

CAZALY RESOURCES LIMITED

ENCOURAGING FLAKE SIZE ANALYSES MCKENZIE SPRINGS GRAPHITE PROJECT

- Outcropping graphitic samples, previously returning high grade results of 22.4 and 23.9% TGC, composited for petrographic analyses
- Graphite dominated by very coarse flake (65% >300 µm)
- Host stratigraphy extends for ~15km, geological setting similar to nearby Macintosh Graphite project

Cazaly Resources Limited (ASX: CAZ, “Cazaly” or “the Company”) received encouraging first pass results from the petrographic analyses of graphite samples collected from the McKenzie Springs project located in the Kimberley region of Western Australia.

GRAPHITE

Previously, whilst assessing the project’s nickel sulphide potential, outcropping zones of graphitic schist were noted and sampled at McKenzie Springs. It was concluded that the project hosted graphite bearing units associated with high grade metamorphic rocks of the Tickalara Metamorphic suite and potentially trend through the tenement for ~15 kilometres. This is the same unit hosting Lamboo Resources Limited’s neighbouring *Macintosh Graphite Project* where an Indicated and Inferred resource of **7.135Mt @ 4.73% Total Graphitic Carbon for 337,700t** of contained graphite has been released (ASX:LMB, released January 2014). Of particular note is that the graphite has been identified as high grade flake graphite with the potential to be chemically converted into graphene.

The samples returned Total Graphitic Carbon (TGC) grades of **22.4 and 23.9% TGC** and recent petrographic analyses of a composite sample has returned particularly encouraging first pass results as follows;

Mackenzie Springs Flake Size Results (>1mm screen)

Size Classification	Micron	Flake Distribution %
Jumbo	>500µm	20%
Extra Large	>300µm	45%
Large	>200µm	15%
Medium	<200µm	20%

The composite sample was initially screened at 1mm, polished sections made and the modal distribution of graphite by volume estimated. The finer, <1mm fraction only contained 15% graphite with most of the graphite occurring in the coarse fraction. As noted in the table the graphite is dominated by Large to Jumbo size flakes and appears similar to that occurring in the Macintosh graphite deposits. The graphite is generally free of inclusions.

