



ABN 23 101 049 334

---

# Quarterly Report for March 2016

---

## Summary

Following a review of the gold potential at the Parker Range Project the Company identified several small shallow gold resources at the Burbidge prospect. As the only real processing option was at the nearby Southern Cross gold operation the company agreed to sell the two related Mining Licences to Hanking Gold Mining Pty Ltd ('Hanking'). The Company has continued to maintain the Parker Range Iron Ore project.

The Company continued to reduce its tenement holdings whilst also trying to maximise their value for shareholders. During the quarter the Company received proceeds of \$270,000 from the sale of the Burbidge tenements and the sale of one tenement to FMG Limited.

Cazaly added the Kangaroo Hills Lithium project to its portfolio, a group of 11 tenements situated south of Coolgardie and adjacent to Lithium Australia's Coolgardie Rare Metals Venture (CRMV) which hosts several historic lithium mines. The company is also focussed on its other key projects, being Parker Range, McKenzie Springs and its uranium rights in the Czech Republic. It also retains exposure to a potential royalty stream from the West Kalgoorlie project from a third party and from the Georges Reward project (MetalsX Limited).

## Parker Range Project (CAZ 100%)

---

The Parker Range project has a fully completed DFS in place and all key approvals have been granted in order for it to commence development. Given the greatly changed cost environment since the DFS was completed the studies would need to be revised to incorporate potential significant cost benefits to the project.

During the quarter a review of the gold prospects at the Burbidge gold prospect highlighted that the best option for their potential development was through the nearby Southern Cross mill owned by Hanking. As a result two Mining Leases, M77/765 & 766 were sold to Hanking.

## McKenzie Springs Nickel/Graphite Project (CAZ 100%)

---

The Company controls a major position in the Kimberley region of Western Australia immediately along strike to the south of the Savannah Nickel Mine, owned by Panoramic Resources Ltd (ASX CODE: PAN). Mineralisation within the project is associated with the basal contact of mafic-ultramafic rocks in a similar geological setting to the Savannah Nickel Mine. This unit extends for some 13km throughout the project. Gossan outcrops sampled, together with very limited historic drilling, confirm the potential for ore grade mineralisation and previous results.

The project also lies adjacent to Hexagon Resources Limited's MacIntosh Graphite Project where an Indicated and Inferred resource of 17.2Mt @ 4.63% Total Graphitic Carbon for 797,200t of contained graphite has been released (ASX:HXG, released 27 January 2016). Reconnaissance work at McKenzie Springs by the Company discovered an outcropping graphitic schist unit and identified further evidence of graphite bearing units associated with high grade metamorphic rocks of the Tickalara Metamorphic suite which trend throughout the tenement for ~15 kilometres. This is the same unit hosting Hexagon's Resources Limited's neighbouring *Macintosh Graphite Project*.

