

Special K Gold Companies - Kairos and Kalamazoo

Diggers and Dealers was the main game last week, in Kalgoorlie. It is not the biggest mining conference in terms of numbers of participants, but it is the most authentic when it comes to mining - especially gold mining. While there were still a few lithium and EV input companies continuing to fly the flag, I concentrated on gold stories.

As usual I came away with a list of companies on which to follow up and these will feature in subsequent Weeklies. This week I cover just two; Kairos Minerals and Kalamazoo Resources. Kairos deserves more recognition for its banded iron-hosted resource in the Pilbara, while Kalamazoo has been "gifted" a gold project also in the Pilbara, that has come back like a boomerang. Both companies look set for a re-rating.

Kairos Minerals has Plenty of Upside from Here

Kairos Minerals (KAI) is a junior explorer that has spent the last decade trading mostly below 6¢. So far in 2025, it has traded in a range of 1.2¢ to 3.3¢. Thus there have been opportunities to trade the stock, but what are the shares worth? At Friday's close of 2.6¢, the market capitalisation was \$68m.

Mt York - 43 Mt at 1 gpt for 1.4 Moz and growing

Located 100 km south of Port Hedland and 55 km SE of the large Hemi Gold Project, Mt York has already achieved a respectable size over a 3 km strike length. The gold is in banded iron formation (BIF) rocks that twist and fold over a potential strike length of up to 4.5 km, if the extension from Pilbara Minerals is included.

The Company is partway through a large, 30,000m drilling program. The latest results, released last week, had a best intercept of 53m at 1.45 gpt from a depth of 212m, including 10m at 2.95 gpt.

Stage 1 of the drilling involves 80 holes in an 18,000m resource extension program. A subsequent Stage 2 will aim to convert inferred resources to the indicated category.

Scoping Study - passes the sniff test

Kairos released a Scoping Study late in 2024, considering a 4 Mtpa CIL operation. Peak production could be 123,000 oz p.a. within an eight year mine life at AISC of A\$2,205/oz. Using a A\$3,500/oz gold price (32% below the current spot price), the IRR of a A\$276m capex investment could be 35% and the payback period could be 2.7 years.

I'm not a believer in being conservative with numbers just to seem responsible. It is better to look at what the gold price is today to assess the real earnings potential, otherwise the company is underselling itself. Increasing the gold price to the spot level would add additional cash of A\$1.1bn (657,000 oz x A\$1,700) to the pre-tax bottom line and dramatically improve the story.

Consider also that the Scoping Study is only first base. The numbers could change dramatically if drilling continues to expand the resource.

Two vectors that may extend the resources

The mineralised trend continues for another 1.5 km into the ground next door on a licence owned by Pilbara Minerals. Kairos is negotiating access to this ground with strong expectations that the final deal will be closed. Could that double the resource?

Also, the latest drill results suggest that Kairos has found one of the main feeder pathways of mineralisation and the key to a deeper mine. That will also add to the resource.

Dealings with Pilbara Minerals

A year ago Kairos announced the sale of adjacent licences to Pilbara Minerals for \$20m and a 2% royalty (cash and cash/shares). So far Kairos has received \$10m cash, with another \$10m due later this year. Pilbara obviously wants the lithium potential and Kairos wants to acquire the gold upside of the leases. So, Pilbara has agreed to grant its ground covering the extension of the BIF formation that has already demonstrated gold from earlier drilling. The companies have been developing a symbiotic relationship.

Strong cash balance

At 30 June, Kairos reported a strong cash balance of \$10m, so it is well funded through the current drill program. The subsequent \$10m payment from Pilbara will avoid the need to run off to shareholders for further funds in the foreseeable future.

The Bottom Line

Kairos has already demonstrated scale with scope for a mine producing in excess of 100,000 oz over an eight year mine life. It comes with an ASX-enforced cautionary statement that warns readers that this is an early stage project. However, you wouldn't consider buying the shares if you wanted a risk free asset. You should be looking for "what if" scenarios and the potential upside. I can already see that Mt York is destined to be a provider of a number of upgrades as information from drilling flows through. There could easily be 3 Moz+ by the time a mine is committed. The shares could find that the 6¢ level is no longer a barrier.

Kalamazoo Has Another Go at Mt Olympus

Kalamazoo is another exploration company that has been having a crack for a while with exploration ground and projects in Victoria and WA. The shares performed very well in 2020, spiking as high as 80¢, but have generally been falling out of favour since then ... until now.

