GLENGARRY

Chairman's Letter to Shareholders

28 July 2008

Dear Shareholder,

On 10 June 2008, Glengarry announced that it had entered into a conditional agreement for the sale of the Company's Greenvale Project, including the Maitland Copper Deposit, to Kagara Ltd.

Under the Listing Rules of the Australian Securities Exchange, the Company is required to seek approval for the proposed sale 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.

Prior to deciding to pursue the sale of the Greenvale Project, your Directors carefully considered a range of alternatives to achieve the best outcome for shareholders, including a potential mining operation centred on the Maitland Deposit. In this respect, Glengarry commissioned an independent economic scoping study to assess possible development options for the Maitland Deposit. The scoping study indicated that the Maitland Deposit was too small to support the building of a stand-alone processing facility. However, a small scale operation to mine the high grade portion of the deposit and treat it through an existing third party processing plant could likely be viable.

The potential to increase the size of the existing Maitland resource, to a size necessary for a stand-alone operation, is considered to be very limited. Glengarry has already expended considerable time and money in this endeavour. Consequently, the sale of the Greenvale Project to Kagara, which has the development expertise and nearby mining and milling infrastructure, has been negotiated. The Directors of Glengarry believe that the sale will provide the best alternative to maximise value for Glengarry shareholders.

An Independent Expert has reviewed the details of the proposed sale to Kagara and concluded that it considers the terms of sale to be fair and reasonable. As such, the Directors of Glengarry recommend that you vote in favour of the sale of the Greenvale Project. Shareholders are encouraged to read the Notice of General Meeting and Explanatory Memorandum, including the Independent Expert's Report accompanying this letter.

The sale of the Greenvale Project and Maitland Copper Deposit to Kagara provides Glengarry with the opportunity to aggressively advance existing exploration projects and to pursue new business opportunities. The Directors of Glengarry have a proven track record of identifying and exploiting resource opportunities and adding value for shareholders. A number of opportunities are currently under review throughout Australia and offshore.

Yours faithfully

Keith G McKay
Chairman

GLENGARRY RESOURCES LIMITED ABN 40 009 468 099
Telephone: (08) 9322 4929 Facsimile: (08) 9322 5510
PO Box 975 West Perth WA 6872 35 Havelock Street West Perth WA 6005
Website: www.glengarry.com.au Email: info@glengarry.com.au

GLENGARRY RESOURCES LIMITED

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NOTICE OF GENERAL MEETING and EXPLANATORY MEMORANDUM

The Independent Expert has concluded the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of the Company.

A General Meeting of the Company will be held at the Celtic Club, 48 Ord Street, West Perth WA 6005 on Tuesday 9 September 2008 at 10.00 am (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.

GLENGARRY RESOURCES LIMITED

ACN 009 468 099

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Glengarry Resources Limited ("Company") will be held at the Celtic Club, 48 Ord Street West Perth WA 6005 on Tuesday 9 September 2008 at 10.00 am (WST), ("Meeting").

The Proxy Form forms part of this Notice of 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 5.00 pm on 7 September 2008.

AGENDA

ORDINARY BUSINESS

1. Approval of Proposed Transaction

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

"That, for the purposes of Listing Rule 10.1 of the Listing Rules of the Australian Securities Exchange and for all other purposes, the Shareholders approve the sale of the Company's Greenvale Project to Kagara Ltd for the following consideration:

(a) Payment of $6,500,000; and

(b) Payment of a royalty of $5 per tonne on all ore milled from the Greenvale tenements in excess of one million tonnes.

on the terms and conditions as more particularly described in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion

The Company will disregard any votes cast on this resolution by Kagara Ltd or any associate of Kagara Ltd.

However, the Company need not disregard a vote if:

(a) 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

(b) 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.

By Order of the Board

G. A. James

Geoff James
Company Secretary
28 July 2008

GLENGARRY RESOURCES LIMITED

ACN 009 468 099

Proxies

A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote at the General Meeting.

Where more than 1 proxy is appointed and the appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.

A proxy may, but need not be, a member of Glengarry.

Appointment of a proxy by a member who is a corporation must be executed in accordance with section 127 of the Corporations Act.

A form of proxy accompanies this Notice of General Meeting.

To be effective, the completed proxy together with the power of attorney (if any) under which it is signed, must be received by Glengarry at the West Perth office of the Company (Mezzanine Level, 35 Havelock Street, West Perth WA 6005) or by mail to PO Box 975, West Perth WA 6872 or by Facsimile +61 8 9322 5510 not less than 48 hours before the time for holding the meeting.

If you require any further information about the proxy form or attendance at the General Meeting, please contact the Company Secretary by telephone on +61 8 9322 4929.

GLENGARRY RESOURCES LIMITED

ACN 009 468 099

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting of the Company to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia 6005 on Tuesday 9 September 2008 at 10.00 am (WST).

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

This Explanatory Memorandum and the Independent Expert's Report in Annexure A are important documents and should be read carefully by all Shareholders.

The Independent Expert has concluded the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of the Company.

1. Resolution – Approval of Proposed Transaction

1.1 Background

On 10 June 2008, Glengarry Resources Limited ("Company" or "Glengarry") announced that it had entered into an initial conditional agreement in relation to the sale of the Greenvale Project which includes the Maitland Copper/Molybdenum Deposit to Kagara Ltd ("KZL"). Glengarry will receive consideration of $6.5 million cash in relation to the sale of the tenements and a royalty of $5 per tonne in respect of all ore milled in excess of one million tonnes. The Company will retain the 1% net smelter return royalty on any future uranium production by Mega Uranium Ltd from the Greenvale Project. The initial conditional agreement has now been replaced with a detailed formal Asset Sale Agreement and Royalty Deed (the material terms of which are summarised below).

The Greenvale Project comprises:

(a) 4 exploration tenements located in Northern Queensland (Exploration Permit Numbers 12510, 12513, 15050 and 15051). Glengarry has explored these tenements for gold and base metals; and

(b) The Maitland Copper/Molybdenum Deposit ("Maitland") located within EPM 12513. Maitland is a defined copper/molybdenum resource.

