



ABN 23 101 049 334

Quarterly Activities Report for June 2021

HIGHLIGHTS

Halls Creek (Cu-Zn)

- Diamond and RC drilling completed at Halls Creek Copper Project
- Potential mineralisation identified, awaiting assays
- Electromagnetic (EM) surveys due to commence
- Geochemical surveys highlight new target areas

Ashburton (Au, Base Metals)

- Major litho-structural analysis highlights multiple previously unknown deep-seated structures
- Multiple target areas identified
- Access agreements being finalised to expedite grant of licences

Mount Venn JV (Au, Cu-Ni-PGE)

- Aircore and RC drilling completed at *Three Bears* Gold Target
- Multiple thick (30-50m), anomalous gold intersections discovered within a large, mineralised gold system over a potential strike extent of ~7km – further results pending
- Re-processing of historic EM defines conductors within the Mount Cumming Mafic Complex – ground EM and drilling planned

Hamersley JV (Fe Ore)

- Sale of 30% interest in Hamersley Iron Ore Project to Equinox Resources Limited
- Cazaly to maintain significant equity interest in the project through major share allocation

Parker Range (Fe Ore royalty)

- Production expected to commence in Q1 FY22 pending final approvals

Corporate

- Cash and investments at end of quarter ~\$12m

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 30 June 2021.

PROJECTS

Halls Creek Copper Project (CAZ 100%)

The Project is situated 25km southwest of Halls Creek and covers part of the Halls Creek Mobile Zone which is highly prospective for a range of commodities including copper, gold and nickel (Figure 1). The project includes the Mount Angelo North 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 @ 2.7% Cu (1.1% Zn)**, **62m @ 2.4% Cu (2.8% Zn)**, **37m @ 2.6% Cu (6.1% Zn)**, **16m @ 5.9% Cu**, **18m @ 2.5% Cu**.

The Project area also hosts a large lower grade copper deposit associated with a high level porphyritic felsic intrusive at the Bommie prospect located 2.5km to the southwest of the Mount Angelo Copper-Zinc deposit. The Bommie prospect has a large geochemical footprint with coincident Cu-Mo-Bi that extends for 1.2km along strike and over 800m across strike. The porphyry system is host to significant mineralisation with previously reported drill intercepts including **170m @ 0.4% Cu**, **178m @ 0.3% Cu** and **136m @ 0.3% Cu**. Higher-grade intercepts within the mineralised interval include **23m @ 1.0% Cu** and **7m @ 1.3% Cu**.

