



Cluff Resources Pacific NL

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MADAGASCAR WORK PROGRAMS

Cluff Resources Pacific NL (Cluff) announces today its initial work programs for the three projects the subject of the Varun Cluff joint venture for the 6 months to 30 June 2011.

Cluff has completed for the benefit of the joint venture a major Program Initiation Document which sets out in significant detail the project planning and timetable for the operations of each of the projects below.

The joint venture provides for a production share of all minerals (including gemstones) and metals produced on the permits of 35% to Cluff and 65% to Varun.

SUMMARY

❖ Project 1 Ihosy Gold (Production licence 39110)

- Cluff has determined to focus on this project both in respect to funds and resources. Gold has been produced by the local villagers in artisanal mining over a 1 kilometre strike from the gold bearing quartz vein over the past 12 months.
- An initial trench will be established to the north of the creek which crosses the gold bearing quartz vein, to expose the vein along a length of approximately 100 metres. The local artisanal mining in this area has now ceased and the site has been secured. This requires the removal of soil and rock to the immediate west of the vein along the hill side by an excavator. It is proposed that the side overburden be removed to within 1 metre of the vein and to a depth of 2 metres below the current workings (likely to be approximately 10 to 12 metres). All this material will be stockpiled for future processing as it is likely to contain low grades of gold weathered from the vein. An initial sample of 300 kgs from a depth of 10 metres is to be prepared and shipped to Gekko Services in Ballarat for analysis.
- All other likely high grade ore will be stockpiled and secured for further processing and analysis.
- Gekko is to advise on the processing plant required for the effective extraction of the gold.
- Observations of the quartz bearing vein indicates the gold is free within the quartz and not flaky in character, although it does not appear nuggetty and is relatively fine grained.
- Cluff is negotiating for a vertical crusher and associated equipment to be delivered to the permit within 3 months.
- Subject to the weather Cluff anticipates that work on the ground will commence in February 2011 and will take 2 to 3 months to complete including the analysis
- Management and directors will be visiting the permit in the week of the 17 January 2011.
- The budget for the next 6 months on this permit is US\$250,000 to US\$300,000.

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- Cluff anticipates undertaking an extensive drilling program on the permit in the third and fourth quarters of 2011.
- In the third and fourth quarters of 2011:
 - Undertake an extensive and exhaustive drilling program focused on the gold bearing quartz vein
 - Extending the trenching on either side of the intersecting creek by 100 metres on each side
 - Commissioning a small processing plant including crusher and separator.

❖ **Project 2 Ihosy Gemstones (Production licence 35571)**

- Extend and clean the face and floor of the Varun test pit to approximately 15 metres depth to provide that the face can be examined in detail.
- Undertake appropriate drainage of the pit (and the immediate surrounds) to ensure the pit remains dry and free of water and safe to work in all seasons.
- Undertake two further test pits into the outcrop to depths of 10 to 15 metres using hand labour. The target is gem quality gemstones for further evaluation.
- Subject to the weather Cluff anticipates that work on the ground will commence in February 2011 and will take 3 months to complete including the analysis
- Management and directors will be visiting the permit in the week of the 17 January 2011.
- The budget for the next 6 months on this permit is US\$50,000 to US\$75,000

❖ **Project 3: Ranopiso Gold & Platinum (Exploration Licence Application and granted Exploration Licence)**

- An initial target number of 100 stream sediment and sediment samples covering an area of 40 square kilometres is proposed. Samples to be sieved to less than 2 mm and only fines to be tested.
- We are of the opinion all gold or platinum will be less than 2 mm.
- Subject to the weather Cluff anticipates that work on the ground will commence in February 2011 and will take 3 to 4 months to complete including the analysis
- Management will be visiting the permit in the week of the 17 January 2011.
- The budget for the next 6 months on this permit is US\$50,000 to US\$75,000

All permits are 100% held by Varun Madagascar on behalf of a new joint venture operating company Varun Cluff International SARL of which 35% is held by Cluff.

The joint venture agreement provides a contribution by Cluff US\$300,000 of the initial total budget for the 6 months to 30 June 2011 of US\$400,000.

For further information contact:

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Yours faithfully,



Scott Enderby,
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