



# GLENGARRY

## SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

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### **Glengarry Significantly Expands Iron Ore Tenement Footprint in Brazil**

#### **Innovative Agreement with Large Brazilian Forestry Company**

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#### HIGHLIGHTS:

- **Innovative agreement to acquire large iron ore exploration portfolio in SE Brazil**
- **Portfolio comprises 63 tenements covering 1,014 square kilometres in the State of Minas Gerais**
- **Strengthens Glengarry's position as a leading Brazilian explorer and emerging producer**

Emerging iron ore company Glengarry Resources Limited (**ASX Code: GGY**) ("Glengarry") is pleased to advise that its current 95%-owned subsidiary, Centaurus do Brasil Mineração ("Centaurus Brazil"), has reached agreement with a leading public Brazilian forestry company, Pulp Nipo-Brasileira SA ("Cenibra"), to secure ownership of an **extensive portfolio of iron ore exploration tenements** in south-east Brazil.

The portfolio, comprising 63 prospective iron ore tenements, covers an area of 1,014 square kilometres in the State of Minas Gerais, around Brazil's world-renowned "Iron Quadrangle" (*see Figure 1*) where most of the country's world-class iron ore mines are located.

Significantly, the innovative agreement gives Glengarry access to a large exploration area containing mapped iron formations. One prospect, known as the Jambreiro Prospect, has already been identified as a priority target for immediate exploration and evaluation.

The agreement represents the first significant step in Glengarry's strategy to become a leading Brazilian resource company since the recent successful completion of its merger with Centaurus Resources Limited.

The ability to secure ownership of such a large package of Exploration Licences in Minas Gerais is an important step in expanding the Company's footprint in this iron ore-rich State, where it already has a strong portfolio of emerging production and exploration projects.

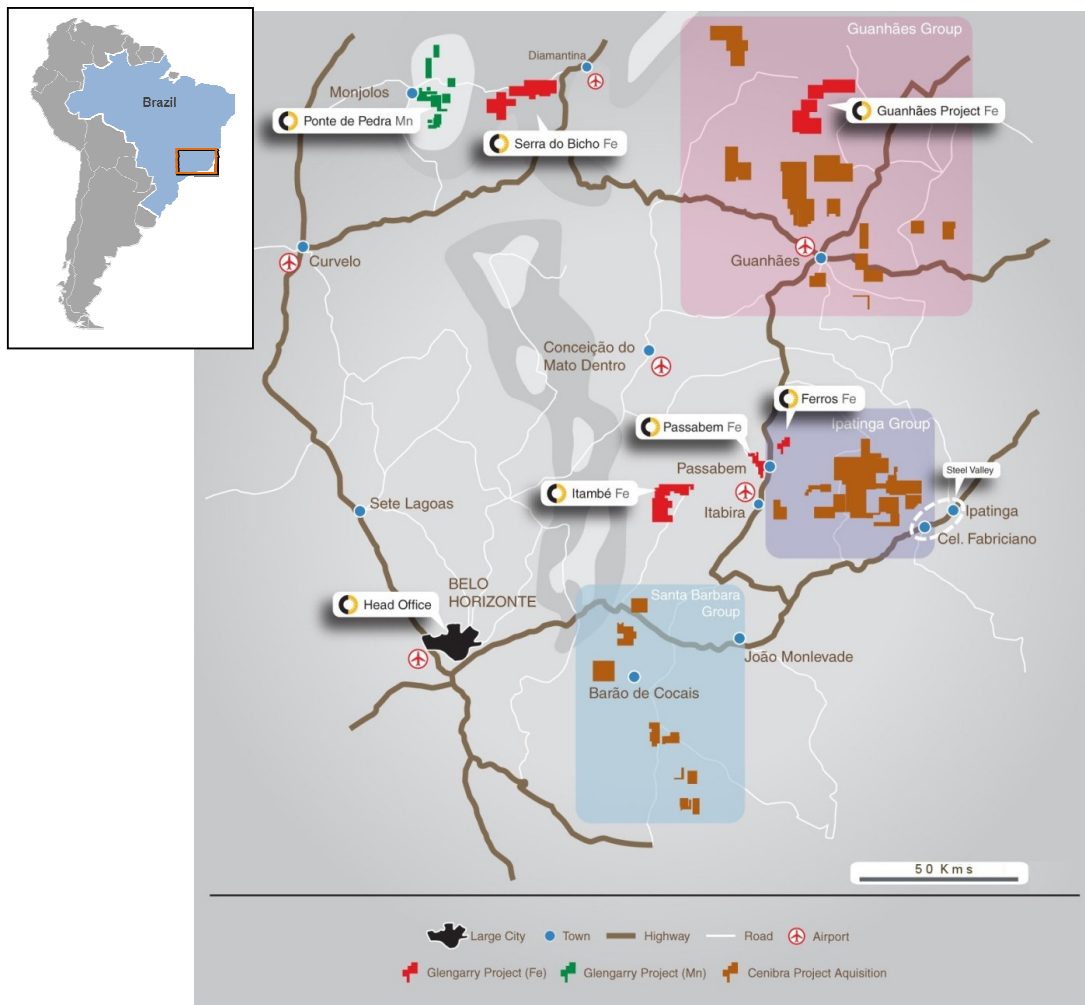
The Cenibra tenements are logistically well placed within the State of Minas Gerais and most of the known iron ore occurrences lie on tenements that have road access to the city of Ipatinga located in the heart of the "Steel Valley", where one of the largest Steel makers in Brazil, Usiminas, is currently expanding its capacity to 9 million tonnes per annum. (*see Figure 1*).

