



ABN 23 101 049 334

# Quarterly Report for December 2018

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## HIGHLIGHTS

- **Airborne EM and magnetic survey data interpretation completed at the Kaoko Kobalt project, Kunene Cobalt Province, Northern Namibia**
- **Kaoko Project EM Conductor targets identified and prioritised**
- **Mount Venn review defines high quality VTEM Conductors in favourable host rocks primarily prospective for Nickel**
- **Independent engineering firm Avora Pty Ltd refreshing components of the Definitive Feasibility Study for the Parker Range Iron Ore Project**
- **Soil sampling confirms potential for the *McKenzie Springs Project* to host Voisey Bay-style nickel-copper-cobalt sulphide deposits**

### **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 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<sup>2</sup> 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.

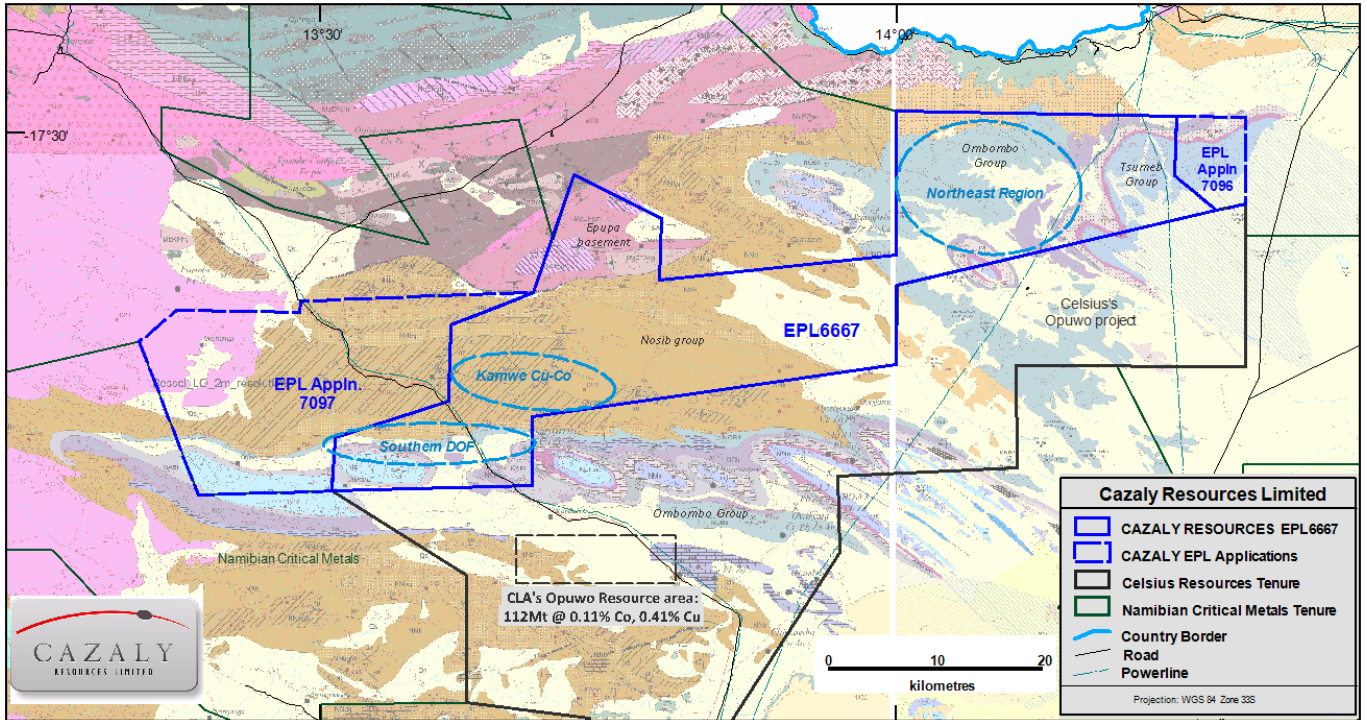


Figure 1: Geology of the Kaoko Kobalt project showing target areas

During the quarter the Company completed processing and interpreted 1,549 line kilometres of airborne Electromagnetic (EM) and magnetic survey data. The survey was flown over 5 separate blocks by SkyTem ApS who also completed surveys in-country for Celsius Resources (ASX:CLA) and Namibian Critical Metals (TSX:NMI) at properties adjacent to Cazaly's Kaoko Project. The results from the survey, in conjunction with geological models and mapping, highlighted discrete conductive zones and stratigraphy associated with soil anomalies.

