GLENGARRY

ABN 40 009 468 099

ASX Release
Quarterly Activities Report
31 December 2009

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Issued Shares

286,003,678

ASX Code: GGY

HIGHLIGHTS

- Cash at the end of the Quarter $8.7 million.
- Glengarry and Centaurus Resources Limited agree to merge, by way of off market takeover.
- Offer declared unconditional on 19 January 2010 with Glengarry securing over 90% acceptance of Share Offer by Centaurus shareholders.
- Glengarry to have significant cash resources and a management team and board, highly experienced in the iron ore sector to advance Centaurus' quality iron ore projects in Brazil.
- Glengarry to target early iron ore production to be sold into Brazil's domestic steel industry along with the exploration, acquisition or development of larger scale projects for export markets.
- Experienced resource industry executives, Mr Peter Freund and Mr Richard Hill appointed to the Glengarry Board subsequent to Quarter end.

CASH POSITION

At 31 December 2009, the Company held cash reserves of $8.7 million.

GLENGARRY AND CENTAURUS RESOURCES LIMITED MERGER

Glengarry Resources Limited (ASX Code: GGY – "Glengarry") and Centaurus announced on 11 November 2009 that they had reached agreement to merge to create a well funded Brazilian focused iron ore group.

The Merger will result in Centaurus' current Brazilian iron ore strategy being strengthened with the combined entity having capital, increased liquidity, an enhanced ability to access international capital markets and a Board and Senior Management team with a significant depth of international iron ore experience including financing, development and operation of major iron ore assets.

The merged company will have a growing iron ore resource inventory that will be the basis for near-term iron ore production, as well as extensive and highly prospective iron ore exploration projects in Brazil and a portfolio of gold and copper exploration properties both in Brazil and Australia.

Terms of the Takeover Offer

Under the terms of the takeover offer Centaurus shareholders were offered eight (8) Glengarry shares for every one (1) Centaurus share they held.

Glengarry also made a separate offer to holders of existing Centaurus options with the consideration being equivalent Glengarry options on terms consistent with the Share Offer. Both the Share Offer and Option Offer were conditional upon the following key conditions:

- 90% Minimum Acceptance Conditions;
- No Change of Control Rights and No Regulatory Actions;
- No Material Adverse Change and No Prescribed Occurrences; and
- No Material Acquisitions, Disposals or Commitments.

As at 19 January 2010, all of the conditions had either been met or waived. The achievement of the 90% acceptance level fulfilled the last key remaining condition of the Share Offer and the Share and the Option Offers were declared unconditional.

All Centaurus shareholders who accepted the Share Offer up to 22 January 2010 were issued with their Glengarry shares on 28 January 2010. The offer closes on 29 January 2010.

As a result of the merger Glengarry will have secured a number of highly prospective iron ore projects in Brazil as well as a number of iron ore projects where resources have already been defined. Glengarry's existing cash resources puts the Company in a strong position to quickly progress a number of these projects towards production.

The projects secured by Glengarry via the merger with Centaurus include

- Itambé Iron Ore Project
- Passabem Iron Ore Project
- Liberdade Iron Ore Project
- Serra do Bicho Iron Ore Project
- Guanhães Iron Ore Project
- Rio Pardo Iron Ore Project
- Itamarandiba Iron Ore Project
- Ponte de Pedra Manganese Project
- Southern Brazil Gold Projects (Capaçava and Brusque)

No direct field work has yet been undertaken at Serra do Bicho, Guanhães, Rio Pardo or Itamarandiba as the tenure has only recently been granted.

In total Centaurus now has 55 granted exploration licences and 30 exploration licence applications. Most tenure is owned 100%.

A summary of Centaurus' projects in Brazil are set out below.

