

CAZALY RESOURCES LIMITED

EXTENSIVE TARGETS DEFINED FROM AIRBORNE EM SURVEY KAOKO KOBALT PROJECT, NAMIBIA

- SkyTEM airborne electromagnetic (EM) and magnetics survey completed and assessed, Kaoko Kobalt Project Namibia
- Initial assessment highlights major areas of interest and target stratigraphy
- Defined areas prospective for Co-Cu bearing 'DOF' (Dolomite Ore Formation) horizon and other base metal targets
- EM anomalies at Kamwe target coincident with historic Cu-Co geochemistry
- Large area of 'DOF' host stratigraphy with multiple targets identified in the northeast

Cazaly Resources Limited (ASX: CAZ, "Cazaly" or "the Company") has now received and processed data from an airborne electromagnetic (EM) and magnetic survey conducted over the *Kaoko Kobalt Project* in Namibia. The survey was flown by Skytem ApS who also recently worked in-country flying surveys for Celsius Resources (ASX:CLA) and Namibian Critical Metals (TSX:NMI) at properties adjacent to the Company's Kaoko Project.

The Kaoko Project

The Kaoko Project lies in northern Namibia approximately 800km by road from the capital of Windhoek and approximately 750km from port of Walvis Bay. The region has excellent infrastructure and comprises exploration licence EPL6667, which was granted in February 2018, and two further applications which combined covers ~1,410km² of tenure.

The project is situated immediately north of, and abuts, Celsius Resources Limited's *Opuwo Cobalt* project who completed a scoping study based upon a maiden resource of **112Mt @ 0.11% Co & 0.41% Cu** (CLA ASX: 16 April & 5 November 2018). The Kaoko Project has only had cursory exploration in the past, the results of which highlighted widespread base metal mineralisation. Aside from having the potential of prospective DOF, previous geochemistry delineated a 20km by 5km area of subdued magnetics coincident with anomalous Cu-Co-Zn-Mn at the *Kamwe* prospect.

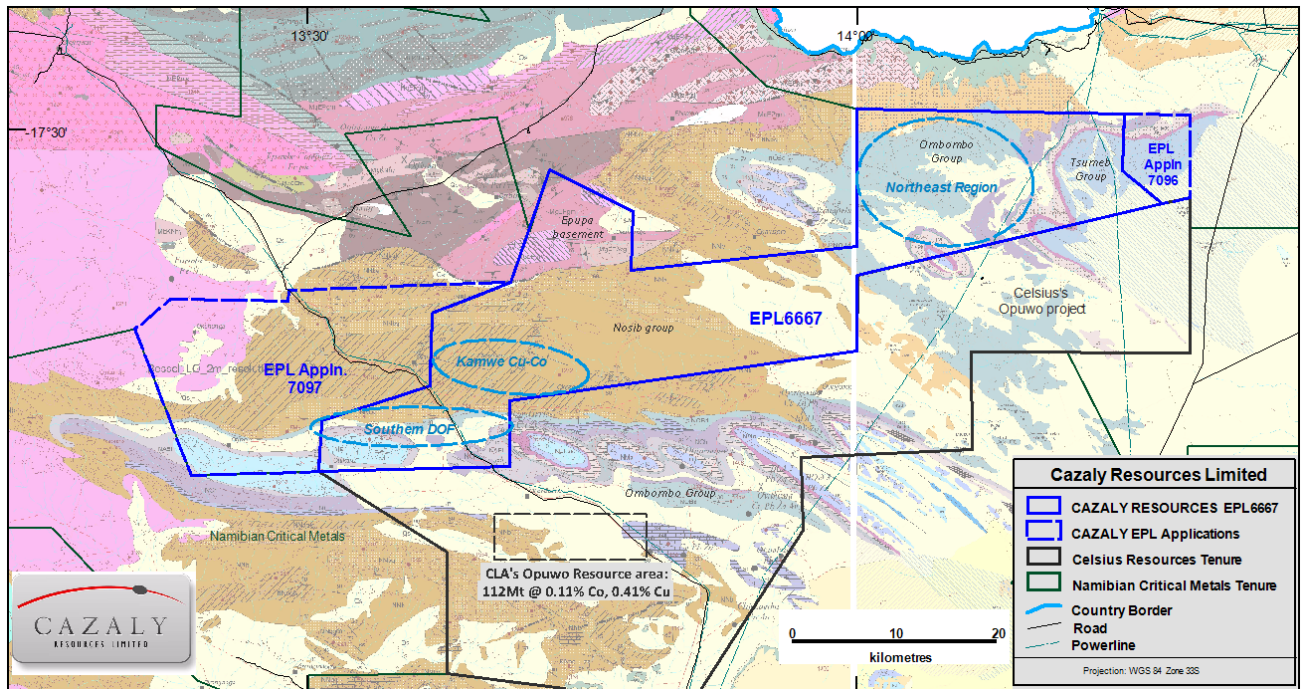


Figure 1: Geology of the Kaoko Kobalt project showing target areas

The Survey

The Company's airborne geophysical survey was conducted over five separate blocks where previous work highlighted the potential for strata bound cobalt/copper mineralisation similar to the neighbouring Celsius's DOF mineralisation at its *Opuwo Cobalt* project.