In what was seen as a good deal at the time, KZR purchased the Ashburton Gold Project in mid 2020, from Northern Star. The transaction involved the payment of

\$5m on mining of the first 250,000 tonnes of ore, a 2% NSR on the first 250,000 oz of gold produced and 0.75% NSR on gold produced thereafter. KZR subsequently conducted drill programs and recalculated the resource base, but like many juniors, it also tried its hand at lithium. This resulted in the spinning out of Kali Metals in late 2023.

Nothing really happened with Ashburton, notwithstanding further drilling, apart from a revision of the resource base down to 1.44 Moz of gold, although importantly the grade increased by 24% to an impressive 2.8 gpt at the key Mt Olympus deposit. Kalamazoo eventually dealt it out to De Grey in an option transaction that delivered \$3m cash up front. That gave De Grey 12 months (plus six months) to conduct development studies before committing to paying another \$30m to complete the purchase. The thinking at the time was that the refractory ore at Ashburton could be processed by a pressure oxidation circuit at the Hemi plant.

Since then De Grey has been taken over by Northern Star, and that company has a completely different view on scale. Ashburton and Mt Olympus are too small to move its dial so the obvious happened. Northern Star let the option lapse and the project has remained with Kalamazoo. There doesn't seem to have been anything wrong with the project except it was too small for Northern Star.

That is wonderful for Kalamazoo. In the time that De Grey had the option it spent around \$3m conducting scoping studies. KZR can now continue the work and complete a fast track scoping study over the next few months. It is noteworthy that in the 18 months that it held the option the gold price has increased from around A\$3,100/oz to A\$5,200/oz.

Refractory but this is not seen as a problem

The main focus will be on the Mt Olympus and West Olympus deposits in a recently optimised single-pit development to a depth of 250m. The estimated mineable material has increased to 772,000oz at 2.53g/t Au using a conservative gold price of A\$4,500/oz. The waste to ore ratio will be 13:1. Although Mt Olympus is refractory, anticipated metallurgical recovery of up to 94% on a 75µm grind into a concentrate grading 30-45 gpt gold is expected. Preliminary studies suggest this will be easily saleable at the mine gate, but on 80% payment terms.

Historical note

Mt Olympus was a useful discovery made by Sipa Resources in the mid 1990s. Mining from 1998 to 2004, resulted in the production of 350,000 oz from oxide and transitional ore at an average grade of 3.3 gpt. Also, Newmont spent \$20m on exploration from 1998 to 2009, but then withdrew.

Northern Star acquired the project, generically known as Ashburton, from Sipa in 2011. It subsequently generated a new estimate of 20.8 Mt at 2.45 gpt for 1.65 Moz but it then sold it to Kalamazoo, before picking it up again via the take-over of De Grey.

A quick placement raising \$2m

A quick fund raising of \$2m was arranged last week at a price of 9¢ a share, with a 1 for 2 option attached (strike price of 13.5¢ and a three year life). Directors put up their hands for \$450,000 of the raising.

Victorian gold and antimony exploration assets

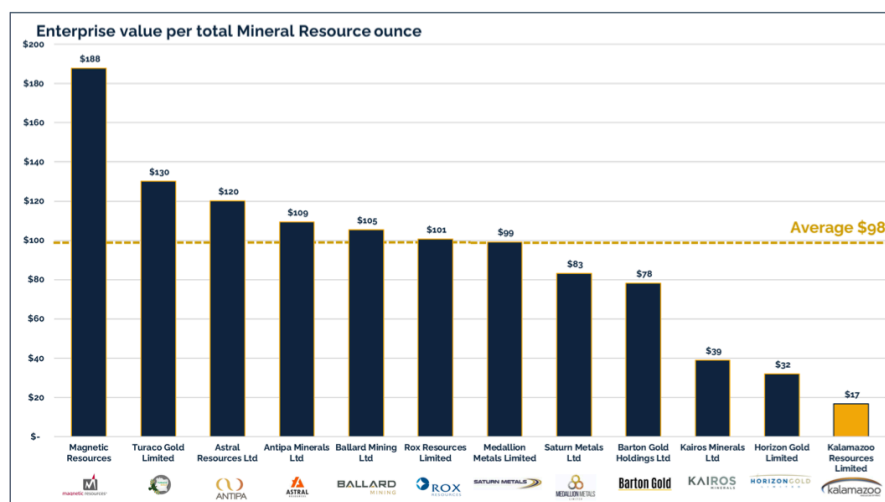
Kalamazoo still has a number of promising gold exploration projects in Victoria that might take a back seat right now, but exploration work is continuing. The Company holds ~1,522km² of ground adjacent to Southern Cross Gold's high profile Sunday Creek Project (where there is still no sign of a JORC Resource). A reconnaissance diamond drill hole program of 4-5 holes is planned at Tarnagulla near the historical, high-grade Poverty Reef Mine. Field reconnaissance work is being undertaken near Castlemaine.

