

## **March 2007 Quarterly Report**

### ***Highlights***

#### **Exploration**

- Fieldwork recommenced at Greenvale in North Queensland with drilling about to commence at a number of targets. Targets include the Mt Remarkable gold and T3 base metal prospects, neither of which have been drilled before.
- Potential for significant high grade copper-gold-silver mineralisation indicated at the Copper Creek prospect at Greenvale by rock chip samples collected during December 2006. Assays returned up to 3.3% copper, 0.32 g/t gold and 19 g/t silver.
- The Company commenced an uranium exploration program with immediate targets identified on the wholly owned Cannington and Snake Creek Projects located in the Mt Isa region. The Projects are located in the same geological province that hosts the Mary Kathleen uranium deposit and systematic follow up of the targets will be carried out during the June Quarter.
- Two tenements comprising the northern part of Citadel Project in northwest Western Australia were granted during the Quarter allowing fieldwork to now commence. The initial focus will be on uranium; however, a number of gold and base metal targets defined by previous company exploration will also be investigated.

#### **Corporate**

- Glengarry has been issued 750,000 shares in TSX-listed Mega Uranium Limited following completion of the sale of the Greenvale uranium assets. The shares are currently valued at approximately \$6.5 million bringing the value of Glengarry's investments to more than \$7.3 million.

### ***Plans for the June 2007 Quarter***

- At Greenvale, complete initial drill testing on the Mt Remarkable gold and T3 base metals prospects and carry out further drilling on the Maitland copper-molybdenum prospect.
- Carry out soil sampling across Copper Creek and Maitland North copper targets at Greenvale.
- Complete initial ground follow up of uranium targets on wholly owned Projects in Mt Isa region.
- Commence fieldwork on northern tenements at Citadel and finalise access negotiations for southern tenements.
- Prepare for drill testing of gold targets on the Rum Jungle Project in the Northern Territory.

**Project Activities Report**

**QUEENSLAND**

**Greenvale Project (North Queensland) – Initial drill testing of Mt Remarkable and T3 prospects commences.**

Preparation for initial drill testing of the Mt Remarkable gold and T3 base metal prospects and further drilling at the Maitland copper prospect was completed during the Quarter (Figure 1). A reverse circulation drilling program comprising approximately 2,500 metres is about to commence and initial results are expected during the June Quarter. Follow up of historic stream sample results has defined high grade copper-gold-silver mineralisation at the Copper Creek prospect and soil sampling is planned to delineate the extent of the prospective area.

*Maitland Copper-Molybdenum Prospect*

Work by Glengarry has defined a JORC compliant inferred resource of 1.6 million

tonnes @ 1.29% copper at the Maitland prospect (Figure 2). The planned drilling program is designed to assess the continuity of high grade shoots (>3% copper) below 50 metres depth and to test for extensions of a new hanging wall zone (up to 31 metres @ 1.4% copper from 26 metres) intersected by the last phase of drilling completed at Maitland in 2006.

Orientation soil sampling has indicated the potential for a second zone of copper mineralisation approximately 400 metres northwest of the Maitland resource. Soil sampling in the early 1980's defined a 700 metre long, coherent anomaly with values up to 650 ppm copper. Limited follow up failed to define the source of the anomalous copper which could be due to a faulted offset of the mineralisation already defined at Maitland. Further soil sampling will be completed during the coming quarter to determine whether drill testing is warranted.

