

Quarterly Activities Report for September 2021

HIGHLIGHTS

Halls Creek (Cu-Zn)

- New EM conductor at Halls Creek highlights potential for new massive sulphide discoveries
- Drilling results and new EM conductor indicates potential for growth of the Mount Angelo Resource at depth
- High grade drill results include:
 - 9m @ 12.5% Copper
 - 24m @ 3.38% Copper
 - 13m @ 1.34% Zinc
 - 18m @ 1.17% Zinc

Ashburton (Au, Base Metals)

- Tenements granted & heritage agreements in place
- Exploration work programs to commence on high priority target areas

Mount Venn JV (Au, Cu-Ni-PGE)

- Multiple thick (30-50m), anomalous gold intersections within a large, mineralised gold system over a potential strike extent of ~7km
- Mount Cumming Mafic Complex, multiple Ni-Cu-PGE Targets – ground EM completed and RC drilling to commence shortly

Hamersley Fe Ore Project - 343Mt @ 54.5% Fe

- Equinox Resources Limited successfully listed on ASX on 13 October 2021, now poised to fast track the project to the development stage
- Cazaly owns 15.71% undiluted equity in Equinox Resources and maintains a fixed royalty on the Project

Parker Range (Fe Ore royalty)

- Production commenced during the September 21 quarter

Corporate

- Cash and investments at end of quarter ≈\$12m

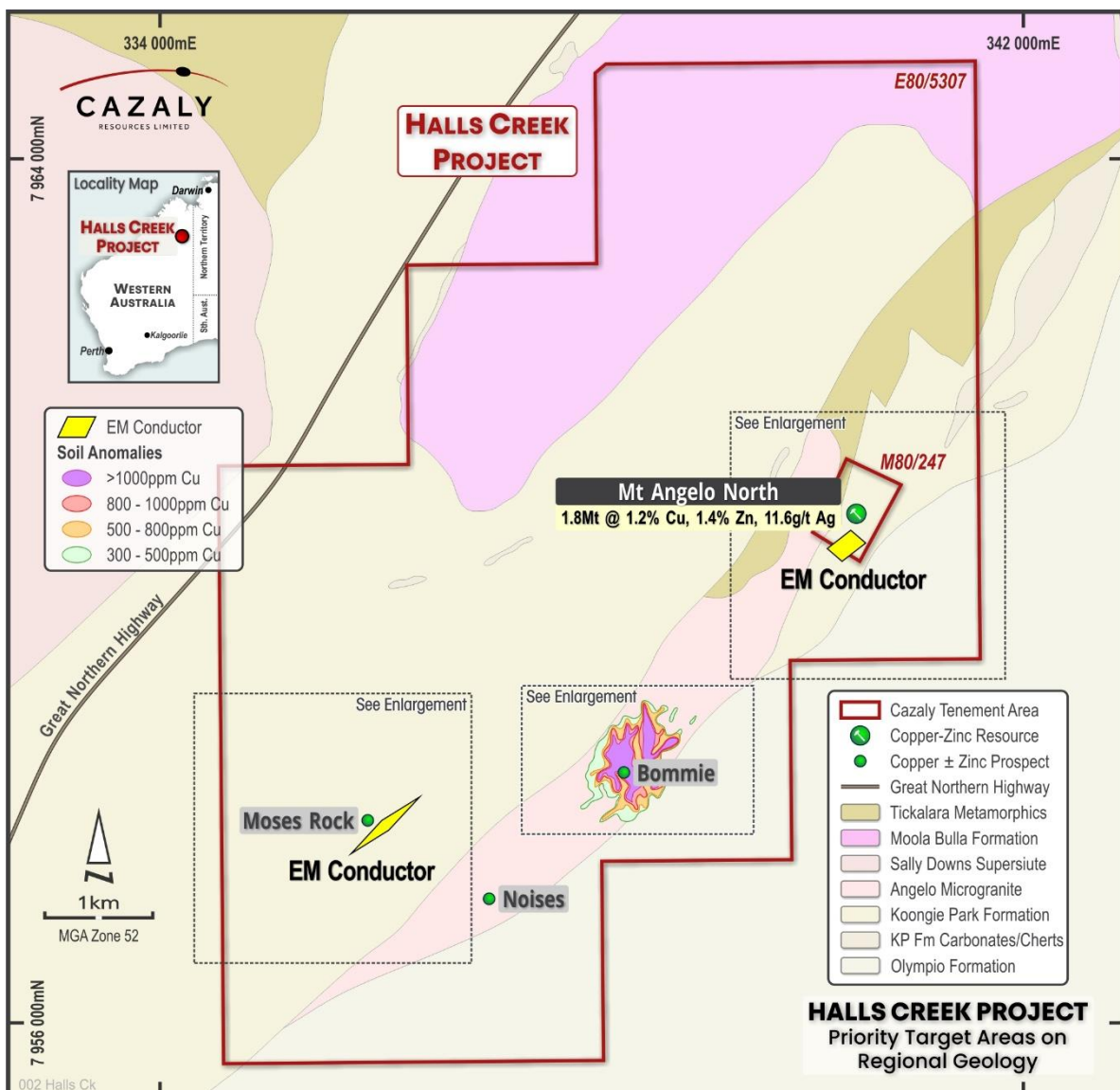
The Board of Cazaly Resources Limited (ASX:CAZ, "Cazaly" or "the Company") is pleased to provide this Quarterly Activities Report for its recent activities to date and for the quarter ended 30 September 2021.

