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ASX/MEDIA RELEASE

## **GLENGARRY ANNOUNCES PLACEMENT AND SHARE PURCHASE PLAN TO RAISE A MINIMUM OF \$1.3 MILLION**

Glengarry Resources Limited (ASX:GGY) ("Glengarry" or the "Company") is pleased to announce a capital raising that will raise a minimum of \$1.3 million to advance exploration programs at the Company's wholly owned Greenvale and Cannington Projects in North Queensland.

The capital raising will be completed in two parts. Firstly, Glengarry has today completed a placement of 24,000,000 ordinary shares at an issue price of 4.2 cents each to raise \$1,008,000 (before costs). Patersons Securities Limited ("Patersons") acted as Lead Manager for the placement.

Glengarry is also pleased to offer its shareholders the opportunity to participate in the Company's Share Purchase Plan ("**SPP**"). The SPP is underwritten by Patersons Securities Limited ("**Patersons**") for \$308,480 (the maximum allowed under the Listing Rules that can be underwritten without requiring shareholder approval); however, the Company is able to accept applications in excess of this amount. Under the SPP, up to \$5,000 worth of shares (119,000 shares) will be offered to each registered holder of ordinary Glengarry shares at **5.00pm WST, Thursday 14 September 2006**. Patersons will underwrite the issue of up to 7,344,750 Glengarry shares under the SPP to raise \$308,480.

Glengarry Managing Director David Richards said the capital raising had been structured in a manner which allows all shareholders to participate in the fund raising whilst allowing Glengarry to raise sufficient funds to vigorously pursue promising exploration programs at the Company's key Projects.

"This placement and SPP will fund drilling programs at our Greenvale Project where we have recently estimated an inferred resource at the Maitland prospect containing approximately 21,000 tonnes of copper metal and a number of other advanced prospects where significant uranium, base metal and gold mineralisation has been recorded; and also at our Cannington Project where recent geophysics has defined possible sub surface, sulphide mineralisation immediately adjacent to an area where gossanous float has recorded strongly anomalous lead and molybdenum".

"Both Projects are located close to existing or previous world class mining operations and we believe that there is good potential for the discovery of similar ore bodies on Glengarry's tenure."

"Drilling is scheduled to recommence at Greenvale in late September and at Cannington early next year".

David Richards  
Managing Director  
T: +61 8 9322 4929

Des Kelly  
Company Secretary  
T: +61 (0) 417 092 054

### **Details of Placement**

The minimum amount to be raised through the placement and SPP process will be \$1,302,000 (before issue costs).

Under the placement, Glengarry has issued 24,000,000 ordinary shares at an issue price of 4.2 cents each to sophisticated and professional investors to raise \$1,008,000. The share placement was managed by Patersons and was offered to Patersons' sophisticated and professional investors in accordance with section 708 of the Corporations Act 2001.

### **Terms of Share Purchase Plan (SPP)**

The subscription price for shares issued pursuant to the SPP will be the same as that for the placement, i.e. 4.2 cents, representing approximately 20% discount to the weighted average closing price of the Company's shares for the five (5) trading days prior to the 11 September 2006.

The offer will be open to all Glengarry shareholders who are registered as holders of ordinary shares in the Company at **5.00pm WST on Thursday 14 September 2006**. The SPP documentation is expected to be posted to eligible Glengarry shareholders shortly.

Patersons has underwritten the issue of up to 7,344,750 ordinary shares under the SPP to raise \$308,480 (the maximum allowed under the Listing Rules that can be underwritten without requiring shareholder approval).

### **Cleansing Statement**

The Company is not in the possession of any information of the kind that would be required to be disclosed under subsection 713(5) of the Act if a prospectus were to be issued in reliance on section 713 of the Act relating to the offer of these securities.

### **Exploration Priorities**

The funds raised from the capital raising will be mainly directed towards drilling programs at the Company's wholly owned Greenvale and Cannington Projects.

#### ***Greenvale Project***

The Greenvale Project is located approximately 200 kilometres west of Townsville in North Queensland. The area has a significant 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 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 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, has 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; however, initial drill testing is scheduled for October 2006.

### **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 has recorded strongly elevated lead and molybdenum in weathered, gossanous (i.e. ex-sulphide) material. The body causing the anomaly has not been tested by drilling.

The IP survey is 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.

### **Budget and Expenditure Timetable**

<b>Greenvale</b>		
Q3 2006	Extensional drilling at Maitland and Oasis prospects	\$550,000
Q4 2006	Initial drill testing of T3 and Mt Remarkable prospects	\$200,000
Q1 2007	Further target drilling	\$250,000
<b>Cannington</b>		
Q4 2006	Detailed IP survey over Crackpot anomaly	\$60,000
Q1 2007	Initial drill testing of Crackpot anomaly	\$70,000
<b>Total</b>		<b>\$1,130,000</b>



**David Richards**  
**(Managing Director)**

### **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.