CAZALY
RESOURCES LIMITED

Annual Report

Cazaly Resources Limited
ABN 23 101 049 334
and
Controlled Entities

For the Year Ended
30 June 2021

CONTENTS

EXECUTIVE DIRECTOR

Clive Jones

NON-EXECUTIVE DIRECTORS

Nathan McMahon
Terry Gardiner

CHIEF EXECUTIVE OFFICER

Tara French

COMPANY SECRETARY

Mike Robbins

PRINCIPAL & REGISTERED OFFICE

Level 3, 30 Richardson Street
WEST PERTH WA 6005

AUDITORS

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008

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 2021.

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 $716,577 (2020: $1,719,306). The Group's net assets at the end of the year are $17,310,152 (2020: $15,762,508).

Cash and cash equivalents as at year end were $9,593,690 (2020: $10,085,562).

Exploration expenditure, including tenement acquisitions, totalled $1,514,824 for the year (2020: $879,535). The main expenditure was on the Ashburton, Halls Creek, the Hamersley JV and new project generation. Exploration expenditure written off for the year was $544,414 (2020: $394,219). The main write offs related to new project generation costs and expenditures relating to the various tenements and/or applications that were relinquished (including two Ashburton tenements) during the financial year.

Net administration expenses and employee benefits for the year totalled $871,516 (2020: $1,639,659).

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.

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:

- 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.

- 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.

- 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.

- 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.

- 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. REVIEW OF OPERATIONS

Projects

Halls Creek (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. The porphyry system is host to significant 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 interval include **23m @ 1.0% Cu** and **7m @ 1.3% Cu**.

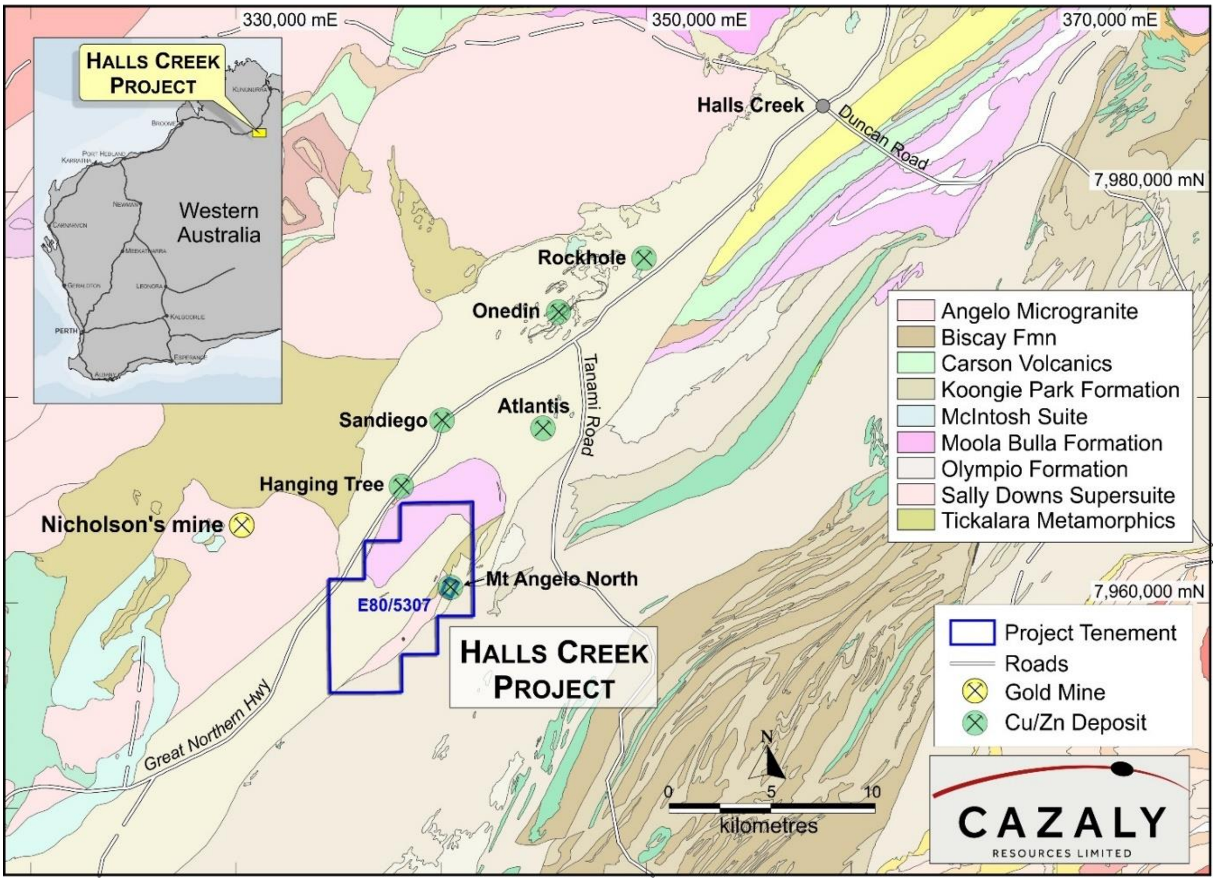


Figure 1. Location of Halls Creek Project

Drilling

The Company has recently completed eight (8) RC holes and one (1) diamond tail drillhole at the Mount Angelo Cu-Zn prospect 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.

Intervals of various sulphides were logged in RC drill chips and diamond drill core. All drill samples were sent for analysis for Au, Pt and Pd analysis by Fire Assay and a 47 element suite by four acid digest with ICPMS finish. All analytical results are awaited.

The drill program was co-funded via the Department of Mines, Industry Regulation and Safety (DMIRS) Exploration Incentive Scheme (EIS), a State Government initiative that aims to encourage exploration in Western Australia. The Company was successful in two applications for co-funding its drilling campaigns at Mount Angelo North (M80/0247) and at the Mount Angelo Porphyry Bommie Prospect (E80/5307) for up to a total of $300,000 subject to programme approvals and clearances.

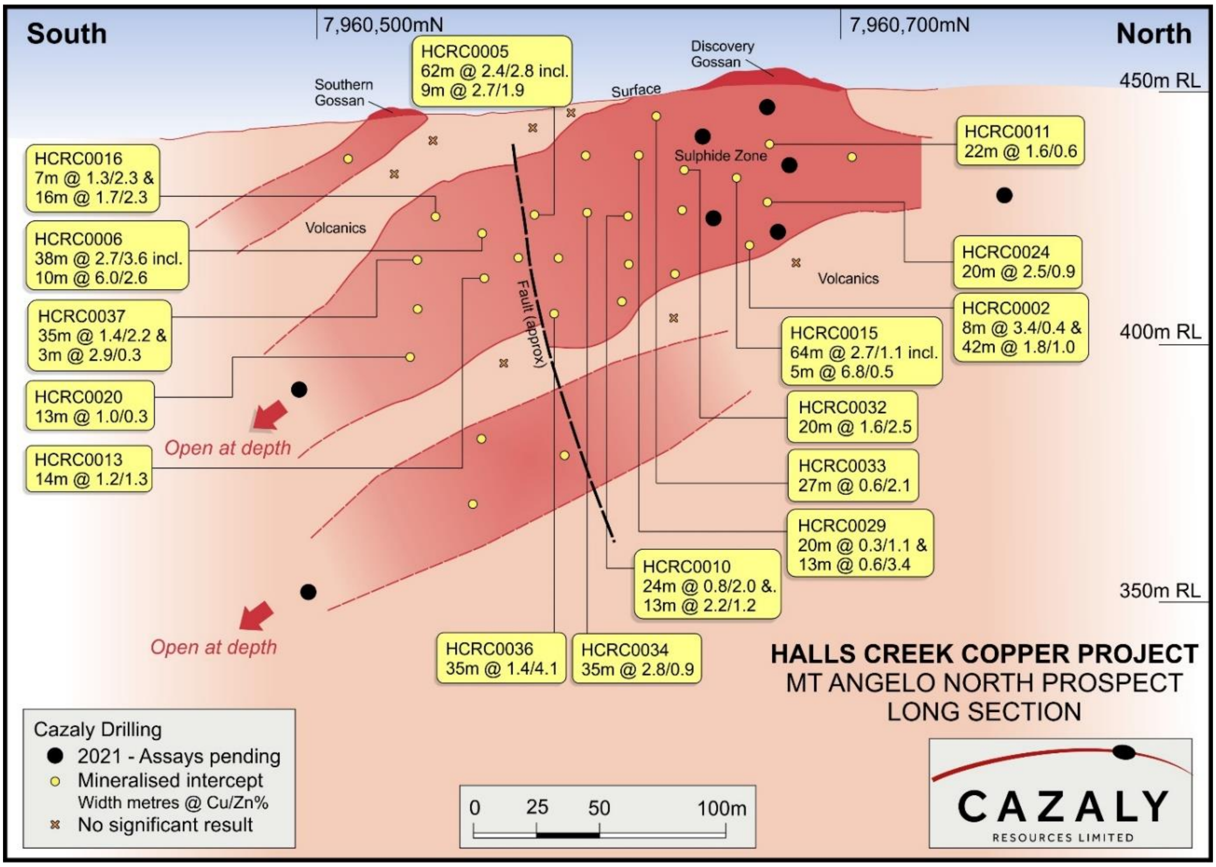


Figure 2. Long Section of Mount Angelo North Cu-Zn deposits with recent drill pierce points and previous intercepts

Geochemistry - Surface Sampling

A total of 283 soil samples were collected during the quarter on 200 or 100m x 80m grid across priority targets within the project area. 283 samples plus 61 historical soil samples were submitted for analysis for a 48 element suite using four acid digest with ICPMS finish. Analytical results were incorporated in the geochemical dataset and contours were generated for each element. Anomalous Cu, Zn, Mo, Bi results are shown on Figure 3 which highlights the location of the newly defined *Noises* prospect.

