

CAZALY RESOURCES LIMITED

TO PROCEED WITH THE KAOKO KOBALT PROJECT, NORTHERN NAMIBIA

- Due Diligence completed and transaction to proceed
- Project located in the Kunene Cobalt Province, Northern Namibia
- Hosts the probable continuation of Celsius Resources' *Opuwo* cobalt –copper bearing 'DOF' horizon
- Project contains ~27km of prospective potential DOF equivalent in three areas
- Project includes a very large ~20km x 5km long Cu-Co soil anomaly at the *Kamwe* prospect – potential DOF Cu-Co source?
- Numerous, widespread base metal occurrences
- Next steps to set up local team and begin initial field work

Cazaly Resources Limited (ASX: CAZ, "Cazaly" or "the Company") is pleased to announce that it has finalised its due diligence into the Kaoko Kobalt project which is primarily prospective for copper-cobalt mineralisation ("the Project"). Details of the project and deal were previously announced by the Company to the ASX on the 26th March, 2018. The due diligence confirmed the potential of the project and did not encounter any issues to preclude the deal proceeding. Accordingly, the Company will proceed to finalising the transaction which will see it having the right to earn a 95% interest in the project.

The Kaoko Project is located in northern Namibia approximately 800km by road from the capital of Windhoek and approximately 750km from port of Walvis Bay (Figure 1). The region has excellent infrastructure and comprises exploration licence EPL6667, which was granted to local Namibian owned company KDN Geo Consulting CC ("KDN") in February 2018 for an initial 3 year period. The Project is very large, being ~85 km long and covering an area of approximately 967 square kilometres and abuts Celsius Resources Limited's ("Celsius") (ASX:CLA) *Opuwo* Cobalt project.

The Kaoko Kobalt project is situated immediately to the north of, and abuts, Celsius's Opuwo cobalt project and covers ~27km of the postulated continuation of the Co-Cu bearing DOF horizon. The region has only had cursory exploration in the past the results of which highlighted widespread base metal mineralisation and a regional 1km by 1km soils programme delineated a 20km by 5km area of subdued magnetics coincident with anomalous Cu-Co-Zn-Mn at the *Kamwe* prospect (Figure 4).

Further details are outlined in the Company's presentation and 26th March ASX announcement which are also available on the Company's website.



