



Annual Report

Cazaly Resources Limited
ABN 23 101 049 334
and
Controlled Entities

For the Year Ended
30 June 2022



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CHAIRMAN

Clive Jones

MANAGING DIRECTOR

Tara French

NON-EXECUTIVE DIRECTORS

Terry Gardiner
Jonathan Downes

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

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DIRECTORS' REPORT

Cazaly Resources Limited Annual Report 2022

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 2022.

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:

Tara French – Managing Director (appointed 12 October 2021)

Clive Jones - Chairman

Terry Gardiner – Independent Non-Executive Director

Jonathan Downes – Independent Non-Executive Director (appointed 19 November 2021)

Nathan McMahon – Non-Executive Director (vacated 7 March 2022)

The Board wishes to acknowledge Mr Nathan McMahon, the former joint Managing Director of Cazaly, who sadly passed away in March 2022. Nathan was a driving force behind Cazaly since its inception and was highly regarded in the mining and exploration community and his leadership, business acumen and camaraderie will be sorely missed.

Company Secretary

Mike Robbins

Directors' Meetings

The number of Directors' meetings held and conducted during the financial year and the number of meetings attended by each Director are:

	Meetings	
	No. Eligible	No. Attended
Mr Jones	6	6
Ms French	4	4
Mr Gardiner	6	5
Mr Downes	3	3
Mr McMahon	4	0

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. The Board performs the role of these committees and items that are usually required to be discussed by these committees are marked as separate Board meeting agenda items, as and when required.

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 loss after tax for the year was \$1,740,579 (2021: Profit \$716,577). The Group's net assets at the end of the year are \$15,931,190(2021: \$17,310,152).

Cash and cash equivalents as at year end were \$6,901,309 (2021: \$9,593,690).

Exploration expenditure, including tenement acquisitions, totalled \$1,754,999 for the year (2021: 1,514,824). The main expenditure was on the Ashburton, Halls Creek, Chibougamau and new project generation. Exploration expenditure written off for the year was \$186,809 (2021: \$544,414). The main write offs related to new project generation costs and expenditures relating to various tenements and/or applications that were relinquished during the financial year.

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Net administration expenses and employee benefits for the year totalled \$827,045 (2021: \$871,516).

During this 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

The Group actively manages a range of financial and non-financial business risks and uncertainties which can potentially have a material impact on the Group and its ability to achieve its goals and objectives. While every effort is made to identify and manage material risks and emerging risks, additional risks not currently known or detailed below may also adversely affect future performance.

- Economic

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, investor sentiment, movements in interest and inflation rates, currency exchange rates and changes in commodity prices 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.

- Exploration Risk

Mineral exploration and development are high risk undertakings due to the various levels 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.

- 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 and assessed 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.

- 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 exploration activities and mining operations.

- 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 and financial obligations on the Group.

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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, Political & Title Risk

The Group has overseas interests which 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 project interest may be affected by changing political conditions and changes to laws and/or resource policies.

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 cannot guarantee that the licences and/or tenements in which it may acquire an interest, if it completes the acquisition, or any other licences and/or tenements in which it has or may acquire in the future, will be renewed beyond their current expiry date and there is a material risk that, in the event the holder of those licences and/or tenements is unable to renew any of them beyond their current expiry date, all or part of the Group's interests in the corresponding projects may be relinquished. Further, there is no guarantee that any applications for mining licences and/or tenements will be granted or granted on conditions satisfactory to the Group.

5. REVIEW OF OPERATIONS

PROJECTS

Safety

The Company continued its successful safety track record with no recorded lost time injuries (LTI's) or incidents since the 2021 annual report.

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 drilling conducted by Cazaly at Mount Angelo North 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 Mount Angelo North mineral resource estimate is reported in accordance with the JORC Code 2012 as 1.72Mt @ 1.4% Cu, 12.3ppm Ag, 1.4% Zn (using 0.4% Cu lower cut) for 23kt Cu, 680koz Ag and 25kt Zn.

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 North Copper-Zinc deposit (Figure 1).

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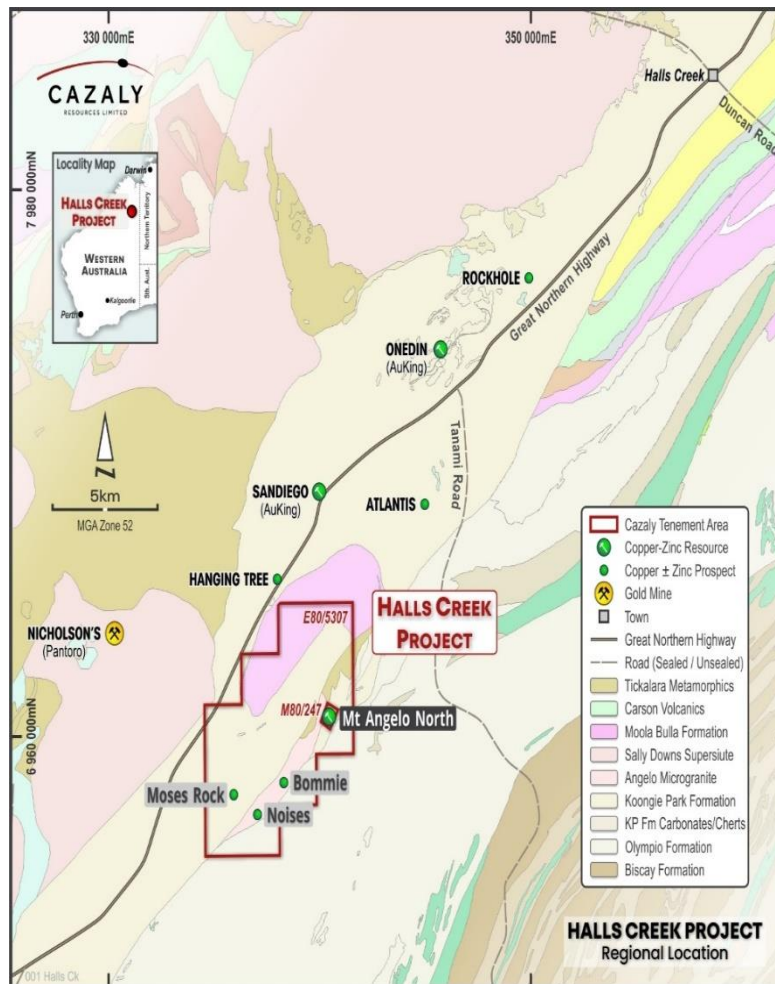


Figure 1. Location of Halls Creek Copper Project.

The Bommie prospect has a large geochemical footprint with coincident Cu-Mo-Bi that extends for 1.2km along strike and over 800m across strike (Figure 2). The porphyry system is host to significant copper mineralisation with previously reported drill intercepts including **170m @ 0.4% Cu**, **178m @ 0.3% Cu** and **136m @ 0.3% Cu**. Higher-grade intercepts within the mineralised intervals include **23m @ 1.0% Cu** and **7m @ 1.3% Cu**.

RC Drilling

As announced on 16 August 2022, RC drilling was completed at the Halls Creek Project (Figure 1). A total of 19 holes were drilled for 4,049m to test the Moses Rock EM conductor and the Bommie Porphyry Copper System.

Bommie Prospect - porphyry copper target

16 holes were drilled for 3,395m to test the continuity of broad copper intercepts across the Bommie Prospect on an approximate 100m x 100m grid (Figure 2). The Bommie Prospect is located 2.5km southwest of Mount Angelo North and is interpreted as a large low grade copper system with significant drill intercepts as shown in Figure 2. The prospect has an extensive surface geochemical signature which provides further encouragement for a large mineralised system. All priority drill holes were completed. A decision to complete the second priority ("P2" – Figure 2) drill holes will be made following the receipt of all assay results and the estimation of a maiden inferred mineral resource. Sampling techniques and data collection are detailed in the Cazaly announcement dated 16 August 2022.

Visually estimated sulphide percentages varied in all drill holes from trace levels up to 10%. Geologists have also identified pyrrhotite, pyrite, chalcopyrite, chalcocite and molybdenite in the RC drill chips (Figure 3).

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Three RC Drill holes were drilled for 654m to test an EM conductor at the Moses Rock prospect at the beginning of the drilling campaign with further details reported in Cazaly's June '22 Quarterly Activities Report.

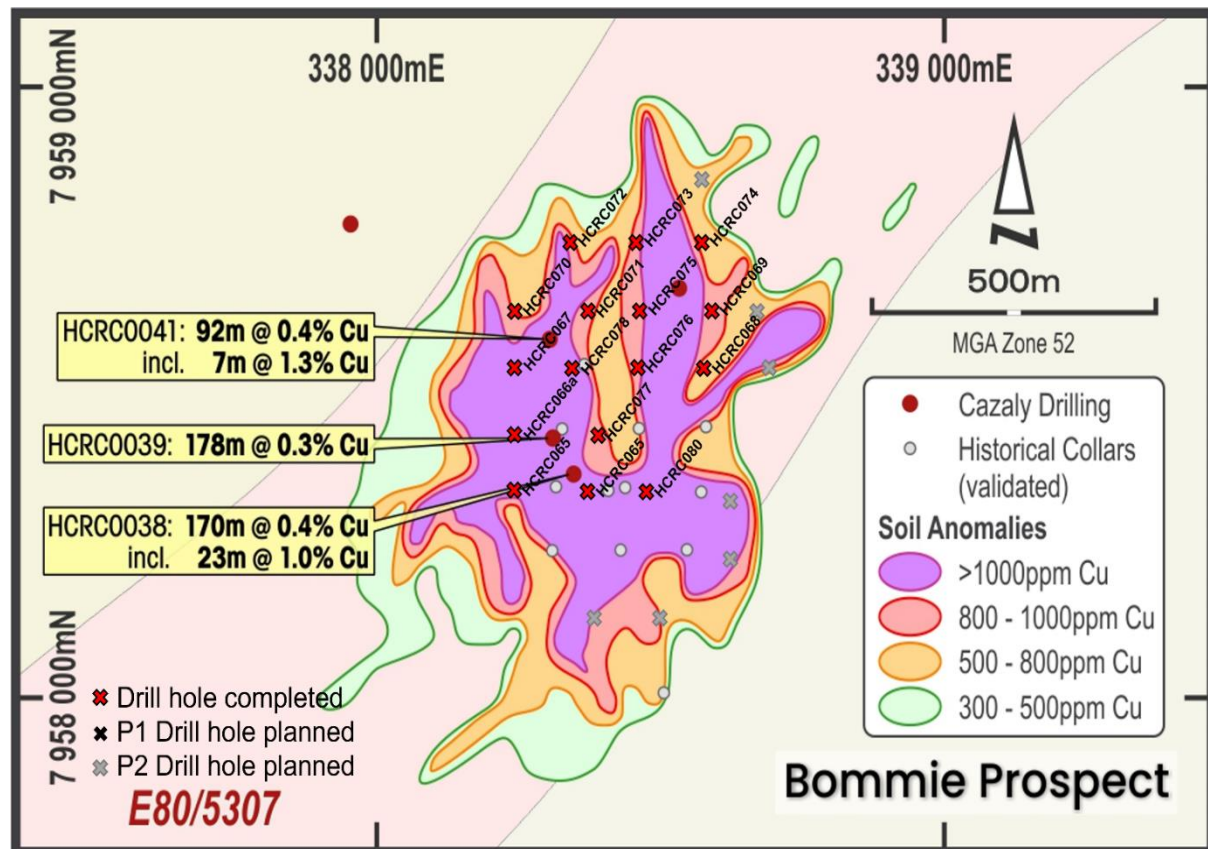


Figure 2. The Bommie porphyry copper prospect showing RC drill collar locations and anomalous copper in soil results.

Mount Angelo North Resource Update

In June 2021 the Company completed eight (8) RC holes with one (1) diamond tail drillhole (per 31 August 2021 ASX announcement) at the Mount Angelo North Cu-Zn deposit to confirm the continuity of shallow copper mineralisation and test potential extensions to known sulphide mineralisation along strike and down dip.

