

CAZALY RESOURCES LIMITED

MOUNT VENN GOLD PROJECT

PROSPECTIVITY AT THREE BEARS GREATLY EXTENDED

- **Major, +5km corridor of coincident, soil, auger & historic drilling anomalism greatly extends the prospective area at *Three Bears* prospect**
- **Anomalism highlighted by an area specific geochemical index utilising a suite of gold pathfinder elements**
- **'THREE BEARS' prospect & surrounds present an immediate 'Walk up' drill target**
- **Reverse Circulation (RC) and Aircore/RAB drilling programmes defined**

Cazaly Resources Limited (**ASX: CAZ**, "**Cazaly**" or "**the Company**") is pleased to present an update on its work further defining the area of initial work at its *Three Bears* gold prospect within the company's recently acquired Mount Venn Gold Project. The Mount Venn project is located ~125 km northeast of Laverton and just 40 km west of Gold Road Resources Ltd (ASX:GOR) *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. GOR recently announced the sale of a 50% stake in *Gruyere* and other nearby resources, to Gold Fields Limited for \$350M cash and a royalty. 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 has continued further technical assessment of the large database comprising minor historic drilling and regional geophysics and geochemical datasets and is developing models targeting gold mineralisation within the belt.

Assessment of this data has highlighted several areas of interest with initial work focussing on the 'Wartu Granite' area and in particular the *Three Bears* prospect. 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 in areas with little to no systematic historic drilling having been conducted.

The Wartu Granite area (Figure 1) is an approximate 15+km zone in the central part of the belt displaying several features highly analogous to the geological setting of the Gruyere deposit including;

