



# Cluff Resources Pacific NL

ABN 72 002 261 565

Wednesday, 28 July 2010

**The Manager (Companies)**  
**Australian Securities Exchange**  
**Sydney**

Dear Sir,

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## **CLUFF ENTERS A STRATEGIC ALLIANCE AND MOU WITH VARUN INDUSTRIES**

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### **Key Points;**

- **Cluff has entered an MOU with major Indian industrial company Varun Industries Limited for an exploration joint venture in Madagascar for gold, platinum and gemstones**
- **Cluff's Interest no less than 50%**
- **Preliminary investigations of the areas show gold and platinum**
- **Varun has established infrastructure in Madagascar to assist with the development of the areas**

Cluff Resources Pacific NL (Cluff) announces today it has entered an MOU with major listed Indian entity Varun Industries Limited (Varun) for the exploration and development of gold, platinum and gemstone projects on highly prospective granted tenements in Madagascar. The terms of the MOU provide for the establishment of an exploration joint venture over highly prospective tenements in southern Madagascar. The final participating interests in the joint venture have not been determined but Cluff has advised and Varun has agreed that subject to our assessment of the grounds, Cluff will have an option for at least a 50% interest in the tenements (excluding any interest of the Government of Madagascar). Preliminary investigations by Varun have indicated the presence of alluvial sediments containing both gold and platinum however, earlier exploration recommended detailed stream sediment surveys and source area delineation. Subsequent to our initial evaluation, our first priority will be to complete a detailed mapping assessment of this area, with Cluff providing highly qualified Australian geologists and applying state of the art technology.

Varun (website address [varun.com](http://varun.com)) is an ISO9001 certified company and has evolved from being India's leading steelware exporter to a highly proactive multi-dimensional global conglomerate with business interests that include steelware and steel raw materials, oil and natural gas, wind energy, uranium, mining, gems and jewellery.

Varun was listed on the National Indian Stock Exchange in November 2007 and has featured in the list of Top 500 Indian companies in both 2008 and 2009 as compiled by Dun & Bradstreet.

Cluff and Varun have entered a strategic alliance whereby Cluff will provide geologists and geo-technical solutions and systems to the parties' gold and platinum joint ventures in Madagascar.

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With an established close relationship with the government of Madagascar, Varun is well positioned to develop the areas subject to the joint venture. Added to this is the company's highly experienced management and technical teams already on the ground in Madagascar. It is this combination of Varun's Madagascan experience and on site infrastructure with Cluff's technical expertise that will allow the development of a potentially very successful strategic alliance.

Cluff Director, Ian Johns negotiated the MOU after recognising the potentially highly prospective tenements and the relationship synergies between Varun and Cluff.



Madagascar is a former French colony that enjoys a structured legal and commercial system. There are a number of major players operating in the area with Rio Tinto undertaking a large and expensive ilmenite project in southern Madagascar.

The board of Cluff believe this is a perfect project for Cluff to undertake in association with Varun in order to expand our activities and provide our shareholders with positive returns as the areas have already provided gold and platinum.”

Cluff will be undertaking further due diligence and completing the terms of a detailed joint venture agreement over the coming months. The board confirms to its shareholders that it has adequate funding and management expertise and time to undertake this initial due diligence without in any way impacting its current diamond exploration and operational re-organisation in Australia.

**Resource potential of Madagascar: a brief summary**

Madagascar does not have a well-developed mineral industry, although there is vast potential to discover and develop new deposits. Excluding gold and gem production by artisanal miners, mining makes up less than 1% of GDP (3% when the informal sector is counted) and employs just 1% of the workforce.

Madagascar is noted for its production of good quality chemical and metallurgical grade chromite, high-grade crystalline flake graphite, mica and semi precious stones. The country has the world's largest reserves of sapphire and is also the world's tenth largest producer of chromite. However, the island has other deposits containing gold, nickel, cobalt, heavy mineral sands, bauxite, coal and petroleum products. Madagascar's coal potential has been estimated to contain as much as 100 Mt of good quality coal. The geology of the island has only recently been studied in any great detail. Similarities exist with that of Mozambique and Sri Lanka. (Source: mbendi.com)

For further information contact:  
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Yours faithfully,

Scott Enderby,  
 Company Secretary / Executive Director