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# **GLENGARRY RESOURCES LIMITED**

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## **NOTICE OF ANNUAL GENERAL MEETING**

**The Annual General Meeting of the Company will be held at the Celtic Club, 48 Ord Street, West Perth WA 6005 on Monday 24 November 2008 at 4.00 pm (WST).**

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9322 4929.

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# GLENGARRY RESOURCES LIMITED

ACN 009 468 099

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of the Company will be held at the Celtic Club, 48 Ord Street West Perth WA 6005 on Monday 24 November 2008 at 4.00 pm (WST), ("Meeting").

The Proxy Form forms part of this Notice of Annual General Meeting ("Notice").

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 4.00 pm on 22 November 2008.

## AGENDA

### ORDINARY BUSINESS

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#### Financial Report

To receive the Financial Report of the Company for the year ended 30 June 2008 together with the Directors' Report in relation to that financial year and the Auditor's Report on the Financial Report.

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#### **1. Resolution 1 - Directors' and Key Management Personnel Remuneration**

To consider, and if thought fit, pass as an ordinary non-binding resolution the following:

*"That the Remuneration Report appearing in the Company's Annual Report be adopted by the Shareholders."*

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#### **2. Resolution 2 - Re-Election of a Director - Mr Keith McKay**

To consider, and if thought fit, pass as an ordinary resolution the following:

*"That Mr Keith McKay, who retires by rotation in accordance with Rule 51.1 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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#### **3. Resolution 3 - Election of a Director - Mr Geoffrey Clifford**

To consider, and if thought fit, pass as an ordinary resolution the following:

*"That Mr Geoffrey Clifford, who was appointed to a casual vacancy by the Board of Directors, be elected as a Director."*

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## 4. Resolution 4 - Issue of Options to Mr Geoffrey Clifford

To consider, and if thought fit, pass as an ordinary resolution the following:

*"That for the purposes of Listing Rule 10.14 and Section 208(1) of the Corporations Act and for all other purposes and subject to resolution 3 above being passed the Company approves and authorises the issue of 1,000,000 options to subscribe for fully paid ordinary shares in the Company to Mr Geoffrey Clifford, or his Permitted Nominee (as defined in the Company's Share Option Plan), on the terms and conditions specified in the Explanatory Memorandum accompanying this Notice."*

### Voting Exclusion

As required by the ASX Listing Rules, the Company will disregard any votes cast on a resolution by:

- A director of the Company (except a director who is ineligible to participate in the Company's Share Option Plan); and
- Any associates of those persons.

However, the Company need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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## Other Business

To transact any other business which may be properly brought before the meeting in accordance with the Company's Constitution and the Corporations Act.

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By Order of the Board



Geoff James  
Company Secretary  
1 October 2008

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A Shareholder entitled to attend and vote at the Meeting may appoint a person or a corporation as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

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# GLENGARRY RESOURCES LIMITED

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## EXPLANATORY MEMORANDUM

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### Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting of the Company to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia 6005 on Monday 24 November 2008 at 4.00 pm (WST).

The purpose of this Explanatory Memorandum is to provide information which the Board believes is material to Shareholders in relation to the Resolutions. The Explanatory Memorandum explains the Resolutions and identifies the Directors' reasons for putting them to Shareholders.

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### Financial Report

A printed hard copy of the Annual Report which includes the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2008, has been sent to all Shareholders who requested it. The Annual Report is available on the Company's website at [www.glengarry.com.au/releases/annuals](http://www.glengarry.com.au/releases/annuals).

There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company.

Shareholders will also be given an opportunity to ask the Auditor or its representative's questions about the conduct of the audit and the preparation and content of the Auditor's Report.

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### 1. Resolution 1 - Directors' and Key Management Personnel Remuneration

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Annual Report for the year ended 30 June 2008 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Directors and other key management personnel.

The provisions of the Corporations Act provide that the vote is only an advisory vote of Shareholders. Resolution 1 is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report; however the Board will take the outcome of the vote into consideration when considering the remuneration policy.

The Chairman of the Meeting will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on the Remuneration Report.

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# GLENGARRY RESOURCES LIMITED

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## 2. Resolution 2 - Re-Election of a Director - Mr Keith McKay

In accordance with ASX Listing Rule 14.4 no Director of the Company may hold office (without re-election) past the longer of 3 years and the third Annual General Meeting following their appointment. Further, in accordance with the Company's Constitution, one third of the Directors must retire by rotation at every Annual General Meeting. These requirements for a Director to retire do not apply to a Managing Director.