CENTAURUS' BRAZIL CARBON STEEL PROJECTS

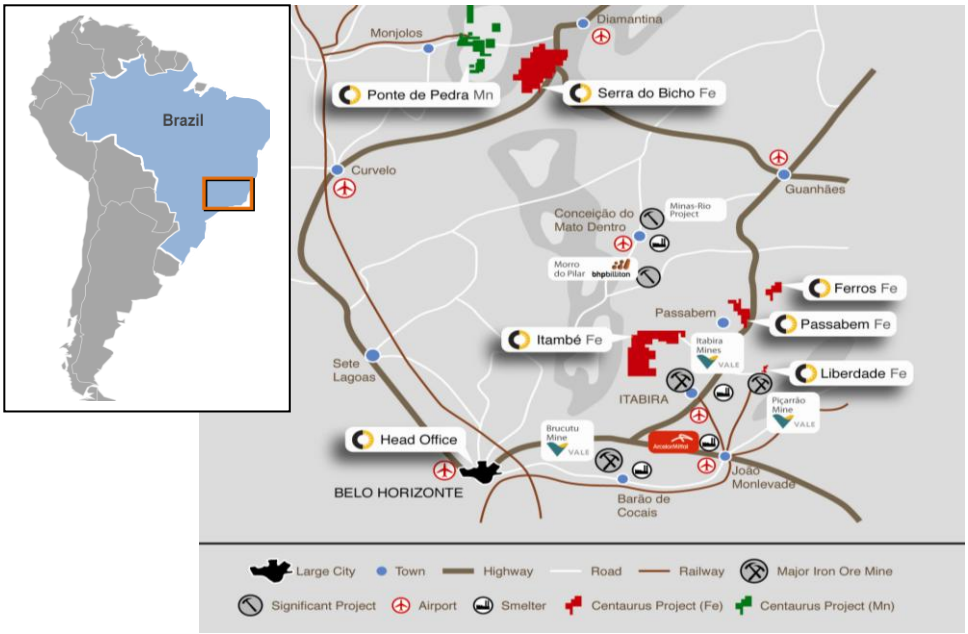


Figure 1 – Centaurus' Carbon Steel Projects – Iron Quadrangle, Brazil

Centaurus' operations, and many of its projects, are based in the Iron Quadrangle, in the State of Minas Gerais, Brazil. The Iron Quadrangle is rich in mineral occurrences and is considered one of the richest mineral-bearing regions in the world. It has been mined for gold since the 15th century and was the birthplace of Vale, the world's largest iron ore producer.

In addition to its mineral riches, the State of Minas Gerais is the backbone of Brazil's domestic steel industry. As a developing economy, this BRIC nation is heavily reliant upon steel as a key input into its continued growth. Consequently, Brazil is one of the top 10 global steel producing countries – and growing as it gears up to cope with the additional demand that the 2014 FIFA World Cup and the 2016 Olympics will place on the steel and iron ore industries.

With a population of 5.4 million, the metropolitan area of Belo Horizonte, the capital city from which Centaurus operates, is the third largest in Brazil behind São Paulo and Rio de Janeiro. The city and the surrounding Iron Quadrangle are well serviced from an infrastructure perspective having supported mining, car manufacturing and steel making as key parts of the local economy for many decades. With many of Centaurus' projects located less than 120 kilometres from the capital city, and in close proximity to major consumers of iron ore, developing an iron ore business in this part of the world is vastly different to Australia.

Figure 2 – Belo Horizonte, Brazil

Itambé Iron Ore Project

The Itambé Project lies in the north-eastern region of the Iron Quadrangle, 20 kilometres north of Vale's flagship Southern System iron ore operations at Itabira, which have been producing around 65 million tonnes per annum of high quality iron ore over the course of the last decade.

Although the Itambé project consists of 11 tenements, work to date has centred on only one tenement, Itambé 1, as the remaining tenements of the Project have been in application status.

Work at Itambé 1 has consisted of reconnaissance mapping, diamond drilling, a ground magnetic survey, environmental data collection, metallurgical tests and most recently a scoping study.

The drilling program consisted of 18 diamond drill holes IBPDD0001 to 0018 for a total of 686 metres with an average hole depth of 38 metres. The drilling targeted an outcropping Iron Formation which has been geologically mapped and rock chip sampled over an area of approximately 900 metres by 500 metres. This programme targeted only the eastern and western edges of the mapped iron formation with 15 of the 18 holes drilled intersecting iron formation.

Following the drilling an initial JORC Inferred Mineral Resource estimate of 15.5mt grading 37.2% Fe (refer Table 1) was calculated for the Itambé-1 tenement.

Table 1 – Itambé Mineral Resource Statement

Tonnes (Mt)	Fe%	SiO_2%	Al_2O_3%	P%	Mn%	LOI%
15.5	37.2	39.9	3.7	0.055	0.07	2.04

Note: Estimate calculated using Inverse Distance Squared technique with no iron grade Lower Cut off applied.

Beneficiation test work

Preliminary ore characterisation and beneficiation test work conducted on a higher grade sample of Itambé ore (51.6% Fe) by an independent Brazilian laboratory, Fundação Gorceix, has confirmed that the ore is amenable to cost effective beneficiation producing a high grade 67.7% Fe product with 3.0% SiO_2 and a weight recovery of 60.6%.

These results were achieved through the use of a 6000 gauss magnetic separation unit. Fundação Gorceix costed the commercial operation of this type of beneficiation at US$1.50 per tonne with the capital cost of acquiring a new unit capable of beneficiating 240 tonnes per hour in the order of US$400,000[1].

