

# CAZALY COMPLETES LARGE SCALE LITHIUM PROJECT ACQUISITION, JAMES BAY PROVINCE, QUÉBEC, CANADA

## Highlights

Acquisition of Sundown Lithium Project complete

Project covers 260km<sup>2</sup> in the heart of the James Bay Lithium province between Allkem's James Bay deposit and Patriot Battery Metals' Corvette discovery

>200 documented pegmatite outcrops identified in historic mapping

Pegmatites never assayed for lithium and limited modern exploration across the tenure

Due diligence completed following compilation of all available data, including:

- lake sediment sampling
- rockchip sampling
- historical mapping
- geophysics
- MERN reports collected and translated

Target generation completed and Stage 1 reconnaissance field work planned



Figure 1: The Sundown Lithium Project, James Bay District

Cazaly Resources Limited (**ASX: CAZ, Cazaly, or the Company**) is pleased to announce the Company has finalised the agreement terms to acquire up to 100% of the Sundown lithium project, located in the James Bay lithium province, Quebec, Canada.

The Sundown project represents a significant acquisition for the Company, comprising 510 mining claims covering an area approximately 260km<sup>2</sup> and possessing over 200 documented outcropping pegmatites<sup>(1)</sup>.

The large tenement holding is strategically positioned between Allkem's (**ASX:AKE**) James Bay deposit with a lithium reserve of 37.2Mt @ 1.3% Li<sub>2</sub>O<sup>(2)</sup>, and Patriot Battery Metals (**ASX:PMT**) Corvette Lithium Discovery which is host to 70 lithium bearing pegmatites over a 214km<sup>2</sup> land package<sup>(3)</sup>.

Further recent success in the region includes Critical Elements' Rose deposit (37.2Mt @ 0.94% Li<sub>2</sub>O<sup>(4)</sup>), Nemaska's Whabouchi deposit (36.6Mt @ 1.3% Li<sub>2</sub>O<sup>(5)</sup>) and Winsome Resources' (**ASX:WR1**) Cancet exploration target with 15-25Mt @ 1-2% Li<sub>2</sub>O<sup>(6)</sup>.

<sup>1</sup> See ASX Announcement 31 May 2023.

<sup>2</sup> ASX:AKE Announcement 21 December 2021. James Bay Lithium Project Feasibility Study & Maiden Ore Reserve.

<sup>3</sup> ASX:PMT Announcement 17 May 2023. Patriot drills 12.6m at 1.89% Li<sub>2</sub>O, including 8.1m at 5.01% Li<sub>2</sub>O, and extends high-grade Nova zone at the CV5 pegmatite, Corvette property, Quebec, Canada.

<sup>4</sup> Critical Elements Lithium Corporation. 27 July 2022. NI 43-101 Technical Report for the Rose Lithium-Tantalum Feasibility Study.

<sup>5</sup> Nemaska Lithium 21 February 2018. NI 43-101 Technical Report Feasibility study on the Whabouchi lithium mine and Shawinigan electrochemical plant.

<sup>6</sup> ASX:MTC Announcement 9 November 2017. Significant Exploration Target at Cancet Lithium.

Commenting on the acquisition, Cazaly's Managing Director Tara French said:

*"We are excited to be able to announce the completion of the acquisition of this special asset. Through Sundown, Cazaly now possesses a major plot of land in an emerging lithium province with significant exploration potential courtesy of relatively untested, outcropping pegmatites. We are nestled in amongst some other major lithium projects and while our in-country exploration team have been delayed by the damaging forest fires, we cannot wait to get boots on the ground to start confirming targets once the area has been deemed safe for entry."*

## Due Diligence Completed

This follows the completion of due diligence activities by Cazaly, encompassing a review of historic exploration activities at Sundown. The Cazaly Board is satisfied that the various reports identify the potential for significant lithium mineralisation at the project, which represents a strong opportunity to deliver value for shareholders through exploration.

