

## **September 2008 Quarterly Report**

### ***Highlights***

- The sale of the Greenvale Project to Kagara Ltd was approved by shareholders and settlement has been completed. The Company has received \$6.5 million cash for the sale and retains a royalty of \$5 per tonne for all ore processed in excess of one million tonnes.
- The Company’s cash reserves now exceed \$11 million providing funding to maintain momentum on current projects and a strong, competitive advantage in the negotiation and acquisition of new business opportunities.
- Large, high order, polymetallic (copper-gold-silver) anomalies have been defined at the Bernadette and Maggies prospects on the wholly owned Percyvale Project in North Queensland. A 2,700 metre drilling program to test the anomalies has recently commenced. There has been no prior drilling at either prospect.
- Fieldwork commenced on the Citadel Project in northwest Western Australia with rehabilitation of the main access track. Heritage surveys are in progress to clear targets that will be tested as part of a major 10,000 metre drilling program scheduled to commence in April 2009.
- Drill testing of the high grade Acacia North gold target located within the wholly owned Rum Jungle Project in the Northern Territory was completed subsequent to the end of the Quarter. Assays are pending.

### ***Priorities for the December 2008 Quarter***

- Complete initial phase of drilling at Percyvale.
- Complete Heritage surveys on the Citadel Project and ensure all appropriate documentation is finalised prior to the commencement of the 2009 field season.
- Assess results of initial drilling program at Rum Jungle.
- Progress grant of tenement applications at Hampstead in North Queensland.
- Continue pursuit and review of new business opportunities.

**Project Activities Report**

**Greenvale Divestment**

- **Sale to Kagara Ltd completed.**

Shareholders formally approved the sale of the Greenvale Project (Figure 1) to Kagara Ltd on 9<sup>th</sup> September 2008.

Settlement of the sale was finalised on 19<sup>th</sup> September 2008 with payment of \$5.5 million cash. Glengarry received total payment of \$6.5 million for the Greenvale Project and will also be entitled to a \$5 per tonne royalty on any ore processed in excess of one million tonnes.

