



ABN 23 101 049 334

Quarterly Report for September 2018

HIGHLIGHTS

- **Airborne EM and magnetic survey completed at the Kaoko Kobalt project Kunene Cobalt Province, Northern Namibia**
- **EM Conductor targets identified at Kamwe Prospect**
- **Final processing and interpretation well advanced for follow up in conjunction with geological mapping and over 3,000 regional soil sample re-assays**
- **Mount Venn data review defines several high quality, untested VTEM Conductors existing in Nickel prospective geology**

Kaoko Kobalt Project (CAZ earning 95%)

The project, in which Cazaly has the right to earn a 95% interest, is primarily prospective for base metal mineralisation (refer to ASX announcement dated 26 March 2018) over a large area in northern Namibia. The Company also extended its potential land position in the region through the application of two new Exploration Prospecting Licences contiguous with the existing EPL6667 (refer to ASX announcement dated 3 May 2018).

During the Quarter the Company completed a total of 1,549 line kilometres of airborne Electromagnetic (EM) and magnetic surveys over the Kaoko Kobalt Project in Namibia. Final data has recently been received and is currently being processed/imaged and interpreted in Perth. The survey was flown over 5 separate blocks where previous work has highlighted the potential for strata bound cobalt/copper mineralisation similar to the neighbouring Celsius Resources Limited's *Opuwo Cobalt* project.

The SkyTEM survey results are expected to assist with geological models and interpretation/mapping as well as highlight discrete conductive zones or stratigraphy. Targeting will consider both sediment-hosted mineralisation as well as possible feeder zones.

Preliminary data and images have recently been received by the Company and indicate several zones of conductive stratigraphy and discrete anomalies associated with elevated cobalt and copper in soils at the Kamwe prospect. Other survey blocks also contain conductive bodies that will be processed and interpreted for prioritisation and follow-up in the current Quarter.

