



ASX Announcement and Media Release

19 October 2017

PILBARA UPDATE & NEW GEOLOGICAL INTERPRETATION SUPPORTS DEVELOPMENT STRATEGY FOR MIXY GOLD LODE

HIGHLIGHTS: PILBARA

- Following the recent announcement that Kalamazoo secured an Option to acquire three highly prospective gold projects in the Pilbara, Kalamazoo is currently compiling a comprehensive database, including historical geochemistry, geophysics and drilling and will complete a reconnaissance field trip to ground truth areas of interest in the coming weeks.
- Kalamazoo received a refund of \$702,000 under the Federal Government's Research and Development Tax Incentive Scheme which significantly increases the Company's cash position and allows for funding of the planned exploration for the Pilbara and Mixy projects.

HIGHLIGHTS: MIXY GOLD LODE

- Significant new geological interpretation completed for the Mixy gold lode at the Snake Well Project in Western Australia.
- Based on an extensive review of the historical and recent geological drilling database supported by an independent consultant.
- Current JORC (2012) Mineral Resource Estimate* for Mixy to be updated in current quarter.
- Key points of new interpretation include:
 - Lode is now separated into three zones: Main Zone, Hanging Wall (HW) Zone and Footwall (FW) Zone.
 - Main Zone is now larger and more cohesive - up to 400m in strike and 250m down dip and is still open in all directions.

**For a detailed description of the geology and Mineral Resource Estimate, refer to the Independent Geologist's Report in Section 5 of the Company's Prospectus dated 3 October 2016 and Supplementary Prospectus, dated 14 November 2016.*

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- **Main Zone now has a shallower plunge with potential for more ounces per vertical metre - an important consideration for any development proposal.**
- **Separating the lower grade HW and FW zones from the Main Zone is expected to result in an overall increase in the average gold grade for the Main Zone.**
- **Outcomes support more drilling for both increased confidence in upper oxide portion of the resource and to test for resource extensions.**

Details

Emerging gold and base metal exploration company, Kalamazoo Resources Limited (**ASX: KZR**) (“**Kalamazoo**”), today announced updates on its Pilbara gold projects and a new geological interpretation of the Mixy gold lode, which forms part of its flagship Snake Well Project in Western Australia (Figure 1).

PILBARA UPDATE

Following the recent announcement that KZR has secured an Option to acquire between 80% and 100% equity in three highly prospective gold projects in the Pilbara, Kalamazoo is currently compiling a comprehensive database, including historical geochemistry, geophysics and drilling. Kalamazoo will complete a reconnaissance field trip to ground truth areas of interest within the next two weeks. The aim of this work is to develop an effective exploration program with the following objectives:

- Search for quality gold prospects based on historic nugget recovery;
- Identify the potential for conglomerate-hosted gold; and
- Identify the potential for other gold occurrences in quartz veins, shears and epithermal zones.

The Research and Development Tax Incentive Scheme refund will provide additional funding necessary for Kalamazoo to progress its exploration programs for the Pilbara and Mixy projects.

MIXY LODE

Kalamazoo has over the last quarter, reviewed, in conjunction with Kalamazoo's Independent Geologist, Ravensgate Mining Industry Consultants, all available drilling and geological database material for the Mixy prospect to enhance its understanding of the gold mineralisation. This included approximately 77 Reverse Circulation (RC) and Diamond drill holes together with the geological information from the trial pit mining¹.

