CAZALY RESOURCES LIMITED

HIGH GRADE SURFACE COPPER RESULTS

KAOKO KOBALT PROJECT, NAMIBIA

- **Initial ground reconnaissance and data review completed**
- **Outcropping copper bearing gossans identified at the Kamwe target**
- **Gossan samples returned results including 17.8 % & 10.2% Cu**
- **Stratigraphic equivalent of the cobalt–copper bearing 'DOF' horizon, if present deemed to lie under cover - requires airborne geophysics to delineate**
- **Further historic base metal targets to be investigated**
- **Airborne EM and magnetic survey planned to be commence in August**

Cazaly Resources Limited (**ASX: CAZ, "Cazaly"** or **"the Company"**) is pleased to announce preliminary ground reconnaissance work conducted at the Kaoko Kobalt project located in northern Namibia has identified outcropping copper bearing gossans at the Kamwe target.

The project - in which Cazaly has the right to earn a 95% interest - is primarily prospective for base metal mineralisation (refer to ASX announcement dated 26th March 2018). The Company also recently extended its potential land position in the region through the application of two new Exploration Prospecting Licences contiguous with the existing EPL6667 (figure 1) (refer to ASX announcement dated 3rd May 2018).

The Kaoko Kobalt project is situated immediately to the north of, and abuts, Celsius Resources Limited's ("Celsius") (ASX:CLA) *Opuwo Cobalt* project. Celsius recently announced a maiden resource for the project of 112Mt @ 0.11% Co & 0.41% Cu (CLA ASX release 16 April, 2018).

The Kaoko project has only had cursory exploration in the past, the results of which highlighted widespread base metal mineralisation. Aside from having the potential of ~80km of prospective dolomite ore formation ('DOF') a previous regional 1km by 1km soils programme delineated a 20km by 5km area of subdued magnetics coincident with anomalous Cu-Co-Zn-Mn at the *Kamwe* prospect.

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Initial work by the Company included a review of historical data and geological and logistical reconnaissance of the Kamwe target, the extrapolated 'DOF' stratigraphic horizon in the southwest and the Tsumeb stratigraphy in the far northeast.

The data review included analysing the historic multi-element geochemical database with particular focus on the main target areas where mapping, airborne geophysics and further geochemical sampling is planned to commence shortly. A number of metal associations, geochemical trends and anomalies were identified from this work with several areas potentially related to bedrock mineralisation or alteration highlighted. The review confirmed the ~20km x 5km *Kamwe* target as a high priority target with a highly anomalous and coherent association of elements including Cu, Co, As, Ag, Pb, Zn, Ni, Mo and Ti associated with structural trends.

