



24 August 2004

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

Dear Sir/Madam

**PRO RATA NON-RENOUNCEABLE ENTITLEMENTS ISSUE OF ORDINARY SHARES**

We enclose the following documents:

1. Copy of Prospectus.
2. Appendix 3B.
3. Letter to optionholders.

Yours faithfully

**DAVID RICHARDS**  
Managing Director

Enc.

# GLENGARRY RESOURCES LIMITED

ABN 40 009 468 099

ASX CODE: GGY

## PROSPECTUS

For a 1 for 4 pro rata non-renounceable issue if fully subscribed of approximately 31,576,787 New Shares at an issue price of 3.5 cents per share (the “Entitlements Issue”) to raise approximately \$1,105,187 but up to a maximum of approximately \$1,597,688 if all existing outstanding Options are exercised prior to the Record Date).

This offer closes at 5:00pm (WST) on 23 September 2004. Acceptances and payment must be received before that time.

The New Shares offered by this Prospectus are of a speculative nature.

This document is important and requires immediate attention. Applicants should read this Prospectus in its entirety before deciding whether to apply for the New Shares offered by this Prospectus.

If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

This Prospectus will also be issued as an electronic Prospectus.

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## 1. IMPORTANT NOTES AND STATEMENTS

This Prospectus is dated 24 August 2004 and was lodged with ASIC on 24 August 2004.

No responsibility as to the contents of this Prospectus is taken by the ASIC or the ASX.

This Prospectus does not constitute an offer in any place in which, or to any person whom, it would not be lawful to make such an offer.

Certain terms and abbreviations used in this Prospectus have defined meanings which are contained in the Glossary of Terms at the rear of this Prospectus.

No New Shares will be issued on the basis of this Prospectus later than the expiry date being the date 13 months after the date of issue of this Prospectus.

In compliance with section 713 of the Corporations Act, this Prospectus contains all information which investors and their professional advisers would reasonably require and reasonably expect to find in the Prospectus for the purpose of making an informed assessment of:

- the effect of the Entitlements Issue on the Company
- the rights and liabilities attaching to the New Shares.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. In making representations in this Prospectus, regard has been made to the fact that the ASX maintains a file containing publicly disclosed information about the Company and that the Company is a disclosing entity for the purpose of the Corporations Act and certain matters may reasonably be expected to be known to professional advisers with whom potential investors may consult.

This is an important document. Before deciding to apply for New Shares pursuant to this Prospectus you should consider whether they are a suitable investment for you because an investment in a company that explores for minerals must be considered speculative. Persons wishing to subscribe for New Shares pursuant to this Prospectus should consult their stockbroker or other professional adviser for the purpose of making an informed assessment of the effect of the Entitlements Issue on Glengarry Resources Limited and the rights and liabilities attaching to the New Shares offered by this Prospectus.

The Corporations Act imposes liability on persons named in this Prospectus with their consent as having made a statement that is included in this Prospectus or on which a statement made in this Prospectus is based. There are a number of persons referred to in this Prospectus and other than where consents have expressly been given, these persons have not made any statements or provided information on which statements are based. In addition, these persons did not consent to being named and did not authorise or cause the issue of this Prospectus.

## 2. CORPORATE DIRECTORY

### Directors

Allan Thomas Harris  
FCA  
Chairman

David Ross Richards  
BSc (Hons), MAIG  
Managing Director

Anthony James Alston  
BSc (Geol), MAusIMM, MAIG  
Exploration Director

Ian James Gordon  
BComm  
Non-Executive Director

### Company secretary

Allan Thomas Harris  
FCA

### Share registry \*

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

### Stock exchange listings

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

- Ordinary shares (ASX Code GGY)
- Options exercisable at 15 cents per share 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 WA 6872)

Telephone (08) 9322 4929  
Facsimile (08) 9322 5510  
Email [info@glengarrynl.com.au](mailto:info@glengarrynl.com.au)  
Web Site [www.glengarrynl.com.au](http://www.glengarrynl.com.au)

### Queensland office

68 Railway Avenue  
Railway Estate  
Townsville 4810  
(PO Box 908, Castletown QLD 4812)

Telephone (07) 4772 5880  
Facsimile (07) 4772 4999  
Email [alstontony@bigpond.com](mailto:alstontony@bigpond.com)

\*These entities have not been involved in the preparation of any part of this Prospectus and have not consented to be named in this Prospectus. Their names are included for information purposes only.

### 3. CHAIRMAN'S LETTER

Dear Shareholder

In the past twelve months Glengarry Resources Limited ("Glengarry") has progressed the exploration activities on the company's key advanced exploration projects; Charters Towers, Greenvale, Cannington, Diamantina and Yolande River. Glengarry is encouraged by the results of its exploration programs to date and proposes further exploration programs which will include drilling several key targets. Please refer to the Operations Update contained in the Prospectus for further details.

In order to enable the company to pursue its aggressive exploration programs, Glengarry is proposing to supplement its existing funds by raising further capital through a pro rata non-renounceable Entitlements Issue of New Shares on the basis of 1 new share for every 4 shares held at the Record Date at an issue price of 3.5 cents per share. If the Entitlements Issue is fully subscribed, the company will issue approximately 31,576,787 New Shares and raise gross proceeds of approximately \$1,105,187.

Whilst your directors are disappointed with the market's valuation of the company's exploration projects which have the potential for the discovery of world class ore bodies, there is substantial upside in the company's share price in the event of further exploration success. It is on the basis of Glengarry's exploration projects and ongoing exploration programs that the directors commend the Entitlements Issue and seek the support of shareholders.

This Prospectus contains information about Glengarry and the Entitlements Issue and a detailed schedule of how the funds raised will be spent on exploration. You should read the Prospectus carefully before making your investment decision.

Please note that in the event of a Shortfall the Prospectus allows shareholders to subscribe for additional shares.

Yours faithfully



**Allan T Harris**  
Chairman

24 August 2004

#### 4. IMPORTANT DATES

The following key dates are indicative only and may be subject to change:

| <b>Entitlements Issue</b>                                   | <b>Date</b>       |
|---|-------------------|
| Announcement of New Share issue                             | 23 August 2004    |
| Lodgement of Prospectus with the ASIC and the ASX           | 24 August 2004    |
| Application to the ASX for official quotation of New Shares | 24 August 2004    |
| Securities quoted on an “ex” basis                          | 27 August 2004    |
| Record Date for determining entitlement to New Shares       | 02 September 2004 |
| Prospectus and Entitlement and Acceptance Forms despatched  | 08 September 2004 |
| Closing Date for Acceptance *                               | 23 September 2004 |
| New Shares quoted on deferred settlement basis              | 24 September 2004 |
| ASX notified of under-subscriptions                         | 28 September 2004 |
| Despatch Date   | 01 October 2004   |
| Deferred settlement trading ends                            | 01 October 2004   |

\* The Directors reserve the right to extend the Closing Date by giving at least 6 Business Days notice to the ASX prior to the Closing Date. As such, the date the New Shares are expected to commence trading on the ASX may vary with any change in the Closing Date. The Company will accept acceptances from participating organisations as defined in the ASX listing rules within 3 business days after the Closing Date.

#### 5. DETAILS OF THE ENTITLEMENTS ISSUE

##### 5.1 Important Note

This Section is not intended to provide full information for those intending to apply for the New Shares offered herein. This Prospectus should be read and considered in its entirety.

##### 5.2 The Entitlements Issue

The Entitlements Issue is made at an issue price of 3.5 cents per share on the basis of 1 New Share for every 4 ordinary fully paid shares held by shareholders as at the Record Date. Fractional entitlements will be ignored.

The Entitlements Issue is Non-Renounceable and shareholders may not sell or transfer all or any part of their entitlement to the Entitlements Issue. Persons holding shares who are registered as shareholders at the Record Date are offered the New Shares.

The number of New Shares to which a shareholder is entitled is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus.

Shareholders may accept the Entitlements Issue in whole or in part, or may decide not to accept their entitlement (in the later case they will receive no benefit from the New Shares).

Based on the issued capital of the Company at the date of this Prospectus and assuming no existing Options are exercised prior to the Record Date, approximately 31,576,787 New Shares will be offered pursuant to the Entitlements Issue.



Existing Option holders who exercise their Options prior to the Record Date will be entitled to participate in this Entitlements Issue. If all Option holders exercise their Options prior to the Record Date then approximately 14,071,443 additional New Shares will be offered under this Prospectus.

It is important that you consider the Entitlements Issue carefully. If you decide to accept your entitlement (either in whole or in part), you must do so in accordance with the instructions on the accompanying personalised Entitlement and Acceptance Form. If you are in doubt as to the course you should follow you should consult your professional adviser.

### 5.3 Issue Price and Amount

The issue price is 3.5 cents per New Share and is payable in full in Australian currency on application. Approximately \$1,105,187 will be raised (before expenses of the Entitlements Issue) assuming no existing Option holders exercise their Options prior to the Record Date and assuming the Entitlements Issue is fully subscribed. Up to approximately \$1,597,688 will be raised (before expenses of the Entitlements Issue) if all existing Option holders exercise their Options prior to the Record Date.

### 5.4 Purpose of the Entitlements Issue

Funds raised by the Entitlements Issue will be used by the Company to finance active exploration programs on the Company's advanced exploration projects.

|   |                                  |                         |
|---|----------------------------------|-------------------------|
| <b>Charters Towers Gold Project - Glengarry 100%</b>        |                                  | <b>\$</b>               |
| (a)   | Target definition/Tenement costs | 104,000                 |
| (b)   | Drilling                         | 405,187                 |
|   |                                  | <u>509,187</u>          |
| <b>Diamantina Gold Project - Glengarry 100%</b>             |                                  |                         |
| (a)   | Target definition/Tenement costs | 52,000                  |
| (b)   | Drilling                         | 80,000                  |
|   |                                  | <u>132,000</u>          |
| <b>Greenvale Gold/Base Metals Project - Glengarry 100%</b>  |                                  |                         |
| (a)   | Target definition/Tenement costs | 89,000                  |
| (b)   | Drilling                         | 135,000                 |
|   |                                  | <u>224,000</u>          |
| <b>Cannington Base Metals/Gold Project - Glengarry 100%</b> |                                  |                         |
| (a)   | Target definition/Tenement costs | 43,000                  |
| (b)   | Drilling                         | 70,000                  |
|   |                                  | <u>113,000</u>          |
| <b>Yolande River Gold Project - Glengarry 100%</b>          |                                  |                         |
| (a)   | Target definition/Tenement costs | 47,000                  |
| (b)   | Drilling                         | 50,000                  |
|   |                                  | <u>97,000</u>           |
| <b>Other expenses</b>                                       |                                  |                         |
|   | Costs of the issue               | <u>30,000</u>           |
|   |                                  | <u><b>1,105,187</b></u> |

In the event the Entitlements Issue is not fully subscribed, it is intended that the funds raised will be applied as follows:

| <b>Amount Raised</b> | <b>Project Expenditure</b>   | <b>\$</b>                                      |
|----------------------|--|--|
| \$<br>1 to 500,000   | Charters Towers (reducing)<br>Diamantina                             | 380,457<br>119,543<br><hr/> 500,000            |
| 500,000 to 700,000   | Charters Towers }<br>Diamantina } (reducing pro rata)<br>Greenvale } | 380,457<br>132,000<br>187,543<br><hr/> 700,000 |
| 700,000 to 1,105,187 | Drilling reducing pro rata   | <hr/> 1,105,187                                |

In the opinion of the Directors, the Company will not be materially disadvantaged if the Entitlements Issue is not fully subscribed. If the Entitlements Issue is not fully subscribed, this will not result in the Company breaching any of its contractual obligations. If the Entitlements Issue is not fully subscribed, the Company may not in the short term be in a position to pursue its current exploration objectives at the rate the Company would prefer.