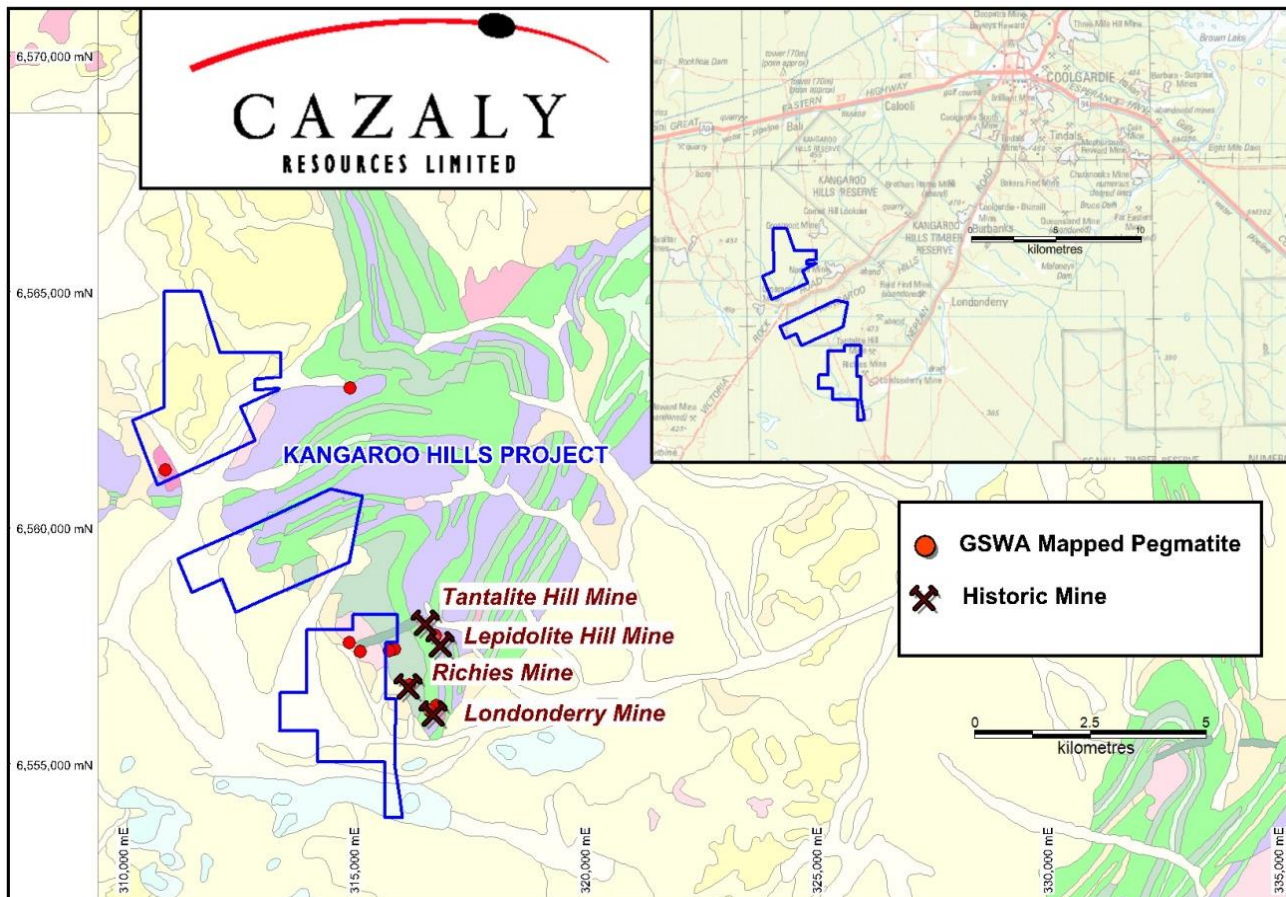
## Kangaroo Hills Lithium Project (CAZ 100%)

Cazaly recently applied for lithium prospective tenements in the Goldfields of Western Australia which lie adjacent to Lithium Australia Limited's ('LIT') Coolgardie Rare Metals Venture (CRMV). The company applied for 11 tenements covering over 1,820 hectares which contain evidence of potentially mineralised pegmatites west of the historic *Londonderry*, *Lepidolite Hill* and *Tantalite Hill* mines. LIT recently announced plans for bulk sampling of stockpiles from Lepidolite Hill to test its exclusively licensed L-Max extraction technology (LIT ASX Announcement, 1st February 2016).

Cazaly's tenements adjoin the CRMV where a number of rare element, zoned pegmatite intrusions have been sporadically mined since the 1920's, primarily as a source of feldspar for the ceramic and glass industries but also for lithium minerals including petalite and lepidolite. The largest of the pegmatites is over 1,000m long and was mined from two pits as recently as 1980 at grades averaging approximately 2.5% Li<sub>2</sub>O (Shackleton I. 1994). These rare element pegmatites are typical of those which host most of the world's primary reserves of rare elements and industrial minerals including mica and feldspar.

Recent reconnaissance field work over the project confirmed the presence of the pegmatites within the tenements however surficial cover in the area prevents any clear indication of their true size and extent. Evaluation of these pegmatite bodies can be challenging due to their mineral zonation and variation in mineral assemblages. The company plans to complete more detailed work over the project when access is finalised and all data has been collated from previous exploration.

