CAZALY RESOURCES LIMITED

MAJOR PROJECT APPLICATIONS, ASHBURTON BASIN, WA

- **Applications for several exploration licences and dealings into further licences create major land holding >2,600km^2 within the Ashburton Basin, Western Australia**
- **Prospective for gold and base metals and hosting several historic goldfields**
- **Over 80km of strike covering the *Baring Downs Fault*, a recently recognised but hardly explored, deep seated, mantle tapping structure**
- **The Baring Downs fault is interpreted by Geoscience Australia and the Geological Survey of WA as a major conduit for potentially mineralising fluids**
- **Additionally, as part of the project, the Company has acquired an option over the *Channing* gold prospect and surrounding exploration licence**
- **Recent prospecting at Channing discovers nuggetty gold bearing rocks**

Cazaly Resources Limited (**ASX: CAZ, "Cazaly"** or **"the Company"**) is pleased to announce it has made applications for and secured the rights to a major land position covering more than 2,600 square kilometres in the Ashburton Basin in the Pilbara region of Western Australia (figure 1). The Company has also secured an option to earn the rights to purchase Prospecting Licence 08/724 and the surrounding exploration licence application. The project covers major regional structures thought to be highly prospective for major 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. There are no competing applications.

GEOLOGICAL SETTING

The project is located within the Ashburton Basin which forms the northern part of the Capricorn Orogen, a ~1000km long, 500km wide region of variably deformed metamorphosed igneous and sedimentary rocks located between the Yilgarn and Pilbara cratons. The region has been deformed by two Palaeoproterozoic orogenic events being the 2215-2145 Ma *Opthalmian Orogeny* and the 1820-1770 Ma *Capricorn Orogeny*.

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The Ashburton Basin is represented by the Wyloo Group, a 12km thick SE trending sequence of low-grade meta-sediments and meta-volcanic rocks sub-divided into the Beasley River Quartzite, Cheela Springs Basalt, Wooly Dolomite, Mt McGrath Formation, Duck Creek Dolomite and the Ashburton Formation. The Wyloo Group is intruded by the 1.78 Ga Boolaloo Granodiorite.

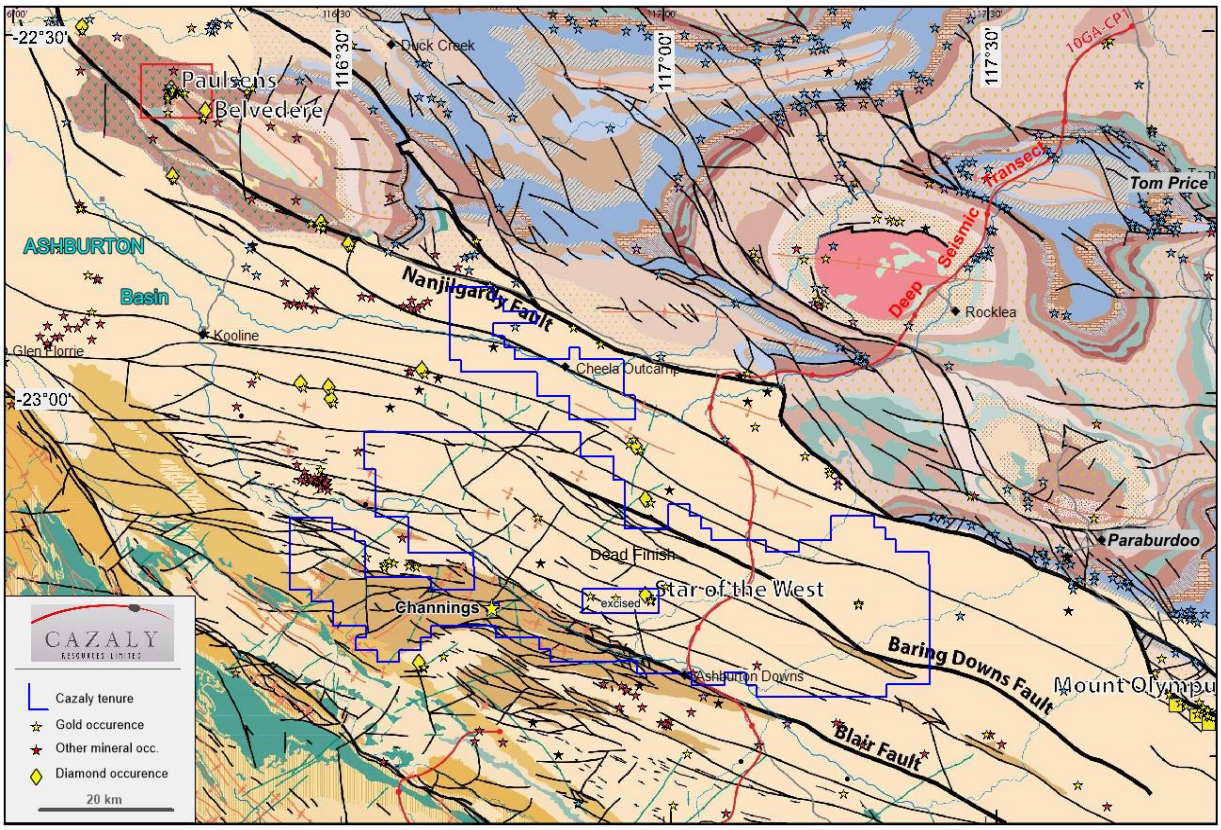

Figure 1: Regional geological setting, Ashburton project *(Fielding et al, 2020)*

