



ABN 23 101 049 334

Quarterly Report for March 2017

Highlights

- **Successful initial drilling campaign at Mount Venn following grant of all required approvals**
- **Licences granted for the highly prospective Mount Tabor and Bungonia cobalt projects**
- **Acquisition of Lake Innes – Cobalt-Nickel project**
- **Production of battery grade lithium carbonate using Lithium Australia's proprietary Sileach™ process utilising ore from Lepidolite Hill. Further opportunities being assessed**
- **Ongoing re-appraisal of the Parker Range iron ore project in light of recent improved market conditions – Environmental approvals renewed**

Mount Venn Gold Project (CAZ 100%)

During the quarter the Company completed drilling comprising 94 aircore holes for 4,171m, 30 RAB holes for 970m and 14 RC holes for 1,438m over two prospects at *Three Bears* and *Rutters*. The results were very encouraging with mineralization intersected in both areas.

Extensive gold mineralization was intersected in drilling at Three Bears for over 1km of strike in an intermediate volcanic sequence and talc chlorite ultramafic rocks (Figures 1&2 and Tables 1&2). Results were announced previously by the company (ASX Ann: Widespread Gold and Zinc Mineralisation Defined – 27th February 2017) and included 12m @ 1.19 g/t gold from 24m (MVAC0004), 36m @ 0.47 g/t gold from 28m (MVRC001) and 17m @ 0.43 g/t gold from 48m (MVRC007). These intersections are contained within a larger envelope of semi-continuous mineralisation for 2km in drilling on lines spaced between 50m and 280m apart. Further interpretation of gold multi element results, resampling and field work is planned in the current quarter at the Three Bears prospect. Several other structural and geochemical targets at Three Bears will be prioritized and included in the next phase of follow-up drilling which is expected in this field season.

Other successful first pass drilling was completed in the March Quarter at the Rutters Prospect where shallow zinc, silver and gold mineralisation was intersected. Shallow RAB holes drilled to blade refusal returned significant zinc intercepts in weathered felsic volcanic rocks over three lines drilled at 200m line spacing. Intercepts included; **39m @ 0.23% Zn, 40m @ 0.12% Zn and 13m @ 0.25% Zn** (Figure 3 & Table 3). The mineralisation is associated with elevated Gold (up to 4m @ 0.91 g/t Au), Silver (to 4.4 g/t Au) and Arsenic (to 151 ppm As), Copper and Lead. Historic airborne EM (Electromagnetic) data was reprocessed and highlighted a +1.5km long coincident anomaly below the geochemical target. The presence of extensive Zinc mineralisation, with coincident elevated levels of gold, arsenic, silver, copper and lead, occurring within a felsic volcanic pile, indicates the potential for primary VMS (Volcanic Massive Sulphide) mineralisation at depth. Supporting this is also the presence of pervasive pyrite alteration, typically proximal to such mineralisation.

Ground geophysics contractors have been approached to conduct detailed ground geophysical surveys to better define targets before deeper drilling. The geophysics is planned for the current Quarter with drilling to follow shortly after.

The Mount Venn Gold Project covers a total area of approximately 398 sq km and work by the company reviewing previous exploration highlights several other exciting opportunities for future exploration. These are being prioritized for follow-up in the current field season.