The tests are preliminary in nature with only a single three kilogram sample having currently been tested. As further tests are conducted the Company is expecting that even more favourable results can be achieved as the optimal beneficiation methodology is refined.

Ground Magnetic Survey

The Company has also completed a ground magnetic survey, undertaken on 50 metre spaced lines with 2.5 metre spaced stations to model the orientation of Iron Formation blocks to assist further drill targeting and focus future resource definition drilling.

The area surveyed in the North East of the project contains a significant outcropping Iron Formation in a creek exposure (Figure 3). The ground magnetics define a significant magnetic anomaly associated with the outcrop illustrating significant exploration upside for the area and potential extensions to the drilled iron formation.

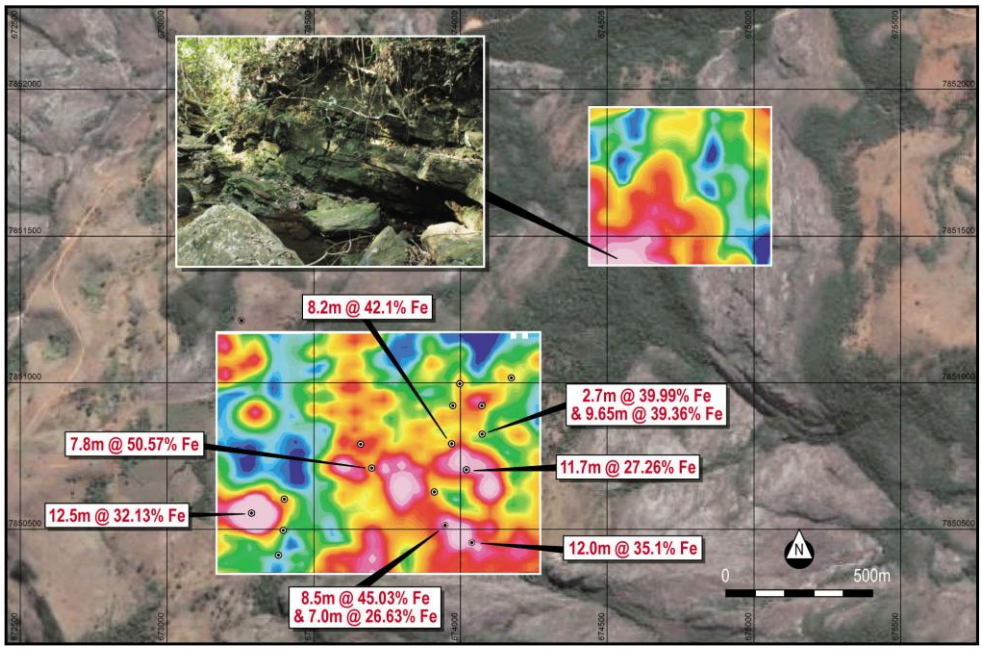


Figure 3 - Ground Magnetic Surveys illustrating extensions to the drilled Iron Formation and significant Exploration Upside, particularly in the NE survey associated with outcropping Iron Formation.

Itambé Scoping Study

Centaurus has completed a positive Scoping Study on the Itambé-1 Iron ore deposit.

[1] *Based upon an Inbras-Eriez WDRE model Magnetic Separator.*

The Scoping Study indicated that, based on an initial 500,000tpa operation selling ore into the domestic Brazilian steel industry, the Itambé 1 deposit generates gross operating margins of ~AU$16 per tonne of ore sold, a pre corporate tax NPV[8%] of AU$19.6 million[2] and a pre corporate tax IRR of 37%.

A summary of the scoping study capital and operating cost estimates for Itambé are set out in Table 2 below:

	Stage 1 (300,000 tonnes of in situ material which delivers ~ 180,000 tonnes of product under each licence)	**Stage 2** (0.5mtpa of product)
Capital Expenditure (includes tax and installation)	US$1.15 million	US$11.02 million
Operational Expenditure (total delivered cost to steel mill)	US$13.38 per tonne of ore produced	US$12.91 per tonne of ore produced

Table 2 – Itambé Capital and Operating Cost Estimates [2]

Based on these results, the Company will progress environmental approvals and plan a drill out of Itambé 1 to convert the existing resources into reserves.

Centaurus has submitted a final report for the Itambé-1 tenement to the Department of Mines and hosted subsequent site visits by representatives of the Department. A final report is required to be submitted and approved by the Department of Mines in order to convert an Exploration Lease into a Mining Lease.