The company is looking to expand its interests in the region for lithium bearing minerals.



## Australian Uranium Projects (CAZ 100%)

---

The Spinifex tenement application E80/4902 is located just south of Kununurra in the Kimberley region of Western Australia. The project has high potential for unconformity and vein style uranium mineralisation as evidenced by previously reported rock chip grades of up to 4.16% U<sub>3</sub>O<sub>8</sub> (Thundelarra Exploration Ltd, ('Thundelarra') ASX announcement 19th December 2007). Thundelarra compiled historic records which included very high grade uranium mineralisation discovered in 1972 at Spinifex (assays of up to 13.5% U<sub>3</sub>O<sub>8</sub> - Thundelarra ASX announcement 17th July 2007).

The Spinifex Project is situated in the Carr Boyd Range of the East Kimberley region, 50 km south of Kununurra township and 50 km north of Rio Tinto's Argyle Diamond Mine in Western Australia. The project contains clearly defined uranium mineralisation and several geophysical targets have been outlined from Thundelarra's interpretation of airborne radiometric data. Two types of mineralisation are going to be targeted by Cazaly once the tenement is granted: high grade vein-style mineralisation related to major structures; and unconformity-style mineralisation (between the Middle Proterozoic Hensman Sandstone and the Lower Proterozoic Revolver Creek Formation) such as is found at Alligator River in the Northern Territory.

The Company believes that the uranium sector has a positive outlook.

## Czech Republic Uranium Projects (CAZ 100%)

---

Cazaly entered into an agreement in February 2012 to purchase an 80% interest in private company Discovery Minerals Pty Limited. Discovery owns 100% of Urania Mining, a company registered in the Czech Republic, who in turn hold applications to licences for uranium in the country. Assessment on the standings of the applications has resulted in the Company looking to focus on two key applications; the *Brzkov 2* and *Horní Věžnice 2* licences. The Company has been awaiting the issuance of a new state natural resources policy which is expected to open the door for further uranium mining in the Czech Republic. Intensive historic exploration at Brzkov included diamond drilling, trenching, pitting and underground diamond drilling. An exploration shaft was also sunk in 1989 and bulk sampling undertaken. Currently the Czech Republic operates six nuclear reactors generating about one third of its nuclear capacity. It has only the one operating uranium mine in country; the *Rozna* mine operated by the state enterprise Diamo.

The Rozna mine has recently been flagged as closing in 2017 and employs over 900 people. Recently, Diamo indicated that it is considering mining uranium at Brzkov so as to continue its operations. Cazaly has approached Diamo on the future potential development of the Brzkov project.

## Potential Royalty Streams (CAZ 100%)

---

Through its 100% owned subsidiary (CazRoy Pty Ltd) the Company retains potential payment from the sale of its royalties over the Kalgoorlie Gold Project ("KGP") as follows;

- a. Payment of \$750,000 upon commencement of mining at the KGP (subject to mining commencing within 24 months of the completion date); and
- b. Payment of \$1,000,000 upon satisfaction of conditions relating to the production of 140,000 ozs gold from the KGP.

The KGP is currently owned by Evolution Mining Ltd (ASX:EVN) following its takeover of Phoenix Gold Ltd (ASX:PXG). The royalty is payable from a third party. Refer to ASX announcement of 9<sup>th</sup> June 2015. Furthermore, the Company has a royalty stream of \$1/tonne mined and milled from the Georges Reward project, which is managed by MetalX Ltd (ASX:MLX). Details of the project have been included in the MLX announcement dated 15<sup>th</sup> November 2015.

## Corporate

---

During December 2015, an agreement was signed for the sale of tenement E47/2774 to FMG Limited for \$50,000 plus a minor royalty. During the quarter the Company also sold the Burbidge tenements M77/765 and M77/766 to Hanking Gold Mining Pty Ltd for \$220,000.

A handwritten signature in black ink, appearing to be 'N' followed by a horizontal line.