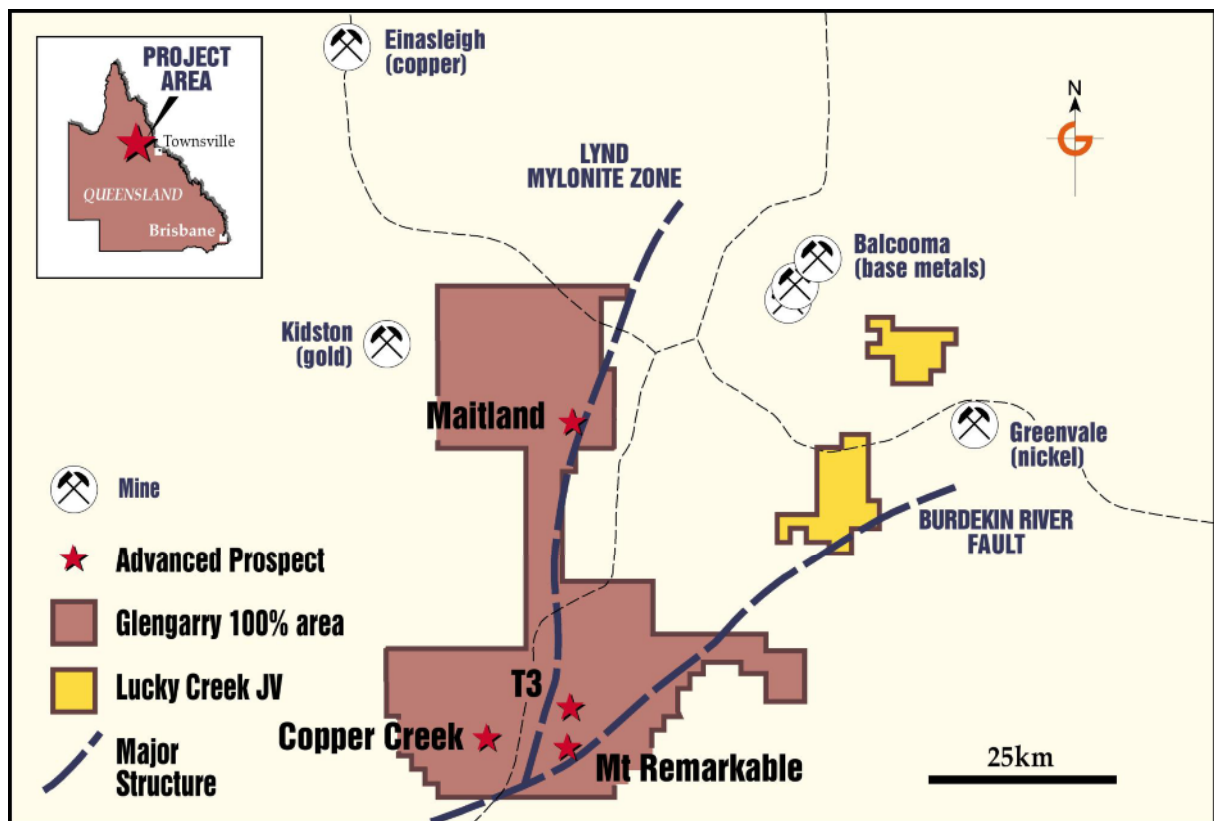


Figure 1: Greenvale Project Area showing tenements and main prospects

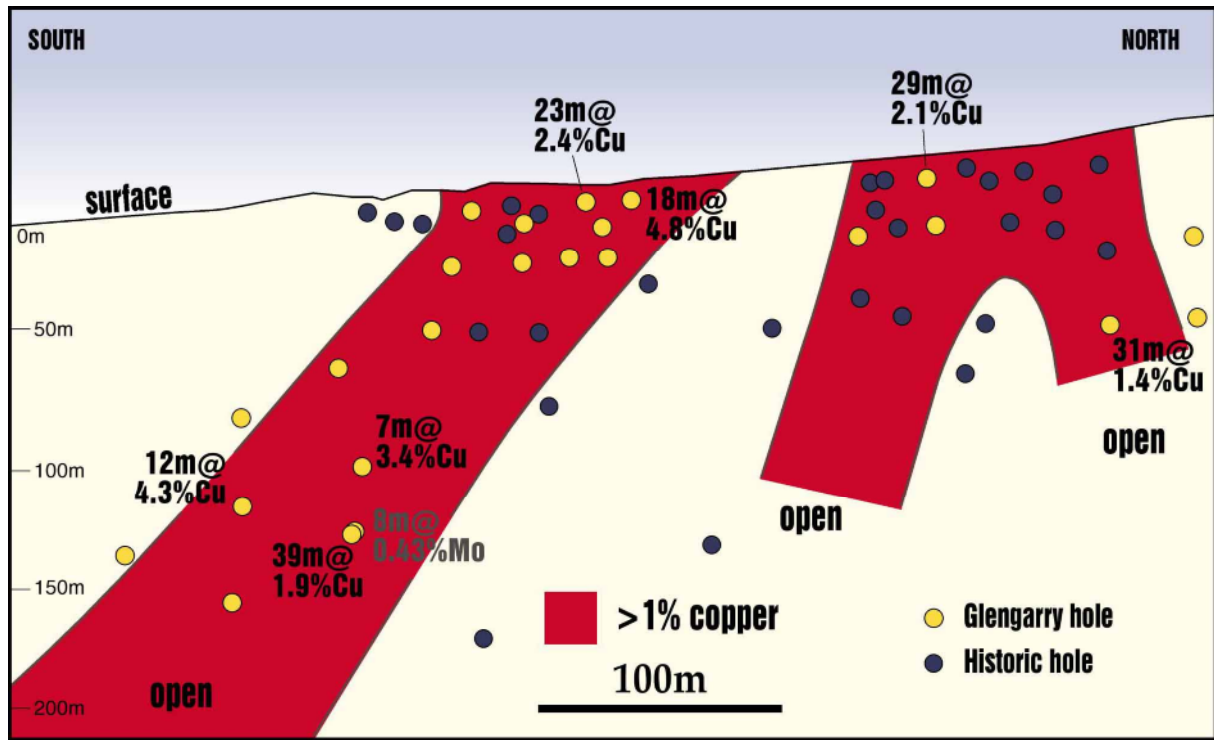


Figure 2: Maitland Prospect - Longitudinal Section showing existing drill holes

*Mt Remarkable Gold Prospect*

The geological setting of Mt Remarkable is similar to the 3.5 million ounce Mt Leyshon gold deposit which is located near Charters Towers approximately 230 kilometres to the east-southeast. Exploration in the 1980's and 1990's recorded strongly anomalous gold from creeks draining the Mt Remarkable prospect; however, the source of the anomalous gold was never located.

0.73 g/t gold, coincident with the Burdekin River Fault (Figure 3), a major geological structure.

The anomalous area is completely covered by a thin layer (< 1 metre thick) of residual soils and drilling comprising several traverses will commence shortly.