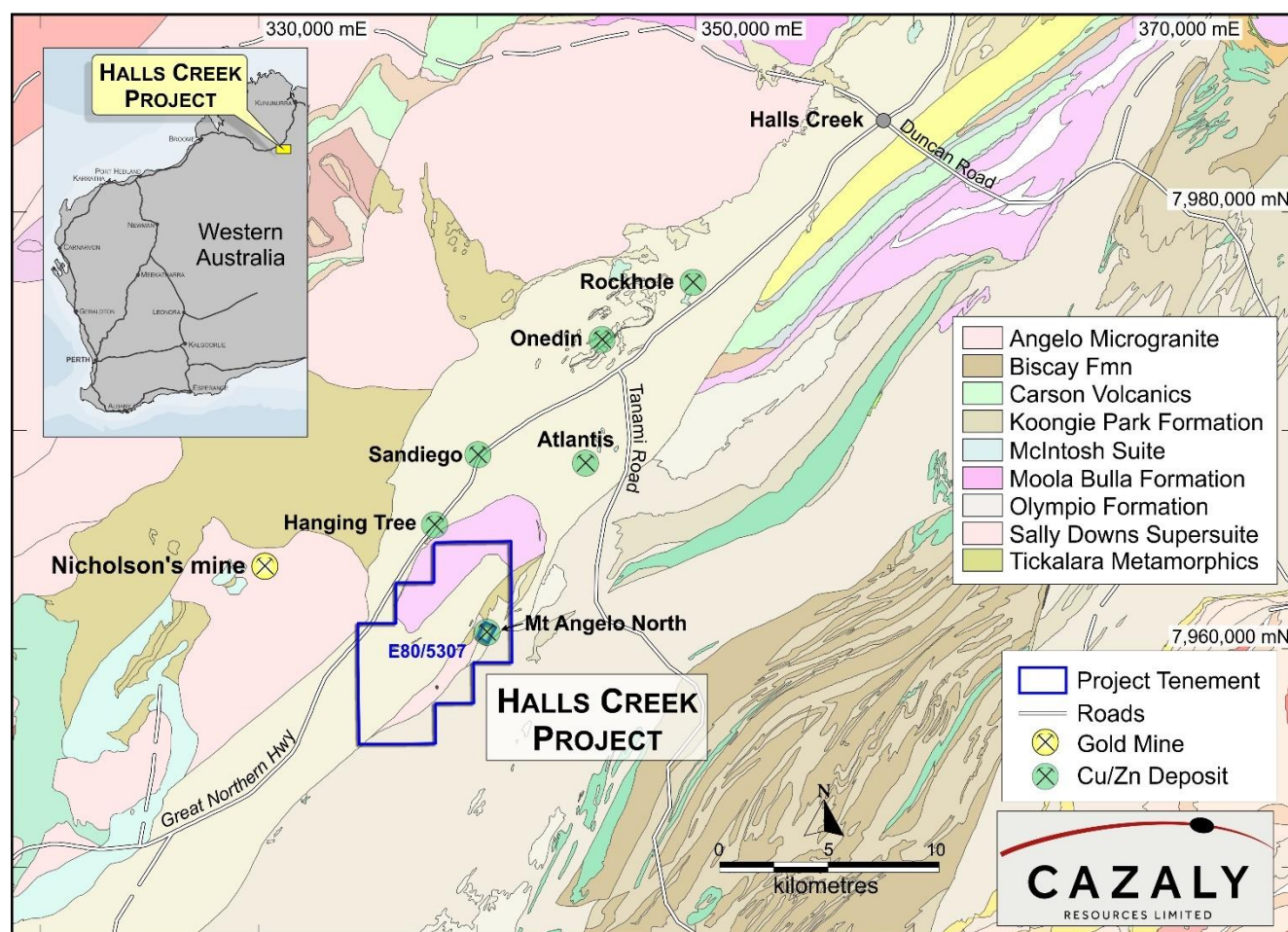


Figure 1. Location of Halls Creek Project

Drilling

The Company has recently completed eight (8) RC holes and one (1) diamond tail drillhole at the Mount Angelo Cu-Zn prospect to confirm the continuity of shallow copper mineralisation and test potential extensions to known sulphide mineralisation along strike and down dip. The drilling also tested two adjacent geophysical targets including a strong down hole EM conductor and an IP chargeability anomaly.

Intervals of various sulphides were logged in RC drill chips and diamond drill core. All drill samples were sent for analysis for Au, Pt and Pd analysis by Fire Assay and a 47 element suite by four acid digest with ICPMS finish. All analytical results are awaited.

The drill program was co-funded via the Department of Mines, Industry Regulation and Safety (DMIRS) 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 (M80/0247) and at the Mount Angelo Porphyry Bommie Prospect (E80/5307) for up to a total of \$300,000 subject to programme approvals and clearances.

