



15 October 2004

Manager Company Announcements  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 10, 20 Bond Street  
SYDNEY NSW 2000

Dear Sir/Madam

### **ANNOUNCEMENT**

Please find attached Glengarry Resources Limited's Quarterly Report for the quarter ended 30 September 2004.

Yours faithfully

A handwritten signature in black ink, appearing to read 'D Richards', enclosed within a circular scribble.

**David Richards**  
Managing Director

## September 2004 – Quarterly Activity Report

### **Highlights**

- **Key Personnel Changes** – Mr Keith McKay was appointed to the Board as a non-executive, independent Director on the 26<sup>th</sup> August replacing Mr Tony Alston who has resigned. Mr McKay has subsequently agreed to accept the position of Chairman in place of Mr Allan Harris who will stand down at the Annual General Meeting in November 2004. Mr Harris intends to remain as a non-executive Director. Mr Kevin Seymour was appointed as Exploration Manager on the 1<sup>st</sup> September 2004 and has assumed responsibility for day to day management of the Company’s exploration activities. Both Mr McKay and Mr Seymour have extensive and proven experience with major Australian and international gold mining companies which will provide a major benefit to Glengarry Resources Limited.
- **Strategic Company Review** – A review of Glengarry’s objectives and strategies was undertaken following changes to the Company’s key personnel. The Company will focus on its Charters Towers and Greenvale projects in NE Queensland with the aim of becoming a plus 100,000 ounce gold producer by 2007. A pro-active project generation effort will also continue to identify other growth opportunities.
- **Priority Drill Target Identified at Charters Towers** – A 1,000 – 1,500 m RC drilling program is scheduled for late November/early December 2004 to test the western strike extension of the historic, 1.4 million ounce Day Dawn gold lode at Charters Towers. Geophysical data indicate that the host structure extends west into Glengarry’s tenure where it is obscured by transported sediments.
- **Mineralising Corridors Identified on Key Projects** – Technical analyses have identified structural corridors on the Charters Towers and Greenvale Projects considered to be main controls on the location of major gold deposits in both regions. Follow up mapping and soil sampling will be conducted within these corridors during the December 2004 quarter. Previous exploration has only partially tested the corridors and adjacent areas.
- **Entitlements Issue Raises \$410,000** – Shareholders subscribed for 11.6 million shares in the recent entitlements issue to raise approximately \$410,000 for future exploration on the Company’s key projects. The shares subscribed for represent approximately 40% of the one for four entitlements issue and is considered a positive outcome given the depressed market conditions being experienced by junior explorers in Australia. Discussions are in progress with other parties to place the shortfall.

### **Plans for the December 2004 Quarter**

- Drill test strike extension of Day Dawn lode at Charters Towers.
- Conduct geological mapping and soil sampling across potentially mineralised corridors at Charters Towers and Greenvale to identify targets for drilling in early 2005.
- Place shortfall from 1 for 4 entitlements issue.



## Exploration Report

### Charters Towers Project (North Queensland) – Exploration potential confirmed

Following a review of Glengarry's objectives and strategies, work at Charters Towers focused on identifying targets with potential to host stand-alone gold deposits. Results of this work are discussed below. Other work also included an independent review of the Great Britain gold deposit to determine its potential to host economic mineralisation given the sustained increase in the gold price, RC percussion drilling at the Dogmatix prospect and further soil sampling at Back Creek.

- **Day Dawn Extended**

Historical mine data and available geophysical data indicate that the east-west structure that hosts the 1.4 million ounce historical Day Dawn gold mine intersects the NNW trending Merrie Monarch corridor within Glengarry's tenure. The target area is obscured by transported cover and a program of 12, 100 – 150 m deep, RC percussion drill holes is scheduled to commence in late November.

