



ABN 23 101 049 334
And Controlled Entities

Annual Report

*For the Year Ended
30 June 2023*

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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

DIRECTORS' REPORT

Cazaly Resources Limited Annual Report 2023

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 2023.

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
Clive Jones – Chairman
Terry Gardiner – Independent Non-Executive Director
Jonathan Downes – Independent Non-Executive Director

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	7	7
Ms French	7	7
Mr Gardiner	7	7
Mr Downes	7	7

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 \$2,124,956 (2022: \$1,740,579). The Group's net assets at the end of the year are \$14,033,504 (2022: \$15,931,190).

Cash and cash equivalents as at year end were \$3,818,431 (2022: \$6,901,309).

Exploration expenditure, including tenement acquisitions, totalled \$2,839,082 for the year (2022: \$1,755,001). The main expenditure was on its new Canadian projects, Ashburton, Halls Creek and new project generation. Exploration expenditure written off for the year was \$636,964 (2022: \$186,809) and related to new project generation costs and expenditures associated with various projects, tenements and applications that were relinquished or written off during the financial year.

Net administration expenses and employee benefits for the year totalled \$979,688 (2022: \$827,045).

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

There are risks that specifically relate to the Company's current mode of Operations. The following is not intended to be an exhaustive list of risk factors to which the Company may be exposed.

(a) Tenure, access and grant of applications

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that the Company's tenements will be renewed (nor that any future tenement applications will be granted).

The Company's projects are subject to relevant mining legislation. The renewal of the term of a granted tenement is also subject to government discretion and the Company's ability to meet the conditions imposed by relevant authorities, including compliance with the Company's work program requirements, is not certain. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed by the relevant granting authority. The consequence of forfeiture or involuntary surrender of a granted tenement for reasons beyond the control of the Company could be significant. In addition, the Company is subject to payment and other obligations. In particular, tenement holders are required to expend the funds necessary to meet the minimum work commitments attaching to the tenements. Failure to meet these work commitments may render the tenement liable to be cancelled or its size reduced.

There is also a risk of inability to access the land required for operations on tenements. This may, for example, be as a result of weather, environmental restraints, native title, landholder's activities, regulatory or third-party objections or other factors. Such difficulties may cause delays and cost overruns and may prevent the carrying out of activities on tenements.

Interests in tenure may also be compromised or lost due to third party interests or claims.

(b) Future capital requirements

The Company's capital requirements depend on numerous factors. Additional funding may be required and may be raised by the Company via the issues of equity, debt or a combination of debt and equity or asset sales. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its proposed operations and scale back its exploration, studies and development programmes as the case may be. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern or remain solvent.

(c) Reliance on key personnel

The Company is reliant on a number of key personnel and consultants. The loss of one or more of these key contributors could have an adverse impact on the business of the Company. It may be difficult for the Company to continue to attract and retain suitable qualified and experienced people.

(d) New projects and acquisitions

The Company may make acquisitions in the future as part of future growth plans. In this regard, the Directors will use their expertise and experience in the resources sector to assess the value of potential projects that have characteristics that the Directors consider are likely to provide returns to Shareholders.

There can be no guarantee that any new project acquisition or investment will eventuate from these pursuits, or that any acquisitions will result in a return for Shareholders. Such acquisitions may result in use of the Company's cash resources and/or the issuance of equity securities, which will dilute shareholdings.

(e) Native title, cultural heritage and sacred sites

Mining tenements in Australia are subject to native title laws and may be subject to future native title applications. Native title may preclude or delay granting of exploration and mining tenements or the ability of the Company to explore, develop and/or commercialise the mining tenements. Considerable expenses may be incurred negotiating and resolving issues, including any compensation agreements reached in settling native title claims lodged over any of the mining tenements held or acquired by the Company.

The presence of Aboriginal sacred sites and cultural heritage artefacts on mining tenements is protected by Western Australian and Commonwealth laws. Any destruction or harming of such sites and artefacts may result in the Company incurring significant fines and court injunctions. The existence of such sites may limit or preclude exploration or mining activities on those sites, which may cause delays and additional expenses for the Company in obtaining clearances.

(f) Political Risk

The Company has interests in exploration licences in Namibia and Canada. Mineral exploration tenure in both countries is governed by their own legislation.

Its interests in Namibia and Canada will be 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, heritage and native title laws, 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.

Any future material adverse changes in government policies or legislation in Namibia or Canada that affect ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company.

(g) Results of Studies

Subject to the results of any future exploration and testing programs, the Company may progressively undertake a number of studies in respect to the Company's current projects or any new projects. These studies may include scoping studies, pre-feasibility studies and bankable feasibility studies.

These studies may not occur, but if they are completed, they would be prepared within certain parameters designed to determine the economic feasibility of the relevant project within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Company's projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Further, even if a study determines the economics of the Company's projects, there can be no guarantee that the projects will be successfully brought into production as assumed or within the estimated parameters in the feasibility study, once production commences including but not limited to operating costs, mineral recoveries and commodity prices.

In addition, the ability of the Company to complete a study would be dependent on the Company's ability to raise further funds to complete the study as required.

(h) Resource and Reserve estimates

Ore reserve and mineral resource estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Mineral resource and ore reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate. There is no guarantee that any of the Company's projects will become feasible and consequently no forecast is made of whether or not any ore reserve will be defined in future.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop resources. Further, ore reserves are valued based on future costs and future prices and, consequently, the actual ore reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(i) Exploration Risks

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.

(j) Environmental liabilities risk

The Company's activities are subject to potential risks and liabilities associated with (without limitation) the potential pollution of the environment and the necessary disposal of waste products resulting from mineral exploration and development. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration is not generally available to the Company (or to other companies in the minerals industry) at a reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing and are generally becoming more restrictive.

(k) Climate change risk

There are a number of climate-related factors that may affect the operations and financial position of the Company. Climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, drought, water, scarcity, temperature extremes and earthquakes) may have an adverse effect of the Company's activities and/or the Company's future financial performance.

Changes in policy, technological innovation and/or consumer/investor preferences may also adversely impact the operations and financial position of the Company or may result in less favourable pricing for its product, particular in the event of a transition to a lower carbon economy.

(l) Commodity price volatility and exchange rate risks

The Company is exposed to the risks of commodity price volatility and exchange rate fluctuations affecting the Company's costs.

Also, if the Company achieves success leading to mineral production (which may never occur), the revenue it will derive through the sale of product will expose the potential income of the Company to commodity price and exchange rate risks.

5. REVIEW OF OPERATIONS

PROJECTS

SAFETY

The Company has safe work management systems in place and continues to follow safe work practices. No lost time injuries (LTI's) or incidents occurred since the lodgement of the 2022 annual report.

CANADA

Sundown Lithium Project (CAZ 25%, earning up to 100%)

On 31 May and 1 June 2023, the Company announced it had entered into a binding agreement to acquire the Sundown Lithium Project, located in the world-class James Bay lithium province (Figure 1). The region is an emerging world class lithium district, host to several advanced lithium projects and new lithium discoveries.

The Sundown project represents a significant acquisition for the Company, comprising 510 mining claims covering an area approximately 260km² with over 200 documented outcropping pegmatites (refer CAZ announcements dated 31 May 2023 and 1 June 2023). The pegmatites have never been sampled for lithium.

The Sundown project (Figure 2) is located between Allkem Limited's (ASX:AKE) James Bay deposit with a lithium resource of 110.2Mt at 1.3% Li₂O (AKE announcement dated 11 August 2023) and Patriot Battery Metals Inc's (ASX:PMT) Corvette lithium discovery with a lithium resource of 109.2Mt at 1.42% Li₂O within a 214km² land package (PMT announcement dated 30 July 2023).



Figure 1. The Sundown Lithium Project, James Bay District

Further recent successes in the region include Critical Elements Lithium Corporation's Rose deposit (33Mt @ 0.92% Li₂O) (announcement dated 29 August 2023 stating a NI 43-101 compliant resource dated 1 August 2023), Nemaska Lithium Inc's Whabouchi deposit (53.7Mt @ 1.45% Li₂O) (NI 43-101 Technical Report dated 21 February 2018) and Winsome Resources Limited's (ASX:WRI) Cancet and Adina lithium discoveries.

The Sundown claims have received little modern exploration activity and the significant number of reported pegmatites is the result of exploration conducted by the Québec Ministry of Natural Resources and Forestry (**MERN**), which included rock chip sampling and lake bottom sediment sampling with a focus on gold.

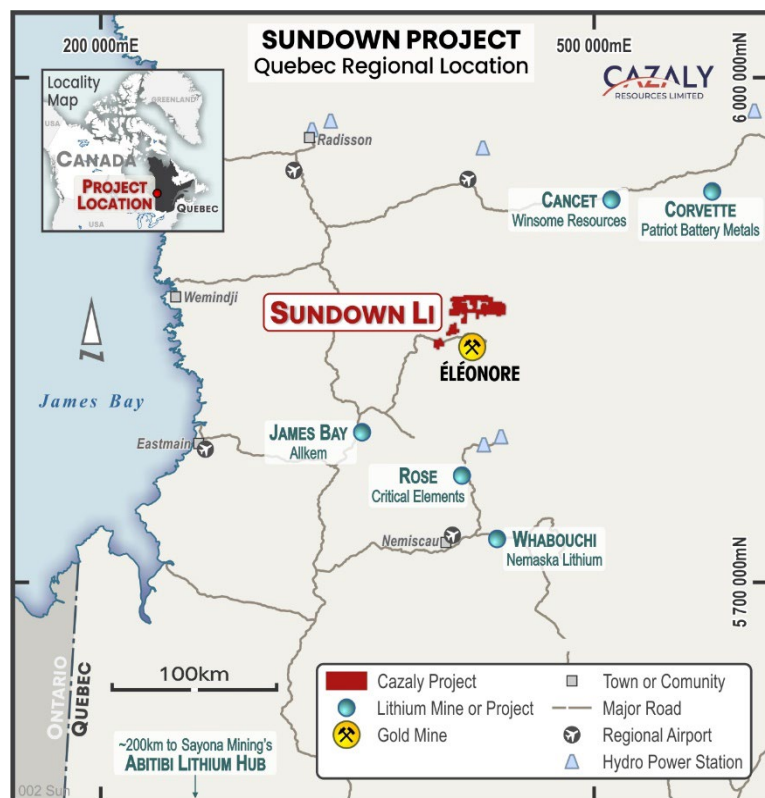


Figure 2. Cazaly's Sundown Lithium project location relative to infrastructure and other significant lithium projects.

On 8 August 2023, the Company announced that it completed its due diligence and would complete the acquisition of the Sundown lithium project. The material terms of the property option agreement between Cazaly and IMinerals Corp are as follows:

1. Payment of a non-refundable C\$50,000 Option Fee for a 2-month exclusive due diligence period (paid)
2. Subject to satisfactory due diligence:
 - a) Pay C\$350k cash (paid) and C\$600k in stock or cash; CAZ receives a 25% equity (*).
 - b) End Year 1: Pay C\$250k cash and C\$750k in stock or cash; CAZ to receive a 50% equity.
 - c) End Year 2: Pay C\$250k cash and C\$750k in stock or cash; CAZ to receive a 75% equity.
 - d) End Year 3: Pay C\$250k cash and C\$750k in stock or cash, CAZ to receive 100% equity.
 - e) Vendor receives a 2% net smelter royalty with Cazaly to retain an option to buy back 1% for C\$1m.

(*) As announced on 7 August 2023, after the completion of due diligence, the Company moved to a 25% holding in the Sundown Lithium Project after paying C\$350,000 and issuing 19,065,535 CAZ shares (issued on 11 August 2023). The share issue was based on the CAZ VWAP for the period of 5 consecutive trading days on which shares are traded up to and including the trading day prior to the relevant issue date, at the then prevailing C\$/A\$ exchange rate as published on the website of the Reserve Bank of Australia.

