

## CAZALY SECURES OPTION TO EARN INTO NORTH QUEENSLAND POLYMETALLIC VANROCK PROJECT

- Drill ready **VANROCK** geophysical target in potential new mineral province with Tier 1 deposit potential
- Previous regional work confirms Andean-type silver-tin-zinc-copper-lead mineralisation at look-a-like targets in the district
- JV agreement with Lynd Resources, a successful team with a proven track record including key involvements in the discovery of Olympic Dam, Cannington and Ernest Henry

Cazaly Resources Pty Ltd (ASX: CAZ, “Cazaly” or “the Company”) is pleased to announce that, subject to due diligence, it has entered into an agreement via their subsidiary company Vanrock Resources Pty Ltd, with Lynd Resources Pty Ltd for the *Vanrock* Project (the Project) under the terms outlined on page 3. As a diversified mineral explorer this project provides an exciting opportunity for Cazaly to be a first mover in an underexplored newly recognised mineral district concealed beneath surficial cover.

The Project is located in central north Queensland 350km west of Cairns (Figure 1). The Project lies within the northern portion of the Townsville-Mornington Island Igneous Belt (TMIB), which extends over 700km from Townsville to the Gulf of Carpentaria. To the southeast of the Project area, where there is very little cover, the TMIB is host to several +Million ounce (Moz) gold deposits, with the total gold endowment in the NE QLD region now sitting at ≈40Moz. Figure 1 shows the project area is located where the TMIB dips undercover, and the abundant mineralisation occurrences within the TMIB to the southeast where exposure/outcrop is prevalent. The district also has a long history of tin exploration and mining dating back to the

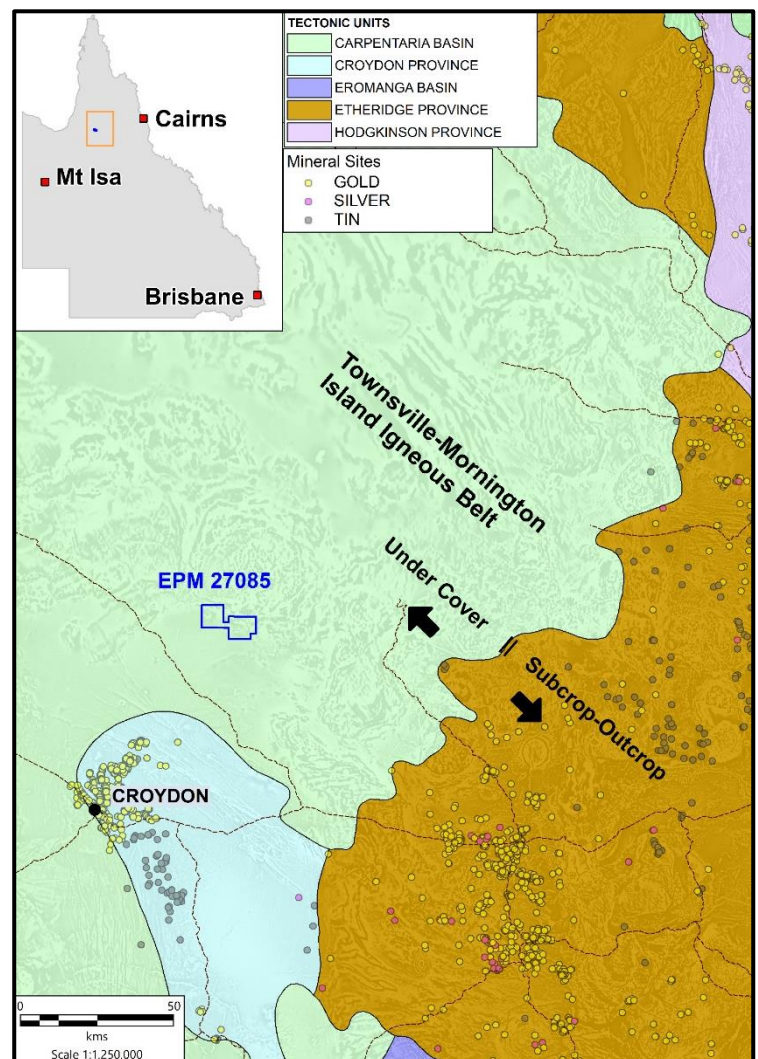


Figure 1. Location of EPM 27085, The Vanrock Project QLD.

early 1900s. Much of the company exploration conducted in the late 60s-70s by North Broken Hill Ltd, Mount Isa Mines Ltd, and Newmont Holdings Pty Ltd was in areas of outcrop. In more recent times new polymetallic discoveries have been made undercover by Gold Aura Ltd, now Crater Gold Mining Ltd (ASX:CGN), at the A1 & A2 prospects located to the southwest of the Vanrock Project, near Croydon where massive sulphides were intersected, “widths varying from 2 to 13m downhole containing potentially economic concentrations of Zn (1.35 to 10.13%), Ag (32.7 to 642g/t), Sn (0.12 to 0.63%) ± Pb (0.25 to 2.1%) and/or Cu (0.13 to 0.57%)”. Figure 2 illustrates the location of Crater Gold’s A1 and A2 prospects.