Given the speculative nature of exploration for minerals, the intended allocation of funds as set out above may change depending upon exploration results obtained by the Company or other explorers, market conditions and other commercial factors.

## 5.5 Minimum and Over-subscription

There is no minimum subscription to the Entitlements Issue and the Entitlements Issue is not underwritten. Accordingly, if not all shareholders take up their entitlements, there may be a Shortfall in the number of New Shares sought to be issued (“Shortfall”).

Over-subscriptions for the Entitlements Issue will not be accepted. If, however, you wish to subscribe for additional shares in the event of a Shortfall you should complete a Shortfall Application Form and lodge the relevant application monies with the Share Registry. Directors will allocate any Shortfall in their sole discretion, however, priority will be given to shareholders who participate in the Entitlements Issue.

The minimum number of shares that may be applied for from the potential Shortfall is 20,000 shares.

To the extent that shareholders apply for additional shares from the Shortfall, those applications will, if the Shortfall is insufficient to meet the demand, be reduced on a pro rata basis (i.e. pro rata to the number of additional shares each shareholder applies for such that each applying shareholder will get the same proportion of the number of additional shares for which he or she has applied). In the event that a Shortfall Application Form is not accepted or accepted for less than the full number of additional shares applied for, any excess application monies will be refunded to you.

## **5.6 Instructions to Applicants**

A personalised Entitlement and Acceptance Form accompanies this Prospectus. Shareholders should complete and lodge their Entitlement and Acceptance Form together with their appropriate payment in accordance with the instructions set out in that form. Shareholders who do not take up their full entitlement pursuant to the Entitlements Issue will have their shareholdings in the Company diluted upon the issue of the New Shares.

The number of New Shares applied for must not exceed the entitlement as shown on the Entitlement and Acceptance Form. Any application monies received in excess of a shareholder's entitlement will be refunded. If an Entitlement and Acceptance Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted by the Company. The Company's decision as to whether to accept the application or how to construe, amend or complete it shall be final, but no Applicant will be treated as having offered to purchase more Shares than is indicated by the amount of the cheque for application monies.

Completed Entitlement and Acceptance Forms and application monies must reach the Company's Share Registry by the Closing Date, otherwise the entitlement will lapse. ASX Listing Rules require the Company to accept completed Entitlement and Acceptance Forms and application monies lodged by member organisations of the ASX up to 3 Business Days after the Closing Date.

A shareholder who has applied for his/her full entitlement may also apply for additional shares from any Shortfall. Those shareholders who wish to apply for additional shares must complete the Shortfall Application Form and lodge the form, together with the application monies at 6 cents per share, with the Company's Share Registry. The minimum number of shares that may be applied for from the potential Shortfall is 20,000 shares.

Payment must be made to "Glengarry Resources Limited" by cheque crossed "Not negotiable" and must be in Australian dollars. Cash should not be forwarded. Payment made direct to the Company's bank account may be accepted by special arrangement with the Company.

## **5.7 Non Acceptance**

If you do not wish to take up any part of your entitlement, you are not required to take any action. Your entitlement will revert to the Company, to be dealt with by the Directors as a Shortfall in their sole discretion.

## **5.8 No Entitlements Trading**

As the Entitlement Issue is Non-Renounceable, there will be no trading of rights in the period prior to the New Shares offered pursuant to the Prospectus being granted Official Quotation on the ASX.

## **5.9 Issue of New Shares**

As soon as possible after the Closing Date, the New Shares will be issued and Holding Statements will be sent to shareholders. Statements will be posted to shareholders at the pre-printed address appearing on the Entitlement and Acceptance Form unless a new address is specified on that form.

No issue of New Shares will be made under this Prospectus until permission is granted by the ASX for quotation of the New Shares. Application monies will be held in a bank account on behalf of the Applicants until the issue of New Shares. No interest will be paid to Applicants on monies received.

#### **5.10 Opening and Closing Dates**

The Opening Date for the Entitlements Issue is 9:00am (WST) on 24 August 2004 and the Closing Date of the Entitlements Issue will be 5:00pm (WST) on 23 September 2004.

Your completed Entitlement and Acceptance Form and cheque must reach the Share Registry no later than the Closing Date.

The Directors reserve the right to extend the Closing Date at any time after the Opening Date provided the Company gives the ASX notice of the change at least 6 Business Days prior to the Closing Date. The period for receipt of acceptances from participating organisations of the ASX will end 3 Business Days after the Closing Date.

#### **5.11 Shortfall Shares**

The Directors reserve the right to place any New Shares which are not taken up by shareholders under the Entitlements Issue within 3 months after the Closing Date of the issue. Those New Shares will be issued at a price not less than the subscription price under the Entitlements Issue.

The Company may at its discretion pay a 5% commission on any Shortfall application received, in particular applications bearing a broker stamp of a member organisation of the ASX provided the application is accepted by the Directors and shares are subsequently allotted. The payment of the commission will be made 14 days after acceptance by the Company of a Shortfall application form.

#### **5.12 Non Resident Investors**

The offer set out in this Prospectus is made to all shareholders with registered addresses in Australia or New Zealand. The Company intends to make the offer set out in this Prospectus to all shareholders in registered addresses other than Australia or New Zealand unless the Company decides that the cost of complying with legal requirements in that place would make it unreasonable to make the offer.

This Prospectus and the Entitlements Issue contained herein does not constitute an offer in any other jurisdiction in which, or to any person whom, it would be unlawful to make such an offer. Where this Prospectus has been despatched to investors domiciled outside Australia and where that country's securities code and legislation requires registration, this Prospectus is provided for information purposes only. Non resident investors should consult their professional advisers as to whether any governmental or other consents are required or whether formalities need to be observed to enable them to accept this Entitlements Issue.

#### **5.13 Stock Exchange Listing**

The Company will apply to the ASX within 7 days of the date of this Prospectus to have the New Shares granted official quotation on the ASX in accordance with Chapter 7 of the ASX Listing Rules. No New Shares comprising the Entitlements Issue offered

pursuant to this Prospectus will be issued until permission is granted by the ASX for the Official Quotation of the Shares.

If granted, Official Quotation of the Shares will commence as soon as practicable after the issue of statements of holdings to Applicants. If approval is not granted by the ASX before the expiration of three months after the date of issue of this Prospectus, the Company will not issue any New Shares and will repay all application monies within the time prescribed under the Corporations Act, without interest.

The fact that the ASX may grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

#### **5.14 Taxation**

The Company does not propose to give any taxation advice and neither the Company, its Directors or Officers accept any responsibility or liability for any taxation consequences to Applicants. Applicants should consult their own professional tax advisers in regard to the taxation implications of the Issue.

#### **5.15 Enquiries**

Any enquiries concerning the Entitlements Issue should be directed to Mr Allan Harris or Mr David Richards at the Company's offices at Ground Floor, 35 Havelock Street, West Perth, Western Australia (Telephone: (08) 9322 4929, Facsimile: (08) 9322 5510, Email: info@glengarrynl.com.au).

### **6. PURPOSE AND EFFECT OF THE ENTITLEMENT ISSUE**

#### **6.1 Purpose**

The purpose of the Entitlements Issue is to raise approximately \$1,105,187 assuming full subscription and non participation by existing Option holders. The funds will enable the Company to pursue an expanded exploration program consistent with its targeted growth.

#### **6.2 Use of Funds**

The proceeds of the Entitlements Issue will be applied in the following 12 months as follows:

|                                     | \$        |
|-------------------------------------|-----------|
| Expenses of the Entitlements Issue  | 30,000    |
| Exploration program (see Section 7) | 1,075,187 |
| Total                               | 1,105,187 |

The exploration expenditure requirement is predicated upon achieving the maximum subscription. Should the amount raised from the Entitlements Issue be less than the maximum subscription, then the amounts allocated to the exploration programs will be scaled back as set out in paragraph 5.4.

### 6.3 Capital Structure

The capital structure of the Company, assuming completion of the Entitlements Issue contemplated by this Prospectus, is summarised below. The summary considers the two alternatives of no existing Options being exercised prior to the Record Date and all of the existing Options being exercised prior to the Record Date. The directors consider the likely situation to be somewhere between these two alternatives but are unable to predict the rate of exercise of existing Options.

|  | <b>Current<br/>issued capital</b> | <b>Expanded issued<br/>capital if all<br/>Options exercised</b> |
|--|-----------------------------------|---|
| Issued capital as at date of this Prospectus                                     | 126,307,151                       | 126,307,151   |
| Capital to be issued on the exercise of all existing Options                     | -                                 | 56,285,775  |
| New Shares offered by this Prospectus  | 31,576,787                        | 45,648,230  |
| Total Shares on issue at the close of the Entitlements Issue if fully subscribed | <u>157,883,938</u>                | <u>228,241,156</u>  |

At the date of this Prospectus, the following Options are on issue and may be converted to ordinary shares before the Record Date.

| <b>Number of<br/>potential shares</b> | <b>Description</b>  | <b>Exercise<br/>price<br/>\$</b> |
|---------------------------------------|---|----------------------------------|
| 54,685,775                            | Listed Options  | 0.15                             |
| 600,000                               | Unlisted Options  | 0.05                             |
| 500,000                               | Unlisted Options  | 0.10                             |
| 500,000                               | Unlisted Options  | 0.15                             |
| <u>56,285,775</u>                     | Total potential New Shares at the date of this Prospectus |                                  |

### 6.4 Effect of the Entitlements Issue on Glengarry

The principal effect of the Entitlements Issue will be (assuming the Entitlements Issue is fully subscribed):

- (a) increase cash reserves by a minimum of approximately \$1,075,187 immediately after completion of the Entitlements Issue and estimated expenses of the Entitlements Issue assuming that none of the existing Options to acquire Shares in Glengarry are exercised prior to the Record Date and participate in this Entitlements Issue.

