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Parker Range Iron Ore Project

(Ultra low Phosphorous, quality Sinter Blend product)

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- The Company has not fully completed feasibility studies on all its projects. Accordingly, there is no certainty that such projects will be economically successful. Mineral resources that are not ore reserves do not have demonstrated economic viability.
- The information that relates to exploration targets, exploration results and drilling data of Cazaly operated projects is based on information compiled by Mr Clive Jones and Mr Donald Horn who are Members of The Australasian Institute of Mining and Metallurgy and The Australian Institute of Geoscientists respectively and are employees of the Company. The information that relates to the Mt Caudan Mineral Resource Estimate has been authorized by Mr Trevor Stevenson who is a Fellow of the Australasian Institute of Mining and Metallurgy and a Chartered Professional Geologist (FAusIMM CP). He is also a Member of MICA (MMICA) and a permanent employee of Runge Limited, an independent resource consultancy group
- Mr Jones, Mr Horn & Mr Stevenson 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jones, Mr Horn & Mr Stevenson consent to the inclusion in their names in the matters based on their information in the form and context in which it appears.

Parker Range Iron Project: Summary

Location: Yilgran Iron Ore Province

Ownership: 100% Cazaly Resources (CAZ)

Status: Definitive Feasibility Study Completed

Simple Operation:
Dig-Crush-Screen-Truck-Rail–Ship

Resource:
35Mt @ 56% Fe (61.4%CaFe), 0.020% P

Exploration Target:
60 –100 Mt @ 55 –57% Fe

Excellent sinter feed blend: low impurities, 0.02% P

Freight to Port: Public Road and Rail

Port: Cazaly is the only proponent that has a fully completed Definitive Feasibility Study to underpin Port expansion at Esperance

ESPERANCE PORTS
Sea & Land

http://www.esperanceport.com.au/muiof.asp

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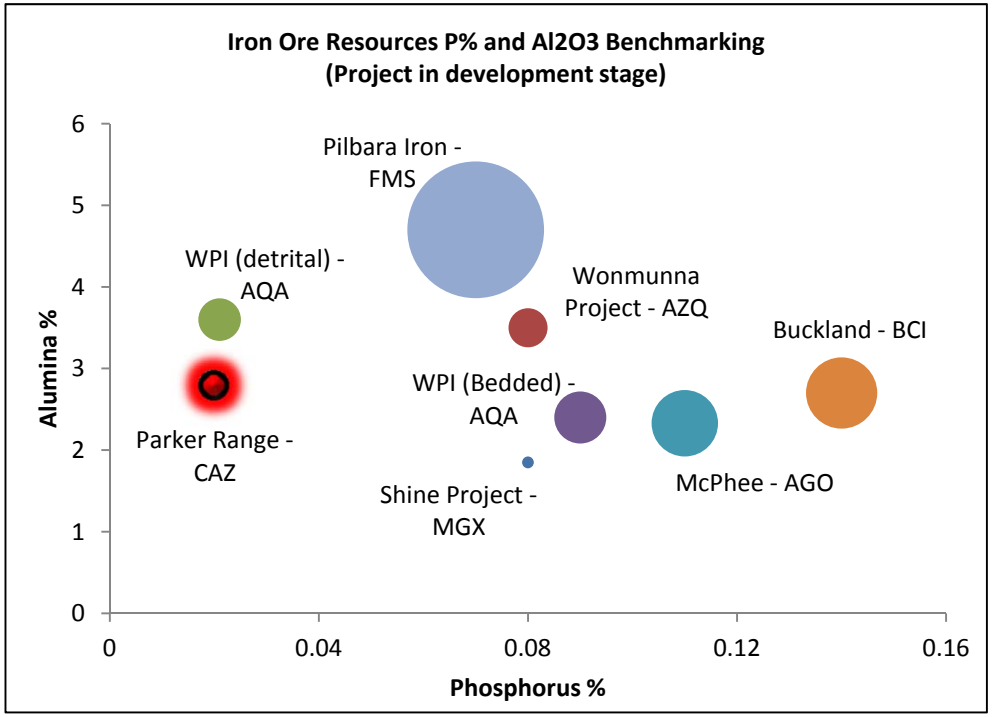
Parker Range Project - Mt Caudan Deposit, Reserves

Reserves Statement (March 2011; 51.5% Fe Cut-Off Grade; JORC Compliant)

	Mt	Fe %	Al2O3 %	P %	SiO2 %	LOI %	Mn %	S %
Proven	24.1	55.3	2.9	0.02	6.9	8.9	1.2	0.08
Probable	7.3	55.3	2.7	0.02	6.9	9.0	1.2	0.08
Total	**31.4**	**55.3**	**2.9**	**0.02**	**6.9**	**8.9**	**1.2**	**0.08**