Cazaly has completed target ranking of potential pegmatites based on satellite imagery, geological observations of pegmatite occurrences made by Québec's MERN geologists, elevated levels of lithium in lake bottom sediment samples, and proximity to the Gladman Suite, a new **lithium prospective zone** identified by MERN geologists in 2022. The Gladman Suite is characterised by the presence of numerous E-W trending pegmatitic granite dykes and the presence of tourmaline, garnet and muscovite in these rocks indicates a hyperaluminous composition suitable for the development of lithium mineralisation. For a comprehensive list of all outcropping pegmatite locations for the Sundown lithium project please refer to Cazaly's ASX announcement dated 31 May 2023.

The western half of the property has significant exposure of outcrop and as such targeting in this area has identified two large priority areas to initially test for lithium bearing pegmatites. Two priority target areas were also identified on the eastern side of the property (Figure 3).

Cazaly's in-country team will conduct the first phase of exploration, that will consist of a reconnaissance field work program and rock chip sampling, in order to conduct on-ground assessments at key targets and compare observations with historically documented reports. This will be the first lithium exploration on the project and all rock chip samples will be analysed for lithium and multi-element litho-chemical suite.

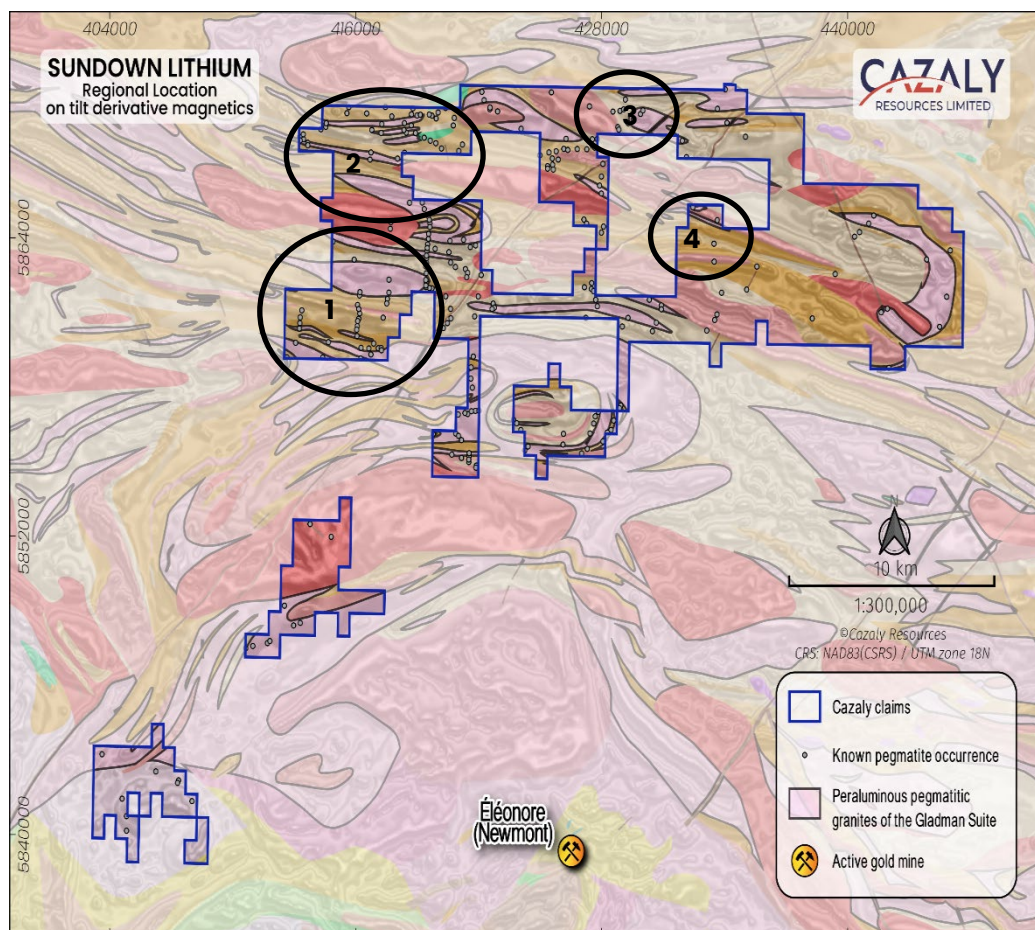


Figure 3. Sundown priority target areas

Cazaly remains excited about the potential of the Sundown project however access was severely affected due to forest fires in the region. Access restrictions were eased in the last week of August 2023 as the fires abated and areas become safe to explore. A start to the initial field program is imminent.

Cautionary Statement

Reported outcropping pegmatite occurrences does not equate to lithium mineralisation. The Company is encouraged by the geology identified, however no quantitative or qualitative work has been completed by the company to assess the mineralisation potential at this stage. The initial fieldwork proposed by the Company will include rock chip sampling and assaying of outcrops identified as pegmatites to determine their mineralisation potential to report results under JORC code 2012.

For further technical disclosures and references please refer to Cazaly announcements dated 31 May 2023, 1 June 2023, 7 August 2023, 15 August 2023 and 4 September 2023.

Carb Lake Rare Earth Elements Project (CAZ 100%)

On 27 April and 3 May 2023, Cazaly announced it had secured an option agreement to acquire the Carb Lake rare earth elements project and following extensive due diligence, completed this 100% acquisition of the project in June 2023 (CAZ announcement dated 14 June 2023). The Project is located in the Red Lake district in Ontario, Canada (Figure 4) and comprises 93 mineral claims covering a very large carbonatite prospective for rare earth elements (REE). The terms of the purchase agreement were:

1. Payment of a non-refundable Option Fee of C\$15,000 (paid) for a 2-month exclusive due diligence period
2. Subject to satisfactory due diligence, payment of another C\$85,000 (paid) for 100% ownership
3. Vendors receive a 2% net smelter royalty



Figure 4. Location of the Carb Lake REE Project, Red Lake District NW Ontario.

The Project area is in north-western Ontario and hosts a very large mid-Proterozoic aged carbonatite positioned between two major tectonic terrane boundaries along the North Kenyon Fault (**NKF**). The NKF is a significant crustal scale fault providing an ideal environment for the emplacement of carbonatite intrusions. The carbonatite is not exposed at surface with shallow cover estimated to be from 7 to 12m.

The Carb Lake Carbonatite Complex has had very limited modern exploration. Following the recognition of a large circular aeromagnetic anomaly in 1967, four diamond holes were completed by Big Nama Creek Mines Ltd for 564m, the only drilling ever completed on the Project (Figure 5).

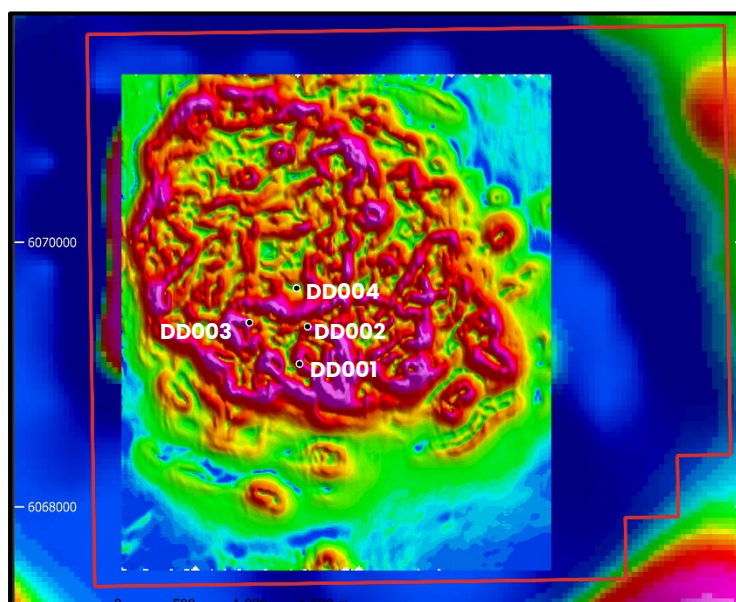


Figure 5. Horizontal gradient aeromagnetic image of +3km diameter Carb Lake carbonatite complex within the total claim area.

The major lithology described from drill core is sövite, a coarse grained carbonatite rock, alternating with layers of silico-carbonatite.

Further work was conducted in the late 1960s and again in the 1970s by the Ontario Department of Mines, Geological Survey. Geochemical analysis of sövite from diamond holes DD003 and DD004 returned up to 8% P₂O₅ probably associated with apatite and enriched in Nb and light REEs. The best results reported were from DD004, drilled into the centre of the carbonatite complex in an area of low magnetic intensity (Figure 5), with two samples reporting >5% Ce and >1% La. One sample reported a value of 7.1% Nb.

DIRECTORS' REPORT

Cazaly Resources Limited Annual Report 2023

An airborne magnetic/radiometric survey completed in 2011 by South American Rare Earth Corporation (SAREC) displays partial ring structures around the centre of the carbonatite complex (Figure 5) shown as green magnetic lows possibly representing multiple intrusive phases.

Comments Regarding the Reporting of Other Entities Historical Exploration Results

- The exploration results reported herein have been sourced from public reports as listed in the References.
- Only selected drill core samples were reported in historical reports.
- The information in this announcement is an accurate representation of the available data for project that has been sourced to date.
- The historical exploration results were not reported in accordance with the JORC 2012 Code.

Hole ID	UTM_EAST	UTM_NORTH	DIP	AZIMUTH	EOH DEPTH (m)	Cover (m)
DD001	563139	6069169	-50	10	125	6.7
DD002	563518	6068857	-50	10	150.91	12.2
DD003	563579	6069139	-50	10	138.41	9.15
DD004	563496	6069429	-50	10	149.39	11.89

Table 1 Big Nama Creek Mines Drillhole data. NAD83 / UTM zone 15N.

As announced on 31 July 2023, Cazaly's in-country team completed a portable XRF (pXRF) program on available diamond core. Preliminary pXRF readings conducted on historical core samples have confirmed anomalous levels of Lanthanum (La), Cerium (Ce), Neodymium (Nd), Praseodymium (Pr), and Niobium. These results validate the project's potential for economic REE and Nb mineralisation and reinforce the Company's confidence in the future prospects of the Carb Lake REE project.

As mentioned, four diamond holes were drilled at Carb Lake in 1967 for a total of 564m with limited drill core remaining intact and available for non-invasive work. The remaining drill core was re-logged and tested using a pXRF, a portable gamma-ray spectrometer and a magnetic susceptibility metre.

The best pXRF results include Nb 0.6%; La 3.36%; Ce 4.34%; Pr 0.42%; Nd 1.49%.

As part of the Company's initial studies, the 2011 aeromagnetic digital survey data was sourced and purchased. The aeromagnetics enables the Company to expand its understanding of the subsurface geology and aid in identifying potential target areas for future exploration.

The Company also acquired detailed high resolution satellite imagery to 17cm, with >97% clarity (<3% cloud cover). This dataset will be extremely useful during the initial exploration planning stages.

An initial field reconnaissance trip was planned to include geological field mapping to determine any areas of float, or outcrop, and prospecting to collect any rock chip samples where float and outcrop is observed. As announced on 22 August 2023, Cazaly's in-country team mobilised a 4-man crew and established a field camp to facilitate the field program.

Cautionary Statement

The pXRF exploration results reported herein have been collected on historical core samples and are not equivalent to analytical laboratory results. The use of spot pXRF readings only provides an indication of the potential order of magnitude of analytical laboratory assay results. The downhole location of pXRF results collected cannot be relied upon for actual location due to the incomplete nature of the remaining historical drill core.

For further technical disclosures and references please refer to CAZ announcements dated 27 April 2023, 3 May 2023, 14 June 2023, 31 July 2023 and 22 August 2023.

AUSTRALIA

Halls Creek Copper, Zinc and Silver Project (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 6). The project includes the Mount Angelo North volcanogenic massive sulphide (VMS) copper-zinc-silver deposit and the Bommie porphyry copper deposit.

