

## June 2006 Quarterly Report

### **Highlights**

#### **Greenvale Project (North Queensland)**

- At Maitland, shallow drilling has intersected significant copper mineralisation and metallurgical test work and resource optimisation studies are in progress to determine the potential for an economic open pit resource. Better intersections include:

**23 metres @ 2.41% copper from surface including  
3 metres @ 6.77% copper from 7 metres  
18 metres @ 4.75% copper from 2 metres including  
3 metres @ 9.26% copper from 13 metres  
29 metres @ 2.10% copper from surface including  
3 metres @ 3.65% copper from 3 metres.**

- The drilling at Maitland also intersected a previously unidentified hanging wall zone (**i.e. 31 metres @ 1.44% copper from 26 metres**) which has the potential to significantly increase the resource.
- Drilling at the Oasis uranium prospect has confirmed the depth extension of the mineralised host unit – assay results are pending.
- Soil sampling over the T3 area has recorded extensive multi-element anomalism indicative of high-grade Balcooma style base metal mineralisation. Initial drill testing is scheduled for the next quarter.

#### **New Project**

- A highly prospective, new land holding of approximately 1,700 square kilometres has been applied for in northwest Western Australia approximately 100 kilometres north of the giant Telfer gold deposit. The Citadel Project is prospective for gold, copper and uranium and previous exploration has intersected significant mineralisation (**e.g. 15 metres @ 14.1 g/t gold and 8 metres @ 3.5 g/t gold and 4.4% copper**) at the Magnum prospect.

### ***Plans for the September 2006 Quarter***

- Complete preliminary economic assessment of shallow copper mineralisation at Maitland and define limits of new hanging wall zone. Continue step out diamond core drilling from deeper, high-grade primary intersections (e.g. 12 metres @ 4.27% copper) recorded last year.
- Assess results of latest drilling from Oasis and plan next phase of work.
- Plan initial drill testing of soil anomalies at T3 and complete soil sampling over the Mt Remarkable gold prospect.
- Complete compilation of previous exploration data for the Citadel and Rum Jungle Projects.

**Project Activities Report**

**Greenvale Project (North Queensland) – Significant shallow copper mineralisation confirmed at Maitland.**

Extensive fieldwork was carried out on the Greenvale Project (Figure 1) during the quarter. Drill programs were completed at the Maitland and Oasis prospects and soil sampling surveys completed across the Metallica Joint Venture and T3 areas. Results continue to enhance the exploration potential of the Project.

*Maitland Copper-Molybdenum Prospect*

A reverse circulation percussion drilling program comprising 20 holes for a total 1,253 metres was drilled at Maitland. Better intersections are listed in the highlights sections and all significant intersections are summarized in Table 1 at the end of this report.

Assay results confirm the potential for shallow open pitable copper mineralisation. Metallurgical test work and

independent resource optimisation studies are in progress and results from this work will be used to assess the economic potential of the shallow mineralisation at Maitland.

A new zone of primary mineralisation was intersected under the northern shoot at Maitland. Drill hole MTRC14 intersected 31 metres @ 1.4% copper from 26 metres depth (Figure 2) in the hanging wall above the main target zone defined by previous drilling. This new hanging wall zone is open at depth and along strike and could significantly enhance the resource potential at Maitland. Follow up drilling is planned for the September quarter.

Diamond core drilling will also be completed during the September quarter to follow up deeper primary intersections including 12 metres @ 4.27% copper from 160 metres and 41 metres @ 1.85% copper from 147 metres that were recorded in late 2005.

