Cazaly Resources Limited
ABN: 23 101 049 334
and
Controlled Entities

Annual Report

For the Year Ended
30 June 2020

CONTENTS

JOINT MANAGING DIRECTORS

Nathan McMahon
Clive Jones

NON-EXECUTIVE DIRECTOR

Terry Gardiner

COMPANY SECRETARY

Mike Robbins

PRINCIPAL & REGISTERED OFFICE

Level 3, 30 Richardson Street
WEST PERTH WA 6005

AUDITORS

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, London Hose, 216 St Georges Tce
Perth WA 6000

SHARE REGISTRAR

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: CAZ

BANKERS

National Australia Bank
100 St Georges Terrace
PERTH WA 6000

Your directors present their report, together with the financial statements of Cazaly Resources Limited (**the Company** or **Cazaly**) and its controlled entities (**the Group**) for the financial year ended 30 June 2020.

1. DIRECTORS AND COMPANY SECRETARY

Directors

The following directors have been in office since the start of the financial year to the date of this report unless otherwise stated:

Nathan McMahon
Clive Jones
Terry Gardiner

Company Secretary

Mike Robbins

2. PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was mineral exploration and evaluation activities as well as seeking out further exploration, acquisition and joint venture opportunities.

There were no significant changes in the nature of the Group's principal activities during the financial period.

3. OPERATING RESULTS & FINANCIAL POSITION

The Group's profit after tax for the year was $1,719,306 (2019 loss: $1,804,071). The Group's net assets at the end of the year are $15,762,508 (2019: $21,448,009).

Cash and cash equivalents as at year end were $10,085,562 (2019: $836,709).

Exploration expenditure for the year was $879,535 (2019: $1,110,937). The main expenditure was on Mt Venn, Parker Range and the Hamerlsey JV in WA and the Kaoko Kobalt Project in Namibia. Exploration expenditure written off for the year was $394,219 (2019: $520,505). The main write offs related to Parker Range and Mt Venn as well as previously capitalised expenditures relating to the various tenements and/or applications that were relinquished during the financial year.

The Group's operating results were unusually affected by the sale of its Parker Range project and the sale of an 80% interest in its Mt Venn project (via the sale of its wholly owned subsidiary Yamarna West Pty Ltd).

Net administration expenses and employee benefits for the year totalled $1,639,659 (2019: $613,602).

During the next financial year the Group intends to continue to further develop its current core projects whilst also exploring new key commodity opportunities both in Australia and overseas. These opportunities are being explored by the Board and corporate consultants who operate on a success fee basis only.

4. RISKS

There are specific risks associated with the activities of the Group and general risks which are largely beyond the control of the Group and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Group and the market price of the Company's shares.

All mining ventures are exposed to risks and the Group continues to monitor risks associated with current projects whilst also analysing the risks associated with any new mining opportunities. These risks may cover such areas as:

- Title Risk

This may specifically cover mining tenure whereby country specific mining laws and legislation apply.

Any opportunity in Australia and overseas will be subject to particular risks associated with operating in Australia or the respective foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

- Exploration Risk

The Directors of the Company realise that mineral exploration and development are high risk undertakings due to the high level of inherent uncertainty. There can be no assurance that exploration of the Group's tenements, or of any other tenements that may be acquired by the Group in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

Any future exploration activities of the Group may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Group.

- Resource Estimates

The Group's projects may contain JORC Code compliant resources. There is no guarantee that a JORC Code compliant resource will be discovered on any of the Group's other tenements. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Group's operations and the value of the Company's listed shares.

- Access Risks – Cultural Heritage and Native Title

The Group must comply with various country specific cultural heritage and native title legislation including access agreements which require various commitments, such as base studies and compliant survey work, to be undertaken ahead of the commencement of mining operations.

It is possible that some areas of those tenements may not be available for exploration due to cultural heritage and native title legislation or invalid access agreements. The Group may need to obtain the consent of the holders of such interests before commencing activities on affected areas of the tenements. These consents may be delayed or may be given on conditions which are not satisfactory to the Group.

- JV and Contractual Risk

The Group has and may have additional options where it can increase its holding in the selective assets by achieving or undertaking selected milestones. The Group's ability to achieve its objectives and earn or maintain an interest in these projects is dependent upon it and the registered holders of those tenements complying with their respective contractual obligations under joint venture agreements in respect of those tenements, and the registered holders complying with the terms and conditions of the tenements and any other relevant legislation.

- Economic

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Group's exploration, development and possible production activities, as well as on its ability to fund those activities.

- Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Group's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Group nor the Directors warrant the future performance of the Group or any return on an investment in the Company.

- Volatility in Global Credit and Investment Markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Group and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which any Listed Options and Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

- Commodity Price Volatility and Exchange Rates Risks

If the Group achieves success leading to mineral production, the revenue it will derive through the sale of gold, iron ore, lithium or any other minerals it may discover exposes the potential income of the Group to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Group. Such factors include supply and demand fluctuations for commodities and metals, technological advancements, forward selling activities and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions.

Furthermore, international prices of various commodities are denominated in United States dollars whereas the income and expenditure of the Group are and will be taken into account in Australian currency. This exposes the Group to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

If the price of commodities declines this could have an adverse effect on the Group's exploration, development and possible production activities, and its ability to fund these activities, which may no longer be profitable.

- Environmental Risks

The operations and proposed activities of the Group are subject to each project's jurisdiction, laws and regulations concerning the environment. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Group.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Group from being able to develop potential economically viable mineral deposits. The Group may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals or to obtain them on terms acceptable to the Group may prevent the Group from undertaking its desired activities. The Group is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Group's business, financial condition and results of operations.

- Climate Change

The Group recognises that physical and non-physical impacts of climate change may affect assets, productivity, markets and the community. Risks related to the physical impacts of climate change include the risks associated with increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns. Non-physical risks and opportunities arise from a variety of policy, legal, technological and market responses to the challenges posed by climate change and the transition to a lower carbon world.

- Sovereign and Political Risk

The Group has an 80% interest in two uranium applications in the Czech Republic and a 95% interest in the Kaoko Kobalt Project in Namibia.

The Group's interests in the Czech Republic and Namibia are subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over petroleum properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

The Group may also be hindered or prevented from enforcing its rights with respect to government instrumentalities because of the doctrine of sovereign immunity.

Any future material adverse changes in government policies or legislation in the Czech Republic or Namibia that affect ownership, development or mining activities, may affect the viability and profitability of the Group.

The legal systems operating in the Czech Republic and Namibia are different to that in Australia and this may result in risks such as:

- Different forms of legal redress in the courts whether in respect of a breach of law or regulation, or in ownership dispute.
- A higher degree of discretion on the part of governmental agencies.
- Differences in political and administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights.
- Different attitudes of the judiciary and court.
- Difficult in enforcing judgments.

The commitment by local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness and enforcement of such arrangements cannot be assured. Further, there is no guarantee that any applications for tenements will be granted or granted on conditions satisfactory to the Group.

The Group's future operations in the Czech Republic and Namibia may be affected by changing political conditions and changes to laws and petroleum and/or mining policies. The effects of these factors cannot be accurately predicted and developments may impede the operation or development of a project or even render it uneconomic.

The above risks are not exhaustive but are the minimum exposure areas observed by the Group.

5. *DIVIDENDS PAID OR RECOMMENDED*

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 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 comprised 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. Shareholder approval was obtained at the Company's AGM held on 20 November 2019.

6. *REVIEW OF OPERATIONS*

Projects

Parker Range Iron Ore Project

On 11 June 2019, Cazaly agreed commercial terms for the sale of its 100% owned subsidiary, Cazaly Iron Pty Ltd (**Cazaly Iron**) to Gold Valley Iron Pty Ltd (**Gold Valley**). Cazaly Iron held the tenements that comprised Parker Range. The agreement with Gold Valley allowed for an initial three-month due diligence exclusivity period, however Cazaly reserved the right to terminate the exclusivity period should it receive another proposal or offer from a third party which was more favourable to Cazaly and its shareholders.

As announced on 21 August 2019, the Company, following the receipt of an unsolicited superior proposal from Mineral Resources Limited (**Mineral Resources)** to purchase the Parker Range Iron Ore Project (**Parker Range**), terminated the exclusivity period with Gold Valley.

Following such termination, Cazaly agreed to commercial terms with Mineral Resources for the sale of the assets comprising Parker Range via a binding Heads of Agreement (**HOA**). The agreement with Gold Valley remained in place whilst Cazaly evaluated the Mineral Resources proposal and its next steps for the sale of Parker Range.

HOA consideration compromised:

(a) a payment of $20,000,000 cash upon completion of the sale; and
(b) a royalty of $0.50 for every dry metric tonne of iron ore extracted and removed from the area of the Project after the first 10,000,000 dry metric tonnes.

On 30 August 2019, both parties finalised the sale of Parker Range and completed or waived their HOA Conditions Precedent responsibilities as noted in their ASX announcements dated 21 August 2019. Cazaly also received the cash consideration component of $20 million.

A break fee of $250,000 was paid to Gold Valley on 3 September 2019 as per the terms of their agreement with the Company.

Mount Venn Gold Project (WML 80% CAZ 20%)

On 23 May 2019, the Company entered into a Heads of Agreement with Woomera Mining Ltd (**Woomera**) (ASX:WML) for the sale of an 80% interest in the Mount Venn Project.

A Share Purchase Agreement (**SPA**) was executed on 8 August 2019 which was subject to customary share and tenement acquisition conditions as well as Woomera successfully undertaking a fund raising in order to fund the acquisition and to provide capital for exploration.

On 20 September 2019, both parties announced that they had completed or waived their Conditions Precedent responsibilities as noted in the SPA. Woomera purchased the 80% interest in the project from Cazaly, who retained a 20% interest in the tenements and the project through the establishment of an unincorporated Joint Venture (managed by Woomera).

The consideration comprised:

(a) total cash payments of AUD$1,000,000; and
(b) the issue of seven million (7,000,000) fully paid ordinary shares in Woomera at completion (subject to a voluntary escrow of 12 months from date of issue).

The Mt Venn Project comprises two exploration tenements covering approx. 400 square kilometres and is located 125km northeast of Laverton in the Eastern Goldfields Region of Western Australia.

