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CAZALY RESOURCES LIMITED

McKenzie Springs Drilling Update (CAZ 49%)

Sammy Resources Pty Ltd (a wholly owned subsidiary of Cazaly Resources Limited) is in joint venture with Fin Resources Ltd (ASX:FIN) over Exploration Licence 80/4808, 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. FIN has the right to farm-in to an additional 19% interest in the Project by spending $500,000 on exploration by 30 November 2020.

An update on the maiden drilling program has been announced (please refer attached FIN ASX announcement).

For and on behalf of the Cazaly Board.

Yours faithfully

Mike Robbins
Company Secretary

CAZALY RESOURCES LIMITED
Level 3, 30 Richardson Street, West Perth, Western Australia, 6005. PO Box 396, West Perth, Western Australia, 6872
Phone: +61 8 9322 6283 Fax: +61 8 9322 6398 email: admin@cazalyresources.com.au
ACN 101 049 334 www.cazalyresources.com.au

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Fin Resources

Semi-Massive Sulphides intersected at McKenzie Springs Nickel Project

- **The Maiden Diamond drilling program at the McKenzie Springs nickel project (ASX:FIN earning 70%[1], ASX:CAZ 30%) has intersected semi-massive and disseminated sulphides containing visible chalcopyrite (copper sulphide) mineralisation;**
- **3.05m of semi-massive and foliation disseminated sulphides (from 277.25m in FNDD002) is comprised of predominantly pyrrhotite, importantly with visible chalcopyrite. Pyrrhotite is the common iron sulphide that makes up the bulk of sulphides intersected but contains small percentages of nickel sulphide (pentlandite) which is typical for a magmatic nickel-copper sulphide deposit;**
- **Intersection of sulphides confirms the host rocks at McKenzie Springs, which are similar to those found along strike to the north at the Savannah Nickel Mine (ASX:PAN), are fertile and that copper bearing sulphides can clearly be identified (see Figure 1 below);**
- **Downhole electromagnetic (DHEM) survey commencing next week, looking to identify larger concentrations of sulphides nearby with further diamond drilling to be planned to follow-up as soon as possible;**
- **The maiden drill program consisted of only 3 holes (~950m in total) along a prospective strike length of 1.2km within Fin's tenements;**
- **Assay results will be announced as they become available.**

Fin Resources' Director, Mr Jason Bontempo said, ***"This is an exciting result from our maiden drilling program at McKenzie Springs Project, intercepting Ni/Cu sulphide mineralisation within highly sheared and brecciated rocks. We eagerly await the DHEM and assay results and look forward to subsequent exploration campaigns. "***

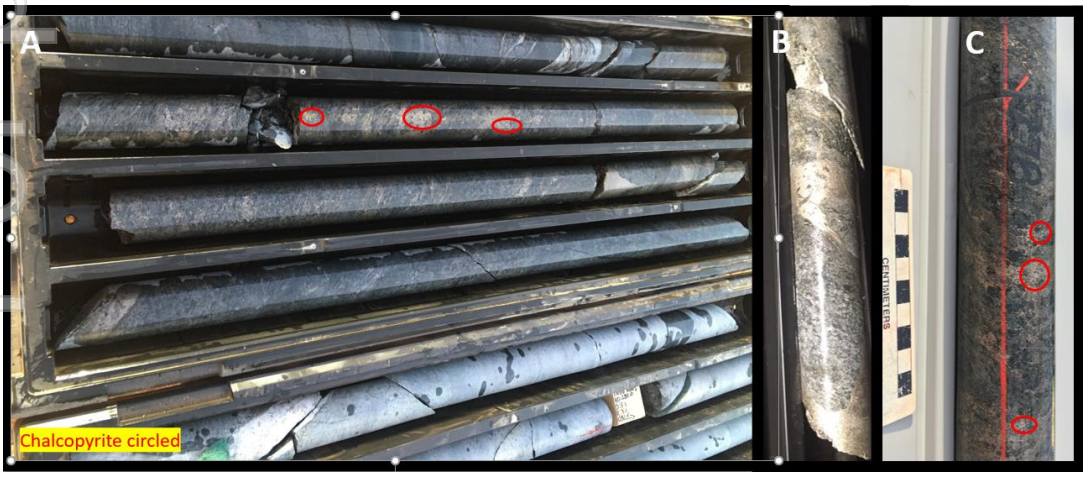

Figure 1 | Diamond drill core from McKenzie Springs A) FNDD002 semi-massive to foliation disseminated sulphides from 276m B) FNDD002 semi-massive sulphides C) FNDD002 breccia textured sulphide (pyrrhotite-pyrite-chalcopyrite) at 278m

