

June 2008 Quarterly Report

Highlights

- Glengarry entered into an agreement with Kagara Ltd for the sale of the Greenvale Project in North Queensland, including the Maitland copper resource, for \$6.5 million cash and a royalty of \$5 per tonne for all ore processed in excess of one million tonnes.
- The sale of the Greenvale Project will increase Glengarry's cash reserves to more than \$11,000,000 allowing the Company to aggressively advance exploration across Glengarry's existing projects and to pursue new business opportunities in Australia and overseas.
- An Access Agreement has been signed with the Traditional Owners of the southern part of the Citadel Project in Western Australia. The area includes the Magnum prospect where previous exploration has intersected high grade copper (4.4%) and gold (14.1g/t) mineralisation and a number of other priority targets. A 10,000 metre aircore drilling program costing approximately \$1 million is planned once access to the Project is cleared by Heritage surveys and the tenement applications granted.
- Preliminary assay results have recorded strongly anomalous levels of gold, silver and copper in rock and soil samples collected from the Percyvale EPM following grant of the tenement during the quarter.

Priorities for the September 2008 Quarter

- Conclude the sale of the Greenvale Project to Kagara Ltd.
- Execute Heritage surveys on the Citadel Project.
- Complete initial target definition work at Percyvale and plan follow up drill testing.
- Continue pursuit and review of new business opportunities.
- Finalise Snake Creek JV documentation.
- Continue efforts to secure a drill rig to test Acacia North gold target at the Rum Jungle Project in the Northern Territory.

Project Activities Report

Greenvale Project (North Queensland)

- **Formal sales agreement signed with Kagara Ltd.**
- **Independent Expert's report concludes that the transaction is fair and reasonable.**

Following a review of the Maitland resource drilling and the commissioning of an independent scoping study, a detailed analysis of development alternatives was undertaken. After completion of this study it was determined that a sale of the Greenvale Project was the best alternative to maximise the economic return to Glengarry shareholders. After discussions with a number of parties, Glengarry reached agreement with Kagara Ltd ("Kagara") for Kagara to purchase the Greenvale Project. Kagara is the largest base metal miner in North Queensland and with existing development expertise and mining and milling infrastructure, is well placed to develop the Maitland deposit.

Key terms and conditions of the conditional sale agreement with Kagara are:

1. Kagara will pay \$6.5 million for 100% ownership of the Greenvale Project tenements, excluding the uranium rights.
2. Kagara will pay a royalty of \$5 per tonne on all ore processed in excess of one million tonnes.
3. Payment of \$1 million to be made upon signing of the formal Sales Agreement with the balance of \$5.5 million due immediately after approval of the sale by Glengarry shareholders.
4. The sale is subject to:
 - a. Approval by Glengarry shareholders as required by ASX Listing Rule 10.1.
 - b. Necessary governmental approvals.

A formal Sales Agreement has been signed by Kagara and the initial payment of \$1,000,000 has been received. Preparations are well advanced for the

general meeting of shareholders to approve the sale.

Independent Expert RSM Bird Cameron was appointed to determine whether the sale to Kagara was fair and reasonable to other shareholders. RSM Bird Cameron concluded that the transaction was fair and reasonable and that there were a number of significant advantages to Glengarry completing the transaction.

Citadel Project (Northwest Western Australia)

- **Access Agreement signed with Traditional Owners.**
- **Grant of remaining tenement applications in progress.**

Following the sale of the Greenvale Project, Glengarry's immediate exploration focus will be on its wholly owned Citadel Project located in the Telfer region of northwest Western Australia (Figure 1) where the Company has four contiguous Exploration Licences covering approximately 1,400 square kilometres. The region contains several world class uranium, gold and copper deposits including Kintyre (36 Kt tonnes U₃O₈), Telfer (26 M oz gold, 1 Mt copper) and Nifty (1 Mt copper).

Previous exploration by other companies within the Citadel project area discovered high grade copper/gold mineralisation at the Magnum prospect. Mineralisation, which includes intersections up to 8 metres @ 4.4% copper and 15 metres @ 14.1 g/t gold, remains open along strike and at depth.