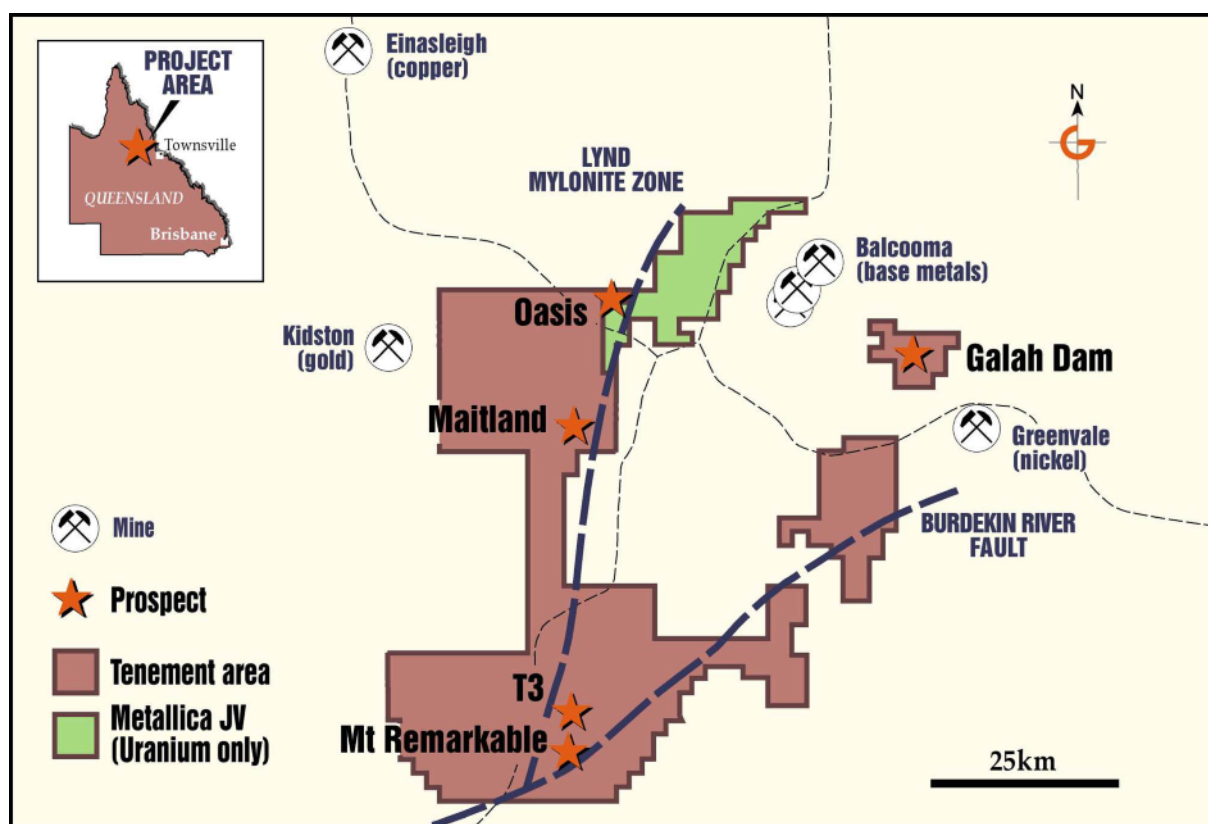


Figure 1: Greenvale Project Area

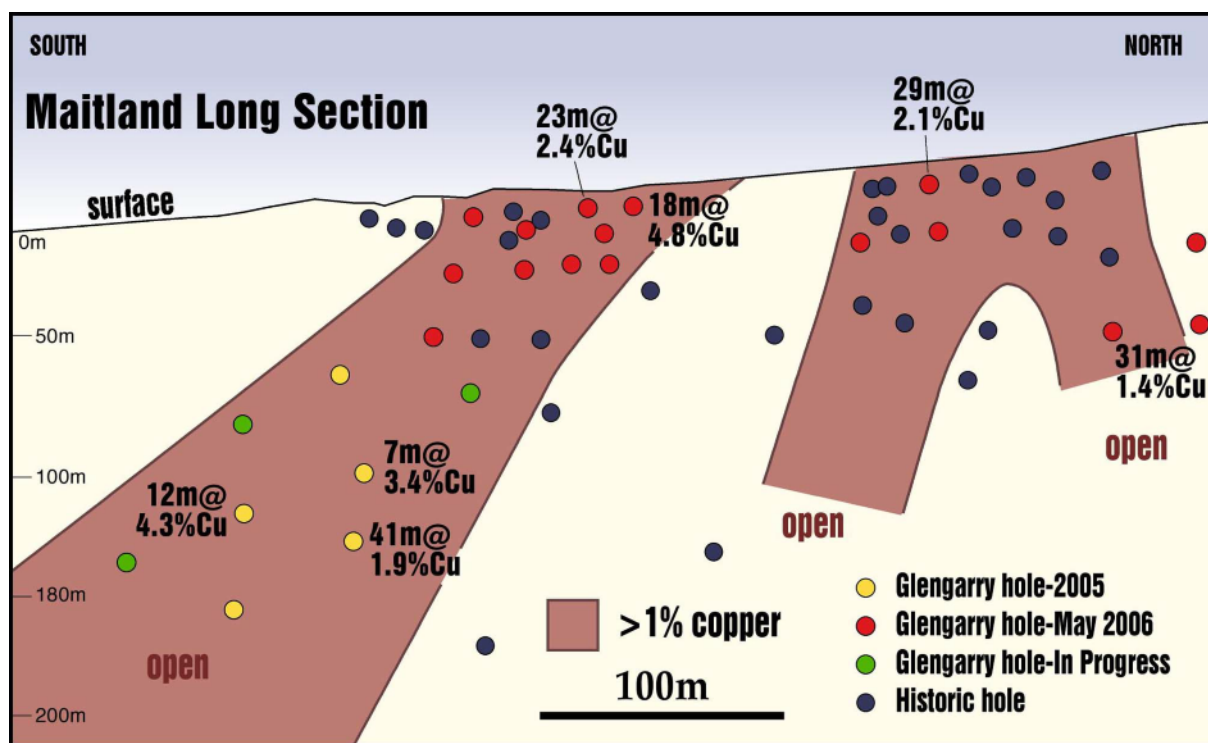


Figure 2: Maitland Prospect - Longitudinal Section

*Oasis Uranium Prospect*

Two diamond drill holes (LYD3 and LYD4) were completed at Oasis in June 2006 for a total of 301.6 metres. The drilling was designed to test the continuity and depth potential of the mineralisation recorded by previous historic and Glengarry drilling. Both holes intersected significant widths of the prospective biotite schist unit that hosts the uranium mineralisation in the other holes. Assay results are pending.

*Metallica Joint Venture (EPM14987)*

The Metallica Joint Venture (MJV) covers the southern extension of the mineralised Oasis shear (Figure 3). Glengarry has the right to earn 80% of the uranium rights on the tenement (EPM14987) which is currently held by Metallica Minerals Limited.

A detailed 200 by 50 metre soil geochemical program comprising 620 samples was completed over the interpreted position of the Oasis shear on the Metallica JV. Moderately anomalous values up to 49 ppm uranium were recorded; however, no priority targets that warrant immediate drilling were defined. The source of the strong radiometric anomaly defined by regional airborne geophysics appears to be "hot" granites

