

## **December 2006 Quarterly Report**

### ***Highlights***

#### **Exploration**

- At Greenvale in North Queensland, infill soil sampling at the T3 base metals and Mt Remarkable gold prospects has confirmed priority drill targets that will be tested in the coming quarter. There has been no previous drilling in either area.
- At Cannington in western Queensland, an infill IP geophysical survey has confirmed a strongly conductive body immediately east of the Crackpot prospect where previous sampling had recorded anomalous base metal values in gossanous float. The conductive body, which is possibly due to base metal sulphides, has been defined over a length of 300 metres and is still open along strike and at depth. It has not been tested by previous drilling.
- Rock chip sampling from the Snake Creek Project in western Queensland has recorded strongly anomalous uranium values (up to 248 ppm) associated with high grade copper (up to 8.6%) and gold mineralisation (up to 0.6 g/t). The Project is located in the Mt Isa region and is in the same geological province that contains the Mary Kathleen uranium deposit. There has been no previous systematic exploration for uranium on the Project. The Snake Creek Project is now wholly owned by Glengarry after Xstrata, who were exploring for copper and gold, withdrew from the joint venture late in the quarter.

#### **Corporate**

- Glengarry has been allocated 3,000,000 shares in Mantle Mining Corporation Limited which listed on the ASX in November 2006. The shares are in consideration for the Charters Towers Project which was acquired by Mantle.

### ***Plans for the March 2007 Quarter***

- Initial drill testing of the T3 base metals and Mt Remarkable gold prospects at Greenvale.
- Continue assessment of the Maitland copper resource including drilling to determine the continuity of high grade mineralisation and the extents of the hanging wall zone.
- Drill testing of the Crackpot IP anomaly at Cannington.
- Determine and initiate best strategy for advancing uranium potential of the Greenvale Project.
- Schedule drill testing of the Acacia North gold prospect at Rum Jungle in the Northern Territory.
- Review exploration data from the Snake Creek Project including an assessment of its uranium prospectivity.

**Project Activities Report**

**Greenvale Project (North Queensland) –  
Exciting new drill targets confirmed at  
T3 and Mt Remarkable.**

The Company continued to focus on the Greenvale Project (Figure 1) during the Quarter. Follow up exploration at the T3 and Mt Remarkable prospects confirmed priority drill targets that will be tested in early 2007. Additional drilling is also planned at Maitland where there is good potential to enhance the existing resource.

*Maitland Copper-Molybdenum Prospect*

Metallurgical test work and a conceptual engineering study were completed during the Quarter to assess the economic potential of the previously reported JORC compliant inferred resource of 1.6 million tonnes @ 1.29% copper. This work

confirmed that the mineralisation could be profitably trucked to a third party mill; however, future mining would be dependent on a continuing strong copper price. Potential options will be assessed before the Company commits to a systematic drill out which is required to upgrade the resource to a status that permits a formal economic analysis.

Further selective drilling is planned at Maitland to confirm the continuity of high grade shoots below 50 metres depth and to test for extensions of a new hanging wall zone. An intersection of 31 metres @ 1.4% copper from 26 metres was recorded from this zone during the last drill program. The new drilling program is scheduled to commence in March 2007.

