



CAZALY

RESOURCES LIMITED

ABN 23 101 049 334

**AND CONTROLLED ENTITIES**

Consolidated Half Year Financial Report

31 December 2021

# CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN 23 101 049 334

## CONSOLIDATED HALF YEAR FINANCIAL REPORT

31 December 2021

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# **CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES**

ABN 23 101 049 334

## **COMPANY DIRECTORY HALF YEAR ENDED 31 DECEMBER 2021**

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### **DIRECTORS**

Tara French (Managing Director – appointed 12 October 2021)  
Clive Jones (Executive Director)  
Terry Gardiner (Non-Executive Director)  
Jonathan Downes (Non-Executive Director - appointed 19 November 2021)

### **COMPANY SECRETARY**

Mike Robbins

### **PRINCIPAL & REGISTERED OFFICE**

Level 3, 30 Richardson Street,  
West Perth, WA, 6005  
Telephone: (08) 9322 6283  
Facsimile: (08) 9322 6398

### **AUDITORS**

Hall Chadwick WA Audit Pty Ltd  
283 Rokeby Road  
Subiaco WA 6008

### **SHARE REGISTRAR**

Advanced Share Registry Services  
110 Stirling Highway  
NEDLANDS WA 6009  
Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871

### **STOCK EXCHANGE LISTING**

Australian Securities Exchange  
(Home Exchange: Perth, Western Australia)  
Code: CAZ

### **BANKERS**

National Australia Bank  
50 St Georges Terrace  
PERTH WA 6000

# CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN 23 101 049 334

## DIRECTORS' REPORT HALF YEAR ENDED 31 DECEMBER 2021

Your directors submit the financial report of Cazaly Resources Limited ('Cazaly' or 'the Company') and its controlled entities ('the Group') for the half-year ended 31 December 2021.

### DIRECTORS

The names of Directors who held office during or since the end of the half year:

Tara French (Managing Director - appointed 12 October 2021)  
Clive Bruce Jones (Executive Director)  
Nathan Bruce McMahon (Non-Executive Director – vacated 7 March 2022)  
Terry James Gardiner (Non-Executive Director)  
Jonathan Downes (Non-Executive Director – appointed 19 November 2021)

### COMPANY SECRETARY

Mike Robbins

### REVIEW OF OPERATIONS

#### Projects

#### **HALLS CREEK COPPER-ZINC 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 drilling conducted by Cazaly at Mount Angelo North 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 North 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 (Figure 1). The porphyry system is host to significant copper 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 intervals include **23m @ 1.0% Cu and 7m @ 1.3% Cu.**

#### **Priority Drilling Targets**

##### Bommie Prospect – porphyry copper target

The Bommie Prospect located 2.5km south of Mount Angelo North is interpreted as a large low grade copper system with significant drill intercepts as shown in Figure 2. The prospect has an extensive surface geochemical signature which provides further encouragement for a large mineralised system.

During the period four RC holes from the Bommie Prospect were sent to IMDEX for spectral analysis to better characterise the alteration mineralogy associated with the broad zones of copper mineralisation. Spectral results have been received and a full interpretation is pending.

RC Drilling is planned to test the continuity of broad copper intercepts across the Bommie Prospect as soon as possible following the receipt of the appropriate approvals and clearances.

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## DIRECTORS' REPORT HALF YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

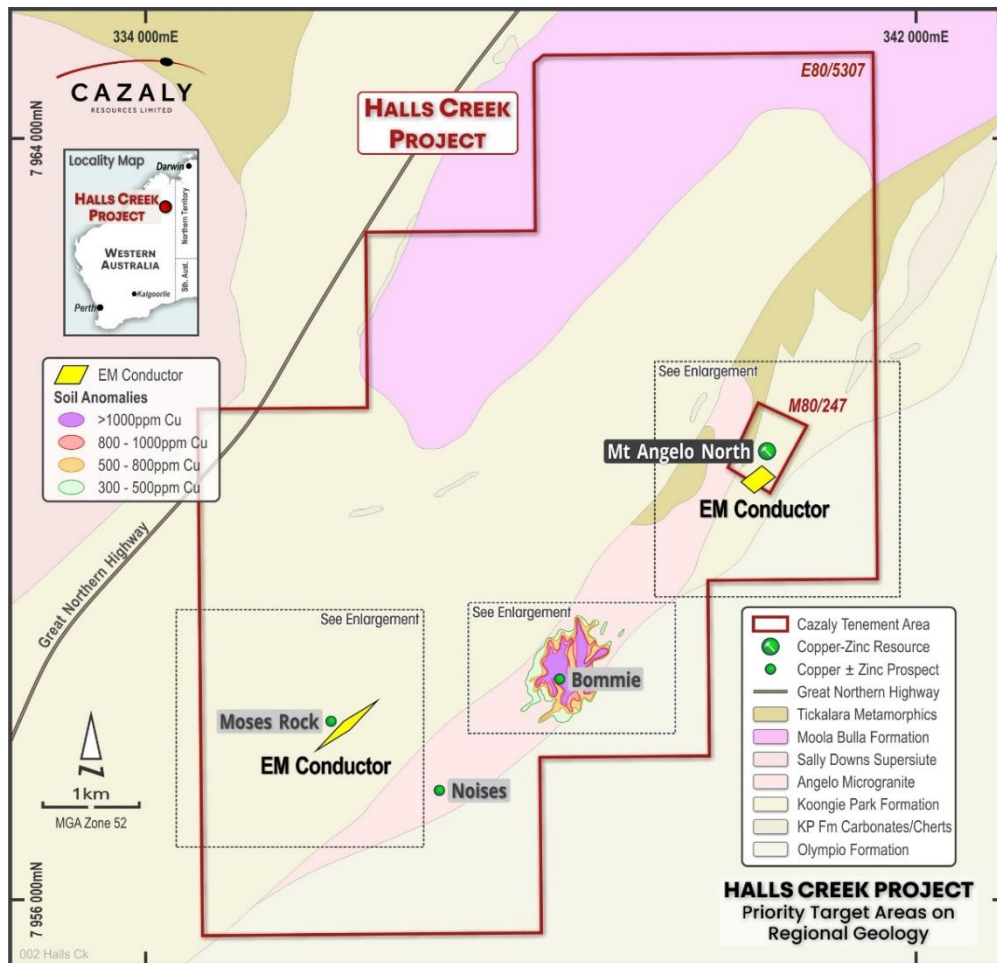


Figure 1: Location of High Priority Drill Target Areas at the Halls Creek Project

