



ABN 23 101 049 334

# Quarterly Activities Report for March 2021

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## HIGHLIGHTS

- **Fieldwork commences at Halls Creek Copper Project**
- **Successful in two EIS applications for co-funding with State Government for drilling at Halls Creek**
- **Geophysical re-processing identifies several previously unknown deep-seated structures within the Ashburton Project**
- **Tara French appointed as Chief Executive Officer/Managing Director commencing Q3 2021**
- **Drilling to commence at the Mount Venn Gold JV project**
- **Cash and investments at end of quarter \$10.7m**

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The Board of Cazaly Resources Limited (ASX:CAZ, "Cazaly" or "the Company") is pleased to provide this Quarterly Activities Report for its recent activities to date and for the quarter ended 31 March 2021.

## PROJECTS

### **Halls Creek Copper Project (CAZ 100%)**

As reported, the Company has recently commenced fieldwork on the Halls Creek Copper Project for the 2021 season.

The Project is situated near the township of Halls Creek covering part of the Halls Creek Mobile Zone and is highly prospective for a range of commodities and covers approximately 45 square kilometres (figure 1). The Project hosts the *Mount Angelo Copper-Zinc deposit*, an extensive zone of near surface oxidised Cu-Zn mineralisation overlying massive Cu-Zn sulphide mineralisation. Previous results from work conducted by Cazaly at Mount Angelo 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 Project also hosts a large lower grade copper deposit associated with a high level felsic intrusive at the Mount Angelo Porphyry prospect, now re-named the *Bommie Porphyry* prospect. The porphyry system is large with extensive intercepts of disseminated and occasional semi-massive sulphides. The Company previously completed first pass drilling at the prospect, located 2.5km to the south west of the Mt Angelo North deposit, with five reverse circulation (RC) holes. Mineralised intercepts reported included; **170m @ 0.40% Cu**, **178m @ 0.30% Cu** and **136m @ 0.31% Cu**. Some

higher-grade intercepts within these included **23m @ 1.00% Cu** and **7m @ 1.26% Cu**, indicating potential for the delineation of higher grade zones in the system (refer to CAZ:ASX June 2013 Quarterly Activities Report and Table 2).

Since finalising the acquisition, the Company has conducted a full review of all previous exploration on the project focusing on the Mount Angelo Cu-Zn deposit, its potential depth and strike extensions and the prospectivity of the nearby Bommie Porphyry prospect. There remains very good upside potential with mapping defining the untested northern extensions of the deposit including mapping out of the important Banded Iron Formation capping unit. Furthermore, previously defined downhole EM conductors have yet to be drill tested whilst several other target areas have been identified based upon geochemistry and structural and stratigraphic associations.

## Proposed Work

A field crew has been mobilised to initially conduct geochemical soil surveys over several target areas including the strike extensions of the Mount Angelo deposit and over the Bommie Porphyry prospect and other target areas (figure 2). Some doubt exists on the veracity of previous geochemical surveys and lines of check sampling and assaying will also be completed to test the veracity of this historic work.

