



ABN 23 101 049 334

Quarterly Report for December 2017

HIGHLIGHTS

- **Bungonia Project - High grade Cobalt in rock chip samples to 1.40% Co**
 - **Sampling undertaken over several prospects over a 15km strike extent**
 - **High potential for extensions to known mineralised bodies and the discovery of new Cobalt sources.**
 - **Primary basement Cobalt mineralisation targets yet to be tested**
 - **Divestment of McKenzie Springs**
 - **Capital raising completed**
-

Bungonia Cobalt Project (CAZ 100%)

During the quarter Cazaly Resources Limited announced results from first pass reconnaissance mapping and rock chip sampling on its **Bungonia Cobalt** project in New South Wales. Results confirm the presence of shallow high grade cobalt mineralisation associated with manganese enriched quartz sandstone units. The results were highly promising and an initial drill programme is being planned for the current quarter.

The project is held under Exploration Licence 8483, covers approximately 242 sq km and is located 130km north east of Canberra and 25km south east of Goulburn in New South Wales. Previous exploration defined several areas of significant cobalt and nickel mineralisation some of which have been historically mined as early as the 1890's. Cobalt mineralisation occurs as flat lying residual on hills extending for several hundred metres associated with mangiferous deposits. The deposits typically contain relatively rich cobalt values, with minor nickel and copper credits, and have been worked historically with high cobalt recoveries.

The areal extent and assay results from historic work point to significant potential to extend known deposits as well as make new discoveries within the project area. The potential is highlighted by the results of rock chip grades from this recent programme of up to 1.68% cobalt along with historic mining from several locations.

Cazaly's work has confirmed widespread occurrences of coarse-grained arenaceous sediments (grits) with variable concentrations of manganese oxide-cobalt mineralisation up to 700m long and between 0.5 to 6m in thickness. A primary source of cobalt within basement was also as a target for further exploration drilling in the area.

Furthermore, historical metallurgical test work using atmospheric acid leaching produced excellent potential recoveries of 83.2% cobalt, 79.5% copper and 85.9% nickel returned from acid leaching of a 80 kilogram sample containing 1.15% cobalt, 0.39% copper and 0.26% nickel (North Broken Hill Pty Ltd - GS1980/315).

Cazaly Rock Chip Sampling

In total the Company has recently collected 65 rock chip samples from 13 targets within the project area on properties where access has been negotiated with landowners or from road verges. Several areas were visited where historic data indicated exposed arenaceous cobalt/manganese bearing units. The areas sampled during this first phase work represent a small percentage of known mineralisation throughout the entire project area. It is expected that access to other areas will be possible as follow-up programs are prepared. Results are shown in Table 1.

Inverary: 15 samples collected with an average of 0.53% Co, peak value 1.65% Co

Cobalt/manganese bearing sandstone grits were sampled over timbered flat hill tops across approximately 700m of exposure. Other evidence of mineralisation is documented in historic work in the area with similar grades for the Inverary Group of prospects.

Bianchi: 4 samples collected with an average of 0.69% Co, peak value 1.06% Co

This prospect was not documented in previous work and occurs in a road cutting 3km west of the Inverary Group of prospects. An outcrop of manganiferous grits was sampled and results highlight the potential for discovery of new cobalt mineralisation within the project

Osiers: 13 samples collected with an average of 0.86% Co, peak value 1.68% Co

This group comprises historic deposits 1 km south of Angel Myst which also returned a cobalt mineralized rock chip result from road verge sampling. The principal deposit is described in work by Stuart Metals as being open to the north having potential to contain extensions and additional cobalt bearing grits. Access to this main deposit is expected during the current Quarter allowing mapping and sampling work to be completed.

Brooklyn: 6 samples collected with an average of 0.86% Co, peak value 1.36% Co

A cluster of cobalt/manganese deposits in the central southern area of the project. The deposits are poorly exposed apart from road cuttings which were accessible for sampling. A large flat elevated area of about 1000m² east of the road is documented as hosting the bulk of mineralisation and future access to these areas is being negotiated with landowners.