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

A significant amount of work has been completed to advance our understanding of the Mount Angelo North deposit. The mineralised envelope was re-modelled based on geological observations and weathering profiles and confirms the robust nature of the shallow oxide copper mineralisation near surface, with growth potential down dip and down plunge.

The resource was updated using the newly interpreted mineralisation model and re-estimated to comply with JORC Code 2012. The Mount Angelo North mineral resource estimate detailed in the table below, is reported as 1.72Mt @ 1.4% Cu, 12.3ppm Ag, 1.4% Zn (using 0.4% Cu lower cut) for 23kt Cu, 680koz Ag and 25kt Zn.

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Table 1: Mineral resource estimate, Mount Angelo North

Mount Angelo North Base Metal Deposit				
Mineral Resource Estimate (JORC 2012)				
INDICATED	Tonnes t	Cu %	Ag ppm	Zn %
Oxide	149,000	1.4	21	0.9
Transitional	158,000	1.7	16	1.5
Fresh	699,000	1.7	13	1.8
Total	1,007,000	1.6	15	1.6
INFERRED				
Oxide	67,500	0.9	9	0.9
Transitional	157,000	1.2	7	0.6
Fresh	487,000	1.0	10	1.4
Total	712,000	1.0	9	1.2
TOTAL RESOURCE				
Oxide	216,000	1.2	17	0.9
Transitional	316,000	1.4	12	1.1
Fresh	1,187,000	1.4	12	1.6
Total	1,718,000	1.4	12	1.4



Figure 3. Bommie Prospect: Drill chips showing albite, chlorite, biotite, disseminated sulphides and quartz-carbonate veins.

Ashburton Basin Project (CAZ 100%)

Cazaly holds the rights to a major land position covering more than 2,450km² in the Ashburton Basin, in the Pilbara region of Western Australia (Figure 4). The project covers major regional structures considered to be highly prospective for major gold mineralisation and occurs in the region hosting Black Cat Syndicate's (ASX:BC8) Paulsen's gold deposit and Kalamazoo's (ASX:KZR) 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.

The Company applied for tenure within the region following the recognition of the presence of major deeply seated, crustal scale structures with the potential to host significant mineralisation eg. the Baring Downs Fault (Figure 5). The Baring Down Fault lies centrally within the Ashburton Basin which has previously had very little modern exploration.

Heritage agreements for the final tenement application in the Ashburton package were finalised and E08/3262 was granted on the 7 December 2021. The Ashburton tenement package now includes five (5) leases – E08/3260, 3261, 3262, 3265 and 3272.

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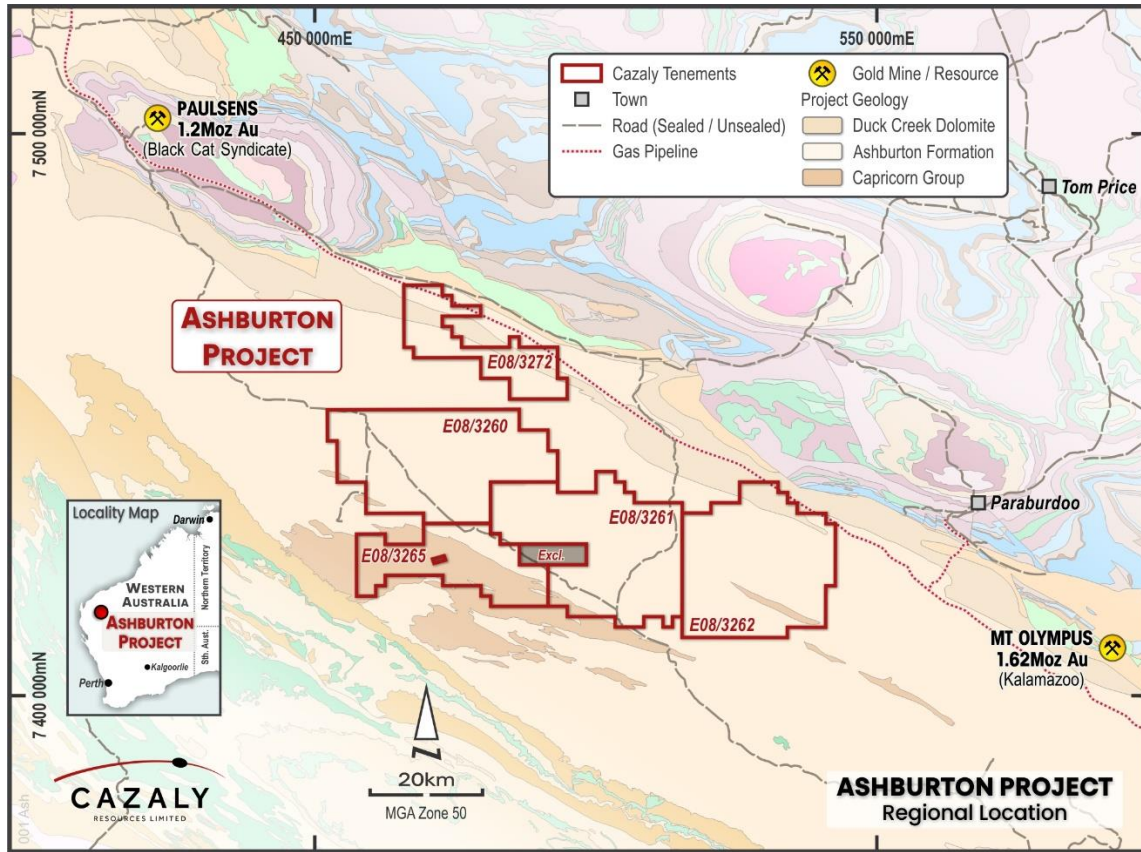


Figure 4. Location of Ashburton Project relative to major gold deposits in the district

On 14 March 2022, the Company provided an exploration update whereby analytical results were received for 1,211 surface sediment samples collected across the Ashburton Project during November and December 2021. The regional stream sediment sampling program will provide the first comprehensive geochemical dataset across the entire Ashburton project area, and has already successfully identified major regional scale (Figure 6) mineralised structures:

- Two anomalous gold-copper mineralised trends extend over 50km in the northern project area, and
- Strong base metal signatures highlight the prospectivity of regional scale structures in the southern project area.

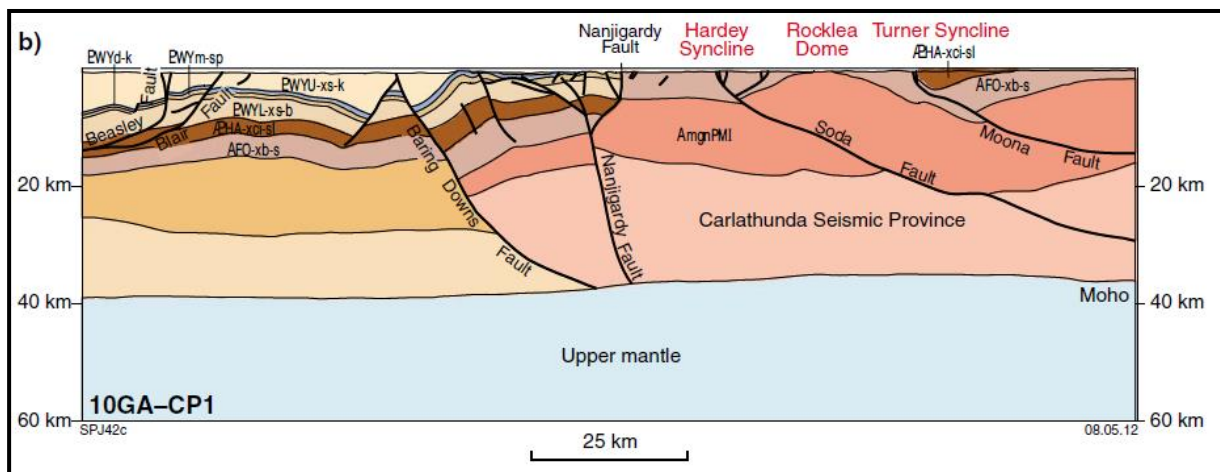


Figure 5. Regional geological setting interpreted from a Deep Seismic Traverse (2010), Ashburton Project (ref: Johnson, SP, Thorne, AM and Tyler, IM (eds) 2011, Capricorn Orogen seismic and magnetotelluric (MT) workshop 2011: extended abstracts: Geological Survey of Western Australia, Record 2011/25,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

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In addition, targeted soil sampling has highlighted the following anomalies:

- 10km long Au-Cu trend at *New Finish* prospect;
- 7km long base metal (Cu-Ag-Pb-Zn) trend at *Warden Pool* prospect; and
- 3km long base metal (Cu-Ag-Pb-Zn) trend at *Ram Hole Creek* prospect.

An Airborne Electromagnetic (AEM) Survey was designed and conducted over three separate target areas (Figure 6)- the Nanjilgardy fault zone with anomalous historical surface geochemistry on E08/3272, a broad historical TEMPEST AEM anomaly and coincident gold trend at the *New Finish* prospect and a broad historical TEMPEST AEM anomaly on the eastern tenement E08/3262.

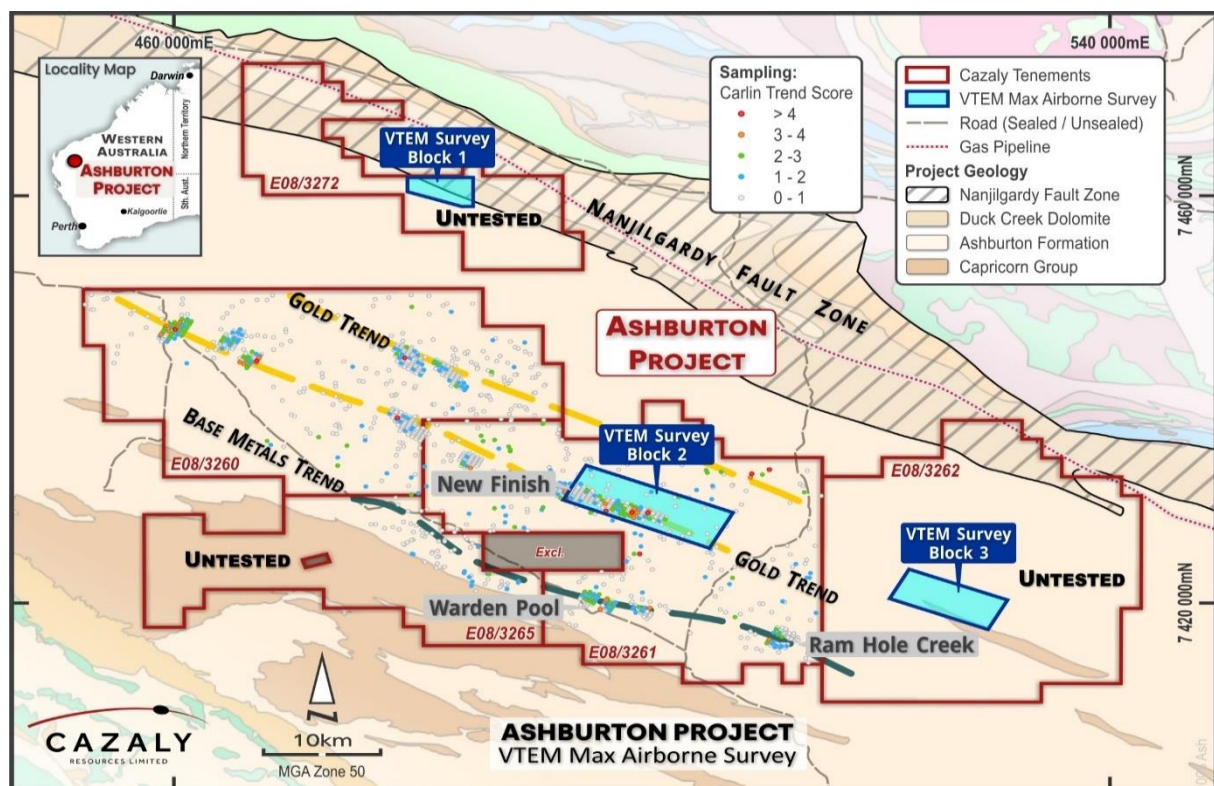


Figure 6. The Ashburton Project, spanning 2,450km² with multiple Mineralised trends >50km long and locations of VTEM surveys.

