

CAZALY RESOURCES LIMITED

MOUNT VENN GOLD PROJECT

PRELIMINARY WORK DEFINES MAJOR GOLD TARGETS

- **Reprocessing of regional geochemistry & geophysics datasets highlights major gold targets at Mount Venn**
- **Mount Venn belt analogous to Gold Road Resources' (ASX:GOR) Dorothy Hills belt at the nearby emerging world class Yamarna Gold Project**
- **Look-alike *Gruyere* deposit (GOR, 6.16M ozs. gold) exploration target defined**
- **'Wartu Granite' area recognised as displaying several features favourable for hosting major gold deposits; favourable host rocks, 'inflections along' major shear zones, large internal granites**
- **'THREE BEARS' prospect a walk up drill target**

Cazaly Resources Limited (**ASX: CAZ**, "**Cazaly**" or "**the Company**") controls the Mount Venn gold project located ~125 km northeast of Laverton and just 40 km west of Gold Road Resources' *Gruyere* gold deposit (148 Mt @ 1.30 g/t Au for 6.16M oz., GOR announcement, 22 April 2016) in the Eastern Goldfields region of Western Australia. The Mount Venn belt is associated with the regionally significant Yamarna Shear Zone complex and has many similarities with the Dorothy Hills greenstone belt which hosts *Gruyere*.

The Company is pleased to announce that it has completed reprocessing of regional geophysics, re-assessed geochemical datasets and has commenced developing models targeting gold mineralisation within the belt. Preliminary assessment of this data has highlighted extensive areas considered highly prospective for gold mineralisation. This work has largely been based upon anomalous gold and pathfinder geochemistry in association with favourable lithologies and structural positions defined from geophysics and previous mapping and in areas with little to no systematic historic drilling having been conducted.

The work has highlighted the 'Wartu Granite' area as being an area of key focus moving forward (figure 1). This area extends for ~12*km in the south-central part of the belt and displays several features highly analogous to the geological setting for GOR's Gruyere deposit (figure 2) including;

- Large internal monzogranitic intrusions
- Favourable host greenstone lithologies
- Major shear zones with marked inflections
- Widespread gold anomalism

