corporate Information

The financial report of Kalamazoo Resources Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 14 September 2017.

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

2. Summary of significant accounting policies

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

Compliance with IFRS

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

New and amended accounting standards and interpretations adopted by the company

The following standards relevant to the operations of the Company and effective from 1 July 2016 have been adopted. The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

- *AASB 2014-9: Amendments to Australian Accounting Standards Amendments to – Equity Method in Separate Financial Statements*
- *AASB 2015-1: Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012 – 2014*
- *AASB 2015-2: Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101*

New accounting standards and interpretations

The following new and amended accounting standards and interpretations relevant to the operations of the Company have been published but are not mandatory for the current financial year. The Company has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards.

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

Notes to the Financial Statements

For the year ended 30 June 2017

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

Notes to the Financial Statements

For the year ended 30 June 2017

New or revised requirement	Application date of standard	Application date for Company
<p>AASB 16: <i>Leases</i></p> <p>This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.</p> <p>The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.</p>	1 Jan 2019	1 Jul 2019

(a) Basis of measurement

Historical Cost Convention

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

Critical Accounting Estimates

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

(b) Going Concern

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

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

The application of accounting policies requires the use of judgments, 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.

Notes to the Financial Statements

For the year ended 30 June 2017

Share-based payment transactions

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

Exploration and evaluation costs carried forward

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

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

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

(d) Segment reporting

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

(e) Functional and presentation of currency

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

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

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

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

Notes to the Financial Statements

For the year ended 30 June 2017

(f) Revenue recognition

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

(g) Income tax

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2017

(h) Leases

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

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

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

(i) Impairment of assets

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

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

(j) Cash and cash equivalents

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

(k) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to

Notes to the Financial Statements

For the year ended 30 June 2017

collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

(l) Exploration and evaluation expenditure

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

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

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

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

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

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

(m) Property, plant and equipment

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

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

Notes to the Financial Statements

For the year ended 30 June 2017

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

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

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

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

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

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

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(o) Employee benefits

Short-term Obligations

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

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

Notes to the Financial Statements

For the year ended 30 June 2017

Other Long-term Obligations

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

Share-Based Payments

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

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

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

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value. No termination benefits, other than accrued benefits and entitlements, were paid during the period.

(p) Equity

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

Notes to the Financial Statements

For the year ended 30 June 2017

(q) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

(r) Goods and Services Tax (GST)

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

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

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

(s) Financial assets

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

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
3. Revenue and Expenses		
(a) Revenue from operating activities		
Sale of ore	-	4,974,315
Rock sales royalty	12,687	71,493
Total revenue from operating activities	12,687	5,045,808
(b) Other income		
Interest revenue	45,019	-
R&D tax rebate	57,793	-
Total other income	102,812	-
(c) Employee benefits expense		
Wages, salaries, directors fees and other remuneration expenses	279,872	257,860
Superannuation contributions	5,870	-
Share-based payments expense	542,541	151,736
Total employee benefits expense	828,283	409,596
(d) Finance expense		
Interest paid	5,663	41,090
Total finance expense	5,663	41,090
(e) Other expenses		
Secretarial, professional and audit costs	232,592	44,440
Corporate consultants	166,443	-
Travel and promotion	116,272	13,015
ASX	84,580	-
Occupancy costs	79,514	62,327
Legal	79,919	-
Loan forgiveness	-	274,908
Other expenses	88,013	19,732
Total other expenses	847,333	414,422