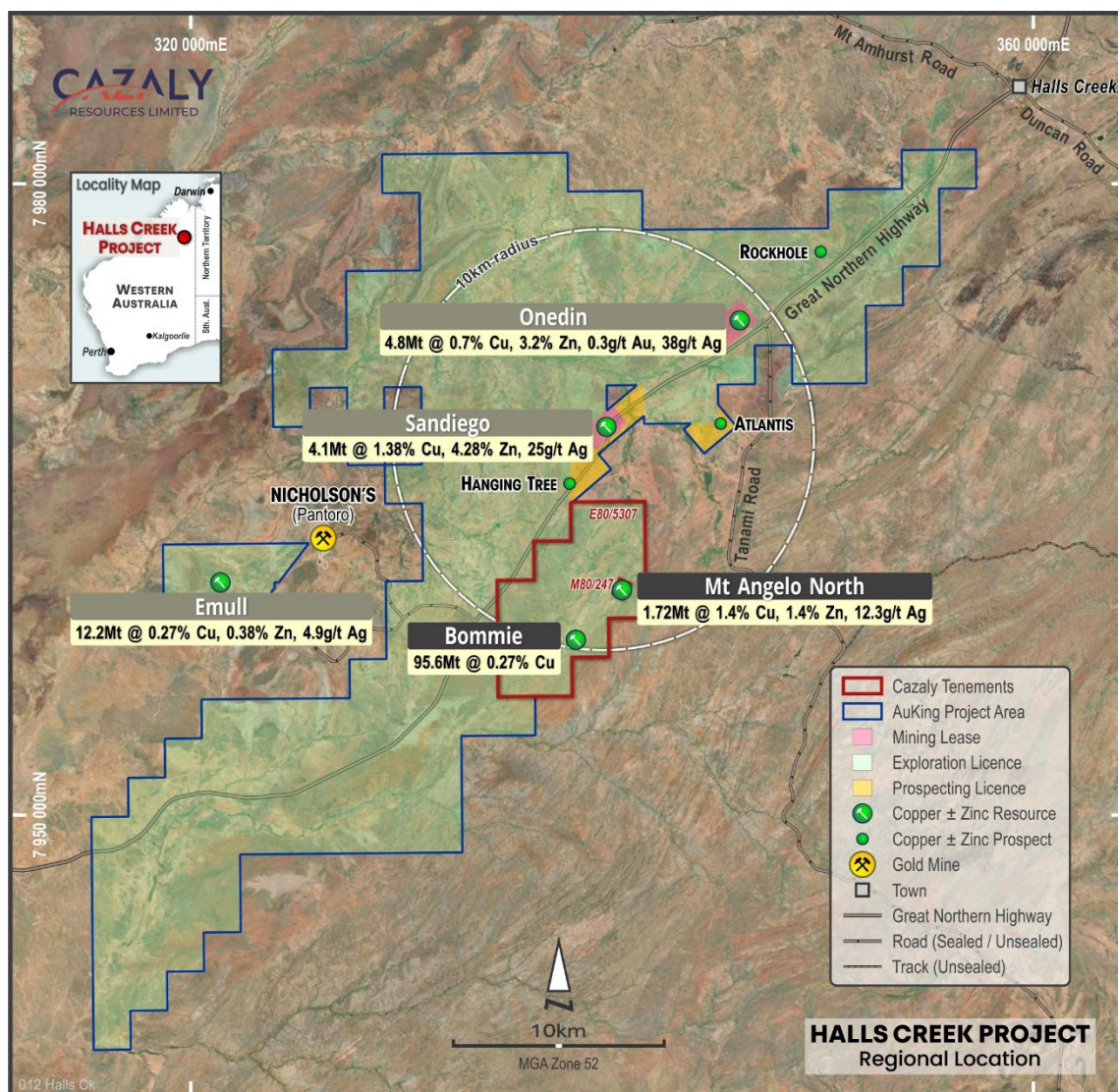


Figure 6. Location of Cazaly's Mount Angelo North and Bommie Resources relative to AuKing's Koongie Park Deposits.

Outstanding results from Cazaly drilling 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**. Significant copper drill intercepts at the Bommie deposit included **170m @ 0.4% Cu**, **178m @ 0.3% Cu** and **136m @ 0.3% Cu**. Higher-grade intercepts include **23m @ 1.0% Cu** and **7m @ 1.3% Cu**.

Mineral Resource Estimates for these deposits are reported in accordance with the JORC Code 2012 as per the tables below by resource classification and weathering state.

Table 2. Mount Angelo North Cu-Zn-Ag Deposit, Mineral Resource Estimate (0.4% Cu cut-off), January 2022

Indicated					Inferred				Total			
Type	TONNES Metric	Cu %	Ag ppm	Zn %	TONNES Metric	Cu %	Ag ppm	Zn %	TONNES Metric	Cu %	Ag ppm	Zn %
Oxide	149,000	1.4	21	0.9	67,500	0.9	9	0.9	216,000	1.2	17	0.9
Transitional	158,000	1.7	16	1.5	157,000	1.2	7	0.6	316,000	1.4	12	1.1
Fresh	699,000	1.7	13	1.8	487,000	1.0	10	1.4	1,187,000	1.4	12	1.6
Total	1,007,000	1.6	15	1.6	712,000	1.0	9	1.2	1,719,000	1.4	12	1.4

For further technical information please refer to the Cazaly ASX Quarterly Activities Report for December 2021 (dated 31 January 2022).

Table 3. Bommie Porphyry Copper Deposit, Maiden Mineral Resource Estimate (0.2% Cu cut-off), November 2022

Indicated				Inferred			Total		
Type	TONNES Metric	Cu %	Cu metal Tonnes	TONNES Metric	Cu %	Cu metal Tonnes	TONNES Metric	Cu %	Cu metal Tonnes
Oxide	212,000	0.29	1,000	1,108,000	0.27	3,000	1,320,000	0.27	4,000
Transitional	2,799,000	0.30	8,000	6,978,000	0.28	19,000	9,777,000	0.27	28,000
Fresh	3,091,000	0.30	39,000	71,380,000	0.27	190,000	84,471,000	0.27	230,000
Total	16,102,000	0.30	48,000	79,466,000	0.27	212,000	95,568,000	0.27	262,000

Refer to the ASX announcement dated 24 November 2022 for details of drilling, results and the resource estimation parameters.

In late 2022, Cazaly formalised a Memorandum of Understanding (MoU) with AuKing Mining Ltd (ASX:AKN) to include Cazaly's Halls Creek mineral resources into their scoping study for a mining operation. Cazaly and AuKing both recognised the significant benefits in combining their resources in the scoping study and potential future development of a central mining hub at *Sandiego* with multiple feed options from the surrounding deposits (ASX:AKN Announcement dated 20 December 2022).

The Sandiego deposit is part of AuKing's Koongie Park project at Halls Creek where they have acquired a 100% interest through a joint venture with Astral Resources NL (ASX:AAR), subject to a 1% new smelter royalty for AAR (AKN announcement dated 7 July 2023).

In June 2023, Cazaly received positive results from AuKing Mining Limited's Koongie Park copper-zinc scoping study, which included the Company's 100%-owned mineral resources at Halls Creek (Figure 6).

The AuKing scoping study confirms the potential for a financially robust, globally competitive operation with life-of-mine of 11 years with an estimated total production of 110kt Cu, 38kt Zn and 355koz Ag.

The strong project economics and financial returns produced a pre-tax NPV8% of approximately A\$176.9M and a 39.7% IRR. The estimated payback period is 2.45 years after incurring pre-production Capex of A\$134M.

For full scoping study results and details please refer to CAZ announcement dated 1 June 2023.

Ashburton Basin Rare Earth Elements, Gold and Base Metals Project (CAZ 100%)

Cazaly's Ashburton project spans 2,450km² in the Ashburton Basin, in the Pilbara region of Western Australia (Figure 7). The Ashburton Basin forms the northern part of the Capricorn Orogen, a ~1,000km long, 500km wide region of variably deformed metamorphosed igneous and sedimentary rocks located between the Yilgarn and Pilbara cratons.

The Ashburton project covers major regional structures considered to be highly prospective for gold, base metals and REE mineralisation. The project area presents an excellent opportunity for discovery of large mineralised systems along the major regional scale structures, which to date have seen very little modern exploration.

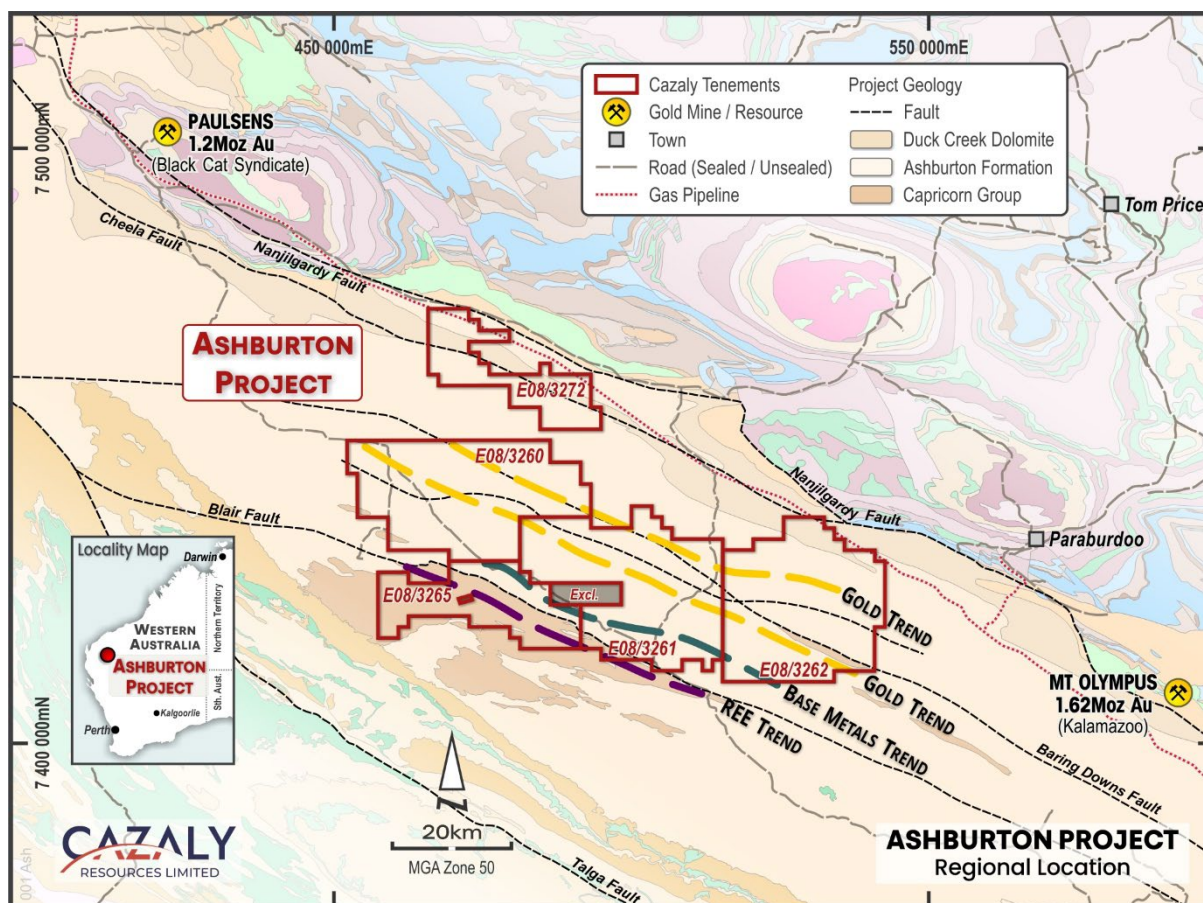


Figure 7. Location of the Ashburton Project relative to +1Moz gold deposits and regional scale mineralised trends.

In early August 2022 an Airborne Electromagnetic (AEM) Survey was completed across three blocks (Figure 9) for a total of 305 line kilometres at 400m or 200m line spacing. Survey Block 1 tested an area along the Nanjilgardy Fault with anomalous historical surface geochemistry. The Nanjilgardy fault is a major regional scale structure marking the boundary between the Capricorn Orogen and the Pilbara Craton. The structure is associated with significant deposits including Black Cat's (ASX: BC8) Paulsens gold mine and Kalamazoo's (ASX: KZR) Mount Olympus gold mine (Figure 7). Survey Blocks 2 and 3 were designed to refine broad TEMPEST AEM anomalies identified in publicly available government survey data. Block 2 is also coincident with anomalous gold results at the *New Finish* prospect.

