



15 September 2006

Dear Shareholder

### **Glengarry Resources Limited Share Purchase Plan Offer**

In the past twelve months Glengarry Resources has directed most of its exploration effort to the Company's wholly owned Greenvale Project in North Queensland. It is pleasing to report that this decision to focus our attention on our priority project has been rewarded with significant exploration success. We recently reported promising drilling results from both the Maitland copper prospect and the Oasis uranium prospect at Greenvale. Potentially economic zones of mineralisation have been defined on both prospects.

On 14 September 2006 your Company announced a new capital raising to fund ongoing exploration on these exciting prospects and on several other less advanced prospects. The Company completed a placement of 24,000,000 new shares at 4.2 cents per share to clients of Paterson Securities Limited raising \$1,008,000.

At the same time a Share Purchase Plan (SPP) to enable shareholders to participate in the capital raising, at the same price of 4.2 cents per share, was announced. This price represents an approximate 20% discount to market price.

All shareholders registered as at 14 September 2006 are eligible to participate in the SPP Offer and may subscribe for up to a maximum of 119,000 new shares per shareholder. The offer closes on 3 October 2006.

Paterson Securities Limited has agreed to underwrite the Plan for \$308,480, the maximum allowable under the ASX Listing.

A well funded exploration program will enable Glengarry to progress both the Maitland and Oasis prospects to resource status in the next twelve months. A preliminary resource has already been released for the Maitland copper prospect but this is expected to grow significantly with further drilling.

Please read the accompanying Share Purchase Plan Offer for further information on Glengarry's current operations and details of the SPP. An Application Form to apply for new shares under the Plan is attached to the SPP Offer.

I encourage you to participate in this opportunity and look forward to presenting an update of results to you at our Annual general Meeting in November.

Yours faithfully

**David Richards**  
Managing Director



**G L E N G A R R Y**

**GLENGARRY RESOURCES LIMITED**

**ABN 40 009 468 099**

**ASX CODE: GGY**

**SHARE PURCHASE PLAN OFFER**

**THIS OFFER CLOSSES AT 5PM (WST) ON 3 OCTOBER 2006  
APPLICATIONS AND PAYMENT MUST BE  
RECEIVED BEFORE THAT TIME**



# G L E N G A R R Y

## GLENGARRY RESOURCES LIMITED SHARE PURCHASE PLAN OFFER

Glengarry Resources Limited ABN 40 009 468 099 ("**Company**") is pleased to offer its shareholders the opportunity to participate in the Company's Share Purchase Plan ("**Plan**"). The Plan is underwritten by Patersons Securities Limited ("**Patersons**") for \$308,480 (the maximum amount that can be underwritten under the Listing Rules without requiring shareholder approval); however, the Company is able to accept applications in excess of this amount.

The Plan offers eligible shareholders the ability to subscribe for either \$1,050, \$2,100, \$3,150, \$4,200 or \$4,998 worth of fully paid ordinary shares in the Company ("**Shares**") through the Plan. To be eligible, you are required to be registered as a holder of fully paid ordinary shares, with a registered address in Australia or New Zealand as at 5.00pm (WST) on 14 September 2006.

### Review of Glengarry's Exploration Activities

Recent exploration on the Company's key Projects in Queensland has returned very encouraging results including definition of an inferred resource containing approximately 21,000 tonnes of copper metal at Greenvale. Further details are provided below:

#### 1. Greenvale Project

The Greenvale Project is located approximately 200 kilometres west of Townsville in North Queensland. The area has a history of economic mineral production and Glengarry's tenure is situated immediately south of Kagara Zinc's current high-grade zinc-lead-silver and copper mines at Balcooma and immediately east of the mined out 4.5 million ounce Kidston gold deposit. A number of other commodities, including uranium, have also been recorded in significant quantities.

