

CAZALY RESOURCES Limited**Sale of Hamersley Project**

- **Initial Sale of 51% interest to Saint Istvan Gold Limited for \$4M**
- **Saint Istvan Gold Limited to expend up to \$6M towards a Definitive Feasibility Study**
- **Project host 143Mt of CID ore and lies adjacent to FMG's Solomon deposits**

Cazaly Resources Limited's (ASX: CAZ), through its wholly owned subsidiary Cazaly Iron Pty Ltd, is pleased to announce the sale of a 51% interest in its Hamersley Iron Ore project to ASX listed company Saint Istvan Gold Limited (ASX:SVG).

SVG has the right to earn an initial 51% interest in the project by paying an immediate sum of \$100,000, paying a further sum of \$300,000 within 14 days and, a final payment of \$3,600,000 within 60 days. In addition, CAZ will manage and operate the project with SVG to provide funding towards a feasibility study of up to \$6 million expected within 3 years or less. During this period, CAZ's interest in the project is effectively free carried.

SVG also has the right to purchase 100% equity interest in the project by paying CAZ \$0.50/tonne of its participating interest in a JORC compliant mineral resource within 18 months or, if between 18 months and 36 months, by the payment of \$1.00/tonne of CAZ's participating interest in a JORC compliant mineral resource. Current inferred resources for the project are stated at 143mt @ 52.6% Fe (55.6% CaFe).

The Directors of CAZ are pleased to have entered into this agreement with SVG as it will allow the Company to leverage its position to exploit the huge potential offered at its Hamersley Project whilst focussing on its Parker Range Iron Ore Project.

SVG's Board includes former Premier of New South Wales, The Hon. Neville Wran AC QC, geologist and independent non-executive Director Mr David Coad and investment banker Mr Albert Wong (Chairman), former Founding Chairman of Pluton Resources Limited (ASX: PLV) and current Deputy Chairman of Prima Biomed Ltd (ASX: PRR).

Under the agreement CAZ's Managing Director Mr Nathan McMahon will join the SVG Board along with Sydney mining executive Mr Benjamin H Cooper who will become SVG's Executive Director.

The Hamersley Project hosts the Winmar iron ore deposit located approximately 50km NE of Tom Price in the Pilbara Region of Western Australia. The project is well placed amongst existing infrastructure and lies immediately south of FMG's *Solomon* project. In an announcement dated 10th October 2010 Fortescue Metals Group Limited (**ASX:FMG**) announced a refinancing package and restated that a Stage 1 Feasibility Study has been completed for a 60Mt per annum project with initial development awaiting final board approval.

The Company previously recognised potential for the area to host Channel Iron Deposits (CID's) akin to those occurring at Solomon. Exploration over the first of these targets resulted in the discovery of the mineralisation at *Winmar* from which a maiden resource of 143mt @ 52.6% Fe (55.6% CaFe) was announced in June this year. Much of the target has yet to be fully explored with just 1.5km of the total approximate 2.8km target strike length having been drilled to date.

For further information please contact:

Nathan McMahon / Clive Jones
Joint Managing Directors
Cazaly Resources Limited
Tel: +61 8 9322 6283
Em: admin@cazalyresources.com.au

David Tasker
Professional Public Relations
Tel: +61 8 9388 0944/ +61 433 112 936
Em: david.tasker@ppr.com.au

Website: www.cazalyresources.com.au

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. Clive Jones, who is a Member of The Australian Institute of Geoscientists and is an employee of the Company. Mr Jones 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. Jones consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.