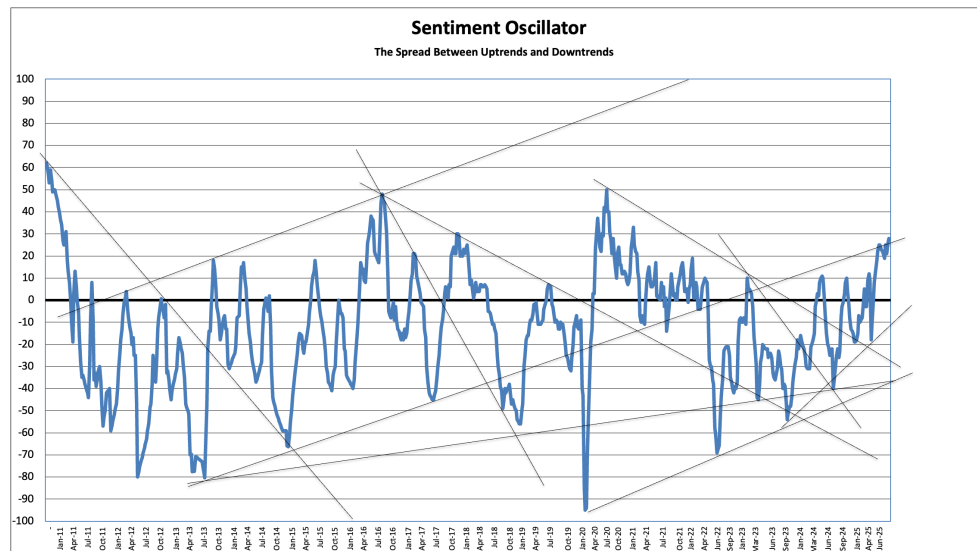
The Bottom Line

Kalamazoo is lucky that Ashburton has done a boomerang and come back. It can now start to plan for a gold mine and an operating cash flow. We are looking forward to seeing the Scoping Study which is expected to be released sometime in October.

A recent ASX release showed a table of the EV per ounce figures for comparable projects with an average of \$98/oz. KRZ comes in at a tiny \$17/oz. (See the table below). The market capitalisation at Friday's close is only \$26m. We suspect the share price is not going to stay down at these levels for much longer.

We have deleted Fortescue and Warriedar from chart coverage and added Ballard Mining, Kairos Mining and Kalamazoo.





Sentiment Oscillator: Sentiment improved due to a fall in stocks in downtrend. There were 48% (49%) in uptrend and 20% (23%) in downtrend at the close of the week.

Detailed Chart Comments

NB. Only the bold comments have been updated. Comments in grey type are from previous weeks and will be less relevant. Please note that this list is a cross section of the market. It IS NOT a list of recommendations.

Indices	Code		Trend Comment	
All Ordinaries	XAO		at new highs	
Metals and Mining	XMM		strong rally	
Energy	XEJ		surge out of downtrend	
Stocks	Code		Trend Comment (updated comments in bold)	Main Interest
Agua Resources	AGR		breached support line	phosphate, gold
Alkane Resources	ALK		correcting lower	gold
Alicanto Minerals	AQI		testing support	base metals, silver, gold
Alligator Energy	AGE		down after placement	uranium
Almonty Industries	AII		surge to new high	tungsten
Alpha HPA	A4N		improving	HPA
American Rare Earths	ARR		pullback on placement	rare earths
Anax Metals	ANX		new low after placement	copper
Andean Silver	ASL		rising again	silver
Arafura Resources	ARU		rising	rare earths
Ardea Resources	ARL		breached uptrend	nickel
Arizona Lithium	AZL		new low	lithium
Astral Resources	AAR		back to support line	gold
Aureka	AKA		still in downtrend	gold exploration
Auric Mining	AWJ		down	gold
Aurora Energy Metals	1AE		spike out of downtrend	uranium