Interpretation of preliminary data was completed by Southern Geoscience Consultants (Figure 9). The results are summarised below:

- **Block 1** – shows subtle anomalous conductive trends with WNW orientations. This orientation coincides with the strike of lithology. *Several higher amplitude anomalies occur on the eastern block margin.*
- **Block 2** – shows a conductive folded sequence evident in south-eastern corner of the block. A *separate conductive response coincides with the margin of the New Finish prospect.*
- **Block 3** – shows a very strong conductive response shown along the north-eastern margin of the block, this is likely to be a stratigraphic response. *A number of discrete moderate strength anomalies occur immediately southwest of the stratigraphic response.*

Fine fraction ($-75\mu\text{m}$) stream sediment sampling conducted in July-August 2022 returned elevated Gold and Carlin Score values coincident with the previously identified mineralised trends (Figure 9). Elevated copper assays highlight two new target areas. The northern anomaly at Cairn Hill Bore extends for 10km strike and is coincident with the Nanjilgardy Fault Zone. The southern anomaly at Seven Mile Bend extends the southern base metal trend from Ram Hole Creek to the south east into tenement E08/3262.

Desktop studies identified a 50km long thorium anomaly adjacent to the Blair Fault, a deep-seated regional scale structure at the contact between the Ashburton Formation and the Capricorn Group. In December 2022 Cazaly completed a helicopter supported rock chip sampling program to determine the prospectivity of the regional scale thorium anomaly. 26 samples were collected along the thorium anomaly, 6 samples were collected at other points of interest, and 3 samples were collected to assess a preliminary TEM anomaly along the Nanjilgardy fault on tenement E08/3272, known as the Cheela Plains tenement.

Three rock chip samples collected on the Cheela Plains tenement contained copper carbonates, visual estimates up to 3% and copper sulphide mineralisation, visual estimates up to 5% (Figure 8). Analytical results received for two of the three samples were above 10% copper, with the highest assay being 32.32% copper (for further technical details please refer to CAZ announcement dated 16 February 2023). The mineralised copper trend continues to the south-east with anomalous rock chip samples extending the anomaly over 2km strike.

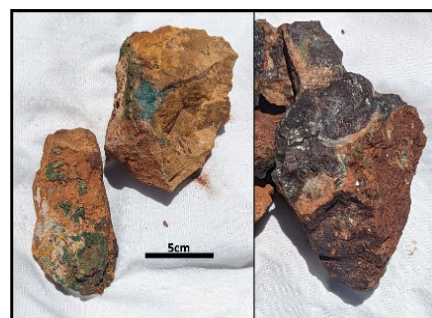


Figure 8. Copper bearing rock chip samples collected from Cheela Plains.

Analytical results from the rock chip heli-samples over the 50km long thorium anomaly which coincided with the sedimentary units of the Capricorn group returned anomalous TREO above 0.5% with two (2) samples above 1% TREO (full rock chip analysis is included in CAZ announcement dated 14 February 2023). Elevated REE include: 118ppm dysprosium; 179ppm gadolinium; 619ppm yttrium; 2,070ppm lanthanum; 1,472ppm neodymium; and 431ppm praseodymium. In addition, phosphorous results were also elevated to 4,600ppm.

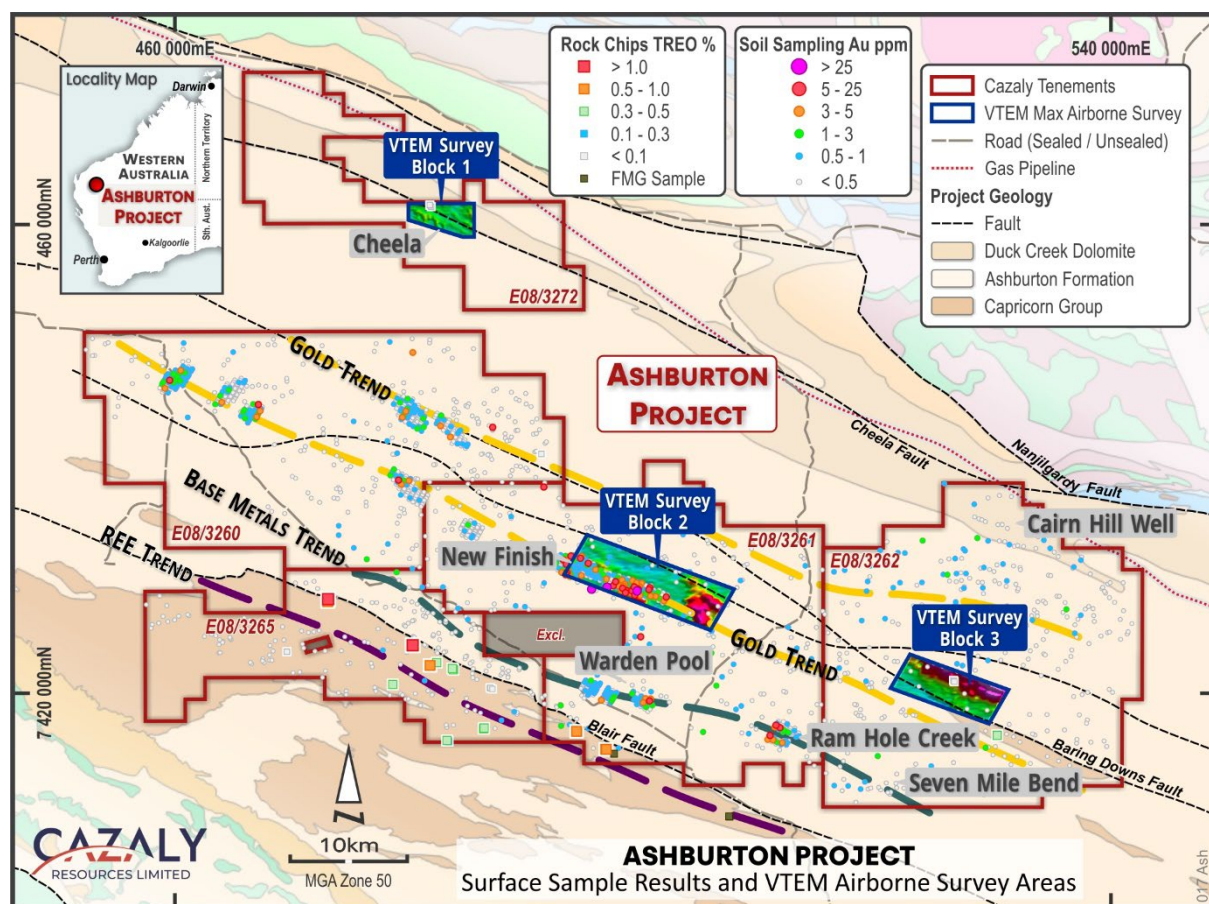


Figure 9. Regional scale mineralised trends and prospect locations within the Ashburton Project.

Work on the project to date (Figure 9) has identified four extensive regional scale mineralised trends:

- Two x 70km long gold-copper trends
- A 50km long copper-base metals trend
- A 50km long REE trend
- and five project scale VTEM and geochemical targets, including a 10km gold trend at New Finish, and four copper prospects: 3km trend at Ram Hole Creek, 7km trend at Warden Pool, 5km trend at Seven Mile Bend and a 10km trend at Cairn Hill Well located along the Nanjilgardly fault zone.

Lyons Rare Earth Elements Project (CAZ 100%)

On 2 August 2023, the Company announced that it had secured over 1,000km² of tenure within the emerging REE district of the Gascoyne Province in Western Australia.

The tenure consists of a total of six tenements, that together form the Lyons Project a very prospective package of ground in the Bangemall Basin (Figure 10). Four tenements were targeted and pegged by Cazaly around the Lyons River Fault and Talga Fault, with one of the four tenements now granted.

The remaining two granted tenements along the Lyons River Fault (E09/2671 and E52/4040), consolidate the Lyons Project via an exclusive binding option agreement to acquire up to 100% with private company Murchison REE Pty Ltd (**Murchison**).

The terms of the agreement with Murchison were as follows:

- Pay \$50,000 (paid) for a 12-month exclusive option to acquire up to 100% of E09/2671 and E52/4040
- Cazaly may execute the option by;
 - Paying the vendors \$30,000 in cash or shares at CAZ's election to earn 50% project equity
 - Committing \$200,000 to exploration expenditure within two years to earn 100% project equity
 - Upon the delineation of a minimum JORC compliant resource of 300,000oz Au (or metal equivalent) paying \$200,000 in cash/shares
 - Upon a Decision to Mine paying \$1M in cash/shares
 - Murchison maintain a 1% NSR on the project

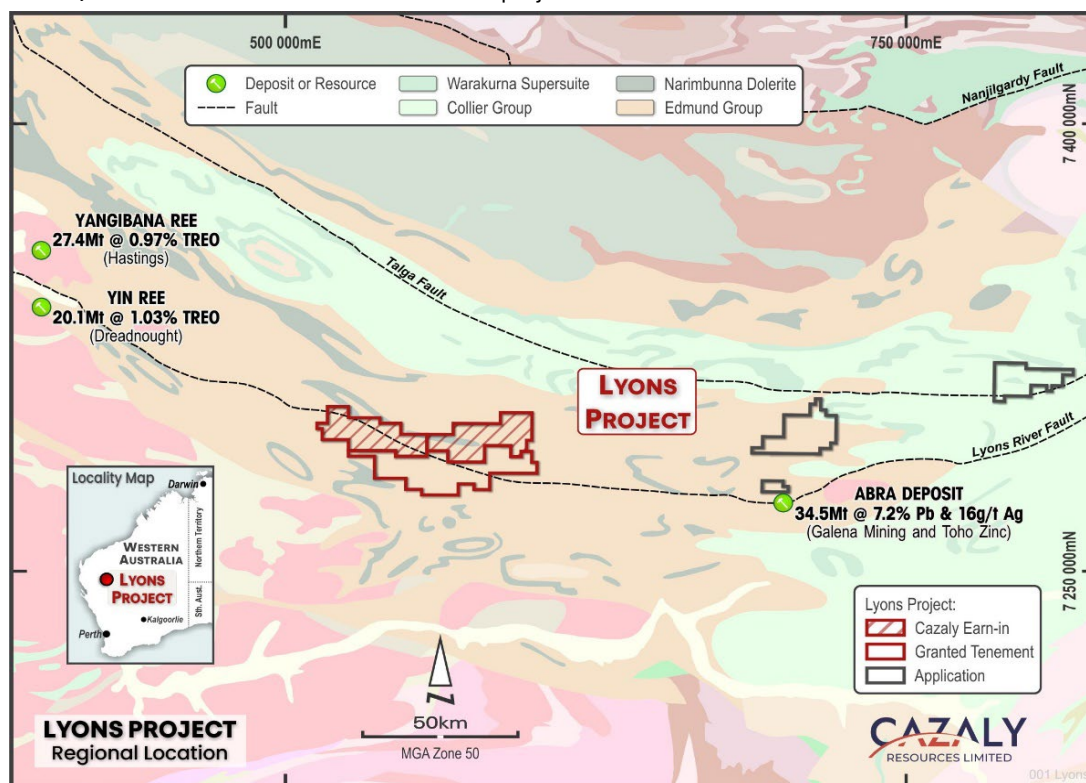


Figure 10. Lyons Project Location within the Bangemall Basin.

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The Lyons River Fault and Talga Fault represent major crustal sutures in the central part of the Gascoyne Province which provided a suitable plumbing system for the transportation of mineralised fluids. The Yangibana (Hastings Technology Metals Ltd) and Yin (Dreadnought Resources Ltd) REE deposits are located along cross cutting ferrocarbonatites structures adjacent to the Lyons River Fault. The Abra base metal deposit is associated with splays off the Lyons River Fault.

The Edmund Group consists of a package of Proterozoic sediments within the Gascoyne Province. The sediments are mostly siliciclastic and carbonate sediments deformed and metamorphosed during multiple orogenic events, that gave rise to significant magmatic activity resulting in the emplacement of gabbroic to granitic stocks and carbonatite intrusions across district. Dreadnought Resources have previously reported multiple mineralised carbonatites within the Edmund Group in close proximity to the Lyons River Fault (DRE announcement dated 25 July 2023).

The Gascoyne region is highly prospective for rare earth elements (REE) as well as base metals.

