

CAZALY RESOURCES LIMITED

EXCEPTIONAL RESULTS IN SILEACH™ PILOT PLANT RUN

- **Lithium Australia (ASX:LIT) completes successful Sileach™ pilot plant campaign utilising ore from Lepidolite Hill, W.A.**
- **Continuous operation over a scheduled six-day period**
- **Very high plant availability**
- **Exceptional lithium extraction**
- **High-purity lithium solutions for the production of lithium carbonate**

Cazaly Resources Limited (ASX: CAZ, “Cazaly” or “the Company”) and Lithium Australia NL (ASX: LIT) 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, termed the Goldfields Lithium Alliance (“GLiA”), also granted the Alliance a licence to use LIT’s 100% owned Sileach™ technology for use within the Alliance region.

The Alliance granted Cazaly 50% of 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.

Recent testwork

On 1 September 2016, Lithium Australia 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*. “Hot commissioning” of the plant (Figure 1) was undertaken over a one day run, the nature of leach liquors and residues was evaluated and final adjustments made to plant components in preparation for continuous operation.

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. This purified liquor will be processed through to high-purity lithium carbonate in a second pilot campaign in the near future.

Extraction of lithium in the Sileach™ process exceeded 95% in the leach circuit, validating both the overall extraction and accelerated rate of extraction of lithium achieved in the laboratory test work program. The performance in the impurity removal circuits was comparable with the laboratory test work program, producing a liquor suitable for further processing. The operation of the pilot plant was robust and provided valuable materials handling and additional engineering design data for Lithium Australia's Sileach™ process.

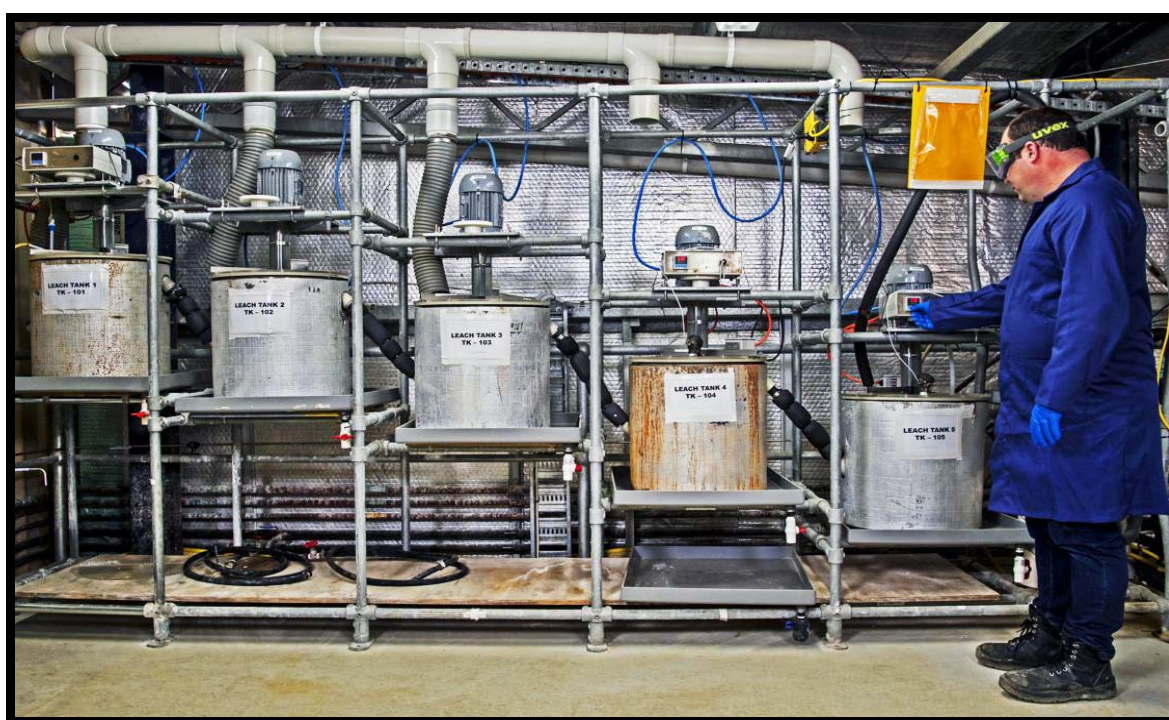


Figure 1: Sileach™ continuous pilot plant operation, ANSTO Minerals, Lucas Heights, NSW.