4. Segment information

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

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
5. Income Tax		
Statement of Profit or Loss and Other Comprehensive Income		
<i>Current income tax</i>		
- R&D tax concession	-	-
Income tax expense / (benefit) reported in the Statement of Profit or Loss and Other Comprehensive Income	-	-
A reconciliation of income tax expense / (benefit) applicable to accounting profit / (loss) before income tax at the statutory income tax rate to income tax expense / (benefit) at the Company's effective income tax is as follows:		
Accounting loss from continuing operations before income tax	(1,646,901)	(1,415,185)
At the statutory income tax rate of 27.5% (2016: 30%)	(452,898)	(424,556)
<i>Add</i>		
- Share based payment	149,199	-
- Expenditures not allowable for income tax purposes	522	-
- Other deductible items	(46,169)	-
- Net deferred tax asset not recognised due to not meeting recognition criteria	349,346	424,556
Deferred income tax		
Recognised on the Statement of Financial Position		
Deferred income tax at the end of the reporting period		
Relates to the following: (2017: 27.5%, 2016: 30%)		
<i>Deferred income tax liabilities</i>		
- Accrued income	2,307	-
- Capitalised expenditure deductible for tax purposes	698,605	370,965
- Net book value for depreciable assets	2,154	3,517
- Prepayments	1,911	1,761
	704,977	376,243
<i>Deferred income tax assets</i>		
- Accruals	(9,171)	-
- Employee benefits	(5,736)	-
- Capital raising costs	(137,723)	(967)
- Tax losses available to offset DTL	(552,347)	(375,279)
Net deferred tax asset / (liability)	-	-

Notes to the Financial Statements

For the year ended 30 June 2017

5. Income Tax (continued)

In 2017, the Government enacted a change in the income tax rate for small business entities to 27.5%. Kalamazoo Resources Limited satisfies the criteria to be a small business entity.

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

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

	2017 \$	2016 \$
6. Cash and cash equivalents		
Cash at bank and on hand	567,884	77,762
Short-term deposits	3,000,000	-
	3,567,884	77,762

The weighted average interest rate for the year was 1.45% (2016: 0.00%).

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.

7. Trade and other receivables

Current

Debtors and prepayments	67,348	-
GST receivable	85,383	56,876
	152,731	56,876

The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that these amounts will be received when due. The Company's financial risk management objectives and policies are set out in note 23.

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

8. Other current assets

Prepayments	11,806	19,621
Deposits paid	8,390	-
	20,196	19,621

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
9. Property, plant and equipment		
Plant and equipment		
- At cost	13,181	13,181
- Accumulated depreciation	(5,349)	(1,458)
Total property, plant and equipment	7,832	11,723

Movement in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year:

Balance at the beginning of the year	11,723	-
Acquisitions	-	13,181
Depreciation expense	(3,891)	(1,458)
Carrying amount at the end of the year	7,832	11,723

10. Exploration and evaluation

Capitalised cost at the beginning of the period	1,605,440	2,861,518
Exploration expenditure incurred during the year	1,354,395	681,356
Disposals	-	(274,908)
Impairment of exploration and evaluation assets	(77,230)	(1,662,526)
Capitalised cost at end of the period		
Closing balance	2,882,605	1,605,440

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

11. Other non-current assets

Deposits paid	13,750	-
	13,750	-

12. Trade and other payables

Trade creditors	650,814	81,848
Other payables and accruals	55,053	891
	705,867	82,739

Trade creditors are non-interest bearing and are normally settled on 30 day terms. The Company's financial risk management objectives and policies are set out in note 23. Due to the short term nature of these payables their carrying value is assumed to approximate their fair value.

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
13. Provisions		
Short-term		
Annual leave	20,289	-
	20,289	-
14. Borrowings		
Loan payable to Rockrose Pty Ltd	-	200,000
	-	200,000
15. Contributed equity		
a) Share capital		
Ordinary shares fully paid	83,391,016	11,486,245
	Number	\$
b) Movements in ordinary shares on issue		
Balance at 1 July 2015	279,439,961	5,786,660
Issue of shares	54,302,099	543,021
Balance at 30 June 2016	333,742,060	6,329,681
1 for 7 consolidation of shares – Aug 2016	(286,064,621)	-
Shares issued - Aug 2016	4,550,000	455,000
Shares issued - Sep 2016	6,000,000	600,000
Shares issued pursuant to prospectus – Dec 2016	25,000,000	5,000,000
Shares issued - Apr 2017	163,577	30,000
Share issue costs	-	(928,436)
Balance at 30 June 2017	83,391,016	11,486,245

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.