The remaining surface stream samples (approximately 500) were collected during July-August 2022. Assay results are expected to be reported by the end of September.

Vanrock Polymetallic Project (Option to earn in)

The Vanrock project is located in central north Queensland 350km west of Cairns (Figure 7) within the northern portion of the Townsville-Mornington Island Igneous Belt (TMIB), which extends over 700km from Townsville to the Gulf of Carpentaria. The project area is located where the TMIB dips undercover, and is relatively poorly explored, especially when compared to the extensive exploration activities to the southeast where the TMIB is exposed at surface, this is evidenced by the abundant mineralisation occurrences within the TMIB to the southeast. The Project is considered to have potential for Andean-type silver-tin-zinc-copper-lead mineralisation.

Polymetallic discoveries have been made undercover by Gold Aura Ltd, now Crater Gold Mining Ltd (ASX:CGN), at the A1 & A2 prospects located to the southwest of the project (Figure 8), near Croydon where massive sulphides were intersected, "widths varying from 2 to 13m downhole containing potentially economic concentrations of Zn (1.35 to 10.13%), Ag (32.7 to 642g/t), Sn (0.12 to 0.63%) ± Pb (0.25 to 2.1%) and/or Cu (0.13 to 0.57%)" (*).

(*) Refer Crater Gold Mining Ltd, n.d. Projects Croydon Polymetallic Project, accessed 19 July 2022, <http://www.cratergold.com.au/irm/content/polymetallic-project.aspx?RID=310>

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Cazaly has entered into an agreement with Lynd Resources Pty Ltd to acquire a majority stake in the Vanrock project based upon the terms outlined in the ASX announcement dated 20 July 2022. Cazaly will fund the drilling of a single diamond drill hole as an Option before electing to progress any further with the joint venture.

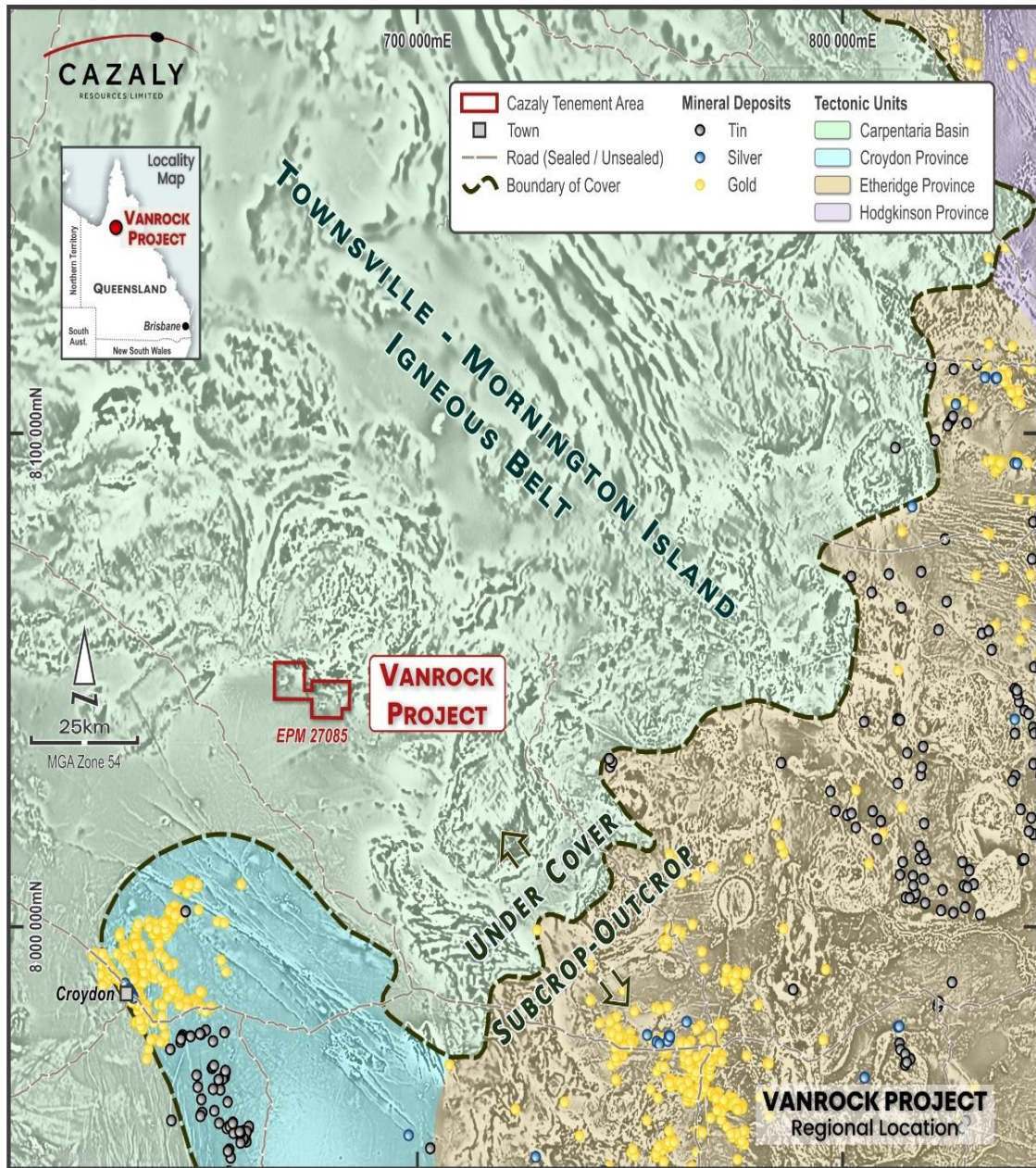


Figure 7. Location of the Vanrock Polymetallic Project within the TMIB NW Queensland.

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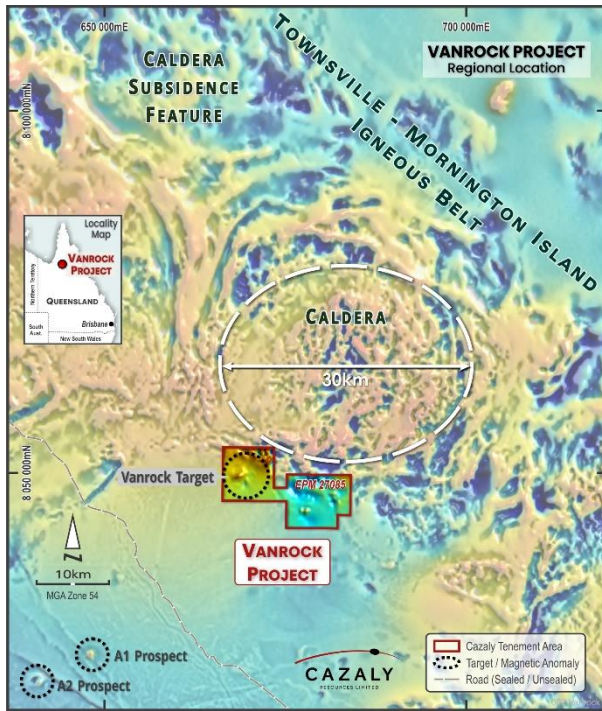


Figure 8. Location of the Vanrock target on the margin of a large caldera.

The Vanrock target is characterised by a magnetic high on the margin of a large caldera $\approx 30\text{km}$ in diameter (Figure 8). The targeted Andean-style silver - tin - base metal deposit model is typically defined by the association of late stage intrusives and mineralisation that displays as discrete magnetic highs located close to the margins of large caldera complexes. A single diamond drill hole (Figure 9) is designed to test this model by drilling the coincident magnetic and airborne EM anomaly (flown by Geoscience Australia) located on the edge of a palaeocaldera.

Previous drilling by Lynd Resources in the TMIB has confirmed alteration and mineralisation in the district akin to the Tier 1 Cerro Rico de Potosi deposit in Bolivia, one of the world's largest silver-tin deposits, which contains 5 billion ounces of Silver (Ag) and 1.5 million tonnes of Tin (Sn).

The project provides an exciting opportunity for Cazaly to be a first mover in an underexplored newly recognised mineral district concealed beneath surficial cover.

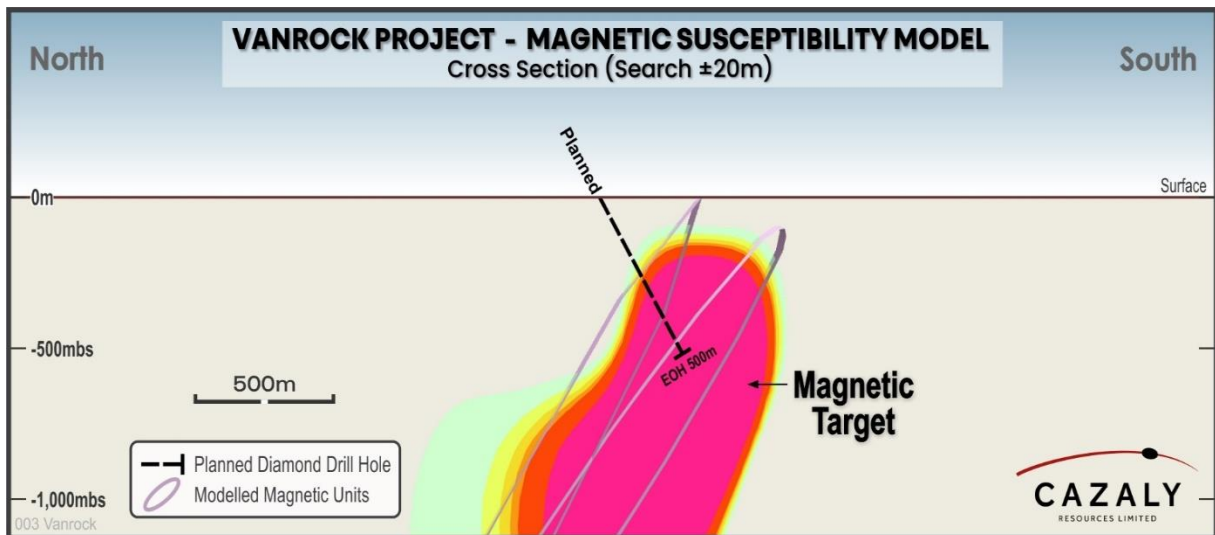


Figure 9. Magnetic susceptibility model showing two discrete moderately dipping units to be tested initially with a single diamond drill hole to 500m depth.

A heritage survey was conducted on the 24 to 26 August to ensure no heritage places or sites would be disturbed during future earthworks and drilling activities.

As announced on 7 September 2022, preliminary results were received for an **airborne Electromagnetic (EM) survey** completed in early August 2022 across the Vanrock Project using Xcite™, a high-resolution helicopter borne time domain electromagnetic and magnetic survey system. Eight lines were completed in total for 40km on a 500m line spacing. 4 lines were completed across the Vanrock target, and 4 lines were completed across a lookalike target on EPM27085 located 10km to the southeast of the Vanrock Target (Figure 8).

Diamond drilling commenced early in September and the single diamond drill hole was completed to 521.5m depth (as announced 21 September 2022). Two separate semi-massive sulphidic zones were intersected from 211.95m to 215.96m and 264.3m to 272.54m down hole. Potassic alteration associated with the sulphidic zones also occurred sporadically throughout the drill hole. All assays are pending.

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Yabby (CAZ 100%)

The Yabby tenements are located 10km to the west of Laverton in the north-eastern goldfields of Western Australia. The project area covers 16km² of the highly prospective Laverton Greenstone Belt and has potential for new gold discoveries. Tenements are positioned directly west of the *Chatterbox shear zone* host to several gold mines currently owned by Focus Minerals. In addition, the *Lady Julie* gold deposit, located along strike to the south, shows encouraging signs for a newly emerging mining centre with gold mineralisation extending from surface with recent drill results including 22m @ 4.1 g/t Au from surface, and 16m @ 5.59 g/t Au from 20m (ASX: MAU, Magnetic Resources NL announcement dated 10 January 2022).

