



HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2023

ABN 33 150 026 850

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CORPORATE DIRECTORY

DIRECTORS & MANAGEMENT

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

COMPANY SECRETARY

Carly Terzanidis

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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West Perth WA 6005

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AUDITOR

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

SHARE REGISTRY

Automic Group
110 Stirling Highway
Nedlands WA 6009

STOCK EXCHANGE LISTING

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

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

DIRECTORS' REPORT

The Directors of Kalamazoo Resources Limited ("Kalamazoo" or "the Company") submit the financial report for the Company and its consolidated entities (collectively, the "Group") for the half-year ended 31 December 2023.

DIRECTORS

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

- Luke Reinehr, Executive Chairman (resigned as Chief Executive Officer, 11 January 2024)
- Angus Middleton, Non-Executive Director
- Paul Adams, Executive Director

OPERATING RESULT

The Group's profit for the half-year ended 31 December 2023 after providing for income tax amounted to \$3,746,525 (2022: \$2,499,202).

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were:

- to carry out exploration on its mineral tenements;
- to seek extensions of areas held and to seek out new areas with mineral potential;
- to finalise the spin-out of lithium projects to Kali Metals Limited; and
- to evaluate new opportunities for joint venture or acquisition.

REVIEW OF OPERATIONS

WESTERN AUSTRALIA GOLD PROJECTS

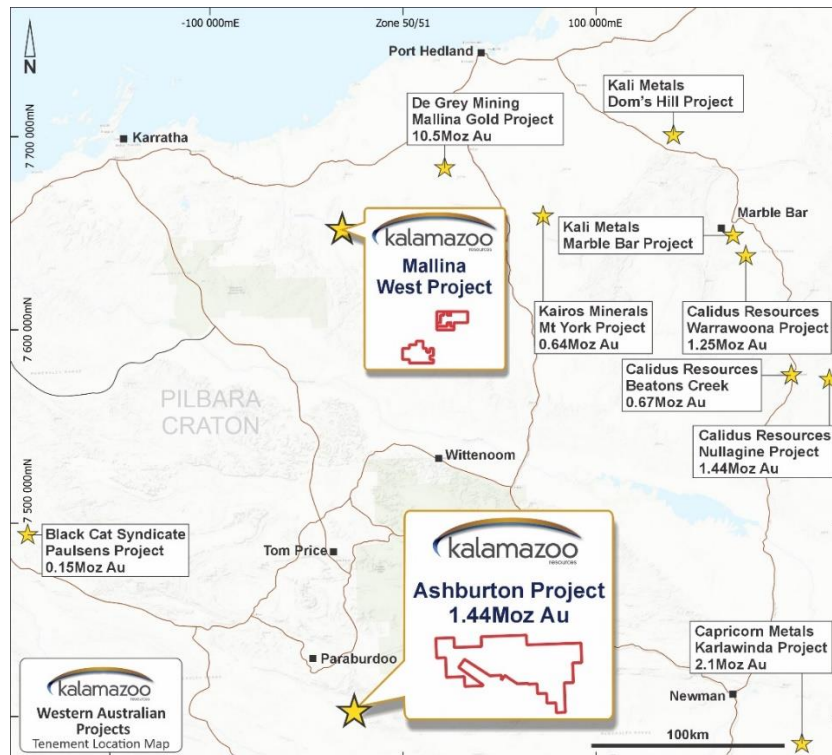


Figure 1: Pilbara Craton Location Map showing Kalamazoo's Western Australia Projects¹

ASHBURTON GOLD PROJECT

The Ashburton Gold Project ("AGP") is located 35km southeast of Paraburdoo townsite and within the prospective Nanjilgardy Fault Zone following the southern margin of the Pilbara Craton (Figure 1). The project covers 222km² and consists of Mining Leases M52/639, M52/640, M52/734 and M52/735 that produced 350,000oz Au between 1998-2004 and Exploration Licences 52/1941, 52/3024, 52/3025 and 52/4052. The project also has two tenement applications ELA47/4714 and ELA47/4913.

In February 2023² after preliminary metallurgical studies and a complete re-interpretation of the geology and mineralisation at all deposits within the project area, Kalamazoo announced an updated Mineral Resource Estimate ("MRE"). The MRE now stands at 16.2Mt at 2.8g/t Au for 1.44Moz, detailed in Table 1 below, estimated to the nearest 10,000 tonnes and 1,000 ounces.

¹ ASX: KZR 9 May 2023, ASX: DEG 13 February 2024, ASX: CAI 21 December 2023

² ASX: KZR 7 February 2023

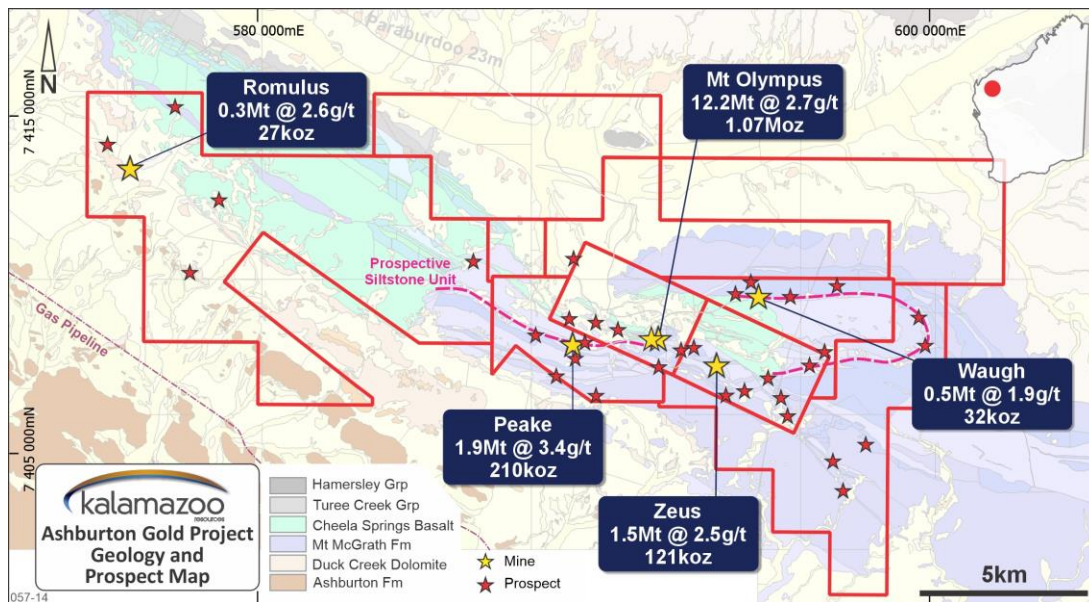


Figure 2: Mineral Resources and exploration targets at Kalamazoo's Ashburton Gold Project²

Table 1: Mineral Resource Estimate for the Ashburton Gold Project

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

- OP (Open Pit) resource: >0.5 g/t, inside optimised pit Rev factor = 1.2
- UG (Underground) resource: >1.5g/t below Rev factor = 1.2 pit, inside domain wireframes
- West Olympus OP: >0.5 g/t, inside optimised pit Rev factor = 1.2
- UG: >1.5g/t below Rev factor = 1.2 pit, inside domain wireframes
- OP: >0.5g/t above 395mRL (equivalent to base of current pit)
- OP: Optimised Pit 11 with Indicated + Inferred, > 0.5g/t
- UG: Below Optimised pit >1.5g/t
- The previous inferred resource at Romulus remains unchanged at 329kt @ 2.6g/t for 27koz Au¹. Romulus was not included in this update and is therefore in addition to the total Resource quoted in the above table

A ~1,100m RC drilling program targeting two high priority gold prospects was also completed during the period³.

Post end of the reporting period, in February 2024 Kalamazoo announced the signing of an Option Agreement with De Grey Mining Limited ("De Grey") to acquire Kalamazoo's 1.44Moz Ashburton Gold Project ("AGP")⁴.

Post end of the reporting period De Grey has paid Kalamazoo a **\$3 million** cash Option Fee to retain exclusivity for a period of twelve (12) months, with the option of a six (6) month extension by mutual consent.

At any stage during the Option Period, De Grey can exercise the Option and purchase the AGP for **\$30 million** in cash and/or De Grey shares by the payment to Kalamazoo of:

- **\$15 million** on exercise of the Option; and then
- **\$15 million** on the date 18 months from the exercise of the Option

On exercising the Option and acquiring the AGP, De Grey will assume all of Kalamazoo's deferred consideration and royalty obligations in respect to the AGP.

Some of the work envisaged at the Project during the option period will include extensive metallurgical test work to ascertain whether gold mineralisation contained within the Mt Olympus deposit is amenable to producing a gold-sulphide concentrate suitable to be processed at De Grey's proposed pressure oxidation ("POx") plant at its Hemi Gold Project.

MALLINA WEST GOLD PROJECT

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

During the reporting period, desk-top reviews were conducted on the Satirist, Poverty and A-Zone Prospects, including a re-visit of the geophysical modelling. From these reviews, the Company refined its drill targets and finalised exploration budgeting for the 2024 field season.