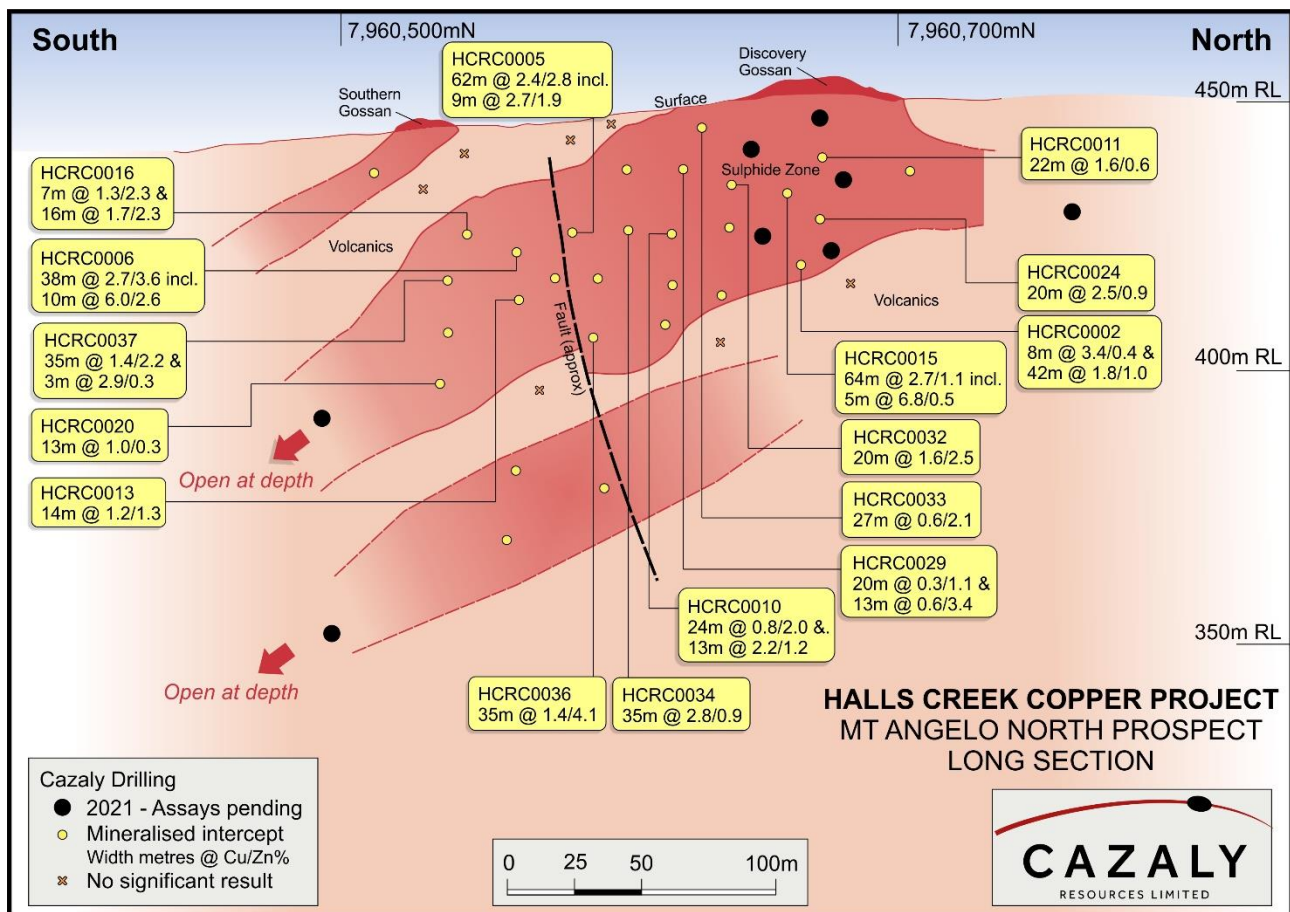


Figure 2. Long Section of Mount Angelo North Cu-Zn deposits with recent drill pierce points and previous intercepts

Geochemistry - Surface Sampling

A total of 283 soil samples were collected during the quarter on 200 or 100m x 80m grid across priority targets within the project area. 283 samples plus 61 historical soil samples were submitted for analysis for a 48 element suite using four acid digest with ICPMS finish. Analytical results were incorporated in the geochemical dataset and contours were generated for each element. Anomalous Cu, Zn, Mo, Bi results are shown on Figure 3 which highlights the location of the newly defined *Noises* prospect.

The extensive surface geochemical signature at the Bommie prospect provides further encouragement for a large mineralised system. Drilling at the Bommie prospect will be conducted as soon as possible, following appropriate heritage clearances.