Glengarry believes that there is good potential for the discovery of a number of ore styles on the Company's tenements and exploration has defined 4 priority prospects where further worked is planned including:

- Maitland Copper (- Molybdenum) Prospect – A JORC compliant inferred mineral resource of 1.6 million tonnes @ 1.29% copper (for ~ 21,000 tonnes contained copper metal) has been estimated for the Maitland prospect. A preliminary scoping study indicates that there is good potential to upgrade the resource to a reserve that could be profitably mined and subsequently treated by a third party mill up to 200 kilometres from the prospect. Metallurgical test work is in progress and further drilling is scheduled to recommence late in the September quarter with the object of better defining both the size and the quality of the resource.

The mineralisation outcrops in two adjacent shoots over approximately 300 metres strike with oxidised material extending to 25 to 30 metres below the surface. The inferred resource is based on data from drilling carried out in the 1960's and from three phases of drilling completed by Glengarry since August 2005. Better drill intercepts include 23 metres @ 2.4% Cu from surface, 18 metres @ 4.8% Cu from 2 metres, 39 metres @ 1.9% Cu from 147 metres and 12 metres @ 4.3% Cu from 160 metres.

There is significant potential to further enhance the economic value of the Maitland deposit. The mineralisation appears to have good continuity, has been intersected down to 200 metres below the surface and is open at depth. The latest drilling also intersected a previously unrecognised hanging wall zone (up to 31 metres @ 1.4% copper from 26 metres) which is open along strike and at depth. Additionally, a high grade molybdenum zone (up to 8 metres @ 0.43% from 143 metres) has been intersected immediately above

the main zone of copper mineralisation. Molybdenum credits were not considered in the preliminary review of the inferred resource; however, given the current molybdenum price of approximately US\$28.50 per pound, the molybdenum at Maitland could significantly increase the economic potential of the deposit.

- Oasis Uranium Prospect – Two phases of drilling by Glengarry have confirmed a 300 metre long, up to 10 metre thick zone of significant uranium mineralisation that was originally defined by 46 drill holes drilled by Esso Minerals in 1978. Better intersections include 7 metres @ 0.17% U<sub>3</sub>O<sub>8</sub> from 34 metres, 10 metres @ 0.12% U<sub>3</sub>O<sub>8</sub> from 54 metres and 5 metres @ 0.15% U<sub>3</sub>O<sub>8</sub> from 92 metres. The uranium mineralisation is hosted by a north to northwest trending structure (Oasis Shear) that is largely obscured by alluvial cover. The next phase of drilling at Oasis will comprise step out traverses along strike of the known mineralisation to delineate further shallow mineralisation that would be suitable for open pit mining.
- T3 Zinc-Lead-Silver Prospect – Previous exploration in the 1980s and 1990s had recorded up to 8% zinc, 11% lead and 52 g/t silver in rock chip samples at T3; however, no follow up, including drilling, had been carried out. The mineralisation appears very similar the style currently being mined by Kagara Zinc 60 to 70 kilometres to the northeast in the same geological sequence. Recent soil sampling by Glengarry has recorded extensive, anomalous multi-element geochemistry including up to 1,255 ppm zinc, 924 ppm lead, 3.4 g/t silver, 0.8 g/t gold and 81 ppm molybdenum. Initial drill testing of these geochemical anomalies is planned for October 2006.
- Mt Remarkable Gold Prospect – The geological setting of Mt Remarkable is very similar to the 3.5 million ounce Mt Leyshon gold deposit which is located approximately 230 kilometres to the southeast. Stream sampling has recorded strongly anomalous gold values coincident with a large magnetic anomaly which is largely obscured by thin soil cover. Glengarry has recently completed a detailed soil sampling program over the prospect to define the source of the anomalous gold in streams. Assays are pending from this sampling program; however, initial drill testing is scheduled for October 2006.

## 2. Cannington Project

The Cannington Project is located in western Queensland immediately southwest of BHP Billiton's 40 – 50 million tonne Cannington silver-lead-zinc mine.

