



4 March 2005

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

Dear Sir/Madam

**ANNOUNCEMENT
HALF-YEAR REPORT 31 DECEMBER 2004**

We enclose a copy of the half-year report of Glengarry Resources Limited for the six months ended 31 December 2004.

Yours faithfully

DAVID RICHARDS
Managing Director



G L E N G A R R Y

ABN 40 009 468 099

**HALF-YEAR REPORT
31 DECEMBER 2004**

Glengarry Resources Limited
Half-year report - 31 December 2004

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Glengarry Resources Limited

Half-year report - 31 December 2004

Company particulars

Directors

K G McKay, BSc (Hons), FAusIMM
Chairman

D R Richards, BSc (Hons), MAIG
Managing Director

I J Gordon, BCom

A T Harris, FCA

Secretary

A T Harris, FCA

Share register

Advanced Share Registry Services
Level 7
200 Adelaide Terrace
East Perth 6004
(08) 9221 7288

Auditor

PricewaterhouseCoopers
Chartered Accountants
"QV1"
250 St Georges Terrace
Perth 6000

Solicitors

Mark R Edwards
4 Kangaroo Parade
Yallingup 6282

Bankers

Australia and New Zealand Banking Group Limited
77 St George's Terrace
Perth 6000

Stock exchange listings

Glengarry Resources Limited shares and options
are listed on the Australian Stock Exchange

- Ordinary fully paid shares (ASX Code GGY)
- Options exercisable at 15 cents
on or before 31 March 2005 (ASX Code GGYOA)

Principal registered office in Australia

35 Havelock Street
West Perth 6005
(PO Box 975, West Perth 6872)

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Facsimile (08) 9322 5510
Email info@glengarrynl.com.au
Website www.glengarrynl.com.au

Glengarry Resources Limited

Half-year report - 31 December 2004

Directors' report

Your directors present their report on the consolidated entity consisting of Glengarry Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2004.

Directors

The following persons were directors of Glengarry Resources Limited during the whole of the half-year and up to the date of this report:

D R Richards
I J Gordon
A T Harris

K G McKay was appointed a director on 26 August 2004 and continues in office at the date of this report.

A J Alston was a director from the beginning of the half-year until his resignation on 17 September 2004.

Review of operations

A summary of consolidated revenues and results for the half-year is set out below:

	Revenues		Results	
	2004	2003	2004	2003
	\$	\$	\$	\$
Sale of non-current assets	367,375	1,127,449	22,167	355,702
Other	<u>35,046</u>	<u>60,284</u>	<u>(344,510)</u>	<u>(729,370)</u>
	<u>402,421</u>	<u>1,187,733</u>		
Profit(loss) from ordinary activities before income tax expense			(322,343)	(373,668)
Income tax expense			-	-
Net profit(loss) attributable to members of Glengarry Resources Limited			<u>(322,343)</u>	<u>(373,668)</u>

Significant changes were made to Glengarry Resources Limited Board and management during the second half of 2004. Mr Keith McKay assumed the Chairmanship of the company in November replacing Mr Allan Harris who will continue as a non-executive Director and Company Secretary. Mr Kevin Seymour was appointed as Exploration Manager in September and is now responsible for designing and managing Glengarry's exploration work. Mr Tony Alston resigned as Exploration Director in September.

The personnel changes led to a review of the company's activities and objectives. Glengarry is now focused on the discovery of an economic, stand alone gold deposit by 2007 and exploration work concentrated on the Charters Towers and Greenvale Projects in north-east Queensland. Both Projects are located in world class goldfields and have significant exploration potential. Drill programs are scheduled for both Projects in the first quarter of 2005.

Joint venture partners with the appropriate expertise are being sought for Glengarry's other Projects in western Queensland and western Tasmania. Comments on individual projects are set out below:

Glengarry Resources Limited

Half-year report - 31 December 2004

Directors' report (continued)

Review of operations (continued)

1.0 Exploration

1.1 Charters Towers Project, North East Queensland (Glengarry 100%)

Exploration at Charters Towers included:

- Shallow RC percussion drilling at the Dogmatix prospect.
- An independent review of the Great Britain gold resource.
- Regional targeting involving the interpretation of aeromagnetic data and systematic soil sampling to identify prospects for drill testing in early 2005.

Drilling at Dogmatix, located 15 kilometres east of Charters Towers intersected wide zones of anomalous gold (up to 15 metres @ 0.3 g/t) coincident with a poorly exposed north-south trending intrusive contact. Geophysical data defines the contact over several kilometres and further work is required to delineate structural features that may control the location of ore grade mineralisation.