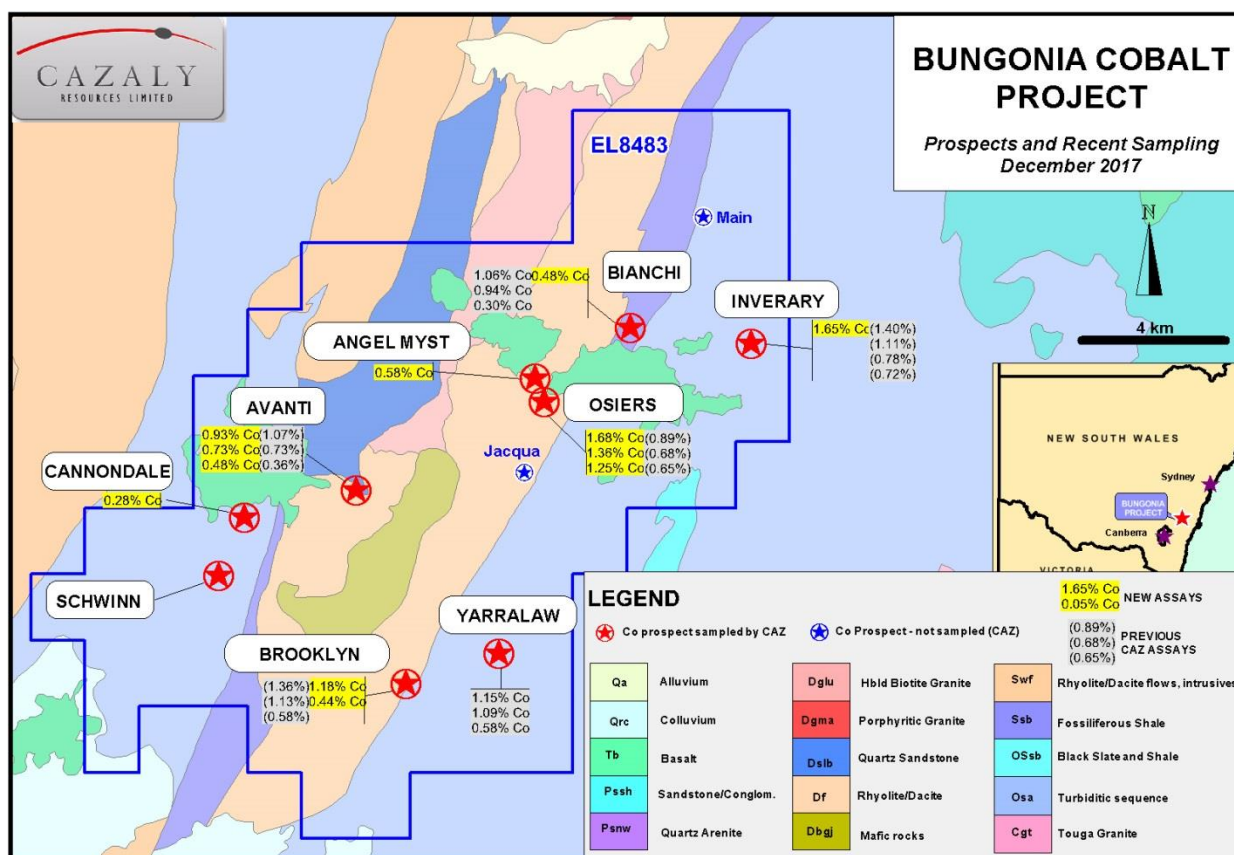


Figure 1. Geology, key prospects & recent sampling - Bungonia Cobalt Project

Yarralaw: 6 samples collected with an average of 0.66% Co, peak value 1.15% Co

Several exposures of cobalt/manganese bearing sandstone occur along Yarralaw Road over a distance of 1.5km. These documented prospects lie within the south east of the project area and occur within fine to medium grained quartz sandstone exposed in road cuttings and verges. Potential exists in this area to extend the area of outcrop with mapping and further sampling.

