CAZALY RESOURCES LIMITED

MOU AND POTENTIAL PROJECT EQUITY DEAL WITH HWE MINING

The Board of Cazaly Resources Limited ("CAZ" or "the Company") is pleased to announce the finalisation of a Memorandum of Understanding ("MoU") with HWE Mining Pty. Ltd. ("HWE") in developing the Parker Range Iron Ore Project ("PRIOP").

Cazaly and HWE recognize that there is mutual benefit in combining their respective experience to develop the project. The proposed commercial and contractual structures proposed in the MoU provide a framework for:

- An Engineering, Procurements, Construction, Operate and Maintain ("EPCOM") contracting model for the mining and associated contracting required to deliver ore to the railhead,
- Co-Participation in the current Definitive Feasibility Study,
- A defined reference case for the development incorporating project capex and opex,
- A development schedule and cashflow forecast based on the reference case;
- The option for HWE to acquire a minority unincorporated joint venture interest, up to 20%, in the PRIOP based on a pre-determined formula. This will have the significant benefit of further alignment between CAZ and HWE.

The project is conditional upon:

- Satisfactory completion of Due Diligence;
- Cazaly receiving an economic allocation of port access with Fremantle Ports for the export of iron ore via Kwinana Bulk Terminal;
- Cazaly securing a binding off-take agreement; and
- Board approval from both CAZ and HWE (and parent companies).

This is a major step forward for the potential development of the PRIOP as it provides a framework for an EPCOM contract which will significantly reduce the capital expenditure requirements of the Company. Furthermore, the alliance and potential Joint Venture with HWE provides access to one of Australia's major mining contractors and proposes a complete Mine to Rail solution.

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HWE Mining is owned by Leighton Contractors Pty Ltd (a subsidiary of Leighton Holdings Limited; an ASX listed company with a market capitalisation of ~A$11 billion and having over 40,000 employees). HWE Mining is highly experienced in iron ore mining and is the largest mining contractor in Australia. Under contract for its clients, HWE Mining currently mines over 110 million tonnes of iron ore per annum, and is a 50% owner of the Cockatoo Island iron ore operation.

Furthermore, the Company is well advanced in discussions with its preferred rail provider.

On the assumption that the Company can effectively enter into the EPCOM and rail haulage contracts then the only outstanding capital requirements for the company would be for the construction of the port facilities and for working capital, currently estimated at ~$30 million. To this end Cazaly is in advanced negotiations with a major international partner who will provide these funds and arrange for offtake of the product.

Kwinana Port

The Company has recently presented a complete and detailed plan to the Fremantle Port Authority for the delivery of up to 4mtpa of iron ore to the port of Kwinana as part of their assessment of potential users of the facility. The Authority has since indicated that they are conducting an internal review of the ports capabilities which will be completed shortly. Following this it is expected that negotiations in relation to port capacity allocation will be progressed.

The Board of Cazaly looks forward to continuing our close working relationship with HWE and its preferred partners in developing the Parker Range Iron Ore project in an expeditious and low capital manner.

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About Parker Range:

The Parker Range project is an advanced iron ore project strategically located adjacent to accessible, publicly owned infrastructure (towns, roads, rail and port) in the Yilgarn region of Western Australia. A Pre-Feasibility Study has indicated that the project could produce up to 4.0 mtpa of highly marketable ultra-low phosphorous iron ore fines product. The project has the potential to propel the Company to becoming just the second major iron ore producer in the Yilgarn region of Western Australia, behind Koolyanobbing Operations who have successfully operated in the region for many years.