Accordingly, Mr Keith McKay retires and being eligible for re-election, offers himself for re-election at the Meeting. A brief biography of Mr Keith McKay is in the Annual Report. The Board supports the re-election of Mr Keith McKay.

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## 3. Resolution 3 - Election of a Director - Mr Geoffrey Clifford

In accordance with Rule 50.2 of the Company's Constitution, a Director appointed either to fill a casual vacancy or as an additional Director holds office only until the conclusion of the next General Meeting of the Company and is eligible for election.

Accordingly, Mr Geoffrey Clifford ceases to be a Director and offers himself for election at the Meeting. A brief biography of Mr Geoffrey Clifford is in the Annual Report. The Board supports the election of Mr Geoffrey Clifford.

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## 4. Resolution 4 - Issue of Options to Mr Geoffrey Clifford

Resolution 4 seeks Shareholder approval for the issue of 1 million Options to Mr Geoffrey Clifford under the Company's Employee Share Option Plan ("Plan"). The Options will be exercisable on the terms and conditions set out below and otherwise on the terms and conditions of the Plan as approved by Shareholders on 20 November 2007.

Shareholder approval for the issue of Options to a Director is required by ASX Listing Rule 10.14 which requires the approval of Shareholders before any securities are issued to a Director or any associate of a Director. Shareholder approval is also sought under Section 208 of the Corporations Act because a Director is a "related party" of the Company as defined in the Corporations Act.

### **ASX Listing Rule 10.14**

ASX Listing Rule 10.14 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of Options to a Director of the Company (or an associate of a Director) under an employee incentive scheme.

Mr Geoffrey Clifford is a Director of the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required to issue Options to a Director as approval is being obtained under ASX Listing Rule 10.14. Shareholders should note that the issue of Options to Mr Clifford (or his Permitted Nominee) in accordance with proposed resolution 4 will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1 to determine the number of securities which the Company may issue in the future without shareholder approval. Under the Plan the Permitted Nominee must be approved by the Board.

For the purposes of ASX Listing Rule 10.14, the following information is provided in relation to the issue of Options pursuant to Resolution 4 as required by ASX listing rule 10.15:

- (a) The maximum number of Options to be issued by the Company is 1 million Options to Mr Geoffrey Clifford who is a director of the Company (or his Permitted Nominee as defined in the Plan).

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## 4. Resolution 4 - Issue of Options to Mr Geoffrey Clifford (continued)

- (b) The Options will be issued for nil cash consideration as they are being issued to provide a material additional incentive for Mr Clifford's ongoing commitment and dedication to the continued growth of the Company. The Board considers the issue of Options to be reasonable in the circumstances, to assist the Company in attracting and retaining the highest calibre of directors to the Company, whilst maintaining the Company's cash reserves.
- (c) The Options will be issued as soon as is practicable after Resolution 4 is passed but not later than 12 months after the date of the Meeting.
- (d) The Options will expire on the fifth anniversary of their date of issue and each Option will on exercise confer the right to acquire one ordinary share in the Company for an exercise price as calculated in accordance with paragraph (b) on page 8 of this Explanatory Memorandum. The Options will otherwise be issued on the terms and conditions set out in the Plan and as set out on page 8 of this Explanatory Memorandum.
- (e) No Options or other securities have previously been issued to any Director of the Company or other associate of the Company or any other person referred to in Listing Rule 10.14 under the Plan since the last date on which the Plan was approved except as follows:
- Mr Keith McKay, Director, issue of 1,000,000 free options on 20 November 2007:
- 250,000 vested immediately, exercisable at 20.5 cents per share, expiring 20 November 2012;
  - 250,000 vesting on 20 November 2008, exercisable at 24.5 cents per share, expiring 20 November 2012;
  - 500,000 vesting on 20 November 2009, exercisable at 28.5 cents per share, expiring 20 November 2012.
- Mr William Manning, Director, issue of 1,000,000 free options on 20 November 2007:
- 250,000 vested immediately, exercisable at 20.5 cents per share, expiring 20 November 2012;
  - 250,000 vesting on 20 November 2008, exercisable at 24.5 cents per share, expiring 20 November 2012;
  - 500,000 vesting on 20 November 2009, exercisable at 28.5 cents per share, expiring 20 November 2012.
- (f) The names of the persons referred to in Listing Rule 10.14 who are entitled to participate in the Employee Share Option Plan are Keith McKay, William Manning, Geoffrey Clifford and David Richards and their respective Permitted Nominees.
- (g) There are no loans associated with the proposed issue of Options to Mr Clifford.
- (h) No funds will be raised by the issue of the Options (although funds will be raised to the extent that the Options are eventually exercised. The precise amount raised in the event of exercise of the Options will depend on the number of Options eventually exercised and the exercise price for such Options).

