CAZALY RESOURCES LIMITED

MOUNT VENN GOLD PROJECT

DRILLING & GEOPHYSICAL PROGRAMMES COMPLETED

- **Second phase of RAB and Aircore drilling finalised extending the mineralised trend to over 3km at the *Three Bears* gold prospect**
- **Ground based Dipole-Dipole Induced Polarisation (IP) geophysics finalised testing thick Zinc mineralisation discovered at the *Rutters* prospect**
- **Consistent Dipole-Dipole IP anomaly outlined coincident with geochemistry and regional EM anomaly**
- **Mineralisation occurs within a felsic volcanic pile with pervasive pyrite – potential for VMS style base metal mineralisation**
- **Planned RC drilling at *Three Bears* and *Rutters* to commence early September**

Cazaly Resources Limited (**ASX: CAZ, "Cazaly"** or **"the Company"**) has now received the final results from a campaign of drilling and geophysics from the Company's Mount Venn Project. 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 RESOURCES LIMITED

Level 2, 38 Richardson Street, West Perth, Western Australia, 6005. PO Box 396, West Perth, Western Australia, 6872
Phone: +61 8 9322 6283 Fax: +61 8 9322 6398 email: admin@cazalyresources.com.au
ACN 101 049334 www.cazalyresources.com.au

Following grant and obtaining access to the project, Cazaly conducted its maiden drilling campaign at Mount Venn earlier this year. Given the lack of systematic historic exploration, targeting was largely based upon anomalous gold and pathfinder geochemistry in association with favourable lithologies and structural positions defined from geophysics and previous mapping. Drilling initially focussed on two prospects, *Three Bears* and *Rutters*.