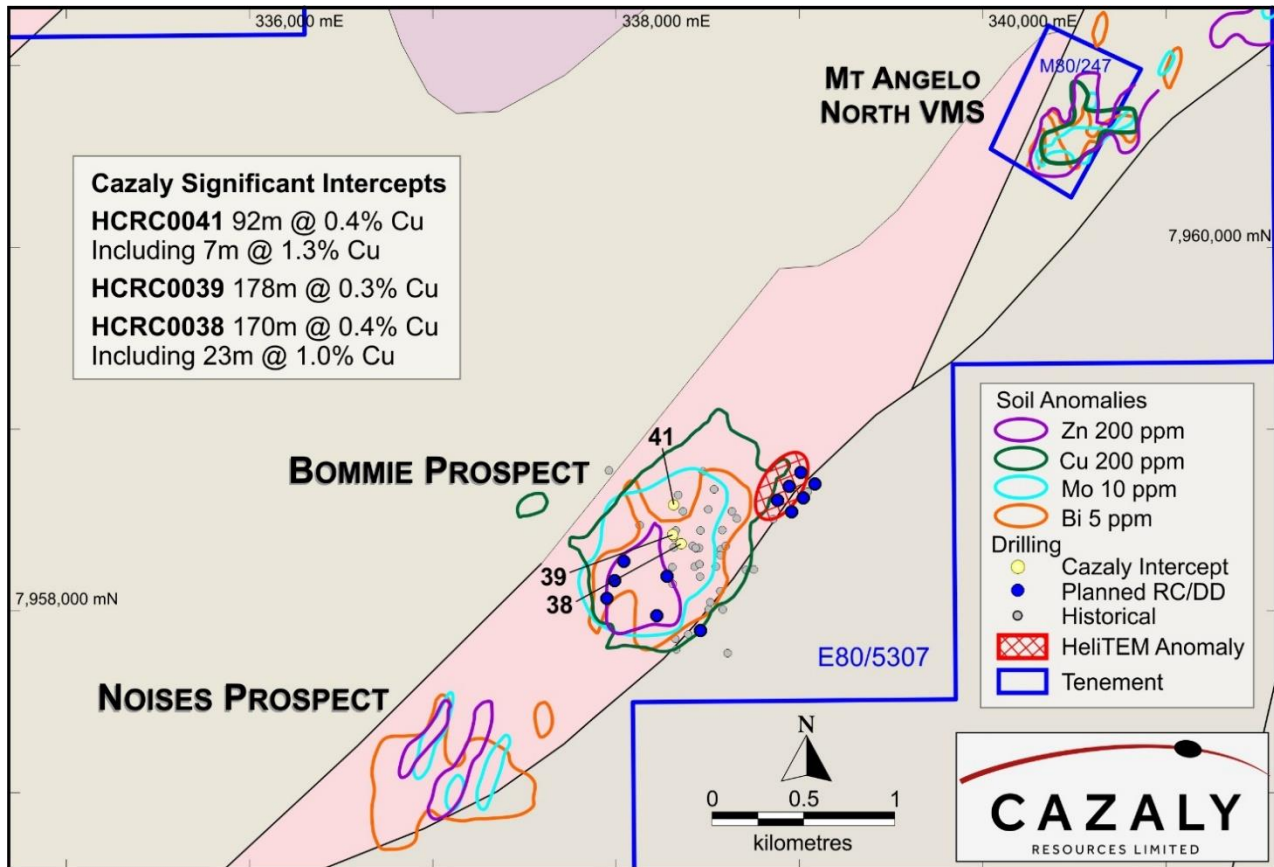


Figure 3. Location of the Bommie prospect and contoured Cu, Zn, Mo and Bi assay results for soil samples collected across the project area

Geophysics - Ground Magnetic Survey

A 34 line kilometres ground magnetic survey was completed across priority target areas to generate a higher resolution dataset to assist with mapping the stratigraphy and mineralisation controls at the Mount Angelo North Cu-Zn deposit. The higher resolution magnetics were found to correlate well with a BIF marker horizon, and additional field mapping will be conducted to refine the BIF location along strike of the Mount Angelo North deposit. A defining feature of the Mount Angelo deposit is the recognition of this 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. The 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.

Further Work

The Company anticipates the Halls Creek Project has significant upside and is highly encouraged by work completed to date. Further surface sampling and ground geophysics will be conducted in due course following the appropriate approvals and clearances to identify and refine new drill ready targets. Additional drilling will also be planned to test extensions to copper-zinc mineralisation at the Mount Angelo North Copper-Zinc deposit and any EM targets identified in the upcoming ground survey at the Bommie Prospect and over the more regional prospects including Noises. Drilling will also test a possible recently identified skarn like target.

An EM survey is planned for the September'21 quarter to refine the HeliTEM chargeability anomaly located immediately north of anomalous mineralisation and at depth where mineralisation is potentially offset along a fault.

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 2,450km² in the Ashburton Basin, in the Pilbara region of Western Australia (Figure 4). The project covers major regional structures considered 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 Ashburton Basin 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.