Mt Caudan Reserve

- Very low P% content compared with comparable Australian iron projects in a developing stage
- Asian steelmakers may have little tolerance to absorb any further high Phos. products
- Marketable product with acceptable levels of chemical impurities
- Manganese a bonus component
- Chemically similar to some contracted Pilbara ores



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Mt Caudan Deposit: Resource Drilling

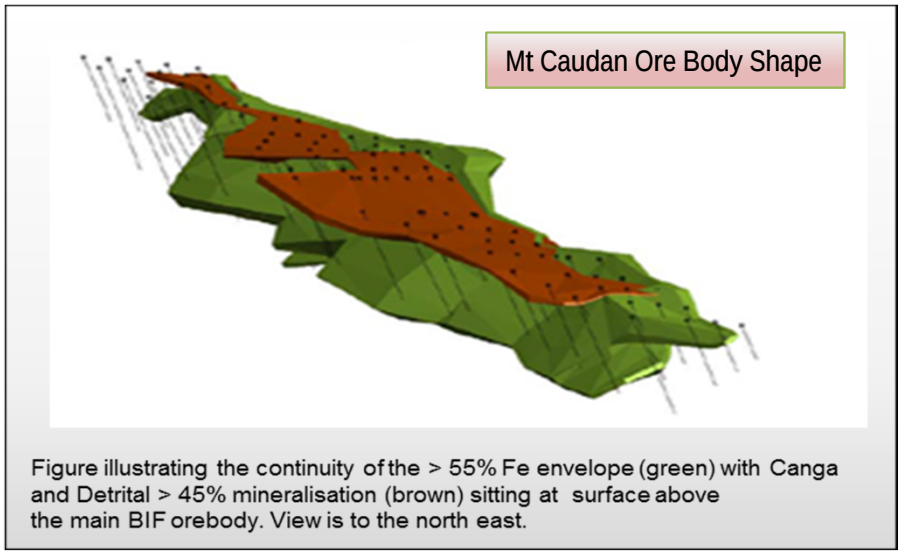
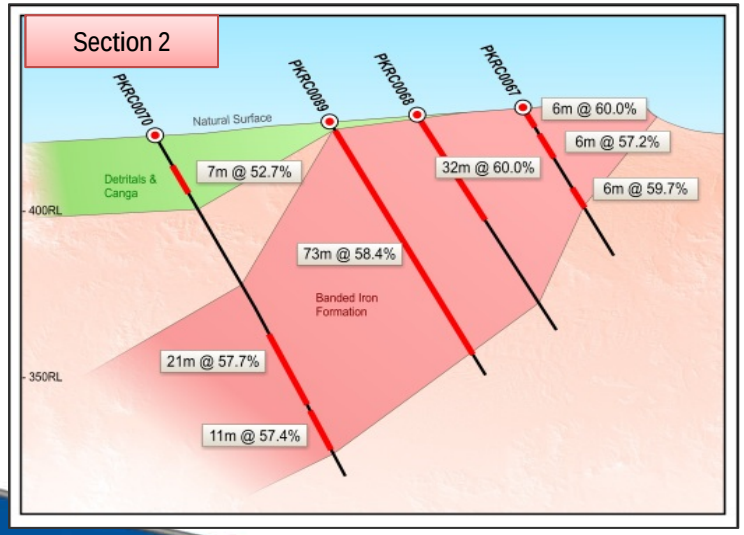
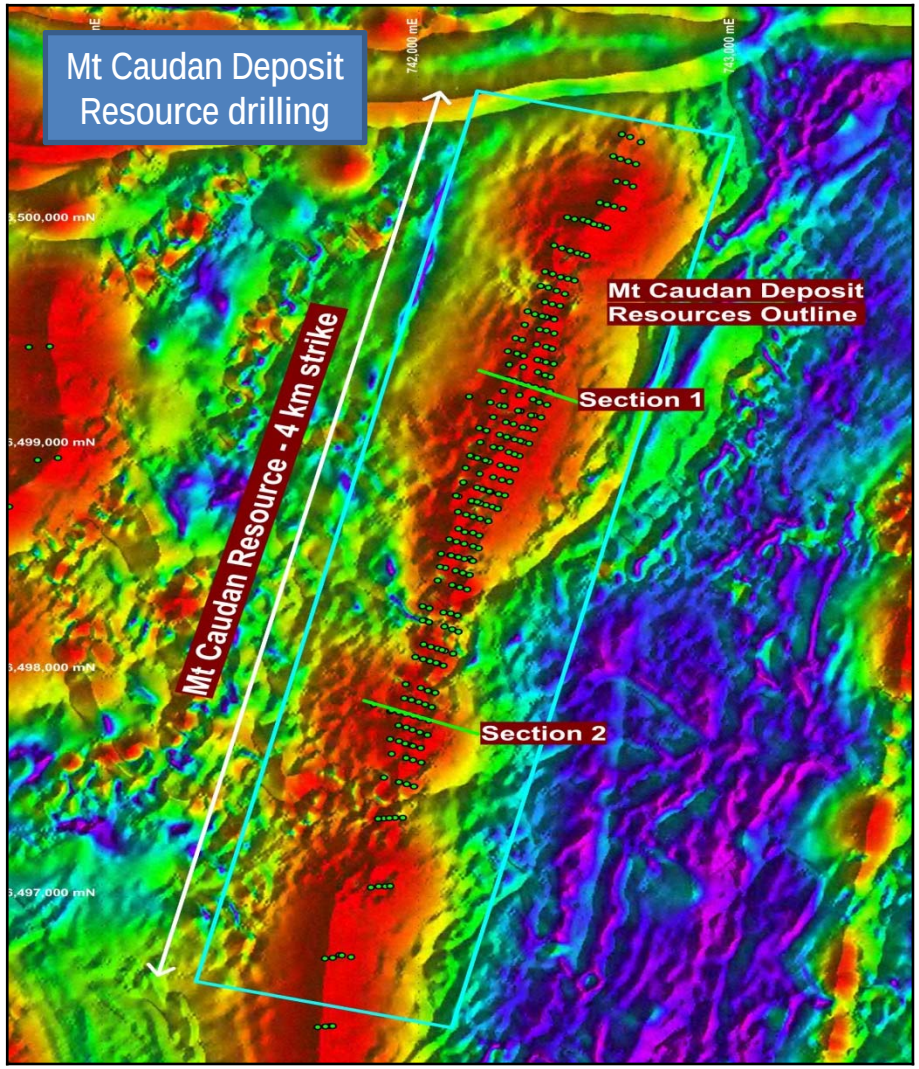