The extensive surface geochemical signature at the Bommie prospect provides further encouragement for a large mineralised system. Drilling at the Bommie prospect will be conducted as soon as possible, following appropriate heritage clearances.

Geophysics - Ground Magnetic Survey

A 34 line kilometres ground magnetic survey was completed across priority target areas to generate a higher resolution dataset to assist with mapping the stratigraphy and mineralisation controls at the Mount Angelo North Cu-Zn deposit. The higher resolution magnetics were found to correlate well with a BIF marker horizon, and additional field mapping will be conducted to refine the BIF location along strike of the Mount Angelo North deposit. A defining feature of the Mount Angelo deposit is the recognition of this BIF unit which acts as a marker horizon within the VMS mineralisation. The unit represents seafloor sedimentation and is typically observed in volcanogenic massive sulphide deposits. The unit is seen in sporadic outcrops along strike for over 1km to the north of the deposit within felsic sediments which host the deposit mineralisation. This area is largely covered by surficial alluvium and has never been drill tested.

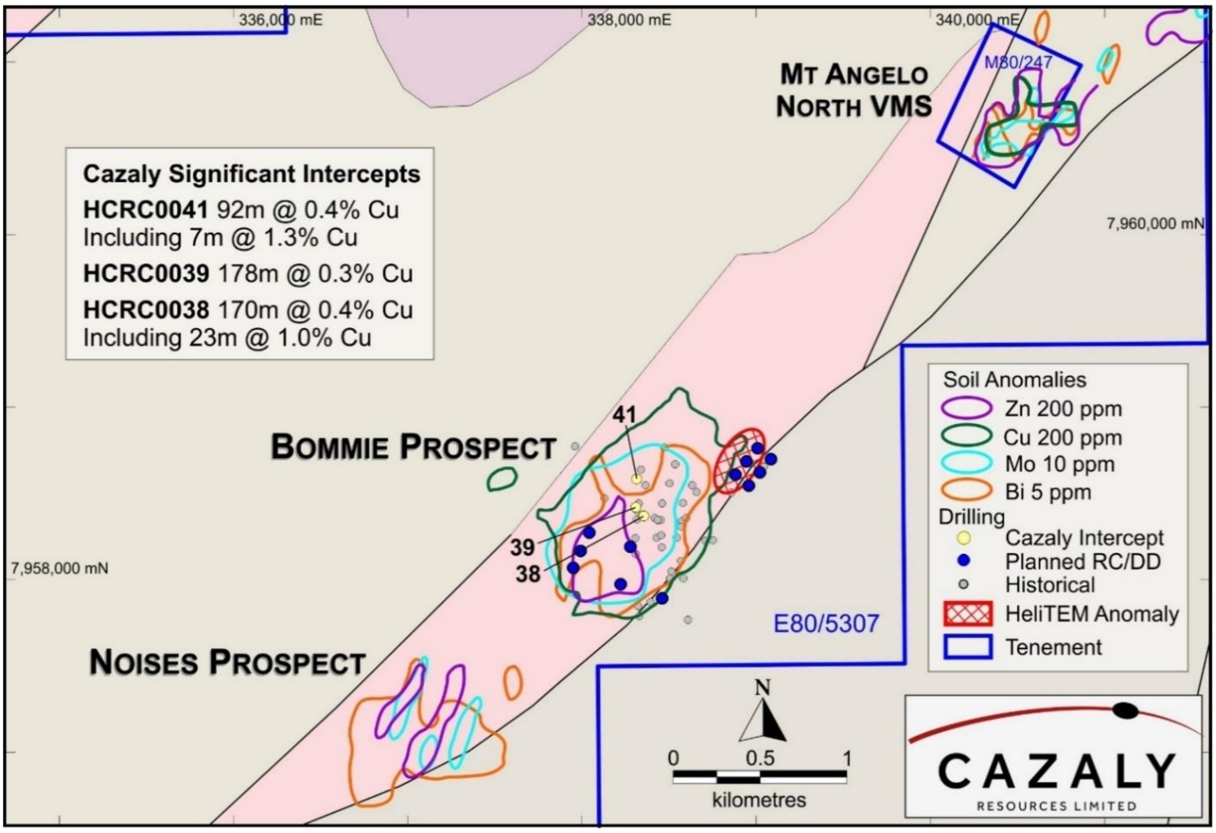


Figure 3. Location of the Bommie prospect and contoured Cu, Zn, Mo and Bi assay results for soil samples collected across the project area

Further Work

The Company anticipates the Halls Creek Project has significant upside and is highly encouraged by work completed to date. Further surface sampling and ground geophysics will be conducted in due course following the appropriate approvals and clearances to identify and refine new drill ready targets. Additional drilling will also be planned to test extensions to copper-zinc mineralisation at the Mount Angelo North Copper-Zinc deposit and any EM targets identified in the upcoming ground survey at the Bommie Prospect and over the more regional prospects including Noises. Drilling will also test a possible recently identified skarn like target.

An EM survey was completed in the September'21 quarter to refine the HeliTEM chargeability anomaly located immediately along strike of known mineralisation. Positive results were announced on 30 September 2021.

Ashburton Basin Project (CAZ 100%)

Cazaly holds the rights to a major land position covering more than 2,450km^2 in the Ashburton Basin, in the Pilbara region of Western Australia (Figure 4). The project covers major regional structures considered 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.

The Ashburton Basin 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.

