



ACN 101 049 334

PROSPECTUS

For the offer of one (1) listed New Option at a price of \$0.01

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act 2001 (Cth) to remove any trading restrictions on the sale of securities issued by the Company prior to the Closing Date.

IMPORTANT INFORMATION

This is an important document. You should read this document in its entirety to assist in deciding whether or not to invest in the Company.

You should consult your professional advisers before deciding whether to invest in the Company. This Offer does not take into account your investment objectives, financial situation or particular needs. You should carefully consider the risk factors in Section 3.4 and Section 7 in light of your circumstances.

THE NEW OPTION OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED SPECULATIVE.

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1. CORPORATE DIRECTORY

Directors

Mr Nathan McMahon

Executive Director

Mr Clive Jones

Executive Director

Mr Kent Hunter

Non-Executive Director

Solicitors to the Company

Cardinals

Lawyers and Consultants

60 Havelock Street

WEST PERTH WA 6005

Telephone: +61 8 9213 3000

Facsimile: +61 8 9481 7479

Company Secretary

Mr Mike Robbins

Auditor*

Bentleys (WA) Pty Ltd

London House, Level1

216 St Georges Terrace

PERTH WA 6000

Telephone: +61 8 9226 4500

Facsimile: +61 8 9226 4300

Registered Office & Contact Details

Level 2

38 Richardson Street

WEST PERTH WA 6005

Telephone: +61 8 9322 6418

Facsimile: +61 8 9322 6398

Email: info@Cazalyresources.com.au

Website: www.Cazalyresources.com.au

Share Registry*

Advanced Share Registry Ltd

110 Stirling Highway

NEDLANDS WA 6009

Telephone: +61 8 9389 8033

Facsimile: +61 8 9262 3723

ASX Code

CAZ

*The names of these entities are included for information purposes only and they have not been involved in the preparation or issue of this Prospectus.

2. TIMETABLE AND IMPORTANT DATES

Indicative timetable

Lodgement of Prospectus with ASIC	17 August 2016
Opening Date of Offer	17 August 2016
Closing Date of Offer* (5:00pm WST)	17 November 2016

*Subject to the Listing Rules and the Corporations Act, the Company reserves the right to extend the Closing Date. As such the date the New Option is expected to commence trading on ASX may vary.

3. IMPORTANT NOTES AND KEY RISKS

3.1 Important Notes

This Prospectus is dated 17 August 2016 and was lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus. No person or entity is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied on as having been authorised by the Company in connection with the Offer or this Prospectus.

The New Option will not be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Offer is only available to the investor personally invited by the Company to participate in the Offer. An application for the New Option offered pursuant to this Prospectus can only be submitted with an original Application Form which accompanies this Prospectus.

It is important that the Applicant reads this Prospectus in its entirety and, if in any doubt about whether to apply for the New Option, seeks professional advice. The New Option the subject of this Prospectus should be considered speculative. None of the Company, the Directors or any other person gives any guarantee as to the success of the Company, the repayment of capital, the payment of dividends, the future value of the New Option or the price at which the New Option or Shares issued upon conversion of the New Option will trade on the ASX.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and their professional advisers.

3.2 Applicant Outside Australia and New Zealand

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. A failure to comply with these restrictions may violate applicable securities laws. This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. If you are resident a country other than Australia or New Zealand you should consult your professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained. No action has been taken by the Company to register or qualify the New Option or otherwise permit a public offering of the New Option the subject of this Prospectus in any jurisdiction outside of Australia and New Zealand.

3.3 Not Underwritten

The Offer is not underwritten.

3.4 Key Risks

You should be aware that subscribing for the New Option the subject of this Prospectus involves a number of risks to the business, assets and operations of the Company that potentially influence the operating and financial performance of the Company.

Cazaly is an exploration and development company and you should consider that an investment in the Company is speculative.

You should read this Prospectus in its entirety and, in particular, consider the key risk factors set out below and the Risk Factors in Section 7 before deciding whether to apply for the New Option under this Prospectus.

You are urged to consider those risks carefully and, if necessary, also consult your professional advisers with any questions before deciding whether to subscribe for the New Option. You should also note that the key risks below and the Risk Factors in Section 7 are not an exhaustive list of all risks faced by the Company or by investors in the Company.

Some risks can be mitigated by the use of appropriate safeguards and appropriate systems and controls by the Company, however some are unpredictable and outside the control of the Company and the extent to which they can be mitigated or managed is very limited or not possible.

Set out below are key and specific risks that the Company is exposed to and that may have a direct influence on the Company and its activities or assets, therefore affecting the value of an investment in the Company.

Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. The Company may require additional financing for exploration and development of its existing projects or for additional other capital expenditure in the future. There can be no guarantee that the project funding or such additional funding will be obtained on acceptable terms or at all, particularly having regard to the current condition of global financial markets and commodity prices. Any equity financing will dilute existing shareholdings, and debt financing (if available) may involve restrictions on future financing and operating activities. If the Company is unable to obtain additional financing as needed or unable to obtain it on acceptable terms (whether or not due to the Company's circumstances or economic and share market conditions or both), it may be required to reduce the scope of its operations and scale back its exploration programmes. This could have a material adverse effect on the Company's activities and the value of the New Option.

Title Risk

Interests in tenements in Australia are governed by State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and has annual expenditure and reporting commitments, together with other conditions requiring compliance. Consequently, the Company could lose its title to or its interest in one or more of the tenements in which it has an interest if licence conditions are not met or if insufficient funds are available to meet the minimum expenditure commitments.

