



ASX Announcement and Media Release

31 October 2017

SEPTEMBER 2017 QUARTERLY ACTIVITIES REPORT FOR KALAMAZOO RESOURCES LIMITED

HIGHLIGHTS – GOLD

▪ Snake Well Gold Project

- Drilling at Mixy has confirmed that the gold mineralisation is likely to extend 150 metres to the east of Mixy in oxide zone and is open to depth¹.
- Results indicate that shallow historic drilling, in some cases vertical, may have easily missed a Mixy style quartz lode.
- Kalamazoo is reviewing all Mixy data to support plans for the next phase of drilling and to assess if sufficient gold mineralisation can be delineated to justify development considerations.

HIGHLIGHTS – BASE METALS

▪ Snake Well Base Metals

- An exploration program targeting Volcanic Hosted Massive Sulphide Deposits (VHMS) has commenced at Snake Well, Kalamazoo's flagship project in WA². VHMS Deposits represent a significant source of the world's copper, zinc, lead, gold and silver ores.
- Program follows "very significant" levels of copper, lead, zinc and silver reported from re-assays at A-Zone which forms part of Snake Well². These base metals have been interpreted to be associated with VHMS style mineralisation and may be similar to the world-class Golden Grove VHMS deposits.
- The base metals are associated with a 25km long corridor of felsic rocks occurring from west of A-Zone to well to the east of the Conquistador project. Consequently, as part of this program, Kalamazoo is collating all known historical information.

1. Refer to ASX announcement dated 14 June 2017
2. Refer to ASX announcements dated 23 June and 21 July 2017

- A resampling program was completed to assess the base metal (Zn, Cu, Pb and Ag) VHMS potential using pulps from the recent Minjar drill program at A-Zone and the results are being assessed
- **Cork Tree (Copper):**
 - Kalamazoo commenced exploration at its Cork Tree Project in WA's highly prospective Doolgunna region³.
 - The exploration area covers a contiguous block of six tenements covering 40 kms of strike mainly within the Earahedy Basin and partly along the contact with the Yerrida Basin.
 - The area is strategically located in the Doolgunna region, which hosts the DeGrussa Copper Mine, Thaduna Copper deposit, Enigma Copper prospect and Horseshoe Lights Copper-Gold mine.
 - Historical exploration³ has indicated encouraging copper potential:
 - 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 believes 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.

3. Refer to ASX announcement dated 21 July 2017

DETAILS

Kalamazoo Resources (ASX: **KZR**) ("**Kalamazoo**") is pleased to report on its September 2017 quarter activities. The Company has continued to progress its previously outlined exploration and development initiatives at its flagship project - the Snake Well Gold Project in Western Australia (Figure 1).

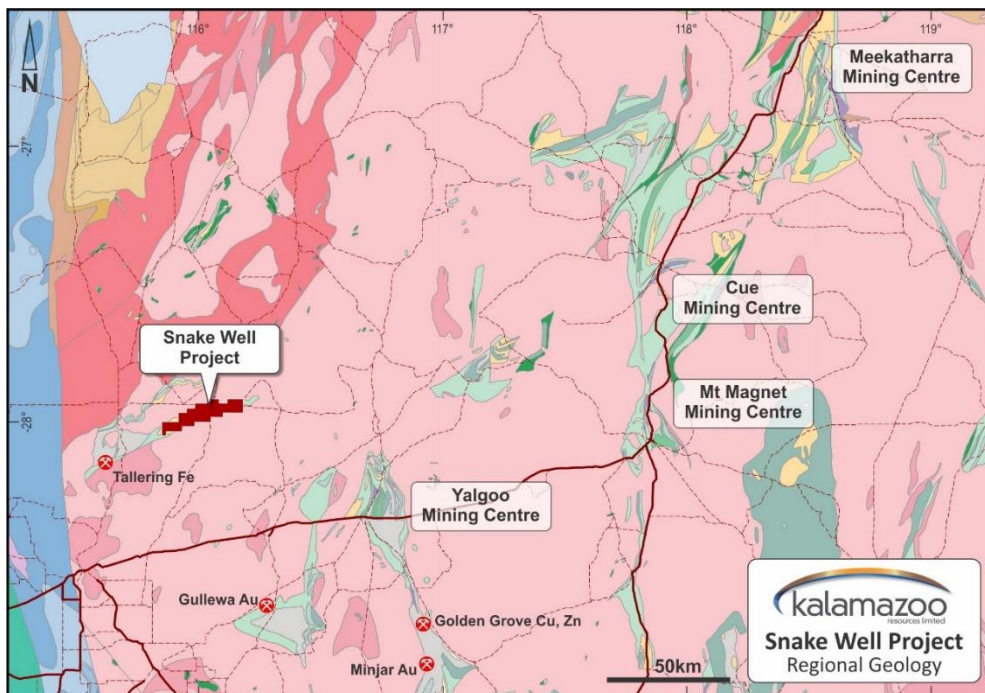


Figure 1: Location plan of Snake Well Gold Project

Kalamazoo's flagship gold asset, the Snake Well Project consists of five granted mining leases, one granted exploration license and two exploration license applications (Figure 2).