Figure 1 - Three Bears Drilling Programme February 2017

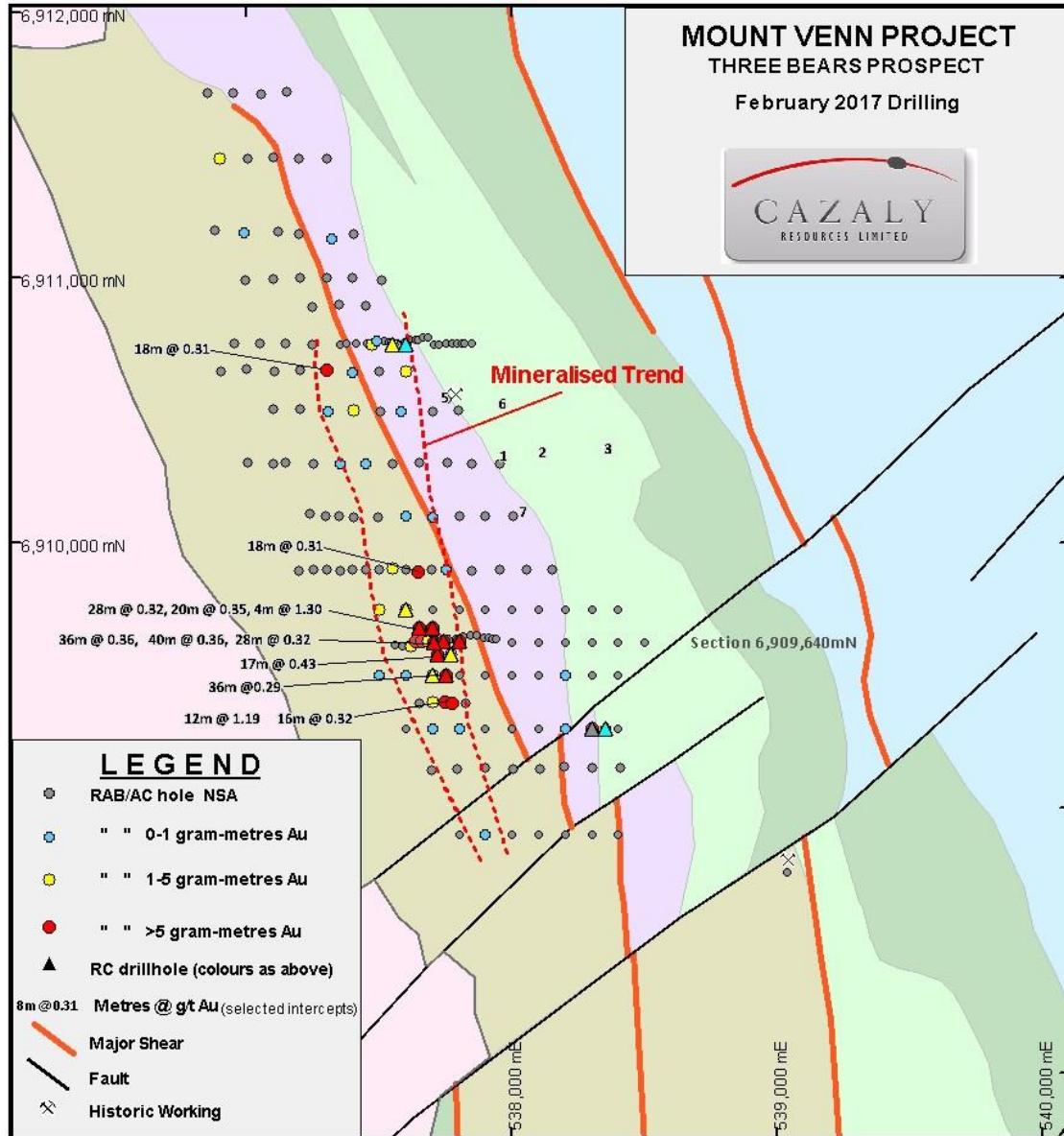


Table 1: Significant RC Drill Intercepts, Three Bears, February 2017

Hole ID	GDA94 East	GDA94 North	RL	Hole Depth	Local Azm	Dip	From	To	Intercept		
									Width	Au (g/t)	
MVRC001	537,706	6,909,626	462	102	270	-60	28	64	36 m @	0.47	
" "							including...	56	60	4 m @	1.75
MVRC002	537,740	6,909,630	463	160	275	-60	55	67	12 m @	0.55	
" "							75	95	20 m @	0.36	
MVRC003	537,800	6,909,630	462	174	270	-60	60	68	8 m @	0.17	

" "							88	116	28 m @	0.32	
" "							124	136	12 m @	0.12	
MVRC004	537,600	6,909,750	467	96	273	-60	0	4	4 m @	1.00	
MVRC005	537,650	6,909,680	467	96	270	-60	28	56	28 m @	0.32	
MVRC006	537,700	6,909,680	463	100	270	-60	36	48	12 m @	0.39	
" "							56	76	20 m @	0.35	
" "							including...	60	64	4 m @	1.30
MVRC007	537,720	6,909,580	461	102	270	-60	48	65	17 m @	0.43	
" "							70	78	8 m @	0.17	
MVRC008	537,770	6,909,580	463	100	270	-60	64	68	4 m @	0.48	
" "							84	89	5 m @	0.31	
" "							94	100	6 m @	0.17	
MVRC009	537,700	6,909,500	461	102	270	-60	24	64	40 m @	0.12	
MVRC010	537,750	6,909,500	462	100	270	-60	32	68	36 m @	0.29	
MVRC011	537,550	6,910,750	465	100	270	-60	65	67	2 m @	0.50	
MVRC012	537,600	6,910,750	460	100	267	-60	32	36	4 m @	0.13	
" "							88	96	8 m @	0.34	
MVRC013	538,300	6,909,300	457	100	270	-60	No Significant Results				
MVRC014	538,350	6,909,300	460	108	270	-60	101	105	4 m @	0.23	

Nb; Samples are largely 4 metre composite samples, intercepts estimated at >0.1 g/t Au