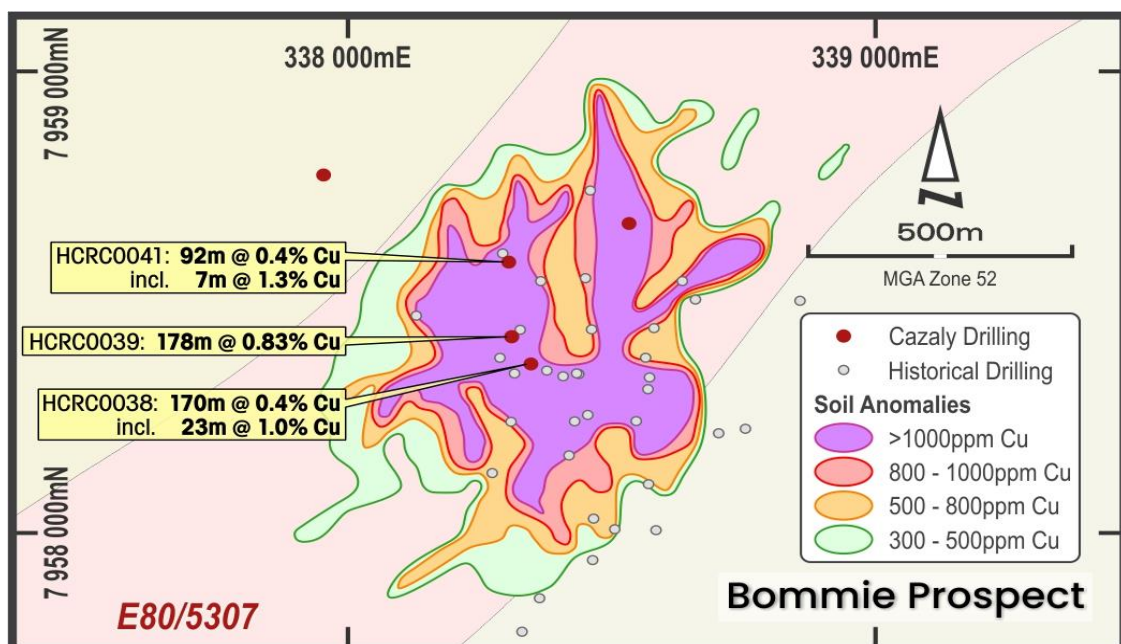


Figure 2: The Bommie prospect. Copper in soil anomalies and anomalous drill intercepts.

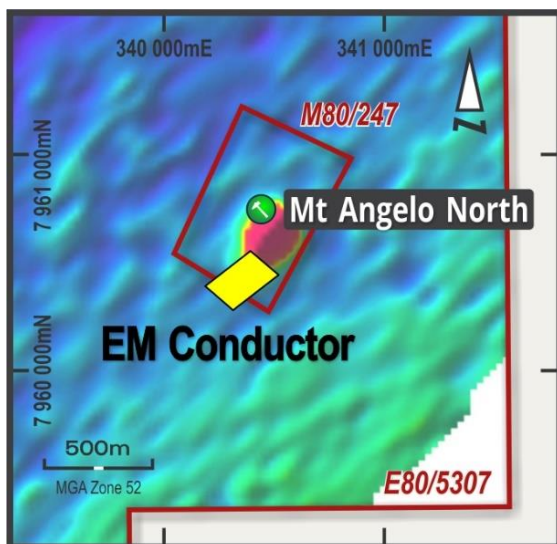
**DIRECTORS' REPORT  
HALF YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

EM conductors – Massive Sulphide targets at Mount Angelo North and Moses Rock

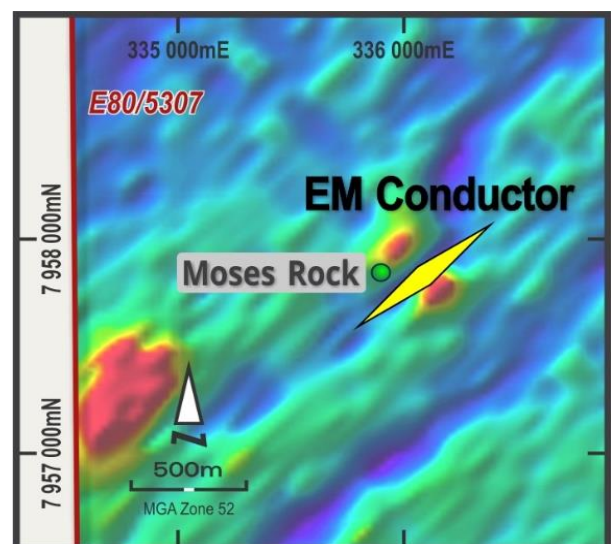
The MLEM survey completed in late August 2021 across priority target areas at the Halls Creek Project, identified two clear bedrock conductors at **Mount Angelo North** and **Moses Rock** located 5km to the southwest (Figure 1). For details on the survey configuration refer to Cazaly's ASX Announcement dated 30 September 2021.

RC drilling is planned to test these conductors between 100-150m below surface with drilling to commence as soon as possible following the receipt of the appropriate approvals and clearances.

The EM conductor at Mount Angelo North is located immediately south of the existing known resource (Figure 3). The EM conductor is modelled  $\approx 60\text{m}$  below surface with a depth extent of 180m and represents the potential depth extension of the existing massive sulphide mineralisation to the south. The conductor model is based on a single survey line and additional information will be required to better constrain the model prior to drill testing. The position of the conductor ties in well with the results from recent drilling that suggests mineralisation continues down plunge to the southwest.



**Figure 3: Mount Angelo North MLEM Conductor on reprocessed HeliTEM imagery**



**Figure 4: Moses Rock MLEM Conductor on reprocessed HeliTEM imagery**

The EM conductor at Moses Rock is located within the Koongie Park Formation, the same rock units that host the Mount Angelo North Cu-Zn Deposit. Both EM conductors exhibit similar conductance however the southern target at Moses Rock is significantly larger in scale than the conductor at Mount Angelo North which provides further encouragement for a potentially significant massive sulphide discovery. Recent reprocessing of the historical Heli-TEM survey data also highlights these two areas and shows structural complexity at Moses Rock (Figures 3 and 4).

The conductor at Moses Rock is robust, with a similar order of magnitude to the conductor at Mount Angelo North, it is larger in its extent, modelled  $\approx 100\text{m}$  below surface for 300m strike, dipping steeply to the southeast with a depth extent of  $\approx 300\text{m}$ . Figure 4 shows the conductor in an area of structural complexity located on the south eastern limb of a fold. The Moses Rock EM conductor represents a new and exciting massive sulphide drill target to be tested during the next drilling campaign.

#### **Mount Angelo North Resource Update**

In June 2021 the Company completed eight (8) RC holes with one (1) diamond tail drillhole (per 31 August 2021 ASX announcement) at the Mount Angelo North Cu-Zn deposit to confirm the continuity of shallow copper mineralisation and test potential extensions to known sulphide mineralisation along strike and down dip.

