

CAZALY RESOURCES LIMITED

Divestment of Hamersley Iron Ore Project

- **Cazaly executes a binding heads of agreement for the sale of its 30% interest in the Hamersley Iron Ore Project**
- **Sale to Equinox Resources Limited who intend to undertake an Initial Public Offering (“IPO”) to facilitate an admission to the ASX**
- **Cazaly, through its wholly owned subsidiary Lockett Fe Pty Ltd, will receive 15,000,000 shares in Equinox (valued at \$3,000,000 based upon an IPO price of \$0.20 per share) plus between 2.55m and 2.85m performance shares**
- **The proposed transaction and listing will result in the creation of a project specific explorer who will have the requisite funding and resources required to develop the Project**
- **The transaction ensures that Cazaly and its shareholders maintain further exposure to the Project**

Cazaly Resources Limited (ASX:CAZ) (“**Cazaly**” or the “**Company**”), is pleased to announce the execution of a binding heads of agreement between its wholly owned subsidiary, Lockett Fe Pty Ltd (ACN 152 114 031) (“**Lockett**”), Pathfinder Resources Limited (ASX:PF1) (“**Pathfinder**”), and Equinox Resources Limited (ACN 650 503 325) (“**Equinox**”) (proposed ASX code EQN), whereby each of Lockett and Pathfinder (together, “the **Vendors**”) have agreed to conditionally sell their respective interests in the Hamersley Iron Ore Project (“**Project**”) to Equinox. The sale of the Project is conditional upon the approval of Pathfinder shareholders in accordance with ASX Listing Rule 11.4.1(b), amongst other things. A summary of the material terms and conditions of the binding heads of agreement is set out in Annexure A.

It is intended that Equinox will undertake an initial public offer (“**IPO**”) and seek a listing on the official list of the Australian Securities Exchange (“**ASX**”) with a prospectus anticipated to be lodged in August 2021. The IPO will raise between \$7 million and \$9 million (before costs) through the offer of between 35 million and 45 million shares, at an issue price of \$0.20 per share.

Under the proposed transaction, Lockett will receive 15,000,000 shares in Equinox plus between 2,550,000 and 2,850,000 performance shares (based on Equinox IPO subscription value) enabling Cazaly and its shareholders the ability to maintain exposure to the Project via the Company’s equity interest in Equinox.

The proposed transaction will create a new listed company, assisted by a dedicated board and management team, with a sole focus on exploration and development of the Project.

The proposed spin-out will also allow Cazaly to focus its efforts on advancing its other 100% owned projects as well as exploring new opportunities.

Further details will be included in the prospectus to be prepared by Equinox in respect of its IPO.

The Board considers the divestment of the Hamersley Iron Ore Project a fantastic opportunity to maximise shareholder value in this long-held asset.

The Hamersley Iron Ore Project

The Hamersley Iron Ore Project is an unincorporated joint venture between Lockett (a wholly owned subsidiary of Cazaly Resources Limited (30%) and Pathfinder Resources Ltd (ASX:PF1, 70%). The Project comprises granted Mining Lease (M47/1450), which covers an area of approximately 10.4 km² in the heart of the world-renowned Pilbara iron ore district.

The Hamersley Iron Ore Project is situated in the central portion of the Hamersley Province. There are two zones of iron ore mineralisation of interest at the Hamersley Iron Ore Project Deposit: near-surface detrital iron mineralisation (**DID**) and deeper channel iron mineralisation (**CID**).

Figure 1 below shows the location of the Project in relation to the main Pilbara towns in Western Australia and other Iron Ore operations.

