

CAZALY RESOURCES LIMITED

MOUNT VENN GOLD PROJECT **DRILLING & GEOPHYSICAL PROGRAMMES TO COMMENCE**

- **Drilling and ground geophysical programmes to commence**
- **RAB/Aircore and RC drilling planned to further test and extend extensive gold mineralisation discovered at the *Three Bears* prospect**
- **Previously reported intercepts at *Three Bears* included; 12m @ 1.19 g/t, 40m @ 0.36 g/t Au & 36m @ 0.47 g/t Au**
- **Ground based Dipole-Dipole Induced Polarisation (IP) geophysics planned to test thick Zinc mineralisation discovered at the *Rutters* prospect. Mineralisation occurs within a felsic volcanic pile with pervasive pyrite – potential for VMS style base metal mineralisation**
- **Previous shallow drilling at *Rutters* included intercepts of; 39m @ 0.23% Zn, 40m @ 0.12% Zn & 13m @ 0.25% Zn**
- **RC drilling planned at *Three Bears* and *Rutters* following target definition from the geophysical programme**
- **Additional RAB drilling planned over new targets**

Cazaly Resources Limited (ASX: CAZ, “Cazaly” or “the Company”) has commenced preparatory work at the Company’s Mount Venn Project ahead of planned drilling and geophysical programmes. The Mount Venn project is located ~125 km northeast of Laverton and just 40 km west of Gold Road Resources Ltd’s (ASX:GOR) *Gruyere* gold deposit (148 Mt @ 1.30 g/t Au for 6.16M oz., GOR announcement, 22 April 2016) in the Eastern Goldfields region of Western Australia. The belt is associated with the regionally significant Yamarna Shear Zone complex and has many similarities with the Dorothy Hills greenstone belt which hosts *Gruyere*.

Cazaly recently conducted its maiden drilling campaign at Mount Venn earlier this year following the completion of access agreements and the subsequent grant of the licences. Drilling focussed on two prospects at *Three Bears* and *Rutters*. Targeting was largely based upon anomalous gold and pathfinder geochemistry in association with favourable lithologies and structural positions defined from geophysics and previous mapping. Very little to no historic drilling had previously been conducted in these areas.

