CAZALY RESOURCES LIMITED

EXTENSIVE TARGETS DEFINED FROM AIRBORNE EM SURVEY KAOKO KOBALT PROJECT, NAMIBIA

- **SkyTEM airborne electromagnetic (EM) and magnetics survey completed and assessed, Kaoko Kobalt Project Namibia**
- **Initial assessment highlights major areas of interest and target stratigraphy**
- **Defined areas prospective for Co-Cu bearing 'DOF' (Dolomite Ore Formation) horizon and other base metal targets**
- **EM anomalies at Kamwe target coincident with historic Cu-Co geochemistry**
- **Large area of 'DOF' host stratigraphy with multiple targets identified in the northeast**

Cazaly Resources Limited (**ASX: CAZ, "Cazaly"** or **"the Company"**) has now received and processed data from an airborne electromagnetic (EM) and magnetic survey conducted over the *Kaoko Kobalt Project* in Namibia. The survey was flown by Skytem ApS who also recently worked in-country flying surveys for Celsius Resources (ASX:CLA) and Namibian Critical Metals (TSX:NMI) at properties adjacent to the Company's Kaoko Project.

The Kaoko Project

The Kaoko Project lies in northern Namibia approximately 800km by road from the capital of Windhoek and approximately 750km from port of Walvis Bay. The region has excellent infrastructure and comprises exploration licence EPL6667, which was granted in February 2018, and two further applications which combined covers ~1,410km^2 of tenure.

The project is situated immediately north of, and abuts, Celsius Resources Limited's *Opuwo Cobalt* project who completed a scoping study based upon a maiden resource of **112Mt @ 0.11% Co & 0.41% Cu** (CLA ASX: 16 April & 5 November 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 prospective DOF, previous geochemistry delineated a 20km by 5km area of subdued magnetics coincident with anomalous Cu-Co-Zn-Mn at the *Kamwe* prospect.

