



# GLENEAGLE

G O L D L I M I T E D

9 May 2008

Company Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

## **Proposed Acquisition of Six Exploration Tenements in Mozambique Prospective for Coal, Iron Ore, Uranium & Gold**

The Directors of Gleneagle Gold Limited (“**Gleneagle**” or “**the Company**”) are pleased to announce that the Company has signed an agreement to acquire a 100% interest in six granted exploration tenements variously located in Southern and Central Mozambique which are prospective for coal, iron ore, uranium and gold, the key highlights of which are:

- The Catasha Licence (1393L) lies adjacent and contiguous to granted coal licences held by Riversdale Mining, Central African Mining & Exploration Company (“**CAMEC**”) and Companhia Vale do Rio Doce (“**CVRD**”) and contains Karoo Supergroup sequences which are highly prospective for coal.
- Magnetite mineralisation sub crops over an area of about 3km (NS) by 1km (EW) within the Chaca Licence (799C) and provides immediate RC and Diamond exploration focus.
- Granitoid and migmatite rock outcrops within the Catasha Licence and offer an exploration target for magmatic hosted uranium mineralisation and base metals.
- Small scale artisanal alluvial and hard rock gold diggings are active within the Catasha Licence, and adjacent to the Cazula Licence (1186L).

The acquisition is conditional on obtaining the necessary regulatory approvals.

Mozambique is a fast-developing economy, with political stability and a modern mineral legislation. It has recently received significant direct foreign investment flows in the metals and mining industry. Mozambique has the financial support from multilateral credit institutions, such as the International Finance Corporation (IFC), a subsidiary of the World Bank, and from regional credit institutions, such as the Industrial Development Corporation (IDC), from South Africa.

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## Summary of Transaction

Gleneagle has entered into an agreement to acquire all of the shareholding in Phakamile Holdings (Pty) Ltd, a South African company whose wholly owned subsidiary Investimos Publicos National Limitada, a company incorporated in Mozambique, is the registered holder of the six granted exploration licences ("the Projects").

Under the terms of the agreement and subject to satisfaction of the conditions referred to above Gleneagle shall acquire all rights to the Projects by the payment of US\$100,000 cash and the issue of 63,600,000 fully paid ordinary shares in the capital of Gleneagle at an issue price of 3 cents.

Settlement of the acquisition is conditional on the vendor completing the registration of the transfer of all the shares in Investimos Publicos National Limitada to Phakamile Holdings (Pty) Ltd, Gleneagle obtaining all necessary regulatory and shareholder approvals, Gleneagle completing due diligence and the vendor obtaining any necessary regulatory approvals.

### 1. Mozambique Overview

The Republic of Mozambique covers an area of 801,590km<sup>2</sup> and is bordered to the north by Tanzania, in the west by Malawi, Zambia and Zimbabwe and in the southwest by South Africa and Swaziland.

At independence in 1975, Mozambique was one of the world's poorest countries. The civil war from 1977-92 exacerbated the situation. In 1987, the Government embarked on a series of reforms designed to stabilise the economy. These steps, combined with donor assistance and with political stability since the multi-party elections in 1994, have led to dramatic improvements in the country's growth rate.

A comprehensive investment programme in infrastructure such as roads and railways, ports, storage, energy, and telecommunications is also contributing to improved efficiency and to lower operating costs.

Mozambique has been able to undertake these investments thanks to strong cooperation with international financial institutions and bilateral partners. Mozambique is a signatory to a number of multilateral trade agreements.

The Government welcomes and encourages direct foreign investment that results in benefits to the national economy while providing investors with fair returns. The economy is open to foreign investment in all sectors.

### 2. Description of the Projects

#### Tenure

The six exploration licences have been granted to Investimos Publicos National Limitada by the Ministerio dos Recursos Minerais of the Republic of Mozambique. An exploration licence entitles the holder to gain access to and explore the ground on an exclusive basis; it also confers exclusive rights to apply for a mining concession or mining certificate.