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

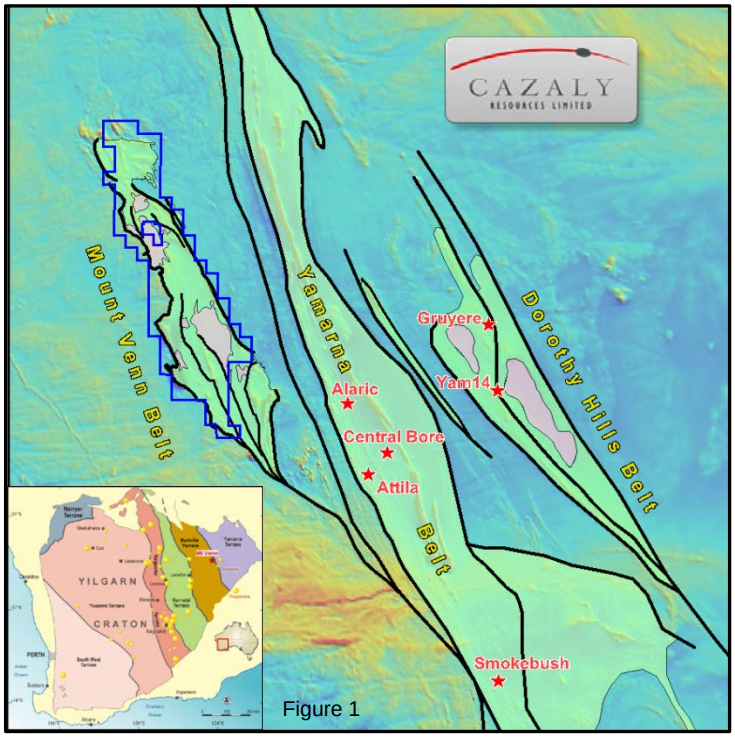


Figure 1: Yamarna Shear Zone & associated greenstone belts

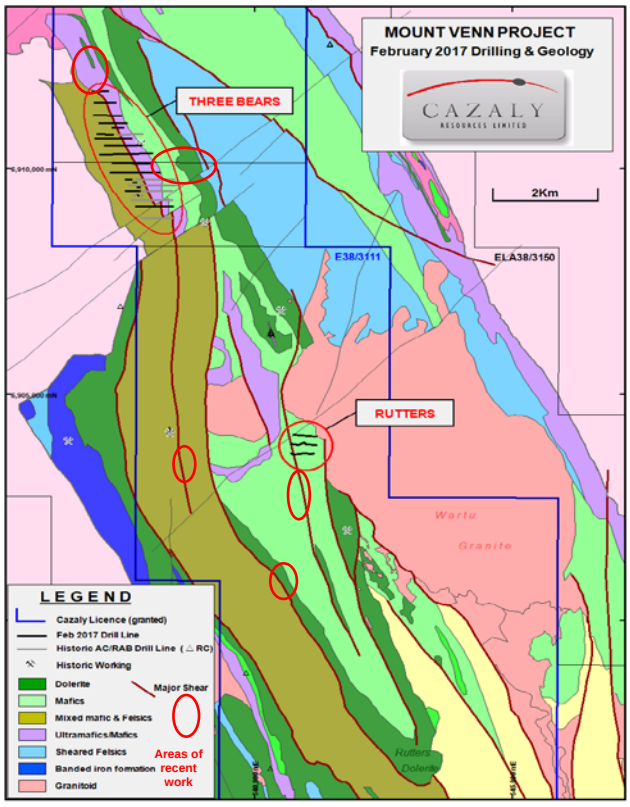


Figure 2: Geology & 2017 drill locations within the Mount Venn Greenstone Belt

Recently the company completed a follow up programme of RAB and Aircore drilling over the Three Bears area and over new targets defined in this central region of the project targeting historic anomalous geochemistry and associated major structures.

The results confirmed the extensions of the Three Bears mineralised corridor which has now been traced for over 3km. Mineralisation occurs within a large shear structure close to the contact between felsic volcanics and an ultramafic unit (figure 3). No significant mineralisation was found over the other targets.

Better results from three lines of aircore drilling at Three Bears Extended included 4m @ 2.14 g/t Au and 4m @ 0.18 g/t Au.

Follow up RC drilling is currently being planned to commence in early September.