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

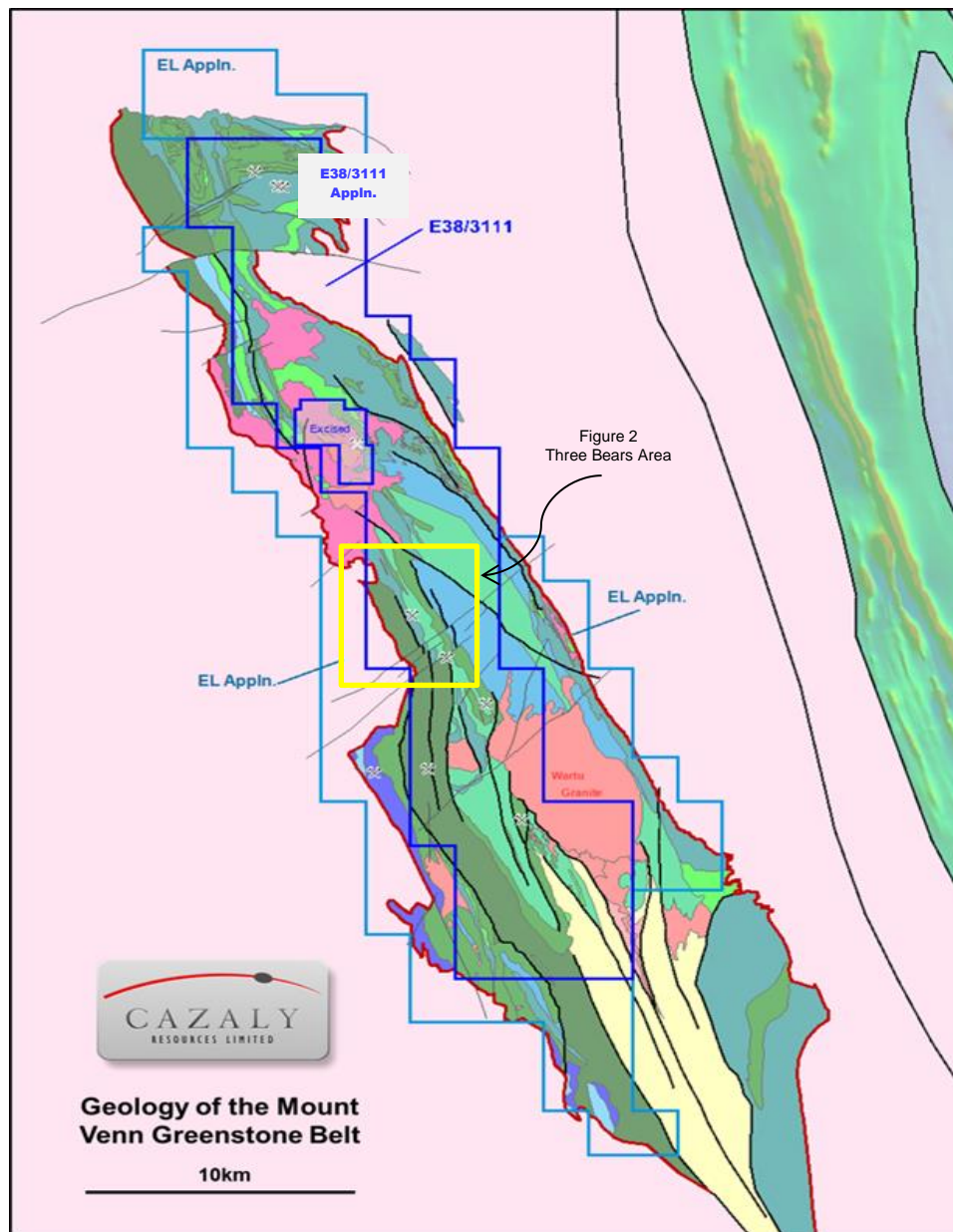


Figure 1: Geology of the Mount Venn Greenstone Belt

Figure 4 (see end of report) 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.

As previously reported by Cazaly (ASX announcement dated 1 August 2016), the Three Bears prospect sits in the postulated 'Gruyere position' when compared to the analogous geological setting for Gruyere (see; GOR ASX announcement 21 June 2016). Only very minor, shallow RAB/Aircore (AC) drilling has been undertaken in the past over the area the results of which were never followed up. 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 was ever completed (Figure 2).

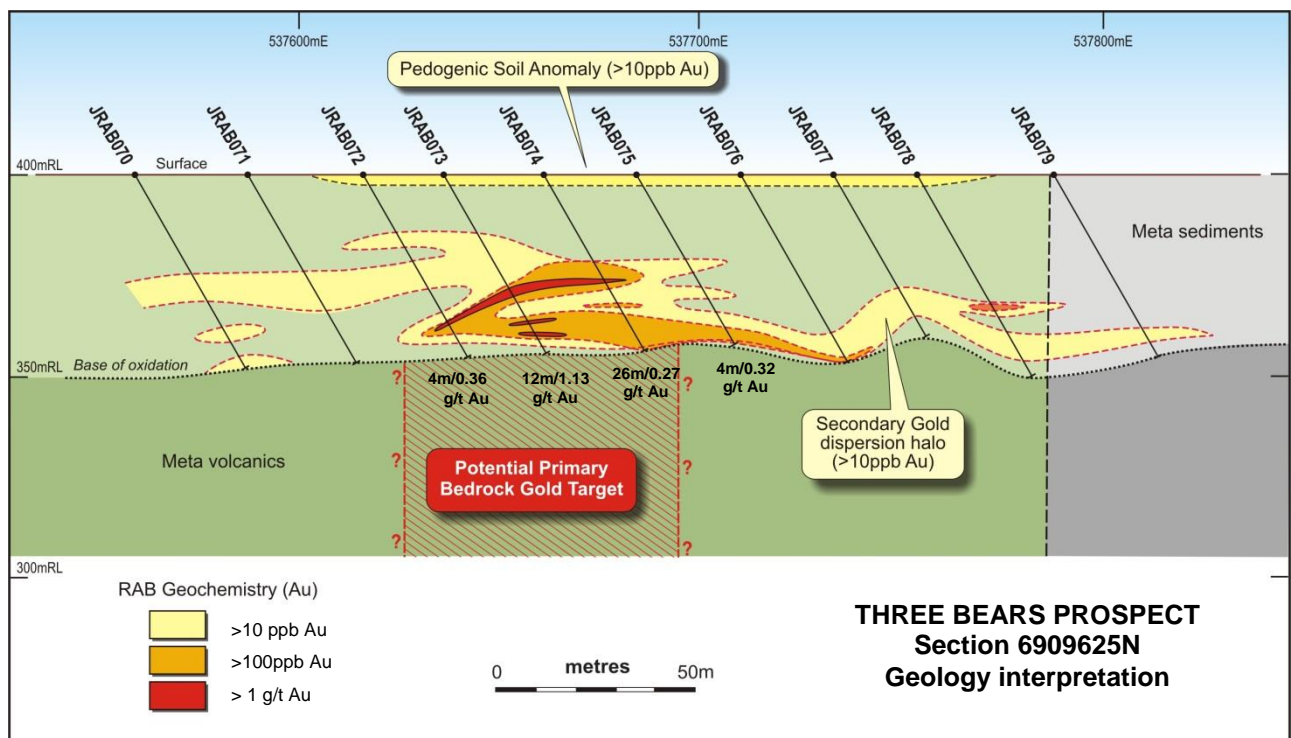


Figure 2: RAB drill section showing widespread anomalism at base of weathering, Three Bears Prospect

Recent assessment of the area by the Company has defined a +5km long corridor of coincident surface geochemistry and anomalous auger results greatly extending the prospective strike extent of the Three Bears RAB/AC drill results. Figure 3 shows the location of the mineralised drillholes and their spatial association with extensive auger anomalies. The Company has defined an area specific geochemical index based upon a suite of pathfinder elements, the Three Bears Index (TBI). Analysis of this highlighted two large anomalies along strike and to the north of the historic RAB/AC drilling. The two anomalies are separated by an area of extensive sand cover which was never sampled as auger drilling would have been ineffective in testing the area. Combined, the two large anomalies together with the drill results highlight a +5km corridor of gold anomalism which is a major target for the Company's initial work.

