CAZALY
RESOURCES LIMITED

EXPLORATION UPDATE
DIAMOND DRILLING COMPLETED AT THE VANROCK PROJECT (QLD)

On 21 September 2022, Cazaly Resources Limited (ASX:CAZ, "Cazaly" or "the Company") lodged an announcement entitled "Exploration Update – Diamond Drilling Completed at the Vanrock Project (QLD)". The Company now provides an updated version of that announcement ("Replacement Announcement") incorporating the following clarifying amendments:

- Summary of geological visual log of mineralised intervals (Appendix 1);
- JORC Table 1 (Appendix 1 - sections 1 and 2), including "if not, why not" for previous items marked N/A; and
- Relevant cautionary language (on page 2)

A copy of the Replacement Announcement is attached.

This announcement has been authorised for release by the Board of Directors of Cazaly Resources Ltd.

—— ENDS ——

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Key Points

- A single diamond hole was completed at the Vanrock Project to 521.2m depth.
- Two separate semi-massive sulphidic zones were intersected from 211.95m to 215.96m and 264.30m to 272.54m down hole.
- Potassic alteration associated with the sulphidic zones also occurs sporadically throughout the drill hole.
- Quartz diorite with disseminated pyrrhotite throughout correlates with the modelled magnetic target.
- All assays are pending.

Figure 1. 211.95m to 215.96m: Dacitic unit with strong chlorite-carbonate alteration, visible sphalerite, galena, and chalcopyrite. To be sampled and submitted for assay.

Cazaly Resources Limited (ASX: CAZ, "Cazaly" or "the Company") is pleased to announce that diamond drilling of a single hole to test the Vanrock target has been completed at the Vanrock Project located in central north Queensland, 350km west of Cairns within the northern portion of the Townsville-Mornington Island Igneous Belt (TMIB), which extends over 700km from Townsville to the Gulf of Carpentaria.

Cazaly entered into an option agreement with Lynd Resources Pty Ltd to acquire a majority stake in the Vanrock project based upon sole funding of a single drill hole into the Vanrock target, and terms outlined in the ASX announcement dated 20 July 2022. Funding assistance for this drill hole will be sourced from the Queensland Government's Collaborative Exploration Initiative (CEI), whereby $171,370 of the drilling costs will be reimbursed.

Vanrock Polymetallic Project
(Option to earn in)

The diamond hole was drilled to 521.2m to test a coincident magnetic and airborne EM anomaly, the Vanrock Target, located on the edge of a palaeo-caldera located at the edge of the TMIB (Figure 2). The diamond drill hole was collared at -60° towards 180° to penetrate the target close to perpendicular.

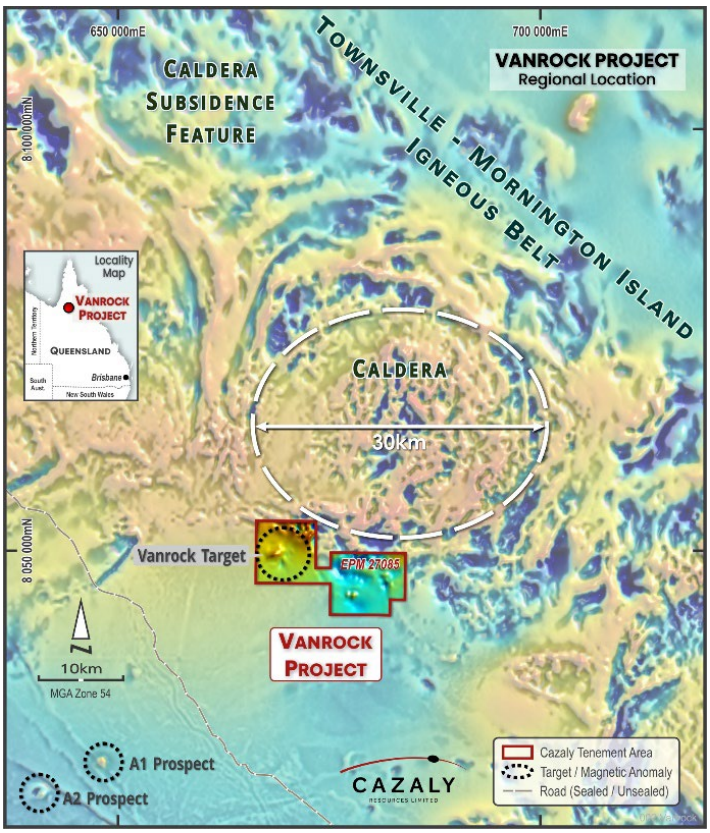

Figure 2. Location of the Vanrock target on the margin of a large caldera.