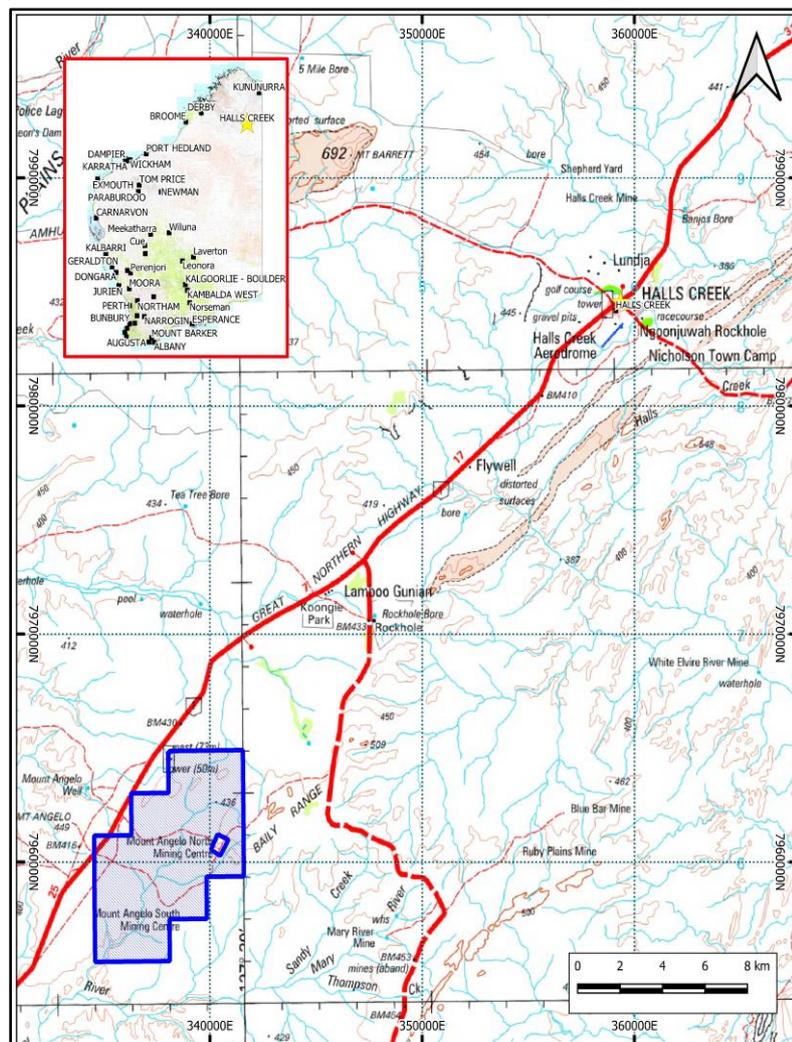


Figure 1: Location of the Halls Creek Copper Project

Other planned work includes a ground magnetometer survey and SQUID\_EM lines targeting potential deep conductors within the immediate footprint of the Mount Angelo VMS system. The SQUID\_EM survey also aims to test for additional lenses within the mapped sequence of prospective Koongie Park volcanics up to the *Grunters* prospect.

Initial RC/DDH drilling is planned at the Mt Angelo North Prospect testing the downhole EM conductor target as well as the basal sea floor unit down dip of the known VMS mineralisation. A previous ground-based IP survey also identified a chargeability anomaly to the north-east of known mineralisation which has not been effectively tested to date. The RC/DDH drilling program comprises up to ten holes at the Mt Angelo North Prospect. A drilling rig for the programme has yet to be secured with surety however, the Company expects that drilling will probably commence in June/July whilst the SQUID\_EM survey will commence the same time or potentially earlier.