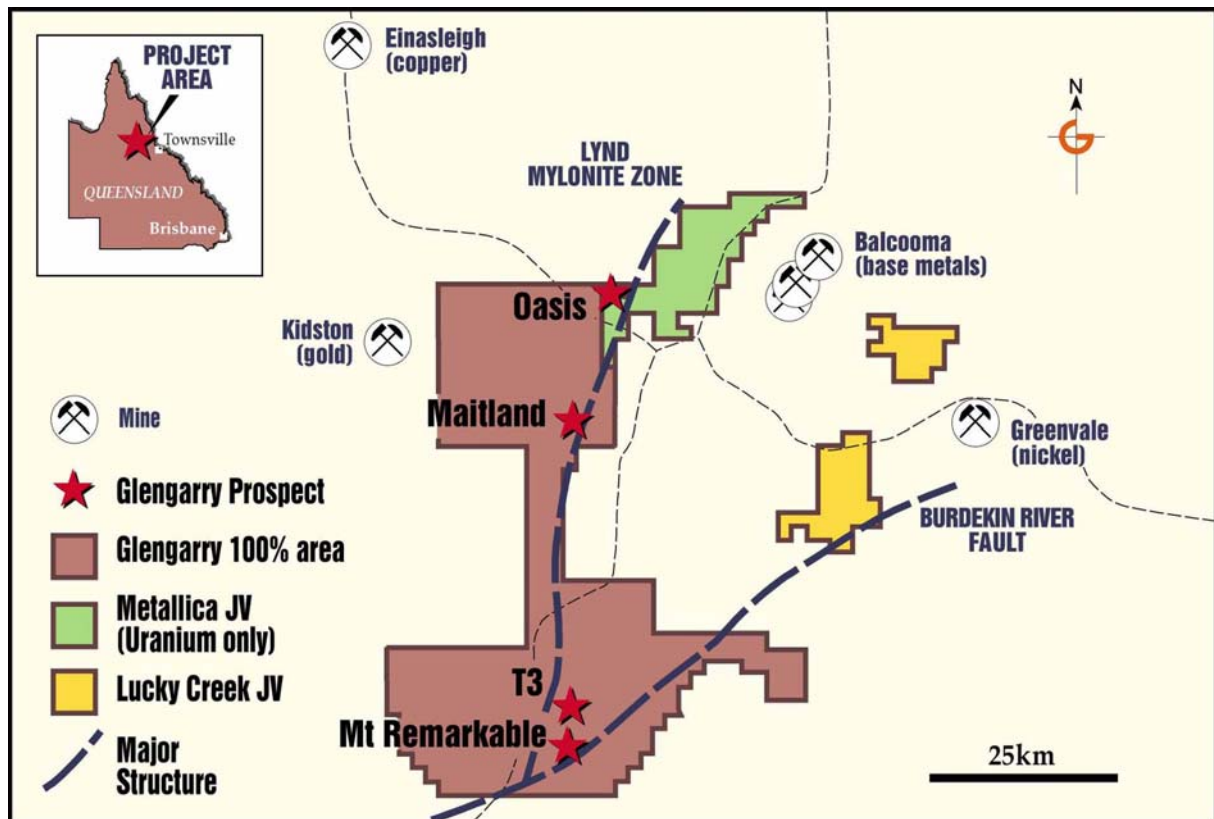


Figure 1: Greenvale Project Area showing tenements and main prospects

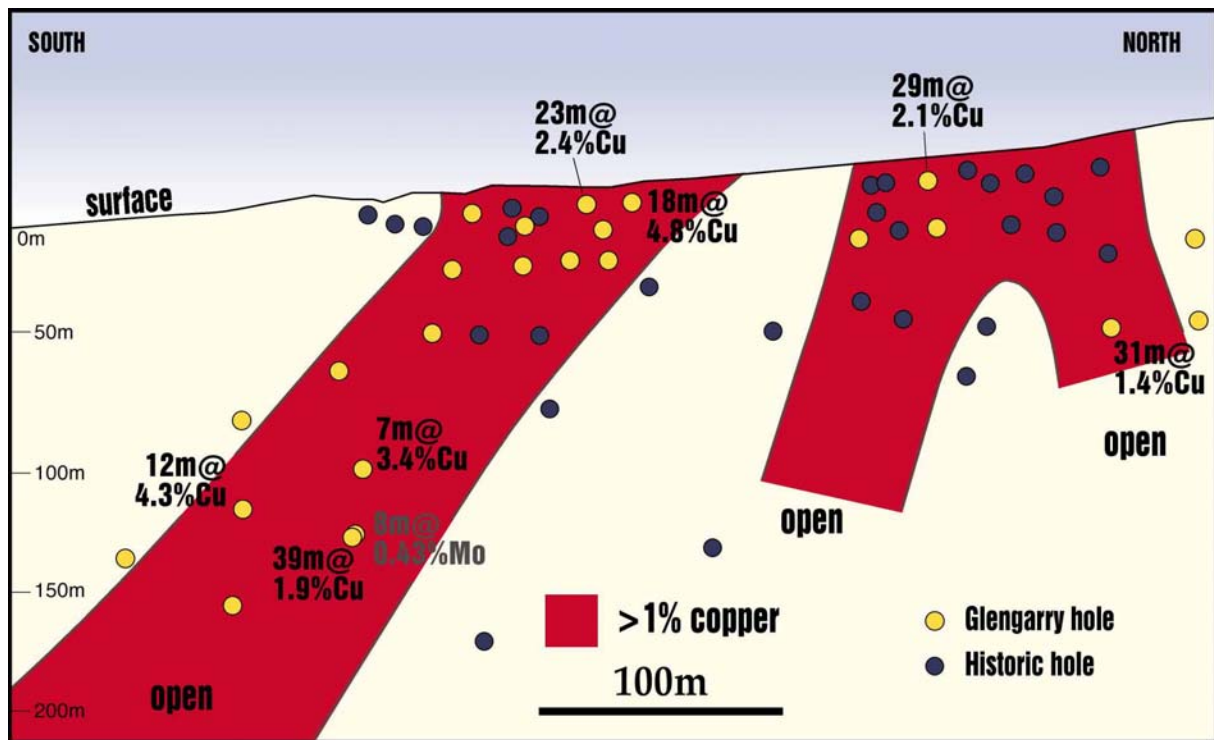


Figure 2: Maitland Prospect - Longitudinal Section showing existing drill holes

*Oasis Uranium Prospect/Metallica JV*

Glengarry recently sought expressions of interest from several specialist uranium companies with a view to a potential sale of the Oasis prospect including uranium rights in the surrounding area. Negotiations are in progress.

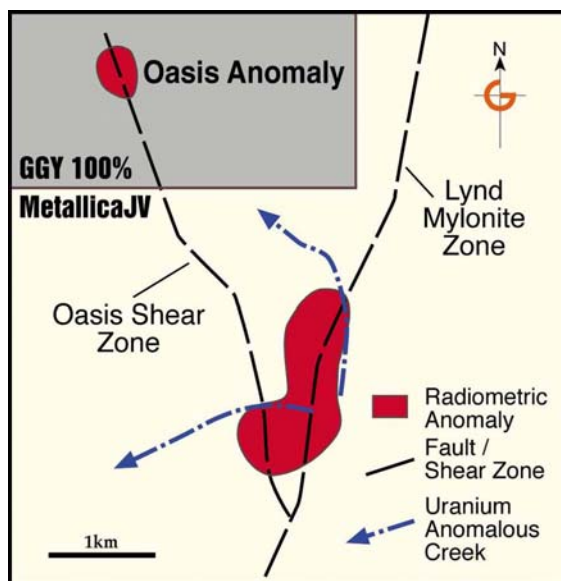


Figure 3: Plan of Oasis and Metallica JV