³ ASX: KZR 31 August 2023

⁴ ASX: KZR 6 February 2024

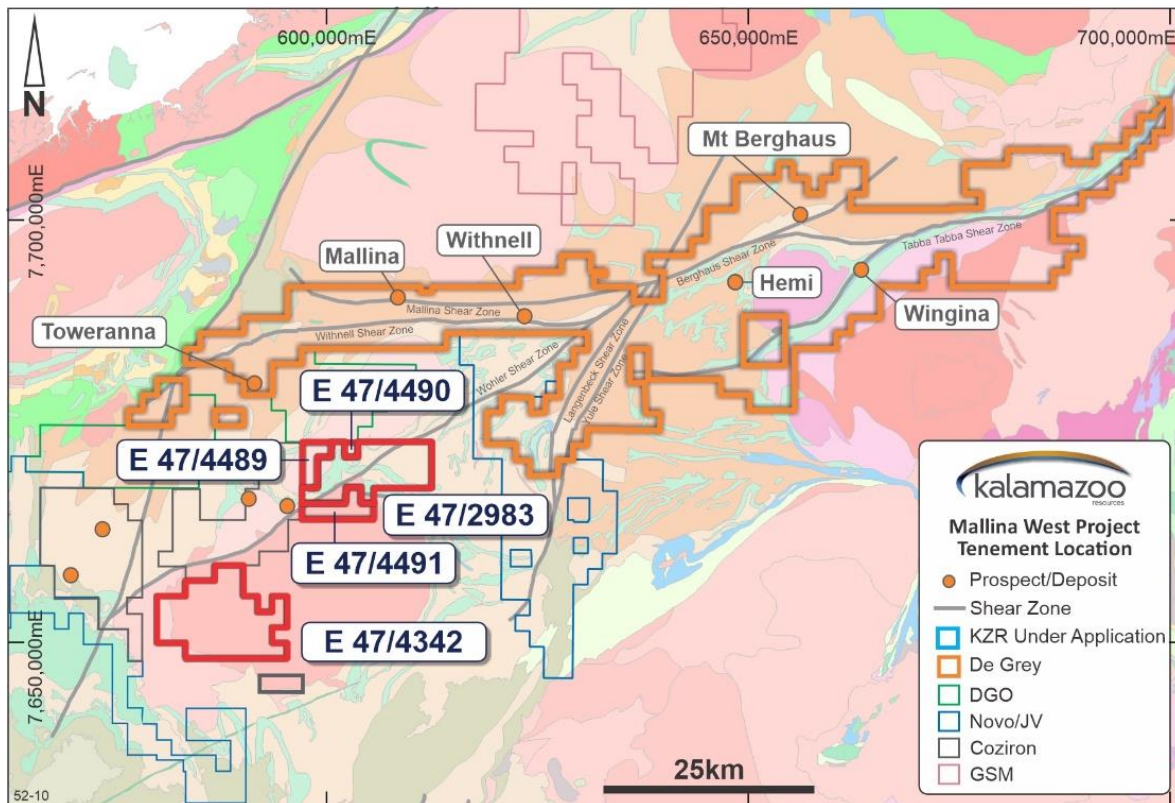


Figure 3: Mallina West Gold Project tenement location

DOM'S HILL, MARBLE BAR AND PEAR CREEK LITHIUM PROJECTS

The DOM's Hill and Marble Bar Lithium Projects (Figure 4) were part of the lithium asset package spin out of wholly owned subsidiary Kali Metals Limited ("Kali") (ASX: KM1). This asset package from Kalamazoo included Kalamazoo assigning its interests to Kali of the Earn-in Agreement with Sociedad Quimica y Minera de Chile S.A. ("SQM"). SQM has been granted the right to earn an initial 30% interest (to a maximum of 70%) in all mineral rights by sole funding a minimum of A\$12 million of exploration and development activities over four years. SQM is one of the world's leading lithium producers with its main asset in Australia being its 50% joint venture interest in the Mt Holland Lithium Project.

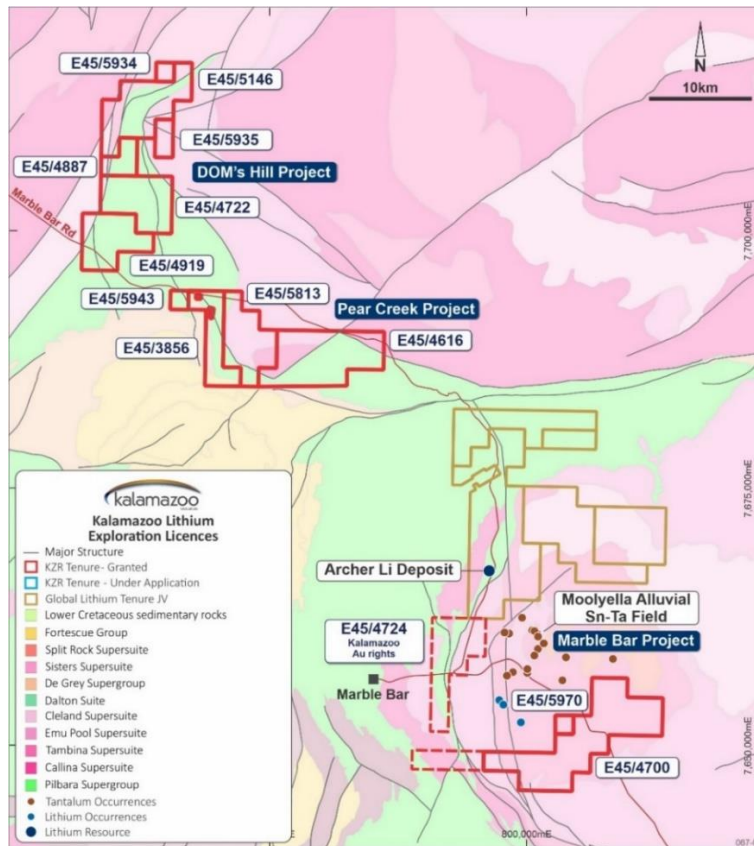


Figure 4: Kalamazoo Lithium Exploration Licences

The DOM's Hill Lithium Project, located in East Pilbara, WA (Figure 4) consists of 7 granted exploration licences (E45/4722, E45/4887, E45/4919, E45/5146, E45/5934, E45/5935 and E45/5943). The project contains a similar geological setting and target host rocks strongly analogous to that of the nearby world class Pilgangoora (Pilbara Minerals, ASX: PLS) and Wodgina (Albemarle, NYSE: ALB/Mineral Resources, ASX: MIN) pegmatite-hosted lithium deposits. Covering a significant strike extent of Archaean granite-greenstone contact zone, or "Goldilocks Zone", the project is considered highly prospective for Lithium-Caesium-Tantalum ("LCT") pegmatites.

The Marble Bar Lithium Project is located along the margin of the Moolyella tin and tantalum alluvial field and contains numerous local occurrences of mapped lithium-enriched pegmatites (Figure 5). Located approximately 25km to the north is Global Lithium Resources Limited's (ASX: GL1) Archer Lithium Deposit, also on the margin of the Moolyella tin and tantalum field, with a reported Inferred Resource of 18Mt @ 1.0% Li_2O ⁵. Mapping and surface sampling undertaken at the project discovered outcropping spodumene-bearing pegmatite dykes associated with high-grade rock chip samples assaying up to 2.8% Li_2O ⁶.

⁵ ASX: GL1 15 December 2022

⁶ ASX: KZR 10 February 2023

During the period Kalamazoo conducted a 12,000m AC drilling program within the DOM's Hill and Marble Bar Lithium Projects⁷. The program was targeting two broad areas considered highly prospective for LCT pegmatites based upon analogous geology to the nearby Pilgangoora lithium deposit as well as anomalous soil geochemistry, and consisted of a 400m x 200m grid pattern with the aim to collect samples from the underlying regolith which is covered by a thin veneer of transported cover. The samples were then subsequently submitted for multi-element assay analysis to test for geochemical anomalism indicative of LCT pegmatite dykes.

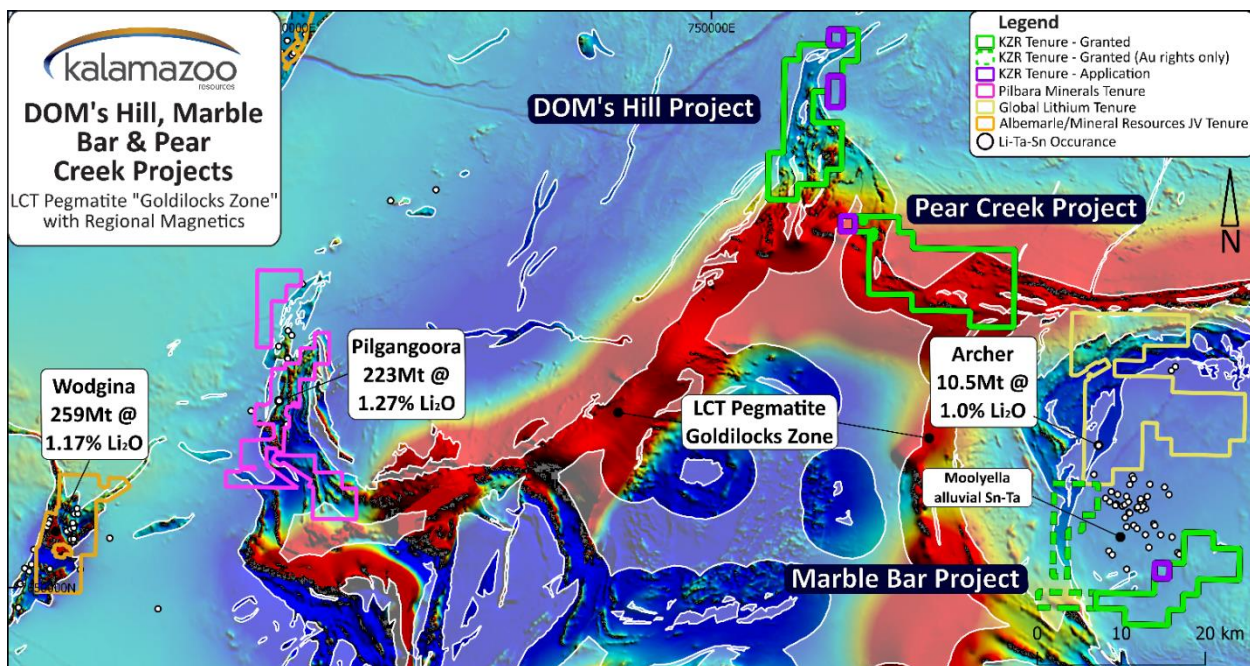


Figure 5: Pilbara Lithium Projects (DOM's Hill Project, Marble Bar Project, and Pear Creek Project)⁸