The Board believes that the sale of the Greenvale Project provides the best alternative to maximise the economic return to Glengarry shareholders and following the sale the Company will be fully funded to advance exploration on its portfolio of resource projects and to pursue new business opportunities.

For further detail on the assets the subject of the Proposed Transaction, please refer to the Independent Expert's Report in Annexure A.

1.2 Reason for Seeking Approval

Australian Securities Exchange ("ASX") Listing Rule 10.1 prohibits the Company from acquiring a substantial asset from, or disposing of a substantial asset to, (amongst other persons) a substantial shareholder (where the substantial shareholder and its associates had a relevant interest in at least 10% of the Shares at any time in the six months before the transaction) without the approval of Shareholders.

An asset is a "substantial asset" if its value, or the value of the consideration for it, is 5% or more of the equity interests of the Company as set out in its latest accounts given to the ASX under the ASX Listing Rules. The assets the subject of the Proposed Transaction are a "substantial asset" for the purposes of this test.

KZL owns 56,600,000 Glengarry shares (comprising approximately 19.79% of the Company's issued share capital as at the date of this Explanatory Memorandum), and is therefore a "substantial shareholder" within the meaning of ASX Listing Rule 10.1.3.

Accordingly, the Company is seeking the approval of Non-Associated Shareholders for the Proposed Transaction.

1.3 Summary of the Proposed Transaction

The terms of the Proposed Transaction are set out in three main agreements:

(a) the Asset Sale Agreement dated 10 July 2008, which provides for the sale by Glengarry of the Greenvale Project to KZL;

(b) the Royalty Deed dated 10 July 2008, which provides for the payment of a royalty by KZL; and

(c) the Mega Deed of Assumption and Consent dated 10 July 2008, which provides for KZL to be bound by certain provisions of an agreement entered into between Glengarry, Mega Georgetown Pty Ltd and Mega Uranium Ltd.

The key terms of each of these agreements are summarised below:

Asset Sale Agreement

Sale

Glengarry has agreed to sell the Greenvale Project to KZL on the terms and conditions set out in the Asset Sale Agreement. Glengarry will retain all rights to the uranium royalty and all contractual rights under the Mega Uranium Agreement.

Consideration

The consideration for the sale is a cash payment of $6.5 million and a royalty. The cash payment consists of $1 million by refundable deposit on execution of the agreement and the balance of $5.5 million on completion of the sale, subject to adjustments for outgoings up to the completion date. The payment of a royalty of $5 per tonne of ore milled from the Greenvale tenements in excess of one million tonnes is on the terms and conditions set out in the Royalty Deed.

Completion under the Asset Sale Agreement is specified for 5 business days after the date the last of the conditions precedent referred to below is satisfied or waived.

Conditions Precedent

The conditions precedent to completion of the sale of the Greenvale Project under the Asset Sale Agreement are:

(a) KZL acting reasonably being satisfied that upon Completion occurring and an application for approval of the assignment of the Tenements being made under section 151 of the Mineral Resources Act 1989 (Qld), that the Minister will consent to such assignment;

(b) Mega Uranium Ltd and Mega Georgetown Pty Ltd consenting to the sale of the Tenements and waiving any pre-emptive rights under the Mega Uranium Agreement or failing to exercise the pre-emptive rights on terms acceptable in all respects to Glengarry and KZL;

(c) execution of the Royalty Deed by both parties;

(d) execution of the Mega Deed of Assumption and Consent by all parties to that document whereby KZL agrees to assume the obligations of Glengarry under Glengarry's current agreement with Mega Georgetown Pty Ltd and Mega Uranium Ltd in relation to the Tenements being sold; and

(e) Shareholders approving the sale (this condition precedent will be satisfied if the Resolution is passed at the Meeting).

The time limit for satisfaction or waiver of the conditions precedent is 30 September 2008. This date may be extended to a date being not later than 30 November 2008.

Rights and Obligations Pending Completion

Glengarry must maintain the project assets reasonably and keep the tenements in good standing until completion. KZL will from completion assume responsibility for all rehabilitation and environmental obligations for the project area.

Warranties

Both Glengarry and KZL have given certain warranties of the type commonly found in agreements of this kind in respect of status, capacity, power, and authority to enter the Asset Sale Agreement. Glengarry has given specific representations and warranties in respect of the tenements including Glengarry's title to the Greenvale Project.

Royalty Deed

Under the Royalty Deed, KZL have agreed to pay Glengarry a royalty of $5 for each tonne of ore in excess of one million tonnes milled from any non uranium resource developed on the Greenvale tenements. The royalty is to be paid within 10 business days after the end of each quarter. Interest is payable for late payment.

Both Glengarry and KZL have given certain warranties of the type commonly found in agreements of this kind in respect of status, capacity, power, and authority to enter the Royalty Deed.

Mega Deed of Assumption and Consent

The Mega Deed of Assumption and Consent has the following effect:

(a) Mega Georgetown Pty Ltd and Mega Uranium Ltd have consented to the transfer of the Greenvale tenements to KZL;

(b) Mega Georgetown Pty Ltd and Mega Uranium Ltd have irrevocably waived their pre-emptive rights in relation to the sale of the Greenvale tenements under the Asset Sale Agreement; and

(c) KZL has agreed to be bound by certain provisions of an agreement entered into between Glengarry, Mega Georgetown Pty Ltd and Mega Uranium Ltd to the extent relating to the tenements being sold to KZL.

1.4 Independent Expert's Report

As required by Listing Rule 10.10.2, the Company has appointed RSM Bird Cameron Corporate Pty Ltd ("RSM Bird Cameron") to prepare the Independent Expert's Report on the Proposed Transaction, which is included at Annexure A to this Explanatory Memorandum. The Independent Expert's Report contains a detailed assessment of the Proposed Transaction and sets out information to enable Non-Associated Shareholders to assess the merits of, and decide whether to approve, the Proposed Transaction.

Based on its review of the Proposed Transaction, and on the assumptions set out in its report, RSM Bird Cameron has concluded that, in its opinion, the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders.