Resource Evaluations Pty Ltd (ResEval) estimated a JORC-compliant inferred mineral resource of 1.535 million tonnes @ 2.2 g/t gold for the Great Britain deposit located immediately north-west of Charters Towers. An optimisation study assuming the use of milling infrastructure located in the region indicated a pit value of approximately \$1,100,000. No further work is planned at Great Britain until exploration elsewhere in the Charters Towers Project area has increased the resource base.

Regional targeting defined two high priority prospects, Day Dawn Extended and Lollypop, where drilling is planned for the first quarter of 2005. The Day Dawn Extended prospect represents the western strike extension of the historic Day Dawn lode which produced 1.4 million ounces of gold. Geophysical data indicate that the Day Dawn host structure extends into Glengarry's tenure and several RC percussion holes are planned to test the target. The Lollypop prospect is 14 kilometres east south-east of Charters Towers and 3 kilometres south of the Dogmatix prospect. Soil sampling defined a plus 1 kilometre long, coherent, north-south trending anomaly with values up to 780 ppb gold. The anomaly is adjacent to the same intrusive contact drilled at Dogmatix and coincident with the intersection of major north-west trending structural corridor. Follow up RC percussion drilling will be completed as part of the drill program that tests the Day Dawn Extended target.

1.2 Greenvale Project, North East Queensland (Glengarry 100%)

Three large exploration permits covering 881 square kilometres were granted during the report period allowing Glengarry to significantly increase its exploration on the Greenvale Project. Greenvale is prospective for gold and base metal mineralisation similar to the Kidston and Balcooma deposits located immediately west and north respectively of the Project area.

Glengarry's main priority is the discovery of Kidston-style gold mineralisation and interpretation of aeromagnetic data defined 3 target areas obscured by shallow soil cover. These targets are aligned along a structural corridor that includes the Kidston deposit and have not been previously explored. Grid based soil sampling has been completed across the eastern most target (ie Bottletree Porphyry) which is coincident with an elliptical magnetic low and immediately west of a large area of gold-copper anomalism defined by previous explorers. Glengarry's soil sampling has returned moderately anomalous values up to 41 ppb gold and follow up field work is planned for March 2005. Field reconnaissance across the other targets will commence at the same time.

Glengarry Resources Limited

Half-year report - 31 December 2004

Directors' report (continued)

Review of operations (continued)

Drilling by previous explorers has intersected significant base metal (and gold) values at 3 other prospects within the Project area;

- Galah Dam - up to 16 metres @ 4.5% zinc, 1.1 g/t gold and 13 g/t silver.
- Bottletree - up to 64 metres @ 0.32% copper (including 1 metre @ 1.2%)
- Daintree - up to 18 metres @ 2.3% copper.

Drilling at Bottletree also intersected numerous zones of plus 0.1 g/t gold while gold was not assayed at Daintree. Induced Polarization surveys completed after the drilling was completed defined anomalies indicating sulphide mineralisation at depth and Glengarry is currently re-assessing this data before planning further work.

1.3 Cannington Project, Western Queensland (Glengarry 100%)

Exploration by Glengarry has identified the Dolly Pot area approximately 10 kilometres south-west of BHP Billiton's Cannington mine as being prospective for silver-lead-zinc mineralisation (similar to Cannington) and copper-gold mineralisation similar to Placer Dome's Osborne mine. Modelling of gravity data collected in the first half of the year has indicated several anomalies that may warrant drill testing; however, further target definition is required before follow up drill holes can be sited. Techniques under consideration to better define drill targets include infill gravity and electrical geophysics.

1.4 Diamantina Project, South-Western Queensland (Glengarry 100%)

Infill auger sampling designed to collect pedogenic calcrete beneath aeolian sand cover was completed across the MB1 anomaly at Diamantina. The auger sampling confirmed the presence of anomalous gold (up to 23 ppb) at MB1 which is coincident with a structurally and magnetically complex zone.

Due to a focus on other Projects, Glengarry is seeking a joint venture partner to advance this prospect and an Information Memorandum has been forwarded to several interested companies.