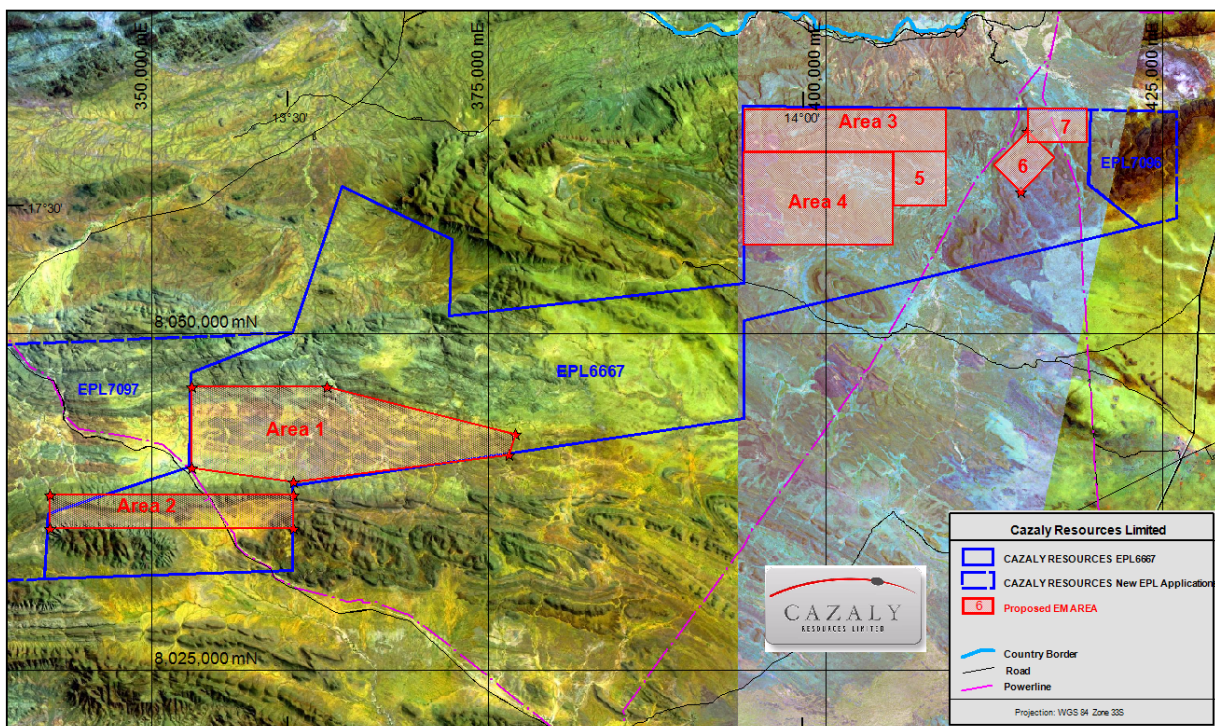


Figure 2: Landsat image of the Kaoko Kobalt project showing airborne survey areas

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.

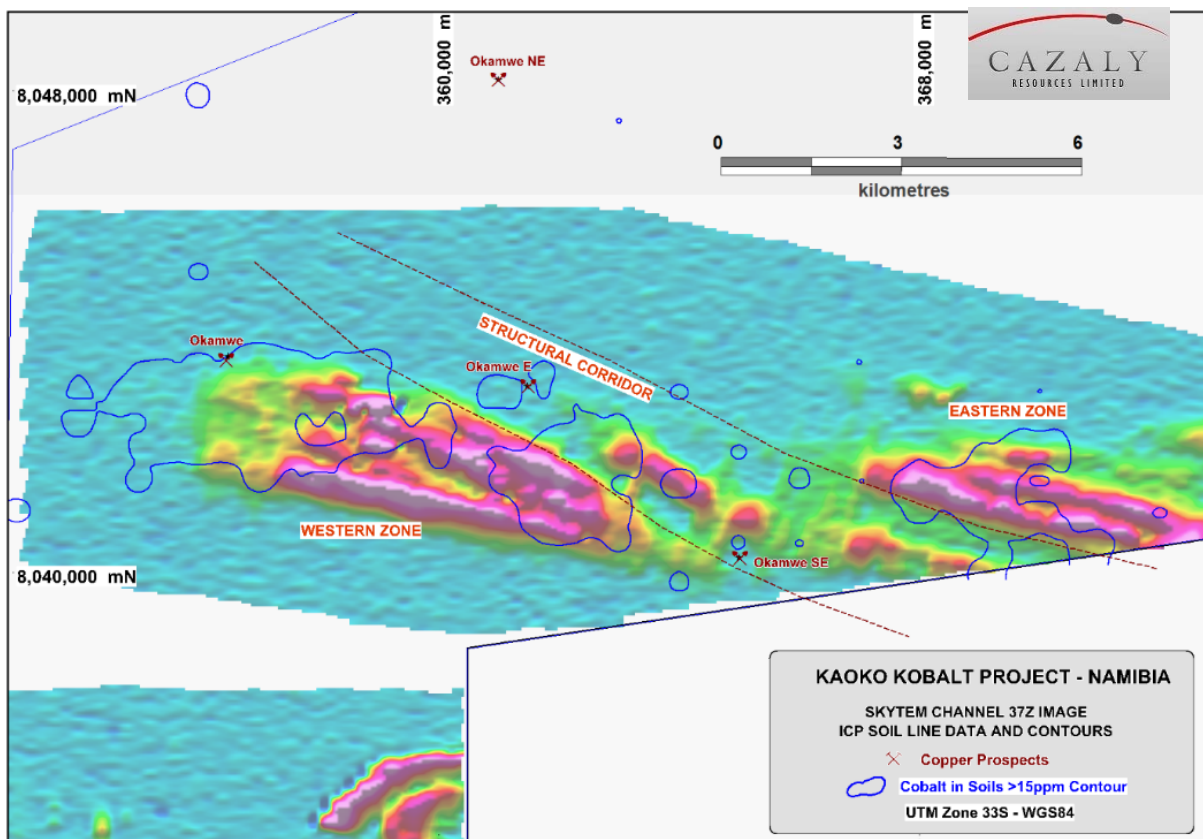


Figure 3: Kamwe Prospect SkyTEM CH37Z image with soil sample results and copper prospects

## Northeast

Several zones of conductive stratigraphy are also highlighted by SkyTEM data in the **north eastern** blocks (figure 4). 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.