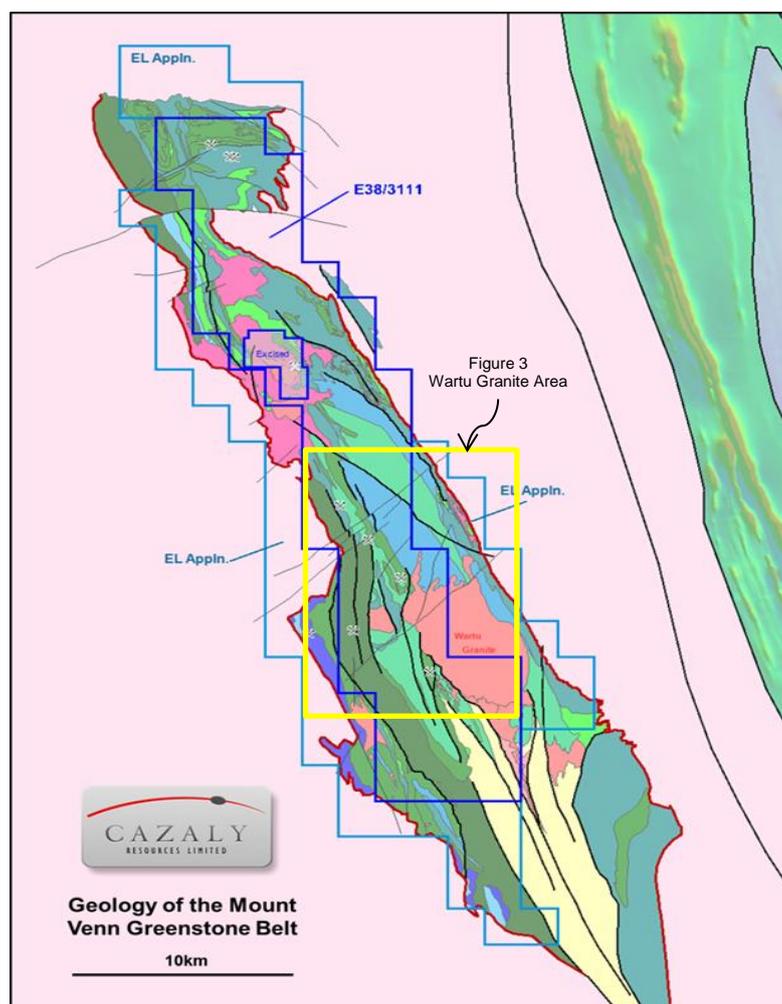


Figure 1: Geology of the Mount Venn Greenstone Belt

Figure 3 displays the striking similarities between the geological setting of the Gruyere gold deposit and the Company's Wartu Granite area. The Wartu area has been virtually unexplored however it contains several large gold in soil/auger anomalies coincident with major structural and geological target positions. Only the *Three Bears* prospect, which sits in the postulated 'Gruyere position', has had any systematic drilling completed over it and then only by 6 lines of RAB and Aircore drilling into weathered rock. Mineralisation recorded anomalous gold in this weathered material over ~2km with results including; **12m @ 1.13, 26m @ 0.27 & 16m @ 0.36 g/t Au** (ASX:GXN April 17th 2012, 26th June 2012 and 13th May 2013). No drilling below ~50 metres into fresh rock has been completed to date. The prospect is a walk up drill target for the Company (figure 2).

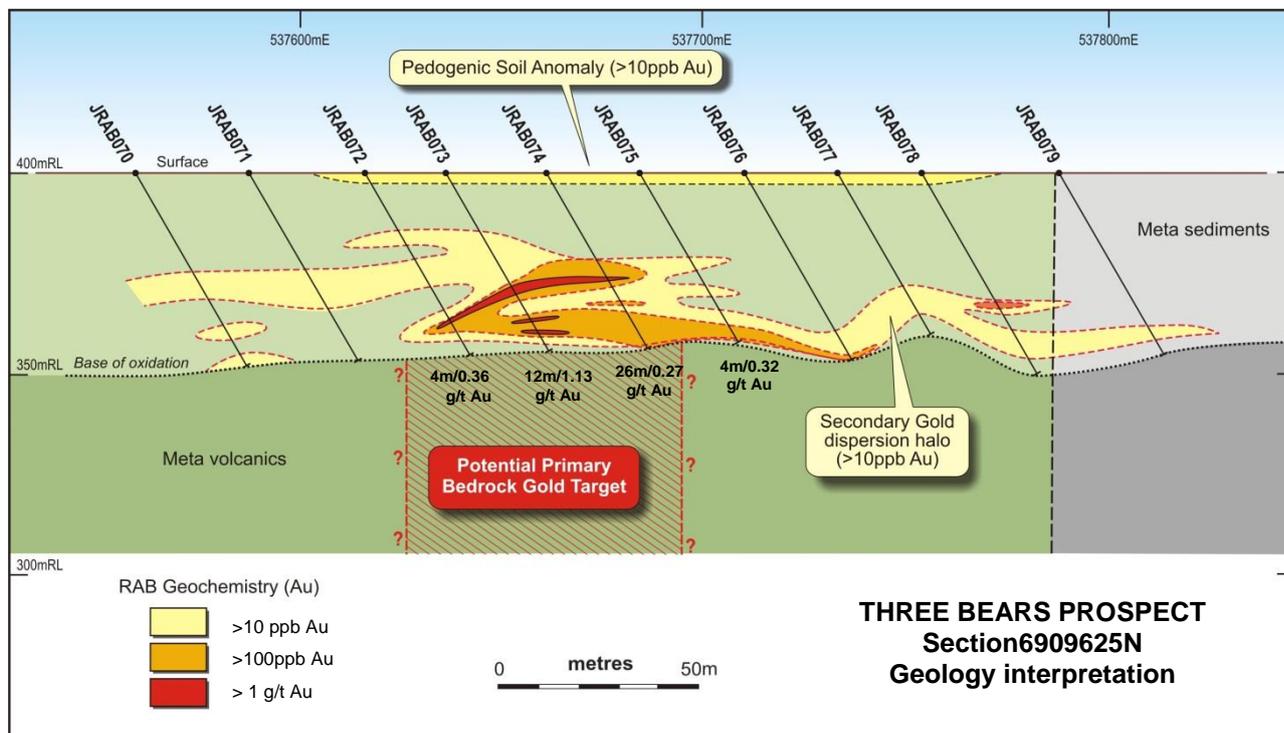


Figure 2: RAB drill section showing widespread anomalism at base of weathering, Three Bears Prospect

Cazaly continues to work through the existing data to further highlight areas of interest and to develop work programmes. The Company has also today announced the signing of a Native Title agreement with the Yilka People and the Cosmo Newberry Aboriginal Corporation which will expedite access to the project.