*T3 Silver-Lead-Zinc Prospect*

The T3 area is underlain by the southern strike extension of the geological sequence which hosts Kagara Zinc's Balcooma base metal mining operations approximately 70 kilometres to the northeast (Figure 1). Soil sampling by Glengarry in the second half of 2006 defined two zones of extensive, high order base metal and silver anomalism (Figure 4) consistent with the style of mineralisation being mined by Kagara Zinc at Balcooma. Previous prospecting located a small outcrop (2 by 2 metres) containing primary sulphide mineralisation and rock chip sampling recorded up to 8% zinc, 11% lead and 52 g/t silver which, given the extent of the soil anomalism, indicates good potential for the discovery of economic mineralisation.

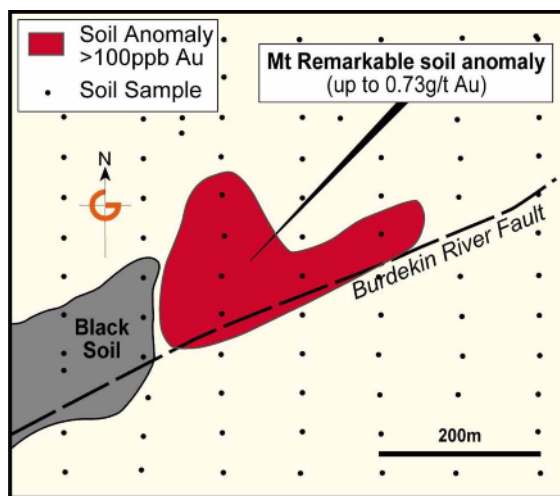


Figure 3: Mt Remarkable Prospect – soil sampling (black dots) showing area of >100 ppb gold in soils.