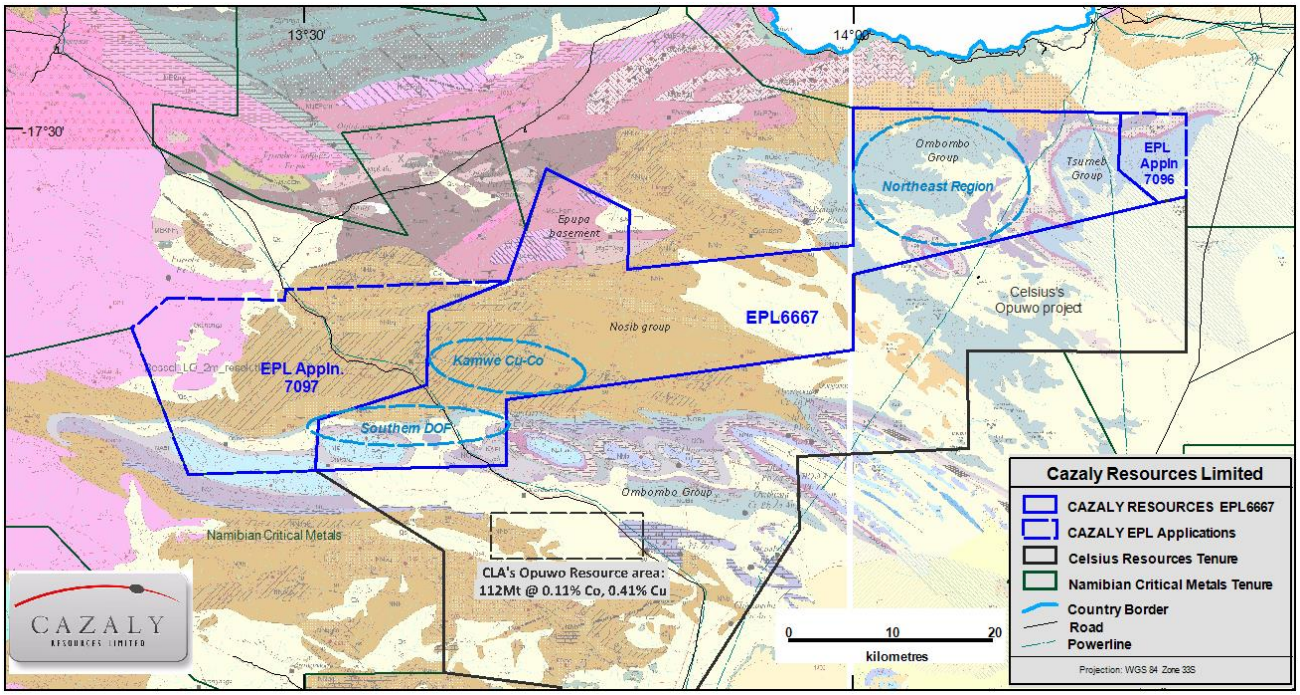

Figure 1: Geology of the Kaoko Kobalt project showing target areas

The Survey

The Company's airborne geophysical survey was conducted over five separate blocks where previous work highlighted the potential for strata bound cobalt/copper mineralisation similar to the neighbouring Celsius's DOF mineralisation at its *Opuwo Cobalt* project.

The survey results successfully highlighted discrete conductive zones in a number of areas highlighting potential for sediment-hosted mineralisation and possible feeder zones in structurally complex areas. Stratigraphic conductors are observed in late time data at Kamwe over distances of up to 5.5km. Figure 2 shows channel 37Z SkyTEM data imaged with soil lines and cobalt anomalies.

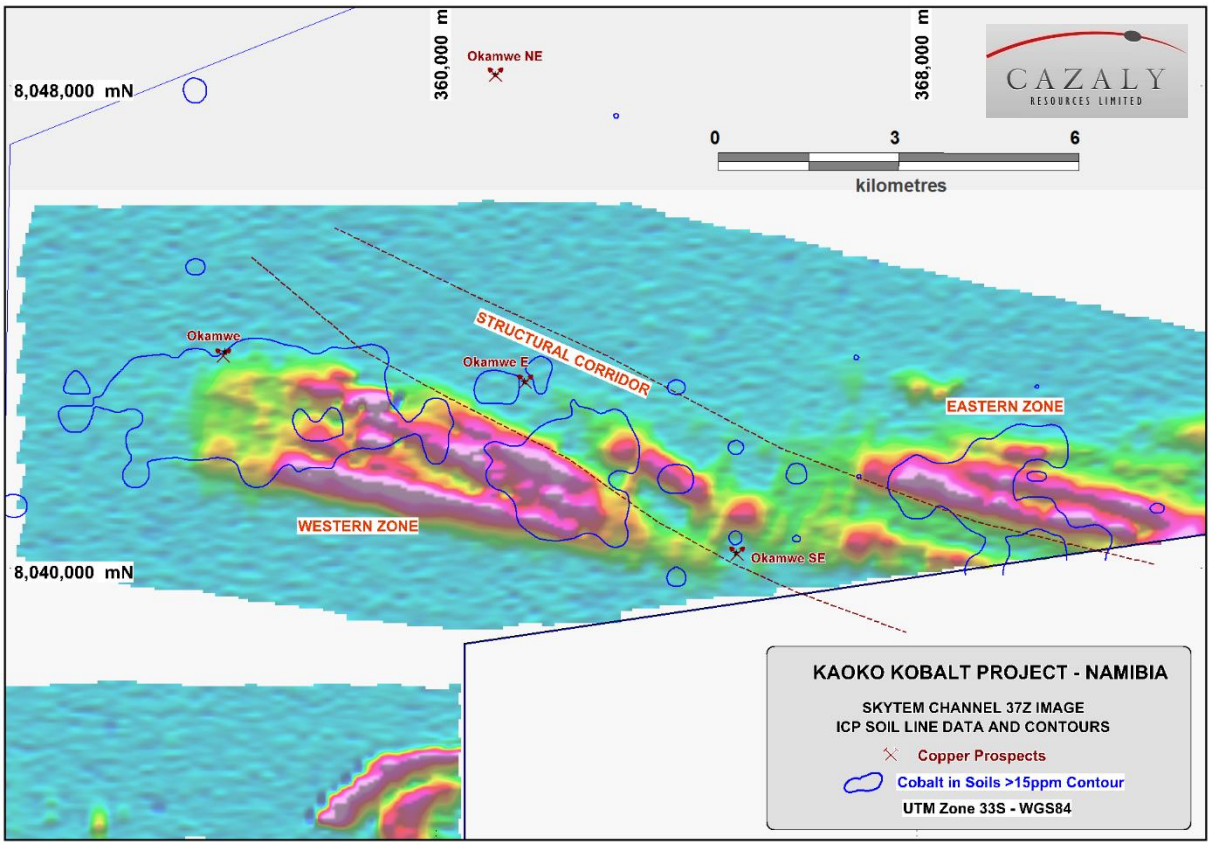

Figure 2: Kamwe Prospect SkyTEM CH37Z image with soil sample results and copper prospects

There is a strong correlation between conductive targets and higher cobalt values in the western and eastern zones at Kamwe. These are separated by a structurally complex corridor containing known high-grade copper mineralisation in gossans as well as further discrete late-time conductors and cobalt-in-soil anomalies.

