GLENGARRY

EL24970 – DALY RANGE

ANNUAL REPORT

For the Period

14 August 2006 to 13 August 2007

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GLENGARRY RESOURCES LIMITED
ABN 40 009 468 099

SUMMARY

Glengarry Resources' Rum Jungle Project is located 65km south of Darwin and 25km northeast of Bachelor along the Stuart Highway and Alice Springs to Darwin Railway line. The Project encompasses over 140km^2 of prospective Proterozoic stratigraphy in the Pine Creek Geosyncline, proximal to the historical Rum Jungle Uranium Mine and the Woodcutters Lead-Zinc Mine. Rum Jungle produced 0.66M tonnes @ 0.43% U_3O_8 for 3530 tonnes U_3O_8 between 1954 and 1971. Approximately 6M tonnes @ 12% zinc and 6% lead was mined from the Woodcutters Mine between 1985 and 1999. Production of 17,800 tonnes @ 10.7g/t gold was also mined from three small Sundance pits in 1986 and 1993, located 2.5km east of Bachelor and 12km southwest of the Woodcutters Mine.

The Daly Range EL24970 is situated 4km east of the Archaean Rum Jungle Complex. The Complex is mapped as two subcropping domal inliers of Archaean schists and fractionated I plus S-type granite gneisses unconformably draped by Lower Proterozoic Manton Group and Mt Partridge Group metasediments of the Pine Creek Geosyncline. The age of the geosyncline is constrained between 2470 and 1870Ma. Multiple phases of folding and faulting affected the Pine Creek rocks between 1880 – 1760Ma resulting in gently folded north-south trending stratigraphy. The sedimentary rocks have been metamorphosed to sub-greenschist facies.

The regionally extensive and northeast trending Giants Reef Fault truncates the Rum Jungle Complex and displays dextral strike slip faulting, displacing the Rum Jungle Complex up to 7km. The Giants reef Fault passes through the northwestern corner of the Daly Range EL.

Geology within the Daly Range EL is dominated by domal folding of the Acacia Gap Quartzite defining prominent ridgelines. Older Whites Formation metasediments occupy the core of the anticline. The Whites Formation is dominated by pyritic carbonaceous shale and hosts the Rum Jungle uranium deposits plus base metal mineralisation at Woodcutters.

Exploration undertaken within EL24970 by Glengarry Resources during the reporting period has consisted of the compilation and review of all historical exploration data, compilation of available regional geophysical datasets and field validation/inspection of reported gold anomalies at DeMonchaux Creek. Reconnaissance traverses and rock chip sampling by Glengarry has confirmed the presence of anomalous gold mineralisation from quartz outcrops at DeMonchaux Creek.

Proposed reverse circulation drilling into the DeMonchaux Creek gold anomaly has been delayed until the 2008 field season due to the inability to secure a suitable drilling contractor within the period.

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1.0 Introduction

Exploration Licence (EL) 24970 is located 65 kilometres south of Darwin and 25km northeast of Bachelor within the Rum Jungle Mineral Field of the Northern Territory (Figure 1). The project area is considered prospective for sediment hosted epigenetic structurally controlled gold, lead-zinc and uranium mineralisation.

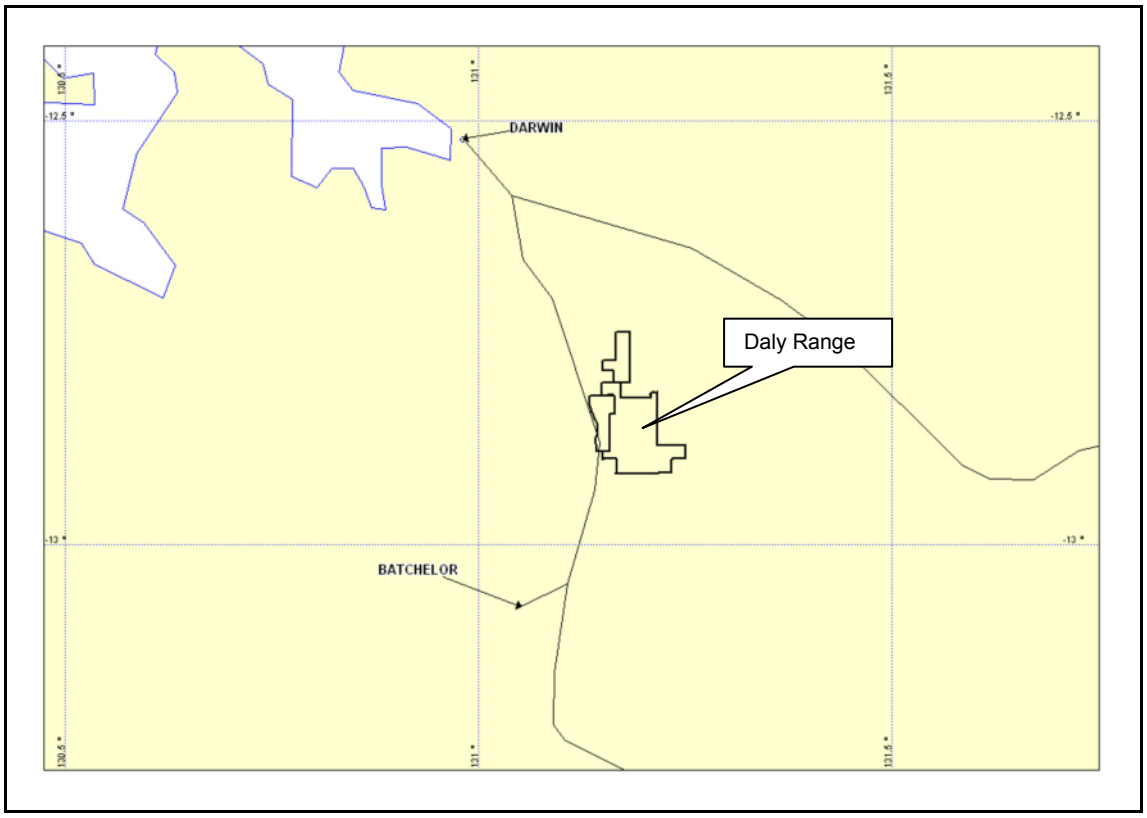

Figure 1: Location Plan Rum Jungle Project.