The Directors are unable to estimate how many existing Options will be exercised prior to the Record Date. If all existing Options are so exercised and all shareholders so exercising apply for their entitlements in full, cash reserves will be raised by approximately an additional \$492,500.

- (b) increase the number of Shares on issue from 126,307,151 Shares to 157,883,938 Shares, assuming that none of the existing Options are exercised or 228,241,156 Shares if all existing Options are exercised and all shareholders so exercising apply for their entitlements in full.

Set out below is:

- (a) a statement of the financial position of the Company as at 30 June 2004 extracted from the Company's unaudited financial statements for the year ended 30 June 2004.
- (b) an unaudited pro forma statement of financial position as at 30 June 2004 incorporating the effect of:
  - the net proceeds of the Entitlements Issue;
  - ignoring the effect of the exercise of any existing Options.

**Consolidated statement of financial position  
As at 30 June 2004**

|                                      | Unaudited<br>30 June 2004<br>\$ | Pro forma<br>30 June 2004<br>\$ |
|--------------------------------------|---------------------------------|---------------------------------|
| <b>Current assets</b>                |                                 |                                 |
| Cash assets                          | 261,775                         | 1,336,962                       |
| Receivables                          | 1,042,135                       | 1,042,135                       |
| Other                                | 19,821                          | 19,821                          |
| Total current assets                 | <u>1,323,731</u>                | <u>2,398,918</u>                |
| <b>Non-current assets</b>            |                                 |                                 |
| Plant and equipment                  | 55,932                          | 55,932                          |
| Exploration and evaluation           | 2,515,995                       | 2,515,995                       |
| Other financial assets - investments | 159,259                         | 159,259                         |
| Total non-current assets             | <u>2,731,186</u>                | <u>2,731,186</u>                |
| <b>Total assets</b>                  | <u><b>4,054,917</b></u>         | <u><b>5,130,104</b></u>         |
| <b>Current liabilities</b>           |                                 |                                 |
| Payables                             | 188,625                         | 188,625                         |
| Total current liabilities            | <u>188,625</u>                  | <u>188,625</u>                  |
| <b>Total liabilities</b>             | <u><b>188,625</b></u>           | <u><b>188,625</b></u>           |
| <b>Net assets</b>                    | <u><b>3,866,292</b></u>         | <u><b>4,941,479</b></u>         |
| <b>Equity</b>                        |                                 |                                 |
| Parent entity interest:              |                                 |                                 |
| Contributed equity                   | 5,988,527                       | 7,063,714                       |
| Accumulated losses                   | (2,122,235)                     | (2,122,235)                     |
| <b>Total equity</b>                  | <u><b>3,866,292</b></u>         | <u><b>4,941,479</b></u>         |

## 7. OPERATIONS UPDATE

### Introduction

Glengarry's exploration portfolio comprises projects that have potential to host large gold and/or base metal deposits. These properties are located in parts of known mineral provinces where bedrock is largely obscured by cover material and where there has been limited previous exploration. Most of Glengarry's projects are close to existing world class deposits including Charters Towers, Kidston, Cannington, Mt Lyell and Callie.

In the last 18 months, Glengarry has gained access to most of its exploration portfolio and significantly advanced the status of the company's projects; i.e.

- At Charters Towers, Glengarry resumed full ownership of this project immediately prior to the major upturn in the gold sector.
- Strong geochemical anomalism was recorded from all projects including high grade gold values from Charters Towers.
- Access agreements were negotiated and signed with Native Title claimants at Cannington and Greenvale.
- Tenements were granted at Diamantina and Yolande River and the first ever phase of modern, systematic gold exploration completed on these projects. At Greenvale 3 tenements covering 881 km<sup>2</sup> are expected to be granted prior to the end of 2004.

Glengarry's main focus will be gold and in particular the Charters Towers project where several zones of potentially economic gold mineralisation have already been partially defined. Work at Charters Towers will include an optimisation study of the 100% owned Great Britain deposit where recent resource modelling has calculated a JORC compliant resource of 1.54 million tonnes at 2.2 g/t gold (109,000 oz). Staged, systematic exploration programs are also planned to advance Glengarry's other projects including drill testing of the MB1 gold anomaly at Diamantina.

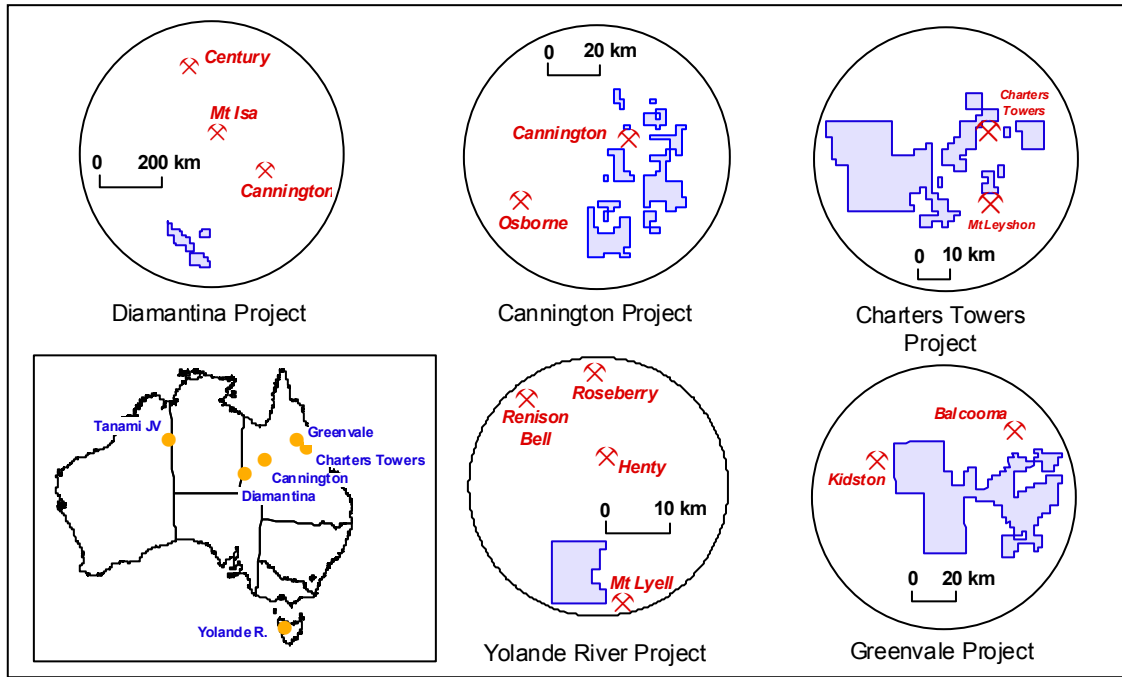
### Objectives

The main aim of the proposed exploration is to significantly re-rate the company by achieving the following objectives in the next 12 months; i.e.

- The confirmation of economic gold mineralisation at Charters Towers.
- Drill testing of the MB1 anomaly at Diamantina and the discovery of a new Australian gold province.
- Assessment of existing prospects at Greenvale, Cannington and Yolande River.

A summary of results to date and proposed work programs and budgets are outlined below. Exploration expenditure on existing projects will total \$1,105,187 with drilling to comprise more than 50% of the budget.