**Nathan McMahon**

**Joint Managing Director**

A handwritten signature in black ink, appearing to be 'Clive Jones'.

**Clive Jones**

**Joint Managing Director**

*The information that relates to exploration targets, exploration results, resource reporting and drilling data of Cazaly operated projects is based on information compiled by Mr Clive Jones and Mr Don Horn who are Members of The Australasian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and are employees of the Company. Mr Jones and Mr Horn 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'. Mr Jones and Mr Horn consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.*



## MINING TENEMENTS HELD AT 31 MARCH 2016

TID	PROJECT	ENTITY	% INT
-----	---------	--------	-------

### Managed

E77/1101	PARKER RANGE	CAZI	100
E77/1235	PARKER RANGE	CAZR	100
E77/1403	PARKER RANGE	CAZI	100
E77/2135	PARKER RANGE	CAZI	100
E77/2142	JILBADJI	SAMR	100
L77/0220	PARKER RANGE	CAZI	100
L77/0228	PARKER RANGE	CAZI	100
L77/0229	PARKER RANGE	CAZI	100
M77/0741	PARKER RANGE	CAZI	100
M77/0742	PARKER RANGE	CAZI	100
M77/0764	PARKER RANGE	CAZI	100
M77/0765 (A)	PARKER RANGE	SAMR	100
M77/0766 (A)	PARKER RANGE	SAMR	100
E63/1689	LEAKE	CAZR	100
P77/4162	PARKER RANGE	SAMR	100
P77/4164	PARKER RANGE	SAMR	100
E80/4773	HALLS CREEK	SAMR	100
E80/4772	ALICE DOWNS	CAZR	100
E80/4808	MCKENZIE SPRINGS	SAMR	100
E39/1829	TROPICANA	SAMR	100
E39/1837	MT WELD	CAZR	100
P15/6010 *	KANGAROO HILLS	CAZR	100
P15/6011 *	KANGAROO HILLS	CAZR	100
P15/6012 *	KANGAROO HILLS	CAZR	100
P15/6013 *	KANGAROO HILLS	CAZR	100
P15/6014 *	KANGAROO HILLS	CAZR	100
P15/6015 *	KANGAROO HILLS	CAZR	100
P15/6016 *	KANGAROO HILLS	CAZR	100
P15/6019 *	KANGAROO HILLS	CAZR	100
P15/6020 *	KANGAROO HILLS	CAZR	100
P15/6021 *	KANGAROO HILLS	CAZR	100
P15/6022 *	KANGAROO HILLS	CAZR	100
E80/4902 *	SPINIFEX	CAZR	100
E80/4980 *	TEXAS DOWNS	CAZR	100
E80/4981 *	TEXAS DOWNS	CAZR	100

TID	PROJECT	ENTITY	% INT
-----	---------	--------	-------

### Not Managed

E31/1019	CAROSUE	CAZR	10
E31/1020	CAROSUE	CAZR	10
M31/0427	CAROSUE	CAZR	10
E37/1037	TEUTONIC BORE	SAMR	100
E47/1617	HAMERSLEY	LOFE	49
M47/1450	HAMERSLEY	LOFE	49
E51/1290	RUBY WELL	SAMR	75
P46/1825	QUARTZ CIRCLE	CAZR	20
P46/1826	QUARTZ CIRCLE	CAZR	20
P46/1827	QUARTZ CIRCLE	CAZR	20
P46/1828	QUARTZ CIRCLE	CAZR	20
P46/1829	QUARTZ CIRCLE	CAZR	20
E80/3370	MT ANGELO	CAZR	20
E80/3496	MT ANGELO	CAZR	20
E80/3517	MT ANGELO	CAZR	20
M80/0247	MT ANGELO	CAZR	20
E47/2774 (B)	MT FARQUHAR	CAZR	100

Any changes in mining tenement interests during the quarter are covered in Section 6 of Appendix 5B for Mar'16

A – Sold to Hanking Gold Mining Pty Ltd (tenements awaiting transfer)

B – Sold to FMG Ltd (tenements awaiting transfer)

\* - Application