In July 2022, Cazaly received analytical results for 246 samples collected during the June '22 quarter. Surface samples were collected on a 200m x 50m grid across anomalous gold in lag trends, identified by the initial 400m x 200m sampling programme completed in the December '21 quarter.

Several N-S and NNE gold mineralised trends were identified in the first pass reconnaissance surface samples, and this follow up phase of infill surface sampling has refined these anomalies (Figure 14) to generate discrete gold anomalies. The orientation of the refined gold mineralised trends is analogous to the adjacent *Chatterbox shear zone* host to Apollo, Whisper & Eclipse gold deposits mined by Focus in the 2010's. This provides further encouragement that these surface anomalies reflect gold in the bedrock beneath.

Refer to ASX Announcements dated 28 March 2022 and 25 July 2022 for anomalous assays, sampling techniques and reporting of results.

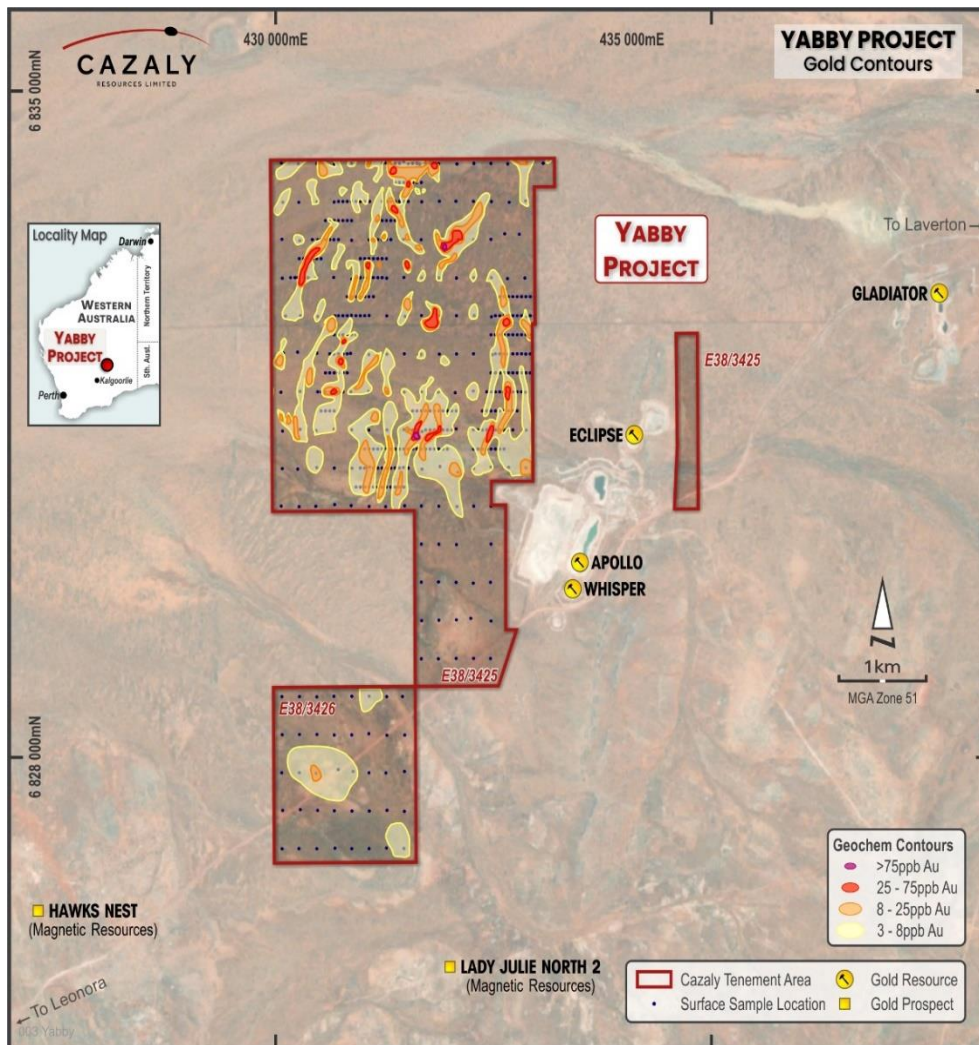


Figure 10. Gold mineralised trends interpreted from surface lag samples.

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Kaoko Kobalt Project (CAZ 95%)

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 with a current resource of 225Mt @ 0.12% Co & 0.43% Cu (CLA ASX: 16 April & 5 November 2018).

A Lithium in soil anomaly measuring 12km x 10km located in the north-eastern portion of the tenement requires further investigation. High priority Co-Cu targets will be re-assessed in conjunction with a full commodity evaluation using all available datasets with a view to advancing the project.

Mount Venn Joint Venture Project (CAZ 20% WML 80%)

The Mt Venn Gold Project is located 125km northeast of Laverton in the North-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 11).

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' 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) (80%) and Cazaly (20%). Cazaly is free carried to PFS stage.

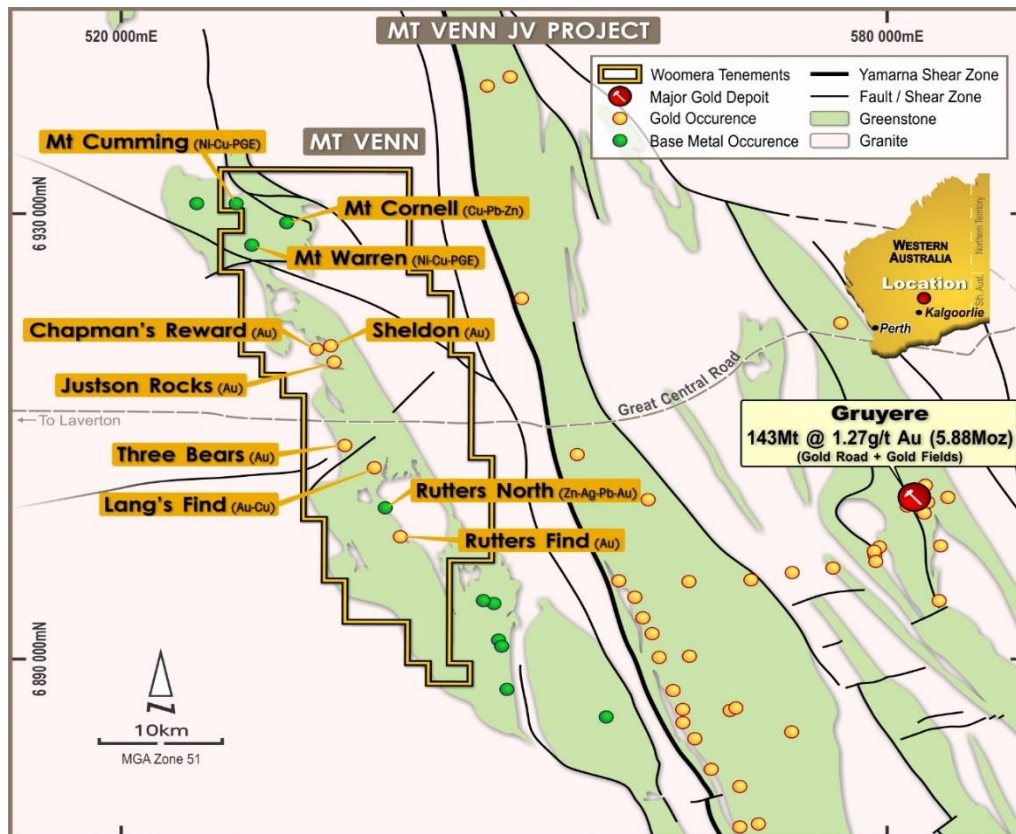


Figure 11. Location of Mount Venn Project, showing Mt Cumming and Mt Cornell Ni-Cu-PGE prospects, the focus of exploration activities during the June '22 quarter.

The Mt Cornell prospect is interpreted to be hosted by a +5km long, Ni-Cu-PGE prospective, mafic/ultramafic intrusion. Woomera previously defined two high priority EM targets immediately east of the Mt Cornell prospect and these will be tested once the underlying tenement application has been granted.

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Mt Cumming is located at the northern end of the Mount Venn Greenstone Belt and is prospective for Ni-Cu-PGE. Three mafic-ultramafic sills are identified within the Mt Cumming Mafic Complex, namely the Mt Warren Sill, Mt Cornell Sill and the Mt Cumming Sill. Previous surveys identified eight EM conductors at Mt Cumming that have a number of coincident rock chip and/or soil anomalies.

During the December '21 quarter semi-massive to massive sulphides were intersected at Mt Cornell in RC drill holes MVRC063, 064 and 065 confirming conductors at EM#6 and EM#7 represent a sulphidic source. Assay results confirmed Ni-Cu mineralization with anomalous intercepts including: **MVRC063** 2m at 0.24% Ni from 46m. **MVRC064** 22m at 0.19% Ni & 0.28% Cu from 28m, including 3m at 0.79% Ni plus 2m at 1.31% Cu. **MVRC065** 5m at 0.31% Ni & 0.65% Cu from 94m, including 1m at 0.71% Ni plus 1m at 1.68% Cu (Figure 13). These results are highly encouraging indicating the ultramafic complex is fertile and could potentially host economic Ni-Cu-PGE mineralization.

Ten RC drill holes (MVRC066-MVRC075) were completed for 1,708m in May to test for thicker, high-grade extensions to the mineralisation intersected during the December '21 quarter including a potentially 500m-long mineralised strike between RC holes testing #EM6 and #EM7 (Figure 12).

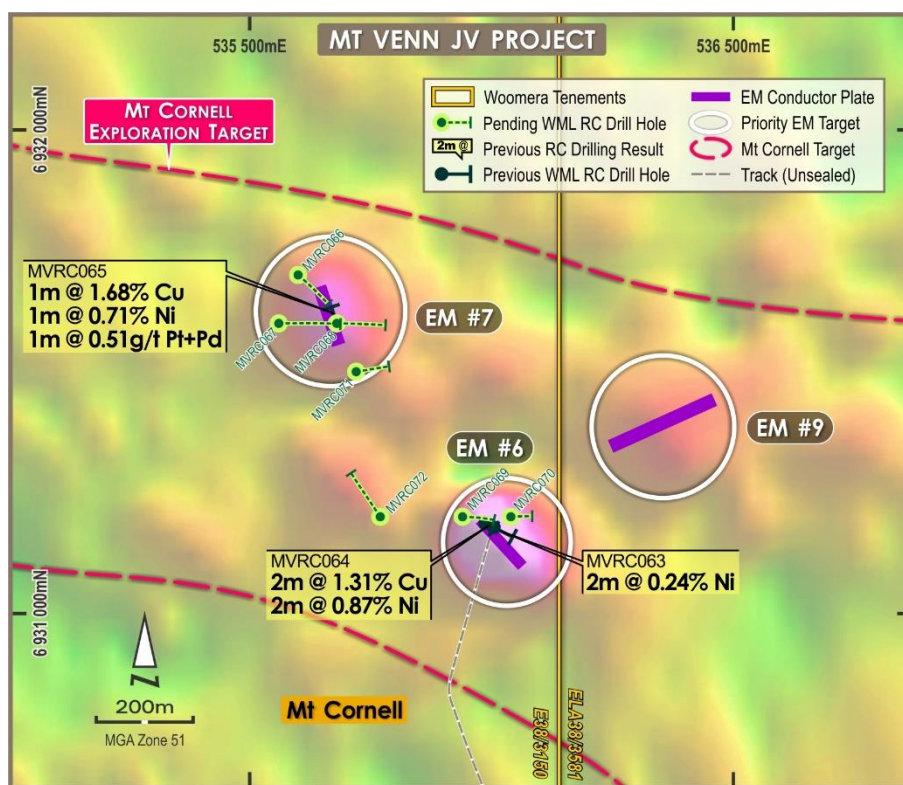


Figure 12. Drilling completed at Mount Cornell, testing the potential of EM conductors.

Results have been received for drill holes **MVRC070** and **MVRC071**. Hole **MVRC071** intersected 25m of disseminated sulphide mineralization located 100m south of **MVRC065**, with assays confirming a wide zone of anomalous copper and nickel mineralization with 25m @ 0.13% Ni, 0.25% Cu from 52m downhole.