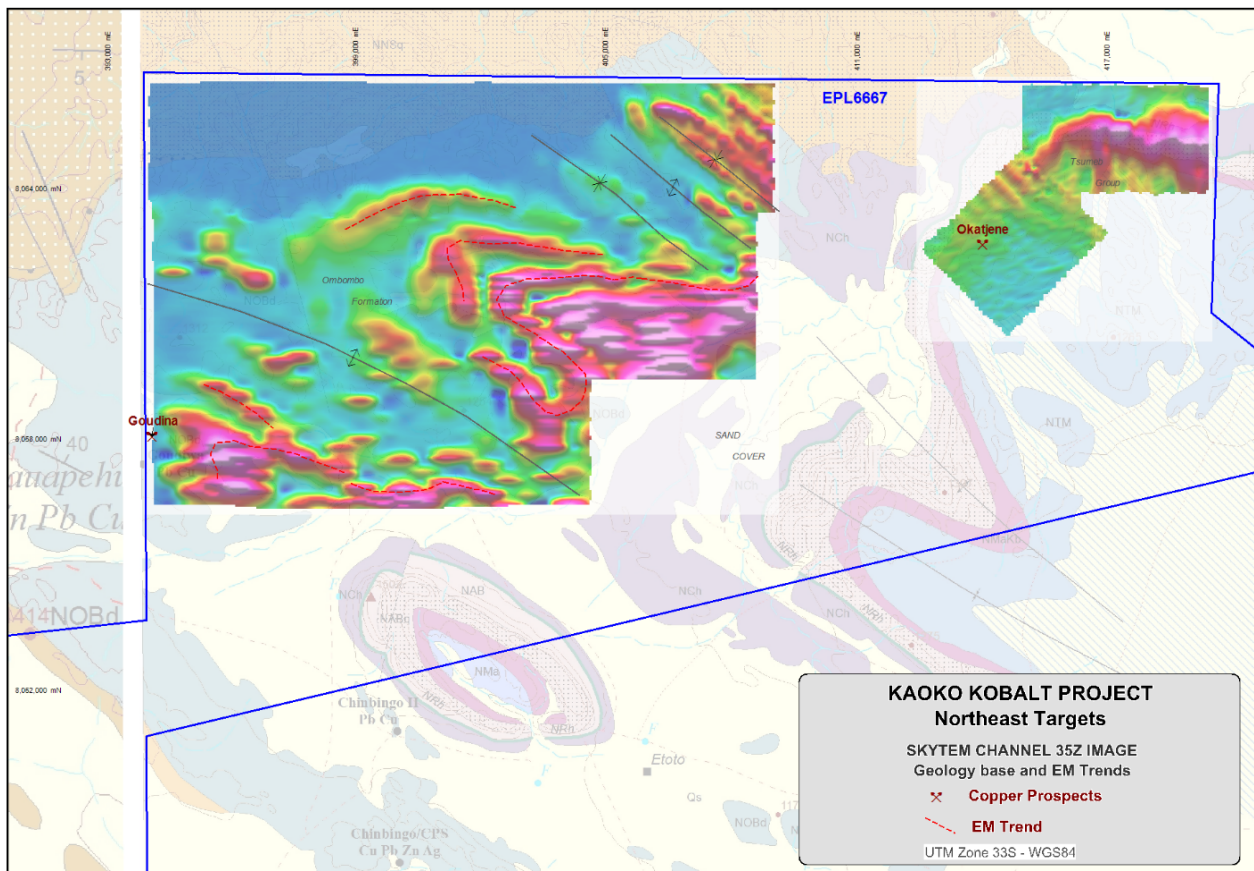


Figure 4: Etoto and Katjene SkyTEM CH35Z image with soil sample results and copper prospects

The far northeast also hosts Tsumeb stratigraphy where extensive anomalous areas are noted coincident with anomalous copper, cobalt and zinc geochemistry. A number of target areas are considered high priority with potential for the discovery of cobalt and base metal mineralisation.

## Parker Range Iron Ore Project (CAZ 100%)

The Company has engaged specialist engineering group Avora Pty Ltd to refresh components of the previous Definitive Feasibility Study given the strengthening iron ore price and potential port access at the Esperance Port.

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 nature of the ultra-low phosphorous ore makes this orebody appealing as a blending ore.

The Company notes the announcements of Mineral Resources Limited (ASX:MIN) dated 13 June 2018 and 19 July 2018 whereby MIN 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 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%)

During the quarter the Company 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 is planning 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.

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 5). This review highlighted several significant targets for future follow up including drill ready airborne and ground EM modelled conductors (Figure 6).