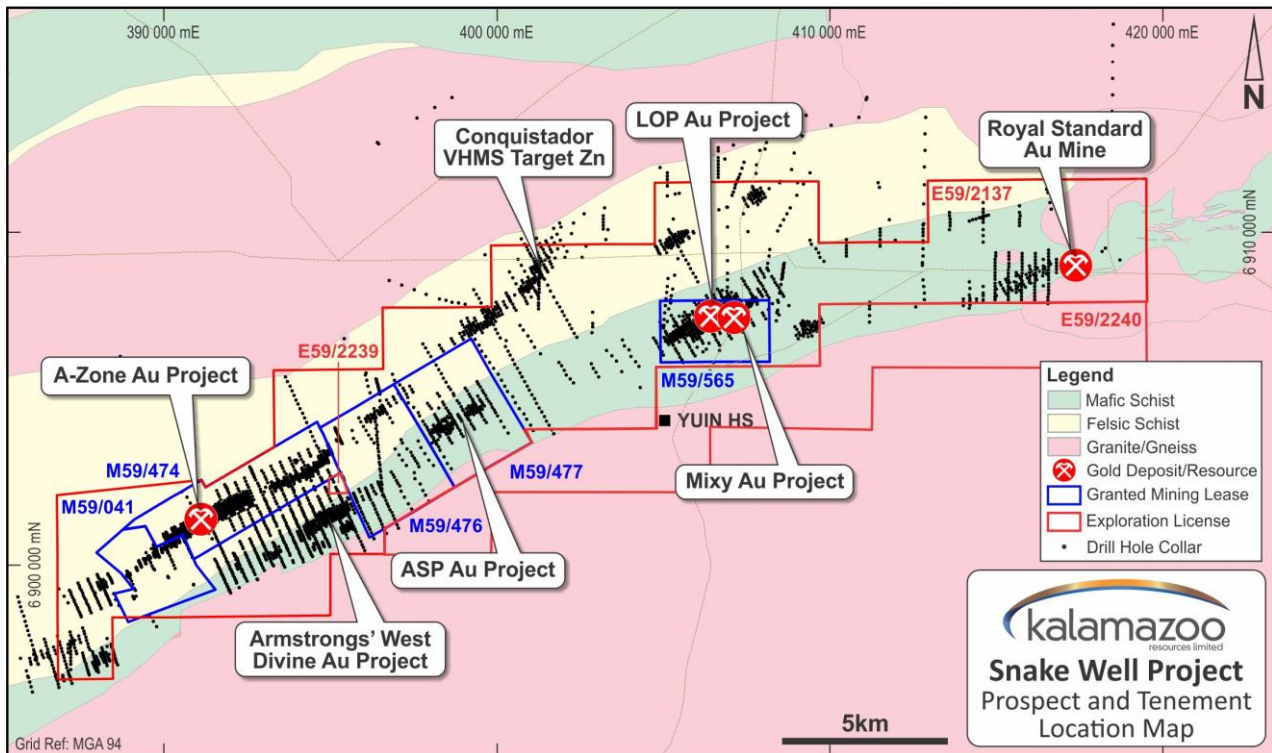


Figure 1. Location of the Snake Well Project Area and Mixy Trial Pit.

This new interpretation has resulted in an improved and more robust interpretation for the Mixy Lode which has resulted in the single main lode zone being split into three zones - the Main Zone and two, weakly mineralised, Foot Wall (**FW**) and Hanging Wall (**HW**) zones.

The Main Zone is hosted within a well-defined shear zone with distinctive geological characteristics and importantly is open along strike to the east and west and, down dip.

1: Refer to Kalamazoo ASX announcements dated 5 May and 14 June 2017. For a detailed description of the geology and Mineral Resource, refer to the Independent Geologist's Report in Section 5 of the Company's Prospectus dated 3 October 2016 and Supplementary Prospectus, dated 14 November 2016.

The gold lode appears as a shear zone within mafic rocks with a strongly developed foliation and the lode is usually expressed as two translucent quartz veins separated by a bleached and altered, silicified strongly sheared central zone with quartz stringer veins parallel to foliation. This coincides with the lode appearance as was seen in the pit during previous trial mining and is evident in the current eastern pit wall (Figures 2 and 3).

