

## CAZALY RESOURCES LIMITED

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### CAZALY ACQUIRES NEW BASE METAL – NICKEL PROJECT LYND PROJECT, NORTH QLD

- **Farm-in Agreement to earn 100% in 1,427sq km project signed with Anglo American**
- **Lynd Project prospective for base metals, nickel, gold and PGE's**
- **Advanced drill ready targets to be tested in Q2 2013**

Cazaly Resources Limited (**ASX: CAZ**, “**Cazaly**” or “**the Company**”) is pleased to announce the signing today of a Farm-in Agreement with Anglo American Exploration Australia Pty Limited (“**AAEA**”) over the **Lynd Project** located in North Queensland.

AAEA initially targeted the Lynd area in 2006 searching for magmatic hosted nickel/copper similar to the world class Voisey Bay deposit. Lynd covers a large area, ~1,427sq km and is located approximately 200km west of Townsville in North Queensland (Figure 1). Over 5 years of exploration, AAEA has successfully narrowed the search to several areas hosting previously unknown ultramafic/mafic intrusive complexes anomalous in base metals and Platinum Group Elements (PGE's).

The Lynd Project is located close to significant infrastructure in the Georgetown Inlier and only 200km west of the city of Townsville, and 190km from the mining centre of Charters Towers. Major mines in the area include the Kidston Gold Mine (30km to the north) and the Greenvale Nickel Mine (15km east). Other significant deposits known in the area include the Surveyor, One Mile and Balcooma VHMS deposits (10 - 20km north). Access to the project is via the sealed Kennedy Development Road from Cairns or the Gregory Development Road from Townsville.

Several priority targets were followed up with detailed mapping and airborne and ground geophysical surveys to identify drill targets. Initial drilling intersected prospective lithologies and sulphides anomalous in copper and nickel and significantly, confirmed the geological model and potential for world class ore bodies within the project area. Particularly, geochemical and mineralogical studies suggested the possibility of a nickel sulphide saturation event within the system.

With this encouragement, AAEA geologists planned further work to identify other intrusions of similar geology at the Lynd Project. Geological mapping, a PhD thesis and more detailed geophysics helped target massive sulphide mineralisation within the mafic/ultra-mafic intrusions.

An airborne Spectrem survey flown in 2009 successfully highlighted several conductors for follow-up. These were confirmed, and in some cases upgraded, by low temperature ground EM (SQUID electromagnetic surveys). Significantly, a number of these conductors are hosted within volcano-sedimentary packages and represent a new style of mineralisation, volcanogenic-hosted massive sulphide (VHMS) exploration targets. The strongest of these VHMS targets is the Bombay Sapphire prospect (Figure 1).

Due to a change in exploration focus in late 2009-10 by AAEA none of these Spectrem or SQUID targets were followed up with drilling.

These VHMS targets will be the primary focus of first phase work by Cazaly in 2013.