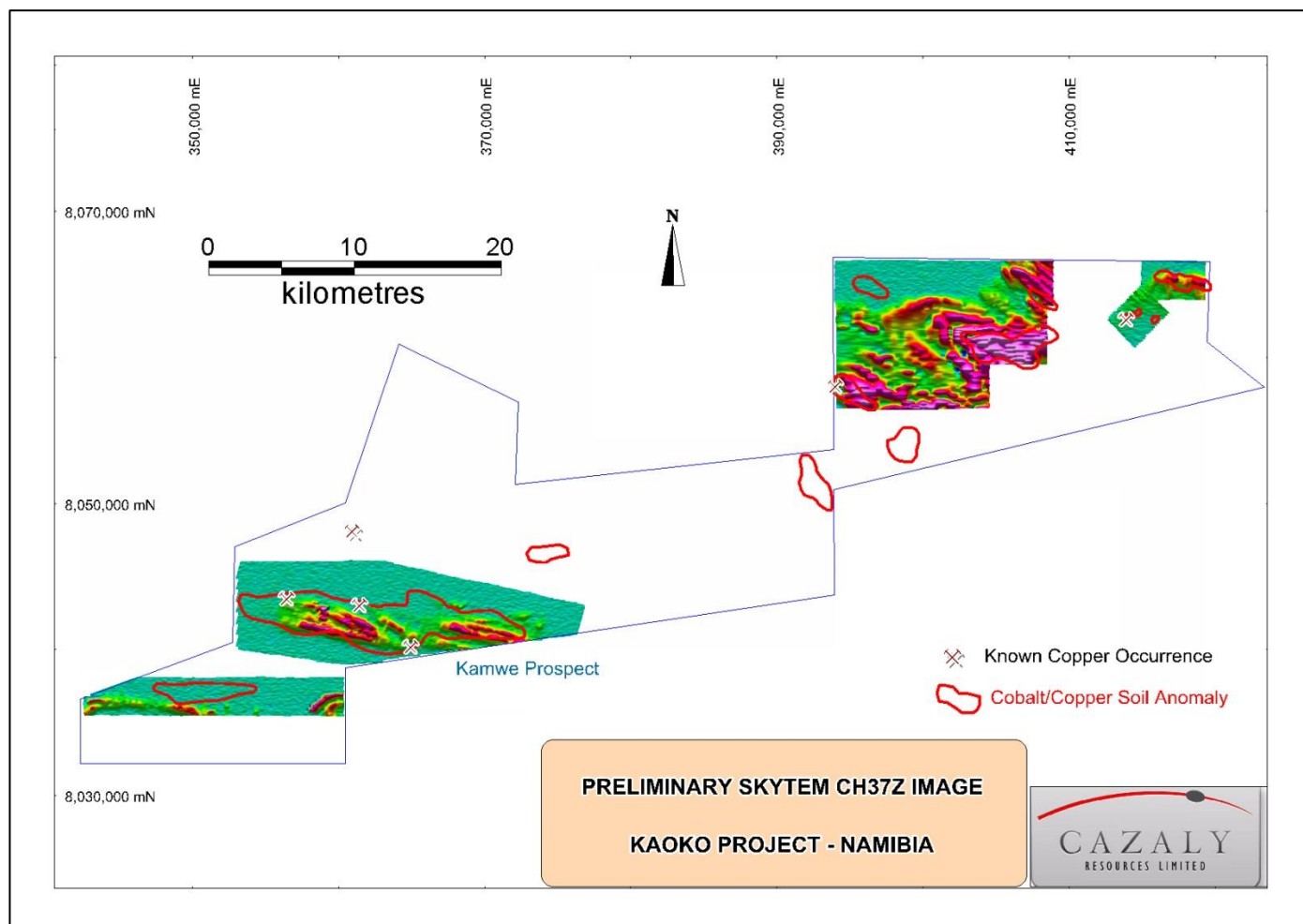


Figure 1: Preliminary SkyTEM Channel 37 (Z) image showing conductive stratigraphy and Cobalt/Copper Soil Anomalies

Stratigraphic conductors are observed in the preliminary late time data at Kamwe over distances of up to 5.5km. A number of high conductance discrete targets will also be investigated and modelled in the next few weeks.

The Kaoko Kobalt ('Kaoko') project is situated immediately to the north of, and abuts, Celsius Resources Limited's ("Celsius") (ASX:CLA) *Opuwo Cobalt* project. Celsius announced a maiden resource for the project of 112Mt @ 0.11% Co & 0.41% Cu (CLA ASX release 16 April, 2018).

The Kaoko project has only had cursory exploration in the past, the results of which highlighted widespread base metal mineralisation. Aside from having the potential of ~80km of prospective dolomite

ore formation ('DOF') a previous regional 1km by 1km soils programme delineated a 20km by 5km area of subdued magnetics coincident with anomalous Cu-Co-Zn-Mn at the *Kamwe* prospect.

Initial work by the Company included a review of historical data and geological and logistical reconnaissance of the Kamwe target, the extrapolated 'DOF' stratigraphic horizon in the southwest and the Tsumeb stratigraphy in the far northeast.

Further detailed work completed during the September Quarter at Kamwe, Goudina and other prospects will be used in conjunction with the airborne EM and magnetic data sets once final processed and imaged products are available. These areas are considered high priority with potential for the discovery of cobalt and base metal mineralisation already demonstrated in historical data. A total of 3,014 soil sample pulps collected by Kunene Resources in 2011-12 have been submitted for ICP analysis at Actlabs in Vancouver. These samples were previously analysed using handheld XRF machines in the field. The new data from the lab assays is expected to provide more detailed and reliable cobalt/multi element data to assist in targeting and prioritising future follow-up programs.

