



15th July 2005

ASX Release

GASCOYNE URANIUM ALLIANCE

Cazaly Resources Limited (ASX Code: CAZ) and Kalgoorlie-Boulder Resources Ltd (ASX Code: KAL) announce that they have recently concluded a Strategic Alliance and Data Co-Operation Agreement.

The Agreement is aimed at ensuring maximum value is obtained from the quality uranium exploration projects held by each Company. The Alliance does not preclude either party from sole development nor from entering into Agreements with third parties but the spirit of co-operation should ensure productive and efficient exploration on the uranium tenements.

Cazaly recently announced it has made priority applications for two Exploration Licences situated in the Gascoyne region of Western Australia. The two applications lie some 150 kilometres apart and are called the **Jailor Bore** (ELA09/1194) and **Pells Range** (ELA09/1193) projects and are deemed to be particularly prospective for Uranium mineralisation.

The **Jailor Bore** project surrounds known mineralisation at Jailor Bore, which is excised from the application area, and is prospective for calcrete hosted uranium mineralisation numerous occurrences of which occur throughout the area. Kalgoorlie-Boulder Resources Ltd has recently concluded an Agreement whereby they may acquire up to a 90% interest in the Jailor Bore tenement (the Lyndon project).

The **Lyndon** project, ELA 09/1180 was the subject of exploration during the early seventies which resulted in the delineation of calcrete hosted uranium mineralisation. Subsequent work identified at least five medium to high intensity radiometric anomalies, four of which remain untested. Visible carnotite, a uranium bearing mineral, was observed in a bulk sample that returned a uranium assay of 1.81 kg/tonne. Drilling intercepts have returned results as high as 1.80kg/t and 1.70kg/t from 5 and 2 metres in depth respectively, with most mineralisation within 4 metres of the surface. Kalgoorlie-Boulder Resources also announced it has made priority applications for three Exploration Licences that are prospective for uranium mineralisation. The

Eudamullah, ELA 09/1224 and 09/1225 and **Winmar Creek**, ELA 09/1226, projects are located in the Gascoyne Mineral Field. Both have been the subject of reconnaissance style uranium exploration dating from the late seventies which has generated a number of radiometric anomalies requiring further investigation.

The **Pells Range** project contains some very significant historical results including rock samples up to **1.95 kg/t U₃O₈** and drilling results including **0.4m @ 0.8 kg/t U₃O₈** from drilling spaced at 1,600 metres and has yet to be followed up. Classic “roll front uranium” mineralisation styles are recognised at Pells Range.

Pells Range

The Pells Range project lies within the Lower Palaeozoic Memleigh sub-basin of the Carnarvon Basin. The area is prospective for roll front uranium style of mineralisation occurring within the more carbonaceous sediments of the Moogooloo Sandstone unit. Historical drilling within a major regional flexure of this unit has identified several uranium anomalies. Previous exploration in the late 1970's included regional radiometric surveys, rock and water bore sampling, mapping and drilling. Drilling was completed on 1,600 metre centres however, little record of analyses is been presented. Where available several intervals of significant uranium mineralisation is noted including several narrow zones of high grade uranium highlighting the potential of the region.

Observations on the mineralisation include; the association of mineralisation with more oxidised portions of the Moogooloo Sandstone in particular in areas of regional flexuring, an association with more carbonaceous units and sandstone channelling and a marked increase in mineralisation towards the basin margins. The project occurs in an ideal environment for the development of classic roll front uranium mineralisation. In this model uranyl ions are transported by oxidising ground waters and are precipitated out when they come into contact with a reducing environment such as those presented by carbonaceous sediments. Uraniferous minerals such as weeksite, coffinite and uraninite are subsequently deposited at this redox boundary producing a roll front uranium deposit. Deposits of this style include the *Maningee Deposit* (6.4Mt @ 1.2 kg/t U₃O₈) owned by Paladin Resources Ltd. and is situated along the eastern margin of the Carnarvon Basin.

Uranium Market

The Company recognises that there continues to be a bullish outlook for the uranium market. Demand is forecast to outstrip supply for at least the next ten years and the pricing for U₃O₈ has

moved quite appreciably in recent times for both the spot and long term markets. Spot prices have moved from US\$7.00 /lb (December 2000) to US\$29.00 /lb U₃O₈ (July 2005). Demand is being driven not only by end users (nuclear plant construction in China, India and Russia) but also by market speculators who are aiming to stockpile U₃O₈ to benefit from continuing rising prices. These projects provide both companies with exposure to the rapidly growing market.

Yours sincerely

Nathan McMahon
Managing 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.