MEDIA RELEASE

20 November 2008

MT CAUDAN IRON RESOURCE

Cazaly Iron Pty Ltd has released the following report on the Mt Caudan Iron Ore Project, in which Cazaly Iron is earning an 80% interest with Gondwana Resources Limited retaining a 15% interest free-carried to the completion of a bankable feasibility study.

Quote

- **19mt Inferred resource:**
  - **15.5mt @ 57.5% Fe contained in Banded Iron Formation**
  - **3.5mt @ 51.5% Fe contained in Canga and Detritals**
- **Low impurity ore suitable for DSO operation**
- **Excellent potential to further increase resources**
  - **Open in all directions**
  - **Only 2.6km from 16km of BIF drilled**
- **Cazaly has now earned its 80% equity**

Background

The Company is proud to announce its maiden iron ore resource from the Parker Range Iron Project, a joint venture with Gondwana Resources Ltd (ASX:GDA). The Parker Range Project lies approximately 15 kilometres south-east of Marvel Loch and approximately 60 kilometres by road south of the Perth–Kalgoorlie railway. The resource is the culmination of continuous exploration programs conducted over the past 12 months which provided outstanding drill results including **73m @ 58.4% Fe** from 5m below surface and **60m @ 56.7% Fe** from just 4m below surface.

Resource Estimate

The resource contains two primary ore-types; a goethitic Banded Iron Formation (BIF) and smaller component of secondary Canga and Detrital ore derived from the BIF. Both components have low levels of deleterious elements and are suitable for Direct Shipping Ore (DSO). The inferred resource estimate, which was estimated by independent mining consultancy group, Runge Limited, is set out below:

Type	COG Fe %	Mt Caudan Total Inferred Resource							
		Tonnes T	Fe %	Al2O3 %	P %	SiO2 %	LOI %	Mn %	S %
Canga	45	3,468,000	51.5	8.9	0.01	9.6	6.2	0.7	0.1
BIF	55	15,478,000	57.5	2.0	0.02	4.8	9.2	0.9	0.1
Total		**18,946,000**	**56.4**	**3.3**	**0.02**	**5.7**	**8.7**	**0.8**	**0.1**

The Mt Caudan deposit was estimated in a standard Surpac block model using Ordinary Kriging (OK) interpolation. The interpolation was constrained by mineralisation envelopes prepared using a nominal 55% Fe cut-off grade (COG) for high grade BIF mineralisation and 45% Fe cut-off for the Canga mineralisation.

The resource displays excellent continuity (Figure 1) and remains open in all directions (Figure 2). The Company is confident that the resource will be increased through further exploration and the resource category will be able to be lifted to indicated status once infill drilling is completed.

Full resource estimate parameters are set out in Appendix A.

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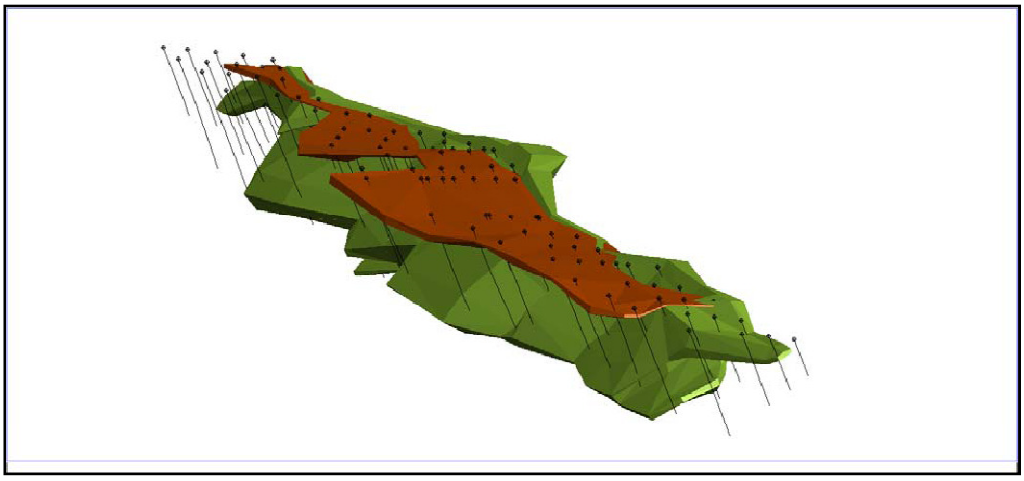


Figure 1 illustrating the continuity of the >55% Fe envelope (green) with Canga and Detrital >45% Fe mineralisation (brown) sitting at surface above the main BIF orebody. View is to the north east.