Notes to the Financial Statements

For the year ended 30 June 2017

15. Contributed equity (continued)

	2017 Number	2016 Number
c) Movements in options on issue		
Balance at beginning of the financial year	39,303,219	19,303,219
1 for 7 consolidation of options	(33,688,474)	-
Options granted	22,250,000	20,000,000
Balance at end of the financial year	27,864,745	39,303,219

	2017 \$	2016 \$
16. Reserves		
Share option reserve		
Opening balance	151,736	-
Issue of options to executives and employees	542,541	151,736
Issue of options to DJ Carmichael (and nominees)	377,955	-
Balance at the end of the financial year	1,072,232	151,736

17. Accumulated losses

Balance at the beginning of the financial year	(4,992,734)	(3,577,549)
Net loss attributable to members	(1,646,901)	(1,415,185)
Balance at the end of the financial year	(6,639,635)	(4,992,734)

	2017 Cents	2016 Cents
18. Earnings per share		
- basic profit / (loss) per share	(2.39)	(0.43)
- diluted profit / (loss) per share	(2.39)	(0.43)

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

	\$	\$
Profit / (loss) used in calculating basic and diluted earnings per share	(1,646,901)	(1,415,185)

	2017 Number	2016 Number
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	69,029,109	329,312,101

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
19. Auditor's remuneration		
Audit services		
Grant Thornton Audit Pty Ltd		
- Audit and review of the financial reports	47,000	18,000
- Taxation compliance	6,900	2,500
- Other services	13,950	-
Total remuneration	67,850	20,500

20. Contingent assets and liabilities

The Company had contingent liabilities in respect of :

Future royalty payments

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

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

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

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

There are no other material contingent assets or liabilities as at 30 June 2017.

21. Events occurring after the reporting period

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

Notes to the Financial Statements

For the year ended 30 June 2017

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 may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. Currently, the minimum expenditure commitments for the granted tenements is \$622,800 (2016: \$595,100) per annum.

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

	2017	2016
	\$	\$
Within 1 year	62,542	50,000
Later than one year but not later than five years	34,333	83,333
Later than five years	-	-
	<hr/>	<hr/>
	96,875	133,333

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
- Liquidity risk
- Commodity risk

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2017

23. Financial risk management objectives and policies (continued)

Interest rate risk

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

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

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

		Fixed interest rate maturing in				
	Floating interest rate	1 Year or Less	Over 1 to 5 years	More than 5 years	Non interest bearing	Total
	\$	\$	\$	\$	\$	\$
2017						
Financial assets						
Cash and cash equivalents	394,922	3,000,000	-	-	172,962	3,567,884
Trade and other receivables	-	-	-	-	152,731	152,731
	394,922	3,000,000	-	-	325,693	3,720,615
Weighted average interest rate	0.60%	2.55%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	705,867	705,867
	-	-	-	-	705,867	705,867
Weighted average interest rate	-	-	-	-	-	-
2016						
Financial assets						
Cash and cash equivalents	-	-	-	-	77,762	77,762
Trade and other receivables	-	-	-	-	58,876	58,876
	-	-	-	-	136,638	136,638
Weighted average interest rate	-	-	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	82,739	82,739
	-	-	-	-	82,739	82,739
Weighted average interest rate	-	-	-	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2017

23. Financial risk management objectives and policies (continued)

Interest rate risk

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

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

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

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

		Profit or loss		Equity	
	Carrying value at period end	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
2017	\$	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	3,567,884	31,084	(31,084)	31,084	(31,084)
Cash flow sensitivity (net)		31,084	(31,084)	31,084	(31,084)
2016					
Financial assets					
Cash and cash equivalents	77,762	-	-	-	-
Cash flow sensitivity (net)		-	-	-	-

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.

