

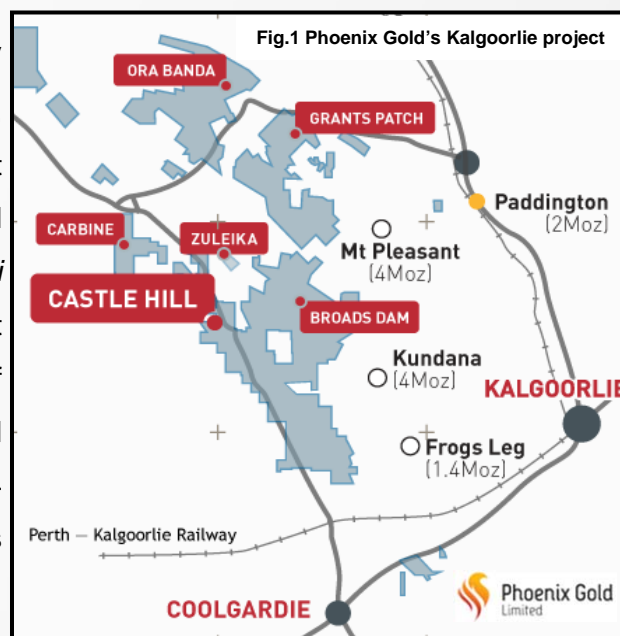
CAZALY RESOURCES LIMITED

KALGOORLIE GOLD ROYALTY STREAM

Cazaly Resources Limited (**ASX: CAZ**), (“Cazaly” or “the Company”) is pleased to give an update on the potential flow of revenues from royalties it holds over its interests in the Kalgoorlie Gold project. Phoenix Gold Limited (**ASX: PXG**), (“Phoenix”) entered into two agreements to purchase the assets from Cazaly prior to listing on the ASX in 2010.

Cazaly’s interests in the Kalgoorlie Gold project encompasses over 350 square kilometres of tenure in the immediate Kalgoorlie region (figure 1).

Phoenix recently announced a potential JV covering ore from the *Castle Hill* area (see map), with Norton Goldfields which will be processed at Norton’s nearby Paddington mill. The Castle Hill area, which includes the *Mick Adams* and *Wadi* deposits and is subject to a royalty agreement with Cazaly, has a stated resource (Mill Feed) of **24.48Mt at 1.5 g/t for 1,168,000 ozs of gold** (ref; “Phoenix mineral resources grow beyond 4 million ounces”, PXG ASX announcements dated 14 & 19 January, 2015).



nb; The majority of tenure shown is subject to the Cazaly sale agreements, however royalties only apply to certain specific tenements.

Phoenix also intends to conduct a large scale heap leach operation on lower grade ore as it is mined from the Castle Hill deposits. Phoenix recently entered into an agreement to purchase the 2.3mtpa St Ives heap leach processing plant which is located near Kambalda in the goldfields to process this ore.

Mine and processing studies are currently underway and heap leach pads are being re-designed to integrate with this new circuit. The current resource for Castle Hill (Mick Adams/Wadi) heap leach project is **32.52Mt at 0.6g/t for 598,000 ozs of gold** (ref; "Phoenix mineral resources grow beyond 4 million ounces", PXG ASX announcements dated 14 & 19 January, 2015).

As a result of the agreements Phoenix has already made payments to Cazaly including royalty payments on production of 13,086 ozs of gold produced in 2013. Broadly, the key payments which remain outstanding are as follows;

- A) A Royalty of \$40 per ounce on the next 61,914 ozs of gold produced**
- B) A 2% Royalty on production after the Royalty in A) above has been fulfilled**
- C) Final \$3M cash payment following the recovery of 140,000ozs (13,085 ozs recovered to date)**

The royalties referred to above are subject to specific and differing tenements within the project. Should production from the Castle Hill deposits proceed, then the Royalty in A) will be due realising potential cash flow to the Company in excess of \$2M over approximately 18-24 months from commencement of mining.

Furthermore, the Company will retain further exposure to future cash flows from the second royalty and the final bullet payment of \$3M once 140,000 ozs of gold production has been achieved from the relevant royalty tenements.

Joint Managing Director Nathan McMahon stated; "*The potential royalty stream to Cazaly from the Kalgoorlie Gold Project will provide a continual flow of funds over the near to medium term that will enable us to expedite ongoing work on our key exploration projects.*"

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