Non-Associated Shareholders should carefully read the Independent Expert's Report in its entirety to understand the scope of the report, the methodology of assessment, the sources and bases of information and the assumptions made.

1.5 Independent Directors' Recommendation

The Board of the Company consists of three Directors, none of whom have any material connection with KZL or their associates. Accordingly, all of the Directors are considered independent for the purposes of considering the Proposed Transaction and for the purposes of making a recommendation in relation to the Resolution. It is noted that Mrs McKay, wife of Mr McKay (Chairman and Non-Executive Director of Glengarry), is a shareholder in KZL. She owns 15,399 shares, representing 0.0007% of the issued share capital of KZL. The Board of Glengarry considers that this holding does not represent a material personal interest for Mr McKay.

The Directors are of the opinion that the Proposed Transaction is in the best interests of the Company and the Non-Associated Shareholders as:

(a) The Independent Expert has expressed the view that the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders;

(b) The Proposed Transaction is consistent with the Company's objectives to realise value from discoveries that won't support a significant stand-alone mining operation. Glengarry has been exploring the Greenvale Project since 2005 and the Company has defined a copper/molybdenum resource at the Maitland prospect. Glengarry commissioned an Independent Scoping Study ("Study") for Maitland in 2008. The Study indicated that the deposit could not support the building of stand-alone processing facilities;

(c) The Study indicated that Maitland would have a short mine life of less than 12 months. Glengarry is not a current producer and it has no other defined resources within the Greenvale Project. The Greenvale Project is located in a remote area of Northern Queensland with no nearby milling infrastructure. The Board of Glengarry concluded that it was not justifiable to take on the risks of such a short-term mining operation;

(d) Glengarry believes the tenements within the Greenvale Project have limited exploration upside given the exploration activities undertaken to date by the Company and the work undertaken by previous explorers. The Board have formed the view that no further expenditure by Glengarry on exploring or developing the Greenvale Project is warranted;

(e) KZL is the only company in the region with existing milling infrastructure appropriate for the mining of Maitland;

(f) The sale of the Greenvale Project provides the best alternative to maximise the economic return to the Non-Associated Shareholders. The Board of Glengarry undertook a comprehensive review to determine how best to realise the optimal value from the Greenvale Project; and

(g) Glengarry's main objective is to become a profitable miner via the discovery or acquisition of an economic mineral deposit. The Proposed Transaction will realise significant value for Glengarry and will enable the Company to fund the search for a major stand-alone ore body.

The Board of Glengarry has decided that no further expenditure on exploring or developing the Greenvale Project is warranted. As the Maitland deposit is not considered viable as a stand-alone mining operation, the Maitland deposit only has real value to a current producer with milling infrastructure in the area. KZL is the only mining company operating in the region.

The Directors, having considered the potential advantages and disadvantages of the Proposed Transaction together with the conclusion of the Independent Expert, are unanimously of the opinion that the Proposed Transaction is in the best interests of the Company and the Non-Associated Shareholders.

The Directors therefore unanimously recommend that the Non-Associated Shareholders vote in favour of the Resolution.

1.6 Voting Exclusion

KZL and their associates are not permitted to vote on this resolution in accordance with the voting exclusion statement that is stated in the Notice immediately after the resolution.

1.7 Dictionary

The following terms bear the following meanings where used in this Explanatory Memorandum:

"Board" means the board of directors of Glengarry;

"Directors" means the directors of Glengarry;

"Greenvale Project" means Glengarry's exploration project located in Queensland comprising four exploration permits (namely EPMs 12510, 12513, 15050 and 15051) and certain mining information relating thereto;

"Listing Rule" means a listing rule of the Australian Securities Exchange;

"Non-Associated Shareholders" means the holders of ordinary shares in Glengarry other than KZL and KZL's associates;

"Proposed Transaction" means the proposed transaction whereby Glengarry is to sell its Greenvale Project tenements to KZL as described in section 1.3 of this Explanatory Memorandum; and

"Resolution" means the proposed resolution set out in the Notice of Meeting.

GLENGARRY RESOURCES LIMITED ACN 009 468 099

P R O X Y   F O R M

The Company Secretary
Glengarry Resources Limited

By delivery:	***By post:***	***By facsimile:***
Mezzanine Level, 35 Havelock Street	PO Box 975	+61 8 9322 5510
West Perth WA 6005	West Perth WA 6872	

I/We [1] ____

of ____

being a Shareholder/Shareholders of the Company and entitled to ______________________

votes in the Company, hereby appoint [2] ______________________
or failing such appointment the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at the Celtic Club, 48 Ord Street West Perth WA 6005 on Tuesday 9 September 2008 at 10.00 am (WST), and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to cast is * [   ]% of the Shareholder's votes*/ [   ] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

INSTRUCTIONS AS TO VOTING ON THE RESOLUTION

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	**Against**	**Abstain**
Resolution	Approval of Proposed Transaction	☐	☐	☐

The Chairman intends to vote undirected proxies in favour of the Resolution.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

Authorised signature/s This section ***must*** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1	Shareholder 2	Shareholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name	Contact Daytime Telephone	Date
____________	____________	____________

[1]Insert name and address of Shareholder
[2] Insert name and address of proxy
*Omit if not applicable

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).

ANNEXURE A

INDEPENDENT EXPERT'S REPORT

RSM! Bird Cameron Corporate Pty Ltd

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

E-mail: andy.gilmour@rsmi.com.au
Direct Telephone: 08 9261 9447
Direct Facsimile: 08 9261 9120
AJG:SM GLENGARRY/911087

11 July 2008

The Directors
Glengarry Resources Limited
35 Havelock Street
WEST PERTH WA 6005

Dear Sirs

Independent Experts Report and Financial Services Guide

1. Introduction

1.1. This report has been prepared to accompany the Notice of General Meeting and Explanatory Memorandum for Shareholders for the Meeting of Glengarry Resources Limited ("Glengarry Resources" or "the Company") to be held on 9 September 2008 at which Shareholder approval will be sought for Resolution 1 for the following transaction ("Proposed Transaction"):-

Resolution 1 – Approval of Proposed Transaction

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

That, for the purposes of Listing Rule 10.1 of the Listing Rules of the Australian Securities Exchange and for all other purposes, the Shareholders approve the sale of the Company's Greenvale Project to Kagara Ltd for the following consideration:

(a) Payment of $6,500,000; and

(b) Payment of a royalty of $5 per tonne on all ore milled from the Greenvale tenements in excess of one million tonnes.

on the terms and conditions as more particularly described in the Explanatory Memorandum accompanying this Notice."