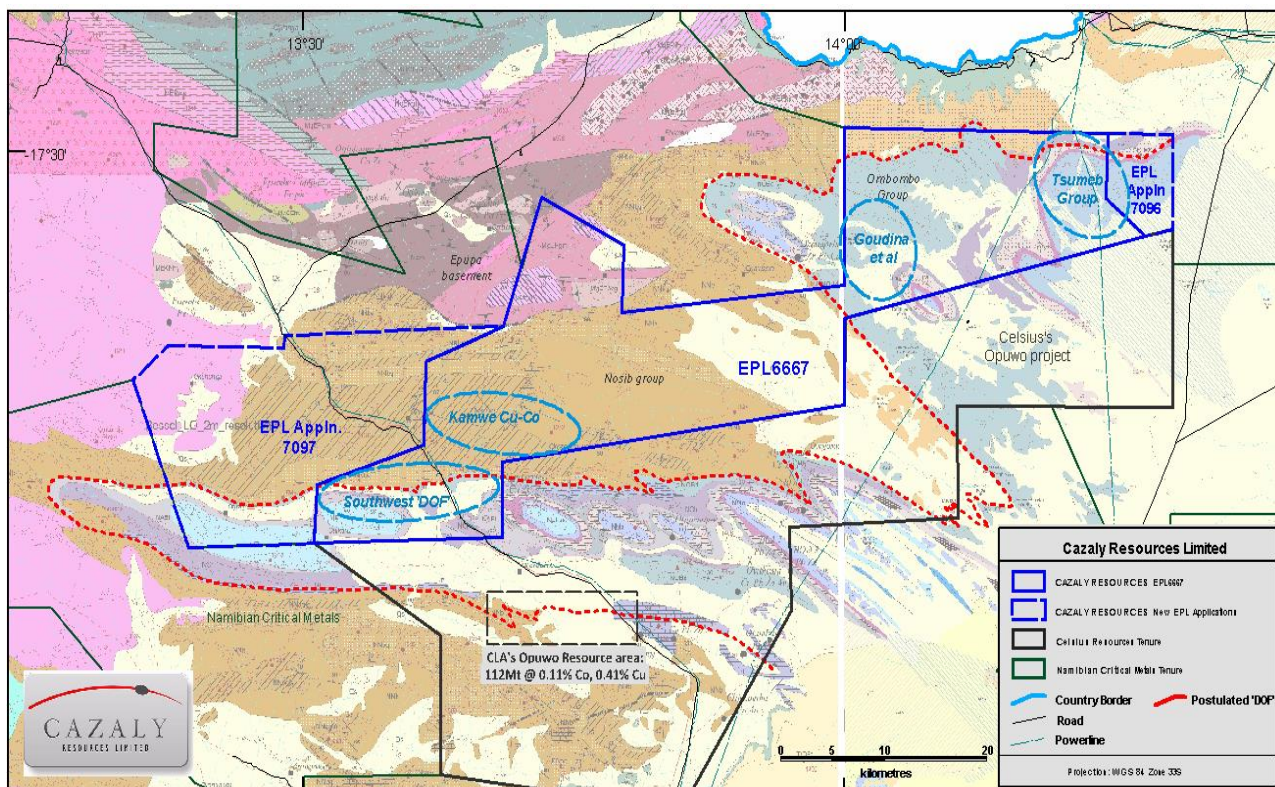


Figure 2: Geology of the Kaoko Kobalt project showing target areas and extrapolated 'DOF' horizon

Parker Range Iron Ore Project (CAZ 100%)

The fully owned 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 appealing as a blending ore.

The Company notes the recent announcements of Mineral Resources Limited (ASX:MIN) dated 13 June 2018 and 19 July 2018 whereby it was announced that MIN has entered into a definitive agreement with Cleveland-Cliffs Inc. (NYSE: CLF, Cliffs) to acquire the assets that were used by its wholly owned subsidiary, Cliffs Asia Pacific Iron Ore Pty Ltd, to run its Koolyanobbing iron ore operation in the Yilgarn region of Western Australia. The assets that MIN will acquire include Cliffs' tenements and all remaining iron ore as well as the fixed plant, equipment and non-process infrastructure items on those tenements.