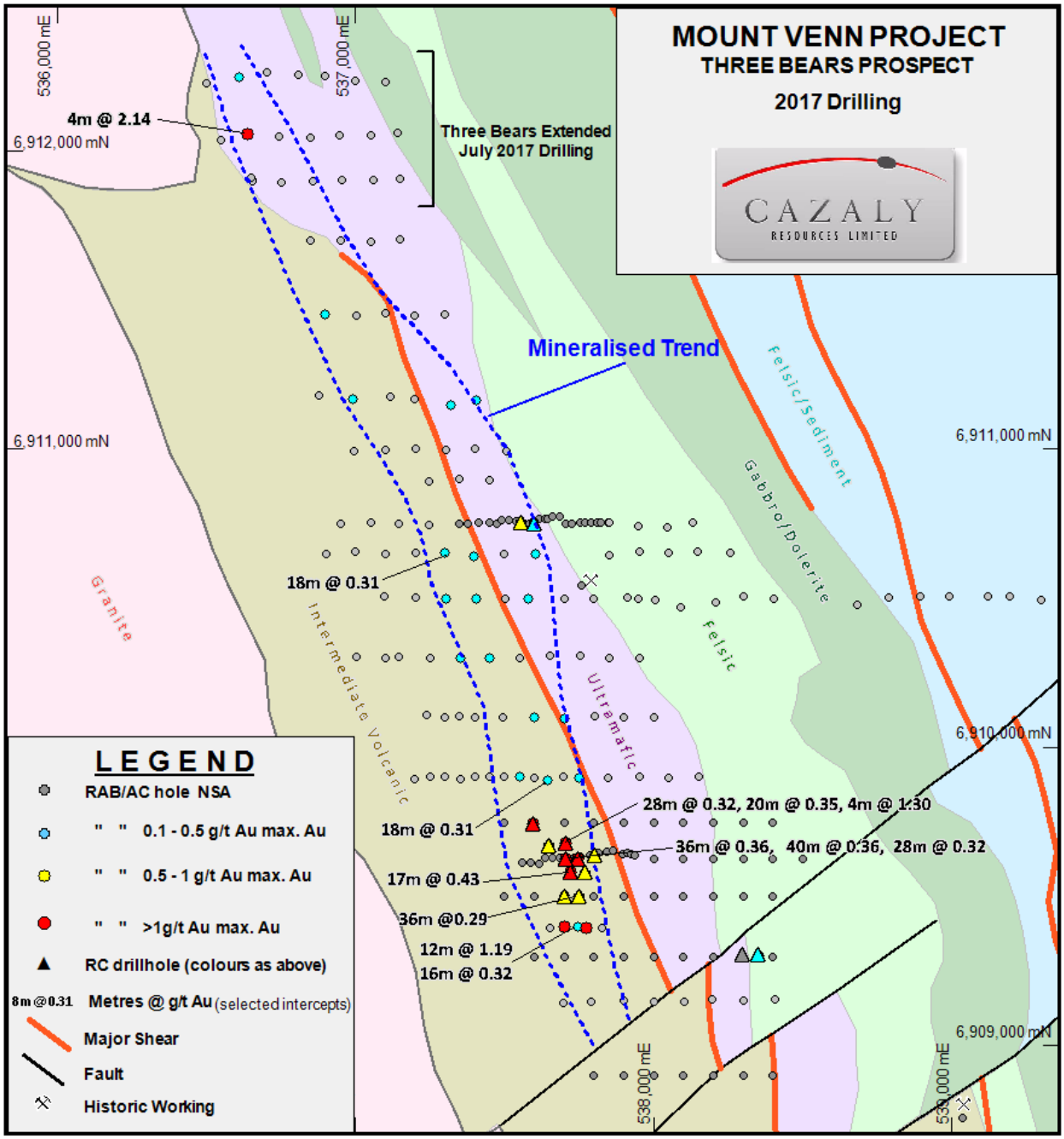


Figure 3: Three Bears Prospect, 2017 drilling

RUTTERS ZINC PROSPECT

In February 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 2). Results showed widespread and thick anomalous zinc mineralisation within weathered felsic volcanics and included; 39m @ 2290 ppm Zn, 40m @ 1178 ppm Zn & 8m @ 0.52 g/t Au.

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. The company has just finalised processing of a ground based Dipole-Dipole Induced Polarisation (IP) which has highlighted a moderate but consistent shallow IP anomaly coincident with the geochemistry and regional EM anomaly (Figures 4 & 5).