1.2. The Directors have requested that RSM Bird Cameron Corporate Pty Ltd, being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to Shareholders not associated with the Proposed Transaction ("the Non-Associated Shareholders"). The Non-Associated Shareholders comprise all holders of ordinary shares in the Company other than Kagara Ltd and the associates of Kagara Ltd.

2. Summary and Conclusion

2.1. In our opinion and for the reasons set out in Sections 9 and 10 of this Report, Resolution 1 in respect of the proposed disposal of the Greenvale Project to Kagara Ltd is fair and reasonable to the Non-Associated Shareholders of Glengarry Resources.

2.2. This opinion is based on our view that the advantages outweigh any disadvantages and consequently the Non-Associated Shareholders will be better off if the Proposed Transaction proceeds than if it does not.

2.3. The principal factors affecting our opinion are summarised below and are discussed in more detail in Sections 9 and 10 together with other factors we have considered:

- Fairness – the consideration to be received under the Proposed Transaction exceeds the assessed value of the asset;
- The Proposed Transaction will provide additional funds to enable Glengarry Resources to continue its major objective of discovering and developing a significant stand-alone mining operation;
- The existing Maitland resource is not sufficient for Glengarry Resources to be able to mine it profitably, as a stand-alone operation; and
- A disadvantage is that Glengarry Resources will forego the majority of the potential 'blue sky' from the resource if further exploration and mining determine that the deposit is larger and/ or of higher grade than currently believed.

2.4. This opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this Report.

3. Report Structure

3.1. The remainder of our report is divided into the following sections:-

Section		Page
4.	Summary of Proposed Transaction	4
5.	Purpose of this Report	5
6.	Profile of copper ore mining industry in Australia	7
7.	Background Information	12
8.	Valuation Approach	16
9.	Evaluation	18
10.	Other Factors Taken into Consideration in Forming Our Opinion	24

Appendices

A Declarations and Disclaimers
B Sources of Information
C Financial Services Guide
D Executive Summary of Scoping Study by Lower Quartile Solutions

4. Summary of Proposed Transaction

4.1. The Proposed Transaction that RSM Bird Cameron Corporate Pty Ltd have been requested to provide an opinion on is the proposed sale of the Company's Greenvale Project to Kagara Ltd for a consideration comprising \$6.5 million cash and the payment of a royalty of \$5 per tonne on all ore milled from the Greenvale tenements in excess of one million tonnes.

4.2. The purpose of the Resolution, if approved, is to permit the Proposed Transaction to proceed so as to maximise the economic return to the Company's shareholders from the Greenvale Project and to utilise these funds to advance the exploration on its portfolio of resource projects.

5. Purpose of this Report

ASX Listing Rules

5.1. Australian Securities Exchange ("ASX") Listing Rule 10.1 prohibits the Company from acquiring a substantial asset from, or disposing of a substantial asset to, (amongst other persons) a substantial shareholder or any of its associates without the approval of shareholders.

5.2. Kagara Ltd owns 56,600,000 shares, being approximately 19.79% of the Company's issued share capital as at the date of this Report and is therefore a substantial shareholder within the meaning of ASX Listing Rule 10.1.

5.3. An asset is a substantial asset if its value or the value of the consideration for it, is 5% or more of the equity interests of the Company as set out in its latest accounts given to the ASX. The equity of the Company as at 31 December 2007 was $11,824,152. The consideration payable for the Greenvale Project is $6,500,000 cash and a royalty of $5 per tonne in respect of all ore milled in excess of one million tonnes. The cash consideration of $6,500,000 is approximately 55% of the equity interests of the Company as set out in the latest accounts given to the ASX and therefore the Greenvale Project is a substantial asset.

5.4. Accordingly, the Company is seeking the approval of holders of the Glengarry Resources' ordinary securities whose votes are not to be disregarded ("Non-Associated Shareholders") for the Proposed Transaction in accordance with ASX Listing Rule 10.1.

5.5. Where ASX Listing Rule 10.1 approval is sought, shareholders must be presented with a report on the transaction from an independent expert. The report must state whether the transaction is fair and reasonable to Non-Associated Shareholders.

5.6. In determining whether the Transaction is "fair and reasonable" we have given regard to the views expressed by the Australian Securities and Investment Commission ("ASIC") in their Regulatory Guide 111 Content of Expert Reports ("RG 111").

5.7. RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

5.8. RG 111 states that the expert report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

5.9. Although RG 111 does not indicate what is considered fair and reasonable in the specific context of a disposal by a company of a substantial asset, it does provide some guidance as to the considerations relevant in determining whether the Proposed Transaction is fair and reasonable.

5.10. In assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders we have considered the advantages and disadvantages of the Proposed Transaction in the event that it proceeds or does not proceed including:

- The consideration offered for the assets being disposed of by the Company in comparison with the assessed value of those assets;
- The future prospects of the Company if the Proposed Transaction does not proceed; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

6. Profile of copper ore mining industry in Australia

Demand

6.1. Copper has a wide variety of uses, many associated with infrastructure development – for example electric cabling and domestic and industrial piping. It is also used in motor vehicle manufacture - tubing and electrical wiring. In alloy form, it is used in the manufacture of coinage, and various copper compounds are used by chemical and other industries.

6.2. In many of its markets, copper has recently faced strong competition from alternative materials such as optic fibres (communications), plastics (water tubing) and aluminium (motor vehicle radiators). However, in some areas technological change has favoured copper with the increased use of electrical controls in motor vehicles resulting in copper making substantial gains in the automotive wiring market.