Figure illustrating the continuity of the > 55% Fe envelope (green) with Canga and Detrital > 45% mineralisation (brown) sitting at surface above the main BIF orebody. View is to the north east.





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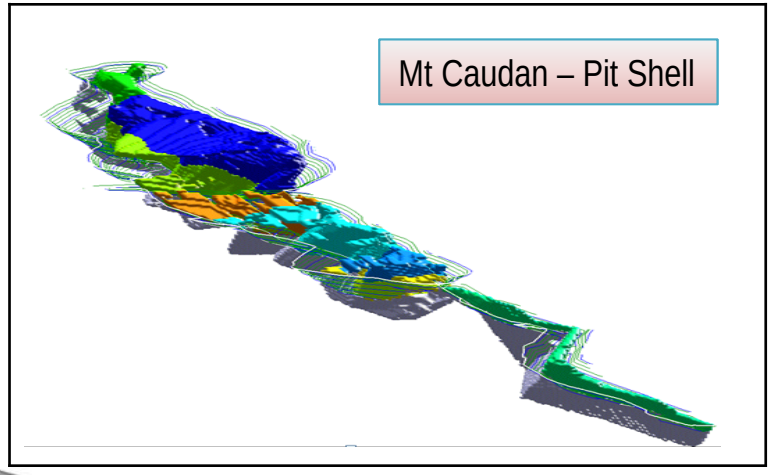
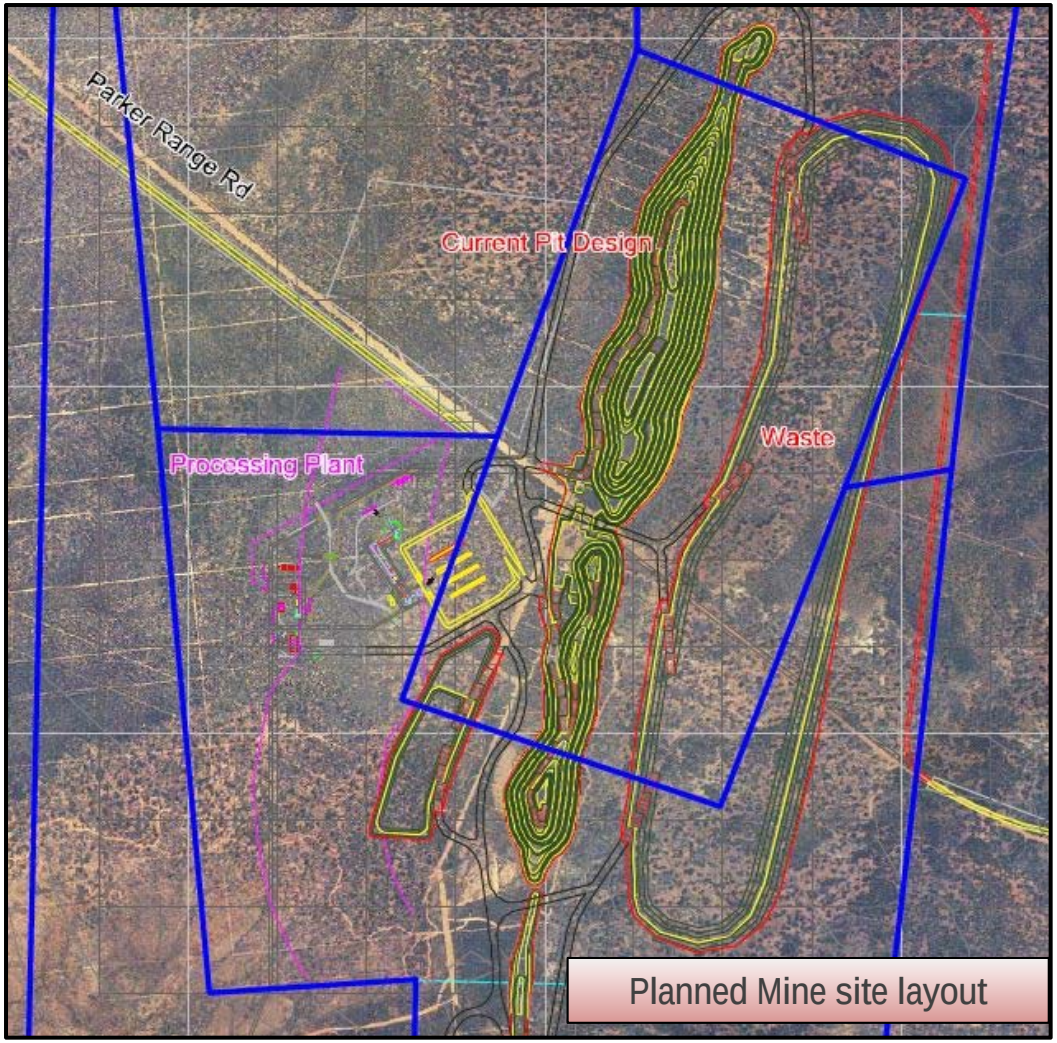
Mt Caudan Deposit: Mining