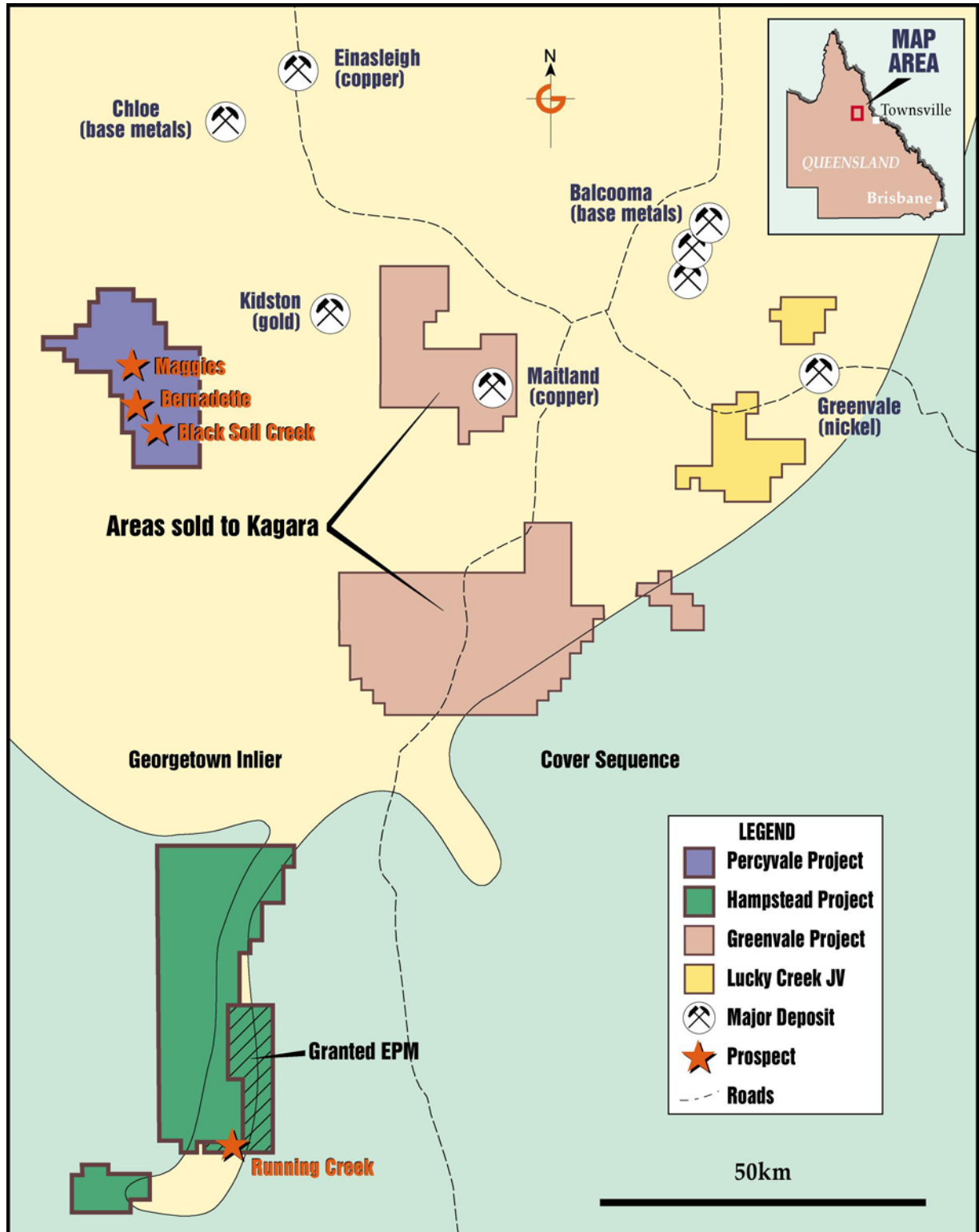


Figure 1: Glengarry Resources – North Queensland Projects.

**WHOLLY OWNED PROJECTS**

**Percyvale Project (North Queensland)**

- **Soil and rock chip sampling defines strong gold-silver-copper mineralisation at Bernadette and Maggies prospects.**
- **2,700 metre drill program in progress.**

The Percyvale Project is located in North Queensland approximately 300 kilometres west of Townsville (Figure 1) in a geological region known to host economic deposits of a number of different metals including gold, copper, lead-zinc-silver, uranium and molybdenum. The world class Kidston gold deposit which produced 4.5 million ounces of gold is located approximately 30 kilometres east of the Project area (Figure 1).