The Company's tenements, and other tenements in which the Company may acquire an interest, will be subject to renewal, which is usually at the discretion of the relevant authority. If a tenement is not renewed the Company may lose the opportunity to discover mineralisation and/or develop that tenement.

Exploration and Development Risks

You should be aware that mineral exploration and development are high risk undertakings due to the high level of inherent uncertainty. There can be no assurance that exploration of the Company's tenements, or of any other tenements that may be acquired by the Company in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, the discovery of economically recoverable ore resources, successful conclusions to bankable feasibility studies, securing and maintaining title to tenements, the design and construction of efficient mining and processing facilities within capital expenditure budgets, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend on the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Company's projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of the Company's projects.

Whether or not income will result from the development of the Company's tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations. Metal or mineral recoveries are dependent upon the metallurgical process, which by its nature contains elements of significant risk including identifying a metallurgical process through test work to produce a saleable metal or concentrate, developing an economic process route to produce a metal or concentrate, and changes in mineralogy in the ore deposit which can result in inconsistent metal recovery, affecting the economic viability of a project.

Access Risk - Native Title and Aboriginal Heritage

If native title rights exist over the land the subject of any licences or leases held by the Company or any of its related bodies corporate (as that term is defined in the Corporations Act), the Company's ability to gain access to those licences or leases or to progress from the exploration phase to the development and mining phases of operations, and the grant of any applications for licences or leases in areas that are the subject of native title rights, may be adversely affected.

It is possible that aboriginal sacred sites found within tenements held by the Company may preclude exploration and mining activities and the Company may also experience delays with respect to obtaining permission from the traditional owners to explore for, and extract, resources.

The Company must comply with Aboriginal heritage legislation requirements and access agreements which require heritage survey work to be undertaken ahead of the commencement of mining operations. There are a number of registered Aboriginal heritage sites within the area of the Company's tenements. It is possible that some areas of those tenements may not be available for exploration due to Aboriginal heritage issues (whether in respect of registered sites or not). Under Western Australian and Commonwealth legislation the Company may need to obtain the consent of the holders of such interests before commencing activities on affected areas of the tenements. These consents may be delayed or given on conditions which are not satisfactory to the Company.

Reliance on Key Personnel

The responsibility of overseeing the day to day operations of the Company depends on its management and its key personnel. The Company is aware of the need to have sufficient management to properly supervise the exploration and, if exploration is successful, the development of the Company's projects. As the Company's projects and prospects progress and develop, the Board will continually monitor the management requirements in the Company and look to employ or engage additional personnel when and where appropriate to ensure proper management of the Company's projects. However there is a risk that the Company may not be able to secure personnel with the relevant experience at the appropriate time which may impact on the Company's ability to complete all of its planned exploration programmes within the expected timetable. Furthermore, no assurance can be given that there will be no adverse effect on the Company if one or more of its existing Directors or management personnel cease their employment or engagement with the Company.

Contractual and Joint Venture Risk

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party, of the insolvency or other managerial failure by any of the contractors used by the Company in any of its activities or of the insolvency or managerial failure of any of the other service providers used by the Company for any activities.

Sovereign and Political Risk

The Company has an 80% interest in two uranium project applications in the Czech Republic.

The Company's interests in the Czech Republic are subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over petroleum properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

The Company may also be hindered or prevented from enforcing its rights with respect to government instrumentalities because of the doctrine of sovereign immunity.

Any future material adverse changes in government policies or legislation in the Czech Republic that affect ownership, development or mining activities, may affect the viability and profitability of the Company.

The legal system operating in the Czech Republic is different to that in Australia and this may result in risks such as:

- Different forms of legal redress in the courts whether in respect of a breach of law or regulation, or in ownership dispute.
- A higher degree of discretion on the part of governmental agencies.
- Differences in political and administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights.
- Different attitudes of the judiciary and court.
- Difficult in enforcing judgments.

The commitment by local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness and enforcement of such arrangements cannot be assured.

Further, there is no guarantee that any applications for tenements will be granted or granted on conditions satisfactory to the Company.

The Company's future operations in the Czech Republic may be affected by changing political conditions and changes to laws and petroleum and/or mining policies. The effects of these factors cannot be accurately predicted and developments may impede the operation or development of a project or even render it uneconomic.

Further risks associated with an investment in the Company are contained in Section 7.

3.5 Forward Looking Statements

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements relate to intentions and future acts and events. They are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management, which could cause these future acts, events and circumstances to differ

from the way or manner in which they are expressly or implicitly portrayed in this Prospectus. Some of these risk factors are set out in Section 3.4 and the Risk Factors in Section 7.

The Company does not intend to update or review forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur, and you are cautioned not to place undue reliance on these forward looking statements.

3.6 Electronic Prospectus

Pursuant to ASIC Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and an electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

This Prospectus will be issued in paper form and as an electronic prospectus which may be accessed on the internet at the Company's website at www.Cazalyresources.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company (see the Corporate Directory in Section 1 for the Company's contact details) and the Company will send you, at no cost to you, either a hard copy or a further electronic copy of the Prospectus or both during the Offer period.

The Corporations Act prohibits any person passing an Application Form on to another person unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. The Company reserves the right not to accept the Application Form if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

3.7 Website

No document or information on the Company's website is incorporated by reference into this Prospectus.

3.8 Definitions

Throughout this Prospectus abbreviations and defined terms are used. Defined terms are generally identifiable by the use of an upper case first letter and the definitions of those terms are contained in the Glossary in Section 9.

