

CAZALY RESOURCES LIMITED

HALLS CREEK COPPER PROJECT JOINT VENTURE

- Cazaly to earn up to 75% interest in regional Kimberley copper project
- Project includes the *Mt Angelo North* Cu-Ag-Zn and *Mt Angelo Porphyry* Cu prospects
- Previous drilling at Mt Angelo North returned:
57m @ 5.04% Cu & 43m @ 2.11% Cu
- Previous drilling at Mt Angelo Porphyry returned:
117m @ 0.32% Cu & 150m @ 0.30% Cu
- Geophysics suggest mineralisation remains open down plunge
- Drilling to commence immediately

Cazaly Resources Limited (**ASX: CAZ**, “Cazaly” or “the Company”) is pleased to advise that it has signed an agreement with 3D Resources Limited (**ASX: DDD**, “3D”) to earn up to a 75% interest in the Halls Creek Copper Project, located in the Kimberley region of Western Australia.

The Halls Creek Project comprises a large package of 6 tenements covering an area of approximately 298 km², near the township of Halls Creek. The project covers part of the Halls Creek Mobile Zone which is highly prospective for a range of commodities including base metals, gold, diamonds and nickel. Initial work will concentrate on mineralisation previously discovered at the *Mt Angelo North* Cu-Ag-Zn and the *Mt Angelo Porphyry* prospects (figures 1 & 3).

The two prospects occur in association with the Angelo Microdiorite, a 5km by 1km long elongate intrusive occurring along the boundary, and the Koongie Park and Olympio Formations. The Koongie Park Formation is widely considered to have potential regionally for the development of stratabound base metals.

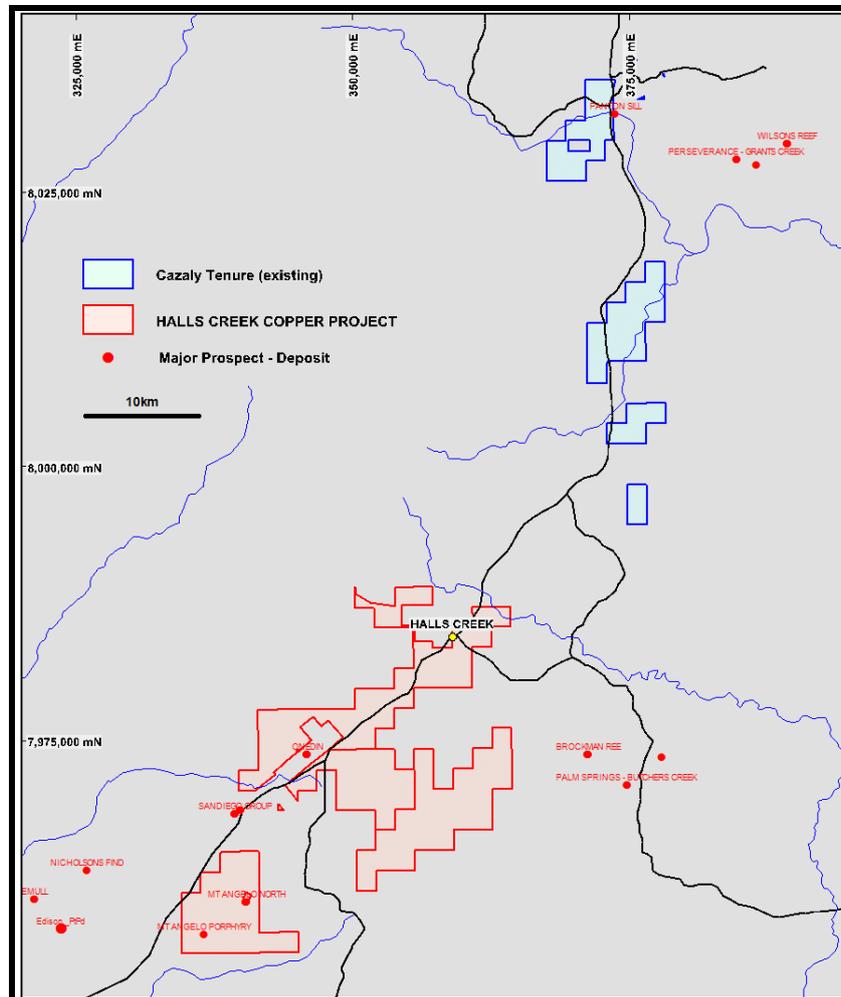


Figure 1: Location of the Halls Creek Copper Project

At *Mt Angelo North*, Volcanic Massive Sulphide (VMS) mineralisation containing massive and stringer copper sulphides has previously been discovered. Copper mineralisation extends over a strike length of ~170m with true widths of around 15-35m. Mineralisation occurs as a chalcocite rich supergene blanket sitting above a shallowly plunging primary sulphide zone which remains open at relatively shallow depths and is capped by zinc-lead mineralisation.