Cazaly continues to work through the existing data to further highlight areas of interest and to develop its work programmes whilst awaiting grant of the licences.

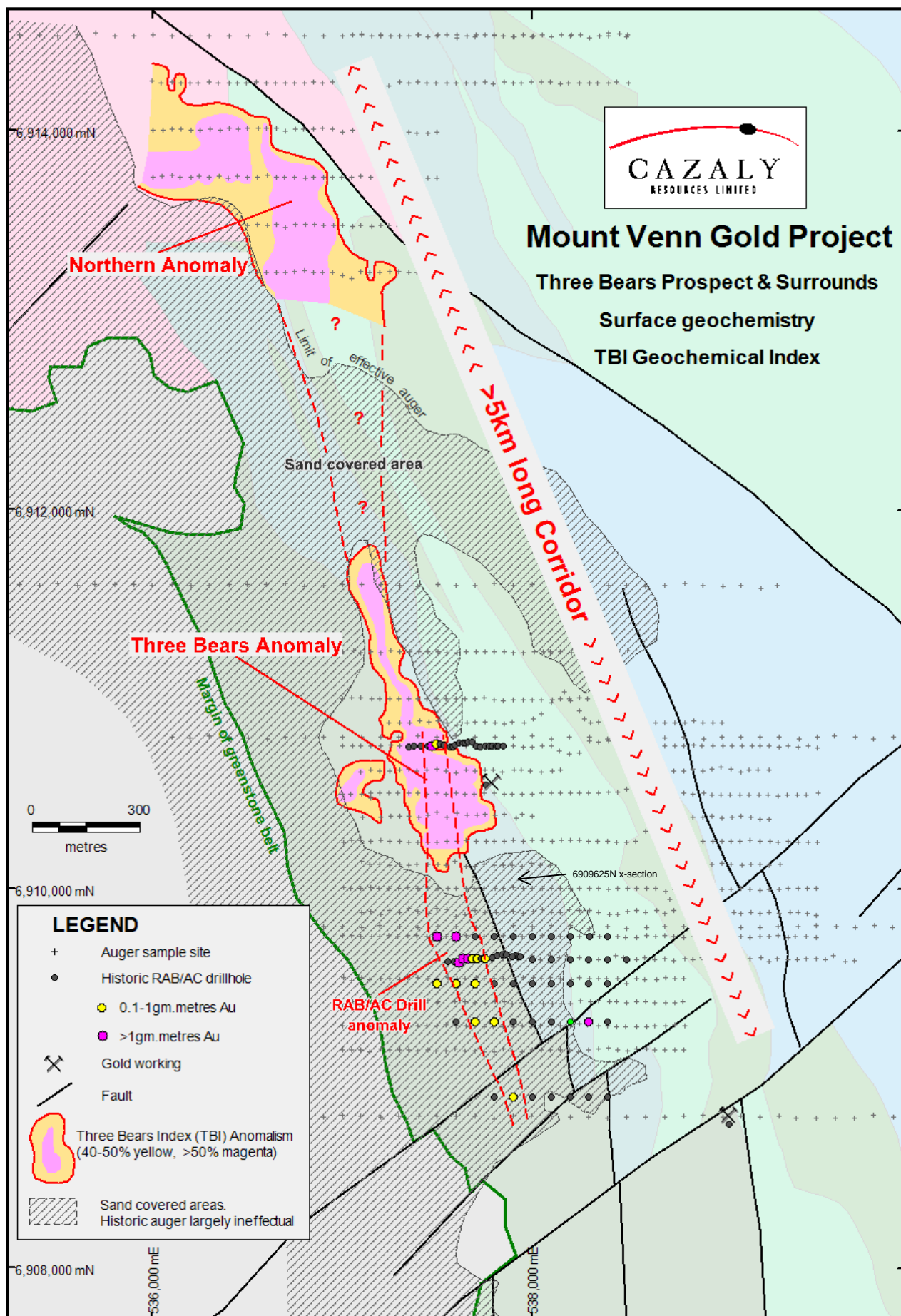


Figure 3: Surface geochemistry and drilling, Three Bears Gold Prospect

Cazaly's joint Managing Director Clive Jones said:

"The more we delve into the data at Mount Venn the more compelling the area becomes. This recent work again shows differing datasets complementing each other and is greatly assisting us to further define priority target areas for work within the project. We are champing at the bit to get on the ground to field test these areas".