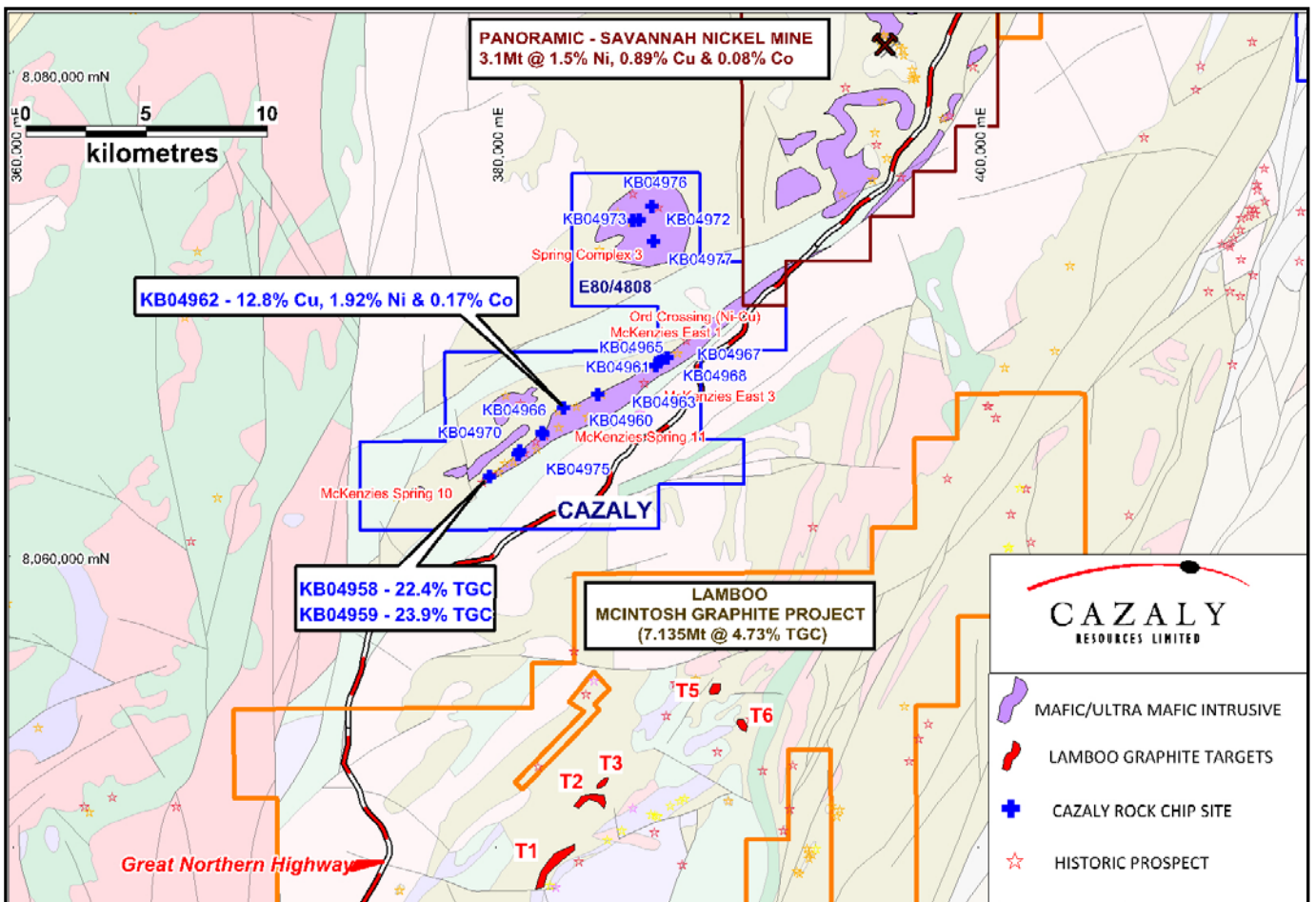


Figure 1. McKenzie Springs Project, recent surface sampling

The graphite industry has recently seen extraordinary growth largely due to the global shift into “smart and green” technologies. Graphite is an essential component of lithium ion batteries and is also used in super capacitors, pebble bed nuclear reactors, steel and refractories.

The Company intends to collect further samples with a view to performing flotation testwork in due course.

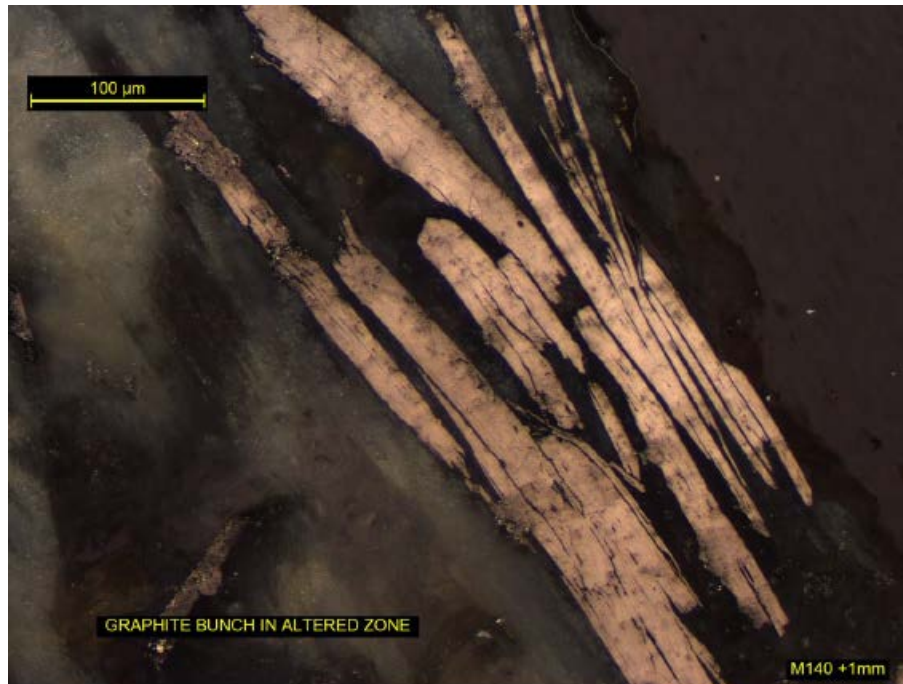


Figure 2. Coarse flake graphite in section, Mackenzie Springs

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Competent Person's Statement

The information that relates to exploration targets, exploration results 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 The Australian Institute of Geoscientists respectively 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.