Figure 2 - Cross section 6,909,640mN, Three Bears prospect

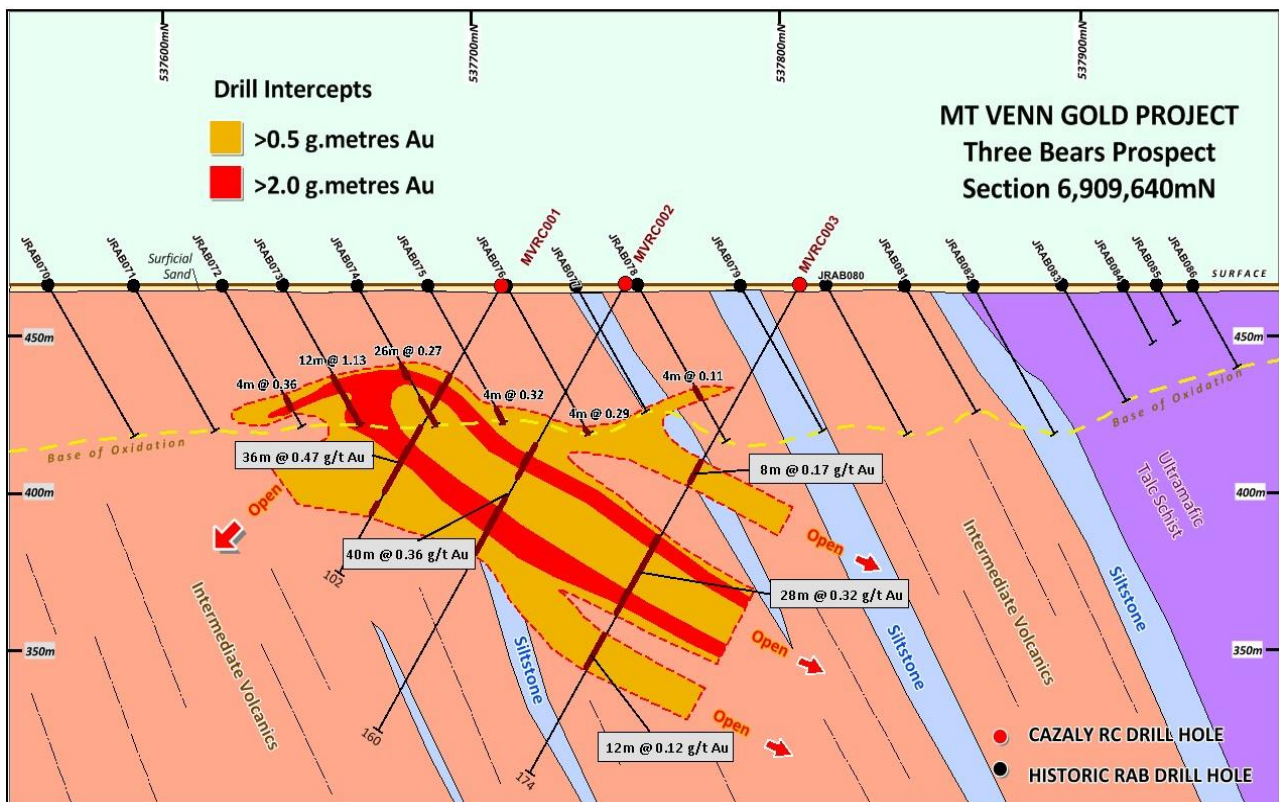


Table 2 - Significant Aircore Drill Intercepts, Three Bears, February 2017

Hole ID	GDA94 East	GDA94 North	RL	Hole Depth	Local Azm	Dip	From	To	Intercept	
									Width	Au (g/t)
MVAC0002	537,701	6,909,400	467	54	270	-60	24	36	12 m @	0.39
MVAC0003	537,746	6,909,401	465	48	270	-60	28	44	16 m @	0.32
MVAC0004	537,774	6,909,396	465	52	270	-60	24	36	12 m @	1.19
" "							48	52	4 m @	0.24
MVAC0013	537,549	6,909,903	464	49	270	-60	36	40	4 m @	0.24
" "							44	48	4 m @	0.11
MVAC0015	537,645	6,909,891	464	50	270	-60	32	50	18 m @	0.31
MVAC0017	537,750	6,909,899	466	48	270	-60	40	44	4 m @	0.19
MVAC0027	537,598	6,910,103	465	60	270	-60	52	60	8 m @	0.12
MVAC0028	537,701	6,910,098	463	61	270	-60	56	61	5 m @	0.15
MVAC0036	537,351	6,910,301	465	67	270	-60	52	60	8 m @	0.11
MVAC0037	537,450	6,910,300	469	48	270	-60	16	20	4 m @	0.13
" "							32	36	4 m @	0.11
MVAC0045	537,305	6,910,498	470	63	270	-60	32	36	4 m @	0.11
MVAC0046	537,404	6,910,500	469	64	270	-60	48	56	8 m @	0.18
MVAC0048	537,580	6,910,499	467	34	270	-60	28	32	4 m @	0.14
MVAC0055	537,300	6,910,654	472	65	270	-60	24	28	4 m @	0.13
" "							40	65	25 m @	0.21
MVAC0056	537,398	6,910,642	470	63	270	-60	59	63	4 m @	0.15
MVAC0058	537,602	6,910,649	469	23	270	-60	15	19	4 m @	0.38
MVAC0073	536,991	6,911,170	464	62	270	-60	60	62	2 m @	0.28
" "							36	40	4 m @	0.11
" "							40	48	8 m @	0.43

Nb; Samples are largely 4 metre composite samples, intercepts estimated at >0.1 g/t Au

Detailed JORC Table 1 information relating to the Three Bears exploration results are detailed in the ASX announcement dated 27 February 2017.