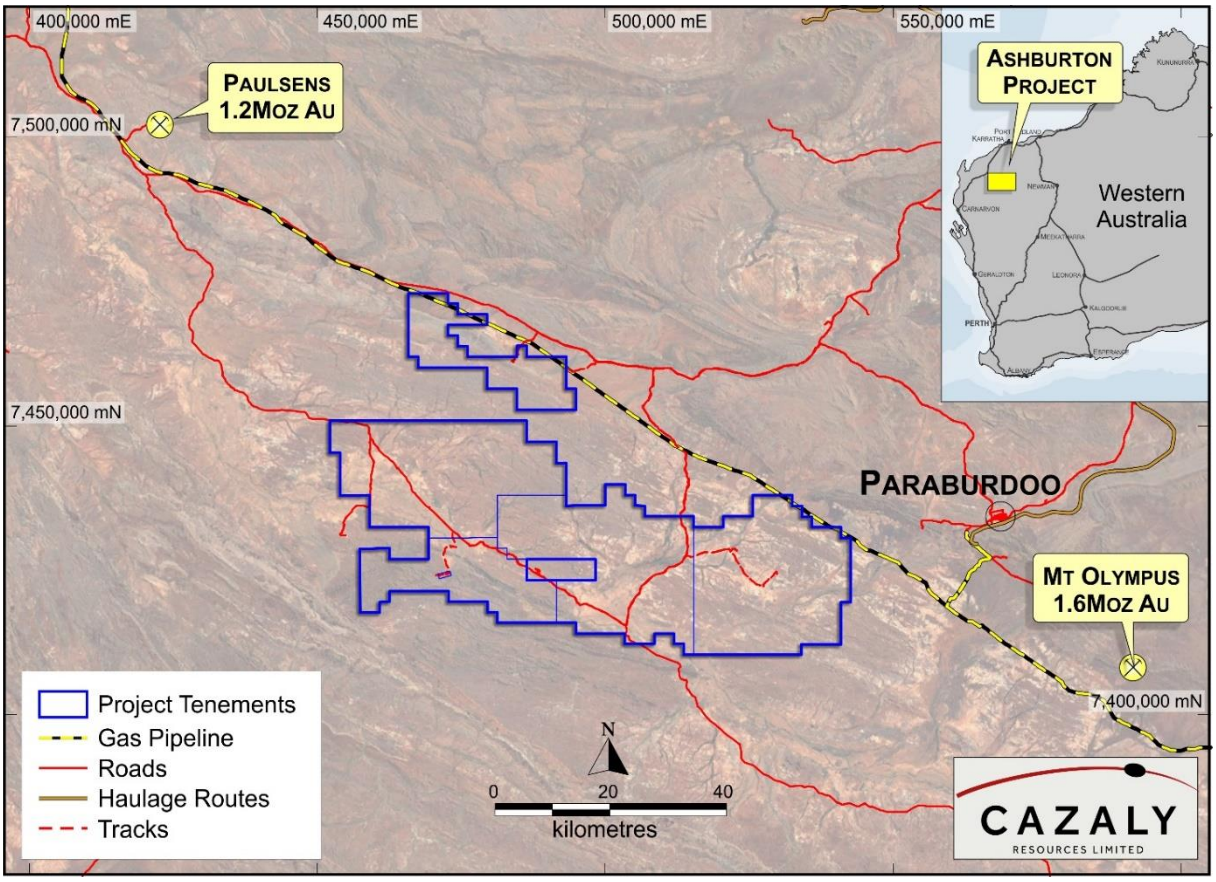


Figure 4. Location of Ashburton Project relative to major gold deposits in the district

The Company applied for tenure within the region following the recognition of the presence of a major deeply seated, crustal scale structure with the potential to host significant mineralisation, the Baring Downs Fault ('BDF', figure 5). The BDF lies centrally within the Ashburton Basin which to date has had very little modern exploration.

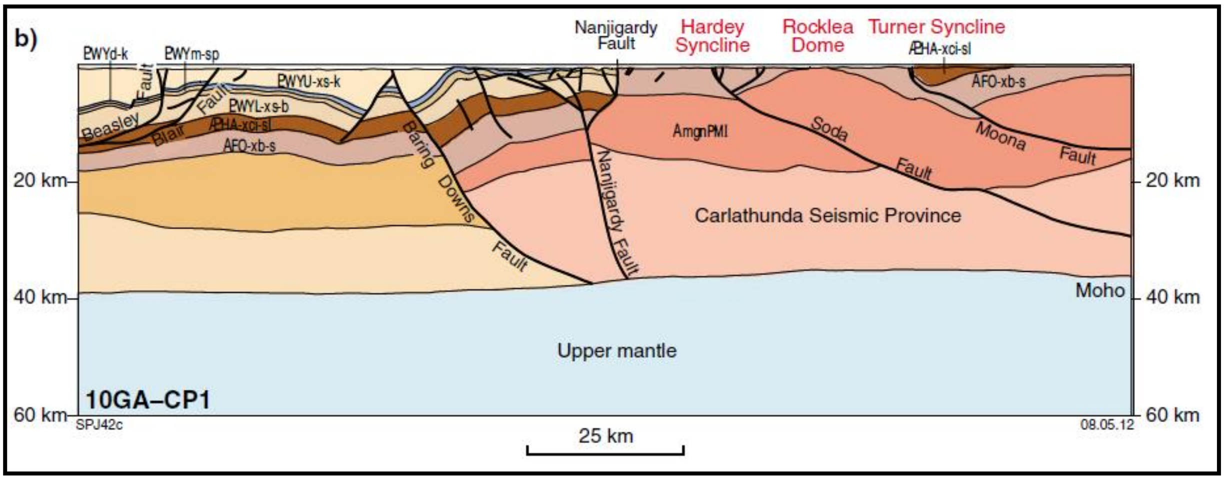


Figure 5: Regional geological setting interpreted from a Deep Seismic Traverse (2010), Ashburton Project
(ref: Johnson, SP, Thorne, AM and Tyler, IM (eds) 2011, Capricorn Orogen seismic and magnetotelluric (MT) workshop 2011: extended abstracts: Geological Survey of Western Australia, Record 2011/25, 120p.)

In May and June 2021, the Company and its consultants collated and reprocessed all seismic, magnetic, gravity, geological and geochemical datasets across the Ashburton Project and conducted a major litho-structural interpretation of the region (figure 6). This reprocessing resulted in a far greater detailed interpretation of the region compared to previous processing and importantly, identified at least three previously unknown, large-scale, deep seated faults.

One of these newly identified faults shows a seismically reflective halo near-surface that may evidence alteration/fluid flow along this structure. The interconnected relationship between this deeply seated structure and associated smaller scale faults and deformation within the Wyloo Group has led to targeted areas considered prospective for gold mineralisation.

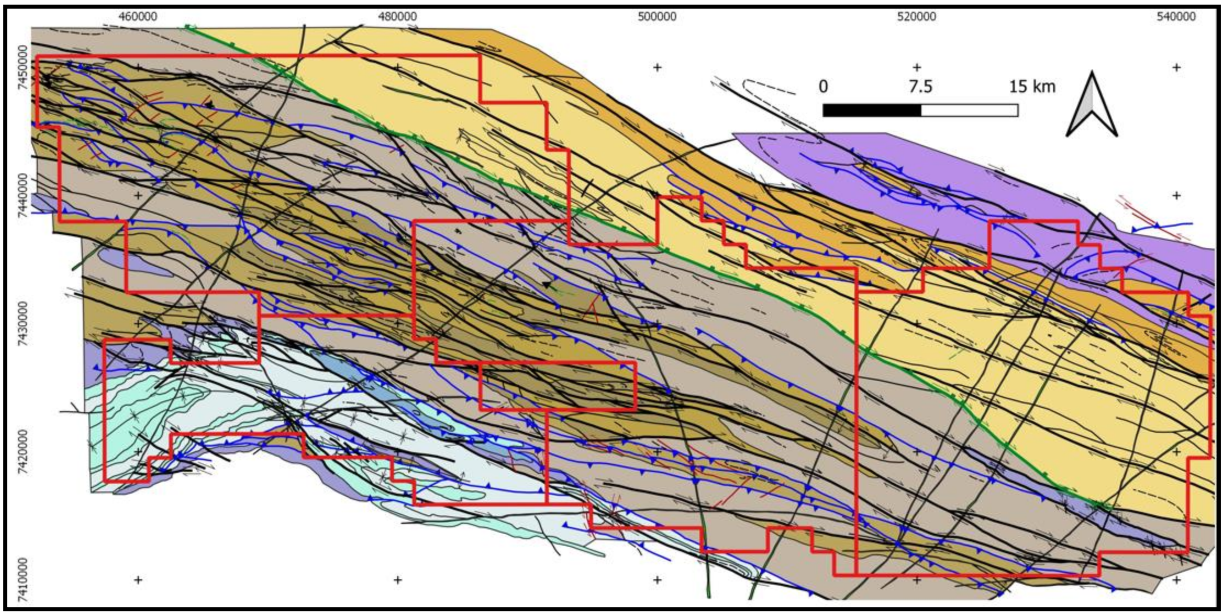


Figure 6: Regional litho-structural interpretation of the Ashburton Basin

The technical work conducted to date has successfully highlighted specific areas potentially hosting gold mineralisation. The Company is now finalising heritage access agreements and is designing first pass field work over the targeted areas.

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

Cazaly 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).

<u>McKenzie Springs (FIN 51% CAZ 49%)</u>

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.

<u>Mount Venn Gold Project (WML 80% CAZ 20%)</u>

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.

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

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 June quarter the *Mama Bear* prospect, located along this trend was drill tested with 25 RC holes for 4,366m and 40 AC holes for 1,457m.