Importantly, with Cenibra owning all of the surface rights for its plantations, future development is not expected to encounter any land-owner issues and will also enjoy significantly reduced environmental approvals. The fast and simple licensing requirements will make the Cenibra tenements an attractive development proposition, should sufficient resources be defined.

Commenting on the acquisition, Glengarry’s Managing Director, Mr Darren Gordon, said he was pleased to be able to secure access to such a large portfolio of high quality exploration ground in the heart of one of the world’s major iron ore provinces.

“The ability to secure this extensive tenement package clearly shows that large groups like Cenibra have a high regard for the way we go about our business in Brazil and that we are seen as a quality partner with good exploration credentials,” Mr Gordon said.

“This agreement significantly strengthens our Brazilian iron ore portfolio and adds further critical mass to our emerging carbon steel strategy as a future supplier to the domestic steel industry in Brazil,” he added.



**Figure 1 – Location Map of Cenibra Regional Tenement Groups relative to GGY’s existing tenure in Brazil**

## Key Terms of Agreement

The key terms of the agreement with Cenibra are:

- A 'free look' evaluation period of five months over three key regional tenement groups;
- Following this evaluation period, if Centaurus Brazil wishes to move to exploration on any tenement within one of the three regional groups of tenements, a payment of US\$15,000 per regional group is to be made (maximum payment of US\$45,000). All Exploration Licences in each regional group are transferred to Centaurus Brazil (100%) when the payments are made;
- Should Centaurus Brazil wish to progress any of the tenements to a Mining Lease, a payment of US\$50,000 per regional group is to be made upon approval by the Department of Mines (DNPM) of the initial documentation required for the Mining Lease (Maximum payment of US\$150,000 should Centaurus Brazil decide to apply for a mining lease in all three groups);
- Future resource based payments are then to be made on the in-situ Measured and Indicated Mineral Resources as defined in the Plan of Economic Exploitation (PAE) which is equivalent to a Feasibility Study and is required to be completed and lodged with the DNPM prior to the grant of a mining lease;
- The future resource-based payment is a one-off calculation for each Mining Lease and will be determined according to a schedule of rates and the grade of the in-situ Measured and Indicated Resources. It will be paid in three instalments:
  - 20% within thirty days after the lodging of the PAE;
  - 30% within two years of lodging the PAE; and
  - 50% within four years of lodging the PAE.

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