2.0 Tenement

Glengarry Resources' Rum Jungle Project covers a combined area of 141km^2. The Daly Range EL24970 (Figure 2) was granted 14th August 2006. Tenement details are summarised below.

Glengarry Resources Limited
TENEMENT LISTING AS AT 31 MAY 2007

Tenement Number	Locality	Holder	Application Date	Grant Date	Expiry Date	Area Blocks	Area km2	Rent /unit	Annual Rent	Expenditure Commitment Year	(Granted)	(Pending)
NORTHERN TERRITORY												
RUM JUNGLE			**Glengarry 100%**									
Granted Tenements												
EL 24970	Daly Range	GGY	04-Oct-05	14-Aug-06	13-Aug-12	28	90	10.00	280.00	Yr 1	65,400	
						28	**90**		**280.00**		**65,400**	

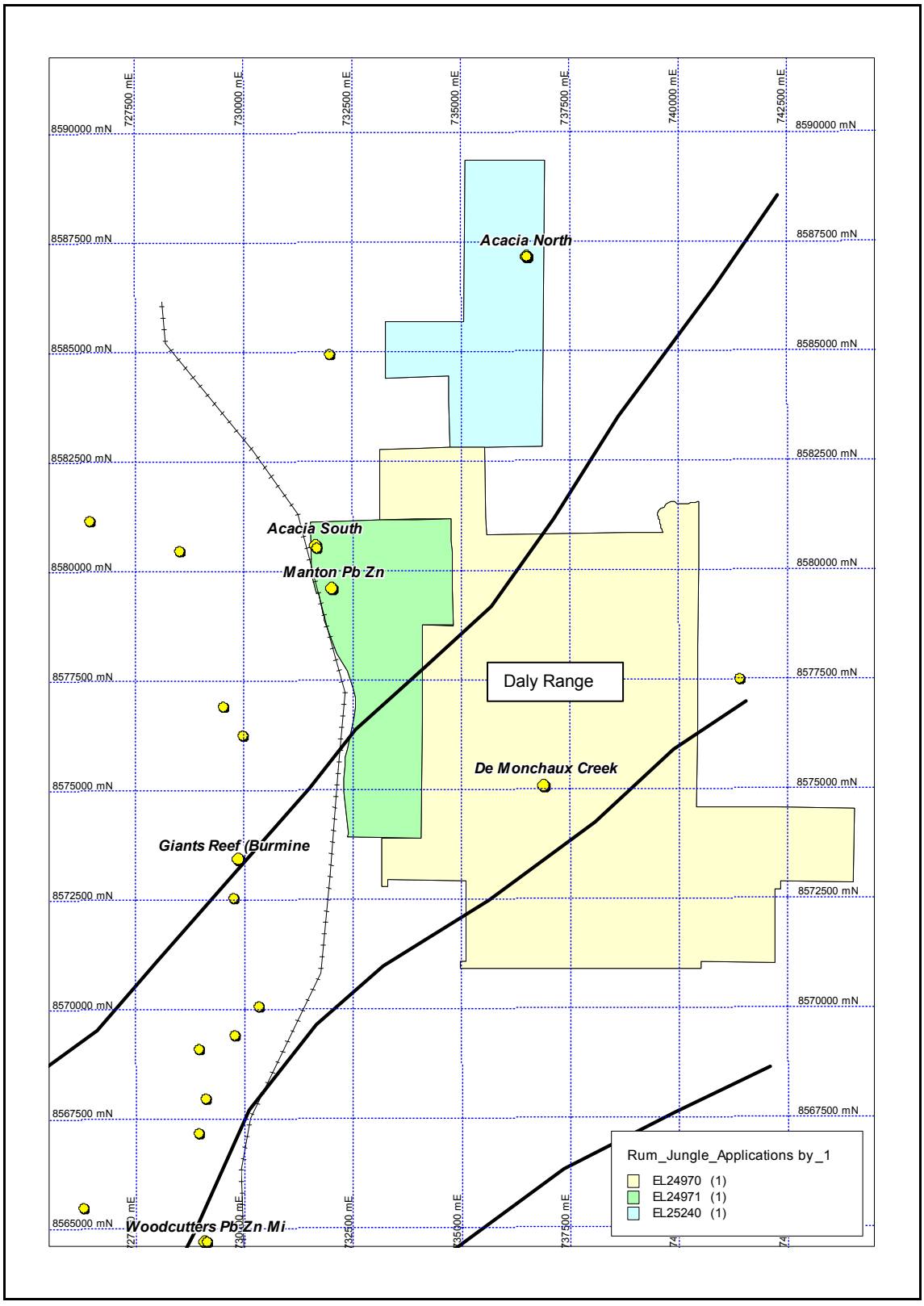

Figure 2: Location Plan Daly Range EL24970.

3.0 Geology and Mineralisation

The Rum Jungle Complex comprises Archaean schists and fractionated I plus S-type granite gneisses exposed as two domal inliers. Manton Group sandstones plus conglomerates and Mt Partridge Group sediments of the Pine Creek Geosyncline unconformably overlying the Archaean basement rocks. The age of the geosyncline is constrained between 2470 and 1870Ma. Multiple folding and faulting events affected the Pine Creek rocks between 1880 – 1760Ma. Locally the rocks are gently folded about north south axes and have been metamorphosed to sub-greenschist facies. The late stage Giants Reef Fault, representing a regionally extensive northeast trending dextral strike slip fault displaces the Rum Jungle Complex by 7km (Figure 3).

The Mt Partridge Group is subdivided into the Crater Formation, Coomalie Dolostone and Whites Formation. Dolerite plus gabbro sills of the Zamu Dolerite intrude these Formations. Lead-zinc-silver mineralisation at Woodcutters and uranium mineralisation at Rum Jungle are hosted by pyritic carbonaceous shales of the Whites Formation.

The Embayment area along the southwestern margin of the Rum Jungle Dome contains the Rum Jungle uranium deposits. Uranium mineralisation sits along the northwestern limb of a gently southwest plunging syncline within the Whites Formation near its basal contact with the Coomalie Dolostone. Mineralisation is aligned to but appears to be truncated by subsequent strike-slip movement along the Giants Reef Fault.