PROJECTS

Halls Creek Copper-Zinc Project (CAZ 100%)

The Project is situated 25km southwest of Halls Creek and covers part of the Halls Creek Mobile Zone which is highly prospective for a range of commodities including copper, gold and nickel (Figure 1). The project includes the Mount Angelo North Copper-Zinc deposit, an extensive zone of near surface oxidised Cu-Zn mineralisation overlying massive Cu-Zn sulphide mineralisation. Previous results from work conducted by Cazaly at Mount Angelo included **64m @ 2.7% Cu (1.1% Zn)**, **62m @ 2.4% Cu (2.8% Zn)**, **37m @ 2.6% Cu (6.1% Zn)**, **16m @ 5.9% Cu**, **18m @ 2.5% Cu**.

The Project area also hosts a large lower grade copper deposit associated with a high level porphyritic felsic intrusive at the Bommie prospect located 2.5km to the southwest of the Mount Angelo Copper-Zinc deposit. The Bommie prospect has a large geochemical footprint with coincident Cu-Mo-Bi that extends for 1.2km along strike and over 800m across strike (Figure 1). The porphyry system is host to significant copper mineralisation with previously reported drill intercepts including **170m @ 0.4% Cu**, **178m @ 0.3% Cu** and **136m @ 0.3% Cu**. Higher-grade intercepts within the mineralised intervals include **23m @ 1.0% Cu** and **7m @ 1.3% Cu**.



Drilling

In June 2021 the Company completed eight (8) RC holes with one (1) diamond tail drillhole per 31/8/21 ASX announcement at the Mount Angelo Cu-Zn deposit to confirm the continuity of shallow copper mineralisation and test potential extensions to known sulphide mineralisation along strike and down dip. The drilling also tested two adjacent geophysical targets including a strong down hole EM conductor and an IP chargeability anomaly.

Laboratory analytical results were received during the September quarter and anomalous results are documented in Table 1 below.

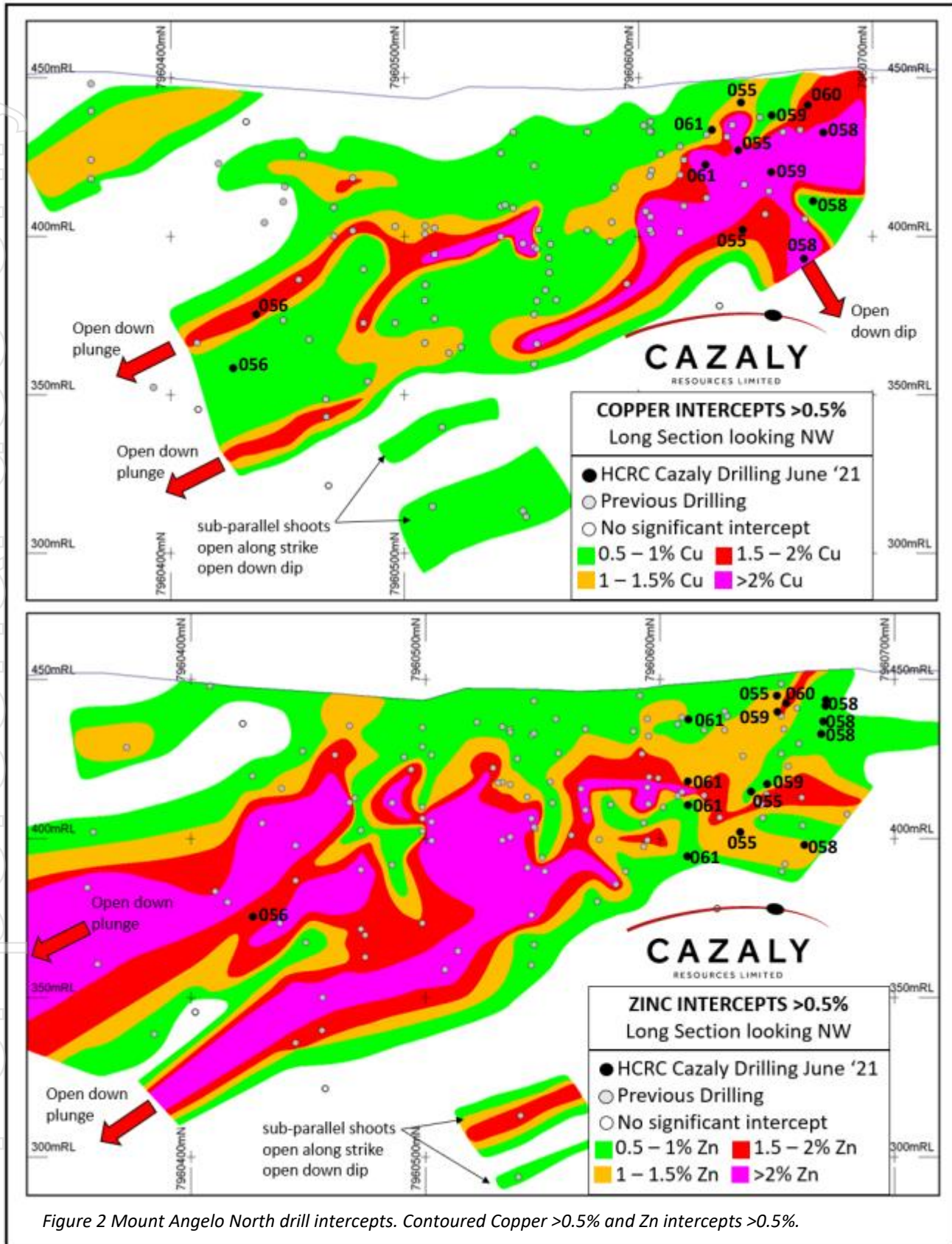
Table 1. Anomalous RC drill intercepts >1% Cu from the Mount Angelo North Cu-Zn Prospect