Snake Well Gold Project (Mixy)

Following the successful trial pit completed at Mixy in early 2016, an initial drilling program was completed. This drilling is part of an overall works program, outlined in Kalamazoo's Prospectus aimed at testing extensions of the near surface and deeper gold mineralised zones at Mixy.

Results received for the completed 15-hole program for drill holes 17KZRC001 to 17KZRC015, totaling 2,069 metres were reported to the ASX on 5 May and 14 June 2017. These drill holes tested 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.

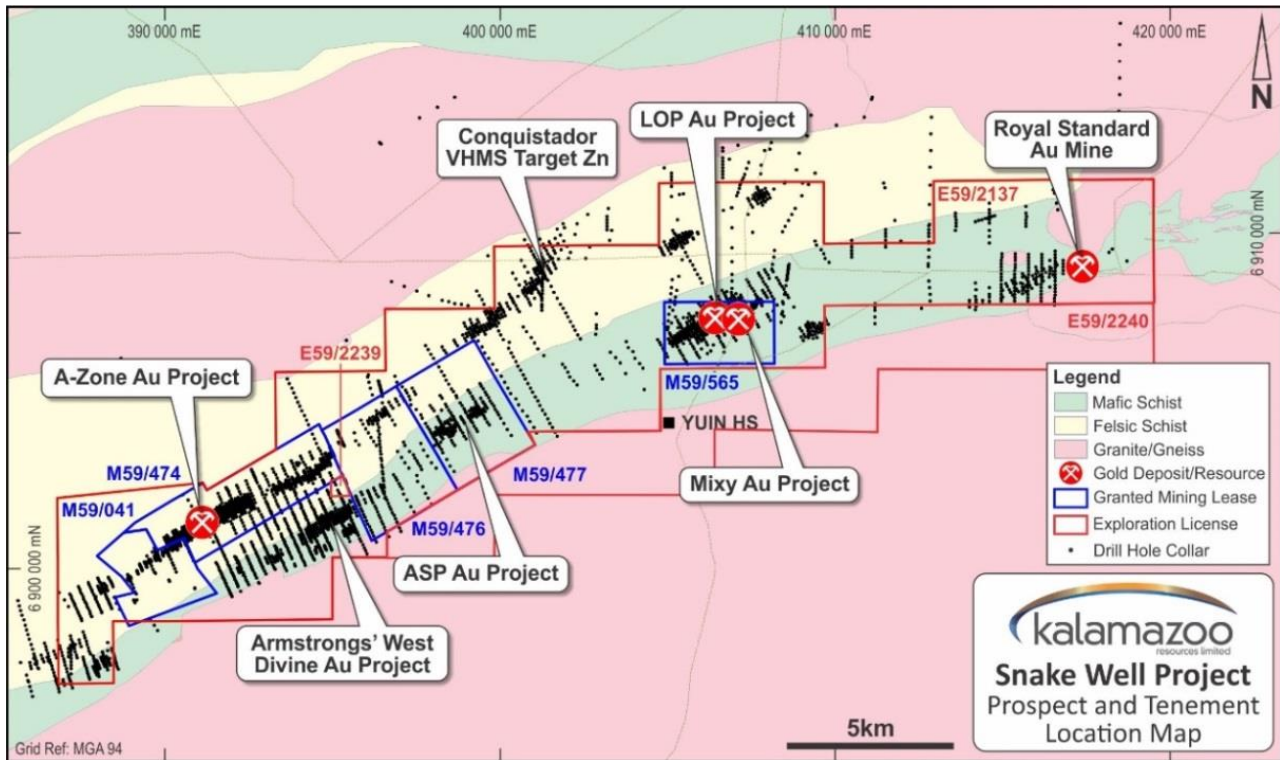


Figure 2: Location of A-Zone and Mixy Project areas

The results indicated that the main Mixy lode extends for a possible 150 metres east of the existing trial pit. Deeper drill holes intersected the interpreted lode, at approximately 200 metres below surface to the east along strike of the main mineralised shoot (Figure 3), indicating that the controlling structure appears to persist to the east.

Kalamazoo is reviewing all Mixy Lode zone recent and historical drilling to support plans for the next phase of drilling and to assess if sufficient gold mineralisation can be delineated to justify development considerations.

Additionally, Kalamazoo is reviewing 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.