The project area lies within the Mount Venn-Dorothy Hills greenstone belt which is the most easterly major NW/SE striking greenstone belt of the Yilgarn Craton. Together these greenstone belts account for 30% of the world's gold reserves, most of Australia's nickel production, plus other base metal and rare earth deposits.

The following is an extract from the WML June 2020 Quarterly Report and WML ASX announcement dated 17 August 2020:

Despite the limitations imposed by COVID-19 on Woomera's on ground exploration activities, management have been actively progressing the planning for the drilling and exploration program at its key project, the Mt Venn Gold Project. This has included continuing with its review of existing and historical exploration data, analysis of the geophysics and geology of the area, in-house geophysical modelling, progressing drilling contracts and preparation of Plan of Works and associated regulatory documentation.

Woomera has also negotiated a force majeure on the joint venture with Cazaly Resources Limited for the interim period whilst JV activities have been paused to ensure compliance with the terms of the Joint Venture.

Woomera has heritage clearances in place at the high-grade gold target at Lang's Find and at the Three Bears Prospect. It is also in negotiation to complete heritage clearances for Chapman's Reward and Jutson Rocks during September 2020, at the earliest, with exploration activities to commence once clearances have been received.

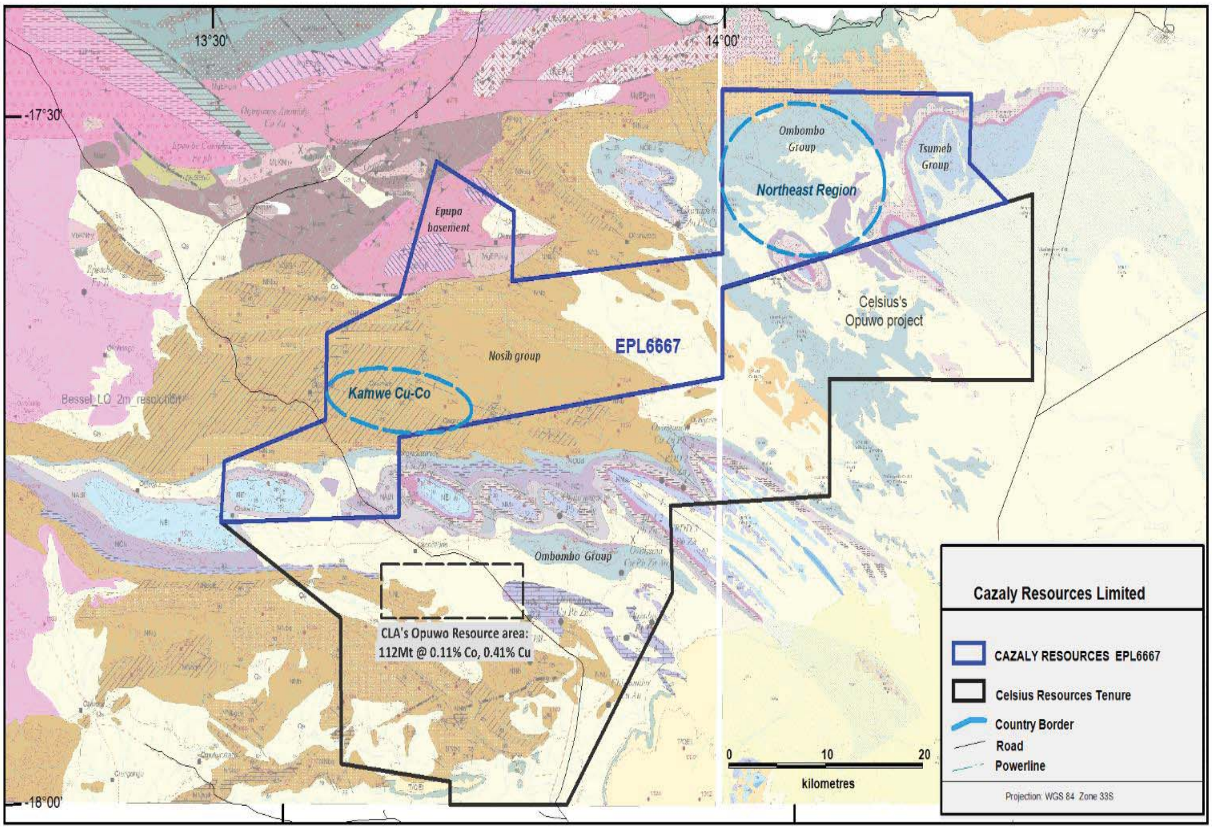
<u>Kaoko Kobalt Project (CAZ 95%)</u>

Cazaly now holds a 95% interest in the Kaoko base metal project located in northern Namibia approximately 800km by road from the capital of Windhoek and approximately 750km from the port of Walvis Bay. The project is situated immediately north of, and abuts, Celsius Resources Limited's (ASX:CLA) Opuwo Cobalt project resource of 112Mt @ 0.11% Co & 0.41% Cu (CLA ASX: 16 April & 5 November 2018).

Historic work at Kaoko highlighted the potential for base metal and cobalt mineralisation akin to Opuwo within the extensive prospective DOF, host to the Opuwo cobalt mineralisation. Previous geochemistry at Kaoko delineated a 20km by 5km area of subdued magnetics coincident with anomalous Cu-Co-Zn-Mn at the Kamwe prospect.

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.

Previously the company re-assessed historic data and combined it with company acquired data including 3,000 geochemical soil re-assays, rock chip and trench assays and airborne geophysical SkyTEM, data. This work highlighted several areas of coincident geochemical anomalies and conductive stratigraphy. In particular, cobalt, zinc, copper, europium and manganese anomalies have been prioritised and reviewed with SkyTEM and other data sets. Priority target areas have been selected for follow up work in the north east over largely soil covered prospective Ombombo sequence with surface geochemical sampling planned to commence before the end of the calendar year.



Geology of the Kaoko Kobalt project showing target areas

McKenzie Springs (FIN 51% CAZ 49%)

Sammy Resources Pty Ltd (a wholly owned subsidiary of Cazaly) is in joint venture with Fin Resources Ltd (ASX:FIN) over exploration licence E80/4808, the McKenzie Springs Project, located in the Kimberley region of Western Australia. The project lies south along strike from the Savannah nickel mine owned by Panoramic Resources Ltd and is prospective for intrusive - hosted nickel copper mineralisation. FIN has the right to farm-in to an additional 19% interest in the Project by spending $500,000 on exploration by 30 November 2020 (as recently agreed). FIN plans to engage with the Traditional Owners to commence Heritage Agreement negotiations, facilitating the commencement of heritage surveys over areas of interest. Subject to successful negotiations with the Native Title Claimants and the heritage survey clearances, the necessary regulatory approvals will be lodged with the DMIRS for a maiden drilling program.

The following is an extract from the Fin Resources Ltd 2020 Annual Report:

During the year, FIN 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 FIN's maiden drill program were also completed.

Access to the McKenzie Springs Project was restricted from March to July 2020 due to a COVID-19 Commonwealth Biosecurity Act Direction.

On 17 August 2020, FIN advised that it had appointed a drill contractor for its maiden drilling program at the McKenzie Springs Project. The drilling contract was awarded to proven Western Australian operator DDH1 Drilling (DDH1). The field program for the McKenzie Springs Project is expected to commence during October. The planned program includes three diamond drill holes targeting modelled strong high priority conductors defined from Fixed Loop Electromagnetic (FLEM) geophysical survey.

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

The Halls Creek Project is a copper-zinc project in the East Kimberley near the historic township of Halls Creek. The project comprises a Mining Lease which includes the Mt Angelo North volcanogenic massive sulphide deposit and is jointly held with 3D Resources Limited (ASX: DDD) (80%) under a joint venture agreement (with Cazaly owning 20%). DDD is the manager of the project and the parties contribute to the expenditure and holdings costs of the project proportionate with their ownership interest therein. Minimal work was undertaken during the last financial year.

Brown Well (CAZ 100%, EL Applications)

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 Application)

The Company has an exploration license application adjacent to Panoramic Resources Ltd's (Panoramic*) Panton Sill* Platinum Group Metals (PGM) resource located in the east Kimberley region of West Australia. Application E80/5446 is in a ballot with other competing applications lodged with the DoMIR on the 12 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. The Panton orebody is one of Australia's largest, highest grade, undeveloped PGM deposits.

Hamersley JV

Cazaly was made aware that a plaint had been lodged against the relevant tenement by a third party and that it is being defended by Pathfinder Resources Limited (manager of the JV). The Company has requested to be informed of the progress of the matter.

Other

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 mine ready assets in jurisdictions amenable to mining and exploration.

Corporate

Note Deed

On 23 August 2019, a total of 28,331,099 fully paid ordinary shares were issued to the various note holders, upon the final conversion of outstanding notes and all accrued interest.

All of the options (exercisable at $0.02745 and exercisable before 31 December 2021) issued under the 2018 note deed were converted to fully paid ordinary shares as follows:

- 10 September 2019 - 27,720,000 options converted for proceeds of $760,914.
- 17 September 2019 - 2,200,000 options converted for proceeds of $60,390.

The 7.3m options (exercisable at $0.039) issued under the 2017 note deed expired in line with their terms on 31 December 2019.

<u>Other</u>

The Company terminated its Controlled Placement Deed (CPD) with Acuity Capital.

On 22 June 2020, the Company and its controlled entities change their registered address and principal place of business to Level 3, 30 Richardson St West Perth WA 6005.

The Group continues to monitor the COVID-19 situation closely and has been managing the situation in a balanced, calm and measured way.

7. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources. The Group has continued to reduce its tenement holdings but is also focussed on sourcing key commodity projects.

8. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year, other than the disposal of the Parker Range and Mt Venn projects disclosed above.

9. AFTER BALANCE DATE EVENTS

On 22 July 2020, the Company issued 200,000 fully paid shares on the conversion of options exercisable at $0.029 on or before 31 March 2021.

On 19 August 2020, the Company issued 5,630,000 fully paid shares on the conversion of options exercisable at $0.029 on or before 31 March 2021.

On 22 August 2020, 2,500,000 options (exercisable at $0.195) expired in line with their terms and conditions.

Apart from the above, the Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that has significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Group in subsequent financial years.

