



ABN 23 101 049 334

Quarterly Activities Report for December 2020

HIGHLIGHTS

- **Cash and investments at end of quarter \$10.9m**
 - **Reconnaissance fieldwork conducted over the recently generated Ashburton Project, Western Australia**
 - **Acquisition of the 100% of the Halls Creek base metals project finalised**
 - **Numerous gold and base metal project reviews underway**
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PROJECTS

ASHBURTON BASIN PROJECT (CAZ 100%)

Cazaly Resources Limited (**ASX: CAZ**, “Cazaly” or “the Company”) secured the rights to a major land position covering more than 2,600 square kilometres in the Ashburton Basin in the Pilbara region of Western Australia (figure 1). The project covers major regional structures thought to be highly prospective for major gold mineralisation and occurs in the region hosting Northern Star’s (ASX:NST) Paulsen’s gold deposit and Kalamazoo’s (ASX:KZR) recently acquired Mount Olympus gold deposit.

The project is located within the Ashburton Basin which forms the northern part of the Capricorn Orogen, a ~1000km long, 500km wide region of variably deformed metamorphosed igneous and sedimentary rocks located between the Yilgarn and Pilbara cratons. A governmental collaborative project conducted a deep seismic survey transecting over ~450km covering the region aimed at identify the crustal architecture of the region. The survey identified the *Baring Downs Fault*, which lies centrally within the Ashburton Basin, as a major deeply seated, crustal scale structure with the potential to host significant mineralisation. To date, there has been very little exploration along the extent of the Baring Downs fault over which the Company’s applications cover approximately 80km strike.

