

CAZALY RESOURCES LIMITED

GOLDFIELDS LITHIUM ALLIANCE (GLIA) ACQUIRES WIDGIEMOOLTHA PROJECT LITHIUM RIGHTS

- Lithium rights acquired over 81 square kilometres in the goldfields of WA
- 1.8km of exposed pegmatite documented by the Geological Survey of WA
- Project located just 25km south of the Mount Marion Lithium mine development and in close proximity to GLiA's Lepidolite Hill
- Field work and assessment commenced
- GLiA's projects include licence rights accessing LIT's exclusive Sileach[™] lithium extraction technology

Cazaly Resources Limited (ASX: CAZ, "Cazaly" or "the Company") and Lithium Australia NL (ASX: LIT), proprietors of the Goldfields Lithium Alliance ("GLiA"), previously announced 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 (see ASX announcement dated 2nd May 2016). The agreement includes the obligation for both parties to offer to the GLiA 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 GLiA recently acquired the rights to 'Pegmatite Minerals' in the Widgiemooltha pegmatite field located ~45km south east of Coolgardie in the Eastern Goldfields of Western Australia and 25km south of the globally significant *Mount Marion Lithium Project* (60.5Mt @ 1.36% Li₂O; NMT:ASX Announcement 5th July 2016; "Mineral Resource Estimate increases 160% to 60.5Mt") (Figure 1).

The Widgiemooltha Project contains extensive pegmatites mapped by the Geological Survey of Western Australia ("GSWA") and are part of what appears to be a significant dyke swarm in the area. Pegmatites are the primary hard rock host for lithium minerals, including spodumene and lepidolite, mined globally and being targeted at Mount Marion.

More recently, Maximus Resources Limited (“Maximus”) announced confirmation of lithium bearing pegmatites within their nearby Spargoville tenements (ASX:MXR Announcement 15th June 2016: Lithium Exploration Update at Spargoville Project). Maximus reported rock chip results averaging 3.55% Li₂O and were investigating a number of other lithium bearing pegmatites identified in the field. The Maximus project is 2km east of the Alliance’s Widgiemooltha Project.

The GLiA has commenced data searches and desktop studies and is undertaking initial field work to test the potential of the several mapped pegmatite occurrences at the project. Early investigations show some of the exposed pegmatites extend for ~1.8km. Aerial photography suggests the area has potential for several other pegmatite bodies not mapped to date. Plans for further field work include geological mapping, geochemical surveys and rock chip sampling to help determine the extent of the pegmatites and their potential to host significant lithium minerals with a view towards drilling as soon as possible. The project covers a large area of approximately 81sq km and is unexplored for lithium to date.

At the Alliance’s other project at Lepidolite Hill, Lithium Australia has been conducting metallurgical studies and has announced plans for bulk sampling of mine waste dumps to further test its 100% owned Sileach™ extraction. Lithium Australia has also granted the GLiA a licence to use the Sileach™ technology for use over GLiA projects.

Cazaly’s joint Managing Director, Clive Jones said:

“This recent acquisition is further proof of the mutual benefits of the Goldfields Alliance to both Lithium Australia and Cazaly. The Widgiemooltha pegmatite field is an extensive area of previously unexplored pegmatites in a region known to host significant lithium resources as evidenced at the nearby Mount Marion development. Further field work is to commence imminently with a view towards defining the true extent and prospectivity of the pegmatites. Drilling is planned to be commenced as soon as practicable thereafter”.

Lithium Australia’s Managing Director, Adrian Griffin said:

“This acquisition further cements the partnership with Cazaly as it brings complementary expertise to our efforts in the Goldfields enabling greater penetration into the opportunities offered by the region. Furthermore, the infrastructure advantages within the Kalgoorlie mining region will be a great significant advantage to any potential development opportunities.”