10. ENVIRONMENTAL ISSUES

The Group has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Group has adequate systems in place for the management of its environmental requirements. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors are not aware of any breach of environmental legislation for the financial year under review.

11. INFORMATION ON DIRECTORS

Nathan McMahon	**Managing Director (Corporate and Administration)** *(B.Com)*
Experience	Mr McMahon has provided corporate and tenement management advice to the mining industry for nearly 25 years to in excess of twenty public listed mining companies. Nathan has specialised in native title negotiations, joint venture negotiations and project acquisition due diligence.
Equity Holdings	36,363,256 fully paid ordinary shares 2,500,000 options exercisable at $0.039 expiring 26 November 2020 4,000,000 options exercisable at $0.0495 expiring 19 November 2022
Listed Directorships	Galan Lithium Limited (February 2011 to February 2020)

Clive Jones	**Managing Director (Technical)** *(B.App.Sc(Geol), M.AusIMM)*
Experience	Mr Jones has been involved in mineral exploration for over 25 years and has worked on the exploration for a range of commodities including gold, base metals, mineral sands, uranium and iron ore. Mr Jones is also a director of other ASX listed mining companies.
Equity Holdings	18,329,904 fully paid ordinary shares 2,500,000 options exercisable at $0.039 expiring 26 November 2020 4,000,000 options exercisable at $0.0495 expiring 19 November 2022
Listed Directorships	Corazon Mining Ltd (from February 2005 to November 2019) Bannerman Resources Ltd (from January 2007)
Terry Gardiner	**Non-Executive Director** *(B.Bus)*
Experience	Mr Gardiner has been involved in capital markets, corporate advising, stockbroking & derivatives trading for over 20 years. For the past twelve years Mr Gardiner has been an Executive Director of boutique broker Barclay Wells Ltd. Mr Gardiner is also a director of various ASX listed and unlisted public companies.
Equity Holdings	5,421,500 fully paid ordinary shares 1,500,000 options exercisable at $0.039 expiring 26 November 2020 500,000 options exercisable at $0.029 expiring 31 March 2021 2,000,000 options exercisable at $0.0495 expiring 19 November 2022
Listed Directorships	Galan Lithium Limited (from December 2013) Roto-Gro International Limited (from July 2019) Affinity Energy and Health Limited (from October 2019)

Mike Robbins
Company Secretary

Mr Robbins has over 25 years resource industry experience gathered at both operational and corporate levels, both within Australia and overseas. During that time, he has held numerous project and head office roles and is also Company Secretary for Galan Lithium Limited.

12. REMUNERATION REPORT - AUDITED

This report details the nature and amount of remuneration for each director of the Company.

Remuneration Policy

The remuneration policy of Cazaly has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The further tailoring of goals between shareholders and the Directors and executives is achieved through the issue of equity to the directors and executives to encourage the alignment of personal and shareholder interest.

The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best personnel to run and manage the Company, as well as create goal congruence between Directors, executives and shareholders.

The remuneration policy, setting the terms and conditions for the Directors and executives was developed by the Managing Directors and approved by the Board after seeking professional advice from independent external consultants.

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and other incentive plans.

12. REMUNERATION REPORT – AUDITED (Cont'd)

Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Group is exploration and development focussed, and therefore speculative in terms of performance. Consistent with attracting and retaining talented people, the Directors and executives are paid market rates associated with individuals in similar positions, within the same industry.

Options and performance incentives will be issued in the event that the entity moves from an exploration entity to a producing entity, and key performance indicators such as profits and growth can be used as measurements for assessing Board and executive performance.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed or carried forward on the balance sheet for time that is attributable to exploration and evaluation. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Managing Directors, in consultation with independent advisors as necessary, determine payments to the non-executive Directors and review their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, all Directors are encouraged to hold shares in the company.

Employment Contracts of Directors and Senior Executives

The employment conditions of the Managing Directors are each formalised in contracts of employment. These contracts commenced on 1 July 2010 and have 3 year rolling terms which include an annual salary review incorporating a minimum increase in fees based upon the prevailing CPI in June and December each year. The contracts provided Messrs. McMahon and Jones with a commencement annual salary of $180,000 each since 1 July 2010. In the event of termination, the fixed proportion of remuneration is payable up until the date of the termination. After the completion of the sale of Parker Range, the annual salaries of Messrs McMahon and Jones were adjusted to $210,806 per annum applicable from 1 July 2019 based entirely upon the contractual CPI review clauses contained in their contracts of employment.

The annual salary of Mr Clive Jones was reviewed and increased 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 unpaid since the date of their last contracts, both Mr Jones and Mr McMahon have not had any increase in their salaries since 2007. During the reporting period, the Board resolved to pay out the CPI contractual increases since their last contracts resulting in payments to Messrs Jones and McMahon of $154,942.

Appropriate bonuses were also awarded to the Board and employees of the Company after the sale of Parker Range. Total bonuses paid to Key Management Personnel were $235,800

An employment contract is in place for the Non-Executive Director, Terry Gardiner. Mr Gardiner's annual fee has been $30,000 per annum since his appointment but was reviewed to $50,000 (plus superannuation) from 1 July 2019.

The employment contracts stipulate a range of resignation notice periods. The Company may terminate an employment contract without cause by providing written notice or making payment in lieu of notice, based on the individual's annual salary component. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

Voting and comments made at the Company's 2019 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 30 June 2019 was put to the shareholders of the Company at the Annual General Meeting held 20 November 2019. The Company received 100% of the vote, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2019 financial year. The resolution was passed without amendment on a show of hands. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

12. REMUNERATION REPORT – AUDITED (Cont'd)

Details of Remuneration for Years Ended 30 June 2020 & 30 June 2019

The remuneration for key management personnel of the company during the year was as follows:

	Short-term Benefits				Post Employment Benefits	Other Long-term Benefits	Share based Payment		Total	Performance Related
	Cash, salary & bonuses	Cash profit share	Non-cash Benefit	Other	Super	Other	Equity	Options		
	$	$	$	$	$	$	$	$	$	%
Nathan McMahon – Joint Managing Director (i)										
2020	309,203	-	-	154,942	-	-	-	102,175	566,320	18%
2019	180,000	-	-	-	-	-	-	13,710	193,710	7%
Clive Jones – Joint Managing Director (ii)										
2020	354,902	-	-	154,942	2,603	-	-	102,175	614,622	17%
2019	180,000	-	-	-	-	-	-	13,710	193,710	7%
Terry Gardiner – Non Executive Director										
2020	70,000	-	-	5,000	4,750	-	-	51,088	130,838	39%
2019	30,000	-	-	-	-	-	-	8,225	38,225	22%
Total Remuneration										
2020	734,105	-	-	314,884	7,353	-	-	255,438	1,311,780	19%
2019	390,000	-	-	-	-	-	-	35,645	425,645	8%

i) An aggregate short term benefits total of $464,145 (2019:$ 180,000) was paid, or was due and payable to Kingsreef Pty Ltd, a company controlled by Mr Nathan McMahon, for the provision of corporate management services to the Company. This amount included backpay of $154,942 which had been unpaid since 2011 and a bonus of $105,400

ii) An aggregate short term benefits total of $509,844 (2019:$ 180,000) was paid, or was due and payable to Clive Jones or Widerange Corporation Pty Ltd, a company controlled by Mr Clive Jones, for the provision of corporate and technical management services to the Company. This amount included backpay of $154,942 which had been unpaid since 2011 and a bonus of $105,400.

Related Party Information

The Company received a total of $122,853 (2019: $126,720) in respect of an Office Services Agreement with Galan Lithium Limited and is considered by the Company to be a related party, as the joint Managing Director of Cazaly, Mr Nathan McMahon, was formally a director of Galan Lithium Limited during the financial year (resigned February 2020).

Barclay Wells Ltd was paid a total of Nil (2019: $42,900) in capital raising and advisory fees for the 2020 financial year. Barclay Wells Ltd is considered by the Company to be a related Party, as the Non-Executive Director of Cazaly, Mr Terry Gardiner, is also a director of Barclay Wells Ltd.

The Company received a total of $14,418 (2019: $38,655) under an Office Services Agreement with Abyssinian Gold Limited (previously known as Hodges Resources Limited) and is considered by the Company to be a related party, as both the joint Managing Director and Non-Executive Director of Cazaly, Mr Nathan McMahon and Mr Terry Gardiner respectively, were also directors of Abyssinian Gold Limited during the financial year.

12. REMUNERATION REPORT – AUDITED (Cont'd)

Key Management Personnel (KMP) Share and Option Holdings

Share Holdings

30 June 2020	Balance 01-07-19	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30-06-20
N. McMahon	29,366,142	-	-	5,997,114	35,363,256
C. Jones	16,329,904	-	-	2,000,000	18,329,904
T. Gardiner	5,071,500	-	-	350,000	5,421,500
	50,767,546	-	-	7,847,114	58,614,660

30 June 2019	Balance 01-07-18	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30-06-19
N. McMahon	28,772,022	-	-	594,120	29,366,142
C. Jones	15,329,904	-	-	1,000,000	16,329,904
T. Gardiner	1,375,000	-	-	3,696,500	5,071,500
	45,476,926	-	-	5,290,620	50,767,546

Option Holdings

30 June 2020	Balance 01-07-19	Issued Acquired (i)	Exercised	Lapsed	Balance 30-06-20	Vested during the year	Vested and exercisable
N. McMahon	2,500,000	4,000,000	-	-	6,000,000	4,000,000	6,000,000
C. Jones	2,500,000	4,000,000	-	-	6,000,000	4,000,000	6,000,000
T. Gardiner	2,000,000	2,000,000	-	-	4,000,000	2,000,000	4,000,000
	7,000,000	10,500,000	-	-	16,000,000	10,500,000	16,000,000

30 June 2019	Balance 01-07-18	Issued Acquired (ii)	Exercised	Lapsed	Balance 30-06-19	Vested during the year	Vested and exercisable
N. McMahon	2,500,000	2,500,000	-	(2,500,000)	2,500,000	-	2,500,000
C. Jones	2,500,000	2,500,000	-	(2,500,000)	2,500,000	-	2,500,000
T. Gardiner	-	2,000,000 (iii)	-	-	2,000,000	-	2,000,000
	5,000,000	7,000,000	-	(5,000,000)	7,000,000	-	7,000,000

(i) Approved by shareholders at the AGM held on 20 November 2019. Options are exercisable at $0.0495 (originally issued at $0.0705) on or before 19 November 2022.