Passabem Iron Ore Project

The 100%-owned Passabem Iron Ore Project is located approximately 100 kilometres from Belo Horizonte in the State of Minas Gerais, Brazil (Figure 1). Passabem contains the northern strike extent of an Iron Formation locally known as Morro Escuro, "The Dark Mountain". This Iron Formation shows a consistent strike for 23 kilometres to the south, with Centaurus owning the most northern ~5 kilometres of the iron formation in two wholly owned tenements (Figure 4).

Importantly, the Passabem Project is located near critical infrastructure. Access is provided by a sealed road that passes through the southern tenements close to the initial resource. In addition, it is well located with regard to local steel industry infrastructure with the largest smelter in the state, Usiminas' Ipatinga smelter, located only 63 kilometres from Passabem and Arcelor Mittals' steel works at Joao Monlevade only 52 kilometres from the Project.

Following initial field work and reconnaissance mapping, Centaurus completed a ground magnetic survey of the project. The results confirmed the apparent continuity of the previously identified 5.2 kilometre strike of outcropping iron mineralisation. The intensity of the magnetic field over and around the mapped iron mineralisation was measured at 5 metre intervals along 91 survey lines. The survey lines were spaced at 50 metre intervals, generating a total of 68 line kilometres of magnetic information during this survey.

[2] Includes taxes and charges applied to Revenue including PIS (1.65%), CONFINS (7.6%) and ICMS (12%) and royalties applied to net revenue (CFEM 2% and other 1%). Exchange rate assumed BRL:USD 0.588, all AUD numbers assume a USD:AUD rate of $1.094

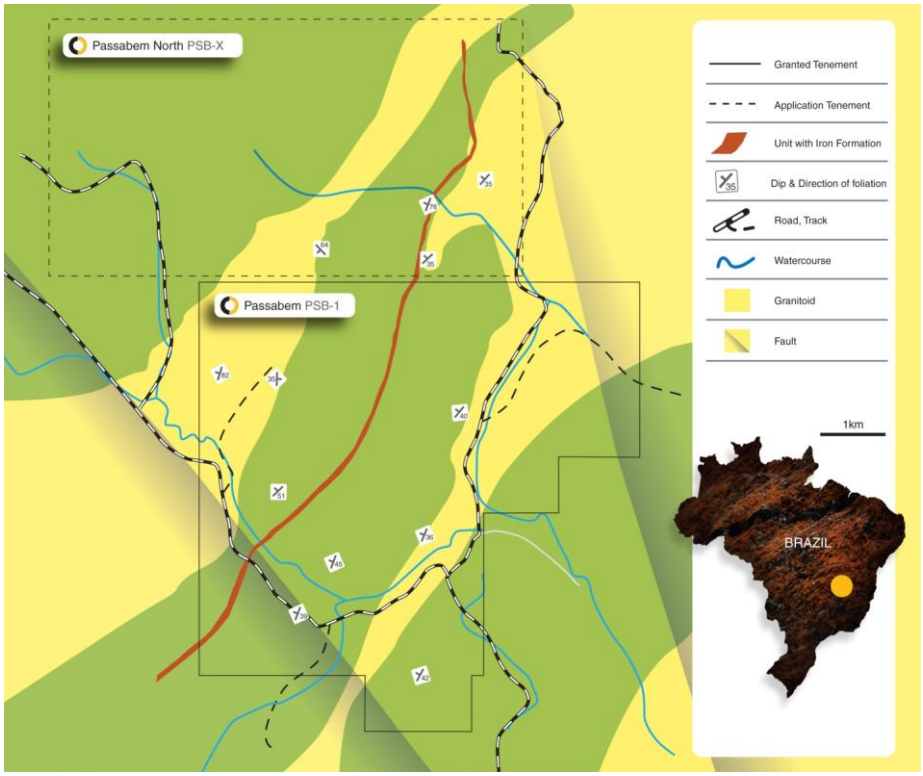


Figure 4 - Geological Mapping and Tenement Outlines of Passabem Project

Figure 5 illustrates the continuity of the iron formation compared to the width of the previously mapped iron formation. In these images, the blue units are interpreted to represent the iron formation at depth (~50 - 80 metres) while the blue and white dotted line represents the iron formation mapped at surface.