Figure 3. 264m to 267m: Brecciated dacite, strong epidote, chlorite, potassic alteration with visible sphalerite, galena, and pyrite.

The cover sequence was substantially less than modelled and consisted of clayey quartzose-feldspathic sandstone and sandy claystone and extended to 98m down hole, the underlying bedrock consisted of granodiorite, dacite, and quartz diorite.

Two sulphide zones were intersected within the dacitic unit. Both zones are interpreted to be late-stage hydrothermal events with sharp contacts and strong alteration haloes. Four metres from 211.95m to 215.96m down hole (Figure 1), sulphides were visually identified as sphalerite (zinc sulphide), galena (lead sulphide), and chalcopyrite (copper sulphide). A second sulphidic zone extends from 264.30m to 272.54m (Figure 3). Strong potassic alteration was logged adjacent to both sulphidic zones and was also noted to occur sporadically further down hole associated with carbonate +/- quartz veins. A quartz diorite with disseminated pyrrhotite was intersected at 302.5m and correlates well with the modelled magnetic unit, evidenced by elevated magnetic susceptibility readings.

It is important to note that estimation of sulphide abundance and minerals observed are based on observations (assisted by the use of a handheld Niton XRF machine in the field). The observations should not be considered more than an indication of the sulphide species and proportions until laboratory assays and further work are completed.

The drill core has been transported from the Vanrock Project area to Townsville for cutting, processing and laboratory analysis.

Cazaly's Managing Director Tara French commented *"We are pleased to have intersected multiple zones with semi-massive sulphides within this drill hole. Now we await the assays in order to complete our interpretation."*

The Vanrock Target Rational

The Vanrock Project is considered to have potential for Andean - type silver – tin – zinc – copper – lead mineralisation. 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 project (Figure 2), near Croydon where massive sulphides were intersected.

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 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 large caldera complexes. Previous drilling in the TMIB has confirmed alteration and mineralisation in the district akin to the Tier 1 *Cerro Rico de Potosi* deposit 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).

References

For additional information relating to the Vanrock Project please refer to the following project specific ASX announcements in addition to quarterly reports lodged with the ASX.

- 07 September Exploration update – Diamond Drilling commences at the Vanrock Project (QLD)
- 16 August 2022 Exploration Update – Halls Creek (WA) & Vanrock (QLD)
- 20 July 2022 Cazaly secures option to earn into north Queensland Polymetallic Vanrock Project

This announcement has been authorised for release by the Board of Directors of Cazaly Resources Ltd.

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Competent Persons Statement

The information contained herein that relates to Exploration Results is based upon information compiled or reviewed by Mr Don Horn, who is an employee of the Company. Mr Horn is a Member of the Australasian Institute Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Horn consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.

Forward Looking Statement

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.