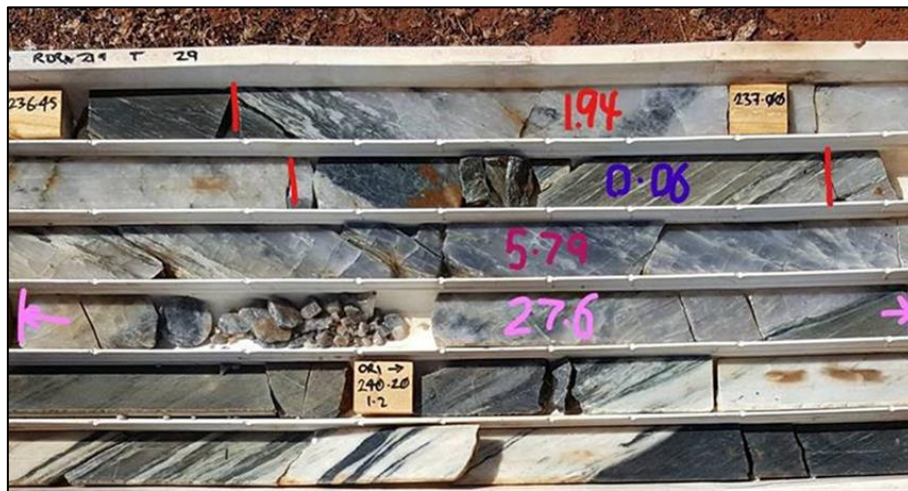


Figure 2. Photo of Drill Hole RCRW219 of Mixy Main Zone lode, showing two gold mineralised veins and weakly mineralised inter-vein alteration zone.



Figure 3. Photo of Eastern Wall of Mixy Trial pit and positions of the Main Zone gold veins and inter-vein alteration and quartz stringer zone. Blue bar is ~4m.

The Main Zone lode interpretation, which is based on accumulation modelling², is now a more cohesive zone up to 400m in strike, 250m down dip and varying in estimated true width (**ETW**) from more than 8m to <1m and plunging easterly at between 30 and 40 degrees. This markedly contrasts to the previous interpretation of a steeply plunging shoot at around 70 degrees and a strike length of between 50m to 150m.

As the Main Zone now has a shallower plunge and longer strike than previously interpreted, there is potential for more ounces per vertical metre - an important consideration for any development proposal. Also, by separating out the lower grade, HW and FW zones from the Main Zone resource, this is expected to result in an overall increase in the average gold grade for the Main Zone. The FW and HW zones are located within 10m to 15m of the Main Zone, are poorly defined and are associated with gold grades of up to 2 g/t Au over very narrow widths, generally less than 1m.