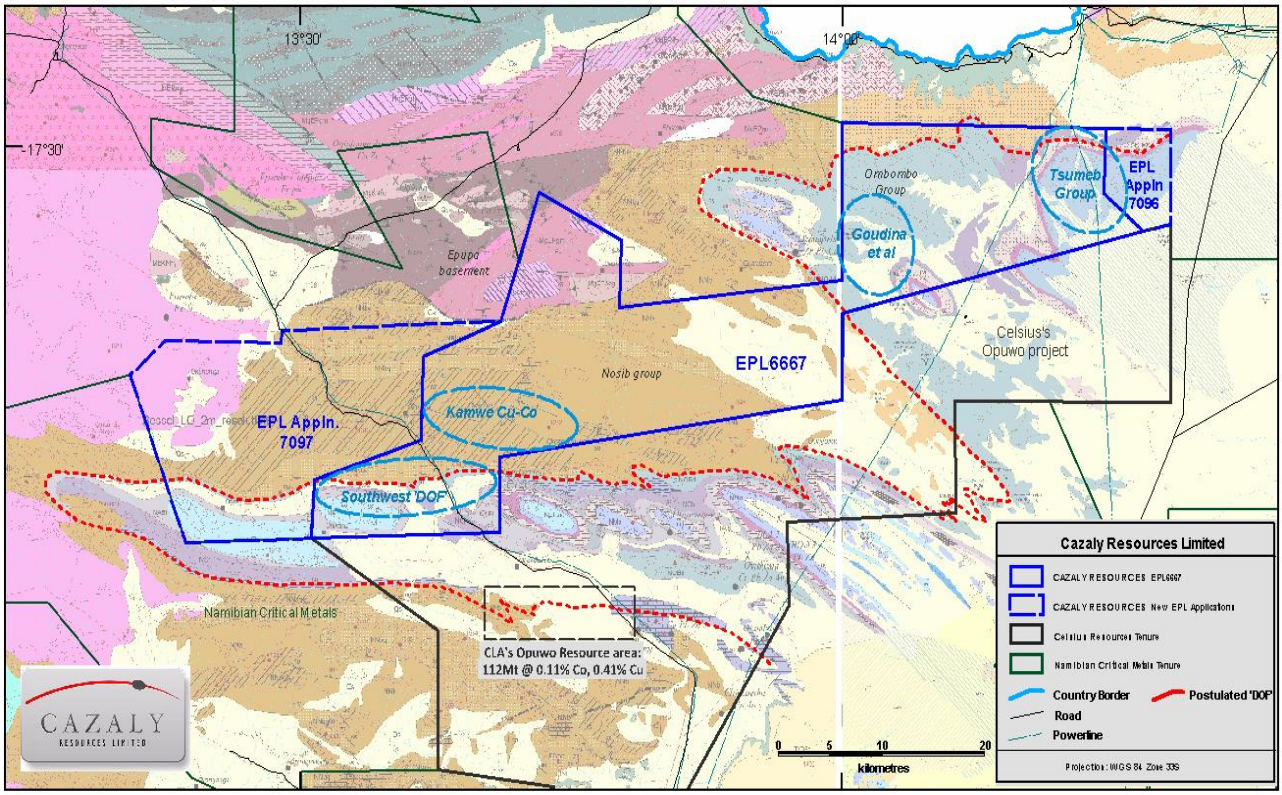

Figure 1: Geology of the Kaoko Kobalt project showing target areas and extrapolated 'DOF' horizon

Two areas of outcropping copper bearing gossans were encountered within the Kamwe target during initial field reconnaissance. The gossans, hosted by a sequence of dolomite dominant rocks within the central Nosib Formation, occur as quartz-carbonate-barite-pyrite-chalcopyrite veins associated with WNW-ESE trending shear zones. Kamwe represents a major target with significant potential and an ideal 'plumbing' system related to major first and second order faults/shears. Laboratory delays were experienced in analysing the samples however this has now been resolved with results from sampling of the gossans returning high grade copper values including; **17.8%** and **10.2%** Cu (Table 1). Follow up detailed geological mapping of this extensive target has commenced this week.

Reconnaissance in the southwest portion of EPL6667 targeted a ~20km long area being the extrapolated stratigraphic position of the 'DOF'. Being a dominantly shaley unit however, the 'DOF' is rarely observed in outcrop as it weathers quickly and is typically covered by more recent alluvial and colluvial cover. Accordingly, the unit was not observed in the work. Review of aerial photography of the other potential positions of the 'DOF' in the licence indicated that it was unlikely to outcrop

and that the optimal way to explore the presence of the unit was to conduct an airborne electromagnetic ('EM') survey. Accordingly a major combined airborne EM and magnetic survey covering the extrapolated positions of the 'DOF', as well as other target areas including the Kamwe target, has been contracted and due to commence in mid-August.

Table 1: Anomalous (>1%Cu) rock chip and float samples, Kamwe prospect

Sample ID	Easting	Northing	Fe %	Cu %	Au ppm	Description
69501	356,496	8,043,596	20.90	**10.20**	0.10	Massive haematite with calcite and extensive malachite
69503	356,483	8,043,597	25.00	**5.96**	0.38	Massive haematite with calcite and extensive malachite
69504	356,486	8,043,596	18.10	**17.80**	0.17	Quartz vein boulder with malachite, haematite and minor chalcocite
69510	361,466	8,043,093	4.59	**1.52**	0.01	Qtz vein float with hm filled vug and common malachite and chrysocola. Py>cpy in chalcocite vein
69511	361,473	8,043,091	6.97	**7.79**	0.53	Ferruginous marble float with qtz veining and widespread malachite staining. Specks of chalcocite present
69512	365,000	8,040,252	1.00	**2.88**	0.02	Qtz/cpy/malachite vein in quartzite float
69517	361,507	8,043,086	4.56	**5.54**	0.01	Qtz vein float with malachite and haematite
69602	361,473	8,043,090	1.66	**1.17**	0.00	Qtz vein boulder with hematite veins hosts malachite, pyrite, chalcocite and haematite
69604	361,466	8,043,124	4.63	**3.41**	0.01	Silicified carbonate, quartz rich with quartz veins with pyrite, hematite, minor malachite and chalcocite
69605	361,510	8,043,077	7.88	**5.21**	0.03	Dolomite, grey, surface weathered to brown, highly ferrugineous, with malachite, chalcocite, pyrite and hamatite. Minor chacopyrite.
69612	357,906	8,037,672	4.65	**1.49**	0.04	Shale, dk gray, very fine, thinly laminated