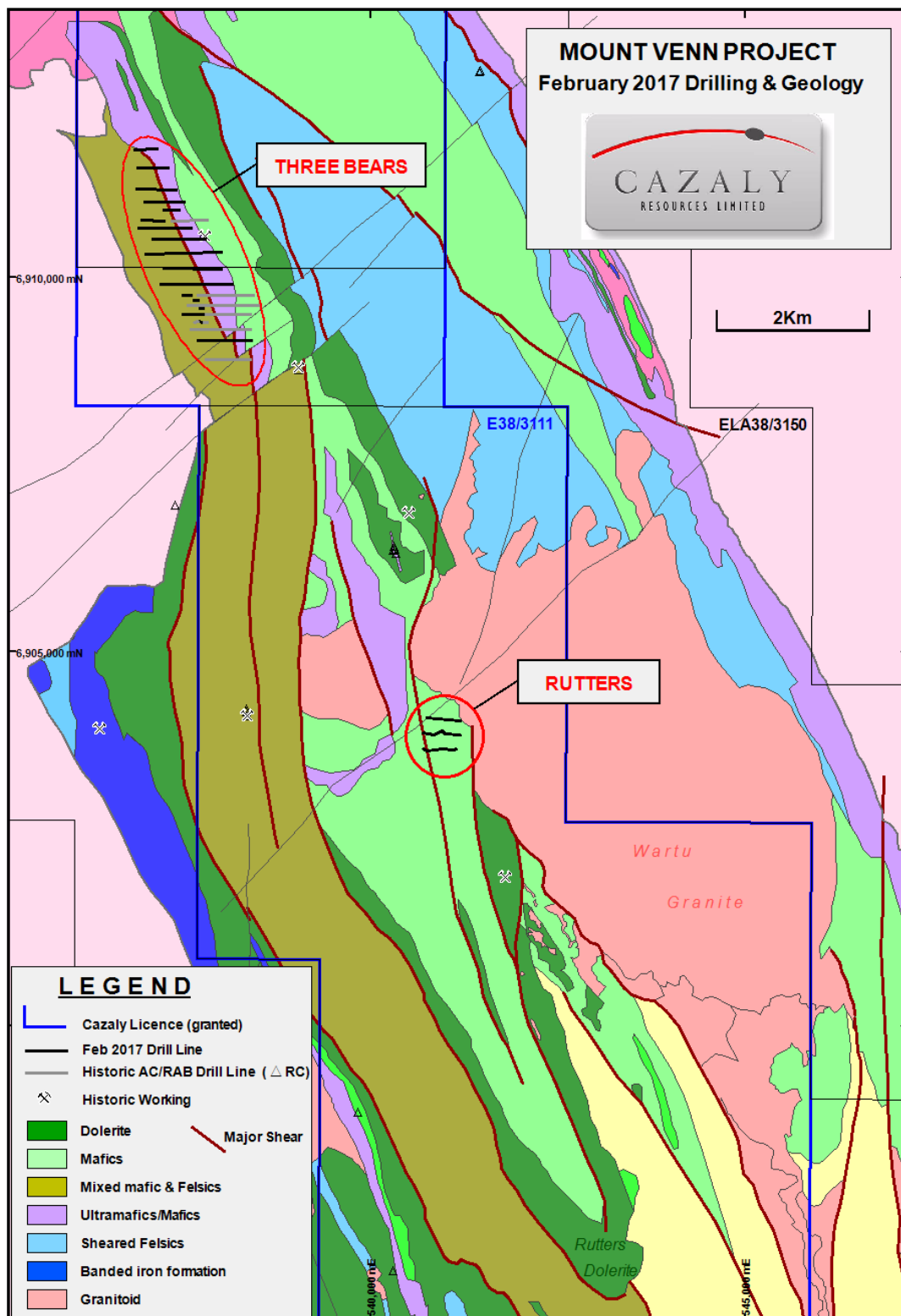


Figure 1: Geology & February 2017 drill locations within the Mount Venn Greenstone Belt

The programme proved to be highly successful in defining a major gold mineralised structure at *Three Bears* and outlining widespread zinc anomalism at *Rutters*.

THREE BEARS PROSPECT

Results from the company's drilling confirmed the presence of a very substantial gold mineralised structure with intercepts including; **12m @ 1.19 g/t Au, 40m @ 0.36 g/t Au, 36m @ 0.47 g/t Au, 28m @ 0.32 g/t Au** and **25m @ 0.21 g/t Au** (CAZ:ASX 27 February, 2017). Mineralisation occurs within a wide structure dipping shallowly to the east and discordant to a steeply dipping package of felsic volcanics (Figure 3).

Given that the region has not previously been systematically explored for gold these features and the confirmation of a large gold bearing structure, greatly enhanced the prospectivity of the region. Following up work planned includes RC drilling below the RAB/Aircore intercepts and further extending drilling along the structures to the north.