4. DETAILS OF THE OFFER

4.1 The Offer

Under the Offer, the Company will invite an investor to subscribe for one (1) listed New Option. The Company will receive only a nominal amount of [\$0.01] for the New Option offered under this Prospectus and therefore raising funds is not the purpose of the Offer. As at the date of this Prospectus the Company has 160,116,480 Shares on issue and a total of 6,415,834 unlisted Options (at exercise prices of \$0.04 and \$0.18) on issue. Please refer to Section 6.1 for information on the rights and liabilities attaching to the New Option and Shares.

The purpose of the Offer is set out in Section 5.1.

4.2 How to Apply for the Option

An application for the New Option by the party invited to apply must be made using the Application Form. A completed Application Form and accompanying cheque must be mailed to the Company at:

Cazaly Resources Limited
PO Box 396
WEST PERTH WA 6872

or deliver to:

Cazaly Resources Limited
Level 2, 38 Richardson St
WEST PERTH WA 6005

4.3 Application Form

A completed Application Form cannot be withdrawn and constitutes a legally binding application for, and acceptance of, the New Option on the terms set out in this Prospectus.

If the Application Form is not completed correctly it may still be treated as valid. The Company's decision as to whether to treat the acceptance as valid, and how to construe, amend or complete the Application Form is final.

4.4 Applicant Outside Australia

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. A failure to comply with these restrictions may violate those applicable laws. This Prospectus does not, and is not intended to, constitute an offer or invitation to subscribe in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. If you are resident a country other than Australia you should consult your professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

The return of the completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

No action has been taken by the Company to register or qualify the New Option or otherwise permit a public offering of the New Option the subject of this Prospectus in any jurisdiction outside of Australia.

4.5 Minimum Subscription

There is no minimum subscription to be raised under the Offer.

4.6 Allotment of New Option

The New Option offered by this Prospectus will be allotted in accordance with the Listing Rules.

Following allotment a statement of Option holding will be dispatched to the successful Applicant in accordance with the Listing Rules. It is the responsibility of the Applicant to determine the Applicant's allocation prior to any exercise of the New Option.

4.7 ASX Listing

The Company will apply to the ASX for Quotation of the New Option offered under this Prospectus within seven (7) days of the date of this Prospectus. If the ASX does not grant permission for Quotation of the Option within three (3) months after the date of this Prospectus, or such longer period as is varied by ASIC, the Company will not issue or allot the New Option offered for subscription under this Prospectus.

The ASX takes no responsibility for the contents of this Prospectus. The fact that the ASX may grant Quotation of the New Option is not to be taken in any way as an indication of the merits of the Company or the New Option.

4.8 No Underwriting

The Offer is not underwritten.

4.9 Risk Factors

You should be aware that subscribing for the New Option the subject of this Prospectus involves a number of risks. The key risks are set out in Section 3.4 and other Risk Factors are set out in Section 7. The Applicant is urged to consider those risks carefully, and if necessary consult their professional advisers before deciding whether to invest in the Company. The risk factors set out in Section 3.4 and Section 7, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the New Option. Accordingly an investment in the Company should be considered speculative.

4.10 Governing Law

The Prospectus and the contract that arises from acceptance of the Application are governed by the laws applicable in Western Australia and the Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

4.11 Taxation

The Directors do not consider it appropriate to give advice regarding the taxation consequences of subscribing for the New Option under this Prospectus. The acquisition of Shares and Options will have tax consequences which will differ depending upon the Applicant's individual financial affairs. The Applicant is urged to obtain independent financial advice about such consequences from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for the New Option under this Prospectus.

4.12 Queries

This Prospectus provides important information and should be read in its entirety. If you have any questions about what action to take after reading this Prospectus, please contact your stockbroker, financial planner, accountant, lawyer or independent financial adviser. Any questions concerning the Offer should be directed to the Company Secretary, Mr Mike Robbins, on +61 8 9322 6418.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

As announced to the ASX on 20 May 2016 the Company completed a placement of 22,307,692 Shares, at an issue price of \$0.065 per Share (**Placement Shares**), to raise gross proceeds of \$1,450,000 (**Placement**). Subject to Shareholder approval, free attaching Options (**Placement Options**) were also to be issued under the Placement, on the basis of one (1) Placement Option for every two (2) Placement Shares issued. The Placement Options will be issued on the same terms and conditions (including the having the same exercise price and exercise date) as the New Option that is the subject of this Prospectus.

9,324,067 of the Placement Shares were issued under the Company's remaining available capacity under Listing Rule 7.1 and the balance, being 12,983,625 Placement Shares, were issued under the Company's capacity under Listing Rule 7.1A, as approved by Shareholders at the Company's annual general meeting of 26 November 2015. The Placement Shares were issued on 27 May 2016.

The issue and allotment of the Placement Options has not taken place as at the date of this Prospectus. The issue and allotment of the Placement Options was approved by Shareholders at the general meeting of the Company held on 12 August 2016. The issue and allotment of the Placement Options will occur after the date of this Prospectus, on a date which is yet to be determined but which will be not more than three (3) months after the date of that general meeting.

The purpose of the Offer is to ensure that the Placement Options are not subject to any trading restrictions. Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body;
- (b) either:
 - (i) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

5.2 Effect of the Offer

The effect of the Offer will be to remove any secondary trading restrictions on the Placement Options.