Soil sampling completed by Glengarry in late 2006 defined a zone of strong (>0.1 g/t) gold-in-soil anomalism over 350 metres strike length, including values up to

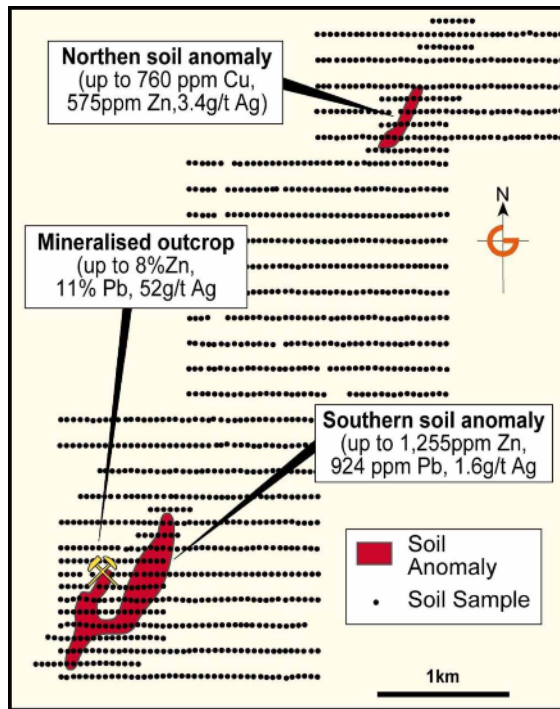


Figure 4: T3 Prospect – soil sampling (black dots) showing anomalous areas.

Initial drill testing of targets in the T3 area will commence immediately after drilling is completed at Mt Remarkable.

#### Copper Creek Prospect

The Copper Creek area is located approximately 44 kilometres south of the Maitland prospect (Figure 1) in the same geological sequence. It was identified by 1980's stream sampling which defined a coherent, 1 kilometre copper anomaly that was not followed up. Assays received for outcrop samples collected in December 2006 recorded up to 3.3% copper, 0.32 g/t gold and 19 g/t silver. The geological setting and metal association suggest analogies with the high grade Einasleigh copper deposit currently being assessed by Copper Strike Limited approximately 125 kilometres to the north.

Soil sampling will be completed during the June Quarter to assess the extent of the mineralised zone.

#### Lucky Creek Joint Venture

The north eastern (Lucky Creek Group) tenements at Greenvale are subject to a Joint Venture Agreement with Beacon Minerals Limited (Beacon). The tenements cover 195 square kilometres and comprise

only 10% of the Company's existing tenure in the Greenvale area.

Beacon commenced fieldwork during the Quarter including soil sampling in the Galah Dam area. Assays are pending. A regional VTEM geophysical survey and drill testing of a number of targets is scheduled for the second Quarter of 2007.

Under the terms of the Agreement, Beacon can earn an 80% equity in the "Lucky Creek" JV, with Glengarry free carried until the completion of a positive feasibility study. Beacon must spend \$125,000 in the first six months of the Joint Venture.

#### Cannington Project (Western Queensland) – Drill testing of Crackpot IP target completed.

The wholly owned Cannington Project tenements are located immediately north and south of BHP Billiton's 40 - 50 million tonne Cannington silver-lead-zinc mine (Figure 5).