The mineralised zone at Oasis is up to 15 metres thick and has been intersected over a strike length of 300 metres. Mineralisation is hosted by a north-south trending structure (Oasis Shear) that is

largely obscured by a thin layer of alluvial sediments.

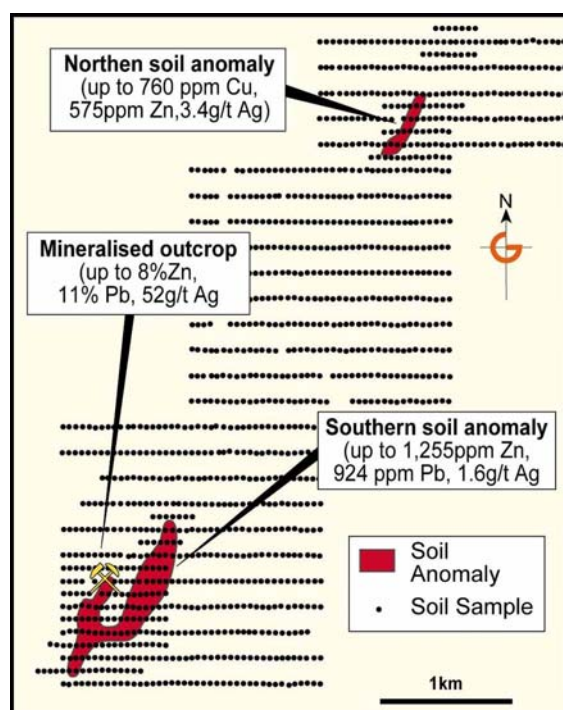
*T3 Silver-Lead-Zinc Prospect*

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). First pass soil sampling defined two zones of extensive, high order base metal and silver anomalism (Figure 4) interpreted to be consistent with the same style of mineralisation being mined by Kagara Zinc at Balcooma. There has been no previous drilling in the T3 area and infill soil sampling was completed during the Quarter to allow optimal siting of follow up drill holes.