Markets

6.3. Exports account for around 60% of revenue in the copper ore mining industry in Australia but this share varies depending on the level of mine output and local copper refining.

6.4. The major export markets for copper concentrate in recent years are India, Japan, China and South Korea.

Industry Life Cycle Stage

6.5. The Copper Ore Mining industry is considered to be a mature industry. Its product is well-known rather than new, and the bulk of production is accounted for by well-established industry participants.

6.6. Although recently real industry value added has expanded much more strongly than the economy as a whole during the current performance period, this growth has been primarily due to copper prices rising much more strongly than the general level of inflation.

6.7. Growth in production levels is lagging behind GDP growth. But there is great variability in industry growth because of the long lead times typically associated with new mines or substantial mine expansions and the tendency for new output to become available in large, irregular increments as new mines are opened.

6.8. The industry has undergone some changes in the technology employed over recent years. Open-cut, rather than traditional underground mining methods are increasingly being used (at least in the early stages of mine-life).

Basis of competition

6.9. Copper concentrates are generally sold on the basis of price which mainly reflects the copper content of the concentrate. Copper concentrates with low levels of impurities are highly sought and less likely to face volume cut-backs during times of weak demand.

6.10. Security of supply and favourable transport costs are also factors influencing copper concentrate sales.

Major participants

6.11. The major participants in the copper ore industry in Australia are as set out in the table below with estimated market shares.

Major Participant	Estimated Market Share
Xstrata Queensland Limited	37%
BHP Billiton Limited	25%
Newcrest Mining Limited	10%
Aditya Birla Minerals Limited	8%
Rio Tinto Plc - Rio Tinto Limited	7%
Other	13%

Table 1 – Major participants in copper ore mining industry in Australia

Barriers to entry

6.12. Barriers to entry in the copper ore mining industry are high with existing producers able to expand their operations at relatively low capital cost, making entry difficult for new players.

6.13. The cost of entry into the industry is substantial with potential new entrants also tending to be disadvantaged by the fact that (where ore reserves permit) it is generally much less costly to expand an existing operation than it is to establish a new one.

6.14. Most existing participants are vertically integrated and this also represents a barrier to entry. Most existing participants do not only mine copper ore, but also process it into copper metal.

6.15. Other barriers to entry include the acquisition of permits and leases, and the need to supply comprehensive environmental impact statements. The increased level of negotiation with Aboriginal groups required by the Mabo legislation also poses an additional barrier to entry for smaller operators.

6.16. The copper ore mining industry is highly regulated, with State Governments in particular overseeing virtually all aspects of operation including determining which land is open to exploration and mining, issuing exploration and mining leases and collecting royalties from producers.

Capital and technology

6.17. The copper ore mining industry is capital intensive, as indicated by the fact that depreciation charges typically exceed wage costs. Much of the industry's capital is tied up in underground mining equipment and, in the case of open cut mines, heavy earth moving equipment, as well as crushing mills and beneficiating facilities of various types (where the ore is purified).

6.18. Copper ores are generally extracted from underground mines but open cut methods are being increasingly used to extract shallow copper-bearing ores.

6.19. Some mines (those based on oxide ore deposits) use solvent extraction (or heap leaching) and electrowinning to produce copper cathode. These methods by-pass the production of copper concentrate to produce a semi-refined copper product.

6.20. Copper ore is crushed to walnut-sized pieces prior to being ground to a powder consistency. Depending on the type of ore mined, the powder is sent to either a concentrator (sulphiderous ore) or leaching tanks (oxide ore).

6.21. Material sent to a concentrator is processed into a slurry containing about 15% copper. Waste slag is removed and water is recycled. Tailings (waste materials) containing copper oxide are routed to leaching tanks or are returned to the environment.

6.22. Leaching involves applying a weak acid solution to produce copper sulphate, which is then treated and transferred to an electrolytic process tank. An electric charge is passed through the tank, causing pure copper ions migrate from the solution to starter cathodes made from pure copper foil. Precious metals can also be extracted from the solution.

Industry volatility

6.23. The copper ore mining industry is considered highly volatile reflecting large year-to-year swings in the US dollar price of copper. In addition large movements in the US dollar/Australian dollar exchange rate as well as fluctuations in the volume of production also contribute to volatility.

6.24. All the major companies operating in the industry are global in nature with substantial offshore holdings in other mining and mineral processing ventures and an export orientation.

Key factors impacting the industry

6.25. The following are the key factors impacting the copper ore mining industry:

- $US/ $A exchange rate. This plays a key role in determining returns to copper producers in Australia.

- World demand for copper. The global balance between copper ore output and demand plays a key role in setting copper prices. Demand is largely determined by investment levels, particularly in infrastructure. Although supply from established mines is relatively insensitive to the copper price, it is a major factor determining whether and when new mines are committed.

- Availability of resource. Access to large, high grade reserves of copper-bearing ore. In general, the larger and richer the deposit, the lower the level of unit operating costs.

- Downstream ownership links. Ownership links with copper smelters and refiners. This makes sale of the copper more straightforward, in that a refined product rather than a concentrate, can be marketed.

- Ability to alter production to suit market conditions. The capacity to co-produce other metallic ores, such as gold or uranium. This makes the operation less reliant on copper and provides a buffer when copper prices fall.

Current and recent historical performance

6.26. The performance of the Australian Copper Ore Mining industry is heavily dependent upon the world price for copper (denominated in US dollars), the level of copper production and the value of the Australian dollar. The world price for copper is itself determined by the balance between supply and demand.

6.27. The US dollar copper price, which had fallen markedly in 2001-02, returned to growth in 2002-03, buoyed by firming growth worldwide, and rising copper demand. Prices then soared in the second half of 2003 and throughout 2004, propelled upward by surging industrial growth in China, which translated into sharply higher copper demand, and a weaker US dollar (the currency in which copper prices are denominated). Low copper stocks contributed to the price rises, as buyers feared shortages. Prices continued to soar through 2005 and into 2006, and subsequently eased during 2007. Prices returned to historical highs during 2008. The boom in copper prices has been largely underpinned by strong growth in demand from both China and India. In 2008 the US dollar copper price has consistently exceeded US$8,000 per tonne and the current price is around US$8,400 per tonne.