In 2011 the results from a collaborative project between the Geological Survey of Western Australia, AuScope and Geoscience Australia of a deep seismic survey transecting over ~450km covering the Capricorn Orogen were reported (figure 1, ref. Johnson et al., 2011). The survey was aimed at identifying the crustal architecture of the region and to identify structures which may have acted as pathways for fluid flow to mineral systems. Given that most significant orebodies are generated by deep lithospheric scale plumbing systems the results were potentially important for the future exploration of the region.

The seismic survey identified three major terrane bounding sutures (deep seated, mantle tapping structures) across the ~450km transect and included the *Baring Downs Fault* which lies centrally within the Ashburton Basin (figures 1 & 4). Known gold mineralisation in the Ashburton shows a close spatial relationship with the Nanjilgardy fault, which hosts the *Paulsen's, Belvedere* and *Mount Olympus* orebodies and marks the northern basin margin. The collaborative group highlighted the Baring Downs structure as an important deeply seated, crustal scale structure with the potential to host significant mineralisation. To date, there has been very little exploration along the extent of the Baring Downs fault which represents a unique opportunity for modern exploration.

Cazaly's applications cover approximately 80km strike over the extent of the structure.

Figure 2: Location of the 2011 seismic survey (10GA-CP1) transect in relation to the Ashburton basin *(Johnson SP, et al., 2013)*

It is well established that there is a close spatial relationship between giant orebodies and deep-seated trans-crustal structures particularly, as in the case of the Capricorn Orogen, where there is evidence of reactivation of these structures and multiple mineralising events. Although rock type, rock composition and metal source are important for mineralisation, the faults and their constant reactivation are key to focussing the fluids of the mineral system. Especially important are those structures that transect the entire crustal profile, such as the Baring Downs fault, as they provide a lithospheric-scale deep plumbing system to allow the transport of fluid and energy direct from the mantle into the upper crust.

There has been little modern mineral exploration in the Ashburton Basin. The basin is known to host several smaller primary and numerous alluvial gold deposits (Star of the West, Dead Finish, Big Sarah, Hearns Find, Glen Florrie, Soldiers Secret). In the late 1890's to 1910 mining occurred in several centres with the Dead Finish diggings alone having over 8,000 men working the field, however true gold production was largely unreported. Some detailed work has occurred along the northern and southern margins of the basin, where the Paulsens and Mount Olympus gold mines lie, but no systematic work has focussed along the Baring Downs structure. Diamond exploration in the 1990's reported several kimberlite and lamproite intrusions in the area. The presence of kimberlites and lamproites, along with the widespread gold mineralisation, is further evidence that the Baring Downs fault is a major, deep seated mantle tapping structure requiring modern exploration.

Channing Gold Prospect

Prospecting of creeks in the southwest portion of the region lead to the very recent discovery of several, coarse gold bearing samples within Prospecting Licence 08/724 (figures 3a & 3b). Recent reconnaissance by the Company confirmed the presence of alluvial gold within the licence and the Company has subsequently secured a two month option over the licence. The Company will undertake further, more detailed assessment of the area during the option period to ascertain whether or not to proceed with the acquisition. To further secure its position in the region the Company also acquired the rights to the surrounding Exploration Licence application 08/3258 from another party.

Figures 3a, 3b: Gold bearing rock samples, Channing prospect

ACQUISITION TERMS

Cazaly has entered into an option agreement to purchase 100% of Prospecting Licence 08/724 on the following terms:

- $20,000 option fee for a two month exclusive option period
- Upon execution, pay $150,000 cash
- Upon delineation of at least 100,000 ounces of JORC compliant gold resources – payment of $100,000
- Upon commercial scale mining pay $8/oz. gold in a JORC compliant mining reserve
- A 1% net smelter gold royalty

The Company has also entered into an agreement covering the area of Exploration Licence 08/3258 for 100% rights as follows:

- Paying $50,000 cash
- Upon the delineation of at least 200,000 ounces of JORC compliant gold resources (or other metal equivalent) payment of $250,000 in cash or shares (at the Company's election); and
- A 2% gross revenue royalty

NEXT STEPS

In conjunction with assessing the existing data and previous work in the area the company will further assess the discovery and further compile regional historical work and geological and geophysical datasets ahead of planning future exploration work.