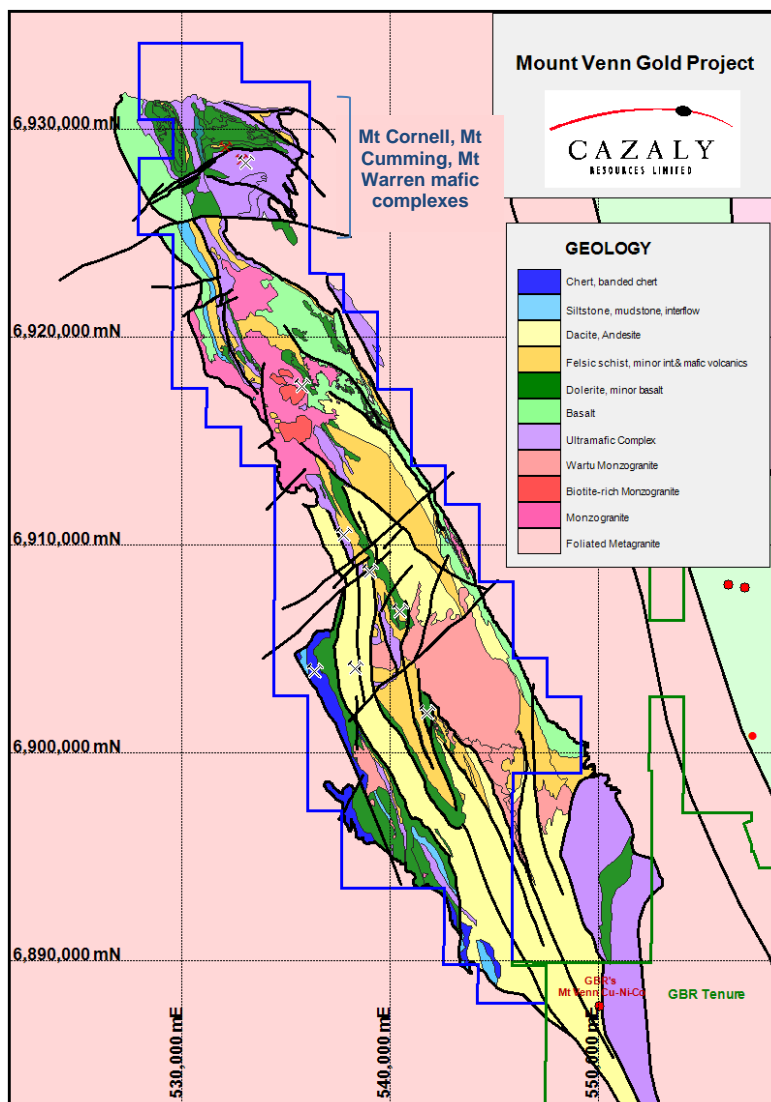


Figure 5: Regional geology, Mount Venn project

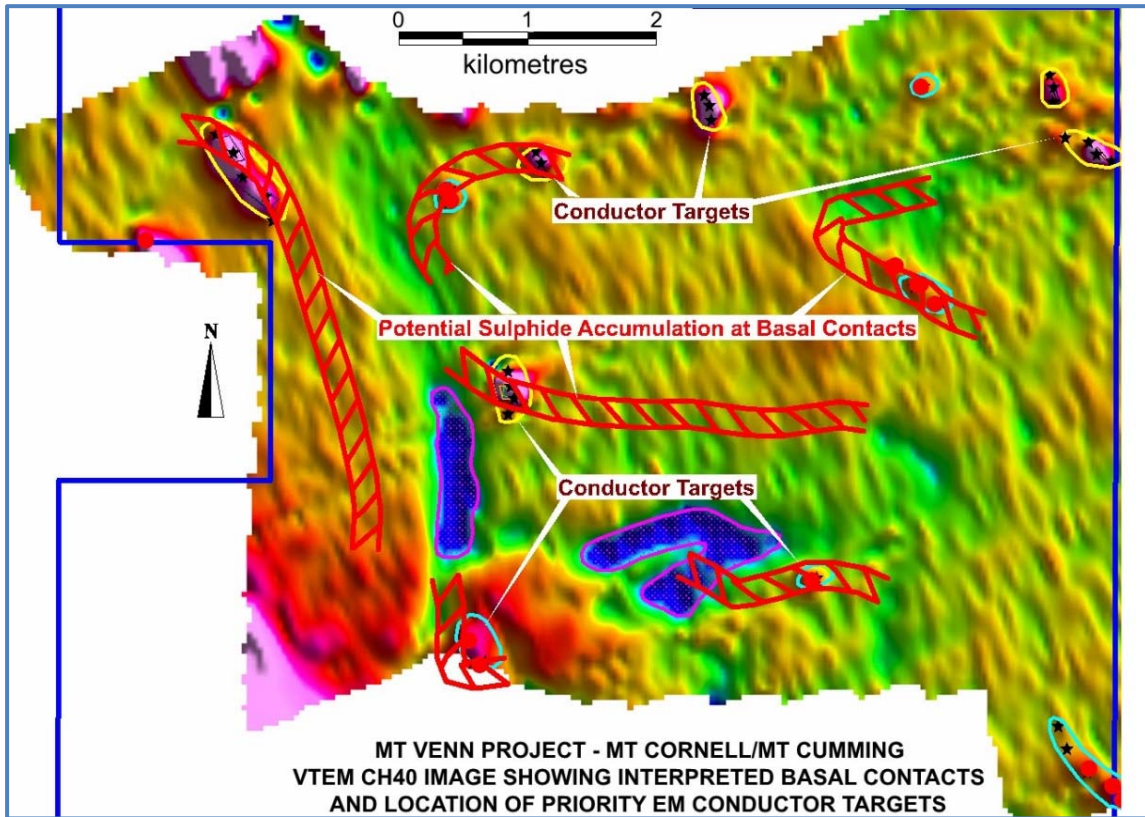


Figure 6: Mt Cornell MAG and Conductor Targets, Mt Venn Project

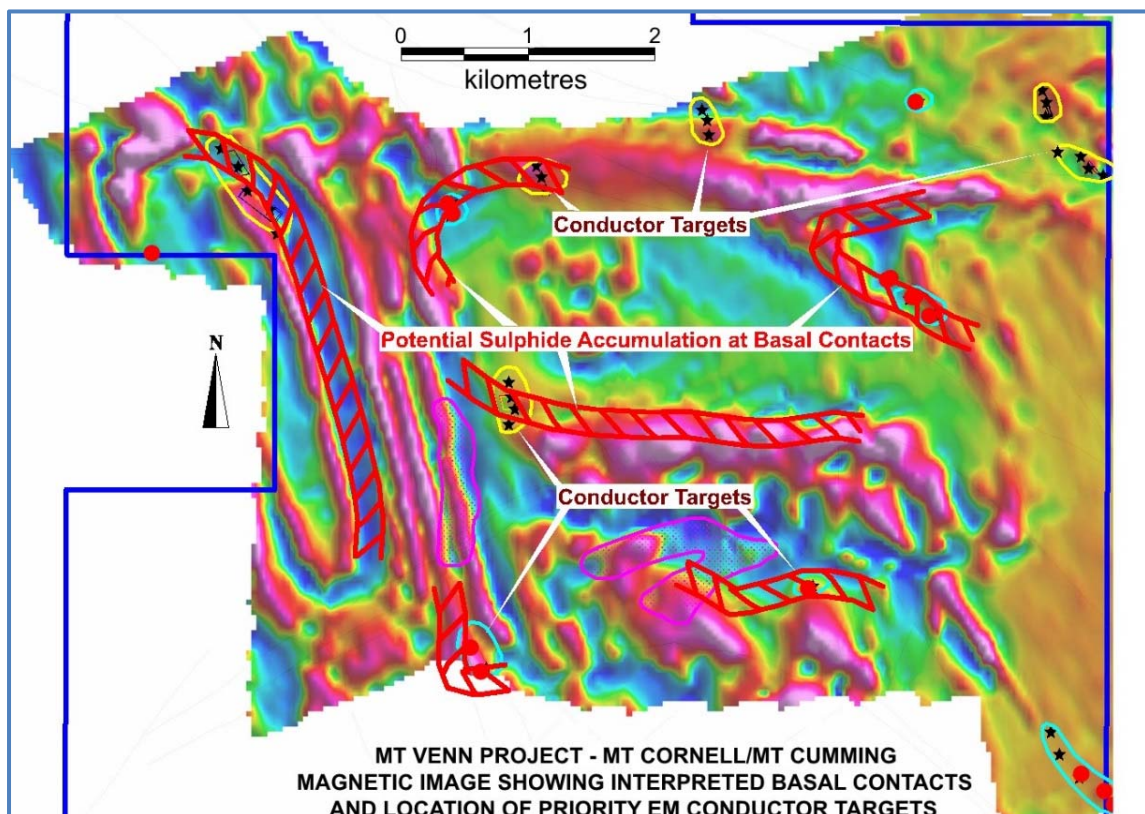


Figure 7: Mt Cornell VTEM and Conductor Targets, Mt Venn Project

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 are closely associated with interpreted 'basal' contacts within the igneous complexes where sulphide accumulations may be present. The anomalies are walk-up drill targets for exploration in 2019.

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

Below is an extract from the Fin Resources Limited ASX Release Wednesday, 30 January 2019 (ASX:FIN):

**“Exploration results confirm Nickel-Copper sulphide potential at McKenzie Springs, Western Australia”**

### Highlights

- Soil sampling confirms potential for the *McKenzie Springs Project* (refer Figure one) to host Voisey Bay-style nickel-copper-cobalt sulfide deposits
- Review of newly released Electromagnetic Survey Data has yielded priority drill ready targets
- McKenzie Springs Project is located only 9km away (refer Figure two) along strike to the southwest of Panoramic Resources' Savannah Nickel-Copper Mine which includes the recently discovered Savannah North deposit
- The Savannah Nickel-Copper mine is reported to have produced 8.5Mt at 1.29% Ni & 0.65% Cu and currently reports Mineral Resources as at 30 June 2018 of 13.2 million tonnes at 1.65% Ni & 0.75% Cu\*
- Nickel-Copper mineralisation has already been identified at McKenzie Springs which is in a similar geological setting to the Savannah Nickel-Copper deposits

Fin Resources Limited (**ASX: FIN**) (**Fin** or the **Company**) announce that the recently completed soil geochemical sampling and geological mapping program has confirmed the potential for the McKenzie Springs Project to host Voisey's bay-style Nickel-copper-cobalt sulfide mineralisation. In addition, newly released public domain Electromagnetic (EM) Survey Data has led to a re-interpretation with all other geophysical data along with the recently updated geochemical and geological datasets, yielding priority drill ready targets.