that contain high background levels of uranium and other radioactive elements.

The northern part of the Oasis shear on the Metallica JV is largely obscured by transported alluvium and soil sampling is not an effective exploration technique. Reconnaissance aircore drilling is planned across the area to test for possible economic uranium mineralisation.

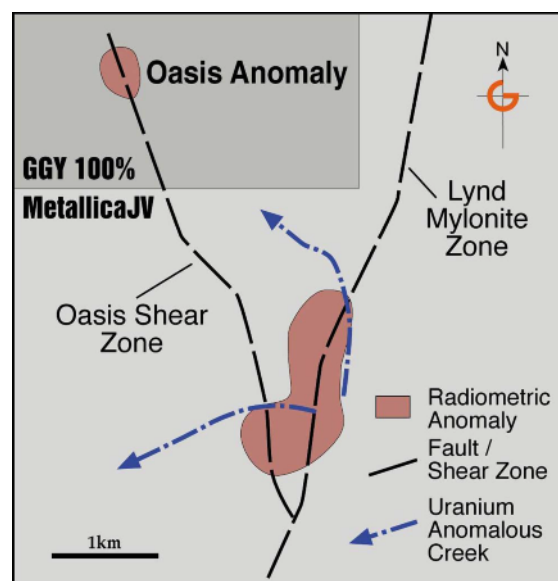


Figure 3: Plan of Oasis and Metallica JV Areas

*Mt Remarkable Gold Prospect*

Soil sampling planned for the Mt Remarkable gold prospect (Figure 1) has

been delayed due to wet ground conditions. The soil sampling is designed to locate the source of strongly anomalous gold recorded by stream sampling completed in the 1980's and 1990's. The anomalous gold is coincident with a strong magnetic anomaly which is obscured by a 1 - 5 metre layer of transported black soils. The geological setting is very similar to the 3.5 million ounce Mt Leyshon gold deposit located near Charters Towers approximately 200 kilometres to the southeast and stream sampling by previous explorers has recorded strongly anomalous gold values.