The Offer will also:

- (a) increase the number of Options on issue by one (1) Option, being the New Option; and
- (b) decrease the cash reserves of the Company by approximately \$8,800 being the estimated costs of the Offer.

5.3 Effect on Financial Position

The issue of one (1) New Option under this Prospectus will not have a material impact on the Company's financial position. For this reason a pro-forma statement of the Company showing the financial effect of the Offer has not been included in this Prospectus.

The expenses of the Offer will be met from the Company's existing cash reserves. As such the Offer will have an effect on the Company's financial position, being a reduction in its cash reserves of approximately \$8,800.

5.4 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company is set out below.

Capital Structure on Completion of the Offer

Type of Securities	Balance at date of Prospectus	To be issued under the Offer	Balance after the Offer ⁽⁴⁾
Shares	160,116,480 ⁽¹⁾	Nil	160,116,480
Listed Options	Nil	1	1 ⁽³⁾
Options	6,415,834 ⁽²⁾	Nil	6,415,834

(1) Assumes no Options are exercised prior to the completion of the Offer.

(2) The number, terms and expiry dates of the Options are set out below.

(3) Does not include the 11,153,846 Placement Options to be issued after the date of this Prospectus, which were approved by Shareholders at a general meeting held on 12 August 2016, details of which are set out in Section 5.1.

(4) Does not include 2,500,000 Shares, 2,500,000 Options (exercisable at double the price of the Shares with a three year expiry date) and 2,500,000 Options (exercisable at triple the price of the Shares with a four year expiry date) that are due to be issued as part of the purchase price for Mount Venn (as announced to the ASX on 11 May 2016).

Details of all Options on issue at the date of this Prospectus

Terms of Options	Number
Unquoted Options exercisable at \$0.18 on or before 26 November 2016	3,500,000
Unquoted Options exercisable at \$0.04 on or before 5 January 2018	2,915,834
Total Options on issue at date of this Prospectus	6,415,834

On a fully diluted basis the Company would have 166,532,314 Shares on issue at the date of this Prospectus.

No Shares or Options are subject to escrow restrictions, either voluntary or imposed by ASX.

5.5 Financial Forecasts and Cashflow Projections

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and consider that they do not have a reasonable basis to forecast future earnings for the Company. Given the speculative nature of mineral exploration and the stage of the Company's projects there are significant uncertainties associated with the future revenue earning potential of the Company and the timing and sustainability of the cash flow. On the basis of these inherent uncertainties, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Rights and Liabilities attaching to Shares

The Share offered for subscription under this Prospectus will rank equally with the issued Shares. The rights attaching to Shares are set out in the Constitution and in certain circumstances are regulated by the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and general law. The rights, privileges and restrictions attaching to Shares are summarised below. This is not exhaustive nor is it a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement you should obtain independent legal advice. A copy of the Constitution is available for inspection at the Company's registered office during normal business hours.

- (a) **Voting**

At a general meeting, on a show of hands every Shareholder present in person has one vote. At the taking of a poll, every Shareholder present in person or by proxy, attorney or representative of a Shareholder and whose shares are fully paid, has one vote for each of his or her shares or for each share in respect of which they are appointed a proxy, attorney or representative. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).
- (b) **Dividends**

The Directors, in their judgement, may declare interim and final dividends to Shareholders out of profits of the Company. The Directors may fix the amount, the record date for determining eligibility and the method of payment. All dividends must be paid to the Shareholders in proportion to the number and the amount paid on the Shares held.
- (c) **Transfer of Shares**

Generally, all Shares are freely transferable subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules. The Directors may decline to register any transfer of Shares (other than a Market Transfer (as that term is defined in the Constitution)) where the Listing Rules or the ASX Settlement Operating Rules permit the Company to do so or the Listing Rules or the ASX Settlement Operating Rules require the Company to do so.
- (d) **General meetings**

Each Shareholder is entitled to, receive notice of, attend and vote at general meetings of Company and to receive all notices, financial statements and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules.
- (e) **Variation of rights**

The Company may only modify or vary the rights attaching to any class of Shares with the prior approval by a special resolution of the holders of Shares in that class at a meeting of those holders, or with the written consent of the holders of at least three-quarters of the issued Shares of that class.
- (f) **Liquidation Rights**

Subject to any Shares that may in the future be issued with special or preferential rights (currently there are none), the surplus assets of the Company after winding-up shall be distributed among the members in proportion to the number of Shares held by them, irrespective of the amounts paid or credited as paid on the Shares.

A liquidator in a winding-up may, with the sanction of a special resolution of

members, divide among the members the whole or any part of the property of the Company and determine how the division is to be carried out as between members of different classes.

- (g) **Issue of further Shares**
Subject to the Constitution, the Corporations Act and the Listing Rules, the Directors may issue, or grant options in respect of, Shares to such persons on such terms as they think fit. In particular, the Directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on winding up.
- (h) **Alteration to the Constitution**
The Constitution can only be amended by a special resolution passed by at least 75% of ordinary Shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.
- (i) **Directors**
The minimum number of Directors is three and the maximum is 10 unless resolved otherwise in general meeting. Currently, there are four Directors and one alternate Director. Directors must retire on a rotational basis so that one-third of Directors retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. A retiring Director is eligible for re-election. The Directors may appoint a Director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.
- (j) **Decisions of Directors**
Questions arising at a meeting of Directors are decided by a majority of votes. Where the votes are equal on a proposed resolution the Chairman, in addition to the Chairman's deliberate vote, has a casting vote except where only two Directors are present and entitled to vote on a question.