Figure One | FIN Project Locations

## Soil Geochemical Sampling Results

Assay results have been received from the recently completed soil geochemical sampling program at McKenzie Springs Project. A total of 735 (minus 1.6mm sieved) soil samples were taken over a 11.5 kilometre strike of the McKenzie Spring intrusion on a 400m by 40m sample spacing. Samples assayed up to 1354ppm Nickel (Ni), 508ppm Copper (Cu), 140ppm Cobalt (Co), 41ppb Palladium (Pd), 39ppb Platinum (Pt), 25ppb Gold (Au) and 460ppb Silver (Ag).

Statistical assessment of the soil geochemical data revealed geochemical association which compares favourably with the geochemical signature of the nearby Savannah Ni-Cu-Co sulfide deposit.



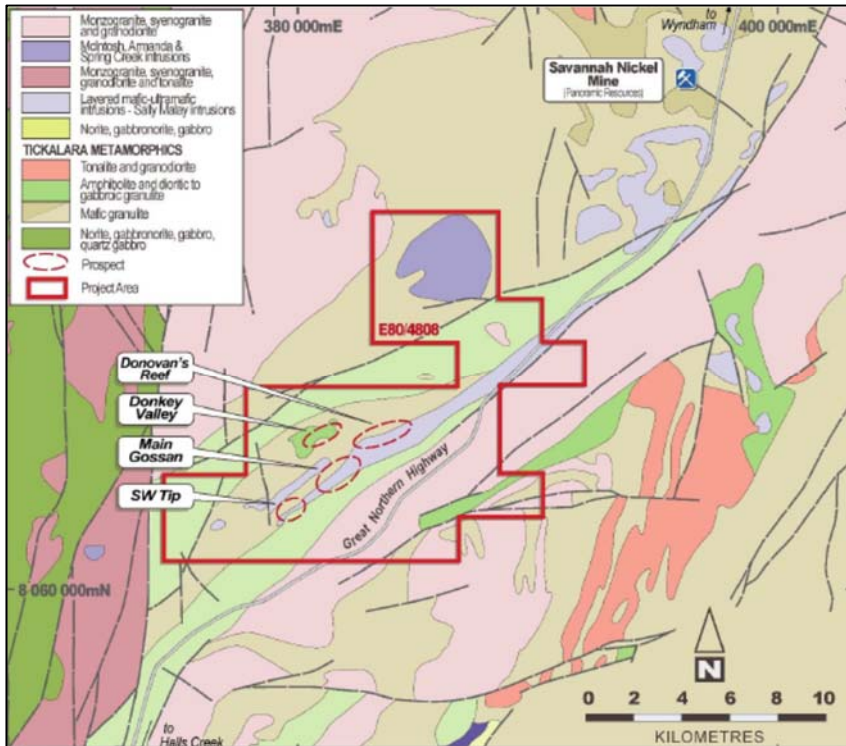


Figure two | McKenzie Springs Interpreted Project Geology

The soil sampling identified two continuous to discontinuous belts of soil Ni-Cu-Co anomalism with a combined strike length of 9 kilometres along, or proximal to, the northwest and southeast margins of the mafic-ultramafic intrusion (refer Figure three). These two geochemically anomalous belts coincide with lenses of ultramafic rocks (pyroxenite, peridotite) that host disseminated Ni-Cu-Co sulfides (pyrrhotite, pentlandite, chalcopyrite).

Past exploration has identified Ni-Cu-Co gossans outcropping along the two belts returning high-grade rock chips of up to 12.8% Cu, 1.92% Ni and 0.17% Co (refer FIN Prospectus 23 May 2018). The two Ni-Cu geochemical belts are considered highly prospective for disseminated and massive Ni-Cu sulfide deposits.