The southern zone at T3 recorded strong zinc (up to 1,255 ppm), lead (up to 924 ppm) and silver (up to 1.7 g/t) anomalism in soil samples over a strike length of 1.3 kilometres. Previous prospecting located a small outcrop (2 by 2 metres) containing primary sulphide mineralisation on the western margin of the southern soil anomaly. Rock chip sampling from this outcrop recorded up to 8% zinc, 11% lead and 52 g/t silver which, given the size of the soil anomaly, indicates that there is

good potential for the discovery of economic mineralisation.

The northern zone at T3 recorded strong copper (up to 760 ppm), zinc (up to 575 ppm) and silver (up to 3.4 g/t) anomalism in soil samples over a strike length of 500 metres. The anomalous zone is largely obscured by scree and a mineralised source has not yet been located; however, a Hoistem™ electromagnetic geophysical survey flown during the Quarter defined a conductive zone immediately beneath the soil anomaly. The conductive zone may be due to massive base metal sulphides obscured by the shallow scree cover.



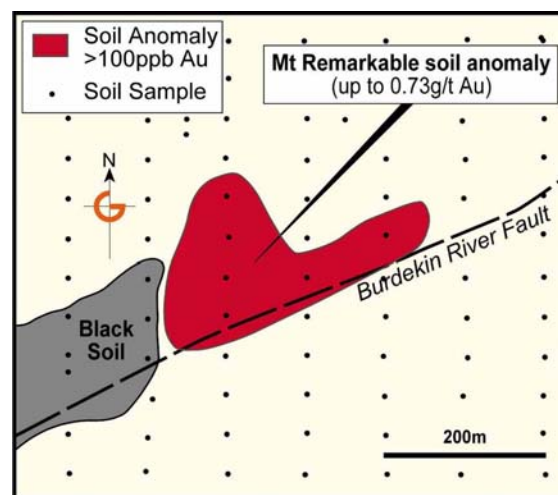
**Figure 4: T3 prospect – soil sampling (black dots) showing anomalous areas.**

Initial drill testing of targets in the T3 area is scheduled to commence in March 2007.

#### *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 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.

First pass soil sampling recently completed by Glengarry identified several areas of anomalous gold. Infill soil sampling was completed during the Quarter to better define the anomalies. The infill sampling defined an area coincident with the Burdekin River Fault where a zone of strong (>0.1 g/t) gold-in-soil anomalism, including values up to 0.73 g/t gold, was defined over 350 metres strike length (Figure 5). The Burdekin River Fault is a major geological structure that defines the southern margin of the Proterozoic Georgetown inlier.



**Figure 5: Mt Remarkable prospect – soil sampling (black dots) showing area of >100 ppb gold in soils.**

The anomalous area is completely covered by a thin layer (< 1 metre thick) of residual soils and the source of the gold has not yet been determined. Initial drill testing is scheduled to commence in March 2007.

#### *Lucky Creek Joint Venture*

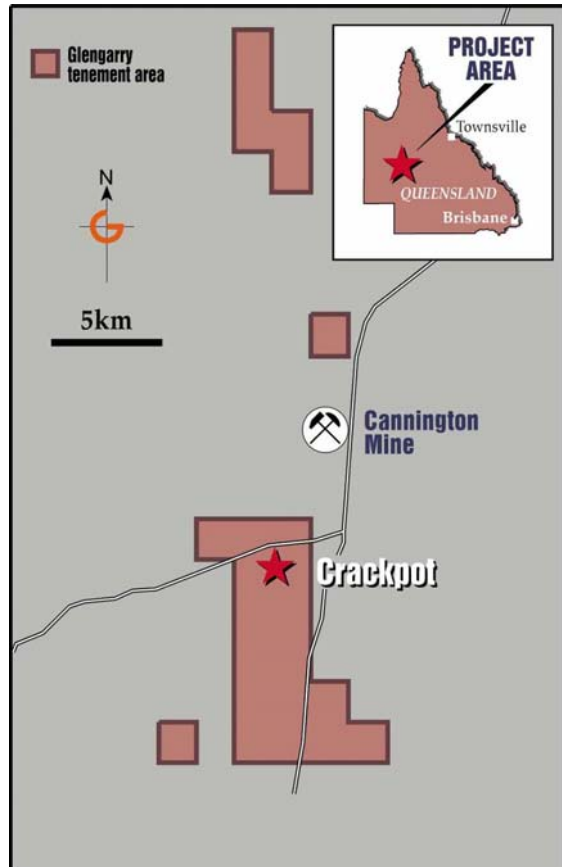
A Heads of Agreement with Beacon Minerals Limited (Beacon) was signed over the eastern most tenements of the Greenvale Project (Figure 1) on 17<sup>th</sup> November 2006. The Lucky Creek tenements cover 195 square kilometres and comprise only 10% of the Company's existing tenure in the Greenvale area.