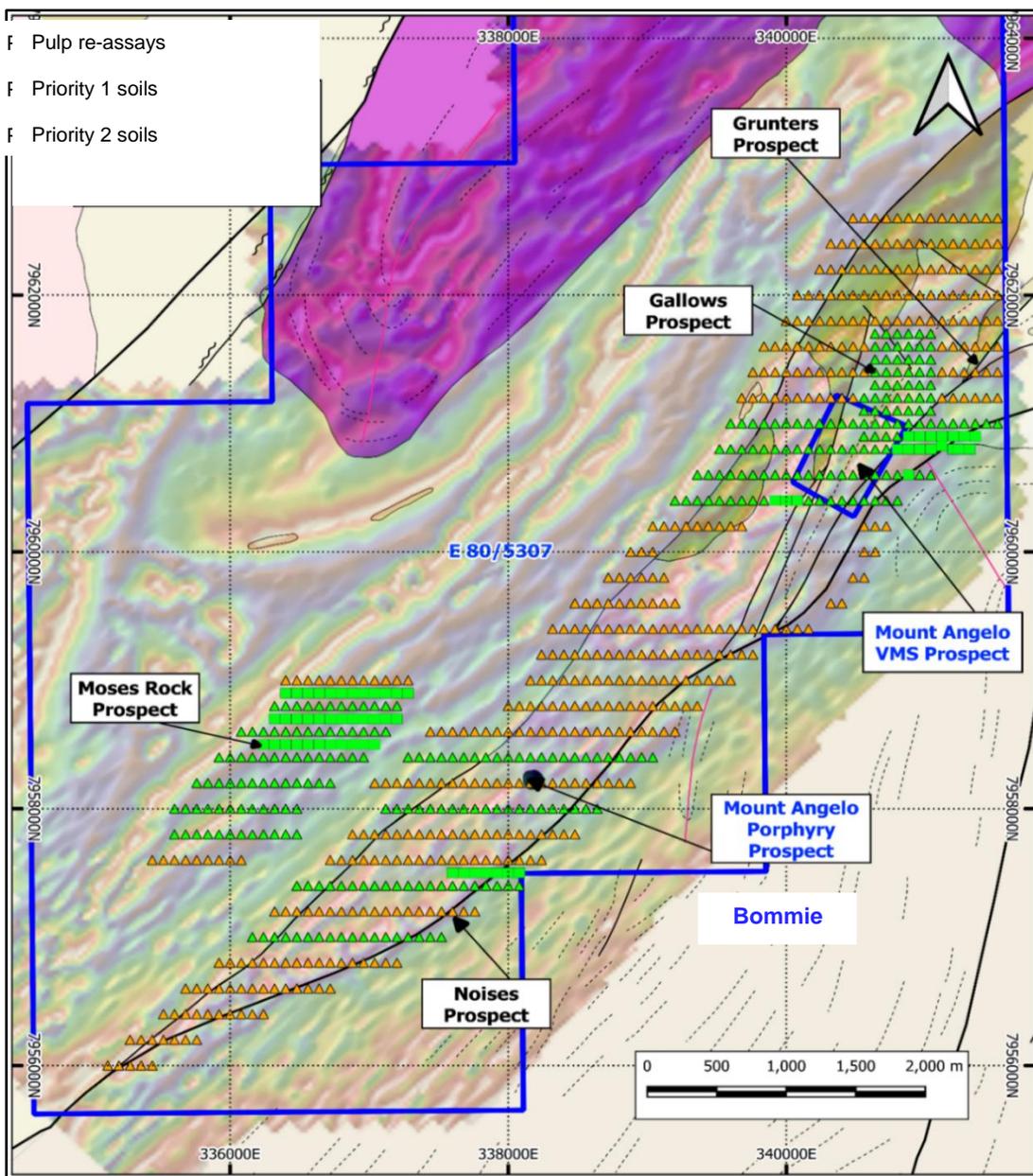


Figure 2: Proposed Soil sampling over the Mount Angelo area with broad geology and magnetic image

Drilling is also planned for the Bommie Porphyry prospect largely to test a chargeability anomaly present immediately north of modelled mineralisation and at depth where mineralisation is potentially offset along a fault. Evidence of structural controls on the higher grades zones will also be tested. Drilling will also test a possible skarn like target as well as interpreted extensions to the main porphyry body.

Other drilling is planned to commence at the *Grunters* prospect targeting a coincident geophysical and geochemical anomaly along strike of the Mount Angelo VMS deposit. A defining feature of the Mount Angelo deposit is the recognition of a BIF unit which acts as a marker horizon within the VMS mineralisation. The unit represents seafloor sedimentation and is typically observed in volcanogenic massive sulphide deposits. This unit is seen in sporadic outcrops along strike for over 1km to the north of the deposit within felsic sediments which host the deposit mineralisation. This area is largely covered by surficial alluvium and has never been drill tested.

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

Hole ID	East	North	Hole Depth	Intercept						
				From	Length m	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 CAZ ASX announcements dated 11 December 2012 & 20 June 2013 for further drill assay results*

**Table 2: Significant Drill Intercepts, Bommie Porphyry Prospect**

Hole ID	East	North	GDA Grid	Hole Depth	GDA Azim	Dip	Intercept			
							From	To	Length	Cu (%)
HCRC0038	338347	7958367	MGA94_52	180	290	-60	0	170	170	0.40
			includes				141	164	23	1.00
HCRC0039	338313	7958423	MGA94_52	200	290	-65	6	184	178	0.30
HCRC0041	338315	7958581	MGA94_52	150	290	-60	0	92	92	0.36
			includes				45	52	7	1.26
HCRC0042	338535	7958669	MGA94_52	150	290	-60	0	136	136	0.31

*nb: Significant Intersections RC Drilling, > 0.2% Cu, high-grade > 0.5% Cu.*

*All elements analysed by aqua regia digest and ICPMS finish*

*See CAZ ASX June 2013 Quarterly Activities Report for further information*

## EIS Co-Funding

The Company has also just been advised that it has been successful in its applications for co-funding its exploration at Halls Creek via the Exploration Incentive Scheme (EIS), a State Government

initiative that aims to encourage exploration in Western Australia. The Company was successful in two applications for co-funding its drilling campaigns at Mount Angelo North and at Grunters and Mount Angelo Porphyry (Bommie) for up to a total of \$300,000 subject to programme approvals and clearances.