The survey results successfully highlighted discrete conductive zones in a number of areas highlighting potential for sediment-hosted mineralisation and possible feeder zones in structurally complex areas. Stratigraphic conductors are observed in late time data at Kamwe over distances of up to 5.5km. Figure 2 shows channel 37Z SkyTEM data imaged with soil lines and cobalt anomalies.

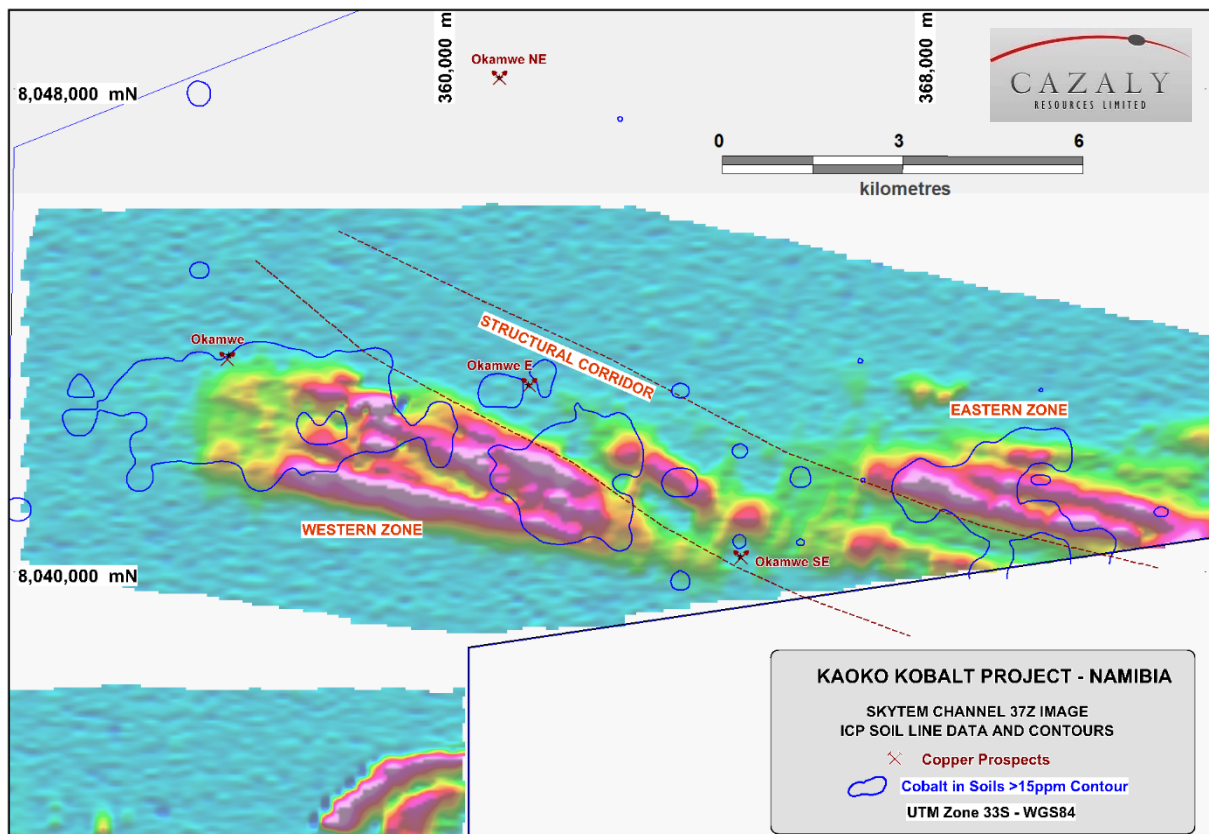


Figure 2: Kamwe Prospect SkyTEM CH37Z image with soil sample results and copper prospects

There is a strong correlation between conductive targets and higher cobalt values in the western and eastern zones at Kamwe. These are separated by a structurally complex corridor containing known high-grade copper mineralisation in gossans as well as further discrete late-time conductors and cobalt-in-soil anomalies.

Overall, the precise EM signature of the DOF horizon in the region is unclear. Stratigraphic controlled EM signatures within the Ombombo Formation, the host unit to the DOF horizon, may indicate the increased presence of sulphides and/or carbonaceous shales both of which are key components of the mineralised horizon at Opuwo. The Southern DOF area (figure1) did not return any appreciable EM signatures however given the uncertain nature of EM in tracking the unit the area still remains of interest.