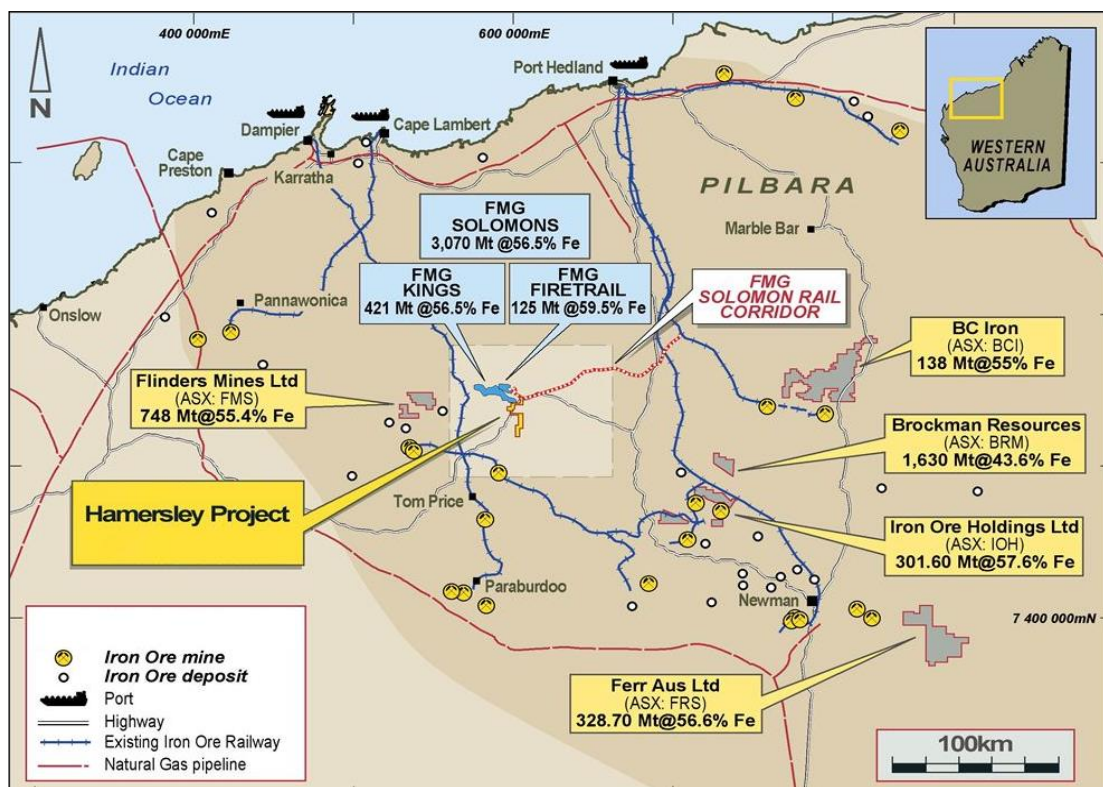


Figure 1 – Location Map

The Project contains a JORC Inferred and Indicated Resource as set out in the tables below. Further details of the JORC Resource are set out in the PF1 ASX announcement entitled “Hamersley Iron Ore Project Mineral Resource JORC Code 2012” released on 23 February 2021.

JORC Code (2012) Mineral Resource Estimate for the Hamersley Iron Ore Project

INDICATED MINERAL RESOURCE (JORC 2012)							
Mineralisation Type	Tonnes	Fe	SiO ₂	Al ₂ O ₃	P	LOI	CaFe ¹
	Mt	%	%	%	%	%	%
Channel (CID)	42.6	55.2	10.9	5.5	0.0	3.6	57.3
Total	42.6	55.2	10.9	5.5	0.0	3.6	57.3

INFERRED MINERAL RESOURCE (JORC 2012)

Mineralisation Type	Tonnes	Fe	SiO ₂	Al ₂ O ₃	P	LOI	CaFe ₁
	Mt	%	%	%	%	%	%
Detrital (DID)	24.3	46.4	24.8	5.2	0.0	2.5	47.6
Channel (CID)	276.3	55.2	9.7	4.4	0.0	6.3	58.9
Total	300.6	54.5	10.9	4.4	0.0	6.0	58.0

TOTAL MINERAL RESOURCE (JORC 2012)

Mineralisation Type	Tonnes	Fe	SiO ₂	Al ₂ O ₃	P	LOI	CaFe ¹
	Mt	%	%	%	%	%	%
Detrital (DID)	24.3	46.4	24.8	5.2	0.0	2.5	47.6
Channel (CID)	318.9	55.2	9.8	4.5	0.0	5.9	58.7
Total	343.2	54.5	10.9	4.6	0.0	5.7	57.9

Notes: 1: Calcined Fe (CaFe) calculated by the formula $CaFe \% = [(Fe\%)/100 - LOI / 1000] * 100$
2: Channel Iron Deposit mineralisation reported at a 52% Fe cut-off grade.
3: Detrital Iron Deposit Mineralisation reported at a 40% Fe cut-off grade.