Expenditure on the project was in line with tenement commitments.

## Ashburton Basin Project (CAZ 100%)

Cazaly holds 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 3). 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 previous governmental collaborative project conducted a deep seismic survey line transecting over ~450km in 2013. This traverse cut through the current Ashburton Project and was aimed at defining the crustal architecture of the region.

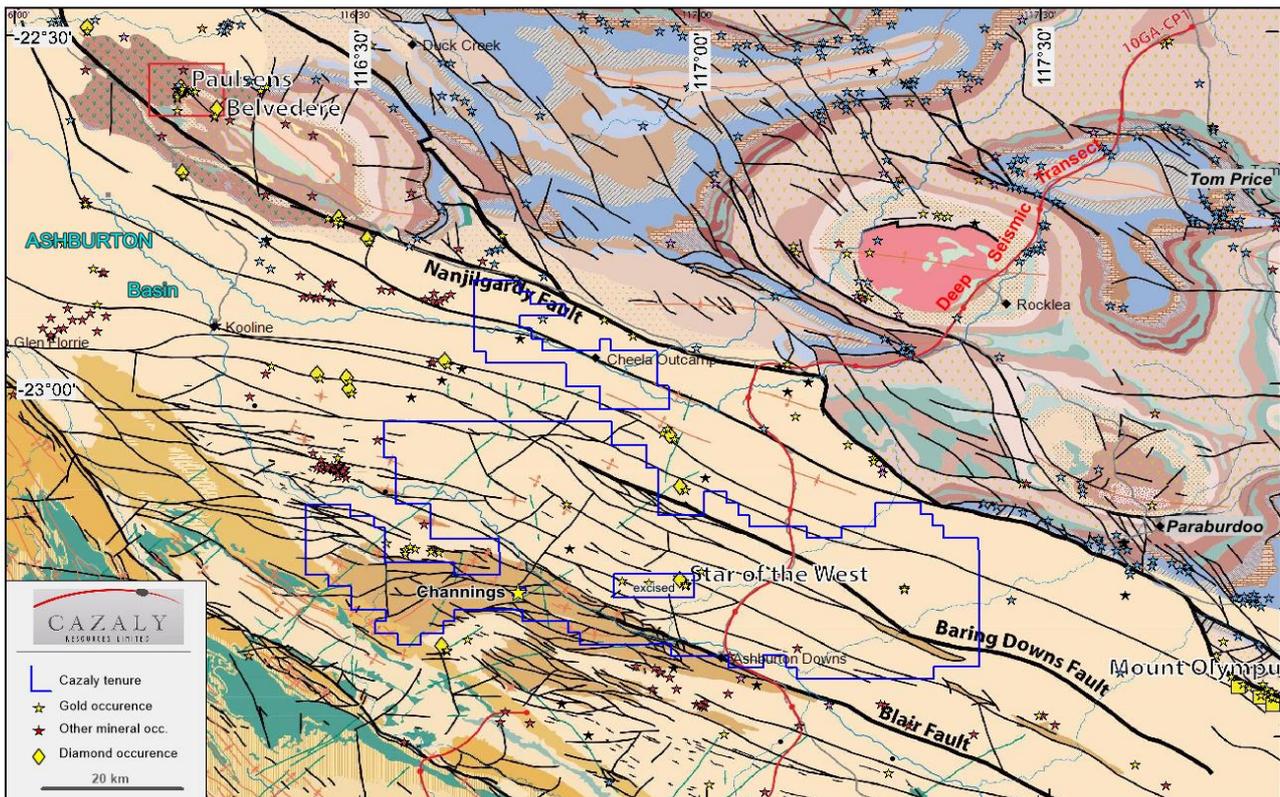


Figure 3: Regional geological setting and Deep Seismic Traverse (2013), Ashburton Project (Fielding et al, 2020)