Aurelia Metals	AMI		collapse on guidance announcement	copper + base metals
Aurum Resources	AUE		rising	gold
Australian Gold and Copper	AGC		testing downtrend	base metals, silver, gold
Australian Rare Earths	AR3		spiked through downtrend	rare earths
Australian Strategic Materials	ASM		spike then SPP and placement	rare earths
BHP	BHP		new uptrend confirmed	diversified, iron ore
Ballard Mining	BM1		new IPO	gold
Ballymore Resources	BMR		rising	gold exploration
Barton Gold	BGD		breaching downtrend	gold exploration
Beach Energy	BPT		at resistance line	oil and gas
Beetaloo Energy	BTL		rising	breached down trend
Bellevue Gold	BGL		sideways	gold
Besra Gold	BEZ		still down	gold
Black Cat Syndicate	BC8		breaching downtrend	gold
Boab Metals	BML		spike then a placement	silver/lead
Brazil Critical Minerals	BCM		new low - two tranche plus 1 for 3	rare earths
Brazilian Rare Earths	BRE		spiked higher	rare earths
Brightstar Resources	BTR		ST down	gold
Caravel Minerals	CVV		down	copper
Carnaby Resources	CNB		new uptrend	copper
Castile Resources	CST		testing downtrend	gold/copper/cobalt
Catalyst Metals	CYL		surge higher	gold
Cazaly Resources	CAZ		gentle uptrend	rare earths
Celsius Resources	CLA		at lows	copper
Centaurus Metals	CTM		sideways	nickel/cobalt/HPA
Challenger Gold	CEL		surge higher	gold
Cobalt Blue	COB		breached uptrend	cobalt
Cyprium Metals	CYM		testing uptrend	copper
Delta Lithium	DLI		sideways	gold/lithium
Emerald Resources	EMR		back to highs	gold
Emmerson Resources	ERM		new high	gold
EQ Resources	EQR		burst out of downtrend, then pullback	tungsten
Estrella Resources	ESR		correcting lower	manganese
Evolution Mining	EVN		testing uptrend	gold
Felix Gold	FXG		pullback	gold exploration, antimony
First Graphene	FGR		strong rise	graphene
Flagship Minerals	FLG		sideways	gold
Genesis Minerals	GMD		breached uptrend	gold
Globe Metals and Mining	GBE		surge higher	niobium
Gold 50	G50		spike higher on discovery	gold exploration + gallium
Golden Horse	GHM		breached downtrend	gold exploration
Great Boulder Resources	GBR		steeply higher	gold exploration
Green360 Tech (was Suvo)	GT3		down	kaolin
Hamelin Gold	HMG		down	gold exploration

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Heavy Minerals	HVY		new high	garnet
Hillgrove Resources	HGO		still in downtrend	copper
Iltani Resources	ILT		down	antimony
Iluka Resources	ILU		strongly higher	mineral sands
Jupiter Mines	JSM		improving	manganese
Kairos Minerals	KAI		testing uptrend	gold
Kaiser Reef	KAU		sideways	gold
Kalamazoo Resources	KRZ		rising	gold
Kalina Power	KPO		new uptrend	carbon sequestration
Koba Resources	KOB		breached downtrend	uranium
Larvotto Resources	LRV		testing uptrend	gold, antimony
Lindian Resources	LIN		bouncing	rare earths + bauxite
Lotus Resources	LOT		rising again	uranium
Lynas Corp.	LYC		rising again	rare earths
Many Peaks	MPK		breached uptrend	gold exploration
Marmota	MEU		spiked higher on titanium discovery	gold/uranium exploration
Matsa Resources	MAT		strongly higher	gold
Mayur Resources	MRL		sideways	renewables, cement
Meeka Gold	MEK		uptrend	gold
MetalsX	MLX		back to support line	tin, nickel
Meteoric Resources	MEI		rising again	rare earths
Metro Mining	MMI		rising again	bauxite
Midas Minerals	MM1		new high	lithium
Native Mineral Resources	NMR		testing uptrend	gold
New Murchison	NMG		rising	gold
New World Resources	NWC		rising	copper
Nexgen Energy	NXG		rising	uranium
Northern Star Res.	NST		breaching downtrend	gold
Nova Minerals	NVA		breaching downtrend	gold exploration
Novo Resources	NVO		sideways	gold exploration
Pacific Gold	PGO		breached downtrend	gold exploration
Paladin Energy	PDN		breached downtrend	uranium
Pantoro Gold	PNR		reconstruction 17 into 1	gold
Patriot Battery Metals	PMT		strongly higher	lithium
Peninsula Energy	PEN		suspended	uranium
Perseus Mining	PRU		correcting lower	gold
QMiners	QML		rising	copper
Queensland Pacific Metals	QPM		turning down again	nickel/cobalt/HPA
Regis Resources	RRL		down	gold
Reenergy	RLT		surged higher	gas, helium
Richmond Vanadium	RVT		down	vanadium
RIO	RIO		at resistance line	diversified, iron ore
RTG Mining	RTG		down	copper
Rumble Resources	RTR		breached downtrend	zinc exploration

