

CAZALY RESOURCES LIMITED

MOUNT TABOR COBALT PROJECT

- **Application lodged over known Cobalt-Manganese mineralisation in South Central Queensland**
- **Project extends for ~30km with several small but significant pods of known mineralisation**
- **Cobalt is one of the three key elements, with lithium & graphite, that make up Lithium-ion batteries – a rapidly emerging market**
- **Cobalt supply constrained with cobalt only mines a rarity**

Cazaly Resources Limited (**ASX: CAZ**, “**Cazaly**” or “**the Company**”) is pleased to announce that it has applied for an Exploration Permit in Queensland which covers historic workings and several prospects of potentially significant cobalt and manganese mineralisation over an extensive area. The licence lies to the north west of Injune and approximately 130km directly north of Mitchell in south-central Queensland.

The application covers Jurassic sediments of the intra-cratonic Surat Basin and includes a series of Tertiary mafic intrusives. Manganese rich pods occur sporadically throughout the area and are found to contain appreciable amounts of potentially economic cobalt. Some of these pods were explored initially by Mineral Deposits Limited (“MDL”) from 1979-1982 and then by Cobalt Resources NL (“CRN”) in the 1990’s with further work more recently conducted by Maranoa Resources Limited (“MRL”). This work highlighted cobalt mineralisation over several prospects; *Mt Manganese*, *Mt Gould*, *Alpha*, *Mt Bally-Lethbridge*, *Mt Emily* and *Carnarvon* extending over an area of approximately 20km within the licence.

Of particular interest was the Mt Manganese prospect where several grab samples assaying over 1% Co were returned (*MRL report Annual Report for EPM14261, October 2010*). MDL drilled 62 percussion holes and estimated a resource. CRN drilled a further 139 holes, estimated a resource and carried out preliminary metallurgical studies that confirmed that several leachants, including sulphuric acid, alkaline cyanide and ammonia may be suitable for treating the mineralisation. MRL developed a new genetic model for the mineralisation however, due to the depressed market for cobalt at the time, the licence was relinquished.

Cobalt is seeing a resurgence given its role as a key battery metal alongside of graphite and lithium. Cobalt is present in lithium-ion batteries in the lithium cobaltite cathodes used in smartphones, and also with lithium-nickel-manganese-cobalt and lithium-nickel-cobalt-aluminium oxide cathodes which are both used in laptops and electric vehicles.

Cobalt supply is currently constrained as it is typically a by-product from nickel and copper mining both of which are in current decline. This, combined with the predicted escalation in demand from the lithium battery market, sees cobalt as being a particularly vulnerable component of the supply chain for battery manufacturers.. Battery cell manufacturers who have secure cobalt supply chains will have a critical advantage over their competitors.

As noted energy and sustainability analyst John Petersen from Investor Intel (<http://investorintel.com/author/john-petersen/>) states;

“Declining cobalt production during a period of rapidly increasing demand from a single industry is likely to have a highly adverse impact on cobalt prices unless somebody is sitting on a massive shovel ready cobalt deposit that doesn’t show up in the literature.” (Investor Intel.com, April 1, 2016).

Cazaly’s Joint Managing Director, Clive Jones said:

“This application provides Cazaly exposure to the three major components in the Lithium-ion market being Cobalt at Mount Tabor, Lithium through the alliance with Lithium Australia NL (ASX:LIT) and Graphite at our 100% controlled McKenzie Springs project.

Pure cobalt mines are a rare breed, making up less than 6% of global cobalt supply, and are set to become increasingly important in this increasingly competitive end user market.”

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