ENDS

For further information please contact:

Nathan McMahon / Clive Jones

Joint Managing Directors

Cazaly Resources Limited

Tel: +61 8 9322 6283

Em: admin@cazalyresources.com.au

Website: www.cazalyresources.com.au

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.



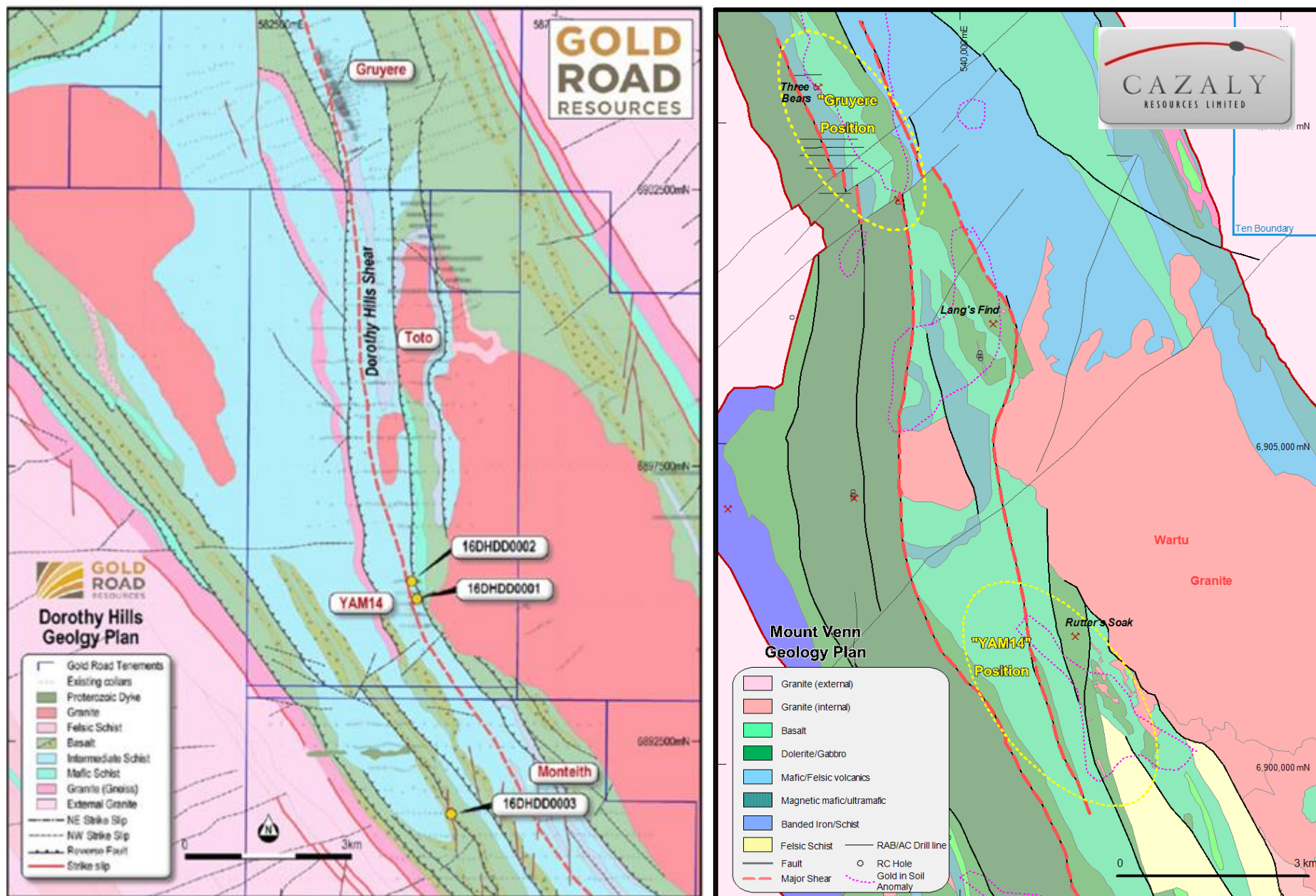


Figure 4: Geological comparison between the Dorothy Hills Shear system, host to GOR's Gruyere deposit, and the Wartu Granite area at Mount Venn
 Note; plans at same scale. (GOR figure source: GOR ASX announcement 21 June 2016)