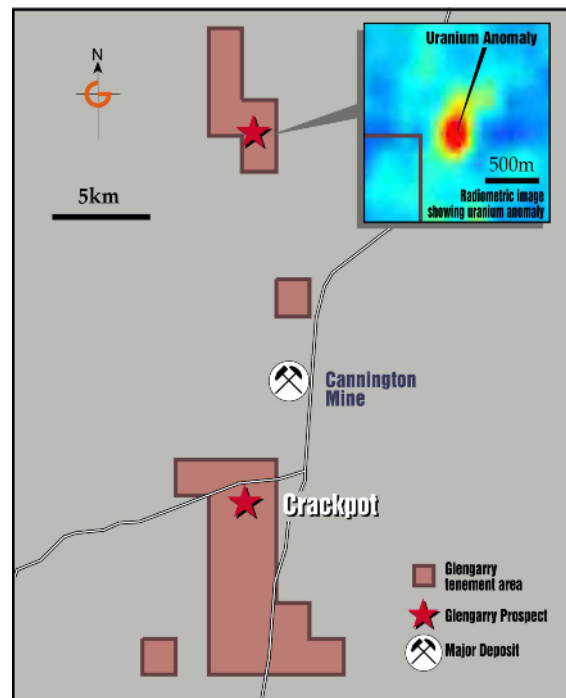


Figure 5: Cannington Project Area showing prospects

Geophysical surveying in 2006 delineated a highly conductive anomaly immediately east of the Crackpot prospect where previous sampling had recorded strongly anomalous base metal values in float material. The conductive body was interpreted to be due to sulphide

mineralisation and the possible source of the anomalous float.

Two reverse circulation, percussion drill holes for a total 290 metres were drilled into the Crackpot geophysical anomaly during the Quarter. Both holes intersected zones of disseminated to semi-massive pyrite mineralisation; however, no base metal sulphides were observed. Further analysis is required to determine whether the source of the geophysical anomaly has been adequately explained by the latest drilling. All drill samples have been submitted for analysis and assays are pending. A decision on follow-up drilling will be made during the June quarter.

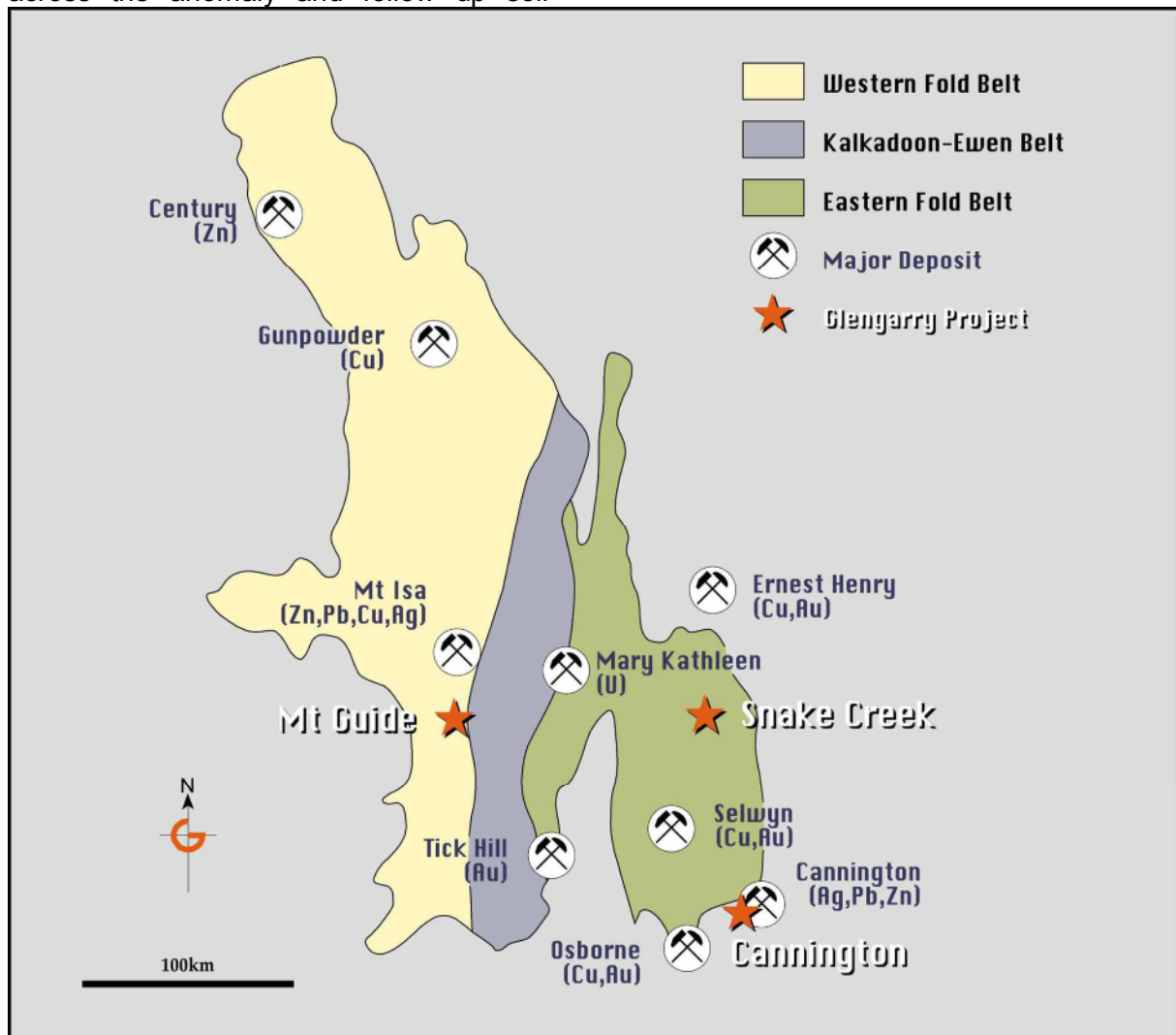
Elsewhere at Cannington, a review of recently acquired radiometric data has defined a strong, 500 metre long, discrete uranium anomaly (Figure 5) in the northern part of the Project area. Initial reconnaissance has been completed across the anomaly and follow up soil