Table 3 - Significant RAB Drill Intercepts, Rutters, February 2017

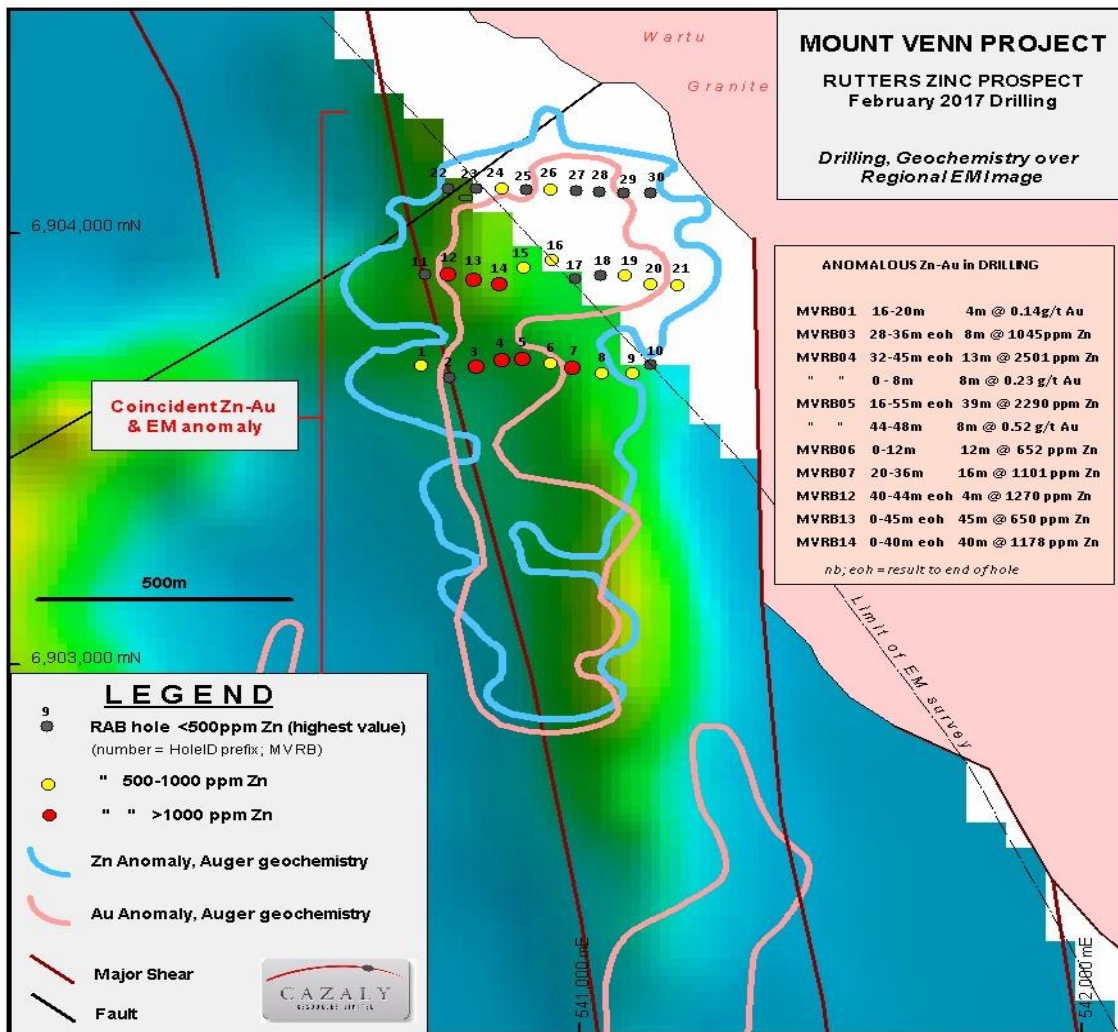
HoleID	GDA94 East	GDA94 North	RL	Hole Depth	Local Azm	Dip	From	To	Intercept		Au (g/t)
									Width	m @ Zn (ppm)	
MVRB0001	540,694	6,903,695	458	30	270	-60	16	20	4 m @		0.13
MVRB0003	540,802	6,903,690	464	36	270	-60	28	36 eoh	8 m @	1045	
MVRB0004	540,853	6,903,706	462	45	270	-60	0	8	8 m @		0.22
" "							32	45 eoh	13 m @	2501	
MVRB0005	540,895	6,903,709	464	55	270	-60	16	55 eoh	39 m @	2290	
" "						And	44	52	8 m @		0.52
MVRB0007	540,995	6,903,690	464	43	270	-60	20	36	16 m @	1101	
MVRB0012	540,747	6,903,906	461	44	270	-60	40	44	4 m @	1270	
MVRB0013	540,797	6,903,893	462	45	270	-60	0	45 eoh	45 m @	650	
" "					including...		44	52	8 m @	1260	
MVRB0014	540,848	6,903,883	460	40	270	-60	0	40	40 m @	1178	
MVRB0015	540,896	6,903,921	460	18	270	-60	0	18 eoh	18 m @	372	
MVRB0016	540,952	6,903,939	462	31	270	-60	12	31 eoh	19 m @	420	
MVRB0019	541,099	6,903,901	461	45	270	-60	4	24	20 m @	354	
MVRB0020	541,149	6,903,881	462	54	270	-60	44	48	4 m @	474	
MVRB0021	541,202	6,903,880	463	50	270	-60	4	50eoh	46 m @	273	
MVRB0022	540,748	6,904,104	461	29	270	-60	16	20	4 m @	309	
MVRB0023	540,803	6,904,105	464	13	270	-60	4	13 eoh	9 m @	365	

MVRB0024	540,854	6,904,103	468	45	270	-60	4	36	32	m @	442	
MVRB0025	540,901	6,904,100	465	35	270	-60	28	32	4	m @	302	
MVRB0026	540,949	6,904,101	465	17	270	-60	16	17 eoh	1	m @	877	
MVRB0027	541,002	6,904,098	465	4	270	-60	0	4 eoh	4	m @	271	
MVRB0029	541,096	6,904,095	466	24	270	-60	4	24 eoh	20	m @	382	
MVRB0030	541,150	6,904,093	461	28	270	-60	12	28 eoh	16	m @	284	

Nb; Samples are largely 4 metre composite samples, intercepts estimated at >0.1 g/t Au, >250ppm Zn

Detailed JORC Table 1 information relating to Rutters exploration results are detailed in the ASX announcement dated 27 February 2017.