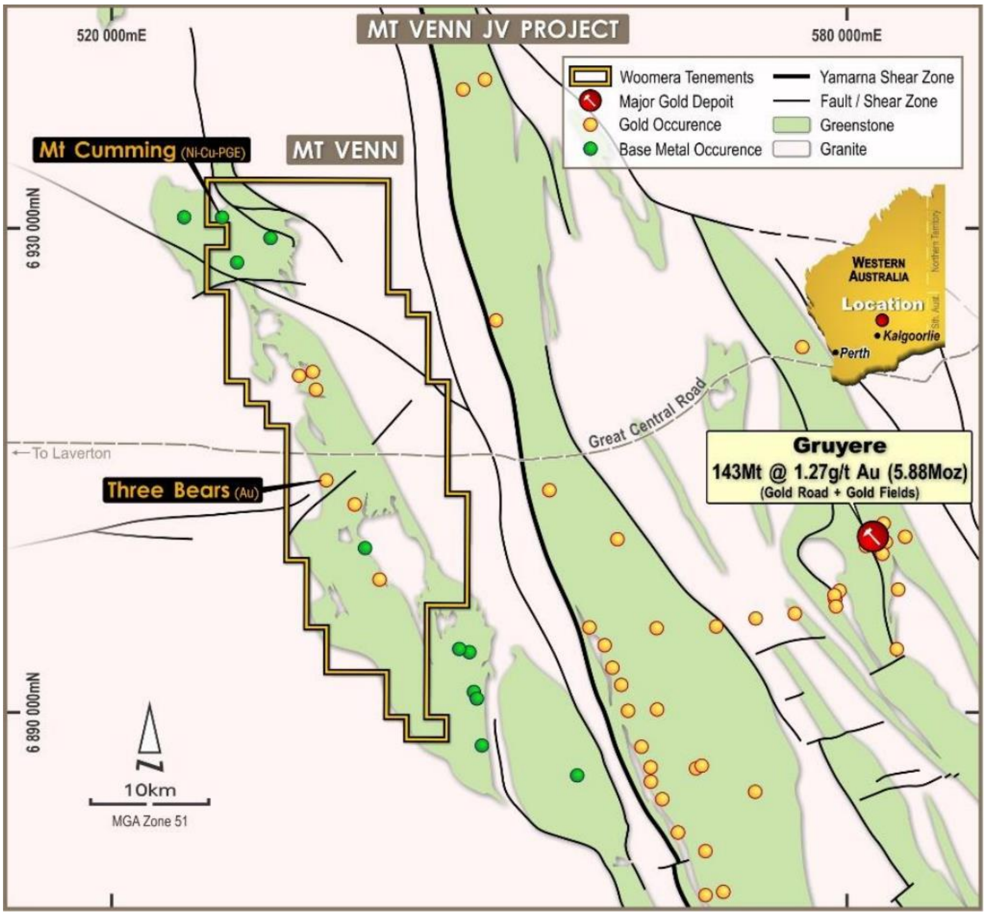


Figure 7: Mt Venn Project showing the Mount Cumming Ni prospect and the Three Bears Project located 40km west of the 6Moz Gruyere Gold Mine

Drilling results to date confirm the Mama Bear prospect has bedrock gold mineralisation continuity over 600m strike, however further exploration work is required in order to locate the higher grade zones within the mineralised system.

Woomera has also planned a ground EM survey to be completed in the September quarter across the ultramafic complex at Mt Cumming, located at the northern end of the Mount Venn Greenstone Belt. 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 have identified 8 EM conductors at Mt Cumming that have a number of coincident rock chip and/or soil anomalies (Figure 8). The ground EM survey is designed to refine these targets and provide additional data to prioritise RC drill testing, which is also scheduled for the September quarter.

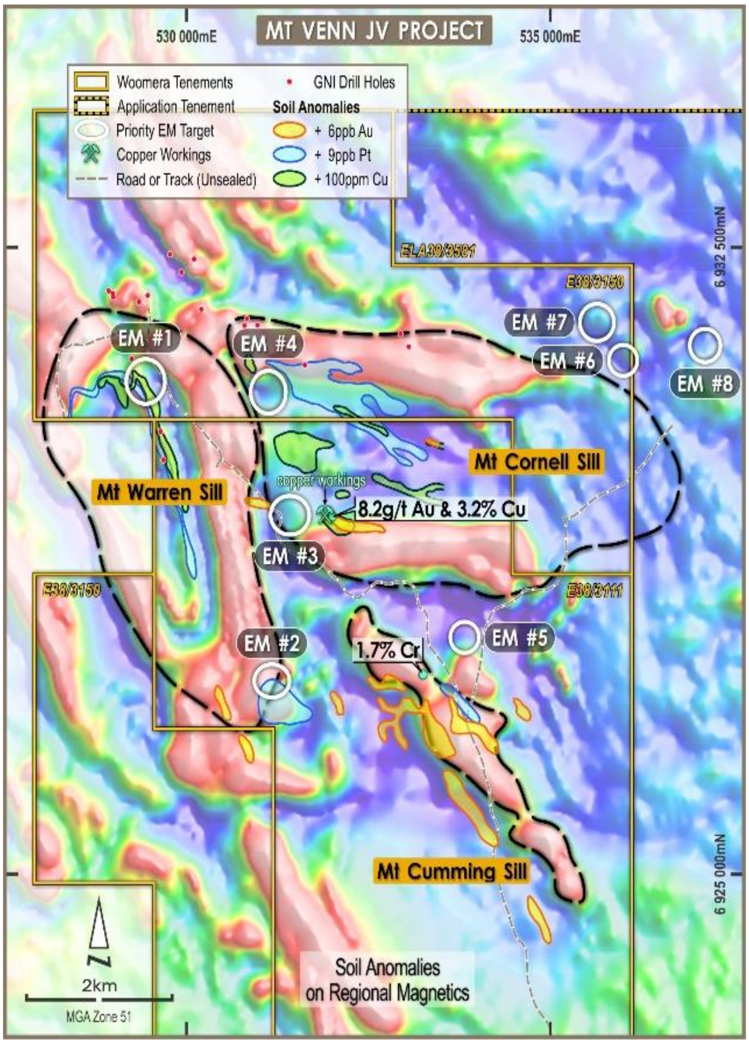


Figure 8. EM target locations within the ultramafic complex at the northern end of the Mount Venn Greenstone Belt

Hamersley Project (PF1 70% CAZ 30%)

The Hamersley Iron Ore Project is an unincorporated Joint Venture between 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** (Table 1).

The current 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).

Table 1: JORC Code 2012 Mineral Resource Estimate for the Hamersley Iron Ore Project

	Tonnes	Fe	SiO_2	Al_2O_3	P	LOI	Calcined Fe
	Mt	%	%	%	%	%	%
DID Inferred#	24.3	46.4	24.8	5.2	0.03	2.5	47.6
CID Indicated*	42.6	55.2	10.9	5.5	0.04	3.6	57.3
CID Inferred*	276.3	55.2	9.7	4.4	0.04	6.3	58.9
Total	343.2	54.5	10.9	4.6	0.04	5.7	57.9

Note: Tonnage figures have been rounded and as a result may not add up to the totals quoted.
DID reported at a 40% Fe Cut-off grade.
* CID reported at a 52% Fe Cut-off grade.

On 9 July 2021, the Company, together with Pathfinder, announced the sale of the project to Equinox Resources Limited who intend to undertake an initial public offer ("IPO") and seek a listing on the official list of the Australian Securities Exchange. 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, Cazaly will receive 15,0000,000 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 entity, 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.

The IPO was lodged with ASIC and ASX on 31 August 2021.

<u>Other</u>

Field reconnaissance work will shortly be conducted at the recently granted Yabbie (formerly known as Brown Well) project (CAZ 100%) located in the Laverton district of Western Australia.

Mineral Resources Limited (ASX:MIN) has stated that they expect to commence production from the *Parker Range* mine, where the Company has a royalty interest, in September 2021 quarter pending final approvals.

Cazaly is reviewing its position in relation to its interest in two exploration applications in the Czech Republic as it continues to encounter in-country difficulties in advancing these to grant.

The Company also continues to assess other potential project opportunities for the Company.

<u>Corporate</u>

<u>Equity Issues</u>

During the financial year, 100% of the outstanding $0.029 (expiring 31 March 2021) and $0.039 (expiring 26 November 2020) options, were converted to fully paid ordinary shares in the Company, for proceeds of $767,650.

<u>Other</u>

On 19 April 2021, the Company announced the appointment of Ms Tara French as the new Chief Executive Officer/Managing Director of the Company. 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. In readiness for the commencement of Ms French on 12 July 2021, Clive Jones reverted to the role of Executive Director whilst Nathan McMahon became a Non-Executive Director.

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

6. *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.

7. *SIGNIFICANT CHANGES IN STATE OF AFFAIRS*

There were no significant changes in the state of affairs of the Group during the financial year.

8. AFTER BALANCE DATE EVENTS

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.

9. 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.

10. INFORMATION ON DIRECTORS

Clive Jones	**Executive Director** *(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 Bannerman Energy Ltd (formerly Bannerman Resources Ltd).
Equity Holdings	20,829,904 fully paid ordinary shares 4,000,000 options exercisable at $0.0495 expiring 19 November 2022
Listed Directorships	Corazon Mining Ltd (from February 2005 to November 2019) Bannerman Energy Ltd (from January 2007)
Nathan McMahon	**Non-Executive** *(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	40,238,258 fully paid ordinary shares 4,000,000 options exercisable at $0.0495 expiring 19 November 2022
Listed Directorships	Galan Lithium Limited (February 2011 to February 2020)
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	7,750,000 fully paid ordinary shares 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) Charger Metals NL (from July 2021)(Chairman)

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.