(ii) Approved by shareholders at the AGM held on 23 November 2018. Options are exercisable at $0.039 (originally issued at $0.06) on or before 26 November 2020.

(iii) Includes 500,000 options exercisable at $0.029 (originally issued at $0.05) on or before 31 March 2021 issued under a placement and approved by shareholders on 6 June 2019.

End of Remuneration Report (Audited).

13. MEETINGS OF DIRECTORS

The number of directors' meetings held and conducted during the financial year, each director held office during the financial year and the number of meetings attended by each director is:

Director	Number Eligible	Number Participated
N McMahon	8	8
C Jones	8	8
T Gardiner	8	8

The Company does not have a formally constituted audit and risk committee or remuneration and nomination committee as the Board considers that the Company's size and type of operation do not warrant the formation of such committees.

14. INDEMNIFYING OFFICERS OR DIRECTORS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. No indemnification has been paid with respect to the Company's auditor.

The Company has insurance policies in place for Directors and Officers insurance.

15. OPTIONS

Options forfeited or cancelled

During, or since the end of the financial year, no options were forfeited or cancelled.

Options Expired or Lapsed

On 31 December 2019, 7,300,000 options exercisable at $0.039 (originally $0.06) expired as did 2,500,000 options exercisable at $0.195 (originally $0.216) on 22 August 2020.

Options on Issue

At the date of this report the Company had the following options on issue:

Expiry Date	Exercise Price	Options on Issue
26/11/2020	$0.0390	8,750,000
31/3/2021	$0.0290	14,800,000
19/11/2022	$0.0495	10,000,000

Option holders do not have any rights to participate in any issue of shares or other interests in the Company or any other entity.

16. PROCEEDINGS ON BEHALF OF GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

17. AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 17.

18. NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services performed during the year by the Group's auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. No other fees were paid or payable to the auditors for non-audit services performed during the year ended 30 June 2020.

This report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Nathan McMahon
Managing Director **23 September 2020**

Competent Persons Statement

This information that relates to exploration targets, exploration results, resource reporting and drilling data of Cazaly operated projects is based on information compiled by Mr Clive Jones and Mr Don Horn who are Members of The Australasian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and are employees of the Company. Mr Jones and Mr Horn have sufficient experience which is relevant to the style of mineralisation and type 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 in their names in the matters based on their information in the form and context in which it appears.

Bentleys
THINKING AHEAD

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the audit of the financial statements of Cazaly Resources Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 23rd day of September 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue from continuing operations	2	311,810	217,833
Other Income	2	3,967,005	120,000
Employee benefits		(1,149,859)	(386,296)
Finance Costs		(157,741)	(507,912)
Depreciation		(14,398)	(8,741)
Administrative expenses	3	(489,800)	(227,306)
Compliance and regulatory expenses	3	(183,682)	(209,075)
Occupancy expenses		(245,981)	(183,512)
Written-off exploration expenditure		(394,219)	(520,505)
Equity based payments		(255,438)	-
Gain/(Loss) on sale of financial assets		(1,300)	-
Loss on disposal of subsidiary	9	(135,138)	-
Revaluation /(Impairment) of financial assets		468,047	(98,557)
Profit/(loss) before income tax		**1,719,306**	**(1,804,071)**
Income tax (expense)/ benefit	6	-	-
Profit/(loss) for the year from continuing operations		**1,719,306**	**(1,804,071)**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**1,719,306**	**(1,804,071)**
Earnings/(loss) for the year attributable to:			
Members of the parent entity		1,719,359	(1,803,888)
Non-controlling interest		(53)	(183)
		1,719,306	**(1,804,071)**
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		1,719,359	(1,803,888)
Non-controlling interest		(53)	(183)
		1,719,306	**(1,804,071)**
Earnings/(loss) per share from continuing and discontinuing operations			
		Cents	**Cents**
Basic weighted average earnings/(loss) per share	20	0.50	(0.75)
Diluted weighted average earnings/(loss) per share	20	0.50	(0.75)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents	7	10,085,562	836,709
Trade and other receivables	8	59,396	71,030
		10,144,958	907,739
Non current assets held for sale	9	-	16,875,456
TOTAL CURRENT ASSETS		10,144,958	17,783,195
NON CURRENT ASSETS			
Trade and other receivables	8	59,717	26,929
Financial assets	10	1,514,427	155,058
Property, plant and equipment	11	15,276	25,419
Exploration and evaluation assets	12	4,324,283	4,128,235
Rights of use assets	29	215,417	-
TOTAL NON CURRENT ASSETS		6,129,120	4,335,641
TOTAL ASSETS		**16,274,078**	**22,118,836**
CURRENT LIABILITIES			
Trade and other payables	13	143,619	165,021
Provisions	14	145,607	143,564
Convertible Notes	15	-	362,241
Interest bearing loans and borrowings	29	59,973	-
TOTAL CURRENT LIABILITIES		349,199	670,826
NON CURRENT LIABILITIES			
Interest bearing loans and borrowings	29	162,371	-
TOTAL LIABILITIES		**511,570**	**670,826**
NET ASSETS		**15,762,508**	**21,448,010**
EQUITY			
Issued capital	16	25,852,471	31,288,827
Reserves	17	358,724	777,627
Accumulated losses	18	(10,433,300)	(10,603,110)
Controlling entity interest		15,777,895	21,463,344
Non-controlling interest		(15,387)	(15,334)
TOTAL EQUITY		**15,762,508**	**21,448,010**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

	Issued Capital	(Accumulated Losses)	Option Reserve	Non-Controlling Interest	Total
	$	$	$	$	$
Balance at 1 July 2018	**29,963,658**	**(8,855,399)**	**305,198**	**(15,151)**	**21,398,306**
Earnings/(loss) for the year	-	(1,803,888)	-	(183)	(1,804,071)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income/(loss) for the year	**-**	**(1,803,888)**	**-**	**(183)**	**(1,804,071)**
Transactions with owners, in their capacity as owners, and other transfers:					
Shares issued	1,370,169	-	-	-	1,370,169
Issue costs	(45,000)	-	-	-	(45,000)
Options issued	-	-	528,606	-	528,606
Options expired	-	56,177	(56,177)	-	-
Fair value of options exercised	-	-	-	-	-
Option reserve	-	-	-	-	-
Return of capital	-	-	-	-	-
Unfranked dividend paid	-	-	-	-	-
Balance at 30 June 2019	**31,288,827**	**(10,603,110)**	**777,627**	**(15,334)**	**21,448,010**
Earnings/(loss) for the year	-	1,719,359	-	(53)	1,719,306
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income/(loss) for the year	**-**	**1,719,359**	**-**	**(53)**	**1,719,306**
Transactions with owners, in their capacity as owners, and other transfers:					
Shares issued	1,339,763	-	-	-	1,339,763
Issue costs	-	-	-	-	-
Options issued	-	-	-	-	-
Options expired	-	193,751	(193,751)	-	-
Fair value of options exercised	480,590	-	(480,590)	-	-
Option reserve	-	-	255,438	-	255,438
Return of capital	(7,256,709)	-	-	-	(7,256,709)
Unfranked dividend paid	-	(1,743,300)	-	-	(1,743,300)
Balance at 30 June 2020	**25,852,471**	**(10,433,300)**	**358,724**	**(15,387)**	**15,762,508**

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash Flows from Operating Activities			
Receipts from services agreements		158,914	199,237
Cash received from government grant		50,000	-
Payments to suppliers and employees		(2,066,915)	(962,356)
Interest received and bill discounts received		149,730	2,706
Net cash used in operating activities	21	(1,708,271)	(760,413)
Cash Flows From Investing Activities			
Purchase of property, plant & equipment		(5,826)	(15,823)
Purchase of equity investments		(731,622)	(8,159)
Payments for exploration and evaluation		(955,297)	(929,115)
Payment for term deposit bond		(49,679)	-
Proceeds from the Sale of Subsidiary		934,470	-
Proceeds from sale of exploration assets (net of transaction costs)		19,926,883	120,000
Proceeds from term deposit bond		17,595	-
Net cash provided by investing activities		19,135,820	(833,097)
Cash Flows from Financing Activities			
Proceeds from issue of share		-	1,050,000
Proceeds from conversion of options		821,304	-
Payment for costs of issue of securities		-	(39,000)
Payment of notes and interest		-	(55,000)
Payment for the return of capital		(7,256,700)	-
Payment for unfranked dividend		(1,743,300)	-
Net cash provided by financing activities		(8,178,696)	956,000
Net increase/(decrease) in cash held		9,248,853	(637,510)
Cash and cash equivalents at beginning of the financial year		**836,709**	**1,474,219**
Cash and cash equivalents at end of the financial year	7	**10,085,562**	**836,709**

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Cazaly Resources Limited (**the Company** or **Cazaly**) and its controlled entities (**the Group)**. Cazaly Resources Limited is a listed public company, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 23 September 2020 by the Directors of the Company.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out in accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

These financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by the Company at the end of the reporting period. A controlled entity is any entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities, as at 30 June 2020 is contained in Note 23 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the Company.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income. The non-controlling interest in the net assets comprises their interests at the date of the original business combination and their share of changes in equity since that date.

(b) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Depreciation

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

The depreciation rates used for each class of depreciable assets are plant and equipment (40%), office furniture and equipment (18%) and motor vehicles (22.5%).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The value for office furniture and equipment was written down to nil at 30 June 2020.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Exploration, Evaluation and Development Expenditure

Costs incurred during exploration and evaluations relating to an area of interest are accumulated. Costs are carried forward to the extent they are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not yet reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. In these instances the entity must have rights of tenure to the area of interest and must be continuing to undertake exploration operations in the area.

Accumulated costs carried forward in respect of an area of interest that is abandoned are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been estimated of future costs, current legal requirements and technology on an undiscounted basis.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated group are classified as finance leases. Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Financial Instruments

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payable and convertible notes.

The accounting policy on convertible notes are at 1(v).

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the entity will not be able to collect the debts. Bad debts are written off when identified.