Copper grades as reported by 3D (ASX Quarterly report ended 30 September 2008) are in the order of ~1.5% however, quite extensive higher grade copper zones were also intersected in previous drilling and include; **57m @ 5.04% Cu**, **43m @ 2.11% Cu** and **13m @ 3.35% Cu**. Drill intercepts from work compiled by 3D at Mt Angelo North are shown in figure 2. Significant gold and silver credits have also been reported in association with the mineralisation and include 1m @ 6,470 g/t Ag and 0.55 g/t Au.

Ground geophysical surveys, IP Dipole-Dipole, have defined a strong chargeable and conductive response, indicative of sulphide mineralisation, over a strike length of 400 metres confirming the potential upside at the prospect.

Of particular note is that to date, no drilling has been undertaken into the target zone below approximately 80 metres vertical depth tracing the geophysical anomaly and the predicted down plunge trend of the mineralisation. A table of significant drill intercepts is seen in Table 1.

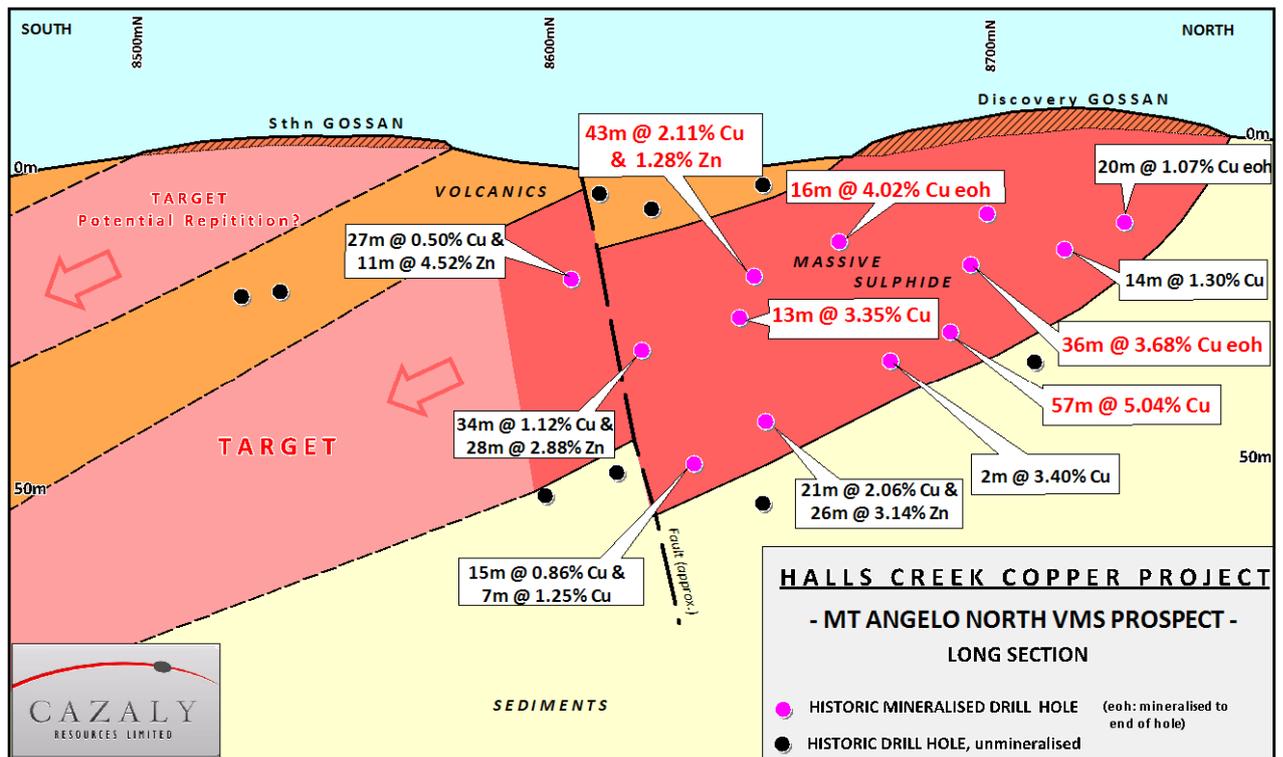


Figure 2: Long Section through the Mt Angelo North Deposit

Lying immediately to the southwest of the Mt Angelo North prospect lies a second target, the *Mt Angelo Porphyry*, where previous drilling has defined substantial low grade copper mineralisation. These include drilling intercepts of; **117m @ 0.32% Cu**, **150m @ 0.30% Cu** and **76m @ 0.36% Cu** with subordinate Mo-Bi-Ag-Au. Geophysical Dipole-Dipole surveying confirmed the presence of a broad chargeable response that can be attributable to sulphide mineralisation. This anomalism occurs at depths below 150 metres below the range of the previous RC drilling.

TERMS OF THE AGREEMENT

A Tenement Sale, Farm-In and Joint Venture Agreement have been reached with 3D Resources Ltd. Broad terms include:

- Payment of \$100,000 cash and issuing 1,250,000 fully paid Cazaly shares for the outright purchase of an initial 20% interest.
- Payment of further \$100,000 cash, issuing a further 1,250,000 fully paid Cazaly shares and the expenditure of \$500,000 within 24 months to earn a total of 51%.