#### Tenure Summary

Tenement	Expires
0799 C (Chaca)	31 December 2031
1185 L (General Andreas)	17 November 2010
1186 L (Cazula)	17 November 2010
1287 L (Maputo)	1 December 2011
1393 L (Catasha)	12 June 2011
1399 L (Zobue)	23 June 2011

### **Location**

The most southerly licence is a short distance from Maputo, the capital of Mozambique. Four licences are located a short distance via sealed and unsealed roads from the provincial town of Tete, while the Chaca Licence is located about 250km northwest of the regional town of Nampula (Figure 1). There are daily flights between these regional centres and Maputo.

### **General Geology**

The geology of Mozambique is varied and complex resulting in a considerable diversity of mineral deposits. Stratigraphically, the country can be divided into two; the older Precambrian in the north and west, and the younger Phanerozoic rocks in the south (Figure 2). The Precambrian terranes include igneous and metamorphic rocks; the Phanerozoic is characterised by sedimentary basins of Cretaceous age and younger.

### **Properties and Commodities Sought**

#### **Catasha Licence**

The commodity sought is coal. The licence lies within the broad east-west orientated Lower Zambezi Coal Basin containing the Moatize-Minjova and Mucanha-Vuzi basins which extend from the western end of Lake Cahorra Bassa to the Malawi border in the east (Figure 1).

Within the licence area, published Government geological mapping records a *small coal occurrence at Chirodeze* and the presence of lower Karoo sediments prospective for coal over an approximate area of 8km (NS) and 4km (EW).

The basin is considered one of the largest unexplored coal provinces in the world. It contains several world-class coal deposits including CVRD's inferred 2.4Bt Moatize deposit, and Riversdale's inferred 1.2Bt coal deposit. At the CVRD and Riversdale deposits, the coal seams lie in a 320-400m thick productive sequence, with the thickest single seam, the Chipanga, varying in thickness from 21m to 67m, with an average of 36m. Both deposits contain hard coking coal and thermal coal of export quality.

There is a railroad linking the Moatize region to ports in the coast of Mozambique, Nacala and Beira, which is operated, under government concession, by Indian companies.

#### **Chaca Licence**

The commodity sought is magnetite as a source of iron ore. The licence is located approximately 200km northwest of the port of Nacala within the country's older Proterozoic shield consisting of essentially gneisses and migmatites.

Exploration and evaluation of the magnetite mineralisation within the licence area in the mid 1960's, in 1996 and most recently in 2003 included ground geophysics, surface sampling, and the drilling of 15 boreholes to depths around 40m and one to a depth of 90m. The exploration delineated a number of discrete magnetite rich, dyke like bodies, between 5 to 10m thick lying within gneisses. With some exceptions these generally strike north-south and dip east at a shallow angle. The magnetite mineralisation appears to occur within an area of 3km (NS) by 1km (EW) and can be divided into five principal zones, Chaca I to V.

The historic reports include a number of mineral resource estimates, however it is considered that insufficient work has been undertaken to fully evaluate the magnetite mineralisation and further exploration is warranted.

#### **Zobue and Catasha Licences**

The commodities sought are uranium and base metals. Both licences contain granitoid rocks which are believed favourable for uranium and base metal mineralisation hosted in shear zones and/or late stage pegmatitic dykes and sills.

At Zobue, airborne radiometrics clearly identifies a number of elevated and discrete total count radiometric anomalies which extend in a southeasterly direction over several kilometres, and require immediate follow-up exploration.

At Catasha, Government geological mapping records several *irregular* occurrences of uranium and copper mineralisation which warrant ground truthing and follow-up exploration, while quartz stockwork and gabbroic rocks exposed in shallow alluvial gold diggings are believed prospective to host uranium mineralisation.

#### **Cazula and Catasha Licences**

The commodity sought is gold. Alluvial gold is currently being worked, at a small scale, by local artisinals at several localities in the **Catasha** licence, and close to but outside of the **Cazula** licence.

#### **Maputo Licence**

The commodity sought is coal. The licence lies between two granted mining permits for coal, and is less than 80km from the Maputo Port Coal Terminal.

#### **Exploration Programme**

Field work will commence immediately, as the period May through to October is the dry and cooler season, and the initial focus will be to assess the coal potential of the Catasha and Maputo licences.

Exploration will be based at Tete where all necessary support to conduct and assist the company's exploration programme is readily available.

### **3. Corporate Information**

A notice of shareholder meeting to approve the transaction is currently being drafted. It is anticipated that the shareholder meeting will be held early in June 2008.