Located between the DOM's Hill and Marble Bar projects is the 108km² Pear Creek Lithium Project consisting of four granted exploration licences (E45/4616, E45/3856, E45/5813 and E45/6457).

As part of Kalamazoo's spin-out of its lithium exploration projects associated with the Kali Initial Public Offering ("IPO") all tenements relating to the DOM's Hill, Marble Bar and Pear Creek Projects were transferred to Kali on 22 December 2023 upon approval of the ASX listing and all conditions precedent being met. Kalamazoo has no further interests in these projects with the exception of E45/6457 (Pear Creek Project) which remains 100% owned by Kalamazoo.

⁷ ASX: KZR 1 August 2023

⁸ ASX: KZR 8 July 2021

MURCHISON PROVINCE BASE METALS PROJECT, WESTERN AUSTRALIA

The "Snake Well North" VHMS Project consists of one granted exploration licence (E59/2580) located in the Murchison Province of Western Australia and is considered to be highly prospective for a Golden Grove analogue type of deposit. During the reporting period exploration activities focussed on desktop studies, targeting and 2024 exploration program planning.

LACHLAN FOLD BELT LITHIUM PROJECTS, NSW/VICTORIA

JINGELIC (NSW) AND TALLANGATTA (VIC) LITHIUM PROJECTS

Located within the Lachlan Fold Belt of NSW/Victoria, the Jingellic Lithium Project (EL9403 and EL9507) and the Tallangatta Lithium Project (EL007784, EL007786 and EL007787) represent an "early mover" opportunity, covering geology considered highly prospective for both LCT-pegmatites as well as hard-rock tin mineralisation (Figure 6). Both projects host highly fractionated S-type granites and related pegmatite dykes that are closely associated with numerous alluvial and hard rock tin-tungsten and tantalum occurrences and mine-workings. The Jingellic Project includes the option to earn a 100% interest in the Mining and Energy Group Pty Ltd Lithium Rights at EL8958, located adjacent to the Jingellic Project EL9403.

During the reporting period work undertaken by Kalamazoo at the project included field reconnaissance activities which located historical tin-tungsten mine workings and numerous outcropping pegmatite dykes.

As part of Kalamazoo's spin-out of its lithium exploration projects associated with the Kali IPO all tenements relating to the Jingellic and Tallangatta Lithium Projects were transferred to Kali on 22 December 2023. Kalamazoo has no further interests in these projects.

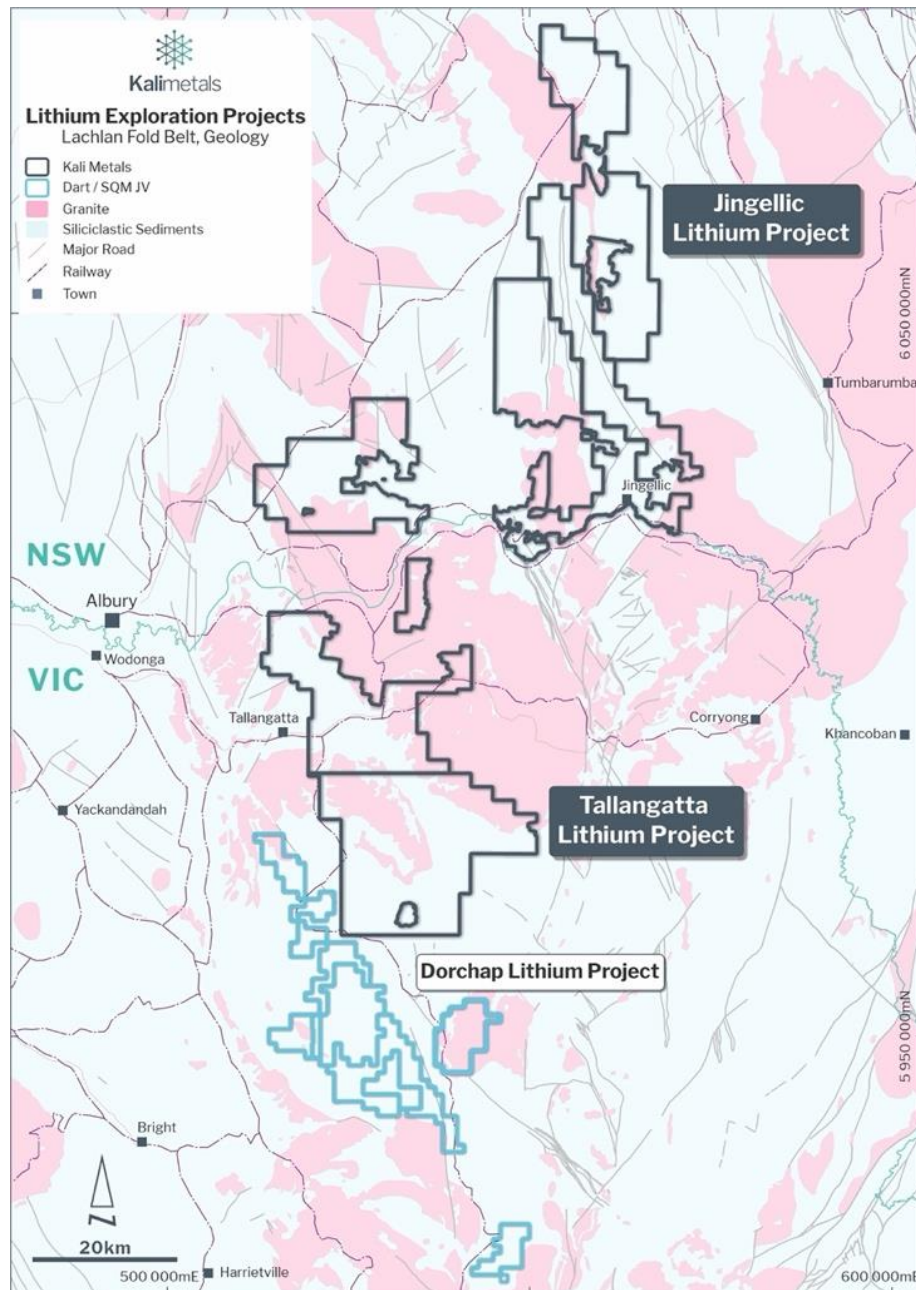


Figure 6: Location of Kalamazoo's NSW Jingellic and Tallangatta Lithium Project with respect to Dart Mining's Dorchap LCT Pegmatite Project

VICTORIAN GOLD PROJECTS

Kalamazoo's landholding in the Central Victorian Goldfields covers 1,992km² and consists of the Castlemaine Goldfields, the southern extensions to the Maldon/South Muckleford Goldfield, a central tenement position in the Tarnagulla Goldfield, the Myrtle Gold Project and the 1,522 km² Mt Piper Gold Project (Figure 7).

