

## Kalamazoo and Karora to IPO their Major Australian Lithium Projects

### Highlights

- Kalamazoo to spin out its Australian lithium projects into a new ASX-listed exploration company, via a demerger and concurrent Initial Public Offering (“**IPO**”) of Kali Metals Limited (“**Kali**”) (proposed ASX Code: **KM1**) (“**Demerger**”)
- Agreement entered with TSX-listed Canadian gold miner Karora Resources Inc. (“**Karora**”) (**TSX: KRR**) whereby at IPO, Karora will vend into Kali its highly prospective lithium mineral rights across an extensive range of projects located south of Kalgoorlie, Western Australia (“**Higginsville Lithium Project**”)
- At listing, Kali will be a leading Australian critical minerals exploration company, having consolidated significant lithium and critical minerals tenure totalling ~**3,833km<sup>2</sup>** and will have an experienced management team and Board with a proven track record of value creation in place, led by Graeme Sloan as Managing Director and Kalamazoo’s Chairman/CEO Luke Reinehr as Non-Executive Chairman
- Kali’s extensive exploration portfolio will be adjacent to world-class lithium mines and deposits in the Eastern Yilgarn (**1,607km<sup>2</sup>**) and Pilbara (**199km<sup>2</sup>**) WA, and prospective greenfields lithium exploration projects in the Lachlan Fold Belt (**2,027km<sup>2</sup>**) in NSW and VIC
- Kali expected to raise **\$10 million to \$12 million** at IPO to fund its exploration and drilling plans across the combined Australian lithium portfolio
- Kalamazoo to own 55% of Kali, with Karora owning the remaining 45% prior to IPO
- The IPO will provide Kalamazoo shareholders with an initial 25% in-specie distribution of its Kali shares and a priority entitlement to subscribe for shares in Kali, subject to final shareholder and regulatory approvals

**Kalamazoo’s Chairman and CEO Luke Reinehr said today,** *“With Kalamazoo’s primary focus on gold, we have contemplated spinning out our Pilbara and Lachlan Fold Belt lithium projects for quite some time now. When the opportunity arose to join with Karora, into what we consider will be a significant critical minerals exploration company in Australia, the rationale was compelling. We are delighted to have reached an agreement with Karora that will see our lithium portfolio combined with its highly prospective tenement package located in a Tier 1 lithium mining jurisdiction. The spin-out will result in the establishment of Kali as a well-funded ASX-listed lithium explorer, with an unrivalled portfolio of assets located in the hottest hard-rock lithium regions, not just in Australia, but globally. The spin-out of Kali will provide our shareholders with ongoing exposure to these expanded assets and strategy via an initial in-specie distribution of its shares in Kali. In addition, Kalamazoo shareholders will have the right to subscribe for additional shares, should they wish to participate in Kali’s IPO on a priority entitlement basis.”*

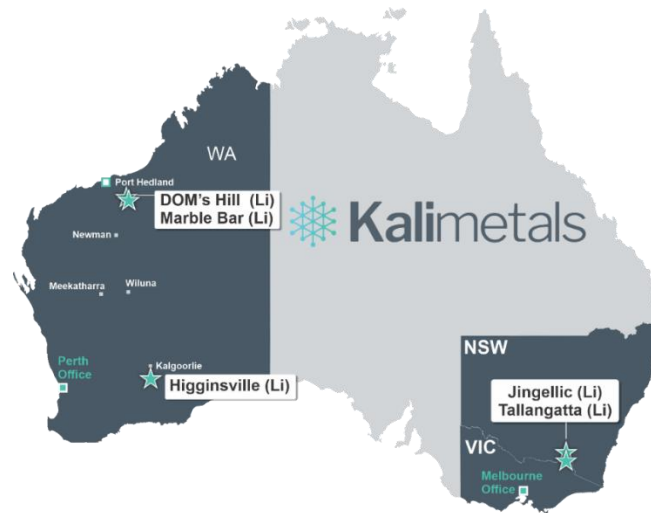


Figure 1: Location of Kali Metals' Portfolio of Lithium Exploration Projects

**Karora's Chairman and CEO Paul Huet said today, "I am very pleased to enter into this arrangement with Kalamazoo Resources to create Kali Metals. After exploring different potential ways to fully assess and explore the lithium potential of Karora's Higginsville tenements, I am confident we have found the best solution to move forward. Working with Kalamazoo, we have assembled a top-notch management group with an excellent track record of building value to give Kali a running start. Furthermore, it allows Karora management to stay focused on our gold and nickel production growth, while giving Karora shareholders near-term exposure to the lithium exploration on our Higginsville tenements in combination with Kalamazoo's lithium projects in Western Australia, New South Wales, and Victoria. Together, these assets under the Kali banner form a highly prospective exploration vehicle in the exciting lithium sector playing a critical role in the global energy transition. We look forward to participating in the enhanced combined success of the newly formed Kali Metals. "**