Farm-in completed

As previously announced, the Company previously entered into an iron ore farm-in agreement with Gondwana Resources Ltd (Gondwana), covering the Parker Range Project. Cazaly has the right to earn 80% of the iron ore rights through the expenditure of $1million over three years. The Company has advised Gondwana that it has now satisfied this obligation and has earned 80% of the iron-rights of the Project

Ongoing Exploration and Development

The Company is continuing to explore the Parker Range Project and is currently planning exploration programs for the first half of 2009. Only 2.6 km of strike has been tested to date from a BIF horizon that stretches over 16 km within the Companies land holding, providing excellent potential for further iron discoveries. A program of Diamond Core drilling has just been completed with the sample collected to be used for initial metallurgical test work. The test work is due to commence in December. The Company has initiated a review of development options for the Mt Caudan Deposit. The Project has several attractive features which include a location less than 60 km from a public access rail network, that provide encouragement the Project can be brought in to production. A Memorandum of Understanding (MOU) has recently been signed with the Esperance Port Authority signalling the Companies intention to investigate all avenues of development.

Summary

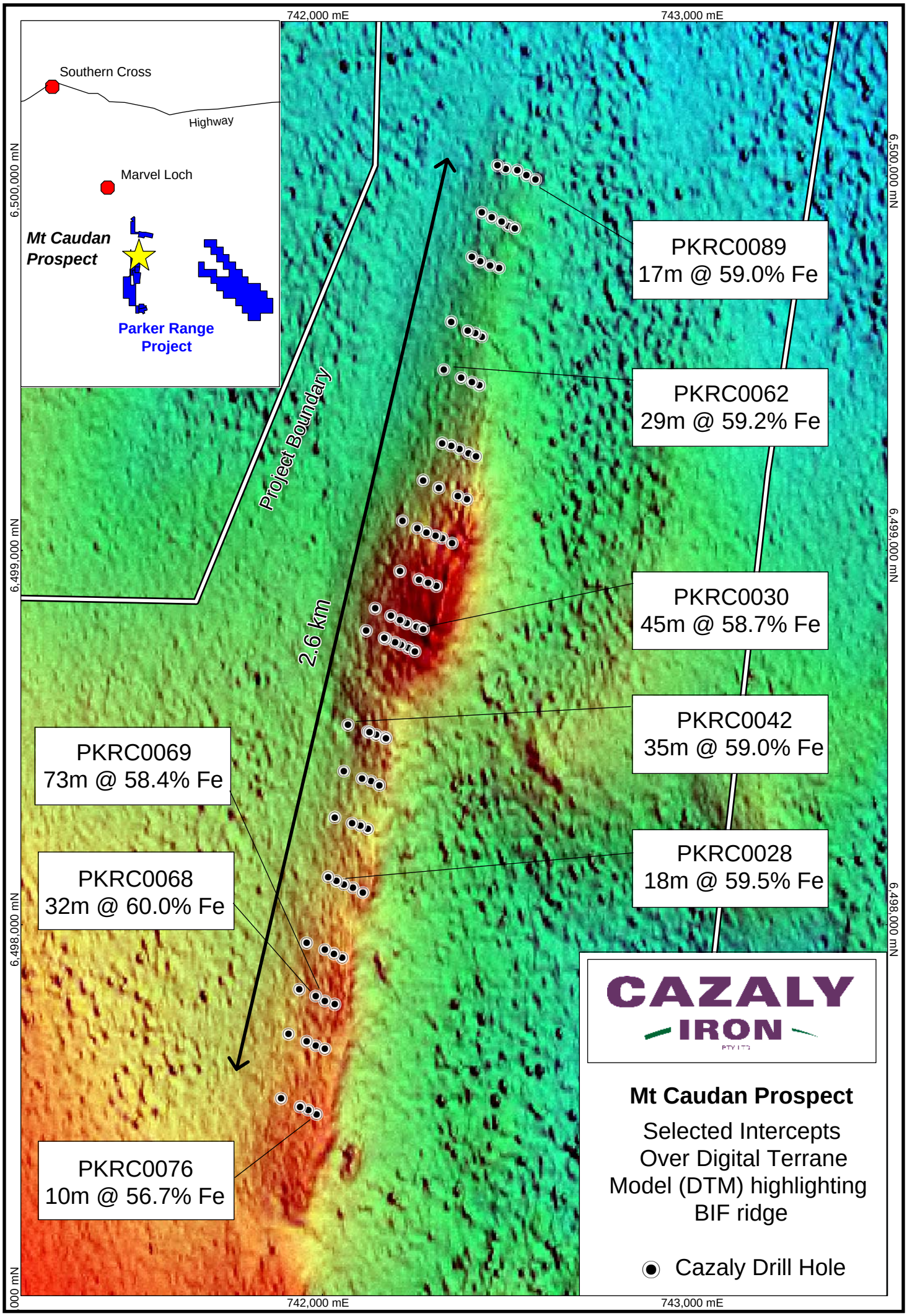
The maiden resource is a significant milestone for a Project the Company believes has excellent development potential. The Company is extremely proud of its achievements in a very short period of time, with the first resource coming only 12 months after the initial drill hole at Mt Caudan and less than 18 months after signing an initial Heads of Agreement. The Company is looking at a number of development options to rapidly bring the deposit into production in what remains a time of historically high iron ore prices.