Analytical results are pending for the remaining drill holes. For further details refer to WML: ASX announcements:

- 1 April 2022 Exploration programs set to commence
- 21 April 2022 Drilling update – Mt Venn
- 18 July 2022 Exploration programs update

McKenzie Springs Joint Venture (CAZ 30% FIN 70%)

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.

DIRECTORS' REPORT

Cazaly Resources Limited Annual Report 2022

Other Projects and Royalties

Mineral Resources Limited (ASX:MIN) continued production at the Parker Range mine and has reduced the hauling distance from the mine by 60km. Cazaly retains a royalty of \$0.50/tonne of iron ore produced from Parker Range after the first 10 million tonnes of production.

The Hamersley Iron Ore Project was an unincorporated Joint Venture between Lockett Fe Pty Ltd ("Lockett") (100% owned subsidiary of the Company) and Pathfinder Resources Ltd (ASX:PF1). During August 2021 the project was sold to Equinox Resources Limited (ASX:EQN) who successfully completed a \$9 million initial public offering under its Prospectus dated 31 August 2021 and subsequently listed on ASX on 13 October 2021. Lockett received 15,000,000 EQN shares and 2,850,000 performance shares, plus the Company also retains a royalty interest on the project.

Equinox Resources Limited continues to advance feasibility studies to progress the development planning at the Hamersley Iron Ore Project where the Company retains a 15.7% equity interest in EQN and a royalty interest of US\$0.30/tonne produced from the project. 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** (per Pathfinder (formerly Winmar) Resources Ltd ASX announcement dated 24 January 2020).

CORPORATE

As announced on 19 November 2021, the Company appointed Mr Jonathan Downes as a new independent Non-Executive Director, whilst Mr Nathan McMahon vacated his role as Non-Executive Director on 7 March 2022.

After a long and successful history with Cazaly, the Board welcomed the appointment of Mr Clive Jones into the role of Chairman.

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

Options and Performance Rights

On 2 December 2021, the Company's Managing Director, Ms Tara French, was issued a total of 5 million performance rights and 5 million unquoted options as approved by shareholders on 19 November 2021. Details are as follows:

Performance Rights

- (i) 2,000,000 Performance Rights - vested upon issue;
- (ii) 1,500,000 Performance Rights – vesting on 12 October 2022; and
- (iii) 1,500,000 Performance Rights – vesting on 12 October 2023.

The expiry date of all the performance rights is 11 October 2025.

Unquoted Options

- (i) 2,000,000 Options exercisable at \$0.067 on or before 19 November 2023;
- (ii) 1,500,000 Options exercisable at 150% of the 5-day VWAP prior to vesting date (12 October 2022) exercisable on or before 12 October 2024; and
- (iii) 1,500,000 Options exercisable at 150% of the 5-day VWAP prior to vesting date (12 October 2023) exercisable on or before 12 October 2025.

6. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group will continue its mineral exploration activity on and around its exploration projects with the aim of identifying commercial mineral resources. The Group also continues to assess other potential project opportunities that will add value to its portfolio.

DIRECTORS' REPORT

Cazaly Resources Limited Annual Report 2022

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

On 20 July 2022, the Company announced that it had entered into an agreement with Lynd Resources Pty Ltd, to secure an option, to earn into the North Queensland polymetallic Vanrock project (refer to announcement for relevant terms and conditions of the earn-in).

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

9. INFORMATION ON DIRECTORS

Clive Jones

Chairman

Experience

Mr Jones has been involved in mineral exploration for over 30 years and has sound experience in a range of commodities including gold, base metals, mineral sands, iron ore, uranium and industrial minerals both in Australia and overseas. Mr Jones is a founding Director of Cazaly Resources Ltd and has proven corporate and exploration success. He is also a Director of Bannerman Energy Limited which is listed on the ASX and on the Namibian Stock Exchange.

Equity Holdings

22,829,904 fully paid ordinary shares
4,000,000 options exercisable at \$0.0495 expiring 19 November 2022

Listed Directorships

Current
Bannerman Energy Ltd
Last three years
Corazon Mining Ltd (resigned 29 November 2019)

Tara French

Managing Director

Experience

Ms French is a geologist with 25 years mining and exploration experience, predominantly in Western Australia and before joining Cazaly, led a large team as General Manager of Exploration for Regis Resources Limited where she was employed for 14 years and played a key role in the transition and growth of Regis over that time. Ms French has experience in project evaluation, resource estimation, open cut, and underground mining across multiple commodities including, gold, nickel, and copper. She also holds an honours degree in Economic Metalliferous Geology and is a Member of the Australian Institute of Geoscientists.

Equity Holdings

1,000,000 fully paid ordinary shares
5,000,000 performance rights (2m performance rights vested on issue, 1.5m performance rights will vest on 12 October 2022 and 1.5m performance rights will vest on 12 October 2023)
2,000,000 options exercisable at \$0.067 expiring 19 November 2023
1,500,000 options exercisable at 150% VWAP expiring 12 October 2024 (vest 12 October 2022)
1,500,000 options exercisable at 150% VWAP expiring 12 October 2025 (vest 12 October 2023)

Listed Directorships

Current
Lefroy Exploration Ltd (from July 2022)

DIRECTORS' REPORT

Cazaly Resources Limited Annual Report 2022

Terry Gardiner	Independent Non-Executive Director
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. He is also Chairman of Charger Metals NL and holds other directorships with various ASX listed and unlisted public companies.
Equity Holdings	9,467,893 fully paid ordinary shares 2,000,000 options exercisable at \$0.0495 expiring 19 November 2022
Listed Directorships	<u>Current</u> Galan Lithium Limited (from December 2013) Roto-Gro International Limited (from July 2019) Charger Metals NL (from July 2021)(Chairman)
Jonathan Downes	Independent Non-Executive Director
Experience	Mr Downes, BSc (GeoPhys) MAIG, has over 30 years' experience in the mineral and energy sectors and specialises in project identification and development and has worked in various geological and corporate capacities. Jonathan has experience with nickel, gold and base metals and electrical energy solutions. He has been involved with numerous private and public capital raisings and was a founding director of Moly Mines Ltd, Ironbark Zinc Limited and Siberia Mining Corporation Ltd. Mr Downes is currently the Managing Director of Kaiser Reef Limited and on the boards of Kingswest Resources Limited, Nickel X Limited and Corazon Mining Limited.
Equity Holdings	200,100 fully paid ordinary shares
Listed Directorships	<u>Current</u> Kaiser Reef Limited Kingswest Resources Limited Nickel X Limited Corazon Mining Limited <u>Last three years</u> Galena Mining Limited (resigned October 2021) Ironbark Zinc Limited (resigned December 2019)

Mike Robbins - Company Secretary

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

10. ENVIRONMENTAL

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

11. 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.

DIRECTORS' REPORT

Cazaly Resources Limited Annual Report 2022

The Cazaly Board believes the current remuneration policy is appropriate and effective in its ability to attract and retain high quality personnel in order to achieve its strategic objectives and create value for shareholders.

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. Where necessary, 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 any time that is attributable to exploration and evaluation. Any awarded options are valued using the Black-Scholes methodology.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors receive a fixed fee for time, commitment and responsibilities and may be paid remuneration as the directors determine where the director performs services outside the scope of the ordinary duties of the director. Non-executive directors may also be paid expenses properly incurred in attending meetings or otherwise in connection with the Company's business.

The Company's constitution provides that the non-executive directors, as a whole, may be paid or provided fees or other remuneration for their services as a director of the Company. 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 Clive Jones is currently the Chairman of the Company and is engaged as an executive on a part-time basis. His annual remuneration is split between a monthly consulting fee of \$7,500 per month and an annual salary component of \$60,000 plus statutory superannuation.

Ms Tara French is the Company's Managing Director and is on an annual salary of \$280,000 (plus statutory superannuation). Should Ms French or the Company wish to terminate her contract, either Ms French or the Company are required to give written notice of at least three (3) months before the effective date of termination.

Mr Terry Gardiner and Mr Jonathan Downes, are Non-Executive Directors who are employed by the Company on an annual salary of \$50,000 (plus statutory superannuation).

Under his engagement offer, Mr Downes is entitled to be issued 2m Cazaly options. The options will be exercisable at a price that is 150% of the volume weighted average price for Shares traded on the ASX over the five (5) Trading Days immediately preceding the date of issue and will be exercisable on the date that is three (3) years from date of issue. Any issue of options to Mr Downes will require prior shareholder approval.

The employment contracts stipulate a range of resignation notice periods. Termination payments are not payable under the circumstances of unsatisfactory performance.

Voting and comments made at the Company's 2021 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 30 June 2021 was put to the shareholders of the Company at the Annual General Meeting held 19 November 2021. The Company received 99.9% of the vote, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2021 financial year. The resolution was passed without amendment by a poll and on proxy vote. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

DIRECTORS' REPORT

Cazaly Resources Limited Annual Report 2022

Details of Remuneration for Years Ended 30 June 2022 & 30 June 2021

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 & Rights (ii)		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Tara French – Managing Director (i)										
2022	271,720	-	-	-	27,172	-	-	307,617	606,509	50.7%
2021	-	-	-	-	-	-	-	-	-	-
Clive Jones – Chairman and Executive Director (iii)										
2022	194,238	-	-	-	6,000	-	-	-	200,238	-
2021	222,512	-	-	-	5,412	-	-	-	227,924	-
Nathan McMahon – Non-Executive Director (iv) (vacated 7 March 2022)										
2022	-	-	-	-	-	-	-	-	-	-
2021	193,240	-	-	-	-	-	-	-	193,240	-
Terry Gardiner – Non-Executive Director										
2022	50,000	-	-	-	5,000	-	-	-	55,000	-
2021	50,000	-	-	-	4,750	-	-	-	54,750	-
Jonathan Downes – Non-Executive Director (appointed 19 November 2021)										
2022	30,833	-	-	-	3,083	-	-	-	33,916	-
2021	-	-	-	-	-	-	-	-	-	-
Total Remuneration										
2022	546,791	-	-	-	41,255	-	-	307,617	895,663	34.3%
2021	465,752	-	-	-	10,162	-	-	-	475,914	-

- i) Ms Tara French commenced as CEO of Cazaly on 12 July 2021 and was appointed to the Board on 12 October 2021. Aggregate short-term benefits of \$271,720 have been paid since Ms French's commencement date.
- ii) Share-based payments for the issue of 5m performance rights (\$230,000) and 5m options (\$77,617), included in Ms French's employment conditions, have been fully expensed in FY 2022. The issue of the performance rights and options was approved by shareholders on 19 November 2021.
- iii) Aggregate short-term benefits of \$194,238 (2020: \$222,512) 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 of \$60,000.
- iv) Aggregate short-term benefits of \$Nil (2021: \$193,240) were paid 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 from 1 June 2021 and vacated his position on 7 March 2022.

Related Party Information

The Company received a total of \$113,950 (2020: \$96,500) 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 \$57,480 (2020: \$79,620) 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.

DIRECTORS' REPORT

Cazaly Resources Limited Annual Report 2022

Key Management Personnel (KMP) Equity Holdings

Shares

<u>30 June 2022</u>	Balance 01-07-21	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30-06-22
C. Jones	20,829,904	-	-	2,000,000	22,829,904
T. French (i)	-	-	-	1,000,000	1,000,000
T. Gardiner	7,750,000	-	-	1,717,147	9,467,147
J. Downes (ii)	-	-	-	200,100	200,100
N. McMahon (iii)	40,238,258	-	-	(40,238,258)	-
	68,818,162	-	-	(35,321,011)	33,497,151

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

Options

<u>30 June 2022</u>	Balance 01-07-21	Issued Acquired (iv)	Exercised	Lapsed/ Other	Balance 30-06-22	Vested during the year	Vested and exercisable
C. Jones	4,000,000	-	-	-	4,000,000	-	4,000,000
T. French (i)	-	5,000,000	-	-	5,000,000	2,000,000	2,000,000
T. Gardiner	2,000,000	-	-	-	2,000,000	-	2,000,000
J. Downes (ii)	-	-	-	-	-	-	-
N. McMahon (iii)	4,000,000	-	-	(4,000,000)	-	-	-
	10,000,000	5,000,000	-	(4,000,000)	11,000,000	2,000,000	8,000,000

<u>30 June 2021</u>	Balance 01-07-20	Issued Acquired	Exercised	Lapsed/ Other	Balance 30-06-21	Vested during the year	Vested and exercisable
C. Jones	6,500,000	-	2,500,000	-	4,000,000	-	4,000,000
T. French (i)	-	-	-	-	-	-	-
T. Gardiner (v)	4,000,000	-	2,000,000	-	2,000,000	-	2,000,000
J. Downes (ii)	-	-	-	-	-	-	-
N. McMahon	6,500,000	-	2,500,000	-	4,000,000	-	4,000,000
	17,000,000	-	7,000,000	-	10,000,000	-	10,000,000

(i) Ms French appointed Managing Director on 12 October 2021.