MGA94-52 coordinates				Intercept							
HoleID	North	East	EOH Depth (m)	From (m)	To (m)	Length (m)	Cu (%)	Pb (%)	Zn (%)	Ag (ppm)	Au (ppm)
HCRC0055	7,960,640	340,522	95	8	18	10	1.38	0.26	1.54	14	0.06
HCRC0055				26	36	10	2.17	0.02	0.14	8	0.11
HCRC0055				54	68	14	1.98	0.04	0.32	15	0.14
HCRC0055			<i>including</i>	60	68	8	3.15	0.06	0.47	23	0.20
HCRC0056	7,960,498	340,436	113	78	79	1	1.57	0.02	1.66	9	0.00
HCRC0058	7,960,679	340,503	80	17	18	1	6.48	0.02	0.56	7	0.03
HCRC0058				46	70	24	3.38	0.03	0.83	18	0.25
HCRC0058			<i>including</i>	56	62	6	8.54	0.07	0.97	46	0.63
HCRC0059	7,960,661	340,502	59	33	42	9	12.48	0.13	0.10	30	0.35
HCRC0060	7,960,683	340,482	40	6	11	5	1.89	0.10	2.10	20	0.16
HCRC0061	7,960,656	340,466	59	16	17	1	1.17	0.29	0.90	5	0.11
HCRC0061				23	32	9	2.81	0.05	0.21	6	0.05

The RC drill results confirm good, consistent high grade Cu-Zn mineralisation and has marginally extended the known limits of the deposit. The drilling, and recent re-modelling also highlighted a potential new down plunge position for Zn mineralisation. Maximum single metre values returned from the drilling included: 37.9% Cu, 4.10% Zn, 1.20% Pb, 63g/t Ag & 1.57g/t Au.

The recent phase of drilling has highlighted the robust nature of the shallow oxide Cu mineralisation near surface (Figure 2, Copper Intercepts). Drilling to date is shallow with the majority of drill holes <100m deep. High grade intercepts show growth potential at depth, down dip and down plunge. In addition to the main body of mineralisation two separate Cu mineralized lodes have been identified beneath the main lode.

Contoured Zn intercepts show broad zones of high grade mineralisation increasing with depth to the southwest, with two potential high grade shoots open down plunge (Figure 2, Zinc Intercepts). Zn is also present in the subparallel mineralised lodes located at depth that remain to be tested along strike. Further work is required to determine the extent of Cu and Zn mineralisation open down plunge to the south, mineralisation down dip of high grade zones and extensions to subparallel lodes at depth.



Geophysics - Ground Moving Loop Transient Electromagnetic (MLEM) Survey

The MLEM survey was completed over seventeen (17) line kilometres in late August across priority target areas at the Halls Creek Project, and identified two clear bedrock conductors at **Mount Angelo North** and **Moses Rock** located 5km to the southwest (Figure 1). For details on the survey configuration refer to Cazaly's ASX Announcement dated 30 September 2021.

The EM conductor at Mount Angelo North is located immediately south of the existing known resource (Figure 3). The EM conductor is modelled $\approx 60\text{m}$ below surface with a depth extent of 180m and represents the potential depth extension of the existing massive sulphide mineralisation to the south. The conductor model is based on a single survey line and additional information will be required to better constrain the model prior to drill testing. The position of the conductor ties in well with the results from recent drilling that suggests mineralisation continues down plunge to the southwest.