APPENDIX 1 – Vanrock Drilling Details

Summary of mineralised intervals in VK22DD01

mFrom	mTo	Min 1	Min 1 Style	Min 1 %	Min 2	Min 2 Style	Min 2 %	Min 3	Min 3 Style	Min 3 %	Comments
211.95	215.96	sphalerite	pervasive	10	galena	pervasive	5	chalcopyrite	disseminated	1	Brecciated/clay altered vein. Subhedral grains of Sphalerite dominant throughout sheared vein fabric with lesser galena and trace chalcopyrite.
264.30	266.27	sphalerite	patchy	2	pyrite	patchy	1	galena	patchy	1	Patchy clusters of mineralisation centred around chlorite alteration. Vuggy calcite veining with euhedral quartz filling vugs.
266.27	267.30	sphalerite	patchy	5	pyrite	patchy	5	galena	patchy	1	Strongly sheered and brecciated. Clusters of subhedral sulphides throughout.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• The **Vanrock** prospect has been sampled using a single drill hole using Mud Rotary from 0m to 101.6m and NQ2 diamond coring from 101.6m to 521.2m • The hole was drilled at -60° towards 180° designed to drill perpendicular to the interpreted strike of mineralisation. • Drill hole collar position was located with a handheld GPS with an expected accuracy of ± 3m. • The drill rig was aligned to the hole azimuth design using a geological compass. The drill rig mast was angled at -60° using a clinometer. • Down hole surveys were taken by the drilling contractors with a north seeking Gyro tool every 30m down hole. • Drill core is aligned and measured by tape and compared to the downhole measurements on drill blocks consistent with industry standards.

Criteria	JORC Code explanation	Commentary
	• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• 4m spear samples were composited from 1m samples of rotary mud drill spoil over a 21.6m interval across the unconformity between the cover sequence and the underlying country rock. • Diamond drill core is yet to be sampled. • Samples will be sent to the laboratory along with diamond drill core, once sample processing is completed.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit, or other type, whether core is oriented and if so, by what method, etc).*	• Drilling was completed with 6" mud rotary bit from 0m to 101.6m and NQ2 sized diamond core from 101.6m to 521.2m
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Mud rotary samples are wet by design. Sample recovery was visually assessed. • Diamond core sample recovery was measured by tape and recorded in the database. No core loss was recorded. Core recovery was >99% through the mineralised zones. • Mud rotary sample recovery was visually assessed with moisture and contamination recorded into a logging template. No mineralised zones were noted in the mud rotary samples. • Diamond core samples were reconstructed for orientation and marking up on v-channel orientation racks, as per industry standard, depths are checked and measured against the core block metre marks recorded by the drilling contractors. Recovery was logged and recorded in the excel logging spreadsheets with no core loss noted. • With excellent recovery of diamond core, no bias is expected.

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• Lithology, veining, alteration, mineralisation, geotechnical structure, and magnetic susceptibility were logged for the diamond core. • Lithology, veining, alteration, mineralisation, magnetic susceptibility was logged for the 1m mud rotary samples. 1m samples were also placed into chip trays and will be stored for future reference. • All data is entered into an excel spreadsheet with validation rules to ensure integrity. The data will be loaded into a SQL MX Deposit database.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• All logging is qualitative except for magnetic susceptibility. Niton XRF readings were used to supplement visual mineral identification, especially sulphide species. Core photography is pending with assay results.
	• *The total length and percentage of the relevant intersections logged.*	• The drill hole was logged in full.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• Pending core processing and assay results • 4m composite spear samples were collected from 1m rotary mud drill spoil over a 21.6m interval across the unconformity between the cover sequence and the underlying country rock. Mud rotary samples are wet.
	• *For all sample types, the nature, quality, and appropriateness of the sample preparation technique.*	• Pending core processing and assay results
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Pending core processing and assay results
	• *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.*	• Pending core processing and assay results
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Mud rotary composite sample sizes (2kg to 3kg) are considered to be of a sufficient size to accurately represent any base metal mineralisation (massive and disseminated sulphides and associated supergene enrichment).

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Pending core processing and assay results
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• A handheld magnetic susceptibility meter (KT-10) was used to measure magnetic susceptibility at 1m intervals. 1 sample reading was taken on the 1m mud rotary samples. 3 sample readings were taken on drill core to provide an average over the 1m interval. XRF measurements have been taken to supplement visual mineral identification, especially sulphide species. These results are not considered material and as such, XRF results will not be released on the ASX.
	• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Pending core processing and assay results
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• Pending core processing and assay results
	• *The use of twinned holes.*	• Not required for a single exploration drill hole
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Field data is collected using an excel spreadsheet with internal validation on a Toughbook computer. Validation checks are also used when loading the data to the SQL MX Deposit database.
	• *Discuss any adjustment to assay data.*	• Pending core processing and assay results
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• The drill hole collar position was located with a handheld GPS (±3m). Down hole surveys were taken with a North seeking gyro tool every 30m down hole from 111m to EOH.
	• *Specification of the grid system used.*	• The co-ordinates collected are in GDA94 – MGA Zone 54
	• *Quality and adequacy of topographic control.*	• The topographic surface is determined from GPS survey data.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• Not required for a single exploration drill hole