Figure 3 - RAB Drilling, Coincident EM Anomaly and Auger Geochemistry Anomaly at Rutters, February 2017



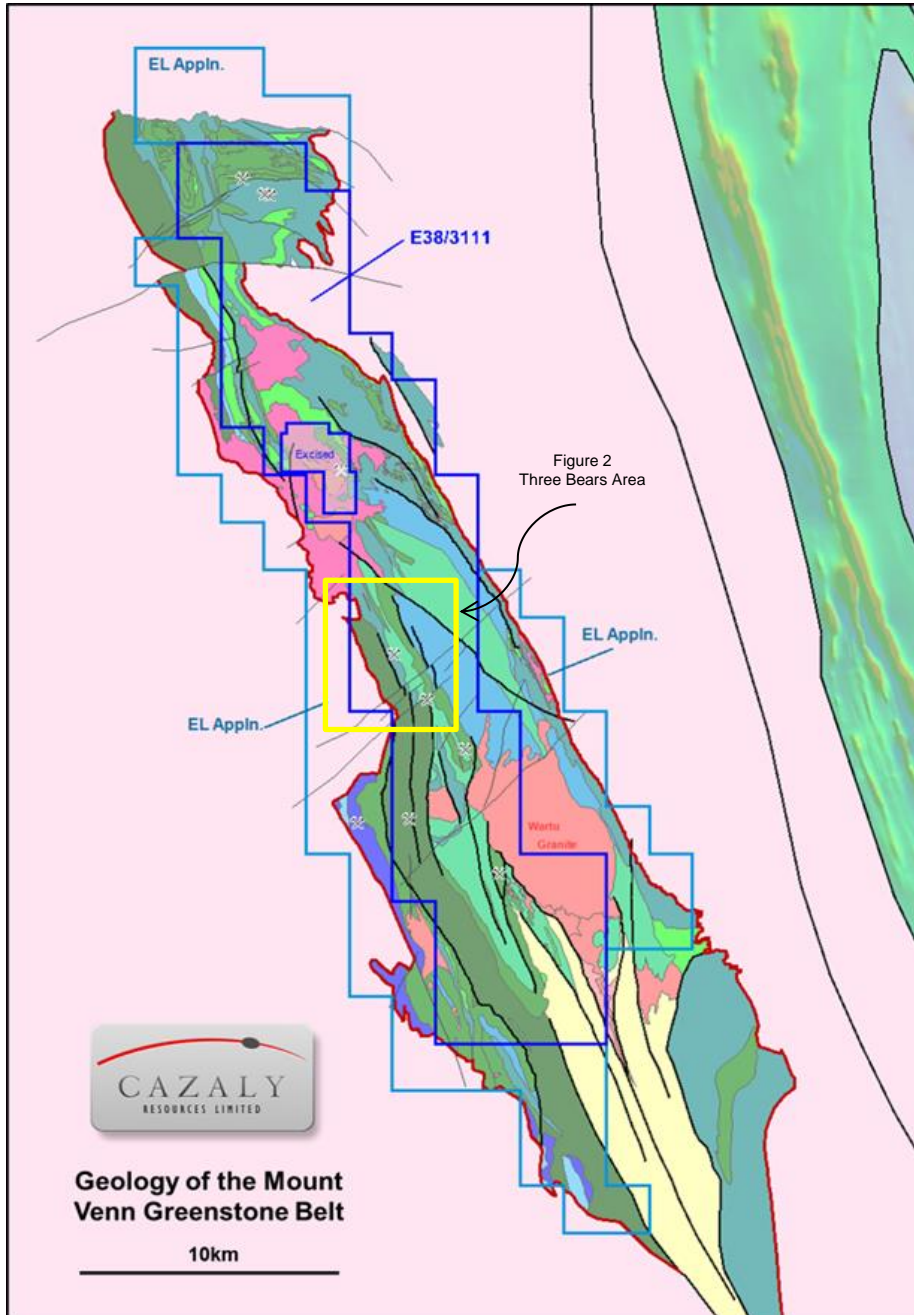
The confirmation that a large mineralised gold bearing structure is present in the area is particularly significant for the region. Figure 4 shows the extent of regional shears and the very large scope for finding material gold mineralisation. Key aspects of this include;

1. Large scale, gold bearing structures
2. Extensive near surface remobilised mineralisation
3. Presence of iron rich rocks including basalts, dolerite and gabbros
4. Internal granites (eg; Wartu Granite)
5. Tightly folded geometries (eg; Rutters Dolerite)

Given that the region has not previously been systematically explored for gold these features and the confirmation of a large gold bearing structure, greatly enhances the prospectivity of the project.

The Company is finalizing plans for the next phase of exploration which will commence shortly.

Figure 4 - Geology of the Mount Venn Greenstone Belt



Cobalt Projects (CAZ 100%)

The company has continued to advance its portfolio of cobalt projects and acquired another licence over significant mineralisation at Lake Innes in NSW. At the same time, discussions with landowners are advanced to a stage where first pass reconnaissance work can commence in the current Quarter at Bungonia (NSW) and Mt Tabor (QLD).

BUNGONIA, NSW (100% CAZ)

In New South Wales the *Bungonia Project*, held under Exploration Licence EL8483, covers approximately 240 square kilometres on the eastern edge of the Lachlan Fold Belt. Previous exploration defined several areas of significant cobalt and nickel mineralisation some of which have been historically mined as early as the 1890's. Cobalt mineralisation occurs as flat lying residual on hills extending for several hundred metres associated with manganiferous deposits over intense deeply weathered mafic or other metal rich rocks. The deposits typically contain relatively rich cobalt values, with minor nickel and copper credits, and have been worked historically with high cobalt recoveries.