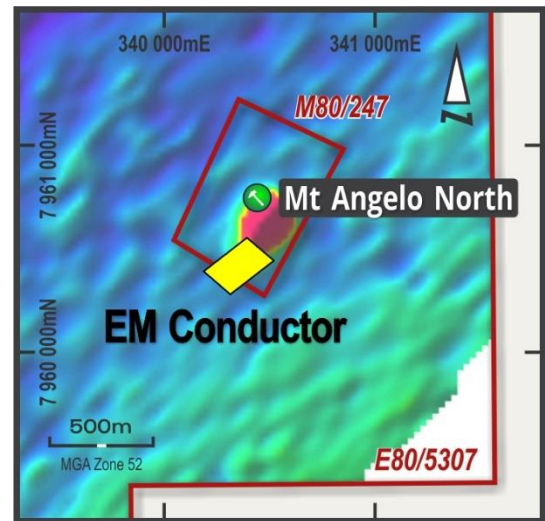


Figure 3. Mount Angelo North MLEM Conductor on reprocessed HeliTEM imagery

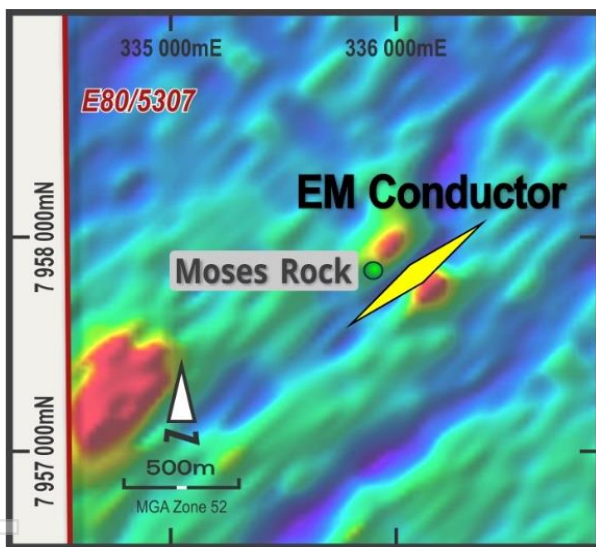


Figure 4. Moses Rock MLEM Conductor on reprocessed HeliTEM imagery

The EM conductor at Moses Rock is located within the Koongie Park Formation, the same rock units that host the Mount Angelo North Cu-Zn Deposit. Both EM conductors exhibit similar conductance however the southern target at Moses Rock is significantly larger in scale than the conductor at Mount Angelo North which provides further encouragement for a potentially significant massive sulphide discovery. Recent reprocessing of the historical Heli-TEM survey data also highlights these two areas and shows structural complexity at Moses Rock (Figure 3 and 4).

The conductor at Moses Rock is robust, with a similar order of magnitude to the conductor at Mount Angelo North, it is larger in its extent, modelled $\approx 100\text{m}$ below surface for 300m strike, dipping steeply to the southeast with a depth extent of $\approx 300\text{m}$. Figure 4 shows the

conductor in an area of structural complexity located on the south eastern limb of a fold. The Moses Rock EM conductor represents a new and exciting massive sulphide drill target to be tested during the next drilling campaign.

Further Work

The Company maintains the Halls Creek Project has significant upside and is highly encouraged by work completed to date. Recent work has highlighted two (2) high priority target areas at the southern end of **Mount Angelo North**, and **Moses Rock**.

In addition, the Bommie Prospect located 2.5km south of Mount Angelo North is interpreted as a large low grade copper system with significant drill intercepts as shown in Figure 5. The prospect has an extensive surface geochemical signature which provides further encouragement for a large mineralised system.

Drilling will test the EM target at **Moses Rock** and the continuity of broad Copper intercepts across the **Bommie Prospect** as soon as possible following the appropriate approvals and clearances.