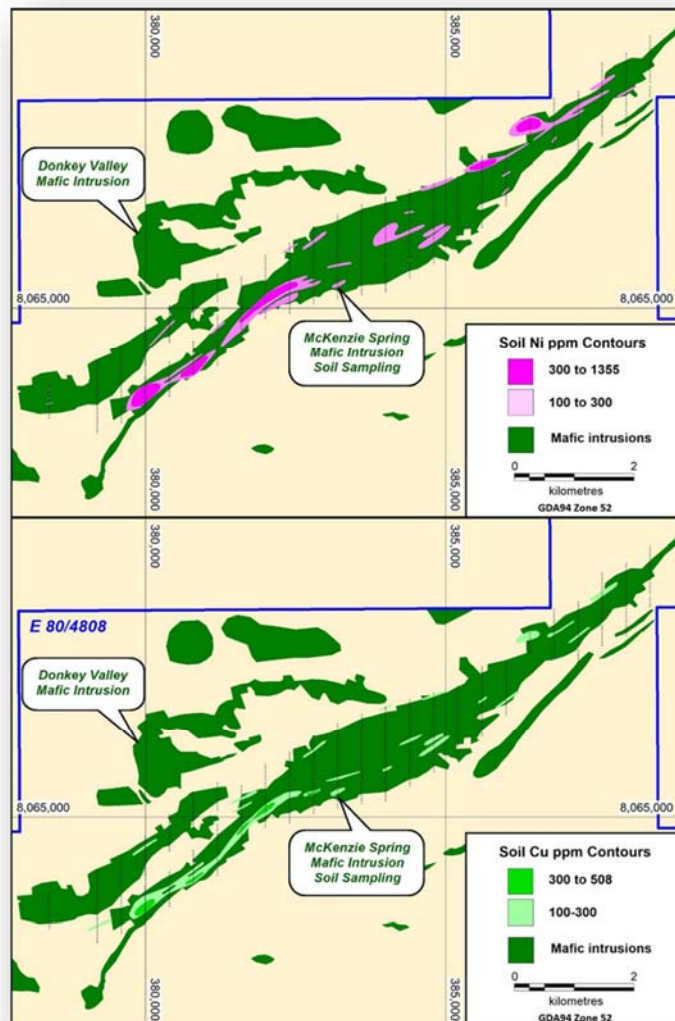


Figure Three | McKenzie Springs Interpreted

## Drill Target Generation

All public-domain airborne magnetic, radiometric, gravity, EM and Digital Terrain Model datasets were compiled, reprocessed, imaged and interpreted. All datasets proved useful to geological interpretation and target generation. Landsat TM, aerial photography as well as geophysical data images were used to produce a geology interpretation map of the prospective mafic-ultramafic intrusions within the McKenzie Springs Project area (refer Figure four).

A Versatile Time Domain EM (VTEM) Survey which was flown in 2011 was subject to a preliminary review whereby all airborne EM conductive responses were modelled. A second review of the airborne VTEM conductors was undertaken to identify Ni-Cu targets. This expanded the VTEM target selection to incorporate conductors with associated Ni-Cu geochemical anomalies within, along the margins, or proximal to, interpreted mafic intrusions or gravity highs. Many of the conductors remain to be followed up with field reconnaissance, geochemical sampling and ground-based EM surveys.

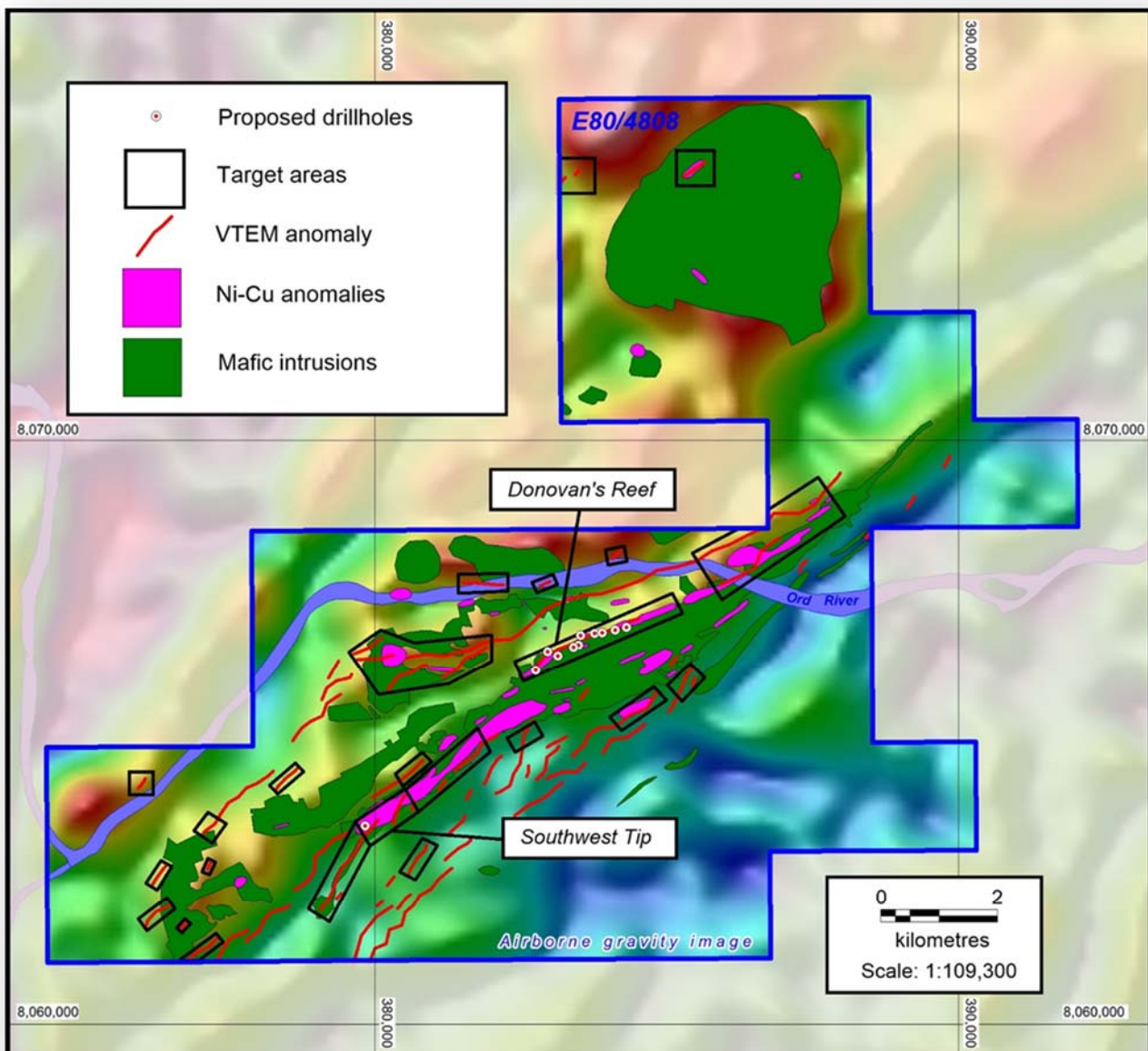


Figure four | McKenzie Springs Project VTEM and Ni-Cu targets and proposed drill holes