The RC drill results confirmed good, consistent high grade Cu-Zn mineralisation and has marginally extended the known limits of the deposit. The drilling, and recent re-modelling also highlighted a potential new down plunge

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## DIRECTORS' REPORT HALF YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

position for Zn mineralisation. Maximum single metre values returned from the drilling included: 37.9% Cu, 4.10% Zn, 1.20% Pb, 63g/t Ag & 1.57g/t Au.

A significant amount of work has been completed to advance our understanding of the Mount Angelo North deposit. The deposit was re-modelled and confirms the robust nature of the shallow oxide copper mineralisation near surface, with growth potential down dip and down plunge.

The resource was updated using the new interpretation for mineralisation models and re-estimated to comply with JORC Code 2012. The Mount Angelo North mineral resource estimate detailed in the table below, is reported as 1.72Mt @ 1.4% Cu, 12.3ppm Ag, 1.4% Zn (using 0.4% Cu lower cut) for 23kt Cu, 680koz Ag and 25kt Zn.

**Table 1: Mineral resource estimate, Mount Angelo North**

<b>Mount Angelo North Base Metal Deposit</b>				
<b>Mineral Resource Estimate (JORC 2012)</b>				
<b>INDICATED</b>	<b>Tonnes t</b>	<b>Cu %</b>	<b>Ag ppm</b>	<b>Zn %</b>
Oxide	149,000	1.4	21	0.9
Transitional	158,000	1.7	16	1.5
Fresh	699,000	1.7	13	1.8
<b>Total</b>	<b>1,007,000</b>	<b>1.6</b>	<b>15</b>	<b>1.6</b>
<b>INFERRED</b>				
Oxide	67,500	0.9	9	0.9
Transitional	157,000	1.2	7	0.6
Fresh	487,000	1.0	10	1.4
<b>Total</b>	<b>712,000</b>	<b>1.0</b>	<b>9</b>	<b>1.2</b>
<b>TOTAL RESOURCE</b>				
Oxide	216,000	1.2	17	0.9
Transitional	316,000	1.4	12	1.1
Fresh	1,187,000	1.4	12	1.6
<b>Total</b>	<b>1,718,000</b>	<b>1.4</b>	<b>12</b>	<b>1.4</b>

### Ashburton Basin Project (CAZ 100%)

Cazaly holds the rights to a major land position covering more than 2,450km<sup>2</sup> in the Ashburton Basin, in the Pilbara region of Western Australia. The Ashburton project covers major regional structures considered to be highly prospective for 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 area presents an excellent opportunity for discovery of large mineralised systems along the major regional scale structures, which to date have seen very little modern exploration.

The Ashburton Basin forms the northern part of the Capricorn Orogen, a ~1,000km long, 500km wide region of variably deformed metamorphosed igneous and sedimentary rocks located between the Yilgarn and Pilbara cratons.

Heritage agreements for the final tenement application in the Ashburton package were finalised and E08/3262 was granted on the 7 December 2021.

On 14 March 2022, the Company provided an exploration update whereby analytical results were received for 1,211 surface sediment samples collected across the Ashburton Project during November and December 2021. The regional stream sediment sampling program will provide the first comprehensive geochemical dataset across the entire Ashburton project area, and has already successfully identified major regional scale (Figure 5) mineralised structures:



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### DIRECTORS' REPORT HALF YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

- Two anomalous gold-copper mineralised trends extend over 50km in the northern project area, and
- Strong base metal signatures highlight the prospectivity of regional scale structures in the southern project area.

In addition, targeted soil sampling has highlighted the following anomalies:

- 10km long Au-Cu trend at *New Finish* prospect,
- 7km long base metal (Cu-Ag-Pb-Zn) trend at *Warden Pool* prospect,
- 3km long base metal (Cu-Ag-Pb-Zn) trend at *Ram Hole Creek* prospect.

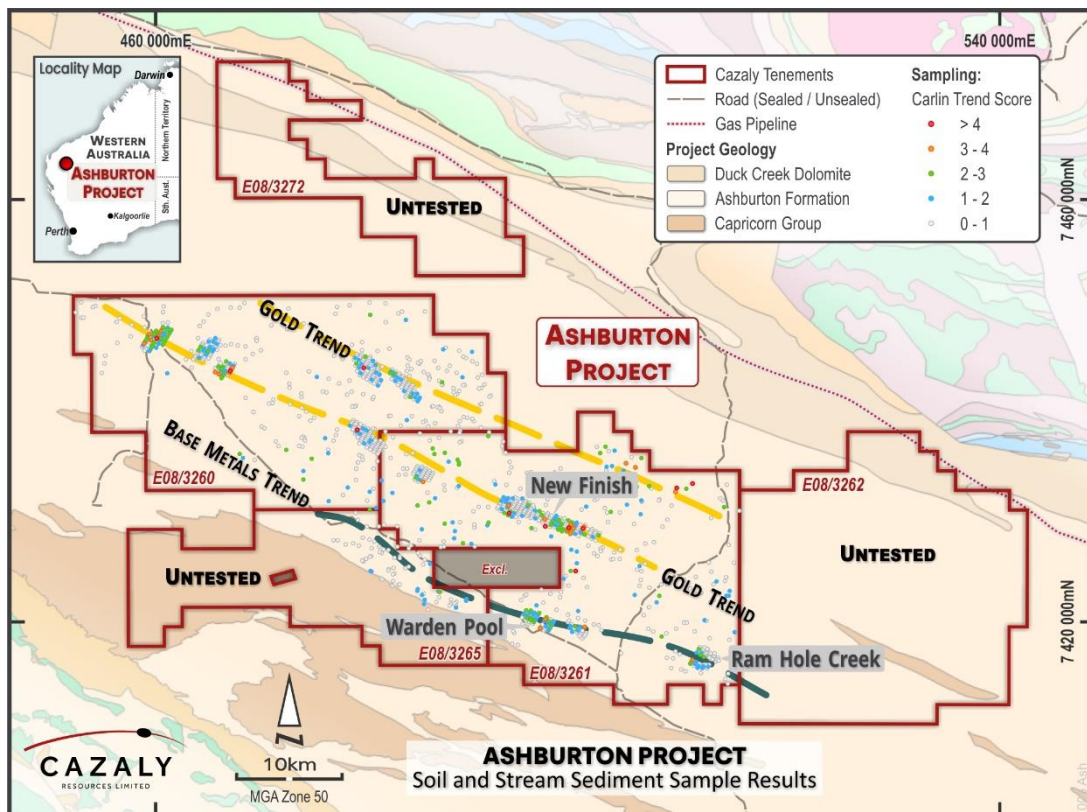


Figure 5: Ashburton Project with surface sampling completed to date and interpreted mineralised trends.