### Section 208 of the Corporations Act

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to that section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

In the current circumstances, the issue of the Options to Mr Clifford or his Permitted Nominee constitutes a "financial benefit" as defined in the Corporations Act. Further, Mr Clifford is a "related party" of the Company as defined under the Corporations Act because he is a Director of the Company. Accordingly, the proposed issue of Options to Mr Clifford (or his Permitted Nominee) will constitute the provision of a financial benefit to a related party of the Company.

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## 4. Resolution 4 - Issue of Options to Mr Geoffrey Clifford (continued)

It is the view of the Directors that the exceptions under the Corporations Act to the provision of financial benefits to related parties may not apply in the current circumstances and so the Directors have determined to seek Shareholder approval under section 208 of the Corporations Act to permit the issue of the Options to Mr Clifford.

The following information is provided pursuant to sections 217 to 227 of the Corporations Act in relation to Resolution 4:

- (a) The related party to whom the Options will be issued is Mr Geoffrey Clifford. As mentioned in the resolution, the Options may be issued to a Permitted Nominee (as defined in the Company's Plan) of Mr Clifford.
- (b) The maximum number of Options (being the nature of the financial benefit to be provided) to be issued is 1 million to Mr Clifford (or his Permitted Nominee).
- (c) The Options will be issued for nil cash consideration and accordingly, no funds will be raised from the issue of the Options (although as mentioned above, funds will be raised to the extent that the Options are eventually exercised. The precise amount raised in the event of exercise of the Options will depend on the number of Options eventually exercised and the exercise price for such Options).
- (d) The terms and conditions of the Options to be issued pursuant to Resolution 4 are set out in this Explanatory Memorandum and the Company's Plan as approved by Shareholders on 20 November 2007.
- (e) Mr Clifford has a material personal interest in the outcome of Resolution 4 as he or his Permitted Nominee will be the recipient of the Options. Accordingly Mr Clifford does not wish to provide a recommendation in respect of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 4, recommend that Shareholders approve Resolution 4 as they are of the view that the issue of Options to Mr Clifford or his Permitted Nominee is appropriate to assist the Company in retaining his services and dedication whilst maintaining the Company's cash reserves (notwithstanding the fact that the issue of Options to a non-executive director is not in accordance with the ASX Corporate Governance Council's guidelines for non-executive director remuneration). The Directors (other than Mr Clifford) considered Mr Clifford's experience, the current market price of the Shares and current market practice when determining the terms of the Options and the number of Options to be issued to Mr Clifford or his Permitted Nominee.
- (f) If Shareholders approve the issue of Options to Mr Clifford, and all Options are ultimately exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.3% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming that no other Options are exercised.
- (g) The primary purpose of the issue of Options is to allow the Company to provide a cost effective incentive for the ongoing dedication and efforts of Mr Clifford. The Directors (other than Mr Clifford) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Options to Mr Clifford upon the terms proposed.
- (h) As at the date of this notice, Mr Clifford holds 500,000 shares (direct and indirect) in the Company.
- (i) The Directors have determined that Mr Clifford will be paid a director's fee of \$60,000 per annum, to be reviewed periodically.

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## 4. Resolution 4 - Issue of Options to Mr Geoffrey Clifford (continued)

- (j) In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on the ASX are as set out below:

	Date	Price
Highest	1 November 2007	21.0 cents
Lowest	1 October 2008	3.7 cents
Last Trading Price	1 October 2008	4.0 cents

- (k) ASIC policy in relation to documents lodged under Section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the Options proposed to be issued. The value of the Options has been calculated by the Company and is set out in this Explanatory Memorandum.
- (l) Other than the information specified in this Explanatory Memorandum, the Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 4.