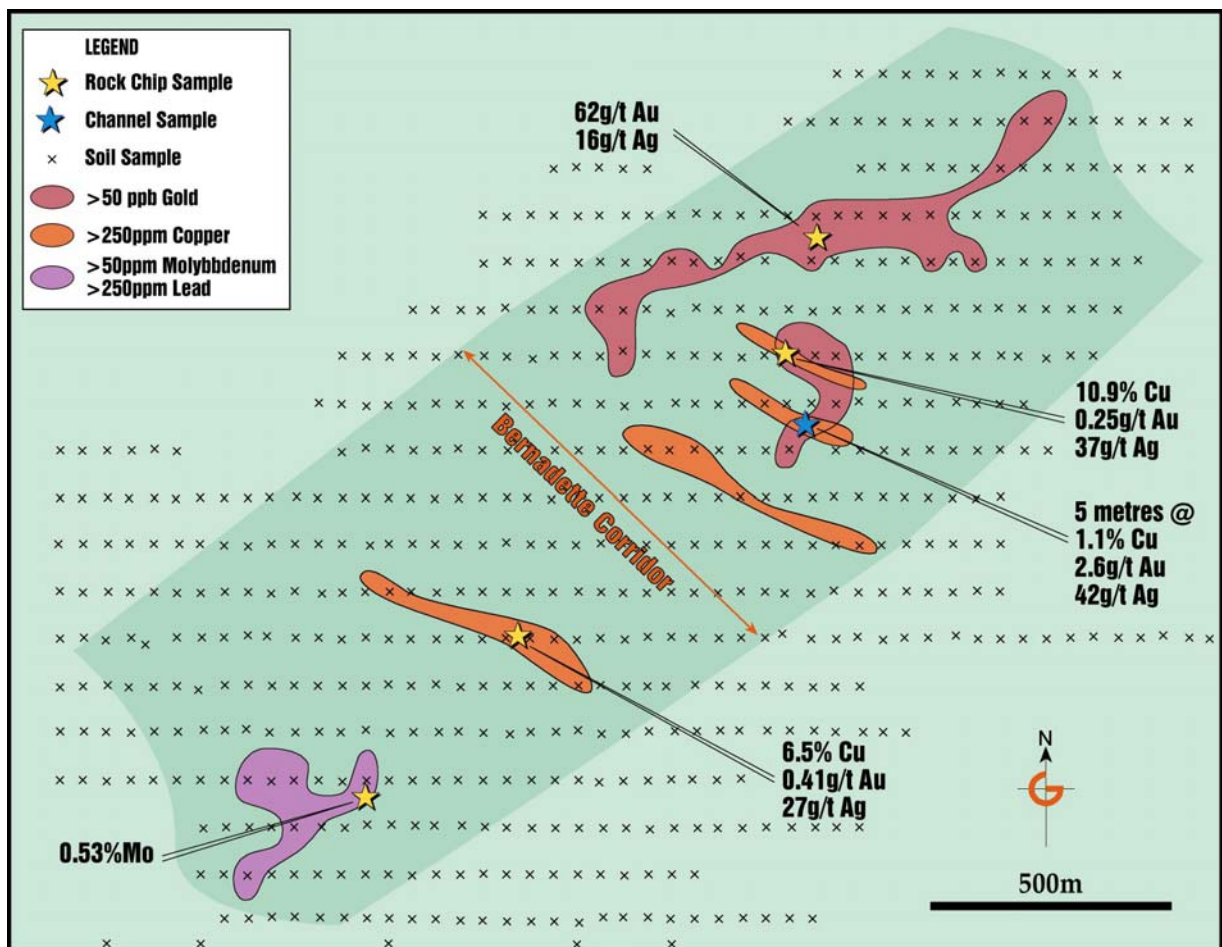
The Project tenement was granted in April 2008 and Glengarry has carried out two phases of target definition work including soil sampling, rock chip sampling, geological mapping and reprocessing of geophysical data acquired by

previous explorers. Large, polymetallic anomalies have been defined at Bernadette and Maggies prospects (Figure 1). Neither prospect has been previously tested by drilling. In addition, a review of electro-magnetic geophysical data (EM) collected by BHP in the mid 1990s has identified an undrilled conductive target possibly due to a thickened zone of massive sulphide mineralisation at the Black Soil Creek prospect. Limited drilling was completed at Black Soil Creek by BHP.

Glengarry has recently commenced a reverse circulation percussion drilling program at Percyvale. Drilling will comprise 14 to 18 holes for a total of approximately 2,700 metres. Assay results are not expected until mid to late November 2008.

**Bernadette Prospect**

A 2.5 kilometre long, northeast trending corridor containing strongly anomalous copper, gold and silver has been defined at the Bernadette prospect (Figure 2).



**Figure 2: Percyvale Project Bernadette Prospect – Anomalous Soil and Rock Results**

Limited bedrock channel sampling has been carried out where outcrop exposure is sufficiently continuous. Better results include:

- ◆ 5 metres @ 1.1% copper, 2.6 g/t gold and 42 g/t silver (Figure 2)
- ◆ 3 metres @ 4.23% copper, 1.04 g/t gold and 24 g/t silver
- ◆ 2 metres @ 2.2% copper, 4.5 g/t gold and 14 g/t silver.