Despite previous explorers recording strongly anomalous gold values, there has been no systematic follow up or any drilling. Glengarry plans to complete a detailed soil sampling program over the Mt Remarkable during the coming quarter.

### *T3 Silver-Lead-Zinc Prospect*

The T3 silver-lead-zinc prospect is located approximately 8 kilometres north of Mt Remarkable and occurs within the southern extension of the Balcooma geological sequence which hosts Kagara Zinc's high grade zinc and copper deposits 60 to 70 kilometres to the northeast. Previous exploration has recorded up to 11% lead, 8% zinc and 52 g/t silver in rock samples at T3; however, no drilling has ever been carried out.

A 200 by 50 metre soil sampling program comprising 1,820 samples was completed across the T3 area during the quarter. Preliminary assays have recorded strongly anomalous multi-element geochemistry including up to 3.4 g/t silver, 776 ppb gold, 760 ppm copper, 81 ppm molybdenum, 924 ppm lead and 1,255 ppm zinc. The values are consistent with Balcooma style mineralisation and drill testing will be planned once all results are received and ground follow up completed.

### **Citadel Project (Northwest Western Australia) – *Exciting new strategic land holding.***

Glengarry Resources Limited has applied for a 1,700 square kilometre area located 100 kilometres north of the Telfer gold

mine in northwest Western Australia (Figure 4). The region contains several world class metal deposits including Telfer (26 M oz gold, 1 Mt copper), Nifty (1 Mt copper) and Kintyre (24 Kt tonnes U<sub>3</sub>O<sub>8</sub>). Exploration by other companies confirms that Glengarry's new tenements are highly prospective for these commodities.

Drilling by previous explorers at the Magnum prospect located within the Citadel Project has recorded a number of significant intersections including:

- **8 metres @ 3.5 g/t gold and 4.4% copper from 279 metres**
- **4 metres @ 11.7 g/t gold from 261 metres**
- **15 metres @ 14.1 g/t gold from 464 metres**
- **5 metres @ 1.23 g/t gold and 2.43% copper from 211 metres**

The mineralisation at Magnum comprises multiple gold and copper zones and remains open along strike and at depth. Further drilling is required to fully assess the potential of the prospect.

Previous work by other companies has included regional and detailed geophysical surveys, geochemical surveys and drilling which provide a comprehensive database and will allow rapid delineation of targets for future exploration. Glengarry has also acquired the complete exploration database for the Citadel Project from Gindalbie Metals Limited who held the area prior to Glengarry applying for the tenements.

Geologically, the Citadel Project is in the northern part of the Proterozoic Paterson Province which includes the prospective Yeneena Supergroup that hosts the world class metal deposits listed above. In the Project area, the prospective lithologies are obscured by up to 100 metres of cover sediments; however, geophysical surveys have successfully defined targets (including the Magnum prospect) beneath the younger cover. Numerous targets defined by earlier geophysical surveys have not yet been tested by drilling.

Sampling of granitic units in the area indicates that they are enriched in uranium and that they would provide a good source for the development of economic uranium

mineralisation in palaeochannels and at unconformities between geological sequences of different ages. No previous exploration for uranium has been conducted within the Citadel Project.

future exploration strategies for the Project. The new tenement applications are expected to be granted near the end of 2006 and fieldwork is scheduled to commence in April 2007.