11. 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 and Group performance. 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 Executive and approved by the Board after seeking professional advice from independent external consultants.

In determining continuing, 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 plans and other benefit schemes.

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. 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.

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 Executive, in consultation with independent advisors as necessary, determine and review Non-Executive Directors' 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 Details

All Directors have engagement contracts in place.

Mr Jones is currently an Executive Director on a remuneration package totalling $216,804.

Mr McMahon was previously a joint Managing Director of the Company but reverted to the role of Non-Executive Director upon the commencement of Ms Tara French as CEO. His engagement contract was adjusted to an annual equivalent fee of $60,000.

Mr Terry Gardiner, a Non-Executive Director is employed by the Company on an annual salary of $50,000 (plus statutory superannuation).

11. REMUNERATION REPORT – AUDITED (Cont'd)

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 2020 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 30 June 2020 was put to the shareholders of the Company at the Annual General Meeting held 20 November 2020. The Company received 99.98% of the vote, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2020 financial year. The resolution was passed without amendment by a poll and proxy vote. Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Details of Remuneration for Years Ended 30 June 2021 & 30 June 2020

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 – Non-Executive Director (i)										
2021	193,240	-	-	-	-	-	-	-	193,240	-
2020	309,203	-	-	154,942	-	-	-	102,175	566,320	18%
Clive Jones – Executive Director (ii)										
2021	222,512	-	-	-	5,412	-	-	-	227,924	-
2020	354,902	-	-	154,942	2,603	-	-	102,175	614,622	17%
Terry Gardiner – Non Executive Director										
2021	50,000	-	-	-	4,750	-	-	-	54,750	-
2020	70,000	-	-	5,000	4,750	-	-	51,088	130,838	39%
Total Remuneration										
2021	465,752	-	-	-	10,162	-	-	-	475,914	-
2020	734,105	-	-	314,884	7,353	-	-	255,438	1,311,780	19%

i) Aggregate short term benefits of $193,240 (2020: $464,145) were paid, or were due and payable to Kingsreef Pty Ltd, a company controlled by Mr Nathan McMahon, for the provision of corporate management services to the Company. Mr McMahon reverted to a Non-Executive Director on 1 June 2021.

ii) Aggregate short term benefits of $222,512 (2020: $509,844) were paid, or were 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 includes a salary and superannuation component of $62,375 paid directly to Mr Jones.

Related Party Information

The Company received a total of $14,285 (2020: $14,418) under an Office Services Agreement with Gregory Resources Ltd. Gregory Resources Ltd is considered by the Company to be a related party, as two Directors of Cazaly, Mr Nathan McMahon and Mr Terry Gardiner, were also directors of Gregory Resources Ltd during the financial year.

The Company received a total of $96,500 (2020: $122,853) under an Office Services Agreement with Galan Lithium Ltd. Galan Lithium Ltd is considered by the Company to be a related Party, as a Galan Non-Executive Director, Mr Terry Gardiner, is also a director of Cazaly Resources Ltd.

11. REMUNERATION REPORT – AUDITED (Cont'd)

The Company paid $79,620 (2020: $Nil) for the provision of Company Secretarial services to Galan Lithium Ltd. Galan Lithium Ltd is considered by the Company to be a related Party, as a Galan Non-Executive Director, Mr Terry Gardiner, is also a director of Cazaly Resources Ltd.

Key Management Personnel (KMP) Share and Option Holdings

Share Holdings

30 June 2021	Balance 01-07-20	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30-06-21
N. McMahon	35,363,256	-	2,500,000	2,375,002	40,238,258
C. Jones	18,329,904	-	2,500,000	-	20,829,904
T. Gardiner	5,421,500	-	2,000,000	328,500	7,750,000
	59,114,660	-	7,000,000	2,703,482	68,818,162

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	-	-	8,347,114	59,114,660

Option Holdings

30 June 2021	Balance 01-07-20	Issued Acquired	Exercised (ii)	Lapsed	Balance 30-06-21	Vested during the year	Vested and exercisable
N. McMahon	6,500,000	-	2,500,000	-	4,000,000	-	4,000,000
C. Jones	6,500,000	-	2,500,000	-	4,000,000	-	4,000,000
T. Gardiner (ii)	4,000,000	-	2,000,000	-	2,000,000	-	2,000,000
	17,000,000	-	7,000,000	-	10,000,000	-	10,000,000

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	-	-	6,500,000	4,000,000	6,500,000
C. Jones	2,500,000	4,000,000	-	-	6,500,000	4,000,000	6,500,000
T. Gardiner (ii)	2,000,000	2,000,000	-	-	4,000,000	2,000,000	4,000,000
	7,000,000	10,000,000	-	-	17,000,000	10,500,000	17,000,000

(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) 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).

12. 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.

13. 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.

14. OPTIONS

Options forfeited or cancelled

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

Options Expired or Lapsed

During, or since the end of the financial year, no options have expired or lapsed.

Options on Issue

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

Expiry Date	Exercise Price	Options on Issue
19/11/2022	$0.0495	10,000,000
8/3/2024	$0.0500	2,000,000
11/6/24	$0.0660	500,000

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

15. 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.

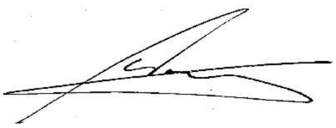
16. AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 20.

17. 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 2021.

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



Clive Jones
Executive Director
30 September 2021

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.

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 2021, 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

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For Year Ended 30 June 2021

	Note	2021 $	2020 $
Revenue from continuing operations	2	205,305	311,810
Gain/(Loss) on sale of financials assets		996,942	(1,300)
Revaluation /(Impairment) of financial assets		1,296,883	468,047
Other Income	2	120,401	3,967,005
Employee benefits		(545,131)	(1,149,859)
Finance Costs		(11,890)	(157,741)
Depreciation		(77,898)	(14,398)
Administrative expenses	3	(326,385)	(489,800)
Compliance and regulatory expenses	3	(258,074)	(183,682)
Occupancy expenses		(76,537)	(245,981)
Written-off exploration expenditure		(543,522)	(394,219)
Equity based payments		(63,517)	(255,438)
Loss on disposal of subsidiary		-	(135,138)
Profit/(loss) before income tax		**716,577**	**1,719,306**
Income tax (expense)/ benefit	6	-	-
Profit/(loss) for the year from continuing operations		**716,577**	**1,719,306**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**716,577**	**1,719,306**
Earnings/(loss) for the year attributable to:			
Members of the parent entity		716,761	1,719,359
Non-controlling interest		(184)	(53)
		716,577	**1,719,306**
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		716,761	1,719,359
Non-controlling interest		(184)	(53)
		716,577	**1,719,306**
Earnings/(loss) per share from continuing and discontinuing operations			
		Cents	**Cents**
Basic weighted average earnings/(loss) per share	18	0.19	0.50
Diluted weighted average earnings/(loss) per share	18	0.19	0.50

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Note	2021 $	2020 $
CURRENT ASSETS			
Cash and cash equivalents	7	9,593,690	10,085,562
Trade and other receivables	8	133,893	59,396
TOTAL CURRENT ASSETS		9,727,583	10,144,958
NON-CURRENT ASSETS			
Trade and other receivables	8	49,679	59,717
Financial assets	9	2,491,151	1,514,427
Property, plant and equipment	10	23,505	15,276
Exploration and evaluation assets	11	5,294,691	4,324,283
Rights of use assets	29	151,367	215,417
TOTAL NON-CURRENT ASSETS		8,010,393	6,129,120
TOTAL ASSETS		**17,737,976**	**16,274,078**
CURRENT LIABILITIES			
Trade and other payables	12	144,562	143,619
Provisions	13	120,831	145,607
Interest bearing loans and borrowings	29	109,855	59,973
TOTAL CURRENT LIABILITIES		375,248	349,199
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	29	52,576	162,371
TOTAL NON-CURRENT LIABILITIES		52,576	162,731
TOTAL LIABILITIES		**427,824**	**511,570**
NET ASSETS		**17,310,152**	**15,762,508**
EQUITY			
Issued capital	14	26,620,021	25,852,471
Reserves	15	422,241	358,724
Accumulated losses	16	(9,716,539)	(10,433,300)
Controlling entity interest		17,325,723	15,777,895
Non-controlling interest		(15,571)	(15,387)
TOTAL EQUITY		**17,310,152**	**15,762,508**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2021