Uranium occurrences occur around the margins of the Rum Jungle Dome and are also reported throughout the South Alligator Group sediments at or near the basal contact with the Mt Partridge Group.

The Woodcutters deposit occurs within Whites Formation carbonaceous shale on the eastern margin of the Rum Jungle Dome. Zinc-lead-silver mineralisation is hosted by a north trending fault (Woodcutters Fault) that offsets the north northeast trending Woodcutters Anticline. Mineralisation is dominated by pyrite, sphalerite and galena in irregular lenses up to 400m in length and 25m in width.

Mapping by the NT Geological Survey during 2002 (Ahmad et al 2006) observes the majority of mineralisation at Woodcutters is hosted in and related to subvertical sinistral (20-200m displacement) west side up faults. Mineralised structures are offset by northeast trending faults synchronous with movement along the Giants Reef Fault. Earlier interpretations by Normandy Mining suggest the replacement style base metal mineralisation is epigenetic and controlled by a series of flat lying (bedding parallel) laminated shears ramping towards the north south trending Woodcutters Fault.

Gold mineralisation within the Pine Creek Geosyncline is predominately hosted in quartz veins (0.5 to 2m) localised within north south trending anticlinal hinges. Minor occurrences of quartz stockwork mineralisation are also noted. The small Sundance gold mine is hosted by a ferruginous and silicified haematite quartz breccia.

Figure 3: Rum Jungle Mineral Field Solid Geology and Mineral Occurrences (modified after Ahmad etal 2006)

Geology of the project area is dominated by isoclinally folded sequences of the Mt Partridge Group. Exposures of the lower most Coomalie Dolostone are observed north of the Giants Reef Fault. The Giants Reef Fault displays a dextral offset of 7km and effectively displace the strike extension of the Woodcutters Zn-Pb Mine into the Manton Prospect areas within Glengarry's project holding.

The Woodcutters Mine is hosted by dolomitic black shale pyritic calcareous and carbonaceous argillites plus dolostones of the Whites Formation which conformably overlies the Coomalie Dolostone. The Whites Formation pyritic argillites also host the gold anomalism at DeMonchaux Creek.

Prominent ridgelines of Acacia Gap Quartzite overlying the Whites Formation dominate the exposures within the Daly Range EL. These occur south of the Giants Reef Fault towards the banks of the Adelaide River along the eastern margin of the project holding.

North of the Giants Reef Fault the folded stratigraphy is interpreted to plunge northwards while south of the fault the stratigraphy plunges southwards.

4.0 Previous Exploration

Magnum Exploration NL (1974)

- Magnum completed a review of regional BMR base metal sampling data.

Amax Exploration (1976-1977)

- Amax joint ventured into the Magnum ground and completed regional mapping, geochemical sampling and flew radiometric plus magnetic surveys.
- Two lead anomalies were identified (L1 and L2) but attempts to drill test failed due to broken cavernous ground conditions. The L1 Anomaly correlates with Normandy's Acacia South Prospect.

Uranerz Australia (1982-1983)

- Uranerz completed wide spaced RAB soil sampling and regional geological mapping, primarily to the northwest of Glengarry's land holding. No uranium anomalies were generated.

Burmine Limited (1990-1991)

- Burmine completed -80mesh and BLEG stream sediment sampling plus selective rock chip sampling over much of the ground. Gold anomalism was discovered at De Monchaux Creek but the ground was relinquished before the source was identified.
- Burmine discovered anomalous rock chip samples up to up to 40g/t gold west of Glengarry's land holding along the trace of the Giants Reef Fault. The auriferous breccias were partially masked by Proterozoic conglomerates and recent arkosic sediments which restricted the effectiveness of surface soil sampling.
- Newcrest joint ventured into the western anomaly and complete 5 RC holes. Drilling intersected an anomalous ferruginous sericitic shear zone with the best

result of 5m @ 3.18g/t Au from 47m. Newcrest subsequently withdrew from the joint venture.

Normandy Woodcutters (nee Aztec Mining Co.) (1992 – 1998)

De Monchaux Creek Grid:

- Normandy completed minus 40 mesh stream sediment sampling throughout the project leases. No anomalous responses were reported.
- Two hundred and seven RAB holes (sampling bottom of hole interval only) returned elevated Pb (max 470ppm), Zn (max 1440ppm), As (max 420ppm) and Au (max 90ppb).
- Surface rock chip sampling however returned high grade gold to 71g/t Au with associated anomalous base metals (Cu to 1550ppm and Pb to 9100ppm).
- Four costeans were dug and confirmed high grade gold mineralisation. Results included:
    - DMCOS01: 13m @ 0.73g/t Au
    - DMCOS02: 10m @ 0.59g/t Au
    - DMCOS03: 8m @ 0.93g/t Au + 18m @ 3.85g/t Au incl. 4m @ 14.6g/t Au
    - DMCOS04: 2m @ 1.20g/t Au
- Small RC programme (316m) confirmed high grade mineralisation including 8m @ 6.04g/t Au, 3m @ 47.8g/t Au and 6m @ 7.8g/t Au but a subsequent 3 hole deeper diamond drilling programme returned disappointing results – best assay was 4m @ 1.25g/t Au from 173m.
- Infill RC drilling (7 holes for 294m) only returned one anomalous interval – 2m @ 4.57g/t Au from 38m
- Further 5 RC holes were drilled at De Monchaux North. Best result was 2m @ 0.64g/t Au.
- RAB drilling (33 holes) was completed over soil covered terrain along the southern margins of the grid. No anomalous results were returned.
- RAB drilling (181 holes) were drilled at De Monchaux Creek East, as follow–up to anomalous Uranerz base metal results. No significant results were returned.