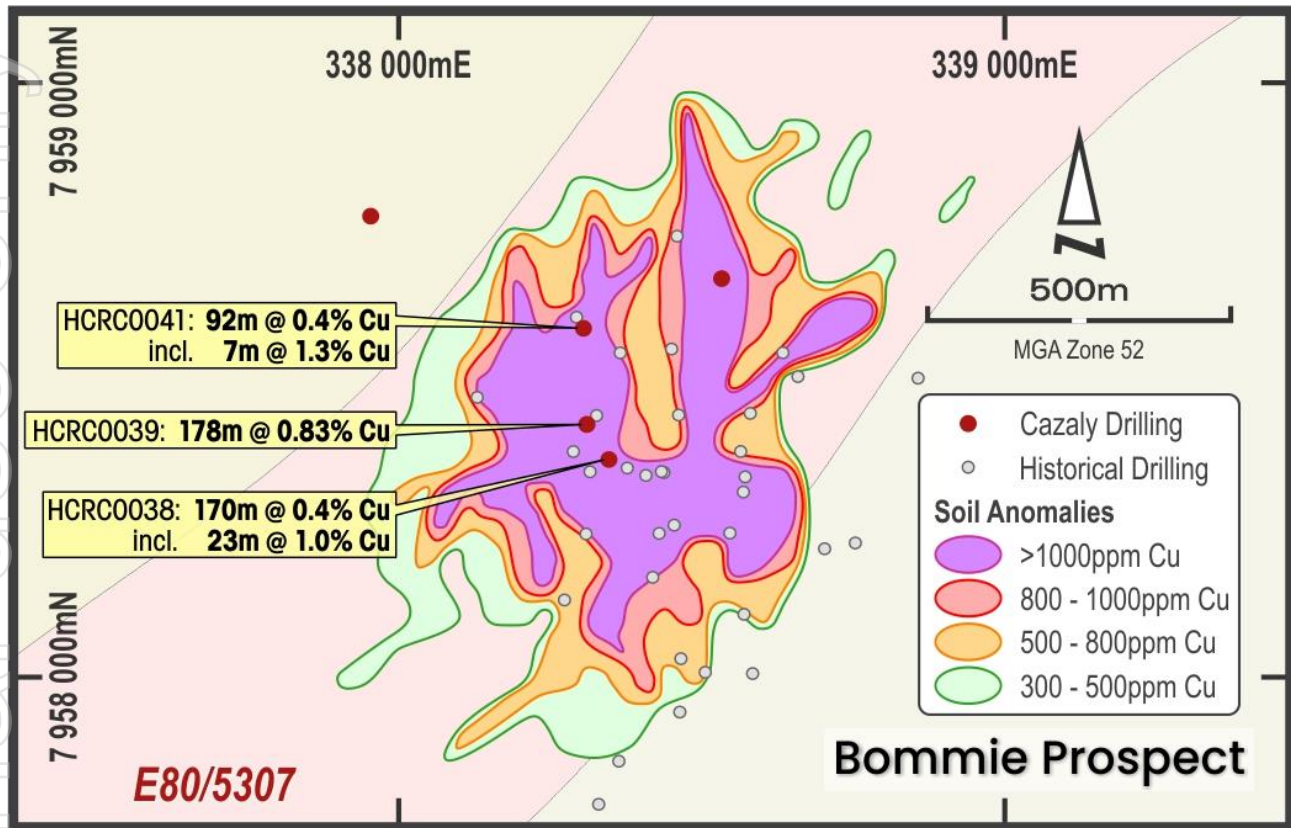


Figure 5. The Bommie prospect. Copper in soil anomalies and anomalous drill intercepts.

Cazaly had anticipated drilling at Halls Creek in late October '21 but unfortunately this drill program will be delayed due to heritage survey staffing issues. As such, the heritage survey has now been postponed and the Company is working hard to lock in a new survey date.

The downhole EM survey at Mount Angelo North was completed on 18 October 2021 with data processing and modelling now underway.

Expenditure on the project was in line with tenement commitments.

Ashburton Basin Project (CAZ 100%)

Cazaly holds the rights to a major land position covering more than 2,450km² in the Ashburton Basin, in the Pilbara region of Western Australia (Figure 6). The Ashburton project covers major regional structures considered to be highly prospective for gold mineralisation and occurs in the region hosting Northern Star's (ASX:NST) Paulsen's gold deposit and Kalamazoo's (ASX:KZR) recently acquired Mount Olympus gold deposit. The project area presents an excellent opportunity for discovery of large mineralised systems along the major regional scale structures, which to date have seen very little modern exploration.

The Ashburton Basin forms the northern part of the Capricorn Orogen a ~1,000km long, 500km wide region of variably deformed metamorphosed igneous and sedimentary rocks located between the Yilgarn and Pilbara cratons.