Glengarry is completing a systematic review of the previous data to determine

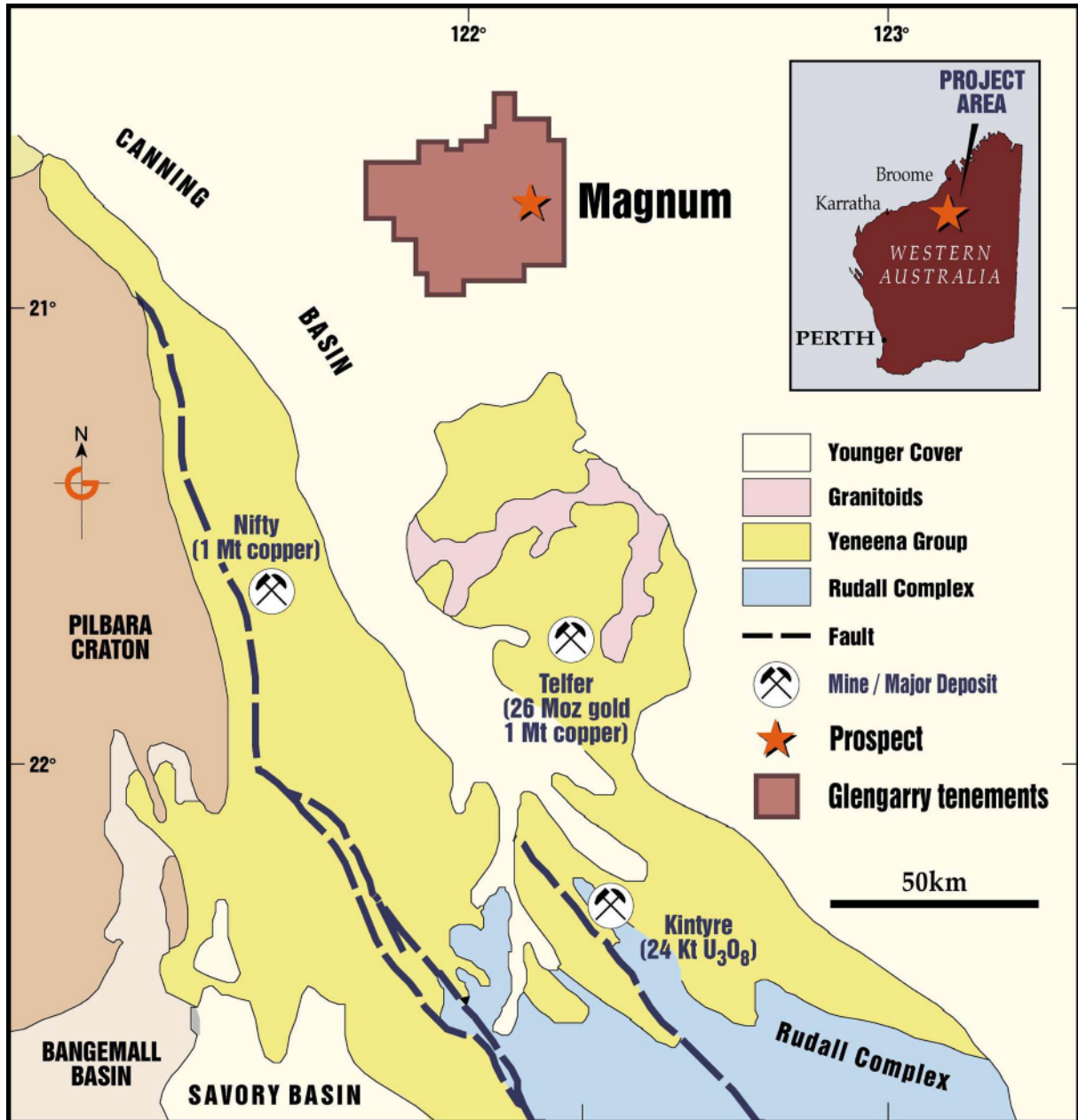


Figure 4: Citadel Project Area

**Cannington Project (Northwest Queensland) – Geophysical data pending.**

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 5).

A drill program comprising 330 metres in 3 reverse circulation percussion drill holes was completed to test 3 gravity anomalies defined last year. All holes intersected gabbroic intrusions which appear to form paleotopographic highs beneath the transported cover. The gabbroic bodies explain the source of the gravity anomalies and no follow up is planned.