- **Mine to produce:**
  31.4Mt @ 55.3% Fe (60.7% CaFe) product
- **Low waste to Ore ratio (2.3:1)**
- **Single Mine Pit:**
  Ramping from 2 Mtpa to 4Mtpa
- **Initial Mine Life: 8.5 years**





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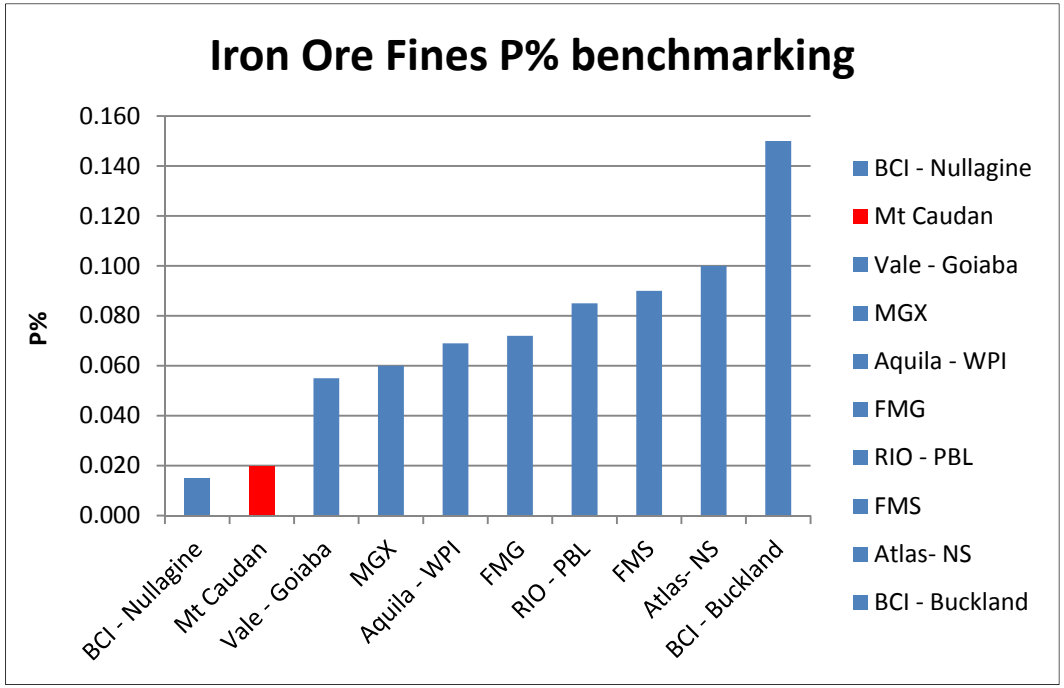
Mt Caudan Fines – Indicative Specification

