

KALAMAZOO RESOURCES LTD (ASX:KZR)

Research Note – 3 October 2025

COMPANY OVERVIEW

Kalamazoo Resources Limited (ASX:KZR) is an Australian mineral company incorporated on 23 March 2011 and listed on the ASX on 16 January 2017. Headquartered in Perth, the company is primarily focused on the exploration and development of gold assets in Western Australia. Its flagship asset, the Ashburton Gold Project (AGP), comprises the Mt Olympus, Peake, Waugh, Zeus and Romulus projects, which together host an estimated 1.436 million ounces of gold under JORC-compliant resource classification.

PROJECTS

Overview

KZR's flagship asset, the Ashburton Gold Project (AGP), is located in Western Australia and is prospective for gold. It comprises 5 prospects: Mt Olympus, Waugh, Peake, Zeus, and Romulus. Other assets include the Mallina West Gold Project, the Tarnagulla Gold Project, Mt Piper Gold and Antimony Project, South Muckleford Project, and Castlemaine Gold Project.

Ashburton Gold Project

Project Overview. The Ashburton Gold Project is 100% owned by KZR and is located in the Ashburton region, at the southern edge of the Pilbara Craton, which is a region with high gold mineralisation. The project is located ~1,050 km NNE from Perth. The tenement package covers a total area of 217 km². Historically, from 1998-2004, the site produced 350,000 oz Au at an average grade of 3 g/t Au. The Mt Olympus and West Olympus deposits were recently integrated into a single pit mine site by ERM International Group Limited, after it was shown that the single pit has a higher potential mineable material of 772,000 oz at 2.53 g/t Au.

JORC. KZR's Ashburton Gold Project contains a resource of 16.19 Mt at 2.8 g/t Au for 1,436,000 oz. JORC by resource category is broken down in the table below.

Cut-off Grade: 1.04 g/t	Tonnes (Mt)	Grade (g/t)	Contained Au (oz)	Adjusted Ounces
Inferred	6.49	2.5	525,000	210,000
Indicated	9.70	2.9	911,000	637,700
Total	16.19	2.8	1,436,000	847,700

On 20 October 2025, KZR announced an underground exploration target beneath the optimised Mt Olympus – West Olympus open pit shell. The identified exploration target consists of 2.0-6.0 Mt @ 2 g/t Au for between 129,000 – 387,000 oz (mid-point 258,000 oz), which indicates growth potential beyond the existing resource base.

Northern Star Agreement. KZR signed an exclusive option agreement with De Grey Minerals, now Northern Star (NST), in February 2024. The terms of this constituted an upfront payment of \$3m, with the option to extend the 1-year lease by 6 months, and then to buy the mine in its entirety for \$30m, by either two \$15m cash payments, or one cash and one equity payment. As part of this agreement, De Grey was required to spend a minimum of \$1m on exploration and assessment activities at the AGP during the Option period and share all results with KZR.

On 9 December 2024, following Northern Star’s acquisition of De Grey, KZR announced De Grey’s decision to execute the extension of the 1-year lease by 6 months to 4 August 2025. On 29 July 2025, Northern Star decided not to exercise the option to purchase the AGP, due to the company’s shift in focus to their newly acquired Hemi Project from De Grey.

Xanadu Project Acquisition. Recently, KZR acquired the Xanadu project from Platina Resources and was granted an additional exploration license, increasing the total size of the AGP to 380.2 km². The Xanadu project contains widespread gold mineralisation, including Duck Creek Dolomite-hosted “Carlin-style” gold prospects and Mt McGrath Formation-hosted gold associated with disseminated pyrite and silicification that have similarities with mineralisation observed at the nearby Ashburton Gold Project.