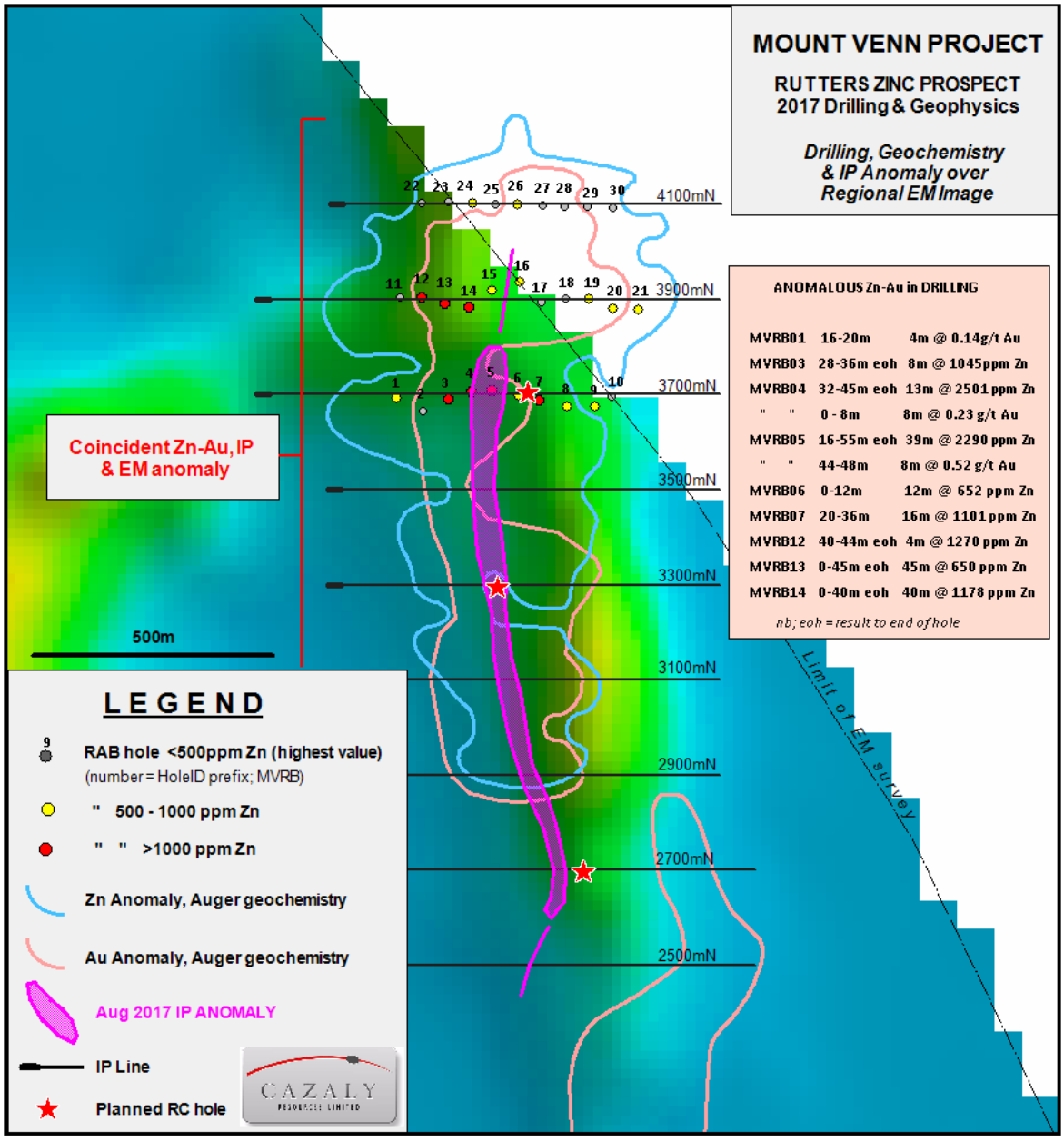
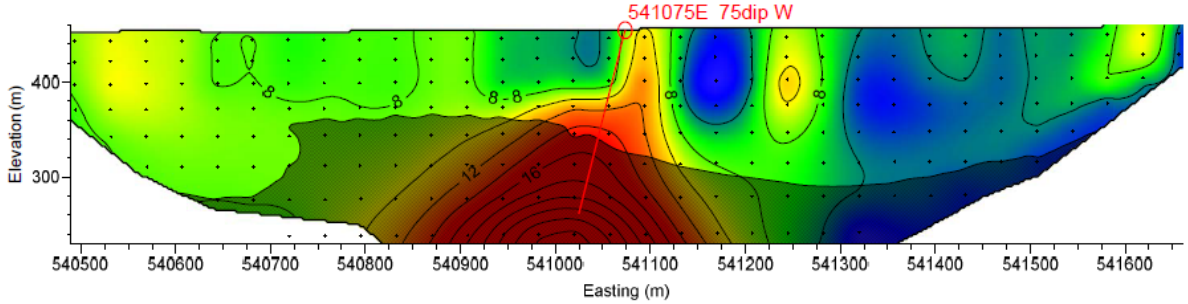


Figure 4: Rutters Zinc-Gold Prospect, 2017 drilling & Geophysics

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 coincident EM & IP anomalies suggests the potential presence of base metal mineralisation.

RC holes are currently being planned to test the IP anomaly with drilling to commence in early September.

Figure 5: Rutters Zinc-Gold Prospect, Dipole-Dipole IP anomaly, Line 2700mN



ENDS

For further information please contact:
Nathan McMahon / Clive Jones
Joint Managing Directors
Cazaly Resources Limited
Tel: +61 8 9322 6283
Em: admin@cazalyresources.com.au
Website: www.cazalyresources.com.au

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.