Table 3: DeMonchaux Creek significant (>0.5g/t Au) gold intersections

Hole_Id	*F/Depth (m)*	*AMG East*	*AMG North*	*Az/Dip*	*From (m)*	*To (m)*	*Interval (m)*	*Intersection (g/t Au)*
DCRC1	41	736970	8575020	270/60	10 27 32	16 28 34	6 1 2	1.35 2.60 0.74
DCRC2	41	736959	8575020	270/60	0 12 20 32	9 16 22 33	9 4 2 **1**	0.85 0.78 0.72 **10.8**
DCRC3	41	736946	8575020	270/60	0 14	6 19	6 5	0.51 1.49
DCRC4	29	736934	8575020	270/60 incl.	3 6 16	11 7 18	**8** **1** 2	**6.04** **34.1** 1.06
DCRC5	35	736904	8575100	270/60 incl.	0 0 9	3 1 10	**3** **1** 1	**47.8** **138** 0.71
DCRC6	41	736915	8575099	270/60	25	27	2	0.83
DCRC7	41	736986	8574902	270/60				NSR
DCRC8	26	737005	8574902	270/60				NSR
DCRC9	44	736904	8575056	270/60	0	2	2	0.85
DCRC10	44	736919	8575056	270/60				NSR

DCRC11	44	736934	8575056	270/60				NSR
DCRC12	60	736922	8575021	090/60	0 38	2 40	2 2	0.73 4.43
DCRC13	14	736950	8574901	270/60				NSR
DCRC14	44	736947	8574901	270/60				NSR
DCRC15	44	736970	8574901	270/60				NSR
DMCD1	342	737058	8575041	245/65	173 183 226	178 184.5 227	5 1.5 1	1.12 0.67 0.76
DMCD2A	330	736836	8574924	090/67	230	230.4	0.4	0.55
DMCD3	141	736991	8574988	270/55				NSR
DMNRC01	50	736975	8576850	270/60	10	12	2	0.64
DMNRC02	50	736990	8576850	270/60				NSR
DMNRC03	66	737005	8576850	270/60	64	66 eoh	2	0.25
DMNRC04	66	737025	8576850	270/60				NSR
DMNRC05	50	736955	8576850	270/60				NSR

5.0 Work Carried Out During the Reporting Period

5.1 Data Compilation and Review

Exploration by Glengarry Resources during the 2006 - 2007 reporting period included a compilation and review of all the available open file exploration data. All the known reported geochemical and drill hole data has been captured and incorporated into Glengarry's GIS database along with available public domain regional geological, landsat, radiometric and aeromagnetic imagery.

This combined dataset has been interrogated and target areas selected for further exploration.

5.2 Field Reconnaissance

Following consultation with various landowners within the EL field validation and reconnaissance mapping was completed over key target areas within the tenement.

An aggregate of 18 rock chip samples of gossanous quartz and/or ferruginous hardpan were collected around the DeMonchaux Creek area and over key radiometric anomalies throughout the EL. Scintillometer traverses were completed over selected radiometric responses throughout the tenement in conjunction with the reconnaissance sampling.

Details on the samples collected are presented in Appendix 1.

5.3 Sample Analysis

All Glengarry samples were submitted to Australian Laboratory Services in Alice Springs for total sample preparation and analysis of a suite of elements, as detailed below.

Rock Chip Analysis

Gold determination by fire assay Au-AA26 – 50gm sample weight with AAS finish. Lower limit of detection at 0.01ppm Au.
Trace elements including Ag, As, Ba, Bi, Cu, Mo, Pb, U and Zn by a four acid near total digest (ME – ICP61).

6.0 Discussion of Results – Exploration Potential

The Whites Formation that dominates the geology within the DeMonchaux Creek area remains prospective as an attractive chemical host rock for epigenetic structurally controlled gold mineralisation (Figure 4).

DeMonchaux Creek:

Gold mineralisation at DeMonchaux Creek is associated with disseminated pyrite within dolomitic shale of the Whites Formation. Normandy's rock chip sampling returned anomalous assays up to 71g/t Au and subsequent costeaning returned encouraging assays up to 18m @ 3.85g/t Au in DMCOS-3. Twenty two RC holes were drilled into the prospect area. High grade shallow intersections were reported from RC drilling, but the deeper holes failed to display any depth continuity. Better intersections include:

8m @ 6.04g/t Au from 3m in DCRC004
3m @ 47.8g/t Au from surface in DCRC005

Given the magnitude of the near surface results a more comprehensive review of the historical drill hole data was undertaken. The immediate dip potential of the DeMonchaux Prospect appears closed but it remains unclear whether any shallow plunge to the high grade gold mineralisation can be established (Figures 5 and 6), hence further exploratory RC drilling is recommended.