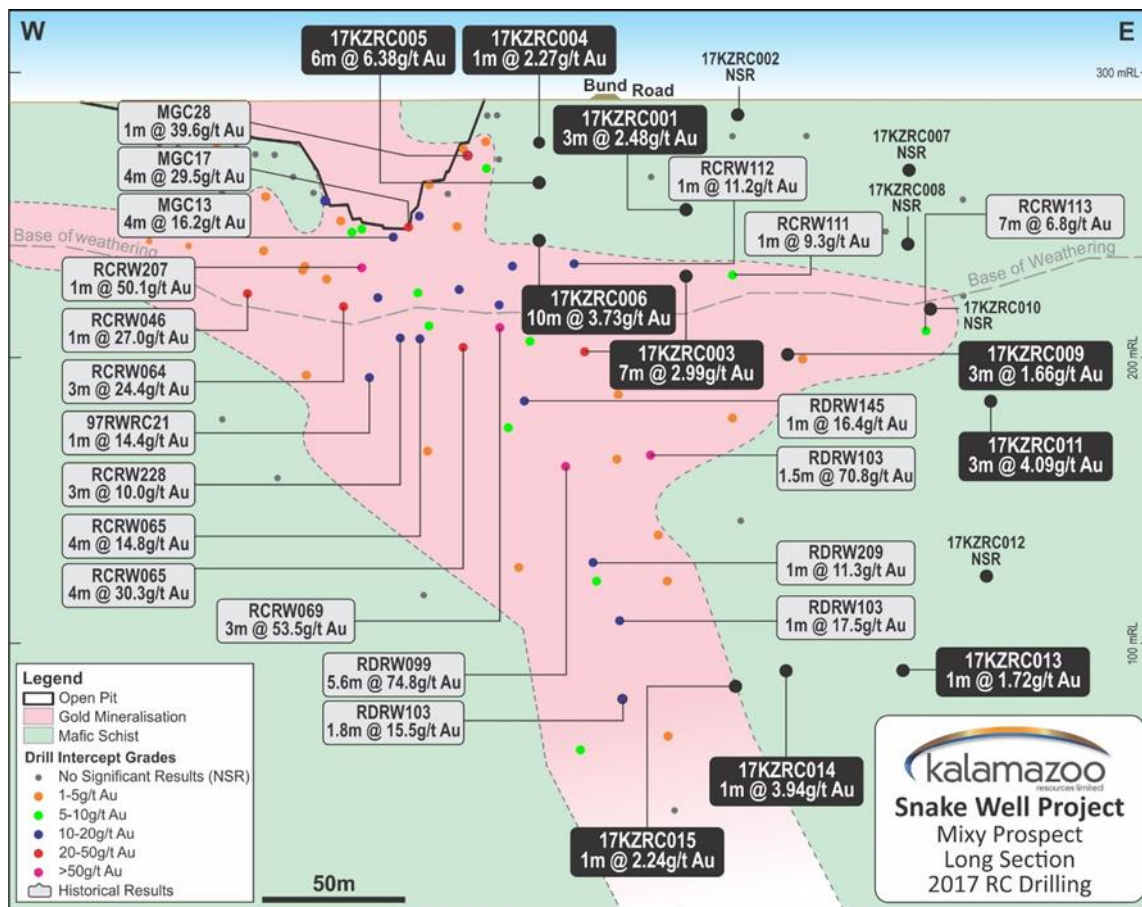


Figure 3: Mixy Longitudinal Section (looking north) Drilling Results
(Refer to KZR ASX announcements dated 5 May and 14 June 2017)

Snake Well Base Metals

The A-Zone Project is located south west of the Mixy Trial pit on granted mining lease ML59/474 (Figure 4). Base metal mineralisation at the Snake Well Project is generally hosted within highly oxidized felsic volcanoclastic sediments as discontinuous stringer-style smears of copper oxide minerals, gossanous remnants of massive sulphides and metre-thick discontinuous gossans. Sulphide equivalents have been intersected in transition and primary zones below the oxides.

Following the completion of the drilling campaign by Minjar Gold Pty Ltd, which focused on the delineation of oxide gold resources, the presence of significant base metals has focused exploration on the potential for VHMS deposits, which may be of similar style to Golden Grove. The copper, zinc, lead base metals occur in close spatial association with the gold lodes.

