

CAZALY TO ACQUIRE 100% OF LARGE CANADIAN RARE EARTHS PROJECT

Highlights:

- **Cazaly secures agreement to acquire 100% of the Carb Lake Rare Earth Elements (REE) Project in Ontario**
- **Large carbonatite complex 2.5 to 3km in diameter**
- **Only drill tested by 4 shallow holes in 1968**
- **Samples returned >5% Ce, >1% La, 0.5% Nb – no other REEs analysed**
- **No active exploration for over 10 years**

Cazaly Resources Limited (ASX: CAZ, Cazaly or the Company) is pleased to announce that it has entered into an exclusive agreement to acquire 100% of the Carb Lake Rare Earth project (the Project). The Project is located in the Red Lake District in Ontario, a well-known mining province in Canada and comprises 93 mineral claims covering a large carbonatite prospective for Rare Earth Elements (REE).

Carb Lake REE Project Geology

The Carb Lake REE project comprises a large, 2.5 to 3km diameter circular magnetic anomaly known as the Carb Lake Carbonatite Complex prospective for Rare Earth Elements and Niobium. The Project area is located in north-western Ontario, 10km from the Manitoba border. The Project hosts a mid-Proterozoic aged carbonatite which has been emplaced into tonalites within the Northern Superior Superterrane which represents the northernmost exposure of Archaean Rocks in Ontario. The Project is located between two major tectonic terrane boundaries along the North Kenyon Fault, a significant crustal scale fault providing ideal plumbing for mantle derived magma to intrude through to the upper crust. The carbonatite is not exposed at surface with shallow cover from 7 to 12m.



Figure 1. Location of Carb Lake Carbonatite Project in northwest Ontario.

Historic Exploration

The Carb Lake Carbonatite Complex has had very limited modern exploration. Following the recognition of a large circular aeromagnetic anomaly in 1967, Big Nama Creek Mines Ltd conducted airborne magnetic and radiometric surveys in search of niobium. This was followed by drill testing the southern, predominantly more magnetic zones of the intrusive complex. **Four diamond holes were completed for 564m, the only drilling ever completed over the Project** (Figure 2, Table 1).

The major lithology described from drill core is sövite, a coarse grained carbonatite rock, alternating with layers of silico-carbonatite. Samples were analysed for niobium, but no values were reported by Big Nama Creek Mines.

Further work was conducted in 1969 by the Ontario Department of Mines, Geological Survey which analysed for two rare earth elements, lanthanum (La), and cerium (Ce), as well as niobium (Nb). No other rare earth elements were assayed. Eighteen samples from DD003 and DD004 were analysed for trace elements and La, Ce, and Nb. Details of down hole sample locations were not reported. However, geochemical analysis of sövite returned up to 8% P₂O₅ probably associated with apatite and enriched in Nb up to 1500ppm and light REEs. The best results reported were from DD004, drilled into the centre of the carbonatite complex in an area of low magnetic intensity (Figure 2), with two samples reporting **>5% Ce and >1% La**.

In 1978 the Geological Survey recovered drill core from two of the holes (DD003 and DD004) and analysed a further 36 samples for major oxide and trace elements. Results returned up to 5,620ppm Ce with one sample returning a value of 7.1% Nb.

No other work was conducted until 2011 when South American Rare Earth Corporation (SAREC) conducted an airborne magnetic/radiometric survey (Figure 2) and an enzyme leach geochemical survey over the complex. The aeromagnetic image shows the variability in magnetic response across the carbonatite complex. The highest magnetic response (magenta) is across the southern portion of the carbonatite. The magnetics show partial ring structures around the centre of the carbonatite complex shown as green magnetic lows possibly representing multiple intrusive phases. SAREC collected a total of 275 surface samples, including 10 duplicate fields samples. The analytical results of this survey are to be acquired and their veracity assessed.