6.2 Terms and Conditions attaching to New Option

Each New Option to be issued pursuant to this Prospectus entitles the holder to subscribe for a Share on the following terms and conditions:

- (a) **Entitlement**
Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.
- (b) **Exercise Price**
The exercise price of the New Option is \$0.11.
- (c) **Expiry Date**
Each New Option has an expiry date of two years from the date of issue.
- (d) **Exercise Period**
The New Option is exercisable at any time on or before the date two years from the date of issue of the New Option.
- (e) **Quotation**
Application for Quotation of the New Option will be made, subject to the requirements of the Listing Rules and the Corporations Act.
- (f) **Notice of Exercise**
The New Option may be exercised by notice in writing to the Company together with the payment for the number of Shares in respect of which the New Option is exercised at any time during the Exercise Period. Any notice of exercise of the

New Option received by the Company will be deemed to be a notice of the exercise of the New Option as at the date of receipt of the notice and accompanying payment (**Exercise Date**).

- (g) **Timing of issue of Shares on exercise**
Within 15 Business Days after the Exercise Date the Company will:
- A. issue the number of Shares required under these terms and conditions in respect of the number of New Option specified in the notice of exercise and for which cleared funds have been received by the Company; and
 - B. if admitted to the official list of ASX at the time, apply for quotation on ASX of Shares issued pursuant to the exercise of the New Option.
- (h) **Shares issued on exercise**
Shares issued on exercise of the New Option rank equally in all respects with the then issued fully paid ordinary shares of the Company.
- (i) **Quotation of Shares on exercise**
Application will be made by the Company to ASX for Quotation of the Shares issued upon the exercise of the New Option.
- (j) **Participation in new issues**
There are no participation rights or entitlements inherent in the New Option and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Option.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four (4) Business Days after the issue is announced. This will give the holder of the New Option the opportunity to exercise the New Option prior to the date for determining entitlements to participate in any such issue.

- (k) **Adjustment for bonus issues of Shares**
If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
- A. the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the New Option holder would have received if the New Option holder had exercised the New Option before the record date for the bonus issue; and
 - B. no change will be made to the Exercise Price.
- (l) **Adjustment for rights issue**
If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of the New Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the New Option.

E = the number of underlying Shares into which one New Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

(m) Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the New Option holder will be varied to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation.

(n) Lodgement Instructions

Cheques and money orders shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the New Option with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office or the Share Registry.

7. RISK FACTORS

7.1 Introduction

Subscribing for the New Option involves a number of risks. The Applicant should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for the New Option offered under this Prospectus.

Cazaly is an exploration and development company and you should consider that an investment in the Company is speculative. You should consult your professional advisers before deciding whether to apply for the New Option pursuant to this Prospectus.

The risk factors set out below and others not specifically referred to below must not to be taken as exhaustive of the risks faced by the Company or by the investor invited to by the Company to participate in the Offer.

These risk factors may materially affect the financial performance of the Company and the value of the New Option and any Shares issued upon conversion of the New Option. Accordingly the New Option to be issued pursuant to this Prospectus carries no guarantee with respect to the payment of dividends, returns of capital or its market value. Some risks can be mitigated by the use of appropriate safeguards and appropriate systems and controls by the Company, however some are unpredictable and outside the control of the Company and the extent to which they can be mitigated or managed is very limited or not possible.

KEY RISKS SPECIFIC TO THE COMPANY

7.2 Key Risks

The key risks which the Directors consider are associated with an investment in the Company are:

- (a) Additional Requirements for Capital.
- (b) Title Risk.
- (c) Exploration and Development Risks.
- (d) Access Risk - Native Title and Aboriginal Heritage.
- (e) Reliance on Key Personnel.
- (f) Contractual and Joint Venture Risk.
- (g) Sovereign and Political Risk.

Details of these key risks are contained in Section 3.4 and have not been repeated in this Section 7.

INDUSTRY RISKS

7.3 Operating Risks

The current and future operations of the Company, including exploration, project appraisal and possible production activities may be affected by various factors which can limit or prevent such activities. Such factors may include failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in surveying, drilling, other exploration activities and/or production activities, difficulties in commissioning and operating plant and equipment, electrical or mechanical failure or plant break, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of skilled labour, consumables, spare parts, plant and equipment.

7.4 Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations and the value of the New Option.

7.5 Commercial Risk

The mining industry is competitive and there is no assurance that, even if commercial quantities of minerals are discovered by the Company on its current projects or future projects it may acquire an interest in, a profitable market will exist for sales of such minerals. There can be no assurance that the quality of any such minerals will be such that they can be mined economically.

7.6 Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of gold or any other minerals it may discover exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious metals, technological advancements, forward selling activities and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions.

Furthermore, international prices of various commodities are denominated in United States dollars whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

If the price of commodities declines this could have an adverse effect on the Company's exploration, development and possible production activities, and its ability to fund these activities, which may no longer be profitable.

7.7 Insurance Risks

Exploration for and development of minerals involves hazards and risks that could result in the Company incurring losses or liabilities that could arise from its operations. If the Company incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or title to the Company's assets may be at risk.

The Company insures its operations in accordance with industry practice. However in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and, where available, the costs can be prohibitive or not adequate to cover all claims.