Single Fines Only Product Targeted Chemistry

Option	CaFe %	Fe %	SiO2 %	Al2O3 %	P %	S %	Mn %	LOI %
FINES	61.9	56.4	6.0	2.50	0.020	0.08	1.10	9.10

- Excellent sinter feed blend; low phosphorus
- Suit existing steel mills with high Phosphorous products
- Manganese a bonus element
- Positive results from initial beneficiation studies
- Potential to upgrade Fe content of primary ores



Project Potential (Upside)

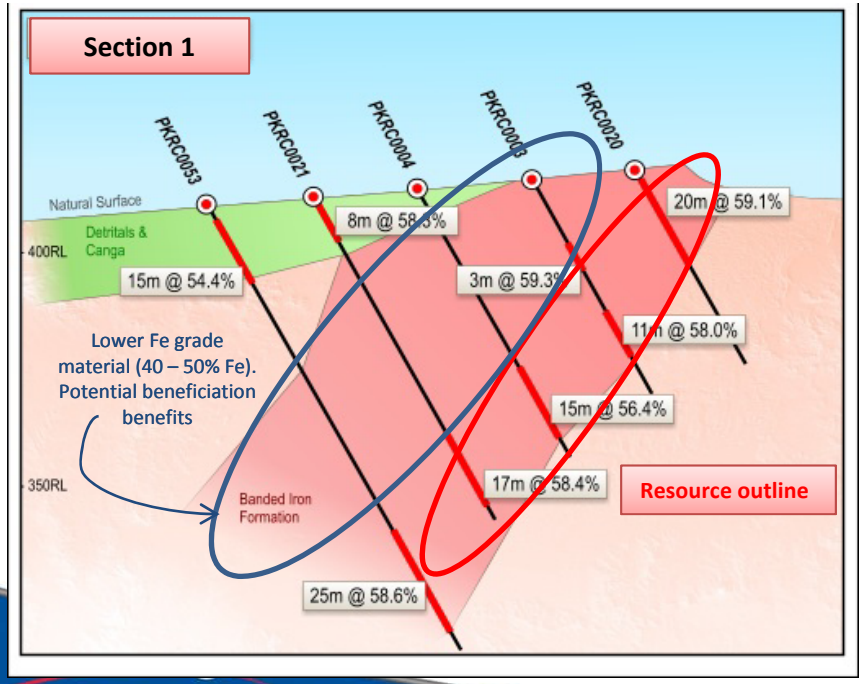
- **Potential Outside Resource area**
  - Exploration Target 60 -100Mt @ 55 – 57%Fe over multiple mapped iron enrichments
  - Initial drilling confirms additional iron ore mineralisation

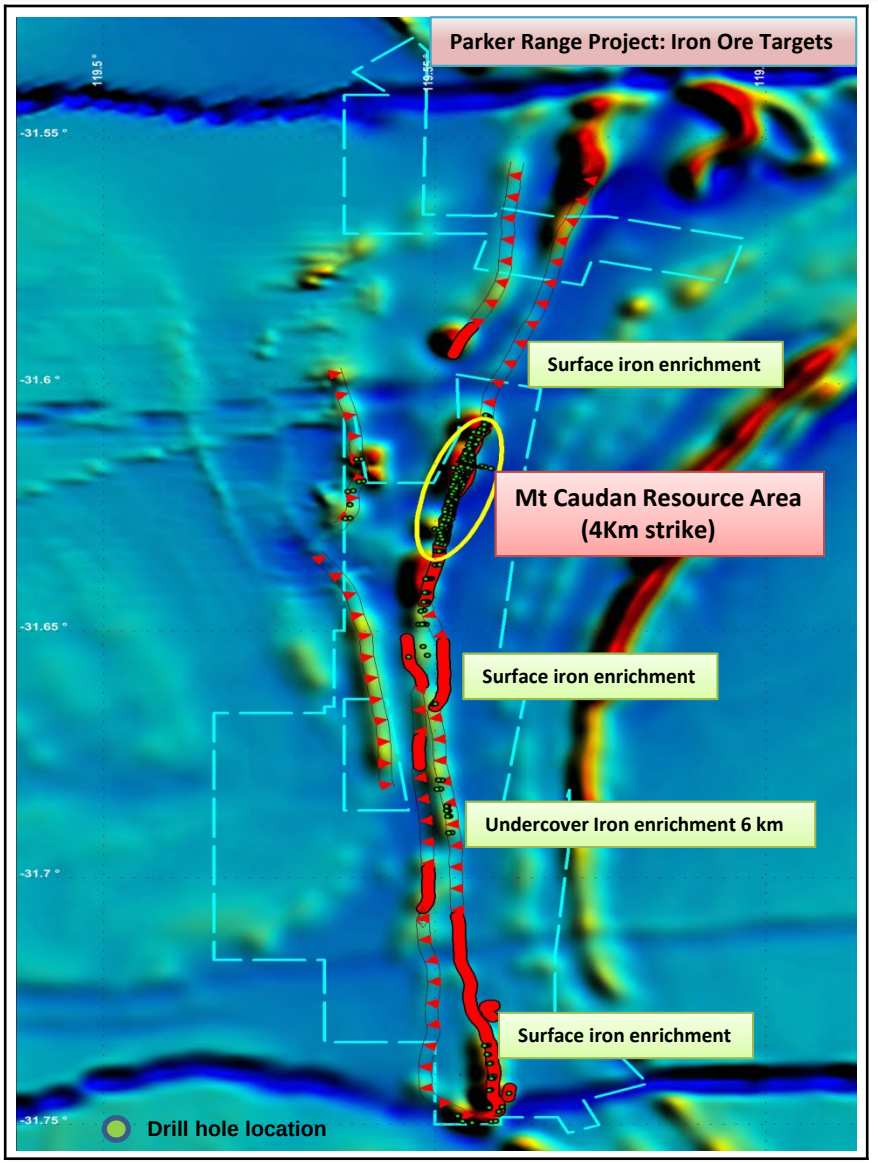
    20m @ 52% Fe from 5m, 14m @ 56 % Fe from 31m, 13m @ 57 % Fe from 36m