## Overview

Kalamazoo Resources Limited (**ASX: KZR**) ("**Kalamazoo**" or the "**Company**") is pleased to advise that it has entered into a Shareholders Agreement with Karora for the purpose of vending its non-gold exploration projects and mineral rights into Kali, and the undertaking of an IPO ("**Shareholders Agreement**"). The proposed transaction will see the establishment of a new ASX-listed exploration company, **Kali Metals Limited** (proposed ASX Code **ASX: KM1**), with its own highly experienced board and management team.

Kali's lithium exploration tenure at IPO will comprise:

- Kalamazoo's Marble Bar and DOM's Hill Lithium Projects in the Pilbara, WA (**199km<sup>2</sup>**) with exploration across these lithium projects currently being undertaken in Joint Venture with Chilean lithium producer Sociedad Química y Minera de Chile S.A. ("**SQM**") (**NYSE: SQM**)
- Lithium mineral rights granted across Kalamazoo's Jingellic and Tallangatta Lithium Projects (**2,027km<sup>2</sup>**) located in the Lachlan Fold Belt, NSW, and Victoria
- Lithium mineral rights granted across a significant portion of Karora's Higginsville gold tenement package (**~1,607km<sup>2</sup>**) located south of Kalgoorlie, in the Eastern Yilgarn, WA

The spin-out of Kali will enable Kalamazoo to focus its attention on the ongoing development of its gold assets in the Pilbara, particularly at the Ashburton Gold Project, where a new **16.2Mt @2.8 g/t Au for 1.44Moz Resource** was announced comprising of **9.7Mt @ 2.9g/t Au Indicated Resource and 6.5Mt @ 2.5g/t Au Inferred Resource** was recently announced<sup>1</sup>, and across its highly prospective gold projects in Victoria.

Kali has established its headquarters in Perth, WA, with an exploration office in Melbourne, Victoria. At IPO, Kali will hold prominent lithium exploration interests in the Pilbara, which hosts the world-class Pilgangoora and Wodgina lithium mines, and south of Kalgoorlie in the Eastern Yilgarn, which hosts the nearby Mt Marion and Bald Hill lithium mines and the Pioneer, Manna and Buldania lithium deposits. Kali's lithium exploration portfolio is further enhanced by the early stage, but highly prospective Jingellic and Tallangatta Lithium Projects, located in the Lachlan Fold Belt across NSW and Victoria.

Kali intends to be certified carbon neutral for its business operations under the Australian Government's recognised Climate Active Program. This process will have Kali establishing its carbon footprint, outlining its plans to measure and reduce its greenhouse gas emissions where feasible and offsetting its remaining carbon-generating activity. Both Kalamazoo and Karora's operations are similarly certified under the Climate Active Program.

### **About Karora Resources**

Karora is focused on increasing gold production to a targeted range of 170,000-195,000 ounces by 2024 at its integrated Beta Hunt Gold Mine and Higginsville Gold Operations ("HGO") in Western Australia. The Higginsville treatment facility is a low-cost 1.6 Mtpa processing plant, which is fed at capacity from Karora's underground Beta Hunt mine and Higginsville mines. In July 2022, Karora acquired the 1.0 Mtpa Lakewood Mill in Western Australia. Karora has a strong Board and management team focused on delivering shareholder value and responsible mining, as demonstrated by Karora's commitment to reducing emissions across its operations. Karora's common shares trade on the TSX under the symbol KRR and on the OTCQX market under the symbol KRRGF.