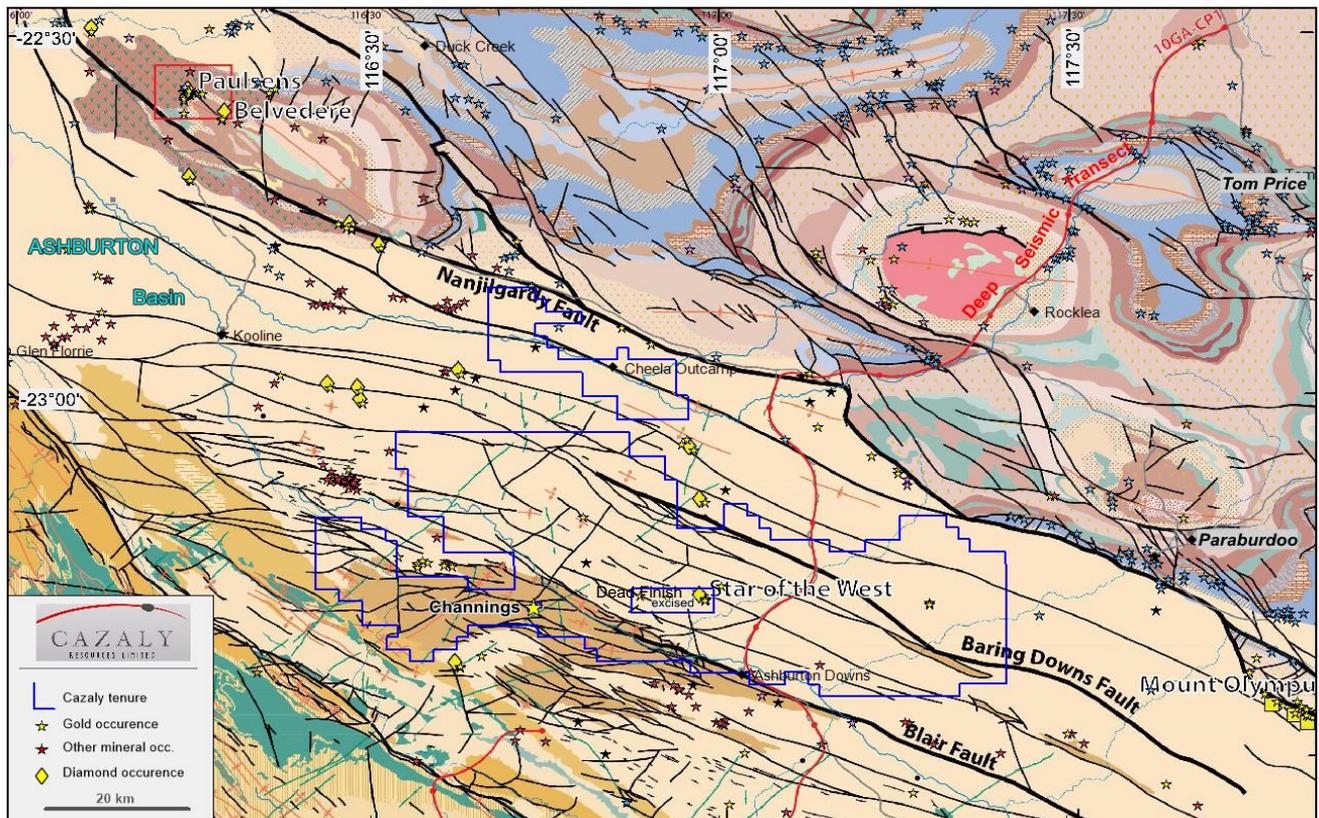


Figure 1: Regional geological setting, Ashburton project (Fielding et al, 2020)

The basin is known to host several smaller primary and numerous alluvial gold deposits (Star of the West, Dead Finish, Big Sarah, Hearn's Find, Glen Florrie, Soldiers Secret) and in the late 1890's to 1910 mining occurred in several centres with the Dead Finish diggings alone having over 8,000 men working the field, however true gold production was largely unreported. Some detailed work has occurred along the northern and southern margins of the basin, where the Paulsens and Mount Olympus gold mines lie, but no systematic work has focussed along the Baring Downs structure. Diamond exploration in the 1990's reported several kimberlite and lamproite intrusions in the area. The presence of kimberlites and lamproites, along with the widespread gold mineralisation, is further evidence that the Baring Downs fault is a major, deep seated mantle tapping structure requiring modern exploration.

During the quarter the Company conducted field reconnaissance work programs on site and acquired important project data sets to prepare for the 2021 field season. Early work has included reprocessing of available airborne geophysics data to highlight prospective lithological units and structural elements for targeting purposes. Deep seismic survey data was reprocessed to help define the structural architecture within the 2D profile that was completed by the GSWA in 2010 and transects the project. All of this work will culminate in prioritisation and planning for field programs in 2021 and includes a comprehensive open file data search which has already highlighted a number of gold targets for follow up.

Part of the preliminary work during the quarter included field reconnaissance programs. Low-impact field reconnaissance mapping and soil sampling of priority targets commenced in late 2020 across 8 areas. These were selected by the exploration team as potentially favourable structural/lithological settings for gold mineralisation. The work comprised first pass regolith mapping, prospecting and soil sampling. Samples were dispatched to Perth laboratories for analysis by standard acid digests as well as two additional ultra low-level analytical methods. The results have been recently received and are being interpreted, along with collected geological information, which will assist in determining the most effective sampling procedures and analytical methods for the upcoming programs.

Preliminary results from reprocessing and interpretation of deep seismic data sets has also recently become available. These continue to be interpreted but have already highlighted deep mantle tapping structures that may represent new important controls for mineralising fluids within the Ashburton project area. Final data sets with priority target areas will be available to the company in the current quarter.

The Company will accelerate the compilation of all work to finalise and prioritise targets for follow-up as soon as possible.

Expenditure on the project was in line with tenement commitments.

Mount Venn Gold Project (WML 80% CAZ 20%)

The Mt Venn Gold Project covers approximately 400 square kilometres located 125km northeast of Laverton in the Eastern Goldfields Region of Western Australia. In September 2019, Woomera Mining Limited (ASX:WML) (**Woomera**) purchased an 80% interest in the project from Cazaly who retains a 20% interest in the tenements through the establishment of an unincorporated Joint Venture.

The project area lies within the Mount Venn-Dorothy Hills greenstone belt which is the most easterly major NW/SE striking greenstone belt of the Yilgarn Craton. Together these greenstone belts account for 30% of the world's gold reserves, most of Australia's nickel production and other base metal and rare earth deposits.

During the quarter WML conducted a programme of aircore drilling and rock chip sampling on the project including a maiden reverse circulation programme at the *Chapman's Reward* prospect and aircore drilling programmes at the *Lang's Find* prospect and *Three Bears* prospects.

This initial aircore program aimed to outline the potential for large scale mineralised zones analogous to Gold Roads' Gruyere deposit within the Mt Venn Gold project. Aircore results from the Three Bears and Lang's Find prospects were received from a total of 86 holes for 2,468m drilled at these two prospects. The aircore program at Lang's Find was supplemented with rock chip sampling at locations where the aircore rig could not access.