1.5 Yolande River Project, Western Tasmania (Glengarry 100%)

The Yolande River Project is located immediately north-west of Queenstown in western Tasmania and is considered prospective for high-grade Henty style gold mineralisation and Mt Lyell copper-gold mineralisation. Infill soil sampling completed across two areas identified by previous Glengarry exploration recorded anomalous gold (up to 18 ppb), copper (up to 77 ppm) and lead (up to 452 ppm). Although anomalous values have been defined, the shallow cover and lack of weathering suggest limited potential for near surface mineralisation; however, similar results elsewhere in Tasmania have indicated deeper, blind mineralisation that has been subsequently detected by electrical geophysics and confirmed by drilling.

Due to the focus in north-east Queensland, Glengarry is seeking a joint venture partner to advance this Project and an Information Memorandum has been forwarded to several interested companies.

Glengarry Resources Limited

Half-year report - 31 December 2004

Directors' report (continued)

Review of operations (continued)

1.6 Mt Isa Projects, Western Queensland (Glengarry 100%)

Glengarry has two tenement applications in the Mt Isa Province in western Queensland; i.e. Snake Creek and Mt Guide. Previous exploration has delineated gold and base metal anomalies on both properties which have yet to be drilled.

Glengarry has successfully negotiated joint venture agreements on both of these Projects and the formal legal documents are currently being drafted. Field work is expected to commence in the first half of 2005 once Native Title Access agreements are completed and the tenements granted.

1.7 Tanami Joint Ventures – Western Australia and Northern Territory

Larranganni Joint Venture, WA

Glengarry Resources Limited sold the company's 7.5% participating interest in the Larranganni Joint Venture to Tanami Gold NL for \$250,000 cash on 23 November 2004. The Larranganni property hosts small gold deposits at Kookaburra and Sandpiper which total 160,000 ounces and the sale values the existing resources at more than \$20 per ounce. Reserves have not yet been finalised.

Other Joint Ventures, NT (Glengarry 100%)

Glengarry has two applications located approximately 30 kilometres west of the plus 6 million ounce Callie gold deposit in the Northern Territory. Both properties are farmed out to major North American gold miners (i.e. Barrick and Newmont) who are responsible for negotiating with the traditional land owners and getting the tenements granted. The companies then have a right to earn 70% equity by funding exploration.

2.0 Corporate

2.1 Board and management changes

Mr Tony Alston, Glengarry's Exploration Director, resigned on the 17 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 August 2004 and accepted the position of Chairman in place of Mr Allan Harris who stood down at the Annual General Meeting on 22 November 2004. Mr Harris has remained 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.

Glengarry Resources Limited

Half-year report - 31 December 2004

Directors' report (continued)

Review of operations (continued)

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.

Mr Kevin Seymour was appointed as Exploration Manager on 1 September 2004 and has 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.

2.2 Capital raising

A pro rata non-renounceable one for four entitlements issue of ordinary shares at 3.5 cents per share was undertaken to raise working capital for further exploration on Glengarry's Australian projects. The entitlements issue was fully subscribed and comprised a total of 31,576,787 New Shares and raised gross proceeds of \$1,105,187. Glengarry's total issued capital is now 157,883,938 shares.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

This report is made in accordance with a resolution of the directors.



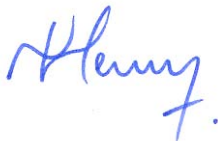
D R Richards
Managing Director
Perth
3 March 2005

Auditors' Independence Declaration

As lead auditor for the review of Glengarry Resources Limited for the half year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Glengarry Resources Limited and the entities it controlled during the period.



Nick Henry
Partner

Perth
3 March 2005

Glengarry Resources Limited
Half-year report - 31 December 2004

Consolidated statement of financial performance
For the half-year ended 31 December 2004

	Notes	Half-year	
		2004	2003
		\$	\$
Revenue from operating activities		2,619	5,730
Revenue from outside the operating activities		399,802	1,182,003
Revenue from ordinary activities		402,421	1,187,733
Employee benefits expense		(135,677)	(108,517)
Depreciation and amortisation expenses		(7,130)	(11,458)
Carrying amount of non-current assets sold		(345,208)	(771,747)
Exploration write downs		(19,756)	(429,819)
Investment write downs		(30,405)	-
Consultancy costs		(43,443)	(51,527)
Shareholder expenses		(19,136)	(25,322)
Accommodation expenses		(29,212)	(24,925)
Insurances		(19,745)	(42,729)
Travel expenses		(7,914)	(17,600)
Stock exchange expenses		(12,084)	(9,245)
Other expenses from ordinary activities		(55,054)	(68,512)
Profit(loss) from ordinary activities before related income tax expense	3	(322,343)	(373,668)
Income tax expense		-	-
Net profit(loss)		(322,343)	(373,668)
Total changes in equity other than those resulting from transactions with owners as owners		(322,343)	(373,668)
		Cents	Cents
Basic earnings(losses) per share		(0.24)	(0.31)
Diluted earnings(losses) per share		(0.24)	(0.31)

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes.