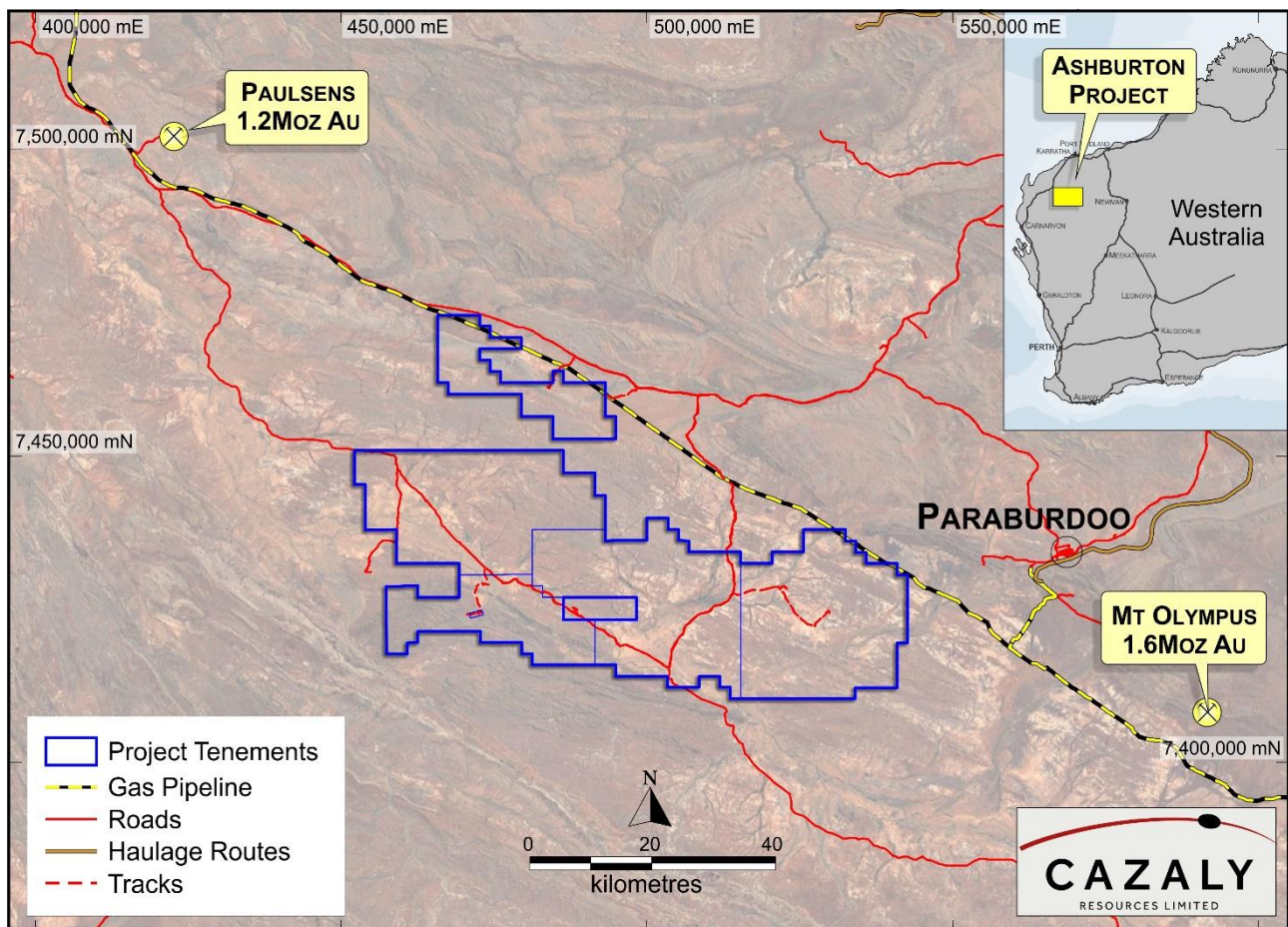


Figure 4. Location of Ashburton Project relative to major gold deposits in the district

The Company applied for tenure within the region following the recognition of the presence of a major deeply seated, crustal scale structure with the potential to host significant mineralisation, the Baring Downs Fault ('BDF', figure 5). The BDF lies centrally within the Ashburton Basin which to date has had very little modern exploration.

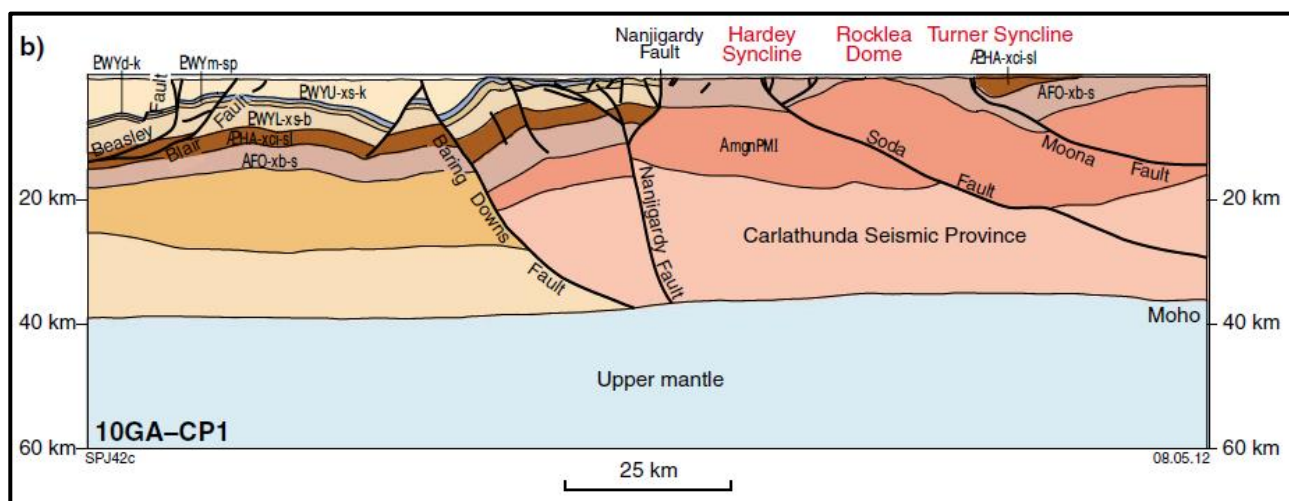


Figure 5: Regional geological setting interpreted from a Deep Seismic Traverse (2010), Ashburton Project (ref: Johnson, SP, Thorne, AM and Tyler, IM (eds) 2011, Capricorn Orogen seismic and magnetotelluric (MT) workshop 2011: extended abstracts: Geological Survey of Western Australia, Record 2011/25, 120p.)

During the quarter the Company and its consultants collated and reprocessed all seismic, magnetic, gravity, geological and geochemical datasets across the Ashburton Project and conducted a major litho-structural interpretation of the region (figure 6). This reprocessing resulted in a far greater detailed interpretation of the region compared to previous processing and importantly, identified at least three previously unknown, large-scale, deep seated faults.

One of these newly identified faults shows a seismically reflective halo near-surface that may evidence 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 led to targeted areas considered prospective for gold mineralisation.

