



ABN 23 101 049 334

Quarterly Activities Report for December 2019

HIGHLIGHTS

- **Approval for return of capital obtained from shareholders at AGM following sale of Parker Range Iron Ore Project**
 - **Processing of cash distribution of \$0.026 per share to Shareholders, totalling \$9 million, commenced in December 2019**
 - **Cash distribution comprises:**
 - **Unfranked Dividend (\$0.005 per share); and**
 - **Return of Capital (\$0.021 per share)**
 - **Cash at bank at end of quarter \$11.6m (excluding cash distribution funds)**
 - **Numerous project reviews underway**
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Mount Venn Gold Project (WML 80% CAZ 20%)

The Mt Venn Project comprises two Exploration Licences covering approximately 400 square kilometres in the Eastern Goldfields region of Western Australia in the Yilgarn Craton and is a joint venture between Cazaly and Woomera Mining Limited (ASX:WML).

The establishment of Gold Road Resources Ltd's (ASX:GOR) Gruyere gold mine (155.4 Mt @ 1.32 g/t Au for 6.61M oz.), located just 30 km west of the Mount Venn project, is testament to the potential of the region and its recent development has greatly aided the logistics of exploring in this remote region and the JV is grateful for the logistical assistance that has been provided by Gold Road during its recent work.

Woomera recently completed an aircore drilling programme at the Mount Venn gold project in the north eastern goldfields of Western Australia. The programme, comprising 83 aircore holes for a total 2,826 metres, was completed at the *Three Bears* prospect and was designed to test the potential strike extensions of the gold mineralised zone.