Glengarry Resources Limited
Half-year report - 31 December 2004

Consolidated statement of financial position
As at 31 December 2004

	Notes	31 December 2004	30 June 2004
		\$	\$
Current assets			
Cash assets		404,216	227,197
Receivables	4	1,557,707	1,042,135
Other		39,740	19,821
Total current assets		<u>2,001,663</u>	<u>1,289,153</u>
Non-current assets			
Plant and equipment		22,645	55,932
Exploration and evaluation		2,735,144	2,515,995
Other financial assets - investments		33,343	159,259
Total non-current assets		<u>2,791,132</u>	<u>2,731,186</u>
Total assets		<u>4,792,795</u>	<u>4,020,339</u>
Current liabilities			
Payables		166,227	154,047
Total current liabilities		<u>166,227</u>	<u>154,047</u>
Total liabilities		<u>166,227</u>	<u>154,047</u>
Net assets		<u>4,626,568</u>	<u>3,866,292</u>
Equity			
Contributed equity		7,071,146	5,988,527
Accumulated losses		<u>(2,444,578)</u>	<u>(2,122,235)</u>
Total equity		<u>4,626,568</u>	<u>3,866,292</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Glengarry Resources Limited
Half-year report - 31 December 2004

Consolidated statement of cash flows
For the half-year ended 31 December 2004

	Half-year	
	2004	2003
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	53,551	61,411
Payments to suppliers and employees (inclusive of goods and services tax)	(359,711)	(339,136)
	(306,160)	(277,725)
Interest received	30,287	27,395
Dividends received	-	4,843
Net cash (outflow) from operating activities	(275,873)	(245,487)
Cash flows from investing activities		
Payments for property, plant and equipment	(1,600)	(15,151)
Exploration and evaluation expenditure	(482,525)	(442,381)
Payments for investments	-	(50,000)
Payments for security deposits	(7,500)	(7,500)
Proceeds from sale of non-current assets	367,375	1,127,449
Net cash inflow(outflow) from investing activities	(124,250)	612,417
Cash flows from financing activities		
Proceeds from issues of shares	1,082,619	499,731
Net cash inflow from financing activities	1,082,619	499,731
Net increase in cash held	682,496	866,661
Cash at the beginning of the reporting period	1,224,066	526,302
Cash at the end of the reporting period	1,906,562	1,392,963

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Glengarry Resources Limited

Half-year report - 31 December 2004

Notes to the consolidated financial statements For the half-year ended 31 December 2004

Note 1. Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2004 has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by Glengarry Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2. Segment information

The consolidated entity operates principally in gold and base metals exploration in Australia.

Note 3. Profit(loss) from ordinary activities after income tax

	2004	Half-year
	\$	2003 \$
Profit(loss) from ordinary activities after related income tax expense includes the following items of revenue and expense which, together with other disclosures in this report, are relevant in explaining the financial performance for the half-year:		
Expenses		
Sale of plant and equipment		
Revenue - cash consideration	17,728	-
Expense - carrying amount of plant and equipment	<u>(27,757)</u>	<u>-</u>
Loss on sale	<u>(10,029)</u>	<u>-</u>
Gain		
Sale of investments		
Revenue - cash consideration	99,647	977,449
Expense - carrying amount of investments sold	<u>(95,511)</u>	<u>(621,747)</u>
Gain on sale	<u>4,136</u>	<u>355,702</u>
Sale of exploration tenements		
Revenue - cash consideration	250,000	150,000
Expense - carrying amount of tenements	<u>(221,940)</u>	<u>(150,000)</u>
Gain on sale	<u>28,060</u>	<u>-</u>
	<u>32,196</u>	<u>355,702</u>

Glengarry Resources Limited
Half-year report - 31 December 2004

Notes to the consolidated financial statements
For the half-year ended 31 December 2004 (continued)

Note 4. Receivables

	31 December 2004	30 June 2004
	\$	\$
Bills of exchange	1,502,346	996,869
Other debtors	<u>55,361</u>	<u>45,266</u>
	<u>1,557,707</u>	<u>1,042,135</u>