A recently completed Induced Polarisation (IP) geophysical survey designed to detect primary sulphide mineralisation beneath barren cover has defined a strong anomaly immediately east of an area (i.e. Crackpot prospect) where prospecting had previously recorded strongly elevated lead and molybdenum values in weathered, gossanous (i.e. ex-sulphide) rock. The source of the IP anomaly has not been tested by drilling.

The IP survey was part of a larger program completed by BHP Billiton on adjacent tenements and the line spacing is too wide to allow optimal siting of follow up drilling. The next phase of exploration at Cannington will comprise a detailed IP survey followed by drilling to test the anomaly.

### Share Purchase Plan Details

The offer of Shares under the Plan ("**Offer**") is the second part of a capital raising initiative recently announced by the Company. The first part saw the successful completion of a placement to sophisticated investors through Patersons Securities Limited. The placement raised \$1,008,000 in total (before placement costs).

The Offer has been underwritten by Patersons Securities Limited for an amount of \$308,480 (equivalent to 7,344,799 Shares).

The Offer opens on 15 September 2006 and **closes at 5pm (WST) on 3 October 2006**. No late applications will be accepted; however the directors of the Company ("**Directors**") reserve the right to extend the closing date.

The purchase price for each Share under the Plan is 4.2 cents per Share. This price is a 20% discount from the average market price of Shares in the Company sold on Australian Stock Exchange Limited ("**ASX**") during the previous five trading days ending 14 September 2006.

If you are eligible to subscribe for Shares under the Plan and you wish to participate, you must subscribe for either

- 25,000 Shares for a consideration of \$1,050, or
- 50,000 Shares for a consideration of \$2,100, or
- 75,000 Shares for a consideration of \$3,150, or
- 100,000 Shares for a consideration of \$4,200, or
- 119,000 Shares for a consideration of \$4,998.

If and to the extent to which the total value of all applications for Shares under the Offer exceeds the maximum amount permitted under the Listing Rules, the Company reserves the right to scale back applications. If this occurs, eligible shareholders may be allotted Shares to a value which is less than that applied for. The Company reserves the right to allot fewer Shares than an eligible shareholder applies for under the Offer or no Shares and any determination by the Directors in respect of any scaling back will be final. If a scale back occurs, the Company will refund any excess application money to eligible shareholders (without interest).

In the event the Company wishes to allot fewer Shares than an eligible shareholder applies for or is not permitted to issue all the Shares offered as a result of any law or Listing Rules, the Company will use its best endeavours to allocate Shares to Shareholders applying for Shares on a pro-rata basis.

Please carefully read the terms and conditions relating to the Offer, as you will be bound by them.

If you have any questions in respect of the Plan, the Offer, or these terms and conditions please contact Ms Janelle Burns on 0417 963 323 or Mr Des Kelly on 0417 095 054

## **TERMS AND CONDITIONS**

The following are the terms and conditions of the Offer under the Plan ("**Terms and Conditions**"). By accepting the offer to subscribe for Shares under the Plan, you will have agreed to be bound by these Terms and Conditions and the Company's constitution.

### **1. Class order 02/831 issued by the Australian Securities and Investments Commission (ASIC)**

The Offer has been structured to comply with the Australian Securities & Investments Commission Class Order 02/831 (as amended) to enable the Company to issue Shares without a prospectus.

### **2. Opening and closing date of the Offer**

The Offer opens at 9.00am (WST) on 15 September 2006.  
The Offer closes at 5pm (WST) on 3 October 2006.

No late applications will be accepted, however the Directors reserve the right to extend the closing date.

### 3. Who is eligible to participate in the offer?

You are eligible to apply for Shares in the Offer if:

- your registered address, as recorded in the Company's register of members, is in Australia or New Zealand; and
- you were registered as a holder of Shares, or are a Beneficiary as described in paragraph 8, as at 5pm (WST) on 14 September 2006.