Note: see Appendix 1 for full list of results

Other areas to be investigated in the upcoming work include the *Goudina, Etoto West* and *Okatjene* base metal occurrences (figure 1) where outcropping rocks hosting galena (Pb) – malachite/azurite (Cu) mineralisation have previously been observed.

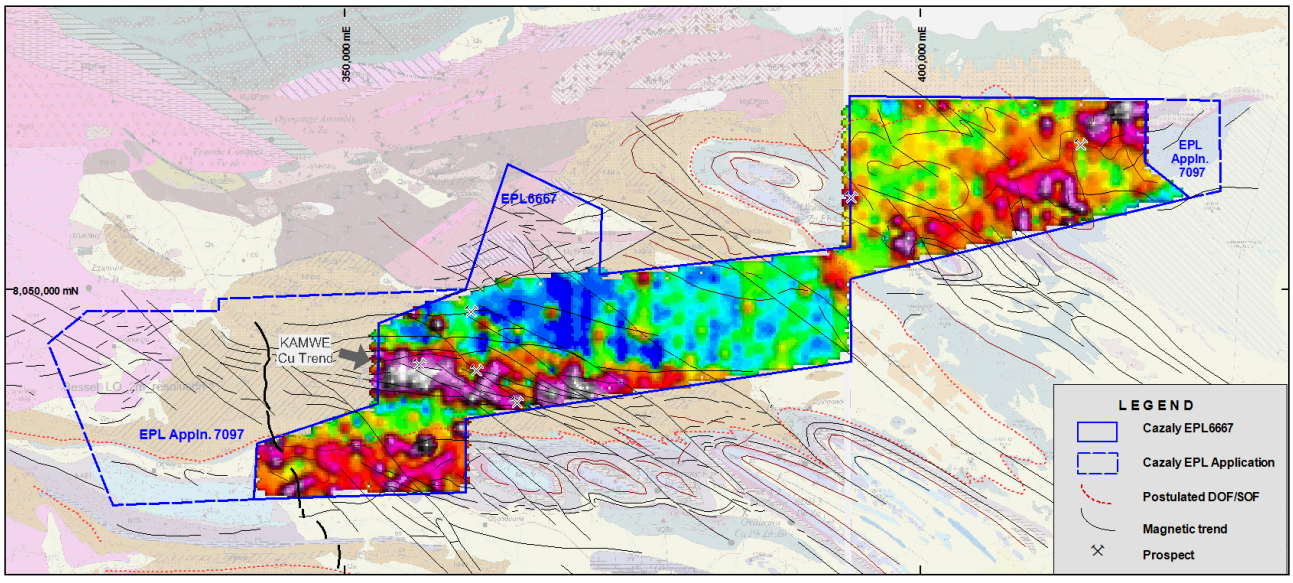

Figure 2: Copper distribution, ICP data on geology, Kaoko project

NEXT STEPS

Cazaly has commenced follow up work with detailed geological mapping of the Kamwe target, further reconnaissance and the engagement of Skytem ApS to conduct an airborne EM/magnetic survey planned to commence in August. The survey is designed to delineate conductive horizons including sulphide mineralisation associated with base metals to depths of around 300-400 metres.

SkyTem has recently commenced working in-country utilising its equipment to fly surveys for neighbouring Celsius Resources and Namibian Critical Metals (TSX:NMI) at properties adjacent to Cazaly's Kaoko Project.