Under the terms of the Heads of Agreement, Beacon must spend \$850,000 over three years to earn 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) – Infill IP survey confirms Crackpot target.**

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 6).



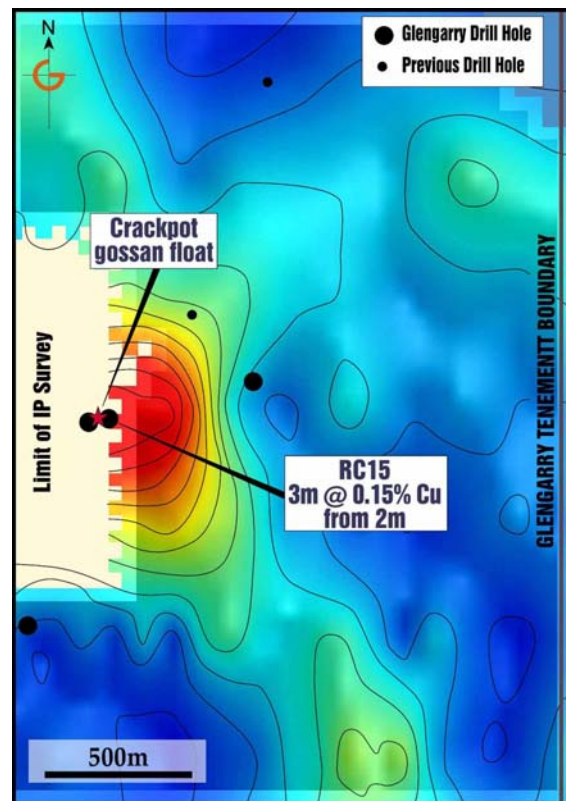
**Figure 6: Cannington Project Area showing Crackpot prospect**

A regional IP survey had previously defined a highly conductive body immediately east of the Crackpot prospect (Figure 7). Strongly anomalous lead (up to 0.24%) and molybdenum (up to 0.29%) had also been recorded in gossanous float from Crackpot but the source of the mineralisation had not been located. The regional IP survey was completed on lines 400 metres apart and was not detailed

enough to allow optimal siting of follow up drilling.

An infill IP survey was completed during the Quarter and confirmed a highly conductive body interpreted to begin at 50 metres depth that may represent base metal sulphide mineralization immediately east of the Crackpot prospect. The conductive body has been defined over a length of 300 metres and is open along strike and at depth. Importantly, the IP anomaly has not been tested by previous drilling.

Glengarry has previously undertaken limited drilling (2 holes) at Crackpot which intersected anomalous base metal values but did not test the recently defined IP anomaly (Figure 8). Drill testing of the IP anomaly will be completed as soon as a suitable drill rig can be contracted.