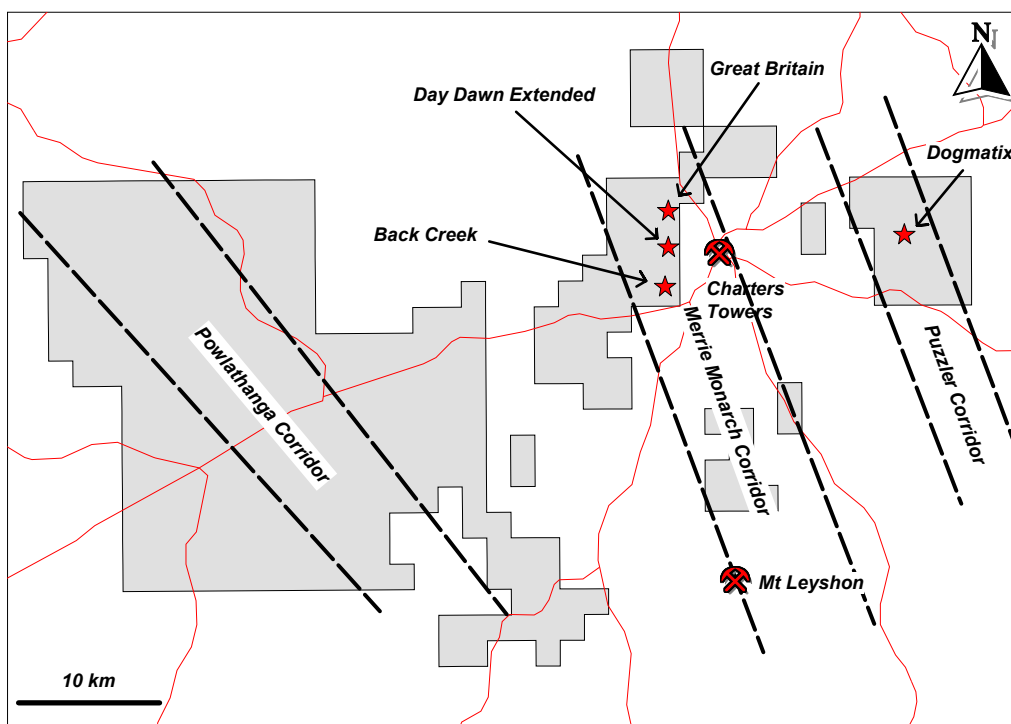


Figure 1: Charters Towers Project showing tenement outlines

- **Regional Targeting**

Previous exploration by Glengarry has focused on individual prospect areas identified by ad hoc geochemical surveys. This work has defined previously unrecognised high grade zones of gold mineralisation which, although limited in size and economic potential, confirmed the fertility of Glengarry's tenure in the Charters Towers region. A review commenced in the June quarter of 2004 to identify the major structures that would control the location of large gold deposits.

This review has identified 3 NNW trending corridors (Figure 1) with potential for large gold deposits. Tenure over the western corridor (Powlathanga) is still in application and exploration in the December 2004 quarter will focus on the central (Merrie Monarch) and eastern (Puzzler) corridors. Past production from the Merrie Monarch corridor exceeds 8 million ounces of gold,

mostly from the Charters Towers lodes and the Mt Leyshon deposit to the south. Large parts of these corridors have had no systematic, modern gold exploration and, following mapping to identify areas suitable for surface geochemistry, approximately 5,000 soil samples will be collected. Drill testing of targets generated by this work is scheduled for the first quarter of 2005.

- **Great Britain Gold Deposit**

A mineral resource estimate for the Great Britain gold deposit was completed during July-August 2004 by Resource Evaluations Pty Ltd (ResEval). The mineral resource estimate complies with recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared in 1999 by the Joint Ore Reserves Committee (JORC). The estimate is tabled below.

| <b>Great Britain Gold Deposit (0 – 200 m Vertical Depth)</b> |           |             |                  |
|--|-----------|-------------|------------------|
| <b>Mineral Resource* Estimate – August 2004</b>              |           |             |                  |
| Cut-off Grade (g/t)  | Tonnes    | Grade (g/t) | Contained ounces |
| 0.5  | 2,128,000 | 1.8         | 125,000          |
| 1.0  | 1,535,000 | 2.2         | 109,000          |

\* Entire resource in Inferred Category

The deposit was estimated by ResEval using inverse distance grade interpolation, constrained by resource outlines defined by a nominal 0.5/t cut-off grade and a minimum down hole length of 2m. The estimate is based on approximately 100 RC drill holes and limited diamond drilling data.