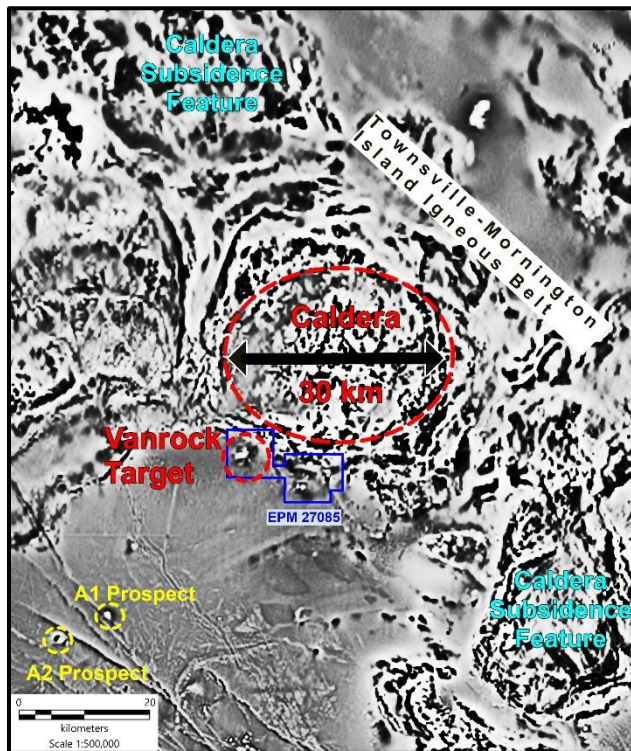


Figure 2. Location of the Vanrock target on the margin of a large caldera

The **Vanrock** target is characterised by a magnetic high on the margin of a large caldera ≈30km in diameter (Figure 2). The targeted Andean-style silver - tin - base metal deposit model is typically defined by the association of late stage intrusives and mineralisation that displays as discrete magnetic highs located close to the margins of

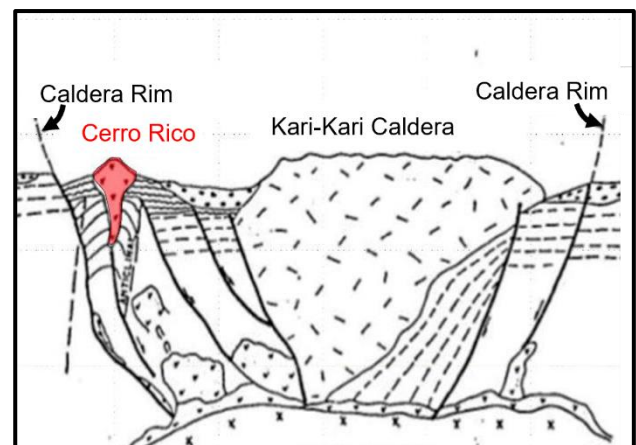


Figure 3. Andean type Geological Model (Cerro Rico). After Schneider 1985

large caldera complexes. Previous drilling by Lynd Resources in the TMIB has confirmed alteration and mineralisation in the district akin to the Tier 1 *Cerro Rico de Potosi* deposit (Redwood, 2020; Figure 3) in Bolivia, one of the world’s largest silver-tin deposits, which contains 5 billion ounces of Silver (Ag) and 1.5 million tonnes of Tin (Sn).

The **Vanrock** drill target is a coincident magnetic and airborne EM anomaly (flown by Geoscience Australia) on the edge of a palaeo-caldera. The target will initially be tested with a single diamond drill hole, designed to intersect the modelled magnetic units (Figure 4) interpreted to represent parallel sulphidic mineralised lodes. Cazaly will fund the drilling of this initial hole as an Option before electing to progress further with the joint venture.