### Option Terms

The terms of issue of the Options are as follows:

- (a) The Options are issued under and are subject to the terms and conditions of the Employee Share Option Plan ("Plan"). The rules of the Plan were approved by Shareholders on 20 November 2007.
- (b) Each Option entitles the holder to acquire one share upon exercise of that Option.
- (c) The amounts payable on exercise of the Options and the vesting dates are as follows:

Tranche	Number of Options	Exercise Price	Earliest Exercise Date
1	250,000	1.25 x Market Price	Immediately
2	250,000	1.50 x Market Price	12 months from date of issue
3	500,000	1.75 x Market Price	24 months from date of issue

"Market Price" means the volume weighted average price ("VWAP") at which ordinary fully paid shares in the capital of the Company are traded on the ASX for the last five trading days prior to the date of the Annual General Meeting. If the VWAP is less than 8.0 cents per share then the Market Price will be set at 8.0 cents.

- (d) The Options will expire 5 years from the date of issue.
- (e) If an optionholder (or if the Options are issued to a Permitted Nominee, the person who nominated that Permitted Nominee) ceases to be a Director or an employee after an option has become exercisable, the options may be exercised during the following 3 months or such longer period as the Board determines. Options not exercised within such period will automatically lapse.
- (f) The optionholder will be entitled to participate in any new issue of securities to existing holders of shares in the Company provided the optionholder has exercised their options prior to the record date for determining entitlements.



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## 4. Resolution 4 - Issue of Options to Mr Geoffrey Clifford (continued)

- (g) The Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options.
- (h) On a reorganisation of the Company's capital, the rights of optionholders (including the number of Options and the exercise price) will be changed to the extent necessary to comply with the Listing Rules of the ASX.
- (i) The Options are not transferable except as permitted in the Plan and the Options will not be listed for quotation on the ASX.

### Valuation of Options

The Company has valued the options using a binomial option pricing model based on the following inputs and assumptions:

	Tranche 1	Tranche 2	Tranche 3
Quantity	250,000	250,000	500,000
Current share price at date of valuation	4.0 cents	4.0 cents	4.0 cents
"Market Price"	8.0 cents	8.0 cents	8.0 cents
Exercise price multiplier	1.25 times	1.50 times	1.75 times
Notional Exercise price	10.0 cents	12.0 cents	14.0 cents
Consideration	Nil	Nil	Nil
Expected life of options (years)	5	5	5
Dividend yield	Nil	Nil	Nil
One option equates to	1 share	1 share	1 share
Options will be	Unlisted	Unlisted	Unlisted
Risk-free interest rate	5.58 %	5.58 %	5.58 %
Share price volatility	95 %	95 %	95 %

The actual exercise price will be calculated on the basis of the exercise price multiplied by the Market Price. "Market Price" means the volume weighted average price ("VWAP") at which ordinary fully paid shares in the capital of the Company are traded on the ASX for the last five trading days prior to the date of the Annual General Meeting. If the VWAP is less than 8.0 cents per share then the Market Price will be set at 8.0 cents.

As the actual "Market Price" is not currently known, for the purposes of the valuation, the notional exercise prices have been calculated by reference to the 5 day VWAP in the period up to 23 September 2008. As the VWAP was less than 8.0 cents, the notional exercise prices have been based on 8.0 cents per share. Accordingly, however, the actual exercise prices (and also the value of the Options as at the date of issue) could vary having regard to the fluctuations in the market price in the Company's shares between the date of this Notice and the date of the Meeting.

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### 4. Resolution 4 - Issue of Options to Mr Geoffrey Clifford (continued)

Having regard to the factors set out above, and using a binomial option pricing model, the value of the options is calculated to be as follows:

<b>Tranche</b>	<b>Number of options</b>	<b>Option value Cents</b>	<b>Total value \$</b>
1	250,000	2.45 cents	6,125
2	250,000	2.33 cents	5,825
3	500,000	2.23 cents	11,150
<b>Total</b>	<b>1,000,000</b>		<b>23,100</b>



**Proxy Notes:**

A Shareholder entitled to attend and vote at the Meeting may appoint a person or a corporation as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a corporation as the Shareholder's proxy to attend and vote for the Shareholder at that meeting, the representative of the corporation to attend the meeting must produce the appropriate Certificate of Appointment of Representation prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received at the West Perth office of the Company (Mezzanine Level, 35 Havelock Street, West Perth WA 6005), by post to PO Box 975, West Perth WA 6872 or by Facsimile +61 8 9322 5510 not less than 48 hours prior to the time of commencement of the Meeting (WST).