



9 March 2007

ASX Release

CHANGES TO EXERCISE PRICE OF CAZALY OPTIONS

The Board of Cazaly Resources Limited ("**Cazaly**") wishes to advise that the effect of the capital reduction by way of the in-specie distribution of Newera Uranium Limited (Newera Uranium) shares on the exercise price of the existing Cazaly options will be as follows, and effective 10 January 2007:

Cazaly as at 10 January 2007 had 51,377,456 shares on issue, being the date of the in-specie distribution. The in-specie distribution of Newera Uranium shares is in relation to 10,000,000 shares. The closing trading price of NRU shares on 10 January 2007 was \$0.29 each, valuing the total in-specie distribution at \$2,900,000. The amount returned in respect to each Cazaly share is therefore approximately **\$0.0564**.

The number of Cazaly Shares on issue will remain unchanged as a result of the proposed capital reduction.

Effect on Options

Cazaly currently has on issue:

- 2,250,000 unlisted options with an exercise price of \$0.3502 expiring on 31 August 2007;
- 5,000,000 unlisted options with an exercise price of \$1.00 expiring on 31 December 2007;
- 2,250,000 unlisted options with an exercise price of \$0.50 expiring on 31 August 2008;
- 400,000 unlisted options with an exercise price of \$0.2502 expiring on 2 July 2009;
- 75,000 unlisted options with an exercise price of \$0.58 expiring on 24 January 2010;
- 1,000,000 unlisted options with an exercise price of \$0.35 expiring on 15 September 2008;
- 1,000,000 unlisted options with an exercise price of \$0.50 expiring on 15 October 2008;
- 2,200,000 unlisted options with an exercise price of \$2.00 expiring on 30 November 2009;
- 100,000 unlisted options with an exercise price of \$0.86 expiring on 5 October 2011.

In accordance with Rule 7.22.3 of the Listing Rules, the number of options on issue will remain the same however; the options are required to have their exercise price per option reduced by the same amount as the amount returned in respect to each Cazaly Share.

Based upon an estimated capital reduction of \$0.0564, the new exercise prices for the options on issue are:

- 2,250,000 unlisted options with an exercise price of \$0.2938 expiring on 31 August 2007;
- 5,000,000 unlisted options with an exercise price of \$0.9436 expiring on 31 December 2007;
- 2,250,000 unlisted options with an exercise price of \$0.4436 expiring on 31 August 2008;
- 400,000 unlisted options with an exercise price of \$0.1938 expiring on 2 July 2009;

- 75,000 unlisted options with an exercise price of \$0.5236 expiring on 24 January 2010.
- 1,000,000 unlisted options with an exercise price of \$0.2936 expiring on 15 September 2008;
- 1,000,000 unlisted options with an exercise price of \$0.4436 expiring on 15 October 2008;
- 2,200,000 unlisted options with an exercise price of \$1.9436 expiring on 30 November 2009;
- 100,000 unlisted options with an exercise price of \$0.8036 expiring on 5 October 2011.

The changes to the exercise prices as detailed above are effective 10 January 2007.

Yours sincerely,

Kent Hunter - Director