

Kalamazoo Grants De Grey an Exclusive Option to Acquire the Ashburton Gold Project

Highlights

- Option Agreement signed with De Grey Mining Limited (“De Grey”) to acquire Kalamazoo’s **1.44Moz¹** Ashburton Gold Project (“AGP”) by the payment of an Option Fee of **\$3 million** cash
- Kalamazoo has granted De Grey exclusivity for 12 months, with the right to extend for a further 6 months (“Option Period”), to complete development studies at the AGP at its sole cost
- 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
- Metallurgical test work completed by Kalamazoo concluded that gold mineralisation contained within the Mt Olympus deposit is amenable to producing a gold-sulphide concentrate grading up to 45g/t Au, that has the potential to be processed at De Grey’s proposed pressure oxidation (“POx”) plant at Hemi

Kalamazoo’s Executive Chairman Luke Reinehr said today: “We are delighted to have reached an agreement with De Grey for the future sale of the Ashburton Gold Project. Since acquiring the AGP in 2020, we have added significant value to the project in a short period of time and should De Grey exercise the Option and acquire the AGP, Kalamazoo will receive a total of \$33 million in cash and/or De Grey shares. On completion, this will be an excellent result not just for our shareholders, but also for De Grey and it’s proposed Hemi Gold Project in the Pilbara which we identified as the natural regional processing facility for the high-grade sulphide gold contained at the Ashburton Gold Project”.

“With the initial \$3 million Option Fee, we will look to immediately progress with exploration on our highly prospective Mallina West Gold Project 50kms to the south-west of Hemi, and at our exciting portfolio of Victorian Gold Projects”.

“On the exercise of the Option, Kalamazoo will receive total sale proceeds of \$30 million that is consistent with our strategy of identifying, acquiring, and discovering projects which we can enhance, and thereby create tangible shareholder value. Importantly, Kalamazoo will not be required to take on the longer-term development and financing risks inherent in a large new mining project in the current economic environment”.

¹ ASX: KZR 7 February 2023

Proposed Transaction Overview

Kalamazoo Resources Limited (ASX: KZR) (“Kalamazoo” or “the Company”) is pleased to announce that it has signed an exclusive Option Agreement with De Grey Mining Limited (**ASX: DEG**) that provides a 12-month option (with the right to extend for a further 6 months) for De Grey to purchase the Ashburton Gold Project, including the contained 1.44Moz gold resources and all associated mining and exploration licences and applications (“AGP Option”).

During the Option Period:

- De Grey plans to complete:
 - metallurgical drilling and test-work to determine the nature and recovery of the sulphide ores at the AGP’s Mt Olympus resource
 - complete multi-element geo-chemical analysis on retained samples/drill chips/drill core within the Mt Olympus resource area
 - remodel the geological mineralisation, alteration, weathering and geotechnical domains for processing and mining purposes
 - run open pit optimisations
 - utilise Kalamazoo personnel where necessary on a cost plus 10% basis
- De Grey is required to spend a minimum of \$1 million on exploration and assessment activities at the AGP during the Option Period and share all results with Kalamazoo
- During the Option Period and until Completion, De Grey is responsible for keeping all tenements in good standing at its sole cost
- On exercising the Option and entering into the Mining Property Sale and Purchase Agreement (“Agreement”) with Kalamazoo for the purchase of the AGP, De Grey will pay the purchase price of \$30 million in cash and/or by the issue of De Grey shares at De Grey’s election

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.

Kalamazoo has evaluated numerous strategies for development of the AGP over the last three years and the Board believes the terms negotiated with De Grey offers the best opportunity for Kalamazoo shareholders to realise excellent value for the project.

Should the Option be exercised, Kalamazoo will be provided with the financial means to intensively continue its exploration efforts and investigate the acquisition of new projects, and/or provide a return to shareholders.

Ashburton Gold Project

The AGP is located 35km SE 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, 52/4052 and tenement applications 47/4714 and 47/4913.