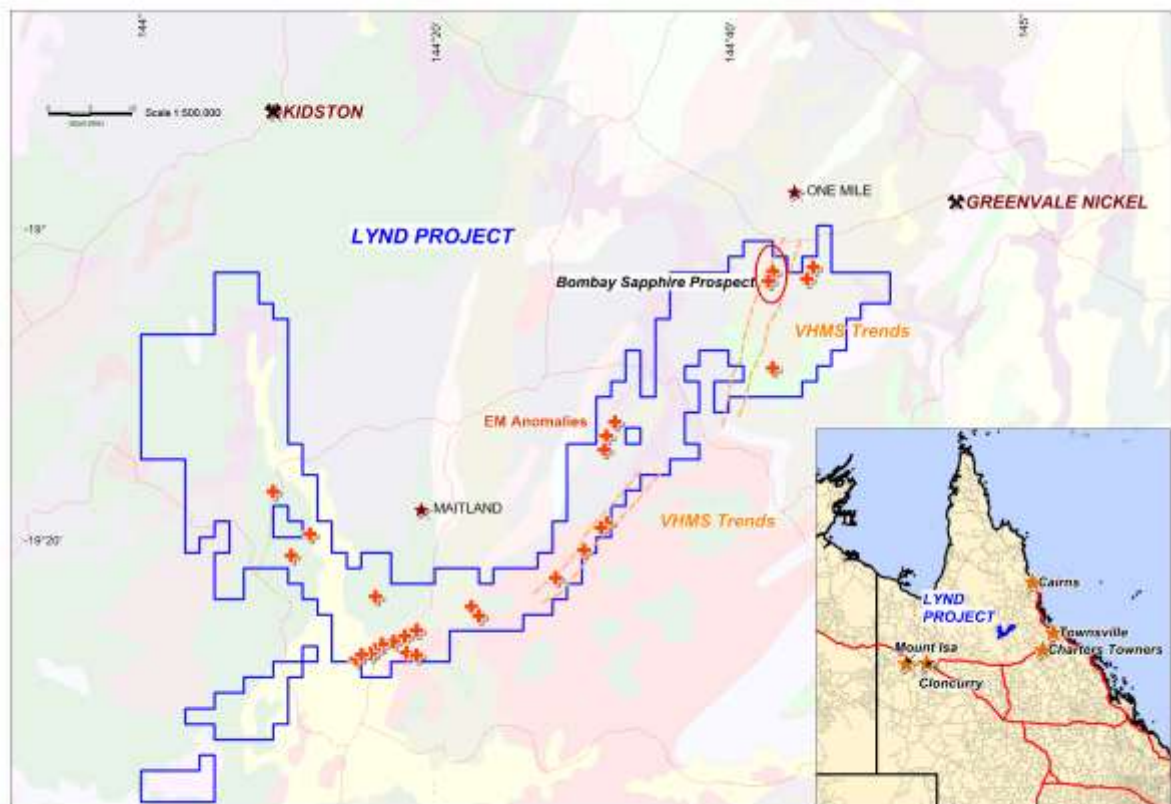


Figure 1. Location of the Lynd Project and Bombay Sapphire Target

### **Bombay Sapphire VHMS Prospect**

The Bombay Sapphire prospect was initially identified by mapping of a gossanous quartz reef breccia (Figure 2). Soil and Rock chip sampling confirmed the area was anomalous in copper, zinc, barium, silver, cadmium, arsenic, cobalt and scandium.

A single IP line (2.3km) across the gossan highlighted an anomaly that was then tested by shallow RAB drilling in 2008 but failed to reach the IP target (average drill depth 34m). However, the shallow drilling returned values of up to 628ppm copper, 504ppm zinc and 3.3g/t silver at the fresh rock contact.

Other anomalous elements in the drilling include gold, cobalt, barium, lead, phosphorous, manganese and molybdenum. These elements are typical and indicative of VHMS deposits and support the possibility that a copper-zinc deposit exists within the area.

A Spectrem survey was then flown by AAEA over the Bombay Sapphire prospect after RAB drilling in 2009 and delineated a 4.8km long conductor coincident with the IP anomaly. A follow-up low temperature ground EM survey (SQUID) was completed and upgraded the priority of the conductor.

Modelling by AAEA geophysicists subsequently showed two plate-like conductors at depth and below the limits of RAB drilling dipping 45-90 degrees to the west (Figure 3). **This target remains untested and will be the initial focus of Cazaly's work.**



*Figure 2. Gossan and breccia outcrop at the Bombay Sapphire prospect*

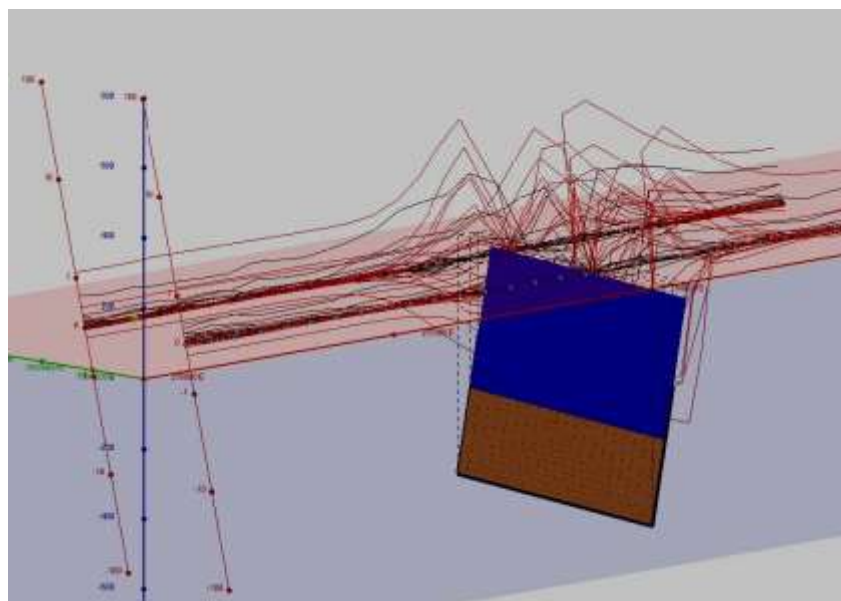


Figure 3 EM profiles and Modelled conductors at the Bombay Sapphire Target

Many other targets remain untested at the Lynd Project. AAEA decided in late 2012 to divest the asset and Cazaly are pleased to have secured their support by way of the Farm-in Agreement. The Company will commence preparations immediately to begin work in the current Quarter culminating in an RC drill program in late May-June 2013. AAEA have produced a detailed database over 5 years of exploration and Cazaly are confident more targets for follow-up will result from a detailed review currently underway.

### Terms of the Agreement

Cazaly may earn an initial interest of 100% by the completion of 2,000m of reverse circulation drilling. AAEA retain a once-off “clawback” right to acquire a 30% interest by payment of 300% of Cazaly’s exploration expenditure. Should AAEA not elect to clawback then they revert to a 1% Net Smelter Royalty (“NSR”).

### ENDS

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*The information that relates to exploration results and drill data is based upon information supplied by Anglo American and compiled by Mr Clive Jones who is a member of the Australasian Institute of Mining and Metallurgy and is an employee of the Company. Mr Jones has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jones consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.*