(i) Revenue and Other Income

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(j) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Taxation

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

<u>*Tax Consolidation*</u>

Cazaly and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

(m) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(o) Share Based Payments

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the good or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is shown in the option reserve.

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(p) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Earnings Per Share

Basic earnings per share is calculated as net earnings attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for an bonus element.

Diluted earnings per share is calculated as net earnings attributable to members, adjusted for costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(r) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(s) Interest in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(t) Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Judgements –Exploration and evaluation expenditure
Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(d).

Key Judgements - Share based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

Key Judgments – Environmental issues
Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Key Estimate – Taxation
Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

(u) Fair value measurements

The Group measures and recognises the asset, 'Financial assets held for trading' at fair value on a recurring basis after initial recognition.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

(ii) Valuation techniques

The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation technique selected by the Company is the *Market approach whereby* valuation techniques use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair values of the Company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	Note		30 June 2020		
		Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Recurring fair value measurements					
Financial assets at fair value through profit or loss:					
- Australian listed shares at fair value		1,514,427	-	-	1,514,427
- unlisted Australian shares		-	-	-	-
		1,514,427	-	-	1,514,427

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

	Note	30 June 2019 Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets at fair value through profit or loss:					
- Australian listed shares at fair value		113,818	-	-	113,818
- unlisted Australian shares		-	-	41,240	41,240
		113,818	-	41,240	155,058

(v) Convertible Notes

Convertible notes issued by the Group include embedded derivatives (option to convert to variable number of shares in the Group). These convertible notes are recognized as financial liabilities at fair value through profit or loss. On initial recognition, the fair value of the convertible note will equate to the proceeds received less costs to issue and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognized on the profit and loss as finance costs.

(w) Non current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with AASB 139 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(x) **New, revised or amending accounting standards and interpretations adopted**

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. Those which have a material impact on the Company are set out below.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

AASB 16 - Leases

AASB 16 Leases introduces a new framework for accounting for leases and replaces AASB 117 *Leases* and sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right-to-use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the amortisation expense on the right-of-use asset.

AASB 16 *Leases*:

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases.
- provides new guidance on the application of the definition of lease and on sale and lease back accounting.
- largely retains the existing lessor accounting requirements in AASB 117 *Leases*.
- requires new and different disclosures about leases.

The Company has adopted AASB 16 with effect from 1 July 2019 using the modified retrospective approach and accordingly has not restates comparative for the 2019 reporting period as permitted under the specific transitional provisions in the standard. There was no significant impact on the financial statements on adoption of AASB 16, as the lease was short term.

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- To measure the right-of-use asset on transition at an amount equal to the lease liability (as adjusted for prepaid or accrued lease payments);
- Not to recognise low-value or short-term leases on the balance sheet. Costs for these lease arrangements will continue to be expensed;
- To use a single discount rate for a portfolio of leases with reasonably similar characteristics;
- To use hindsight in determining the lease term where lease contracts include options to extend or terminate the lease; and
- To reflect the impairment of right-of-use assets on transition by adjusting their carrying amounts for onerous lease provisions recognised on the Group balance sheet as at 30 June 2019.

The Group's leasing activities and how these are accounted for:

- From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the lease term on a straight-line basis.
- Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
  - Fixed payments (including in-substance fixed payments), less any lease incentives receivable
  - Variable lease payments that are based on an index or a rate
- Right-of-use assets are measured at cost comprising the following:
  - The amount of the initial measurement of the lease liability net of any previously recognised onerous lease provisions; and
  - Any restoration costs applicable to the lease.
- Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise of office equipment.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

BASIS OF PREPARATION

(a) Revenue recognition

The Group first determines whether an enforceable agreement exists and whether the promise to transfer goods or provide services to the customer is "sufficiently specific". If an enforceable agreement exists and the promise is "sufficiently specific" (to a transaction or part of a transaction), the Group applies the general AASB15 *Revenue from Contracts with Customers* principles to determine if the revenue is to be recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts in the contract price are allocated to the separate elements identified. If this criteria is not met, the Group considers whether AASB1058 *Income of Not-for-Profit Entities* applies.

Grant revenue

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Operating revenue

Revenue from the rendering of services is recognised upon the delivery of the service to the customer.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

(b) Operating Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office premises	3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings, refer note 29.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

	2020 $	2019 $
2. *REVENUE & OTHER INCOME*		
Revenue		
- interest received	149,730	3,329
- recoupment of office costs on-charged	162,080	212,994
- other revenue	-	1,510
	311,810	217,833
Other Income		
- gain from tenement sale agreement	3,907,005	120,000
- government grant received	50,000	-
- other	10,000	-
	3,967,005	120,000

3. *PROFIT/(LOSS) FOR THE YEAR*

Profit/(loss) before income tax from continuing operations includes the following specific expenses:

Expenses

	2020 $	2019 $
Administrative expenses		
Consulting	80,092	67,502
Advertising, printing and stationery	13,987	13,749
Travel and accommodation	40,815	22,511
Insurance	29,900	31,296
Break fee	250,000	-
Other	75,006	92,248
	489,800	227,306
Compliance and regulatory expenses		
ASX, ASIC, registry and secretarial	176,844	157,000
Legal	6,838	52,075
	183,682	209,075
Employee Benefits		
Superannuation	34,810	27,457

4. *KEY MANAGEMENT PERSONNEL*

Interests of Key Management Personnel

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2020.

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	2020 $	2019 $
Short-term employee benefits	1,056,342	390,000
Post-employment benefits	-	-
Other long-term benefits	-	-
Share based payments	255,438	35,645
	1,311,780	425,645

No termination benefits were paid to any Key Management Personnel.

A total of $264,474 (2019:$270,000) was capitalised as exploration expenditure.

4. *KEY MANAGEMENT PERSONNEL (Cont'd)*

Related Party Information

The Company received a total of $122,853 (2019: $126,720) under an Office Services Agreement with Galan Lithium Limited and is considered by the Company to be a related party, as the joint Managing Director of Cazaly, Mr Nathan McMahon, was also a director of Galan Lithium Limited during the financial year (resigned February 2020).

Barclay Wells Ltd was paid a total of Nil (2019: $42,900) in capital raising and advisory fees for the 2020 financial year. Barclay Wells Ltd is considered by the Company to be a related Party, as the Non-Executive Director of Cazaly, Mr Terry Gardiner, is also a director of Barclay Wells Ltd.

The Company received a total of $14,418 (2019: $38,655) under an Office Services Agreement with Abyssinian Gold Limited (previously known as Hodges Resources Limited) and is considered by the Company to be a related party, as both the joint Managing Director and Non-Executive Director of Cazaly, Mr Nathan McMahon and Mr Terry Gardiner respectively, were also directors of Abyssinian Gold Limited during the financial year.

	2020 $	2019 $
5. *AUDITORS REMUNERATION*		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	22,500	32,988
	22,500	32,988
6. *INCOME TAX EXPENSE*		
The components of the tax expense/(income) comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
(a) The prima facie tax on profits/(losses) from ordinary activities before income tax is reconciled to the income tax as follows:		
Profit/(loss) from continuing operations	1,719,306	(1,804,071)
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2019: 27.5%)	472,809	(496,120)
Add/(subtract):		
Tax effect of:		
Non-assessable income	(13,750)	-
Effect of tax losses derecognised	-	327,621
Other non-allowable items	98,808	143,959
Recognition of previously unrecognised prior year tax losses	(273,167)	-
Utilisation of previously unrecognised capital losses	(216,378)	-
Tax benefit of deductible equity raising costs	(8,267)	(8,267)
Movement in unrecognised temporary differences	(60,056)	32,807
Income tax expense (benefit) attributable to entity	-	-
(b) Recognised deferred tax assets at 27.5% (2019: 27.5%) comprise the following		
Carry forward revenue losses	765,978	5,360,491
Capital raising and future black hole deductions	-	-
Provisions and accruals	46,554	47,654
Other	69,280	67,375
	881,812	5,475,521
Less: Set off of deferred tax liabilities	(881,812)	(5,475,521)
	-	-

6. INCOME TAX EXPENSE (Cont'd)	2020 $	2019 $
Recognised deferred tax liabilities at 27.5% (2019: 27.5%) comprise the following		
Exploration expenditure	865,933	5,470,021
Other	15,879	5,500
	881,812	5,475,521
Less: Set off of deferred tax asset	(881,812)	(5,475,521)
	-	-

(c) Deferred tax recognised directly in equity:		
Relating to equity raising costs	-	-
	-	-

(d) Unrecognised deferred tax assets at 27.5% (2019: 27.5%) comprise the following:

Deferred tax assets have not been recognized in respect to the following as they are not considered to have met the recognition criteria:

Deductible temporary differences	171,400	242,490
Tax revenue losses	1,783,085	2,058,161
Tax capital losses	113,639	325,916
	2,068,124	2,626,567

7. *CASH AND CASH EQUIVALENTS*

Cash at bank	10,085,362	836,509
Petty cash	200	200
	10,085,562	836,709

8. *TRADE AND OTHER RECEIVABLES*

Current		
Other receivables	59,396	71,030
	59,396	71,030

Other receivables normally have 30 to 60 day terms. At 30 June 2020, $18,311 (2019: $13,757) is receivable from companies related to one of the Directors.

Non-Current		
Bonds	59,717	26,929
	59,717	26,929

Bonds are term deposits, held by way of bank guarantee.