[1] FIN currently holds 51% of the McKenzie Springs Project and will move to 70% by November 2020 with $500k expenditure requirement now met from this drill campaign. Cazaly Resources Limited (ASX: CAZ) will hold a 30% interest when FIN have earned the 70% interest

ASX Release
26 October 2020

Corporate Directory

Non-Executive Director
Jason Bontempo

Non-Executive Director
Simon Mottram

Non-Executive Director
Andrew Radonjic

Company Secretary
Aaron Bertolatti

Registered Office
35 Richardson Street
West Perth WA 6005

info@finresources.com.au
www.finresources.com.au

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Fin Resources Limited (ASX: FIN) (Fin or the **Company)** is pleased to provide an exploration update and drilling details from the Company's maiden diamond drilling program at the McKenzie Springs Project within the Halls Creek Orogen, Western Australia. The update covers preliminary results from three diamond drillholes, namely FNDD001-003, completed for a total of 947.9m (see Table 1).

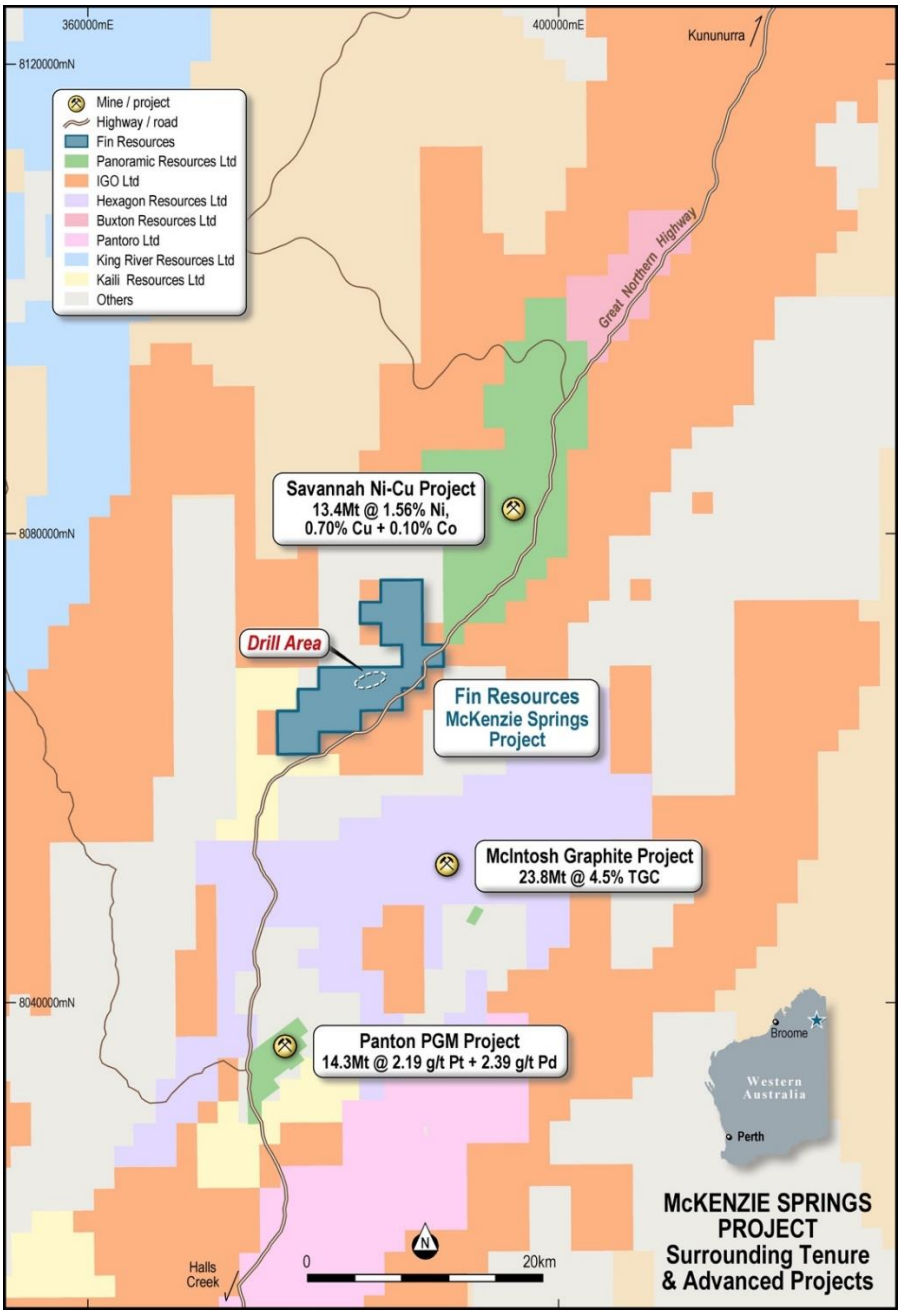

Figure 2 | Location Map

The drillholes were designed to test modelled strong high priority conductors defined from a Fixed Loop Electromagnetic (FLEM) geophysical survey. Encouraging results were received, with FNDD002 intersecting semi-massive to foliation disseminated sulphide mineralisation (pyrrhotite-chalcopyrite-pentlandite sulphides), brecciated quartz veining within sheared anorthosite and amphibolite from 277.25m. This intersection in FNDD002 corresponds to the electromagnetic (EM) conductor identified at this location.

Source of conductive anomaly targeted by FNDD001 yet to be identified. A two-metre interval (from 75.9m) in FNDD003 which intercepted a foliated sedimentary granulite with 25% visual disseminated sulphides is considered to be the source of the conductive anomaly which was targeted by this drill hole.