The plant performance has shown exceptional extraction of lithium without the need for fine grinding. 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.

ENDS

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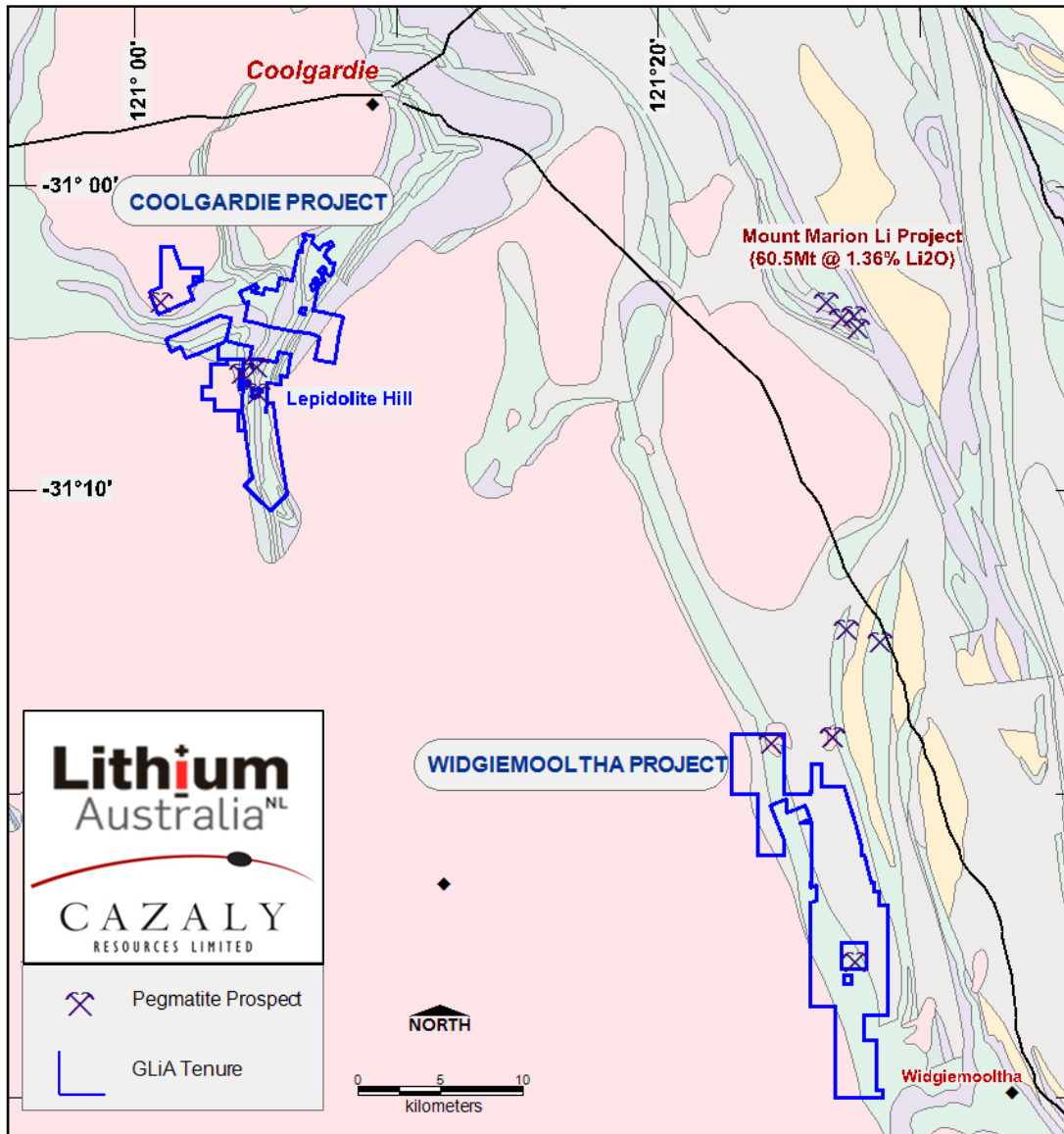


Figure 2: Location of the Goldfields Lithium Alliance Projects