The Offer to each eligible shareholder is made on the same terms and conditions.

The Offer is non-renounceable (ie. you may not transfer your right to subscribe for Shares under the Offer to anyone else).

### 4. Is the Offer voluntary?

The Offer is entirely voluntary and is subject to these Terms and Conditions. You do not have to participate if you don't want to.

### 5. How was the issue price determined?

The issue price for each Share under the Offer is 4.2 cents. This price is a 20% discount to the average market price of Shares in the Company sold on the ASX during the previous five trading days ending 14 September 2006.

### 6. Important Information on price risk to consider

Before deciding whether to accept the Offer, you should refer to the current market price of Shares, which can be obtained from the financial pages of your daily newspaper, your stockbroker, your financial adviser, or the ASX. Please note that the market price of Shares may rise or fall between the date of this Offer and the date when the Shares are issued to you under the Plan. This means that the price you pay per Share under this Offer may be greater than or less than the price of Shares at the time the Shares are issued to you pursuant to this Offer. *In determining whether you wish to participate in this Offer and the extent to which you participate, you should seek your own personal financial and/or taxation advice referable to your own circumstances.*

### 7. How Much Can You Invest in the Offer?

If you are an eligible shareholder under the Plan, you can subscribe for either:

- (a) 25,000 Shares which will cost \$1,050; or
- (b) 50,000 Shares which will cost \$2,100; or
- (c) 75,000 Shares which will cost \$3,150; or
- (d) 100,000 Shares which will cost \$4,200; or
- (e) 119,000 Shares which will cost \$4,998.

Please note that the maximum limit of 119,000 Shares applies to you even if you receive more than one Offer from the Company. For example, if you are both a sole and a joint shareholder of the Company as at 14 September 2006, you can only apply for Shares under the Offer once, either in your capacity as sole shareholder or joint shareholder, not both.

No fractions of Shares will be issued.

## 8. Beneficiaries

If on 14 September 2006 a trustee or nominee is expressly noted on the register of members as holding Shares on account of another person (a "**Beneficiary**"):

- (a) the Beneficiary is taken to be the registered holder in regard to those Shares; and
- (b) any application for the issue of Shares or certification for the purposes referred to in the Application Form by, and any issue of Shares to, the trustee or nominee, is taken to be an application or certification by, or an issue to, the Beneficiary.

Trustees and nominees, if expressly noted on the register of members, may apply for one maximum parcel of Shares in respect of each Beneficiary.

## 9. Costs of Participation

The only cost to you associated with the Offer is the issue price of the number of Shares you wish to subscribe for. Under the Offer you do not have to pay for brokerage, commission or other transaction costs which would normally apply when you acquire Shares on market.

## 10. Allotment of Shares and Variation on Number of Shares Issued

The Shares will be allotted within 10 business days after the closing date.

The Company's share registry, Advanced Share Registry Services, will send to you a holding statement in due course.

If and to the extent to which the total value of all applications for Shares under the Offer exceeds the maximum amount permitted under the Listing Rules, the Company reserves the right to scale back applications. If this occurs, eligible shareholders may be allotted Shares to a value which is less than that applied for. The Company reserves the right to allot fewer Shares than an eligible shareholder applies for under the Offer or no Shares and any determination by the Directors in respect of any scaling back will be final. If a scale back occurs, the Company will refund any excess application money to eligible shareholders (without interest).

In the event the Company wishes to allot fewer Shares than an eligible shareholder applies for or is not permitted to issue all the Shares offered as a result of any law or Listing Rules, the Company will use its best endeavours to allocate Shares to Shareholders applying for Shares on a pro-rata basis.

## 11. What Rights Will the Shares Carry?

Once the Shares are issued, they will rank equally with existing Shares in the Company and will carry the same voting rights, dividend rights, and entitlements to dividends, rights and bonus issues.