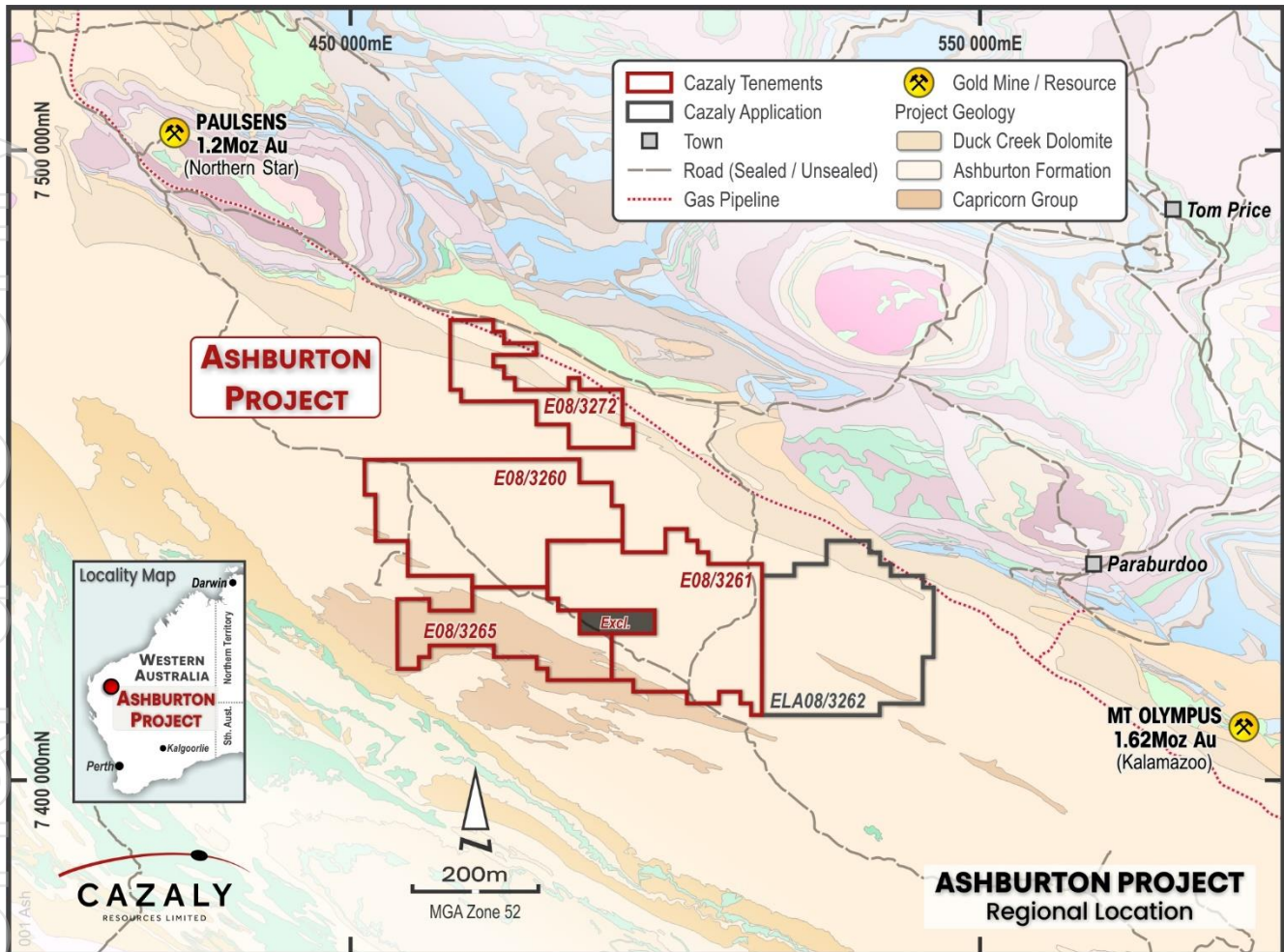


Figure 6. Location of Ashburton Project relative to major gold deposits in the district on regional geology.

Heritage agreements with the Yamatji Marlpa Aboriginal Corporation and the Jurruru People were finalised during the September 2021 quarter and tenements E08/3260, 3261, 3265 and 3272 were subsequently granted on the 13 & 14 October 2021. An initial soil and stream sediment sampling work program was planned and submitted to the Yamatji Marlpa Aboriginal Corporation for review. The surface sampling program is designed to cover high priority conceptual targets as well as provide a comprehensive regional dataset for further target generation work. Field work will commence following approval of the work program.

This program will mark Cazaly's initial phase of on ground greenfields exploration across the Ashburton Project. The program is designed to generate drill ready targets that can be tested in 2022.

Expenditure on the project was in line with tenement commitments.

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

The Mt Venn Gold Project is located 125km northeast of Laverton in the Eastern Goldfields Region of Western Australia and covers approximately 400km² of prospective greenstone sequence. The project area lies within the Mount Venn-Yamarna-Dorothy Hills greenstone belt which is the most easterly major N-S striking greenstone belt of the Yilgarn Craton (Figure 7).

The belt is considered highly prospective for gold and nickel and is positioned along the western limb of the Yamarna Greenstone Belt that hosts Gold Road's and Gold Fields' plus 6Moz Gruyere Gold Mine. Together the Yilgarn greenstone belts account for 30% of the world's gold reserves, most of Australia's nickel production and other base metal and rare earth deposits.