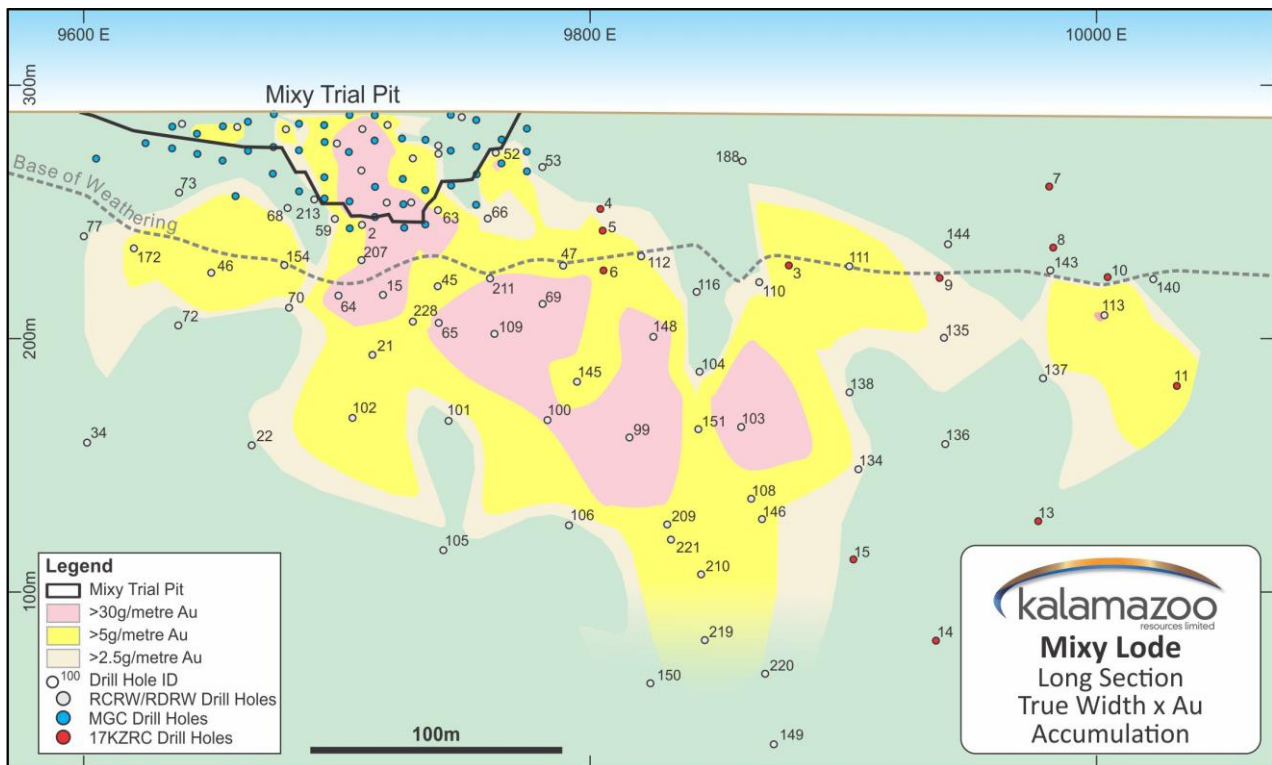


Figure 4. Contoured (Accumulation in gram/metres gold) of the Mixy Main Zone gold shoot.

Note: Pierce points and hole numbers are displayed.

2: Accumulation modelling is modelling based on contouring of the gold grade of the drill intersection pierce point and the estimated true intercept width in metres (**ETW**), expressed in grams/metre. Modelling by Ravensgate Mining Industry Consultants using Vulcan software, contouring with no anisotropy and accumulation was grade (g/t Au sample & uncut) multiplied by true thickness (metres) and samples were length weighted



Forward Work Program

The new geological interpretation was completed by Kalamazoo to support future resource extension work at Mixy and consideration of the potential to deepen the Mixy Trial Pit.

Trial mining at Mixy was conducted between October 2015 and January 2016 and was highly successful in generating a financial return as well as providing key physical information. Approximately 300,000 tonnes of oxide material was mined to a depth of 40m with 20,230t of material at a grade of 6.83 g/t processed by Minjar Gold at the Minjar gold mine. At a reconciled recovery of 98.1% and 4,459oz Au mined which generated A\$2.1 million³.

A number of outcomes from the geological reinterpretation have the potential to have a positive impact on future development considerations at Mixy. The shallower interpreted plunge at Main Zone has potential for the lode to contain greater ounces per vertical metre.

Furthermore, delineation of the lower grade HW and FW zones is expected to result in an overall increase in the average gold grade for the Main Zone. An updated Mineral Resource Estimate is being completed for Mixy and is expected to be released later in the current quarter. A drill program is also being planned to provide improved confidence in the open pit mineral resource and to test for extensions to the known lode as well as to explore for repeat structures in the near-mine environment at Snake Well.

Kalamazoo Resources Managing Director, Mr Peter Benjamin, said: "This much improved geological interpretation provides a strong basis for a more robust resource model and support for planned future drilling for resource extensions and Mixy lode analogues. Any improvement in the gold grade of the Main Zone will make development of the project more probable".

Corporate Update

The Company advises that it has received a refund of \$702,000 under the Federal Governments Research and Development Tax Incentive Scheme which increases the Company's cash position and provides additional funding for the planned exploration at the Pilbara and Mixy projects. The refund relates to expenditure on research and development activities in the 2016 financial year.

3. Refer to the Independent Geologist's Report in Section 5 of the Company's Prospectus dated 3 October 2016 and Supplementary Prospectus, dated 14 November 2016.



For further information, please contact:

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About Snake Well Project

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

Competent Persons Statement

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

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

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

Forward Looking Statements

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

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