Hastings Technology Metals Ltd (ASX: HAS) and Dreadnought Resources Ltd (ASX: DRE) REE projects are located approximately 100 km northwest from Cazaly's tenement package along the Lyons River Fault (Figure 10).

HAS is currently advancing construction of Yangibana which will produce a Mixed Rare Earth Carbonate (MREC) rich in Neodymium (Nd) and Praseodymium (Pr). The project has an NPV of \$466 million, a 15-year mine life and current JORC resource of 27.4Mt @ 0.97% Total Rare Earths Oxides (TREO) (HAS announcement dated 5 May 2021). Yangibana is under construction and development with first production planned for 2024 (HAS announcement dated 7 June 2022).

DRE recently announced an updated resource for Yin Rare Earth Element (REE) Ironstone Complex of 20.06Mt grading at 1.03% TREO. The resource covered only 4km, or ~10%, of the 43km long Yin REE Ironstone Complex (DRE announcement dated 5 July 2023).

In addition, the Gascoyne region hosts the Abra Base Metals Mine, a lead-silver joint venture mining operation (60%: Galena Mining Ltd and 40%: Toho Zinc Co., Ltd) which lies adjacent to the Lyons Project tenement package. The Abra Mine, which has a JORC resource of 34.5Mt grading at 7.2% lead and 16g/t silver, produced first concentrate (GIA announcement dated 13 January 2023) and achieved its first concentrate shipment (GIA announcement dated 27 March 2023) from the port of Geraldton earlier this year.

Work has commenced on a compilation of all available historic data sets for the project. The data is being reviewed in order to prioritise targets for initial field assessment. A study of available imagery has highlighted areas with potential for ironstone outcrop. Broad GSWA geochemical sampling across the region has also indicated potential for REE enrichment.

The process of target generation and prioritisation is close to being complete and it is expected that field work will commence in late September 2023 and will consist of ground checks and prospecting where access is available.

NAMIBIA

Abenab Rare Earth Elements & Base Metals Project (CAZ 95%)

As announced on 7 November 2022, the Company applied for a new exploration licence (EPL 9110 - Abenab North). The project is located in the northern region of Namibia through its 95% owned local subsidiary company Philco One Hundred and Seventy-Three (Proprietary) Limited ("Philco"). The Abenab North project application has no competing applications and covers an area of approximately 790 km² (Figure 11). The project is considered to be highly prospective for base metals and Rare Earth Elements (REE) mineralisation as evidenced from the results of previous but limited exploration.

The project lies in the Otavi Mountain Land region of northern Namibia located approximately 450km by road from the capital of Windhoek in an area comprising the towns of Tsumeb and Grootfontein. The region is a significant well mineralised base metals province with historic production from several mines including Tsumeb, Kombat, Abenab and the Berg Aukas mines. Tsumeb is a world-famous Cu-Pb-Zn-Ag-Ge-Cd mine renowned for its wealth of rare and unusual minerals and was mined from 1897 to 1996.



Figure 11. Location of critical mineral projects in Namibia.

For further technical information please refer to CAZ announcement dated 7 November 2022.

The Environmental Impact Assessment (EIA) and draft Environmental Management Plan (EMP) were completed by Alliance Environmental Consultancy, covering all proposed activities that will be conducted within the license area such as surface sampling, geophysical surveys, and drilling. As part of the EIA process, an Environmental Scoping Assessment and an independent Heritage Impact study were completed. The EIA and EMP were submitted to both the Ministry of Mines and Energy and the Ministry of Environmental Forestry and Tourism.

The licence is still pending approval.

Kaoko Lithium Project (CAZ 95%)

The Kaoko Lithium Project is located in northern Namibia, approximately 800km by road from the capital of Windhoek and approximately 750km from the port of Walvis Bay (Figure 11). The area has excellent infrastructure, with the Project only 50 km away from Opuwo, the regional capital, which has an airport and well-maintained bitumen roads. In addition, the Project has access to the 320 MW Ruacana hydroelectric power station, and transmission lines that run through both the western and eastern parts of the Project.

Cazaly previously identified a large lithium in soil anomaly at the Ohevanga Prospect measuring 12km x 10km. The anomaly was defined with broadly spaced surface samples collected across a 1km grid and has recently been followed up with infill surface sampling to better define and confirm the target. For further technical details please refer to CAZ announcement dated 24 March 2023.

An application for a two-year licence extension is still pending approval.

OTHER INTERESTS

Joint Ventures

Mt Venn (CAZ 20%)

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.

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.

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McKenzie Springs Joint Venture (CAZ 30%)

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-copper-cobalt mine owned by Panoramic Resources Ltd (ASX:PAN).

In the upcoming dry season, FIN (JV Manager) has planned a gridded soils programme to identify new drill targets for nickel, copper, graphite and other base/precious metals over the Springs Creek intrusive complex located northeast of the project area. A field trip to Mackenzie Springs is planned for the upcoming dry season, once access is available.

Royalties

Mineral Resources Limited (ASX: MIN) continued production activities at the Parker Range Iron Ore Mine. Cazaly, as the royalty holder, is entitled to receive A\$0.50/tonne of iron ore produced from the mine, once the first 10 million tonnes of production have been reached.

Following the sale of the Hamersley Iron Ore Project in 2021, to Equinox Resources Limited (ASX:EQN), the Company holds 15,000,000 EQN shares and 2,850,000 performance shares and retains a royalty interest of US\$0.30/tonne in the project. The project is located in the heart of the Pilbara iron ore province and currently has a total Mineral Resource estimate of 343.2 Mt at 54.5% Fe (reported in compliance with JORC Code 2012 - refer to Pathfinder's ASX Announcement dated 24 January 2020). Equinox continues to advance feasibility studies to progress the development of the Project.

CORPORATE

The Company had cash and investments of approximately \$6.7 million at 30 June 2023.

Equity

Shares

On 25 November 2022, the Company issued 1 million fully paid ordinary shares in relation to a finder's fee for the Abenab North project in Namibia.

Options

On 5 August 2022, the Company issued 500,000 options (exercisable at \$0.06 on or before 5 August 2024) in relation to a finder's fee for the Vanrock project.

On 25 November 2022, the Company issued 2 million options (exercisable at \$0.047 on or before 25 November 2025) to Mr Jonathan Downes, a Non-Executive Director of Cazaly. The issue of the options was approved by shareholders at the Company's AGM held on 18 November 2022.

On 19 November 2022, 10 million options (exercisable at \$0.0495) expired.

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.

7. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

DIRECTORS' REPORT

Cazaly Resources Limited Annual Report 2023

8. AFTER BALANCE DATE EVENTS

On 24 July 2023, the Company issued 4,115,663 fully paid ordinary shares to Exiro Minerals Corp as part of a consulting and finder's fee agreement in relation to Canadian projects.

As announced on 7 August 2023, after the completion of due diligence, the Company moved to a 25% holding in the Sundown Lithium Project after paying C\$350,000 and issuing 19,065,535 fully paid ordinary shares to 1Minerals Corp (issued on 11 August 2023).

A review of the Company's investment portfolio was performed on 18 September 2023. The fair value of investments at this time was \$3,621,432 whilst at year end the fair value was \$2,868,117. The movement in market value of investments is wholly attributable to share market fluctuations since the year end date.

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, lithium, 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

23,898,469 fully paid ordinary shares

Listed Directorships

Current
Bannerman Energy Ltd

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, is a Member of the Australian Institute of Geoscientists, and is a Graduate Member of the Australian Institute of Company Directors.

Equity Holdings

1,250,000 fully paid ordinary shares
5,000,000 performance rights (2m performance rights vested on issue, 1.5m performance rights vested 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 \$0.056 expiring 12 October 2024
1,500,000 options exercisable at 150% VWAP expiring 12 October 2025 (vest 12 October 2023)

Listed Directorships

Current
Lefroy Exploration Ltd

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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 holds other Non-Executive Director roles with various ASX listed and unlisted public companies.

Equity Holdings 9,717,893 fully paid ordinary shares

Listed Directorships Current
Galan Lithium Limited
Roto-Gro International Limited
Charger Metals NL

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. Mr Downes is currently the Managing Director of Kaiser Reef Limited and is on the boards of Brightstar Resources Limited and Nickel X Limited.

Equity Holdings 300,100 fully paid ordinary shares
2,000,000 options exercisable at \$0.047 expiring 25 November 2025

Listed Directorships Current
Kaiser Reef Limited
Brightstar Resources Limited
Nickel X Limited
Last three years
Galena Mining Limited (resigned October 2021)
Corazon Mining Limited (resigned September 2023)

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.

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 on a part-time basis. His annual remuneration (from 1 July 2023) is split between a monthly consulting fee of \$5,000 per month and an annual salary component of \$60,000 (plus statutory superannuation).

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

Termination payments are not payable under the circumstances of unsatisfactory performance.

DIRECTORS' REPORT

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Details of Remuneration for Years Ended 30 June 2023 & 30 June 2022

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) (iv)		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Tara French – Managing Director (i)										
2023	280,000	-	-	-	29,400	-	-	-	309,400	-
2022	271,720	-	-	-	27,172	-	-	307,617	606,509	50.7%
Clive Jones – Chairman and Executive Director (ii)										
2023	150,000	-	-	-	6,300	-	-	-	156,300	-
2022	194,238	-	-	-	6,000	-	-	-	200,238	-
Terry Gardiner – Non-Executive Director										
2023	50,000	-	-	-	5,250	-	-	-	55,250	-
2022	50,000	-	-	-	5,000	-	-	-	55,000	-
Jonathan Downes – Non-Executive Director (appointed 19 November 2021)										
2023	50,000	-	-	-	5,250	-	-	24,460	79,710	30.1%
2022	30,833	-	-	-	3,083	-	-	-	33,916	-
Total Remuneration										
2023	530,000	-	-	-	46,200	-	-	24,460	600,660	4.1%
2022	546,791	-	-	-	41,255	-	-	307,617	895,663	34.3%

- i) Ms French commenced with Cazaly on 12 July 2021 and was appointed to the Board on 12 October 2021.
- 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 \$150,000 (2022: \$194,238) 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) Share-based payments for the issue of 2m options were included in Mr Downes' employment conditions and were fully expensed in FY 2023. The issue of the options was approved by shareholders on 18 November 2022.

Voting and comments made at the Company's 2022 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 30 June 2022 was put to the shareholders of the Company at the Annual General Meeting held 18 November 2022. The Company received 87% of the vote, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2022 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.

Related Party Information

The Company received a total of \$69,883 (2022: \$113,950) 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 agreement was terminated on 31 January 2023.

The Company paid \$57,480 (2022: \$57,480) 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

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Key Management Personnel (KMP) Equity Holdings

SHARES	Balance	Granted as	Options	Net Change	Balance
30 June 2023	01-07-22	Remuneration	Exercised	Other	30-06-23
C. Jones	22,829,904	-	-	1,068,565	23,898,469
T. French (i)	1,000,000	-	-	-	1,000,000
T. Gardiner	9,467,893	-	-	250,000	9,717,893
J. Downes (ii)	200,100	-	-	100,000	300,100
	33,497,897	-	-	1,418,565	34,916,462

30 June 2022	Balance	Granted as	Options	Net Change	Balance
	01-07-21	Remuneration	Exercised	Other	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	-	-	1,717,893	9,467,893
J. Downes (ii)	-	-	-	200,100	200,100
	28,579,904	-	-	(4,917,993)	33,497,897

OPTIONS	Balance	Issued		Lapsed/	Balance	Vested	Vested
30 June 2023	01-07-22	Acquired (iv)	Exercised	Other	30-06-23	during the year	and exercisable
C. Jones	4,000,000	-	-	(4,000,000)	-	-	-
T. French (i)	5,000,000	-	-	-	5,000,000	1,500,000	3,500,000
T. Gardiner	2,000,000	-	-	(2,000,000)	-	-	-
J. Downes (ii)	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000
	11,000,000	2,000,000	-	(6,000,000)	7,000,000	3,500,000	5,500,000

30 June 2022	Balance	Issued		Lapsed/	Balance	Vested	Vested
	01-07-21	Acquired	Exercised	Other	30-06-22	during the year	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)	-	-	-	-	-	-	-
	10,000,000	5,000,000	-	(4,000,000)	11,000,000	2,000,000	8,000,000

- (i) Ms French appointed to the Board as Managing Director on 12 October 2021.
- (ii) Mr Downes appointed a Non-Executive Director on 19 November 2021.
- (iii) 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, 1,500,000 options are exercisable at \$0.056 or before 12 October 2024 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
- (iv) Mr Downes issued with 2m options as approved by shareholders on 18 November 2022. Options are exercisable at \$0.047 on or before 25 November 2025.