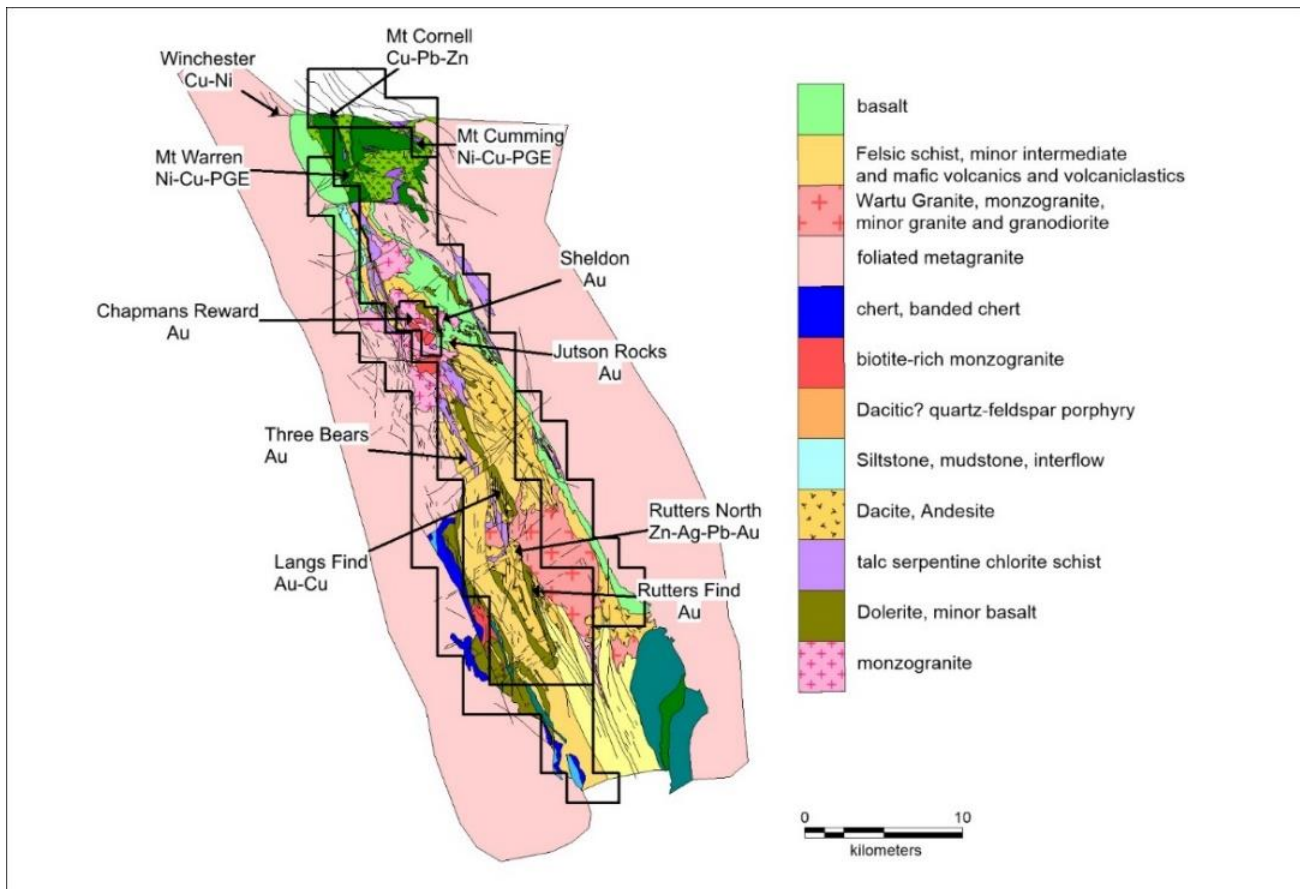


Figure 1 – Mount Venn geology and prospect locations

The results confirmed that the mineralised zone at Three Bears extends north for at least a further two kilometres along strike extending the north-south extent of the mineralised zone at Three Bears approximately to approximately six kilometres in length. Also noted was a strong halo of nickel-cobalt-chrome mineralisation persisting over the eastern margin of the prospect.

Better intercepts included 4m @ 0.77g/t Au and 0.11% Cu and 4m @ 0.40g/t Au and occurs as flat as near-surface enrichment and as more discrete lower saprolite concentrations. Follow up re-sampling is currently underway and once completed a deeper Reverse Circulation drilling program is planned to follow up these results.

Other work will progress to drilling at *Chapman's Reward* prospect and the *Lang's Find* prospect with a high focus on the potential for higher grade gold. The Lang's Find and Chapman's Reward prospects are compelling gold targets at Mt Venn and will be the core focus of the next phase of work in the current quarter.

Preliminary work has also commenced on the finalisation of access arrangements for a heritage survey and other consents with the Yilka Talintji Aboriginal Corporation which are progressing well.

Full details are disclosed in WML ASX release dated 29 January 2020.

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 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. Minimal work was completed during the Quarter.

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

Below is an extract from Fin Resources Limited's (ASX:FIN) Quarterly Report dated 28 January 2020:

"During the quarter the Company considered its options for exploration on previously validated and refined drill targets at McKenzie Springs. Consideration was given to completing a new geochemical survey over the Spring Creek intrusion, inquiries were made to consultants to assist with heritage clearance and initial costings for the company's maiden drill program were also completed.

Recent exploration activities have increased in the region due to the improved outlook and increasing price of Nickel hence providing opportunities for improved access to drilling equipment on more favourable terms for exploration drilling at McKenzie Springs. One of the considerations for further exploration work at McKenzie Springs could include introducing a partner or third party to fund the next phase of drilling on the project."

Halls Creek Copper Project (DDD 80% CAZ 20%)

The Halls Creek Copper Project comprises a package of 8 tenements covering an area of approximately 462 km², near the township of Halls Creek in the East Kimberley region of Western Australia. The project covers part of the Halls Creek Mobile Zone which is highly prospective for a range of commodities including base metals, gold, diamonds and nickel.

The project hosts the Mount Angelo North Cu-Zn-Ag volcanogenic massive sulphide deposit and a large low grade copper deposit associated with a high level felsic intrusive (a granophyric microgranite) at the Mount Angelo Porphyry prospect in a region particularly prospective for the discovery of further similar copper and copper-zinc mineralisation.

The Halls Creek Copper project is jointly held with 3D Resources Limited (ASX: DDD).

Brown Well (CAZ 100%)

The Brown Well Project comprises two licence applications situated 7km to the west of Laverton and 3km south east of the historic Windarra South Nickel Mine in the Eastern Goldfields of West Australia and are prospective for both gold and nickel however, due to extensive surficial cover, the ground has not previously been effectively tested to date.

Work by previous explorers identified potential nickel sulphide targets within extensions of ultra-mafic komatiite flows which were flagged as priority targets but never tested. Other work highlighted the potential for gold bearing structures to occur within the ground.

Data compilation and target prioritisation has been completed readying for field programs once access is granted.

Panton (CAZ 100%, EL Applications)

The Company applied for two exploration licenses during the quarter, which are adjacent to Panoramic Resources Ltd's (Panoramic) *Panton Sill* Platinum Group Metals (PGM) resource located in the east Kimberley region of West Australia. Applications E80/5446 and E80/5453 are in a ballot with other competing applications lodged with the DoMIR on the 12th December 2019.

The Panton total PGM Resource is quoted by Panoramic as **14.32Mt @ 2.19g/t Pt, 2.39g/t Pd and 0.31g/t Au**, or approximately **2Moz Pt+Pd** (www.panoramicresources.com – Resources at 30 June 2018). The resource consists of high grade platinum and palladium mineralisation within a number of stratiform reefs. Panoramic acquired the Panton PGM Project in May 2012 from then owners Platinum Australia Ltd ("Platinum") for \$5.25M in cash and a Royalty of 0.5%. Platinum had completed a review and results announced in March 2012 (ASX Release: Platinum Australia 20 March 2012). Panoramic had previously conducted both mining and processing trials in 2006/7 and were familiar with the Panton orebody, which is one of Australia's largest, highest grade, undeveloped PGM deposits.