The Company notes that the Port of Esperance has previously exported up to 13M tonnes per annum of iron ore and MIN have indicated that they aim to export 6-6.25M tonnes per annum.

Mount Venn Project (CAZ 100%)

The Company has extended a Share Sale Agreement with Sulphide X Limited ('Sulphide'), a private company that plans to list on the ASX. An option fee was paid by Sulphide who now has an exclusivity period to mid-January 2019 to finalise its due diligence and preparedness for an ASX listing based on the Mount Venn project. Cazaly will keep the market informed of any further developments.

If Sulphide proceeds with the acquisition, the Company receives proceeds of \$1m plus 3,000,000 consideration shares or a minimum 5% equity in the Sulphide vehicle once listed. The Company will also receive a once off payment of \$500,000 upon the delineation of a 500,000 ounce JORC gold resource (or metal equivalent) and a further \$500,000 payment upon the delineation of a 1,000,000 ounce JORC gold resource (or metal equivalent). The Company will also retain a 1.5% Net Smelter Royalty.

During the Quarter the company in conjunction with Sulphide, reviewed geophysical data sets in conjunction with historic nickel/copper/PGE exploration data in the northern half of the project (Figure 3). This review highlighted several significant targets for future follow up including drill ready airborne and ground EM modelled conductors (Figure 4).