Exploration Activities. On 9 December 2024, KZR announced the results of a 10-hole diamond drilling program of 2,252.3 metres. The drilling program was fully funded by NST as part of the required \$1m in expenditure on exploration and assessment activities. Significant assay results from the drilling program are summarised in the table below:

Hole ID	From (m)	To (m)	Interval (m)	Grade (g/t)	Gram-Metres
ASHDD0007	30	77	47	5.5	258.5
ASHDD0008	177.6	233.1	55.5	4.1	227.55
ASHDD0013	132.2	164	31.8	3.3	104.94
ASHDD0003	69	84.3	15.3	6.55	100.215
ASHDD0008	20.7	25.6	4.9	17.1	83.79

Planned Scoping Study. Following NST’s decision not to execute the option agreement, on 29 July 2025, KZR announced a fast-tracked Scoping Study. The Scoping Study is aimed at assessing the optimal development pathway for the AGP’s Mt Olympus Deposit. The study is also partially based on the re-optimisation of the recently merged Mt Olympus and West Olympus deposits, which were merged into one open pit in June 2025. The study is targeted for completion in Q4 2025. Subject to positive outcomes from the scoping study, KZR plans to immediately commence a Pre-Feasibility Study.

Mallina West Gold Project

Project Overview. KZR own 80% of the mineral rights of the Mallina West Gold Project, excluding lithium and is similarly located in the Pilbara region of WA and located ~1,050 km NNE from Perth. The tenement package covers a total of 118.2 km². The site is located just 50km away from Northern Star’s 11.2Moz Au Hemi Gold Project.

Exploration Activities. In December 2024, KZR announced the completion of a drilling program at the Mallina West Gold Project. The program consisted of 1,034 metres of reverse circulation (RC) drilling and 195.1 metres of diamond drilling. In the Q2 FY25 quarterly report, KZR stated they expected the results in Q3 FY25. However, the results were not received in Q3 FY25, and within that quarter’s report, they mentioned that the results were expected in Q4 FY25. As of Q2 FY26, KZR has yet to release the drilling results.

Central Victorian Gold Fields

Overview. The Central Victorian Goldfields host world-class gold-antimony deposits, including Fosterville, Costerfield mines and Sunday Creek discovery. KZR’s portfolio is one of the largest tenement holdings in the Central Victorian Goldfields, comprising 2,006 km² covering the Bendigo Zone, which has historically produced more than 60 Moz of gold and the Melbourne Zone, which demonstrates high-grade gold-antimony potential.

Two major developments in the Victorian gold fields, Southern Cross Gold raising up to \$143m to develop their Sunday Creek Gold-Antimony project, and a merger of equals between Alkane Resources (ASX:ALK) and Mandalay Resources (TSX:MND) with an approximate value of \$1B, have prompted KZR to renew their focus on their Gold-Antimony projects in the Central Victorian Goldfield. These projects consist of Tarnagulla, South Muckleford, Castlemaine, Myrtle Gold Project, and Mt Piper. All 5 projects located in the Melbourne Goldfields are located ~75 km north of Melbourne and traversed by the Hume Highway.

Mt Piper. The Mt Piper Gold Project is situated approximately 75 km north of Melbourne, strategically located adjacent to Agnico Eagle Mine Limited's (NYSE: AEM) large exploration land tenure and 30 km from its world-class Fosterville gold mine.

In Q1 FY24, KZR first announced their planned exploration field reconnaissance and mapping/sampling activities. These activities have continued into the latest quarter, Q4 FY25, at several prospects within the Mt Piper Project, with results yet to be reported.

South Muckleford Gold Project. The South Muckleford Project consists of two tenements covering approximately 161 km² located within the Bendigo Zone of the Central Victorian Goldfields. The Bendigo Zone has yielded more than 60 Moz of gold from alluvial and hard rock production.

During Q4 FY25, KZR continued its review of its previously discovered broad gold-antimony system identified at its South Muckleford Project during 2020-2021. Specifically, with increased interest and demand for antimony resources KZR is now reviewing the epizonal gold-antimony mineralised system associated with a series of historical mine workings.

Other Projects. KZR has provided limited information and exploration updates regarding the Castlemaine, Tarnagulla, and Myrtle Gold Projects in recent quarters.

Snake Well North

Project Overview. The Snake Well North Base Metals project is located in the Murchison region, Western Australia, spanning 112 km². Kalamazoo's interest in this area commenced when it acquired the Snake Well Gold Project in 2013 with a focus on gold exploration, as well as completing a successful trial gold mining operation. Although KZR sold the Snake Well Project in late 2018 for \$7m, the company has maintained an interest in the base metal potential of this area, particularly in the northern portion.