The Panton intrusive is a layered, differentiated mafic/ultramafic body intruded into the sediment package of the Lamboo Complex located close to the Savannah Nickel mine (also owned by Panoramic) and other similar layered intrusives. The Panton intrusive extends outside of the Panoramic Mining Lease into the Cazaly applications.

Panoramic is continuing to investigate the potential for production at its Panton PGM Project to unlock the inherent value of the project through additional metallurgical testwork, ore sorting and leaching methods applicable to Panton ore.

The Panton deposit is richer in palladium than platinum which has seen a recent price surge from a 6 month low of \$1,392 USD/oz to a high of \$2,573 USD/oz (currently \$2,394 USD/oz). This is largely due to the rapid expansion and demand for low emission vehicles utilising catalytic converters – a consumer of both metals. With relatively limited PGM suppliers based primarily in Russia (palladium) and South Africa (platinum). Cazaly considers the applications at Panton to be highly prospective and strategic. The Company awaits the outcome of the ballot.

Other Projects

The Company has completed and is currently reviewing, numerous other potential new projects. Project specifics cannot be discussed due to confidentiality requirements however the commodity focus is on gold and base metal projects. Other commodities have also been reviewed and will not be discounted going forward.

The Company's preference is for advanced exploration to near mining assets in jurisdictions amenable to mining and exploration.

CORPORATE

Cash Distribution

On 18 October 2019, there was a Board Determination that subject to business as usual and Shareholder Approval being obtained there would be a cash distribution of \$0.026 per share (\$9 million) to Shareholders in December 2019. This followed the completion of the 100% sale of Parker Range the Parker Range Iron Ore Project (ASX announcement dated 30 August 2019) and the 80% sale of the Mt Venn Project (ASX announcement dates 20 September 2019).

The cash distribution comprises a payment of \$0.005 per Share as a declared unfranked dividend plus a payment of \$0.021 per Share as a return of capital (**Return of Capital**). The Record Date for both the unfranked dividend and the Return of Capital was 25 November 2019.

The cash distribution process is ongoing with approximately 87% of the allocated \$9 million now returned to Cazaly shareholders.

Shareholders who held shares as at the Record Date (25 November 2019) and haven't yet claimed their Return of Capital and unfranked dividend funds, are strongly encouraged to go to <https://www.advancedshare.com.au/Investor-Login> to update their TFN and Banking details. If you are already a member of Advanced Share Registry's (**Advanced**) investor portal, please click on member login and log in using your email and password. If you are not a member, please click on Register on the Advanced website and register as a member with your email and password. You will require your SRN or HIN to do the registration process. Alternatively, Shareholders can complete the forms manually and return them to Advanced at 110 Stirling Highway, Nedlands WA 6009.

Other

The Company had cash at bank of \$11.6 million at 31 December 2019 which anticipates the complete return of the cash distribution funds to shareholders.

The annual salary of Mr Clive Jones has been reviewed and will now increase to \$275,000 per annum from 1 January 2020. This amount is well inside the MD salary spectrum of similar sized entities and is a just reward for Mr Jones' past efforts and continued service to the Company. Mr Nathan McMahon's salary remains in line with his existing contract. Outside of standard annualised CPI increases, which were allowed to accrue, both Mr Jones and Mr McMahon have not had any increase in their salaries since 2007.

A total of 7,300,000 unquoted options (exercisable at \$0.039 on or before 31 December 2019) expired and were not converted by the original noteholders during the quarter.

The Company has closed its Controlled Placement Deed (CPD) that it had in place with Acuity Capital.



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The Cazaly Board authorises the release of this Quarterly Activities Report (29.01.20).

For further information contact:

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INTEREST IN MINING TENEMENTS AS AT 31 DECEMBER 2019

TID	PROJECT	% INT	TID	PROJECT	% INT
<u>Managed</u>			<u>Not Managed</u>		
E09/2346 *	BURDBUBBA	100	E31/1019	CAROSUE	10
E38/3425 *	BROWN WELL	100	E31/1020	CAROSUE	10
E38/3426 *	BROWN WELL	100	M31/0427	CAROSUE	10
Czech Rep *	HORNI VEZNICE	80	M47/1450	HAMERSLEY	30
Czech Rep *	BRZKOV	80	M80/0247	MT ANGELO	20
Namibia	EPL 6667	76	E80/4808	MCKENZIE SPRINGS	49
Namibia *	EPL 7096	100	E38/3111 **	MOUNT VENN	20
Namibia *	EPL 7097	100	E38/3150 **	MOUNT VENN	20
E80/5446 *	PANTON NORTH	100			
E80/5453 *	PANTON SOUTH	100			

* – application

** - yet to be transferred