For and on behalf of the Cazaly Board

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Competent Person's Statement

The information contained herein that relates to Exploration Results, Mineral Resources, Targets or Ore Resources and Reserves is based on information compiled or reviewed by Mr Clive Jones, who is an employee of the Company. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jones consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.

References;

Johnson SP, Thorne AM, Tyler IM, 2011, Capricorn Orogen Seismic and Magnetotelluric Workshop 2011. GSWA Record 2011/25

Johnson SP, et al., 2013, Crustal Architecture of the Capricorn Orogen, Western Australia and Associated Metallogeny. Australian Journal of Earth Sciences 60, 681 – 705

Fielding OH, Johnson SP, Jian-Wei Zi, Birger Rasmussen, 2020, Gold Metallogeny of the Northern Capricorn Orogen; The Relationship between Crustal Architecture, Fault Reactivation and Hydrothermal Fluid Flow. Ore Geology Reviews 122 (2020)

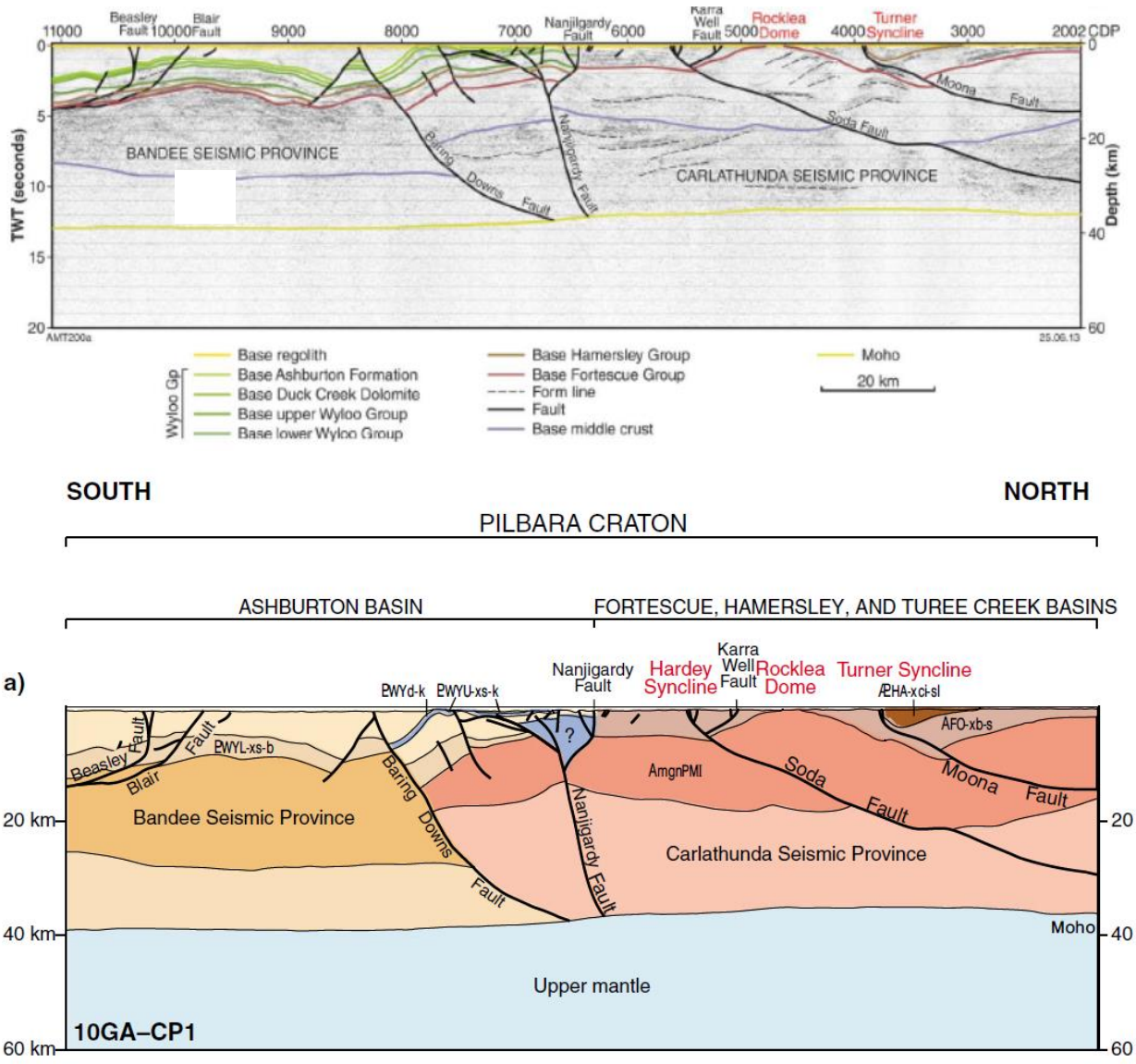

Figure 4: Cross section and interpretation of seismic survey data showing the mantle (Moho) tapping Baring Downs fault in the Ashburton basin (*Johnson SP, Thorne AM, Tyler IM, 2011)*