Avanti: 8 samples collected with an average of 0.59% Co, peak value 1.07% Co

The Avanti Prospect (formerly "Deposit 279") is a historically documented cobalt prospect within the central western part of the project. It occurs on a large rise with significant potential to host extensions and other potentially "blind" cobalt deposits. Mapping was able to extend mineralization to the west for over 700m and remains open. Access and permits are being finalized for drilling in the current Quarter.

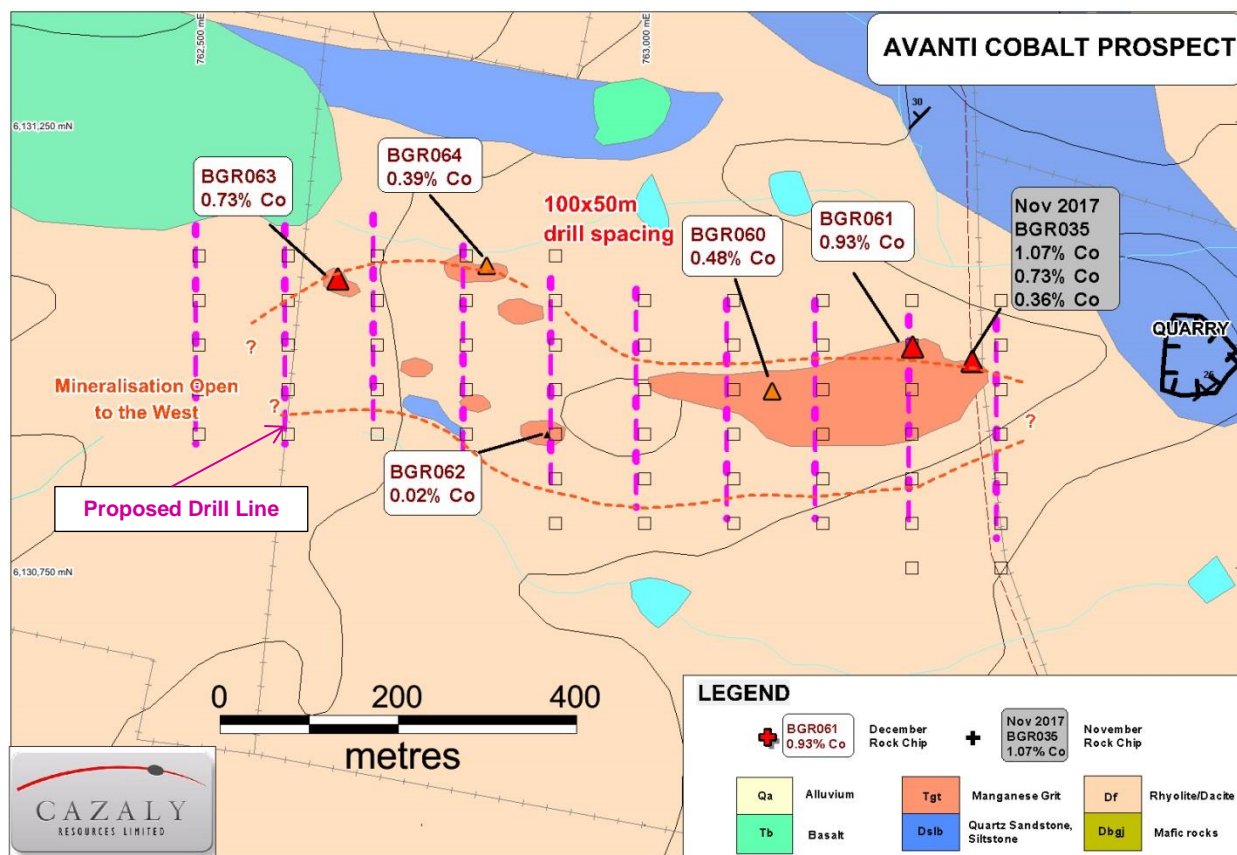


Figure 2. Geology, Rock Chip Sampling and Proposed Drilling at the Avanti Prospect

New Targets

A number of new areas were identified during the second phase of work at the Bungonia Cobalt Project. Initial mapping and sampling confirms the presence of cobalt in rock chips requiring follow up. Two of these areas are significant as they are not documented previously and highlight the potential for fresh discoveries in the area.