### **Board and Management**

Graeme Sloan has been appointed as Managing Director of Kali with Kalamazoo's Chairman/CEO Luke Reinehr as Non-Executive Chairman. Graeme Sloan is a highly qualified Mining Engineer with over 35 years' experience including as previous Managing Director of Karora. Paul Adams, John Leddy, and Simon Coyle have been appointed as Non-Executive Directors. Assisting the Board during the IPO process is Luke Mortimer as Exploration Manager, Bernard Crawford as CFO, and Nick Madders as Company Secretary/Legal Counsel. These appointments will provide a high degree of continuity and understanding of Kali's exploration portfolio. Kali has appointed Grant Samuel as Corporate Advisor and Gilbert + Tobin as legal advisor.

### **Kali Project Overview - Eastern Yilgarn Lithium Projects, WA**

The Higginsville Lithium Project is located south of Kalgoorlie within the Eastern Yilgarn, a leading hard-rock lithium region containing major mines and deposits including the Mt Marion Lithium Mine (21.4Mt @ 1.54% Li<sub>2</sub>O Indicated Resource and 30Mt @ 1.38% Li<sub>2</sub>O Inferred Resource)<sup>2</sup>, Bald Hill Lithium Mine (14.4Mt @ 1.02% Li<sub>2</sub>O Indicated Resource and 12.1Mt @ 0.9% Li<sub>2</sub>O Inferred Resource)<sup>3</sup>, Pioneer Dome Lithium Project (11Mt @ 1.2% Li<sub>2</sub>O Indicated Resource)<sup>4</sup>, Buldania Lithium Project (9.1Mt @ 0.98% Li<sub>2</sub>O Indicated Resource and 5.9Mt @ 0.95% Li<sub>2</sub>O Inferred Resource)<sup>5</sup> and Manna Lithium Project (18.5Mt @ 1.03% Li<sub>2</sub>O Indicated Resource & 14.2Mt @ 0.97% Li<sub>2</sub>O Inferred Resource) (Figure 2)<sup>6</sup>. Within the Higginsville Lithium Project area, highly prospective lithium targets have already been identified from outcrop and historical reports at Spargos, Mt Henry, Buldania North and East and the Chalice/Sinclair prospects.

1. ASX: KZR 7 February 2023 2. ASX: MIN 7 October 2022 3. ASX: TAW 6 June 2018 4. ASX: ESS 20 December 2022  
5. ASX: LTR 8 November 2019 6. ASX: GL1 15 December 2022

