

## CAZALY RESOURCES LIMITED

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### CAZALY SIGNS AGREEMENT FOR SALE OF PARKER RANGE TO MINERAL RESOURCES LIMITED

- **Total cash consideration of \$20M plus royalty**
- **Royalty of \$0.50/ tonne of iron ore produced from the tenements after the first 10 million tonnes of production**
- **Agreement with Mineral Resources Limited is a superior proposal and Cazaly ends exclusivity period with Gold Valley Iron Pty Ltd**

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Cazaly Resources Limited (“Cazaly” or “the Company”) (ASX: CAZ) announces that, following the receipt of an unsolicited superior proposal from Mineral Resources Limited (“Mineral Resources”, ASX:MIN) to purchase the Parker Range Iron Ore Project (“Project”), it has terminated the exclusivity period with Gold Valley Iron Pty Ltd (“Gold Valley”) under its conditional agreement with Gold Valley announced on 11 June 2019.

As announced on 11 June 2019, Cazaly had agreed commercial terms for the sale of its 100% owned subsidiary, Cazaly Iron Pty Ltd (“Cazaly Iron”) to Gold Valley. Cazaly Iron holds the tenements that comprise the Project. The agreement with Gold Valley allowed for an initial three-month due diligence exclusivity period, however Cazaly reserved the right to terminate the exclusivity period should it receive another proposal or offer from a third party which is more favourable to Cazaly and its shareholders.

Cazaly has received a binding Heads of Agreement (“HOA”) proposal from Mineral Resources which the Board considers to be more favourable to Cazaly and its shareholders and therefore has terminated the exclusivity period with Gold Valley. Following such termination Cazaly has agreed to commercial terms with Mineral Resources for the sale of the assets comprising the Project. The agreement with Gold Valley remains in place whilst Cazaly evaluates the proposal and its next steps for the sale of the Project. In the event that Cazaly terminates the agreement with Gold Valley a \$250,000 break fee is payable by Cazaly.

## TERMS OF THE AGREEMENT

The key terms of the HOA with Mineral Resources are as follows:

- (a) a payment of AUD\$20,000,000 (ex GST) cash upon completion of the sale; and
- (b) a royalty of A\$0.50 for every dry metric tonne of iron ore extracted and removed from the area of the Project after the first 10,000,000 dry metric tonnes.

The HOA is conditional upon:

- a) Mineral Resources being satisfied with its due diligence investigations in respect of the Project within 21 days of execution of the agreement;
- b) Approval of both parties Boards within 21 days of execution of the agreement;
- c) The parties receiving all necessary consents and approvals from the minister under the *Mining Act 1978 (WA)* to the transfer of the tenements comprising the Project within 21 days of execution of the agreement; and
- d) Cazaly obtaining approval from its shareholders, if required, for the sale of the Project.

The parties will use reasonable endeavours to enter a more comprehensive sale and purchase agreement and royalty agreement within 30 days, however, in the absence of the parties entering more comprehensive agreements, the HOA remains binding on the parties.

The Company has received confirmation from ASX that ASX Listing Rules 11.1.3 and 11.2 do not apply to the proposed transaction pursuant to the Agreement.

Funds from the proposed sale of the Project will be used to expand exploration activities on current Company projects, seek new project opportunities and for working capital.

### Proposed Timetable

Once the time period for the satisfaction of the above conditions (a) and (b) has expired the Company will update shareholders on its decision regarding the sale of the Project and any further timing.

### About Mineral Resources

Mineral Resources Limited (ASX: MIN) is a Perth-based leading mining services provider, with a particular focus on the iron ore and hard-rock lithium sectors in Western Australia. MIN currently operates the Koolyanobbing iron ore operation located in the Yilgarn region of Western Australia where Cazaly's Parker Range iron ore project resides. Koolyanobbing is operating at an annualised run rate of 6Mtpa of iron ore production, with plans to increase production to 7.5Mtpa by Q1 FY20.

The Parker Range deposit lies approximately 85 kilometres from the Koolyanobbing operation.

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