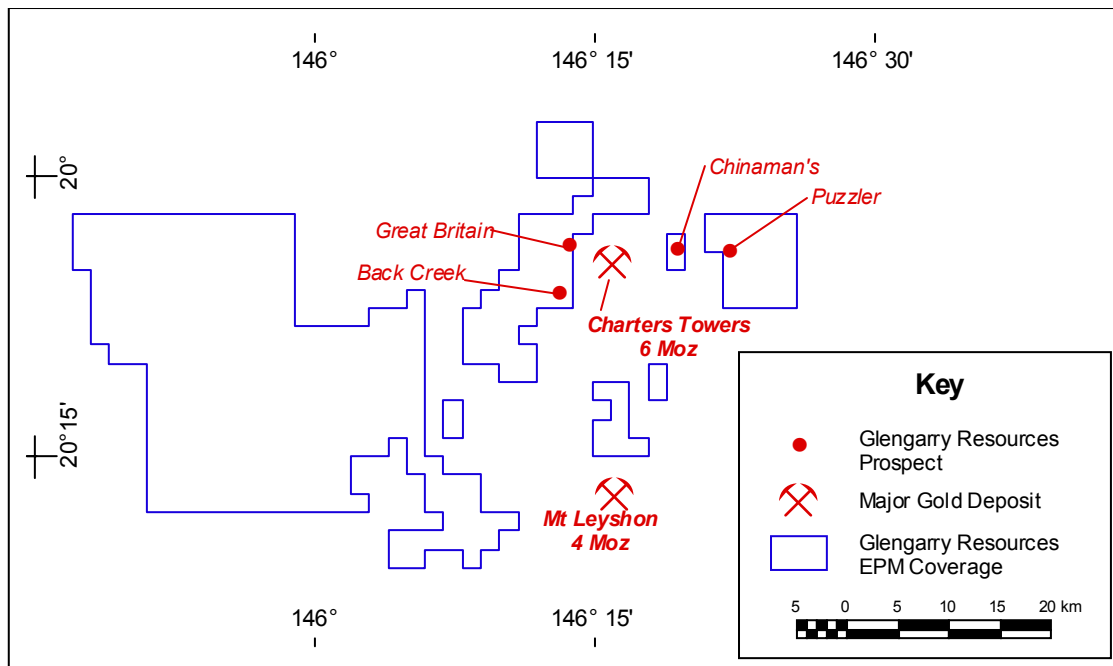




**Figure 1: Location plan of Projects showing proximity to world class deposits**

### Charters Towers Project, Queensland

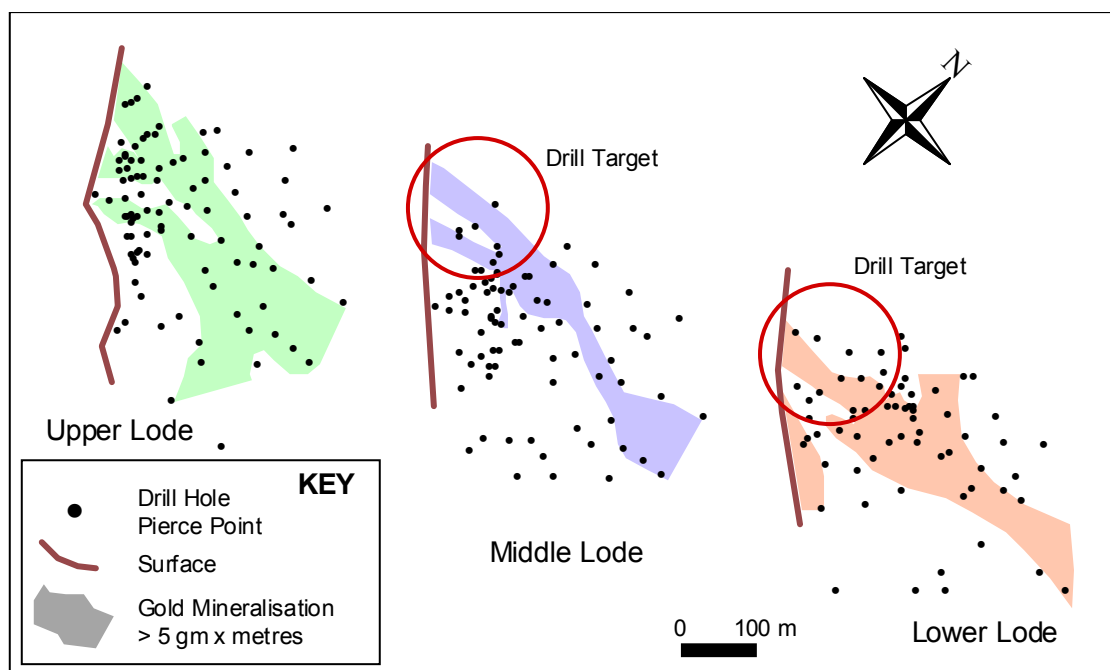
The Charters Towers Project surrounds the historic gold mining town of the same name in NE Queensland and comprises 5 granted tenements and 4 applications covering approximately 1057 km<sup>2</sup>. The Charters Towers district is one of the premier mining districts of Australia having produced more than 15 M oz gold from several different types of ore body. The immediate Charters Towers district has produced over 6 M oz gold from high grade quartz veins with an average grade of 1 oz per tonne. Other exploration targets include Mt Leyshon style porphyry gold and high grade, volcanogenic copper/gold similar to the Highway/Reward deposit.



**Figure 2: Charters Towers tenement plan showing major deposits in region**

A reassessment of the Charters Towers area has confirmed its prospectivity and under explored nature and Glengarry has recently increased its tenement holdings from approximately 350 km<sup>2</sup> at the beginning of 2004. The Charters Towers project contains areas and prospects at all stages of the exploration cycle including a known resource at Great Britain (~109,000 oz) and advanced prospects at Back Creek, Chinamans and Puzzler where high grade rock chip samples (>10 g/t Au) have been recorded coincident with strong soil anomalism (>100 ppb Au). There are also a number of soil and drainage anomalies where the primary source has yet to be defined and structural/magnetic targets that have yet to be assessed for their gold potential. The range of different prospect types means that on going drill programs can be conducted coincident with target delineation and that an economic discovery could be made anytime within the next 12 months.

An optimisation study of the Great Britain deposit will be completed to determine the economic parameters required assuming the use of existing mills in the area. The deposit comprises 3, shallowly dipping, parallel lodes and recent modelling shows that all lodes contain a previously unrecognised, higher grade, E/W trending zone (Figure 3). Previous exploration has not adequately tested the near surface position of the lower 2 lodes and further drilling may add significantly to the existing resource. Earlier metallurgical studies suggested a refractory component to the Great Britain mineralisation; however, the latest results imply that this does not comprise a significant proportion of the potential ore.



**Figure 3: Great Britain Lodes – Plan Projection**

The metamorphic belt that hosts Great Britain is also largely untested as previous exploration focused on the younger intrusive rocks that host the known mineralisation at Charters Towers and Mt Leyshon. Glengarry has delineated a prospective 9 by 3 km N/S zone for further detailed exploration. Early work has identified the Back Creek prospect approximately 4 km south of Great Britain where lag sampling has defined a 1 x 1 km anomaly (up to 342 ppb Au) coincident with a structurally complex zone. Reconnaissance drilling intersected 2 m @ 0.73 g/t Au on the margins of the geochemically anomalous zone and geological mapping is planned to determine the controls on mineralisation prior to further drilling.

Regional data sets including stream geochemistry and aeromagnetics also indicate anomalous areas that require follow field inspections and it is probable that other drill targets will be generated from this work.

Exploration expenditure at Charters Towers for the next 12 months will total \$509,000 and comprise the following; i.e.

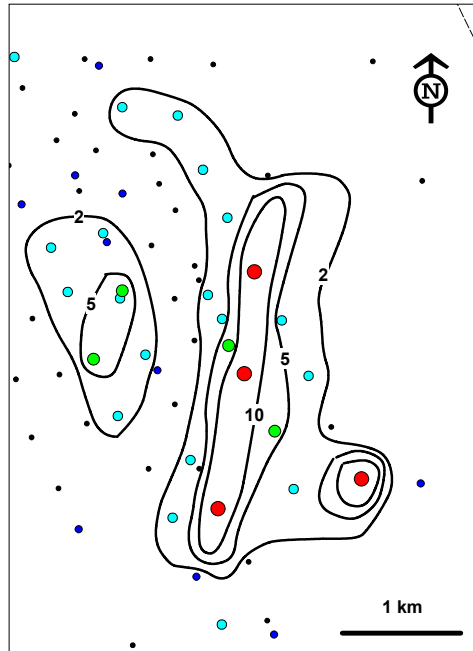
|   | \$                    |
|---|-----------------------|
| Optimisation study and follow up of recommendations   | 30,000                |
| Target definition (geochemistry, geophysics, geology) | 47,000                |
| Detailed target assessment (RC drilling 5000 m)       | 375,000               |
| Diamond drilling (200 m)                              | 30,000                |
| Tenement rentals                                      | <u>27,000</u>         |
| <b>Total</b>  | <b><u>509,000</u></b> |

### **Diamantina Project, Queensland**

The Diamantina Project comprises approximately 2,400 km<sup>2</sup> and is located 350 km south of Mt Isa in south western Queensland. The tenements are located within and marginal to the south western part of the Proterozoic Mt Isa geological province which hosts several world class ore deposits including Mt Isa, Century, Cannington and Ernest Henry. Very little mineral exploration has been conducted previously due to the perception of deep cover over the prospective Proterozoic lithologies; however, research and reconnaissance by Glengarry have confirmed that large tracts of ground are underlain by shallow basement including areas of outcrop. The lack of previous exploration over part of a geological province known to be well endowed with gold and base metals means the Diamantina project has good potential to host a new world class mining camp.

EPM 13746 (Mirrica Bore) was granted in March 2003 and a wide spaced, systematic surface geochemical sampling program completed immediately. Several significant gold and/or base metal anomalies (i.e. > 10 times background) have been delineated and ranked according to selected criteria; i.e., coincidence of gold and base metal anomalism, anomalism in more than one media (e.g. lag and soil), structural/geological complexity and magnetic setting.

The highest ranked target is the MB1 prospect located in the western part of the tenement. A coherent, 3 km long, plus 10 ppb gold anomaly (Figure 4) has been defined by lag sampling coincident with a N/S trending fault zone. The southern part of the lag anomaly is also coincident with an elliptical magnetic high that may represent an intrusive body. The prospect area is totally covered by aeolian sand; however, previous base metal drilling by BHP, seismic shot hole traverses and historic government mapping indicate that transported cover is likely to be thin.



**Figure 4:**  
**MB1 gold (ppb) in lag anomaly**

Attempts to drill test the MB1 anomaly in 2003 were unsuccessful as the drill rig could not negotiate the sandy conditions made worse by a large bush fire that had removed all the binding vegetation. The next phase of exploration will comprise infill geochemistry, ground magnetics and reconnaissance aircore drilling across the MB1 anomaly and areas immediately adjacent. A rig designed to handle sandy conditions will be mobilised from WA. Expenditure will total \$132,000 and comprise:

|  |                       |
|--|-----------------------|
|  | \$                    |
| Ground magnetics/Geochemistry            | 28,000                |
| Reconnaissance aircore drilling (2000 m) | 80,000                |
| Tenement rentals                         | <u>24,000</u>         |
| <b>Total</b>                             | <b><u>132,000</u></b> |

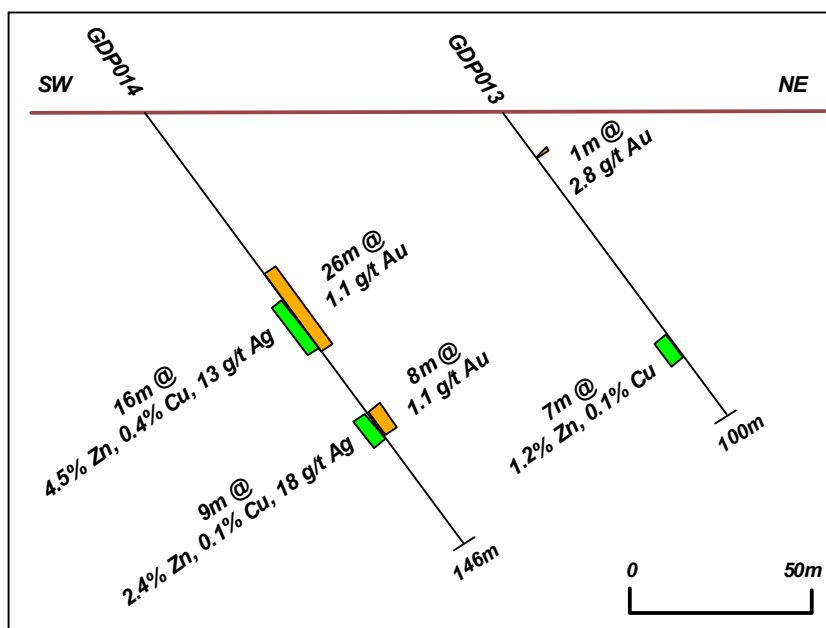
### **Greenvale Project, Queensland**

The Greenvale Project is located 200 km west of Townsville in north Queensland. Glengarry holds a contiguous land package of approximately 2000 km<sup>2</sup> immediately east of the 3.5 M oz Kidston gold deposit mined by Placer Dome and south along strike of the Balcooma base metal deposits being exploited by Kagara Zinc Limited. There is good potential for the discovery of both styles of mineralisation on Glengarry's tenure with the western two thirds more prospective for a Kidston style and the eastern third more prospective for volcanogenic massive sulphides.