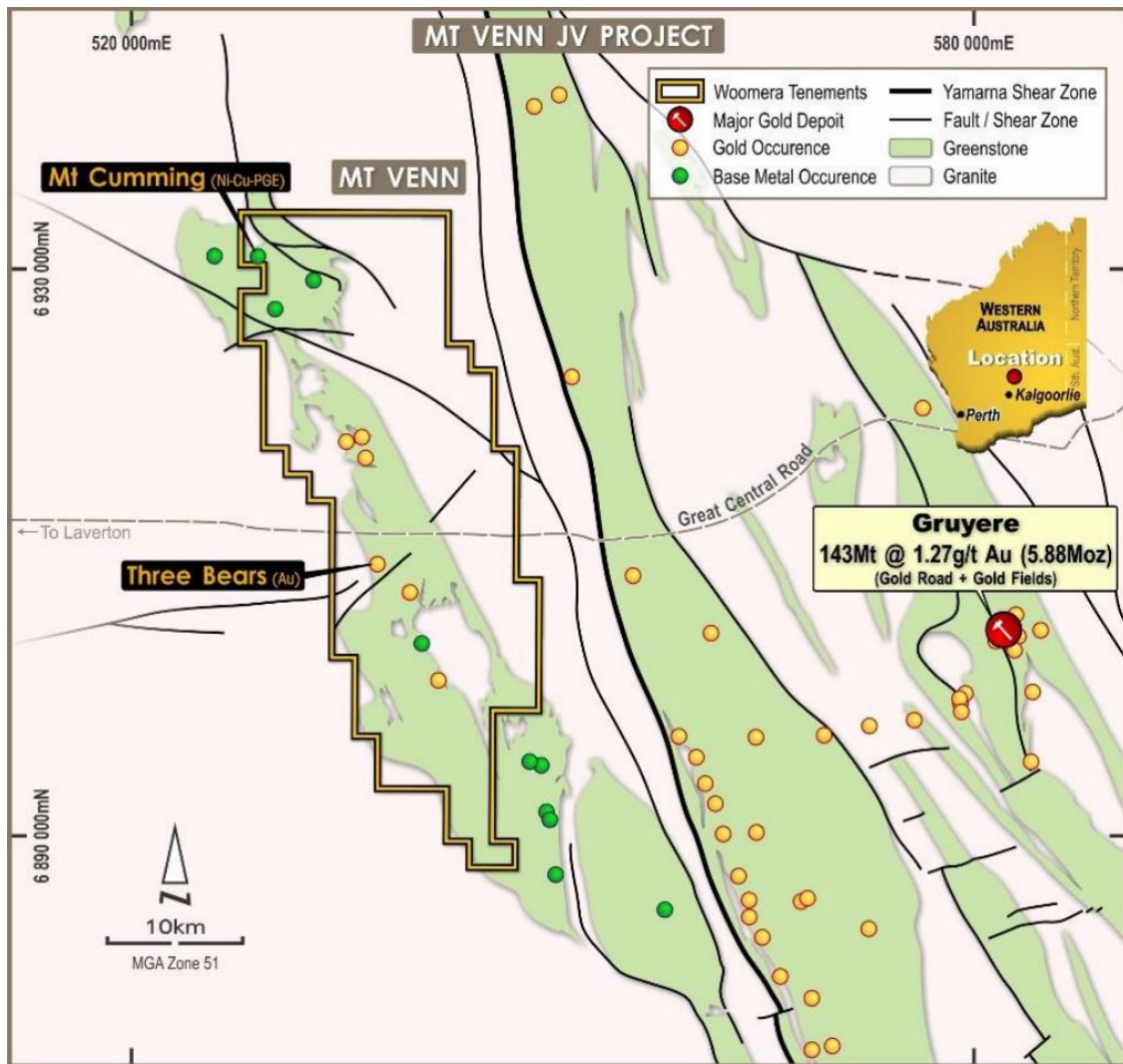


Figure 7: Mt Venn Project showing the Mount Cumming Ni prospect and the Three Bears Project located 40km west of the 6Moz Gruyere Gold Mine

The project is subject to an unincorporated Joint Venture between the operators Woomera Mining Limited (Woomera) (ASX:WML) (80%) and Cazaly (20%).

More recent work by Woomera has focused on the *Three Bears Gold Trend*, that extends over 7km strike and is highly prospective for gold mineralisation. During the September 21 quarter the final assay results were reported for Aircore and RC drilling at Three Bears. Drilling results to date confirm broad thicknesses of gold mineralisation across three sub-parallel lodes Baby Bear, Mama Bear and Papa Bear.

Anomalous results were reported by WML ASX quarterly report for September 2021 included multiple wide zones of gold mineralisation including: 30m @ 0.30g/t Au and 19m @ 0.40g/t Au.

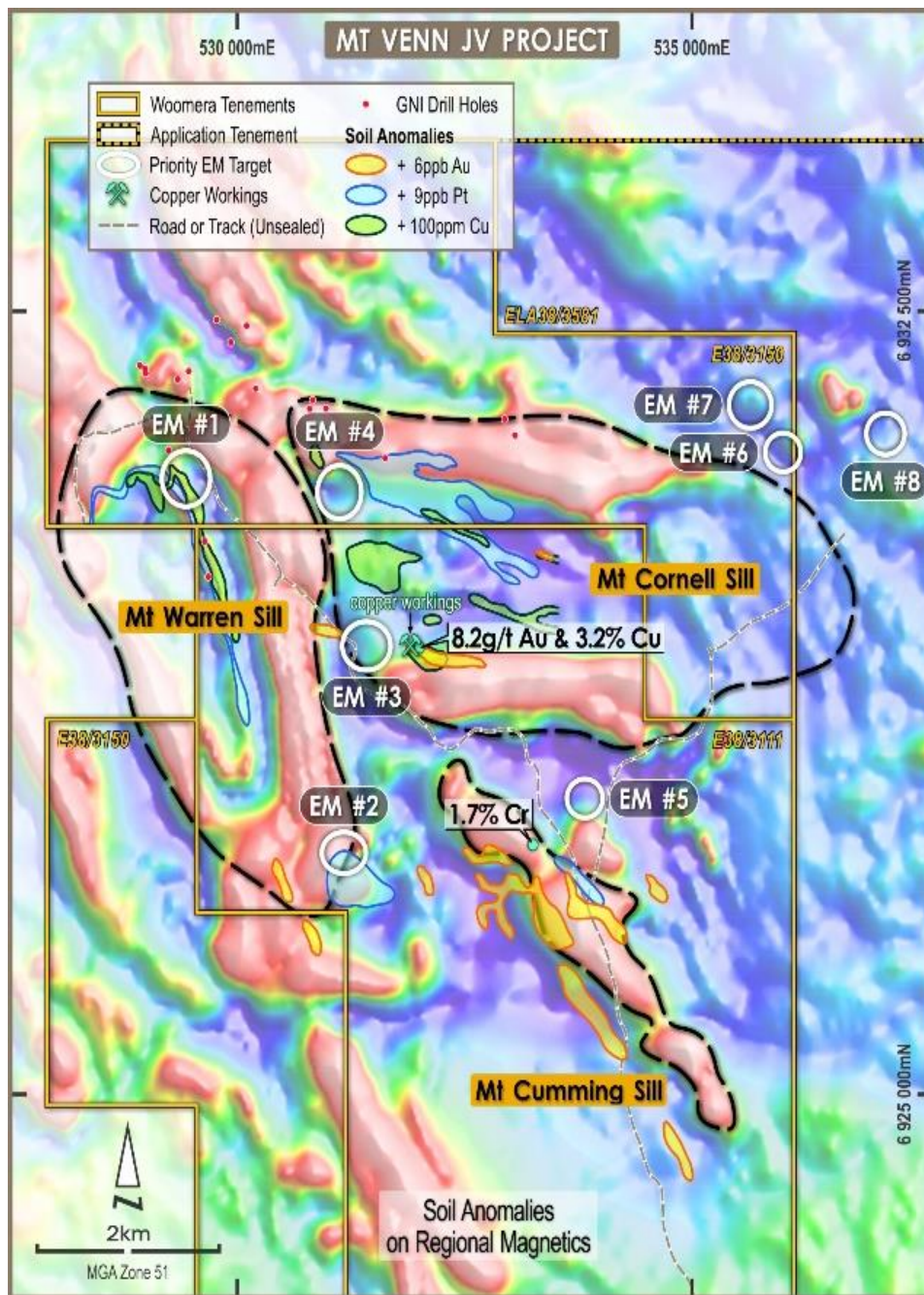


Figure 8. EM target locations within the ultramafic complex at the northern end of the Mount Venn Greenstone Belt.