Overall, the precise EM signature of the DOF horizon in the region is unclear. Stratigraphic controlled EM signatures within the Ombombo Formation, the host unit to the DOF horizon, may indicate the increased presence of sulphides and/or carbonaceous shales both of which are key components of the mineralised horizon at Opuwo. The Southern DOF area (figure1) did not return any appreciable EM signatures however given the uncertain nature of EM in tracking the unit the area still remains of interest.

This Neoproterozoic host group forms part of the Kaoko Belt which is interpreted as a western extension of the Copper Belt in the DRC and Zambia. Clastic and carbon dominant lithologies within this sequence at Kaoko represent potential hosts for the precipitation of cobalt, copper and zinc mineralisation under favourable conditions.

<u>Northeast</u>

Several zones of conductive stratigraphy are also highlighted by SkyTEM data in the **northeastern** blocks (figure 3). This area hosts very thick Ombombo Formation stratigraphy and is therefore a major area of interest. Several large stratigraphic controlled anomalies are observed in this region and will be a major focus for ongoing work. The *Goudina* and *Okatjene* base metal prospects also occur within the highly prospective mid to upper Ombombo Formation in this region.

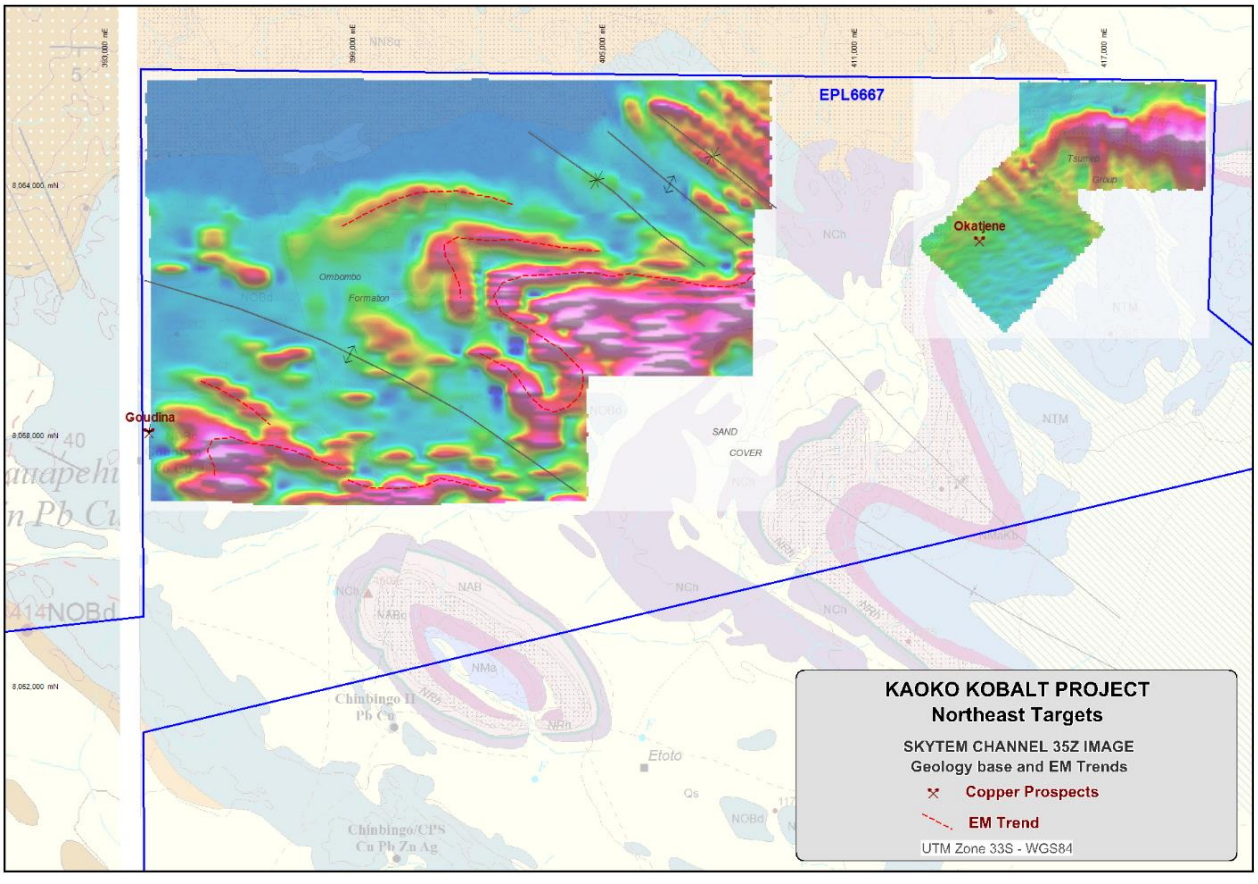

Figure 3: Etoto and Katjene SkyTEM CH35Z image with soil sample results and copper prospects

The far northeast also hosts Tsumeb stratigraphy where extensive anomalous areas are noted coincident with anomalous copper, cobalt and zinc geochemistry.

The Company will complete more detailed data modelling to characterise the conductors at Kamwe and in the northeast before field checking and proposed follow-up programs. Follow-up work will include a number of options including infill soil sampling, further SkyTEM data modelling and drilling.

ENDS

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Competent Person's Statement

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 Don Horn, who is an employee of the Company. Mr Horn is a Member of the Australasian Institute of Mining and Metallurgy and has 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 Horn consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 report

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *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.*	• The Company contracted SkyTEM Airborne Surveys to complete airborne geophysical surveys over six blocks where previous work highlighted the potential for strata bound cobalt/copper mineralisation similar to neighbouring Celsius resource's DOF mineralisation at its *Opuwo Cobalt* project • The survey was flown in the period from August 21st to 31st 2018 in survey area Kaoko Kobalt, Namibia. The survey is comprised of six blocks, some partly overlapping; in total there were 1549 km planned flight lines. • The SkyTEM 312M system collects time domain electromagnetic and magnetic data along with supporting navigation measurements.
Drilling techniques	• *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).*	• No drilling was completed
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*	• No drill samples collected

Criteria	JORC Code explanation	Commentary
