



SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

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Market Update – Brazil Iron Ore Development Strategy

Two Development Streams to Deliver Value as Work Program Gathers Momentum

HIGHLIGHTS:

- **Dual domestic and export development strategy focused on world-class Minas Gerais iron ore province of Brazil.**
- **Initial focus on domestic iron ore and steel industry targeting annualised production of 3Mtpa of +63% Fe iron ore product by the end of 2013 at an average margin in excess of US\$20/t.**
- **Medium term focus on developing a long-term iron ore export business capable of producing 12-15Mtpa of 64-69% Fe product for a minimum project life of 10 years.**

Glengarry Resources Limited (**ASX Code: GGY**) (“Glengarry”) is pleased to provide the following market update and overview of the development strategy for its iron ore business in Brazil following the recent completion of its merger with Centaurus Resources Ltd.

Glengarry, with its solid cash position and strong Board and Management experience in iron ore, will be one of the few ASX-listed companies offering direct exposure to the rapid development and growth of the Brazil and its fellow Mercosur¹ free trade association members.

With a population of over 190 million, Brazil is becoming the manufacturing centre for Mercosur countries. This manufacturing base, together with the growth in construction ahead of the 2014 Soccer World Cup and 2016 Olympic Games, supports the International Monetary Fund’s recent forecast that Brazil’s economy is anticipated to grow at 4.7% in 2010 and 3.7% in 2011, becoming one of the world’s fastest economies to recover from the Global Financial Crisis.

To capitalise on the opportunities this growth in Brazil will create, Glengarry has put in place a dual development strategy to build a substantial new international iron ore production company.

This growth strategy will leverage off the existing team of professionals in Glengarry’s Belo Horizonte office, the substantial tenement and project position in and around the Iron Quadrangle in Brazil and its extensive country presence in the heart of the key iron ore region of Minas Gerais.

¹Mercosur is composed of 4 sovereign member states: Brazil, Argentina, Paraguay and Uruguay and has a combined population of 240 million people.

DOMESTIC IRON & STEEL STRATEGY

The first limb of the strategy is the **Domestic Iron & Steel Strategy (“Domestic Strategy”)** which is based on Glengarry achieving targeted annualised production of **at least 3Mtpa of iron ore grading +63% Fe** by the end of 2013 which will be sold into the substantial domestic steel industry in Brazil.

The Iron Quadrangle’s proximity to the Domestic Steel Industry in Brazil is analogous to having a “Pilbara” on the Korean Peninsula or in the Japanese archipelago. Being located in midst of a growing 40Mtpa Brazilian steel customer base allows Glengarry to differentiate itself from many other Australian listed iron ore companies, which face the significant barriers to market entry of extensive and costly infrastructure.

Some of the biggest global steel producers, and potential customers, are located within 100 kilometres of the Company’s Brazilian projects and extensive tenement portfolio.

The State of Minas Gerais, in which Glengarry’s projects are located, accounts for over 60%, or 170Mtpa of Brazil’s iron ore production. Significant investment has already been committed to the region with two of the country’s largest steelmakers, Gerdau and Usiminas, commencing multi-billion dollar expansions of their capacity in the immediate vicinity of the Iron Quadrangle.

Glengarry’s projects are strategically located close to the heart of this world-class industry, enabling the Company to sell its suite of proposed products at the mine gate, without incurring large capital costs on infrastructure such as rail, port, power and water. The Company’s objective is to initially produce iron ore for the domestic market at an operating margin of at least US\$20/tonne.

Under the Domestic Strategy, Glengarry anticipates moving quickly and efficiently towards production to generate strong cash flows which will underpin its growth in the short-to-medium term.

EXPORT MARKET STRATEGY

Another important factor differentiating Brazil, and hence Glengarry, is the very high quality of iron ore products produced in the country, which supports Glengarry’s medium term intention to implement an **Export Market Strategy**.

Rapidly declining availability and quality of high grade DSO lump worldwide has driven steel producers to far greater dependence on prepared feeds, especially sinter. This, together with the worldwide push to reduce carbon footprints is driving steel producers to demand higher quality raw materials. The highest grade, lowest silica sinter feed will come out of Brazil, which hosts what are probably the largest known resources in the world.

Under the Export Market Strategy, which will leverage off the cash flow to be generated by Glengarry’s Domestic Strategy, the Company aims to acquire or develop from its existing asset base a project capable of producing **12-15Mtpa of 64-69% Fe product for a minimum project life of 10 years**.

The Company is set to commence activities on several of its existing projects in the near future and is also currently reviewing a number of other exciting project opportunities which could enable it to realise the Export Market component of its overall business plan.

EXISTING PORTFOLIO

Glengarry's existing tenement portfolio comprises of 55 granted Exploration Licences and 30 Exploration Licence Applications, covers an area of 1,093 square kilometres and is located in and around the world-famous "Iron Quadrangle" region in the State of Minas Gerais, Brazil.

In addition, Glengarry last week reached agreement with a leading Brazilian company, Celulose Nipo-Brasileira S.A. ("Cenibra"), to secure ownership of an extensive portfolio of iron ore exploration tenements in the same region. This portfolio, comprising 63 prospective tenements, covers an area of 1,014 square kilometres. With a number of drill targets having already been identified on the Cenibra tenement package, this acquisition will greatly assist the Company in achieving its Domestic Strategy.

Commenting on the Company's strategy, Glengarry's Managing Director, Mr Darren Gordon said:

"We have a clear strategy to build a quality international mining company over the next three years, and this will take shape in the coming months with an aggressive work program under our Domestic Iron & Steel Strategy."

"Our focus will remain within Brazil, which is well endowed from an iron ore perspective, has a large and well-established steel industry and will continue to allow us to meet our key objectives of achieving domestic supply as well entering the export market as the second prong of our strategy."

"Glengarry will be in the enviable position of being one of the few Australian listed companies to provide investors with direct access and exposure to the growing Brazilian economy and the outstanding opportunities that will be created in the lead up to the 2016 Olympic Games. We see many similarities to the opportunities that were created in the lead up to the 2008 Olympics in China."

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