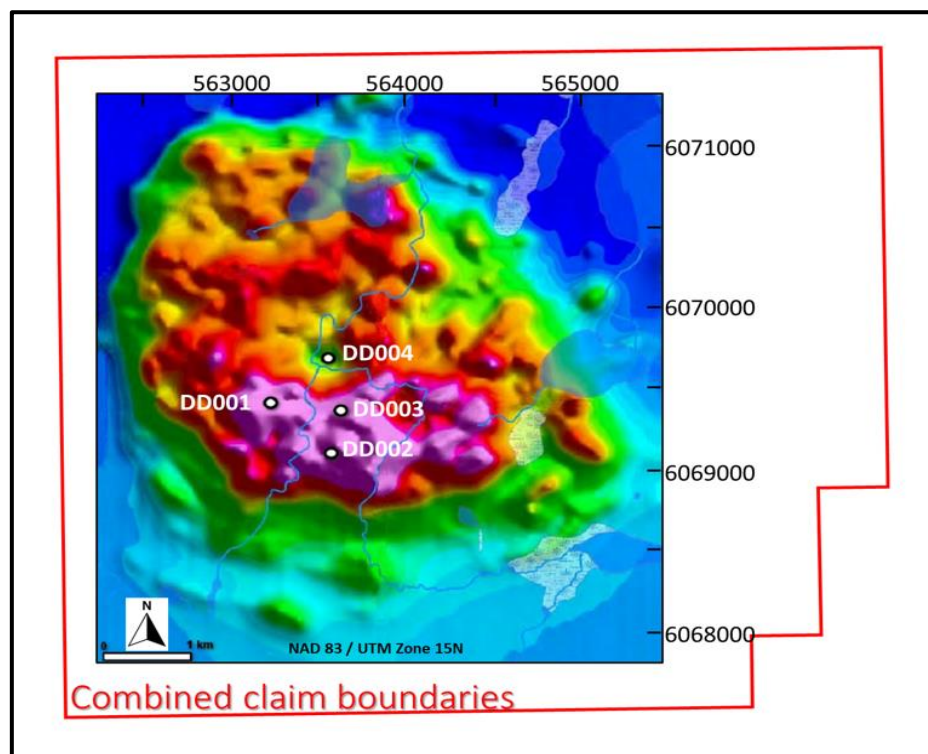


Figure 2. Aeromagnetic TMI of large circular carbonatite with variation in the magnetic response forming partial ring structures.

Hole ID	UTM_EAST	UTM_NORTH	DIP	AZIMUTH	EOH DEPTH (m)	Cover (m)
DD001	563139	6069169	-50	10	125	6.7
DD002	563518	6068857	-50	10	150.91	12.2
DD003	563579	6069139	-50	10	138.41	9.15
DD004	563496	6069429	-50	10	149.39	11.89

Table 1 Big Nama Creek Mines Drillhole data. NAD83 / UTM zone 15N.

Discussion

The Carb Lake Carbonatite Complex represents a largely unexplored, large-scale target for REE mineralisation. The presence of highly elevated grades of REE, Ce, La and Nb in historic but limited drill samples from the carbonatite is very promising particularly for the presence of associated Rare Earth Elements. Zonation of the carbonatite is evident in magnetic images, a feature which is characteristic of other mineralised carbonatite complexes.

Carbonatite complexes are excellent targets for REE exploration. Much of the world's mined light REEs and niobium occurs from carbonatite mineralisation. A significant global example is California's Mountain Pass operations, which hosts one of the richest REE deposits in the world and has the only combined rare-earth mining and processing facility in North America.

Given that there has been very little modern exploration, and no active exploration since 2011 the Carb Lake Carbonatite Complex represents a unique opportunity for the exploration for Rare Earth Elements and associated mineralisation.

Material Terms of Agreement

Cazaly has agreed to the following terms on an option to acquire 100% of the Carb Lake Project:

1. Pay a non-refundable Option Fee of C\$15,000 to the vendors for a 2-month exclusivity period for Cazaly to complete due diligence
2. Subject to satisfactory due diligence pay C\$85,000 in cash to the vendors
3. Vendors receive a 2% net smelter royalty

Forward Plan

Historical data is currently being sourced and compiled into a format that can be readily utilised. Upon completion of due diligence, full assessment of all available data and Cazaly's decision to complete the acquisition, a field assessment will be conducted and follow up exploration activities will be prioritised.

Managing Director, Tara French said: *"We are extremely pleased to have acquired the Carb Lake Carbonatite Project. The carbonatite complex is of significant scale, situated below shallow cover and to date has flown under the radar and remains largely untested. This is despite excellent historical results which are certainly eye-catching in today's market."*

The Project provides Cazaly with a unique opportunity to conduct exploration across a large scale carbonatite complex. This will mark the first modern exploration on this excellent REE target in over a decade. We will be working closely with our in-country technical team and look forward to exploring for REE's which are some of the world's most critical minerals required for decarbonisation."