DHEM contractors are due to arrive on site next week with surveys planned for all drillholes. Results from the DHEM survey will assist in optimising further drill hole locations. The diamond core is currently enroute to Perth. Sampling of the drill core for assay has not been undertaken at this stage and will be completed following further geological, structural and petrological logging.

Table 1: McKenzie Springs Project Drillhole Details

Hole ID	East (m)	North (m)	R(m)L	Depth (m)	Azimuth (°)	Dip (°)
FNDD001	383490	8066500	333	493.1	340	-60
FNDD002	383145	8066288	338	324.8	327.5	-54
FNDD003	384310	8066805	322	130.0	300	-60

FNDD001

FNDD001 was designed to target and intercept a modelled conductive plate at 390m in depth. The drill hole progressed through a sequence of variably sheared and brecciated lithologies composed of mostly sedimentary granulites showing variable propylitic alteration, and lesser mafic units including amphibolites, gabbros, leucogabbros and anorthosites. The brecciation and shearing appears to be associated with a hydrothermal event with breccias often silica cemented with variable lithologies and mineralogy appearing as xenoliths, quartz veining is concentrated in or near shears. Both structures display increased propylitic alteration both in and surrounding them.

No obviously conductive lithologies were logged above below nor at the target depth of 390m, but a six-metre-thick sheared sedimentary granulite was intercepted above this at 371m. This unit displayed minor graphite and sulphides in the foliation but at this stage is not interpreted to be sufficient to be the source of the conductive anomaly.

The hole was drilled past the planned depth of 470m to 491.3m and will facilitate the deepest testing of the target area with DHEM techniques.