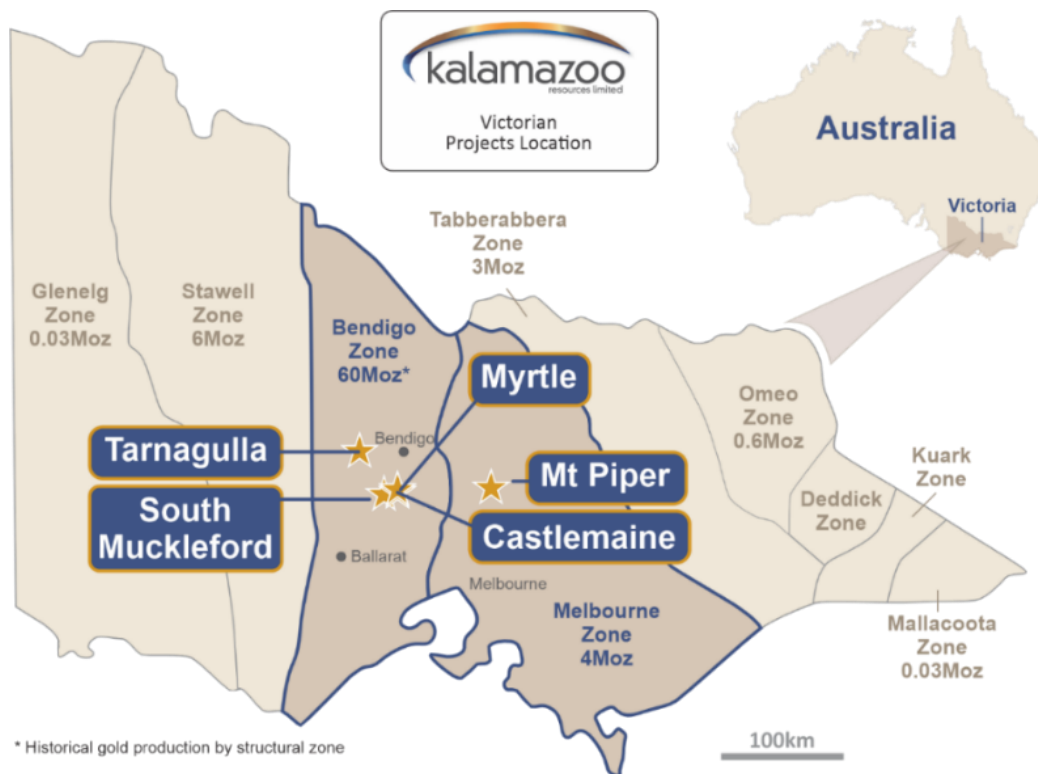


Figure 7: Victorian Gold Project Locations⁹

MOUNT PIPER GOLD PROJECT

The Mt Piper Gold Project consists of five granted exploration licences and one application (EL6775, EL7331, EL7337, EL7366, EL7380 and application ELA7481). Located approximately 75km north of Melbourne it is strategically located adjacent to Agnico Eagle Mine Limited's (NYSE: AEM) large exploration land tenure and 30km from its world-class Fosterville gold mine in Central Victoria¹⁰.

Situated in the southwest portion of EL6775, the Goldie North Prospect was originally identified by earlier rock chip sampling by the previous owners, Torrens Mining Ltd. This historical sampling defined high-grade gold mineralisation with best rock chip assay results including 31.1 g/t and 30.4 g/t Au¹¹. These high grade samples were subsequently confirmed by high-grade rock chip sample assay results up to 74 g/t Au¹².

⁹ Phillips, G.N., 2010. Victorian Gold Province, Australia, a contemporary exploration guide. Geoscience Victoria Special Publication

¹⁰ <https://www.agnicoeagle.com/English/operations/operations/Fosterville-Gold-Mine/>

¹¹ ASX: TRN 13 December 2021

¹² ASX: KZR 3 August 2023

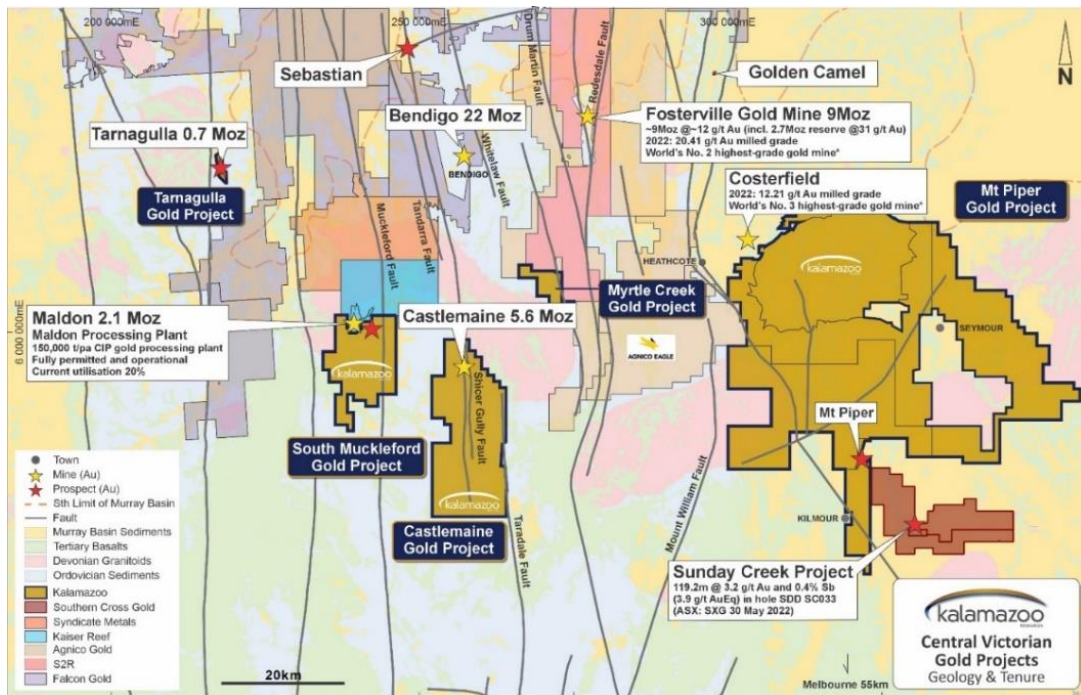


Figure 8: Kalamazoo's gold exploration projects in the Bendigo Zone, Central Victoria^{13 14 15}

Following this confirmation Kalamazoo conducted a detailed grid soil sampling program across the Goldie North prospect area consisting of 996 soil samples (plus QAQC samples) collected along E-W oriented 20m to 80m spaced lines with 20m sample spacings over an ~0.7 km² area. Soil samples were submitted for gold plus multi-element assay with the gold assay results received¹⁶. Following receipt of those results a reconnaissance diamond drill hole program was designed to test interpreted mineralised structures. This drilling program comprised of four diamond drill holes for 457m that tested reef mineralisation, grade, width, structural style and orientation. The program was completed in late 2023 with assay results pending.

In 2024 Kalamazoo will prioritise further field mapping and surface sampling of the other soil geochemistry anomalies at Goldie North, 3D structural modelling and interpretation of gold mineralised structures as well as field reconnaissance of other identified prospects.

CASTLEMAINE GOLD PROJECT

The Castlemaine Gold Project is located in the Bendigo Zone of Central Victoria and comprises two exploration tenements, EL006679 ("Wattle Gully", ~70 km²) and EL006752 ("Wattle Gully South", ~218km²).

During the reporting period Kalamazoo completed further field reconnaissance campaigns and desktop studies.

¹³ Willman et al 2002, Geology Survey Victoria, Report 121

¹⁴ Agnico Eagle Website www.agnicoeagle.com

¹⁵ Mandalay Resources Website <https://mandalayresources.com/operations/costerfield-mine/>

¹⁶ ASX: KZR 12 October 2023

SOUTH MUCKLEFORD GOLD PROJECT

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

During the reporting period Kalamazoo completed further field reconnaissance and desktop studies.

TARNAGULLA GOLD PROJECT

The Tarnagulla Gold Project is located ~180km northeast of Melbourne and comprises of one granted exploration licence, EL6780 (Figure 8).

The project's proposed maiden drilling program has received all requisite permitting and has been designed to comprise of a mixture of diamond and RC drilling to test a significant 1.4km long linear gold in soil anomaly.

MYRTLE CREEK GOLD PROJECT

The Myrtle Creek Gold Project comprises of one granted exploration licence, EL7323, and is located within the prospective hanging wall of the Axe Creek Fault, a major northwest trending structure which strikes sub-parallel to the Fosterville fault, located approximately 25km to the north. During the reporting period Kalamazoo completed further desktop studies.

Competent Person's Statement

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

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

The information in this announcement that relates to the estimation and reporting of mineral resources at the Ashburton Project is based on information compiled by Mr Phil Jankowski, who is a Fellow of Australasian Institute of Mining and Metallurgy. Mr Jankowski is an employee of CSA Global Ltd who are engaged as consultants to Kalamazoo Resources Limited. Mr Jankowski has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jankowski consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any further new information or data that materially affects the information included in the original market announcements by Kalamazoo Resources Limited referenced in this report and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. To the extent disclosed above, 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 announcements.

Forward Looking Statements

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

EVENTS SUBSEQUENT TO THE REPORTING DATE

On 3 January 2024 eligible Kalamazoo shareholders received 1 fully paid ordinary Kali Share for every 17.64 ordinary Kalamazoo shares via an in-specie distribution of a total of 9,715,750 Kali Shares, with Kalamazoo retaining a 20.2% ownership of Kali via its holding of 29,147,250 Kali Shares.

On 8 January 2024 the Company announced the completion of the spin out of its Australian lithium projects via a demerger and concurrent Initial Public Offering of Kali Metals Limited.

On 9 January 2024, as part of its Share Subscription Agreement with Lind Global Fund II ("Lind"), the Company repaid \$150,000 through the issue of 1,648,352 shares.

On 11 January 2024, the Company announced the appointment of its new Chief Executive Officer, Dr Luke Mortimer effective 11 January 2024.

On 6 February 2024, the Company announced the signing of an option agreement with De Grey Mining Limited to acquire Kalamazoo's Ashburton Gold Project. The agreement provides De Grey with exclusivity for 12 months, with the right to extend a further 6 months, to complete development studies at the AGP at its sole cost. A total of \$30 million will be payable in cash and/or De Grey fully paid ordinary shares as \$15 million on exercise of the option and \$15 million on the date 18 months from the exercise of the option. The option fee under the agreement was \$3,000,000.