	Issued Capital	(Accumulated Losses)	Option Reserve	Non-Controlling Interest	Total
	$	$	$	$	$
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**
Earnings/(loss) for the year	-	716,761	-	(184)	716,577
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income/(loss) for the year	**-**	**716,761**	**-**	**(184)**	**716,577**
Transactions with owners, in their capacity as owners, and other transfers:					
Shares issued	767,550	-	-	-	767,550
Issue costs	-	-	-	-	-
Options issued	-	-	-	-	-
Options expired	-	-	-	-	-
Fair value of options exercised	-	-	-	-	-
Option reserve	-	-	63,517	-	63,517
Return of capital	-	-	-	-	-
Unfranked dividend paid	-	-	-	-	-
Balance at 30 June 2021	**26,620,021**	**(9,716,539)**	**422,241**	**(15,571)**	**17,310,152**

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash Flows from Operating Activities			
Receipts from services agreements		152,300	158,914
Cash received from government grant		50,000	50,000
Payments to suppliers and employees		(1,223,565)	(2,066,915)
Interest received and bill discounts received		53,444	149,730
Net cash used in operating activities	19	(967,821)	(1,708,271)
Cash Flows From Investing Activities			
Purchase of property, plant & equipment		(34,869)	(5,826)
Purchase of equity investments		(892,132)	(731,622)
Payments for exploration and evaluation		(1,318,832)	(956,001)
Payments for purchase of exploration assets		(335,000)	
Payment for term deposit bond		-	(49,679)
Proceeds from sale of equity investments		2,209,232	-
Proceeds from the Sale of Subsidiary		-	934,470
Proceeds from sale of exploration assets (net of transaction costs)		60,000	19,926,883
Proceeds from term deposit bond		20,000	17,595
Net cash provided by investing activities		(291,601)	19,135,820
Cash Flows from Financing Activities			
Proceeds from issue of share		-	-
Proceeds from conversion of options		767,550	821,304
Payment for the return of capital		-	(7,256,700)
Payment for unfranked dividend		-	(1,743,300)
Net cash provided by financing activities		767,550	(8,178,696)
Net increase/(decrease) in cash held		(491,872)	9,248,853
Cash and cash equivalents at beginning of the financial year		**10,085,562**	**836,709**
Cash and cash equivalents at end of the financial year	7	**9,593,690**	**10,085,562**

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 30 September 2021 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 2021 is contained in Note 21 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 2021.

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.

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:

			30 June 2021		
Recurring fair value measurements	**Note**	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets at fair value through profit or loss:					
- Australian listed shares at fair value		2,491,151	-	-	2,491,151
- unlisted Australian shares		-	-	-	-
		2,491,151	-	-	2,491,151

			30 June 2020		
Recurring fair value measurements	**Note**	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
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)

(v) Revenue Recognition

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.

(w) 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 (office premises) are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. This is 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.

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.

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

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 27.

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.

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

Adoption of new and revised Accounting Standards

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2020.

Standards and Interpretations in issue not yet adopted

The Group has reviewed the new and revised Standards and Interpretations on issue not yet adopted for the year ended 30 June 2021. As a result of this review the Group has determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

2. REVENUE & OTHER INCOME

	2021 $	2020 $
Revenue from Continuing Operations		
- interest received	53,005	149,730
- recoupment of office costs on-charged	152,300	162,080
	205,305	311,810
Other Income		
- gain from tenement sale agreement	60,000	3,907,005
- government grant received	50,000	50,000
- other	10,401	10,000
	120,401	3,967,005

3. PROFIT/(LOSS) FOR THE YEAR

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

Expenses

	2021 $	2020 $
Administrative expenses		
Consulting	153,313	80,092
Advertising, printing and stationery	14,459	13,987
Travel and accommodation	3,522	40,815
Insurance	28,970	29,900
Break fee	-	250,000
Other	126,121	75,006
	326,385	489,800
Compliance and regulatory expenses		
ASX, ASIC, registry and secretarial	202,920	176,844
Legal	55,155	6,838
	258,075	183,682
Employee Benefits		
Superannuation	43,145	34,810

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 2021. The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	2021 $	2020 $
Short-term employee benefits	465,752	1,048,989
Post-employment benefits	10,162	7,353
Termination benefits	-	-
Other long-term benefits	-	-
Share based payments	-	255,438
	475,914	1,311,780

A total of $216,364 (2020: $264,474) was capitalised to exploration expenditure.

4. KEY MANAGEMENT PERSONNEL (Cont'd)

Related Party Information

The Company received a total of $14,285 (2020: $14,418) under an Office Services Agreement with Gregory Resources Ltd. Gregory Resources Ltd is considered by the Company to be a related party, as two Directors of Cazaly, Mr Nathan McMahon and Mr Terry Gardiner, were also directors of Gregory Resources Ltd during the financial year.

The Company received a total of $96,500 (2020: $122,853) under an Office Services Agreement with Galan Lithium Ltd. Galan Lithium Ltd is considered by the Company to be a related Party, as a Galan Non-Executive Director, Mr Terry Gardiner, is also a director of Cazaly Resources Ltd.

The Company paid $79,620 (2020: $Nil) for the provision of Company Secretarial services to Galan Lithium Ltd. Galan Lithium Ltd is considered by the Company to be a related Party, as a Galan Non-Executive Director, Mr Terry Gardiner, is also a director of Cazaly Resources Ltd.

	2021 $	2020 $
5. AUDITORS REMUNERATION		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	17,540	22,500
	17,540	22,500
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	716,577	1,719,306
Prima facie tax benefit on loss from ordinary activities before income tax at 26.0% (2019: 27.5%)	186,310	472,809
Add/(subtract):		
Tax effect of:		
Non-assessable income	(13,000)	(13,750)
Other non-allowable items	17,682	98,808
Effect of tax losses derecognised	73,838	-
Recognition of previously unrecognised prior year tax losses	-	(273,167)
Utilisation of previously unrecognised capital losses	(107,441)	(216,378)
Tax benefit of deductible equity raising costs	(3,826)	(8,267)
Movement in unrecognised temporary differences	(153,544)	(60,055)
Income tax expense (benefit) attributable to entity	-	-
(b) Recognised deferred tax assets at 25.0% (2020: 27.5%) comprise the following:		
Carry forward revenue losses	1,058,126	765,978
Capital raising and future black hole deductions	40,093	-
Provisions and accruals	126,489	46,554
Other	60,688	69,280
	1,285,396	881,812
Less: Set off of deferred tax liabilities	(1,285,396)	(881,812)
	-	-

	2021 $	2020 $
Recognised deferred tax assets at 25.0% (2020: 27.5%) comprise the following:		
Exploration expenditure	960,489	865,933
Other	325,547	15,879
	1,285,396	881,812
Less: Set off of deferred tax asset	(1,285,396)	(881,812)
	-	-

(c) Deferred tax recognised directly in equity:

Relating to equity raising costs	-	-
	-	-

(d) Unrecognised deferred tax assets at 25.0% (2020: 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	4,500	171,400
Tax revenue losses	1,681,119	1,783,085
Tax capital losses	-	113,639
	1,685,619	2,068,124

The corporate tax rates on both recognised and unrecognised deferred tax assets and deferred tax liabilities have been calculated with respect to the tax rate that is expected to apply in the year the deferred tax asset is realised or the liability is settled.

7. *CASH AND CASH EQUIVALENTS*

Cash at bank	9,593,490	10,085,362
Petty cash	200	200
	9,593,690	10,085,562

8. *TRADE AND OTHER RECEIVABLES*

Current		
Other receivables	133,893	59,396
	133,893	59,396

Other receivables normally have 30-60 day terms. At 30 June 2021, $36,916 (2020: $18,311) is receivable from companies related to the Directors.

Non-Current		
Bonds	49,679	59,717
	49,679	59,717

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

9. *FINANCIAL ASSETS*

Current		
Financial assets, at fair value through profit or loss:		
Australian listed shares at fair value	2,491,151	1,514,427
Unlisted Australian public company shares	-	-
	2,491,151	1,514,427

	2021 $	2020 $
10. PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment		
At cost	346,273	330,010
Accumulated depreciation	(327,266)	(320,532)
	19,007	9,478
Office Furniture and Equipment		
At cost	43,638	43,638
Accumulated depreciation	(43,638)	(43,638)
	-	-
Motor Vehicle		
At cost	65,878	65,878
Accumulated depreciation	(61,380)	(60,080)
	4,498	5,798
	23,505	15,276

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

	Plant and Equipment	Office Furniture	Motor Vehicles	Total
		2021		
	$	$	$	$
Balance at the beginning of the year	9,478	-	5,798	15,276
Additions	16,263	-	-	16,263
Disposals/write offs	-	-	-	-
Depreciation expense	(6,734)	-	(1,300)	(8,034)
Carrying amount at the end of the year	19,007	-	4,498	23,505

	Plant and Equipment	Office Furniture	Motor Vehicles	Total
		2020		
	$	$	$	$
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

11. EXPLORATION AND EVALUATION ASSETS

	2021 $	2020 $
Non-Current		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases at cost	5,294,691	4,324,283
Movement – exploration and evaluation		
Brought forward	4,324,283	4,128,235
Exploration expenditure capitalised during the year	1,179,824	472,983
Acquisitions	335,000	-
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	(544,414)	(394,219)
	5,294,691	4,324,283

Exploration expenditure, including tenement acquisitions, totalled $1,514,824 for the year (2020: $879,535). The main expenditure was on the Ashburton, Halls Creek, the Hamersley JV and new project generation. Exploration expenditure written off for the year was $544,414 (2020: $394,219). The main write offs related to new project generation costs and expenditures relating to the various tenements and/or applications that were relinquished (including two Ashburton tenements) 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.