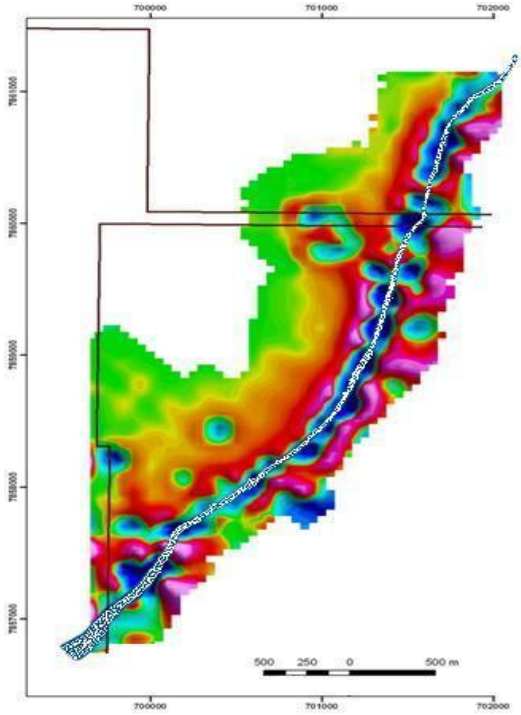
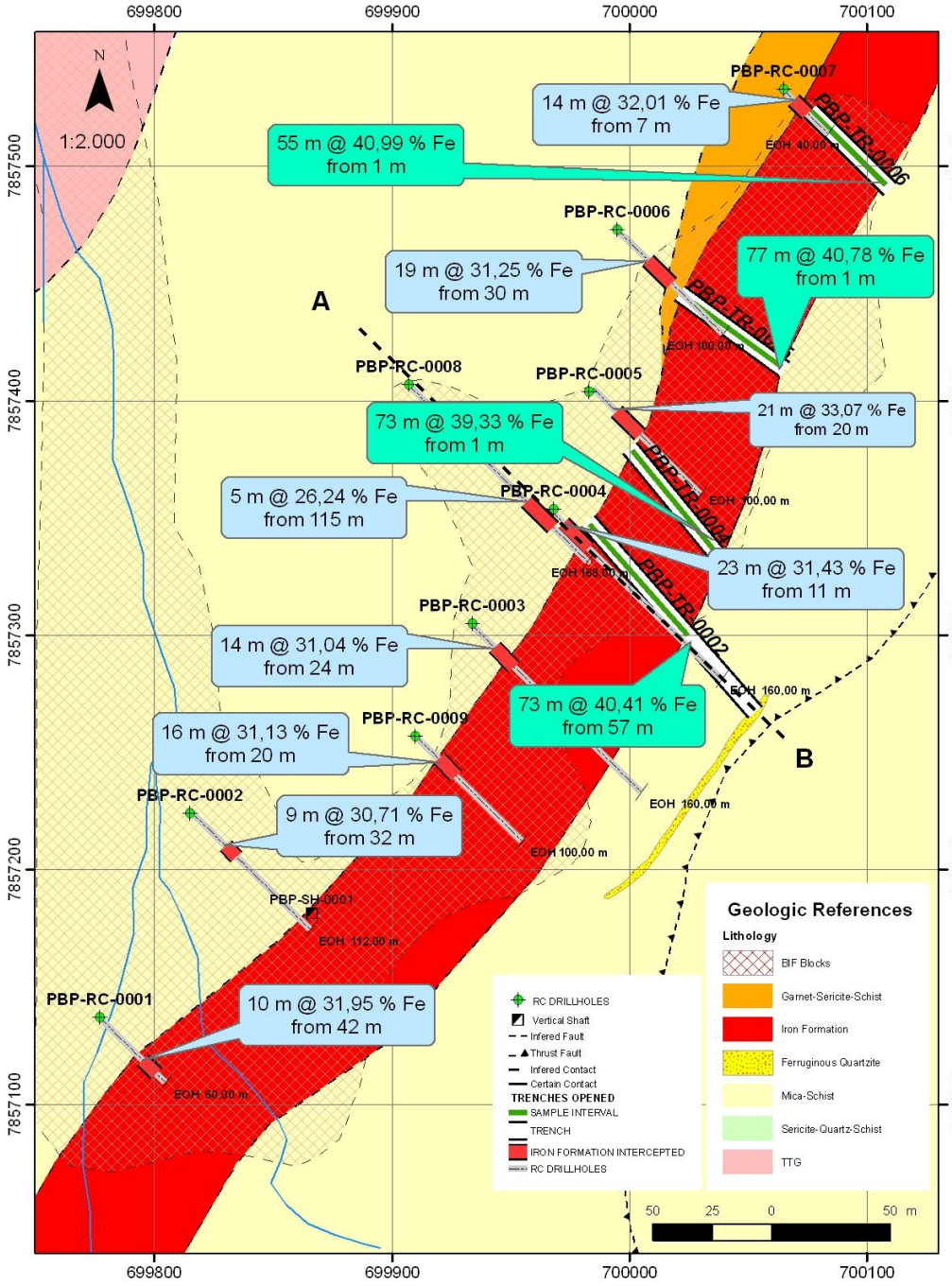


Figure 5 – Passabem Magnetic Image with Mapped Iron Formation at Surface

Passabem Drilling

The results of the magnetic survey were used to target Centaurus' June 2009 initial 9-hole, 1,000 metre reverse circulation (RC) drilling programme and a 611 metre trenching programme. The encouraging results show that the iron mineralisation tested within the initial 500 metre zone is continuous and open at depth with the deepest intersection occurring at a downhole depth of 120 metres (see Figure 7).