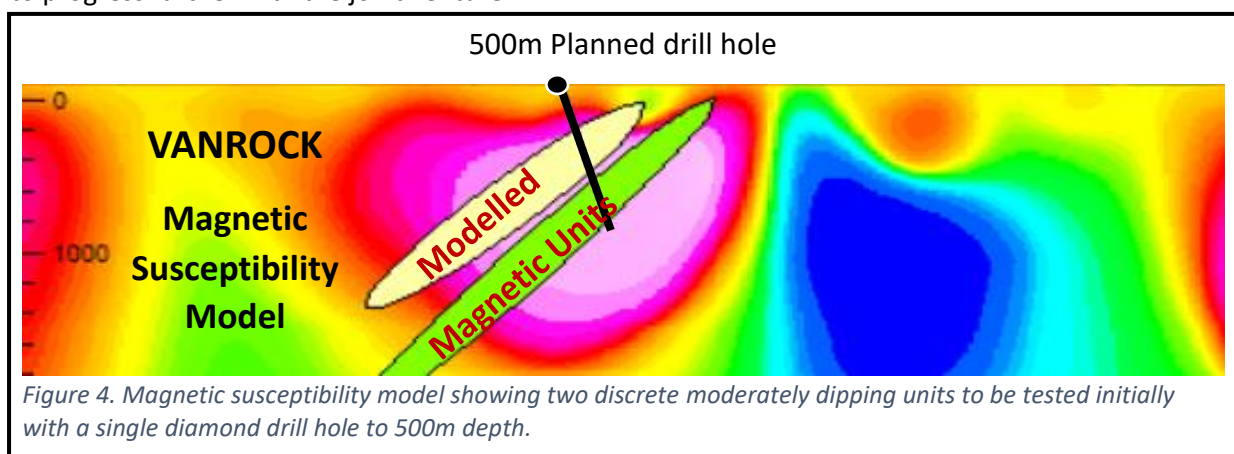


Figure 4. Magnetic susceptibility model showing two discrete moderately dipping units to be tested initially with a single diamond drill hole to 500m depth.

Funding assistance for this drill hole will also be sourced from the Queensland Government's Collaborative Exploration Initiative (CEI), whereby \$171,370 of the drilling costs will be reimbursed. Drilling is proposed to commence in September 2022.

Cazaly Resources Ltd will earn-in to the Vanrock Project as follows:

- CAZ will commit to sole funding (including access to the \$171k CEI funds) the drilling of the single planned hole into the Vanrock target ("Vanrock Option Drillhole") by 30 November 2022
- CAZ can earn 60% in the project by spending \$1.5M (Inclusive of attributable initial drillhole costs) over 3 years
- CAZ can earn 75% by commencing a pre-feasibility study
- CAZ can earn 90% by completing a bankable feasibility study
- Lynd to revert to 2% net smelter royalty if their interest falls below 10%
- CAZ and Lynd Teams to work collaboratively in the region
- Should Cazaly take up a new EPM within an agreed area of influence Cazaly will free carry Lynd 25% equity to a PFS as above. All other terms will remain excluding the requirement of drilling the initial Vanrock Option Drillhole and the expenditure of \$1.5m for an initial 60% interest

Further milestone payments payable in cash or shares:

- A once off payment per EPM of \$100,000 upon an economic drill intersection of  $\geq 30 \text{ m.}\% \text{Sn}$  (eg;  $20\text{m} @ 1.5\% \text{Sn} = 30 \text{ m.}\% \text{Sn}$ ) or metal equivalent
- \$250,000 at the completion of a positive concept (scoping) study
- \$500,000 at the completion of a positive pre-feasibility study
- \$1,000,000 on a Decision to Mine based on a bankable feasibility study

## Tin Market

Tin prices have reached 10-year highs in recent times due to strong physical demand growth exceeding global supply against a backdrop of falling supply with prices remaining well above pre-pandemic levels. Traditionally Tin has been used as solder, in tinsplate, as an alloy and in chemicals and lead-acid batteries. However, it is now being recognised as a leading component in emerging new technologies. Specifically, as solder in electronics and semi-conductors, EV's, robotics, renewables and energy storage batteries the demand for all of which is rapidly expanding.

Demand growth currently sits at 23% (to the March quarter International Tin Association) as demand continues to grow from the electronics sector whilst LME inventory levels remain low. China currently accounts for nearly half the world's production whilst in February this year the United States Geological Survey added Tin to their list of critical commodities. Independent analysts expect tin demand to continue outstripping supply, pushing the market into deficit by 2026.

Commenting on this Cazaly's Managing Director Tara French says;

*"Cazaly is excited to be working together with Lynd's high quality and successful technical team in testing the potential of the Vanrock project to host a world class polymetallic system in a newly identified, poorly explored region in central North Queensland. Cazaly identified Tin as a priority commodity target to add to our portfolio in our 2021 Strategic planning session and now have the opportunity to be a first mover in this new search space. For Cazaly, it is an excellent target ripe for drill testing, highlighted by coincident anomalies. This single drill hole will enable us to assess our position and decide fairly quickly whether or not to pursue the project thereafter".*

## REFERENCES

Crater Gold Mining Ltd, n.d. Projects Croydon Polymetallic Project, accessed 19 July 2022, <http://www.cratergold.com.au/irm/content/polymetallic-project.aspx?RID=310>

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## ENDS

**For and on behalf of the Cazaly Board**

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*For further information please contact:*

Tara French (Managing Director) | Clive Jones (Executive Director)

**Cazaly Resources Limited**

**ACN 101 049 334**

Tel: +61 8 9322 6283 E: [admin@cazalyresources.com.au](mailto:admin@cazalyresources.com.au) Website: [www.cazalyresources.com.au](http://www.cazalyresources.com.au)

## Forward Looking Statement

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This ASX announcement may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Cazaly's planned exploration program(s) and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward looking statements. Although Cazaly Resources believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.