In particular, **possible basement mineralisation** representing a new target and potential source of cobalt was identified during this phase of work at the project. Manganese/cobalt mineralisation was mapped in two separate areas (5.5km apart) with grades of up to 0.15% Co. These were not associated with grits and were instead identified in hydrothermal quartz – manganese – cobalt veining and stock work veining in older basement (siltstone and arenite).

Historic work has alluded to the possible presence of a basement system considered the potential primary source for cobalt at Bungonia, but this was never confirmed. This style of mineralisation is considered to be significant for follow-up at the project. Further work is necessary to better understand the geology and setting for these targets. Further work is planned in 2018 once access is available for these and other areas.

TABLE 1: Cazaly Rock Chip Sampling, December Quarter 2017

SampleID	Prospect	GDA_North	GDA_East	Co_ %	Cu_ppm	Li_ppm	Mn_ %	Ni_ppm	Zn_ppm
BGR038	Angel Myst	6134016	768411	0.58	1230	222	6.53	829	437
BGR034	Avanti	6130982	763368	0.36	903	297	3.55	692	261
BGR035	Avanti	6130982	763368	1.07	2230	1160	11.20	2820	662
BGR036	Avanti	6130982	763368	0.73	1250	814	8.96	1980	437
BGR060	Avanti	6130948	763144	0.48	680	280	7.96	1010	265
BGR061	Avanti	6130998	763301	0.93	2880	1320	11.90	4280	1040
BGR062	Avanti	6130899	762891	0.02	49	11.8	0.92	70	106
BGR063	Avanti	6131074	762656	0.73	1820	748	11.40	1880	692
BGR064	Avanti	6131089	762823	0.39	1100	461	10.10	1560	441
BGR041	Benduck	6128585	767555	0.06	114	15.6	2.15	140	182
BGR042	Benduck	6128274	768594	0.06	197	32.2	1.66	164	245
BGR043	Benduck	6128680	767252	0.01	357	2.4	0.07	114	102
BGR014	Bianchi	6135285	771201	1.06	2580	821	9.41	4070	732
BGR015	Bianchi	6135285	771201	0.94	1360	343	13.40	1580	503
BGR016	Bianchi	6135285	771201	0.30	413	82.9	5.13	582	170
BGR037	Bianchi	6136192	771158	0.48	1440	440	5.42	2530	490
BGR029	Brooklyn Group	6125667	764756	1.36	2050	548	10.90	1630	705
BGR030	Brooklyn Group	6125667	764756	1.13	1610	447	8.77	1330	531
BGR031	Brooklyn Group	6125546	764734	0.58	1680	789	6.26	2480	552
BGR032	Brooklyn Group	6125546	764734	0.49	1190	606	4.67	1610	399
BGR046	Brooklyn Group	6125222	764946	0.44	3420	1210	11.00	3610	815
BGR047	Brooklyn Group	6125222	764946	1.18	3500	1440	11.50	1310	1290
BGR050	Canondale	6131342	759376	0.28	414	166	2.80	426	194
BGR051	Canondale	6131342	759376	0.02	104	7.6	0.12	97	78
BGR001	Inverary Group	6134609	774240	0.66	1130	178	6.09	826	272
BGR002	Inverary Group	6134609	774240	0.51	1240	179	6.49	767	280
BGR003	Inverary Group	6134576	774194	0.72	1640	221	8.37	996	356
BGR004	Inverary Group	6134576	774194	0.78	1530	241	8.75	1010	343
BGR005	Inverary Group	6134672	774339	0.00	107	2.3	0.06	110	126
BGR006	Inverary Group	6134672	774339	0.00	48	0.4	0.01	86	80
BGR007	Inverary Group	6134890	774628	0.30	806	121	3.36	351	161
BGR008	Inverary Group	6134904	774874	0.00	13	0.3	0.01	4	10
BGR009	Inverary Group	6134692	774790	0.03	86	9	0.62	54	37
BGR010	Inverary Group	6134692	774790	0.11	134	27.3	0.55	132	48
BGR011	Inverary Group	6134741	774753	1.40	2170	456	8.85	1320	375
BGR012	Inverary Group	6134827	774694	1.11	1240	334	5.15	1460	284
BGR013	Inverary Group	6134831	774500	0.63	2020	734	7.06	4660	626
BGR058	Inverary Group	6135058	774136	0.05	98.5	28.8	0.33	228	205
BGR059	Inverary Group	6134353	773971	1.65	2650	563	9.04	1460	618
BGR045	Jacqua	6130756	768501	0.01	89	4	0.42	113	183
BGR044	Jacqua Quarry	6128107	765037	0.15	83	55.2	2.40	191	228
BGR017	Osiers Group	6133456	768857	0.68	1310	241	6.02	896	300
BGR018	Osiers Group	6133456	768857	0.03	106	3.4	1.43	75	90
BGR021	Osiers Group	6133206	768545	0.65	1790	204	9.19	966	370
BGR022	Osiers Group	6133206	768545	0.89	1640	297	6.91	667	581
BGR023	Osiers Group	6133206	768545	0.53	1560	217	8.49	849	319
BGR039	Osiers Group	6133018	768695	0.96	1960	532	8.63	1720	725