6.28. Australia's copper production was 855,000 tonnes in 2002-03 and is expected to reach 976,000 tonnes in 2007-08. Increases in output have come from major operations, such as Olympic Dam, as well as from a number of new or reactivated mines, such as Ridgeway and Telfer. However, the increases in production did not occur smoothly. Output declined in 2003-04, due to lower ore grades at some mines (Ernest Henry) and production problems at other operations (Olympic Dam) and again in 2005-06 as production at these major operations once again eased.

6.29. The performance of the copper ore mining industry follows trends in output and copper prices (in Australian dollars).

6.30. Although the average US dollar price for copper is expected to increase in 2008, this gain is expected to be more than offset by a stronger Australian dollar. Nonetheless, revenue and value added are expected to once again expand strongly as copper output levels rebound.

	Megatonne Output	**Dollars US$/tonne**
2003-04	821	2,325
2004-05	904	3,150
2005-06	933	5,046
2006-07	855	7,087
2007-08 est	976	7,300

Table 2 – Output and price for copper ore mining in Australia (Source: IBIS)

Outlook

6.31. The general outlook for the copper ore mining industry points to falling revenue for the next five years as US dollar copper prices retreat from the very high levels prevailing in the mid 2000s, as shown in the table below.

	Revenue $A Million	Growth %
2007-08	6,772.4	15.9
2008-09	5,738.0	-15.3
2009-10	4,274.2	-25.5
2010-11	3,800.2	-11.1
2011-12	3,672.4	-3.4
2012-13	3,735.7	1.7

Table 3 – Outlook for revenue for copper ore mining in Australia (Source: IBIS)

6.32. The high copper prices of recent years are producing a substantial supply response. Mines closed during the early 2000s (notably in the United States) are being reactivated and there are plans for new and expanded output at other operations, including those in Australia. Additions to supply will see prices moderate to more sustainable levels.

6.33. A continuing expansion in world economic activity is expected to underpin solid growth in the demand for copper. In particular, demand from China will continue to rise strongly due to ongoing spending on that country's electricity infrastructure as the Chinese Government lifts spending on power plants in an effort to overcome electricity shortages.

6.34. Australia's mine output of copper is expected to continue increasing over the outlook period to about 1.14 million tonnes by 2012-13. New mines, such as Prominent Hill and Sulphur Springs are expected to come on stream and incremental increases in output are likely to be made at Xstrata's operations. Smelter and refinery capacity are not expected to be able to keep pace with the growth in mine output and exports of unrefined copper are expected to increase.

	Output (megatonnes)	Selling price per tonne
2008-09	1,000	US$6,000
2009-10	1,016	US$4,500
2010-11	1,081	US$3,800
2011-12	1,117	US$3,500
2012-13	1,139	US$3,500

Table 4 – Outlook for output for copper ore mining in Australia and world selling prices (Source: IBIS)

7. Background Information

7.1. Glengarry Resources is an Australian based mineral exploration company listed on the Australian Stock Exchange (ASX code GGY).

7.2. Glengarry Resources has a number of strategic landholdings in well-mineralised but relatively unexplored provinces of northern Australia.

7.3. Glengarry Resources maintains an active watching brief for advanced opportunities with the potential to provide early cash flow.

7.4. The Company's objective is to become a profitable miner via the discovery or acquisition of an economic mineral deposit. The Company aims to achieve this by:

- Exploring for stand-alone mineral deposits on wholly owned projects located in under explored, highly mineralised provinces with known economic deposits;
- Identifying and acquiring high-grade mineral deposits in an established, well-serviced mining province that do not meet the requirements of larger companies and can be developed with limited capital requirements;
- Investigating opportunities submitted by third parties; and
- Realising value from non-core assets to assist with funding of key projects.

Balance Sheet

7.5. Glengarry Resources' latest accounts presented to the ASX, are for the six months to 31 December 2007 and the summary balance sheet at 31 December 2007 is set out in the table below.

	Reference	Reviewed 31-Dec-07 $000s	Audited 30-Jun-07 $000s
Current Assets			
Cash & cash equivalents		5,380	1,051
Trade & other receivables		148	77
Total Current Assets		**5,528**	**1,128**
Non-Current Assets			
Available for sale financial assets	7.6	2,295	5,243
Plant & equipment		51	56
Exploration & evaluation		4,152	2,947
Total Non-Current Assets		**6,498**	**8,246**
Total Assets		**12,026**	**9,374**
Current Liabilities			
Trade & other payables		166	232
Employee benefits		36	48
Total Current Liabilities		**202**	**280**
Total Liabilities		**202**	**280**
Net Assets		**11,824**	**9,094**
Equity			
Issued capital	7.7	15,544	10,931
Reserves		(996)	(239)
Accumulated losses		(2,724)	(1,598)
		11,824	**9,094**

Table 5 – Glengarry Resources balance sheet as at 31 December 2007

7.6. Available for sale financial assets represents shares in listed entities shown at market value. As at 30 June 2007 Glengarry Resources held 750,000 shares in Mega Uranium Ltd ("Mega") listed on the Toronto Stock Exchange and 3,000,000 shares and 683,333 options in Mantle Mining Corporation Limited ("Mantle") listed on the ASX. During the 6 months to 31 December 2007 Glengarry Resources sold 300,000 shares in Mega and 450,000 shares and 591,404 options in Mantle. Subsequent to 31 December 2007 Glengarry Resources has sold its entire holding of shares and options in Mantle.