Exploration Activities. For the previous 3-4 Quarters, KZR have continued its technical review of the historical geophysical datasets that exist over the project.

FINANCIALS

Cash Position and Debt Owed

In the most recent quarter, Q4 FY25, KZR reported a cash balance of \$0.37m. They currently hold no debt.

Cash Burn and Runway

In the most recent quarter, Q4 FY25, KZR had a cash burn of \$0.60m, with the last 3 quarters having similar expenditure and frequently having less than 1 quarter of funding available. However, on 29 July 2025, KZR announced the completion of a \$2m capital raise, with the funds being earmarked for the fast-tracking of the scoping study and general working capital requirements.

Taking into account the recently raised amount, we estimate the cash balance to be \$2.369m. With an estimated cash balance of \$2.369m, KZR is estimated to have 4 quarters of operational runway left.

Exploration Expenditure

KZR spent \$0.34m in the last quarter as exploration expenditure, down from the \$0.48m spent in Q3 FY25. This, however, can be expected to increase as they undertake the recently announced scoping study, targeted for completion in Q4 2025. The expenses typically revolve around the further development of the company's projects, such as geochemical analysis and field reconnaissance/mapping, and drilling programs.

In '000s of AUD	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
Exploration and Evaluation Expenditure	736	168	479	344

Capital Structure

As of 24 October 2025, KZR has approximately 241.62 million shares and 34.44 million options and performance rights on issue. The total number of diluted shares outstanding sums to 276.05 million. This gives an option-ordinary share ratio of 0.125. A large number of the options have also reached their exercise price (21.56 million), with a current share price of \$0.18.

Share Price	\$0.18
Ordinary Shares Outstanding	241,615,739
Market Capitalisation	\$43.49m
Debt	-
Cash (Includes \$2m capital raise)	\$2.37m
Enterprise Value	\$41.12m
Options and Performance Rights Outstanding	34,436,109
Diluted Shares Outstanding	276,051,848

In 2020, KZR issued 1,875,000 performance rights. In order for these rights to vest, the company must announce an increased Mineral Resource estimate of at least 500,000 ounces of gold, in the Inferred or better category, with a ≥ 1 g/t cut-off). The table below shows additional details on the performance rights and options outstanding.

Details	Amount
Expiring 6/5/2027, exercise price \$0.12	5,000,000
Expiring 30/11/2025, exercise price \$0.341	11,000,000
Expiring 30/11/2027, exercise price \$0.126	7,950,000
Expiring 8/8/2028, exercise price \$0.135	8,611,109
Performance rights expiring 22/11/2025	1,875,000
Total options and performance rights	34,436,109

Shareholder Analysis

	Percentage Ownership
Mutual Trust Pty Ltd	19.18%
Citicorp Nominees Pty Ltd	5.75%
BNP Paribas Nominees Pty Ltd <Clearstream>	5.17%
Beatons Creek Gold Pty Ltd	4.14%
Tornado Nominees Pty Ltd	2.86%
BNP Paribas Nominees Pty Ltd	2.44%
BNP Paribas Nominees Pty Ltd <IB AU NOMS Retail Client>	2.40%
Jayleaf Holdings Pty Ltd	1.32%
HSBC Custody Nominees (Australia) Limited	1.30%
Whale Watch Holdings Limited	1.28%
Mrs Terina Nancy Beeching Adams	1.26%
Total	47.10%

Insider Ownership

	Position Held	Percentage Ownership
Angus Middleton	Non-Executive Director	2.90%
Luke Reinehr	Executive Chairman	2.65%
Paul Adams	Non-Executive Director	1.26%
Total		6.81%

Relative Valuation

Given its adjusted ounces of 847,700 oz and a gold price of \$6,000/oz, we estimate that the market value of KZR's AGP resource is ~\$5.1 billion. On an EV/Ounce basis, the market is currently valuing KZR's resources at \$48.51 per ounce. This EV/Ounce is significantly below the gold sector median of approximately \$273/oz.