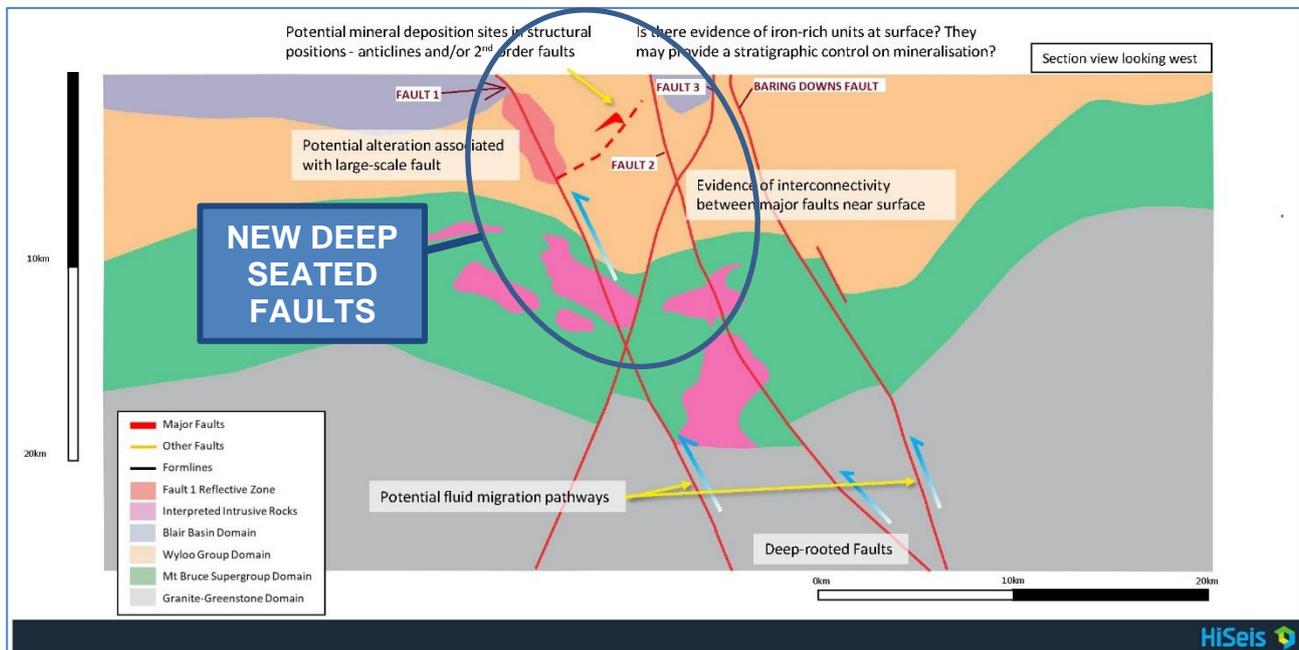
The survey interpretation at the time successfully identified the *Baring Downs Fault*, which lies centrally within the Ashburton Basin, as a major deeply seated, crustal scale structure with the potential to host significant mineralisation. To date, there has been very little exploration along the extent of the Baring Downs Fault, an observation which led the Company to lodge the tenement applications over approximately 80km strike.

During the quarter Cazaly commissioned *HiSeis* to reprocess seismic data across the Ashburton Project to extract as much information as possible. This reprocessing exercise has shown more detail compared to the original processing, especially in the near surface and enabling at least three new large-scale, deep seated faults to be identified (Figure 4).

One of these newly identified faults is of particular interest showing a seismically reflective halo near-surface that may be evidence of alteration/fluid flow along this structure. The interconnected relationship between this deeply seated structure and associated smaller scale faults and deformation within the Wyloo Group has lead to a targeted area considered prospective for gold mineralisation.

Results from a soil orientation survey was successful in determining background values for the identification of gold anomalies and for planning future phases of work. Lithological information collected during sampling is being correlated with geochemical sample results to assist interpretation. A number of analytical techniques were trialled for best results in defining anomalies and consequently geologists are now able to plan larger, effective and more cost efficient programs. These programs will focus on structural and geological elements highlighted from other data and historic work as potentially hosting gold mineralisation. An emphasis will be placed on the proximity to the newly defined deep seated fault zones and associated interpreted alteration zones.

The Company is planning further geochemical soil sampling and mapping at the Ashburton Project targeting potential gold mineralisation in association with this recently identified structural trend and interpreted alteration. This work will also utilise other data sets for focusing this follow-up work and will also incorporate several other priority targets already identified in historic sampling and mapping.