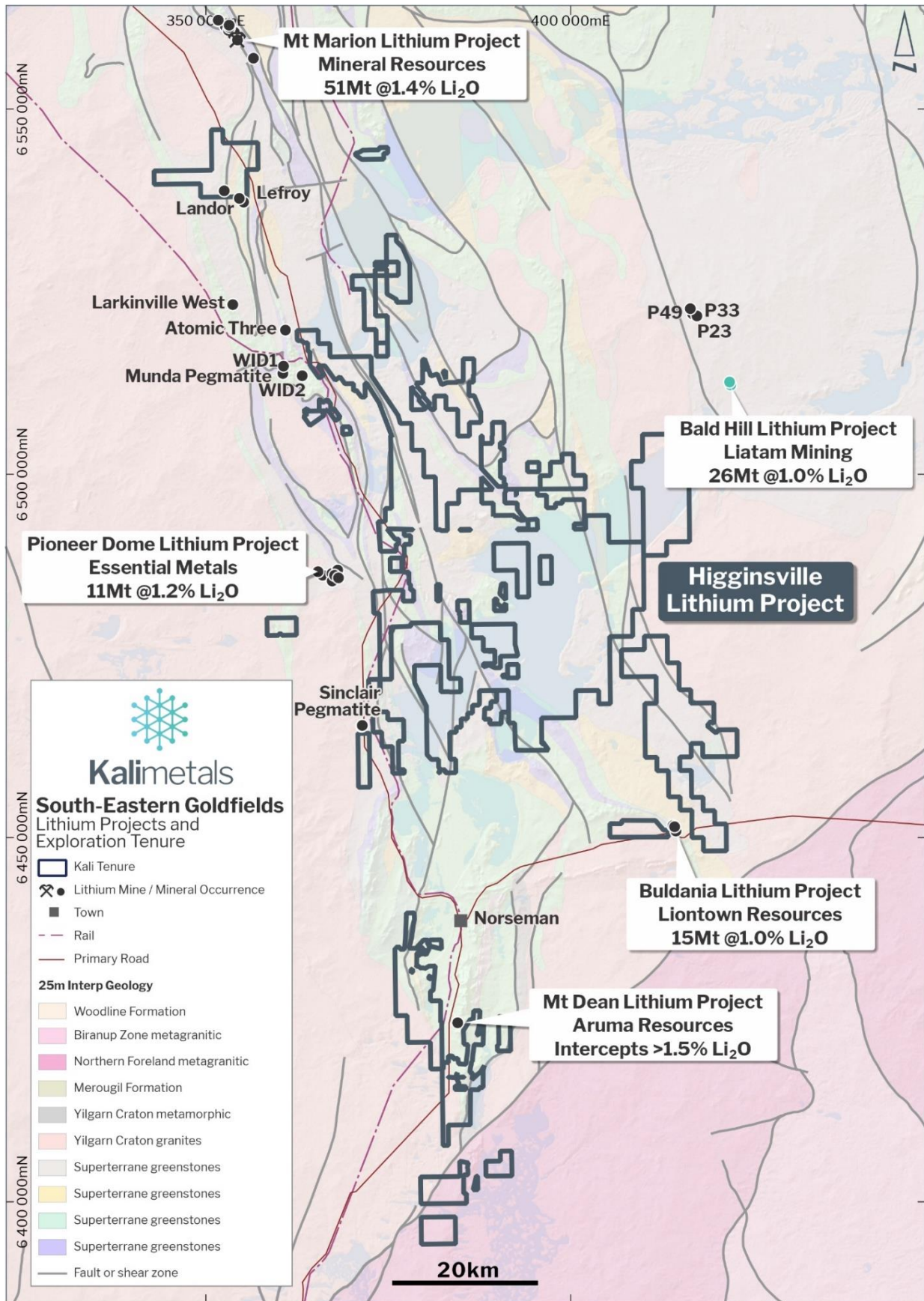


Figure 2: Location of Higginsville Lithium Project

## Pilbara Lithium Projects, WA

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 3). 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<sub>2</sub>O<sup>1</sup>. Recent mapping and surface sampling at the Marble Bar Lithium Project, has discovered outcropping spodumene-bearing pegmatite dykes associated with high-grade rock chip samples assaying up to 2.8% Li<sub>2</sub>O<sup>2</sup>.

The DOM's Hill Lithium Project, East Pilbara, 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. The project covers significant strike extent of Archaean granite-greenstone contact zone, or "Goldilocks Zone" considered highly prospective for Lithium-Caesium-Tantalum ("LCT") pegmatites.

The Marble Bar and DOM's Hill Lithium Projects are part of an exploration Joint Venture ("JV") agreement originally between Kalamazoo and major Chilean lithium producer SQM. Kalamazoo has, with SQM's consent, assigned its interest in the JV to Kali. SQM has been granted the right to earn an initial 30% interest (to a maximum of 70%) in all mineral rights at the Marble Bar and DOM's Hill Lithium Projects, by sole funding a minimum of A\$12 million of exploration and development activities over the next 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.