- Completion of a pre-feasibility study within 36 months to earn a 75% interest.
- If the pre-feasibility study is positive, or Cazaly transacts on the project, then a further payment of \$500,000 in shares is payable to 3D Resources Limited.

Joint Managing Director Clive Jones said, *“The Halls Creek Copper Project is highly prospective for high-grade copper sulphides and large lower grade porphyry copper and other base and precious metal mineralisation and is well positioned in terms of infrastructure for project development. Drilling is due to commence at the Mount Angelo North prospect immediately initially targeting the high grade copper sulphide mineralisation.”*

ENDS

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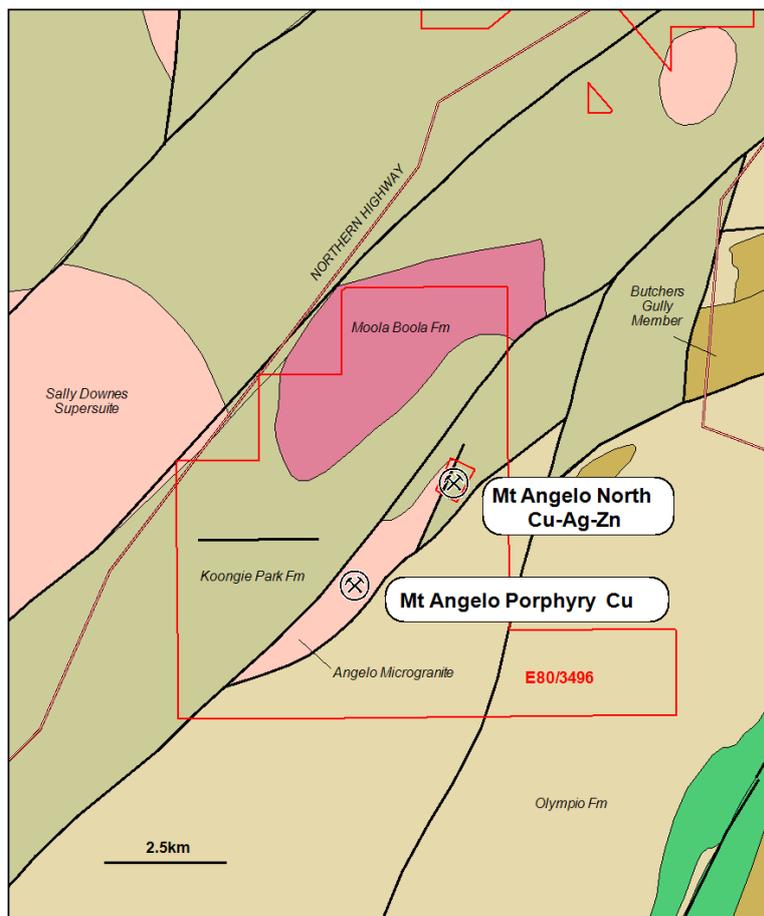


Figure 3: General geology of the Mount Angelo Area

Table 1: Mount Angelo North, Significant Drill Intercepts

HoleID	GDA Zone 52		Hole Depth	Local Azm	Dip	From	To	Width	Intercept				
	East	North								Cu (%)	Pb (%)		Zn (%)
08MTAR013	340,444	7,960,615	90	90	-80	29	72	43	m@	2.11	0.18	1.28	
08MTAR014	340,454	7,960,593	98	100	-80	32	41	9	m@	0.35	0.07	0.94	
" "						45	58	13	m@	3.35	0.04	1.02	
08MTAR016	340,469	7,960,663	103	94	-80	15	72	57	m@	5.04	0.09	0.93	
MA04	340,489	7,960,637	40	0	-90	38	40	2	m@	3.40	-	-	ech
MA08	340,520	7,960,688	37	0	-90	17	31	14	m@	1.30	-	-	
MA09	340,492	7,960,634	40	0	-90	12	17	5	m@	0.77	-	-	
" "						24	40	16	m@	4.02	-	-	ech
MA14	340,502	7,960,674	40	119	-75	4	40	36	m@	3.68	-	-	ech
MARC007	340,437	7,960,632	111	120	-80	28	54	26	m@	0.79	0.13	3.14	
" "						43	64	21	m@	2.06	0.07	2.02	
" "						90	94	4	m@	1.04	0.03	0.14	
MARC008	340,446	7,960,580	123	120	-80	76	91	15	m@	0.86	0.02	0.43	
" "						83	90	7	m@	1.25	0.05	0.83	
" "						103	109	6	m@	0.74	0.02	0.43	
MARC009	340,398	7,960,599	150	120	-80	23	34	11	m@	0.41	0.12	4.52	
" "						30	57	27	m@	0.50	0.02	0.52	
MARC018	340,454	7,960,574	80	0	-90	29	57	28	m@	1.09	-	2.88	
" "						30	41	11	m@	1.48	-	3.46	
" "						44	78	34	m@	1.12	-	0.90	
MARC020	340,531	7,960,702	36	0	-90	16	36	20	m@	1.07	-	0.20	ech

ech: mineralisation to the end of the hole.

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.