	Metric
Adjusted Ounces	847,700
Adjusted Grade (g/t)	2.8
Market Value of Adjusted Ounces (at \$6,000/oz)	\$5.09 billion
EV/Ounce (\$)	48.51
Gold Sector Median EV/Ounce (\$/oz)	273

MANAGEMENT

Management Biographies

Luke Reinehr – Executive Chairman (Since 2011). Luke’s core legal experience complements mining and resources, project development and information technology skills. Working across all levels of management, Luke has extensive partnership, director, CEO and chairman experience in Australia and internationally. Luke Reinehr was compensated \$393,901 in FY25 (FY24 – \$411,211).

Angus Middleton – Non-Executive Director (Since 2014). Angus is a fund manager and former stockbroker with extensive experience in Australia’s capital markets. He is currently a Director of SA Capital Pty Ltd, a corporate advisory firm specialising in equity raisings and underwriting, and the Managing Director of SA Capital Funds Management Limited, an Adelaide-based investment fund involved in advising and raising equity for corporations in the form of venture capital, seed capital, private equity, pre-initial public offerings and Initial Public Offerings. Angus Middleton was compensated \$85,525 in FY25 (FY24 – \$48,840).

Paul Adams - Non-Executive Director (Since 2018). Paul has an Honours degree in Geology and has over 24 years’ experience in the mining industry in exploration, open pit, underground operational roles and directorships both in Australia and overseas. He was Chief Mine Geologist and Evaluations Manager at Placer Dome’s Granny Smith Mine in Western Australia and Production Coordinator at the giant Porgera Gold Mine in Papua New Guinea. Previous ASX-listed directorships include Spectrum Metals as Managing Director, where Spectrum’s “Penny North” discovery next to the historical Penny West pit resulted in it being taken over by Ramelius Resources in a deal worth \$228 million in 2020. Paul Adams was compensated \$93,720 in FY25 (FY24 – \$141,062).

Luke Mortimer – CEO (Since 2024). Luke is a geologist with over 30 years’ experience in exploration and mining at various locations across Australia, China, Africa and the Americas. He has served the majority of his experience as Geoscientist-Technical Leader with WMC Exploration Division, as well as Principal Exploration Geologist with MMG exploring for copper, nickel, zinc and gold. During this time, he also gained valuable underground mining experience (4 years) at WMC’s (now BHP) world-class Olympic Dam and Perseverance mines in Australia. Over the years, he has successfully implemented and managed numerous multi-million-dollar grassroots exploration programs worldwide. Luke holds a BSc (Honours) and a PhD in geology. Luke Mortimer was compensated \$392,474 in FY25 (FY24 - \$303,863).

Management Compensation

Between FY24-25, share-based compensation ranged between \$143-170k. However, in FY23 share-based compensation was an irregularity with the total being \$1.11m. This irregular amount was due to the issuance of 8,750,000 options with an exercise price of \$0.365 on 20 November 2022. This, at the time, was close to the share price, resulting in each option having a value of \$0.1265.

<i>In AUD</i>	Salary and Fees	Superannuation	Cash Bonus	Share-Based Compensation	Total Compensation
FY25	770,326	32,200	-	169,094	971,620
FY24	929,997	30,113	-	143,010	1,103,120
FY23	701,414	5,040	-	1,106,875	1,813,329

Related Party Transactions

In late 2023/early 2024, the company created a combined entity with Karora Resources (TSX:KRR) to create Kali Metals (ASX:KM1). In this new company, all of the previously held lithium projects were spun off. Kali took over the rights of Marble bar, DOM's Hill – both currently in a JV with Sociedad Quimica y Minr de Chile SA (NYSE:SQM), Pear Creek, and the lithium mineral rights across KZR's Jingellic and Tallangatta lithium projects in NSW and VIC. When KM1 went to market, the IPO provided KZR shareholders with a 23% in-specie distribution of its Kali shares. KZR also retained 29,147,250 ordinary shares – 18.8% of capital as of Q4 FY25.

INVESTMENT ANALYSIS

Investment Thesis

Undervalued on an EV/Ounce Basis. Kalamazoo Resources (KZR) appears materially undervalued on an EV/oz basis. At approximately \$48.51/oz, KZR trades at a significant discount to the industry median of ~\$273/oz, suggesting meaningful re-rating potential as the company continues to advance its assets. Notably, De Grey Mining previously ascribed a \$33m valuation to the AGP, providing a credible external benchmark for the project's intrinsic worth. Since that assessment, KZR has delivered a series of strong drilling results, indicating potential for both resource expansion and grade improvement. The De Grey valuation effectively establishes a valuation floor for the company, which is particularly compelling given KZR's current market capitalisation of ~\$44m—implying limited downside and substantial upside as project fundamentals continue to strengthen.