- **Potential Within Reserve area**

  - Positive results from initial beneficiation studies with good upgrades in Fe content of primary ore

  **** There is scope to significantly add to this reserve base via beneficiation of lower grade ore (40-50% Fe) and further exploration along the mineralised unit to the south**





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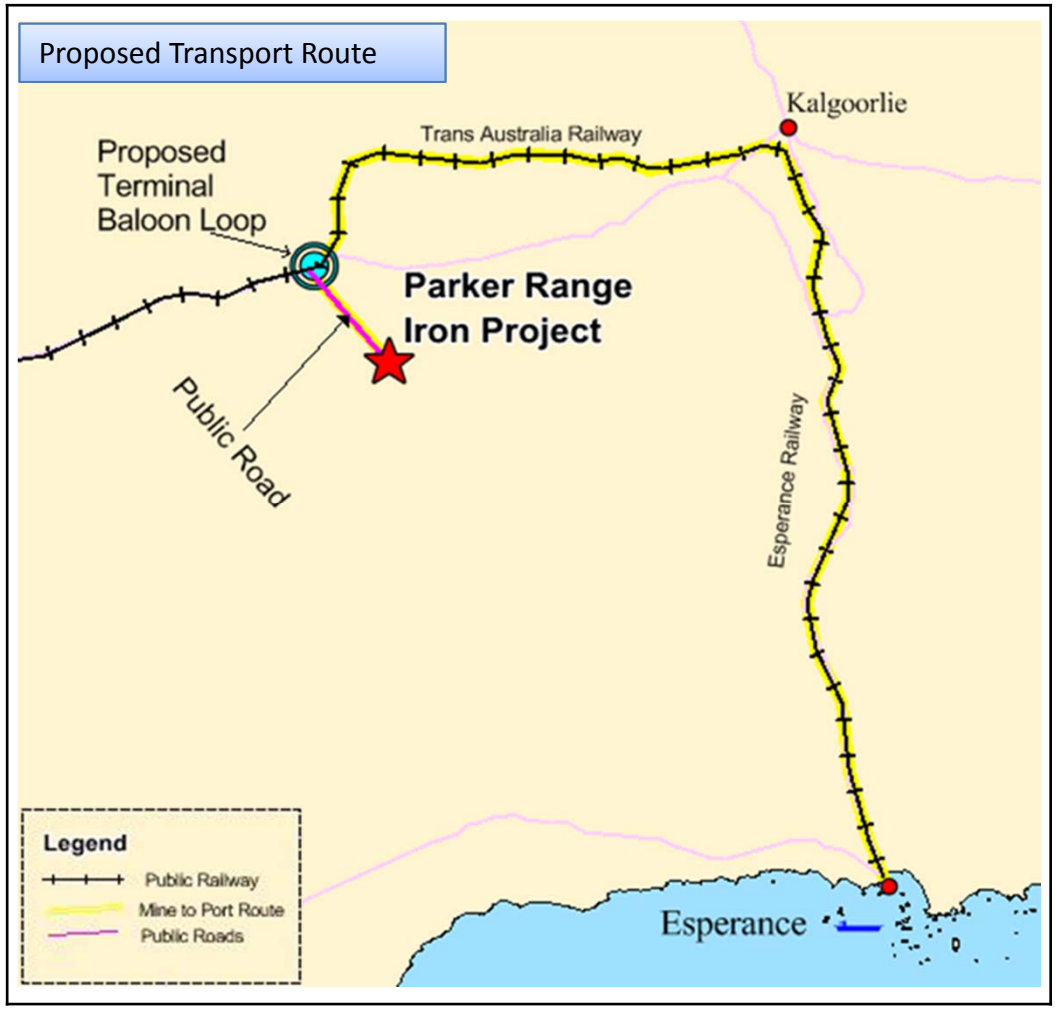
Infrastructure - Mine to Port Route