(ii) Mr Downes appointed a Non-Executive Director on 19 November 2021.

(iii) Mr McMahon held 40,238,258 shares and 4,000,000 options on his vacation date (7 March 2022).

(iv) Ms French issued with a total of 5m options as approved by shareholders on 19 November 2021. 2,000,000 options are exercisable at \$0.067 on or before 19 November 2023 (Fair value per option \$0.0122), 1,500,000 options are exercisable at 150% of the 5-day VWAP prior to vesting date (12 October 2022) exercisable on or before 12 October 2024 (Fair value per option \$0.01706) and 1,500,000 options are exercisable at 150% of the 5-day VWAP prior to vesting date (12 October 2023) exercisable on or before 12 October 2025 (Fair value per option \$0.01855).

(v) Exercised options include 1,500,000 Director options exercisable at \$0.039 on or before 26 November 2020 and 500,000 options exercisable at \$0.029 on or before 31 March 2021 that were issued under a placement.

DIRECTORS' REPORT

Cazaly Resources Limited Annual Report 2022

Performance Rights

- i) 2,000,000 Performance Rights - vested upon issue;
- ii) 1,500,000 Performance Rights – vest on 12 October 2022; and
- iii) 1,500,000 Performance Rights - vest on 12 October 2023

The performance rights expire on 11 October 2025 and were issued to Ms Tara French as approved by shareholders on 19 November 2021 (also refer note 14).

End of Remuneration Report (Audited).

12. INDEMNIFYING OFFICERS OR DIRECTORS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Director and Officer, or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as an 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 all Directors and Officers.

13. 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
19/11/23	\$0.0670	2,000,000
12/10/24	(i)	1,500,000
12/10/25	(ii)	1,500,000

- (i) Vest 12 October 2022. Exercisable at 150% of the VWAP for CAZ shares traded on the ASX over the 5 trading days immediately preceding the vesting date.
- (ii) Vest 12 October 2023. Exercisable at 150% of the VWAP for CAZ shares traded on the ASX over the 5 trading days immediately preceding the vesting date.

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

14. 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.

DIRECTORS' REPORT

Cazaly Resources Limited Annual Report 2022

15. AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 23.

16. 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 2022.

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



Tara French
Managing Director
21 September 2022

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 Ms Tara French 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. Ms French 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'. Ms French 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 Director for the audit of the financial statements of Cazaly Resources Limited for the financial year ended 30 June 2022, 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
Director

Dated this 21st day of September 2022
Perth, Western Australia

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For Year Ended 30 June 2022**

	Note	2022 \$	2021 \$
Revenue from continuing operations	2	220,820	205,305
Gain/(Loss) on sale of financial assets		325,618	996,942
Gain on sale of tenement		1,472,892	60,000
Revaluation of financial assets		-	1,296,883
Other Income	2	61,580	60,401
Employee benefits		(529,844)	(545,131)
Finance Costs		(7,746)	(11,890)
Depreciation		(82,703)	(77,898)
Administrative expenses	3	(297,200)	(326,385)
Compliance and regulatory expenses	3	(259,544)	(258,074)
Occupancy expenses		(81,630)	(76,537)
Written-off exploration expenditure		(186,809)	(543,522)
Equity based payments		(307,617)	(63,517)
Impairment of financial assets		(2,068,396)	-
Profit/(loss) before income tax		(1,740,579)	716,577
Income tax (expense)/ benefit	6	-	-
Profit/(loss) for the year from continuing operations		(1,740,579)	716,577
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(1,740,579)	716,577
Earnings/(loss) for the year attributable to:			
Members of the parent entity		(1,740,524)	716,761
Non-controlling interest		(55)	(184)
		(1,740,579)	716,577
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		(1,740,524)	716,761
Non-controlling interest		(55)	(184)
		(1,740,579)	716,577
<u>Earnings/(loss) per share from continuing and discontinuing operations</u>			
		Cents	Cents
Basic weighted average earnings/(loss) per share	18	(0.48)	0.19
Diluted weighted average earnings/(loss) per share	18	(0.48)	0.19

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**
As at 30 June 2022

	Note	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	7	6,901,309	9,593,690
Trade and other receivables	8	63,979	133,893
TOTAL CURRENT ASSETS		6,965,288	9,727,583
NON-CURRENT ASSETS			
Trade and other receivables	8	49,679	49,679
Financial assets	9	3,882,311	2,491,151
Property, plant and equipment	10	30,750	23,505
Exploration and evaluation assets	11	5,335,775	5,294,691
Rights of use assets	27	81,502	151,367
TOTAL NON-CURRENT ASSETS		9,380,017	8,010,393
TOTAL ASSETS		16,345,305	17,737,976
CURRENT LIABILITIES			
Trade and other payables	12	201,651	144,562
Provisions	13	123,750	120,831
Lease liability	27	81,662	109,855
TOTAL CURRENT LIABILITIES		407,063	375,248
NON-CURRENT LIABILITIES			
Lease liability	27	7,052	52,576
TOTAL NON-CURRENT LIABILITIES		7,052	52,576
TOTAL LIABILITIES		414,115	427,824
NET ASSETS		15,931,190	17,310,152
EQUITY			
Issued capital	14	26,674,021	26,620,021
Reserves	15	729,858	422,241
Accumulated losses	16	(11,457,063)	(9,716,539)
Controlling entity interest		15,946,816	17,325,723
Non-controlling interest		(15,626)	(15,571)
TOTAL EQUITY		15,931,190	17,310,152

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 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	-	-	-	-	-
Option reserve	-	-	63,517	-	63,517
Balance at 30 June 2021	26,620,021	(9,716,539)	422,241	(15,571)	17,310,152
Earnings/(loss) for the year	-	(1,740,524)	-	(55)	(1,740,579)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	(1,740,524)	-	(55)	(1,740,579)
Transactions with owners, in their capacity as owners, and other transfers:					
Shares issued	54,000	-	-	-	54,000
Issue costs	-	-	-	-	-
Options issued	-	-	-	-	-
Options expired	-	-	-	-	-
Option reserve	-	-	307,617	-	307,617
Balance at 30 June 2022	26,674,021	(11,457,063)	729,858	(15,626)	15,931,190

The accompanying notes form part of these financial statements.

**CONSOLIDATED CASH FLOW
STATEMENT**
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash Flows from Operating Activities			
Receipts from services agreements		263,611	152,300
Cash received from government grant		-	50,000
Payments to suppliers and employees		(1,111,038)	(1,223,565)
Interest received and bill discounts received		27,124	53,444
		<hr/>	<hr/>
<i>Net cash used in operating activities</i>	19	(820,305)	(967,821)
Cash Flows From Investing Activities			
Purchase of property, plant & equipment		(23,508)	(34,869)
Purchase of equity investments		(960,156)	(892,132)
Payments for exploration and evaluation		(1,392,878)	(1,318,832)
Payments for purchase of exploration assets		(321,754)	(335,000)
Proceeds from sale of equity investments		826,218	2,209,232
Proceeds from sale of exploration assets (net of transaction costs)		-	60,000
Proceeds from term deposit bond		-	20,000
		<hr/>	<hr/>
<i>Net cash used in investing activities</i>		(1,872,078)	(291,601)
Cash Flows from Financing Activities			
Proceeds from issue of share		-	-
Proceeds from conversion of options		-	767,550
		<hr/>	<hr/>
<i>Net cash provided by financing activities</i>		-	767,550
		<hr/>	<hr/>
Net increase/(decrease) in cash held		(2,692,381)	(491,872)
Cash and cash equivalents at beginning of the financial year		9,593,690	10,085,562
		<hr/>	<hr/>
Cash and cash equivalents at end of the financial year	7	6,901,309	9,593,690
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

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 2022 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 2022 is contained in Note xx 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.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

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 2022.

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.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

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

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

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 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 payables.

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturity dates of three to six months or less.

(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.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

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 as 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

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 a 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.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

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.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

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 2022					
Recurring fair value measurements	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets at fair value through profit or loss:</i>					
- Australian listed shares at fair value		3,882,311	-	-	3,882,311
- unlisted Australian shares		-	-	-	-
		<u>3,882,311</u>	<u>-</u>	<u>-</u>	<u>3,882,311</u>
30 June 2021					
Recurring fair value measurements	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets at fair value through profit or loss:</i>					
- Australian listed shares at fair value		2,491,151	-	-	2,491,151
- unlisted Australian shares		-	-	-	-
		<u>2,491,151</u>	<u>-</u>	<u>-</u>	<u>2,491,151</u>

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

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) 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.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

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 2021.

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 2022. 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.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

	2022	2021
	\$	\$
2. REVENUE & OTHER INCOME		
Revenue from Continuing Operations		
- interest received	27,123	53,005
- recoupment of office costs on-charged	193,697	152,300
	<u>220,820</u>	<u>205,305</u>
Other Income		
- government grant received	-	50,000
- other	61,580	10,401
	<u>61,580</u>	<u>60,401</u>

3. PROFIT/(LOSS) FOR THE YEAR

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

Expenses

Administrative expenses		
Consulting	55,618	153,313
Advertising, printing and stationery	19,219	14,459
Travel and accommodation	17,066	3,522
Memberships	14,595	-
Insurance	32,596	28,970
Other	158,107	126,121
	<u>297,201</u>	<u>326,385</u>
Compliance and regulatory expenses		
ASX, ASIC, registry and secretarial	146,689	202,920
Legal	112,755	55,155
	<u>259,444</u>	<u>258,075</u>
Employee Benefits		
Superannuation	90,640	43,145

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 2022. The totals of remuneration paid to key management personnel of the Company during the year are as follows:

Short-term employee benefits	546,791	465,752
Post-employment benefits	41,255	10,162
Termination benefits	-	-
Other long-term benefits	-	-
Share based payments	307,617	-
	<u>895,663</u>	<u>475,914</u>

A total of \$355,302 (2020: \$216,364) was capitalised to exploration expenditure.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

4. KEY MANAGEMENT PERSONNEL (Cont'd)

Related Party Information

The Company received a total of \$113,950 (2020: \$96,500) 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 \$57,480 (2020: \$79,620) 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.