9. NON-CURRENT ASSETS HELD FOR SALE

	2020 $	2019 $
Non-current asset held for sale – Mt Venn (i)	-	868,076
Non-current asset held for sale – Parker Range (ii)	-	16,007,380
	-	16,875,456
Movements		
Balance brought forward	16,875,456	727,328
Transfer from exploration and evaluation assets	-	16,148,128
Expenditure incurred up to disposal date	2,498	-
Disposal on sale of subsidiary	(870,574)	-
Disposal to proceeds on sale of tenements	(16,007,380)	-
	-	16,875,456

(i) On 20 September 2019, the Company and Woomera Mining Ltd (**WML**) completed and waived the conditions precedents under the terms of the Share Sale Agreement and the transaction for the sale of an 80% interest in the Mt Venn project was completed (via the sale of Yamarna West Pty Ltd). The Company received gross proceeds of $1 million and 7 million WML shares. The breakdown of the loss on disposal is as follows:

Proceeds from disposal	1,161,000
Deposit received in the previous financial year	(20,000)
Carrying amount of net assets at disposal date	(870,574)
Original acquisition costs	(289,268)
Transaction costs	(116,296)
Loss on disposal of subsidiary	(135,138)

(ii) As announced on 21 August 2019, the Company received an unsolicited offer from Mineral Resources Ltd in respect of the sale of the Parker Range Iron Ore Project. On 30 August 2019, both parties completed or waived the conditions precedent and the transaction was completed. The Company received gross proceeds of $20m. The breakdown of the gain on disposal is as follows:

Proceeds from disposal	20,000,000
Carrying amount of net assets at disposal date	(15,981,210)
Transaction costs	(111,785)
Gain on disposal of tenements	3,907,005

10. FINANCIAL ASSETS

	2020 $	2019 $
Current		
Financial assets, at fair value through profit or loss:		
Australian listed shares at fair value	1,514,427	113,818
Unlisted Australian public company shares	-	41,240
	1,514,427	155,058

11. PROPERTY, PLANT AND EQUIPMENT

	2020 $	2019 $
Plant and Equipment		
At cost	330,010	326,331
Accumulated depreciation	(320,532)	(310,889)
	9,478	15,442
Office Furniture and Equipment		
At cost	43,638	41,491
Accumulated depreciation	(43,638)	(38,995)
	-	2,496
Motor Vehicle		
At cost	65,878	65,878
Accumulated depreciation	(60,080)	(58,397)
	5,798	7,481
	15,276	25,419

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year.

2020	Plant and Equipment $	Office Furniture $	Motor Vehicles $	Total $
Balance at the beginning of the year	15,442	2,496	7,481	25,419
Additions	3,679	2,147	-	5,826
Disposals/write offs	(2,750)	(4,643)	-	(7,393)
Depreciation expense	(6,893)	-	(1,683)	(8,576)
Carrying amount at the end of the year	9,478	-	5,798	15,276

2019	Plant and Equipment $	Office Furniture $	Motor Vehicles $	Total $
Balance at the beginning of the year	6,426	2,446	9,465	18,337
Additions	14,716	1,107	-	15,823
Disposals/write offs	-	-	-	-
Depreciation expense	(5,700)	(1,057)	(1,984)	(8,741)
Carrying amount at the end of the year	15,442	2,496	7,481	25,419

	2020 $	2019 $
12. EXPLORATION AND EVALUATION ASSETS		
Non-Current		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases at cost	4,324,283	4,187,203
Movement – exploration and evaluation		
Brought forward	4,128,235	19,685,931
Exploration expenditure capitalised during the year	472,983	1,110,937
Acquisitions	-	-
Exploration expenditure capitalised on tenements sold during the year	406,552	-
Mt Venn acquisition costs transferred to loss on subsidiary	(289,268)	-
Exploration expenditure written off	(394,219)	(520,505)
Transfer to Non current assets classified as held for sale (refer note 9)	-	(16,148,128)
	4,324,283	4,128,235

Exploration expenditure for the year was $879,535 (2019: $1,110,937). The main expenditure was on Mt Venn, Parker Range and the Hamerlsey JV in WA and the Kaoko Kobalt Project in Namibia. Exploration expenditure written off for the year was $394,219 (2019: $520,5050). The main write offs related to Parker Range and Mt Venn as well as previously capitalised expenditures relating to the various tenements and/or applications that were relinquished during the financial year.

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

13. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Current		
Trade creditors	55,239	77,924
Other creditors and accrued expenses	88,380	87,097
	143,619	165,021

Creditors are non-interest bearing and settled on 30 to 45 day terms.

14. PROVISIONS

	2020 $	2019 $
Current		
Provision for annual leave	93,042	94,090
Provision for long service leave	52,565	49,474
	145,607	143,564

15. CONVERTIBLE NOTES

	2020 $	2019 $
Face value	-	-
Opening Balance	362,241	670,288
Issue costs		
- 7,300,000 options issued	-	(480,590)
- Consultancy costs settled in shares	-	(44,880)
- Interest expense	-	73,000
- Cost of unwound during the period	-	59,712
- Repayment of 2017 interest and notes	-	(803,000)
- 2018 notes issued	-	748,000
- Interest expense	27,145	18,603
- Cost of unwound during the period	129,072	396,397
- Convertible note converted	(518,458)	(275,289)
	-	362,241

Deed

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.

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.

Under the terms of the Deed, Oracle and/or its nominees, would also be entitled to 29,920,000 Company options exercisable at a price that is equal to 150% of the Share price calculated on the basis of 85% of the VWAP of the Shares on the ASX calculated over the 5 consecutive trading days which immediately precede the date of the Deed.

The 29,920,000 options were valued at $480,590 based on the following assumptions:

Number of Options	Fair Value at Grant Date per Option	Estimated Volatility	Life of Option (years)	Exercise Price	Share Price at Grant Date	Risk Free Interest Rate
29,920,000	$0.01606	100%	3.04	$0.02745	$0.021	2.0%

On 10 June 2019, a total of 15,043,110 fully paid ordinary shares were issued on the conversion of notes and accrued interest by note holders. Total face value of notes outstanding at 30 June 2019 is $485,100.

On 23 August 2019, a total of 28,331,099 fully paid ordinary shares were issued on the final conversion of the remaining notes and all accrued interest by note holders.

	2020 $	2019 $
16. ISSUED CAPITAL		
346,113,267 fully paid ordinary shares (2019: 287,862,168) with no par value	25,852,471	31,288,827

Ordinary Share Movements

		30 June 2020 Number	30 June 2020 $	30 June 2019 Number	30 June 2019 $
Balance at the beginning of the year		287,862,168	31,288,827	230,366,599	29,963,658
Issue of shares at $0.0183 each	(i)	-		2,452,459	44,880
Issue of shares at $0.025 each	(ii)	-		29,000,000	725,000
Issue of shares at $0.025 each	(iii)	-		1,000,000	25,000
Issue of shares at $0.0183 each	(iv)	-		15,043,110	275,289
Issue of shares at $0.03 each	(v)	-		10,000,000	300,000
Issue of shares at $0.0183 each	(vi)	28,331,099	518,459	-	-
Issue of shares at $0.02745 each	(vii)	27,720,000	760,914	-	-
Issue of shares at $0.02745 each	(vii)	2,200,000	60,390	-	-
		346,113,267	32,628,590	287,862,168	31,333,827
Less Fair value of options exercised		-	480,590	-	-
Less return of capital	(viii)	-	(7,256,709)	-	-
Less capital raising costs		-	-	-	(45,000)
Balance at the end of the year		346,113,267	25,852,471	287,862,168	31,288,827

(i) Shares issued to consultants on 18 December 2018 in lieu of fees due on 2018 note deed.
(ii) Placement shares issued on 21 March 2019.
(iii) Placement shares issued to a Director on 10 June 2019 (as approved by shareholders at a general meeting on 6 June 2019).
(iv) Shares issued on the part conversion of notes and accrued interest under the 2018 note deed.
(v) Gold Valley placement shares issued on 10 June 2019.
(vi) Shares issued on 23 August 2019 for the full conversion of notes and accrued interest under the 2018 note deed.
(vii) Shares issued on 10 September 2019 (27,720,000) and 17 September 2019 (2,200,000) for the full conversion of options issued under the 2018 note deed.
(viii) 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 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 comprised 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. The Record Date for both the unfranked dividend and the return of capital was 25 November 2019. Shareholder approval was obtained at the Company's AGM held on 20 November 2019.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid-up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

16. ISSUED CAPITAL (Cont'd)

Option Movements

Exercise Period	Exercise Price (*)	Number on issue at 30 June 2019	Issued during the year	Exercised/ Expired/ Cancelled	Number on issue at 30 June 2020
On or before 22/8/19	$0.180	1,450,000	-	(1,450,000)	-
On or before 22/8/19	$0.144	2,500,000	-	(2,500,000)	-
On or before 22/10/20	$0.195	2,500,000	-	-	2,500,000
On or before 31/12/19	$0.039	7,300,000	-	(7,300,000)	-
On or before 26/11/20 (i)	$0.039	8,750,000	-	-	8,750,000
On or before 31/3/21 (iii)	$0.029	15,000,000	-	-	15,000,000
On or before 31/12/21 (ii)	$0.02745	29,920,000	-	(29,920,000)	-
On or before 19/11/22 (iv)	$0.0495	-	10,000,000	-	10,000,000
Total options		67,420,000	10,000,000	(41,170,000)	36,250,000

(*) Where applicable, the exercise price of options has been adjusted by the return of capital ($0.021 per share) as approved by shareholders at Company's AGM held on 20 November 2019.

(i) 6,500,000 options were issued to directors on 26 November 2018 (approved at Company's AGM held on 23 November 2018) at an original exercise price of $0.06. 2,250,000 options were issued to employees under the Cazaly employee incentive scheme on 21 January 2019 (awarded to employees on 20 December 2018) at an original exercise price of $0.06.

(ii) 29,920,000 options expiring 31 December 2021 with an exercise price of $0.02745 were issued on 18 December 2018 as part of the issue of 2018 notes. Shareholders subsequently ratified the issue of these options at a general meeting held on 6 March 2019. All options were converted before their expiring date.

(iii) Issued under a placement announced on 18 March 2019 with an original exercise price of $0.05. 14,500,000 options were issued on 21 March 2019 and 500,000 options were issued to a Director (approved by shareholders on 6 June 2019) on 10 June 2019.

(iv) Issued to directors on 20 November 2019 with an original exercise price of $0.0705 (approved at Company's AGM held on 20 November 2019).

Options are issued to directors, employees and consultants. The options may be subject to performance criteria, and are issued to directors, employees and consultants to increase goal congruence between executives, directors and shareholders. Options carry no dividend or voting rights. The fair value of share options issued during the year was $255,438.

Allottee	Number of Options	Fair Value at Grant Date per Option	Estimated Volatility	Life of Option (years)	Exercise Price	Share Price at Grant Date	Risk Free Interest Rate
Directors	10,000,000	$0.02554	100%	3.00	$0.0705	$0.047	1.75%

Capital risk management

The Board controls the capital of the Group in order to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's capital includes ordinary share capital. There are no externally imposed capital requirements.