Equinox Resources Limited*Board of Directors*

Mr Daniel Taylor will be appointed as an Executive Director of Equinox. Daniel is a senior international commodities sales and marketing executive with 20 years' experience across iron ore, industrial minerals, ocean freight and logistics. He has an extensive senior global network and has built relationships to secure offtake and joint ventures to underpin project financing and equity markets funding for large private and publicly listed groups. He has held senior executive positions with Roy Hill, Anglo American, Atlas Iron and Rio Tinto.

Additionally, Mr Hugh Callaghan (a Non-Executive Director of Pathfinder) and Mr Mena Habib will complete the board as Non-Executive Directors of Equinox.

Mr Callaghan was the founding director of Riversdale Mining Limited (formerly ASX: RIV) which sold to Rio Tinto for \$3.9 billion. He has a significant base of global resources experience with Rio Tinto and Xstrata that included roles in the USA, Canada, Chile, Brazil, and Australia.

Mr Habib has extensive experience focused in sales, marketing and management and has worked in global companies excelling in sales, being a recipient of the National Sales Champion award on two separate occasions. He has completed a diploma in Financial Planning, has a strong network of investors in the mining sector and has played vital roles in raising capital on numerous occasions.

Details of the Spin-Out Transaction

As set out above, Equinox intends to undertake an IPO of fully paid ordinary shares to raise \$7,000,000 to \$9,000,000 (before costs) to facilitate admission to the official list of the ASX. A prospectus will be made available by Equinox at the time the offer of securities under the IPO is made. Equinox does not intend on making a priority offer to shareholders of Cazaly or Pathfinder under the IPO. Any persons who wish to acquire shares under the IPO will need to complete an application form that will be in, or will accompany, the prospectus.

In accordance with ASX Listing Rule 11.4.1(b), the proposed spin-out is subject to the approval of Pathfinder shareholders.

The indicative capital structure of Equinox following completion of the IPO is set out below:

	Minimum Subscription ¹			Maximum Subscription ²		
	Shares	Performance Shares ³	Options	Shares	Performance Shares ³	Options ²
Current	1	-	-	1	-	-
Public Offer	35,000,000	-	-	45,000,000	-	-
Lead Manager Offer	500,000	-	3,000,000 ⁴	500,000	-	5,000,000 ⁴
Vendor Offer ⁵	50,000,000	8,500,000	-	50,000,000	9,500,000	-
Director Options Offer	-	-	11,000,000 ⁴	-	-	11,000,000 ⁴
Total	85,500,001	8,500,000	14,000,000	95,500,001	9,500,000	16,000,000

Notes:

1. Assuming that 35,000,000 fully paid ordinary shares are offered under the Public Offer at an issue price of \$0.20 per share to raise \$7,000,000.
2. Assuming that 45,000,000 fully paid ordinary shares are offered under the Public Offer at an issue price of \$0.20 per share to raise \$9,000,000.
3. Which, subject to ASX approval, will convert into fully paid ordinary shares on a 1 for 1 basis upon Equinox announcing to the ASX a positive preliminary Feasibility Study (PFS) in relation to the Project, confirming the Project is commercially viable within 24 months of completion of the acquisition
4. Exercisable at \$0.30 each or before the date that is three years from listing.
5. In accordance with the terms of the binding term sheet, Pathfinder will be entitled to receive 35,000,000 shares and between 5,950,000 performance shares (at minimum subscription) and 6,650,000 performance shares (at maximum subscription) and Lockett will be entitled to receive 15,000,000 shares and between 2,550,000 performance shares (at minimum subscription) and 2,850,000 performance shares (at maximum subscription) under the Vendor Offer.

In conjunction with the sale of the Hamersley Iron Ore Project, Pathfinder has agreed to advance Equinox an amount of up to \$320,000 by way of an interest free loan to be used by Equinox to pay the expenses in respect of the Equinox IPO, to be repaid out of the proceeds of the Equinox IPO.

Indicative Timetable

An indicative timetable for completion of the proposed transaction is set out below:

Event	Date*
Dispatch of Notice of Meeting by Pathfinder	21 July 2021
Lodgement of IPO Prospectus with ASIC	13 August 2021
Date of Pathfinder Shareholder Meeting	23 August 2021
Opening date of IPO	24 August 2021
Closing date of IPO	24 September 2021
Completion of the Acquisition of the Hamersley Iron Ore Project by Equinox	1 October 2021
Equinox admitted to trading on the official list of ASX	11 October 2021

**The above dates are indicative only and may change without notice.*

- END -

This announcement has been approved by the Board of Cazaly Resources Ltd.

