

## CAZALY RESOURCES LIMITED

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### EXPLORATION UPDATE HALLS CREEK COPPER PROJECT

- Metallurgical test work commenced, *Mount Angelo North Copper prospect*
- Drilling rig being sourced to follow up recent drilling
- Contracts let for regional and local geophysical programmes
- Cazaly finalises purchase of the 1.5% Net Smelter Royalty (NSR) covering the Mount Angelo North deposit

Cazaly Resources Limited (ASX: CAZ, “Cazaly” or “the Company”) is pleased to provide an exploration update for the Mount Angelo North prospect located within the Halls Creek Copper project. The Halls Creek Copper project is subject to an agreement with 3D Resources Limited (ASX: DDD, “3D”) whereby Cazaly may earn up to a 75% interest in the project.

Initial metallurgical test work has commenced on samples taken from ore zones including high grade copper, zinc and silver mineralisation. Sighter test work will include mineralogy and leach and flotation tests over a number of regimes. The test work is being managed by Independent Metallurgical Operations Pty Ltd using internal and external accredited laboratories.

Cazaly has also planned and sought approvals for the next phase of drilling at Mount Angelo North which comprises approximately 2,000m of RC drilling aimed at testing the extrapolated extensions of mineralisation in areas highlighted by Cazaly’s maiden drill program in 2012. Additionally, known IP anomalies located along strike from the massive sulphide mineralisation will be targeted by the programme.

Further regional exploration is also being planned including geochemistry, geophysics and RC drilling. This work will begin to advance other prospects in the Halls Creek Copper Project including the significant *Mount Angelo Porphyry* located 2.5km to the south west of Mount Angelo North. The copper porphyry was last drilled in 2008 returning drill intercepts of up to **117m @ 0.32% Cu** and **150m @ 0.30% Cu** (CAZ: “Halls Creek Copper Project Joint Venture” – 30 October 2012 release to ASX).

The drilling will commence as soon as approvals are awarded and the weather conditions permit.

Cazaly has also finalised the purchase of the 1.5% Net Smelter Royalty ("NSR") which covers M80/247, and includes the Mount Angelo North copper deposit, from Sulphide Resources Pty. Ltd for 600,000 fully paid ordinary shares in Cazaly.

Joint Managing Director Nathan McMahon said "*The finalisation of the purchase of the NSR is another step towards adding value to the Mount Angelo Project for Cazaly shareholders.*"

On 20 December 2012, Cazaly announced results from its maiden RC drilling programme at Mount Angelo North which confirmed the strength of mineralisation over a strike length of 250m. Possible extensions to the deposit have also been highlighted from recent work. Results previously released by Cazaly included:

- **64m @ 2.72% copper and 1.13% zinc from 14m** (HCRC0015)
- **62m @ 2.41% copper and 2.75% zinc from 24m** (HCRC0005)
- **38m @ 2.65% copper and 3.62% zinc from 28m**, including **13m @ 6.74% zinc** and **10m @ 6.00% copper and 31.65g/t silver** (HCRC0006)

The Company looks forward to recommencing its exploration programmes over the Halls Creek project in 2013.

## **ENDS**

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*The information that relates to exploration results and drilling data is based on information supplied by 3D resources Limited 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 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 Jones consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.*