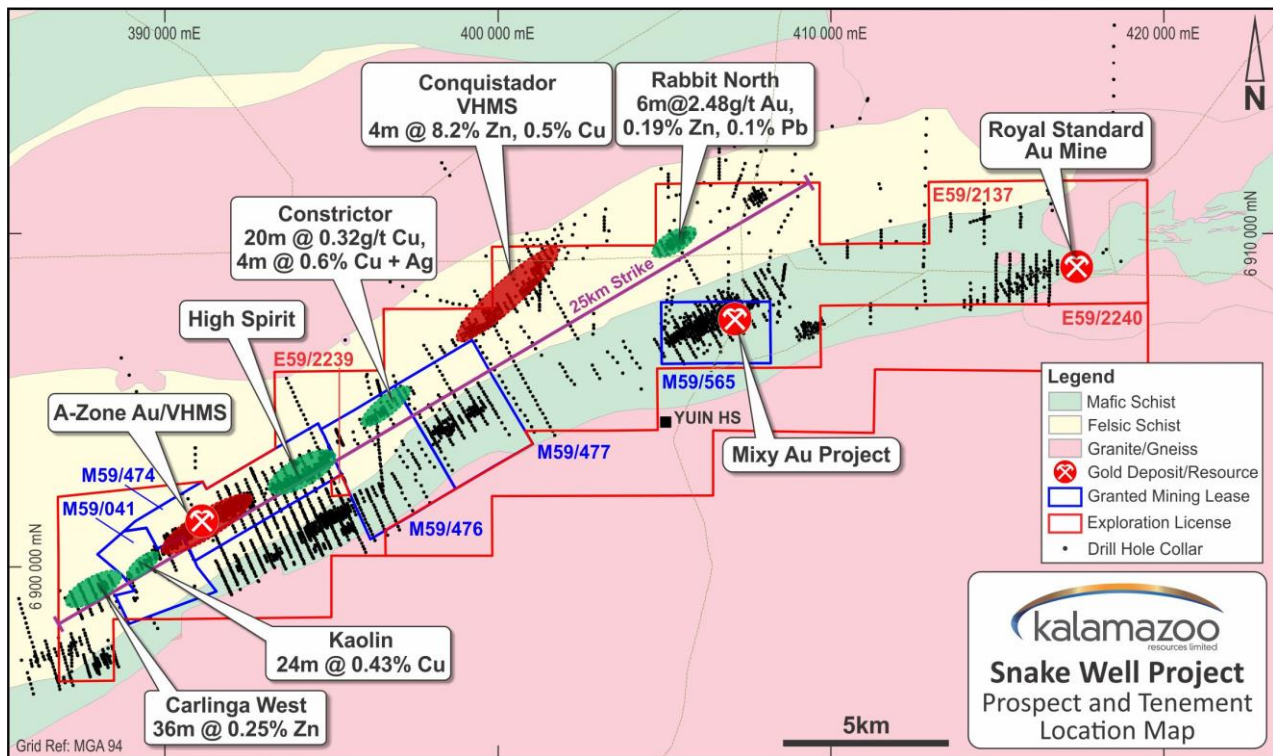


Figure 4: Snake Well Location Plan of Base Metal (VHMS) Projects.
(Refer to ASX announcement dated 21 July 2017)

Significant base metals have been interpreted⁴ to be associated with a zone of prospects nearly 25 kilometres long within the Snake Well tenements and include Carlinga West, Kaolin, A-Zone, Constrictor, Conquistador and Rabbit Well North (Figure 4).

Kalamazoo is reviewing the geology and historical exploration of the base metal occurrences at Snake Well and considers that A-Zone and Conquistador prospects show evidence of Volcanic Hosted Massive Sulphide Deposits (VHMS) (Figure 5) mineralisation of a style and nature similar to the world-class Golden Grove deposits (Figure 6a).

Kalamazoo's review of past exploration data⁵ has highlighted isotopic dating of Conquistador which places the mineralisation within the same time span as the Golden Grove deposit at 2980 +/- 35Ma.