A comprehensive review of previous exploration data has identified 18 additional priority targets within Glengarry's land holding which are ready for immediate drill follow up. Glengarry has already planned an approximate \$1 million, 10,000 metre aircore drilling program to further test Magnum and the 18 new priority targets.

Glengarry has recently executed an Access Agreement with the Traditional Owners of the southern exploration licence applications which includes the Magnum area and most of the priority targets. The

Company has previously signed an Access Agreement with the Native Title claimants of the northern exploration Licences and these have already been granted.

the proposed drilling program to commence in April 2009, immediately after the summer period.

Glengarry will now work with the Traditional Owners to have all the tenements granted as quickly as possible. Heritage surveys will be required prior to commencement of drilling. It is planned to complete these surveys this year to enable

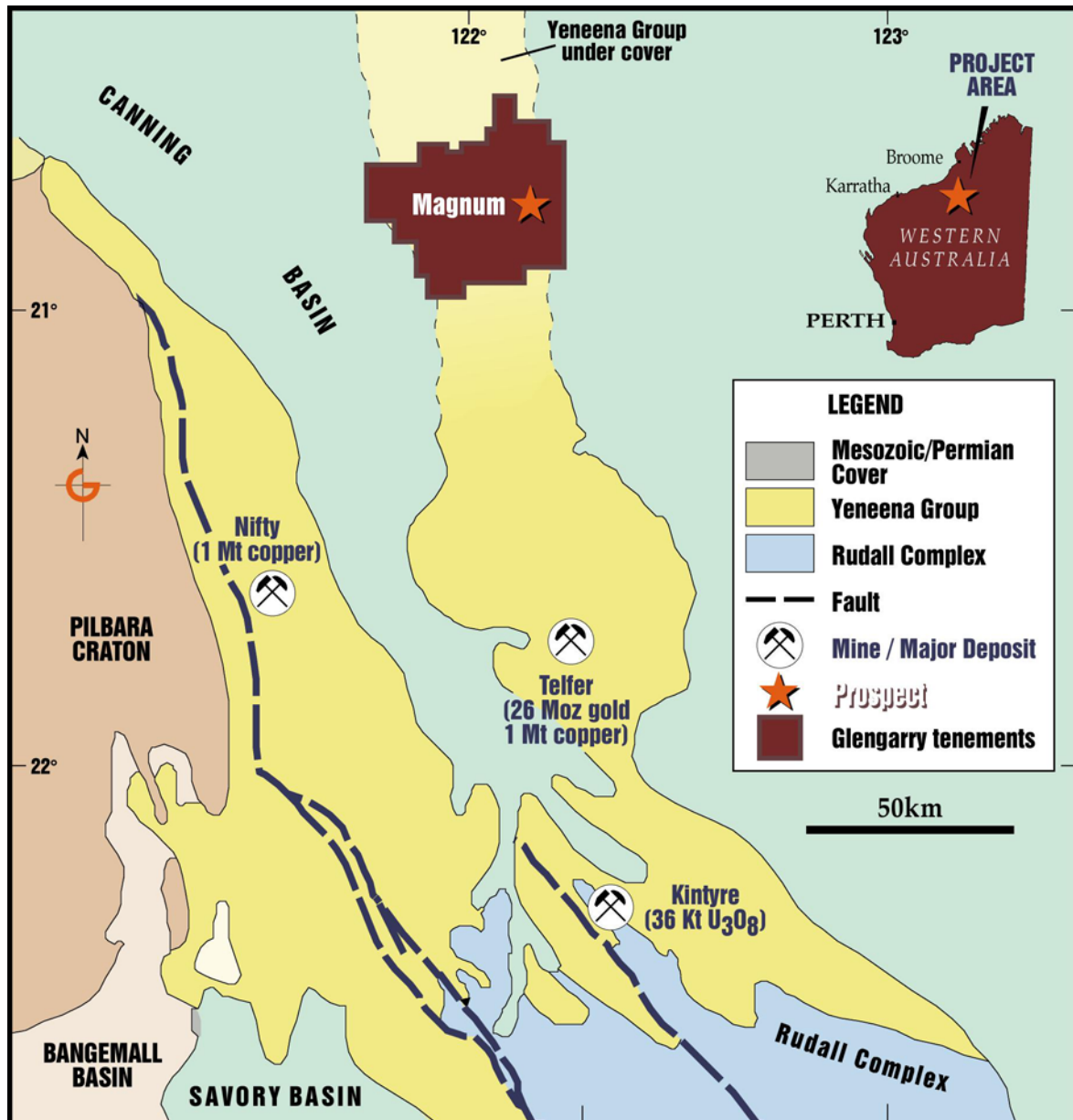


Figure 1: Citadel Project area showing regional geology and major deposits.

Percyvale Project (North Queensland)

- *Tenement granted.*
- *Initial fieldwork indicates significant gold, silver and copper metal mineralisation.*

The Percyvale Project is located approximately 50 kilometres due west of the Greenvale Project (Figure 2). The tenement was granted in April 2008 and

Glengarry commenced fieldwork in May 2008.

The Project area is underlain by the same geological sequence that hosts the world class 4.5 million ounce Kidston gold deposit and a number of base metal deposits near Einasleigh which are currently the subject of a feasibility study by Copper Strike Limited.