A coherent +100 ppb gold anomaly was defined at the Three Bears prospect, extending the strike length of the gold trend identified in the previous aircore drilling program to a total of 7km and highlighting the large scale potential of this area.

Drilling at Lang's Find was hampered by difficult access with the main target area not tested however rock chip sampling returned grades of 9.2g/t Au, 7.74 g/t Au and 6.63 g/t Au, confirmed the potential of the prospect to host higher grade mineralisation.

RC drilling program at Chapman's Reward has commenced and approximately 1,000m has been completed targeting high grade mineralisation over previous mine workings with results expected in February 2021.

Halls Creek Copper Project (CAZ now 100%)

During the quarter the Company finalised the purchase of the outstanding 80% equity in the Halls Creek project from 3D Resources Limited ("**3D Resources**", ASX:DDD) bringing Cazaly equity to 100% in the project (refer to CAZ ASX announcement dated 12 November, 2020).

The project is a copper-zinc project in the East Kimberley region located near the historic township of Halls Creek and hosts the *Mt Angelo North volcanogenic massive sulphide* ("VMS") deposit where previous results from work conducted by Cazaly prior to the joint venture included; **64m @ 2.72% Cu (1.13% Zn), 62m @ 2.41% Cu (2.75% Zn), 37m @ 2.63% Cu (6.05% Zn), 16m @ 5.91% Cu, 18m @ 2.53% Cu** (refer to CAZ ASX announcements dated 11 December 2012 & 20 June 2013 and Table 1).

The Company has begun a complete review of all previous exploration on the project where there remains very good upside potential with existing downhole EM conductors sitting beneath the known mineralisation yet to have been drill tested. Additionally, previous geological mapping by the Company defined the untested northern extensions of the deposit including mapping of the important Banded Iron Formation capping unit.

Table 1: Drill Intercepts referred to herein, Mount Angelo North Prospect

HoleID	East	North	Hole Depth	From	Length m	Intercept				
						Cu (%)	Pb (%)	Zn (%)	Ag (ppm)	Au (ppm)
HCDD001	340486	7960661	60	5	18	2.53	0.23	1.16	22	0.22
HCDD003	340444	7960566	75.5	25	37	2.63	0.52	6.05	21	0.28
HCRC005	340433	7960590	100	86	62	2.41	0.10	2.75	16.00	0.04
HCRC015	340498	7960684	102	14	64	2.72	0.06	1.13	12.00	0.19

nb; Cu, Pb, Zn and Ag analysed by 4 acid digest and ICP-MS finish. Au analysed by Fire Assay and AAS finish.

All holes located on a MGA94-52 GDA grid

See ASX:CAZ releases dated 11 December 2012 & 20 June 2013 for further drill assay results

The information provided in this announcement was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Expenditure on the project was in line with tenement commitments.