Exploration prior to Glengarry concentrated mainly on the volcanogenic base metal potential in the east of the Project. The Balcooma deposits, which are also gold rich, are hosted by a Cambro-Ordovician sequence of metasedimentary and metavolcanic rocks with a similar parallel belt occurring several km to the east in Glengarry's project area. Widespread, elevated gold and base metal values have been recorded from the eastern belt and the level of anomalism is very similar to the Balcooma sequence where 4 massive sulphide deposits have been discovered. The lack of exploration success in the eastern belt is probably a function of drill density which is much lower compared with the Balcooma sequence. The best drill results in the Greenvale Project were recorded from the Galah Dam prospect (Figure 5) in the northeast where several

holes intersected promising mineralisation including up to 16 m @ 4.5% Zn, 1.1 g/t Au, 0.4% Cu and 13 g/t Ag from 64 m depth which is part of a wider interval that grades 26 m @ 1.1 g/t Au from 55 m. The mineralised zone is open and further work will be completed on this prospect once the underlying tenement is granted.

Exploration by Glengarry on granted parts of the project has also recorded numerous anomalous base metal and minor gold intersections from shallow reconnaissance drilling (i.e. up to 15 m @ 0.5% Zn and 15 m @ 0.65 g/t Au). The extensive, polymetallic anomalism indicates a large volcanogenic massive sulphide system occurs on Glengarry’s ground. Detailed geophysics combined with geological and geochemical modelling will be required to define drill targets.



**Figure 5: Galah Dam cross section**

Open file research has also highlighted the Daintree prospect in the east of the Project area. Exploration mainly prior to 1970 intersected wide zones of 1 – 2% Cu (eg 18.3 m @ 2.3% Cu) in costeaning and drilling over a strike length of approximately 300 m. No gold assays appear to have been completed.

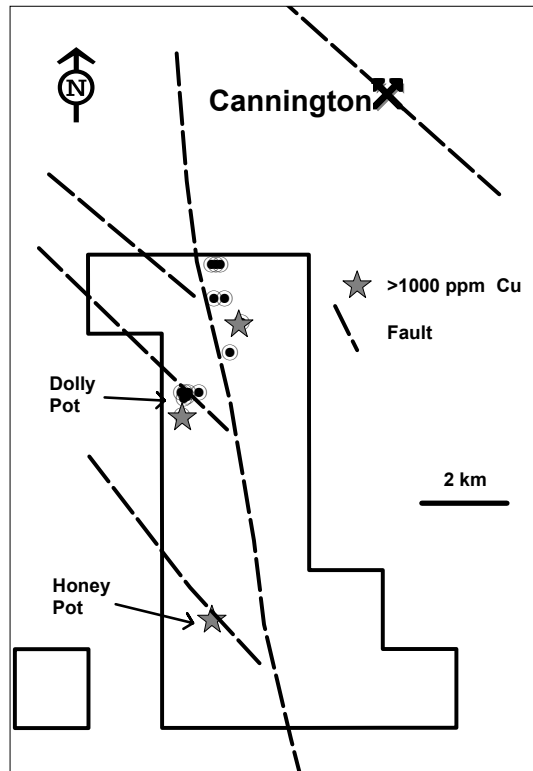
A review of the regional aeromagnetic data indicates several settings prospective for the highly profitable, large tonnage Kidston style mineralisation. Despite its proximity to Kidston, Glengarry’s project has been largely unexplored for this type of deposit.

Glengarry’s next phase of exploration at Greenvale will largely comprise geochemical sampling and drill testing. Planned expenditure will total \$224,000.

|  |                       |
|--|-----------------------|
|  | \$                    |
| Surface geochemistry (1500 samples)            | 46,000                |
| Reconnaissance drilling (aircore/RAB – 2000 m) | 80,000                |
| RC drilling (800 m)                            | 55,000                |
| Tenement rentals                               | 43,000                |
| <b>Total</b>                                   | <b><u>224,000</u></b> |

### Cannington Project, Queensland

Glengarry has approximately 500 km<sup>2</sup> of granted tenure near the Cannington silver-lead-zinc mine in northwest Queensland. Cannington, operated by BHP – Billiton, is the world’s largest silver producer from a single deposit and is of similar age and style to Broken Hill. Glengarry’s project area is highly prospective for Cannington style deposits as well as iron oxide copper gold mineralisation similar to Osborne which is located immediately to the west and operated by Placer Dome Asia Pacific.



**Figure 6: Dolly Pot/Honey Pot area showing anomalous holes**

The Cannington Project is largely covered by younger sediments and regional aeromagnetic data has been the main exploration tool. Both Cannington and Osborne were discovered by drill testing magnetic anomalies and several similar targets occur on Glengarry’s tenements. These styles of mineralisation occur elsewhere in Australia (eg Broken Hill, Prominent Hill); however, they are not necessarily magnetic and gravity surveys have also been found effective in defining drill targets.

The extensive cover, although an impediment to previous exploration, means large parts of the Cannington project are effectively unexplored. Exploration by Glengarry has highlighted the prospectivity of the Dolly Pot/Honey Pot area located 5 – 10 km southwest of the Cannington Mine (Figure 6). Reconnaissance drilling of magnetic features including discrete highs and interpreted fault zones intersected hydrothermal alteration and base metal anomalism indicative of a large mineralised system. A single hole drilled into the Honey Pot target (Figure 6) intersected a 15 m wide zone of strong alteration associated with anomalous copper (up to 1600 ppm) and arsenic (up to 507 ppm).

Detailed gravity has delineated several discrete highs adjacent to the anomalous holes and geophysical modelling will be completed to determine the optimum follow up drill pattern.

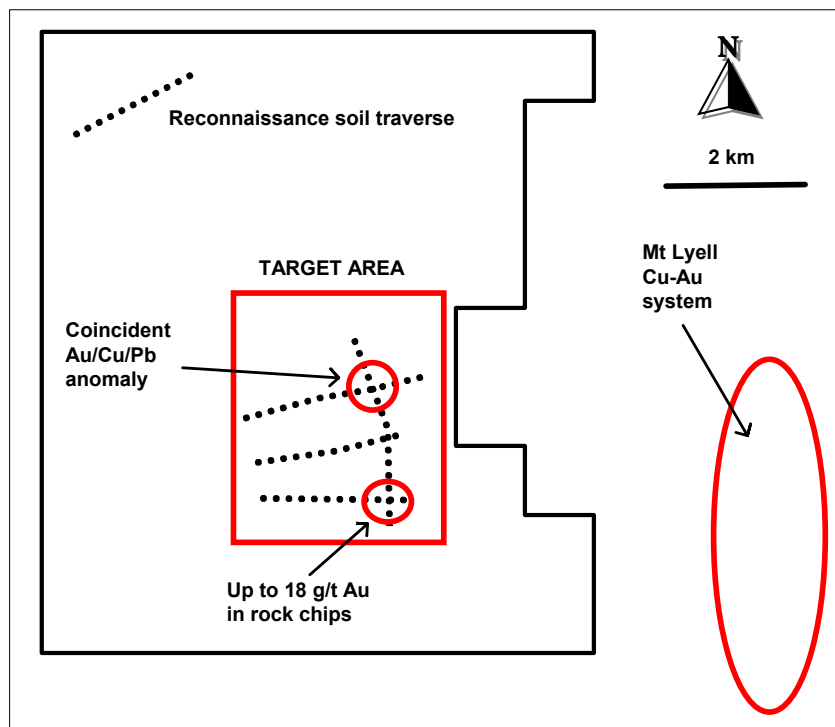
Exploration expenditure will total \$113,000 and comprise:

|  | \$             |
|--|----------------|
| Geophysical modelling and other target delineation | 27,000         |
| RC drilling (1400 m)                               | 70,000         |
| Tenement rentals                                   | 16,000         |
| <b>Total</b>                                       | <b>113,000</b> |

### Yolande River Project, Tasmania

The Yolande River project comprises a 64 km<sup>2</sup> exploration licence located in western Tasmania immediately west of the historic mining town of Queenstown. Several world class gold and base metal mines including Mt Lyell, Roseberry and Hellyer have been discovered in western Tasmania hosted by the Mt Read Volcanics. Smaller but still significant deposits such as Henty and Que River have also been discovered and mined.

Yolande River was acquired because of its similar geological and stratigraphic setting to the high grade, 1 M oz Henty gold deposit located 15 – 20 km to the north and its proximity to the plus 300 million tonne Mt Lyell copper-gold deposit at Queenstown. Prior to Glengarry, modern gold exploration had been restricted to the south eastern corner of the tenement and consisted of limited soil and stream geochemistry and prospecting. Strongly anomalous gold was recorded by this work (eg up to 18 g/t gold in rock chips); however, no follow drilling was completed.



**Figure 7: Yolande River Project showing reconnaissance sampling**

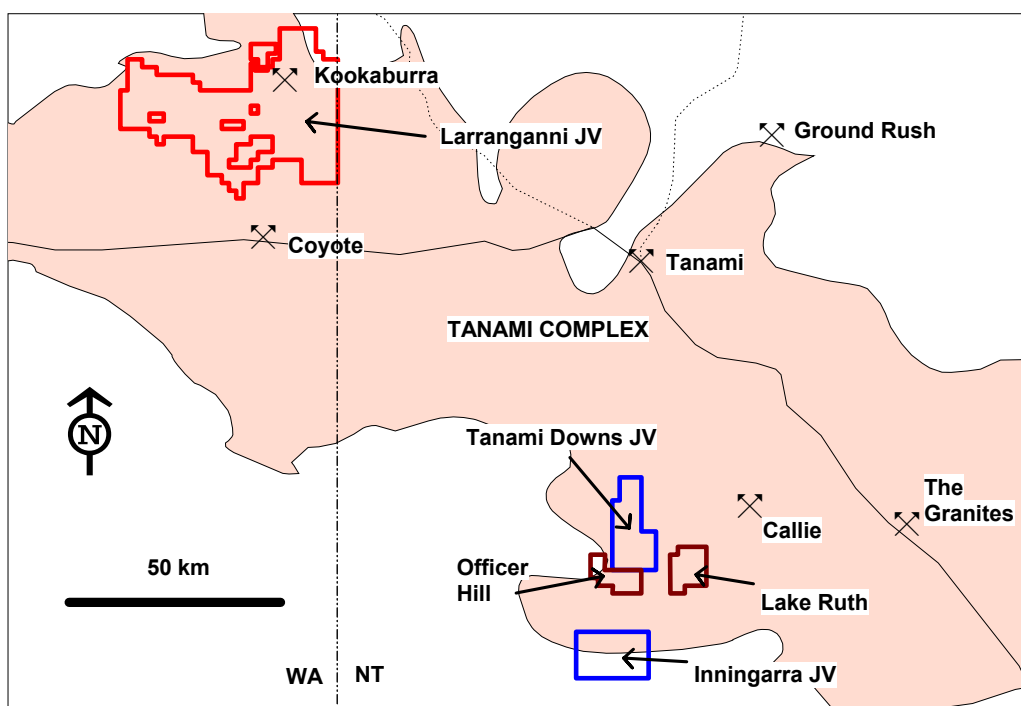
Exploration by Glengarry has comprised line cutting to access the prospective stratigraphy and reconnaissance soil sampling. Initial results have recorded coincident gold (up to 19 ppb) – copper (up to 173 ppm) –lead (up to 174 ppm) anomalism (Figure 7) coincident with a N/S zone

of porphyritic rocks. Infill soil sampling and gradient array IP will be completed prior to drill testing. Planned exploration expenditure totals \$97,000 and will consist of:

|  | \$            |
|--|---------------|
| Target definition (soil sampling, IP)      | 46,000        |
| Target assessment (diamond drilling 250 m) | 50,000        |
| Tenement rental                            | 1,000         |
| <b>Total</b>                               | <b>97,000</b> |