FNDD002

FNDD002 was drilled to target and intercept a modelled conductive plate at 220m in depth. The drill hole progressed through a sequence of mostly undeformed sedimentary granulites and variable mafic units, then a brecciated and sheared zone of similar lithologies. This then passed into a sequence of sedimentary granulites variable brecciated and sheared. At 277.25m, a 3.05m thick highly sheared and highly propylitic altered sedimentary granulite was intercepted with sulphide accumulations in foliations, and semi-massive blebs around quartz veins visually forming up to 45% of the interval. Sulphide percentages in intervals directly above and below this shear to the bottom of the hole were also elevated from those observed above this. It is considered likely that this interval is responsible for the conductivity anomaly observed in the FLEM.

The hole was drilled past the planned depth of 270m to 342.8m as observed sulphide percentages beyond the target zone continued to be elevated and varied in occurrence and mineral species.

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FNDD003

FNDD003 was drilled to target and intercept a modelled conductive plate at 70m in depth. The drill hole progressed through a sequence of sheared and brecciated sedimentary granulites and variable mafic units, then a brecciated and sheared sedimentary granulite with variable propylitic alteration to the end of hole. Just beyond the target zone a 2m interval from 75.9m was intercepted showing foliated sedimentary granulite sheared and foliated with up to 25% visual sulphides as disseminated, in foliations, and occasional massive bands/veins up to 1cm in width. This then passed into a sequence of sedimentary granulites variable brecciated and sheared. It is considered likely that this interval is responsible for the conductivity anomaly observed in the surface electromagnetics.

The hole was drilled past the planned depth of 100m to 130m as observed sulphide percentages beyond the target zone continued to be elevated and varied in occurrence and mineral species compared to the rest of the hole.