On 9 February 2024, Joint Company Secretary Bernard Crawford resigned, with Carly Terzanidis remaining in the role of Company Secretary.

On 13 February 2024, as part of its Share Subscription Agreement with Lind, the Company repaid \$150,000 through the issue of 1,785,714 shares.

On 20 February 2024, 250,000 performance rights were cancelled.

On 7 March 2024, the Company announced the receipt of orders granted in the Supreme Court of Western Australia in relation to, among other things, the appointment of the Company's auditor, BDO Audit (WA) Pty Ltd, from 29 November 2023.

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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



Luke Reinehr
Executive Chairman

15 March 2024

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF KALAMAZOO RESOURCES LIMITED

As lead auditor for the review of Kalamazoo Resources Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kalamazoo Resources Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth

15 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

		Half-year ended 31 Dec 2023 \$	Half-year ended 31 Dec 2022 \$
Continuing operations			
Other income	4	109,284	207,050
Employee benefits expense		(279,049)	(252,925)
Share based payment	13	(389,493)	(1,593,900)
Depreciation and amortisation expense		(106,844)	(100,725)
Exploration expenditure expense		(172,769)	(27,349)
Finance costs		(374,775)	(214,709)
Other expenses	5	(598,600)	(516,574)
Loss on fair value of shares issued and derivative		(69,772)	-
Share of results in associate accounted for using the equity method	11	(43,787)	-
Profit/(Loss) before income tax from continuing operations		(1,925,804)	(2,499,132)
Income tax benefit / (expense)		-	-
Profit /(Loss) after income tax from continuing operations		(1,925,804)	(2,499,132)
Discontinued operations			
Profit/(Loss) after income tax from discontinued operations	11	5,672,329	(70)
Profit/(Loss) after income tax for the period		3,746,525	(2,499,202)
Other comprehensive income / (loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Financial assets at fair value through other comprehensive income – fair value changes		(210,816)	(115,729)
Other comprehensive (loss) net of tax		(210,816)	(115,729)
Total comprehensive income / (loss) for the period attributable to the owners of Kalamazoo Resources Ltd		3,535,709	(2,614,931)
Earnings per share:		Cents	Cents
From continuing operations			
Basic and diluted loss per share		(1.15)	(1.70)
From continuing and discontinued operations			
Basic and diluted loss per share		2.24	(1.70)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	31 Dec 2023 \$	30 June 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		1,146,163	1,568,770
Trade and other receivables		85,047	361,383
Non-current assets classified as held for sale	10	-	734,578
Other current assets		165,760	108,883
TOTAL CURRENT ASSETS		1,396,970	2,773,614
NON-CURRENT ASSETS			
Property, plant and equipment		165,076	211,777
Right of use assets		76,636	135,562
Exploration and evaluation assets	6	15,827,590	18,057,756
Financial assets at fair value through OCI	7	447,222	658,038
Investment accounted for using the equity method	11	9,671,963	-
Other non-current assets		30,125	30,124
TOTAL NON-CURRENT ASSETS		26,218,612	19,093,257
TOTAL ASSETS		27,615,582	21,866,871
CURRENT LIABILITIES			
Trade and other payables		992,204	836,624
Financial liability at amortised cost	8	1,545,153	1,776,061
Derivative financial liability	8	89,109	106,832
Short-term provisions		153,906	90,082
Liabilities directly associated with assets classified as held for sale	10	-	447,732
Borrowings	9	300,000	-
Lease liabilities		67,220	109,836
TOTAL CURRENT LIABILITIES		3,147,592	3,367,167
NON-CURRENT LIABILITIES			
Long term provisions		27,720	21,400
Lease liabilities		7,672	31,019
TOTAL NON-CURRENT LIABILITIES		35,392	52,419
TOTAL LIABILITIES		3,182,984	3,419,586
NET ASSETS		24,432,598	18,447,285
EQUITY			
Issued capital	12	31,184,600	29,124,489
Option reserve	13	2,781,219	2,791,041
Financial asset reserve	14	(2,308,933)	(2,098,117)
Accumulated losses	15	(7,224,288)	(11,370,128)
TOTAL EQUITY		24,432,598	18,447,285

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Issued Capital	Option Reserve	Financial Asset Reserve	Accumulated Losses	Total Equity
Note	\$	\$	\$	\$	\$
Balance at 1 July 2022	28,219,212	2,409,770	(1,725,619)	(9,785,361)	19,118,002
Loss for the period	-	-	-	(2,499,202)	(2,499,202)
Other comprehensive loss	-	-	(115,729)	-	(115,729)
Total comprehensive loss for the period net of tax	-	-	(115,729)	(2,499,202)	(2,614,931)
Transactions with owners in their capacity as owners					
Issue of shares	259,250	-	-	-	259,250
Transaction costs of issuing shares	(31,912)	-	-	-	(31,912)
Issue of options	-	2,120,676	-	-	2,120,676
Transfer from share option reserve:					-
– due to expiry of options	-	(1,530,400)	-	1,530,400	-
– due to lapse of options	-	(133,105)	-	133,105	-
Balance at 31 December 2022	28,446,550	2,866,941	(1,841,348)	(10,621,058)	18,851,085
Balance at 1 July 2023	29,124,489	2,791,041	(2,098,117)	(11,370,128)	18,447,285
Profit for the period	-	-	-	3,746,525	3,746,525
Other comprehensive loss	-	-	(210,816)	-	(210,816)
Total comprehensive profit for the period net of tax	-	-	(210,816)	3,746,525	3,535,709
Transactions with owners in their capacity as owners					
Issue of shares	2,088,495	-	-	-	2,088,495
Transaction costs of issuing shares	(28,384)	-	-	-	(28,384)
Issue of options	-	389,493	-	-	389,493
Transfer from share option reserve:					-
– due to expiry of options	-	-	-	-	-
– due to lapse of options	-	(399,315)	-	399,315	-
Balance at 31 December 2023	31,184,600	2,781,219	(2,308,933)	(7,224,288)	24,432,598

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

		Half-year ended 31 Dec 2023	Half-year ended 31 Dec 2022
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Other income received		94,282	83,017
Research and development tax rebate		110,628	-
Payments to suppliers and employees		(131,711)	(840,929)
Interest received		37,613	21,132
Interest paid		-	(11,904)
NET CASH FLOWS FROM/USED IN OPERATING ACTIVITIES		110,812	(748,684)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(9,032)	-
Proceeds from the disposal of property, plant and equipment		-	61,197
Payments for exploration activities		(1,323,110)	(1,767,882)
Payments to acquire tenements		-	(300,000)
Net cash outflows from de-merger of subsidiary	10	(13,495,659)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(14,827,801)	(2,006,685)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and equity securities	12	1,401,000	-
Share issue costs	12	(148,512)	(7,525)
Proceeds from Lind share subscription agreement		-	3,000,000
Lind share subscription agreement costs		-	(204,387)
Funds received in advance of IPO		12,677,000	-
Proceeds from borrowings	8	600,000	-
Repayment of borrowings	8	(154,894)	-
Lease principal repayments		(80,212)	(58,866)
NET CASH FLOWS FROM FINANCING ACTIVITIES		14,294,382	2,729,222
Net decrease in cash and cash equivalents		(422,607)	(26,147)
Cash at the beginning of the period		1,568,770	2,817,825
CASH AT THE END OF THE PERIOD		1,146,163	2,791,678

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 1: CORPORATE INFORMATION

This general purpose financial report of Kalamazoo Resources Limited ("the Company") for the half-year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors on 15 March 2024.

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

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

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

This general purpose interim financial report for the half-year ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Kalamazoo Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

All accounting policies are consistent with those applied for the year ended 30 June 2023, except as noted below.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as *Discontinued operations* and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Investment in Associates

Investment in Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in Associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the Associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in Associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equal or exceeds its interest in the Associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the Associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's

carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

b) New accounting standards and interpretations

In the half-year ended 31 December 2023, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2023.

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

c) Going concern

The 31 December 2023 condensed consolidated half-year report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

For the half-year ended 31 December 2023, the Company recorded a net loss of \$3,746,525 (31 December 2022: \$2,499,132) and had net cash inflows from operating activities of \$110,812 (31 December 2022: \$748,684). As at 31 December 2023 the consolidated entity had net current liabilities of \$1,750,622 (30 June 2023: \$593,553).

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

These conditions indicate a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe as at the date of this report there are sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report. The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, the realisation of assets, settlement of liabilities through the normal course of business including the presumption that sufficient funds will be available to finance the operations of the Company for the following reasons:

- Given the Company's history of raising capital to date, the Directors are confident of the Company's ability to raise additional funds as and when they are required.
- The Company has the ability to curtail discretionary cash outflows as and when required.
- Subsequent to period end, the Company signed an option agreement with De Grey Mining Limited to acquire Kalamazoo's Ashburton Gold Project. A total of \$30 million will be payable in cash and/or De Grey fully paid ordinary shares as \$15 million on exercise of the Option and \$15 million on the date 18 months from the exercise of the Option. The option fee under the agreement was \$3,000,000 and was paid subsequent to period end.

Accordingly, the Directors are satisfied that the going concern basis of preparation for the financial statements is appropriate.

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

d) Principles of consolidation

The financial statements incorporate the assets and liabilities of the Company's subsidiary at 31 December 2023 and the results of its subsidiary for the half-year then ended. The Company and its subsidiary together are referred to in this financial report as the Group or the Consolidated Entity.