### Tanami Region, WA/NT

Glengarry has several projects in the Tanami region of northwest Australia (Figure 8) including a 7.5% free carried interest in the Larranganni JV. The other partners in the Larranganni JV are Barrick Gold of Australia who manage the project and who have earned ~60% equity and Tanami Gold NL with ~32.5% equity. The JV which, includes the Kookaburra and Sandpiper resources (~160,000 oz Au) as well as a number of nearby advanced prospects, is located immediately north of the high grade Coyote deposit (~400,000 oz Au) recently acquired by Tanami Gold.



**Figure 8: Tanami Region – Main deposits and project locations**

Barrick do not consider the known resources and advanced prospects to have multi-mineral ounce gold potential and do not intend to carry any further exploration on these targets; however, Tanami Gold believe they will provide supplemental ore to a mining operation at Coyote. Consequently, Tanami Gold have reached agreement with Barrick to sole risk exploration on these areas in return for a production and buy back option if a major discovery is made. Glengarry will retain a 7.5% free carried interest on the sole risk areas and on the tenements that Barrick continue to explore within the JV. Tanami Gold’s purchase and probable exploitation of the Coyote deposit has significantly increased the likelihood of Glengarry benefiting from a mining operation within the Larranganni JV.



Glengarry also has joint ventures on the Tanami Downs (Barrick) and Inningarra (Newmont) properties located in the Callie area and is seeking partners for other 100% owned tenement applications.

The Tanami properties have the potential to provide a significant return to Glengarry without requiring substantial management or financial resources.

## **8. RISK FACTORS**

### **8.1 General**

The securities offered under this Prospectus should be considered speculative because of the nature of the Company's business. A number of material risk factors are set out below. This list is not exhaustive and potential applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for securities.

### **8.2 Exploration, Development, Mining and Processing Risks**

The business of mineral exploration, project development and mining by its nature contains elements of inherent risk. Ultimate success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable ore reserves;
- access to adequate capital for project development;
- securing and maintaining title to tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining;
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants; and
- adverse weather conditions over prolonged periods can adversely affect exploration, mine development and mining operations and the timing of revenues.

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

### **8.3 Country Risk**

In Australia, environmental considerations and native title claims and associated statutory processes and matters relating to aboriginal heritage may adversely affect proposed development of mineral resources.

#### **8.4 General Economic Risks and Business Climate**

Share market conditions may affect the price of the Company's listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- movements in, or outlook on, interest rates and inflation rates;
- currency fluctuations;
- gold and other commodity prices;
- changes in investor sentiment towards particular market sectors; and
- the demand and supply for capital.

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest.

#### **8.5 Environmental Considerations**

The Company is not aware of any environmental claims or impending environmental claims against it aside from routine rehabilitation obligations in respect of exploration work.

Exploration and mining activities have some impact on the environment. It is possible that environmental claims could arise in the future.

#### **8.6 Native Title**

The effect of the present laws in respect of native title that apply in Australia is that mining tenement applications and existing tenements may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining tenements and considerable expenses may be incurred negotiating and resolving issues. The presence of Aboriginal sacred sites on tenements held by the Company or its subsidiaries may limit or preclude exploration or mining activities within spheres of influence of those sites and delays and expenses may be experienced in obtaining clearances.

#### **8.7 Conclusion**

Any of the factors or a combination of them may in the future materially affect the performance of the Company and the market price of the Shares. Accordingly, any investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which the Shares will trade. Any person who applies for Shares pursuant to this Prospectus does so in the recognition of these factors.

## **9. RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES**

The New Shares will rank pari passu with all other Shares presently on issue. The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to all shares.

Full details of the rights attaching to Shares in the Company are set out in the Company's Constitution, a copy of which may be inspected at the Company's registered office free of charge during normal business hours. To obtain a definitive assessment of the rights and liabilities that attach to the Company's Shares in any specific circumstance, shareholders should seek independent legal advice.

### **9.1 Voting rights**

Subject to any shares which may in the future be issued with special or preferential rights (at present there are none), at a general meeting every person present as a holder of ordinary shares or as proxy, attorney, or representative for a holder of ordinary shares has one vote on a show of hands and on a poll has one vote for each fully paid ordinary share held.

A person who holds a share that is not fully paid will be entitled to a fraction of a vote equal to that proportion that the amount paid up bears to the total issue price.

### **9.2 Dividends**

Subject to the rights of shares issued with any special or preferential rights (at present there are none), any profits of the Company, which the Company from time to time distributes by way of dividend, will be divisible amongst the shareholders in proportion to the shares held by them but on the basis that in relation to partly paid shares, dividends will be apportioned and paid proportionately to the amounts paid (not credited) on the shares during any portion or portions of the period in respect of which the dividend is paid.

### **9.3 Return of capital on winding-up**

Subject to the rights of shareholders with shares with special rights in a winding-up (at present there are none), on a winding-up of the Company, all assets which may be legally distributed amongst the shareholders will be distributed in proportion to the shares held by them, irrespective of the amount paid up or credited as paid up on a share.

### **9.4 Transfer of shares**

Subject to some limited restrictions contained in the Company's Constitution, ASX Listing Rules, SCH Business Rules and the Corporations Act, shares are freely transferable.

### **9.5 Variation of rights attaching to shares**

Where shares of different classes are issued, the rights attaching to the shares of a class can thereafter only be varied by a special resolution passed at a general meeting of the holders of the shares of that class, or with the written consent of the holders of at least three quarters of the issued shares of that class.

## **9.6 Liabilities attaching to shares**

The liability of a holder of shares in the Company is limited to the amount unpaid on the shares issued to that shareholder. Shareholders are not liable for the debts of the Company.

## **9.7 Notices**

Each shareholder is entitled to receive notice of and to attend and vote in person or by proxy, representative or attorney at general meetings of the Company and to receive all notices, financial reports and other documents required to be furnished to shareholders under the Constitution of the Company or the Corporations Act.

## **9.8 CHESSE**

The Company participates in the Clearing House Electronic Subregister System, known as CHESSE. ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532 ("ASTC"), a wholly owned subsidiary of ASX, operates CHESSE in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESSE, applicants for New Shares who hold uncertificated shares will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASTC will send you a CHESSE statement.

The CHESSE statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Advanced Share Registry Services and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

## **10. ADDITIONAL INFORMATION**

### **10.1 Interests of Directors**

Other than as set out below or elsewhere in this Prospectus, no Director has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its promotion or formation or in connection with the offer of New Shares; or
- (c) the offer of New Shares, other than as ordinary shareholders.

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any Director:

- (a) to induce him to become, or to qualify him as, a Director;
- (b) for services rendered by him in connection with the promotion or formation of the Company or the offer of New Shares.

The Directors are entitled to payment of fees, remuneration and expenses as set out in the Company's Constitution. The Constitution provides, inter alia, that the Directors shall be paid such fees, as may from time to time be determined by the Company in general meeting.

Directors Shares and Option holdings at the date of this Prospectus are:

| Director        | Ordinary shares |            | Options |            |
|-----------------|-----------------|------------|---------|------------|
|                 | Direct          | Indirect   | Direct  | Indirect   |
| Mr D R Richards | 200,000         | -          | -       | -          |
| Mr A T Harris   | -               | 12,567,548 | -       | 10,000,000 |
| Mr A J Alston   | -               | 3,413,934  | -       | 1,345,000  |
| Mr I J Gordon   | -               | -          | -       | -          |

## 10.2 Consents

Other than as set out elsewhere in this Prospectus, no expert nor any firm in which such an expert is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in the promotion of the Company or in property proposed to be acquired by the Company in connection with its promotion or formation and no amounts have been paid or agreed to be paid (in cash or shares or elsewhere) to any expert or to any firm in which any such expert is a partner for services rendered by him or by the firm in connection with the promotion or formation of the Company.

PricewaterhouseCoopers has acted as auditor of the Company and, in that capacity, reviewed the financial accounts of the Company for the half-year ended 31 December 2003. PricewaterhouseCoopers has given a written consent to the inclusion of the reviewed Statement of Financial Position figures as at 31 December 2003 in the form and context in which those figures appear in this Prospectus.

This consent has not been withdrawn prior to the lodgement of this Prospectus with the ASIC. PricewaterhouseCoopers were not involved in the preparation of this Prospectus and do not authorise or cause the issue of this Prospectus and do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus. For the period of 2 years prior to the date of this Prospectus, PricewaterhouseCoopers has been paid or incurred fees from the Company in the total amount of \$28,280.

## 10.3 Share Trading History

The highest and lowest market price of the Company's Shares on the ASX during the three months immediately preceding the date of this Prospectus and the respective dates of those sales and the latest practicable date prior to the lodgement of this Prospectus were:

|         | Date           | Cents |
|---------|----------------|-------|
| Highest | 28 May 2004    | 4.8   |
| Lowest  | 19 August 2004 | 3.6   |
| Last    | 23 August 2004 | 3.6   |

#### 10.4 Expenses of the Entitlements Issue

The total estimated cost of this Prospectus and Entitlements Issue is as follows:

|                        |                      |
|------------------------|----------------------|
|                        | \$                   |
| ASX fees               | 6,000                |
| ASIC fees              | 2,000                |
| Legal fees             | 3,000                |
| Share Registry fees    | 2,500                |
| Broker fees            | 12,500               |
| Printing and postage   | 3,000                |
| Miscellaneous expenses | 1,000                |
| <b>Total</b>           | <b><u>30,000</u></b> |

#### 10.5 Litigation

The Company has not been involved in any legal proceedings which have had a significant effect on the financial position of the Company in the last 12 months, or which are likely to have a significant effect on future results, nor is the Company aware that any such proceedings are pending or threatened.