7.8 Environmental Risks

The operations and proposed activities of the Company are subject to Western Australian and Commonwealth laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Company.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potential economically viable mineral deposits. The Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals or to obtain them on terms acceptable to the Company may prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

7.9 Access to Infrastructure

There is limited capacity and high demand for rail and port services for the export of mineral products in Australia at the present time. If the Company progresses to production there is no guarantee that appropriate and affordable rail and port capacity will be available, which could have an adverse effect on the Company. In the event of production the Company will also require the use of both power and water infrastructure. Due to high demand for power and water access there is a risk that the Company may not be able to procure such access, or procure it on affordable terms, which could have an adverse effect on the Company.

GENERAL RISKS

7.10 General Economic Conditions

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and possible production activities, as well as on its ability to fund those activities.

7.11 Share Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) the introduction of tax reform or other new legislation (such as royalties);
- (c) interest rates and inflation rates;
- (d) currency fluctuations;
- (e) changes in investor sentiment toward particular market sectors in Australia and/or overseas (such as the exploration industry or gold or coal sectors within that industry);
- (f) the demand for, and supply of, capital; and
- (g) terrorism or other hostilities.

The market price of the Shares and Options can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular, which influences are beyond the Company's control and which are unrelated to the Company's performance. Neither the Company nor the Directors warrant the future performance of the Company, the New Option and subsequently any return on an investment in the Company. A Shareholder who exercises their New Option may not receive the entire amount of their original investment.

7.12 Volatility in Global Credit and Investment Markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Shares and the New Option trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

7.13 Government and Legal Risk

The introduction of new legislation or amendments to existing legislation by governments (including introduction of tax reform), developments in existing common law or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and ultimately the financial performance of the Company, the Shares and the New Option. The same adverse impact is possible by the introduction of new government policy or amendments to existing government policy.

7.14 Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been considered in this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred this may adversely affect the expenditure proposals and activities of the Company, as the Company may be required to reduce the scope of its operations and scale back its exploration programmes. This could have a material adverse effect on the Company's activities and the value of the New Option.

8. ADDITIONAL INFORMATION

8.1 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. The Applicant should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with ASIC;
 - (ii) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours, free of charge.

The Company has lodged the following announcements with ASX since the lodgement of the Company's 2015 annual financial report and before the lodgement of this Prospectus with ASIC:

Date	Description of Announcement
01/08/2016	Expiry of Options
01/08/2016	Cazaly Presentation August 2016
01/08/2016	Cazaly Defines Major Gold Targets at Mt Venn
01/08/2016	Mt Venn Native Title Agreement Executed
28/07/2016	Quarterly Activities Report
28/07/2016	Quarterly Cashflow Report
25/07/2016	Change of Director's Interest Notice
12/07/2016	CAZ Proxy Form General Meeting 12.8.16
12/07/2016	CAZ Notice of General Meeting 12.8.16
12/07/2016	Bungonia Cobalt Project
11/07/2016	GLiA Acquires Widgiemooltha Project Lithium Rights
11/07/2016	LIT: GLiA acquires Widgiemooltha Project Lithium Rights
29/06/2016	Cazaly Expands Mount Venn Gold Project
28/06/2016	Change of Director's Interest Notice
17/06/2016	Appendix 3B Secondary Trading Notice
16/06/2016	Appendix 3B
03/06/2016	Change in substantial holding
03/06/2016	Change of Director's Interest Notice
02/06/2016	Change of Director's Interest Notice
27/05/2016	Information Required Under ASX LR 3.10.5A
27/05/2016	Appendix 3B
20/05/2016	Cazaly Exercises Option to Acquire Major Gold Project
20/05/2016	\$1,450,000 Raising Via Placement
18/05/2016	Trading Halt
17/05/2016	CAZ Investor Presentation - Charging Ahead
11/05/2016	Cazaly Acquires Major Gold Project
10/05/2016	Mount Tabor Cobalt Project
02/05/2016	LIT: consolidates in WA Goldfields with Cazaly
02/05/2016	Lithium Alliance Signed With Lithium Australia Ltd
29/04/2016	Quarterly Activities Report
29/04/2016	Quarterly Cashflow Report
14/04/2016	Change of Director's Interest Notice
13/04/2016	Revised Announcement (Incorrect Date)
12/04/2016	Kangaroo Hill Lithium Project
08/04/2016	Change of Director's Interest Notice
15/03/2016	Half Year Accounts
26/02/2016	Change in substantial holding
26/02/2016	Change of Director's Interest Notice
19/02/2016	Change of Director's Interest Notice
05/02/2016	Change of Director's Interest Notice
29/01/2016	Quarterly Activities Report
29/01/2016	Quarterly Cashflow Report
21/01/2016	Change of Director's Interest Notice
21/01/2016	Change of Director's Interest Notice
7/01/2016	Change of Director's Interest Notice
6/01/2016	Appendix 3B
22/12/2015	Reinstatement to Official Quotation
22/12/2015	\$405,000 Raising via Placement and Convertible Notes
21/12/2015	Change of Director's Interest Notice
21/12/2015	Suspension from Official Quotation
17/12/2015	Trading Halt

11/12/2015	Change of Director's Interest Notice
30/11/2015	Change of Director's Interest Notice
26/11/2015	Results of AGM 26.11.15
12/11/2015	MNE: Drilling commences at Teutonic
30/10/2015	Quarterly Cashflow Report
30/10/2015	Quarterly Activities Report
28/10/2015	Preliminary EM Interpretation - McKenzie Springs
21/10/2015	CAZ Proxy Form AGM 26.11.15
21/10/2015	CAZ AGM NOM 26.11.15

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.cazalyresources.com.au.