Additional rock chip samples elsewhere at Bernadette have also recorded high grade copper, gold and silver values indicating multiple zones of bedrock mineralisation (Figure 2). Strongly elevated levels of zinc, lead and molybdenum are associated with the mineralised trend.

The geological setting at Bernadette is complex with two main styles of mineralisation observed. The channel results are hosted by malachite (copper carbonate) stained, strongly ferruginous material interpreted to be after primary sulphide mineralisation. At least 3 of these gossanous zones, which are up to 50 metres wide and 600 metres long and oriented at high angles (WNW-ESE) to the anomalous corridor, have been defined.

A 1 kilometre zone of gold-silver mineralisation has been defined in the north eastern part of the prospect area. The zone is coincident with possible epithermal veins that are oriented sub parallel to the trend of the Bernadette corridor. Seven mineralised veins up to 1 metre thick and 200 metres long have been mapped with intense wallrock alteration observed up to 10 metres from the veins. Gold values up to 62 g/t and 1.4 g/t have been recorded in the veins and altered wallrock respectively.

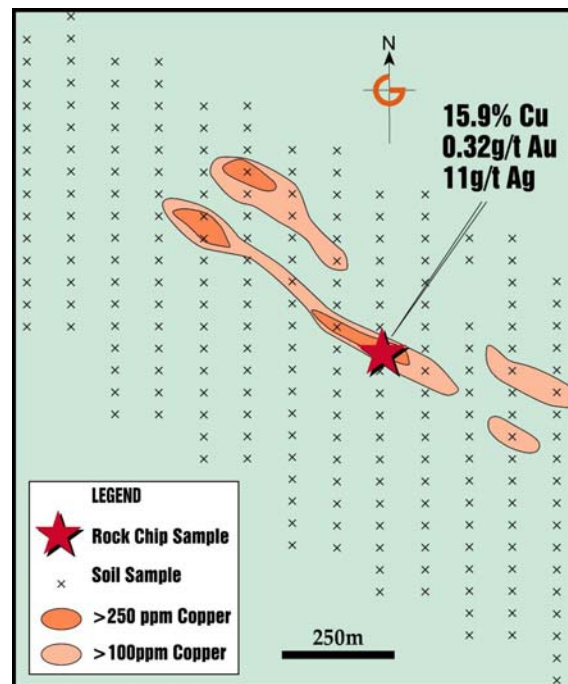
The current drilling program is designed to test for bulk tonnage mineralisation by testing beneath the strongest anomalies defined by surface sampling.

### **Maggies Prospect**

At Maggies, follow up of previous rock chip and soil sampling carried out by BHP (1994-1995) and Rio Tinto (2004-2006) has identified a northwest-southeast trending gossanous (ex-sulphide) horizon up to 16 metres wide and over a strike

length of at least 1 kilometre. Soil sampling has delineated a strong copper anomaly (Figure 3) coincident with the gossanous horizon and a composite rock chip sample across the sub cropping, thickest part of the unit recorded 15.9% copper, 0.32 g/t gold and 11 g/t silver.

As with Bernadette, there has been no prior drilling at the prospect. The current drill program will test beneath the thickest part of the mineralised horizon.



**Figure 3: Percyvale Project Maggies Prospect – Anomalous Soil and Rock Results**

### **Black Soil Creek Prospect**

Glengarry has validated previous exploration by BHP at Black Soil Creek which defined extensive Broken Hill style base metal and silver anomalism coincident with a strong, conductive EM anomaly. EM is a geophysical technique designed to detect primary, massive sulphide mineralisation at depth.