EXISTING INFRASTRUCTURE

- Public railway, capacity available
- 59 km public road - mine to rail
- State grid power
- Sited just 14km away from town of Marvel Loch
- Accommodation facilities available
- Local workforce and service industries

REQUIRED INFRASTRUCTURE

- 29 km of the 59 km public road to be sealed
- Rail terminal balloon loop
- Esperance Port expansion. Approved and supported by the WA Government



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Esperance Port Sea and Land (EPSL)

Current Situation

- Exporting capacity: 12Mtpa
- Cliffs Natural Resources currently exporting 11Mtpa iron ore
- Vessel Type: Cape size
- State government spent $120m upgrading road & rail access into the port

Development

- WA Government Approved Multi-user iron ore port facility expansion
- 20Mtpa expansion planned in two stages recently announced by the State. Stage 1 ~5-10Mtpa
- Cazaly the only proponent with a completed Feasibility Study to underpin development

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Project Scope

Scope

- Mining: Ramping from 2mtpa to 4mtpa
- Plant: Crushing, screening & stockpiling
- Road Haul: 57km on established roads to rail
- Rail Haul: On public rail to port
- Other: Grid power and accommodation facilities sited 14km away at town of Marvel Loch
- Estimated 750 construction and 159 operations jobs

Capital Requirements

- Minesite: Village, plant and mine-site facilities
- Road upgrade: 29 km to be sealed
- New rail head: Terminal & balloon loop

Yilgarn Shire

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Parker Range Project Summary

- Potential to deliver the next new iron ore mine in the Yilgarn of WA - Key approvals granted
- Viable export facility option via Port of Esperance
- Tier 1 Consortia selected by the State to develop the port (Asciano)
- Robust project economics NPV_9 A$384M, IRR 129%*
- Excellent infrastructure — Roads, grid power, rail, etc…
- Saleable target product — Very low phosphorous content
- Most advanced new iron ore proponent — For expanded Esperance Port
- Exploration & deposit upside — Potential to expand mine life

** Note; based upon 2010 DFS*

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Thank you

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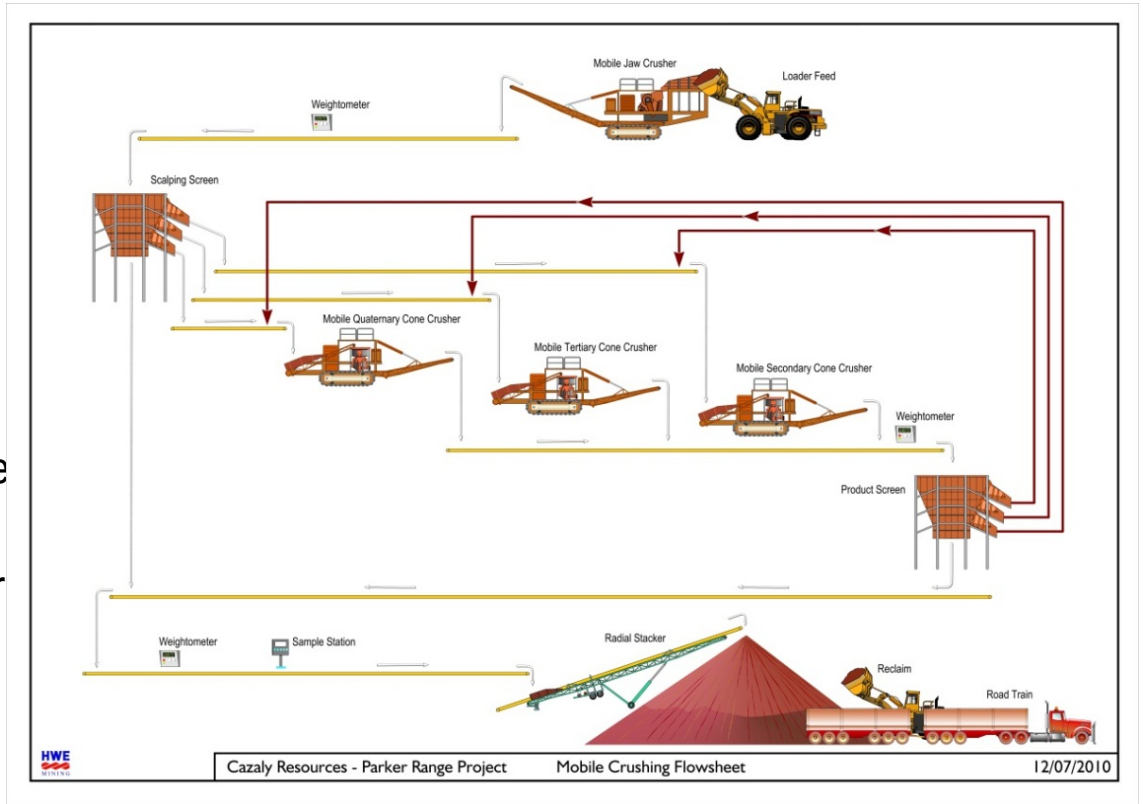
APPENDICE: Processing – Stage 1