The working capital position of the Group at 30 June 2020 and 30 June 2019 are as follows:

	2020 $	2019 $
Cash and cash equivalents	10,085,562	836,709
Trade and other receivables	59,396	71,030
Financial assets	1,514,427	155,058
Current liabilities	(349,199)	(670,826)
Working capital position	11,310,186	391,971

17. *OPTION RESERVE*

Opening balance	777,627	305,198
Equity based payments (refer note 16)	255,438	528,606
Fair value of exercised options transferred to share capital	(480,590)	-
Transfers to accumulated losses	(193,751)	(56,177)
Closing balance	358,724	777,627

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration and for the value of equity benefits provided to vendors in respect of asset purchases.

18. *ACCUMULATED LOSSES*

Opening balance	(10,603,110)	(8,855,399)
Net earnings/(loss) attributable to members	1,719,359	(1,803,888)
Unfranked dividend paid (refer note 16 (viii)	(1,743,300)	-
Transfers from option reserve	193,751	56,177
Closing balance	(10,433,300)	(10,603,110)

19. *FINANCIAL RISK MANAGEMENT*

The Group's principal financial instruments comprise receivables, payables, held-for-trading investments, cash and short-term deposits.

The Board of Directors has overall responsibility for the oversight and management of the Group's exposure to a variety of financial risks (including fair value interest rate risk, credit risk, liquidity risk and cash flow interest rate risk).

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Interest rate risks
The Group's exposure to market interest rates relates to cash deposits held at variable rates. The Board constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions.

Credit risk
The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Consolidated group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least A+. All of the Group's surplus funds are invested with AA and A+ Rated financial institutions, the amount is $10,085,562 (2019: $836,709).

Liquidity risk
The responsibility for liquidity risk management rests with the Board of Directors. The Consolidated group manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments.

19. FINANCIAL RISK MANAGEMENT (Cont'd)

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Maturity profile of financial instruments

The following tables detail the Group's exposure to interest rate risk as at 30 June 2020 and 30 June 2019:

30 June 2020	**Floating Interest Rate**	**Fixed Interest maturing in 1 year or less**	**Non-interest bearing**	**2020 Total**
	$	**$**	**$**	**$**
Financial assets				
Cash and cash equivalents	3,085,562	7,000,000	200	10,085,762
Trade and other receivables	-	59,717	59,396	119,113
Financial assets – held for trading	-	-	1,514,427	1,514,427
	3,085,562	7,059,717	1,574,023	11,719,302
Weighted average effective interest rate	0.37%			
Financial Liabilities				
Trade and other payables	-	-	143,619	143,619
	-	-	143,619	143,619

30 June 2019	**Floating Interest Rate**	**Fixed Interest maturing in 1 year or less**	**Non-interest bearing**	**2019 Total**
	$	**$**	**$**	**$**
Financial assets				
Cash and cash equivalents	836,509	-	200	836,709
Trade and other receivables	-	26,929	71,028	97,957
Financial assets – held for trading	-	-	155,058	155,058
	836,509	26,929	226,286	1,089,724
Weighted average effective interest rate	0.77%			
Financial Liabilities				
Trade and other payables	-	-	165,021	165,021
	-	-	165.021	165,021

19. FINANCIAL RISK MANAGEMENT (Cont'd)

Net Fair Values

The carrying value and net fair values of financial assets and liabilities at balance date are:

	2020		2019	
	Carrying Amount $	Net fair Value $	Carrying Amount $	Net fair Value $
Financial assets				
Cash and deposits	10,085,562	10,085,562	836,709	836,709
Receivables	119,113	119,113	97,957	97,957
Investment held for trading	1,514,427	1,514,427	155,058	155,058
	11,719,102	11,719,102	1,089,724	1,089,724
Financial liabilities				
Convertible notes	-	-	362,241	362,241
Payables	143,619	143,619	165,021	165,021
	143,619	143,619	527,262	527,262

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. All financial instruments measured at fair value are level one, meaning fair value is determined from quoted prices in active markets for identical assets.

Sensitivity Analysis -Interest Rate Risk

The Company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

	2020 $	2019 $
Change in loss		
• Increase in interest rate by 100 basis points	100,690	8,364
• Decrease in interest rate by 100 basis points	(100,690)	(8,364)
Change in equity		
• Increase in interest rate by 100 basis points	100,690	8,364
• Decrease in interest rate by 100 basis points	(100,690)	(8,364)

20. EARNINGS PER SHARE

a) Reconciliation of earnings to profit or loss:

Earnings/(loss) for the year	1,719,306	(1,804,071)
Earnings/(loss) used to calculate basic and diluted EPS	1,719,306	(1,804,071)

	2020 No. of Shares	2019 No. of Shares
b) Basic and diluted weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	336,137,190	241,943,079

	2020 $	2019 $
21. CASH FLOW INFORMATION		
Reconciliation of cash flows from operating activities with profit/(loss) after income tax		
Profit/(Loss) after income tax	1,719,306	(1,804,071)
Non-operating cash flows in loss for the year:		
Depreciation	14,398	8,741
Property, plant and equipment written off	7,393	-
Net (Gain)/ Loss on sale of shares	1,300	-
Finance costs on convertible note	157,323	547,712
Net profit on the sale of exploration assets	(3,917,005)	(120,000)
Net loss on the sale of subsidiary	135,138	-
Employee & Consultant equity settled transactions	255,438	48,016
Fair value adjustment to investments	(468,047)	98,557
Exploration write-off	394,219	520,505
Changes in assets and liabilities:		
Decrease/(increase) in trade receivables and prepayments	11,625	252,820
Increase/(decrease) in trade payables, accruals and employee entitlements	(19,359)	(312,693)
Cash outflow from operations	(1,708,271)	(760,413)

Financing Activity Information

	30 Jun 2019	Cashflows	Options issued	Conversion	Finance cost accrued	30 Jun 2020
Convertible Notes	(362,241)	-	-	518,458	(156,217)	-

22. *COMMITMENTS*

In order to maintain rights of tenure to mining tenements, the Group would have the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	2020	2019
No longer than one year	34,230	303,066
Longer than one year, but not longer than five years	112,674	252,168
Longer than five years	-	-
	146,904	555,234

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

23. *CONTROLLED ENTITIES*

	Incorporation Country	Percentage Owned 2020	Percentage Owned 2019
Parent Entity			
Cazaly Resources Limited	Australia		
Controlled Entities			
Cazaly Iron Pty Ltd	Australia	100%	100%
Sammy Resources Pty Ltd	Australia	100%	100%
Cazroy Pty Ltd	Australia	100%	100%
Baker Fe Pty Ltd	Australia	100%	100%
Baldock Fe Pty Ltd	Australia	100%	100%
Lockett Fe Pty Ltd	Australia	100%	100%
Hase Fe Pty Ltd	Australia	100%	100%
Caz Yilgarn Pty Ltd	Australia	100%	100%
Discovery Minerals Pty Ltd	Australia	100%	100%
Yamarna West Pty Ltd	Australia	0%	100%
Kunene North Pty Ltd	Australia	100%	100%
Philco 173 (Pty) Ltd	Namibia	95%	51%

24. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of its exploration and corporate activities. Operating segments are therefore determined on the same basis.

Exploration
Segment assets, including acquisition cost of exploration licenses, all expenses related to the tenements and profit on sale of tenements are reported on in this segment.

Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

Unallocated items
Non-recurring items of revenue or expenses are not allocated to operating segments as they are not considered part of the core operations of any segment.

2020	Exploration $	Unallocated $	Total $
Revenue			
Interest received	-	149,731	149,731
Other	3,917,005	212,080	4,129,085
Total segment revenue	**3,917,005**	**361,810**	**4,278,815**
Segment net operating profit (loss) before tax	**3,522,786**	**(1,803,480)**	**1,719,306**
Depreciation	-	14,398	14,398
Impairment of exploration assets	394,219	-	394,219
Share based payments	-	255,438	255,438
Segment assets	**4,324,283**	**11,949,794**	**16,274,078**
Exploration expenditure	4,324,283	-	4,324,283
Non current assets held for sale	-	-	-
Property, plant & equipment	-	15,276	15,276
Segment liabilities	**8,555**	**503,015**	**511,570**

2019	Exploration $	Unallocated $	Total $
Revenue			
Interest received	-	3,329	3,329
Other	120,000	212,504	334,504
Total segment revenue	**120,000**	**217,833**	**337,833**
Segment net operating profit (loss) before tax	**(400,505)**	**(1,403,566)**	**(1,804,071)**
Depreciation	-	8,741	8,741
Impairment of exploration assets	520,505	-	520,505
Share based payments	-	48,016	48,016
Segment assets	**21,003,691**	**1,115,144**	**22,118,835**
Exploration expenditure	4,128,235	-	4,128,235
Non current assets held for sale	16,875,456	-	16,875,456
Property, plant and equipment	-	25,419	25,419
Segment liabilities	**47,195**	**623,629**	**670,826**

	2020 $	2019 $
25. PARENT ENTITY DISCLOSURES		
(a) Statement of financial position		
Assets		
Current assets	10,204,675	905,823
Non-current assets	3,966,930	2,666,335
Total assets	14,171,605	3,572,158
Liabilities		
Current liabilities	349,195	670,802
Non-current liabilities	162,371	
Total liabilities	511,566	670,802
Equity		
Issued capital	25,852,479	31,288,826
Reserves:		
Equity settled employee benefits	358,724	777,627
Retained profits	(12,551,164)	(29,165,097)
Total Equity	13,660,039	2,901,356
(b) Statement of Profit or Loss and Other Comprehensive Income		
Total profit/ (loss)	15,064,384	(2,296,749)
Total comprehensive income	15,064,384	(2,296,749)

Loans to Controlled Entities

Loans are provided by Cazaly ('the Parent') to its controlled entities for their respective operating activities. Amounts receivable from controlled entities are non-interest bearing with no fixed term of repayment. The eventual recovery of the loan will be dependent upon the successful commercial application of these projects or the sale to third parties.

26. EVENTS SUBSEQUENT TO REPORTING DATE

On 22 July 2020, the Company issued 200,000 fully paid shares on the conversion of options exercisable at $0.029 on or before 31 March 2021.

On 19 August 2020, the Company issued 5,630,000 fully paid shares on the conversion of options exercisable at $0.029 on or before 31 March 2021.