12. TRADE AND OTHER PAYABLES

	2021 $	2020 $
Current		
Trade creditors	119,476	55,239
Other creditors and accrued expenses	25,086	88,380
	144,562	143,619

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

13. PROVISIONS

	2021 $	2020 $
Current		
Provision for annual leave	62,631	93,042
Provision for long service leave	58,200	52,565
	120,831	145,607

	2021 $	2020 $
14. *ISSUED CAPITAL*		
369,563,267 fully paid ordinary shares (2020: 346,113,267) with no par value	26,620,021	25,852,471

Ordinary Share Movements

		30 June 2021 Number	30 June 2021 $	30 June 2020 Number	30 June 2020 $
Balance at the beginning of the year		346,113,267	25,852,471	287,862,168	31,288,827
Issue of shares at $0.0183 each	(i)	-	-	28,331,099	518,459
Issue of shares at $0.02745 each	(ii)	-	-	27,720,000	760,914
Issue of shares at $0.02745 each	(ii)	-	-	2,200,000	60,390
Issue of shares at $0.029 each	(iii)	14,700,000	426,300	-	-
Issue of shares at $0.039 each	(iv)	6,500,000	253,500	-	-
Issue of shares at $0.039 each	(v)	2,250,000	87,750	-	-
		369,563,267	26,620,021	346,113,267	32,628,590
Less Fair value of options exercised		-	-	-	480,590
Less return of capital	(vi)	-	-	-	(7,256,709)
Balance at the end of the year		369,563,267	26,620,021	346,113,267	25,852,471

(i) Shares issued on 23 August 2019 for the full conversion of notes and accrued interest under the 2018 note deed.
(ii) 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.
(iii) Shares issued on 22 July 2020 (200,000), 19 August 2020 (5,630,000), 5 March 2021 (500,000), 15 March 2021 (1,100,000), 19 March 2021 (1,520,000), 26 March 2021 (2,300,000) and 1 April 2021 (3,450,000) for the conversion of $0.029 options. Approved by shareholders on 6 June 2019.
(iv) Shares issued 19 November 2020 on the conversion of $0.039 options by Directors. Approved by shareholders on 26 November 2018.
(v) Shares issued on 25 November 2020 on the conversion of $0.039 options by employees.
(vi) 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.

Option Movements

Exercise Period	Exercise Price (*)	Number on issue at 30 June 2020	Issued during the year	Exercised/ Expired/ Cancelled	Number on issue at 30 June 2021
On or before 22/10/20	$0.195	2,500,000	-	(2,500,000)	-
On or before 26/11/20 (i)	$0.039	8,750,000	-	(8,750,000)	-
On or before 31/3/21(ii)	$0.029	15,000,000	-	(15,000,000)	-
On or before 19/11/22 (iii)	$0.0495	10,000,000	-	-	10,000,000
On or before 8/3/24 (iv)	$0.05	-	2,000,000	-	2,000,000
On or before 11/6/24 (iv)	$0.066	-	500,000	-	500,000
Total options		36,250,000	2,500,000	(26,250,000)	12,500,000

14. ISSUED CAPITAL (Cont'd)

(*) 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) 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.
(iii) 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).
(iv) Issued to employees under the Cazaly employee incentive plan

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 $63,517.

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
Employee	2,000,000	$0.02375	100%	3.00	$0.05	$0.041	0.75%
Employee	500,000	$0.03204	100%	3.00	$0.066	$0.055	0.75%

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 2021 and 30 June 2020 are as follows:

	2021 $	2020 $
Cash and cash equivalents	9,593,690	10,085,562
Trade and other receivables	133,893	59,396
Financial assets	2,491,151	1,514,427
Current liabilities	(375,248)	(349,199)
Working capital position	11,843,486	11,310,186

15. OPTION RESERVE

Opening balance	358,724	777,627
Equity based payments (refer note 16)	63,517	255,438
Fair value of exercised options transferred to share capital	-	(480,590)
Transfers to accumulated losses	-	(193,751)
Closing balance	422,241	358,724

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.

16. ACCUMULATED LOSSES

Opening balance	(10,433,300)	(10,603,110)
Net earnings/(loss) attributable to members	716,761	1,719,359
Unfranked dividend paid (refer note 16 (viii)	-	(1,743,300)
Transfers from option reserve	-	193,751
Closing balance	(9,716,539)	(10,433,300)

17. 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 $9,593,690 (2020: $10,085,562).

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.

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 2021 and 30 June 2020:

30 June 2021	Floating Interest Rate	Fixed Interest maturing in 1 year or less	Non-interest bearing	2021 Total
	$	$	$	$
Financial assets				
Cash and cash equivalents	2,593,490	7,000,000	200	9,593,690
Trade and other receivables	-	49,679	133,893	183,572
Financial assets – held for trading	-	-	2,491,151	2,491,151
	2,593,490	7,049,679	2,625,244	12,268,413
Weighted average effective interest rate	0.29%			
Financial Liabilities				
Trade and other payables	-	-	144,558	144,558
	-	-	144,558	144,558

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	3,085,362	7,000,000	200	10,085,562
Trade and other receivables	-	59,717	59,396	119,113
Financial assets – held for trading	-	-	1,514,427	1,514,427
	3,085,362	7,059,717	1,574,023	11,719,102
Weighted average effective interest rate	0.37%			
Financial Liabilities				
Trade and other payables	-	-	143,619	143,619
	-	-	143,619	143,619

Net Fair Values

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

	2021 Carrying Amount	2021 Net fair Value	2020 Carrying Amount	2020 Net fair Value
	$	$	$	$
Financial assets				
Cash and deposits	9,593,690	9,593,690	10,085,562	10,085,562
Receivables	183,572	183,572	119,113	119,113
Investment held for trading	2,491,151	2,491,151	1,514,427	1,514,427
	12,268,413	12,268,413	11,719,102	11,719,102
Financial liabilities				
Payables	144,558	144,558	143,619	143,619
	144,558	144,558	143,619	143,619

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.

	2021	2020
	$	$
Change in loss		
• Increase in interest rate by 100 basis points	95,805	100,690
• Decrease in interest rate by 100 basis points	(95,805)	(100,690)
Change in equity		
• Increase in interest rate by 100 basis points	95,805	100,690
• Decrease in interest rate by 100 basis points	(95,805)	(100,690)

18. EARNINGS PER SHARE

	2021 $	2020 $
a) Reconciliation of earnings to profit or loss:		
Earnings/(loss) for the year	716,577	1,719,306
Earnings/(loss) used to calculate basic and diluted EPS	716,577	1,719,306

	2021 No. of Shares	2020 No. of Shares
b) Basic and diluted weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	369,563,267	336,137,190

19. CASH FLOW INFORMATION

Reconciliation of cash flows from operating activities with profit/(loss) after income tax		
Profit/(Loss) after income tax	716,577	1,719,306
Non-operating cash flows in loss for the year:		
Depreciation	77,898	14,398
Property, plant and equipment written off	-	7,393
Net (Gain)/ Loss on sale of shares	(996,942)	1,300
Finance costs on convertible note	11,890	157,323
Net profit on the sale of exploration assets	-	(3,917,005)
Net loss on the sale of subsidiary	-	135,138
Employee & Consultant equity settled transactions	63,517	255,438
Fair value adjustment to investments	(1,296,883)	(468,047)
Exploration write-off	543,522	394,219
Changes in assets and liabilities:		
Decrease/(increase) in trade receivables and prepayments	(64,459)	11,625
Increase/(decrease) in trade payables, accruals and employee entitlements	(22,941)	(19,359)
Increase in exploration	-	-
Cash outflow from operations	(967,821)	(1,708,271)

20. 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:

No longer than one year	63,941	34,230
Longer than one year, but not longer than five years	201,994	112,674
Longer than five years	-	-
	265,935	146,904

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.

21. CONTROLLED ENTITIES

	Incorporation Country	Percentage Owned 2021	2020
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	80%	80%
Kunene North Pty Ltd	Australia	100%	100%
Philco 173 (Pty) Ltd	Namibia	95%	95%

22. 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.