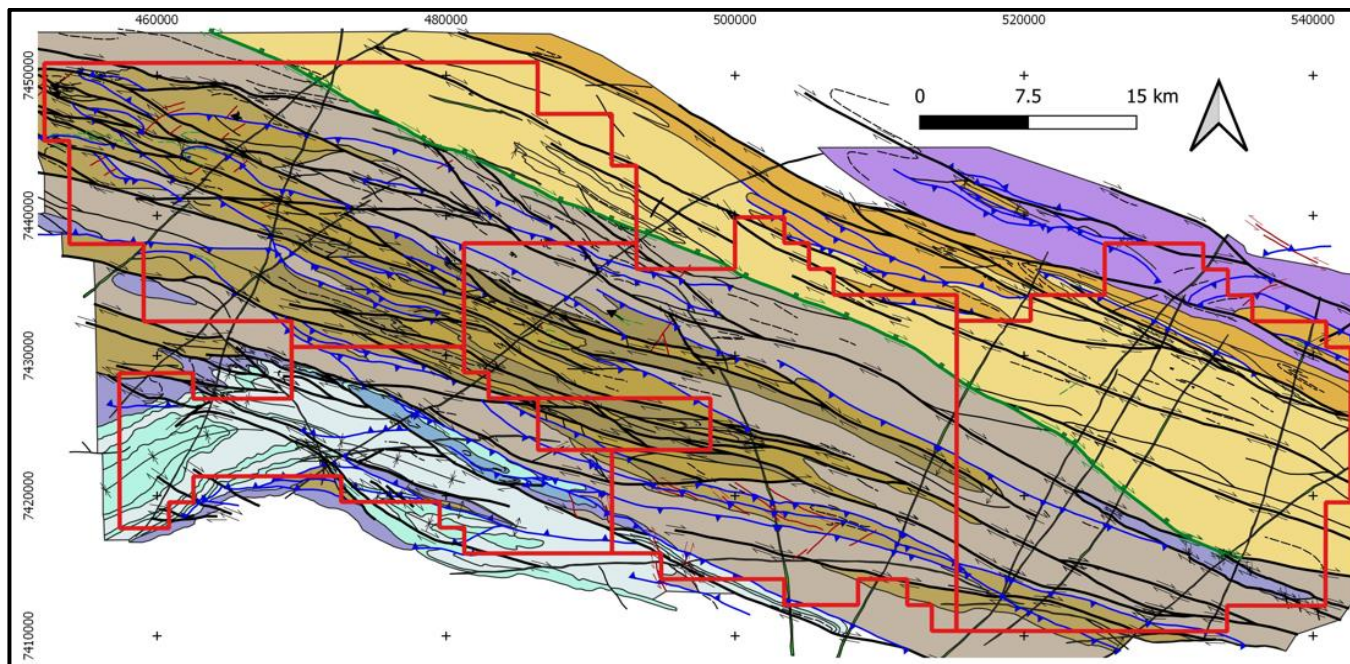


Figure 6: Regional litho-structural interpretation of the Ashburton Basin

Results from the soil orientation survey were also successful in determining background values for the identification of gold anomalies and for planning future phases of work. The technical work conducted to date has successfully highlighted specific areas potentially hosting gold mineralisation. The Company is now finalising heritage access agreements and is designing first pass field work over the targeted areas.

Expenditure on the project was in line with tenement commitments.

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

The Mt Venn Gold Project is located 125km northeast of Laverton in the Eastern Goldfields Region of Western Australia and covers approximately 400km² of prospective greenstone sequence. The project area lies within the Mount Venn-Yamarna-Dorothy Hills greenstone belt which is the most easterly major N-S striking greenstone belt of the Yilgarn Craton (figure 7).

The belt is considered highly prospective for gold and nickel and is positioned along the western limb of the Yamarna Greenstone Belt that hosts Gold Road's and Gold Fields' plus 6Moz Gruyere Gold Mine. Together the Yilgarn 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.

The project is subject to an unincorporated Joint Venture between the operators Woomera Mining Limited (Woomera) (ASX:WML) and Cazaly Resources.

More recent work by Woomera has focused on the *Three Bears Gold Trend*, that extends over 7km strike and is highly prospective for gold mineralisation. During the June quarter the *Mama Bear* prospect, located along this trend was drill tested with 25 RC holes for 4,366m and 40 AC holes for 1,457m.

