



20 November 2007

Company Announcements Office  
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Sydney NSW 2000

### **CHAIRMAN'S ADDRESS – AGM 2007**

Several years ago I attended a talk here in Perth by well known international financial guru David Hale of the Zurich Financial Group. He was extolling the virtues of the then high tech boom and dismissed Australia's mining industry as yesterday's industry which had had its day in the sun and was unlikely to kindle investor interest in the future. Afterwards I felt like a dinosaur in a dying industry.

Well how things have changed. The mining industry in Australia has enjoyed boom times over the past twelve months. The boom is broad based with most metal commodity prices remaining high – gold, iron ore, uranium, copper, lead and tin to name a few. Demand for most metals also remains high and resource analysts generally agree that this situation is likely to continue for at least several years to come. Consequently, market interest in listed mining and mineral exploration companies remains strong and there are now over 600 such companies listed on the ASX.

The buoyant market conditions have enabled Glengarry Resources to achieve a very healthy financial position. As a result of several timely capital raisings and divestments of non-core assets during the year, your Company presently has some \$9 million to fund its ongoing exploration program. This total consists of \$6.3 million in cash and \$2.7 million investments in other public listed companies which can be sold at any time if required.

Key financial deals completed during the year were the timely sale of the small Oasis uranium deposit to Mega Uranium prior to the recent weakening of the uranium market and a share placement to Kagara Zinc Ltd who is now Glengarry's largest shareholder with a holding of 17%.

I am pleased to advise that the price of Glengarry's shares has increased from 5.3 cents to 17 cents since this time last year and the market capitalisation of the Company is now approaching \$50 million compared to \$12 million a year ago. While Glengarry is still considered to be a relatively small company, it is interesting to note that approximately 140 of the listed resources companies in Australia have a market capitalisation of less than \$10 million.

Glengarry has maintained a dynamic exploration program throughout the year and expended a total of \$2.21 million on exploration and associated administration costs in the past financial year to 30 June 2007. As a result of continuing exploration success on the Company's wholly owned Maitland copper deposit, a decision was made mid 2007 to increase the expenditure budget in 2007/2008 to \$5 million; with \$4 million on direct exploration expenditure and \$1 million for associated administration costs. The increased budget will enable the Company's technical team to be expanded to a more effective level and allow planned exploration programs to be accelerated.

Glengarry is in the fortunate position of currently holding five Australian projects (in Queensland, Western Australia and the Northern Territory), all of which are wholly owned and all which contain targets ready for drilling. Mr David Richards will talk more about these projects and our planned work programs in his presentation following the formal meeting.

I am pleased to report that your Company has made significant strides during the year towards achieving its number one objective of transitioning from a junior explorer to a successful mining company. Our exploration program in the past year has mainly been directed towards the Greenvale Project in North Queensland and the Maitland copper deposit in particular.

A major resource drilling program commenced at Maitland in October 2007 with the aim of defining an open pitable resource/reserve by the end of the first quarter in 2008 and then quantifying the underground ore potential of the deposit. Maitland development options include a stand-alone operation or trucking the ore to a nearby third party mill.

We welcome the association with Kagara and in particular its principals Mr Kim Robinson and Mr Joe Treacy, both of whom have worked with myself and David Richards in past working lives. There are obvious synergies between our proposed Maitland operation and Kagara's nearby Balcooma base metal mining operations and various options will be evaluated more fully once a minable reserve has been defined at Maitland.

In the coming year Glengarry will continue to prioritise work on the Maitland copper deposit with a view of fast tracking it into production. The planned budget increase will however also permit significant exploration programs to be undertaken on other Australian projects. Second priority behind Maitland will be the Citadel Project in the Telfer region of Western Australia. This project has excellent potential for the discovery of world-class gold, copper and uranium deposits and we have a number of drill targets already defined.

We had hoped to be on the ground at Citadel this year but negotiations with traditional native title owners have been exceedingly protracted and frustrating. Commencement of field work has now been rescheduled to the second quarter in 2008 by which time we believe that we should have reached a workable agreement with the native title owners. An exploration program in the vicinity of \$1 million is planned for Citadel.

On a different note, you will have noticed two senior corporate personnel changes occurred during the year. I hasten to add that this doesn't signify a company in trouble and thought that a brief explanation may be in order.

Earlier this year, your Board decided to strengthen the Company's corporate business section with the appointment of a full-time Chief Financial Officer and Company Secretary. Experienced Chartered Accountant Mr Geoff James was appointed to the new position. Mr Des Kelly and Ms Janelle Burns, who had previously undertaken these roles in a part-time capacity were unfortunately not available for full-time employment due to other commitments. I would like to thank them for their services over the past 18 months.

The second change, the resignation of Non-Executive Director Mr Darren Gordon in July this year, occurred because of Mr Gordon's increased work commitments elsewhere. He is the CFO of a rapidly expanding mid-tier iron ore company. Mr Gordon's valuable corporate and financial advice is missed and your Board is endeavouring to secure the services of a similarly qualified non-executive director.

I would like to take this opportunity to offer my personal thanks to other members of the Board of Glengarry and the Senior Management team for their efforts in the past year. It certainly is an exciting time to be in the mining industry in Australia but the boom has also brought its share of problems, most notably a shortage of skilled professionals. This has required our existing professional staff to work considerably longer hours.

I would like to conclude by stating that I am very optimistic about Glengarry's future and believe that we can look forward to substantial company growth in the coming year. The resource drill-out of the Maitland copper deposit is proceeding smoothly and all going well we should be in a position to apply for a mining lease in mid 2008. Meanwhile I am personally looking forward to commencement of the planned exploration program at Citadel as success here may significantly re-rate your Company.

Finally I would like to thank all Shareholders for their support and I encourage you to remain on the Glengarry register. I believe that we have adequate funds, the right corporate strategy and most importantly the appropriate key people to continue the Company's very positive growth both in the short and long terms.



**Keith McKay**  
Chairman