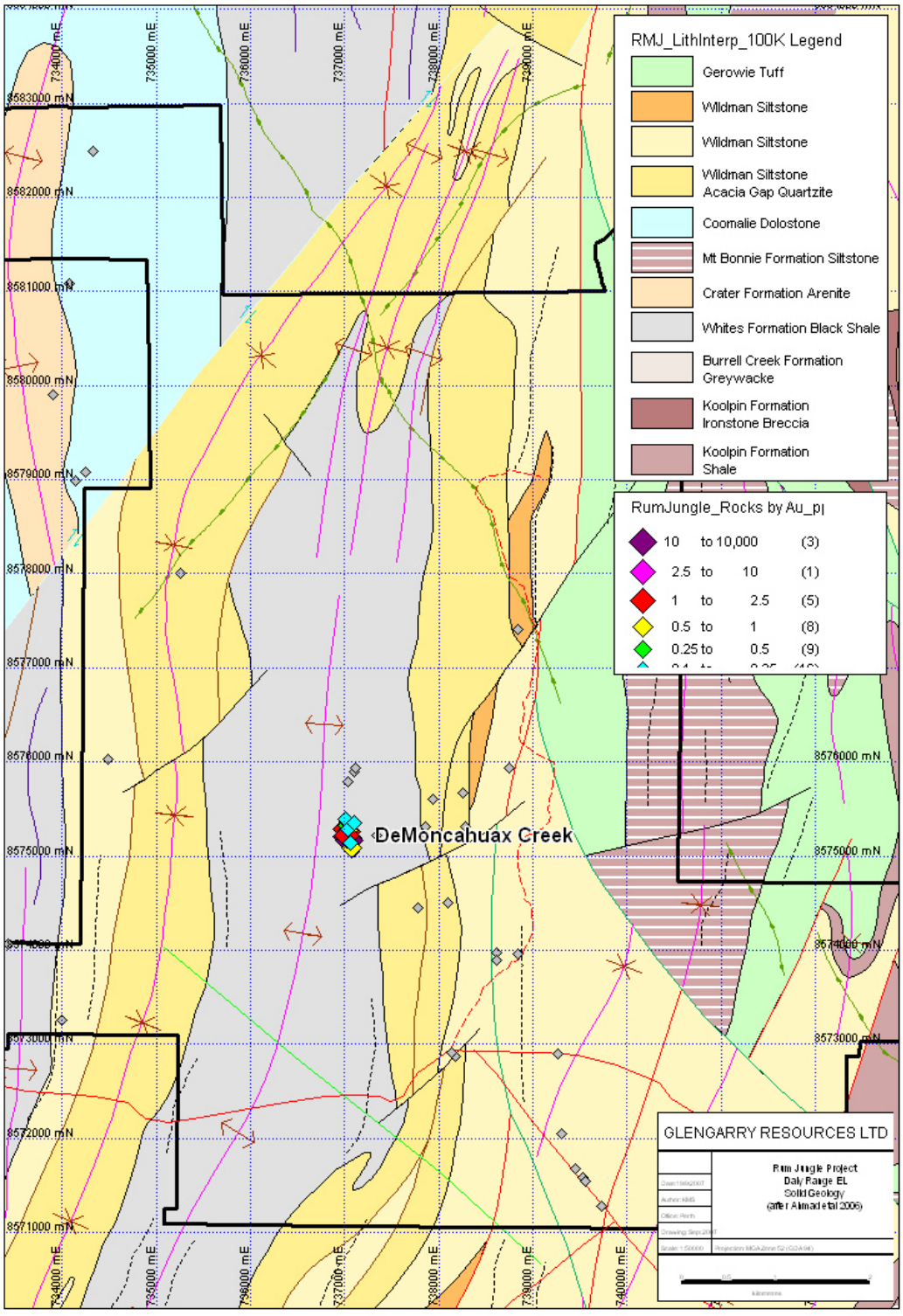

Figure 4: Solid geology interpretation of the Daly Range EL (after Ahmad et al 2006).

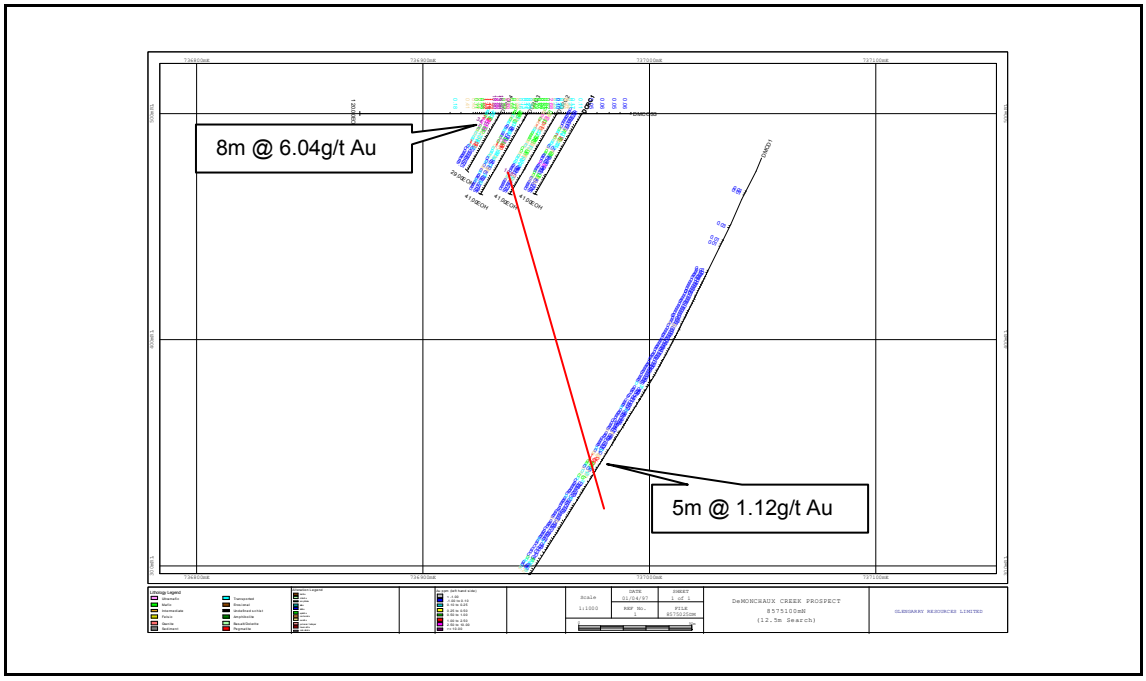

Figure 5: DeMonchaux cross section 8575400mN. Dip of mineralisation shown by red line. See Figure 6 below for plan reference.