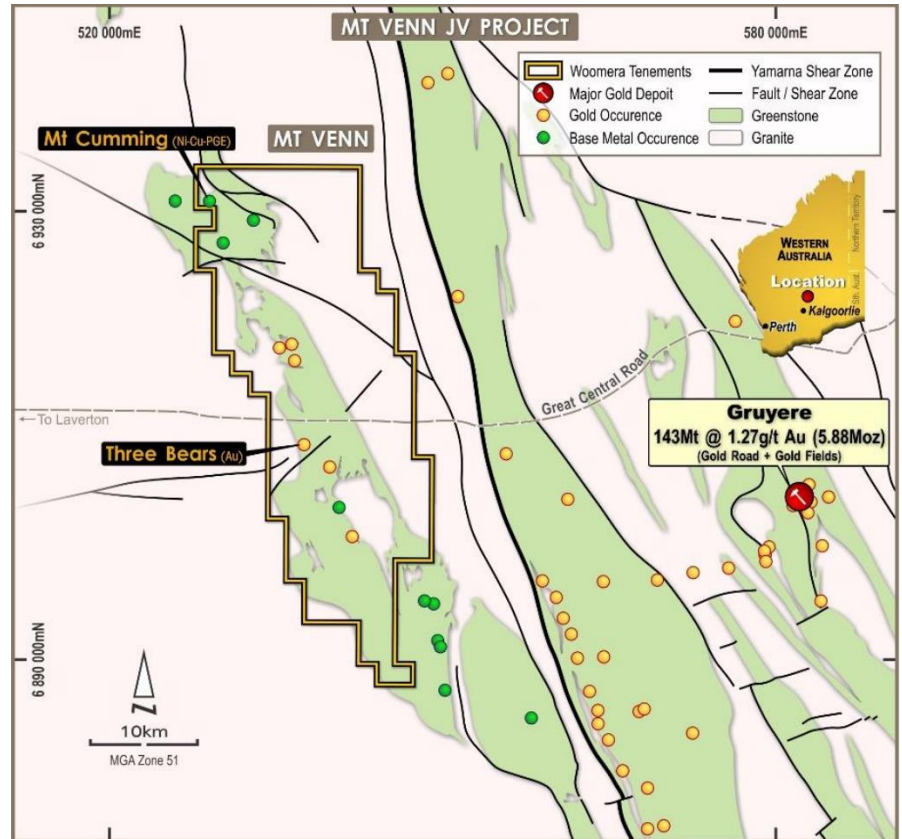


Figure 7: Mt Venn Project showing the Mount Cumming Ni prospect and the Three Bears Project located 40km west of the 6Moz Gruyere Gold Mine

Anomalous results were reported by WML ASX quarterly report for June 2021, and include:

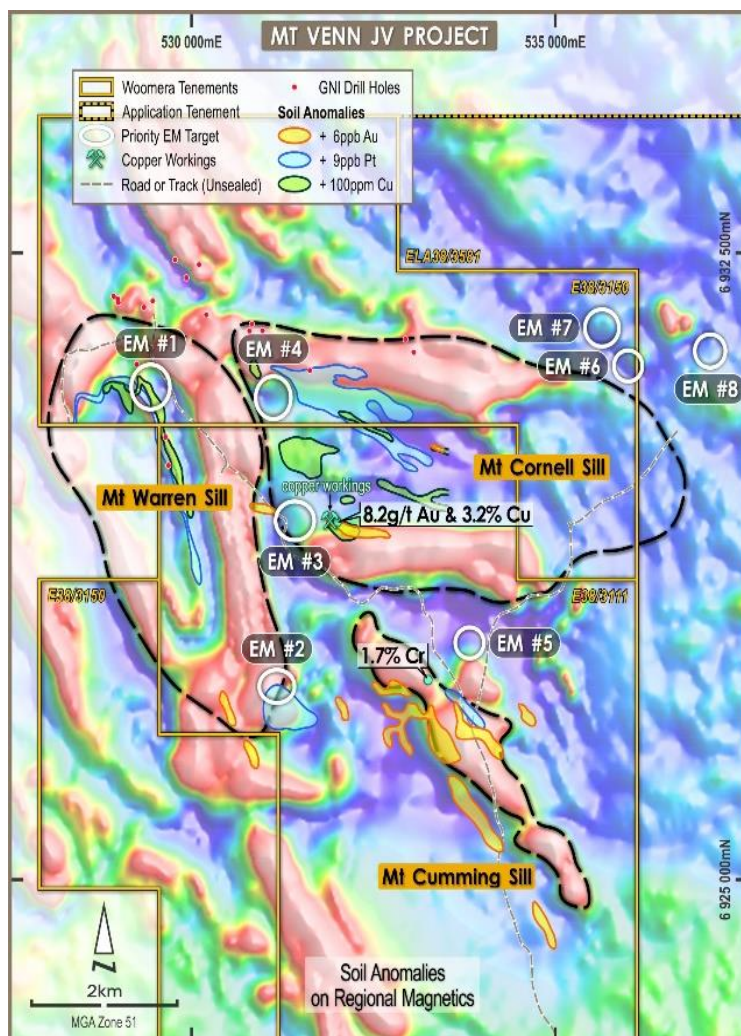
- 39m at 0.4 g/t Au from 50m in MVRC029, including 5m @ 1.0 g/t Au from 79m
- 49m at 0.3 g/t Au from 54m in MVRC031, including 4m at 1.0 g/t Au from 55m
- 37m at 0.4 g/t Au from 65m in MVRC032, including 6m at 1.3 g/t Au from 101m
- 50m at 0.3 g/t Au from 46m in MVRC034, including 3m at 1.3 g/t Au from 53m

Drilling results to date confirm the Mama Bear prospect has bedrock gold mineralisation continuity over 600m strike, however further exploration work is required in order to locate the higher grade zones within the mineralised system. Assay results are pending for a number of RC and AC holes. Further drilling will be planned following receipt of all assays results.