## 12. Can the Company Change the Plan?

The Plan may be changed, suspended or terminated by the Company at any time. If the Company changes, suspends or terminates the Plan it will advise ASX. The accidental omission to give notice of changes to or suspension or termination of the Plan or the non-receipt of any such notice will not invalidate the change, suspension or termination.

**13. Directors' Participation**

The directors of the Company, as eligible shareholders, may participate in the Offer (without having to obtain shareholder approval), on the same terms as all other shareholders in the Company.

**14. How Do You Pay for the Shares?**

All amounts in this Offer are expressed in Australian dollars. You must pay for the Shares by cheque in Australian dollars. Please make your cheque payable to "*Glengarry Resources Limited Share Issue Account*" and cross the cheque with "**Not Negotiable**".

**15. Please provide a cheque for the exact amount.**

If you do not provide the exact amount, the Company reserves the right to return your Application Form and cheque. The amount that you provide will either be \$1,050, \$2,100, \$3,150, \$4,200 or \$4,998.

If the Company returns your Application Form and cheque, no Shares will be allotted to you.

You may only subscribe for either:

- (a) 25,000 Shares for a consideration of \$1,050; or
- (b) 50,000 Shares for a consideration of \$2,100; or
- (c) 75,000 Shares for a consideration of \$3,150; or
- (d) 100,000 Shares for a consideration of \$4,200; or
- (e) 119,000 Shares for a consideration of \$4,998.

That is, you are not able to apply for any other number of Shares under the Offer.

**16. Will the Shares be quoted on the ASX?**

The Company will apply for the Shares allotted to you to be quoted on the Australian Stock Exchange, within the relevant period specified in the Listing Rules.

**17. How is a Dispute Resolved?**

The Company may settle any dispute in connection with the Plan in any manner it thinks fit, whether generally or in relation to any participant, application or Share. The Company's decision shall be final and binding.

The Company reserves the right to waive strict compliance with any provision of these Terms and Conditions.

**HOW DO YOU APPLY FOR SHARES UNDER THE OFFER**

1. If you want to participate in this Offer please carefully read the Terms and Conditions relating to the Offer.



2. Complete all the required details in the enclosed Application Form, noting that all amounts are expressed in Australian dollars:
  - (i) Enter the exact number of Shares you want to subscribe for, being either:
    - (a) 25,000 Shares or
    - (b) 50,000 Shares; or
    - (c) 75,000 Shares; or
    - (d) 100,000 Shares; or
    - (e) 119,000 Shares.
  - (ii) To work out the exact amount payable, multiply the number of Shares subscribed for by the price per Share of 4.2 cents and insert the total amount payable (in Australian dollars), being either \$1,050, \$2,100, \$3,150, \$4,200 or \$4,998.
  - (iii) Complete the cheque details section and ensure that the "Amount" section corresponds to the exact amount payable for the Shares you wish to subscribe for. Remember, **you will either be subscribing for \$1,050 worth of Shares, \$2,100 worth of Shares, \$3,150 worth of Shares, \$4,200 worth of Shares, or \$4,998 worth of Shares.**
  - (iv) Insert your telephone contact numbers so that we may contact you if necessary.
  - (v) You do not need to sign the Application Form.
3. Write out a cheque for the exact amount of the Share parcel you want to subscribe for. Make the cheque payable to "**Glengarry Resources Limited Share Issue Account**" and cross the cheque with "**Not Negotiable**".
4. Return the completed Application Form, together with the cheque, in the enclosed reply paid envelope or to:
 

Glengarry Resources Limited PO Box 975 WEST PERTH WA 6872	Glengarry Resources Limited Ground Floor, 35 Havelock Street WEST PERTH WA 6005
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5. Ensure that your completed Application Form and cheque reach Glengarry Resources Limited by the closing date of the Offer being no later than 5pm (WST) on 3 October 2006. **No late applications will be accepted, although the Directors reserve the right to extend the closing date.**

In determining whether you wish to participate in this Offer you should seek personal financial and/or taxation advice referable to your own circumstances.