REE Market - UPDATE

The global push for decarbonisation is driving increased demand for renewable energy and electronic devices. Renewable technologies including wind turbines and electric vehicles depend on Rare Earth Elements. REEs have unique magnetic and electrical properties which are particularly valuable for the energy transition.

ENDS

For and on behalf of the Cazaly Board

For further information please contact:

Tara French (Managing Director) / Clive Jones (Chairman)

Cazaly Resources Limited ABN 23 101 049 334

Tel: +61 8 9322 6283 E: admin@cazalyresources.com.au Website: www.cazalyresources.com.au

Media Enquiries

David Tasker – Chapter One Advisors

dtasker@chapteroneadvisors.com.au

+61 433 112 936

Competent Persons Statement

The information contained herein that relates to Exploration Results is based upon information compiled or reviewed by Ms Tara French and Mr Don Horn, who are employees of the Company. Ms Tara French and Mr Horn are both Members of the Australasian Institute of Geoscientists and have 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'. Ms Tara French and Mr Horn both consent to the inclusion of their names 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 2

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (eg 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.</i>	<p>The Carb Lake project is located 425km north north-east of Red Lake in Ontario Canada and 10km from the Ontario-Manitoba border.</p> <p>1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: The magnetic feature associated with the carbonatite was identified in 1967. Investigations discovered boulders of carbonatite and alkalic rocks on the shore of Carb Lake. An airborne magnetic survey was flown and four diamond drill holes were completed (564m). Drill logs reported pyrochlore (Nb oxide) in each hole. Core samples were analysed and indicated elevated La, Ce, and Nb. Two samples from Hole no. 4 reported >5% Ce and >1% La while another five samples reported > 0.1% Nb confirming the presence of REE mineralisation and this was supported by thin section studies.</p> <p>2011 SAREC: Airborne magnetic, radiometric and VLF surveys. Area of 3.2km (E-W) x 3.6km (N-S). N-S survey lines 50m apart and 70m above ground, 64 lines for 234.2km with 7 tie lines total 259.4km. Bell 206, Jet Ranger III utilising a Scintrex CS-3 Cesium Vapour magnetometer, AGIS / IRIS 256 channel spectrometer and Terraquest Ltd: XDS VLF-EM system.</p> <p>2011 SAREC: 275 samples collected as part of an enzyme leach soil sampling program. Cazaly is endeavouring to acquire the analytical results.</p>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	<p>Big Nama Creek Mines Ltd & Laradona Mines Ltd: All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports.</p> <p>2011 SAREC: Extensive tests and calibrations of all airborne geophysical equipment was completed by Terraquest during the survey including compensation calibrations to determine the magnetic influence of aircraft manoeuvres, magnetic lag, radar altimeter and radiometric calibrations.</p>
	<i>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 (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to</i>	<p>1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: The magnetic feature associated with the carbonatite was identified in 1967. Investigations discovered boulders of carbonatite and alkalic rocks on the shore of Carb Lake. An airborne magnetic survey was flown and four diamond drill holes were completed (564m). Samples were analysed for Nb, Ce, La. Spectrographic analyses were completed for Ba, Ce, La, Mn, Nb, Sr, Ta, Ti, Th, U, Y & Zr. Synchysite (calcium-Ce La-Nd-Y carbonate) was identified petrographically from thin sections (15) made from drill core samples. Pyrochlore from 3 to 5% was noted in two thin sections. Ancylyte (Ce hydroxyl)</p>