	between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	
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.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• No sample or drill logging was completed
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.* • *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.*	• No sample or drill logging was completed
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.* • *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*	• No assaying was carried out • SkyTEM Airborne Surveys has significant experience in this type of survey targeting strata bound sulphide mineralization and has previously conducted work at the neighbouring Celsius Resources' Opuwo and Namibian Critical Metals Projects • The DGPS and magnetic base stations were positioned in the vicinity of the survey area. • The SkyTEM 312M system has been calibrated at the Danish National Reference site. Calibration includes measurements of the transmitter survey data repeated at a range of altitudes at the reference site. Hereby, it is documented that the instrumentation can reproduce the reference site with the same set of calibration parameters

Criteria	JORC Code explanation	Commentary
	procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	independent of the flight altitude. All processed data are corrected according to the calibration parameters. The calibration resulted in the following parameters: Low Moment • Shift factor: 0.95 (on the raw dB/dt data) • Time shift: -2.11e-6 High Moment • Shift factor: 1.0 (on the raw dB/dt data) • Time shift: -2.5e-6
Verification of sampling and assaying	• *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.*	• No assaying was carried out, not applicable • SkyTEM Airborne Surveys has significant experience in this type of survey
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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• DGPS unit • Chipset: OEMV1-L1 14-channel rate. • Antenna: Trimble, Bullet III GPS Antenna • The differential GPS receiver is on top of the boom in front of the frame. • The DGPS delivers one dataset per second. The raw coordinates are given in Latitude/Longitude, WGS84 • The uncertainty in the xyz-directions is +/- 1 m after processing.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *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.*	• Area 1 line and tie line spacing was 200m and 2,000m respectively on bearings of 15 and 105 degrees respectively • Areas 2, 3 and 7 were line and tie line spacing of 200m and 2,000m respectively on bearings of 0 and 90 degrees respectively • Area 4 line and tie line spacing was 500m and 5,000m respectively on bearings of 135 and 45 degrees respectively
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*	• Flight lines were across strike of stratigraphy and potential mineralization as much as possible for best results during survey • No drilling was undertaken

Criteria	JORC Code explanation	Commentary
	should be assessed and reported if material.	
Sample security	• *The measures taken to ensure sample security.*	• No samples were collected • Data was recorded and secured by SkyTEM personnel on site and in the Canadian office
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The data was independently reviewed and verified by Southern Geoscience Consultants.