Geological mapping has also commenced ahead of the airborne programme to assist in the interpretations of any anomalies defined from the survey. It is planned to later follow up the targets generated by this work with drilling.

Cazaly Managing Director Clive Jones said:

"The high-grade copper values from sampling of the gossans at Kamwe are very encouraging and point to the significant potential of the Kaoko project for copper-cobalt mineralisation.

Our objective now is to carry out an airborne EM and magnetic survey over Kamwe next month as well as investigate further historic base metal targets at the project."

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 Don Horn, who is an employee of the Company. Mr Horn is a Member of the Australasian Institute of Mining and Metallurgy and has 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 Horn consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.

Sample taken from shallow pit, Western Kamwe region. Adjacent samples assayed 5.96% & 17.8% Cu

APPENDIX 1

ROCK CHIP RESULTS – KAMWE

Sample ID	Easting	Northing	Fe %	Cu ppm	Au ppb
69501	356496	8043596	20.90	102000	95.3
69502	356483	8043597	2.45	45	< 0.5
69503	356483	8043597	25.00	59600	376
69504	356486	8043596	18.10	178000	173
69505	357185	8044220	5.19	235	< 0.5
69506	356823	8043601	5.22	30	< 0.5
69507	357026	8043140	3.97	5	< 0.5
69508	361416	8043118	2.34	615	22.4
69509	361419	8043110	2.65	2580	11.3
69510	361466	8043093	4.59	15200	13.1
69511	361473	8043091	6.97	77900	531
69512	365000	8040252	1.00	28800	18.7
69513	351747	8036598	0.56	32	< 0.5
69514	351373	8036632	0.35	33	0.6
69515	350963	8036557	0.61	23	< 0.5
69516	360992	8048189	3.71	6180	89.8
69517	361507	8043086	4.56	55400	9.8
69518	351251	8036674	0.36	256	2.6
69519	350997	8036654	1.01	419	< 0.5
69520	355948	8038516	0.56	20	0.5
69521	356010	8038585	4.20	15	< 0.5
69522	353961	8037716	0.55	10	< 0.5
69523	349151	8038599	2.60	10	7.3
69524	349168	8038180	1.59	9	< 0.5
69525	349170	8037895	1.14	5	< 0.5
69526	349033	8037184	3.79	7	5
69527	350027	8038371	3.01	3	0.5
69528	390007	8053093	1.20	5	< 0.5
69529	392025	8052941	0.45	10	< 0.5
69530	356493	8043594	9.47	8	< 0.5
69531	361146	8042621	4.67	2	< 0.5
69532	360974	8042660	2.60	13	< 0.5
69533	361405	8042455	4.41	3	< 0.5
69534	357945	8042798	0.79	12	< 0.5
69601	357090	8043129	3.66	1	< 0.5
69602	361473	8043090	1.66	11700	< 0.5
69603	361480	8043095	1.92	366	< 0.5
69604	361466	8043124	4.63	34100	9.6
69605	361510	8043077	7.88	52100	25.6
69606	361522	8043065	4.46	51	< 0.5
69607	361589	8043038	3.58	15	< 0.5
69608	365018	8040231	3.93	5	< 0.5
69609	349110	8038240	2.21	20	< 0.5
69610	349100	8038050	1.41	55	2
69611	349100	8037930	3.39	10	9.2
69612	357906	8037672	4.65	14900	40
69613	349076	8037371	4.12	464	6.7
69614	349110	8037500	4.21	141	2.1
69615	349800	8038680	4.05	202	< 0.5

APPENDIX 2

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• 49 rock chip samples were collected from surface. • Hand sized representative samples from outcrop/sub crop were collected to a maximum weight of 2kg (averaging 1-1.5kg). • Rock chip samples were sent to Actlabs in Windhoek Namibia, sorted, crushed and pulverized to 95% passing 105µm. • Actlabs packed and shipped prepped samples to Ontario, Canada for analysis. • A 0.5g charge from each sample was digested with aqua regia and analysed for Ag, Al, As, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Fe, Ga, Ge, Hf, In, K, La, Li, Mg, Mn, Mo, Na, Nb, Ni, P, Pb, Rb, Re, S, Sb, Sc, Se, Sn, Sr, Ta, Te, Th, Ti, Tl, U, V, W Y, Zn and Zr by ICP and MS finish. • Over detection samples were reanalysed as per: A 0.5 g sample is digested in aqua regia and diluted volumetrically to 250 ml with 18 megaohm water. International reference materials for the appropriate elements are digested the same way and are used as a verification standard(s). Samples are analyzed on an Agilent 700 Series ICP-OES.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling conducted
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling conducted
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Geological information for each sample site has been recorded.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-*	• Additional samples were collected from single locations where considered necessary for representation • No field duplicates samples were considered necessary for first pass reconnaissance • Appropriate sampling protocols were used to maximize representivity.