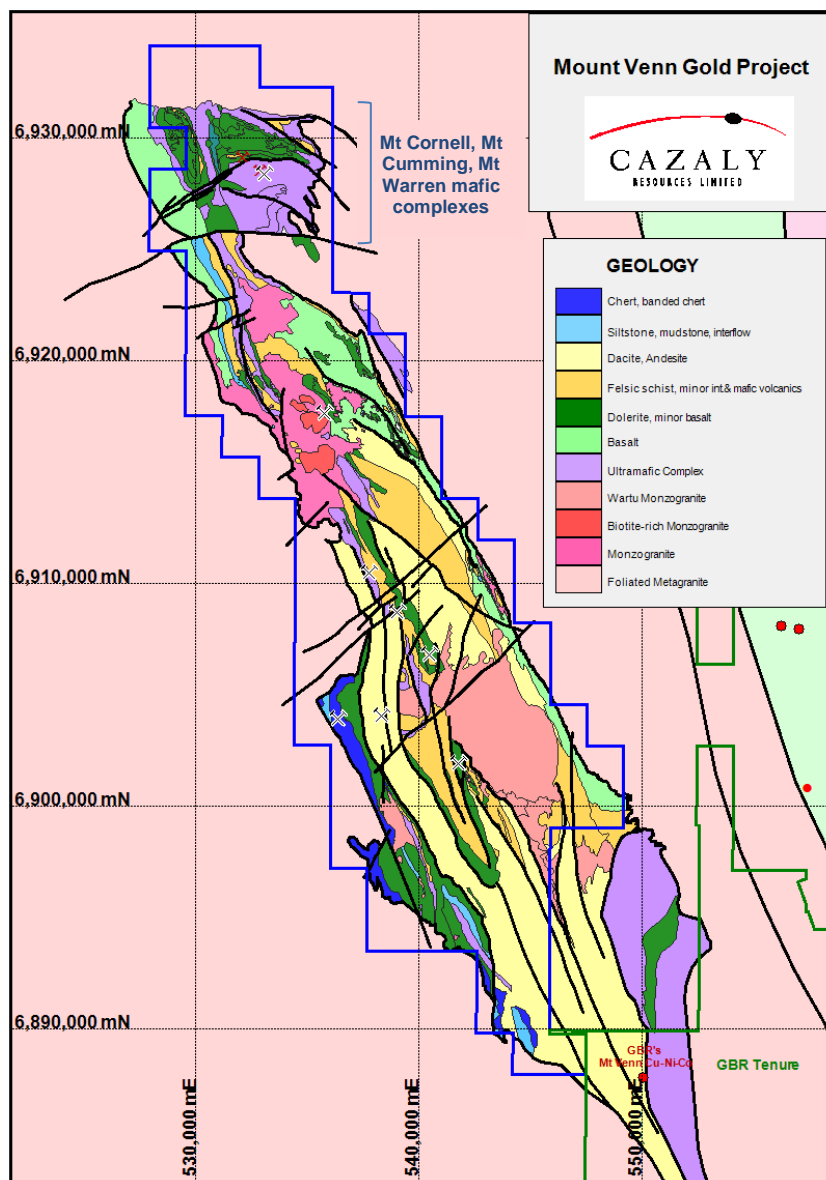


Figure 3: Regional geology, Mount Venn project

In 2010-12 airborne geophysics (VTEM) was flown by then tenement holders GNI (Global Nickel Investments NL) and followed up with ground EM surveys. Several targets were identified from data processed by Southern Geoscience Consultants only some of which were drill tested. In many cases this entailed only a single drill hole to test modelled conductive plates resembling potential magmatic sulphide zones. For some targets minor amounts of veined, massive and disseminated sulphide were recorded in drill logs identified as pyrrhotite, pyrite and chalcopyrite.

Mafic and ultramafic rock types were intersected (sills) with anomalous assay values. In most cases, where drilling was completed on a target, conductor plate sources were not conclusively explained and downhole EM surveys were not conducted. However, more importantly, several priority EM conductors from the second phase EM survey over the igneous complexes were never drilled. These anomalies represent “walk up” drill targets for the project once permitting is in place.