#### Yabby Project (CAZ 100%)

The Yabby tenements are located 10km to the west of Laverton in the north-eastern goldfields of Western Australia. The project area covers 16km<sup>2</sup> of the highly prospective Laverton Greenstone Belt and has potential for new nickel and gold discoveries (Figure 6). Tenements overlie the interpreted continuation of the mineralised ultramafic host to Poseidon's *South Windarra* nickel mine and are positioned directly to the north of the *Lady Julie* Gold deposit where gold mineralisation extends from surface with recent drill results including 22m @ 4.1 g/t gold from surface, and 16m @ 5.59 g/t gold from 20m (per Magnetic Resources NL ASX announcement dated 10 January 2022).

Recent field work consisted of the collection of 209 lag samples on a 400m x 200m grid across the entire project area to identify targets for follow up exploration. Samples have been submitted to the laboratory in Perth for multi-element analysis. Assay turnaround of approximately 12 weeks is expected.



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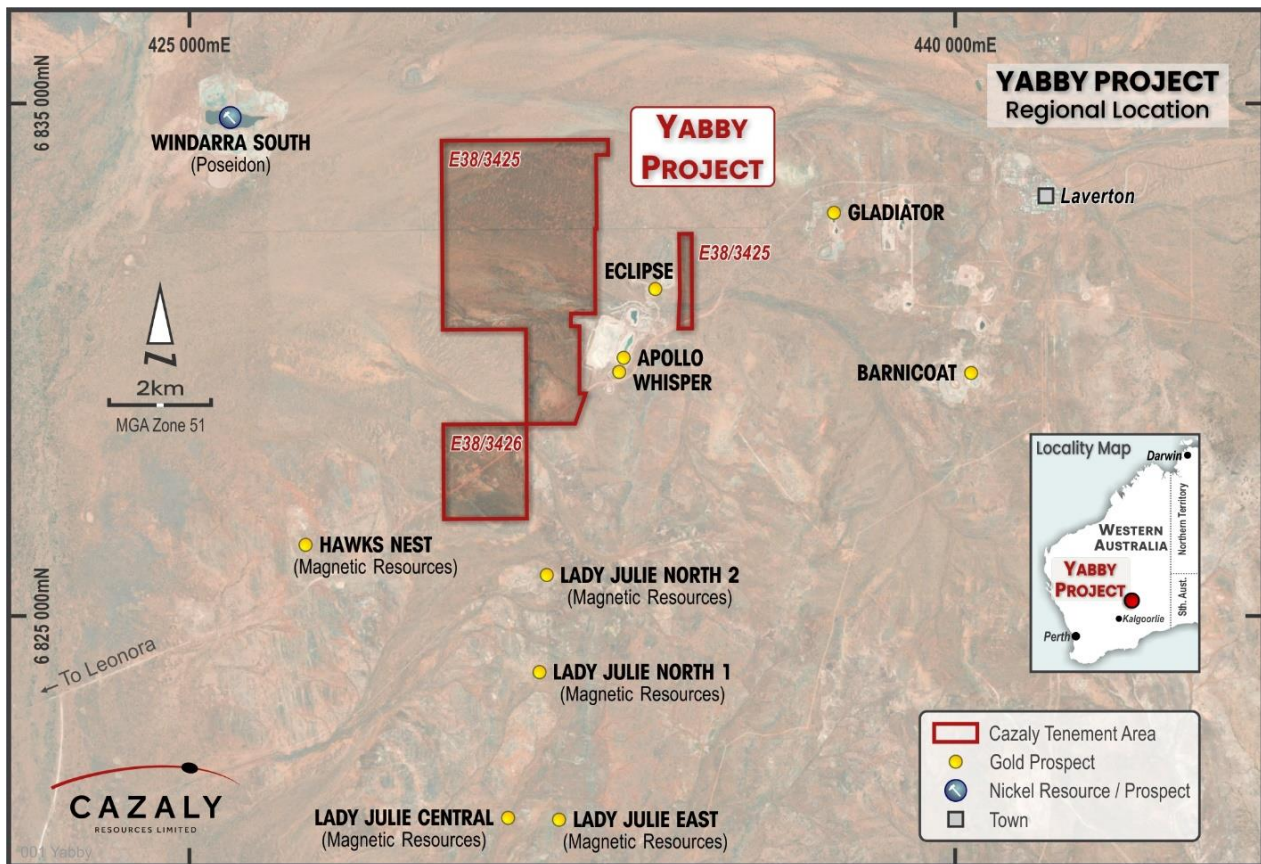


Figure 6: Location of Yabby Project, Laverton north-eastern Goldfields.

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

The Mt Venn Gold Project is located 125km northeast of Laverton in the North-eastern Goldfields Region of Western Australia and covers approximately 400km<sup>2</sup> 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.

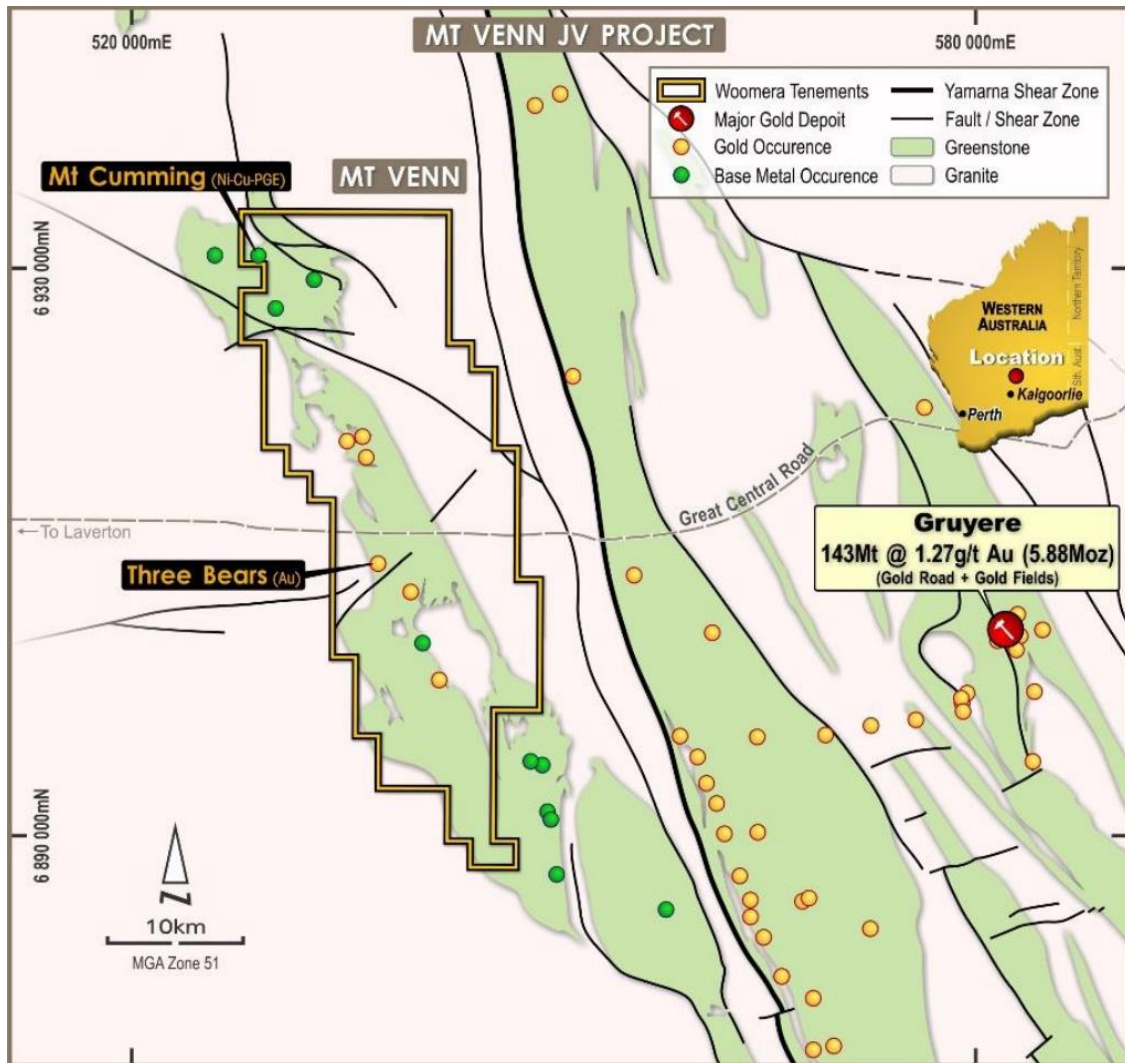
The project is subject to an unincorporated Joint Venture between the operators Woomera Mining Limited (Woomera, ASX:WML) (80%) and Cazaly (20%).