	2022 \$	2021 \$
5. AUDITORS REMUNERATION		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	25,290	17,540
	<u>25,290</u>	<u>17,540</u>
6. INCOME TAX EXPENSE		
The components of the tax expense/(income) comprise:		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
(a) The prima facie tax on profits/(losses) from ordinary activities before income tax is reconciled to the income tax as follows:		
Profit/(loss) from continuing operations	(1,740,579)	716,577
Prima facie tax benefit on loss from ordinary activities before income tax at 25.0% (2021 26.0%)	<u>(435,145)</u>	<u>186,310</u>
Add/(subtract):		
Tax effect of:		
Non-assessable income	-	(13,000)
Other non-allowable items	81,424	17,682
Effect of tax losses derecognised	69	73,838
Derecognition of previously recognised tax losses	367,550	-
Recognition of previously unrecognised prior year tax losses	(231,738)	-
Utilisation of previously unrecognised capital losses	-	(107,441)
Tax benefit of deductible equity raising costs	(2,250)	(3,826)
Movement in unrecognised temporary differences	<u>220,090</u>	<u>(153,544)</u>
Income tax expense (benefit) attributable to entity	<u>-</u>	<u>-</u>
(b) Recognised deferred tax assets at 25.0% (2021: 25.0%) comprise the following:		
Carry forward revenue losses	661,937	1,058,126
Capital raising and future black hole deductions	26,296	40,093
Provisions and accruals	187,942	126,489
Other	<u>55,366</u>	<u>60,688</u>
	931,541	1,285,396
Less: Set off of deferred tax liabilities	<u>(931,541)</u>	<u>(1,285,396)</u>
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

	2022 \$	2021 \$
Recognised deferred tax assets at 25.0% (2021: 25.0%) comprise the following:		
Exploration expenditure	(931,541)	(960,489)
Other	-	(325,547)
	<u>(931,541)</u>	<u>(1,285,396)</u>
Less: Set off of deferred tax asset	931,541	1,285,396
	<u>-</u>	<u>-</u>
(c) Deferred tax recognised directly in equity:		
Relating to equity raising costs	-	-
	<u>-</u>	<u>-</u>
(d) Unrecognised deferred tax assets at 25.0% (2021: 25.0%) 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	222,340	4,500
Tax revenue losses	1,838,887	1,681,119
Tax capital losses	-	-
	<u>2,061,227</u>	<u>1,685,619</u>

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	6,901,109	9,593,490
Petty cash	200	200
	<u>6,901,309</u>	<u>9,593,690</u>

8. TRADE AND OTHER RECEIVABLES

Current

Other receivables	63,978	133,893
	<u>63,978</u>	<u>133,893</u>

Other receivables normally have 30-60 day terms. At 30 June 2022, \$36,916 (2021: \$36,916) is receivable from companies related to the Directors.

Non-Current

Bonds	49,679	49,679
	<u>49,679</u>	<u>49,679</u>

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	3,882,311	2,491,151
Unlisted Australian public company shares	-	-
	<u>3,882,311</u>	<u>2,491,151</u>

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

	2022 \$	2021 \$
10. PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment		
At cost	366,356	346,273
Accumulated depreciation	(339,095)	(327,266)
	<u>27,261</u>	<u>19,007</u>
Office Furniture and Equipment		
At cost	43,638	43,638
Accumulated depreciation	(43,638)	(43,638)
	<u>-</u>	<u>-</u>
Motor Vehicle		
At cost	65,878	65,878
Accumulated depreciation	(62,389)	(61,380)
	<u>3,489</u>	<u>4,498</u>
	<u>30,750</u>	<u>23,505</u>

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

	2022			
	Plant and Equipment \$	Office Furniture \$	Motor Vehicles \$	Total \$
Balance at the beginning of the year	19,007	-	4,498	23,505
Additions	20,083	-	-	20,083
Disposals/write offs	-	-	-	-
Depreciation expense	(11,829)	-	(1,009)	(12,838)
Carrying amount at the end of the year	<u>27,261</u>	<u>-</u>	<u>3,489</u>	<u>30,750</u>
	2021			
	Plant and Equipment \$	Office Furniture \$	Motor Vehicles \$	Total \$
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	<u>19,007</u>	<u>-</u>	<u>4,498</u>	<u>23,505</u>

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

	2022 \$	2021 \$
11. EXPLORATION AND EVALUATION ASSETS		
Non-Current		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases at cost	5,335,775	5,294,691
Movement – exploration and evaluation		
Brought forward	5,294,691	4,324,283
Exploration expenditure capitalised during the year	1,372,400	1,179,824
Acquisitions	375,750	335,000
Exploration expenditure capitalised on tenements sold during the year	6,861	-
Capitalised expenditure on tenements sold	(1,527,108)	-
Exploration expenditure written off	(186,809)	(544,416)
	<u>5,335,775</u>	<u>5,294,691</u>

Exploration expenditure, including tenement acquisitions, totalled \$1,755,011 for the year (2021: 1,514,824). The main expenditure was on the Ashburton, Halls Creek, Chibougamau and new project generation. Exploration expenditure written off for the year was \$186,809 (2021: \$544,414). The main write offs related to new project generation costs and expenditures relating to various tenements and/or applications that were relinquished during the financial year.

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

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

12. TRADE AND OTHER PAYABLES

Current

Trade creditors	27,116	119,476
Other creditors and accrued expenses	174,535	25,086
	<u>201,651</u>	<u>144,562</u>

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

13. PROVISIONS

Current

Provision for annual leave	62,229	62,631
Provision for long service leave	61,521	58,200
	<u>123,750</u>	<u>120,831</u>

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

	2022 \$	2021 \$
14. ISSUED CAPITAL		
370,821,793 fully paid ordinary shares (2021: 369,563,267) with no par value	<u>26,674,021</u>	<u>26,620,021</u>

Share Movements

	30 June 2022 Number	30 June 2022 \$	30 June 2021 Number	30 June 2021 \$
Balance at the beginning of the year	369,563,267	26,620,021	346,113,267	25,852,471
Issue of shares at \$0.029 each (i)	-	-	14,700,000	426,300
Issue of shares at \$0.039 each (ii)	-	-	6,500,000	253,500
Issue of shares at \$0.039 each (iii)	-	-	2,250,000	87,750
Issue of shares at \$0.043 each (iv)	1,258,526	54,000	-	-
Balance at the end of the year	<u>370,821,793</u>	<u>26,674,021</u>	<u>369,563,267</u>	<u>26,620,021</u>

- (i) 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.
- (ii) Shares issued 19 November 2020 on the conversion of \$0.039 options by Directors. Approved by shareholders on 26 November 2018.
- (iii) Shares issued on 25 November 2020 on the conversion of \$0.039 options by employees.
- (iv) Shares issued to Exiro Minerals Corp as part of the terms and conditions of an agreement (value CDN\$50,000).

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 2021	Issued during the year	Exercised/ Expired/ Cancelled	Number on issue at 30 June 2022
On or before 19/11/22 (i)	\$0.0495	10,000,000	-	-	10,000,000
On or before 8/3/24 (ii)	\$0.05	2,000,000	-	-	2,000,000
On or before 11/6/24 (ii)	\$0.066	500,000	-	-	500,000
On or before 19/11/23 (iii)	\$0.067	-	2,000,000	-	2,000,000
On or before 12/10/24	(iv)	-	1,500,000	-	1,500,000
On or before 12/10/25	(v)	-	1,500,000	-	1,500,000
		<u>12,500,000</u>	<u>5,000,000</u>	<u>-</u>	<u>17,500,000</u>

- (i) Issued to directors on 20 November 2019 (approved at Company's AGM held on 20 November 2019).
- (ii) Issued to employees under the Cazaly employee incentive plan.
- (iii) Issued to the Managing Director on 2 December 2021 (approved at Company's AGM on 19 November 2021).
- (iv) Vest 12 months after Managing Director commencement date. Exercisable at 150% of the VWAP for CAZ shares traded on the ASX over the 5 trading days immediately preceding the vesting date (12 October 2022).
- (v) Vest 12 months after Managing Director commencement date. Exercisable at 150% of the VWAP for CAZ shares traded on the ASX over the 5 trading days immediately preceding the vesting date (12 October 2023).

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 \$77,617. All options were issued to the Managing Director on 2 December 2021 (approved by shareholders at the AGM on 19 November 2021).

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

14. ISSUED CAPITAL (Cont'd)

Equity Based Payments

Options and performance rights may be issued to directors, employees and consultants. The options and performance rights may be subject to performance criteria, and are issued to directors, employees and consultants to increase goal congruence between directors, employees and consultants and the Cazaly shareholders. Options and performance rights do not carry any dividend or voting rights.

Options

The fair value of share options issued during the year was \$77,617. All options were issued to the Managing Director on 2 December 2021 (approved by shareholders at the AGM on 19 November 2021).

Allotee	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
Director	2,000,000	\$0.01210	67%	2.0	\$0.067	\$0.041	0.75%
Director (i)	1,500,000	\$0.01706	67%	2.0	\$0.093	\$0.055	0.75%
Director (ii)	1,500,000	\$0.01855	67%	2.0	\$0.108	\$0.055	0.75%

- (i) Options vest on 12 October 2022.
- (ii) Options vest on 12 October 2023.

Performance Rights

On 2 December 2021, the Company's Managing Director, Ms Tara French, was also issued a total of 5 million performance rights (expiring on 11 October 2025) as follows:

- (iii) 2,000,000 Performance Rights - vested upon issue;
- (iv) 1,500,000 Performance Rights - vesting on 12 October 2022; and
- (v) 1,500,000 Performance Rights - vesting on 12 October 2023.

The Performance rights were approved by shareholders at the AGM on 19 November 2021 and were assigned a total value of \$230,000 (2m vested - \$92,000, 1.5m vesting 12 October 2022 - \$69,000 and 1.5m vesting 12 October 2023 - \$69,000). The full amount has been expensed in the financial year ended 30 June 2022.

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 2022 and 30 June 2021 are as follows:

	2022 \$	2021 \$
Cash and cash equivalents	6,901,309	9,593,690
Trade and other receivables	63,979	133,893
Financial assets	3,882,311	2,491,151
Current liabilities	(407,063)	(375,248)
Working capital position	10,440,536	11,843,486

15. OPTION RESERVE

Opening balance	422,241	358,724
Equity based payments (refer note 14)	307,617	63,517
Closing balance	729,858	422,241

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.

NOTES TO THE FINANCIAL STATEMENTS

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16. ACCUMULATED LOSSES

Opening balance	(9,716,539)	(10,433,300)
Net earnings/(loss) attributable to members	(1,740,524)	716,761
Closing balance	<u>(11,457,063)</u>	<u>(9,716,539)</u>

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 \$6,901,309 (2021: \$9,593,690).

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 2022 and 30 June 2021:

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<u>30 June 2022</u>	Floating Interest Rate	Fixed Interest maturing in 1 year or less	Non- interest bearing	2022 Total
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,901,109	5,000,000	200	6,901,309
Trade and other receivables	-	49,679	63,979	113,658
Financial assets – held for trading	-	-	3,882,311	3,882,311
	<u>1,901,109</u>	<u>5,049,679</u>	<u>3,946,490</u>	<u>10,897,278</u>
Weighted average effective interest rate	0.22%			
Financial Liabilities				
Trade and other payables	-	-	201,651	201,651
	<u>-</u>	<u>-</u>	<u>201,651</u>	<u>201,651</u>

<u>30 June 2021</u>	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
	<u>2,593,490</u>	<u>7,049,679</u>	<u>2,625,244</u>	<u>12,268,413</u>
Weighted average effective interest rate	0.29%			
Financial Liabilities				
Trade and other payables	-	-	144,562	144,562
	<u>-</u>	<u>-</u>	<u>144,562</u>	<u>144,562</u>

Net Fair Values

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

	2022		2021	
	Carrying Amount \$	Net fair Value \$	Carrying Amount \$	Net fair Value \$
Financial assets				
Cash and deposits	6,901,309	6,901,309	9,593,690	9,593,690
Receivables	113,658	113,658	183,572	183,572
Investment held for trading	3,882,311	3,882,311	2,491,151	2,491,151
	<u>10,897,278</u>	<u>10,897,278</u>	<u>12,268,413</u>	<u>12,268,413</u>
Financial liabilities				
Payables	201,651	201,651	144,558	144,558
	<u>201,651</u>	<u>201,651</u>	<u>144,558</u>	<u>144,558</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

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	2022 \$	2021 \$
Change in loss		
• Increase in interest rate by 100 basis points	68,626	95,805
• Decrease in interest rate by 100 basis points	(68,626)	(95,805)
Change in equity		
• Increase in interest rate by 100 basis points	68,626	95,805
• Decrease in interest rate by 100 basis points	(68,626)	(95,805)
18. EARNINGS PER SHARE		
a) Reconciliation of earnings to profit or loss:		
Earnings/(loss) for the year	(1,740,579)	716,577
Earnings/(loss) used to calculate basic and diluted EPS	(1,740,579)	716,577
	2022	2021
	No. of Shares	No. of Shares
b) Basic and diluted weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS		
	370,821,793	369,563,267

19. CASH FLOW INFORMATION

Reconciliation of cash flows from operating activities with profit/(loss) after income tax

Profit/(Loss) after income tax	(1,740,579)	716,577
<i>Non-operating cash flows in loss for the year:</i>		
Depreciation	82,703	77,898
Net (Gain)/ Loss on sale of shares	(325,618)	(996,942)
Finance costs on lease	7,746	11,890
Assets written off	3,425	-
Net profit on the sale of exploration assets	(1,472,892)	-
Employee & Consultant equity settled transactions	307,617	63,517
Fair value adjustment to investments	2,068,396	(1,296,883)
Exploration write-off	186,809	543,522
<i>Changes in assets and liabilities:</i>		
Decrease/(increase) in trade receivables and prepayments	62,088	(64,459)
Increase/(decrease) in trade payables, accruals and employee entitlements	-	(22,941)
Cash outflow from operations	(820,305)	(967,821)

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	605,969	63,941
Longer than one year, but not longer than five years	4,185,568	201,994
Longer than five years	32,772	-
	4,824,309	265,935

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.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

21. CONTROLLED ENTITIES

Parent Entity	Incorporation Country	Percentage Owned	
		2022	2021
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%
Vanrock Resources Pty Ltd	Australia	100%	100%
Discovery Minerals Pty Ltd	Australia	80%	80%
Kunene North Pty Ltd	Australia	100%	100%
Philco One Hundred & Seventy Three (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.