sampling is planned for the coming Quarter.

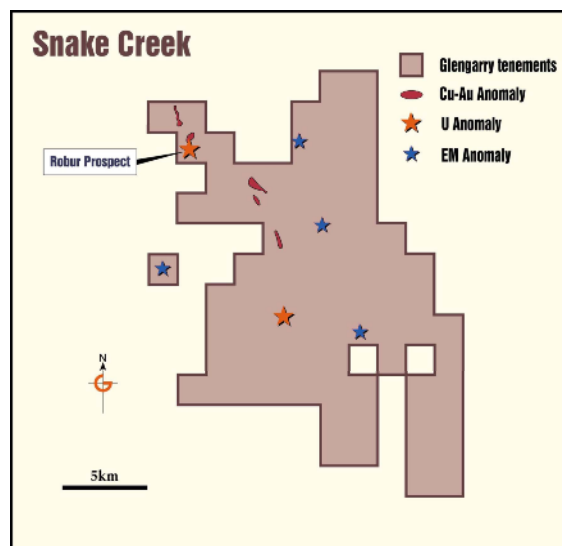
**Snake Creek Project (Western Queensland) – Review of previous data identifies multiple targets.**

The Snake Creek Project, located in northwest Queensland approximately 125 kilometres east-southeast of Mt Isa (Figure 6), is prospective for copper-gold and uranium mineralisation.

During the Quarter, a review of all data collected by former JV partner Xstrata Copper, previous explorers and regional government surveys was completed. The review identified a number of targets (Figure 7) which will be assessed during the June Quarter. It also revealed that large parts of the Project are effectively unexplored due to difficult access.



**Figure 6: Mt Isa region showing major mineral deposits and Glengarry projects.**



**Figure 7: Snake Creek Project showing targets.**

Targets (Figure 7) identified by the review include:

- Robur prospect where strongly anomalous uranium (248 ppm) was recorded by rock chip sampling associated with high gold (0.6 g/t) and copper (8.6%) values.
- A strong, 500 metre long, discrete uranium radiometric anomaly, located approximately 12 kilometres southeast of the Robur prospect.
- Multiple copper-gold anomalies identified by wide spaced (100 by 500 metres) soil sampling completed by Xstrata during the second half of 2006.
- Multiple conductive EM anomalies defined by a previous airborne survey.