ResEval concluded that the Great Britain deposit had reasonable potential for open pit mining and recommended that an open pit optimisation study be carried out using the latest mineral resource estimate. A preliminary optimisation study was subsequently completed by consultants LJ Putland & Associates.

The optimisation study assumed the use of milling infrastructure currently operating in the Charters Towers region and a range of different gold prices. Based on a gold price of \$A575 per ounce, the study indicated a mineable reserve of 70,000 tonnes @ 3.6 g/t to produce approximately 7,500 ounces gold with an optimal pit value of \$1,100,000. Glengarry will not complete any further work at Great Britain; however, discussions will be initiated with local gold miners regarding a possible sale or tributing operation.

- **Dogmatix Prospect**

At Dogmatix, located approximately 15 km east of Charters Towers, 9 shallow RC percussion holes (534 m) were drilled across a poorly exposed area which straddles an interpreted north-south trending mineralised intrusive contact. Several holes intersected wide zones of anomalous gold including up to 15 m @ 0.3 g/t from 21 m and 9 m @ 0.42 g/t from 27 m. These results confirm the prospective nature of the contact zone which extends for over 2 km but that has only been tested in one area to a maximum depth of 50 metres vertical. Follow up drilling will be planned.

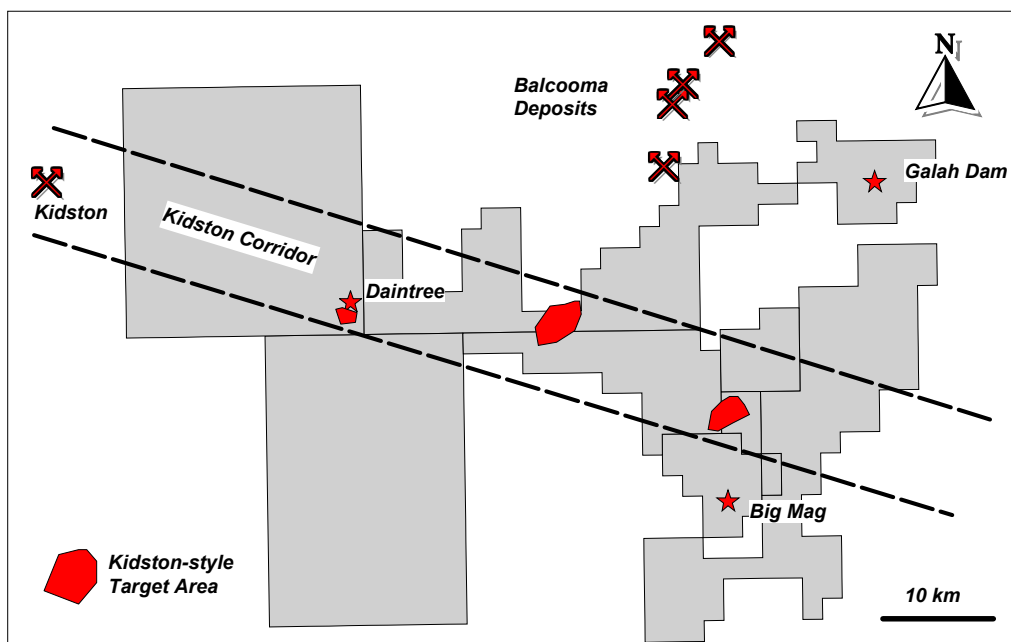
- **Back Creek**

Further soil sampling was undertaken at Back Creek where a significant gold-in-soil anomaly had been previously defined. Strongly anomalous gold was recorded by the latest soil sampling (up to 480 ppb); however, the controls on the possible bedrock source are still poorly understood and detailed mapping and further sampling are planned prior to drill testing.

## Greenvale Project (North Queensland) – Key tenements granted

The Greenvale Project is considered very prospective for stand alone Kidston style gold mineralisation. The Kidston deposit is located immediately west of the Greenvale Project and produced approximately 3 million ounces of gold. Further exploration for this style of mineralisation is consistent with Glengarry's objectives and strategies outlined by the recent Company review. The recent grant of two EPMs and the pending grant of a third will allow Glengarry to commence fieldwork during the December 2004 quarter.