ENDS

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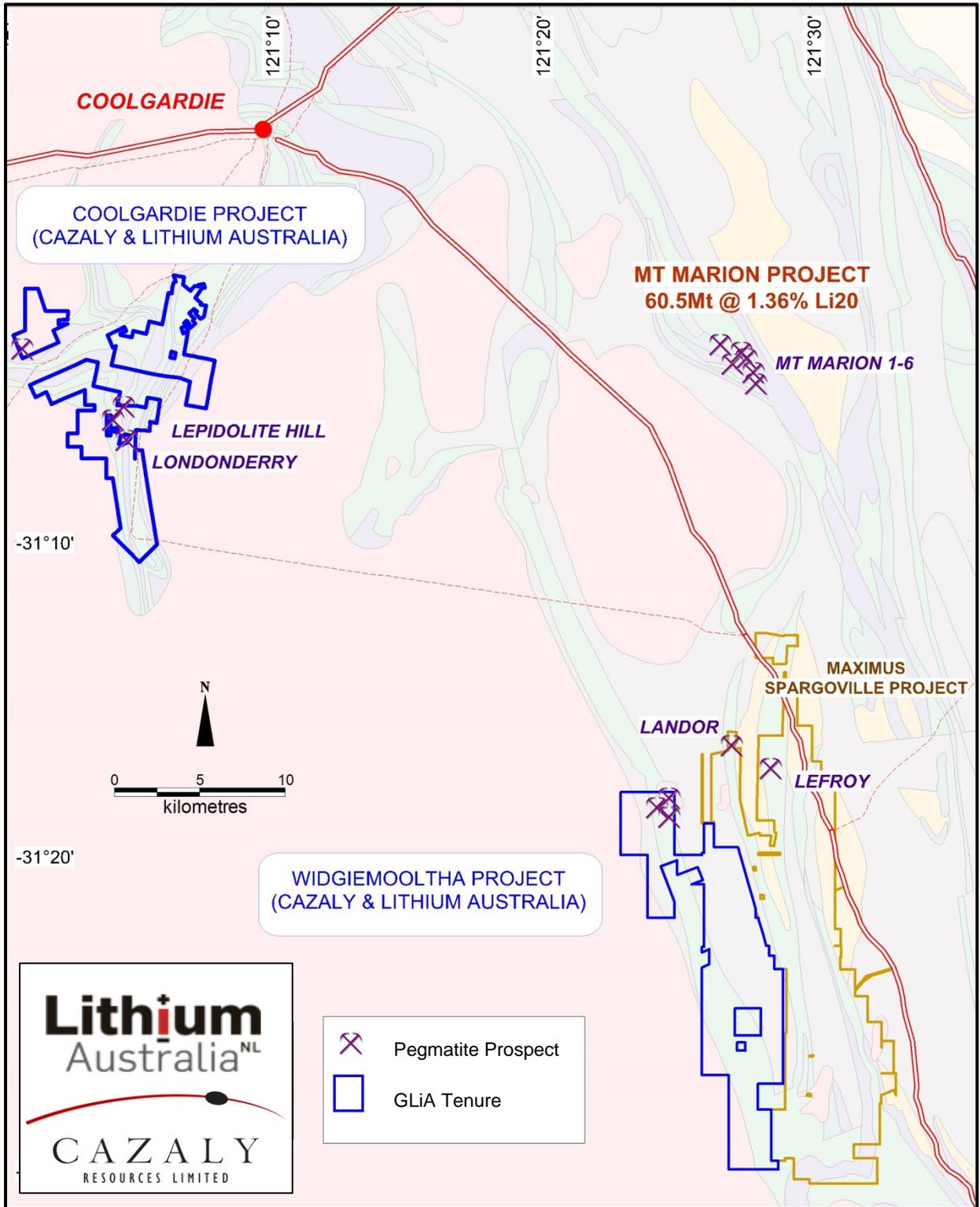


Figure: Location of the Goldfields Lithium Alliance Projects