Systematic soil sampling will be completed across the priority targets during the June Quarter.

**Mt Guide Joint Venture (Western Queensland) – IP geophysical survey in progress**

The Mt Guide Joint Venture is located 35 kilometres south of Mt Isa (Figure 6) and covers the southern strike extension of the stratigraphy that hosts the world class Mt Isa, Hilton and George Fisher base metal deposits.

Glengarry has a 10% free carried interest in the JV which is operated by Summit Resources. Summit is carrying out an IP

geophysical survey comprising a total 100 line kilometres over the prospective stratigraphy. The IP survey will be completed in April 2007 and the results will be used to target the next phase of drilling scheduled to commence during the coming Quarter.

**WESTERN AUSTRALIA**

**Citadel Project (Northwest Western Australia) – First tenements granted.**

The wholly owned Citadel Project covers approximately 1,700 square kilometres in the Paterson geological province and is located 100 kilometres north of the Telfer gold mine. The region contains several world class metal deposits including Kintyre (36 Kt tonnes U<sub>3</sub>O<sub>8</sub>), Telfer (26 Moz gold, 1 Mt copper) and Nifty (1 Mt copper).

During the Quarter, the two exploration licences that comprise the northern part of the Project were granted and fieldwork is planned to commence during the next quarter. The Project is prospective for several styles of uranium mineralisation and Glengarry will initially focus on uranium targets defined by a review of regional datasets. There has been no prior exploration for uranium in the area; however, regional radiometric data indicate a number of anomalies warranting immediate follow up.

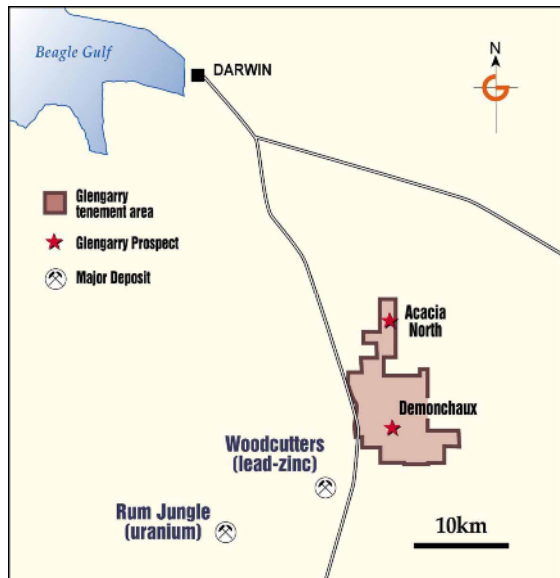
Work by previous explorers confirmed that the Project is also prospective for high grade gold and copper mineralisation. Drilling at the Magnum prospect recorded up to 15 metres @ 14.1 g/t gold (from 464 metres) and 8 metres @ 4.4% copper (from 279 metres) and multiple zones of ore grade mineralisation remain open along strike and at depth. Several regional gold/copper geochemical anomalies have been defined where shallow infill drilling is required. Follow up on these targets will occur simultaneously with the uranium exploration.

Access negotiations with the Traditional Owners of the two exploration licence applications that comprise the southern part of the Citadel Project are well advanced and these tenements should be granted within the next 6 months.