Criteria	JORC Code explanation	Commentary
	sampling stages to maximise representivity of samples. • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All rock chip samples were analysed by an aqua regia digest with a MS/ICP finish. This is considered a partial digest technique. • Mineral phases which are hardly (if at all) attacked include barite, zircon, monazite, sphene, chromite, gahnite, garnet, ilmenite, rutile and cassiterite. The balance of silicates and oxides are only slightly to moderately attacked, depending on the degree of alteration. • Generally, but not always, most base metals and gold are usually dissolved. • QC for the digestion is 14% for each batch, 5 method reagent blanks, 10 in-house controls, 10 sample duplicates, and 8 certified reference materials. An additional 13% QC is performed as part of the instrumental analysis to ensure quality in the areas of instrumental drift. • Results indicate no bias and acceptable ranges of precision and accuracy were achieved
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• All data has been checked internally by senior CAZ staff • Location data was collected using a handheld GPS and maps. Locational data is validated using GIS software in the office. • No adjustment to assay data has been made
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• All location points were collected using handheld GPS in WGS84 UTM ZONE33S • The error in locational data is expected to be up to 10m in easting and northing and up to 20m in RL.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Sample spacing was adequate for first pass reconnaissance work of this nature and a product of access and exposure of the targeted lithologies • The rock chip sampling does not give adequate information on geological and grade continuity and can't be used for the purpose of Mineral Resource estimation • No compositing of samples was conducted
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• There is not enough information available from this sampling to determine an average grade or to determine sample bias
Sample security	• *The measures taken to ensure sample security.*	• Samples were delivered by CAZ staff directly to the Actlabs laboratory in Windhoek Namibia. The laboratory managed security of

Criteria	JORC Code explanation	Commentary
		samples during prep, packaging and transport to Ontario, Canada for analysis
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Data is audited and reviewed in house by senior staff.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• All sampling is located within granted EPL6667, which is held by KDN Geo Consulting CC. Cazaly is earning up to a 95% interest in EPL6667 and is in Joint Venture with Geo Consulting CC under an Option Agreement signed on the 26th March 2018 • The tenement is in good standing with no known impediments
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Rio Tinto Namibia Pty Ltd conducted work in the area in 1993-95 and drilled Cu/Zn mineralization in the area south of the Kaoko Project now held by Celsius Resources Ltd. • Regional geochemical sampling was conducted by Kunene Resources Ltd and First Quantum Minerals Ltd (JV) in 2011-15 on broad 1km by 1km and 1 km by 500m grids. Kunene also interpreted regional geophysical data, Landsat Data and Satellite imagery, as well as completed geological mapping in the area. • Other historical work includes oil gas and uranium exploration in the area. • All previous work is being compiled and added to the project data base
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Neoproterozoic sediment hosted copper/cobalt, and base metal copper/lead/zinc mineralization is being targeted in exploration. • The Kaoko Belt consists of rocks of the Damaran Supergroup deposited during rifting and over lie the Congo Craton. • The style of mineralization is analogous to the DRC and Zambian Copper Belt deposits and the Kaoko Belt rocks are interpreted as a possible western extension. • Known base metal mineralization occurrences are documented within the project area and surrounding projects
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified*	• No drilling conducted

Criteria	JORC Code explanation	Commentary
	on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No weighted averages, aggregates or metal equivalent values are reported
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• No drilling conducted
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to Maps, Figures and Diagrams in the document
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All sample results from the program are reported in the document
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• All meaningful and material information is reported
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further mapping and geochemical sampling is planned. • An airborne EM survey is planned for 2018 possibly followed by drilling in 2018-19