Section 2 Reporting of Exploration Results

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.*	• All surveys were completed within granted EPL6667, which is held by KDN Geo Consulting CC. Cazaly is earning up to a 95% interest in EPL6667 and is in Joint Venture with Geo Consulting CC under an Option Agreement signed on the 26th March 2018 • The tenement is in good standing with no known impediments
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Rio Tinto Namibia Pty Ltd conducted work in the area in 1993-95 and drilled Cu/Zn mineralization in the area south of the Kaoko Project now held by Celsius Resources Ltd. • Regional geochemical sampling was conducted by Kunene Resources Ltd and First Quantum Minerals Ltd (JV) in 2011-15 on broad 1km by 1km and 1 km by 500m grids. Kunene also interpreted regional geophysical data, Landsat Data and Satellite imagery, as well as completed geological mapping in the area. • Other historical work includes oil gas and uranium exploration in the area. • All previous work is being compiled and added to the project data base
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Neoproterozoic sediment hosted copper/cobalt, and base metal copper/lead/zinc mineralization is being targeted in exploration. • The Kaoko Belt consists of rocks of the Damaran Supergroup deposited during rifting and over lie the Congo Craton. • The style of mineralization is analogous to the DRC and Zambian Copper Belt deposits and the Kaoko Belt rocks are interpreted as a possible western extension. • Known base metal mineralization occurrences are documented within the project area and surrounding projects

Criteria	JORC Code explanation	Commentary

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 from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• No drilling conducted

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.*	• No sampling was completed, not applicable
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').*	• No drilling was completed
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of*	• Refer to Maps, Figures and Diagrams in the document

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	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.	
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.*	• All sample results from the program are reported in the document
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; potential deleterious or contaminating substances.*	• **Primary Field Compensation (PFC)** The magnetic field coupling between the receiver coils and the transmitter loop is continuously hardware-monitored, providing a separate value for the magnetic field coupling during each transient sounding. These data are used for raw data correction in a separate post-processing step. The primary field compensation technique has proven stable and has routinely yielded a reduction of the primary field influence in very early time gates by a factor exceeding 50. • **EM Filtering** The PFC data is the input for further processing. The data are normalized in respect to effective Rx coil area, Tx coil area, number of turns and current giving the unit [pV/(m4*A)]. The EM data is filtered adaptively based on the signal-to-noise ratio. The applied EM filtering method is based on iterative weighted spline fitting routines, which operate in positive/negative symmetric transform spaces. The data weighting scheme relies on an extensive noise evaluation performed on the individual gate values of the raw data decays. Optimised sets of averaging filters are used for each measured moment and type of receiver coil in a stepwise averaging process. This allows for optimal suppression of motion induced noise as well as cultural noise components, while keeping track of the resulting data uncertainty. • **Height correction** The provided EM grids are corrected for variations in flying height. All grids are shifted to a level as if it was flown in 60 m above the ground. No height correction has been applied to the raw EM data channels in the delivered Geosoft database and data file. • **Time Constant** An adaptive Tau calculation has been performed on the HMZ data in the area. The adaptive Tau method treats each sounding curve individually and it involves the following steps for each sounding position: - Identifying the latest gate with a relative data uncertainty below a user defined threshold. Later gates are regarded as having too low S/N ratio to be reliably used in the subsequent fitting operation. - Fitting an exponential function to a user-defined number of consecutive gates up to and including the latest gate defined above. The fitting procedure follows

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		the latter formulation given in (1) using end-of-ramp referenced gate times. For the present survey, the upper threshold, for acceptable relative uncertainty, is set to 0.35 and 5 consecutive gates are used in each exponential fit. • **Inversion** The SkyTEM data have been processed and inverted using spatially constrained inversion (SCI) in Aarhus Workbench, a unique software package initially developed at Aarhus University, Denmark. In this SCI algorithm a group of time-domain EM (TEM) soundings are inverted simultaneously using 1-D models. Each sounding yields a separate layered model, but the models are constrained laterally. The result of the SCI inversion is a model section that varies smoothly along and across the profiles and yields a conductivity model that combines the very good shallow depth resolution offered by the low moment data and the larger depth of investigation from the high moment data.
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.*	• Further processing and modelling of data is planned • Ground checking, mapping and geochemical sampling is planned. • Drilling may be completed on prioritized targets