For further information please contact:

Clive Jones (Executive Director) Cazaly Resources Limited (ACN 101 049 334)

Tel: +61 8 9322 6283 Em: admin@cazalyresources.com.au Website: www.cazalyresources.com.au

Compliance Statement

This announcement contains information relating to a Mineral Resource in respect of the Hamersley Iron Ore Project extracted from an ASX market announcement entitled "Hamersley Iron Ore Project Mineral Resource JORC Code 2012" released by Pathfinder on 23 February 2021 and reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). The original market announcement is available to view on www.pathfinderresources.com.au and www.asx.com.au. Pathfinder is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources (as that term is defined in the JORC Code) that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Forward Looking Statements

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation. Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control. Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Annexure A – Material Terms of the Binding Heads of Agreement

Pathfinder and Lockett (together, the **Vendors**) have executed a binding heads of agreement with Equinox under which the Vendors have conditionally agreed to sell their combined 100% interest in the Hamersley Iron Ore Project to Equinox (**Binding Heads of Agreement**) on the following terms and conditions:

A summary of the material terms and conditions of the Binding Heads of Agreement is set out below.

Consideration	<p>In consideration for the acquisition of the Project (Acquisition), Equinox has agreed to:</p> <ul style="list-style-type: none">• issue an aggregate of 50,000,000 fully paid ordinary shares (Equinox Shares) to the Vendors at a deemed issue price of \$0.20 per Share (Consideration Shares);• issue between 8,500,000 performance shares and 9,500,000 performance shares in aggregate to the Vendors, which will be issued on a pro rata basis based on the level of subscription under the Public Offer (Performance Shares). Each Performance Share will, at the election of the holder, convert into one Equinox Share, subject to Equinox [announcing to the ASX a positive preliminary Feasibility Study in relation to the Hamersley Iron Ore Project, confirming the Hamersley Iron Ore Project is commercially viable];• pay Pathfinder a fixed royalty of USD\$0.70 per metric tonne of iron ore which is extracted and sold or otherwise disposed of from the area within the boundaries of the Project (as those exist at the date of the Binding Heads of Agreement); and• pay Lockett a fixed royalty of USD\$0.30 per metric tonne of iron ore which is extracted and sold or otherwise disposed of from the area within the boundaries of the Project (as those exist at the date of the Binding Heads of Agreement). <p>The Consideration Shares and the Performance Shares will be issued to the Vendors (or their nominees) in accordance with their joint venture interests, with Pathfinder entitled to receive 35,000,000 Equinox Shares and between 5,950,000 Performance Shares (at Minimum Subscription) and 6,650,000 Performance Shares (at Maximum Subscription).</p>
Conditions Precedent	<p>Completion of the Acquisition is conditional upon the satisfaction (or waiver by Equinox) of the following conditions precedent:</p> <ul style="list-style-type: none">• Due diligence: completion of financial, legal and technical due diligence by the Equinox on the Project, to the absolute satisfaction of Equinox;• Capital raising: Equinox undertaking an initial public offer and receiving valid applications for at least AUD\$7,000,000 worth of Equinox Shares under its initial public offer;• ASX conditional approval: conditional approval being obtained from the ASX to admit the securities of Equinox to trading on the official list of the ASX (after Equinox complies with Chapters 1 and 2 of the ASX Listing Rules) and those conditions being to the reasonable satisfaction of Equinox and the Vendors;• Shareholder approval: the shareholders of Pathfinder approving the transactions contemplated by the Binding Heads of Agreement for the purposes of ASX Listing Rule 11.4 in a general meeting ;• Regulatory approvals: the parties obtaining all necessary regulatory approvals or waivers pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) or any other law to allow the parties to lawfully complete the matters set out in the Binding Heads of Agreement; and• Third party approvals and consents: the parties obtaining all third party approvals and consents, including the consent of the Minister responsible for the Mining Act 1978 (WA) (if required), necessary to lawfully complete the matters set out in the Binding Heads of Agreement, <p>(together, the Conditions Precedent).</p> <p>If the Conditions Precedent are not satisfied (or waived by the party or parties with the benefit of the Condition Precedent) on or before 5:00pm (Perth time) on 31 December 2021 (or such later date as the parties may agree) (End Date), then any party may terminate the Binding Heads of Agreement by notice in writing.</p>
Other Terms	<p>The Binding Heads of Agreement otherwise contains customary terms and conditions, including representations and warranties and confidentiality clauses.</p>