Woomera commenced a ground EM survey during the September 21 quarter across the ultramafic complex at Mt Cumming and data processing is underway. *Mt Cumming* is located at the northern end of the Mount Venn Greenstone Belt is prospective for Ni-Cu-PGE. Three mafic-ultramafic sills are identified within the Mt Cumming Mafic Complex, namely the Mt Warren Sill, Mt Cornell Sill and the Mt Cumming Sill (Figure 8). Previous airborne and ground EM surveys identified 8 EM conductors at Mt Cumming that have a number of coincident rock chip and/or soil anomalies (Figure 8).

The recent ground EM survey was designed to refine the existing EM targets. The data is currently being processed and will be fed into the RC drill program. The RC drill program will include testing of five (5) priority shallow bedrock EM conductors and is due to commence shortly.

Hamersley Project

The Hamersley Iron Ore Project was an unincorporated Joint Venture between Lockett Fe Pty Ltd (“Lockett”) (100% owned subsidiary of the Company) and Pathfinder Resources Ltd (ASX:PF1). The project is located in the heart of the world-renowned Pilbara iron ore district and currently has a total Mineral Resource estimate of **343.2 Mt at 54.5% Fe (*)**. During the September quarter the project was sold to Equinox Resources Limited (ASX:EQN) who successfully completed a \$9 million initial public offering under its Prospectus dated 31 August 2021 and subsequently listed on ASX on 13 October 2021. Lockett received 15,000,000 EQN shares and 2,850,000 performance shares, plus the Company also retains a royalty interest on the project. EQN has the appropriate board and management team to advance the project through further exploration into the development phase.

(*) The Mineral Resource for the Hamersley Iron Ore Project is reported in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2012) (JORC Code 2012) (refer to Pathfinder’s ASX Announcement dated 24 January 2020).

Other Projects

In the December 2021 quarter, approximately 200 surface samples are planned to be collected across the *Yabby Project* (formerly known as Brown Well) located in the Laverton district of Western Australia.

No work was conducted during the quarter over the *Kaoko Kobalt Project* (CAZ 95%) in Namibia nor the *McKenzie Springs JV* project (CAZ 30%) which is being managed by Fin Resources Limited (ASX:FIN).

Mineral Resources Limited (ASX:MIN) has commenced production from the *Parker Range* mine, where the Company has a royalty interest.

The Company also continues to assess other potential project opportunities.

CORPORATE

Appointment of MD

Ms Tara French was appointed as the new Managing Director of the Company on 12 October 2021, following the successful completion of the three month handover period. Tara was previously the General Manager of Exploration at Regis Resources Limited where she was employed for 14 years and played a key role in the company’s transition and growth over that time. Tara commenced employment as CEO with Cazaly on 12 July 2021.

Other

The Company had cash and investments totalling \$11.9 million as at 30 September 2021. This excludes any unclaimed cash distribution proceeds from the Return of Capital and unfranked dividend (this process now being managed by the Company).

The Company continues to monitor the COVID-19 situation closely and provides updates to staff as appropriate and is managing the situation in a balanced, calm and measured way.

Appendix 5B

The following table sets out the information as required by ASX Listing Rule 5.3.5 regarding payments to related parties of the entity and their associates:

Related Party	Amount	Description
Associates of Directors	\$41,471	Director fees
Directors	\$24,874	Director fees

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

For further information contact:

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Managing Director Cazaly Resources Limited
Executive Director Cazaly Resources Limited

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters have not materially changed. The Company also confirms that the form and context in which any Competent Person's findings are presented have not materially changed from those findings contained in the original market announcements.

INTERESTS IN MINING TENEMENTS AS AT 30 SEPTEMBER 2021

Tenement	Project Name	% int
<u>Managed by the Company</u>		
M80/0247	MT ANGELO	100
E80/5307	HALLS CREEK	100
E08/3259 *	ASHBURTON	100
E08/3260	ASHBURTON	100
E08/3261	ASHBURTON	100
E08/3262 *	ASHBURTON	100
E08/3265	ASHBURTON	100
E08/3272	HARDEY RIVER	100
E38/3425	YABBY	100
E38/3426	YABBY	100
E80/5446 *	PANTON NORTH	100
E70/5743 *	MOUNT LENNARD	100
<u>International interests</u>		
Czech Rep *	HORNI VEZNICE	80
Czech Rep *	BRZKOV	80
Namibia	EPL 6667	95

Tenement	Project Name	% int
<u>Joint Ventures - Not Managed by the Company</u>		
E80/4808	MCKENZIE SPRINGS	30
E38/3111	MOUNT VENN	20
E38/3150	MOUNT VENN	20
E38/3581	MOUNT VENN	20
E09/2346	ERRABIDY	20
E31/1019	CAROSUE	10
E31/1020	CAROSUE	10
M31/0427	CAROSUE	10

* application