APPENDIX 1

THREE BEARS EXTENDED DRILLING – AUGUST 2017

Hole_ID	GDA_East	GDA_North	GDA_RL	Max_Depth	Lease_ID	Results
MVAC0095	536,654	6,911,903	459	15	E38/3111	NSR
MVAC0096	536,753	6,911,895	455	35	E38/3111	NSR
MVAC0097	536,655	6,911,900	459	15	E38/3111	NSR
MVAC0098	536,650	6,911,911	459	51	E38/3111	NSR
MVAC0099	536,858	6,911,897	458	51	E38/3111	NSR
MVAC0100	536,953	6,911,901	461	8	E38/3111	NSR
MVAC0101	537,060	6,911,901	459	39	E38/3111	NSR
MVAC0102	537,150	6,911,907	458	31	E38/3111	NSR
MVAC0103	536,549	6,912,036	459	48	E38/3111	NSR
MVAC0104	536,637	6,912,057	458	57	E38/3111	4m @ 2.14ppm gold from 32m &1m & 0.46ppm gold from 56m to eoh
MVAC0105	536,744	6,912,050	457	29	E38/3111	NSR
MVAC0106	536,850	6,912,043	455	53	E38/3111	NSR
MVAC0107	536,947	6,912,054	457	46	E38/3111	NSR
MVAC0108	537,053	6,912,054	458	44	E38/3111	NSR
MVAC0109	537,143	6,912,059	461	37	E38/3111	NSR
MVAC0110	536,500	6,912,228	463	54	E38/3111	NSR
MVAC0111	536,608	6,912,249	463	57	E38/3111	4m @ 0.18ppm gold from 44m
MVAC0112	536,705	6,912,262	462	48	E38/3111	NSR
MVAC0113	536,807	6,912,256	459	41	E38/3111	NSR
MVAC0114	536,898	6,912,252	459	26	E38/3111	NSR
MVAC0115	537,000	6,912,235	457	19	E38/3111	NSR
MVAC0116	537,101	6,912,232	460	21	E38/3111	NSR

ANNEXURE 1.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• 22 air core (AC) drill holes and 108 rotary air blast (RAB) drill holes were completed by Yamarna West Pty Ltd to variable depths. • All sampling was conducted using Cazaly Resources Ltd (**CAZ**) protocols including industry best practice, QAQC procedures including duplicates and standards. • RAB and AC samples were collected off a rig mounted cyclone in buckets and placed on the ground beside the hole in 10 sample rows. Composite samples consisting of representative scoop samples were collected from the sample piles in 1-4 metre intervals, depending on the geologist's instructions. • 3kg composite samples were sent to Bureau Veritas in Perth, sorted, crushed and pulverized to -75µm, split to produce a 40g charge for either Fire assay (RC) or Aqua Regia digest (RAB, AC) analysis for gold. Samples were also analysed for Al, Fe, Mn, V, Ag, As, Ba, Bi, Co, Cr, Cu, Mo, Ni, Pb, Sb, Sc, Te, Tl, W and Zn by ICP and OES or MS finish.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• AC drilling utilized a face sampling blade or hammer bit with a nominal hole diameter of 80mm • RAB drilling utilized a blade bit and open hole sample collection method with a nominal hole diameter of 80mm
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• AC and RAB drill recoveries were visually estimated. • AC and RAB sample recovery was mostly estimated to be good. Some wet samples were encountered in RAB drilling at the bottom of hole. These are <1% of samples collected and were recorded in geological logs. • Drill cyclones were cleaned regularly
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate*	• All drill chips were geologically logged on site by geologists following the CAZ logging scheme.