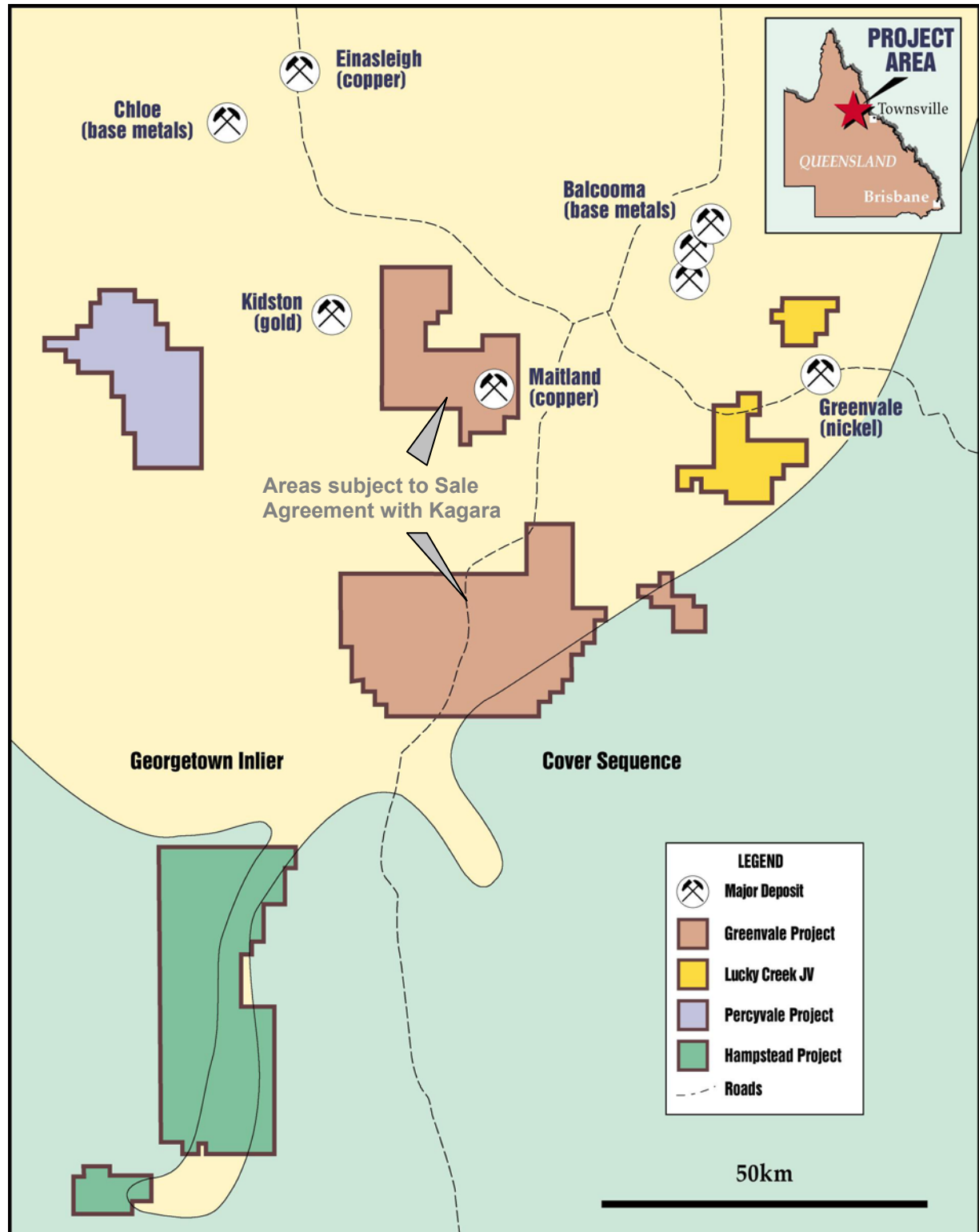


Figure 2: Glengarry Resources – North Queensland Projects.

Previous exploration by other companies has identified a number of gold and base metal prospects. Three of these have been the focus of Glengarry's initial work.

Bernadette/Lim Kin Prospect

Reconnaissance mapping and systematic rock chip and soil sampling have been completed in the Bernadette/Lim Kin prospect area. A number of undocumented copper occurrences have been observed within a 2 kilometre long, northeast-southwest trending zone located adjacent and parallel to high-grade gold bearing quartz veins defined by previous explorers.

Final assays for the rock chip and soil samples collected during the quarter are pending; however, preliminary results indicate strongly anomalous levels of gold, silver and copper.

Maggies Prospect

Follow up of previous exploration carried out by BHP (1994-1995) and Rio (2004 – 2006) has identified a northwest, southeast trending, gossanous (ex-sulphide) horizon up to 16 metres wide and over a strike length of at least 1 kilometre. Strong malachite staining (copper carbonate) was observed locally along the gossan horizon and soil sampling has been carried out to determine whether drill testing is warranted. Limited rock chip sampling has also been completed. Final assays are pending for samples collected during the quarter.

Black Soil Creek Prospect

Previous exploration by BHP defined extensive Broken Hill style base metal and silver anomalism coincident with a strong, conductive EM anomaly. This geochemical anomalism has been validated by check sampling completed by Glengarry. Limited drilling by BHP intersected moderate zinc-lead-copper-silver mineralisation; however, potential for the discovery of an ore body large enough to meet BHP's criteria was downgraded.