Notes to the Financial Statements

For the year ended 30 June 2017

23. Financial risk management objectives and policies (continued)

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

Exposure to credit risk

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

	2017 \$	2016 \$
Cash and cash equivalents	3,567,884	77,762
Trade and other receivables	152,731	56,876
	<hr/>	<hr/>
	3,720,615	134,638

Foreign currency risk

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

Commodity price risk

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

Liquidity risk

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

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

Notes to the Financial Statements

For the year ended 30 June 2017

23. Financial risk management objectives and policies (continued)

	Carrying amount \$	Contractual cash flows \$	6 months or less \$
2017			
Trade and other payables	705,867	-	705,867
	705,867	-	705,867
Trade and other receivables	152,731	-	152,731
	152,731	-	152,731
2016			
Trade and other payables	82,739	-	82,739
	82,739	-	82,739
Trade and other receivables	56,876	-	56,876
	56,876	-	56,876

Fair value of financial assets and liabilities

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

Capital risk management

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

The capital structure of the Company consists of net debt (trade payables and provisions detailed in notes 12 & 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 & 17).

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

Notes to the Financial Statements

For the year ended 30 June 2017

24. Share based payments

Incentive Option Plan

The Company has an Incentive Option Plan ("ESOP") for executives and employees of the Company. In accordance with the provisions of the ESOP, 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
A ⁽¹⁾	2,757,602	9 Nov 2014	9 Nov 2019	Immediate	\$0.70	-
B ⁽²⁾	2,857,143	1 Nov 2015	1 Nov 2019	Immediate	\$0.20	\$0.007587
C	12,250,000	13 Sep 2016	31 Dec 2019	Immediate	\$0.30	\$0.044287

(1) These options were consolidated on the basis of 1 for 7, repriced from \$0.10 to \$0.70 and their expiry extended from 9 Nov 2017 to 9 Nov 2019 during the financial year

(2) These options were consolidated on the basis of 1 for 7, repriced from \$0.01 to \$0.20 and their expiry extended from 1 Nov 2018 to 1 Nov 2019 during the financial year

Fair Value of Share Options Granted During the Year

During the year the Company issued 12,250,000 options to directors and executives for services rendered and 10,000,000 options to DJ Carmichael (and their nominees) as part of the costs of the initial public offer of shares. The fair value of these options was determined using the Binomial pricing model. The fair value of share options expensed issued during the year was \$542,541 (2016: \$151,736), which pertains to the options granted to Directors and employees. The fair value of the options issued to DJ Carmichael (and their nominees) for services pertaining to the company's initial public offering of \$377,985 (2016: \$Nil) was accounted for as a cost of equity.

The model inputs for options granted during the year ended 30 June 2017 are as follows:

Inputs	Issue C	Issue D	Issue E
Exercise price	\$0.30	\$0.20	\$0.25
Grant date	13 Sep 2016	23 Dec 2016	23 Dec 2016
Expiry date	31 Dec 2019	23 Dec 2018	23 Dec 2018
Share price at grant date	\$0.10	\$0.10	\$0.10
Annualised volatility (%)	108.67%	112.05%	112.05%
Risk-free interest rate (%)	1.591%	1.654%	1.654%
Expected dividend yield (%)	0%	0%	0%

Notes to the Financial Statements

For the year ended 30 June 2017

24. Share based payments (continued)

Movements in share options during the year

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

	2017		2016	
	No. of options	Weighted average exercise price \$	No. of options	Weighted average exercise price \$
Outstanding at the beginning of the year	39,303,219	0.054	19,303,219	0.10
1 for 7 consolidation, repricing and redating of options ⁽¹⁾	(33,688,474)	-	-	-
Granted and vested during the year	22,250,000	0.266	20,000,000	0.01
Outstanding at the end of the year	27,864,745	0.302	39,303,219	0.054
Exercisable at the end of the year	27,864,745	0.302	39,303,219	0.054

(1) During the reporting period the outstanding options at the beginning of the year were consolidated on the basis of 1 for 7, the exercise prices changed and the expiry dates changed (*see table below*).