Performance Rights (awarded to Ms French and expire on 11 October 2025 – approved by shareholders on 19 November 2021).

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

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

On 19 November 2022, 10 million options (exercisable at \$0.0495) expired.

Options on Issue

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

Expiry Date	Exercise Price	Options on Issue
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	\$0.056	1,500,000
12/10/25	(i)	1,500,000
5/8/24 (ii)	\$0.06	500,000
25/11/25 (iii)	\$0.047	2,000,000

- (i) Exercisable at a price that is 150% of the VWAP for CAZ shares traded on the ASX over the 5 trading days immediately preceding the vesting date (12 October 2023).
- (ii) Issued as a finder's fee for the Vanrock project.
- (iii) Issued to a Non-Executive Director on 25 November 2022 (approved at Company's AGM on 18 November 2022).

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.

15. AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 26.

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 2023.

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
22 September 2023

Competent Persons Statements

The information contained herein that relates to Exploration Results is based upon information compiled or reviewed by Ms Tara French and Mr Don Horn, who are employees of the Company. Ms Tara French and Mr Horn are both Members of the Australasian Institute of Geoscientists and 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 Tara French and Mr Horn both consent to the inclusion of their names in the matters based on the information in the form and context in which it appears.

⁽¹⁾ The information in this report that relates to the Mount Angelo North Mineral Resource is based on information compiled by Ms Vanessa O'Toole Principle Consultant of Honey Mining and Resources Pty Ltd, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy and 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Vanessa O'Toole consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

⁽²⁾ The information in this report that relates to the Bommie porphyry copper mineral resource estimation is based on work completed by Mr. Stephen Hyland, a Competent Person and Fellow of the AusIMM. Mr. Hyland is Principal Consultant Geologist with Hyland Geological and Mining Consultants (HGMC), who is a Fellow of the Australian Institute of Mining and Metallurgy and holds relevant qualifications and experience as a qualified person for public reporting according to the JORC Code in Australia. Mr Hyland is also a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101. Mr Hyland consents to the inclusion in this report of the information in the form and context in which it appears.

The information in this report that relates to Resource Estimates, Exploration targets and Exploration results is extracted from previous company announcements to the ASX, all are available to view on <https://www.cazalyresources.com.au>. The Company confirms that it is not aware of any new Exploration information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Forward Looking Statement

This annual report may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Cazaly's planned exploration program(s) and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward looking statements. Although Cazaly Resources Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. The forward-looking statements in this annual report reflect views held only as at the date of this annual report.

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 2023, 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 WA AUDIT PTY LTD


MARK DELAURENTIS CA
Director

Dated this 22nd day of September 2023
Perth, Western Australia

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For Year Ended 30 June 2023**

	Note	2023 \$	2022 \$
Revenue from continuing operations	2	308,958	220,820
Gain/(Loss) on sale of financial assets		(63,562)	325,618
Gain on sale of tenement		-	1,472,892
Other Income	2	241,912	61,580
Employee benefits		(544,194)	(529,844)
Finance Costs		(3,109)	(7,746)
Depreciation		(80,044)	(82,703)
Administrative expenses	3	(435,494)	(297,200)
Compliance and regulatory expenses	3	(223,607)	(259,544)
Occupancy expenses		(85,169)	(81,630)
Written-off exploration expenditure		(636,964)	(186,809)
Equity based payments		(29,270)	(307,617)
Impairment of financial assets		(574,414)	(2,068,396)
Profit/(loss) before income tax		(2,124,956)	(1,740,579)
Income tax (expense)/ benefit	6	-	-
Profit/(loss) for the year from continuing operations		(2,124,956)	(1,740,579)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(2,124,956)	(1,740,579)
Earnings/(loss) for the year attributable to:			
Members of the parent entity		(2,124,956)	(1,740,524)
Non-controlling interest		-	(55)
		(2,124,956)	(1,740,579)
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		(2,124,956)	(1,740,524)
Non-controlling interest		-	(55)
		(2,124,956)	(1,740,579)
<u>Earnings/(loss) per share from continuing and discontinuing operations</u>			
			Cents
Basic weighted average earnings/(loss) per share	18	(0.57)	(0.48)
Diluted weighted average earnings/(loss) per share	18	(0.57)	(0.48)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**
As at 30 June 2023

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	7	3,818,431	6,901,309
Trade and other receivables	8	23,844	63,979
TOTAL CURRENT ASSETS		3,842,275	6,965,288
NON-CURRENT ASSETS			
Trade and other receivables	8	49,679	49,679
Financial assets	9	2,868,117	3,882,311
Property, plant and equipment	10	20,571	30,750
Exploration and evaluation assets	11	7,537,894	5,335,775
Rights of use assets	27	11,637	81,502
TOTAL NON-CURRENT ASSETS		10,487,898	9,380,017
TOTAL ASSETS		14,330,173	16,345,305
CURRENT LIABILITIES			
Trade and other payables	12	183,917	201,651
Provisions	13	105,700	123,750
Lease liability	27	7,052	81,662
TOTAL CURRENT LIABILITIES		296,669	407,063
NON-CURRENT LIABILITIES			
Lease liability	27	-	7,052
TOTAL NON-CURRENT LIABILITIES		-	7,052
TOTAL LIABILITIES		296,669	414,115
NET ASSETS		14,033,504	15,931,190
EQUITY			
Issued capital	14	26,872,021	26,674,021
Reserves	15	503,690	729,858
Accumulated losses	16	(13,326,581)	(11,457,063)
Controlling entity interest		14,049,130	15,946,816
Non-controlling interest		(15,626)	(15,626)
TOTAL EQUITY		14,033,504	15,931,190

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
For the year ended 30 June 2023**

	Issued Capital	(Accumulated Option Reserve Losses)		Non- Controlling Interest	Total
	\$	\$	\$	\$	\$
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
Shares to be issued	-	-	-	-	-
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
Earnings/(loss) for the year	-	(2,124,956)	-	-	(2,124,956)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	(2,124,956)	-	-	(2,124,956)
Transactions with owners, in their capacity as owners, and other transfers:					
Shares issued	30,000	-	-	-	30,000
Shares to be issued	168,000	-	-	-	168,000
Options issued	-	-	-	-	-
Options expired	-	255,438	(255,438)	-	-
Option reserve	-	-	29,270	-	29,270
Balance at 30 June 2023	26,872,021	(13,326,581)	503,690	(15,626)	14,033,504

The accompanying notes form part of these financial statements.

**CONSOLIDATED CASH FLOW
STATEMENT**
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash Flows from Operating Activities			
Receipts from services agreements		185,695	263,611
Cash received from government grant		-	-
Payments to suppliers and employees		(1,082,639)	(1,111,038)
Interest received and bill discounts received		123,262	27,124
<i>Net cash used in operating activities</i>	19	(773,682)	(820,305)
Cash Flows From Investing Activities			
Purchase of property, plant & equipment		-	(23,508)
Purchase of equity investments		(231,651)	(960,156)
Payments for exploration and evaluation		(2,896,251)	(1,392,878)
Payments for purchase of exploration assets		(303,428)	(321,754)
Proceeds from sale of equity investments		602,584	826,218
Proceeds from sale of exploration assets (net of transaction costs)		-	-
Proceeds from term deposit bond		-	-
<i>Net cash used in investing activities</i>		(2,828,746)	(1,872,078)
Cash Flows from Financing Activities			
Proceeds from issue of share		-	-
Proceeds from conversion of options		-	-
<i>Net cash provided by financing activities</i>		-	-
Net increase/(decrease) in cash held		(3,082,878)	(2,692,381)
Cash and cash equivalents at beginning of the financial year		6,901,309	9,593,690
Cash and cash equivalents at end of the financial year	7	3,818,431	6,901,309

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2023

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 22 September 2023 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.

The Group incurred a loss after tax for the year of \$2,124,956 (2022: \$1,740,579) and net cash outflows from operating activities of \$773,682 (2022: \$820,305). There was a working capital surplus of \$3,545,606 at 30 June 2023 compared to a surplus of \$6,558,225 at 30 June 2022. The Company also has access to financial assets that are valued at \$2,868,117 (2022: \$3,882,311).

Pending the outcome of various applications, the Group could have lease and exploration commitments of \$974,256 (2022: \$605,969) due within the next twelve months.

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate because:

- the Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Group's current exploration projects, the Directors believe that the additional capital required can be raised in the market; and
- the Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable; and
- the Directors will divest its interest in financial assets held for trading as and when required to fund ongoing expenditure.

(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 2023 is contained in Note 21 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the Company.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income. The non-controlling interest in the net assets comprises their interests at the date of the original business combination and their share of changes in equity since that date.

(b) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(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 2023.

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.

(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

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 30-60 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.

(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.

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.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(t) Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Judgements – Exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(d).

Key Judgements – Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

Key Judgments – Environmental issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

(u) Fair value measurements

The Group measures and recognises the asset, 'Financial assets held for trading' at fair value on a recurring basis after initial recognition.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

(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 2023					
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		2,868,117	-	-	2,868,117
		2,868,117	-	-	2,868,117
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
		3,882,311	-	-	3,882,311

(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.

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

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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.

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 2023 and determined that there is no material impact of the Standards and Interpretations in issue not yet adopted by the Company.

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	2023	2022
	\$	\$
2. REVENUE & OTHER INCOME		
Revenue from Continuing Operations		
- interest received	123,262	27,123
- recoupment of office costs on-charged	185,696	193,697
	<u>308,958</u>	<u>220,820</u>
Other Income		
- government grant received	162,397	-
- other	79,515	61,580
	<u>241,912</u>	<u>61,580</u>

3. PROFIT/(LOSS) FOR THE YEAR

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

Expenses

Administrative expenses		
Consulting	81,188	55,618
Advertising, printing and stationery	63,912	19,219
Travel and accommodation	51,762	17,066
Memberships	35,261	14,595
Insurance	39,831	32,596
Other	163,540	158,107
	<u>435,494</u>	<u>297,201</u>
Compliance and regulatory expenses		
ASX, ASIC, registry and secretarial	156,647	146,689
Legal	66,960	112,755
	<u>223,607</u>	<u>259,444</u>
Employee Benefits		
Superannuation	91,354	90,640

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 2023. The totals of remuneration paid to key management personnel of the Company during the year are as follows:

Short-term employee benefits	530,000	546,791
Post-employment benefits	46,200	41,255
Termination benefits	-	-
Other long-term benefits	-	-
Share based payments	29,270	307,617
	<u>605,470</u>	<u>895,663</u>

A total of \$280,174 (2022: \$355,302) was capitalised to exploration expenditure.

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Related Party Information

The Company received a total of \$69,883 (2022: \$113,950) 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 agreement was terminated on 31 January 2023.

The Company paid \$57,480 (2022: \$57,480) 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.