BHP's drilling appears to have focussed on the strongest part of geochemical anomalism which would be influenced by

outcrop exposure and not necessarily reflect the best mineralisation. Reprocessing and reinterpretation of the EM data indicates a number of strong conductors that have not yet been drill tested. These conductors may be defining massive sulphide horizons containing high grade base metal mineralisation.

Further work will be planned at Percyvale once all assay results have been received and processed. Drill follow up is scheduled for September 2008.

Hampstead Project (North Queensland)

- ***First tenement granted.***
- ***Initial field reconnaissance carried out.***

The Hampstead Project is located approximately 30 kilometres south southwest of the Greenvale Project (Figure 2) and consists of a number of contiguous EPM applications covering approximately 875 square kilometres.

The Hampstead Project covers the southern extension of Georgetown Inlier, the same geological sequence that underlays the Percyvale and Greenvale Projects. The Project is considered prospective for gold, base metals and uranium.

The Running Creek EPM which covers approximately 15% of the total Project area and includes the south eastern margin of the Hampstead Project was granted in April 2008 and initial field reconnaissance undertaken in June. All other EPM applications are currently being processed and are not yet accessible.

Exploration by Utah Development in the Running Creek area in the early 1980s recorded multiple high grade uranium values (up to 1.38% U₃O₈) from rock chip sampling coincident with a large, 8 x 8 kilometre radiometric anomaly. Reconnaissance by Glengarry has not yet relocated the sites of the high grade uranium samples and further work is planned.