SampleID	Prospect	GDA_North	GDA_East	Co_%	Cu_ppm	Li_ppm	Mn_%	Ni_ppm	Zn_ppm
BGR040	Osiers Group	6132517	768763	0.75	2530	966	9.49	2600	1090
BGR052	Osiers Group	6133411	768461	1.20	2500	769	9.29	1380	1050
BGR053	Osiers Group	6133309	768342	0.29	652	149	8.19	583	245
BGR054	Osiers Group	6133292	768424	1.36	2560	857	9.51	1210	905
BGR055	Osiers Group	6133517	768274	0.96	2070	743	13.70	1240	1020
BGR056	Osiers Group	6133590	768167	1.68	2900	1090	12.40	3190	1680
BGR057	Osiers Group	6133605	768207	1.25	1730	994	10.90	2570	904
BGR065	Schwinn	6130257	760431	0.02	72.5	9.4	0.85	204	711
BGR066	Schwinn	6128951	759482	0.05	95.5	7.4	21.00	42	214
BGR067	Schwinn	6128951	759482	0.08	206	38.5	22.80	109	322
BGR048	Starwberry Ck	6123787	767020	0.01	181	31.1	0.31	101	179
BGR049	Starwberry Ck	6123641	766976	0.01	53	9.5	0.10	64	128
BGR024	Yarralaw Group	6125867	768521	0.58	1120	709	5.90	1360	642
BGR025	Yarralaw Group	6125867	768521	0.54	1130	544	5.39	1230	679
BGR026	Yarralaw Group	6126350	767209	1.09	1720	1270	7.17	1050	715
BGR027	Yarralaw Group	6126350	767209	0.58	1290	645	4.97	606	496
BGR028	Yarralaw Group	6126350	767209	1.15	1060	904	5.46	1100	516
BGR033	Yarralaw Group	6126215	767312	0.01	53.5	12.7	0.10	55	40

Summary

Numerous historic occurrences of cobalt bearing sedimentary units of Tertiary age have been confirmed by recent rock chip sampling at the Bungonia Cobalt Project in NSW. No systematic modern exploration for cobalt has been completed at the project despite historic work indicating potential for further extensions to these bodies as well as the discovery of new cobalt deposits, including blind ore bodies beneath Tertiary cover and the potential for basement primary cobalt mineralisation. The high cobalt grades encountered in this work at several prospects over a 15km strike extent shows the great potential of the region to host several small scale but rich cobalt deposits.

Most historic work has focused on 3 deposits out of more than 15 known occurrences. Very little historic drilling has been completed, some of which is documented as being ineffective due to encountering hard manganiferous grits that prevented proper assessment. The company will continue to expand and assess historic data sets while finalising access with key landowners in the area. Exploration will continue to further assess and rate the known prospects in order to prioritise for drilling in 2018.