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

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

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

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

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that the amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a entity or an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

e) Critical accounting estimates and judgements

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

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual financial statements as at and for the year ended 30 June 2023, other than those stated below.

Asset acquisition

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. The acquisition of an entity that meets the concentration test (AASB 2018-6) would be accounted for as an asset acquisition not a business combination.

No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset. Assets acquired during the period were exploration expenditure. Estimates and judgement are required by the Group, taking into consideration all available information at the acquisition date, to assess the fair value of assets acquired, liabilities and contingent liabilities assumed.

Classification of loss of control

From completion of the spin out and IPO of Kali Metals Limited ("Kali"), by virtue of the contractual rights contained in the shareholder's deed, the retention of 46.19% of the ordinary share capital and the right to hold two Board seats on the current Board of five the Company has lost control of Kali. This occurred on the date of IPO and resulted in the deconsolidation of Kali Metals Limited and the subsequent recognition of an investment in associate.

Share-based payment transactions

The Group 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 the Black Scholes model or Trinomial model. Should the assumptions used in these calculations differ, the amounts recognised could significantly change.

NOTE 3: SEGMENT INFORMATION

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

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

	Continuing operations \$	Discontinued operations \$
31 Dec 2023		
Profit/(Loss) for the period	(1,925,804)	5,672,329
31 Dec 2023		
Total assets	27,435,810	-
Total liabilities	3,182,984	-
Net assets	24,432,598	-

NOTE 3: SEGMENT INFORMATION

	Continuing operations \$	Discontinued operations \$
31 Dec 2022		
Profit/(Loss) for the period	(2,499,132)	(70)
30 June 2023		
Total assets	18,963,097	4,407,794
Total liabilities	2,959,854	1,929,096
Net assets	16,003,243	2,478,697

NOTE 4: OTHER INCOME

	Half-year ended 31 Dec 2023 \$	Half-year ended 31 Dec 2022 \$
Interest income	107,705	25,485
Gain on loss of control of subsidiary	-	97,413
Other income	1,579	84,152
Total other income	109,284	207,050

NOTE 5: OTHER EXPENSES

	Half-year ended 31 Dec 2023 \$	Half-year ended 31 Dec 2022 \$
Other	598,599	516,574
Total other expenses	598,599	516,574

NOTE 6: EXPLORATION AND EVALUATION ASSETS

	31 Dec 2023 \$	30 June 2023 \$
Capitalised cost at the beginning of the period	18,057,756	16,361,189
Tenements assets acquisition (i) and (ii)	8,386,879	-
Exploration expenditure incurred during the period	1,201,118	3,373,410
Transfer to available for sale assets	-	(717,218)
Demerger of exploration and evaluation assets (iii) and (iv)	(11,818,163)	-
Impairment of exploration and evaluation assets	-	(959,625)
Capitalised cost at the end of the period	15,827,590	18,057,756

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

The Group entered into the following agreement during the period, comprising the following:

(i) Mansen Tenement

Kali Metals Limited entered into a tenement sale agreement on 17 October 2023. On 22 December 2023, Kali Metals Limited completed the tenement acquisition (P15/6778) from James Mansen as trustee for Wildcard (WA) Pty Ltd. Consideration paid as part of the tenement acquisition is \$75,000 cash plus 300,000 consideration shares in Kali Metals Limited at \$0.25 per share.

The acquisitions of Mansen tenement were deemed to be asset acquisition under AASB 6: *Exploration for and Evaluation of Minerals Resources*. Under the asset acquisitions, the value of the assets acquired is allocated on a relative fair value approach. As the consideration for the assets was made through the issue of Consideration Shares and in the case of the Mansen Licence, an additional \$75,000 of cash consideration, this required the provisions of AASB 2: *Share-Based Payments* to be applied. The Company determined the fair value of the Consideration Shares in Kali Metals Limited to be equivalent to the Offer price of \$0.25. The fair value of the assets could not be estimated reliably and therefore, the value of the tenements and mineral rights acquired

was accounted for at the purchase consideration implied by the fair value of the Consideration Shares plus cash consideration, totaling \$150,000.

(ii) Higginsville Lithium Project

On 29 December 2023 Kali Metals Limited completed Share Sale transaction with Karora Group, whereby Avoca Mining Pty Ltd, a wholly owned subsidiary of Karora, has agreed to sell, and Kali Metals Limited has agreed to buy 100% interest in Karora Lithium Pty Ltd. Prior to the completion of the Share Sale transaction, Karora Lithium Pty Ltd entered into Mineral Rights Agreement with Karora Group's subsidiaries being Avoca Mining Pty Ltd, Avoca Resources Pty Ltd, Polar Metals Pty Ltd and, Corona Minerals Pty Ltd (together, the Grantors) which will grant the Higginsville Lithium Rights to Karora Lithium Pty Ltd prior to completion of the Share Sale Agreement. Under each Mineral Rights Agreement, Karora Lithium Pty Ltd has agreed to grant and pay each Grantor a 1% net smelter return royalty (Royalty) payable with respect to any Higginsville Lithium Rights (and any other minerals it is entitled to retain under the Mineral Rights Agreement) produced or extracted by Karora Lithium Pty Ltd or any of its Related Bodies Corporate in respect of their Relevant Tenements.

Management have assessed that the acquisition of Karora Lithium Pty Ltd does not constitute a business and the acquisitions of Higginsville Lithium Rights were deemed to be an asset acquisition as it met the asset concentration test. Under the asset acquisitions, the value of the assets acquired is allocated on a relative fair value approach. The fair value of the assets could not be reliably measured therefore the fair value of equity was used to determine the fair value of assets acquired. As the consideration for the assets was primarily made through the issue of 30,797,000 Consideration Shares in Kali Metals Limited and this required the provisions of AASB 2: Share-Based Payments to be applied. The Group determined the fair value of the Consideration Shares to be equivalent to the Offer price of \$0.25, totalling \$7,699,250.

Allocation to the net identifiable assets is as follows:

	Fair Value \$
<i>Consideration and Transaction costs</i>	
Fair Value of consideration share issued to vendor	7,699,250
Transaction Cost Capitalised	387,629
	<u>8,086,879</u>
<i>Allocation to the net identifiable assets is as follows</i>	
Assets	
Exploration and Evaluation Asset	8,086,879
	<u>8,086,879</u>

There were no other identifiable assets acquired or assumed liabilities.

(iii) Marble Bar Project and DOM's Hill Project

The Company entered into a tenement sale agreement with Kali Metals Limited, a wholly owned subsidiary, for the transfer of tenement and mineral rights acquisition related to the Marble Bar Project and DOM's Hill Project. Kali Metals Limited issued 37,862,900 of its shares to the Company as part of the consideration paid for the tenement and mineral rights. The acquisitions of the tenement and mineral rights were classified as a transfer within a controlled Group under AASB 10: Consolidated Financial Statements. The assets were transferred prior to Kali Metals Limited demerging from Kalamazoo. In accordance with the applicable standard, the tenement and mineral rights were derecognised at their carrying amounts of \$3,581,284.

(iv) Exploration & Evaluation Assets on Demerger

		29 December 2023
		\$
Marble Bar Project and DOM's Hill Project		3,581,284
Higginsville Lithium Project		8,086,879
Mansen Tenement		150,000
Total Exploration & Evaluation Assets		11,818,163
Exploration & Evaluation assets classified as held for sale		1,419,036
Total Exploration & Evaluation Assets (including held for sale projects)	10	13,237,199

NOTE 7: FINANCIAL ASSETS

Financial assets at fair value through other comprehensive income

	31 Dec 2023	30 June 2023
	\$	\$
Opening balance	658,038	304,549
Acquisition	-	725,987
Change in fair value	(210,816)	(372,498)
Closing balance	447,222	658,038

The Company holds 2,697,652 common shares of Novo Resources Corp. at 31 December 2023.

NOTE 8: FINANCIAL LIABILITIES

	31 Dec 2023	30 June 2023
	\$	\$
Financial liability at amortised cost	1,545,153	1,776,061
Financial liability at FVTPL - derivative component	89,109	106,832
	1,634,262	1,882,893

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

NOTE 8: FINANCIAL LIABILITIES (continued)

Movement in financial liability at amortised cost

	31 Dec 2023	30 June 2023
	\$	\$
Opening balance	1,776,061	-
Balance on initial recognition	-	1,963,143
Less transaction costs	-	(117,789)
Interest expense	369,092	530,707
Repayments	(600,000)	(600,000)
Closing balance	1,545,153	1,776,061

Movement in derivative financial liability

	31 Dec 2023	30 June 2023
	\$	\$
Opening balance	106,832	-
Balance on initial recognition	-	476,457
Fair value movement	(17,733)	(369,625)
Closing balance	89,109	106,832

NOTE 9: BORROWINGS

	31 Dec 2023	30 June 2023
	\$	\$
<i>Unsecured borrowings at amortised cost</i>		
Loan - unsecured	300,000	-
	300,000	-

On 4 December 2023 an unsecured loan of \$300,000 was advanced to the Company by Power of Hoodoo Pty Ltd on commercial and arm's length terms. The loan is due for repayment in full within 6 months after the date of agreement and carries a fixed interest rate at 7.5% per annum.