**Figure 4: Schematic Model of HiSeis Interpretation of the Ashburton Project Deep Seismic Data**

## 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”) finalised the purchase of 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 March Quarter Woomera finalised its work programmes for Aircore and RC drilling over its Three Bears Gold Prospect at Mt Venn and, following the recent completion of heritage surveys, Woomera intends to commence drilling programmes in early May.

Woomera has identified the Three Bears Gold Trend, that extends over 7km strike, to be highly prospective for gold mineralisation. A programme of 8,500m of RC drilling has been planned over an initial 4km of the trend together with a programme of 2,700m of aircore drilling. Details of the programmes are;

- Three Bears – Phase #1: up to 8,500m of RC drilling over 4km strike of the Three Bears Prospect targeting deeper drilling along strike and down plunge of significant open ended historical drilling intersections up to 19m at 1.0 g/t Au, 36m at 0.5 g/t Au and 18m at 0.3 g/t Au. Drilling will extend to 250m vertically on a nominal 80m x 80m grid with selected infill to 40m x 40m centres where appropriate.
- Three Bears – Phase #2: up to 2,700m of reconnaissance Aircore drilling on broad 800m x 50m centres scoping out the footwall granite-greenstone contact and potentially identifying any extensions to known shallow laterite gold mineralisation, including 4m at 1.0 g/t Au from surface, as well as test for parallel repeats of the Three Bears lodes.

The drilling phases will run consecutively (see WML ASX release 29/04/2021 for further detail).