Cazaly was highly encouraged by these results and an initial aircore drilling programme is currently being planned.



Figure 3. Typical coarse grained Mn-Co grit sample at Bungonia

Parker Range Iron Ore Project (CAZ 100%)

The project hosts a near mine-ready iron ore deposit located in the Yilgarn of Western Australia key features of which include ultra-low Phosphorous haematite ore, completed full DFS, located nearby to major infrastructure and has its key approvals to mine in place. The Company is in continued discussions with infrastructure advisors and is reviewing export solutions. The nature of the ultra-low phosphorous ore makes this orebody in demand as a blending ore. The Company notes that Cliffs Natural Resources has publically stated that they are closing down their Koolyannobbing operations and this should open up capacity at the Esperance Port which is the preferred export option for the Parker Range project.

Kurabuka Creek Project (CAZ 100%)

During the Quarter Cazaly acquired the Kurabuka Creek Project through exploration licence application E09/2267 over 69 sub blocks in the Bangemall Basin of Western Australia. The area is prospective for shale hosted base metal mineralization as demonstrated by historic work. BHP reported rock chip sampling of workings in 1985 containing lead mineralization between 245ppm and 28.1% Pb (2.12% Pb average) and zinc mineralization between 32ppm and 26.1% Zn (1.5% Zn average) from 20 samples.

Cazaly has collated all open file data sets and prepare for field reconnaissance work investigating the potential of this area to host significant mineralization.

Grant of the tenement is expected in the current quarter.

McKenzie Springs Project

During the quarter the Company entered into an agreement with Orca Energy Limited whereby Orca may earn an upfront 51% working interest in McKenzie Springs for the following consideration:

- \$60,000 worth of OGY shares issued at 2 cents per share (IPO price) post 1:2 consolidation
- 10 million options in OGY (post consolidation) exercisable at 3 cents per share 3 years from date of readmission – this will be approximately 4.34% of the issued capital in OGY
- Orca will also commit to expenditure of \$500,000 within 18 months from readmission following which it will earn another 19% in the project to take its ownership in the project to 70%.

The project is located immediately south & along strike of the Savannah Nickel Mine (Panoramic Resources Ltd), Kimberley, WA. Prospective ultramafic basal contact extends for ~15km. Work by Cazaly has identified high grade gossan samples returned 12.8% Cu, 1.92% Ni, 0.17% Co. The project is also within 10km of the Hexagon Resources McIntosh Graphite Resource. Reprocessing and imaging of historic VTEM data was completed by Cazaly with several conductor targets potentially representing graphitic units ready for follow up.

Other Projects

No significant work of note was conducted over the Company's other projects during the quarter.

Goldfields Lithium Alliance:

The Company withdrew from the Goldfields Lithium Alliance to focus on the Bungonia cobalt project.

Tsumke Cobalt Project:

During the quarter the Company entered into an Option Agreement over the Tsumke cobalt project in Namibia. A desktop review indicated that the project is not as prospective as originally thought but further review will be completed during the four month option period. See ASX announcement 2nd January 2018.

Halls Creek Copper (DDD 80%, CAZ 20%):

Hosts the VMS Mt Angelo North copper-zinc deposit and the Mt Angelo Cu Porphyry. Numerous look-alike VMS targets to explore. Kimberley, WA. See extract from the September 2017 Quarterly Report from 3D Resources Ltd:

"Halls Creek Joint Venture (3D Resources 80%)

With the requirements to obtain approvals for another year of renewals and the high expenditure commitments associated with such renewals, the Halls Creek Joint Venture decided to surrender then three exploration licenses but retain the Mining Lease M80/0247 which contains all the resources defined to date."

Czech Republic (CAZ 80%):

Two uranium project applications, Brzkov & Horni Venice, located in the Czech Republic. State enterprise Diamo are closing the country's only operating uranium mine & has indicated interest in mining at Brzkov. The Company notes the recent election victory by the pro-business ANO party.