2022	Exploration \$	Unallocated \$	Total \$
Revenue			
Interest received	-	27,123	27,123
Gain on sale of tenement	1,472,892	-	1,472,892
Other	61,580	519,315	580,895
Total segment revenue	1,534,472	546,438	2,080,910
Segment net operating profit (loss) before tax			
	(125,228)	(1,615,351)	(1,740,579)
Depreciation	-	82,703	82,703
Impairment of exploration assets	186,809	-	186,809
Share based payments	-	307,617	307,617
Segment assets	5,335,775	11,009,530	16,345,305
Exploration expenditure	5,335,775	-	5,335,775
Property, plant & equipment	-	30,750	30,750
Segment liabilities	120,170	293,945	414,115

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

2021	Exploration \$	Unallocated \$	Total \$
Revenue			
Interest received	-	53,006	53,006
Gain on sale of tenement	60,000	-	60,000
Other	10,401	2,496,124	2,506,525
Total segment revenue	70,401	2,549,130	2,619,531
Segment net operating profit (loss) before tax			
	(473,121)	1,189,698	716,577
Depreciation	-	77,898	77,898
Impairment of exploration assets	543,522	-	543,542
Share based payments	-	63,517	63,517
Segment assets	5,294,691	12,443,285	17,737,976
Exploration expenditure	5,294,691	-	5,294,693
Property, plant and equipment	-	23,505	23,505
Segment liabilities	63,390	364,434	427,824

	2022 \$	2021 \$
23. PARENT ENTITY DISCLOSURES		
(a) Statement of financial position		
Assets		
Current assets	6,961,519	9,649,342
Non-current assets	6,722,039	8,251,720
Total assets	13,683,559	17,901,062
Liabilities		
Current liabilities	407,037	319,909
Non-current liabilities	7,052	52,576
Total liabilities	414,089	372,485
Equity		
Issued capital	26,674,025	26,620,029
Reserves:		
Equity settled employee benefits	729,858	422,241
Retained profits	(11,480,478)	(9,513,693)
Total Equity	15,923,406	17,528,577
(b) Statement of Profit or Loss and Other Comprehensive Income		
Total profit/ (loss)	(1,961,955)	473,995
Total comprehensive income	(1,961,955)	473,995

Loans to Controlled Entities

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

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

24. EVENTS SUBSEQUENT TO REPORTING DATE

On 20 July 2022, the Company announced that it had entered into an agreement with Lynd Resources Pty Ltd, to secure an option, to earn into the North Queensland polymetallic Vanrock project (refer to announcement for relevant terms and conditions of the earn-in).

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

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 2022:

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 Assets

Hammersley

The Hammersley Iron Ore Project was an unincorporated Joint Venture between Lockett Fe Pty Ltd ("Lockett") (100% owned subsidiary of the Company) and Pathfinder Resources Ltd (ASX:PF1). In August 2021 the project was sold to Equinox Resources Limited (ASX:EQN) who successfully completed a \$9 million initial public offering under its Prospectus dated 31 August 2021 and subsequently listed on ASX on 13 October 2021. Lockett received 15 million EQN shares and 2,850,000 performance share, plus retained a royalty interest on the project. The royalty is fixed and payable to Lockett Fe Pty Ltd of USD\$0.30 per metric tonne of iron ore which is extracted and sold or otherwise disposed of from the area within the boundaries of the Hammersley Iron Ore Project. The Company also holds 2,850,000 Performance Shares in Equinox. Each Performance Share will, at the election of the holder, convert into one Equinox Share, subject to Equinox announcing to the ASX a positive preliminary Feasibility Study in relation to the Hammersley Iron Ore Project, confirming the Hammersley Iron Ore Project is commercially viable. The Performance Shares have a two-year term.

Parker Range

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.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2022

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 14 for further details on equity-based payments issued during the year):

	2022		2021	
	Number of Options	Weighted Ave Exercise Price \$	Number of Options	Weighted Ave Exercise Price \$
Balance at beginning of reporting period	12,500,000	0.093	36,250,000	0.063
Expired during the year	-	-	(2,800,000)	0.177
Exercised during the year	-	-	(23,450,000)	0.033
Issued during the year (*)	2,000,000	0.067	2,500,000	0.053
Balance at end of reporting period	<u>14,500,000</u>	0.090	<u>12,500,000</u>	0.093
Exercisable at end of reporting period	<u>14,500,000</u>		<u>12,500,000</u>	

* Excludes options not yet vested at 30 June 2022.

The options outstanding at 30 June 2022 had a weighted average remaining life of 0.57 years (2021 – 1.66 years). The weighted average fair value of the options outstanding at 30 June 2022 was \$0.023 (2021 - \$0.025).

27. RIGHT OF USE ASSETS AND LEASE LIABILITY

Right-of-use assets

	2022 \$	2021 \$
<u>Office lease</u>		
At carrying amount	151,367	215,417
Additions	-	-
Less: Accumulated amortisation	(69,865)	(64,050)
	<u>81,502</u>	<u>151,367</u>

Leases

As of 30 June 2022, the net carrying amount of the office held under a lease arrangement is \$88,714.

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 2021	162,431	222,344
Additions	-	-
Accretions of interest	7,746	11,890
Payments	(81,463)	(71,803)
As at 30 June 2022	<u>88,714</u>	<u>162,431</u>
Current	81,662	109,855
Non-current	7,052	52,576

The following are the amounts recognised in profit or loss:

Depreciation	69,865	58,228
Interest expense on lease liabilities	7,746	11,890
Total amount recognised in profit or loss	<u>77,611</u>	<u>70,118</u>

The Group had total cash outflows for leases of \$81,463 in 2022 (2021: \$71,803).

DIRECTORS' DECLARATION

Cazaly Resources Limited Annual Report 2022

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 2022 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



Tara French
Managing Director
21 September 2022

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAZALY RESOURCES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cazaly Resources Limited (“the Company”) and its subsidiaries (“the Consolidated Entity”), which comprises the consolidated statement of financial position as at 30 June 2022, 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 2022 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.

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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
<p>Evaluation and Evaluation Assets</p> <p>(Refer to Note 11)</p> <ul style="list-style-type: none"> • 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. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ 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;

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	<ul style="list-style-type: none"> ○ 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. <ul style="list-style-type: none"> ● We assessed the appropriateness of the related disclosures in note 11 to the financial statements.
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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 2022, 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 2022. 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 2022, complies with section 300A of the Corporations Act 2001.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 21st day of September 2022
Perth, Western Australia

ADDITIONAL SHAREHOLDER INFORMATION

Cazaly Resources Limited Annual Report 2022

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 15 September 2022.

DETAILS OF HOLDERS OF EQUITY SECURITIES

ORDINARY SHAREHOLDERS

There are 370,821,793 fully paid ordinary shares on issue, held by 2,318 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 15 SEPTEMBER 2022)

Ordinary Shareholders	Fully Paid Ordinary Number	%
Kingsreef Pty Ltd (NB & DL Family A/c)	31,529,841	8.50
Mr Clive Bruce Jones (Alyse Investment A/C)	20,829,904	5.62
ACN 139 886 025 Pty Ltd	16,917,640	4.56
Jetosea Pty Ltd	16,627,545	4.48
Citicorp Nominees Pty Ltd	9,609,799	2.59
Mr Terry James Gardiner	6,517,893	1.76
Mrs Alison Ovenden	6,000,000	1.62
Mr C W Chalwell & Mr I W Wilson (Chalwell pension Fund A/c)	6,000,000	1.62
Raymond Gardener & Hineaka Black (Tumeke S/Fund)	5,900,000	1.59
Jaz Future Fund Pty Ltd (ARR Superannuation Fund)	5,450,001	1.47
Kingsreef Pty Ltd	5,343,550	1.44
BNP Paribas Noms Pty Ltd (DRP A/c)	5,060,919	1.36
Mr Anthony Robert Ramage	5,020,500	1.35
Mr Derek Patrick Knox	5,000,000	1.35
Estate Mr Nathan Bruce McMahon	4,793,755	1.29
Mr Thomas Francis Corr	4,000,000	1.08
Maincoast Pty Ltd	3,473,849	0.94
Brevmar Pty Ltd (Glen Invest S/Fund)	3,432,309	0.93
Garrett Smythe Ltd	3,375,000	0.91
Tilpa Pty Ltd (Tilpa Pty Ltd Staff S/F A/C)	3,149,319	0.85
	168,031,824	45.31%

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:

- each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- 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
- 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 1,235 shareholders who hold less than a marketable parcel of shares.

ADDITIONAL SHAREHOLDER INFORMATION

Cazaly Resources Limited Annual Report 2022

DISTRIBUTION OF SHARE HOLDERS (AS AT 15 SEPTEMBER 2022)

	Ordinary Shares
1 to 1,000	130,282
1,001 to 5,000	1,569,581
5,001 to 10,000	2,374,412
10,001 to 100,000	31,168,027
100,001 and over	335,579,491
	<u>370,821,793</u>

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%
Jetosea Pty Ltd	18,839,815	5.08%

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 listed on the Australian Securities Exchange (ASX code: CAZ).

INTEREST IN MINING TENEMENTS AS AT 15 SEPTEMBER 2022

TID	PROJECT	ENTITY	% INT	TID	PROJECT	ENTITY	% INT
Managed				Not Managed			
M80/0247	MT ANGELO	CAZ	100	E80/4808	MCKENZIE SPRINGS	Sammy	30
E80/5307	HALLS CREEK	CAZ	100	E38/3111	MOUNT VENN	CAZ	20
E08/3259	ASHBURTON 1	CAZ	100	E38/3150	MOUNT VENN	CAZ	20
E08/3260	ASHBURTON 2	CAZ	100	E38/3581	MOUNT VENN	CAZ	20
E08/3261	ASHBURTON 3	CAZ	100	E31/1019	CAROSUE	CAZ	10
E08/3262	ASHBURTON 4	CAZ	100	E31/1020	CAROSUE	CAZ	10
E08/3265	ASHBURTON 5	CAZ	100	M31/0427	CAROSUE	CAZ	10
E08/3272	HARDEY RIVER	CAZ	100	E09/2346	ERRABIDY	Sammy	20
E38/3425	YABBY	Sammy	100				
E38/3426	YABBY	Sammy	100				
E52/4105 *	DINGO WELL	Sammy	100				
E52/4106 *	PRARIRIE DOWNS	Sammy	100				
E52/4107 *	WARRAWANDA CREEK	Sammy	100				
E52/4108 *	WARRAWANDA CREEK	Sammy	100				
E52/4109 *	WARRAWANDA CREEK	Sammy	100				
E52/4110 *	NEWMAN	Sammy	100				
Namibia	EPL 6667	Kunene	95				

Sammy = Sammy Resources Pty Ltd (CAZ subsidiary)

Kunene = Kunene North Pty Ltd (CAZ subsidiary)

* = application