Limited drilling (8 holes) by BHP intersected moderate zinc-lead-copper-silver mineralisation (up to 6.8 metres @ 1.5% Zn, 0.1% Pb, 0.24% Cu and 11.5 g/t Ag) beneath gossanous (ex-sulphide) outcrops. The gossanous zone is complexly folded and has been mapped over a composite strike length of approximately 7 kilometres.

While potential for an ore body large enough to meet BHP's corporate requirements has been downgraded, there is still good potential for the discovery of a significant high grade base metal deposit at Black Soil Creek.

A review of BHP's reprocessed EM data has identified a conductive target which may be due to a zone of thickened base metal sulphide mineralisation. The target is approximately 500 metres north of BHP's nearest drill hole and will be tested during the current drilling program.

### Citadel Project (Northwest Western Australia)

- **Access track into granted northern tenements rehabilitated.**
- **Heritage surveys in progress**

The wholly owned Citadel Project is located in the Telfer region of northwest Western Australia (Figure 4) where the Company has four contiguous Exploration Licences covering approximately 1,400 square kilometres. The region contains several world class gold, copper and uranium deposits including Telfer (26 M oz gold, 1 Mt copper), Nifty (1 Mt copper) and Kintyre (36 Kt tonnes U<sub>3</sub>O<sub>8</sub>).