#### 10.6 Continuous Disclosure and Documents Available for Inspection

Disclosing entities are, pursuant to section 713 of the Corporations Act, subject to special prospectus content rules where the prospectus involves an offer of continuously quoted securities in the Company. In such cases the prospectus is only required to contain information related to the issue of securities the subject of the prospectus. Other general information is not required to be included by a disclosing entity as the periodic reporting and continuous disclosure requirements now required of the disclosing entity means that all this information would have previously been released to the market.

The Company is a “disclosing entity” for the purposes of Section 713 of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to ASIC any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete or expressly required under the Corporations Act.

The Company will provide a copy of each of the following documents, free of charge, to any person who asks for them prior to the Closing Date:

- (i) the financial statements of the Company for the financial year ended 30 June 2003 being the last annual financial report lodged with the ASIC on 2 September 2003;
- (ii) the half yearly financial report lodged by the Company with ASIC on 5 March 2004 being the half yearly financial report lodged since the annual report referred to in paragraph (i) above.
- (iii) any continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with the ASIC.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

True copies of the Constitution and other material documents are available for inspection free of charge by any person at the registered office of the Company. The documents will be available for inspection during normal office hours and for up to 13 months after the date of lodgement of this Prospectus with the ASIC.

This Prospectus contains details specific to the Entitlements Issue. If applicants or investors require any further information in relation to the Company, the Directors recommend that investors take advantage of the ability to inspect copies of disclosures made by the Company as referred to in this Prospectus.

## 10.7 Stock Exchange Releases

Set out below is a list of the continuous disclosure notices lodged by the Company since the 2003 Annual Financial Report was lodged with ASIC but before the lodgement of this Prospectus:

| <b>Date</b>       | <b>Announcement</b>  |
|-------------------|--|
| 24 September 2003 | Appendix 3Y - Change of Director's Interest Notice           |
| 6 October 2003    | Drilling at Diamantina, Dolly Pot anomaly                    |
| 16 October 2003   | Notice of Annual General Meeting                             |
| 20 October 2003   | Quarterly report to 30 September 2003                        |
| 27 October 2003   | Appendix 5B - Cashflow report to 30 September 2003           |
| 10 November 2003  | Appendix 3Y - Change of Director's Interest Notice           |
| 11 November 2003  | Appendix 3Y - Change of Director's Interest Notice           |
| 12 November 2003  | Form 604 - Change of interest of substantial holder          |
| 13 November 2003  | Drilling intersects significant mineralisation at Diamantina |
| 26 November 2003  | Results of 2003 Annual General Meeting                       |
| 11 December 2003  | Exploration progress report                                  |
| 24 December 2003  | Appendix 3Y - Change of Director's Interest Notice           |
| 24 December 2003  | Form 604 - Change of interest of substantial holder          |
| 23 January 2004   | Quarterly report to 31 December 2003                         |
| 28 January 2004   | Sale of unmarketable parcels of shares                       |
| 29 January 2004   | Appendix 5B - Cashflow report to 31 December 2003            |
| 18 February 2004  | Allotment of shares  |
| 26 February 2004  | Drilling to test high grade gold targets                     |
| 5 March 2004      | Half-year report - 31 December 2003                          |
| 8 March 2004      | Employee Incentive Scheme - Issue of Options                 |
| 19 March 2004     | Appointment of non-executive director                        |
| 5 April 2004      | Encouraging gold values intersected at Charters Towers       |
| 14 April 2004     | Appendix 3B - New Issue Announcement                         |
| 14 April 2004     | Quarterly report to 31 March 2004                            |
| 28 April 2004     | Appendix 5B - Cashflow report to 31 March 2004               |
| 11 May 2004       | Follow up drilling scheduled for Charters Towers targets     |
| 1 June 2004       | Appendix 3Y - Change of Director's Interest Notice           |
| 9 June 2004       | Appendix 3Y - Change of Director's Interest Notice           |
| 17 June 2004      | Appendix 3Y - Change of Director's Interest Notice           |

| <b>Date</b>    | <b>Announcement</b>                                  |
|----------------|--|
| 29 June 2004   | Appendix 3Y - Change of Director's Interest Notice   |
| 29 June 2004   | Form 604 - Change of interest of substantial holder  |
| 29 June 2004   | Form 604 - Change of interest of substantial holder  |
| 1 July 2004    | Notice of resignation of Exploration Director        |
| 22 July 2004   | Quarterly report to 30 June 2004                     |
| 26 July 2004   | Appendix 5B - Cashflow report to 30 June 2004        |
| 20 August 2004 | Appointment of Keith McKay as Non-Executive Director |
| 20 August 2004 | Puzzler/Dogmatix drilling results                    |

## 11. DEFINITIONS

|  |   |
|--|---|
| <b>"Applicant"</b>                                 | A person who submits an Entitlement and Acceptance Form or an Entitlements Issue Shortfall Application Form under this Prospectus.  |
| <b>"ASIC"</b>                                      | Australian Securities and Investments Commission.   |
| <b>"ASX"</b>                                       | Australian Stock Exchange Limited (ABN 98 008 624 691).   |
| <b>"ASX Listing Rules"</b>                         | The official listing rules of the ASX.  |
| <b>"Board"</b>                                     | The Board of Directors of Glengarry.  |
| <b>"Business Day"</b>                              | Monday to Friday inclusive, other than a day that the ASX declares is not a business day.   |
| <b>"Closing Date"</b>                              | The closing date for acceptances of the Entitlements Issue (excluding member organisations of the ASX) will be 23 September 2004 or such later date as the Directors, in their absolute discretion, may determine, provided that they give the ASX notice of the change at least 6 Business Days prior to the Closing Date. |
| <b>"Company" or "Glengarry"</b>                    | Glengarry Resources Limited (ABN 40 009 468 099).   |
| <b>"Constitution"</b>                              | The constitution of the Company as at the date of this Prospectus.  |
| <b>"Corporations Act"</b>                          | The Corporations Act 2001.  |
| <b>"Directors"</b>                                 | The Directors of the Company as at the date of this Prospectus.   |
| <b>"Entitlement and Acceptance Form" or "Form"</b> | Form sent to each person registered as a shareholder at the Record Date setting out their entitlement to participate in the Entitlements Issue.   |
| <b>"Entitlements Issue"</b>                        | The offer of New Shares under this Prospectus.  |
| <b>"New Shares"</b>                                | The Shares offered pursuant to the Entitlements Issue on the terms and conditions outlined in the Section entitled "Details of the Entitlement Issue".  |
| <b>"Non-Renounceable"</b>                          | Shareholders may not sell or transfer their entitlement to the Entitlements Issue.  |
| <b>"Official List"</b>                             | The official list of the ASX.   |
| <b>"Official Quotation"</b>                        | Quotation of Securities on the Official List.   |
| <b>"Options"</b>                                   | An option to acquire Shares.  |
| <b>"Prospectus"</b>                                | This Prospectus dated 24 August 2004 and including all material implied or expressly incorporated in this Prospectus by reference.  |
| <b>"Record Date"</b>                               | 5:00pm WST (in the case of a proper SCH transfer, a later time permitted by the SCH Business Rules) on 2 September 2004 for the purpose of identifying the shareholders who are entitled to participate in the Entitlements Issue.  |



|                |   |
|----------------|---|
| "SCH"          | ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532) as approved as the Securities Clearing House under the Corporations Act.  |
| "Shareholders" | Holders of Shares.  |
| "Share"        | A fully paid ordinary share in the capital of the Company.  |
| "Shortfall"    | The number of shares that is the difference between the total number of shares available under this Prospectus and the total number of shares applied for pursuant to the Entitlement and Acceptance Forms. |
| "\$"           | Australian dollars.   |
| "WST"          | Western Standard Time, being the time in Perth, Western Australia.  |

## 12. DIRECTORS' STATEMENT

Each Director of Glengarry has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

24 August 2004



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Signed for and on behalf of Glengarry Resources Limited  
By David R Richards

**ENTITLEMENT AND ACCEPTANCE APPLICATION FORM**  
 THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT,  
 PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

**GLENGARRY RESOURCES LIMITED**

ABN: 40 009 468 099

REGISTERED OFFICE: 35 Havelock Street West Perth WA 6005  
 SHARE REGISTRY: Advanced Share Registry Services, Level 7, 200 Adelaide Terrace Perth WA 6000

Form Number :  
 SRN/HIN :  
 Sub-Register :  
 Shareholding at 5.00pm WST on 2 September 2004 :  
 Entitlement to New Shares on a 1:4 basis :  
 Amount payable at \$0.035 per New Share :

**A PRO RATA NON-RENOUCEABLE ENTITLEMENT ISSUE OF UP TO 31,576,787 NEW SHARES ON THE BASIS OF ONE (1) NEW SHARE FOR EVERY FOUR (4) FULLY PAID SHARES HELD AT THE RECORD DATE, TO RAISE UP TO APPROXIMATELY \$1,105,187 IF FULLY SUBSCRIBED.**

To the directors,  
 Glengarry Resources Limited

(1) I/We the abovenamed being registered on 2 September 2004 (at 5.00pm WST) as the holder(s) of ordinary shares in your Company hereby accept and apply (as appropriate) for the undermentioned New Shares issued in accordance with the terms of the Prospectus accompanying this form.

| TO BE COMPLETED BY SHAREHOLDER | NUMBER OF NEW SHARES ACCEPTED/APPLIED FOR | @ \$0.035 PER NEW SHARE | AMOUNT ENCLOSED |
|--------------------------------|---|-------------------------|-----------------|
| ENTITLEMENT as above           |   | x \$0.035               | \$              |

- (2) I/We enclose my/our cheque made payable to Glengarry Resources Limited, for an amount shown being payment at the rate of \$0.035 per New Share applied for.
- (3) I/We hereby authorise you to place my/our names(s) on the register of shareholders in respect of the number of New Shares granted to me/us.
- (4) I/We agree to be bound by the Constitution of the Company.
- (5) If any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the directors as to whether to accept this form, and how to construe, amend or complete it, shall be final.
- (6) My/Our contact numbers in case of enquiries are:

Telephone ( ) \_\_\_\_\_ Facsimile ( ) \_\_\_\_\_

**NOTE:** Only cheques and/or bank drafts in Australian currency and drawn or payable on a bank within Australia should be sent, made payable to Glengarry Resources Limited, crossed "Not negotiable" and forwarded to Glengarry's principal office, together with this Entitlement and Acceptance Form in the enclosed return addressed envelop to arrive:  
**NO LATER THAN 5.00PM WST ON 23 SEPTEMBER 2004**

**THIS FORM DOES NOT REQUIRE SIGNING UNLESS YOU WISH TO CHANGE YOUR ADDRESS**  
 Please complete ONLY if your ISSUER SPONSORED address is INCORRECT

|   |
|---|
| <p><b>NEW ADDRESS:</b> (CHESS HOLDERS CAN ONLY AMEND THEIR ADDRESS BY ADVISING THEIR SPONSORING BROKER)<br/>                 BLOCK<br/>                 LETTERS<br/>                 PLEASE<br/>                 Your signature/s .....</p> |
|---|

RETURN OF THIS DOCUMENT TO THE COMPANY WITH THE REQUIRED REMITTANCE  
 WILL CONSTITUTE YOUR ACCEPTANCE OF THE SECURITIES BEING OFFERED  
 THE DIRECTORS RESERVE THE RIGHT TO MAKE AMENDMENTS TO THIS FORM WHERE APPROPRIATE  
**THIS ISSUE CLOSES 5.00PM WST ON 23 SEPTEMBER 2004**

## EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of New Shares which you are entitled to accept.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. You may not use this form to apply for New Shares in excess of your maximum entitlement.
4. The price payable on acceptance of each New Share is 3.5 cents.
5. You may accept your entitlement by completing the Entitlement and Acceptance Form overleaf.

