

CAZALY RESOURCES LIMITED

BUNGONIA COBALT PROJECT

- **Application lodged over known Cobalt-Manganese mineralisation in the Lachlan Fold Belt of New South Wales**
- **Project covers ~240km² with several small but significant pods of known cobalt-manganese mineralisation, several +1% Co in rock chips**
- **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 an application for an Exploration Permit located ~40 kilometres south east of Goulburn, in New South Wales. The permit covers approximately 240 square kilometres on the eastern edge of the Lachlan Fold Belt. The Goulburn region hosts various styles of mineralisation and including base metals, gold, tin, tungsten, manganese, cobalt, nickel and bauxite. The *Woodlawn* lead/zinc mine, where Heron Resources (ASX: HRR) has recently completed a feasibility study into recommencement of operations, is located just 20 kilometres to the south west of the project.

Previous exploration has defined several areas of significant cobalt and nickel mineralisation some of which have been historically mined as early as the 1890's. Cobalt-Nickel-Copper mineralisation is associated with intense deep weathering of mafic or other metal rich rocks associated with manganiferous deposits beneath basalt flows. This is akin to the mineralisation also observed at the Company's Mount Tabor Cobalt project in Queensland.

Of the prospects, primary areas of interest include the *Jacapa* prospect where rock chip samples returned several assays >1% cobalt from manganiferous grits whilst at *Brooklyn* similar mineralised grits were observed extending for over 700m. Metallurgical test work previously undertaken was also positive with excellent recoveries of 83.2% cobalt, 79.5% copper and 85.9% nickel returned from acid leaching of a 80 kilogram sample containing 1.15% cobalt, 0.39% copper and 0.26% nickel (North Broken Hill Pty Ltd - GS1980/315).

In 2009 an assessment of the Main (No.1) Bungonia South Cobalt Deposits and surrounds concluded that there was good potential for further discoveries of significant cobalt mineralisation within the project, however no further work was completed.

Cobalt Market

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 with further exposure to the cobalt market adding to the company’s Mount Tabor project in Queensland. 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.”

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

