

CAZALY RESOURCES LIMITED

GOLDFIELDS LITHIUM ALLIANCE (GLiA)

Regional Alliance Signed with Lithium Australia Ltd (LIT)

- Alliance signed for the exploration and development of lithium projects in the Goldfields Region of Western Australia
- Existing and future holdings in the region to be combined to form a 50/50 alliance for a minimum period of 5 years
- Grants Cazaly access to 50% of LIT's rights to the *Coolgardie Rare Metals Venture* including the *Lepidolite Hill* lithium mine
- Rights to include a licence accessing LIT's exclusive Sileachtm lithium extraction technology for the Alliance projects

Cazaly Resources Limited (ASX: CAZ, "Cazaly" or "the Company") and Lithium Australia Limited (ASX: LIT) have signed an agreement to combine their respective holdings for the exploration and development of Pegmatite Minerals including lithium minerals in the Goldfields region of Western Australia ("the Alliance"). The agreement includes the obligation for both parties to offer to the Alliance rights to pegmatite minerals over any existing or additional ground secured within a 100km radius of Kalgoorlie for an initial period of 5 years.

The Alliance immediately grants Cazaly 50% of LIT's rights to the *Coolgardie Rare Metals Venture* (CRMV) which is contiguous with the Company's recently announced Kangaroo Hills Lithium Project (CAZ ASX release 13 April 2016). The CRMV is a LIT initiative with Focus Minerals Limited (ASX:FML) and includes the historic lithium production centres of the *Lepidolite Hill* and *Tantalite Hill* mines. Under LIT's terms of its agreement with FML, LIT has the rights to all metals derived from pegmatites on the property and will free-carry FML a 20% interest until a decision is made to commit to feasibility.

Under the Alliance agreement CAZ will not be liable for any costs associated with metallurgical testwork or feasibility studies for the CRMV which are to be borne solely by LIT.

Lithium Australia has been conducting metallurgical studies over material from Lepidolite Hill and has announced plans for bulk sampling of mine waste dumps from Lepidolite Hill to further test its 100% owned Sileach™ extraction.

Lithium Australia has also granted the Alliance a licence to use the Sileach™ technology for use within the Alliance region.

Cazaly's joint Managing Director, Clive Jones said:

"This alliance with the rapidly growing Lithium Australia gives Cazaly a massive leg-up into the expanding and exciting new lithium space. The alliance gives Cazaly immediate access to a greatly expanded holding in the Coolgardie region, including rights to historic lithium mines, and furthermore grants rights to the use of LIT's exclusive lithium extraction technologies over our projects in the region".

Lithium Australia's Managing Director, Adrian Griffin said:

"At Lithium Australia we see the hard rock as being the future of lithium production. The Goldfields Lithium Alliance with Cazaly provides an extra piece in the supply puzzle within which we strive to reduce the cost of lithium chemicals to the lowest in the market. We value the partnership with Cazaly as it brings complementary expertise to our efforts in the Goldfields enabling greater penetration into the opportunities offered by the region."

ENDS

For further information please contact:

Nathan McMahon / Clive Jones
Joint Managing Directors
Cazaly Resources Limited
Tel: +618 9322 6283
Em: admin@cazalyresources.com.au
Website: www.cazalyresources.com.au

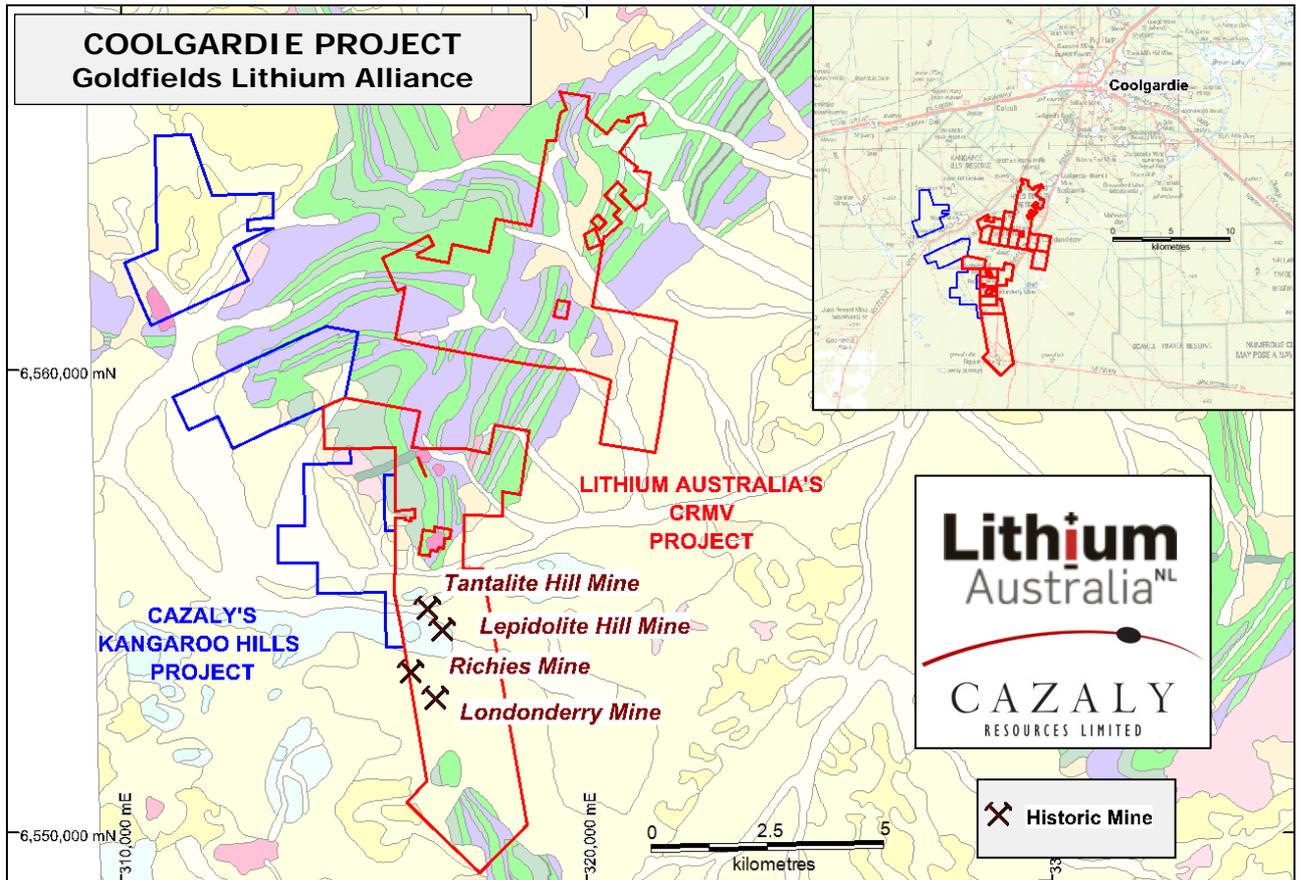


Figure: The Coolgardie Lithium Project; part of the Goldfields Lithium Alliance between Cazaly Resources Limited & Lithium Australia Limited