4 Refer to ASX announcements dated 23 June and 21 July 2017

5 Giralia Resources NL: Information Memorandum Snake Well Gold Project WA. Joyce, RM. March, 2011

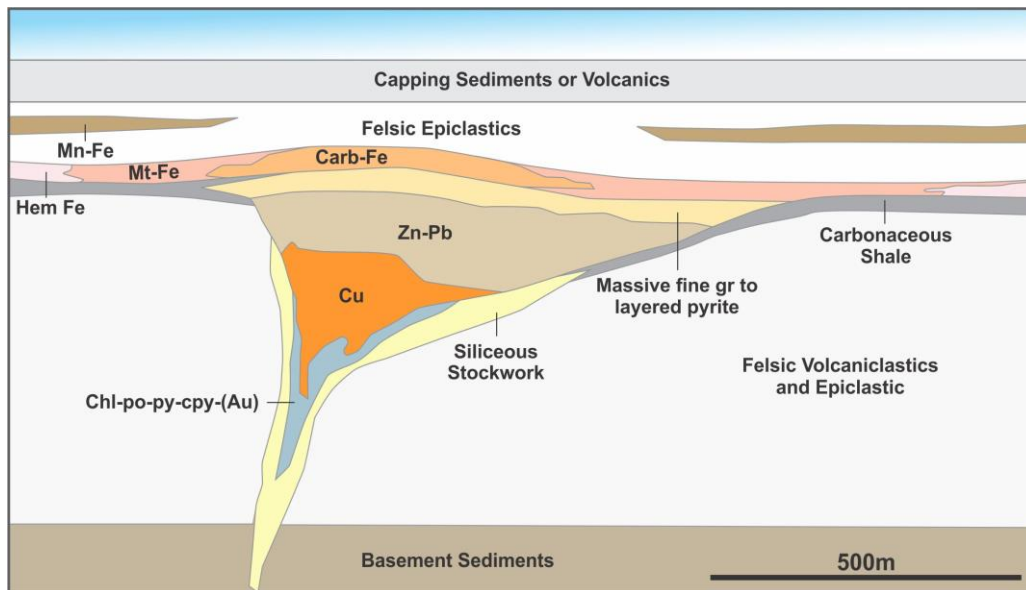


Figure 5: Typical VHMS Geological Model Cross Section with Geology and Zoning modified after Galley AG, Hannington MD, and Johansson IR, 2007. Volcanic Massive Suplehide Deposits in Goodfellow WD, ed. Mineral Deposits of Canada, Special Publication No.5, P141-161

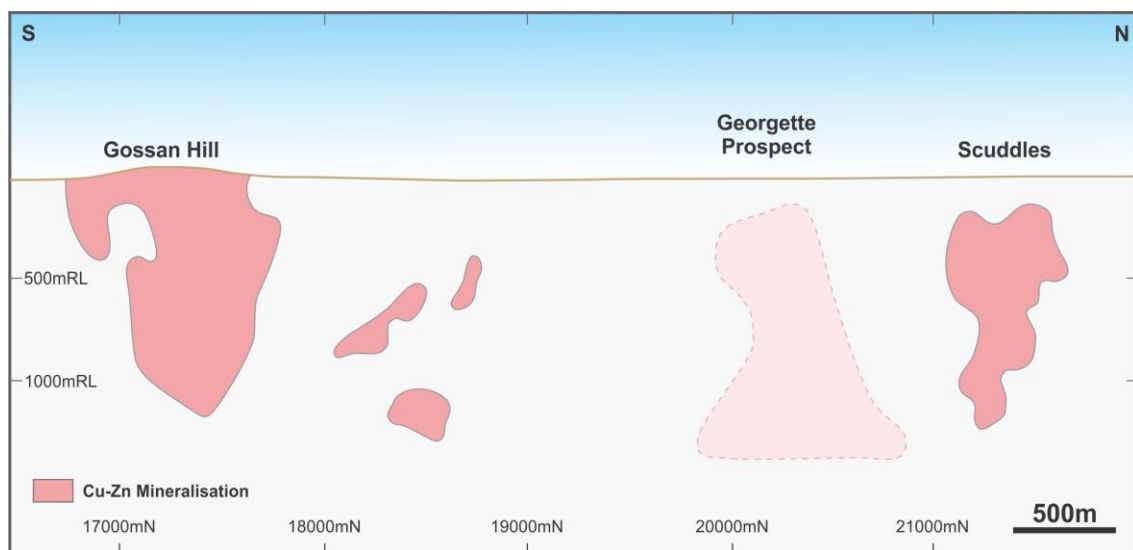


Figure 6a: Simplified Longitudinal Section of Gossan Hill and Scuddles (Golden Grove) VHMS Camp (modified after Hollis, S.P. et al (2017). VMS Mineralisation in the Yilgarn Craton, Western Australia: A Review of Known Deposits and Prospectivity Analysis of Felsic Volcanic Rocks. GSWA Report 165, p15)

An Underexplored VHMS Camp?

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

Ravensgate⁶ reviewed the A-Zone Project on behalf of Kalamazoo and identified that, prior to the 2017 base metal re-assay program, (*Reported to ASX on 23 June 2017*), only approximately 1% of the available assays had been assayed for zinc and silver and up to 80% had been assayed for copper and lead.

Giralia Resources Limited⁷ (now Atlas Iron Limited ASX:AGO) reviewed the assay database of the Conquistador zinc prospect. Giralia's review of past CRA Exploration, Zinc Corp Ltd, and Roebuck Exploration open file data identified that only about 20% of samples at Conquistador had been assayed for zinc, with the reminder assayed for lead, copper and gold.

Given the recent strong high-grade coincident zinc and silver, and significant copper and lead mineralisation returned from a selective re-assay program⁸ at A-Zone by Kalamazoo, the company considers that the project area, a corridor from Carlinga West to Rabbit Well North, remains largely underexplored, a distance of 25 kms (Figure 6b).

