



# Cluff Resources Pacific NL

ABN 72 002 261 565

23 March, 2009

The Manager (Companies),  
Australian Stock Exchange,  
Sydney.

Dear Sir,

## DIRECTORS PROVIDE SHORT TERM FUNDING

At a recent Board meeting, Cluff directors resolved to provide short-term funding to the Company to a total of \$380,000. The Cluff Board was mindful of the need to provide working capital to enable the continuation of exploration programs and the completion of confidential negotiations.

Recent investigations have been made via our financial advisers as to the appetite of the market and of sophisticated investors to provide suitable funding. However, considering the best interests of all stakeholders it was felt that whilst there are difficult prevailing market conditions and incomplete information available to present to the market on the Company's current activities, that it was not the right time to initiate these processes.

Directors' funds have been provided in the form of commercial loans to the Company, with an interest rate of 10% applicable where interest is payable quarterly. It is furthermore proposed that at the next General Meeting of the Company, approval will be sought from shareholders to convert these funds into convertible notes, together with options (specific details below).

The Board are mindful of the considerable risks involved in committing these funds at this point in time, however they are confident that the Company will in due course complete the necessary activities to enable the Company to proceed forward with renewed focus.

To summarise, the funds provided are considered to be a commercial loan to the Company, until the Company receives approval from shareholders to convert them into converting notes having the terms and conditions described below, together with the issue of options. With reference to ASX Listing Rule 6.1, the creation of this new form of security has been approved by the ASX, however shareholder approval will be required in order to finalise the arrangement. If shareholder approval is not granted, the funds will continue to be classified as loans to the Company.

The motions which will be put to the shareholders at the next General Meeting with regard to funding from Directors will be as follows:

### MOTION 1:

That with respect to funds already provided to the company by Mr Ian Johns by way of loan to a total of \$120,000 it is RESOLVED that the company will issue converting notes in amounts of \$5000 each being a total of 24 notes which shall be converted at \$0.003 per ordinary share (being 1,666,667 shares per note) and to which interest of 15% pa is payable quarterly in arrears on daily rests but if interest is paid quarterly on time the interest rate will be 10% and in any event all interest will be payable on conversion.

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**Registered Office**  
1/30 Leighton Place  
Hornsby NSW 2077  
Australia  
ASX Code: CFR

**Postal Address**  
Locked Bag 3355  
Hornsby NSW 2077  
Australia

**Tele-Communications**  
Tel (612) 9482 4655  
Fax (612) 9482 4987  
email [Cluff@bigpond.com](mailto:Cluff@bigpond.com)  
Internet [www.cluff.com.au](http://www.cluff.com.au)

Subject to approval of the notes and the following options by the company in general meeting, each note shall also entitle the noteholder to be issued with 500,000 unlisted options for ordinary shares in the company at \$0.005 per ordinary share and such options must be exercised in amounts of 500,000 options on or before 31 December 2009 and further each note shall also entitle the noteholder to be issued with 500,000 unlisted options for ordinary shares in the company at \$0.01 and such option must be exercised on or before 31 December 2009. Conversion of each note is to take place within 2 months of the approval of the note by the company in general meeting or at any time at the request of the noteholder. If the notes and options are not approved by the company in general meeting the noteholder shall be entitled to call for repayment of the loan plus interest upon 60 days notice.

**MOTION 2:**

That upon each of the directors arranging or providing additional funds to the company by way of loan in a sum of \$65,000 each being a total of \$260,000 it is RESOLVED that the company will issue converting notes in amounts of \$5000 each being a total of 52 notes which shall be converted at \$0.003 per ordinary share (being 1,666,667 shares per note) and to which interest of 15% pa is payable quarterly in arrears on daily rests but if interest is paid quarterly on time the interest rate will be 10% and in any event all interest will be payable on conversion.

Subject to approval of the notes and the following options by the company in general meeting, each note shall also entitle the noteholder to be issued with 500,000 unlisted options for ordinary shares in the company at \$0.005 per ordinary share and such options must be exercised in amounts of 500,000 options on or before 31 December 2009 and further each note shall also entitle the noteholder to be issued with 500,000 unlisted options for ordinary shares in the company at \$0.01 and such option must be exercised on or before 31 December 2009. Conversion of each note is to take place within 2 months of the approval of the note by the company in general meeting or at any time at the request of the noteholder. If the notes and options are not approved by the company in general meeting the noteholder shall be entitled to call for repayment of the loan plus interest upon 60 days notice.

For further information please contact:

Scott Enderby :

Phone: (02) 9482 4655

Fax: (02) 9482 4987

Email: [cluff@bigpond.com.au](mailto:cluff@bigpond.com.au)

Or

Peter Kennewell on (02) 9482 4655.

Yours faithfully,



Peter Kennewell,  
Managing Director.