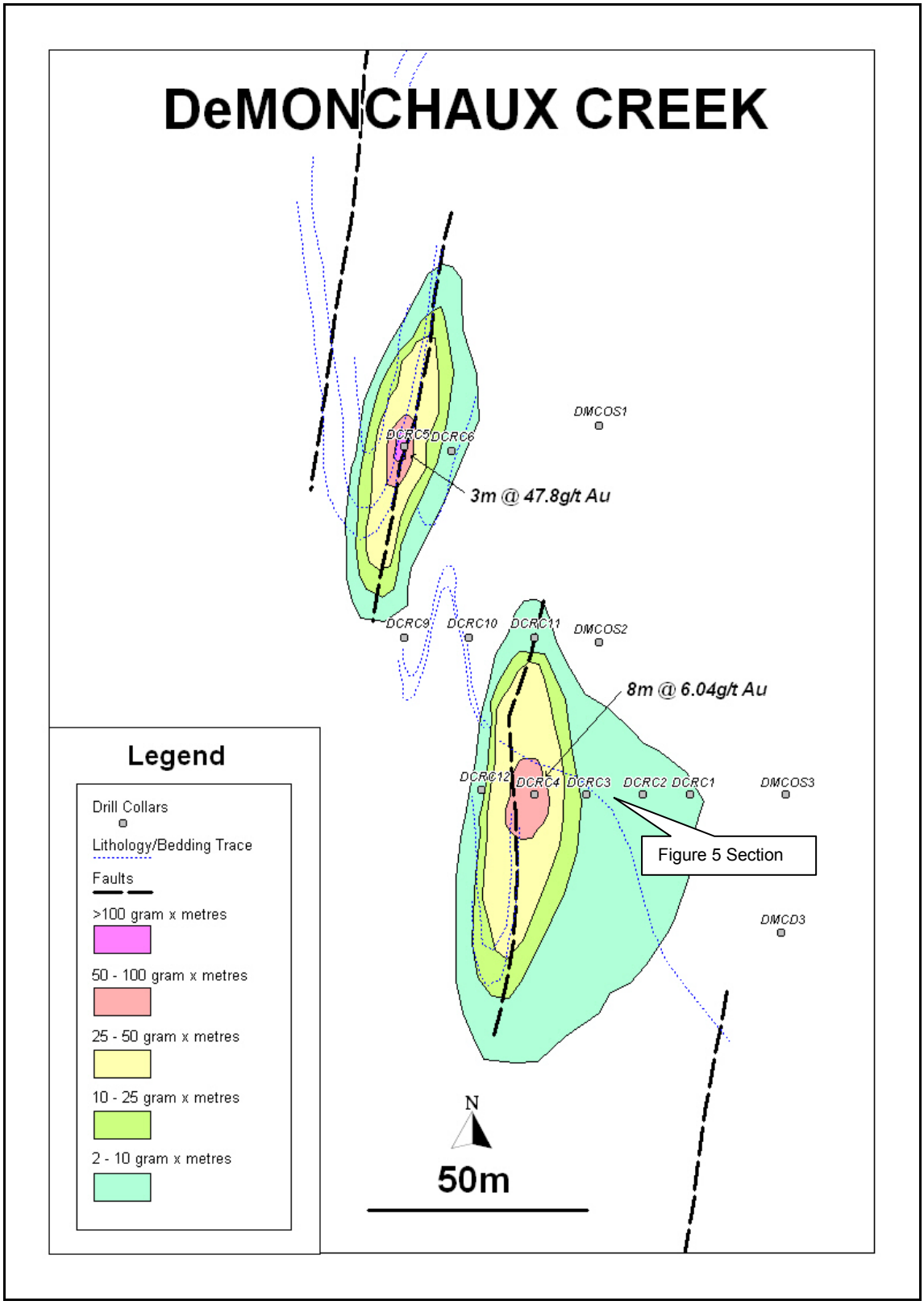

Figure 6: DeMonchaux Creek gram x metre gold contour plot.

Elsewhere within the EL, anomalous uranium mineralisation has been reported along the base of the Whites Formation and in the Coomalie Dolostone and is evident from aerial radiometric surveys. The Whites Formation represents carbonaceous shale and dolomite, prospective for precipitation of uranium mineralisation along redox fronts. The Whites Formation gives anomalous uranium responses around the margins of the Rum Jungle Dome plus the Woodcutters Mine and extends into Glengarry's project leases (Figure 7). Prospective targets may be defined along shear zones that pass through the Whites Formation and/or associated with redox fronts along iron rich mafic sills (eg: Zamu Dolerite), rather than specifically targeting regional unconformities.

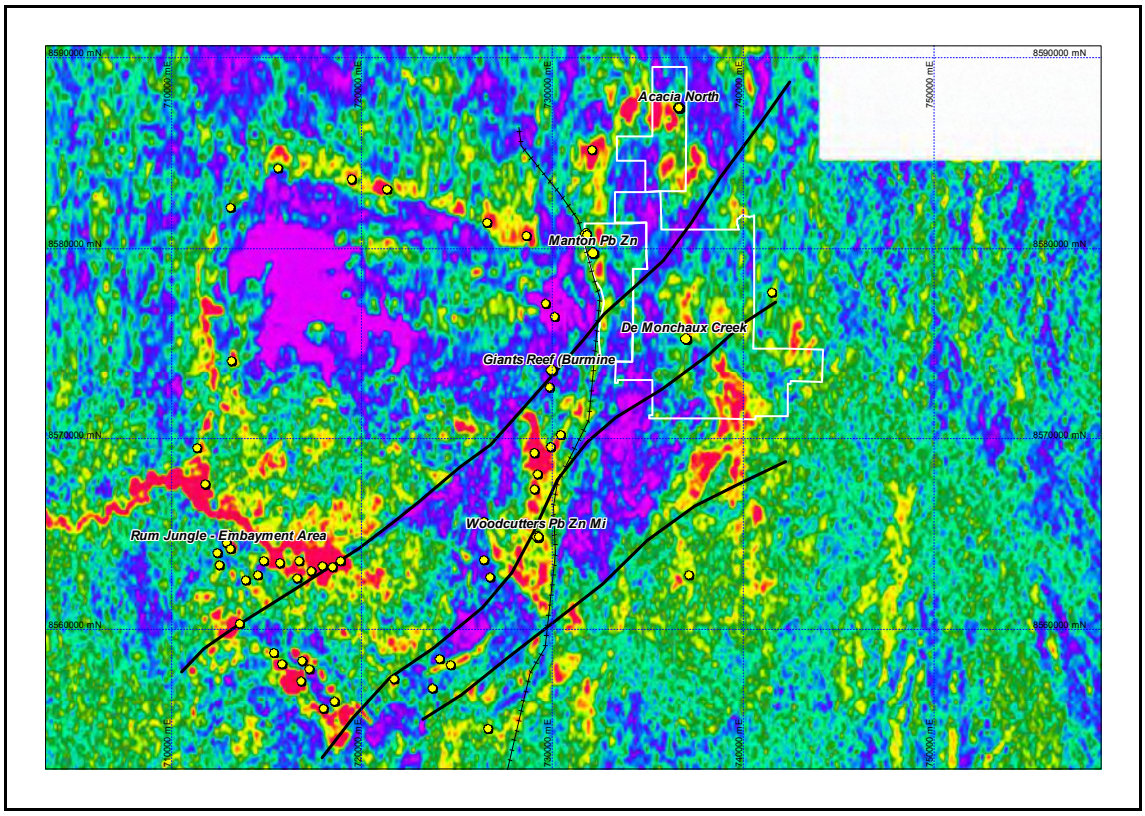

Figure 7: Rum Jungle Complex – Regional Uranium Radiometrics. Note anomalous drainage dispersion trail to the west of the Rum Jungle Mines.