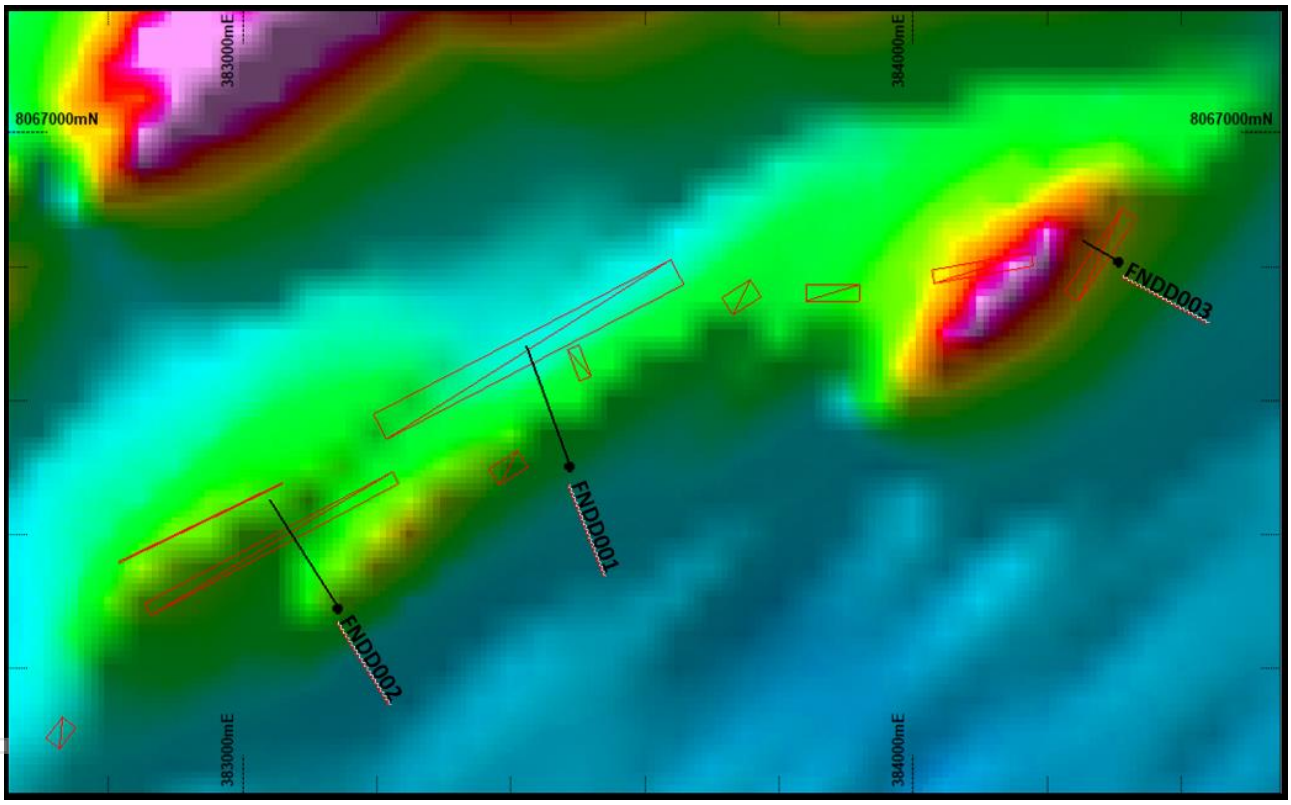

Figure 3 | Fin Diamond Drillhole Locations over Airborne Electromagnetics with modelled conductor plates

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Figure 4 | DDH1 diamond rig and support gear on FNDD001 drill site

- ENDS -

Authorised for release by: Jason Bontempo - Non-Executive Director

For further information contact:

Jason Bontempo
info@finresources.com.au

Competent Persons Statement

The information in this announcement that relates to Exploration Results and other technical information complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) and has been compiled and assessed under the supervision of Ms Felicity Repacholi-Muir, an independent consultant to the Company. Ms Felicity Repacholi-Muir is a Member of the Australian Institute of Geoscientists. She has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Ms Repacholi-Muir consents to the inclusion in this announcement of that matters based on her information in the form and context in which it appears.

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ANNEXURE 1:

The following Tables are provided to ensure compliance with the JORC Code (2012) edition requirements for the reporting of the Exploration Results at the McKenzie Springs Project.

Section 1: Sampling Techniques and Data (Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	Diamond drilling has been completed at the McKenzie Springs Project. Three drill holes, for a total of 947.9m were completed. Drill holes located with handheld GPS. Sampling of the drill core for assay has not been undertaken at this stage and will be completed following further geological, structural and petrological logging.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Diamond drilling is used to obtain high quality samples that are from oriented core and logged for lithological and structural attributes.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Drill hole sampling and assaying is yet to be completed.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic etc) and details (e.g. core diameter, triple of standard tube, depth of diamond tails, face-sampling bit or other type, whether core is orientated and if so, by what method, etc).*	Exploration targets are tested using diamond drilling. A truck-mounted Sandvik diamond drill rig was used. Diamond drilling comprises HQ3 from surface to competent ground and then NQ2 sized core.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Diamond core recoveries have been logged and recorded in the database. Overall observed recoveries are >95% and there was no core loss issues or significant sample recovery problems.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Diamond core was reconstructed into continuous runs on an angle iron cradle for orientation marking. Depths are checked against the depth given on the core blocks and rod counts are routinely carried out by the drillers.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	The drilling by diamond core method has high recoveries.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Geological logging is recorded in excel spreadsheets.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Drill core is logged for lithology, mineralogy, mineralisation, weathering, fabric, grainsize, colour, structure and other relevant features. Geotechnical logging has not been completed.
	The total length and percentage of the relevant intersections logged.	All holes have been logged from the surface to the end of the hole.
	If core, whether cut or sawn and whether quarter, half or all core taken.	Not applicable, sampling of the drill hole is yet to be completed.