Woomera has also planned a ground EM survey to be completed in the September quarter across the ultramafic complex at Mt Cumming, located at the northern end of the Mount Venn Greenstone Belt. Three mafic-ultramafic sills are identified within the Mt Cumming Mafic Complex, namely the Mt Warren Sill, Mt Cornell Sill and the Mt Cumming Sill (Figure 8).

Previous airborne and ground EM surveys have identified 8 EM conductors at Mt Cumming that have a number of coincident rock chip and/or soil anomalies (Figure 8). The ground EM survey is designed to refine these targets and provide additional data to prioritise RC drill testing, which is also scheduled for the September quarter.

Figure 8. EM target locations within the ultramafic complex at the northern end of the Mount Venn Greenstone Belt



Hamersley Project (PF1 70% CAZ 30%)

The Hamersley Iron Ore Project is an unincorporated Joint Venture between the Company and Pathfinder Resources Ltd. (ASX:PF1). The project 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 1).

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 1: 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.

On 9 July 2021, the Company, together with Pathfinder, announced the sale of the project to Equinox Resources Limited who intend to undertake an initial public offer ("IPO") and seek a listing on the official list of the Australian Securities Exchange. The IPO will raise between \$7 million and \$9 million (before costs) through the offer of between 35 million and 45 million shares, at an issue price of \$0.20 per share.

Under the proposed transaction, Cazaly will receive 15,000,000 shares in Equinox plus between 2,550,000 and 2,850,000 performance shares (based on Equinox IPO subscription value) enabling Cazaly and its shareholders the ability to maintain exposure to the Project via the Company's equity interest in Equinox.

The proposed transaction will create a new listed entity, assisted by a dedicated board and management team, with a sole focus on exploration and development of the Project. The proposed spin-out will also allow Cazaly to focus its efforts on advancing its other 100% owned projects as well as exploring new opportunities.

Further details will be included in the prospectus to be prepared by Equinox in respect of its IPO.

Other Projects

Field reconnaissance work will shortly be conducted at the recently granted *Brown Well* project located in the Laverton district of Western Australia. No work was conducted during the quarter over the *Kaoko Kobalt Project* in Namibia nor the *McKenzie Springs JV* project (CAZ 30%) being managed by Fin Resources Limited (ASX:FIN).

Mineral Resources Limited (ASX:MIN) has stated that they expect to commence production from the *Parker Range* mine, where the Company has a royalty interest, in Q1 FY22 pending final approvals.

The Company also continues to assess other potential project opportunities.

CORPORATE

Appointment of CEO/MD

As previously announced the Company appointed Ms Tara French as the new Chief Executive Officer/Managing Director of the Company. Tara was previously the General Manager of Exploration at Regis Resources Limited where she was employed for 14 years and played a key role in the company's transition and growth over that time, and commenced with Cazaly on 12 July 2021. Clive Jones will remain as an Executive Director of the Company whilst Nathan McMahon will become a Non-executive Director.

Other

The Company had cash and investments totalling approximately \$12 million as at 30 June 2021. 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	\$71,295	Director fees
Directors	\$28,380	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 30 JUNE 2021

TID	PROJECT	% INT	TID	PROJECT	% INT
<u>Managed</u>			<u>Not Managed</u>		
M80/0247	MT ANGELO	100	M47/1450	HAMERSLEY	30
E80/5307	HALLS CREEK	100	E80/4808	MCKENZIE SPRINGS	30
E08/3259 *	ASHBURTON 1	100	E38/3111	MOUNT VENN	20
E08/3260 *	ASHBURTON 2	100	E38/3150	MOUNT VENN	20
E08/3261 *	ASHBURTON 3	100	E38/3581	MOUNT VENN	20
E08/3262 *	ASHBURTON 4	100	E09/2346	ERRABIDDY	20
E08/3265 *	ASHBURTON 5	100	E31/1019	CAROSUE	10
E08/3272 *	HARDEY RIVER	100	E31/1020	CAROSUE	10
E38/3425	BROWN WELL	100	M31/0427	CAROSUE	10
E38/3426	BROWN WELL	100			
Czech Rep *	HORNI VEZNICE	80			
Czech Rep *	BRZKOV	80			
Namibia	EPL 6667	95			
E80/5446 *	PANTON NORTH	100			
E70/5743 *	MOUNT LENNARD	100			

* application