During the period, Karora Group provided a \$350,000 loan to Kali Metals Limited. The loan was interest-free, unsecured loan with no set repayment date to Kali. The loan was settled by \$50,000 being settled via the issuance of 1,000,000 ordinary shares of the Company, and the remaining balance of \$300,000 was repaid to Karora Group during the period.

The Company has provided an interest free, unsecured loan to Kali Metals Limited ("Kali") with no set repayment date to Kali in order for Kali to meet its expenditure commitments on its tenements and working capital requirements. Kalamazoo loaned an additional \$410,000 during the period ended 31 December 2023. After receiving Kalamazoo shareholder approval on 18 December 2023, Kalamazoo and Kali entered a Deed of Forgiveness, resulting in repayment of borrowing of \$350,000 and the forgiveness of the remaining borrowing balance, being \$1,514,724.

NOTE 10: DECONSOLIDATION OF SUBSIDIARIES

On 8 May 2023, Kalamazoo announced to the ASX that it had entered into a Shareholders Agreement with Karora Resources Inc ("Karora") to vend Kalamazoo's non-gold exploration projects and mineral rights into its subsidiary Kali Metals Limited ("Kali") and to undertake an Initial Public Offering ("IPO"). In turn, Karora would vend into Kali Metals Limited its highly prospective lithium mineral rights across an extensive range of projects located south of Kalgoorlie, Western Australia. The proposed transaction would see the establishment of Kali Metals Limited as a new ASX-listed exploration company, (ASX: KM1). The transaction was completed on 29 December 2023, on which date Kalamazoo lost control of Kali Metals Limited as Kalamazoo's interest in Kali Metals Limited fell to 46.19%. In addition, Kalamazoo could appoint two out of five directors. The fair value of the 38,863,000 shares held in Kali Metals Limited on deconsolidation was calculated by reference to the IPO price of Kali Metals Limited being \$0.25 per share.

Carrying amounts of assets and liabilities on the date of demerger

	29 Dec 2023	30 June 2023
	\$	\$
Cash and cash equivalents	13,495,659	91,931
Exploration and evaluation of assets	13,237,199	717,218
Property, plant and equipment	7,814	-
Trade and other receivables	425,626	13,077
Other current assets	-	4,283
Total Assets	27,166,298	826,509
Trade and other payables	1,845,876	347,732
Borrowings	-	100,000
Funds received in advance of IPO	12,677,000	-
Total Liabilities	14,522,876	447,732
Net assets disposed	12,643,422	378,777
Consideration	0.25	
Shares in Kali	38,863,000	
Total consideration	9,715,750	
Non-controlling interest portion held	9,344,122	
	19,059,872	
Net assets disposed	12,643,422	
Gain on loss of control of subsidiary	6,416,450	

NOTE 11: INVESTMENT IN ASSOCIATE

Interests in associates are accounted for using the equity method of accounting. Details of each of the material associates at the end of the reporting period are as follows:

Name of associate/subsidiary	Principal place of business/Country of incorporation	Ownership 31 Dec 2023	Ownership 30 June 2023
Kali Metals Limited	Australia	46.19%	100%

a) Demerger of Kali Metals Limited

The Group held various tenements up until the demerger of Kali on 29 December 2023, which is treated as a discontinued operation. The demerger resulted in the formation of an independent ASX-listed company, Kali Metals Limited. Subsequent to the demerger, the Group retains a 46.19% equity ownership in Kali, which is equity accounted from 29 December 2023.

To effect the demerger, the Group first transferred specific assets and liabilities relating to DOM and Marble Bar tenement to Kali Metals Limited. This included tenements held by the parent entity, all assets held by Kali, at their respective carrying amounts. The carrying amounts of assets and liabilities were considered to equate to their fair values.

Profit/(Loss) after income tax from discontinued operations:

	Half-year ended 31 Dec 2023 \$
Other income	25,376
Expenses	(769,496)
Gain from deconsolidation of subsidiary	6,416,450
Profit of discontinued operation before income tax expense	5,672,329
Income tax expenses	-
Profit/loss of discontinued operation after tax	5,672,329

Statement of cash flows for discontinued operations

	31 Dec 2023 \$
Net cash used in operating activities for discontinued operations	(484,507)
Net cash used in investing activities for discontinued operations	(355,767)
Net cash from financing activities for discontinued operations	14,335,933
Net increase/decrease in cash and cash equivalents for discontinued operations	13,403,728

b) Investment in Associate – Kali Metals Limited

The Group initially recognised its retained investment at the fair value of shares held on 29 December 2023, being \$9,715,750. The issue price of the prospectus was used as the fair value of the shares.

Subsequent equity accounting

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023



The Group recognises its share of profits or losses of Kali, being 46.19% of its net income/loss after tax, as income in each reporting period. The Group recognised \$43,787 in equity accounted losses for the half-year period ended 31 December 2023.

The following is a summary of the financial information presented in the financial assets of Kali, amended to include adjustments made by the Group in applying the equity method.

Information relating to associates that are material to the Company are set out below:

Summarised financial information

	31 Dec 2023 \$
Current assets	14,261,133
Non-current assets	13,244,739
Total assets	27,505,872
Current liabilities	1,876,332
Non-current liabilities	12,677,000
Total liabilities	14,553,332
Net assets	12,952,540

NOTE 11: INVESTMENT IN ASSOCIATE (continued)

Summarised statement of profit or loss and other comprehensive income¹

	31 Dec 2023 \$
Revenue and other income	-
Total expenses	(94,797)
Profit or loss for the year	(94,797)
Income tax expense	-
Profit or Loss after income tax	(94,797)
Other comprehensive income	-
Total comprehensive income	(94,797)

The results for the period from 30 December 2023 to 31 December 2023

As at period end the Company held 38,863,000 million shares in Kali Metals Limited (ASX ticker: KM1). The Company accounts for its shares in Kali Metals Limited as an associate as it fails the recognition criteria of control, however, retains significant influence as defined in AASB 128 Investment in Associates and Joint Ventures. The Company has significant influence over Kali Metals Limited by virtue of its 46.19% shareholding and holding two Board seats on the current Board of five.

Reconciliation of Investment in associate

initial recognition
Loss for the period
Closing balance

31 Dec 2023	
\$	
	9,715,750
	(43,787)
	9,671,963

Commitments of associate

Kalamazoo and Sociedad Quimica y Minera ("SQM") had previously entered into the SQM Earn-in Agreement which entitles SQM to earn-in up to a 70% interest in the Marble Bar Project and DOM's Hill Project. Kalamazoo, Kali and SQM entered into a deed of assignment and assumption dated 30 August 2023 under which Kalamazoo will assign its rights, and Kali will assume the obligations of Kalamazoo, under the SQM Earn-in Agreement. The assignment has taken effect upon completion occurring under the Tenement Sale Agreement.

There are other commitments held as at 31 December 2023.

Contingent assets or liabilities of associate

There are no other material contingent assets or liabilities as at 31 December 2023.

NOTE 12: ISSUED CAPITAL

Fully paid ordinary shares
Number of shares

31 Dec 2023	30 June 2023
\$	\$
31,184,600	29,124,489
171,369,472	153,710,699

a) Movement in ordinary shares on issue

Balance at 1 July 2022

Mt Piper Project acquisition

Issue of shares to Lind

Issue of shares to Lind

Transaction costs

Balance at 30 June 2023

Balance at 1 July 2023

Placement shares⁽¹⁾

Issue of shares to Lind⁽²⁾

Transaction costs

Balance at 31 December 2023

Number	\$
145,194,374	28,219,212
1,525,000	259,250
2,100,000	-
4,891,325	684,087
-	(38,060)
153,710,699	29,124,489
153,710,699	29,124,489
11,538,461	1,401,000
6,120,312	687,495
-	(28,384)
171,369,472	31,184,600

(1) On 7 August 2023, the Company issued 11,538,461 shares via placement shares to institutional and sophisticated investors.

(2) As part of the Agreement with Lind Global Fund II, the liability may be settled with issues of shares. During the period ended 31 December 2023, the Company repaid \$600,000 through the issue of 6,120,312 shares.

NOTE 13: OPTION RESERVE

Share option reserve
Performance rights reserve

31 Dec 2023	30 June 2023
\$	\$
2,391,726	2,791,041
389,493	-
2,781,219	2,791,041

Reconciliation of Share option reserve

Balance at 1 July 2022

Options granted

Options expired/lapsed

Balance at 30 June 2023

Number	\$
12,400,000	2,409,770
18,600,000	2,154,300
(10,450,000)	(1,773,029)
20,550,000	2,791,041
20,550,000	2,791,041
(1,050,000)	(399,315)
19,500,000	2,391,726

Balance at 1 July 2023

Options expired/lapsed⁽¹⁾

Balance at 31 December 2023

(1) 1,050,000 options exercisable at 0.38 cents on or before 30 November 2023 expired during the period

Opening balance at 1 July 2023

Issue of performance rights to Directors and Employees⁽¹⁾

Deconsolidation of subsidiary (Note 11)

Closing balance

Number	\$
-	-
11,476,162	389,493
(11,476,162)	-
-	389,493

(1) During the period Kali Metals Limited agreed to issue performance rights to key management personnel of Kali Metals Limited.