Criteria	JORC Code explanation	Commentary
	Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Logging recorded depth, colour, lithology, texture, mineralogy, mineralization, alteration and other features. • All drill holes were logged in full
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• AC and RAB 1metre drill samples were laid out on the ground in 10 metre rows. A 2-4 metre composite sample (2-3 kg) was collected using a metal scoop, into pre-numbered calico bags. The majority of samples were dry, wet or dry samples were appropriately recorded. • Appropriate sampling protocols were used during AC and RAB composite sampling. These included scoop or spear collection at various angles through bulk 1 metre sample bags or piles to maximize representivity.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• A 40g aqua regia digest with an MS finish has been used for AC and RAB samples which is industry standard for low level gold analysis. This is considered a partial digest Technique however in weathered samples it is considered to approximate a total digest assay. • Samples were also analysed for Al, Fe, Mn, V, Ag, As, Ba, Bi, Co, Cr, Cu, Mo, Ni, Pb, Sb, Sc, Te, Tl, W and Zn by ICP and OES or MS finish.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• All data has been checked internally by senior CAZ staff • CAZ is yet to collect 1m splits within significant composite sample intercepts for assay. Duplicate composite samples show repeatable values with acceptable tolerances within significant intercepts where available • Field data is collected using Field Marshal software on Toughbook computer. The data is validated using Micromine software in the office. • No adjustment to assay data has been made
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource*	• All location points were collected using handheld GPS in MGA 94 – Zone 51

Criteria	JORC Code explanation	Commentary
	estimation. • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• AC and RAB drilling were drilled at 200m x 100m and 100m x 50m depending upon the targeting and the geology. This AC/RAB spacing was utilized for first pass testing of targets. RC drilling is necessary before being of sufficient density for Mineral Resource estimation • Four metre composite samples have been collected for RAB/AC drilling using a metal scoop
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• AC/RAB drilling is not sufficient to confidently predict orientation of structural mineralisation • No sampling bias is identified in the RC drill data
Sample security	• *The measures taken to ensure sample security.*	• Samples were delivered by CAZ staff directly to the laboratory depots in Leonora and Kalgoorlie. The laboratory managed secure transport of samples from regional depots to the Perth laboratory
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Data is audited and reviewed in house using Datashed and Micromine as well as visual audits by senior staff.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• All drilling is located within granted E38/3111, which is held 100% by CAZ through wholly owned subsidiary company Yamarna West Pty Ltd (**YAM**). YAM signed an Access Agreement for exploration with The Yilka Native Title Claimant group and the Cosmo Newberry Community. These groups have Native Title over the area through a registered claim and Cosmo Newberry Aboriginal Reserve. • The tenement is in good standing with no known impediments
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Historic holders of the Project area include Global Metals Exploration NL, Elmina NL, Asarco Exploration Company and Kilkenny Gold NL • RAB and AC drilling undertaken by Global Metals Exploration in 2011-12 highlighted

Criteria	JORC Code explanation	Commentary
		gold mineralization in shallow weathered basement at the “Central” prospect known today as “Three Bears” • Elmina, Asarco and Global Metals geochemical sampling has identified a number of other gold in soil, auger anomalies
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Orogenic Archean gold mineralization associated with major shears is targeted at the Mt Venn Project. Base metal mineralization is also targeted. The geology of the mineralization is not yet known due to the lack of information collected to date.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Refer to tables/maps and body of text within this announcement for drill hole locations and results. • Low level geochemical information has been used from CAZ and historic drilling to help identify trends or the “footprint” of gold and base metal mineralization. This is summarized in figures and maps and considered appropriate. • A nominal 0.2g/t gold and 0.02% Zn, 0.02% Cu and 1g/t Ag lower cut-off has been used and reported as significant in the context of the first pass drilling at a grassroots stage of exploration.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No top cuts have been applied when reporting results • First assay from the interval is reported (Au1) • Aggregate sample assays are calculated using a length weighted average • Significant AC/RAB assay results have been reported based on >0.10g/t Au, 0.02% Cu, 0.02% Zn and 1g/t Ag • No metal equivalent values are reported
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg*	• Orientation of mineralisation intersected in RAB/AC drilling is not known and therefore true widths of mineralization is not known

Criteria	JORC Code explanation	Commentary
	'down hole length, true width not known').	
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to Maps, Figures and Diagrams in the document
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• drill hole locations are represented in maps
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• All meaningful and material information is reported
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further drilling is being planned and is expected to commence within Q3 2017