8.2 Market price of Shares and Options

The Company is a disclosing entity for the purposes of the Corporations Act and the Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares traded on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.086 on 8 August 2016

Lowest: \$0.057 on 29 June 2016

Last: \$0.115 on 15 August 2016.

As at the date of this Prospectus the Company does not have any Options which traded on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC.

8.3 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within the two years preceding lodgement of this Prospectus with the ASIC, any interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offer; and
- the Offer,

and no amounts have been paid or agreed to be paid (in cash, Shares, Options or otherwise) and no benefits have been given or agreed to be given to a Director or a proposed Director:

- as an inducement to become, or to qualify as, a Director; or
- for services provided in connection with:
 - the formation or promotion of the Company; or
 - the Offer.

Security Holdings

The Directors' relevant interests in Securities as at the date of this Prospectus are set out below.

Name	Shares	Options ⁽¹⁾	Convertible Note ⁽²⁾
Nathan McMahon	22,222,766	1,500,000	1
Clive Jones	11,146,571	1,500,000	1
Kent Hunter	212,501	500,000	Nil

(1) Options exercisable at \$0.18 on or before 26 November 2016.

(2) Convertible Note with a face value of \$100,000, a maturity date of 31 December 2016, zero % interest rate and convertible at \$0.03 plus a free attaching Option on the basis of one Option for every two Shares issued on conversion. The issue of Shares and Options on conversion of the Convertible Note was subject to Shareholder approval which was obtained at the general meeting of Shareholders held on 12 August 2016.

Remuneration

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total the Directors, including their personally-related entities, have been paid or are entitled to be paid (including the value of Options issued).

Name	Year Ended 30 June 2015	Year Ended 30 June 2016	1 July 2016 to date of this Prospectus
Nathan McMahon	\$180,000	\$180,000	\$30,000
Clive Jones	\$180,000	\$180,000	\$30,000
Kent Hunter	\$30,000	\$30,000	\$5,000

8.4 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of the Company; or
- an underwriter (but not a sub-underwriter),

holds, or has held within the two (2) years preceding lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offer; and
- the Offer,

and no amounts have been paid or agreed to be paid (in cash, Shares, Options or otherwise) and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- the formation or promotion of the Company; or
- the Offer.

Cardinals Lawyers and Consultants have acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Cardinals Lawyers and Consultants approximately \$4,000 plus GST and disbursements for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, the Company has paid fees totalling approximately \$5,000 plus GST and disbursements to Cardinals Lawyers and Consultants for legal and other services provided to the Company.

8.5 Consents

Each of the parties referred to in this Section:

- does not make the Offer;
- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statement included in or omitted from this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 8.5.

Cardinals Lawyers and Consultants has given its written consent to being named as solicitors to the Company in this Prospectus, in the form and context in which it is named. Cardinals Lawyers and Consultants has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

8.6 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately \$8,800 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	(\$)
ASIC fees	2,350
ASX and other fees	2,450
Legal fees	4,000
TOTAL	8,800

8.7 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.8 Privacy Statement

If you complete an Application Form you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, and, if your application is successful, to service your needs as a Security holder and to facilitate distribution payments and corporate communications to you as a Security holder.

The information may also be used from time to time and disclosed to persons inspecting the Share register, including bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry whose contact details are set out in the Corporate Directory in Section 1.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

You should note that if you do not provide the information required on the Application Form the Company may not be able to accept or process your application.

8.9 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd, a wholly owned subsidiary of the ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules. The Company operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of Securities.

The Company will not issue certificates to Security holders. Instead Security holders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASX Settlement Pty Ltd will send a CHESS statement. This statement will also advise investors of either their Holder Identification Number (HIN) in the case of a holding on the CHESS sub-register or a Security Holder Reference Number (SRN) in the case of a holding on the issuer sponsored sub-register.

A statement will be routinely sent to Security holders at the end of any calendar month during which their holding changes. A Security holder may request a statement at any other time however a charge may be incurred for additional statements.

8.10 Dividend Policy

The Company has not declared a dividend since its incorporation and, at the date of this Prospectus, does not intend to pay any dividends in the two year period following the date of this Prospectus. During this period the Board expects to incur significant expenditure on the exploration and development of the Company's projects and in identifying, evaluating and, if warranted, acquiring other resource projects or assets in Australia and/or overseas that have the potential to add Shareholder value. The extent, timing and payment of dividends by the Company in the future will be at the discretion of the Directors and will depend on a number of factors including future earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances in relation to the payment of dividends, or the franking credits attached to such dividends, can be given.

9. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings, unless the context requires otherwise:

\$ means an Australian dollar.

Applicant means the person invited by the Company to submit an application for the New Option pursuant to the Offer.

Application Form means the application form attached to and forming part of this Prospectus.

Application Money means money for the New Option received by the Company pursuant to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the market operated by it (as the context requires).

ASX Settlement Operating Rules means the operating rules of the settlement facility operated by ASX Settlement Pty Ltd ACN 008 504 532, as amended from time to time.

Cazaly Group means Cazaly and all its subsidiaries as at the date of this Prospectus.

Board means the board of Directors.

Business Day means a day other than a Saturday or a Sunday when trading banks are ordinarily open for business in Perth, Western Australia.

Chairman means the chairman of the Board.

Closing Date means the closing date of the Offer as set out in the indicative timetable in Section 2 (subject to the Company reserving the right to extend the Closing Date).

Company or **Cazaly** means Cazaly Resources Limited ACN 101 049 334.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth) and any regulations made under it, each as amended from time to time.

Directors means the directors of the Company from time to time.