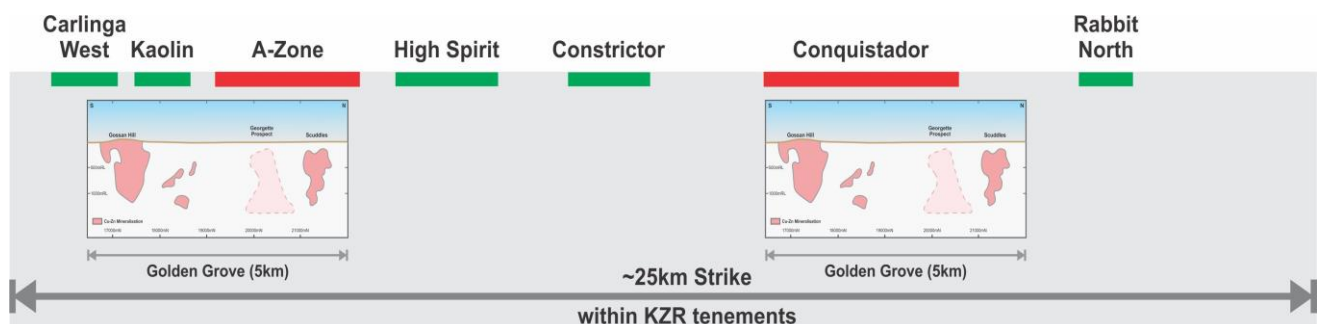


Figure 6b: Idealised and Interpreted Longitudinal Section Superimposing the Golden Grove VHMS camp relative to Kalamazoo's 25 km long, Snake Well base metals prospects and anomalies

6. 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.

7. Giralia Resources NL: Information Memorandum Snake Well Gold Project WA. Joyce, RM. March, 2011

8. Refer to ASX announcements dated 23 June and 21 July 2017



A review of the geophysical data of the exploration of the belt identified several major opportunities;

- Lack of coherent gravity data.
- Limited historical and no modern high powered Down Hole Electro-Magnetics (**DHEM**) surveys, which have been used to great success in targeting VHMS mineralisation (e.g. Sandfire Resources at the DeGrussa Mine).
- Limited use of Induced Polarization (**IP**) or other regional geophysical tools.
- Limited follow-up of existing anomalies.

Kalamazoo believes the Snake Well felsic rock succession has the potential to host a world-class VHMS camp, as only as little as 500m of strike is required to form an economically attractive massive sulphide deposit (Figure 6b).

Cork Tree (Copper):

Cork Tree 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 Earraheedy Basin (Figure 7). The Company now controls an area of approximately 40 km x 20 km along the basin margins.

Kalamazoo entered into a farm-in and joint venture 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 tenements lie 30 kms to the south-east of DeGrussa and Monty deposits owned by ASX-listed Sandfire Resources (Figure 8). Kalamazoo believes the region to be prospective for copper and potentially lead-zinc mineralisation.

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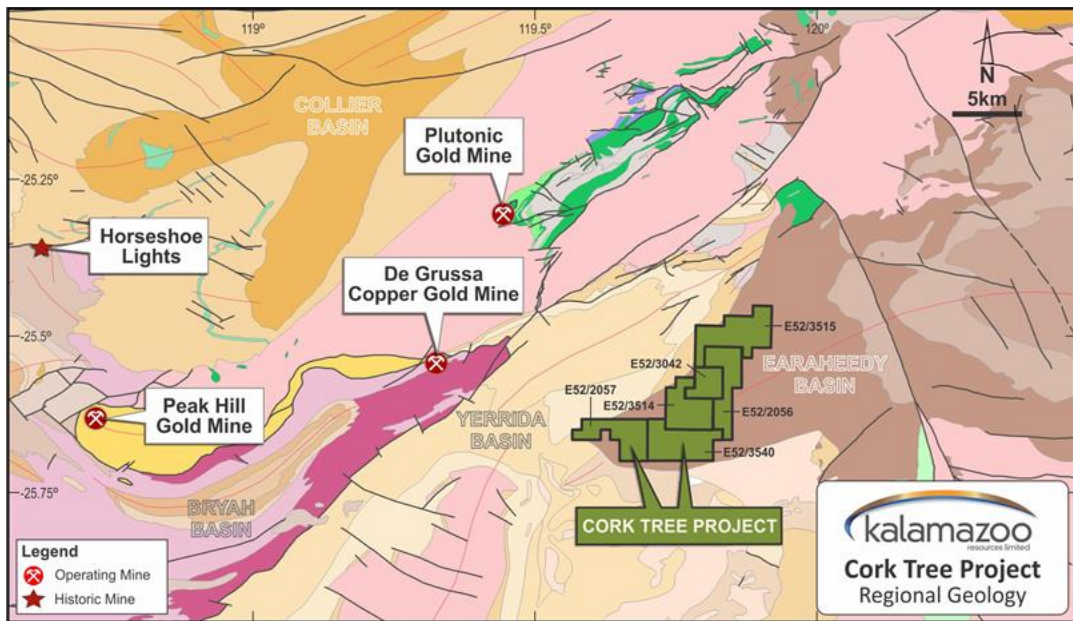