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.11 years (2016: 1.86 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 \$	2017 No.	2016 No.
9 Nov 2017 ⁽¹⁾	0.10	-	19,303,219
1 Nov 2018 ⁽²⁾	0.01	-	20,000,000
9 Nov 2019 ⁽¹⁾	0.70	2,757,602	-
1 Nov 2019 ⁽²⁾	0.20	2,857,143	-
31 Dec 2019	0.30	12,250,000	-
23 Dec 2018	0.20	5,000,000	-
23 Dec 2018	0.25	5,000,000	-
		27,864,745	39,303,219

(1) During the reporting period these options were consolidated on the basis of 1 for 7, the exercise price changed to \$0.70 and the expiry date changed to 9 Nov 2019.

(2) During the reporting period these options were consolidated on the basis of 1 for 7, the exercise price changed to \$0.20 and the expiry date changed to 1 Nov 2019.

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
25. Reconciliation of cash flows from operating activities		
Loss for the period	(1,646,901)	(1,415,185)
Non-cash flows in profit/(loss):		
- Depreciation	3,891	4,359
- Exploration expenditure written off	77,230	1,662,526
- Share based remuneration	542,541	151,736
- Share based payment	30,000	-
- Loan write off	-	274,908
Changes in assets and liabilities		
- Decrease/(increase) in trade and other receivables	(43,355)	(50,986)
- Decrease/(increase) in other current assets	(575)	-
- Increase/(decrease) in trade and other payables	32,089	9,223
- Increase/(decrease) in other non-current assets	(13,750)	-
- Increase/(decrease) in provisions	20,289	-
Net cash used in operating activities	(998,541)	(636,581)

Non-cash investing and financing activities

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

26. Related party disclosure

	Class	Country of incorporation
a) Parent entity		
Kalamazoo Resources Limited	Ord	Australia
	2017 \$	2016 \$
b) Key management personnel compensation		
Short-term employee benefits	543,572	345,000
Post-employment benefits	3,135	-
Share-based payments	487,162	136,563
	1,033,869	481,563

Transactions with related parties

During the year, the Company invoiced North Rossa Pty Ltd in relation to expenditure incurred by the Company on North Rossa's behalf. These transactions were undertaken on an arm's length basis and in aggregate for the year ended 30 June 2017 totalled \$26,513 excluding GST (2016: \$Nil). As at 30 June 2017 \$10,237 excluding GST was outstanding (2016: \$Nil).

Notes to the Financial Statements

For the year ended 30 June 2017

On 30 June 2016 the Company disposed of a number of the tenements to North Rossa Pty Ltd, a Company who at the time of the transaction had the same shareholders as the Company. The tenements were transferred at the carrying value of the tenements being \$274,908. On 30 June 2016 the Company issued a deed of release in relation to the debt arising from the sale of the tenements.

During the year, the Company invoiced MJ and SE Reinehr Pty Ltd (a company controlled by Mr Matthew Reinehr, a former director of the Company) for office space used by Mr Matthew Reinehr at the Company's Melbourne office. This was undertaken on an arm's length basis and in aggregate for the year ended 30 June 2017 totalled \$17,095 excluding GST (2016: \$Nil). As at 30 June 2017 \$2,519 excluding GST was outstanding (2016: \$Nil).

At 30 June 2016 the Company had a loan of \$200,000 due to Rockrose Pty Ltd (a company controlled by Mr Matthew Reinehr, a former director of the Company). During the year this loan was repaid together with accumulated interest of \$5,657.

Detailed remuneration disclosures are provided in the Remuneration Report on pages 20 to 25.

Directors' Declaration

The Directors of Kalamazoo Resources Limited declare that:

- (a) in the Directors' opinion the financial statements and notes set out on pages 28 to 57 and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001*, including :
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), *Corporations Regulations 2001* and mandatory professional reporting requirements.
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in note 2; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Managing Director and Chief Financial Officer for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the Directors.