On 22 August 2020, 2,500,000 options (exercisable at $0.195) expired in line with their terms and conditions.

Apart from the above, the Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that has significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Group in subsequent financial years.

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

As announced on 26 March 2018, the Company acquired an option to earn the rights to a 95% interest in the Kaoko Kobalt Project ('Kaoko Project') in Namibia. The following contingent liabilities remain for Cazaly's registered 95% interest at 30 June 2020:

Under the KDN JV:

KDN JV's partner's remaining 5% free carried to a definitive feasibility study and to be NEEEF compliant (governmental draft "New Equitable Economic Empowerment Framework")

Under the Kunene Purchase Agreement:

The Company acquired 100% of the issued capital of Kunene North Pty Ltd and therefore its rights under the KDN JV, and has the following commitments outstanding:

i) Issue 10.5 million fully paid Cazaly shares upon the delineation of a JORC compliant mineral resource containing at least 10,000t of contained cobalt (or other metal equivalent)
ii) Pay A$1 million (or issue fully paid Cazaly shares to that amount) upon a formal Decision to Mine

Contingent Asset

As announced on 30 August 2019, the sale of Parker Range to Mineral Resources was completed and the Company received the cash consideration of $20 million. A royalty is also due at the rate of A$0.50 for every dry metric tonne of iron ore extracted and removed from the area of the Project after the first 10,000,000 dry metric tonnes of production.

28. SHARE BASED PAYMENTS

The following table illustrates the number and weighted average exercise prices of and movements in all options on issue during the year:

	2020		2019	
	Number of Options	Weighted Ave Exercise Price $	Number of Options	Weighted Ave Exercise Price $
Balance at beginning of reporting period	67,420,000	0.055	37,838,847	0.124
Expired during the year	(11,250,000)	0.094	(24,088,847)	0.129
Exercised during the year	(29,920,000)	0.02745	-	-
Issued during the year	10,000,000	0.0705	53,670,000	0.039
Balance at end of reporting period	36,250,000	0.069	67,420,000	0.055
Exercisable at end of reporting period	36,250,000		67,420,000	

The options outstanding at 30 June 2020 had a weighted average remaining life of 1.08 years (2019 – 1.89 years). The weighted average fair value of the options outstanding at 30 June 2020 was $0.01 (2019 - $0.011).

Please refer to note 16 for further details of equity based payments issued during the year.

29. RIGHT OF USE ASSET AND LEASE LIABILITY

Right-of-use assets

	2020 $	2019 $
Office lease		
At carrying amount	221,239	-
Less: Accumulated amortisation	(5,822)	-
	215,417	-

Movement in the carrying amounts for each class of right-of-use assets between the beginning and the end of the financial year.

	Right-of-use asset	Total $
Opening balance	-	-
New lease	221,239	-
Amortisation expense	(5,822)	-
Closing balance	215,417	-

Leases

Group as a lessee
The Group's office lease is held under lease arrangements. As of 30 June 2020, the net carrying amount of the office held under a lease arrangement is $215,417.

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

As at 1 July 2019	-	-
Additions	221,238	-
Accretions of interest	1,106	-
Payments	-	-
As at 30 June 2020	**222,344**	-
Current	59,973	-
Non-current	162,371	-

The following are the amounts recognised in profit or loss:

Depreciation	5,822	-
Interest expense on lease liabilities	1,106	-
Total amount recognised in profit or loss	**6,928**	**-**

The Group had total cash outflows for leases of NIL in 2020 (2019: NIL).

In accordance with a resolution of the directors of Cazaly Resources Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out, are in accordance with the Corporations Act 2001 and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

On behalf of the Directors

Nathan McMahon
Managing Director

Perth,
23 September 2020

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Cazaly Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cazaly Resources Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Evaluation and Evaluation Assets

(Refer to Note 12)

Exploration and evaluation is a key audit matter due to:

- The significance of the balance to the Consolidated Entity's financial position.
- The level of judgement required in evaluating management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset.

</td><td>

Our procedures included, amongst others:

- Assessed management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the consolidated entity holds an interest and the exploration programs planned for those tenements.
- For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable;
- We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6;
- We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest.
- We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure:
  - the licenses for the right to explore expiring in the near future or are not expected to be renewed;
  - substantive expenditure for further exploration in the specific area is neither budgeted or planned
  - decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and

</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
	- data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale; and - We assessed the appropriateness of the related disclosures in note 12 to the financial statements.
Return of capital and unfranked dividend (Refer to notes 16 and 18) Following the completion of the disposal of the Parker Range and Mt Venn projects, and pursuant to shareholder approval at the Company's AGM in November 2019, the Company paid a cash distribution to the shareholders of the Company via a $0.005 per share unfranked dividend plus a payment of $0.021 per share as a return of capital.	Our procedures included, amongst others: - Verified the shareholder approval to approve the distribution of unfranked dividend and return of capital; - Verified the calculations and payments to bank statements and; - Assessed the appropriateness of the disclosure in notes 16 and 18 to the financial statements.
Disposal of Parker Range and Mt Venn Projects (Refer to Note 9) In the previous financial year, the Company entered into agreements to sell its Parker Range and Mt Venn projects. The sale was completed during the year resulting in a gain from disposal of the Parker Range Project of $3,907,005 and a loss on disposal of $135,138 for the Mt Venn Project via the sale of the Company's subsidiary Yamarna West Pty Ltd.	Our procedures included, amongst others: - Assessed the terms and conditions within the sale agreements; - Verified proceeds received during the year and checked the calculation of the gain and loss; - Assessed the appropriateness of the disclosure in notes 2 and 9 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Cazaly Resources Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

BENTLEYS **Chartered Accountants**	**DOUG BELL** CA **Partner**

Dated at Perth this 23rd day of September 2020

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this Annual Report is as follows. The information is provided as at 18 September 2020.

DETAILS OF HOLDERS OF EQUITY SECURITIES

ORDINARY SHAREHOLDERS

There are 351,943,267 fully paid ordinary shares on issue, held by 2,434 individual shareholders. Each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person who is a member or a representative or a proxy of a member shall have one vote and on a poll every member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held.

TWENTY LARGEST SHAREHOLDERS (AS AT 18 SEPTEMBER 2020)

Ordinary Shareholders	Fully Paid Ordinary Number	%
Kingsreef Pty Ltd (NB & DL Family A/c)	26,195,950	7.4%
Mr Clive Bruce Jones (Alyse Investment A/C)	18,329,904	5.2%
ACN 139 886 025 Pty Ltd	16,917,640	4.8%
BT Portfolio Services Limited (Warrell Holdings S/F A/C)	13,000,000	3.7%
BB Capital Pty Ltd	9,698,408	2.8%
Mr William Mcarthur	8,670,400	2.5%
Mr Anthony Robert Ramage	6,200,000	1.8%
Kingsreef Pty Ltd	5,343,550	1.5%
Citicorp Nominees Pty Ltd	5,000,482	1.4%
Gurravembi Investments Pty Ltd	5,000,000	1.4%
Mr Anthony Ramage (ARR S/F A/C)	5,000,000	1.4%
Mr Nathan McMahon	4,823,756	1.4%
Mr C W Chalwell & Mrs J R Chalwell (Chalwell pension Fund A/c)	4,000,000	1.1%
Maincoast Pty Ltd	3,473,849	1.0%
Mr Peter David Sheppeard & Mrs Sharon Fay Sheppeard (Sheppeard Family S/F A/C)	3,421,000	1.0%
Mrs Anna Carina Hart & Mr Paul Hart (Hart Family Super Fund A/C)	3,000,000	0.8%
Mr Terry James Gardiner	2,721,500	0.8%
Mr Terry James Gardiner & Mrs Victoria Helen Gardiner (Terry James Gardiner S/F A/C)	2,700,000	0.8%
123 Home Loans Pty Ltd	2,600,000	0.7%
Micale Consulting Pty Ltd (The Micale Family A/C)	2,512,625	0.7%
	148,609,064	**42.2%**

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

HOLDERS OF NON-MARKETABLE PARCELS

There are 1,066 shareholders who hold less than a marketable parcel of shares.

STOCK EXCHANGE INFORMATION

DISTRIBUTION OF SHARE HOLDERS (AS AT 18 SEPTEMBER 2020)

	Ordinary Shares
1 to 1,000	133,314
1,001 to 5,000	1,690,367
5,001 to 10,000	2,662,531
10,001 to 100,000	31,501,074
100,001 and over	315,955,981
	351,943,267

SUBSTANTIAL SHAREHOLDERS

As at report date, the following shareholders are recorded as Substantial Shareholders pursuant to notices lodged with the ASX in accordance with section 671B of the Corporations Act:

Substantial Shareholder	Ordinary Shares held	% Held
Nathan McMahon & associated entities	33,267,005	9.61%
Clive Jones & associated entities	18,329,904	5.30%
Anthony Ramage and associated entities	18,500,000	5.35%

The shares and percentages held, as set out above, are based on the total issued share capital at the date of notification to the Company of the relevant substantial shareholder interest.

SHARE BUY-BACKS

There is no current on-market buy-back scheme.

OTHER INFORMATION

Cazaly Resources Limited, incorporated and domiciled in Australia, is a public listed Company limited by Shares.

INTEREST IN MINING TENEMENTS AS AT 18 SEPTEMBER 2020

TID	PROJECT	ENTITY	% INT
Managed			
E09/2346	BLACKHILL BORE	SAMR	100
E38/3425 *	BROWN WELL	SAMR	100
E38/3426 *	BROWN WELL	SAMR	100
E80/5446 *	PANTON NORTH	SAMR	100
Czech Rep *	Horní Věžnice	Discovery	80
Czech Rep *	Brzkov II	Discovery	80
Namibia	EPL 6667	Kunene	95

TID	PROJECT	ENTITY	% INT
Not Managed			
E31/1019	CAROSUE	CAZR	10
E31/1020	CAROSUE	CAZR	10
M31/0427	CAROSUE	CAZR	10
M47/1450	HAMERSLEY	LOFE	30
M80/0247	MT ANGELO	CAZR	20
E80/4808	MCKENZIE SPRINGS	SAMR	49
E38/3111	MOUNT VENN	CAZ	20
E38/3150	MOUNT VENN	CAZ	20

* – application