**Figure 7: Image showing regional IP anomaly east of Crackpot gossan float.**

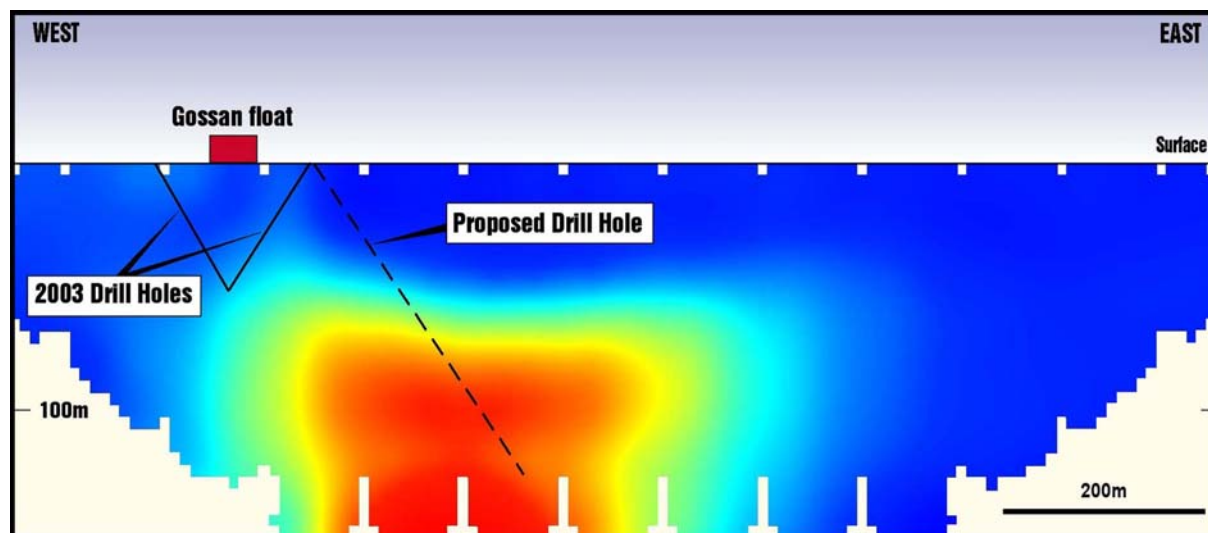


Figure 8: Cross section showing Crackpot anomaly defined by infill IP

**Citadel Project (Northwest Western Australia) – Discussions commence with potential joint venture partners.**

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 in northwest Western Australia. The region contains several world class metal 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>).

Due to the remote location of the Project and associated high cost of exploration, Glengarry has elected to seek a joint venture partner with the appropriate expertise and resources to explore the area. A review of previous exploration data has highlighted a number of high priority targets including the Magnum prospect where significant gold and copper mineralisation has already been recorded.

Several major mining companies have confirmed interest in farming into the Project.

**Rum Jungle Project (Northern Territory) – Key tenement granted.**

Glengarry's Rum Jungle Project covers approximately 140 square kilometres in the Rum Jungle area located 65km south of Darwin in the Northern Territory. The Project is proximal to the historical Rum Jungle uranium mine (3,530 tonnes U<sub>3</sub>O<sub>8</sub>)

and the Woodcutters lead-zinc mine (~6 Mt @ 12% zinc and 6% lead).

The Exploration Licence covering the Acacia North gold prospect was granted late in the quarter. Previous company drilling at the Acacia North prospect intersected 6 metres @ 11.3 g/t gold 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 immediately after the northern Australian wet season.

**Charters Towers Project (North Queensland) – Divested to IPO**

The Charters Towers Project has been acquired by Mantle Mining Corporation Limited which listed on the ASX during November 2006. Glengarry has been allocated 3,000,000 shares in Mantle (equating to some 6.5% of Mantle Mining). Mantle Mining plans to commence fieldwork at Charters Towers in January 2007.

**Snake Creek Project (Northwest Queensland) – Anomalous uranium recorded by rock chip sampling.**

The Snake Creek Project, located in northwest Queensland approximately 125 kilometres east-southeast of Mt Isa (Figure 9), is considered prospective for copper-gold and uranium mineralisation.