2021	Exploration $	Unallocated $	Total $
Revenue			
Interest received	-	53,006	53,006
Other	70,401	202,300	272,701
Total segment revenue	**70,401**	**255,306**	**325,707**
Segment net operating profit (loss) before tax	**(473,121)**	**1,189,6978**	**716,577**
Depreciation	-	77,898	77,898
Impairment of exploration assets	543,522	-	543,542
Share based payments	-	63,517	63,517
Segment assets			
Exploration expenditure	5,294,693	-	5,294,693
Property, plant & equipment	-	23,505	23,505
Segment liabilities	**63,390**	**364,434**	**427,824**

2020	Exploration $	Unallocated $	Total $
Revenue			
Interest received	-	149,730	149,730
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
Property, plant and equipment	-	15,276	15,276
Segment liabilities	**8,555**	**503,015**	**511,570**

23. *PARENT ENTITY DISCLOSURES*

(a) Statement of financial position

	2021 $	2020 $
Assets		
Current assets	9,649,342	10,204,675
Non-current assets	8,251,720	3,966,930
Total assets	17,901,062	14,171,605
Liabilities		
Current liabilities	319,909	349,195
Non-current liabilities	52,576	162,371
Total liabilities	372,485	511,566
Equity		
Issued capital	26,620,029	25,852,479
Reserves:		
Equity settled employee benefits	422,241	358,724
Retained profits	(9,513,693)	(12,551,164)
Total Equity	17,528,577	13,660,039

(b) Statement of Profit or Loss and Other Comprehensive Income

	2021 $	2020 $
Total profit/ (loss)	473,995	15,064,384
Total comprehensive income	473,995	15,064,384

<u>Loans to Controlled Entities</u>

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.

24. EVENTS SUBSEQUENT TO REPORTING DATE

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.

25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

Kaoko Project

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 2021:

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

Halls Creek

As announced on 12 November 2020, the Company acquired an 80% interest in the Halls Creek project from 3D Resources Limited bringing Cazaly to a 100% interest in the project. There is a contingent liability of $250,000 due to 3D Resources Limited upon production of minerals in a commercial and saleable quantity and there is a royalty obligation to Squadron Resources Pty Ltd on the tenement (M80/247). The royalty payable is a 1.5% net smelter return of production attributable to the tenement.

Contingent Asset

On 19 August 2019, the sale of Parker Range to Mineral Resources was completed and Cazaly received the $20 million consideration. 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 Parker Range area after the first 10 million dry metric tonnes of production.

26. 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 (please also refer to Note 16 for further details on equity-based payments issued during the year):

	2021		2020	
	Number of Options	Weighted Ave Exercise Price $	Number of Options	Weighted Ave Exercise Price $
Balance at beginning of reporting period	36,250,000	0.063	67,420,000	0.055
Expired during the year	(2,800,000)	0.177	(11,250,000)	0.094
Exercised during the year	(23,450,000)	0.033	(29,920,000)	0.02745
Issued during the year	2,500,000	0.053	10,000,000	0.0705
Balance at end of reporting period	12,500,000	0.093	36,250,000	0.063
Exercisable at end of reporting period	12,500,000		36,250,000	

The options outstanding at 30 June 2021 had a weighted average remaining life of 1.66 years (2020 – 1.08 years). The weighted average fair value of the options outstanding at 30 June 2021 was $0.025 (2020 - $0.01).

27. RIGHT OF USE ASSET AND LEASE LIABILITY

Right-of-use assets

	2021 $	2020 $
Office lease		
At carrying amount	215,417	221,239
Additions	-	-
Less: Accumulated amortisation	(64,050)	(5,822)
	151,367	215,417

Leases

As of 30 June 2021, the net carrying amount of the office held under a lease arrangement is $162,431.

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 2020	222,344	-
Additions	-	221,238
Accretions of interest	11,890	1,106
Payments	(71,803)	-
As at 30 June 2021	**162,431**	**222,344**
Current	52,576	59,973
Non-current	109,855	162,371

The following are the amounts recognised in profit or loss:

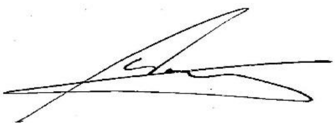
Depreciation	58,228	5,822
Interest expense on lease liabilities	11,890	1,106
Total amount recognised in profit or loss	**70,118**	**6,928**

The Group had total cash outflows for leases of $71,803 in 2021 (2020: 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 2021 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



Clive Jones
Executive Director
30 September 2021

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 2021, 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 2021 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter

Evaluation and Evaluation Assets
(Refer to Note 11)
• 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.
	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 ○ 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 11 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 2021, 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 responsibility is to express an opinion on the financial report based on our audit. 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 2021. 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 the Company, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA

Partner

Dated at Perth this 30th September 2021

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 20 September 2021.

DETAILS OF HOLDERS OF EQUITY SECURITIES

ORDINARY SHAREHOLDERS

There are 369,563,267 fully paid ordinary shares on issue, held by 2,485 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 20 SEPTEMBER 2021)

Ordinary Shareholders	Fully Paid Ordinary Number	%
Kingsreef Pty Ltd (NB & DL Family A/c)	30,070,952	8.14
Mr Clive Bruce Jones (Alyse Investment A/C)	20,829,904	5.64
ACN 139 886 025 Pty Ltd	16,917,640	4.58
Jetosea Pty Ltd	15,655,446	4.24
Citicorp Nominees Pty Ltd	9,569,442	2.59
Mrs Alison Ovenden	7,777,777	2.10
Mr Anthony Robert Ramage	6,950,000	1.88
Mr C W Chalwell & Mr I W Wilson (Chalwell pension Fund A/c)	6,000,000	1.62
Mr Thomas Francis Corr	5,880,058	1.59
CS Fourth Nominees (HSBC Cust Nom Au Ltd 11)	5,623,423	1.52
Kingsreef Pty Ltd	5,343,550	1.45
Mr Terry James Gardiner	5,050,000	1.37
Raymond Gardener & Hineaka Black (Tumeke S/Fund)	4,900,000	1.33
Mr Nathan McMahon	4,793,755	1.30
Mr Anthony Ramage (ARR S/F A/C)	4,650,000	1.26
BNP Paribas Noms Pty Ltd (DRP A/c)	3,750,000	1.01
Maincoast Pty Ltd	3,473,849	0.94
Mr Derek Patrick Knox	3,100,000	0.84
Yall Super Fund	3,032,366	0.82
Brevmar Pty Ltd (Glen Invest S/Fund)	3,000,000	0.81
	166,368,162	**45.02%**

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 1,242 shareholders who hold less than a marketable parcel of shares.

DISTRIBUTION OF SHARE HOLDERS (AS AT 20 SEPTEMBER 2021)

	Ordinary Shares
1 to 1,000	130,724
1,001 to 5,000	1,613,975
5,001 to 10,000	2,557,754
10,001 to 100,000	35,635,944
100,001 and over	329,624,870
	369,563,267

SUBSTANTIAL SHAREHOLDERS

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

Substantial Shareholder	Ordinary Shares held	% Held
Nathan McMahon & associated entities	37,363,256	10.61%
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 20 SEPTEMBER 2021

TID	PROJECT	ENTITY	% INT
Managed			
M80/0247	MT ANGELO	CAZ	100
E80/5307	HALLS CREEK	CAZ	100
E08/3259 *	ASHBURTON 1	CAZ	100
E08/3260 *	ASHBURTON 2	CAZ	100
E08/3261 *	ASHBURTON 3	CAZ	100
E08/3262 *	ASHBURTON 4	CAZ	100
E08/3265 *	ASHBURTON 5	CAZ	100
E08/3272 *	HARDEY RIVER	CAZ	100
E38/3425	YABBIE	Sammy	100
E38/3426	YABBIE	Sammy	100
E80/5446 *	PANTON NORTH	CAZ	100
E70/5743 *	MOUNT LENNARD	Hase	100
Czech Rep *	Horní Věžnice	Discovery	80
Czech Rep *	Brzkov II	Discovery	80
Namibia	EPL 6667	Kunene	95

TID	PROJECT	ENTITY	% INT
Not Managed			
M47/1450	HAMERSLEY	Lockett	30
E80/4808	MCKENZIE SPRINGS	Sammy	30
E38/3111	MOUNT VENN	CAZ	20
E38/3150	MOUNT VENN	CAZ	20
E38/3581	MOUNT VENN	CAZ	20
E31/1019	CAROSUE	CAZ	10
E31/1020	CAROSUE	CAZ	10
M31/0427	CAROSUE	CAZ	10
E09/2346	ERRABIDDY	Sammy	20

* – application