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S2 Resources	S2R		down	gold exploration
Santana Minerals	SMI		sideways	gold
Santos	STO		spike higher on takeover approach	oil/gas
Sarytogan Graphite	SGA		rising	graphite
Scorpion Minerals	SCN		testing downtrend	gold exploration
Siren Gold	SNG		sideways	gold exploration
Southern Palladium	SPD		spike then a placement	PGMs
Stanmore Coal	SMR		improving	coal
St George Mining	SGQ		rising again	rare earths, niobium
Stellar Resources	SRZ		testing downtrend	tin
Sun Silver	SS1		higher	silver
Talga Resources	TLG		down	graphite
Tamboran Resources	TBN		testing downtrend	gas
Terra Uranium	T92		consolidating above lows	uranium
Theta Gold Mines	TGM		rising again	gold
Toro Energy	TOE		breaching downtrend	uranium
Torque Metals	TOR		breached downtrend	gold exploration + lithium
Toubani Resources	TRE		new high	gold
Trigg Minerals	TMG		consolidating	antimony
Verity Resources	VRL		falling again	gold
Vintage Energy	VEN		sideways	gas
Vertex Minerals	VTX		breached downtrend	gold
Westgold Resources	WGX		back to highs	gold
West Wits Mining	WWI		rising	gold
Whitehaven Coal	WHC		new uptrend	coal
White Cliff Minerals	WCN		sideways through downtrend	copper exploration
WIN Metals	WIN		breached uptrend	gold
Yandal Resources	YRL		recovering	
Totals	48%	64	Uptrend	
	20%	27	Downtrend	
		132	Total	

Guides to Chart Interpretations

- Charts usually go pass from one trend (up or down) into the other via a period of indecision and uncertainty during which the trend can either recover or change. This period is signified by the orange colour. The orange represent both the greatest risk and greatest reward possibilities.
- Once a chart is in confirmed up or downtrends it is not uncommon for 10-20% of that trend to have already transpired.
- There are trends within trends. The focus of this chart review is the immediate trend that affects the sentiment i.e. it can be a downtrend within a long-term uptrend.
- Not every chart warrants a new comment every week. The new comments are in bold type. Grey type comments may be dated.
- Individual charts provide a single view. It is valuable to look at charts of other companies in similar commodities, and the overall sentiment is also very valuable. Not many stocks can swim against the tide.
- We periodically add or delete charts, some times for obscure reasons. If a chart consistent gives poor signals or is very erratic, we may delete it. Sometimes we add a chart because we want to see what all the fuss is about. We do have a preference for charting stocks that we cover in our research as well.
- Errors and omissions may occur from time to time, especially in fast moving markets.

Amber Lights in Tables: Just a reminder if when the amber light is used in the table – it is when the charts are ambiguous or when there is a change of trend taking place. If a chart is breaching a downtrend it can either be a positive sign or a trap. Only once it has done more work can it be confirmed as a new uptrend. Maybe it is a new uptrend (or conversely a new downtrend); the risk takers can decide to jump on board early (or sell). They will maximise their profits (or minimise their losses if indeed it is the start of the new uptrend (downtrend). More risk-averse investors should wait a little longer, being prepared to give up some of the gains in return for greater certainty.

Weightings of Sectors Represented in the Company Charts

Sector	No. of Companies	Weighting	
Gold	36	27.3%	
Gold Exploration	18	13.6%	
Copper	13	9.8%	
Rare Earths	10	7.6%	
Uranium	10	7.6%	
Oil/Gas/Hydrogen	6	4.5%	
Iron Ore/Manganese	4	3.0%	
Lithium	3	2.3%	
Graphite/graphene	3	2.3%	
Nickel	3	2.3%	
Silver	3	2.3%	
HPA/Kaolin	2	1.5%	
Tungsten	2	1.5%	
Tin	2	1.5%	
Antimony	3	2.3%	
Coal	2	1.5%	
Niobium	2	1.5%	
Potash/Phosphate	1	0.8%	
Vanadium	1	0.8%	
Zinc/Lead	1	0.8%	
PGMs	1	0.8%	
Mineral Sands	1	0.8%	

Bauxite	1	0.8%	
Cobalt	1	0.8%	
Other	3	2.3%	
Total	132		

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