

CAZALY RESOURCES Limited**PROJECT UPDATE
Hamersley Project**

- **Potential large CID mineralised system recognised**
- **Project lies adjacent to FMG's Solomon deposits (2.7Bt @ 56.2% Fe)**
- **Work ongoing at *Winmar*, the first discovery within the system**

Cazaly Resources Limited's (ASX: CAZ) Hamersley Project lies approximately 50km NE of the Tom Price township in the Pilbara Region of Western Australia. The project is well placed amongst existing infrastructure and lies immediately south of FMG's *Solomon* project where a recent resource upgrade to ~2.7Bt of iron ore has been announced (FMG ASX Announcement 19th March 2010). The initial resource at Solomon was estimated at 700Mt @ 56% Fe in December 2007 and has now grown to 2.7Bt @ 56%Fe. The project forms a key part of FMG's Three Hub Production Strategy.

Within the Hamersley project the Company has highlighted several significant areas prospective for Channel Iron Deposits (CID's) akin to those occurring within the Solomon system (Figure 1). Furthermore Native Title Agreements have now been finalised and the Company is currently progressing approvals for drilling programmes aimed at exploring the continuations of the Solomon system within the Cazaly tenure. In total, the Company has defined approximately 15 kilometres of combined strike extent within these prospective areas within which the Company's *Winmar* CID discovery is located.

Cazaly's exploration targets are located in close proximity to the planned FMG Solomon rail corridor.

The results at Winmar highlight the potential for a substantial resource of iron ore. Recent work here has returned very positive results from drilling including **60m @ 55.6% Fe (60.3%CaFe)**. The discovery also highlights the potential for the discovery of further resources within the region. Importantly the discovery represents just a small portion of the targeted CID system as shown in Figure 1. Work is currently being planned to further test the system.

Parker Range Iron Ore Project Update

The Feasibility Study for the Parker Range Iron Ore Project (PRIOP) is ongoing and discussions are being advanced with third parties aimed at bringing the project into production as soon as possible.

An investor presentation of the Company's recent activities can be found on the Company's web site.

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The information in this report that relates to Exploration Results and Activities of the Projects owned by Cazaly Resources Ltd is based on information compiled by Mr. Gregory Miles, who is a Member of The Australian Institute of Geoscientists and is an employee of the Company. Mr Miles has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Miles consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Figure 1: Hamersley Project: Prospective CID systems and Winmar discovery