Corporate

On 14/12/17, the Company announced the completion of a capital raising through the issue of unsecured convertible notes via a Perth based portfolio management and corporate advisory firm, Oracle Capital Group Pty Ltd (Oracle) to raise \$750,000 through the issue of up to 750,000 convertible notes, each with a face value of one dollar (\$1.00). Oracle will also be entitled to up to 7,500,000 unquoted Company options exercisable at \$0.06 on or before 31 December 2019.

The Company maintains its Controlled Placement Agreement (CPA). The CPA provides Cazaly with up to \$2 million of standby equity capital over the coming 12 months. Importantly, Cazaly retains full control of the placement process, including having sole discretion as to whether or not to utilise the CPA. The CPA provides Cazaly with the flexibility to quickly and efficiently raise capital, including the ability to take advantage of suitably attractive opportunities should they arise. Cazaly is under no obligation to raise capital under the CPA. If Cazaly does decide to utilise the CPA, the Company has control, allowing Cazaly to decide the frequency, timing, maximum size and minimum issue price of any capital raisings under the CPA. Following the end of the quarter the Company issued 3,166,035 shares at average price of \$0.056 for net proceeds of \$177,298.

The Company through its 100% owned subsidiary, CazRoy Pty Ltd retains a potential payment from the sale of its royalties over the Kalgoorlie Gold Project ("KGP") of \$1,000,000 upon satisfaction of conditions relating to the production of 140,000 ozs gold from the KGP.

For further information please contact:

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The information contained herein that relates to Exploration Results, Mineral Resources, Targets or Ore Resources and Reserves is based on information compiled or reviewed by Mr Clive Jones and Mr Don Horn, who are employees of the Company. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and Mr Horn is a member of the Australian Institute of Geoscientists. Mr Jones and Mr Horn have sufficient experience which is relevant to the style of mineralisation and types 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 Jones and Mr Horn consent to the inclusion of their names in the matters based on the information in the form and context in which it appears.





Quarterly Report for Dec 2017

INTEREST IN MINING TENEMENTS AS AT 31st DECEMBER 2017

TID	PROJECT	ENTITY	% INT	TID	PROJECT	ENTITY	% INT
<u>Managed</u>				<u>Not Managed</u>			
E77/1403	PARKER RANGE	CAZI	100	E31/1019	CAROSUE	CAZR	10
L77/0220	PARKER RANGE	CAZI	100	E31/1020	CAROSUE	CAZR	10
L77/0228	PARKER RANGE	CAZI	100	M31/0427	CAROSUE	CAZR	10
L77/0229	PARKER RANGE	CAZI	100	E37/1037	TEUTONIC BORE	SAMR	100
M77/0741	PARKER RANGE	CAZI	100	M47/1450	HAMERSLEY	LOFE	49
M77/0742	PARKER RANGE	CAZI	100	M80/0247	MT ANGELO	CAZR	20
M77/0764	PARKER RANGE	CAZI	100	E39/1837	MT WELD	CAZR	100
P77/4162	PARKER RANGE	SAMR	100				
P77/4164	PARKER RANGE	SAMR	100				
E80/4808	MCKENZIE SPRINGS	SAMR	100				
P15/6010	GLIA	SAMR	50				
P15/6014	GLIA	SAMR	50				
P15/6015	GLIA	SAMR	50				
P15/6016	GLIA	SAMR	50				
P15/6019	GLIA	SAMR	50				
P15/6020	GLIA	SAMR	50				
P15/6021	GLIA	SAMR	50				
P15/6022	GLIA	SAMR	50				
E38/3111	MOUNT VENN	YAMW	100				
E38/3150	MOUNT VENN	YAMW	100				
EPM26213	MOUNT TABOR (QLD)	SAMR	100				
EL 8483	BUNGONIA (NSW)	CAZR	100				
E09/2267 *	KURABUKA CREEK	SAMR	100				
Czech Rep *	Horní Věžnice	Discovery	80				
Czech Rep *	Brzkov II	Discovery	80				