Figure 7: Location of Cork Tree tenement package, geology and significant deposits

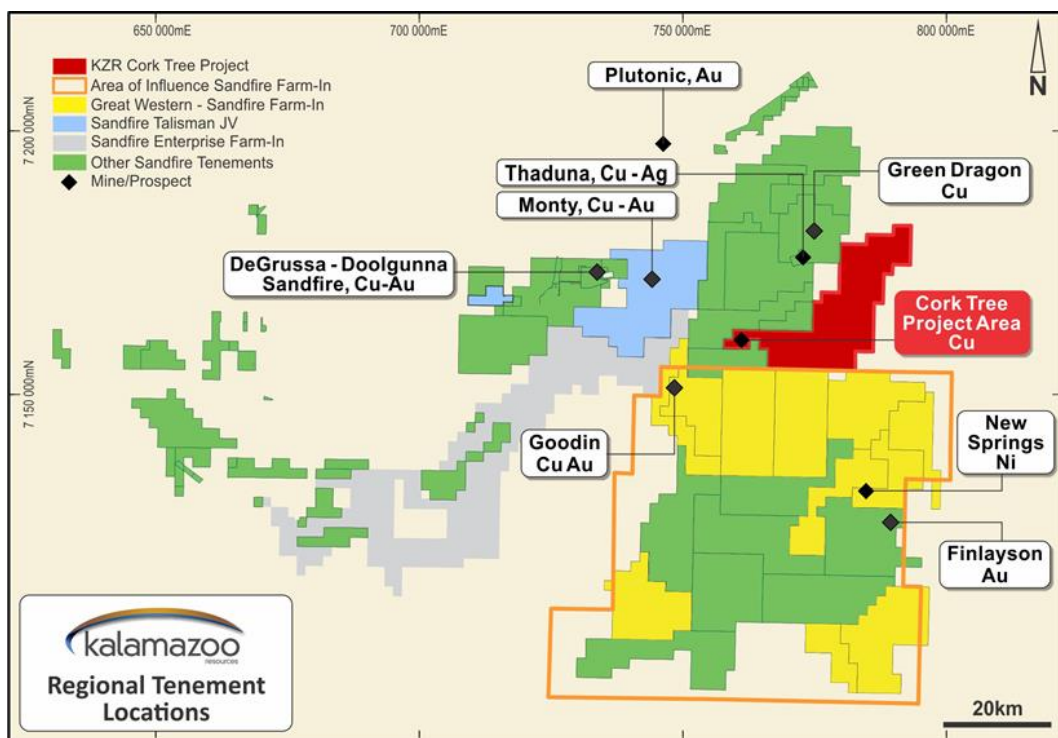


Figure 8: Location of Other Parties Tenements at Cork Tree Project

Open file electromagnetic data was interpreted, and areas of anomalous responses within the Kalamazoo tenements were identified. Field mapping of the sparse outcrops within the tenements suggest the lithologies within this restricted sub-basin are the Yerrida sediments/ Bubble Well carbonates (1840Ma) and Yelma equivalents.

A conceptual exploration model to suggest how mineralisation may have formed within the Kalamazoo tenements has been compiled (Fig 9).