Scintillometer traverses completed by Glengarry Resources during the 2007 field season confirmed the anomalous radiometric uranium responses relate to exposures of Recent-Tertiary transported hardpan. The hardpan is a lateritised, poorly sorted talus conglomerate and contains abundant clasts of angular quartz plus lithic Proterozoic siltstone and/or shale fragments (Figure 8). Anomalous scintillometer responses upto 850 counts per second (cps) are recorded from the hardpan material. General background radiation in the project area is approximately 150cps.

Figure 8: Subcrop of lateritised fluvial hardpan. Scintillometer is reading 753 cps (counts per second)

Away from the prominent Acacia Gap Quartzite ridges much of the Rum Jungle project is soil covered with sporadic exposures of the lateritised hardpan as mapped by the radiometric data. Given the observed relationships between the shallow soil unconformably overlying the lateritised hardpan, in turn unconformably overlying the Palaeoproterozoic sediments the effectiveness of historical surface soils and shallow miniRAB drilling must be questioned.

The immediate strike extensions to the De Monchaux Creek gold anomalies are masked by the overlying lateritised hardpan. This helps explain the observed lack of surficial gold anomalism north and south of the exposed mineralisation. Subtle linear arsenic geochemical trends are however evident from historical Normandy miniRAB traverses (Figure 9) which may be reflecting potentially mineralised shears at depth. Hence deeper drill traverses will be required to effectively explore this complex regolith environment.

7.0 Proposed 2007 – 2008 Expenditure

Geological Prospect Mapping and Sampling	$10,000
Airborne EM Survey	$10,000
Interface RAB/Auger Drilling	$15,000
Reconnaissance RC Drilling – 2 holes (200m)	$30,000
TOTAL	**$65,000**

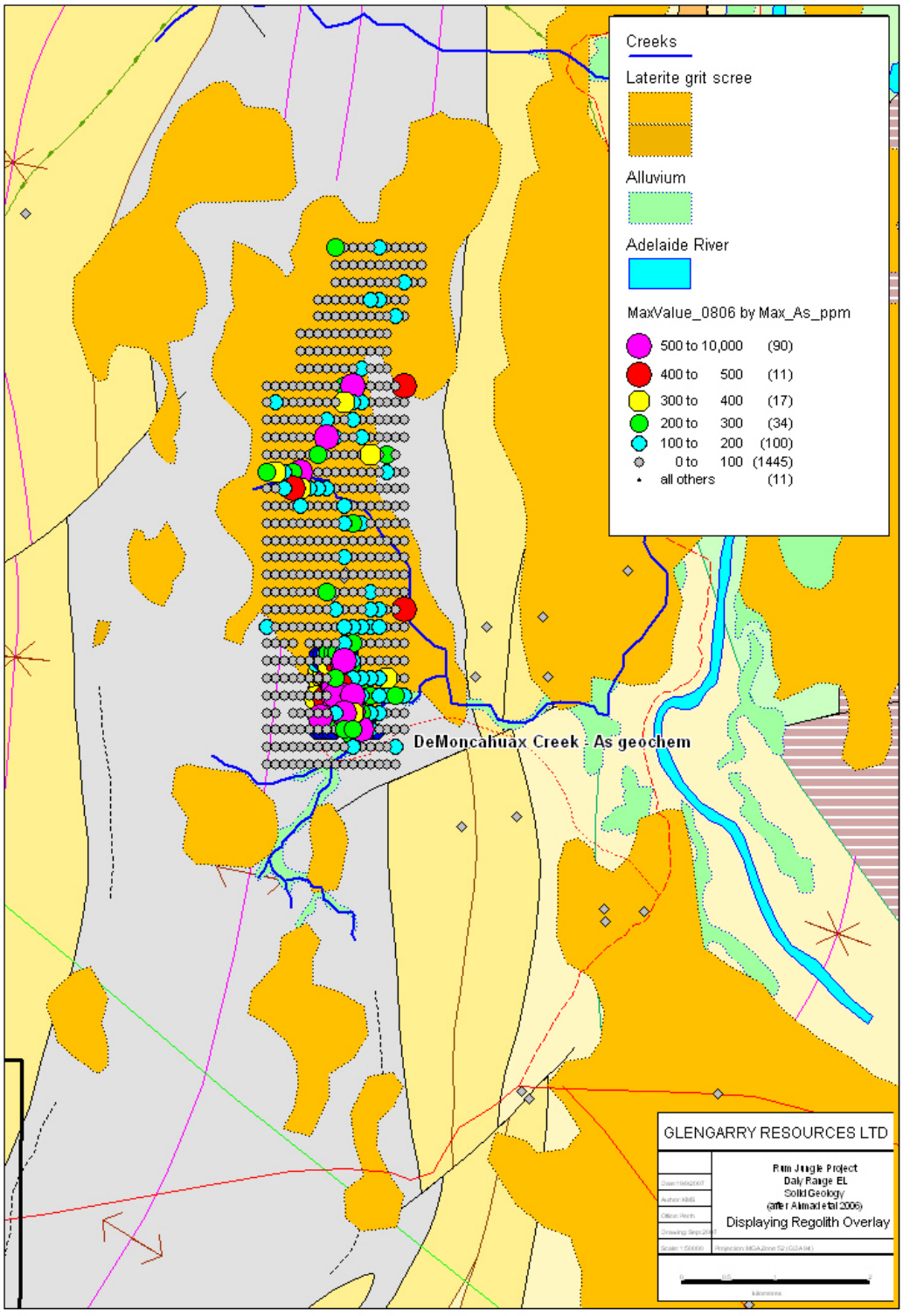

Figure 9: Reconnaissance mapped lateritised fluvial hardpan pervading north and south of the DeMoncahaux Creek gold anomaly. Anomalous linear arsenic trends are evident in the geochemical datasets. These may represent buried, potentially mineralised structures.