## APPLICATION INSTRUCTIONS

The amount of 3.5cents per New Share is payable in full upon application.

Payments must be made in Australian currency by cheque or bank draft drawn on and payable at a bank within Australia. Cheques or bank drafts drawn on banks outside Australia in either Australian currency or in foreign currency will not be accepted.

The cheques must be made payable to “Glengarry Resources Limited” and crossed “Not negotiable”.

When completed, this form together with the appropriate payment in Australian currency should be forwarded to:

Glengarry Resources Limited  
PO Box 975  
West Perth WA 6872

Acceptances must be received by no later than 5.00pm WST on 23 September 2004.

## ENQUIRIES

Any enquiries should be directed to:

Glengarry Resources Limited  
35 Havelock Street  
West Perth WA 6005

Postal Address:  
PO Box 975  
West Perth WA 6872

Telephone: + 61 (08) 9322 4929  
Facsimile: + 61 (08) 9322 5510  
E-mail: [info@glengarrynl.com.au](mailto:info@glengarrynl.com.au)



## INSTRUCTIONS TO APPLICANTS

Please post or deliver the completed Shortfall Application Form together with a cheque to the Company. If an Applicant has any questions on how to complete this Shortfall Application Form, please telephone Glengarry Resources Limited on **(08) 9322 4929**. The Form must be received by the Company no later than **5.00pm on 23 September 2004 (or such later date as directed by the Company)**.

### A. Application for New Shares

The Shortfall Application Form must only be completed in accordance with instructions included in Prospectus.

### B. Name of Applicant

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.

### C. Name of Joint Applicants or Account Designation

If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

### D. Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

### E. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Shortfall Application Form.

### F. CHESSE HIN or existing SRN Details

The Company participates in CHESSE. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESSE HIN. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

### G. Cheque Details

Make cheques payable to Glengarry Resources Limited in Australian currency and cross them **"Not Negotiable"**. Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Shortfall Application Form.

### H. Declaration

By completing the Shortfall Application Form, the Applicant will be taken to have made to the Company the declarations and statements therein. The Shortfall Application Form does not need to be signed. If a Shortfall Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept a Shortfall Application Form, and how to construe, amend or complete it shall be final. A Shortfall Application Form will not however, be treated as having offered to subscribe for more New Shares than is indicated by the amount of the accompanying cheque.

**Forward your completed application together with the application money to:**

**Glengarry Resources Limited**  
**PO Box 975**  
**West Perth WA 6872**

### CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Shortfall Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Shortfall Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

| Type of Investor  | Correct Form of Registration  | Incorrect Form of Registration                   |
|---|---|--|
| Individual Use given names in full, not initials  | Mr John Alfred Smith  | J A Smith  |
| Company Use the company's full title, not abbreviations   | XYZ Pty Ltd   | XYZ P/L or XYZ Co                                |
| Joint Holdings Use full and complete names  | Mr Peter Robert Williams & Ms Louise Susan Williams                   | Peter Robert & Louise S Williams                 |
| Trusts Use the trustee(s) personal name(s).   | Mrs Susan Jane Smith <Sue Smith Family A/C>                           | Sue Smith Family Trust                           |
| Deceased Estates Use the executor(s) personal name(s).  | Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>      | Estate of late John Smith or John Smith Deceased |
| Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation. | Mr John Alfred Smith <Peter Smith A/C>                                | Master Peter Smith                               |
| Partnerships Use the partners personal names.   | Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C> | John Smith and Son                               |
| Long Names.   | Mr John William Alexander Robertson-Smith                             | Mr John W A Robertson-Smith                      |
| Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).                         | Mr Michael Peter Smith <XYZ Tennis Association A/C>                   | XYZ Tennis Association                           |
| Superannuation Funds Use the name of the trustee of the fund.   | Jane Smith Pty Ltd <Super Fund A/C>                                   | Jane Smith Pty Ltd Superannuation Fund           |

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Glengarry Resources Limited

ABN

40 009 468 099

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | Ordinary shares fully paid  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 31,576,787  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1 for 4 pro rata non-renounceable entitlements issue of ordinary shares |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> | <p>Yes</p>   |        |        |             |          |            |                                  |
|--|--|--------|--------|-------------|----------|------------|----------------------------------|
| <p>5 Issue price or consideration</p>  | <p>3.5 cents per share</p>   |        |        |             |          |            |                                  |
| <p>6 Purpose of the issue<br/>         (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>   | <p>Exploration expenditure</p>   |        |        |             |          |            |                                  |
| <p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>  | <p>1 October 2004</p>  |        |        |             |          |            |                                  |
| <p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>   | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td>157,883,938</td> <td>ordinary</td> </tr> <tr> <td>54,685,775</td> <td>31 March 2005<br/>15 cent options</td> </tr> </tbody> </table> | Number | +Class | 157,883,938 | ordinary | 54,685,775 | 31 March 2005<br>15 cent options |
| Number   | +Class   |        |        |             |          |            |                                  |
| 157,883,938  | ordinary   |        |        |             |          |            |                                  |
| 54,685,775   | 31 March 2005<br>15 cent options   |        |        |             |          |            |                                  |

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+ See chapter 19 for defined terms.

|    |   |                                     |                    |
|----|---|-------------------------------------|--------------------|
| 9  | Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the securities in clause 2 if applicable) | Number                              | <sup>+</sup> Class |
|    |   | 1,600,000                           | Employee options   |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)                                  | The company is not paying dividends |                    |

## Part 2 - Bonus issue or pro rata issue

|    |   |   |
|----|---|---|
| 11 | Is security holder approval required?   | No  |
| 12 | Is the issue renounceable or non-renounceable?  | Non-renounceable  |
| 13 | Ratio in which the <sup>+</sup> securities will be offered  | 1 for 4   |
| 14 | <sup>+</sup> Class of <sup>+</sup> securities to which the offer relates  | Ordinary shares   |
| 15 | <sup>+</sup> Record date to determine entitlements  | 2 September 2004  |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?  | Yes   |
| 17 | Policy for deciding entitlements in relation to fractions   | Fractions will be ignored   |
| 18 | Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/>Cross reference: rule 7.7.</small> | Austria, Germany Federal Republic, United Kingdom, Hong Kong, Ireland, Netherlands, Papua New Guinea, Singapore and United States |
| 19 | Closing date for receipt of acceptances or renunciations  | 23 September 2004   |

+ See chapter 19 for defined terms.



**Appendix 3B**  
**New issue announcement**

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|    |   |                  |
|----|---|------------------|
| 20 | Names of any underwriters   | Nil              |
| 21 | Amount of any underwriting fee or commission  | Nil              |
| 22 | Names of any brokers to the issue   | Nil              |
| 23 | Fee or commission payable to the broker to the issue  | Nil              |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders   | 5%               |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting  | No               |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled  | 8 September 2004 |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | 23 August 2004   |
| 28 | Date rights trading will begin (if applicable)  | Not applicable   |
| 29 | Date rights trading will end (if applicable)  | Not applicable   |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker?   | Non-renounceable |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?  | Non-renounceable |

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+ See chapter 19 for defined terms.

- 32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)?
- 33 <sup>+</sup>Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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**Entities that have ticked box 34(b)**

38 Number of securities for which  
 +quotation is sought

|  |
|--|
|  |
|--|

39 Class of +securities for which  
 quotation is sought

|  |
|--|
|  |
|--|

40 Do the +securities rank equally in all  
 respects from the date of allotment  
 with an existing +class of quoted  
 +securities?

If the additional securities do not  
 rank equally, please state:

- the date from which they do
- the extent to which they  
 participate for the next dividend,  
 (in the case of a trust,  
 distribution) or interest payment
- the extent to which they do not  
 rank equally, other than in  
 relation to the next dividend,  
 distribution or interest payment

|  |
|--|
|  |
|--|

41 Reason for request for quotation  
 now

Example: In the case of restricted securities, end of  
 restriction period

(if issued upon conversion of  
 another security, clearly identify that  
 other security)

|  |
|--|
|  |
|--|

|   | Number | +Class |
|---|--------|--------|
| 42 Number and +class of all +securities<br>quoted on ASX ( <i>including</i> the<br>securities in clause 38) |        |        |

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+ See chapter 19 for defined terms.

**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Managing Director

Date: 24 AUGUST 2004

Print name:

DAVID ROSS RICHARDS

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+ See chapter 19 for defined terms.



24 August 2004

Dear Optionholder

**Pro rata non-renounceable issue of shares to shareholders**

On 23 August 2004 the Directors of Glengarry Resources Limited announced a pro rata non-renounceable issue of New Shares to existing shareholders at an issue price of 3.5 cents per share.

The New Shares will be offered to shareholders on the basis of one New Share for every four ordinary shares held as at 5.00pm WST on the Record Date, 2 September 2004.

You are shown in our records as the holder of options expiring on 31 March 2005. Except to the extent that you may already hold shares in Glengarry Resources Limited, we advise that you are not entitled to participate in the issue of New Shares without first exercising your options prior to 5.00pm WST on the Record Date, 2 September 2004. If you exercise your options by such date, you will be entitled to participate in the issue of the New Shares as holder of the shares issued or to be issued as a consequence of the exercise of such options.

If you have any doubt regarding the exercise of your options, particularly as the option exercise price of 15 cents per share is significantly higher than the current share price, you should immediately consult your stockbroker or professional adviser.

Yours faithfully

**ALLAN T HARRIS**  
Chairman