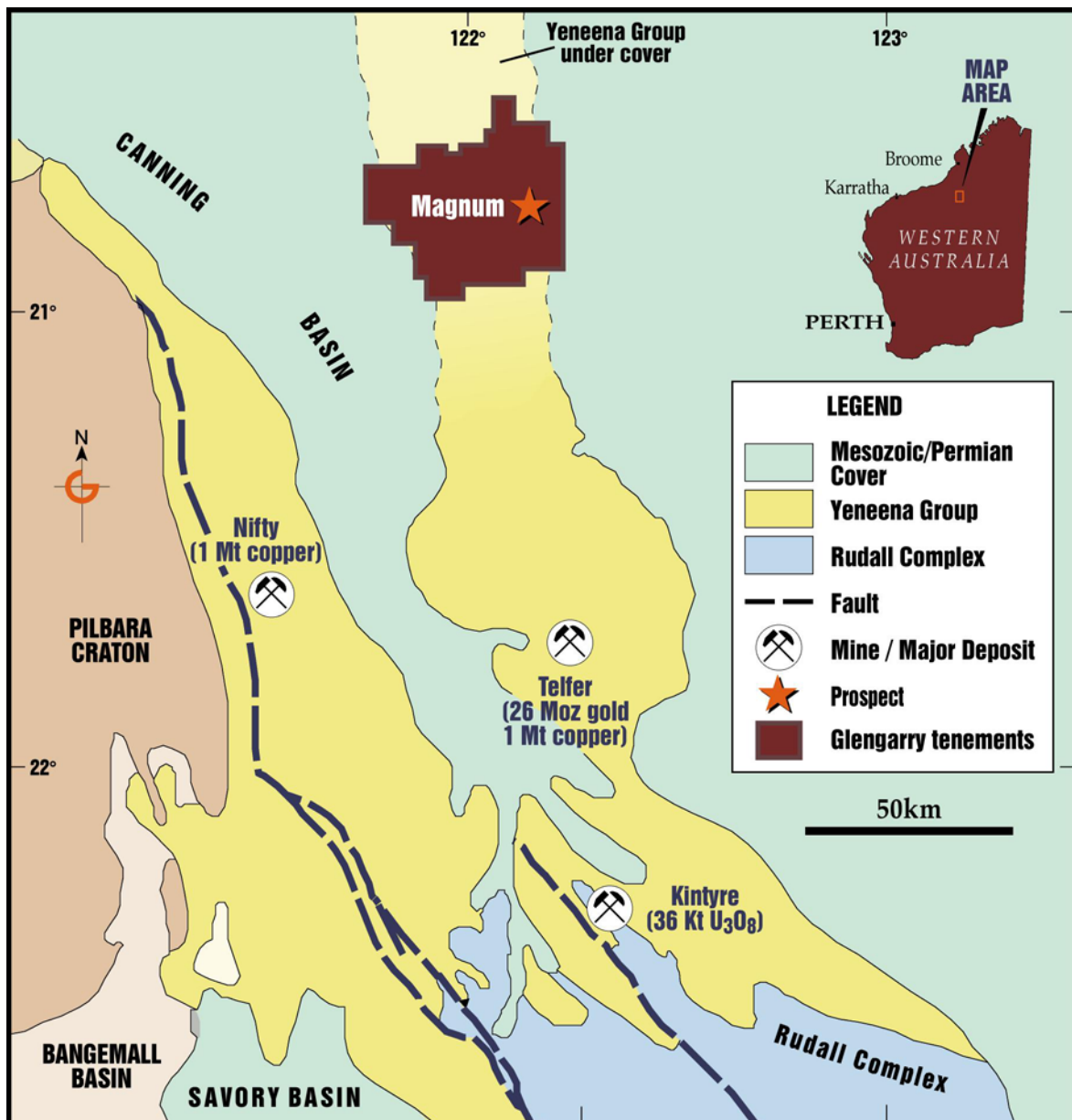


Figure 4: Citadel Project area showing regional geology and major deposits.

Previous exploration by other companies within the Citadel project area discovered high grade copper/gold mineralisation at the Magnum prospect. Mineralisation, which includes intersections up to 8 metres @ 4.4% copper and 15 metres @ 14.1 g/t gold, remains open along strike and at depth.

During the Quarter, Glengarry rehabilitated a 100 kilometre access track into the northern part of the Project area to facilitate Heritage surveys which are now in progress. The Heritage surveys are intended to clear drill sites proposed to test 18 high priority targets defined by a review of previous exploration work.

Assuming a successful outcome from the Heritage surveys, Glengarry will commence a 10,000 metre aircore drilling program in April 2009. The drilling program which will cost approximately \$1,000,000 is designed to collect bedrock geochemical data from around the 18 defined targets.

Other work completed during the Quarter was the relogging of selected diamond core holes that had intersected high grade gold and copper mineralisation at the Magnum prospect. Information from the holes which were drilled in 1998 and 1999 will help identify alteration haloes around mineralised zones that may not be intersected by the initial wide spaced drilling program.

#### **Rum Jungle Project (Northern Territory)**

- ***Drill testing of Acacia North gold prospect completed – assays pending.***

Glengarry's wholly owned Rum Jungle Project covers approximately 80 square kilometres in the Rum Jungle area located 65 kilometres south of Darwin in the Northern Territory.

Previous explorers intersected high grade gold mineralisation at Acacia North (up to 6 metres @ 11.3 g/t gold) which is open in all directions. Subsequent to the end of the Quarter, Glengarry completed a reverse circulation percussion drill program comprising 8 holes for a total of 728 metres. The drilling tested a total strike length of 1.6 kilometres and was

designed to intersect a contact between dolerite and shale. Gold intersections recorded by previous explorers were located within the dolerite close to the shale contact.

All sections drilled by Glengarry intersected the contact with a 1 to 25 metre thick zone of pyritic quartz veining and moderate to strong hematite alteration observed within the dolerite. Assays from the latest drilling program are pending.

#### **Hampstead Project (North Queensland)**

- ***Remaining tenement applications proceeding to grant.***

The Hampstead Project is located approximately 300 kilometres west southwest of Townsville (Figure 1) and consists of one granted EPM and five EPM applications covering approximately 875 square kilometres.

The Project covers the southern extension of the Georgetown Inlier, the same geological sequence that underlays the Percyvale and Greenvale Projects. The Project is considered prospective for gold, base metals and uranium.