7.7. In August 2007 Glengarry Resources raised $4,375,000 in placing 35,000,000 shares with Kagara Ltd.

Current Projects

7.8. The current projects in which Glengarry Resources has an interest are summarised in the table below.

Project	**Nature**	**Location**
Greenvale	Base metals & gold	North Queensland
Citadel	Gold, copper & uranium	Western Australia
Lucky Creek Joint Venture	Base metals & gold	North Queensland
Percyvale	Base metals & gold	North Queensland
Pandannus	Base metals & gold	North Queensland
Hampstead	Gold, uranium & base metals	North Queensland
Snake Creek	Copper & gold	North west Queensland
Rum Jungle	Gold, base metals & uranium	Northern Territory
Mt Guide Joint Venture	Base metals & gold	North west Queensland
Inningarra Joint Venture	Gold	Northern Territory

Table 6 – Summary of Glengarry's current projects

7.9. In total Glengarry Resources' overall holding in the Greenvale region is a strategic package of approximately 1,432 square kilometres of mainly wholly owned tenements as well as including the Lucky Creek Joint Venture. The Greenvale Project itself is comprised of 4 wholly owned exploration tenements (Exploration Permit Numbers 12510, 12513, 15050 and 15051) with the Maitland Copper Project located within EPM 12513.

7.10. Apart from the Greenvale Project (which includes the Maitland Copper Project) which is addressed in this report, Glengarry Resources' other projects are summarised in the following paragraphs.

7.11. Citadel Project. Located 100 kilometres north of the Telfer Gold Mine. The Citadel Project comprises 4 exploration licences with access agreements with the traditional owners having recently been negotiated, tenements should be granted within 3 to 4 months. After heritage surveys have been completed, Glengarry Resources has planned a drilling program to test up to 18 geochemical and geophysical targets defined by previous explorers.

7.12. Lucky Creek Joint Venture Project. The north-eastern tenements in the Greenvale Region are subject to a joint venture agreement with Beacon Minerals Limited. Beacon Minerals Limited is managing exploration on the tenements and is planning additional drill testing at a number of prospects during 2008.

7.13. The Percyvale Project. Located 50 kilometres west of the Greenvale Project. Newly granted tenement. Initial fieldwork will focus on verifying previous exploration results, followed by geochemical surveys and geological mapping to define drill targets.

7.14. The Pandannus Project. Located near the Greenvale Project. Newly granted tenement. Initial fieldwork will focus on verifying previous exploration results, followed by geochemical surveys and geological mapping to define drill targets.

7.15. The Hampstead Project. Located 30 kilometres south of the Greenvale Project. Newly granted tenement. The geological setting is considered highly prospective as it is identical to other parts of the Georgetown Inlier that host significant mineral deposits. Initial fieldwork will focus on verifying previous exploration results, followed by geochemical surveys and geological mapping to define drill targets.

7.16. Snake Creek Project. Located 125 kilometres east-southeast of Mt Isa. Glengarry Resources is seeking to joint venture Snake Creek. A number of companies have expressed interest and Glengarry Resources is currently in the process of concluding a deal.

7.17. Rum Jungle Project. Located 65 kilometres south of Darwin. To date Glengarry Resources has been unable to carry out its proposed drilling program due to a shortage of suitable drill rigs. However all preparatory work has been completed to enable drilling to occur as soon as an appropriate rig becomes available.

7.18. Mt Guide Joint Venture Project. Located 35 kilometres south of Mt Isa. Glengarry Resources has a 10% free carried interest in the project. Exploration is currently being carried out by unlisted UK company, MM Mining Plc.

7.19. Inningarra Joint Venture Project. Located around 60 kilometres from the Western Australia/ Northern Territory border. The Inningarra tenement has not been granted and Glengarry Resources has not completed any exploration on the Project. Newmont Mining Limited has agreed to farm into the Inningarra property and negotiate with the Traditional Owners to get the tenement granted.

Share price and performance

7.20. The chart shown below provides a summary of the Glengarry Resources' closing share price and average daily volume of trades for the last 12 months.

7.21. In October 2007, Glengarry Resources announced the commencement of a major resource drilling program at the Maitland copper deposit which appears to have stimulated the share price.

7.22. The December 2007/ January 2008 and the May/ June 2008 falls in the share price appear to have been driven more by general market conditions than by any specific pessimism in relation to Glengarry Resources.

7.23. In April 2008, Glengarry Resources announced the positive results from the recently completed Maitland Scoping Survey.

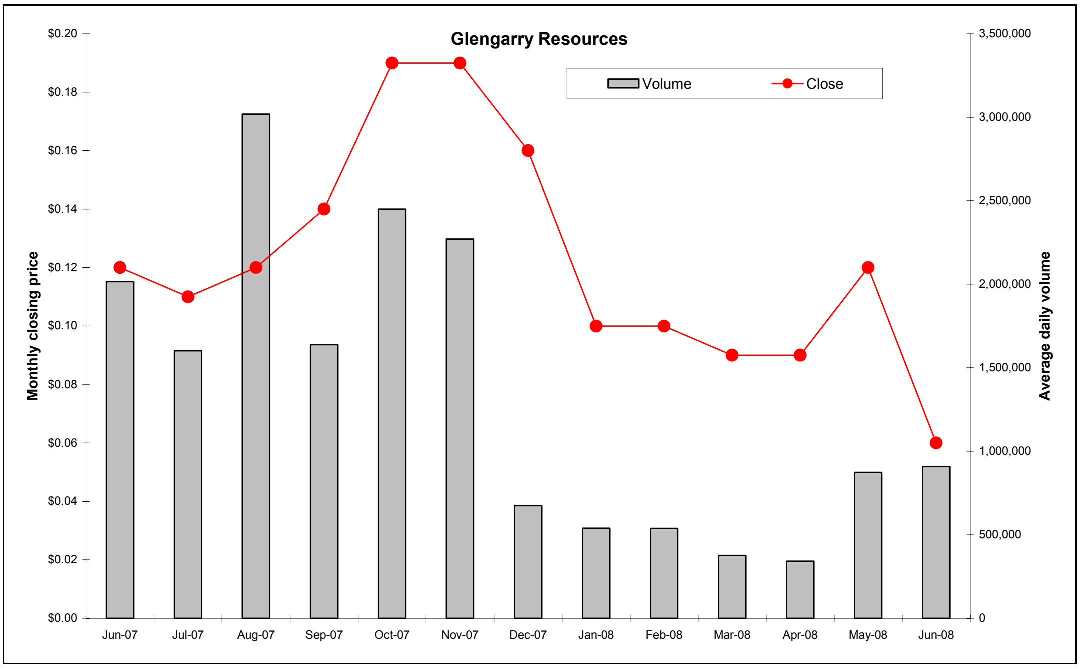


Figure 1 – Share Price and Volume Listing of Glengarry Resources (GGY)