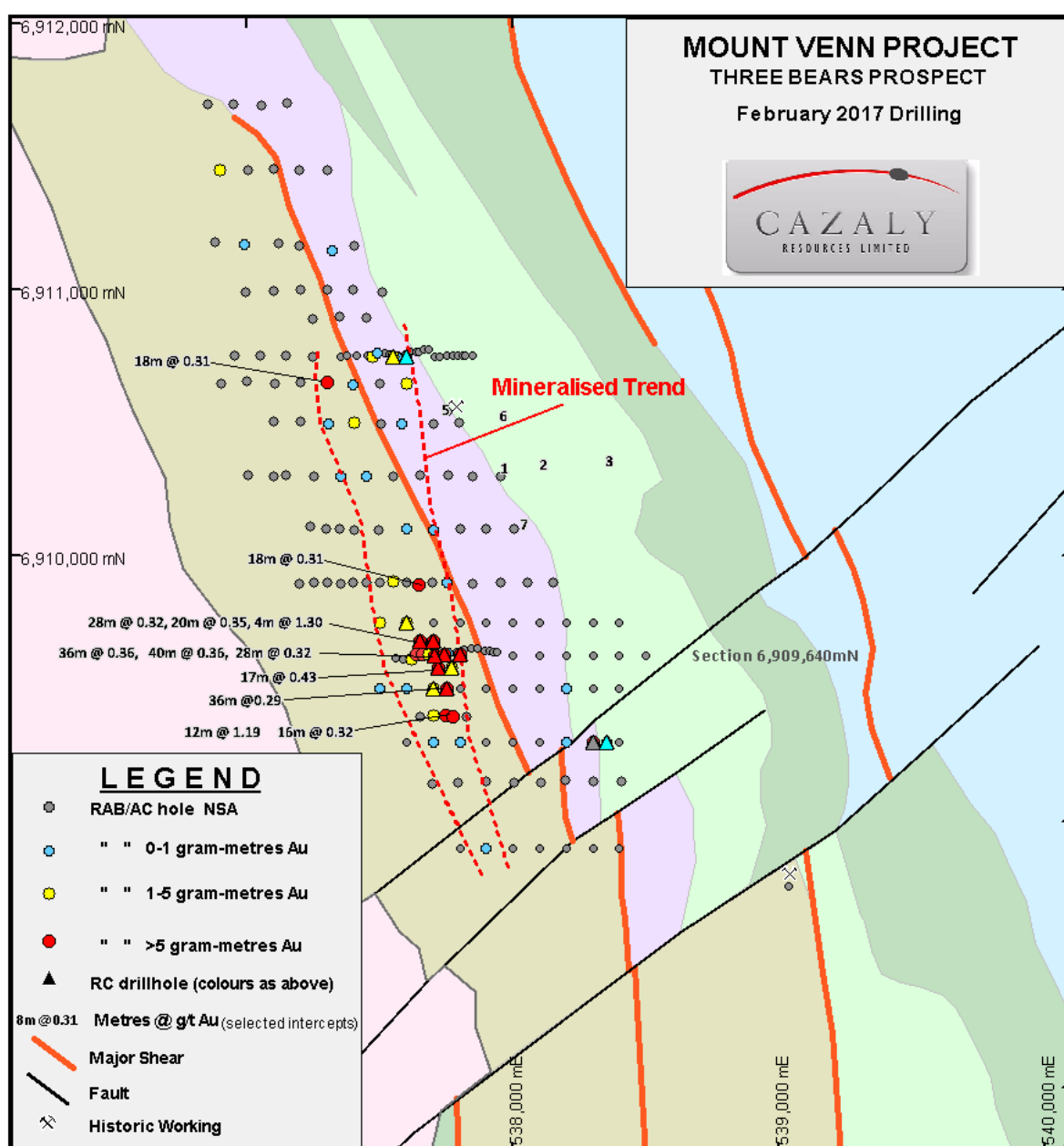


Figure 2: Three Bears Prospect, February 2017 drilling

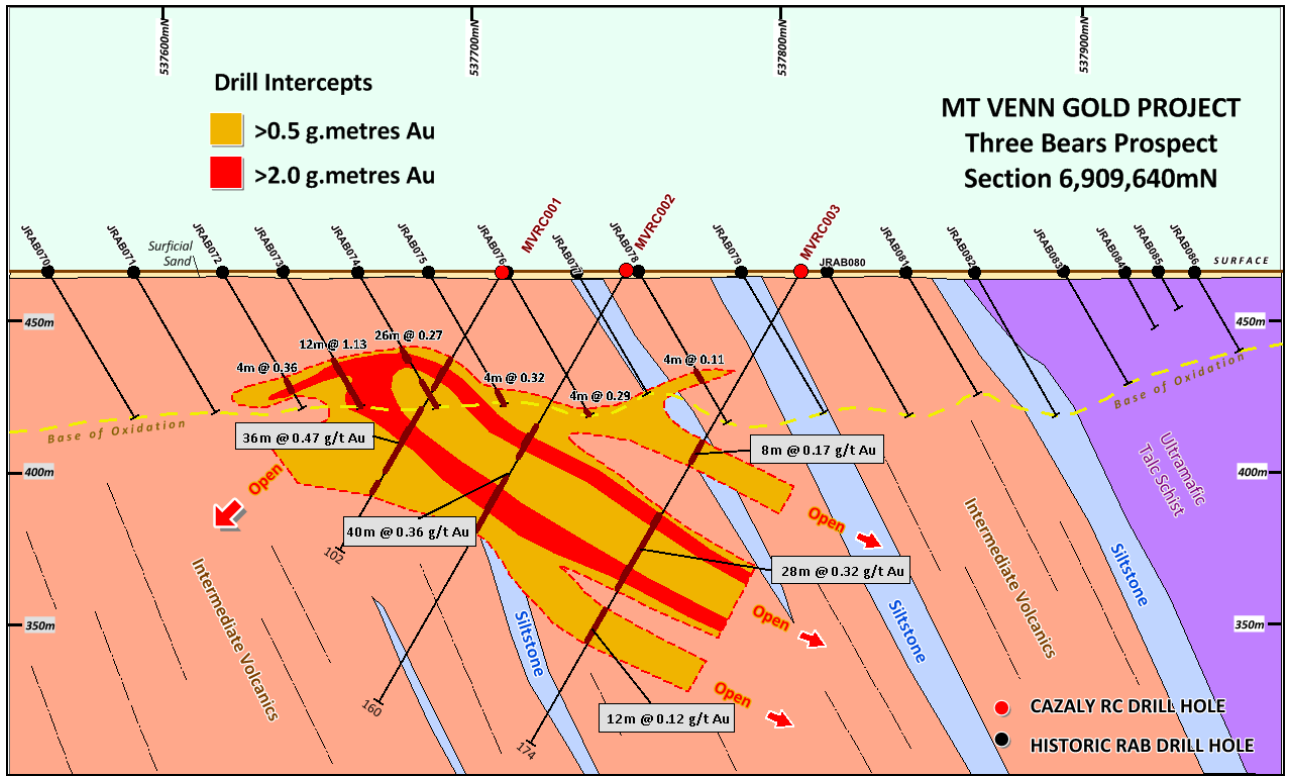


Figure 3: Cross section 6,909,640mN, Three Bears prospect

RUTTERS ZINC PROSPECT

Initially a programme of 30 RAB drillholes targeted a coincident auger geochemistry and Zinc-Gold anomaly situated approximately 6km south of the Three Bears prospect along the western margin of the Wartu granite (Figure 1). Results showed widespread and thick anomalous zinc mineralisation within weathered felsic volcanics.

The host volcanics display pervasive, fine grained sulphides, predominantly pyrite, whilst reprocessing of historic airborne EM (Electromagnetic) data highlighted a +1.5km long coincident anomaly below the geochemical anomaly (Figure 4).

A ground based Dipole-Dipole Induced Polarisation (IP) programme is due to commence late next week to better define RC drill targeting.

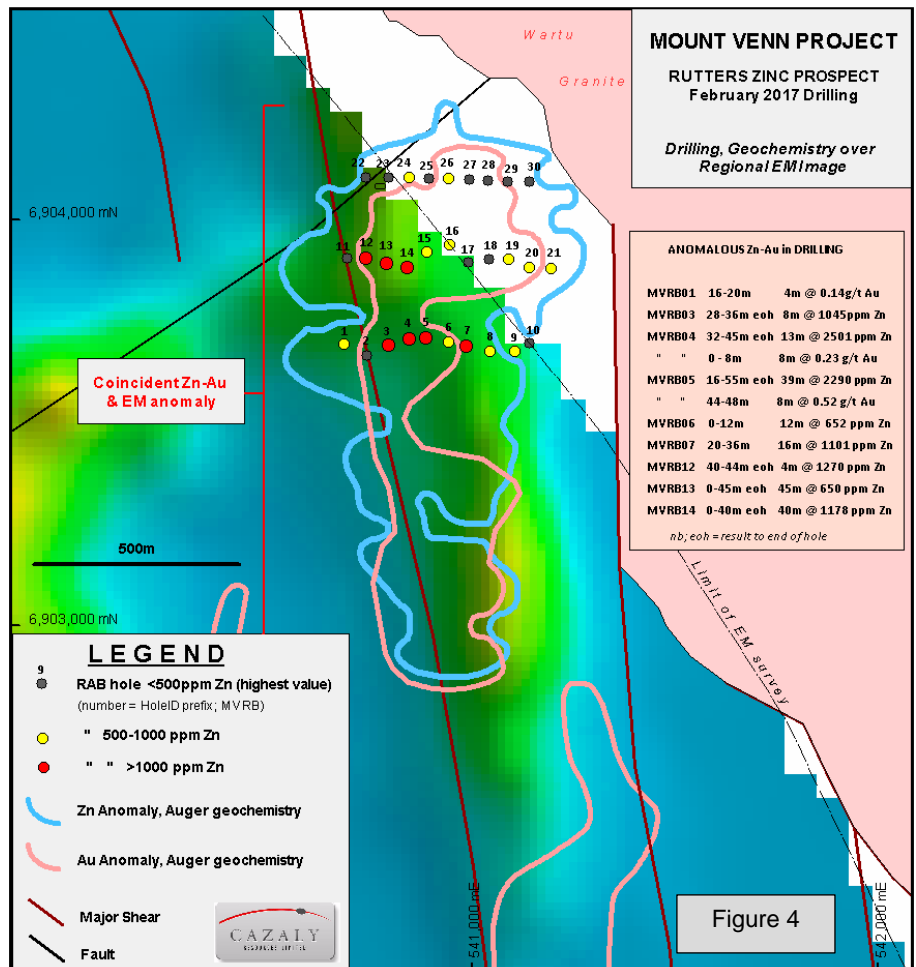


Figure 4

The presence of extensive Zinc mineralisation, with coincident elevated levels of gold, arsenic, silver, copper and lead, occurring within a felsic volcanic pile indicates the potential for primary VMS (Volcanic Massive Sulphide) mineralisation at depth. The presence of pervasive pyrite alteration, typically proximal to such mineralisation, and a coincident EM anomaly gives further encouragement for the presence of base metal mineralisation.

RAB/Aircore drilling is also planned over new targets defined in this central region of the project targeting historic anomalous geochemistry and associated major structures. The RAB/Aircore drilling and the IP survey will commence within the next two weeks with RC drilling to commence once the target definition work at Rutters has been completed.

ENDS

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Competent Person's Statement

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