High-Grade Resource Supports Strong Economics. The AGP hosts a high-grade resource averaging 2.8 g/t Au, positioning it favourably against peer development projects in Western Australia. The grade profile of the West Olympus–Mt Olympus deposit underpins the potential for lower unit operating costs through reduced ore-to-waste ratios and higher recovery efficiency. Once in production, this is expected to translate into strong cash generation per ounce, particularly in the context of a supportive gold price environment.

Near-Term Catalysts from Scoping Study. A key near-term catalyst is the fast-tracked Scoping Study for the AGP, targeted for completion in Q4 2025. Given the project's scale, resource quality, and the prevailing gold price above A\$6,300/oz, we expect the study to deliver positive economic metrics and act as a meaningful share price catalyst. Furthermore, the completion of the Scoping Study will set the stage for a Pre-Feasibility Study in 2026, which could further de-risk the development pathway and attract additional institutional and strategic investor interest.

Investment Risks

Limited Advancement Across Non-Core Assets. While AGP remains the primary value driver, progress across the company's non-flagship exploration projects has been relatively limited. Exploration activity outside AGP has slowed, and the delayed release of certain assay results may suggest subdued exploration success or lower prioritisation of these assets. This lack of visible progress raises the possibility that KZR's broader project portfolio may contribute minimally to near-term valuation, thereby increasing the company's reliance on the successful advancement of AGP to sustain investor confidence and future growth.

INVESTMENT RECOMMENDATION

Given the upcoming catalysts as well as the high-quality nature of the AGP resource, we recommend KZR as a buy.

Contact Details

Paul Hart - Executive Director
Canary Capital
M: 0421 051 474
E: phart@canarycapital.com.au

Arun Sengupta - Executive Director
Canary Capital
M: 0417 617 181
E: asengupta@canarycapital.com.au

General Advice Warning

Please note that any advice given by Canary Capital Pty Ltd (Canary Capital) as a corporate authorised representative (CAR number 1254859) of BR Securities Australia Pty Ltd (ABN 92 168 734 530) which holds AFSL 456663 is GENERAL advice, as the information or advice given does not take into account your particular objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument. Canary Capital Pty Ltd | ABN 18 618 657 640 | www.canarycapital.com.au. Our Financial Services Guide (FSG) is available on the Canary Capital website <https://canarycapital.com.au/financial-services-guide/>

Disclaimers

Canary Capital provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by Canary Capital in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. Canary Capital has no obligation to update the opinion unless Canary Capital is currently contracted to provide such an updated opinion. Canary Capital does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance. Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. You acknowledge that you have assessed your own risk profile, with or without assistance from an AFSL holder licensed to provide such an assessment. We aren't licensed to assess your personal risk profile. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise. Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. Canary Capital does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, Canary Capital shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, Canary Capital limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable.

Disclosures

Paul Hart and Arun Sengupta are directors and authorised representatives of Canary Capital. They certify that any advice given by them or any other authorised representative of Canary Capital reflects their honest view of a company. Directors and authorised representatives of Canary Capital may own securities in companies they recommend, which will be declared if they ever give advice. Authorised representatives receive a share of the brokerage and origination fees earned by Canary Capital in relation to companies they recommend, so they rely on their skills at selecting good investment opportunities for clients of Canary Capital. Canary Capital, its directors and associates and employees receive fees and share options from companies to which Canary Capital is mandated to provide corporate advisory services. The companies currently mandated are ESK, M2M, NYR, and DekkoSecure.

Confidentiality Notice

This email (and any attachments) is intended only for the addressee and may contain information which is confidential and privileged. If you are not the addressee you may not use, disseminate or copy this information. If you have received this information in error, please notify us immediately and destroy this email and attachments. We do not guarantee the integrity of any e-mails or attached files and are not responsible for any changes made to them by any other person.