During the period, the Kali Metals Limited issued 5,738,081 Tranche A Incentive Performance Rights and 5,260,393 Tranche B Incentive Performance Rights to Directors and Employees. The Performance Rights have the following vesting conditions:

- Tranche A Incentive Performance Rights will vest on the date the Company announces a JORC Code compliant indicated resource estimate of an aggregate of at least 10Mt of lithium at a minimum grade of 1% Li₂O across any of its projects within 36 months from the date of issue; and
- Tranche B Incentive Performance Rights will vest on the date the Company announces a JORC Code compliant indicated resource estimate of an aggregate of at least 30Mt of lithium at a minimum grade of 1% Li₂O across any of its projects within 36 months from the date of issue.

The fair value of the Performance Rights has been calculated using the share price at valuation date. The key inputs used for the valuation are detailed below:

	Tranche 1	Tranche 2
Number of performance rights	5,738,081	5,738,081
Underlying share price	\$0.25	\$0.25
Value per right	\$0.25	\$0.25
Total Fair Value	\$1,434,521	\$1,434,521

Recognised share-based payment expense

31 December 2023

\$

Expense arising from equity settled share-based payment transactions prior to deconsolidation of Kali Metals Limited

389,493

NOTE 14: FINANCIAL ASSET RESERVE

Opening balance
Financial assets at fair value through other comprehensive income (Note 7)
Closing balance at period end

31 Dec 2023	30 June 2023
\$	\$
(2,098,117)	(1,725,619)
(210,816)	(372,498)
(2,308,933)	(2,098,117)

NOTE 15: ACCUMULATED LOSSES

Balance at 1 July 2023
Net gain/loss attributable to members
Transfer from share option reserve
Balance at 31 December 2023

31 Dec 2023	30 June 2023
\$	\$
(11,370,128)	(9,785,361)
3,746,525	(3,324,172)
399,315	1,739,405
(7,224,288)	(11,370,128)

NOTE 16: DIVIDENDS

No dividends have been declared or paid during the half-year. Refer to Note 19 for further details on deemed dividend declared subsequent to reporting date.

NOTE 17: COMMITMENTS AND CONTINGENCIES

There are no material changes to contingent assets or liabilities as at 31 December 2023.

NOTE 18: RELATED PARTY TRANSACTIONS

a) Subsidiary

Kali was a wholly owned subsidiary of Kalamazoo. Kali received conditional approval from the ASX for admission on 20 December 2023, and subsequently on 29 December 2023, the Company demerged from Kalamazoo. Refer to Note 10 & 11 for further information.

b) Key management personnel

The following was appointed as key management personnel of Kalamazoo during the period:

Luke Mortimer Chief Executive Officer – Kalamazoo appointed 11 January 2024

For the period 31 December 2023, the following service agreement was entered into for the key management personnel of Kalamazoo:

Executive Services Agreement – Chief Executive Officer

The Company has entered into an executive service agreement with Dr Luke Mortimer in respect of his employment as Chief Executive Officer of the Company (Executive Services Agreement).

Name	Base salary excluding superannuation	Termination benefit
Executive		
Luke Mortimer	AUD\$280,000	Either party may terminate the employment by providing 3 months' notice in writing.

The following were appointed as key management personnel of Kali Metals Limited during the period and held office during and up to the time of the demerger from Kalamazoo:

Luke Reinehr	Non-Executive Chairman
Graeme Sloan	Managing Director
Paul Adams	Non-Executive Director
John Leddy	Non-Executive Director
Simon Coyle	Non-Executive Director

For the period 31 December 2023, the following service agreements were entered into for the Directors and key management personnel of Kali Metals Limited:

Executive Services Agreement – Managing Director

The Company has entered into an executive services agreement with Mr Graeme Sloan in respect of his employment as Managing Director of the Company (Executive Services Agreement).

Name	Base salary excluding superannuation	Termination benefit
Executive		
Graeme Sloan	AUD\$300,000	Either party may terminate the employment by providing 3 months' notice in writing.

Executive Services Agreement – Non-Executive Directors

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board's policies and terms, including compensation, relevant to the director.

Name	Base salary excluding superannuation
Non-Executive	
Luke Reinehr (Chairman)	AUD\$85,000
Paul Adams	AUD\$50,000
Simon Coyle	AUD\$50,000
John Leddy	AUD\$50,000

Other transactions with Key Management Personnel

Issue of Incentive Performance Rights in Kali Metals Limited

During the half year to 31 December 2023, the following securities were issued to key management personnel of Kali Metals Limited:

Name	Class of Securities	Grant Date	No of Equity	Share based payments
Executive				
Graeme Sloan	KM1PRA - Performance Rights A	29 Dec2023	1,508,341	\$63,994
	KM1PRB - Performance Rights B	29 Dec 2023	1,508,341	\$38,390
Non-Executive				
Luke Reinehr	KM1PRA - Performance Rights A	29 Dec 2023	1,205,077	\$51,125
	KM1PRB - Performance Rights B	29 Dec 2023	1,205,077	\$30,671
Paul Adams	KM1PRA - Performance Rights A	29 Dec2023	901,813	\$38,261
	KM1PRB - Performance Rights B	29 Dec 2023	901,813	\$22,953
Simon Coyle	KM1PRA - Performance Rights A	29 Dec 2023	606,529	\$25,733
	KM1PRB - Performance Rights B	29 Dec 2023	606,529	\$15,437
John Leddy	KM1PRA - Performance Rights A	29 Dec 2023	606,529	\$25,733
	KM1PRB - Performance Rights B	29 Dec 2023	606,529	\$15,437
TOTAL				\$327,734

Refer to Note 13 for further details in regard to incentive options and performance rights issued during the period.

c) Loan from related parties

The Company provided an interest free, unsecured loan to Kali Metals Limited ("Kali") with no set repayment date to Kali in order for Kali to meet its expenditure commitments on its tenements and working capital requirements. Kalamazoo loaned an additional \$410,000 during the period ended 31 December 2023. After receiving Kalamazoo shareholder approval on 18 December 2023, Kalamazoo and Kali entered into a Deed of Forgiveness, resulting in a repayment of borrowing of \$350,000 and the forgiveness of the remaining borrowing balance, being \$1,514,724.

d) Other related party transaction

On 2 May 2023, Kalamazoo and Karora Resources Limited ("Karora Group") entered into a Shareholder's Deed to govern the activities of the Kali Metals Limited prior to its listing. The Shareholder's Deed provided for the issue of 1 million Founder Shares in Kali Metals Limited at \$0.05 per share each to Kalamazoo and Karora Group. On 22 December 2023, post obtaining Kalamazoo's shareholder approval, the Founders shares were issued to Kalamazoo and Karora Group.

e) Exploration Assets Transfer

The Company entered into a tenement sale agreement with Kali Metals Limited for the transfer of tenement and mineral rights acquisition related to the Marble Bar Project and DOM's Hill Project. Kali Metals Limited issued 37,862,900 of its shares to the Company as part of the consideration paid for the tenement and mineral rights. The assets were transferred prior to Kali Metals Limited demerging from Kalamazoo. In accordance with the applicable standard, the tenement and mineral rights were derecognised at their carrying amount of \$3,581,284.

NOTE 19: EVENTS SUBSEQUENT TO THE REPORTING DATE

On 3 January 2024 eligible Kalamazoo shareholders received 1 fully paid ordinary Kali Share for every 17.64 ordinary Kalamazoo shares via an in-specie distribution of a total of 9,715,750 Kali Shares, with Kalamazoo retaining a 20.2% ownership of Kali via its holding of 29,147,250 Kali Shares.

On 8 January 2024 the Company announced the completion of the spin out of its Australian lithium projects via a demerger and concurrent Initial Public Offering of Kali Metals Limited.

On 9 January 2024, as part of its Share Subscription Agreement with Lind Global Fund II ("Lind"), the Company repaid \$150,000 through the issue of 1,648,352 shares.

On 11 January 2024, the Company announced the appointment of its new Chief Executive Officer, Dr Luke Mortimer effective 11 January 2024.

On 6 February 2024, the Company announced the signing of an Option agreement with De Grey to acquire Kalamazoo's Ashburton Gold Project. The agreement provides De Grey with exclusivity for 12 months, with the right to extend a further 6 months, to complete development studies at the AGP at its sole cost. A total of \$30 million will be payable in cash and/or De Grey fully paid ordinary shares as \$15 million on exercise of the Option and \$15 million on the date 18 months from the exercise of the Option. The Option Fee paid under the agreement was \$3,000,000 cash.

On 9 February 2024, Joint Company Secretary Bernard Crawford resigned, with Carly Terzanidis remaining in the role of Company Secretary.

On 13 February 2024, as part of its Share Subscription Agreement with Lind, the Company repaid \$150,000 through the issue of 1,785,714 shares.

On 20 February 2024, 250,000 performance rights were cancelled.

On 7 March 2024, the Company announced the receipt of orders granted in the Supreme Court of Western Australia in relation to, among other things, the appointment of the Company's auditor, BDO Audit (WA) Pty Ltd, from 29 November 2023.

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

DIRECTORS' DECLARATION

In the opinion of the directors of Kalamazoo Resources Limited:

- 1) the financial statements and notes of Kalamazoo Resources Limited are in accordance with the *Corporations Act 2001*, including:
 - a) giving a true and fair view of its financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
 - b) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Luke Reinehr
Executive Chairman

15 March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kalamazoo Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Kalamazoo Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd



Glyn O'Brien

Director

Perth, 15 March 2024