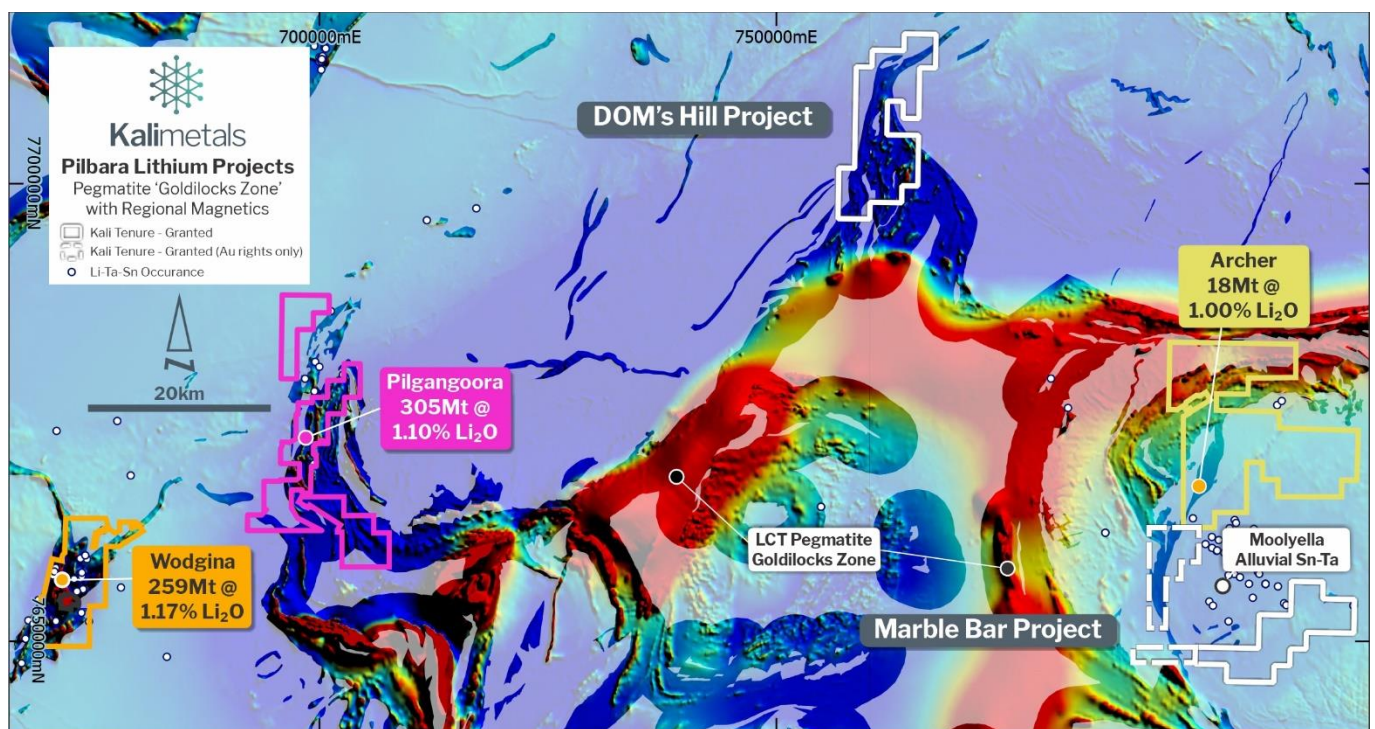


Figure 3: Location of the DOM's Hill and Marble Bar Lithium Projects with respect to the Pilgangoora and Wodgina lithium mines and the Archer lithium deposit, on a background WA regional-scale aeromagnetic image. The interpreted "Goldilocks Zone" is defined as a 4km wide zone located along the Archaean granite-greenstone contact area.

1. ASX: GL1 15 December 2022 2. ASX: KZR 10 February 2023

## Lachlan Fold Belt, NSW/VIC

The Jingellic and Tallangatta Lithium Projects are an “early mover” play, covering geology considered highly prospective for both LCT-pegmatites as well as hard-rock tin mineralisation (Figure 4). 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. These are all critical, favourable features of the LCT-pegmatite exploration model. Additionally, both projects lie within the extension of the same Lachlan Fold Belt geology that hosts known LCT mineralisation (including spodumene) at the Dorchap LCT Pegmatite Project located nearby in NE Victoria as reported by Dart Mining NL (ASX: DTM).