Luke Reinehr
Chairman

Perth, Western Australia
14 September 2017

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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 2017, 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 2017 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 independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

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

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Key audit matter	How our audit addressed the key audit matter
Exploration and Evaluation Assets – valuation Note 2(l) and 10 <p>At 30 June 2017, the carrying value of Exploration and Evaluation Assets was \$2.9 million.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Company is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the valuation of exploration and evaluation assets being a significant risk.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining the management prepared 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; <ul style="list-style-type: none"> – 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 managements' 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; and • Reviewing the appropriateness of the related disclosures within the financial statements.

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 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors' for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. 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 20 to 25 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Kalamazoo Resources Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



GRANT THORNTON AUDIT PTY LTD

Chartered Accountants



P W Warr

Partner - Audit & Assurance

Perth, 14 September 2017

Additional Shareholders Information

As at 1 September 2017

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 - 1,000	5
1,001 - 5,000	26
5,001 - 10,000	71
10,001 - 100,000	295
100,001 and over	95
Total	492

The number of holders of less than a marketable parcel of ordinary fully paid shares is 37.

2. Substantial Shareholders

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

	Number of shares	Percentage Held
Doux Argent Pty Ltd	22,756,964	27.29
Mutual Trust Pty Ltd	16,744,770	20.08

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 56,957,266 quoted shares on issue (total shares on issue including those subject to escrow is 83,391,016). No options on issue by the Company are quoted. In addition the Company has the following shares subject to escrow:

Number of shares	End of escrow
3,000,000	27 Sep 2017
23,433,750	16 Jan 2019

5. On-Market Buy Back

There is no current on-market buy back.

Additional Shareholders Information

As at 1 September 2017

6. Unquoted Equity Securities

Unlisted Options (exercisable at)	Number on issue	Number subject to escrow	End of escrow	Number of holders
\$0.20 on or before 23 Dec 2018	5,000,000	5,000,000	16 Jan 2019	5
\$0.25 on or before 23 Dec 2018	5,000,000	5,000,000	16 Jan 2019	10
\$0.20 on or before 1 Nov 2019	2,857,143	2,571,429	16 Jan 2019	4
\$0.70 on or before 19 Nov 2019	2,757,602	1,954,031	16 Jan 2019	3
\$0.30 on or before 31 Dec 2019	12,250,000	10,000,000	16 Jan 2019	6

7. Twenty Largest Holders of Quoted Ordinary Shares

Shareholder	Number of shares	Percentage held
Doux Argent Pty Ltd	22,756,964	27.29
Mutual Trust Pty Ltd	16,744,770	20.08
Great Sandy Pty Ltd	2,735,714	3.28
Platform Securities Nominees Limited	2,000,000	2.40
Bulletin Resources Limited	1,500,000	1.80
Mr Rupert James Lowe	1,000,000	1.20
Del Paggio Nominees Pty Ltd	800,000	0.96
National Australia Trustees Limited	750,000	0.90
Mr John Loosemore and Mrs Susan Lossemore	750,000	0.90
WGS Pty Ltd	740,000	0.89
Coolstorm Pty Ltd	733,840	0.88
The Australian Special Opportunities Fund LP	723,810	0.87
Mrs Judith Piggini, Mr Damien and Mr Glen Piggini	700,000	0.84
Elpacha Pty Ltd	633,840	0.76
Matlin Pty Ltd	571,429	0.69
Luke and Lisa Reinehr ATF Luke & Lisa Reinehr Super Fund	506,246	0.61
Tyche Investments Pty Ltd	500,000	0.60
Mr David Edwards & Mrs Roberta Edwards	500,000	0.60
924 Pty Ltd	455,000	0.55
Pershing Australia Nominees Pty Ltd	450,000	0.54
	55,501,613	66.62

Tenement Schedule

Project / Tenement	Location	Status	Interest
Snake Well Project	Western Australia		
E59/2137		Granted	100%
M59/0041		Granted	100%
M59/0474		Granted	100%
M59/0476		Granted	100%
M59/0477		Granted	100%
M59/0565		Granted	100%
Corktree Project	Western Australia		
E52/2056		Granted	51%
E52/2057		Granted	51%
E52/3042		Granted	100%