Criteria	JORC Code explanation	Commentary
	<i>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 (eg submarine nodules) may warrant disclosure of detailed information.</i>	<p>was identified in a thin section taken from a carbonatite boulder on the lake shore overlying the complex. Spectrographic analysis of a sample from this boulder returned 2% Ce and 1% La.</p> <p>1978 Ontario Geological Survey: Re-examined diamond core and re-analysed additional samples for Nb, Y, La, Nd & Ce.</p> <p>2012 South American Rare Earth Corp (SAREC): Re-examined diamond core. Completed heli-borne high resolution aeromagnetic survey. Completed a detailed Enzyme Leach Soil Survey. 275 samples were collected. Cazaly is endeavouring to acquire the analytical results.</p>
<i>Drilling techniques</i>	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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).</i>	1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: 4 diamond drill holes were completed for 564m testing a magnetic feature of 1 ½ mile diameter. All original drill logs were obtained, core size "EXT".
<i>Drill sample recovery</i>	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	<p>All information reported in the body of this report was extracted from historical reports.</p> <p>This information was not provided in the historical reports.</p>
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	<p>All information reported in the body of this report was extracted from historical reports.</p> <p>This information was not provided in the historical report.</p>
	<i>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.</i>	<p>All information reported in the body of this report was extracted from historical reports.</p> <p>This information was not provided in the historical reports.</p>
<i>Logging</i>	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining</i>	1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: Diamond core was geologically logged at the time of drilling and later re-examined by other exploration companies. Diamond core from two of the holes was retrieved from site by the Ontario Geological Survey in 1978 and is stored at the OGS core facility in Kenora.

Criteria	JORC Code explanation	Commentary
	<i>studies and metallurgical studies.</i>	
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: Diamond core was logged in detail by geologists at the time of drilling noting depth, colour, weathering, geology, mineralisation, alteration and structure
	<i>The total length and percentage of the relevant intersections logged.</i>	1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: All core was logged in detail
<i>Sub-sampling techniques and sample preparation</i>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	All information reported in the body of this report was extracted from historical reports. Information on sample size selection or drill hole depth location was not provided in the historical reports.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	
	<i>For all sample types, the nature, quality, and appropriateness of the sample preparation technique.</i>	1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	All information reported in the body of this report was extracted from historical reports. Information on sample size selection or drill hole depth location was not provided in the historical reports.
	<i>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.</i>	1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports. 2011 SAREC: Soil sampling. Cazaly is endeavouring to acquire the analytical results.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports.
<i>Quality of assay data and laboratory tests</i>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports. 2011 SAREC: Soil sampling. Cazaly is endeavouring to acquire the analytical results.

Criteria	JORC Code explanation	Commentary																																		
	<i>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.</i>	<p>1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports.</p> <p>2011 SAREC: Terraquest completed necessary tests and calibrations of equipment while conducting an airborne survey over the Carb Lake carbonatite</p> <table><tr><td>Helicopter</td><td>Bell 206, Jet Ranger III</td></tr><tr><td>Equipment:</td><td></td></tr><tr><td>Magnetometer</td><td>Scintrex CS-3 Cesium Vapour</td></tr><tr><td>3-axis Magnetometer</td><td>Billingsley TFM100-LN</td></tr><tr><td>Gamma Ray Spectrometer</td><td>AGIS / IRIS 256 channel</td></tr><tr><td>Gamma Ray Detector Pack</td><td>1024 in³ (16.8 litres) Downward 256 in³ (4.2 litres) Upward</td></tr><tr><td>VLF-EM</td><td>Terraquest Ltd: XDS system</td></tr><tr><td>GPS Receiver</td><td>Hemisphere R120</td></tr><tr><td>Radar Altimeter</td><td>Free Flight Systems TRA3500</td></tr><tr><td>Barometric Altimeter</td><td>Sensym</td></tr><tr><td>Navigation & Data Acquisition</td><td>AGIS by PicoEnvirotec Inc.</td></tr><tr><td>Magnetic Specifications:</td><td></td></tr><tr><td>Nose Boom</td><td>7.3 metres</td></tr><tr><td>Output Sample Rate</td><td>10 Hz</td></tr><tr><td>4th difference noise envelope</td><td>0.10 nT</td></tr><tr><td>FOM index</td><td><1.5 nT</td></tr><tr><td>Sensor Sensitivity</td><td>0.001 nT</td></tr></table>	Helicopter	Bell 206, Jet Ranger III	Equipment:		Magnetometer	Scintrex CS-3 Cesium Vapour	3-axis Magnetometer	Billingsley TFM100-LN	Gamma Ray Spectrometer	AGIS / IRIS 256 channel	Gamma Ray Detector Pack	1024 in ³ (16.8 litres) Downward 256 in ³ (4.2 litres) Upward	VLF-EM	Terraquest Ltd: XDS system	GPS Receiver	Hemisphere R120	Radar Altimeter	Free Flight Systems TRA3500	Barometric Altimeter	Sensym	Navigation & Data Acquisition	AGIS by PicoEnvirotec Inc.	Magnetic Specifications:		Nose Boom	7.3 metres	Output Sample Rate	10 Hz	4 th difference noise envelope	0.10 nT	FOM index	<1.5 nT	Sensor Sensitivity	0.001 nT
Helicopter	Bell 206, Jet Ranger III																																			
Equipment:																																				
Magnetometer	Scintrex CS-3 Cesium Vapour																																			
3-axis Magnetometer	Billingsley TFM100-LN																																			
Gamma Ray Spectrometer	AGIS / IRIS 256 channel																																			
Gamma Ray Detector Pack	1024 in ³ (16.8 litres) Downward 256 in ³ (4.2 litres) Upward																																			
VLF-EM	Terraquest Ltd: XDS system																																			
GPS Receiver	Hemisphere R120																																			
Radar Altimeter	Free Flight Systems TRA3500																																			
Barometric Altimeter	Sensym																																			
Navigation & Data Acquisition	AGIS by PicoEnvirotec Inc.																																			
Magnetic Specifications:																																				
Nose Boom	7.3 metres																																			
Output Sample Rate	10 Hz																																			
4 th difference noise envelope	0.10 nT																																			
FOM index	<1.5 nT																																			
Sensor Sensitivity	0.001 nT																																			
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	<p>1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports.</p> <p>2011 SAREC: Soil sampling. Cazaly is endeavouring to acquire the analytical results.</p>																																		
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports.																																		
	<i>The use of twinned holes.</i>	No twinned holes were reported.																																		
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports.																																		
	<i>Discuss any adjustment to assay data.</i>	All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports.																																		
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine</i>	1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: A local grid was established before drilling utilising topography and surveyed claim posts as control.																																		