Data from a ground based fixed-loop transient EM (FLTEM) survey was also compiled, re-processed and then modelled in 3D by geophysical consultants Core Geophysics. Core Geophysics has proposed eleven drill holes to test the modelled ground EM conductors for Ni-Cu sulfides (refer Figure four). Ten drill holes were proposed to test a line of FLTEM conductors associated with the “Donovan’s Reef” Ni-Cu gossan (and its strike extensions). One drill hole was proposed to test the re-modelled “Southwest Tip” prospect FLTEM conductor (refer Figure Four). These coincidental geophysical (particularly FLTEM), geochemical and geological anomalies are regarded as priority drill ready targets.

A recent data review, incorporating the most recently acquired data, highlighted the limited amount of previous exploration to test airborne and ground EM conductors within the McKenzie Springs Project area. The majority of the VTEM conductors within the lease lack adequate geological reconnaissance and surface geochemical sampling and are therefore largely untested by drilling.

### Activities Going Forward

The Company will now focus on:

- Prioritisation of the proposed drill holes and in preparation for the Company’s maiden drilling program
- Further prioritisation of Ni-Cu target areas and planning of work programs to test prioritised targets

Field work, including the drilling program, will most likely be undertaken during the Kimberley dry season of May through to October 2019.

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## CORPORATE

The Company still has a Controlled Placement Deed (CPD) in place with Acuity Capital. The CPD provides Cazaly with standby equity capital of up to \$2m until April 2019. Importantly, Cazaly retains full control of the placement process, including having sole discretion as to whether or not to utilise the CPD. Cazaly is under no obligation to raise capital under the CPD. If Cazaly does decide to utilise the CPD, it is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by CAZ and a 10% discount to a Volume Weighted Average Price (VWAP) over a period of CAZ’s choosing (again at the sole discretion of CAZ).

As announced on 13 December 2018, the Company provided an update in relation to the unsecured 2017 convertible note deed (2017 Deed), which expired on that date.

The Company and Oracle Capital Group Pty Ltd (Oracle) agreed that the Company would repay the original notes and all accrued interest.



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Oracle, a Perth based portfolio management and corporate advisory firm, provided the Company with a new unsecured note facility of \$748,000 (Deed) via the issue of 748,000 unsecured notes (face value of one dollar (\$1.00))(Notes). The Company and Oracle agreed and acknowledged that by entering into the Deed, any and all liabilities, amounts and obligations which are outstanding or owing by the Company in favour of Oracle and/or its nominees or any other any other person under the 2017 Deed are deemed to have been repaid, satisfied and extinguished in full and the Company is released and discharged from all of its liabilities, amounts and obligations under the 2017 Deed. The terms of the notes are detailed in the announcement dated 13 December 2018.

At the date of the Deed, the Notes are not convertible into shares in the Company. Company shareholder (Shareholder) approval for the issue of the Notes as convertible notes for the purposes of ASX Listing Rule 7.1 will be sought at a meeting to be convened early in March 2019.

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. At this stage the Company is not aware of any mining commencing.

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*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.*

*The information in the report that relates to Exploration Results and Exploration Targets for the McKenzie Springs project is based on information compiled by Mr Scott Bishop, a consultant of the Company and a Member of The Australasian Institute of Mining and Metallurgy. Mr Bishop has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bishop consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to the interpretation of historic land based FLTEM and airborne VTEM Survey Result for the McKenzie Springs project, and consequently drill hole design is based on information compiled by Mr Matthew Cooper, who is employed as a Consultant Principal Geophysicist to the Company through Core Geophysics Pty Ltd. Mr Cooper is a member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cooper consents to the inclusion in the report of matters based on information in the form and context in which it appears.*

## INTEREST IN MINING TENEMENTS AS AT 31 December 2018

TID	PROJECT	ENTITY	% INT	TID	PROJECT	ENTITY	% INT
<b>Managed</b>				<b>Not Managed</b>			
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	M47/1450	HAMERSLEY	LOFE	30
M77/0741	PARKER RANGE	CAZI	100	M80/0247	MT ANGELO	CAZR	20
M77/0742	PARKER RANGE	CAZI	100	E80/4808	MCKENZIE SPRINGS	SAMR	49
M77/0764	PARKER RANGE	CAZI	100				
P77/4162	PARKER RANGE	SAMR	100				
E37/1037	TEUTONIC BORE	SAMR	100				
E38/3111	MOUNT VENN	YAMW	100				
E38/3150	MOUNT VENN	YAMW	100				
E09/2346 *	BURDBUBBA	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