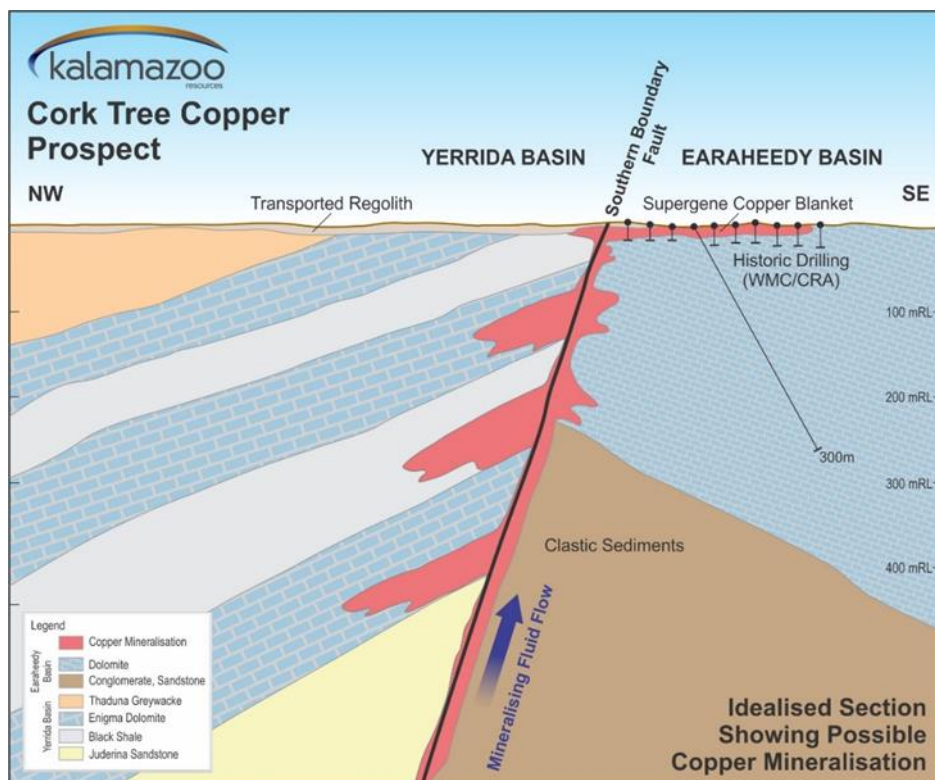


Figure 9: Idealised model for copper mineralisation – Cork Tree Copper Prospect

Nearby Copper Deposits

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).

Thaduna Mine

The Thaduna copper mine was discovered by prospectors in 1941 and total recorded production of copper oxide ore (malachite, cuprite and chrysocolla, Figure 10) 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 (Ventnor, 2016)⁶.



Figure 10: High grade copper (malachite) mineralisation, Thaduna Mine

DeGrussa Mine

The DeGrussa copper-gold deposit is a chalcopyrite rich VHMS deposit blanketed by high-grade supergene sulphide and oxide ore, which was discovered in 2009 by Sandfire Resources NL (ASX: SFR). It has current Mineral Resources of 10.7Mt at 4.5% Cu and 1.8g/t Au which convert to Ore Reserves of 10.8Mt at 3.6% Cu and 1.5g/t Au.

Exploration Potential and Targets

Kalamazoo believes its tenements hold significant potential for the discovery of copper 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.

A review of the exploration data is expected to lead to a better understanding of the regional geology and most importantly improving the exploration model directing exploration to specific target areas for follow up.

TABLE 1 TENEMENT INFORMATION IN ACCORDANCE WITH LISTING RULE 5.3.3

Project / Tenement ID	State	Status	KZR Interest at start of quarter	KZR Interest at end of quarter	Notes
Cork Tree Project					
E52/2056	WA	Granted	51%	51%	49% held by Giralia Resources Pty Ltd.
E52/2057	WA	Granted	51%	51%	49% held by Giralia Resources Pty Ltd.
E52/3042	WA	Granted	100%	100%	
E52/3514	WA	Application	-	-	
E52/3515	WA	Application	-	-	
E52/3540	WA	Application	-	-	
Snake Well Project					
E59/2137	WA	Granted	100%	100%	
E59/2239	WA	Application	-	-	
E59/2240	WA	Application	-	-	
M59/0041	WA	Granted	100%	100%	
M59/0474	WA	Granted	100%	100%	
M59/0476	WA	Granted	100%	100%	
M59/0477	WA	Granted	100%	100%	
M59/0565	WA	Granted	100%	100%	

Giralia Resources Pty Ltd is a wholly owned subsidiary of Atlas Iron Ltd.

About Snake Well Project

Kalamazoo's flagship gold asset is the Snake Well Project, which is located 450km north of Perth in the Mid-West region. It consists of five granted mining leases, one granted exploration license and two exploration license applications. The Snake Well Project covers Archaean rocks over an area of approximately 263km² and a 45km prospective strike length of the Talling greenstone belt, in the western portion of the Murchison Domain that hosts a number of significant mineral deposits including Golden Grove (Cu-Zn), Big Bell (Au), Cue (Au), Deflector (Cu-Au) and Mt Magnet (Au).

About Cork Tree Project

Kalamazoo's copper asset is the Cork Tree Project, located 830km north east of Perth, 120 kms north-north west of Wiluna and 160 kms north east of Meekatharra, in the Mid-West region. It is situated within the Peak Hill Mineral Field, the Peak Hill (SG50-08) 1:250,000 map sheet and the Thaduna (2846) 1:100,000 map sheet. The project can be accessed from Meekatharra via the Great Northern Highway, then the graded Neds Creek Station road. It consists of three granted mining leases and three exploration licence applications. Access within the tenements is straightforward through relatively flat terrain using mining and exploration tracks.

Although the project is an exploration project some infrastructure exists in the area and reasonable proximity to Meekatharra and Wiluna provides access for some exploration supplies and services. Sandfire's DeGrussa ore processing facility lies some 30km west of the project area

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Competent Persons Statement

The information in this release that relates to the exploration results of the Company 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.

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

Forward Looking Statements

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

Some of the information above is extracted from the Kalamazoo Prospectus, dated 3rd October 2016 and is available to view on the company website at www.kzr.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Exploration Results or estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the results and estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

For further information, please contact:

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