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ASX Announcement

EARAHEEDY JOINT VENTURE Potential Major New Iron Ore Province

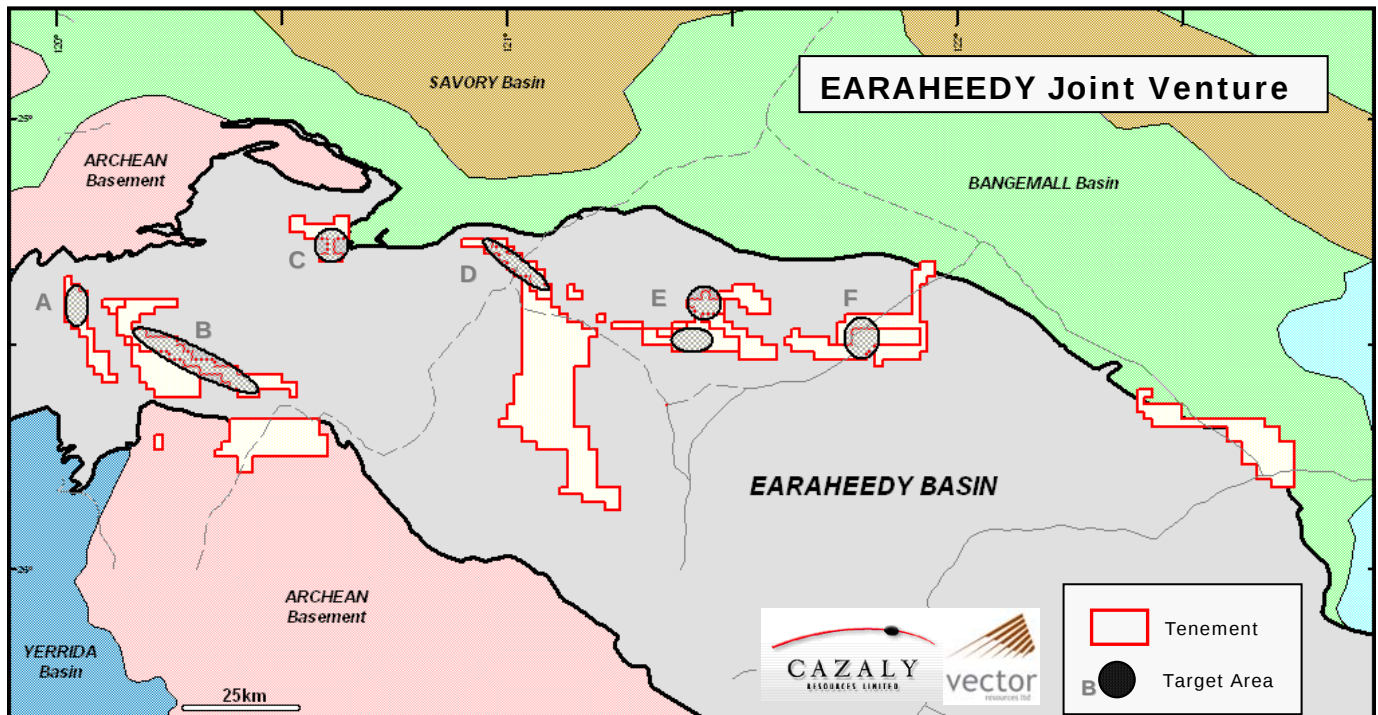
- **Cazaly and Vector combine ground to create a 50/50 joint venture**
- **Combined ground creates a major holding within the Proterozoic Earaheedy Basin of over 2,700 km²**
- **Highly prospective for large scale iron ore deposits**
- **Multiple iron ore target areas generated from early stage exploration**
- **Also highly prospective for manganese and base metal mineralisation**

Cazaly Resources Limited (ASX:CAZ) and Vector Resources Limited (ASX:VEC) have agreed to combine their respective tenement holdings in the Earaheedy Basin located in the central region of Western Australia to form a 50/50 joint venture to principally explore for iron ore and manganese mineralisation. The project covers a very large area in excess of 2,700 km² including a substantial strike extent of the iron ore prospective *Frere Formation*.

The Earaheedy Basin was first explored for iron ore during the 1970's, principally by BHP and AMAX Exploration, who defined extensive areas of haematite enrichment with surface grades of up to 66% Fe. Subsequent work was very limited and only minimal drilling was conducted before work was discontinued. Recent work however, by the Geological Survey of Western Australia and by other companies, has reinvigorated exploration and highlighted the potential of the region to host major iron ore deposits. The discovery of high grade manganese mineralisation by Zinc Co Australia within the Earaheedy has also recently highlighted the potential of the region.

The Frere Formation will be the primary focus for iron ore exploration within the basin. The Formation comprises several units of granular and supergene-enriched iron-formations separated by shale, siltstone, chert, and jasper beds. The iron formations generally increase in thickness and abundance in a north westerly direction within the basin whilst detailed studies of the iron-

formations have indicated similarities to iron formations of the Lake Superior region of North America.



Initial field reconnaissance work within the JV project area has defined several particular target areas based upon coincident stratigraphy, gravity and magnetic anomalism and surface sampling. Seven areas have been targeted for initial work, see attached plan, and include; A: Garden Well, B: Hawkins Knob, C: Fairburn, D: Ivan Well, Cecil Rhodes (North and South) and F: Sydney Heads. Numerous significant results from surface sampling have been received from these areas typically with results in excess of 60% Fe.

Whilst the project is at an early stage of development the extent of known iron formations within the Frere Formation, the results from regional surface sampling and the results from other work in the region highlights the great potential of the project to host several large scale deposits of haematite, haematite-goethite and magnetite.

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