

MEDIA RELEASE

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Mt Caudan Drilling Results

Highlights

- **Mineralisation intersected in all holes drilled.**
- **Drilling completed over 900m within a 1.5km long target.**
- **Better results include:**
51m @ 58.8% Fe, 34m @ 57.8% Fe, 12m @ 58.6% Fe, 25m @ 56.9% Fe

Cazaly Iron Pty Ltd (Cazaly) has reported the following summary of results from a drilling program carried out at Mt Caudan, Parker Range, WA.

Following initial ground assessment and positive results from surface sampling, Cazaly planned and has recently completed a first pass reconnaissance drill program over the Mt Caudan iron prospect at Parker Range. A total of 13 reverse circulation (RC) drillholes were completed for 882m. Results have proven to be highly encouraging and include an outstanding result of **51m @ 58.8% Fe** from 11m.

Mineralisation was intersected in all holes over 900m of strike. The host banded iron formation (BIF) forms a prominent ridge at Mt Caudan, dips approximately 50° to the northwest and pinches and swells from 15m to 40m in thickness. There is a small amount of low-grade canga (secondary iron rich mineralisation) at surface shed from the BIF ridge.

The drilling followed up on results from exploration mapping and surface sampling which focused on the Mt Caudan banded iron formation. Rockchip samples were initially taken along the BIF over a strike extent of 1.5km. Several samples returned assay results greater than 60% Fe.

Mineralisation remains open in all directions. The excellent result from PKRC0001 occurs in an area of limited outcropping BIF providing encouragement for further discoveries in the project area. The thick mineralisation found in PKRC0001 and PKRC0008 also may indicate significant near surface enrichment and is an obvious target on other drill sections where drilling of the BIF has occurred at deeper levels.

Pursuant to the Mt Caudan Iron Ore Farm-in, Cazaly Iron Pty Ltd (Cazaly), a subsidiary of Cazaly Resources Limited, has the right to earn 80% of the iron ore rights in certain iron ore tenements at Mt Caudan through the expenditure of \$1million over three years, subject to certain conditions precedent. The Mt Caudan Project lies approximately 15 kilometres south-east of Marvel Loch and approximately 60 kilometres by road south of the Perth–Kalgoorlie railway.

Table of Significant Intercepts (>55% Fe)											
HoleID	East	North	Hole Depth	From	Intercept (all in %)						
					Length	Fe	SiO2	Al2O3	P	S	LOI
PKRC0001	742426	6499572	44	0	34	57.8	3.81	2.96	0.02	0.11	9.91
PKRC0002	742408	6499579	68	6	25	56.9	3.67	3.99	0.01	0.13	10.08
				43	13	57.7	3.75	2.91	0.03	0.07	9.73
PKRC0003	742391	6499260	56	17	5	59.3	3.09	1.16	0.01	0.19	8.24
				34	11	58.0	3.19	1.93	0.02	0.07	7.78
PKRC0004	742367	6499270	65	3	2	56.6	5.74	4.46	0.01	0.09	7.26
				46	15	56.4	3.38	1.71	0.01	0.05	8.35
PKRC0005	742320	6499032	53	7	7	56.6	1.87	5.27	0.01	0.25	8.81
				26	5	56.0	2.18	1.76	0.01	0.23	9.90
				42	8	59.4	2.70	1.29	0.01	0.05	7.80
PKRC0006	742302	6499039	75	6	9	58.7	4.75	1.01	0.01	0.25	8.59
				41	6	56.6	2.57	0.85	<0.01	0.06	10.28
				50	9	57.0	5.54	1.50	0.01	0.04	9.37
				62	3	59.2	3.33	1.52	0.02	0.05	9.11
PKRC0007	742278	6499049	77	0	6	56.4	7.91	3.33	0.01	0.05	6.82
				12	3	56.0	7.73	1.92	0.01	0.06	8.23
				20	7	55.7	5.84	1.28	<0.01	0.16	10.19
				62	9	58.5	3.81	0.86	0.01	0.04	10.02
PKRC0008	742252	6498796	62	11	51	58.8	3.90	1.56	0.02	0.10	9.00
PKRC0009	742226	6498805	86	52	10	56.8	7.24	1.04	0.03	0.05	8.83
				72	10	57.4	4.43	3.56	0.02	0.13	8.30
PKRC0010	742207	6498814	83	49	25	56.6	4.14	1.67	0.01	0.05	9.56
PKRC0011	742231	6498739	59	23	3	56.2	3.07	1.45	0.02	0.16	10.78
				28	6	55.5	3.55	1.50	0.02	0.15	10.56
				39	12	58.6	5.97	0.91	0.01	0.04	9.02
PKRC0012	742211	6498748	74	41	3	57.3	3.77	1.19	0.02	0.09	10.61
				49	4	57.8	3.58	1.75	0.01	0.06	9.85
				57	9	56.9	6.35	1.79	0.02	0.05	8.98
PKRC0013	742194	6498755	80	56	8	55.5	3.42	1.12	0.01	0.06	9.47
				67	7	59.1	3.96	1.36	0.04	0.04	9.85

Holes located on WGS84 Zone 50
All assays conducted by XRF spectrometry on fused bead with Loss on Ignition (LOI) determined by Thermo-Gravimetric Analysers.
Significant results calculated over a minimum 2m width using 55% Fe lower cut-off and up to 2m of internal dilution.

Previously a review of historic data indicated that the Mt Caudan area hosted several significant iron deposits with investigations made between 1965 and 1969 suggesting exploration targets ranging between 5 to 30M tonnes. The targets are conceptual in nature and should not be construed as an estimate of Mineral Resources or Ore Reserves. The tonnage range for the exploration prospect at Mt Caudan is based on estimations completed by previous operators between 1965 and 1969 and reported to the Department of Industry and Resources.

The Yilgarn Iron Province has a history of large-scale iron production, with the first iron ore exported from Western Australia coming from the Koolanooka deposit in the Yilgarn during the mid 1960s. More recently, iron ore mining in the Yilgarn has been characterised by modest production from several small and dispersed hematite deposits, such as Koolyanobbing.

Cazaly has reported that results from its work have shown that the Mount Caudan project has the potential to host significant resources of iron ore. The Company is currently planning follow up drilling.

For further information, please contact Warren Beckwith on phone (08) 9388 9961 or send an email to info@gondwanaresources.com



Warren Beckwith
Director

The information in this report that relates to the Exploration Results, Mineral Resources or Ore Reserves of the projects owned by Cazaly Resources Ltd is based on information compiled by Mr. Clive Jones, who is a Member of The Australasian Institute of Mining and Metallurgy and 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.

Figure: MAGNETIC IMAGE SHOWING SURFACE SAMPLE LOCATIONS