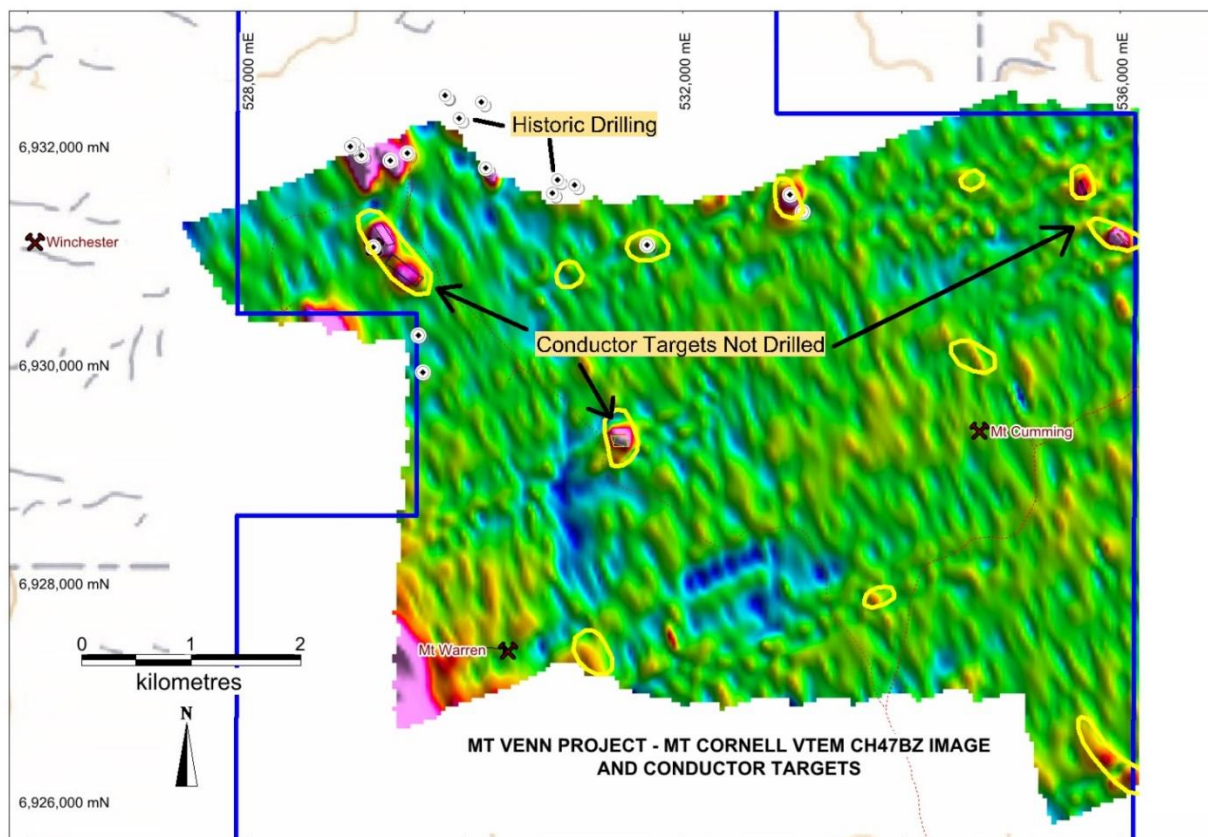


Figure 4: Reprocessed Mt Cornell VTEM and Conductor Targets, Mt Venn Project

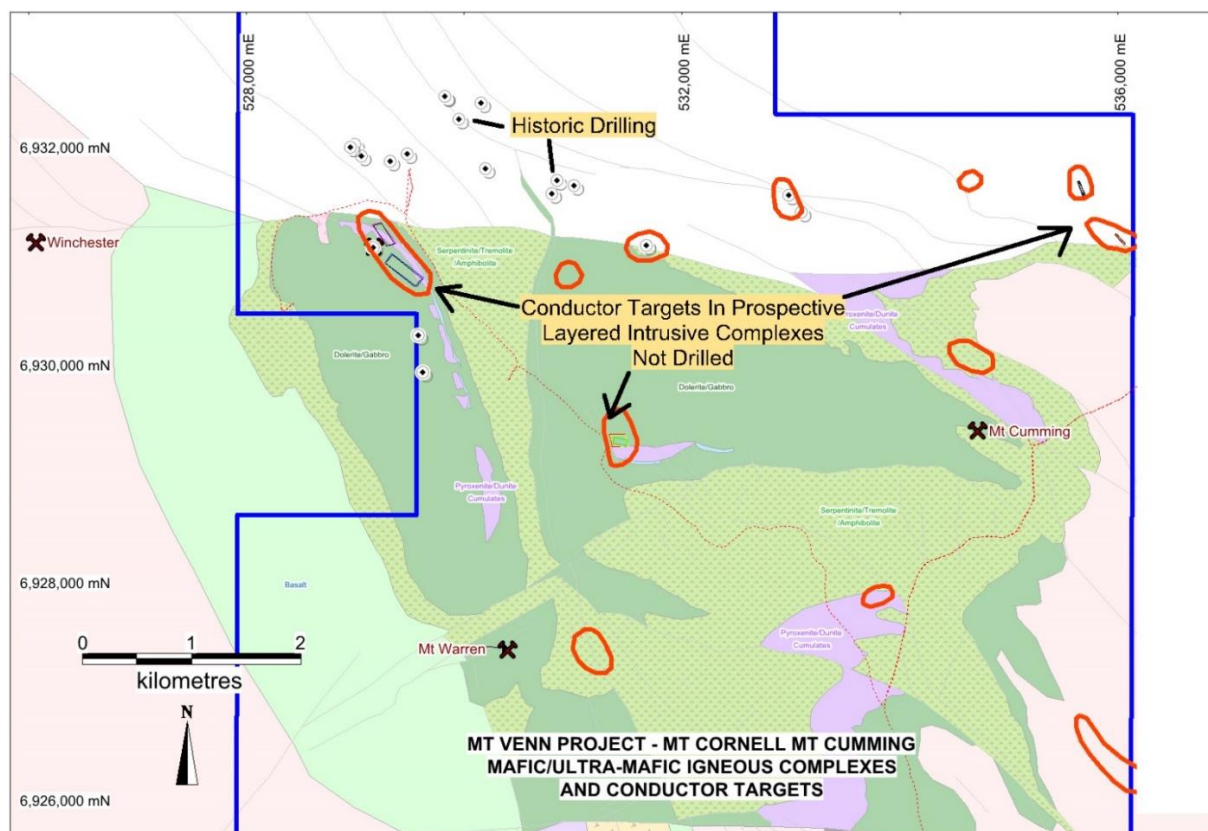


Figure 5: Mafic/Ultramafic Igneous Complexes and Conductor Targets, Mt Venn Project

Mount Tabor and Bungonia Cobalt Projects (CAZ 100%)

An option to acquire the Mount Tabor and Bungonia projects held by a private company has now been terminated. No work was completed over the projects during the quarter.