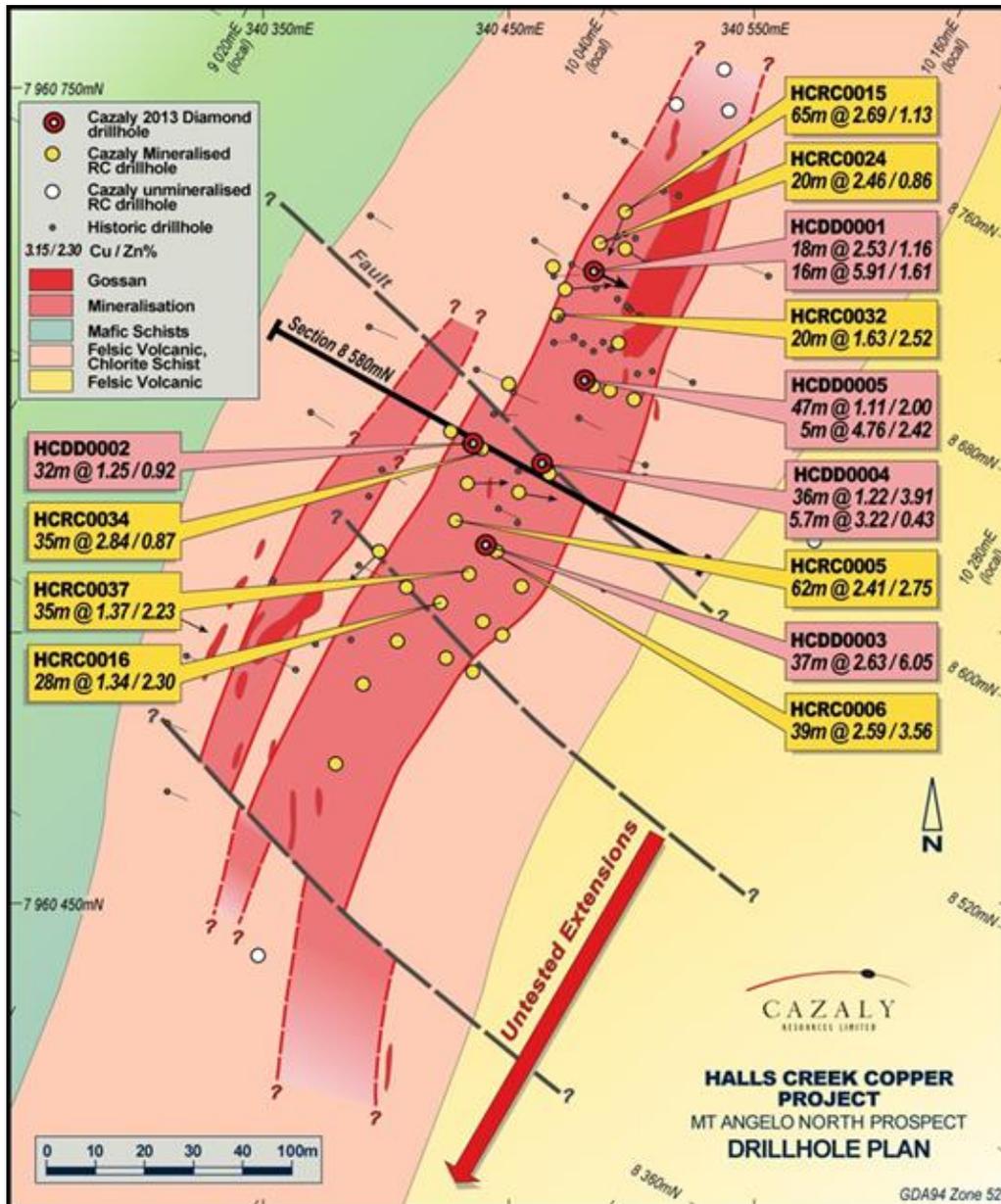


Figure 2: Drillhole plan outlining the Mount Angelo Copper-Zinc deposit

Kaoko Kobalt Project (CAZ 95%)

Cazaly has a 95% interest in the Kaoko Copper-Cobalt project located in northern Namibia approximately 800km by road from the capital of Windhoek and approximately 750km from port of Walvis Bay. The Project is situated immediately north of, and abuts, Celsius Resources Limited's (ASX:CLA) *Opuwo Cobalt* project resource of **112Mt @ 0.11% Co & 0.41% Cu** (CLA ASX: 16 April & 5 November 2018).

Historic work at Kaoko highlighted the potential for base metal and cobalt mineralisation akin to Opuwo within the extensive prospective DOF, host to the Opuwo cobalt mineralisation. Previous

geochemistry at Kaoko delineated a 20km by 5km area of subdued magnetics coincident with anomalous Cu-Co-Zn-Mn at the *Kamwe* prospect. Priority target areas have recently been selected for follow up work in the north east over largely soil covered prospective Ombombo sequence with surface geochemical sampling planned for the forthcoming quarter. Results from wide-spaced reconnaissance lines of sampling highlighted an area of anomalous copper and a single high (>50 x background) gold result. Follow up work is being planned for the current year.

Expenditure on the project was in line with tenement commitments.

McKenzie Springs (CAZ 30% FIN 70%)

Sammy Resources Pty Ltd (a subsidiary of Cazaly) is in joint venture with Fin Resources Ltd (ASX:FIN) over Exploration Licence 80/4808, the McKenzie Springs Project, located in the Kimberley region of Western Australia. The project lies south along strike from the Savannah nickel mine owned by Panoramic Resources Ltd and is prospective for intrusive - hosted nickel copper mineralisation. FIN has recently earned its full interest in the Project by spending \$500,000 on exploration.

In December FIN announced that results from its maiden drill program, which comprised three hole diamond drillholes and which intersected semi-massive and disseminated sulphides at McKenzie Springs were still pending. A number of highly encouraging conductors were defined from a follow up Downhole Electromagnetic survey on all three drillholes. Their prospectivity will be assessed in conjunction with the pending assay results and completed geological, structural and petrological logging, to determine future follow up work.

