

CAZALY RESOURCES LIMITED

LOGISTICS SOLUTIONS FOR PARKER RANGE PROJECT

ADVANCE SIGNIFICANTLY

HIGHLIGHTS:

- **Capacity Reservation Deed signed with Esperance Port for 5MT per year,**
- **Project Manager appointed to progress interim development options, and**
- **Discussions commenced with leading commercial banks regarding debt funding.**

Australian iron ore company Cazaly Resources Limited (**ASX: CAZ**) ("Cazaly" or "the Company") has further enhanced its logistics solutions for its Parker Range Iron Ore Project in the Yilgarn region of Western Australia, through the signing of Capacity Reservation Deed with the Esperance Port Authority and by appointing Engenium Limited to conduct a detailed review of interim shipping options prior to the expansion at Esperance being completed.

The Parker Range project is the most advanced DSO resource in the Yilgarn with a published Definitive Feasibility Study, (refer ASX announcement dated 12th May 2011). The project greatly benefits from its close location to existing and accessible infrastructure including road, rail, port, power and township.

Commenting on these developments, Cazaly Managing Director, Nathan McMahon said, "*These positive results now allow for the advancement of government and non-government stakeholder consultation and the completion of discussions for financing.*"

Capacity Reservation Deed with Esperance Port Authority

Cazaly entered into an agreement with Esperance Port Sea and Land (EPSL) for access to the expanded Esperance Port, located in the Great Southern Region of Western Australia.

The agreement, a Capacity Reservation Deed, provides Cazaly with a five (5) million tonne allocation at the Esperance Port, subject to the expansion occurring and commercial terms being entered into between Cazaly and the operator of the proposed facility.

The proposed mining and export of Hematite DSO product from the port of Esperance is planned to coincide with the completion of the infrastructure corridor to the port of Esperance, being managed by the Western Australian Government, and the expansion of the Port itself.

On 19 January 2012 Western Australian Minister for Transport, Hon Troy Buswell BEd MLA, confirmed that export capacity at Esperance Port will potentially increase by up to 20 million tonnes per annum (mtpa) in a staged plan, with the State Government formally committing to expansion of the port.

Cazaly considers this landmark decision further enhances the economic value of the Parker Range project and commends the State Government for advancing the interests of the planned producers in the Yilgarn iron ore province.

Appointment of Engenium Limited as Project Manager

The Company has appointed Engenium Ltd ("Engenium") as Project Manager, to review a number of alternate interim options which will allow for development of the Parker Range Iron Ore Project prior to the expansion of the Esperance Port.

Perth based Engenium are a leading Project Delivery company servicing the Resources, Rail and Infrastructure sectors, They have extensive experience in the evaluation of logistics solutions for a range of resources projects, so as to fast track projects into production and in turn generate meaningful cash flow.

It is expected the Engenium review of the interim infrastructure options available to the Company will be completed in this current quarter.

For further information please contact:

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The information that relates to exploration targets, exploration results and drilling data is based on information compiled by Gregory Miles who is a Member of The Australian Institute of Geoscientists and an employee of the Company. The information that relates to the Mineral Resource Estimate has been authorized by Mr Rob Williams who is a member of the Australasian Institute of Mining and Metallurgy and an employee of Runge Limited. Both Mr Miles and Mr Williams have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Miles and Mr Williams consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.