The areal extent and assay results from historic work point to significant potential to extend known deposits as well as make new discoveries within the project area. The potential is highlighted by rock chip grades of up to 1.8% cobalt along with historic mining from several locations.

Metallurgical test work previously undertaken was also positive with excellent recoveries of 83.2% cobalt, 79.5% copper and 85.9% nickel returned from acid leaching of a 80 kilogram sample containing 1.15% cobalt, 0.39% copper and 0.26% nickel.

Landowner discussions and negotiations for access are advanced. Field investigations are planned in the current Quarter on some of the main priority targets.

MOUNT TABOR, QUEENSLAND (CAZ 100%)

In Queensland the Mount Tabor Project, held under EPM26213, covers approximately 325 square kilometres located near the eastern margin of the Eromanga Basin in Central Queensland.

The area contains several prospects of manganese oxide impregnated sand and grit of Tertiary age with potentially significant cobalt and manganese mineralisation over an extensive area. The licence lies to the north west of Injune and approximately 130km directly north of Mitchell in south-central Queensland.

Manganese rich pods occur sporadically throughout the area and are found to contain appreciable amounts of potentially economic cobalt. Some of these pods were explored initially by Mineral Deposits Limited ("MDL") from 1979-1982 and then by Cobalt Resources NL ("CRN") in the 1990's with further work more recently conducted by Maranoa Resources Limited ("MRL"). This work highlighted cobalt mineralisation over several prospects; *Mt Manganese, Mt Gould, Alpha, Mt Bally-Lethbridge, Mt Emily* and *Carnarvon* and extend over approximately 20km within the project area.

Of particular interest was the Mt Manganese prospect where MDL returned grab samples assaying up to 2.89% Co. MDL also drilled 62 percussion holes whilst CRN drilled a further 139 holes. CRN also carried out preliminary metallurgical studies that confirmed that several leachants may be suitable for treating the mineralisation. MRL developed a new genetic model for the mineralisation however due to the depressed market for cobalt at the time the licence was relinquished.

Very little modern systematic exploration has been completed to examine the economic potential of the deposits. The company is currently negotiating access to the licenses ahead of its initial ground work.

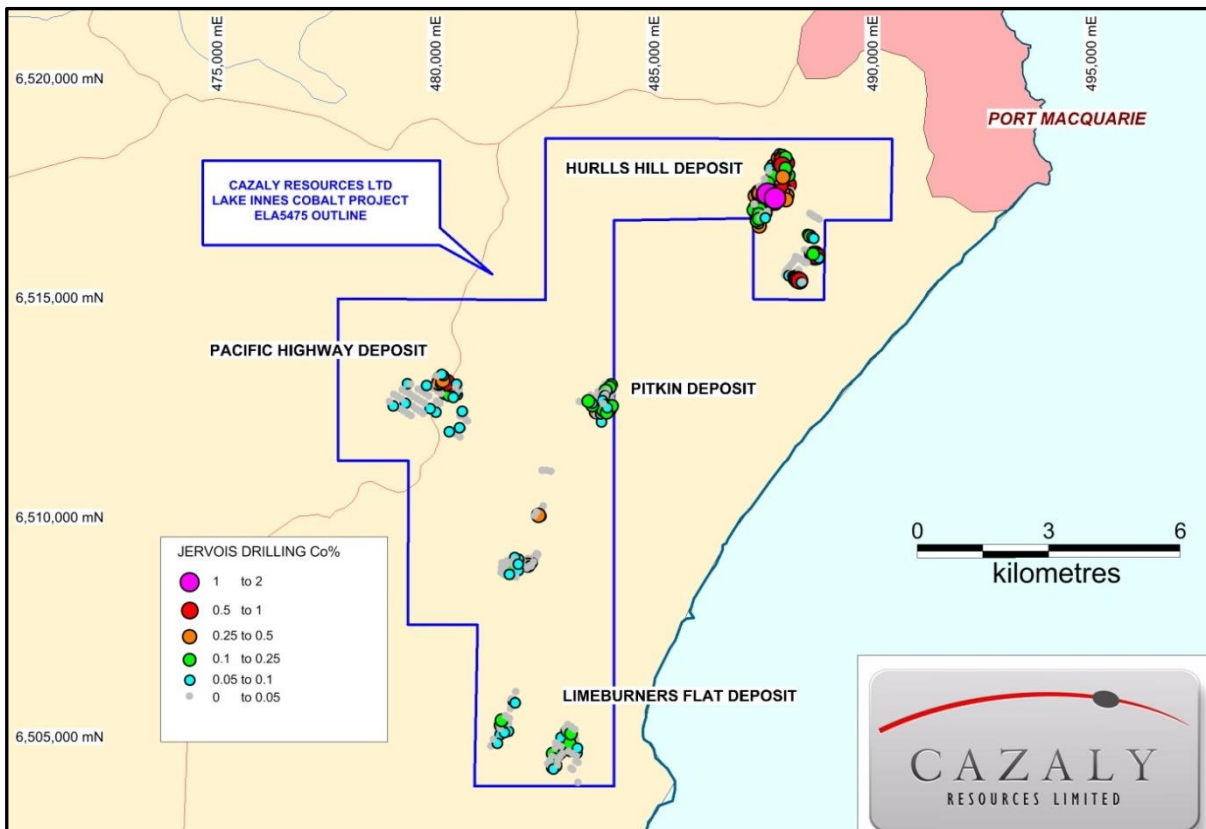
LAKE INNES, NSW (100% CAZ)

As announced by the company (ASX Ann: New Cobalt Application Lake Innes, NSW - 7th April 2017) an exploration licence (ELA5475) was lodged in New South Wales covering several known nickel/cobalt deposits. The licence application covers approximately 73 square kilometres of prospective geology within the New England Fold Belt on the mid-north coast of New South Wales. The area is 310km north-east of Sydney and ~10km from the town of Port Macquarie.