	2023	2022
	\$	\$
5. AUDITORS REMUNERATION		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	29,933	25,290
	<u>29,933</u>	<u>25,290</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	(2,124,956)	(1,740,579)
Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2022: 25%)	<u>(531,239)</u>	<u>(435,145)</u>
Add/(subtract):		
Tax effect of:		
Other non-allowable items	47,618	81,424
Effect of tax losses derecognised	244,063	69
Derecognition of previously recognised tax losses	-	367,550
Recognition of previously unrecognised prior year tax losses	-	(231,738)
Tax benefit of deductible equity raising costs	(2,250)	(2,250)
Movement in unrecognised temporary differences	241,807	220,090
Income tax expense (benefit) attributable to entity	<u>-</u>	<u>-</u>
(b) Recognised deferred tax assets at 25% (2022: 25%) comprise the following:		
Carry forward revenue losses	932,268	661,937
Capital raising and future black hole deductions	14,089	26,296
Provisions and accruals	124,425	187,942
Other	56,107	55,366
	<u>1,126,889</u>	<u>931,541</u>
Less: Set off of deferred tax liabilities	<u>(1,126,889)</u>	<u>(931,541)</u>
	<u>-</u>	<u>-</u>

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	2023 \$	2022 \$
Recognised deferred tax assets at 25% (2022: 25%) comprise the following:		
Exploration expenditure	(1,125,743)	(931,541)
ROU assets	(1,146)	-
	(1,126,889)	(931,541)
Less: Set off of deferred tax asset	1,126,889	931,541
	-	-
(c) Deferred tax recognised directly in equity:		
Relating to equity raising costs	-	-
	-	-
(d) Unrecognised deferred tax assets at 25% (2022: 25%) 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	464,296	222,340
Tax revenue losses	2,025,081	1,838,887
	2,489,477	2,061,227

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	3,818,231	6,901,109
Petty cash	200	200
	3,818,431	6,901,309

8. TRADE AND OTHER RECEIVABLES

Current

Other receivables	23,844	63,978
	23,844	63,978

Other receivables normally have 30-60 day terms. At 30 June 2023, \$NIL (2022: \$36,916) is receivable from companies related to the Directors.

Non-Current

Bonds	49,679	49,679
	49,679	49,679

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

9. FINANCIAL ASSETS

Current

Financial assets, at fair value through profit or loss:

Australian listed shares at fair value	2,868,117	3,882,311
Unlisted Australian public company shares	-	-
	2,868,117	3,882,311

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	2023 \$	2022 \$
10. PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment		
At cost	351,386	366,356
Accumulated depreciation	(333,521)	(339,095)
	<u>17,865</u>	<u>27,261</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	(63,172)	(62,389)
	<u>2,706</u>	<u>3,489</u>
	<u>20,571</u>	<u>30,750</u>

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

	2023			
	Plant and Equipment \$	Office Furniture \$	Motor Vehicles \$	Total \$
Balance at the beginning of the year	27,261	-	3,489	30,750
Additions	-	-	-	-
Disposals/write offs	-	-	-	-
Depreciation expense	(9,396)	-	(783)	(10,179)
Carrying amount at the end of the year	<u>17,865</u>	<u>-</u>	<u>2,706</u>	<u>20,571</u>

	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>

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	2023 \$	2022 \$
11. EXPLORATION AND EVALUATION ASSETS		
Non-Current		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases at cost	7,537,894	5,335,775
Movement – exploration and evaluation		
Brought forward	5,335,775	5,294,691
Exploration expenditure capitalised during the year	2,367,655	1,372,390
Acquisitions	471,428	375,750
Exploration expenditure capitalised on tenements sold during the year	-	6,861
Capitalised expenditure on tenements sold	-	(1,527,108)
Exploration expenditure written off	(636,964)	(186,809)
	7,537,894	5,335,775

Exploration expenditure, including tenement acquisitions, totalled \$2,839,083 for the year (2022: \$1,755,001). The main expenditure was on its new Canadian projects, Ashburton, Halls Creek and new project generation. Exploration expenditure written off for the year was \$636,964 (2022: \$186,809) and related to new project generation costs and expenditures associated with various projects, tenements and applications that were relinquished or written off 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	114,442	27,116
Other creditors and accrued expenses	69,475	174,535
	183,917	201,651

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

13. PROVISIONS

Current

Provision for annual leave	35,918	62,229
Provision for long service leave	69,782	61,521
	105,700	123,750

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	2023 \$	2022 \$
14. ISSUED CAPITAL		
371,821,793 fully paid ordinary shares (2022: 370,821,793) with no par value	26,872,021	26,674,021

Share Movements

	30 June 2023 Number	30 June 2023 \$	30 June 2022 Number	30 June 2022 \$
Balance at the beginning of the year	370,821,793	26,674,021	369,563,267	26,620,021
Issue of shares at \$0.043 each (i)	-	-	1,258,526	54,000
Issue of shares at \$0.039 each (ii)	1,000,000	30,000	-	-
Balance at the end of the year	371,821,793	26,704,021	370,821,793	26,674,021
Shares to be issued (iii)	4,115,663	168,000	-	-
	375,937,456	26,872,021	370,821,793	26,674,021

- (i) Shares issued to Exiro Minerals Corp as part of the terms and conditions of an agreement (value CDN\$50,000).
(ii) Shares issued in respect of a finders fee for the Abenab Project in Namibia.
(iii) Shares to be issued to Exiro Minerals Corp (value CDN\$150,000) as part of a consulting and finder's fee agreement in relation to the Carb Lake Project (shares issued 24 July 2023).

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 2022	Issued during the year	Exercised/Expired/Cancelled	Number on issue at 30 June 2023
On or before 19/11/22	\$0.0495	10,000,000	-	(10,000,000)	-
On or before 8/3/24	\$0.05	2,000,000	-	-	2,000,000
On or before 11/6/24	\$0.066	500,000	-	-	500,000
On or before 19/11/23	\$0.067	2,000,000	-	-	2,000,000
On or before 12/10/24	\$0.056	1,500,000	-	-	1,500,000
On or before 12/10/25 (i)		1,500,000	-	-	1,500,000
On or before 5/8/24 (ii)	\$0.06	-	500,000	-	500,000
On or before 25/11/25 (iii)	\$0.047	-	2,000,000	-	2,000,000
		17,500,000	2,500,000	(10,000,000)	10,000,000

- (iv) Exercisable at a price that is 150% of the VWAP for CAZ shares traded on the ASX over the 5 trading days immediately preceding the vesting date (12 October 2023).
(v) Issued as a finder's fee for the Vanrock project.
(vi) Issued to a Non-Executive Director on 25 November 2022 (approved at Company's AGM on 18 November 2022).

Equity Based Payments

Options are issued to directors, employees and consultants. The options may be subject to performance criteria 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 \$29,270 (includes \$24,460 relating to options issued to a Non-Executive Director on 25 November 2022 (approved by shareholders at the AGM on 18 November 2022)).

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Allottee	Number of Options	Fair Value at Grant Date per Option	Estimated Volatility	Life of Option (years)	Exercise Price	Share Price at Grant Date	Risk Free Interest Rate
Consultant	500,000	\$0.00962	70%	2.0	\$0.060	\$0.038	1.25%
Director	2,000,000	\$0.02875	70%	3.0	\$0.047	\$0.033	1.25%

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 2023 and 30 June 2022 are as follows:

	2023 \$	2022 \$
Cash and cash equivalents	3,818,431	6,901,309
Trade and other receivables	23,844	63,979
Financial assets	2,868,117	3,882,311
Current liabilities	(296,669)	(407,063)
Working capital position	6,413,723	10,440,536

15. OPTION RESERVE

Opening balance	729,858	422,241
Equity based payments (refer note 14)	29,270	307,617
Transfer to Accumulated Losses	(255,438)	-
Closing balance	503,690	729,858

This reserve records the value of equity benefits provided to employees, consultants and directors as part of their remuneration, share based payments to third parties and option consideration for any acquisitions.

16. ACCUMULATED LOSSES

Opening balance	(11,457,063)	(9,716,539)
Net earnings/(loss) attributable to members	(2,124,956)	(1,740,524)
Transfer from Option Reserve	255,438	-
Closing balance	(13,326,581)	(11,457,063)

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 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

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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 \$3,818,431 (2022: \$6,901,309).

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 2023 and 30 June 2022:

30 June 2023	Floating Interest Rate	Fixed Interest maturing in 1 year or less	Non- interest bearing	2023 Total
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	568,231	3,250,000	200	3,818,431
Trade and other receivables	-	49,679	23,844	73,523
Financial assets – held for trading	-	-	2,868,117	2,868,117
	568,231	3,299,679	2,892,161	6,760,071
Weighted average effective interest rate	3.57%			
Financial Liabilities				
Trade and other payables	-	-	183,917	183,917
	-	-	183,917	183,917

30 June 2022	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
	1,901,109	5,049,679	3,946,490	10,897,278
Weighted average effective interest rate	0.22%			
Financial Liabilities				
Trade and other payables	-	-	201,651	201,651
	-	-	201,651	201,651

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2023

Net Fair Values

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

	2023		2022	
	Carrying Amount \$	Net fair Value \$	Carrying Amount \$	Net fair Value \$
Financial assets				
Cash and deposits	3,818,431	3,818,431	6,901,309	6,901,309
Receivables	73,523	73,523	113,658	113,658
Investment held for trading	2,868,117	2,868,117	3,882,311	3,882,311
	<u>6,760,071</u>	<u>6,760,071</u>	<u>10,897,278</u>	<u>10,897,278</u>
Financial liabilities				
Payables	183,917	183,917	201,651	201,651
	<u>183,917</u>	<u>183,917</u>	<u>201,651</u>	<u>201,651</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.

	2023 \$	2022 \$
Change in loss		
• Increase in interest rate by 100 basis points	37,921	68,626
• Decrease in interest rate by 100 basis points	(37,921)	(68,626)
Change in equity		
• Increase in interest rate by 100 basis points	37,921	68,626
• Decrease in interest rate by 100 basis points	(37,921)	(68,626)

18. EARNINGS PER SHARE

a) Reconciliation of earnings to profit or loss:

Earnings/(loss) for the year	(2,124,956)	(1,740,579)
Earnings/(loss) used to calculate basic and diluted EPS	(2,124,956)	(1,740,579)

	2023 No. of Shares	2022 No. of Shares
b) Basic and diluted weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>371,821,793</u>	<u>370,821,793</u>

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2023

19. CASH FLOW INFORMATION

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

Profit/(Loss) after income tax	(2,124,956)	(1,740,579)
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Non-operating cash flows in loss for the year:

Depreciation	80,044	82,703
Net (Gain)/ Loss on sale of shares	63,562	(325,618)
Finance costs on lease	(81,662)	7,746
Assets written off	-	3,425
Net profit on the sale of exploration assets	-	(1,472,892)
Employee & Consultant equity settled transactions	29,270	307,617
Fair value adjustment to investments	574,414	2,068,396
Exploration write-off	636,964	186,809

Changes in assets and liabilities:

Decrease/(increase) in trade receivables and prepayments	47,247	62,088
Increase/(decrease) in trade payables, accruals and employee entitlements	1,437	-

Cash outflow from operations

(773,682)	(820,305)
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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	974,256	605,969
Longer than one year, but not longer than five years	3,003,691	4,185,568
Longer than five years	10,924	32,772
	3,988,871	4,824,309

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

21. CONTROLLED ENTITIES

Parent Entity	Incorporation Country	Percentage Owned	
		2023	2022
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%

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2023

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 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.

2023	Exploration \$	Unallocated \$	Total \$
Revenue			
Interest received	-	123,262	123,262
Gain on sale of tenement	-	-	-
Other	241,912	185,696	427,608
Total segment revenue	241,912	308,958	550,570
Segment net operating profit (loss) before tax	(395,051)	(1,729,905)	(2,124,956)
Depreciation	-	80,044	80,044
Impairment of exploration assets	636,964	-	636,964
Share based payments	-	20,571	20,571
Segment assets	7,537,894	6,792,278	14,330,172
Exploration expenditure	7,537,894	-	7,537,894
Property, plant & equipment	-	20,571	20,571
Segment liabilities	38,015	258,654	296,669
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 and equipment	-	30,750	30,750
Segment liabilities	120,170	293,945	414,115

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2023

	2023	2022
	\$	\$
23. PARENT ENTITY DISCLOSURES		
(a) Statement of financial position		
Assets		
Current assets	3,817,233	6,961,519
Non-current assets	8,041,001	6,722,039
Total assets	11,858,234	13,683,559
Liabilities		
Current liabilities	296,642	407,037
Non-current liabilities	-	7,052
Total liabilities	296,642	414,089
Equity		
Issued capital	26,872,025	26,674,025
Reserves:		
Equity settled employee benefits	759,128	729,858
Retained profits	(16,069,561)	(14,134,413)
Total Equity	11,561,592	13,269,470
(b) Statement of Profit or Loss and Other Comprehensive Income		
Total profit/ (loss)	(1,935,148)	(1,961,955)
Total comprehensive income	(1,935,148)	(1,961,955)

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.