8.0 Conclusion/Recommendations

Compilation and review of available open file exploration data plus interpretation of public domain regional aeromagnetic and radiometric datasets has highlighted the prospectivity of Glengarry's Daly Range EL to host significant epigenetic structurally controlled gold mineralisation. The potential for significant uranium mineralisation has however been downgraded.

Reconnaissance mapping and sampling by Glengarry has confirmed the anomalous uranium responses are restricted to Recent-Tertiary surficial fluvial hardpan, lying unconformably over the prospective Proterozoic rocks.

This unconformable nature of the fluvial hardpan is believed to have masked earlier surface and shallow auger sampling exploration programmes by previous explorers. Glengarry therefore intends to complete further reconnaissance exploration drilling along the DeMonchaux Creek trend during 2008, to establish whether additional gold anomalism can be identified along strike.

9.0 Reference

Ahmad, M., et al. 2006; Economic Geology of the Rum Jungle Mineral Field. Northern Territory Geological Survey Report No. 19. Northern Territory Govt.

APPENDIX 1: Rock Chip Sampling Data

COMPANY	SAMPLEID	SAMPLE_TYP	NAT_EAST	NAT_NORTH	NAT_GRID_I	DATE_SAMP	AGE	TYPE	LITHOLOGY	AU_PPM	AG_PPM	ARS_PPM	BA_PPM
GLENGARRY	NT00010	RKCHIP	739271	8572893	MGA94_52	7/4/2007	TY	rockchip	Chf	0.005	0.250	3	280
GLENGARRY	NT00011	RKCHIP	739302	8572044	MGA94_52	7/4/2007	TY	rockchip	Chf	0.005	0.250	3	340
GLENGARRY	NT00012	RKCHIP	737104	8575890	MGA94_52	7/4/2007	TY	rockchip	Chf	0.005	0.250	8	310
GLENGARRY	NT00013	RKCHIP	737111	8575930	MGA94_52	7/4/2007	TY	rockchip	Chf	0.005	0.250	3	430
GLENGARRY	NT00014	RKCHIP	737341	8575213	MGA94_52	7/4/2007	PR	rockchip	Vq	0.005	0.250	3	370
GLENGARRY	NT00015	RKCHIP	737065	8575156	MGA94_52	7/4/2007	PR	rockchip	Ssh	0.005	1.200	3	250
GLENGARRY	NT00016	RKCHIP	738751	8575936	MGA94_52	7/4/2007	TY	rockchip	Chf	0.005	0.250	3	220
GLENGARRY	NT00017	RKCHIP	738842	8573958	MGA94_52	7/4/2007	PR	rockchip	S	0.005	0.250	3	60
GLENGARRY	NT00018	RKCHIP	739452	8571674	MGA94_52	7/4/2007	TY	rockchip	Chf	0.010	0.250	19	230
GLENGARRY	NT00019	RKCHIP	739535	8571581	MGA94_52	7/4/2007	TY	rockchip	Chf	0.005	0.250	30	190
GLENGARRY	NT00020	RKCHIP	739562	8571546	MGA94_52	7/4/2007	TY	rockchip	Chf	0.005	0.250	14	170
GLENGARRY	QA00244	RKCHIP	738133	8572907	MGA94_51	8/21/2006	PR	rockchip	Vq	0.005	0.250	12	30
GLENGARRY	QA00254	RKCHIP	738619	8573895	MGA94_51	8/21/2006	PR	rockchip	Ssh	0.005	0.250	187	140
GLENGARRY	QA00255	RKCHIP	737079	8575105	MGA94_51	8/21/2006	PR	rockchip	Hx	0.060	0.700	349	30
GLENGARRY	QA00256	RKCHIP	737079	8575105	MGA94_51	8/21/2006	PR	rockchip	Ssh	0.030	1.600	550	50
GLENGARRY	QA00257	RKCHIP	737062	8575135	MGA94_51	8/21/2006	PR	rockchip	Fsc	0.100	1.300	287	50
GLENGARRY	QA00258	RKFLOAT	737039	8575783	MGA94_51	8/21/2006	TY	float	Chf	0.005	0.250	280	60
GLENGARRY	QA00259	RKFLOAT	739728	8571271	MGA94_51	8/21/2006	PR	float	S	0.005	0.250	130	110

SAMPLEID	CO_PPM	CU_PPM	FE_PCT	MN_PPM	MO_PPM	PB_PPM	SB_PPM	TH_PPM	U_PPM	U3O8_PPM	V_PPM	W_PPM	ZN_PPM
NT00010	6	14	0	0	1	15	3	0	5	0	0	0	36
NT00011	5	6	0	0	1	10	3	0	5	0	0	0	28
NT00012	4	10	0	0	1	37	3	0	5	0	0	0	9
NT00013	6	8	0	0	1	15	3	0	5	0	0	0	19
NT00014	5	9	0	0	1	14	3	0	10	0	0	0	21
NT00015	19	61	0	0	2	19	5	0	20	0	0	0	27
NT00016	11	12	0	0	2	13	5	0	5	0	0	0	37
NT00017	17	8	0	0	1	6	3	0	10	0	0	0	247
NT00018	37	66	0	0	3	27	3	0	10	0	0	0	221
NT00019	53	50	0	0	8	36	3	0	5	0	0	0	196
NT00020	16	26	0	0	3	20	3	0	5	0	0	0	271
QA00244	0	92	0	0	3	3	3	0	5	0	0	0	78
QA00254	0	50	0	0	9	9	3	0	20	0	0	0	1380
QA00255	0	24	0	0	1	84	8	0	5	0	0	0	45
QA00256	0	36	0	0	2	275	21	0	5	0	0	0	41
QA00257	0	63	0	0	2	424	27	0	5	0	0	0	56
QA00258	0	40	0	0	5	26	3	0	10	0	0	0	115
QA00259	0	82	0	0	23	43	5	0	10	0	0	0	77

Glengarry Resources Limited - Lithology Codes Addendum to Appendix 1:

Chf	Ferricrete
Vq	Quartz vein
Ssh	Shale
S	Sediment – undifferentiated
Fsc	Felsic schist
Hx	Tectonic breccia
TY	Tertiary Age
PR	Proterozoic Age