Three target areas (Figure 2) have been identified coincident with a WNW trending corridor that includes the Kidston gold deposit and follow up mapping and soil sampling will commence in November 2004. All areas are under shallow cover and airborne and ground geophysical surveys may be required prior to drill testing of targets in early 2005.



**Figure 2: Greenvale Project showing tenement outlines**

While a stand alone gold target is the main priority at Greenvale, there is also good potential for other styles of mineralisation including copper, gold associated with base metals and nickel.

The Daintree copper prospect is located in the SE corner of the recently granted Ironstone Knob EPM immediately north of one of the priority Kidston style targets. Drilling and costeaning in the 1960s and 1970s recorded wide zones of potentially economic copper mineralisation over a strike length of 300 m including intersections up to 18 m @ 2.3% Cu and 19.5 m @ 2.2% Cu. There has been little exploration since this period and a detailed review is planned to determine whether further work is warranted.

At Galah Dam in the NE corner of the Project area, drilling by Homestake in the 1990s intersected up to 16 m @ 4.5% Zn, 1.1 g/t Au and 13 g/t Ag from 64 m depth. The system is still open in all directions and previous drilling appears to be oriented down dip in some places and not a reliable test of the mineralised zone. The underlying tenement is still in application but is expected to be granted before the end of 2004. The Galah Dam prospect is hosted by lithologies of similar type and age to the Balcooma base metal deposits being mined by Kagara Zinc immediately north of the Project.

Drilling by Glengarry into the Big Mag magnetic anomaly located in the SE part of the Project confirmed that the anomaly is caused by a shallowly buried, differentiated, mafic – ultramafic intrusion. Recent work suggests similarities to the geological unit that hosts the giant Voisey Bay nickel deposit (i.e. 30 million tonnes @ 2.85% Ni) in Canada and an expert consultant will be employed to determine the potential for this type of mineralisation.

#### **Diamantina Project (West Queensland) – Infill sampling confirms anomalous gold**

An infill auger sampling program designed to collect pedogenic calcrete beneath the aeolian sand cover was completed across the previously reported MB1 lag anomaly. A similar sampling technique has successfully delineated economic gold mineralisation in the Gawler region of South Australia.

The calcrete sampling confirmed the presence of anomalous gold at MB 1 (up to 23 ppb); however, there was poor correlation with the original lag anomaly and further sub surface sampling will be required to delineate a target suitable for drill testing. Due to priorities on other projects, no immediate follow up is planned.

#### **Cannington Project (West Queensland) – Modelling of gravity data completed**

Modelling of gravity data collected from a ground survey completed last quarter indicated several anomalies that may warrant drill testing; however, further target delineation is required before specific follow up holes can be sited. Techniques under consideration to better define drill targets include infill gravity and electrical geophysics.

#### **Yolande River Project (Tasmania) – Infill soil sampling confirms elevated gold and base metal values**

Infill soil sampling was completed across two anomalous areas that are coincident with a N/S trending zone of quartz feldspar porphyry intrusions. Both areas recorded elevated gold (up to 18 ppb), copper (up to 77 ppm) and lead (up to 452 ppm); however, the shallow cover and lack of weathering suggest there is limited potential for a near surface economic gold and/or base metal deposit. However, elsewhere in Tasmania, similar surface values have indicated deeper, blind mineralisation that has been detected by electrical geophysics and subsequently confirmed by drilling.

The Yolande River Project is still considered prospective but due to commitments elsewhere and the expense of exploring for deep, blind ore bodies, Glengarry will seek a joint venture partner to continue exploration.

#### **Larranganni Joint Venture (Tanami Desert, WA) – Infill drilling confirms resource potential**

The Larranganni Joint Venture is a joint venture between Glengarry Resources Limited (7.5%) and Tanami Gold NL (92.5%), who manages the project. Glengarry's interest is free carried until completion of a bankable feasibility study.

During the September 2004 quarter, Tanami Gold conducted infill and extension RC percussion and diamond core drilling programs at the Sandpiper and Kookaburra deposits. Resource models for both deposits will be updated in October 2004 for inclusion in the Coyote Project Feasibility Study.