Hamersley Project (CAZ 30% PF1 70%)

The Hamersley Iron Ore Project is an unincorporated Joint Venture between the Company and Pathfinder Resources Ltd. (ASX:PF1 formerly Winmar Resources Limited). The project comprises granted Mining Lease (ML47/1450) located in the heart of the world-renowned Pilbara iron ore district. The Project currently has a total Mineral Resource estimate of **343.2 Mt at 54.5% Fe** (see Table 2).

The current Mineral Resources for the Hamersley Iron Ore Project are reported in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2012) (JORC Code 2012) (refer to Pathfinder's (formerly named Winmar Resources Ltd) ASX Announcement dated 24 January 2020).

Table 2: JORC Code 2012 Mineral Resource Estimate for the Hamersley Iron Ore Project

	Tonnes Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %	Calcined Fe %
DID Inferred#	24.3	46.4	24.8	5.2	0.03	2.5	47.6
CID Indicated*	42.6	55.2	10.9	5.5	0.04	3.6	57.3
CID Inferred*	276.3	55.2	9.7	4.4	0.04	6.3	58.9
Total	343.2	54.5	10.9	4.6	0.04	5.7	57.9

Note: Tonnage figures have been rounded and as a result may not add up to the totals quoted.

DID reported at a 40% Fe Cut-off grade.

* CID reported at a 52% Fe Cut-off grade.

The joint venture is planning to conduct a work program comprising Reverse Circulation (RC) drilling designed to potentially increase the Indicated Resource, confirm the geostatistical characteristics of the deposit and to provide additional sample material for future physical and metallurgical test work.

The formal program is yet to be finalised and approved.

The Hamersley Iron Ore Project is located within close proximity to existing services and infrastructure. Importantly, there are also several logistics routes that would potentially be available for the export of product if the project is developed.

The joint venture also notes that the State of Western Australia has confirmed that any potential extension of the adjoining Karijini National Park will not include the area of the Hamersley Iron Ore Project. Discussions with the relevant State government agencies to ensure the ability of the Company to develop the Project are underway.

New Project Generation

The Company has completed and continues to review, several potential project opportunities. Project specifics cannot be discussed due to confidentiality requirements. The Company's preference is for advanced exploration to near mining assets in jurisdictions amenable to mining and exploration.

CORPORATE

Management Change

The Company advises that Mr Clive Jones will step down as Joint Managing Director of the Company but will remain as a Director of the Company undertaking a part time executive role. Mr Nathan McMahon will be the sole Managing Director of the Company.

Other

The Company had cash and investments totalling \$10.9 million at 31 December 2020. This excludes any unclaimed cash distribution proceeds from the Return of Capital and unfranked dividend.

The Company continues to monitor the COVID-19 situation closely and provides updates to staff as appropriate and is managing the situation in a balanced, calm and measured way.

Appendix 5B

The following table sets out the information as required by ASX Listing Rule 5.3.5 regarding payments to related parties of the entity and their associates:

Related Party	Amount	Description
Associates of Directors	\$117,096	Director fees
Directors	\$30,314	Director fees



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INTERESTS IN MINING TENEMENTS AS AT 31 DECEMBER 2020

TID	PROJECT	% INT	TID	PROJECT	% INT
<u>Managed</u>			<u>Not Managed</u>		
E09/2346	BLACK HILL BORE	100	E31/1019	CAROSUE	10
E38/3425 *	BROWN WELL	100	E31/1020	CAROSUE	10
E38/3426	BROWN WELL	100	M31/0427	CAROSUE	10
Czech Rep *	HORNI VEZNICE	80	M47/1450	HAMERSLEY	30
Czech Rep *	BRZKOV	80	E80/4808	MCKENZIE SPRINGS	49
Namibia	EPL 6667	95	E38/3111	MOUNT VENN	20
E80/5446 *	PANTON NORTH	100	E38/3150	MOUNT VENN	20
E08/3259 *	ASHBURTON 1	100			
E08/3260 *	ASHBURTON 2	100			
E08/3261 *	ASHBURTON 3	100			
E08/3262 *	ASHBURTON 4	100			
E08/3265 *	ASHBURTON 5	100			
E08/3272 *	HARDEY RIVER	100			
M80/0247 **	MT ANGELO	100			
E80/5307 **	HALLS CREEK	100			

* application

** transfer yet to be processed