Figure 1: Location of the Kaoko Kobalt Project

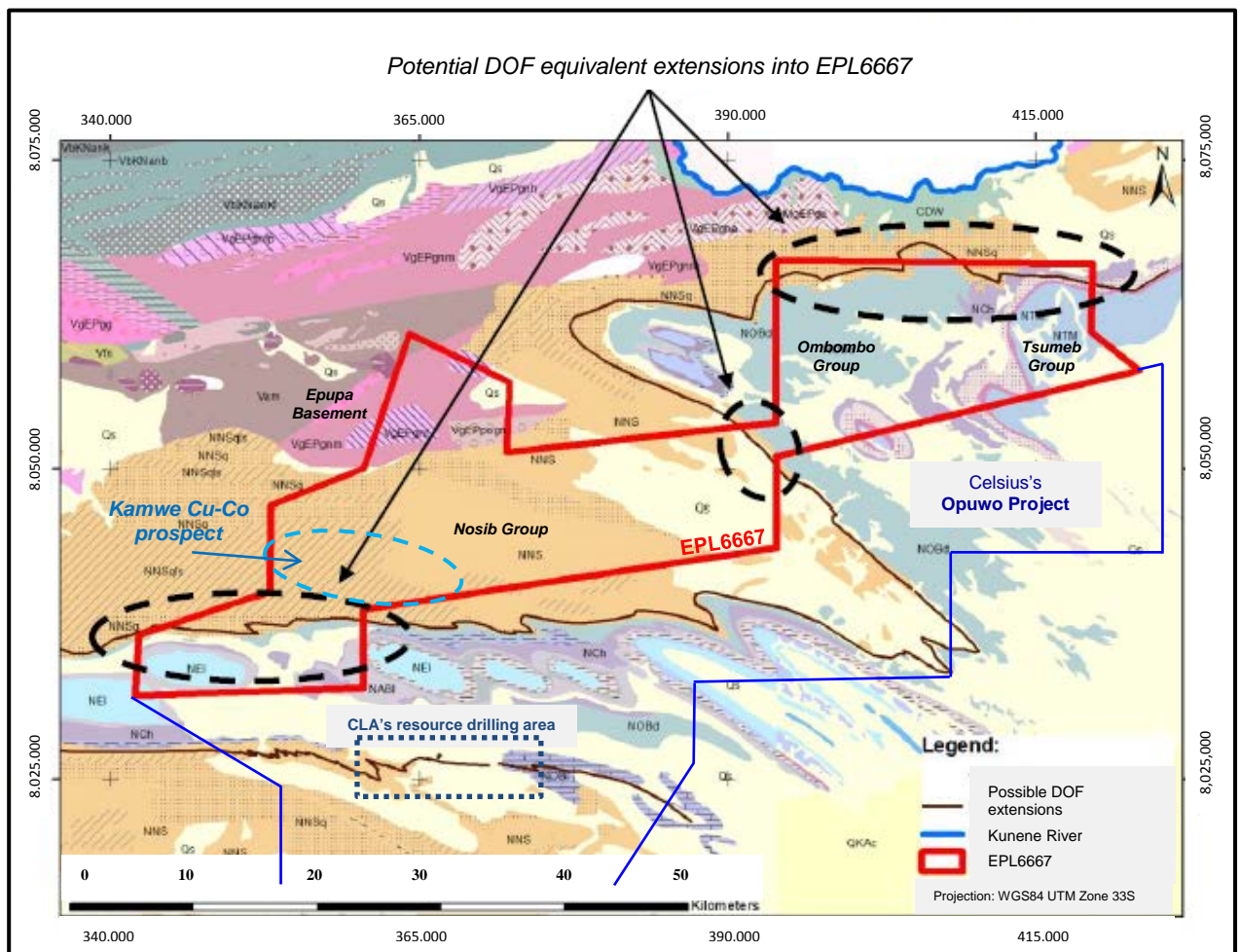


Figure 2: Geology of the Kaoko Kobalt project showing the potential extent of DOF

ACQUISITION

Cazaly will now progress to finalising the acquisition of 100% of the capital in Australian unlisted proprietary company **Kunene North Pty Ltd** (“Kunene”). Kunene’s main asset is a Joint Venture with **KDN Geo Consulting CC** (“KDN”, a local Namibian company controlled by historically disadvantaged Namibians) who owns the EPL6667 licence. The KDN JV is administered through a jointly owned Namibian company, Philco One Hundred and Seventy Three (Proprietary) Limited (“Philco”). Full details of the transaction are outlined in the Company’s 26th March, 2018 ASX announcement.

As a result of proceeding, Cazaly will;

- issue 6 million CAZ shares to the vendors and KDN and be obligated to;
- Spend N\$3 million (~A\$270,000) by 18 November 2020 on the project,
- Issue 10.5 million fully paid CAZ shares upon the delineation of a JORC compliant resource containing at least 10,000t of contained cobalt (or other metal equivalent), and
- Pay A\$1 million (or issue fully paid CAZ shares to that amount) upon a formal Decision to Mine

NEXT STEPS

Cazaly is now in the process of setting up a local team and commencing initial field work at the project including detailed review of existing data, reconnaissance work and surface sampling.

Commenting on the transaction, Cazaly’s Joint Managing Director Clive Jones said:

“Cazaly is very pleased to secure the Kaoko project which adjoins Celsius Resources’ rapidly growing Opuwo cobalt–copper project. This region in Namibia appears to be a significant emerging cobalt bearing belt having remarkable similarities with the Central African Copperbelt in the DRC and Zambia. This is an ideal time to be exploring for large resources of cobalt where we are seeing cobalt prices continuing to surge on the back of growing concern that future supplies may be unable to meet burgeoning demand. We are currently finalising access to the ground and are looking forward to commencing our maiden field work shortly.”

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, who is an employee of the Company. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and has 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 consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.