- Current designed STAGE 1 Dry Processing Route.
- Ore to be initially processed through a mobile crushing and screening plant
- Produce a direct shipping ore (DSO) product
- No requirement for further processing
- Will enable fast project start up while permanent ore processing facilities are constructed
- Mobile plant expected to be utilised for at least the first 12 months of operations
- Ore then to be processed via Stage 2 wet plant



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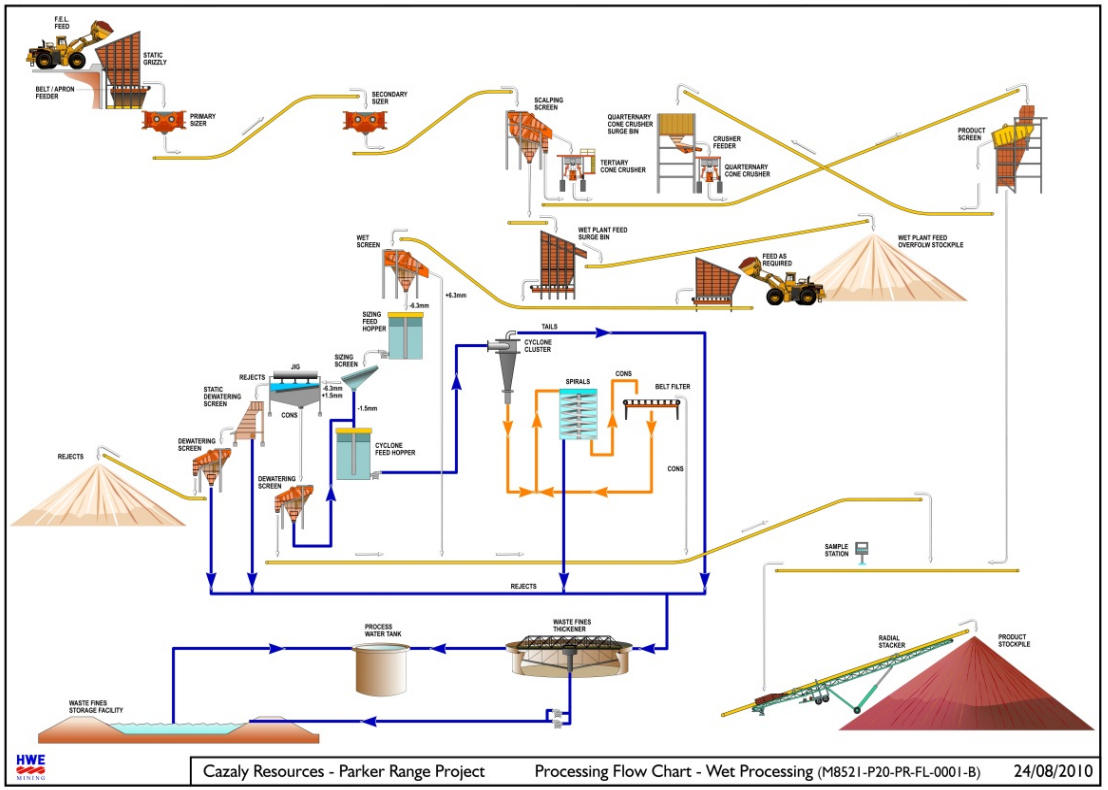
APPENDICE: Processing – Stage 2

- Current designed STAGE 2 Wet Processing Route.
- Designed to commence in Year 2 of operations
- Comprises two circuits;
  - a dry crushing and screening circuit and,
  - a wet processing circuit for beneficiation of lower grade ore
- Plant utilises 4 stages of comminution. Ore is crushed by a primary and secondary sizer followed by tertiary and quaternary cone crushers and associated screens.
- The wet plant is designed to use wet screening, gravity separation processes & hydro-cyclone de-sliming



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