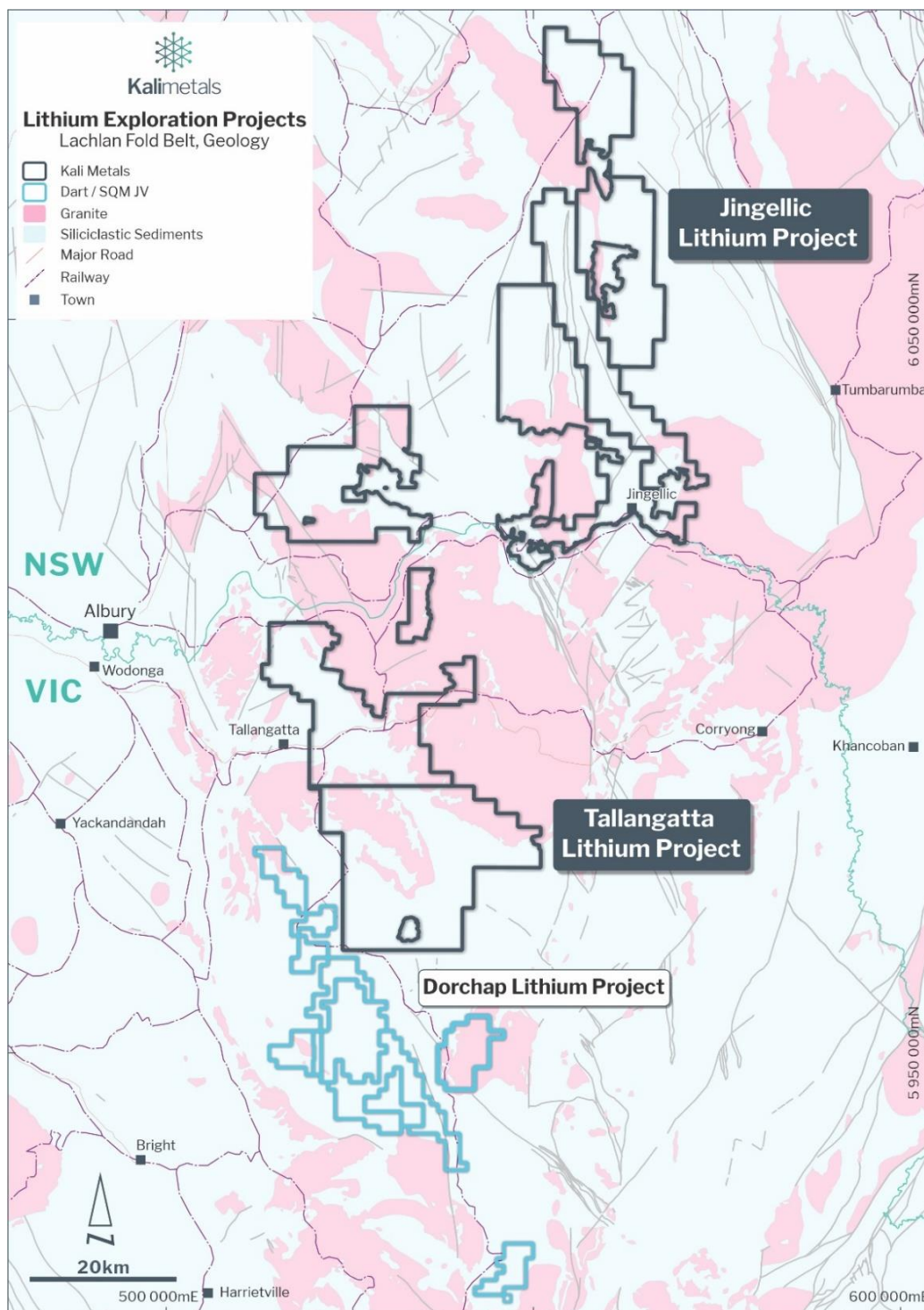


Figure 4: Location of Jingellic (NSW) and Tallangatta (VIC) Lithium Projects

## Proposed Demerger and Next Steps

The Demerger will be executed with 25% of Kali shares held by Kalamazoo at IPO proposed to be distributed via an initial in-specie distribution to eligible Kalamazoo shareholders. Eligible Kalamazoo shareholders will be entitled to receive a pro-rata distribution of Kali shares at the record date. Eligible shareholders will not be required to pay any consideration for these Kali shares.

Eligible shareholders are those Kalamazoo shareholders whose address is shown in Kalamazoo's register of members to be in Australia or New Zealand as at the record date. The entitlements of ineligible foreign shareholders to Kali's shares as part of the in-specie distribution will be transferred to a sale agent nominated by Kalamazoo.

As part of the Demerger and concurrent listing on the ASX in the IPO, Kali expects to raise **\$10 million to \$12 million** (before costs). It is anticipated that a pro-rata priority offer will be made to eligible Kalamazoo shareholders ("**Priority Offer**"). Further details regarding the IPO and the Priority Offer allocation policy will be provided in a prospectus to be lodged by Kali in due course.

The Demerger is subject to final Board, regulatory and shareholder approvals. Kalamazoo is aware that it and Kali will require customary ASX in-principle approvals and potentially waivers of certain ASX Listing Rules in order to implement the transaction on its contemplated terms. Kali has not formally applied to the ASX for in-principle advice in relation to suitability for admission to the official list under ASX Listing Rules 1.1 condition 1 and 1.19 for Kali and there is a risk that Kali may have to make amendments to the structure of the proposed transaction or may receive unfavourable in-principle advice from ASX and therefore be unable to proceed with the proposed transaction. Should changes be required to the proposed transaction Kalamazoo will provide further updates.

The ASX has advised that the Demerger requires Kalamazoo's shareholder approval under Listing Rules 10.1 and 11.4, and the receipt of such approvals is included as a condition precedent in the Shareholders Agreement. The Notice of Meeting for shareholder approval (including independent expert's report) and the Prospectus are currently being prepared and the Company will provide further details around timing in due course.