Represents Trench Results ***Represents RC Drill Results.***

Figure 6 – Drill results from the 9 hole RC campaign.
Cross section A-B is shown in figure 7 below.

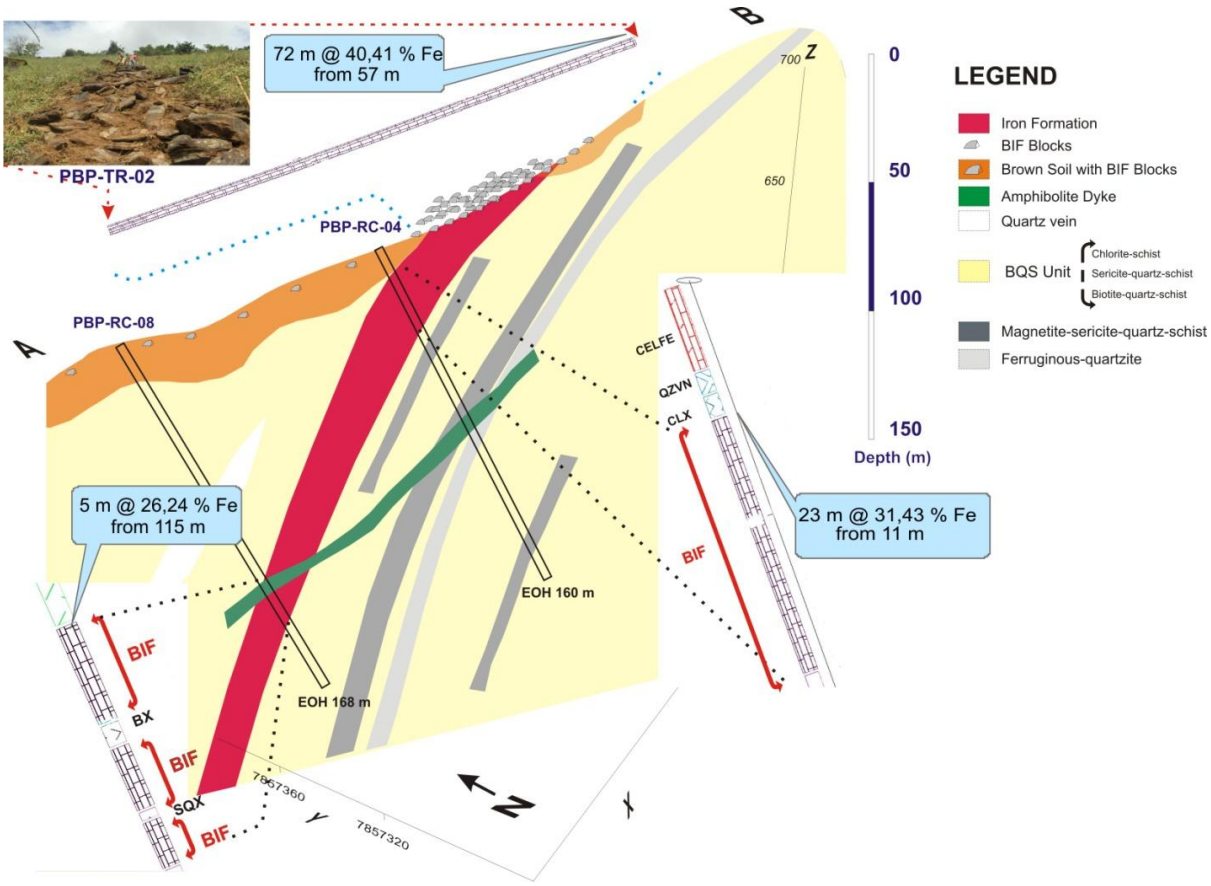


Figure 7 – Cross Section illustrating itabirite (BIF) boulders and the iron formation at depth

The drill program was designed to confirm the lateral and depth continuity of an initial 500 metre section of previously identified outcropping iron formation. This initial target zone was located in the southern most portion of 5.2 kilometre long zone of outcropping iron formation.