During the last quarter Woomera drilled 2,107 over the *Three Bears Gold Trend*, that extends over 7km strike and is highly prospective for gold mineralisation. Drill assay results are pending. Drilling results to date confirm broad thicknesses of gold mineralisation across three sub-parallel lodes Baby Bear, Mama Bear and Papa Bear.

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## DIRECTORS' REPORT HALF YEAR ENDED 31 DECEMBER 2021 (CONTINUED)



**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.**

Woomera also completed 15 RC holes MVRC051-MVRC065 for 1,116m of drilling at the Mt Cumming Ni-Cu-PGE Complex. Drilling focused on the EM targets of the Mt Cornell Sill. The current phase of drilling tested 5 EM conductors (EM#2, EM#3, EM#5, EM#6, and EM#10). Assay results were returned for three RC holes MVRC063-065 only, assay results for MVRC051-062 are pending.

Disseminated sulphides were intersected in RC drill hole MVRC059 testing EM#10, however assay results are pending. Semi-massive to massive sulphides were intersected in RC drill holes MVRC063, 064 and 065 confirming conductors at EM#6 and EM#7 represent a sulphidic source. Assay results confirmed Ni-Cu mineralization with anomalous intercepts including: MVRC063 2m at 0.24% Ni from 46m. MVRC064 22m at 0.19% Ni & 0.28% Cu from 28m, including 3m at 0.79% Ni plus 2m at 1.31% Cu. MVRC065 5m at 0.31% Ni & 0.65% Cu from 94m, including 1m at 0.71% Ni plus 1m at 1.68% Cu. These results are highly encouraging indicating the ultramafic complex is fertile and could potentially host economic Ni-Cu- PGE mineralization.



## CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES

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### DIRECTORS' REPORT HALF YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

*Mt Cumming* is located at the northern end of the Mount Venn Greenstone Belt and is prospective for Ni-Cu-PGE (Figure 7). 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. Previous airborne and ground EM surveys identified eight (8) EM conductors at *Mt Cumming* that have a number of coincident rock chip and/or soil anomalies (Figure 8).

Woomera intends to conduct a series of drilling campaigns in 2022 to test all priority EM targets and determine the size and distribution of sulphide mineralization throughout the *Mt Cornell* Sill over a strike length of 5km. In conjunction portable XRF soil sampling and ground EM surveys will continue to refine drill targets.