24. EVENTS SUBSEQUENT TO REPORTING DATE

On 24 July 2023, the Company issued 4,115,663 fully paid ordinary shares to Exiro Minerals Corp as part of a consulting and finder's fee agreement in relation to Canadian projects.

As announced on 7 August 2023, after the completion of due diligence, the Company moved to a 25% holding in the Sundown Lithium Project after paying C\$350,000 and issuing 19,065,535 fully paid ordinary shares to IMinerals Corp (issued on 11 August 2023).

A review of the Company's investment portfolio was performed on 18 September 2023. The fair value of investments at this time was \$3,621,432 whilst at year end the fair value was \$2,868,117. The movement in market value of investments is wholly attributable to share market fluctuations since the year end date.

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.

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2023

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 2023:

Under the KDN JV:

KDN JV's partner's remaining 5% is free carried to a definitive feasibility study.

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

Hamersley

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). In August 2021 the project was sold to Equinox Resources Limited (ASX:EQN) who 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 Hamersley Iron Ore Project. Each Performance Share will, at the election of the holder, convert into one Equinox Share, subject to Equinox announcing to the ASX a positive preliminary Feasibility Study in relation to the Hamersley Iron Ore Project, confirming the Hamersley Iron Ore Project is commercially viable. 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.

26. SHARE BASED PAYMENTS

The following table illustrates the number and weighted average exercise prices of and movements in all vested options on issue during the year (please also refer to Note 14 for further details on equity-based payments issued during the year):

NOTES TO THE FINANCIAL STATEMENTS

Cazaly Resources Limited Annual Report 2023

	2023		2022	
	Number of Options	Weighted Ave Exercise Price \$	Number of Options	Weighted Ave Exercise Price \$
Balance at beginning of reporting period	14,500,000	0.053	12,500,000	0.050
Expired during the year	(10,000,000)	-	-	-
Vested during the year	1,500,000	0.056		
Issued during the year	2,500,000	0.050	2,000,000	0.067
Balance at end of reporting period	<u>8,500,000</u>	0.056	<u>14,500,000</u>	0.053
Exercisable at end of reporting period	<u>8,500,000</u>		<u>14,500,000</u>	

The options outstanding at 30 June 2023 had a weighted average remaining life of 0.22 years (2022 – 0.57 years). The weighted average fair value of the options outstanding at 30 June 2023 was \$0.020 (2022 – \$0.023).

27. RIGHT OF USE ASSETS AND LEASE LIABILITY

Right-of-use assets

	2023 \$	2022 \$
Office lease		
At carrying amount	81,502	151,367
Additions	-	-
Less: Accumulated amortisation	(69,865)	(69,865)
	<u>11,637</u>	<u>81,502</u>

Leases

As of 30 June 2023, the net carrying amount of the office held under a lease arrangement is \$7,052 (2022 – \$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 2022	88,714	162,431
Additions	-	-
Accretions of interest	3,109	7,746
Payments	(84,771)	(81,463)
As at 30 June 2023	<u>7,052</u>	<u>88,714</u>
Current	7,052	81,662
Non-current	-	7,052

The following are the amounts recognised in profit or loss:

Depreciation	69,865	69,865
Interest expense on lease liabilities	3,109	7,746
Total amount recognised in profit or loss	<u>72,974</u>	<u>77,611</u>

The Group had total cash outflows for leases of \$84,771 in 2023 (2022: \$81,463).

DIRECTORS' DECLARATION

Cazaly Resources Limited Annual Report 2023

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 2023 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
22 September 2023

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 2023, 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 2023 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Evaluation and Evaluation Assets</i></p> <p><i>(Refer to Note 11)</i></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; ○ 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

Key Audit Matter	How our audit addressed the Key Audit Matter
	<ul style="list-style-type: none"> ○ 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. ● We assessed the appropriateness of the related disclosures in note 11 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2023, 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 2023. 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 2023, 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 22nd day of September 2023
Perth, Western Australia

ADDITIONAL SHAREHOLDER INFORMATION

Cazaly Resources Limited Annual Report 2023

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 2023.

DETAILS OF HOLDERS OF EQUITY SECURITIES

ORDINARY SHAREHOLDERS

There are 395,002,991 fully paid ordinary shares on issue, held by 2,283 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 2023)

Ordinary Shareholders	Fully Paid Ordinary Number	%
Kingsreef Pty Ltd (NB & DL Family A/c)	31,529,841	7.98
Mr Clive Bruce Jones (Alyse Investment A/C)	21,253,469	5.38
HSBC Custodyn Nominees (Aust) Ltd	20,078,654	5.08
ACN 139 886 025 Pty Ltd	16,117,640	4.08
Jetosea Pty Ltd	15,746,901	3.99
Citicorp Nominees Pty Ltd	14,557,125	3.69
Jaz Future Fund Pty Ltd (ARR Superannuation Fund)	8,000,000	2.03
Raymond Gardener & Hineaka Black (Tumeke S/Fund)	7,000,000	1.77
Mr Terry James Gardiner	6,517,893	1.65
Mr Derek Patrick Knox	6,405,308	1.62
Kingsreef Pty Ltd	5,343,550	1.35
Mr Anthony Robert Ramage	5,200,000	1.32
Mrs Alison Ovenden	5,000,000	1.27
Estate Mr Nathan Bruce McMahon	4,823,756	1.22
BNP Paribas Noms Pty Ltd (DRP A/c)	4,466,100	1.13
Tilpa Pty Ltd (Tilpa Pty Ltd Staff S/F A/C)	4,116,860	1.04
Mr C W Chalwell & Mr I W Wilson (Chalwell Pension Fund A/c)	4,000,000	1.01
Mr Thomas Francis Corr	4,000,000	1.01
Brevmar Pty Ltd (Glen Invest S/Fund)	3,500,000	0.89
Maincoast Pty Ltd	3,473,849	0.88
	191,130,946	48.39%

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

- (a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

HOLDERS OF NON-MARKETABLE PARCELS

There are 1,174 shareholders who hold less than a marketable parcel of shares.

ADDITIONAL SHAREHOLDER INFORMATION

Cazaly Resources Limited Annual Report 2023

DISTRIBUTION OF SHARE HOLDERS (AS AT 15 SEPTEMBER 2023)

		Ordinary Shares
1 to	1,000	125,827
1,001 to	5,000	1,553,475
5,001 to	10,000	2,250,044
10,001 to	100,000	31,792,749
100,001 and over		359,280,896
		<u>395,002,991</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%

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).

ADDITIONAL SHAREHOLDER INFORMATION

Cazaly Resources Limited Annual Report 2023

INTEREST IN MINING TENEMENTS AS AT 15 SEPTEMBER 2023**AUSTRALIA**

Managed by the Company:

Tenement	Project Name	Entity	% Interest
M80/0247	Mt Angelo	Cazaly	100
E80/5307	Halls Creek	Cazaly	100
E 08/3260	Ashburton	Cazaly	100
E 08/3261	Ashburton	Cazaly	100
E 08/3262	Ashburton	Cazaly	100
E 08/3265	Ashburton	Cazaly	100
E 08/3272	Ashburton	Cazaly	100
E 28/3275 *	Kurnalpi	Sammy	100
E 45/6385 *	Marble Bar	Sammy	100
E 52/4120 *	Lyons-Bangemall	Sammy	100
E 52/4233 *	Lyons-Bangemall	Sammy	100
E 52/4234	Lyons-Bangemall	Sammy	100
E 52/4212	Lyons	Sammy	100
E52/4040	Lyons	Sammy	50
E09/2671	Lyons	Sammy	50
E09/2941 *	Lyons	Sammy	100
E38/3904 *	Virginia Range	Cazaly	100
E47/4979 *	West Pilbara	Sammy	100
E38/3864 *	Mt Venn	Sammy	100
E38/3865 *	Mt Venn	Sammy	100

*applications

Joint Venture Tenements not Managed by the Company:

Tenement	Project Name	Entity	% Interest
E80/4808	McKenzie Springs	Sammy	30
E38/3111	Mt Venn	Cazaly	20
E38/3150	Mt Venn	Cazaly	20
E38/3581	Mt Venn	Cazaly	20
E09/2346	Errabiddy	Sammy	20
E31/1019	Yilgangi	Cazaly	10
E31/1020	Yilgangi	Cazaly	10
M31/0427	Yilgangi	Cazaly	10

NAMIBIA

Tenement	Project Name	Entity	% Interest
EPL 6667	Kaoko	Kunene North	95
EPL 9110 *	Abenab North	Kunene North	95

*application

CANADA

Claim Nos.	Project Name	Entity	% Interest
688637	Carb Lake	Mulga Minerals	100
688626	Carb Lake	Mulga Minerals	100
688571-688624	Carb Lake	Mulga Minerals	100
688532-688568	Carb Lake	Mulga Minerals	100

ADDITIONAL SHAREHOLDER INFORMATION

Cazaly Resources Limited Annual Report 2023

Claim Nos.	Project Name	Entity	% Interest
CDC2692045	Sundown	Mulga Minerals	25
CDC2692770 - CDC2692787	Sundown	Mulga Minerals	25
CDC2692815 - CDC2692823	Sundown	Mulga Minerals	25
CDC2692844 - CDC2692848	Sundown	Mulga Minerals	25
CDC2692852 - CDC2692856	Sundown	Mulga Minerals	25
CDC2692859 - CDC2692877	Sundown	Mulga Minerals	25
CDC2692879 - CDC2692895	Sundown	Mulga Minerals	25
CDC2694070 - CDC2694105	Sundown	Mulga Minerals	25
CDC2694124 - CDC2694125	Sundown	Mulga Minerals	25
CDC2694127 - CDC2694159	Sundown	Mulga Minerals	25
CDC2694805 - CDC2694810	Sundown	Mulga Minerals	25
CDC2702917 - CDC2706250	Sundown	Mulga Minerals	25
CDC2706265 - CDC2706281	Sundown	Mulga Minerals	25
CDC2706322 - CDC2706338	Sundown	Mulga Minerals	25
CDC2706489 - CDC2706503	Sundown	Mulga Minerals	25
CDC2712582 - CDC2712583	Sundown	Mulga Minerals	25
CDC2712591 - CDC2712594	Sundown	Mulga Minerals	25
CDC2714462 - CDC2714465	Sundown	Mulga Minerals	25
CDC2715879 - CDC2715880	Sundown	Mulga Minerals	25
CDC2719108 - CDC2719124	Sundown	Mulga Minerals	25
CDC2723400 - CDC2723414	Sundown	Mulga Minerals	25
CDC2728079 - CDC2728094	Sundown	Mulga Minerals	25
CDC2745317	Sundown	Mulga Minerals	25
CDC2745988 - CDC2746004	Sundown	Mulga Minerals	25
CDC2755227 - CDC2755282	Sundown	Mulga Minerals	25
CDC2755296 - CDC2755311	Sundown	Mulga Minerals	25
CDC2755573 - CDC2755584	Sundown	Mulga Minerals	25
CDC2756049 - CDC2756082	Sundown	Mulga Minerals	25
CDC2757063 - CDC2757095	Sundown	Mulga Minerals	25
CDC2757211 - CDC2757221	Sundown	Mulga Minerals	25
CDC2757594	Sundown	Mulga Minerals	25
CDC2757683	Sundown	Mulga Minerals	25
CDC2758850 - CDC2758982	Sundown	Mulga Minerals	25
CDC2759016 - CDC2759021	Sundown	Mulga Minerals	25
CDC2760330 - CDC2760335	Sundown	Mulga Minerals	25
CDC2706279 (a)	Sundown	Mulga Minerals	25
CDC2706328 (a)	Sundown	Mulga Minerals	25
CDC2706497 (a)	Sundown	Mulga Minerals	25
CDC2706498 (a)	Sundown	Mulga Minerals	25
CDC2712593 (a)	Sundown	Mulga Minerals	25
CDC2692860 (b)	Sundown	Mulga Minerals	25
CDC2692873 (b)	Sundown	Mulga Minerals	25
CDC2694129 (b)	Sundown	Mulga Minerals	25

502 Mining Claims are held 75% by IMinerals Corp

5 Mining Claims are held 75% by 1254704 B.C. LTD (a)

3 Mining Claims are held 75% by 1Life Holdings Ltd (b)