Criteria	JORC Code explanation	Commentary
	• *Whether the data spacing, and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Not required for a single exploration drill hole • 4m spear samples were composited from 1m samples of rotary mud drill spoil over a 21.6m interval across the unconformity between the cover sequence and the underlying country rock. • Diamond drill core is yet to be sampled.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The drill hole was orientated at -60° towards 180° designed to drill approximately perpendicular to the interpreted strike and dip of mineralisation, ensuring that intercepts are close to true-width. • It is not believed that drilling orientation has introduced a sampling bias.
Sample security	• *The measures taken to ensure sample security.*	• Pending core processing and assay results
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits on sampling techniques and data have been completed.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• In July Cazaly Resources entered into an option agreement with Lynd Resources Pty Ltd 100% holder of EPM27085 to earn up to 90%. Terms are outlined in Cazaly Resources ASX announcement on the 20 July 2022. • One determined native title claim and one native title application overlap EPM27085. • No caveats agreements or arrangements are currently registered against EPM 27085. • The tenement is in good standing.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration over EPM27085 has focused on base metals, gold, heavy mineral sands and uranium. • *Howard-Smith* carried out exploration in the northern part of the area looking for alluvial tin and gold within the Einasleigh River. 92 RC holes for 2,339 metres were completed (with 15 holes in the western part of EPM27085). No basement was interested. No significant accumulations of tin or gold are present. • *Cons Rutile* carried out exploration in the southern part of area during the early 1990s looking for heavy minerals (rutile, ilmenite, zircon) within the Mitchell Trough. They completed helicopter-supported recon for access and drilled 32 RC holes for 993 metres in the south and to the southeast of EPM27085. No basement was interested. No significant accumulations of heavy minerals are present. • *AREVA* explored for sediment-hosted roll-front uranium in the basal sediments (Gilbert River Formation) of the Carpentaria Basin. At least six holes were drilled to a maximum depth of 213.5m to the east and south of EPM27085 as shown on the available GSQ drill hole database. Highly chloritized, fractured, brecciated volcaniclastics was intersected in drilling located 7km east of EPM27085.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• A magnetic intrusive located on the margin of a caldera was targeted with the single drill hole VK22DD01.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract*	• The single drill hole VK22DD01 was drilled at 668,677N 8,049,861E 138mRL orientated at -60º towards 180 º MGA Azimuth. End of hole depth 521.2m. • Sulphide intersections were visually noted at 264.30m to 272.54m and 211.95m to 215.96m. Total Sulphide percentages in these intervals ranged from 4% to 16%. See Table 1 for details. • No significant sulphide mineralisation >3% was noted within the targeted magnetic unit, and is not considered material.

Criteria	JORC Code explanation	Commentary
	from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Sampling and submission of the diamond core to the laboratory remains to be completed. Analytical results will be reported as they come to hand. • Visual estimates are indicative of a mineral species only and should not be considered a substitute for analytical results.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The drill hole was orientated at -60° towards 180° designed to drill approximately perpendicular to the interpreted strike and dip of magnetic unit, ensuring that intercepts are close to true-width.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Sampling and submission of the diamond core to the laboratory remains to be completed. Appropriate maps and or sections will be published along with analytical results as they come to hand.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Geological observations and visual estimates of mineral species have been recorded by a qualified geologist and verified on site by the Exploration Manager. • Sampling and submission of the diamond core to the laboratory remains to be completed. Analytical results will be reported as they come to hand.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics;*	• All material exploration data has been included in this announcement.

Criteria	JORC Code explanation	Commentary
	potential deleterious or contaminating substances.	
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	In accordance with the terms announced by Cazaly to the ASX on the 20 July 2022 no further work will be considered until drill assay results are received, as noted in the body of this announcement.