This Neoproterozoic host group forms part of the Kaoko Belt which is interpreted as a western extension of the Copper Belt in the DRC and Zambia. Clastic and carbon dominant lithologies within this sequence at Kaoko represent potential hosts for the precipitation of cobalt, copper and zinc mineralisation under favourable conditions.

Northeast

Several zones of conductive stratigraphy are also highlighted by SkyTEM data in the **northeastern** blocks (figure 3). This area hosts very thick Ombombo Formation stratigraphy and is therefore a major area of interest. Several large stratigraphic controlled anomalies are observed in this region and will be a major focus for ongoing work. The *Goudina* and *Okatjene* base metal prospects also occur within the highly prospective mid to upper Ombombo Formation in this region.

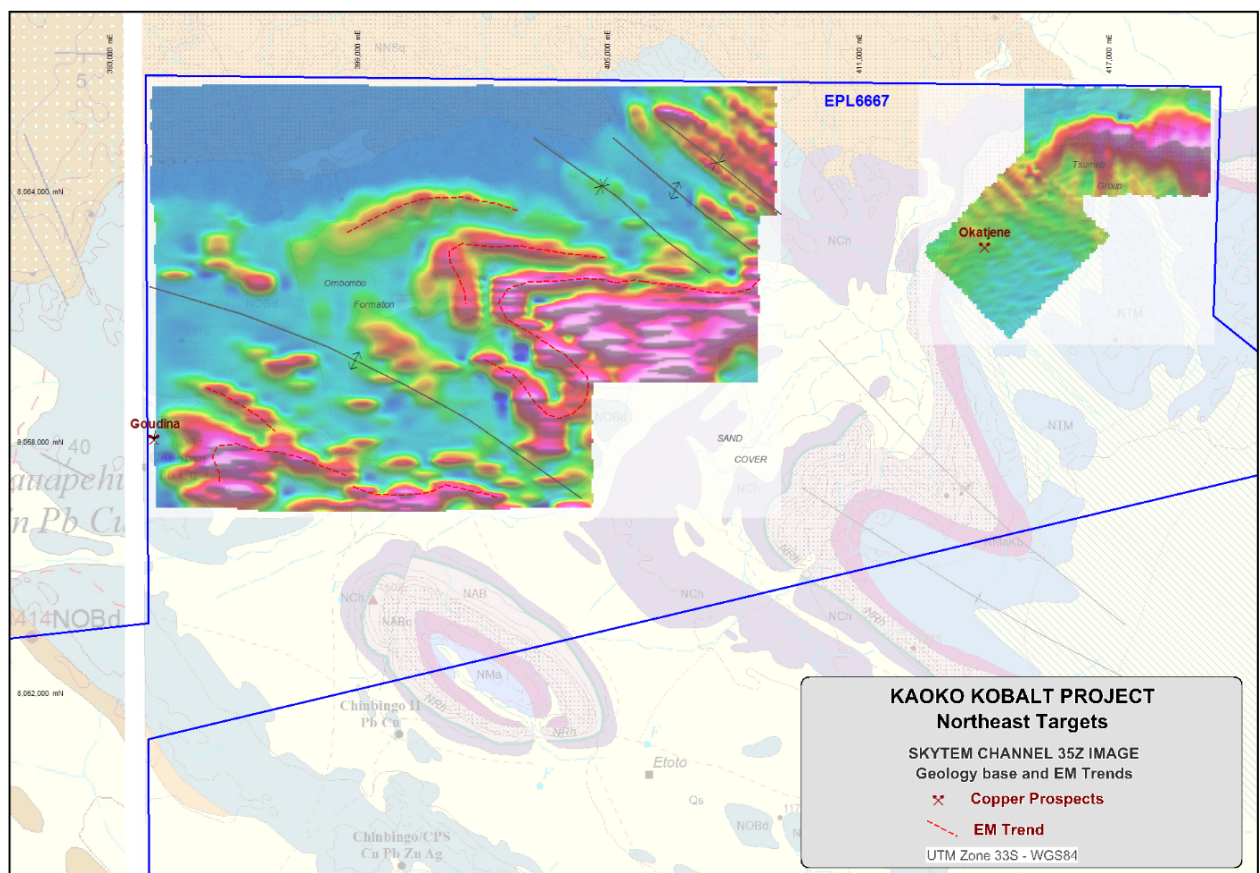


Figure 3: Etoto and Katjene SkyTEM CH35Z image with soil sample results and copper prospects

The far northeast also hosts Tsumeb stratigraphy where extensive anomalous areas are noted coincident with anomalous copper, cobalt and zinc geochemistry.

The Company will complete more detailed data modelling to characterise the conductors at Kamwe and in the northeast before field checking and proposed follow-up programs. Follow-up work will include a number of options including infill soil sampling, further SkyTEM data modelling and drilling.

ENDS

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Competent Person's Statement

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