Reconnaissance sampling has been completed over the Running Creek EPM which covers approximately 15% of the total Project area (Figure 1). No anomalous results were recorded from the sampling.

The Queensland Department of Mines and Energy has advised that the remaining tenement applications are currently being processed with most expected to be granted before the end of 2008 or early 2009.

Previous exploration in the 1980s defined a number of large gold and uranium anomalies and these will be the focus of a significant exploration program scheduled to commence in early 2009 after the northern Australian wet season.

## **JOINT VENTURE PROJECTS**

### **Snake Creek Joint Venture (Western Queensland)**

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

On the 19<sup>th</sup> September 2008, Glengarry executed a Farm-out Agreement with recently ASX-listed Ivanhoe Australia Limited (Ivanhoe), a company which has defined significant gold and copper resources in the region.

Under the terms of the Farm-out Agreement, Ivanhoe has the right to earn up to 85% equity in the Snake Creek Project by spending \$1.5 million on exploration within 3 years of signing the Agreement. Ivanhoe plan to commence field activities during the last Quarter of 2008.

### **Mt Guide Joint Venture (Western Queensland)**

The Mt Guide Joint Venture is located 35 kilometres south of Mt Isa 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 Project which was previously subject to a JV agreement with Summit Resources. Exploration is now being managed by unlisted UK company MM Mining Plc (MMM) which has negotiated an agreement to acquire Summit's equity in the Joint Venture.

Detailed structural mapping was carried out during the Quarter. The mapping incorporated results from a heli-borne VTEM survey completed in June 2008 over the Isa Fault Zone. Mapping data is being compiled prior to planning the next phase of work.

### **Lucky Creek Joint Venture (North Queensland)**

The Lucky Creek Group tenements are subject to a Farm-out Agreement with

Beacon Minerals Limited (Beacon). Beacon has the right to earn up 80% equity with Glengarry's interest free carried until completion of a Bankable Feasible study.

Beacon is managing exploration on the tenements and is planning additional drill testing at a number of prospects in late 2008 dependent on sourcing an appropriate drill rig. Further details are provided in Beacon's quarterly report.

## **Corporate**

### *Cash and Investments*

At the end of September 2008, Glengarry had approximately \$11.6 million in cash. This includes payment received from Kagara Ltd for the Greenvale Project.

Glengarry's investments in other public listed companies are currently valued at approximately \$550,000.

### *New Appointment*

Glengarry announced on 22 August 2008 that Mr Geoff Clifford had been appointed as a non-executive Director of the Company. Mr Clifford holds a Bachelor of Business Degree and has post graduate qualifications in Administration and Secretarial Practice. He has more than 30 years experience in senior accounting, finance, administration and company secretarial roles in the mining, retail and wholesale industries.

Mr Clifford is also currently a Non-Executive Director of ASX listed companies Atlas Iron Limited, Fox Resources Limited and RMA Energy Limited and is also the Vice President of the West Australian State Council of Chartered Secretaries Australia.

He was previously a Non-Executive Director and consultant to Aztec Resources Limited (2005 – 2007). Prior to this he was General Manager Administration and Company Secretary of Portman Limited (1997 – 2005).



**David Richards**  
Managing Director  
23<sup>rd</sup> October 2008

### **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**

### **DIRECTORS**

Keith G McKay BSc(Geol Hons), MAusIMM, MAICD  
Chairman

Bill Manning BA, LLB, FAICD  
Director

Geoff Clifford BBus, FCPA, FCIS  
Director

### **PRINCIPAL OFFICE**

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### **MANAGING DIRECTOR**

David R Richards BSc(Geol Hons), MAIG, MAICD, MSEG

### **COMPANY SECRETARY**

Geoff A James BBus, CA, ACIS

### **STOCK EXCHANGE LISTING**

Glengarry Resources Limited shares are listed on the Australian Stock Exchange

Shares - Code GGY

Email: [info@glengarry.com.au](mailto:info@glengarry.com.au)

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