Cobalt bearing manganese oxide was first discovered at Lake Innes in 1886. Modern exploration through the late 1990's and 2000's drilled resulted in several shallow deposits being drilled. These areas will be the focus of exploration for the company once access is obtained.

ELA5475 is progressing through public advertising and other statutory processes and is expected to be granted early in the September Quarter.

Figure 5 – Lake Innes Cobalt Project



Detailed JORC Table 1 information relating to the Lake Innes historic exploration results are detailed in the ASX announcement dated 7 April 2017.

Cobalt Market

Cobalt is seeing a major resurgence given its role as a key battery metal alongside of graphite and lithium. Cobalt is present in lithium-ion batteries, in the lithium cobaltite cathodes used in smartphones and also with lithium-nickel-manganese-cobalt and lithium-nickel-cobalt-aluminium oxide cathodes which are both used in laptops and electric vehicles.

Cobalt supply is currently constrained as it is typically a by-product from nickel and copper mining both of which are in current decline. According to the Cobalt Development Institute, 94% of global cobalt supply comes from nickel and copper mines that produce cobalt as a by-product. This means only 6% of global cobalt supplies come from mines that might be able to increase production in response to growing demand from the battery industry.

This predicted escalation in demand from the lithium battery market sees cobalt as being a particularly vulnerable component of the supply chain for battery manufacturers. As a result, cobalt prices have improved by ~40% in just the last six months alone, with little sign of that escalation ceasing. Battery cell manufacturers who have secure cobalt supply chains will have a critical advantage over their competitors.

Goldfields Lithium Alliance (“GLiA”, CAZ 50%/LIT 50%)

Cazaly and Lithium Australia Limited (ASX: LIT) have an agreement to combine their respective holdings for the exploration and development of Pegmatite Minerals including lithium minerals in the Goldfields region of Western Australia (the Goldfields Lithium Alliance or “GLiA”).

The agreement includes offers the Alliance rights to pegmatite minerals over any existing or additional ground secured within a 100km radius of Kalgoorlie for an initial period of 5 years.

The Alliance includes LIT’s rights to the Coolgardie Rare Metals Venture (CRMV). The CRMV is a LIT initiative with Focus Minerals Limited (ASX: FML) and includes the historic lithium production centres of the Lepidolite Hill and Tantalite Hill mines.

Under LIT’s terms of its agreement with FML, LIT has the rights to all metals derived from pegmatites on the property and will free-carry FML a 20% interest until a decision is made to commit to feasibility.

Under the Alliance agreement CAZ will not be liable for any costs associated with metallurgical testwork or feasibility studies for the CRMV which are to be borne solely by LIT.

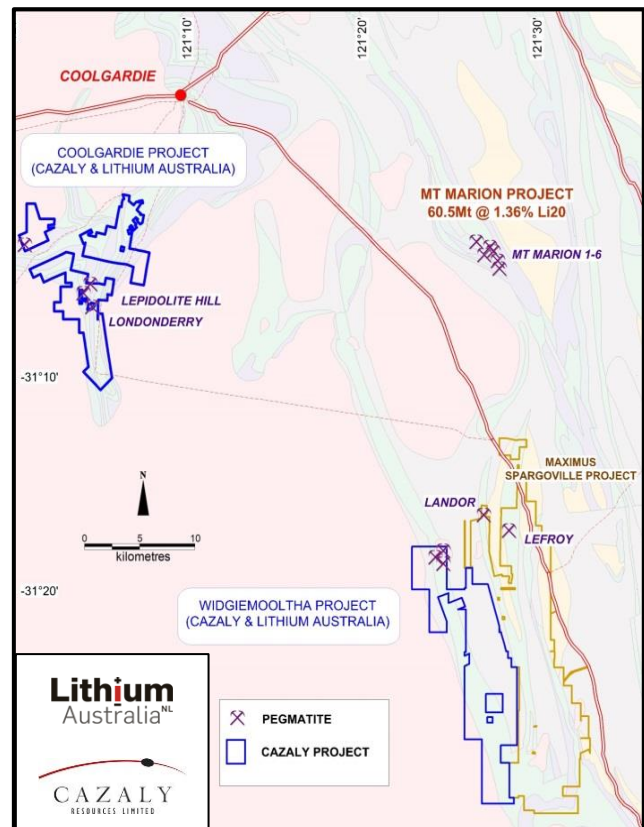


Figure 6 - Location of the Goldfields Lithium Alliance

Previously LIT announced the commencement of pilot plant testing at ANSTO Minerals (a division of the Australian Nuclear Science and Technology Organisation) Lucas Heights testing facility utilising approximately 650kg of lepidolite ore from Lepidolite Hill. The pilot plant consisted of leaching and impurity removal circuits. The design was based on

test work conducted by ANSTO Minerals on similar ore to that processed during the continuous pilot plant run. The campaign produced a purified lithium-containing liquor, devoid of impurities.