Kurabuka Creek Project (CAZ 100%)

The Kurabuka Creek Project comprises exploration licence application 09/2267 over 69 sub blocks in the Bangemall Basin of Western Australia. The area is prospective for shale hosted base metal mineralisation 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 will conduct field reconnaissance work shortly to investigate the potential of this area to host significant mineralisation. Grant of the tenement is expected during the current quarter.

McKenzie Springs (CAZ 100%. FIN earning 51%)

Below is an extract from the Fin Resources Limited September Quarterly Report (ASX:FIN) dated 16 October 2018:

Highlights

- Exploration commenced at the McKenzie Springs Project within the Halls Creek Orogen of Western Australia which has proven potential for nickel-copper-cobalt deposits
- Nickel-Copper mineralisation has already been identified at the McKenzie Springs Project which is in a similar geological setting to the nearby Savannah Nickel-Copper deposits
- Exploration aiming to identify priority Nickel-Copper and PGM targets for a follow-up EM survey and/or initial drilling

Nickel-Copper Exploration Commenced at McKenzie Springs

The Company commenced exploration activities at its McKenzie Springs Project located within the East Kimberley Region of Western Australia, 85km north-east of the township of Halls Creek. The Project covers an area of approximately 134km² with identified nickel, copper, cobalt and graphite occurrences. Exploration is focussed around the Main Gossan Prospect and regionally over other gossans and

covered areas where similar stratigraphy to that hosting Panoramic's Savannah Nickel-Copper Mine is present.

After an extensive review of previously gathered exploration data the Company commenced a field work program of soil geochemical sampling, rock chip sampling and geology mapping. The aim of the program was to identify and prioritise Nickel-Copper-Cobalt and PGM (Platinum Group Metals) targets for a follow-up electromagnetic (EM) survey and to define priority drill targets for initial testing. The soil geochemical sampling program was completed shortly after the end of the September Quarter and assays results are expected in the coming weeks.

During the September Quarter, the Company also reprocessed data from an historical airborne VTEM survey which covered most of the McKenzie Springs Project area, along with a historical high resolution 50 metre line spaced aeromagnetic survey covering a portion of the project area. The review of historical geophysical surveys has identified over sixty (60) EM anomalies of which the Company has ranked nine (9) as high priority geophysical targets for massive sulphides. Further review of geophysical datasets during the December Quarter and the results from the recent extensive soil geochemical sampling program will allow the Company to further refine these high priority targets to allow for initial drill testing.

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 and Mr Horn are Members of the Australasian Institute of Mining and Metallurgy. 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 Sept 2018

INTEREST IN MINING TENEMENTS AS AT 30 SEPTEMBER 2018

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	P26/4297	KALGOORLIE EAST	CAZR	100
P77/4164	PARKER RANGE	SAMR	100	E80/4808	MCKENZIE SPRINGS	SAMR	100
P15/6010	GLIA	SAMR	100				
P15/6014	GLIA	SAMR	100				
P15/6015	GLIA	SAMR	100				
P15/6016	GLIA	SAMR	100				
P15/6019	GLIA	SAMR	100				
P15/6020	GLIA	SAMR	100				
P15/6021	GLIA	SAMR	100				
P15/6022	GLIA	SAMR	100				
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				
Namibia	EPL 6667	Kunene	51				
Namibia *	EPL 7096	Kunene	100				
Namibia *	EPL 7097	Kunene	100				

* – application