Group means the Company and its related bodies corporate (as that term is defined in the Corporations Act) (if any).

Listing Rules means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

New Option means a listed option to acquire a Share on the terms and conditions set out in Section 6.2.

Offer means the invitation to subscribe for the New Option under this Prospectus.

Option means an option to acquire a Share and includes the New Option.

Placement is defined in Section 5.1.

Placement Shares is defined in Section 5.1.

Placement Options is defined in Section 5.1.

Prospectus means this prospectus dated 17 August 2016.

Quotation means official quotation by the ASX in accordance with the Listing Rules.

Section means a section of this Prospectus.

Securities means Shares and Options, or any one of them, as the context requires, and **Security** has a corresponding meaning.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Advanced Share Registry Ltd.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

10. DIRECTORS' STATEMENT AND AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

Each Director has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Dated 17 August 2016.

Nathan McMahon
Managing Director
For and on behalf of
Cazaly Resources Limited

CAZALY RESOURCES LIMITED

ACN 101 049 334

APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT,
PLEASE CONTACT YOUR STOCKBROKER OR OTHER PROFESSIONAL ADVISER

REGISTERED OFFICE: Level 2, 38 Richardson Street, West Perth WA 6005

SHARE REGISTRY: Advanced Share Registry Ltd, 110 Stirling Highway Nedlands WA 6009

**Offer of one (1) listed New Option at issue price of [\$0.01] with an exercise price of \$0.11 and an expiry date of two years from issue.
The Offer closes at 5.00 pm (WST) on 17 November 2016.**

To the Directors
Cazaly Resources Limited

I/We the above mentioned apply for the New Option in accordance with the enclosed Prospectus.

By submitting this Application Form I/we represent and warrant that I/we have read and understood the Prospectus to which this Application Form relates and declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of this Application Form, and declare that all details and statements made by me/us are complete and accurate.

I/We agree to be bound by the constitution of Cazaly Resources Limited and agree to the terms and conditions of the Offer. I/We represent and warrant that I/we have not relied on any other information provided by or on behalf of the Company other than as set out in the Prospectus when making my/our decision to invest.

I/We hereby authorise you to place my/our name(s) on the registers of Shareholders in respect of the New Option (if any) allotted to me/us.

RETURN OF THIS DOCUMENT WITH THE REQUIRED PAYMENT WILL CONSTITUTE YOUR APPLICATION FOR THE NEW OPTION

APPLICATION FOR NEW OPTION

NUMBER OF NEW OPTIONS APPLIED FOR	TOTAL AMOUNT ENCLOSED
One (1) New Option	\$0.01

PAYMENT

Payment of Application Money may only be made by cheque or money order. Cash will not be accepted.

PLEASE ENTER CHEQUE DETAILS THANK YOU	Drawer	Bank	Branch	Amount

NOTE: A cheque or money order should be made payable to Cazaly Resources Limited, crossed NOT NEGOTIABLE and must accompany your Application Form and be mailed to PO Box 396, West Perth, Western Australia, 6872 or delivered to Cazaly Resources Limited, Level 2, 38 Richardson St, West Perth, Western Australia 6005 to arrive no later than 5.00 pm WST on 17 November 2016. Please ensure that you submit the correct amount. An incorrect payment may result in your Application being rejected.

My/Our contact numbers in the case of enquiry are:

Telephone : ())

Fax : ())

Email :

Complete this panel and sign below only if a change of address is to be registered with the Company

New Address :

Signature(s) : Date :

Please indicate correct title: Director / Secretary /

**THE OFFER CLOSSES 5.00 PM WST ON 17 NOVEMBER 2016 (UNLESS EXTENDED). THE DIRECTORS RESERVE THE RIGHT TO MAKE AMENDMENTS TO THIS APPLICATION FORM WHERE APPROPRIATE.
PLEASE REFER OVERLEAF FOR INSTRUCTIONS.**

APPLICATION INSTRUCTIONS

Payment

The price payable upon each Application is \$0.01 per New Option. The Applicant may apply for the New Option by utilising the payment options detailed below.

A cheque or money order must be made payable to Cazaly Resources Limited, in Australian currency and crossed Not Negotiable. The cheque must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. An incorrect payment may result in the Application being rejected. Complete cheque details in the boxes provided.

A cheque will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque or money order to the Application Form. Cash will not be accepted. A receipt for payment will not be provided.

Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this Application Form.

Lodgement of Application

The Company must receive the Application at the address below no later than 5:00pm WST on 17 November 2016. You should allow sufficient time for this to occur. The Applicant should return the Application Form with a cheque or money order attached.

The Company accepts any responsibility if you lodge your Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this Application Form by Advanced Share Registry Ltd, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Advanced Share Registry Ltd, or you would like to correct information that is inaccurate, incorrect or out of date, please contact Advanced Share Registry Ltd. In accordance with the Corporations Act 2001 (Cth), you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting Advanced Share Registry Ltd. You can contact Advanced Share Registry Ltd using the details provided on the front of this Application Form.

If you have any enquiries concerning this Application Form, please contact Advanced Share Registry Ltd on 08 9389 8033.

CHES holders must contact their Controlling Participant to notify a change of address.

By Mail

Cazaly Resources Limited
PO Box 396, West Perth
Western Australia 6872

Or

By Delivery

Cazaly Resources Limited
Level 2, 38 Richardson St
West Perth
Western Australia 6005

Capitalised terms used in this Application Form have the same meaning as those terms in the Prospectus unless the context requires otherwise.