Further operations undertaken demonstrated the production of battery grade lithium carbonate. The lithium carbonate feed was produced by Lithium Australia's Sileach™ pilot plant. The refinement of the lithium carbonate produced during piloting was undertaken using a bicarbonate-carbonate re-precipitation approach, widely adopted in the lithium chemicals industry. The quality of the lithium carbonate meets or exceeds the specification of battery grade lithium carbonate produced by one of the world's largest suppliers of lithium chemicals, FMC Lithium.

The ore was not subjected to pre-concentration with minimal feed preparation, which are key parameters for processing at low cost and bodes well for the potential economic extraction of lithium from the Alliance projects.

The GLIA continues to review new opportunities.

Other Projects

No work of note was conducted over the Company's other projects during the quarter. These include:

Parker Range Iron Ore (CAZ 100%): A near mine-ready iron ore deposit located in the Yilgarn of Western Australia. Ultra-low Phosphorous haematite ore, full DFS, near major infrastructure with key approvals in place. The Company notes the increase in the iron price during the past 6 months. Discussions are continuing with potential partners as well as infrastructure providers to advance the project. The key environmental approvals have been renewed and the

McKenzie Springs Nickel/Graphite (CAZ 100%): Located immediately south & along strike of the Savannah Nickel Mine (Panoramic Res.), Kimberley, WA. Prospective ultramafic basal contact extends for ~15km. Limited historic work, High grade gossan samples returned 12.8% Cu, 1.92% Ni, 0.17% Co.

Halls Creek Copper (DDD 80%, CAZ 20%): Hosts the VMS Mt Angelo North copper-zinc deposit and the Mt Angelo Cu Porphyry. Numerous look-alike VMS targets to explore. Kimberley, WA

Czech Republic (CAZ 80%): Two uranium project applications, Brzkov & Horni Venice, located in the Czech Republic. State enterprise Diamo are closing the country's only operating uranium mine & has indicated interest in mining at Brzkov

Corporate

Royalty Streams

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"). 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 (ASX: CAZ announcement 9th June 2015).

Controlled Placement Deed

During the month of April 2017, the Company also entered into a Controlled Placement Deed (CPD) with Acuity Capital. The CPD provides Cazaly with up to \$2 million of standby equity capital over the coming 24 months. Importantly, Cazaly retains full control of the placement process, including having sole discretion as to whether or not to utilise the CPD.



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The CPD provides Cazaly with the flexibility to quickly and efficiently raise capital, including the ability to take advantage of suitably attractive opportunities should they arise. Cazaly is under no obligation to raise capital under the CPD. If Cazaly does decide to utilise the CPD, the Company has control, allowing Cazaly to decide the frequency, timing, maximum size and minimum issue price of any capital raisings under the CPD.

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 and Mr Horn are members of the Australasian Institute of Mining and Metallurgy. 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.



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INTEREST IN MINING TENEMENTS AS AT 31 MARCH 2017

TID	PROJECT	ENTITY	% INT	TID	PROJECT	ENTITY	% INT
<u>Managed</u>				<u>Not Managed</u>			
E77/1235	PARKER RANGE	CAZR	100	E31/1019	CAROSUE	CAZR	10
E77/1403	PARKER RANGE	CAZI	100	E31/1020	CAROSUE	CAZR	10
L77/0220	PARKER RANGE	CAZI	100	M31/0427	CAROSUE	CAZR	10
L77/0228	PARKER RANGE	CAZI	100	E37/1037	TEUTONIC BORE	SAMR	100
L77/0229	PARKER RANGE	CAZI	100	M47/1450	HAMERSLEY	LOFE	49
M77/0741	PARKER RANGE	CAZI	100	E51/1290	RUBY WELL	SAMR	75
M77/0742	PARKER RANGE	CAZI	100	E80/3370	MT ANGELO	CAZR	20
M77/0764	PARKER RANGE	CAZI	100	E80/3496	MT ANGELO	CAZR	20
P77/4162	PARKER RANGE	SAMR	100	E80/3517	MT ANGELO	CAZR	20
P77/4164	PARKER RANGE	SAMR	100	M80/0247	MT ANGELO	CAZR	20
E80/4808	MCKENZIE SPRINGS	SAMR	100				
E39/1837	MT WELD	CAZR	100				
P15/6010 *	KANGAROO HILLS	SAMR	100				
P15/6011 *	KANGAROO HILLS	SAMR	100				
P15/6012 *	KANGAROO HILLS	SAMR	100				
P15/6013 *	KANGAROO HILLS	SAMR	100				
P15/6014	KANGAROO HILLS	SAMR	100				
P15/6015 *	KANGAROO HILLS	SAMR	100				
P15/6016 *	KANGAROO HILLS	SAMR	100				
P15/6019	KANGAROO HILLS	SAMR	100				
P15/6020 *	KANGAROO HILLS	SAMR	100				
P15/6021 *	KANGAROO HILLS	SAMR	100				
P15/6022	KANGAROO HILLS	SAMR	100				
E38/3111	MOUNT VENN	YAMW	100				
E38/3150	MOUNT VENN	YAMW	100				
EPM26213	MOUNT TABOR (QLD)	SAMR	100				
EL 8483	BUNGONIA (NSW)	CAZR	100				
EL5475 *	PT MACQUARIE (NSW)	CAZR	100				

* – application