* – application

ANNEXURE 1.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 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 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. 	<ul style="list-style-type: none"> 65 rock chip samples were collected at surface. Fist sized representative samples from outcrop were collected to a maximum weight of 3kg and averaging 1-1.5kg. Rock chip samples were sent to Bureau Veritas in Perth, sorted, crushed and pulverized to -75µm, split to produce a 40g charge for Aqua Regia digest and analysis for Au, Ag, Al, As, Co, Cr, Cu, Fe, Li, Mn, Mo, Ni, P, Pb, Sc, Sn, Sr, Ti, U, V, W Zn and Zr by ICP and OES or MS finish.
Drilling techniques	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> No drilling conducted
Drill sample recovery	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No drilling conducted
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a 	<ul style="list-style-type: none"> Geological information for each sample

Criteria	JORC Code explanation	Commentary
	<p>level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<p>site has been recorded.</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> 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. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 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. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Additional samples were collected from single locations where considered necessary for representation No field duplicates samples were considered necessary for first pass reconnaissance Appropriate sampling protocols were used to maximise representivity.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 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. 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. 	<ul style="list-style-type: none"> All rock chip samples were analysed using a 40g aqua regia digest with an MS finish. This is considered a partial digest Technique however in weathered samples it is considered to approximate a total digest assay. The laboratory inserted standards, blanks and duplicate samples. Results are within tolerable limits
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> All data has been checked internally by senior CAZ staff Location data was collected using a handheld GPS and maps. Locational data is validated using GIS software in the office. No adjustment to assay data has been made
Location of data points	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> All location points were collected using handheld GPS in MGA 94 – Zone 55 The error in locational data is expected to be up to 10m in easting and northing

Criteria	JORC Code explanation	Commentary
	<i>estimation.</i> <ul style="list-style-type: none"> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	and up to 20m in RL.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <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> <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> Sample spacing was adequate for first pass reconnaissance work of this nature and a product of access and exposure of the targeted lithologies The rock chip sampling does not give adequate information on geological and grade continuity and can't be used for the purpose of Mineral Resource estimation No compositing of samples was conducted
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <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> <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> 	<ul style="list-style-type: none"> There is not enough information available from this sampling to determine an average grade or to determine sample bias
<i>Sample security</i>	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> Samples were delivered by CAZ staff directly to the laboratory in Perth Western Australia. The laboratory managed security of samples during prep and analysis
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> Data is audited and reviewed in house by senior staff.

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>	<ul style="list-style-type: none"> <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> <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> 	<ul style="list-style-type: none"> All sampling is located within granted EL8483, which is held 100% by CAZ through wholly owned subsidiary company Sammy Resources Pty Ltd (Sammy). Sammy signed Access Agreement for exploration with several property owners enabling access for sampling. The tenement is in good standing with no known impediments
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> Historic holders of the Project area include Stuart Metals (Cobalt Resources NL), Central West Gold NL, McIntyre Mines Pty Ltd, North Broken Hill Ltd, VAM

Criteria	JORC Code explanation	Commentary
		<p>Ltd and ABx2 Pty Ltd</p> <ul style="list-style-type: none"> Stuart Metals (Cobalt Resources NL) conducted shallow RAB drilling but failed to penetrate deeper than 10m due to hard stratigraphy. Previous drilling had been conducted by VAM, North Broken Hill and McIntyre Mines with some success. Rock chip sample programs were undertaken by Stuart Metals (Cobalt Resources NL) and North Broken Hill All previous work is being compiled and added to the project data base
Geology	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> Tertiary sandstone ("grit") hosted cobalt and manganese mineralization associated with leaching or lateritisation. Base metal and gold mineralization is also targeted.
Drill hole Information	<ul style="list-style-type: none"> <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> <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> <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> 	<ul style="list-style-type: none"> No drilling conducted
Data aggregation methods	<ul style="list-style-type: none"> <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> <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> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> No weighted averages, aggregates or metal equivalent values are reported

Criteria	JORC Code explanation	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> 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'). 	<ul style="list-style-type: none"> No drilling conducted
<i>Diagrams</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Refer to Maps, Figures and Diagrams in the document
<i>Balanced reporting</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All sample results from the program are reported in the document
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All meaningful and material information is reported
<i>Further work</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Further mapping and geochemical sampling is planned followed by drilling is expected to commence within Q1-2 2018