**By accepting this Offer you agree to be bound by the Terms and Conditions of the Offer and the Constitution of the Company.**



G L E N G A R R Y

**GLENGARRY RESOURCES LIMITED**

ABN 40 009 468 099

**Share Purchase Plan  
Application Form**

Date of Offer: 15 September 2006  
Closing Date of Offer: 5 pm (WST) 3 October 2006

Name  
Address1  
Address2  
Address3  
Address4

I/We wish to apply for the number of shares set out below in accordance with the terms of the Share Purchase Plan (SPP). I/we confirm that the total cost of the shares purchased by me/us (including through joint holding(s), multiple share accounts or any holding in which I/we have a beneficial interest(s)) does not exceed A\$5,000 in accordance with the Applicant/s Certification and Acknowledgement below.

**Applicant/s Certification and Acknowledgement**

By lodging this Application Form:

- (a) I/we acknowledge that I/we have read the terms and conditions of the SPP; and
- (b) I/we certify that the aggregate of the application price for the following does not exceed A\$5,000:
  - (i) the shares the subject of this application; and
  - (ii) any other shares applied for by me/us under the SPP (or any similar arrangement in the 12 months prior to this application), whether:
    - A. in my/our own right; or
    - B. jointly with one or more persons; or
    - C. in my/our capacity as a beneficiary (as defined below),

but not including in my/our capacity as a trustee or nominee where it is expressly noted on Glengarry Resources Limited's register of members that my/our shareholding is held on account of another person.

**Notes:**

If 2 or more persons are recorded in the register of members as jointly holding the shares to which this entitlement relates, they are taken to be a single registered holder and this certificate given by any of them is taken to be given by all of them.

If a trustee or nominee is expressly noted on Glengarry Resources Limited's register of members as holding the shares to which this entitlement relates on account of another person (the "**Beneficiary**"), this certification and acknowledgement is taken to be given by the Beneficiary in respect of him/her/itself (and not the trustee or nominee).



**Application for Shares**

The purchase price for each share is 4.2 cents.  
 You may only apply for either 25,000 Shares, 50,000 Shares, 75,000 Shares, 100,000 Shares or 119,000 Shares.

To apply for 119,000 shares	→	Tick the box to enclose a cheque for <b>\$4,998</b>	<input type="checkbox"/>
		<b>OR</b>	
To apply for 100,000 shares	→	Tick the box to enclose a cheque for <b>\$4,200</b>	<input type="checkbox"/>
		<b>OR</b>	
To apply for 75,000 shares	→	Tick the box to enclose a cheque for <b>\$3,150</b>	<input type="checkbox"/>
		<b>OR</b>	
To apply for 50,000 shares	→	Tick the box to enclose a cheque for <b>\$2,100</b>	<input type="checkbox"/>
		<b>OR</b>	
To apply for 25,000 shares	→	Tick the box to enclose a cheque for <b>\$1,050</b>	<input type="checkbox"/>

**Cheque Details**

Drawer	Bank	Branch/BSB	Amount
.....	.....	.....	\$.....

Your cheque or bank draft must be **drawn on a bank in Australia and in Australian Currency** made payable to **“Glengarry Resources Limited Share Issue Account”** and crossed **“Not Negotiable”**. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected.

Telephone numbers where we may contact you, if needed in conjunction with this application

BH:	AH:	Mobile:	Contact Name:
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**This offer closes at 5.00 pm WST on 3 October 2006.**  
 Return this form with your cheque in the reply paid envelope **OR** to:

Glengarry Resources Limited  
 PO Box 975  
 WEST PERTH WA 6872

Glengarry Resources Limited  
 Ground Floor, 35 Havelock Street  
 WEST PERTH WA 6005