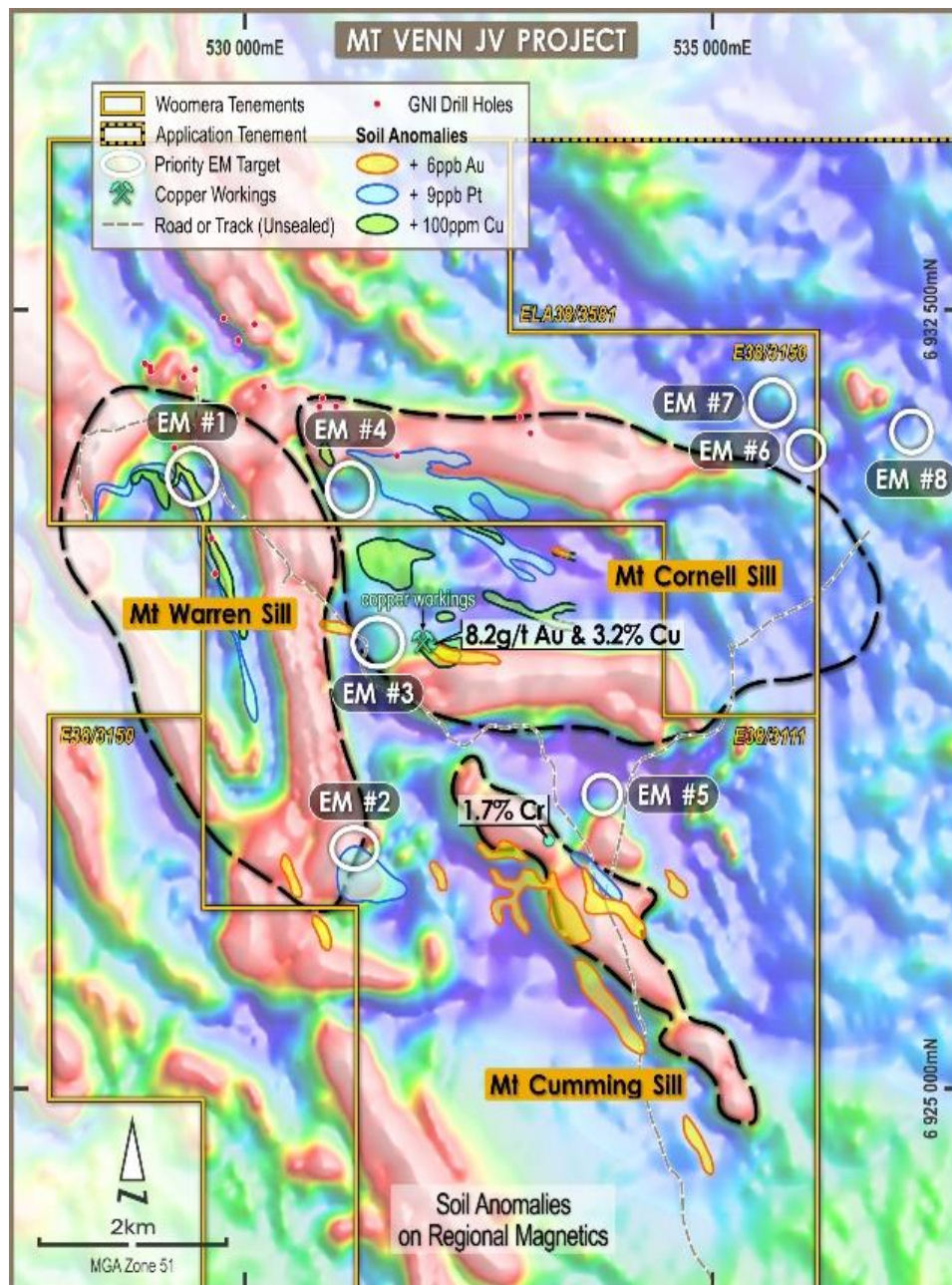


Figure 8: EM target locations within the ultramafic complex at the northern end of the Mount Venn Greenstone Belt.

# CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES

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## DIRECTORS' REPORT HALF YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### Hamersley

The Hamersley Iron Ore Project was an unincorporated Joint Venture between Lockett Fe Pty Ltd ("Lockett") (100% owned subsidiary of the Company) and Pathfinder Resources Ltd (ASX:PF1). During the third quarter the project was sold to Equinox Resources Limited (ASX:EQN) who successfully completed a \$9 million initial public offering under its Prospectus dated 31 August 2021 and subsequently listed on ASX on 13 October 2021. Lockett received 15,000,000 EQN shares and 2,850,000 performance shares, plus the Company also retains a royalty interest on the project.

Equinox Resources Limited has commenced detailed feasibility studies to progress the development planning at the Hamersley Iron Ore Project where the Company retains equity and a royalty interest. 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** (per Pathfinder (formerly Winmar) Resources Ltd ASX announcement dated 24 January 2020).

### Other Projects

Minimal work was conducted during the period over the *Kaoko Kobalt Project* (CAZ 95%) in Namibia and the *McKenzie Springs JV* project (CAZ 30%) which is being managed by Fin Resources Limited (ASX:FIN).

Mineral Resources Limited (ASX:MIN) drilled 106 RC holes for 9,276m to infill the next stages of the Parker Range mine as part of mine development work.

The Company has completed and continues to review, several potential project opportunities. The Company's preference is for advanced exploration to near mining assets in jurisdictions amenable to mining and exploration.

### Corporate

As announced on 19 November 2021, the Company appointed Mr Jonathan Downes as a new independent Non-Executive Director.

The Company had cash and investments totalling \$14 million at 31 December 2021. This excludes any unclaimed cash distribution proceeds from the Return of Capital and unfranked dividend.

Cazaly 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.

### Options and Performance Rights

On 2 December 2021, the Company's Managing Director, Ms Tara French, was issued a total of 5 million performance rights and 5 million unquoted options as approved by shareholders on 19 November 2021. Details are as follows:

#### Performance Rights

- (i) 2,000,000 Performance Rights - vested upon issue;
- (ii) 1,500,000 Performance Rights - vest 12 months after Commencement; and
- (iii) 1,500,000 Performance Rights - vest 24 months after Commencement.

The expiry date of the performance rights is 11 October 2025.

#### Unquoted Options

- (i) 2,000,000 Director Options exercisable at \$0.067 on or before 19 November 2023;
- (ii) 1,500,000 Director Options exercisable at 150% VWAP expiring 12 October 2024 – vesting 12 months after Commencement; and
- (iii) 1,500,000 Director Options exercisable at 150% VWAP expiring 12 October 2025 – vesting 24 months after Commencement.

# CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES

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## DIRECTORS' REPORT HALF YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### RESULTS OF OPERATIONS & FINANCIAL POSITION

The operating profit after income tax of the Group for the half-year ended 31 December 2021 was \$897,203 (31 December 2020: loss \$405,665).

The Group had a working capital surplus, being current assets less current liabilities of \$8,404,638 at 31 December 2021 (30 June 2021: surplus of \$9,352,335).

### SUBSEQUENT EVENTS

Mr Nathan McMahon vacated his position as Non-Executive Director on 7 March 2022.

Apart from the above, there have not been any other matters or circumstances that have arisen which have significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

### LEAD AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 22 of the half-year ended 31 December 2021.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

This report is signed in accordance with a resolution of the Board of Directors.



Clive Jones  
Executive Director

Perth  
Dated: 15 March 2022

### Competent Persons Statement

The information in this report that relates to Exploration targets and results is extracted from previous company announcements to the ASX, all are available to view on <https://www.cazalyresources.com.au>. The Company confirms that it is not aware of any new Exploration information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The information in this report that relates to the Mount Angelo North Mineral Resources is based on information compiled by Ms Vanessa O'Toole Principle Consultant of Honey Mining and Resources Pty Ltd, a Competent Person, with over 20 years' experience in the mining industry specialising in Mineral Resource estimation, who is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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'. Ms Vanessa O'Toole consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

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

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## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME HALF YEAR ENDED 31 DECEMBER 2021

		31 December 2021 \$	31 December 2020 \$
Revenue	2	106,948	90,659
Other Income	2	1,751,162	314,393
Employee benefits expense		(237,679)	(290,190)
Borrowing costs and interest		(4,425)	(6,426)
Depreciation & amortisation expense		(40,866)	(37,988)
Administration expenses		(160,000)	(180,041)
Compliance & Regulatory expenses		(151,360)	(112,889)
Occupancy costs		(52,241)	(15,771)
Exploration expenditure written off		(63,270)	(171,209)
Equity based payments		(307,617)	-
Diminution in fair value of financial assets through profit and loss		56,551	3,797
Profit/(Loss) before income tax		897,203	(405,665)
Income tax benefit		-	-
Profit/(Loss) for the period		897,203	(405,665)
Profit/(Loss) attributable to:			
Members of the controlling entity		897,203	(405,481)
Non-controlling interest		-	(184)
		897,203	(405,665)
Other comprehensive income		-	-
Total comprehensive loss for the period		897,203	(405,665)
Net loss and total comprehensive income for the period attributable to:			
Members of the controlling entity		897,203	(405,481)
Non-controlling interest		-	(184)
		897,203	(405,665)
Basic earnings/(loss) per share (cents per share)		0.24	(0.12)

The accompanying notes form part of this financial report.



**CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	<b>Note</b>	<b>31 December 2021 \$</b>	<b>30 June 2021 \$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		8,720,241	9,593,690
Trade and other receivables		79,393	133,893
<b>TOTAL CURRENT ASSETS</b>		<b>8,799,634</b>	<b>9,727,583</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		49,679	49,679
Financial assets		5,519,024	2,491,151
Property, plant and equipment		27,037	23,505
Rights of use assets		116,434	151,367
Exploration and evaluation assets	3	4,446,857	5,294,691
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,159,031</b>	<b>8,010,393</b>
<b>TOTAL ASSETS</b>		<b>18,958,665</b>	<b>17,737,976</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		184,280	144,562
Short-term provisions		133,121	120,831
Interest bearing loans and borrowings		77,595	109,855
<b>TOTAL CURRENT LIABILITIES</b>		<b>394,996</b>	<b>375,248</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings		48,697	52,576
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>48,697</b>	<b>52,576</b>
<b>TOTAL LIABILITIES</b>		<b>443,693</b>	<b>427,824</b>
<b>NET ASSETS</b>		<b>18,514,972</b>	<b>17,310,152</b>
<b>EQUITY</b>			
Issued Capital	4	26,620,021	26,620,021
Reserves	5	729,858	422,241
Accumulated profits/(losses)	6	(8,819,336)	(9,716,539)
Controlling entity interest		18,530,543	17,325,723
Non-controlling interest		(15,571)	(15,571)
<b>TOTAL EQUITY</b>		<b>18,514,972</b>	<b>17,310,152</b>

The accompanying notes form part of this financial report.

# CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT HALF YEAR ENDED 31 DECEMBER 2021

	31 December 2021 \$	31 December 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from services agreements	137,768	46,335
Cash received from government grants	-	50,000
Payments to suppliers and employees	(486,265)	(689,676)
Interest and bill discounts received	10,841	34,728
Net cash used in operating activities	(337,656)	(558,613)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(7,173)	(7,880)
Purchase of equity investments	(394,467)	334,004
Payments for exploration and evaluation	(825,793)	(841,924)
Proceeds from the Sale of Subsidiary	-	2,078
Proceeds from sale of equity investments	691,640	-
Proceeds on sale of exploration assets	-	70,000
Proceeds from term deposit bond	-	10,038
Net cash (used in)/ provided by investing activities	(535,793)	(433,684)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity	-	510,320
Payments for costs of issue of securities	-	(32,665)
Net cash provided by financing activities	-	477,655
Net (decrease) in cash held	(873,449)	(514,642)
Cash at beginning of period	9,593,690	10,085,562
Cash at end of reporting period	<b>8,720,241</b>	<b>9,570,920</b>

The accompanying notes form part of this financial report.

# CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN 23 101 049 334

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY HALF YEAR ENDED 31 DECEMBER 2021

	Issued Capital \$	Accumulated Profits/(Losses) \$	Option Reserve \$	Non- Controlling Interest \$	Total \$
<b>Balance at 1 July 2020</b>	25,852,471	(10,433,300)	358,724	(15,387)	15,762,508
Net profit/(loss) and total comprehensive income for the period attributable to members	-	(405,481)	-	(184)	(405,665)
Shares issued	510,320	-	-	-	510,320
Options expired	-	-	-	-	-
Fair value of options exercised	-	-	-	-	-
Option Reserve	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<u>26,362,791</u>	<u>(10,838,781)</u>	<u>358,724</u>	<u>(15,571)</u>	<u>15,867,163</u>
<b>Balance at 1 July 2021</b>	26,620,021	(9,716,539)	422,241	(15,571)	17,310,152
Net profit/(loss) and total comprehensive income for the period attributable to members	-	897,203	-	-	897,203
Shares issued	-	-	-	-	-
Options expired	-	-	-	-	-
Fair value of options exercised	-	-	-	-	-
Option Reserve	-	-	307,617	-	307,617
<b>Balance at 31 December 2021</b>	<u>26,620,021</u>	<u>(8,819,336)</u>	<u>729,858</u>	<u>(15,571)</u>	<u>18,514,972</u>

The accompanying notes form part of these financial statements.

# CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN 23 101 049 334

## NOTES TO THE FINANCIAL STATEMENTS HALF YEAR ENDED 31 DECEMBER 2021

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### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Corporate information

The interim financial report of Cazaly Resources Limited ('Cazaly' or the 'Company') for the half year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on 15 March 2022.

Cazaly is a company limited by shares incorporated and domiciled in Australia whose shares (CAZ) are publicly traded on the Australian Securities Exchange. The principal activity of Cazaly Resources Limited is the exploration and development of mineral resources.

#### (b) Statement of compliance

The interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS34: *Interim Financial Reporting*.

The condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Cazaly and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

#### (c) Basis of preparation

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the impact of the standards and interpretations below in note 1(e). These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The financial statements are for the consolidated entity consisting of Cazaly Resources Ltd and its subsidiaries (the 'Group').

The financial report has also been prepared on an historical cost basis, except for available for sale investments which have been measured at fair value through profit and loss. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian Dollars, which is the Company's functional currency.

#### (d) New accounting standards, interpretations and amendments adopted by the Group

##### *Standards and Interpretations applicable to 31 December 2021*

In the period ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

##### *Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

# CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN 23 101 049 334

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) HALF YEAR ENDED 31 DECEMBER 2021

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### **(e) Significant accounting judgements and key estimates**

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2021.

#### *Capitalised exploration costs carried forward*

The future recoverability of capitalised exploration costs carried forward has been reviewed by the directors. They are dependent on a number of factors, including whether the Group decides to exploit the related lease/licence itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, sovereign risk, future technological changes, availability of funds, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration expenditure is determined not to be recoverable in the future, results and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable resources. To the extent it is determined in the future that this capitalised expenditure should be written off, results and net assets will be reduced in the period in which this determination is made.

### **(f) Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Managing Director of Cazaly.

# CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN 23 101 049 334

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) HALF YEAR ENDED 31 DECEMBER 2021

### 2. INCOME AND EXPENSES

The following revenue and expense items are relevant in explaining the income statement for the half-year:

	31 Dec 2021	31 Dec 2020
	\$	\$
<b>Revenue</b>		
Interest received	10,841	34,728
Office service recharges	96,107	55,931
	<b>106,948</b>	<b>90,659</b>
<b>Other Income</b>		
Gain on value of financial assets	-	192,315
Government grants	-	50,000
Gain on sale of subsidiary	-	2,078
Gain on sale of financial assets	278,270	-
Gain on sale of tenements	1,472,892	60,000
Other income	-	10,000
	<b>1,751,162</b>	<b>314,393</b>

### 3. EXPLORATION AND EVALUATION ASSETS

	31 Dec 2021	30 June 2021
	\$	\$
Exploration and evaluation phases at cost	4,446,857	5,294,691
<b>Movements in exploration and evaluation assets</b>		
Brought forward	<b>5,294,691</b>	<b>4,324,283</b>
Expenditure capitalised during the period	735,683	1,179,824
Acquisitions	-	335,000
Expenditure capitalised on tenements sold during the period	6,861	-
Hamersley costs transferred to sale of tenements (a)	(1,527,108)	-
Exploration expenditure written off	(63,270)	(544,416)
	<b>4,446,857</b>	<b>5,294,691</b>

- (a) As originally announced on 9 July 2021, the Company executed a binding heads of agreement for the sale of its 30% interest in the Hamersley Iron Ore Project (ML47/1450). The Hamersley Iron Ore Project was an unincorporated Joint Venture between Lockett Fe Pty Ltd ("Lockett") (100% owned subsidiary of the Company) and Pathfinder Resources Ltd (ASX:PF1). The project was sold to Equinox Resources Limited (ASX:EQN) who successfully completed a \$9 million initial public offering under its Prospectus dated 31 August 2021 and subsequently listed on ASX on 13 October 2021. Lockett received 15,000,000 EQN shares and 2,850,000 performance shares, plus the Company also retains a royalty interest on the project.



# CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN 23 101 049 334

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) HALF YEAR ENDED 31 DECEMBER 2021

### 4. SHARE CAPITAL

	31 Dec 2021 \$	30 June 2021 \$
369,563,267 (30 June 2021: 369,563,267) fully paid ordinary shares with no par	26,620,021	26,620,021

There were no movements in share capital in the 6 months to 31 December 2021.

#### Unquoted Option movements

Exercise Period	Exercise Price	Number on issue at 30 June 2021	Issued during the half year	Exercised/ Expired/ Cancelled	Number on issue at 31 December 2021
On or before 19 November 2022	\$0.0495	10,000,000	-	-	10,000,000
On or before 8 March 2024	\$0.05	2,000,000	-	-	2,000,000
On or before 11 June 2024	\$0.066	500,000	-	-	500,000
On or before 19 November 2023	\$0.067	-	2,000,000	-	2,000,000
On or before 12 October 2024	(*)	-	1,500,000	-	1,500,000
On or before 12 October 2025	(*)	-	1,500,000	-	1,500,000
Total unquoted options		12,500,000	5,000,000	-	17,500,000

(\*) Exercisable at a price that is 150% of the VWAP for CAZ shares traded on the ASX over the five (5) trading days immediately preceding the vesting date (currently held in escrow).

Options are issued to directors, employees and consultants. The options may be subject to performance criteria, and are issued to directors, employees and consultants to increase goal congruence between executives, directors and shareholders. Options carry no dividend or voting rights. The fair value of share options issued during the half year was \$77,617. All options were issued to the Managing Director and were approved by shareholders at the AGM on 19 November 2021 (option issue date was 2 December 2021).

Allottee	Number of Options	Fair Value at Grant Date per Option	Estimated Volatility	Life of Option (years)	Exercise Price	Share Price at Grant Date	Risk Free Interest Rate
Director	2,000,000	\$0.01210	67%	2.0	\$0.067	\$0.041	0.75%
Director	1,500,000	\$0.01706	67%	2.0	\$0.093	\$0.055	0.75%
Director	1,500,000	\$0.01855	67%	2.0	\$0.108	\$0.055	0.75%

#### Performance Rights

On 2 December 2021, the Company's Managing Director, Ms Tara French, was issued a total of 5 million performance rights (expiring on 11 October 2025) as follows:

- (i) 2,000,000 Performance Rights - vested upon issue;
- (ii) 1,500,000 Performance Rights - vest 12 months after Commencement; and
- (iii) 1,500,000 Performance Rights - vest 24 months after Commencement.

The Performance rights were approved for issue by shareholders at the AGM on 19 November 2021 and were assigned a value of \$230,000. This amount was fully expensed in the half year to 31 December 2021.

# CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN 23 101 049 334

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) HALF YEAR ENDED 31 DECEMBER 2021

### 5. RESERVES

This reserve records the value of equity benefits provided to employees, consultants and directors as part of their remuneration, share based payments to third parties and option consideration for any acquisitions.

	31 Dec 2021	30 June 2021
	\$	\$
Opening balance	422,241	358,724
Equity based payments (options and performance rights)	307,617	63,517
Transfers to accumulated losses	-	-
Closing balance	<b>729,858</b>	<b>422,241</b>

### 6. ACCUMULATED LOSSES

Opening balance	(9,716,539)	(10,433,300)
Net earnings/loss attributable to members	897,203	716,761
Transfers from option reserve	-	-
Closing balance	<b>(8,819,336)</b>	<b>(9,716,539)</b>

### 7. SUBSEQUENT EVENTS

Mr Nathan McMahon vacated his position as Non-Executive Director on 7 March 2022.

Apart from the above, there have not been any other matters or circumstances that have arisen which have significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

### 8. CONTINGENT LIABILITIES AND ASSETS

There has been no change in contingent liabilities and assets since the last annual reporting date, apart from the future royalty interest in the Hamersley Iron Ore Project and Performance Shares in Equinox Resources Limited. The royalty is fixed and payable to Lockett Fe Pty Ltd of USD\$0.30 per metric tonne of iron ore which is extracted and sold or otherwise disposed of from the area within the boundaries of the Hamersley Iron Ore Project. The Company also holds 2,850,000 Performance Shares in Equinox. Each Performance Share will, at the election of the holder, convert into one Equinox Share, subject to Equinox announcing to the ASX a positive preliminary Feasibility Study in relation to the Hamersley Iron Ore Project, confirming the Hamersley Iron Ore Project is commercially viable. The Performance Shares have a two-year term.

### 9. OPERATING SEGMENTS

The Company operates in one geographical area being Australia and one industry, being exploration, for the half year ended 31 December 2021 which was the same as reported in the financial report for the year ended 30 June 2021. The Chief Operating Decision Makers are the Board of Directors and the management of the Group. There is currently only one operating segment identified, being exploration activities based in Australia based on internal reports reviewed by the Chief Operating Decision Makers in assessing performance and allocation of resources. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

# CAZALY RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN 23 101 049 334

## DIRECTORS' DECLARATION HALF YEAR ENDED 31 DECEMBER 2021

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In the opinion of the directors:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors, made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Board.



Clive Jones  
Executive Director

PERTH  
Dated 15 March 2022

To the Board of Directors,

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the review of the financial statements of Cazaly Resources Limited for the period ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully

*Hall Chadwick*  
HALL CHADWICK WA AUDIT PTY LTD

*Mark Delaurentis*  
MARK DELAURENTIS CA  
Director

Dated this 15<sup>th</sup> day of March 2022  
Perth, Western Australia

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CAZALY RESOURCES LIMITED

### Conclusion

We have reviewed the accompanying half-year financial report of Cazaly Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cazaly Resources Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Cazaly Resources Limited financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

### Responsibility of the Directors for the Financial Report

The directors of the Cazaly Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Hall Chadwick*  
**HALL CHADWICK WA AUDIT PTY LTD**

*Mark Delaurentis*  
**MARK DELAURENTIS CA**  
**Director**

Dated this 15<sup>th</sup> day of March 2022  
Perth, Western Australia