Note 5. Equity securities issued

	Half-year		Half-year	
	2004	2003	2004	2003
	shares	shares	\$	\$
Issues of ordinary shares during the half-year				
Entitlement issue of shares	31,576,787	-	1,082,619	-
Placement of shares	<u>-</u>	<u>16,000,000</u>	<u>-</u>	<u>499,731</u>
	<u>31,576,787</u>	<u>16,000,000</u>	<u>1,082,619</u>	<u>499,731</u>

Note 6. Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

	Consolidated	
	31 December 2004	30 June 2004
	\$	\$
Guarantees		
Guarantees by Glengarry Resources Limited and Glengarry Mining NL in respect of bank security bonds of controlled entities, secured by registered first mortgages over the assets of Glengarry Resources Limited and Glengarry Mining NL.	<u>94,000</u>	<u>94,000</u>

Glengarry Resources Limited, Glengarry Mining NL, Lymcloud Pty Ltd, Diamantina Resources Pty Ltd and Plural.com Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these companies apart from amounts owed to Glengarry Resources Limited and these have been provided against.

No material losses are anticipated in respect of any of the above contingent liabilities.

Note 7. Events occurring after reporting date

There are no material events subsequent to the end of the interim period.

Glengarry Resources Limited

Half-year report - 31 December 2004

Notes to the consolidated financial statements For the half-year ended 31 December 2004 (continued)

Note 8. International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee.

The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The consolidated entity has established a project team to manage the transition to Australian equivalents to IFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The project team is chaired by the Chief Financial Officer and reports quarterly to the audit committee. Under IFRS a number of accounting policies are available, including elective exemptions under Pending Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. Some of these choices are still being analysed to determine the most appropriate accounting policy for the consolidated entity.

Major changes identified to date that will be required to the consolidated entity's existing accounting policies include the following:

(i) Income tax

Under AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

(ii) Equity-based compensation benefits

Under AASB 2 *Share-based Payment*, equity-based compensation to employees will be recognised as an expense in respect of the services received.

This will result in a change to the current accounting policy, under which no expense is recognised for equity-based compensation.

(iii) Financial instruments

Under AASB 132 *Financial Instruments: Disclosure and Presentation* the current classification of financial instruments issued by entities in the consolidated entity will not change.

Glengarry Resources Limited

Half-year report - 31 December 2004

Notes to the consolidated financial statements For the half-year ended 31 December 2004 (continued)

Under AASB 139 *Financial Instruments: Recognition and Measurement* there may be major impacts as a result of:

- financial assets held by the consolidated entity being subject to classification as either held for trading, held-to-maturity, available for sale or loans and receivables and, depending upon classification, measured at fair value or amortised cost. The most likely accounting change is that investments in equity securities will be classified as available for sale and measured at fair value, with changes in fair value recognised directly in equity until the underlying asset is derecognised.

(iv) Recoverable amount of non-current assets

Under AASB 136 *Impairment of Assets*, discounted cash flows must be used to calculate an asset's recoverable amount. Recoverable amount is defined as the higher of an asset's net selling price and its value in use where value in use is based on the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. This will result in a change in the current accounting policy where the net cash flows are not discounted to their present values. At this stage the company has not determined the impact of using discounted cash flows.

(v) Exploration and evaluation expenditure

AASB 6 *Exploration for and Evaluation of Mineral Resources* was released in December 2004 and is not expected to have any significant impact on the company's existing accounting policy.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the consolidated entity's financial position and reported results.

Glengarry Resources Limited
Half-year report - 31 December 2004

Directors' declaration

The directors declare that the financial statements and notes set out on pages 10 to 16:

- a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b) give a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- b) there are reasonable grounds to believe that Glengarry Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



D R RICHARDS
Managing Director

Perth
3 March 2005

Independent review report to the members of Glengarry Resources Limited

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Glengarry Resources Limited (the Company) for the half-year ended 31 December 2004 included on Glengarry Resources Limited's web site. The Company's directors are responsible for the integrity of the Glengarry Resources Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Glengarry Resources Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Glengarry Resources Limited Group (defined below) as at 31 December 2004 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Glengarry Resources Group (the consolidated entity), for the half-year ended 31 December 2004. The consolidated entity comprises both Glengarry Resources Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

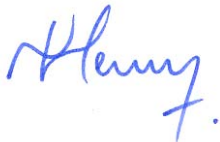
These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



Nick Henry
Partner

Perth
3 March 2005