### Key steps and indicative timetable

Subject to and conditional on the receipt of the ASX in-principle approvals, an indicative timetable outlining the key steps for the proposed transaction is provided below.

Event	Indicative timing
Lodgement of notice of meeting with ASX and ASIC and despatch to Kalamazoo shareholders, seeking required approvals of Kalamazoo shareholders. The notice of meeting will include a prospectus in accordance with section 712 of the Corporations Act, in accordance with ASIC Regulatory Guide 188 <i>Disclosure in reconstructions</i>	Early July 2023
Lodgement of Kali Prospectus with ASIC	Early July 2023
Lodgement of application for the admission of Kali to the official list of ASX	Early July 2023

Opening date for offers under the Kali Prospectus (unless the exposure period for the Kali Prospectus is extended)	5 business days after the lodgement of the Kali Prospectus
Kalamazoo general meeting, at which all requisite shareholder approvals for the proposed transaction are provided	Early August 2023
Closing date for offers under the Kali Prospectus	Early August 2023
Receipt of conditional approval from ASX for the admission of Kali to the official list of ASX	Late August 2023
In-specie distribution of Kali shares to eligible Kalamazoo shareholders Issue of Kali IPO shares	Early September 2023
Kali commences trading on ASX	Early September 2023

Kalamazoo cautions that the dates shown above are indicative only and may be varied. There are a number of key items outside of the control of Kalamazoo or Kali, including the receipt of ASX or other regulatory approvals, and third-party reports (including the independent expert's report for the Kalamazoo shareholder meeting). Any material updates to the indicative timetable will be disclosed by way of ASX updates.

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

**For further information, please contact:**

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**Previously Released ASX Material References**

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

ASX: KZR 16 December 2021

ASX: KZR 2 February 2023

ASX: KZR 7 February 2023

ASX: KZR 10 February 2023



## About Kalamazoo Resources Limited

Kalamazoo Resources Limited (ASX: KZR) is an ASX-listed exploration company with a portfolio of high-quality gold and lithium projects in Victoria and the Pilbara, WA. In Victoria Kalamazoo is exploring its 100% owned projects in the Castlemaine (historical production of ~5.6Moz Au), Maldon (historical production of ~2Moz), and Tarnagulla Goldfields as well as its Myrtle and Mt Piper Projects near the world class Fosterville gold mine in Victoria. In the Pilbara, Kalamazoo's extensive exploration program is advancing the 100% owned Ashburton Gold Project to further increase the 1.44Moz Au resource as well as the 100% owned Mallina West Project along strike from De Grey's 10Moz Hemi discovery.

Kalamazoo's lithium projects include DOM's Hill and Marble Bar Lithium Projects in an exploration joint venture with the major Chilean lithium producer Sociedad Química y Minera de Chile S.A. (SQM) (NYSE: SQM) and the 100% owned Pear Creek Lithium Project. Kalamazoo also has the 100% owned "Jingellic" and "Tallangatta" lithium exploration projects in the Lachlan Fold Belt of southern NSW/NE Victoria.

Kalamazoo has become the first gold and lithium explorer operating in Australia to be certified carbon neutral for its business operations under the Federal Government's Climate Active Program, with projected 2022 emissions fully offset achieved with a verified environmental reforestation program in Western Australia.

## Competent Persons Statement

The information for the Projects, other than the Ashburton Gold Project, referred to in this release 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 in relation to 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 release that relates to the estimation and reporting of mineral resources 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 information in this release that relates to the mineral resources for the Ashburton Gold Project is based on information announced to the ASX on 7 February 2023. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply.

## 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.

In accordance with section 734(5)(b) of the *Corporations Act 2001* (Cth) (Corporations Act), it is noted that:

- Kali will be the offeror of fully paid ordinary shares under the IPO;
- A prospectus will be issued by Kali in accordance with Part 6.2 of the Corporations Act when the IPO shares are offered;
- the prospectus is anticipated to be issued in the coming months and will be made available on the website to be established by Kali and to eligible Kalamazoo shareholders;
- a person should consider the prospectus in deciding whether to apply for IPO shares; and
- anyone who wants to apply for the IPO shares will need to complete an application form that will be in or will accompany the prospectus.