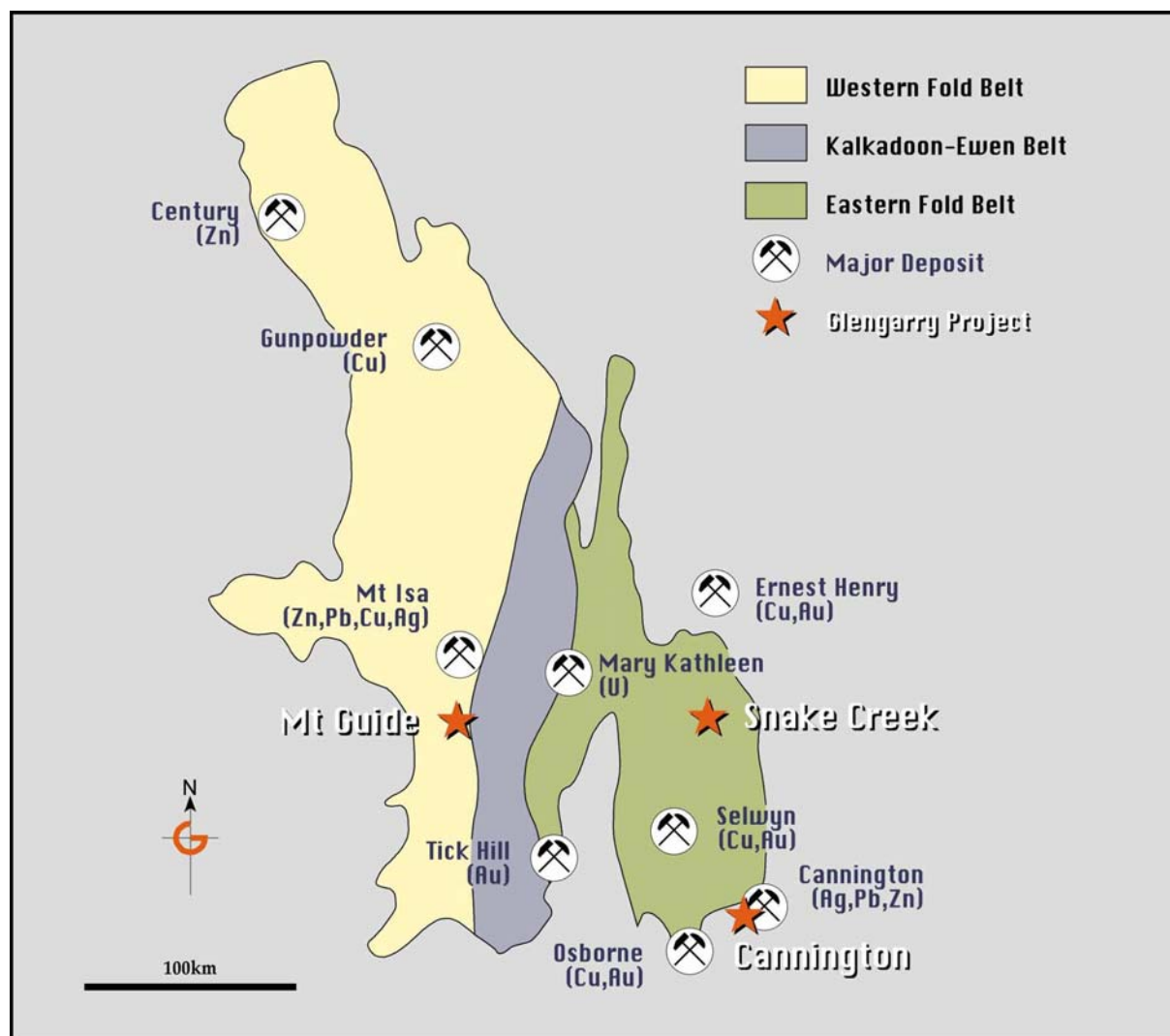
The Project was subject to a joint venture agreement with Xstrata Copper; however, Xstrata formally advised late during the Quarter that it was withdrawing from the joint venture. Data from Xstrata’s exploration work has not yet been reviewed in detail.

Xstrata Copper completed two phases of soil sampling and limited prospecting. The soil sampling recorded numerous anomalous gold (up to 150 ppb) and copper (up to 757 ppm) values; however,

no targets were defined that Xstrata considered warranted drill testing. Given the broad spacing (i.e. 500 by 100 metres) of most of the soil sampling, it is possible that infill sampling will define targets with potential to meet Glengarry’s size parameters.

Strongly anomalous uranium (248 ppm) was recorded by one of the rock chip samples associated with high gold (0.6 g/t) and copper (8.6%) values. There has been very little prior uranium exploration in the Snake Creek Project area which is located in the same geological province that hosts the Mary Kathleen uranium deposit approximately 70 kilometres to the west-northwest (Figure 9).

A detailed review of the Snake Creek exploration data will be completed prior to planning future work programs.



**Figure 9: Mt Isa region showing major mineral deposits and Glengarry projects.**

**Corporate**

*Cash Position*

At the end of December 2006, Glengarry had approximately \$1.9 million in cash.



**David Richards**  
Managing Director  
12<sup>th</sup> January 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.

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**STOCK EXCHANGE LISTING**

Glengarry Resources Limited shares are listed on  
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