## Target Generation

Following the completion of due diligence, the Company has finalised desktop target generation activities for further follow-up exploration.

Cazaly has engaged an in-country team to conduct its first phase of exploration, that will consist of a reconnaissance field work program and rock chip sampling, in order to conduct on-ground assessments at key targets to be compared with historically documented reports.

Cazaly remains excited about the potential of the Sundown project however access has been severely affected due to forest fires in the region. Access restrictions are now easing as the fires have abated, and areas become safe to explore. The initial field program is now scheduled for Q3 2023 subject to clearances from the relevant authorities.

### Cautionary Note

Reported outcropping pegmatite occurrences are based on documented visual observations made by the Geologists of the Quebec Ministry of Natural Resources and Forestry ("MERN"). All data represented in the report has been extracted from these publicly available datasets. The locations and basic descriptions are available on their online SIGEOM database. Nothing has come to the Company's attention that causes it to question the accuracy or reliability of the extracted data presented in the report. The mineral observations made have not been reported under the JORC code 2012. The presence of pegmatites and the visual observations made by MERN geologists does not equate to lithium mineralisation. The Company is encouraged by the geology identified, however no quantitative or qualitative work has been completed by the company in order to assess the mineralisation potential at this stage. The Company has not independently validated the exploration results reported by MERN and therefore is not to be regarded as reporting, adopting or endorsing those results. Following completion of our due diligence and a decision to proceed with the acquisition, the Company would undertake rock chip sampling of outcrops identified as pegmatites and have these assayed to determine their mineralisation potential in order to report results under JORC code 2012.

## Material Terms of Agreement

Cazaly and IMinerals Corp (**Vendor**) entered into a Property Option Agreement on the following terms:

1. Payment a non-refundable Option Fee of C\$50,000 (paid) to the Vendor for a 2-month due diligence exclusivity period (ended 28 Jul 2023).
2. Subject to satisfactory due diligence:
  - i. Pay C\$350k cash and C\$600k in stock or cash upon execution; CAZ receives a 25% equity.
  - ii. End Year 1: Pay C\$250k cash and C\$750k in stock or cash; CAZ to receive a 50% equity.
  - iii. End Year 2: Pay C\$250k cash and C\$750k in stock or cash; CAZ to receive a 75% equity.
  - iv. End Year 3: Pay C\$250k cash and C\$750k in stock or cash, CAZ to receive 100% equity.
  - v. Vendor receives a 2% net smelter royalty with Cazaly to retain an option to buy back 1% for C\$1m.

Shares will be issued, based on the volume weighted average share price for the period of 5 consecutive trading days on which shares are traded up to and including the trading day prior to the relevant issue date, at the then prevailing C\$/A\$ exchange rate as published on the website of the Reserve Bank of Australia.

## About IMinerals Corp

IMinerals Corp work with companies focused on the acquisition, exploration, and development of mineral properties in Canada and internationally. They have one of the largest grassroots lithium portfolios in North America and Quebec Canada.

## ENDS

For and on behalf of the Cazaly Board

*For further information please contact:*

Tara French (Managing Director) / Mike Robbins (Company Secretary)

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### Competent Persons Statement

The information in this report accurately represents the available data as referenced at the bottom of this document, and has been reviewed by Ms Tara French and Mr Don Horn, who are employees of the Company. Ms Tara French and Mr Horn are both Members of the Australasian Institute of Geoscientists and have sufficient experience which is relevant to the style of mineralisation and type 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'. The Company confirms that it is not aware the information was not reported in accordance with JORC 2012, it is also not aware of any new information or data that materially affects the information included in the original reports. Ms Tara French and Mr Horn both consent to the inclusion of their names in the matters based on the information in the form and context in which it appears.

### Forward Looking Statement

This ASX announcement may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Cazaly's planned exploration program(s) and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward looking statements. Although Cazaly Resources believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.