An IP survey was completed during the quarter over the Crackpot area where strongly anomalous lead (up to 0.24%) and molybdenum (up to 0.29%) have been recorded in gossanous float. The IP survey is an electrical technique designed to detect the primary sulphides which are the source of the gossanous material at Crackpot.

The work on Glengarry's tenure is part of a larger survey completed by BHP Billiton on adjacent tenements. The data from the IP survey is currently being processed and will be interpreted during the September quarter to determine whether there are any targets that warrant drilling.

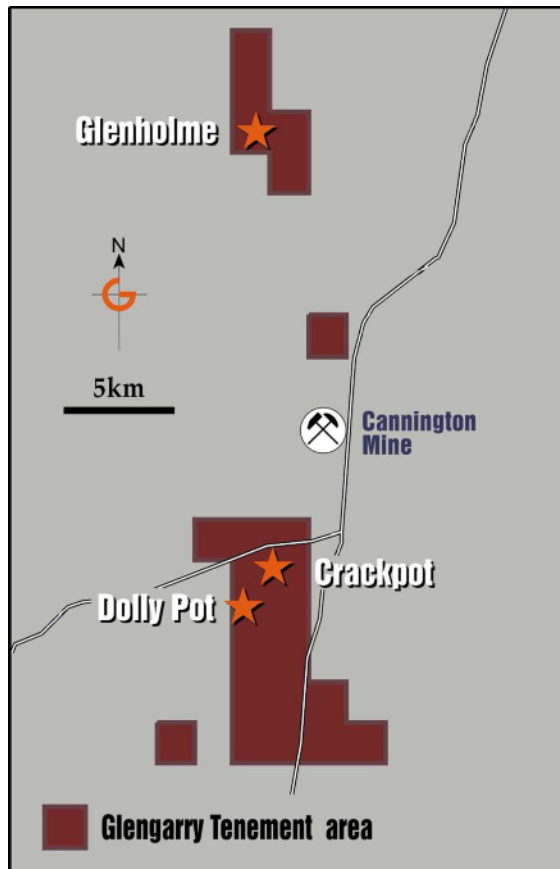


Figure 5: Cannington Project Area

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

Glengarry has agreed to sell the Charters Towers Project to Mantle Mining Corporation Limited who plans to list on the ASX later in 2006. Mantle has a number of advanced gold projects and Glengarry will be allocated 3,000,000 shares in Mantle following listing.

#### **Snake Creek Project (Northwest Queensland) – 2006 fieldwork commenced.**

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

The Project is subject to a joint venture agreement with Xstrata Copper which has the right to earn up to a 75% interest by spending \$3 million on exploration.

Soil sampling over the central part of the Project commenced during the quarter; however, wet weather has again delayed progress. The program which will comprise approximately 670 samples should be completed during the September quarter.

#### **Mount Guide Project (Northwest Queensland) – Data review in progress.**

The Mt Guide Project, located in northwest Queensland approximately 35 kilometres south of Mt Isa, is considered prospective for base metal and gold mineralisation. The Project covers 13 kilometres of the southern strike extension of the Mount Isa Paroo Fault, which is known to be the structural control on a number of world class deposits to the north including the Mount Isa and Hilton base metal mines.

The Project is subject to a joint venture agreement with Summit Resources Limited. Summit has the right to earn up to 80% interest by spending \$500,000 on exploration.

Assay results were received for a number of holes drilled by Summit during the March 2006 quarter. No significant values were recorded.

Summit has advised that they have spent the amount required to earn 80% equity in the Project. Glengarry will review the results of Summit's exploration to determine whether to contribute to the next phase of exploration.

**Rum Jungle Project (Northern Territory  
– Key land holding in multi-commodity  
area.**

Glengarry has recently applied for three contiguous exploration licences covering an area of 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 tenement package is considered prospective for uranium and gold mineralisation. A number of radiometric anomalies have been defined by regional geophysical surveys and previous explorers have intersected significant gold mineralisation (e.g. up to 3 metres @ 47.8 g/t) at several areas within Glengarry's tenure.