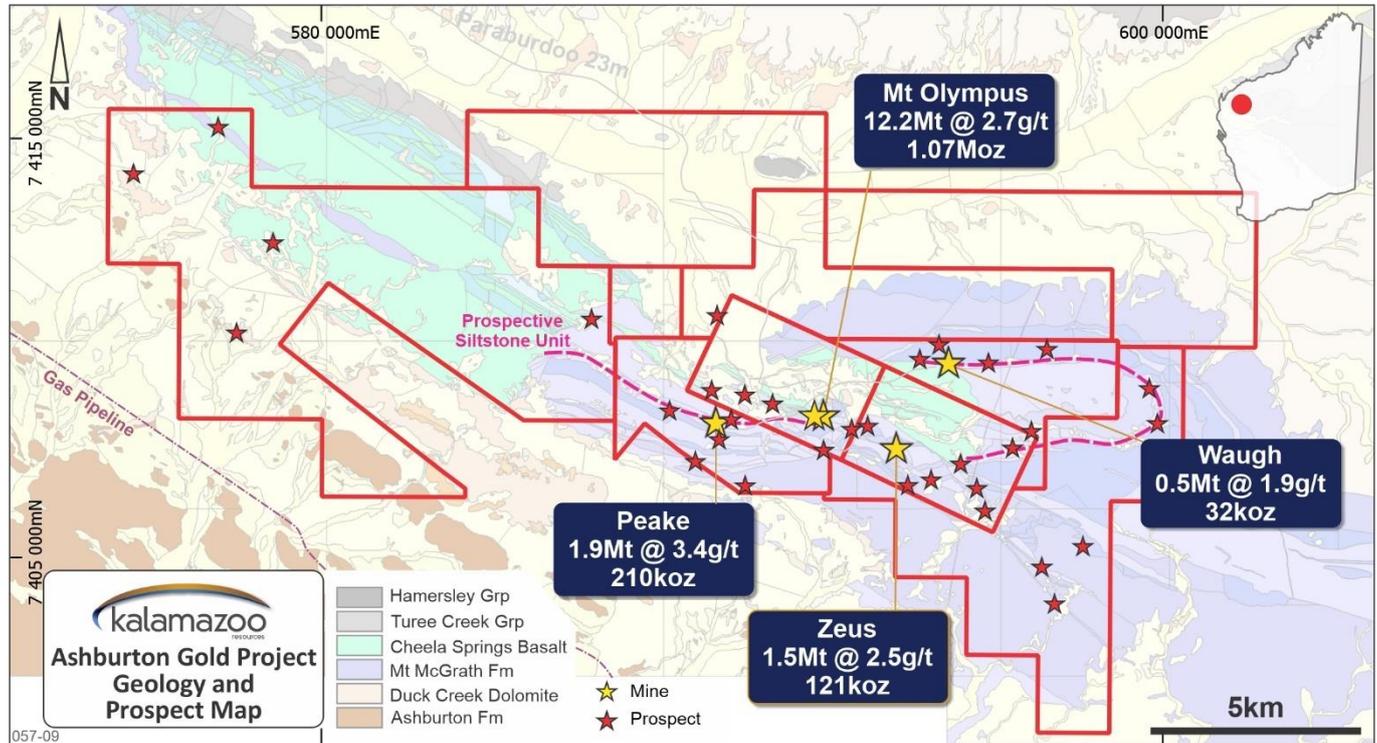


Figure 1: Geology map showing the historical open pit mines and locations of mines and prospects and new resource estimate numbers for each deposit¹

Recent Exploration and Development Activities at the Ashburton Gold Project

In February 2023, 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 was prepared by independent technical consultant CSA Global Pty Ltd (“CSA”) and was based on Kalamazoo’s and historical reverse circulation and diamond drilling totalling 324,804 metres from 11,428 holes, completed by 8 May 2022. The updated MRE now stands at **16.2Mt at 2.8g/t Au for 1.44 Moz**, detailed in the Table 1 below, estimated to the nearest 10,000 tonnes and 1,000 ounces.

Table 1: Mineral Resource Estimate for the Ashburton Gold Project¹

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

1. OP (Open Pit) resource: >0.5 g/t, inside optimised pit Rev factor = 1.2
2. UG (Underground) resource: >1.5g/t below Rev factor = 1.2 pit, inside domain wireframes
3. West Olympus OP: >0.5 g/t, inside optimised pit Rev factor = 1.2
4. UG: >1.5g/t below Rev factor = 1.2 pit, inside domain wireframes
5. OP: >0.5g/t above 395mRL (equivalent to base of current pit)
6. OP: Optimised Pit 11 with Indicated + Inferred, > 0.5g/t
7. UG: Below Optimised pit >1.5g/t
8. The previous inferred resource at Romulus remains unchanged at 329kt @ 2.6g/t for 27k oz Au. Romulus was not included in this update and is therefore in addition to the total Resource quoted in the above table¹

The resource includes mineralised material from four deposits, with the large and important Mt Olympus deposit now accounting for 75% of the total resource base ounces. In terms of value-adding, this new updated resource estimate delivered a 10% increase in grade (2.8 g/t Au) as well as a 68% increase in the higher confidence Indicated Category ounces.

Metallurgy

Kalamazoo completed metallurgical test work on the Mt Olympus deposit in early 2022, the results of which concluded that the Mt Olympus gold mineralisation was amenable to producing a clean high-grade gold-sulphide concentrate, up to 45g/t Au². It is anticipated that during the Option Period De Grey will undertake further metallurgical test work to derive final recovery numbers for Mt Olympus and to confirm its suitability for processing at the planned Hemi POx processing plant.

This announcement has been approved for release to the ASX by Luke Reinehr, Chairman, Kalamazoo Resources Limited.

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² ASX: KZR 11 March 2022

Previously Released ASX Material References

For further details relating to information in this announcement please refer to the following ASX announcements:

ASX:KZR 11 March 2022

ASX: KZR 7 February 2023

About Kalamazoo Resources Limited

Kalamazoo Resources Limited (ASX: KZR) is an ASX-listed exploration company with a portfolio of high-quality gold projects in the Central Victorian Goldfields and the Pilbara, WA. In the Pilbara, Kalamazoo's extensive exploration program is advancing the 100% owned Ashburton Gold Project to further increase the current 1.44 million gold ounce resource and to progress development plans. Also, in the Pilbara the company is exploring its 100% owned Mallina West project which is located along strike of and within the same structural corridor as De Grey's +10 million ounce Hemi gold discovery. In the Central Victorian Goldfields Kalamazoo is exploring its 100% owned Castlemaine Goldfield Project (historical production of ~5.6Moz Au), the South Muckleford Gold Project south of the Maldon Goldfield (historical production of ~2Moz), the Myrtle Gold Project, the Tarnagulla Gold Project, and the Mt Piper Gold Project near the world class Fosterville gold mine in Victoria. Kalamazoo has become the first junior gold explorer operating in Australia to be certified carbon neutral for its business operations under the Federal Government's Climate Active Program, with projected 2023 emissions fully offset achieved with a verified environmental reforestation program in Western Australia.

Competent Persons Statement

The information in this release relation to the exploration data for the Western Australian Ashburton Gold Project is based on information compiled by Mr Matthew Rolfe, a competent person who is a Member of the Australian Institute of Geoscientists. Mr Rolfe is an employee engaged as the Exploration Manager – Ashburton Gold Project 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'. 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 and Exploration Target at the Ashburton Gold 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 several factors which are outside the control of the Company and its Directors, staff, and contractors.