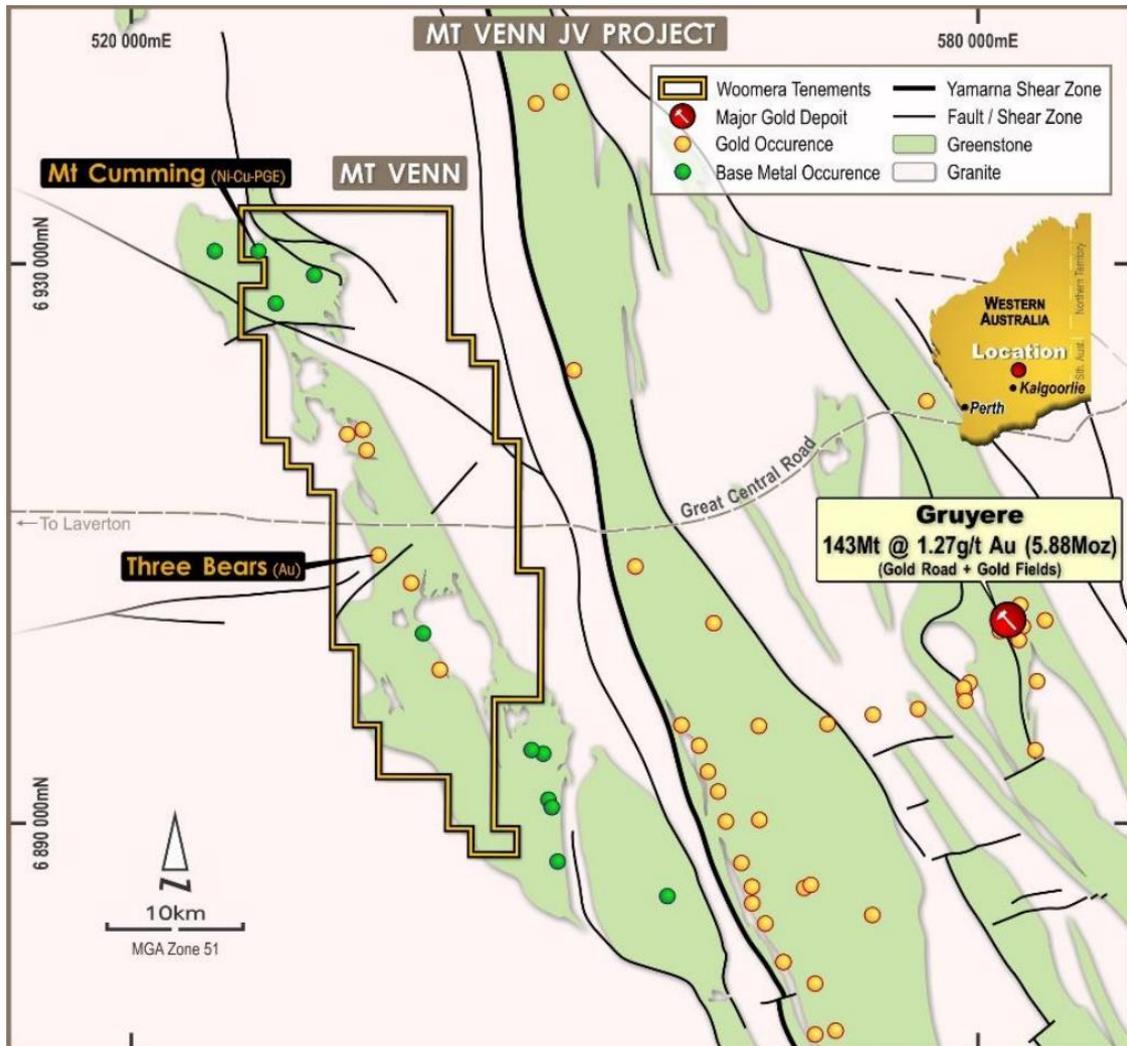


Figure 5: Mt Venn Project showing the *Three Bears Prospect* located 40km west of the 6Moz Gruyere Gold Mine

## 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. 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%)

The Company 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. During the quarter, FIN announced the results of the Company's first-ever drilling programme within the Project comprising three diamond drill holes for a total of 947.9m.

FIN commented;

*"The drillholes were designed to test multiple modelled strong high priority conductors defined from Fixed Loop Electromagnetic (FLEM) geophysical surveys. Following the drilling, downhole transient electromagnetic (DHTEM) surveying was completed on each drillhole. The aim of the DHTEM was to detect and delineate bedrock conductors of interest adjacent to the diamond drillholes.*

*Whilst the drilling did not intersect significant sulphides, broad disseminated zones of sulphides were encountered and several weak to strong in-hole and off-hole anomalies were identified, many of which are likely to be related to sulphide mineralisation. Further geological and geophysical modelling is in process".*

## 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 is located in the heart of the world-renowned Pilbara iron ore district and currently has a total Mineral Resource estimate of **343.2 Mt at 54.5% Fe** (Table 3).

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

**Table 3: JORC Code 2012 Mineral Resource Estimate for the Hamersley Iron Ore Project**

	Tonnes Mt	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	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
<b>Total</b>	<b>343.2</b>	<b>54.5</b>	<b>10.9</b>	<b>4.6</b>	<b>0.04</b>	<b>5.7</b>	<b>57.9</b>

*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.



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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.

## New Project Generation

The Company continues to review, several potential new project opportunities.

## CORPORATE

### Appointment of CEO/MD

On 19 April 2021 the Company announced the appointment of Ms Tara French as the new Chief Executive Officer/Managing Director of the Company.

Ms French will initially be engaged in the role as Chief Executive Officer (CEO) commencing in early July before transitioning to Managing Director (MD) following the successful completion of 3-month hand-over period. Ms Tara French is a geologist with 24 years mining and exploration experience and has most recently led a large team as General Manager of Exploration for Regis Resources Limited where she has been employed for 14 years and played a key role in the transition and growth of Regis over that time. Tara contributed to the discovery of the 2Moz Garden Well gold deposit and delivering 7Moz to resources and 6Moz to reserves.

### Other

The Company had cash and investments totalling \$10.7 million as at 31 March 2021. This excludes any unclaimed cash distribution proceeds from the Return of Capital and unfranked dividend.

During the quarter, a total of 8,870,000 unquoted options (exercisable at \$0.029 on or before 31 March 2021) were exercised for proceeds of \$257,230.

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	\$87,680	Director fees
Directors	\$24,293	Director fees

**The Cazaly Board authorises the release of this Quarterly Activities Report.**

### For further information contact:

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## INTERESTS IN MINING TENEMENTS AS AT 31 MARCH 2021

TID	PROJECT	% INT	TID	PROJECT	% INT
<b><u>Managed</u></b>			<b><u>Not Managed</u></b>		
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	E38/3581	MOUNT VENN	20
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			
E70/5743 *	MOUNT LENNARD	100			

\* application