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Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	*If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	Not applicable, sampling of the drill hole is yet to be completed.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Not applicable, sampling of the drill hole is yet to be completed.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Not applicable, sampling of the drill hole is yet to be completed.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Not applicable, sampling of the drill hole is yet to be completed.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Not applicable, sampling of the drill hole is yet to be completed.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Not applicable, sampling and subsequent assaying of the drill hole is yet to be completed.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	Sampling and subsequent assaying of the drill hole is yet to be completed.
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	Not applicable, sampling and subsequent assaying of the drill hole is yet to be completed.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Not applicable, sampling and subsequent assaying of the drill hole is yet to be completed.
	The use of twinned holes.	Not applicable, sampling and subsequent assaying of the drill hole is yet to be completed.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Not applicable, sampling and subsequent assaying of the drill hole is yet to be completed.
	Discuss any adjustment to assay data.	Not applicable, sampling and subsequent assaying of the drill hole is yet to be completed.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Drill holes were located using handheld GPS. Elevation data is captured with handheld GPS and cross referenced with local topographical maps. Downhole survey data is collected using a digital Reflex survey tool.
	Specification of the grid system used.	The grid system for the McKenzie Springs Project is Map Grid of Australia GDA 94, Zone 52.
	Quality and adequacy of topographic control.	Digital Terrain Models have been created utilising data collected from the various geophysical surveys.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Drill holes were located and designed according to target location (geophysical targets).
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The data spacing and distribution is not sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s).
	Whether sample compositing has been applied.	Not applicable, sampling of the drill hole is yet to be completed.
	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which	The drill holes are drilled between -54 to -60 degrees to achieve the best possible intersection of the modelled

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	*this is known, considering the deposit type.*	conductor plates.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Not applicable, sampling of the drill hole is yet to be completed.
Sample security	*The measures taken to ensure sample security.*	All core has been stacked by company personnel and stored in a secure location until completion of the program. The drill core is currently enroute to Bureau Veritas Laboratory in Perth.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Not applicable, sampling of the drill hole is yet to be completed.

Section 2: Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	The McKenzie Springs Project comprises a single granted Exploration Licence (EL), namely E80/4808 covering a land area of 82km^2. Fin entered into a term sheet with the current holder, Sammy Resources Pty Ltd to acquire a 51% interest in the exploration project and the right to farm-in to an additional 19% interest in the McKenzie Project. The EL lies on the Texas Downs / Mabel Downs (PL N050285) Pastoral Lease. The EL is within land where two Native Title claim applications for determination have been made. The Purnululu People have made the WC1994/011 Native Title Claim and the Malarngowerm People have made the WC1999/044 Native Title Claim. The Native Title claim applications currently remain active.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	There are no known issues affecting the security of title or impediments to operating in the area.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Since the 1970s, the McKenzie Springs Intrusion has been the subject of nickel-copper exploration. Exploration completed includes geological mapping, geochemical sampling (rock, stream and soil), ground and aerial geophysical surveys, costeaning and limited drilling (percussion, RC and diamond).
Geology	*Deposit type, geological setting and style of mineralisation.*	The East Kimberley region has proven potential for hosting magmatic nickel-copper sulphide and PGM (Platinum Group Metals) mineralisation. Two significant mineralised bodies have been discovered in this area to date within intrusive complexes of the Halls Creek Orogen. These are the *Savannah Ni-Cu Mine* and the *Panton PGM Project* owned by Panoramic Resources Ltd and are respectively 9km and 30km away from Fin's McKenzie Springs Project. Mineralisation within Fin's McKenzie Springs tenement is associated with the basal contact of mafic-ultramafic rocks in a similar geological setting to the *Savannah Ni-Cu Mine*. Over 25 gossans have been defined at different stratigraphic levels in the intrusion through the course of exploration, some with a strike length of more than 200m.
Drill hole Information	*A summary of all information material to the*	Refer Table 1 within the body of the announcement.

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Criteria	JORC Code explanation	Commentary
	understanding of the exploration results including a tabulation of the following information for all Material drill holes: • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.*	
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	Not applicable, all information is included.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	Not applicable, no Exploration Results reported, sampling of the drill hole is yet to be completed.
	Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable, no Exploration Results reported, sampling of the drill hole is yet to be completed.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Not applicable, no Exploration Results reported, sampling of the drill hole is yet to be completed.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	Not applicable, no Exploration Results reported, sampling of the drill hole is yet to be completed.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer to the figure within the announcement to show the location of the drill holes.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	The report is considered balanced and provided in context.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	All relevant exploration data is shown on figures, in text and in tables within the body of the announcement.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	At the time of this announcement, drill core was enroute to Perth for further logging. DHEM will be completed on all drill holes.