Compilation of previous exploration data is in progress. Native Title has been extinguished over the area and all applications should be granted promptly with initial field reconnaissance scheduled for the September quarter.

## **Corporate**

### *Cash Position*

At the end of June 2006, Glengarry had approximately \$1.4 million in cash.

### *Website*

The Company's website has been remodelled and the address changed to

<http://www.glengarry.com.au/>

The new website includes the current share price and copies of all the latest announcements and presentations.



**David Richards**  
Managing Director  
28<sup>th</sup> July 2006

### **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. David Richards is a full time employee of Glengarry Resources Limited. David Richards has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. David Richards consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## **COMPANY INFORMATION**

### **DIRECTORS**

Keith G McKay BSc(Geol Hons), MAusIMM  
Chairman

Darren Gordon ACA, ASIA, ACIS  
Director

Bill Manning BA, LLB; FAICD  
Director

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### **MANAGING DIRECTOR**

David R Richards BSc(Geol Hons), MAIG

### **STOCK EXCHANGE LISTING**

Glengarry Resources Limited shares are listed on the Australian Stock Exchange

Shares - Code GGY

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

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



**Table 1: Maitland Copper Prospect - Significant Copper (0.5% lower cut) drill hole intersections**

Hole	Depth (m)	Easting	Northing	From (m)	To (m)	Interval (m)	Copper (%)	Type
MTRC002	50	226400	7899620 incl.	0 6 21	21 9 28	21 3 7	1.51% 3.07% 1.26%	supergene/oxide supergene/oxide primary
MTRC003	50	226416	7899640 incl.	0 7	23 10	23 3	2.41% 6.77%	supergene/oxide supergene/oxide
MTRC004	50	226380	7899620				nsr	
MTRC005	61	226475	7899660	2 9 11 13 20 31 32 58	20 11 12 16 27 54 37 61eoh	18 2 1 3 7 23 5 3	4.75% 18.2% STOPE 9.26% 1.03% 1.94% 4.67% 1.16%	supergene/oxide supergene/oxide  supergene/oxide primary primary primary primary
MTRC006	41	226460	7899650	0 20	20 28	20 8	0.71% 1.05%	supergene/oxide primary
MTRC007	101	226420	7899580	45 67	46 76	1 9	0.98% 1.23%	primary primary
MTRC008	50	226400	7899600	0	21	21	1.33%	supergene/oxide
MTRC009	50	226433	7899640	0 33	20 41	20 8	0.95% 1.41%	supergene/oxide primary
MTRC010	81	226435	7899620  incl.	0 14 25 45	10 25 55 55	10 11 30 10	0.95% 0.93% 1.33% 2.06%	supergene/oxide supergene/oxide primary primary
MTRC011	40	226450	7899660	0	4	4	0.87%	supergene/oxide
MTRC012	100	226460	7899640	0 10 12 21 30	10 12 21 23 45	10 2 9 2 15	1.80% STOPE 1.03% STOPE 0.94%	supergene/oxide  supergene/oxide  primary
MTRC013	100	226465	7899900				nsr	
MTRC014	100	226465	7899860 incl.	26 27 69	57 41 78	31 11 9	1.44% 2.51% 1.43%	primary primary primary
MTRC015	50	226430	7899793 incl.	0 3 28	29 6 29	29 3 1	2.10% 3.65% 2.54%	supergene/oxide supergene/oxide supergene/oxide
MTRC016	70	226425	7899900				nsr	
MTRC017	60	226450	7899790 incl.	5 12 23	23 15 33	18 3 10	1.44% 3.79% 0.86%	supergene/oxide supergene/oxide primary
MTRC018	50	226440	7899760 incl.	0 16 22	22 22 29	22 6 7	0.88% 1.48% 1.15%	supergene/oxide supergene/oxide primary
MTRC019	50	226390	7899620	0	3	3	1.05%	supergene/oxide
MTRC020	50	226380	7899585	0	19	19	1.06%	supergene/oxide
MTRC021	50	226437	7899620	0 23	20 50eoh	20 27	1.99% 1.61%	supergene/oxide primary

nsr - no significant assays above cut off grades, eoh – end of hole.