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 Paul Payne who is a member of the Australasian Institute of Mining and Metallurgy and an employee of Runge Limited. Both Mr Miles and Mr Payne 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 Payne consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.

Unquote

For further information, please contact Warren Beckwith or David Burton at Gondwana Resources Ltd on phone (08) 9388 9697 or (08) 9388 9961 or send an email to info@gondwanaresources.com .

Warren Beckwith
Chairman


742,000 mE
743,000 mE
6,500,000 mN
6,499,000 mN
6,498,000 mN
Southern Cross
Highway
Marvel Loch
Mt Caudan Prospect
Parker Range Project
Project Boundary
2.6 km
PKRC0089
17m @ 59.0% Fe
PKRC0062
29m @ 59.2% Fe
PKRC0030
45m @ 58.7% Fe
PKRC0042
35m @ 59.0% Fe
PKRC0028
18m @ 59.5% Fe
PKRC0069
73m @ 58.4% Fe
PKRC0068
32m @ 60.0% Fe
PKRC0076
10m @ 56.7% Fe
CAZALY IRON PTY LTD
Mt Caudan Prospect
Selected Intercepts Over Digital Terrane Model (DTM) highlighting BIF ridge
Cazaly Drill Hole

Appendix A. Resource Statement and Parameters

Type	COG Fe %	Mt Caudan Total Inferred Resource							
		Tonnes T	Fe %	Al_2O_3 %	P %	SiO_2 %	LOI %	Mn %	S %
Canga	45	**3,468,000**	**51.5**	**8.9**	**0.01**	**9.6**	**6.2**	**0.7**	**0.1**
Oxide	55	**15,478,000**	**57.5**	**2.0**	**0.02**	**4.8**	**9.2**	**0.9**	**0.1**
Total		**18,946,000**	**56.40**	**3.30**	**0.02**	**5.70**	**8.70**	**0.80**	**0.10**

The resource estimate was completed using the following parameters:

- The Mt Caudan estimate covers a 2,700m lateral extent from 6,497,400mN to 6,500,100mN and the vertical extent of the resource is 155m from surface at approximately 445mRL to 290mRL.
- Drill holes used in the resource estimate included a single diamond hole and 87 RC holes for a total of 3,938m within the resource wireframes.
- Holes in the resource were drilled at section spacings between approximately 70m and 230m, but commonly at 120m section spacings.
- RC holes were sampled at 1 metre intervals. The sampling method involved collecting a calico bagged sample from a rig mounted splitter, while the bulk reject was collected to enable further testwork to be conducted.
- Sample preparation and assay was carried out by Kalgoorlie Assay Laboratories in Perth. Comprehensive assaying of Fe, Al_2O_3, SiO_2, Mn, P and S was carried out routinely using XRF.
- Quality control data for the recent drilling has not been reviewed by Runge.
- All holes were surveyed at the collar and 50m intervals with a single shot camera. Only minor records were noted where magnetic interference had been experienced.
- Collar surveys and topographic surveys were carried out using standard topographic survey techniques.
- Wireframes were constructed using cross sectional interpretations based on mineralised envelopes constructed at a nominal 55% Fe cut-off grade for high grade BIF mineralisation and 45% for the Canga mineralisation. Samples within the wireframes were composited to even 1.0m intervals.
- Statistical analysis indicated no top cutting was required.
- A Surpac block model was used for the estimate with a block size of 60m NS by 12.5m EW by 10m vertical with sub-cells of 15m by 3.125m by 2.5m.
- OK grade interpolation used an oriented 'ellipsoid' search for elements. Three passes were used to fill the model with 95% of the model being filled in the first pass.
- A bulk density value of 2.6t/m^3 was assigned to the entire resource in the absence of any qualifying bulk density testwork by CAZ.
- While mineralisation and geometry appears to be very consistent, the resource has been classified as Inferred on the basis of a lack of QAQC testwork and bulk density testwork. The overall magnitude and grade of the mineralisation suggests that the project has reasonable prospects for eventual economic extraction.