For further information or enquiries please contact Mr Lee Boyd or Mr Mal Smartt by telephone on +61 8 9380 3400.

Yours faithfully

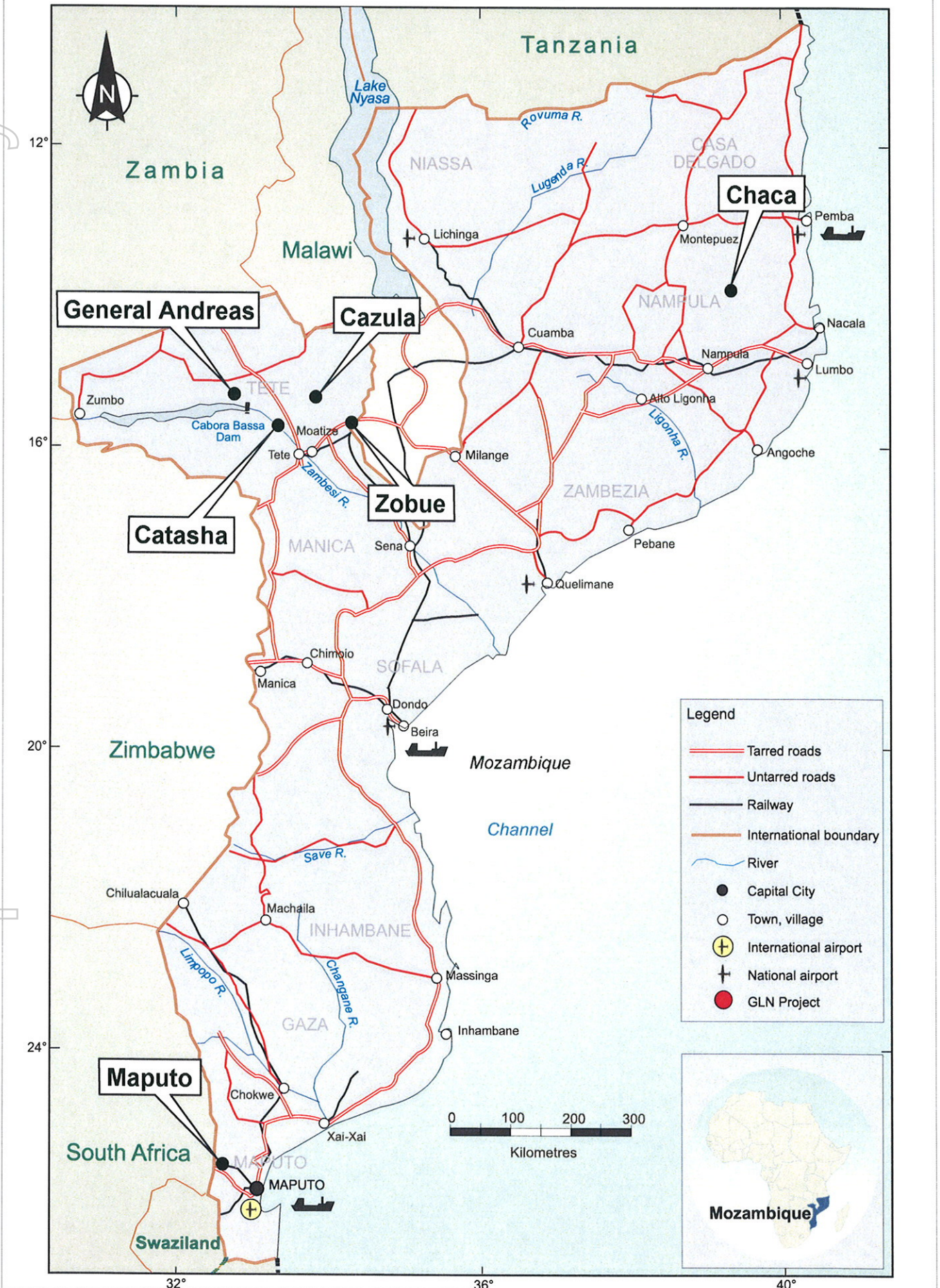
**Gleneagle Gold Limited**

  
**Lee Boyd**

**Director**

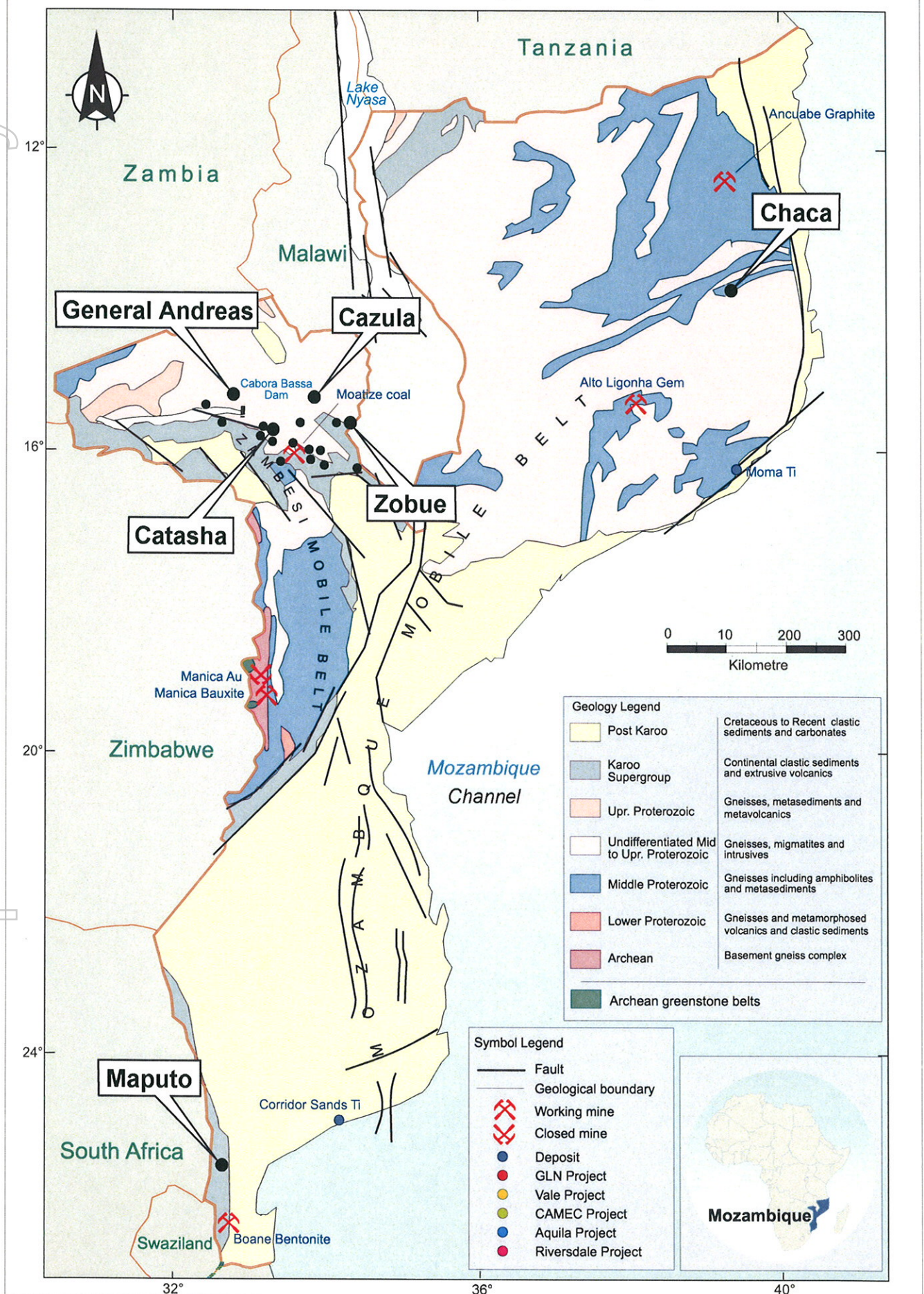
The information in this Announcement relating to the exploration tenements is based on information compiled by Mr Ed Mead who is a Member of the Australian Institute of Mining and Metallurgy. Mr Mead has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Mead consents to the inclusion in the Announcement of the matters based on his information in the form and context in which it appears.

**Figure 1. Mozambique Project Locations**



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**Figure 2. Mozambique Geology and Project Locations**



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