## NORTHERN TERRITORY

### Rum Jungle Project (Northern Territory) – *Drilling scheduled to commence.*

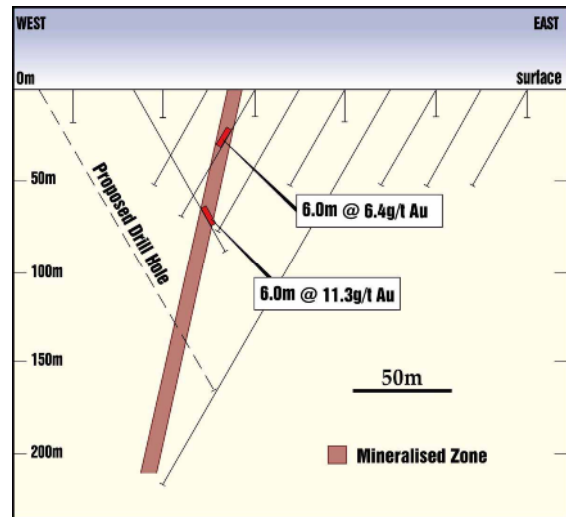
Glengarry's Rum Jungle Project covers approximately 140 square kilometres in the Rum Jungle area located 65km south of Darwin in the Northern Territory (Figure 8). The Project is proximal to the historical Rum Jungle uranium mine (3,530 tonnes  $U_3O_8$ ) and the Woodcutters lead-zinc mine (~6 Mt @ 12% zinc and 6% lead).



**Figure 8: Rum Jungle location plan showing prospects and mineral deposits.**

Previous company drilling at the Acacia North prospect intersected 6 metres @ 11.3 g/t gold (Figure 9) from 72 metres depth which is open in all directions. The mineralisation is coincident with a mafic sill/sediment contact and geochemically anomalous gold values have been intersected over a 1 kilometre strike length.

Drilling is scheduled to commence at Acacia North during the latter part of the June quarter.



**Figure 9: Acacia North drill section**

## **Corporate**

### *Sale of Greenvale Uranium Rights*

The Company announced the sale of the Greenvale uranium rights on 25 January 2007 to Mega Georgetown Pty Ltd, a wholly owned subsidiary of TSX listed Mega Uranium Limited. The sale was subject to completion of satisfactory due diligence and regulatory approval which was completed during the Quarter. In return for the Greenvale uranium rights, Glengarry has received 750,000 Mega shares (escrowed until 13<sup>th</sup> July 2007) and a 1% NSR on future uranium production from the Greenvale Project.

Mega holds tenements in the Greenvale region comprising more than 7,000 square kilometres including tenure over the Ben Lomond and Maureen uranium deposits which have combined resources totalling over 17 million pounds of U<sub>3</sub>O<sub>8</sub>. The Greenvale Project is strategically located between these two deposits. The sale means Glengarry can focus on the other commodities at Greenvale while significantly increasing the opportunity to benefit from the development of a uranium deposit in the region. Glengarry's investment in Mega also means the Company is well positioned to benefit from predicted changes to the regulatory environment for uranium in Australia.

### *Cash Position and Investments*

At the end of March 2007, Glengarry had approximately \$1.5 million in cash.

Glengarry investments in other public listed companies are currently valued at approximately \$7.3 million

### *New Company Secretary*

Mr Geoffrey James was appointed as Company Secretary and Chief Financial Officer on 19 March 2007. Mr James is a Chartered Accountant, a member of

Chartered Secretaries Australia and has approximately 20 years relevant industry experience. He was formally the Group Financial Accountant with Clough Limited where he was employed since January 1996. The appointment is a new full time position.

Previous Joint Company Secretaries, Mr Des Kelly and Ms Janelle Burns, who were operating in a part time role, stepped down on 30 March 2007.

### *Substantial Shareholder*

Dr Leon Pretorius announced that he became a substantial shareholder of the Company on 26 February 2007. At the end of the Quarter, Dr Pretorius held 16,000,000 shares, approximately 6.4% of the Company's capital.



**David Richards**  
Managing Director  
23<sup>rd</sup> April 2007

### **Declaration**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by David Richards who is a member of the Australian Institute of Geoscientists and Kevin Seymour who is a member of the Australasian Institute of Mining and Metallurgy. David Richards and Kevin Seymour are full time employees of Glengarry Resources Limited. David Richards and Kevin Seymour have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. David Richards and Kevin Seymour consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.



**COMPANY INFORMATION**

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**STOCK EXCHANGE LISTING**

Glengarry Resources Limited shares are listed on  
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Shares - Code GGY

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