In respect to the drilling, all nine RC drill holes intersected iron formation demonstrating the geological continuity of the Passabem itabirite mineralisation over a 500 metre strike length and to a downhole depth of 120 metres. The itabirite mineralisation remains open at depth and along the remaining 4.7 kilometres of strike to the north.

Significant results from the drilling are shown below:

- PBP–RC–0004: **23 metres at 31.43% Fe**
- PBP–RC–0005: **21 metres at 33.07% Fe**
- PBP–RC–0006: **19 metres at 31.25% Fe**

Centaurus has also recently completed two phases of trenching at 500 metre spacings over a 3 kilometre strike length of the iron formation on the granted tenure at Passabem. Significant results from the trench sampling are detailed below:

- PBP-TR-0002: **73 metres at 40.4% Fe**
- PBP-TR-0003: **65 metres at 35.4% Fe**
- PBP-TR-0004: **73 metres at 39.3% Fe**
- PBP-TR-0005: **77 metres at 40.8% Fe**
- PBP-TR-0006: **55 metres at 41.0% Fe**
- PBP-TR-0009: **59 metres at 36.7% Fe**

Significantly, broad horizontal intersections (of up to 77 metres) of weathered higher grade itabirite boulders were encountered in the trenching campaign. This zone of supergene enriched itabirite may represent an opportunity for low cost early extraction of ore from Passabem and will be further investigated in upcoming exploration and resource definition campaigns.

Beneficiation Testwork

Previously reported beneficiation test work conducted on the Passabem ore confirms that even the lower grade (28% Fe) itabirite is amenable to cost effective beneficiation producing a high grade 65.8% Fe product.

Bulk samples from the RC drilling are currently being selected for bench scale beneficiation and extraction test work.

JORC Resource

In August 2009, Centaurus announced the completion of an initial JORC Inferred Mineral Resource estimate of 2.6 million tonnes grading 31.2% Fe (refer Table 3) for the Passabem Iron Ore Project.

The initial resource estimate covers only approximately 10% of the mapped iron formation at Passabem.

Table 3 – Passabem Mineral Resource Statement

Tonnes	Fe%	SiO_2 %	Al_2O_3%	P%	Mn%	LOI%
2.6 M	31.2	48.9	2.9	0.035	0.11	1.16

The resource covers a 500 metre zone located in the southernmost portion of the 5.2 kilometre strike length of outcropping iron formation and is based on previously reported results from geological mapping, Reverse Circulation drilling, and trench and channel sampling programmes.

Liberdade Iron Ore Project

The Liberdade Iron Ore Project comprises a 1.45 km^2 mining lease that covers a 2.5 kilometre long, 300 metre wide zone, prospective for structurally controlled itabirite that adjoins the Piçarrão mine previously operated by Vale. It is located in the north eastern part of the Iron Quadrangle in close proximity to Centaurus' Passabem Project (Figure 1). Centaurus took an initial 10% stake in this project in January 2008, with the ability to move to 60% through the funding of resource drilling and the subsequent funding of the capital development of the site.

Centaurus completed a systematic evaluation of the Liberdade mine. This included geological surface mapping, geophysical surveys, drilling, environmental surveys, beneficiation test work, and ore characterisation. A total of 103 diamond holes (3,116 metres) were completed. Following this work, resource consultants Coffey Mining calculated an initial JORC compliant resource of 5.3 million tonnes grading 43% Fe.

In September 2009, Centaurus commenced legal proceedings against its Joint Venture Partner for breach of contract. Centaurus is seeking to terminate the joint venture contract governing the Liberdade Iron Ore Project and a consequent award for damages resulting from the alleged breach of contract.

Liberdade arbitration court proceedings have proceeded quickly. It is expected that the court will make a binding ruling, from which no appeal is possible by either party, during the first half of 2010.

Rio Pardo Iron Ore Project

The Rio Pardo tenements are located in the northern part of Minas Gerais State, approximately 750 kilometres from Belo Horizonte.

The project consists of 3 granted tenements and 3 tenements under application. The granted tenements occupy an area of 56.6 square kilometres.

The iron mineralisation setting for the Rio Pardo Project is known as "Rapitan Type" and is associated with the banded iron formations and glaciomarine horizons. The Rapitan Type of mineralisation can form world class iron ore deposits (+1b tonnes). They constitute highly prospective iron ore and manganese targets.