Cazaly's joint Managing Director Clive Jones said:

"Our recent work over the Mount Venn project has further highlighted our belief that the project has the very real potential to host major gold resources. It is rare to secure such a large land position in a belt of rocks this damn good close to a proven world class asset such as the Gruyere gold deposit. We are looking forward to commencing work on the ground as soon as practicable".

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 and Mr Don Horn, who are employees of the Company. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and Mr Horn is a member of the Australian Institute of Geoscientists. Mr Jones and Mr Horn have sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jones and Mr Horn consent to the inclusion of their names in the matters based on the information in the form and context in which it appears.

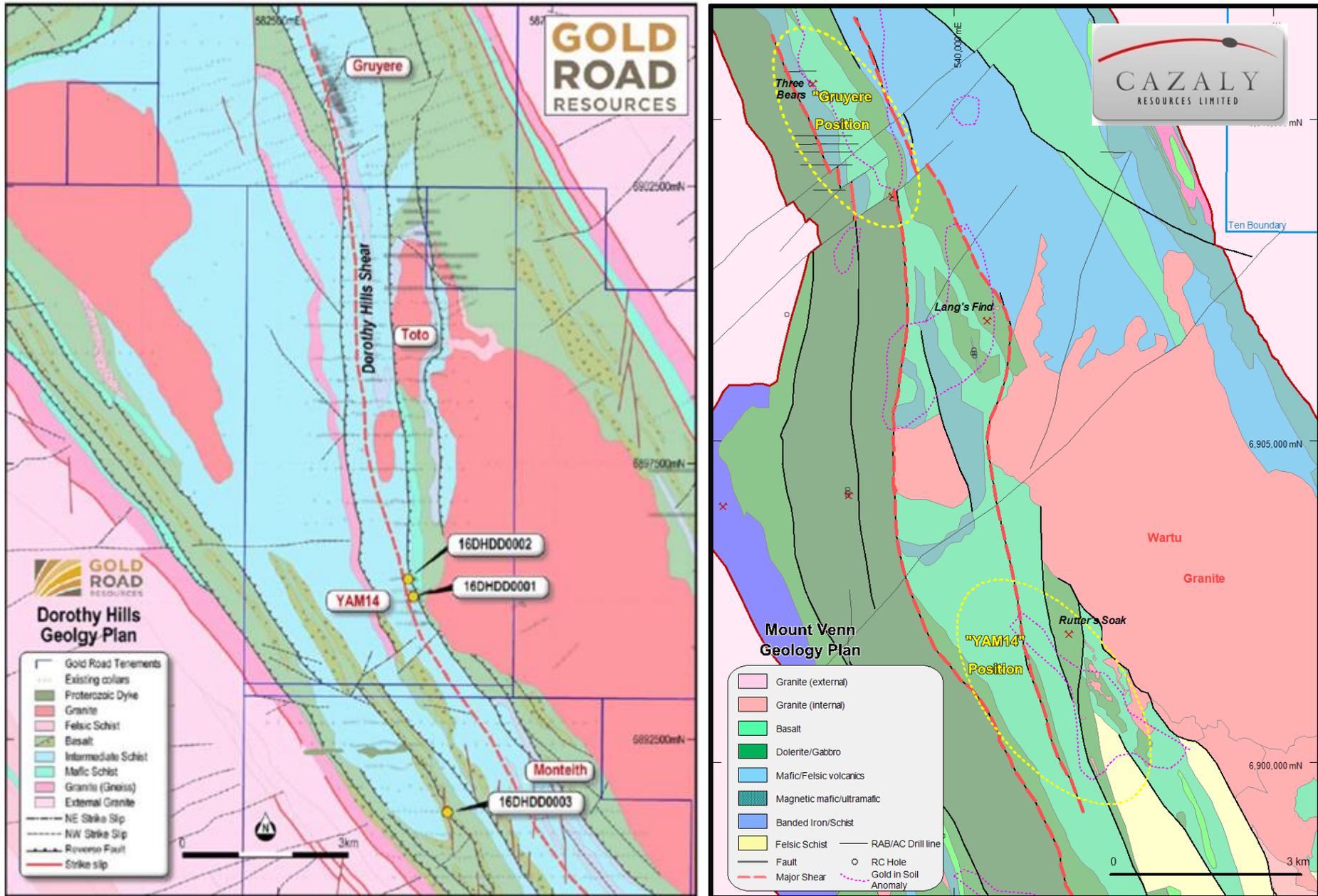


Figure 3: Geological comparison between the Dorothy Hills Shear system, host to GOR's Gruyere deposit, and the Warty Granite area at Mount Venn
 Note; plans at same scale. (GOR figure source: GOR ASX announcement 21 June 2016)