Criteria	JORC Code explanation	Commentary
	<i>workings and other locations used in Mineral Resource estimation.</i>	2011 SAREC: Soil sampling. Cazaly is endeavouring to acquire the analytical results.
	<i>Specification of the grid system used.</i>	All co-ordinates plotted have been converted to UTM WGS84 – Zone 15N
	<i>Quality and adequacy of topographic control.</i>	1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports.
<i>Data spacing and distribution</i>	<i>Data spacing for reporting of Exploration Results.</i>	1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: Holes were drilled on various spacings and azimuths designed to test the most accessible portions of the magnetic target. 2011 SAREC: Airborne geophysics was collected at a 7-8m spacing along 50m flight lines.
	<i>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.</i>	1967 drilling by Big Nama Creek Mines Ltd & Laradona Mines Ltd tested a small area in the southeastern portion of the carbonatite. The results are only representative of the area drilled tested. 2011 SAREC: airborne geophysical survey was of sufficient spacing to provide detailed geophysical data.
	<i>Whether sample compositing has been applied.</i>	No sample compositing was reported
<i>Orientation of data in relation to geological structure</i>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: All information reported in the body of this report was extracted from historical reports. There is not sufficient drilling to date or information provided in the historical reports to determine this. 2011 SAREC: Geophysical survey lines were on an appropriate orientation for the geological nature of the target
	<i>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.</i>	All information reported in the body of this report was extracted from historical reports. There is not sufficient drilling to date or information provided in the historical reports to determine this.
<i>Sample security</i>	<i>The measures taken to ensure sample security.</i>	1967-74 Big Nama Creek Mines Ltd & Laradona Mines Ltd: All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports.