Lucky Creek Joint Venture (North Queensland)

- ***Further drilling pending.***

The Lucky Creek Group tenements originally comprised the north eastern part of the Greenvale Project (Figure 2); however, the tenements are currently subject to a Farm Out Agreement with Beacon Minerals Limited (Beacon) and were not included in the Sale Agreement with Kagara Ltd. Beacon has the right to earn up 80% equity with Glengarry's interest free carried until completion of Bankable Feasible study.

Beacon is managing exploration on the tenements and is planning additional drill testing at a number of prospects in 2008. Further details are provided in Beacon's quarterly report.

Snake Creek Project (Western Queensland)

- ***Farm out Agreement negotiated.***

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

Following expressions of interest from a number of parties, Glengarry has agreed to terms for a farm-out agreement with a company with extensive exploration assets in the region. Legal documentation is currently being prepared for execution in the coming Quarter.

The farm-out will allow the Company to focus on higher priority exploration targets within the Citadel Project, and recently acquired Percyvale and Hampstead Projects in North Queensland.

Mt Guide Joint Venture (Western Queensland)

- ***Exploration work recommenced.***

The Mt Guide Joint Venture is located 35 kilometres south of Mt Isa and covers the southern strike extension of the stratigraphy that hosts the world class Mt

Isa, Hilton and George Fisher base metal deposits.

Glengarry has a 10% free carried interest in the project which was previously subject to a JV agreement with Summit Resources. Exploration is now being managed by unlisted UK company MM Mining Plc (MMM) which has negotiated an agreement to acquire Summit's equity in the Joint Venture.

MMM completed a heli-borne VTEM survey in June 2008 and the data is currently being processed and interpreted. The survey covered the Isa Fault Zone with EM and magnetic data collected from lines 200 metres apart. Geological mapping is in progress to assist with the interpretation of the geophysical data.

Rum Jungle Project (Northern Territory)

- ***Acacia North gold target ready for drilling.***

Glengarry's wholly owned Rum Jungle Project covers approximately 140 square kilometres in the Rum Jungle area located 65km south of Darwin in the Northern Territory. The Project is proximal to the historical Rum Jungle uranium mine (3,530 tonnes U₃O₈) and the Woodcutters lead-zinc mine (~6 Mt @ 12% zinc and 6% lead).

Previous explorers intersected high grade gold mineralisation at Acacia North (up to 6 metres @ 11.3 g/t gold) which is open in all directions. Glengarry has designed a 1,000 metre reverse circulation percussion drill program to test for extensions of the gold mineralisation.

Unfortunately, the Company's attempts to carry out the proposed drilling program have been unsuccessful due a shortage of suitable drill rigs in the Northern Territory. All preparatory work has been completed to enable drilling to occur as soon as an appropriate rig becomes available.

Corporate

Greenvale Project Sales Agreement

Under the Listing Rules of the Australian Securities Exchange, the Company is required to seek approval for the proposed sale of the Greenvale Project to Kagara Ltd from its shareholders as Kagara is a substantial shareholder in Glengarry. The Company will be holding a General Meeting on 9 September 2008 seeking shareholder approval for the sale. A formal notice of the General Meeting, including the Independent Expert's Report and other supporting documentation will be posted to all shareholders in early August 2008.

Future Funding

The funds realised from the sale of the Greenvale Project to Kagara will increase cash reserves to more than \$11,000,000. This will allow Glengarry to aggressively advance existing exploration projects and to pursue new business opportunities in Australia and overseas without issuing additional capital and diluting existing shareholders.

Cash and Investments

At the end of June 2008, Glengarry had approximately \$5.13 million in cash.

Glengarry investments in other public listed companies are currently valued at approximately \$800,000.



David Richards
Managing Director
30th July 2008

Declaration

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by David Richards who is a member of the Australian Institute of Geoscientists and Kevin Seymour who is a member of the Australasian Institute of Mining and Metallurgy. David Richards and Kevin Seymour are full time employees of Glengarry Resources Limited. David Richards and Kevin Seymour have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. David Richards and Kevin Seymour consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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STOCK EXCHANGE LISTING

Glengarry Resources Limited shares are listed on
the Australian Stock Exchange

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