Highlights of the latest drilling include:

- ♦ 16m @ 9.48g/t from 8m

- ♦ 17m @ 7.01g/t from 6m
- ♦ 14m @ 4.00g/t from 75m
- ♦ 12m @ 4.20g/t from 47m
- ♦ 11m @ 4.58g/t from 69m
- Intersections from step-out drilling west of the Sandpiper Deposit, including 10m @ 4.79g/t from 17m, indicating a likely extension of the open-pit table resource.

The 440,000 ounce Coyote Gold resource is owned 100% by Tanami Gold and is located 35 kilometres south of the Sandpiper and Kookaburra deposits.

## **Corporate Report**

### **Capital Raising**

A pro rata non-renounceable one for four entitlements issue of ordinary shares at 3.5 cents per share was undertaken during the September 2004 quarter to raise working capital for further exploration on Glengarry's Australian projects. If fully subscribed, \$1,105,187 would be raised by the issue of 31,576,787 shares bringing the Company's total issued capital to 157,883,938 shares.

Shareholders subscribed for 11,648,158 shares representing \$407,685 in value. The shortfall to the entitlements issue is 19,928,629 shares which the Directors of Glengarry have until 23<sup>rd</sup> December 2004 to place at their discretion. The Directors are encouraged by the interest shown in the shortfall and discussions are in progress with interested parties.

### **Board Changes**

Mr Tony Alston, Glengarry's Exploration Director, resigned on the 17<sup>th</sup> September 2004 after approximately 9 years with the company in a variety of technical and managerial roles. Mr Alston was largely responsible for compiling the current tenement portfolio and managing the exploration work on the projects.

Mr Keith McKay was appointed as a non-executive, independent Director on the 26<sup>th</sup> August 2004 and has subsequently agreed to accept the position of Chairman in place of Mr Allan Harris who will stand down at the Annual General Meeting on 22<sup>nd</sup> November 2004. Mr Harris intends to remain as a non-executive Director and will continue as Company Secretary.

Mr McKay has been the Chairman of Gindalbie Gold NL since February 1998 and is a geologist with over 30 years experience in the mining industry, including senior management roles with several Australian and international companies. Mr McKay's previous positions include the Managing Director of Gallery Gold NL (1998–2003), Vice President of Battle Mountain (Australia) Inc (1985–1997), Director of Nuigini Mining Limited (1995–1997) and Managing Director of Duval Mining Australia Limited (1984–1985). Mr McKay has assembled and led teams responsible for the discovery of more than 3 million ounces of gold reserves including the Scott and Vera/Nancy lodes at Pajingo in NE Queensland in 1996 and most recently the Mupane deposit in Botswana.

These changes together with the appointment of Mr Ian Gordon as a non-executive Director in March 2004 mean that Glengarry now has two independent Directors substantially improving the company's balance of technical and commercial skills and compliance with Corporate Governance guidelines.

### Executive Changes

Mr Kevin Seymour was appointed as Exploration Manager on 1<sup>st</sup> September 2004 and has assumed responsibility for managing Glengarry's exploration activities.

Mr Seymour is a qualified geologist with 20 years experience in gold exploration including project generation and grass roots exploration through to resource definition. Kevin was responsible for the discovery of several gold deposits in the Eastern Goldfields of WA and immediately prior to joining Glengarry held the position of Principal Geologist at Sons of Gwalia Limited.

### Cash Position

At the end of the September 2004 quarter, Glengarry had approximately \$1.3 million in cash and securities.



David Richards  
Managing Director  
15 October 2004

This information, so far as it pertains to ore or mineralisation, is based on information compiled by Mr D.R. Richards, a member of the Australian Institute of Geoscientists, who has had at least five years experience in the field of activity concerned.

## COMPANY INFORMATION

### DIRECTORS

Allan T Harris FCA  
Chairman

Keith G McKay BSc(Geol Hons), MAusIMM,  
Director

Ian J Gordon BComm (Corporate Administration)  
Director

### PRINCIPAL OFFICE

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### MANAGING DIRECTOR

David R Richards BSc(Geol Hons), MAIG

### STOCK EXCHANGE LISTING

Glengarry Resources Limited shares and options  
are listed on the Australian Stock Exchange  
Shares - Code GGY  
Options - Code GGYOA

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

Web Site: [www.glengarrynl.com.au](http://www.glengarrynl.com.au)