Criteria	JORC Code explanation	Commentary
		2011 SAREC: Soil sampling. Cazaly is endeavouring to acquire the analytical results.
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<p><i>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.</i></p> <p><i>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.</i></p>	<p>The Carb Lake Project is located on Mining Claims #688532 held by Steven Jeffrey Scott (50%) and David Prior (50%), #688533 to 688568, 688571 to 688626 and 688637 are held by Wade Kornik. Cazaly Resources Limited has binding term sheets with the owners of the above Mining Claims to acquire a 100% interest. The company is not aware of any impediments or material issues that would impact on the company operating in the area. Finalisation of the acquisition is subject to satisfactory outcomes of legal and other due diligence during the Option period. See body of announcement for details.</p>
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<p>1967: Ontario Department of Mines – Geological Survey of Canada. Airborne magnetic survey - circular magnetic anomaly detected.</p> <p>1967: M.J. Boylen Engineering Ltd. Boulders of carbonatite and alkalic rocks discovered on the shore of Carb Lake.</p> <p>1967-1968: Big Nama Creek Mines Limited and Larandona Mines Limited</p> <p>Airborne magnetometer and gamma-ray spectrometer surveys. Diamond drilling (four holes totaling 564 m). “Samples were analyzed for niobium (Nb) but no values were reported although drill logs indicate the presence of pyrochlore (Nb oxide) in every hole” (Cote, 2012, p. 4-1).</p> <p>1969: Ontario Department of Mines Eighteen core samples analyzed for La, Ce and Nb. Samples returned values of up to ~5% Ce, ~1% La and 0.5% Nb. Up to 5% pyrochlore observed in thin sections.</p> <p>1978: Ontario Geological Survey Collection of core (the core is stored at the OGS core facility in Kenora). Thirty-six samples collected for major oxide and trace element analyses. REE analyses returned up 5,620 ppm Ce. One sample (# 1174) is listed as containing >7.1% Nb; two samples returned 1500 ppm Nb. Up to 1% pyrochlore observed in thin sections.</p>

Criteria	JORC Code explanation	Commentary
		<p>2011: South American Rare Earth Corp. Airborne magnetic, radiometric and VLF surveys.</p> <p>Enzyme leach soil survey. The survey "... has yielded a number of samples anomalous in both the light and heavy rare earth elements" (Cote, 2012, p, 9-1).</p>
Geology	<i>Deposit type, geological setting, and style of mineralisation.</i>	<p>Carbonatites occur mainly as intrusive bodies and to a lesser extent as volcanic flows.</p> <p>Carbonatite-associated deposits are mined for REEs, niobium, iron, copper, apatite (phosphorous), vermiculite and fluorite (Richardson and Birkett, 1996). A significant portion of the world REE production is from carbonatite hosted deposits. Examples are the Bayan Obo, China orebody, the world's largest known REE deposit and the Mountain Pass deposit, a leading producer of REE concentrates. The Jacupiranga carbonatite in Brazil hosts a commercial phosphate deposit.</p> <p>REE deposits associated with carbonatites may be classified as follows (Mariano, 1989):</p> <ul style="list-style-type: none"> • Primary (magmatic), from carbonatite melts • Hydrothermal • Supergene, developed in carbonatite-derived laterites <p>The Carb Lake deposit is considered to be primarily a Magmatic deposit. These are formed through processes associated with the crystallization of carbonatites.</p> <p>Metasomatic deposits form by the reaction of fluids released during crystallization with pre-existing carbonatite or country rocks. These are late carbonatite phases and tend to host metasomatic or hydrothermal mineralization. It is not yet known if the Carb Lake Project hosts hydrothermal or supergene styles of mineralisation.</p>
Drill hole Information	<p><i>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:</i></p> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> 	Listed in Table 1 in the body of this report.

Criteria	JORC Code explanation	Commentary
	<i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	
<i>Data aggregation methods</i>	<p><i>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.</i></p> <p><i>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.</i></p> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	Information on drill hole sample depth was not provided in the historical reports.
<i>Relationship between mineralisation widths and intercept lengths</i>	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p><i>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').</i></p>	All information reported in the body of this report was extracted from historical reports. This information was not provided in the historical reports.
<i>Diagrams</i>	<i>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</i>	Refer to the body of this announcement.

Criteria	JORC Code explanation	Commentary
	<i>of drill hole collar locations and appropriate sectional views.</i>	
<i>Balanced reporting</i>	<i>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.</i>	All exploration results have been reported based on historical reports. See body of announcement for further details.
<i>Other substantive exploration data</i>	<i>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; potential deleterious or contaminating substances.</i>	All relevant information reported in the body of this report was extracted from historical reports.
<i>Further work</i>	<i>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.</i>	Work is ongoing to acquire all available exploration data for the Project area. Upon receipt and interpretation of all available data appropriate exploration programs will be planned to begin assessing the economic potential of carbonatite complex.