The Rio Pardo Project is located in a newly discovered "iron ore province". Several major exploration and mining companies, including VALE, BHPB, VOTORANTIM and MIBA are actively exploring in the district. A consortium led by Vale has recently announced a very large iron ore resource within this "iron ore province". This resource is located 8km along strike from Centaurus' project.

Serra Do Bicho Iron Ore Project

The Serra do Bicho Project is located in the State of Minas Gerais, 300 kilometres north of Belo Horizonte.

The Project is located approximately 20 km from the Company's' Ponte do Pedra Manganese Project which is 20 kilometres from a rail head that connects into one of Brazil's' major north-south railway lines operated by an independent company, Central Atlantica Railway (FCA). This rail line runs to two ports, Rio de Janeiro and Santos harbour in the state of São Paulo.

The Project portfolio has 7 granted tenements and 1 under application for an area totalling 104 square kilometres. All the tenements are 100% owned by Centaurus.

Guanhães Iron Ore Project

The Guanhães Project lies within the State of Minas Gerais, approximately 300 kilometres north of Belo Horizonte.

The Project portfolio has 7 granted tenements totalling 130.6 square kilometres. All the tenements are 100% owned by Centaurus.

Itamarandiba Iron Ore Project

The Itamarandiba Project is 400 located kilometres north east of Belo Horizonte and the Iron Quadrangle.

The Project portfolio comprises an area totalling 168.6 square kilometres. The tenement package consists of 19 tenements with 11 granted and 8 tenements under application. Centaurus has 100% ownership in the tenements.

CITADEL COPPER/GOLD PROJECT (GGY 100%)

The Citadel Project is an exploration project located approximately 100 kilometres north of Newcrest's multi-million ounce Telfer Gold Mine in the north-west region of Western Australia.

During the Quarter no field activities were undertaken on this Project.

PERCYVALE COPPER/GOLD PROJECT (GGY 100%)

The Percyvale Project is an exploration project located in North Queensland approximately 300 kilometres west-northwest of Townsville.

No field activities were undertaken on the Project during the Quarter.

MT GUIDE PROJECT

(Summit Resources Ltd 90%, Glengarry carried 10% interest; MM Mining Plc earning 80% of Summit's interest)

The Mt Guide Project is located 35 kilometres south of Mt Isa in western Queensland. The tenement is located along the Mt Isa Fault.

MM Mining Limited has carried out no field work over the Mt Guide prospect during the quarter.

SNAKE CREEK PROJECT

(Glengarry Resources 100%, Ivanhoe Exploration Ltd earning 85%)

The Snake Creek prospect is located in a world class mining district, 25 kilometres south of Cloncurry in western Queensland. The project is highly prospective for shear controlled as well as Iron oxide copper – gold mineralisation.

Ivanhoe Australia had hoped to follow up on previous drilling. However Heritage issues have hampered exploration efforts. Ivanhoe Australia has planned further RC drilling for the Snake Creek prospect. Initial drilling will focus on understanding previous observations from drilling at SCR0001 and SCR0002.

Ivanhoe have also indicated further drilling is planned to target a trend from Robur to Robur North along the Big Mick fault.

CORPORATE

Share Information

At 31 December 2009, the Company had 286,003,678 shares on issue with the Top 20 holding 36.6% of the total issued capital.

New Director Appointments

Subsequent to the end of the Quarter, the Company appointed experienced resource executives, Mr Peter Freund and Mr Richard Hill, to the Board of Glengarry. The appointments follow the successful merger of Glengarry and Centaurus Resources.

Concurrently with the new Board appointments, current Non executive Director, Mr Didier Murcia has been appointed Chairman of the Company. Mr Murcia replaces Mr Keith McKay who has stepped down from his Chairman role but will continue to serve as a Non Executive Director.

Darren Gordon
Managing Director
29 January 2010

Competent Person Declaration

The information in this report that relates to Exploration Results and Mineral Resources on Centaurus Resources Ltd Projects in Brazil is based on information compiled by Mr Ian Cullen who is a Member of the AusIMM. Ian Cullen is a permanent employee of Centaurus Resources Limited. Ian Cullen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' . Ian Cullen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources on the Liberdade Iron Ore Project held by Centaurus is based on and accurately reflects, information compiled by Beau Nicholls and Bernardo Horta Cerqueira Viana who are full time employees of Coffey Mining Pty Ltd. Mr Nicholls is a Member of Australian Institute of Geoscientists (MAIG), and holds a B.Sc (Geo). Mr Horta Cerqueira Viana is a Member of Australian Institute of Geoscientists (MAIG) and holds a B.Sc (Geo). Mr Nicholls and Mr Horta Cerqueira Viana have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Nicholls and Mr Horta Cerqueira Viana consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.