Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001

Name of entity

CAZALY RESOURCES LIMITED

ABN: 23 101 049 334

Quarter ended ("current quarter"): 31 December 2009

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors		-
1.2	Payments for		
	(a) exploration and evaluation	(1,510)	(2,664)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(459)	(947)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	39	49
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – legal costs	-	-
	Net Operating Cash Flows	(1,930)	(3,562)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a)prospects	-	(267)
	(b)equity investments	(86)	(86)
	(c)other fixed assets	(6)	(14)
1.9	Proceeds from sale of:		
	(a)prospects	635	660
	(b)equity investments	479	479
	(c)other fixed assets	24	24
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities (recoupment of exploration and evaluation expenditure from Joint Venture participant)	-	-
1.12	Other (Joint Venture Management Fees)	-	-
	Net investing cash flows	1,046	796
1.13	Total operating and investing cash flows (carried forward)	(884)	(2,766)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(884)	(2,766)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,121	1,345
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - costs of share issues	-	-
	Net financing cash flows	1,121	1,345
	Net increase (decrease) in cash held	237	(1,421)
1.20	Cash at beginning of quarter/year to date	2,158	3,816
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	2,395	2,395

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	96
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 includes directors fees and salaries and superannuation for executive and non-executive directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	750
4.2	Development	-
	Total	**750**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	1,395	-
5.2	Deposits at call	1,000	2,158
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**2,395**	**2,158**

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	E25/268	Joint Venture	25%	0%
		E26/112	Joint Venture	25%	0%
		E26/117	Joint Venture	25%	0%
		M27/177	Joint Venture	25%	0%
		M27/187	Joint Venture	25%	0%
		M27/201	Joint Venture	25%	0%
		M27/236	Joint Venture	25%	0%
		P25/1953	Joint Venture	25%	0%
		P25/1958	Joint Venture	25%	0%
		P26/3296	Joint Venture	25%	0%
		P26/3488	Joint Venture	25%	0%
		P27/1193	Joint Venture	25%	0%
		P27/1194	Joint Venture	25%	0%

6.1	Interests in mining tenements relinquished, reduced or lapsed	SL/492 ML/1147 MPL/259 ML/1148 ML/1200 ML/6291 ML/5444 GL/5477 GL/5478 MPL/286 ML/6242 ML/6295 ML/6335 MPL/1345 SPL/409 ML/5883 ML/1149 ML/1150 MPL/24 ML/6004 ML/6006 SL/471		100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100%	0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0%
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	94,855,559	94,855,559		

+ See chapter 19 for defined terms.

7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	4,435 823,801 4,000,000	4,435 823,801 4,000,000	$0.20 $0.24 $0.28	$0.20 $0.24 $0.28
7.5	+**Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	 75,000 100,000 250,000 75,000 225,000 100,000 2,250,000 500,000 750,000 750,000 4,000,000 12,976,894	 12,976,894	*Exercise price* 52.36 cents 80.36 cents 86 cents 39 cents 45 cents 30 cents 30 cents 25 cents 30 cents 40 cents 28 cents 20 cents	*Expiry date* 24 January 2010 5 October 2011 19 June 2012 14 September 2012 26 October 2012 22 May 2013 1 July 2011 6 October 2011 6 July 2013 6 July 2016 1 February 2010 28 February 2011
7.8	Issued during quarter	 2,250,000 500,000 750,000 750,000 4,000,000		*Exercise price* 30 cents 25 cents 30 cents 40 cents 28 cents	*Expiry date* 1 July 2011 6 October 2011 6 July 2013 6 July 2016 1 February 2010
7.9	Exercised during quarter	4,435		20 cents	28 February 2011
7.10	Expired during quarter	2,200,000		$1.9436	30 November 2009
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 29 January 2010
(Company secretary)

Print name: Lisa Wynne

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.