7.24. Glengarry Resources currently has a market capitalisation of around $14 million.

8. Valuation Approach

Valuation Methodologies

8.1. In assessing the value of the Maitland Copper Project, being the major asset comprising the Greenvale Project, we have considered a range of valuation methodologies. RG 111.54 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cashflows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

8.2. Although each of these methodologies are set out in terms of the valuation of an entity they can be addressed for the valuation of an asset such as the Maitland Copper Project as follows:

- We have addressed the discounted cash flow methodology as the primary basis of valuation for the Maitland Copper Project;
- We have not assessed the valuation of the Maitland Copper Project on the basis of future maintainable earnings because this method is not appropriate for a mining project asset;
- We have not addressed the orderly realisation of assets methodology as a basis of valuation for the Maitland Copper Project;
- The quoted price of listed securities is not appropriate for the valuation of the Maitland Copper Project as the purchase consideration is cash; and
- We have considered the possibility of alternative offers as an alternative basis of valuation.

8.3. For those methodologies which we have addressed, we set out more detail of the methodology in the following paragraphs.

Discounted Cash Flows

8.4. The discounted cash flow technique ("DCF") has a strong theoretical basis, valuing an asset on the net present value of its future cash flows. It requires an analysis of future cash flows, the appropriate discount rate and an assessment of any residual value at the end of the forecast period.

Orderly Realisation of Assets

8.5. The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

Alternative Acquirer

8.6. This valuation method considers the premium which an alternative acquirer would be prepared to pay for the Maitland Copper Project.

8.7. The Directors of Glengarry Resources have informed us that they are not aware of any alternative offers for the Maitland Copper Project and consider that such alternative offers are unlikely. They sought other offers from likely purchasers when the decision was made to seek expressions of interest for the Maitland Copper Project, but no other offers were received.

9. Evaluation

9.1. As previously stated in paragraph 5.10, in assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders we have considered the advantages and disadvantages of the Proposed Transaction in the event that it proceeds or does not proceed including:

- The consideration offered for the assets being disposed of by the Company in comparison with the assessed value of those assets (refer this section of the report);

- The future prospects of the Company if the Proposed Transaction does not proceed (refer section 10 of this report); and

- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding (refer section 10 of this report).

9.2. The basis of our evaluation is to consider whether the value of the asset to be sold to Kagara Ltd in the Proposed Transaction is equal to or greater than the value of the consideration offered by Kagara Ltd.

Valuation

9.3. In assessing the value of the asset, being mainly the Maitland Copper Project, we have had access to various independent studies as well as information provided by Glengarry Resources.

Scoping Study

9.4. We are not geological or geotechnical experts and have relied on the services of the specialists engaged by Glengarry Resources to assess those aspects of the Maitland Copper Project.

9.5. In April 2008, Lower Quartile Solutions Pty Ltd ("LQS") were commissioned by Glengarry Resources to undertake a scoping level study on the Maitland Copper Project ("Scoping Study"), with the report being dated 18 April 2008. An executive summary of the Scoping Study, prepared by LQS, is attached as Appendix D to our report and we recommend that shareholders read this executive summary.

9.6. The Scoping Study addressed the viability of developing an open pit mine on the Maitland deposit as a feasible mining option with a view to Glengarry Resources developing the Maitland Copper Project itself (creating a joint venture project) or onselling to another party.

9.7. The broad parameters for the assessment of viability in the Scoping Study were as follows:

- Resource estimation as per the Technical Summary Report by Cube Consulting Pty Ltd dated March 2008 ("Cube Consulting Report");

- Costs and parameters as provided by Glengarry Resources, reviewed and adjusted by LQS where necessary; and

- Treatment and refining charges as provided to LQS by metallurgical consultancy Ozmet.

9.8. The Scoping Study addressed the viability of the Maitland Copper Project by determining the size of the open pit mine which it would be economic to mine based principally on the resource estimation in the Cube Consulting Report and the assumption made for the selling price of copper. Glengarry Resources provided a copper selling price assumption of A$8,000 per tonne.

JORC	Volume m³	Tonnes	Copper	Molybdenum	Density
Inferred	49,172	137,681	0.60%	0.01%	2.80
Indicated	931,867	2,526,808	0.98%	0.01%	2.73

Table 7 – Summary of material and grade of global resource (zero % cut off)

9.9. Based on a resource as set out in the table above and a copper selling price of $A8,000 per tonne, the Scoping Study determined the open pit design to maximise the net present value of discounted cashflows from developing an open pit mine. The optimum mining shell was determined using Whittle optimisation techniques (for optimising resource models for open pit mining projects). The projections were also run with a copper selling price of $A10,000 per tonne.

9.10. The results from these two scenarios are summarised in the table below.

Copper selling price	Final Pit Shell	DCF valuation	Ore tonnes to mill	Cu Grade input to mill	Waste tonnes mined	Strip ratio	Mine life (years)
$A8,000	18	6,127,808	124,014	3%	2,302,390	18.57	0.27
$A10,000	28	15,573,825	534,177	2%	3,125,330	5.85	0.76

Table 8 – Summary of material and grade of resource

9.11. The projection with the $A10,000 copper selling price was then subjected to more sophisticated pit design such that the "optimum" shell design was reduced to a more realistic mining strategy pit design (paying attention to block access and incorporating ramps etc). This more realistic design reduced the projected output and the overall calculated net present value.

9.12. This 'pit design' stage represented the best estimate of the overall net present value of the project as calculated by LQS, and resulted in a decrease in the calculated net present value from $15,573,825 to $10,005,683, being a decrease of 36%.

9.13. LQS stated that a similar reduction in the overall calculated net present value would need to be factored into the scenario which used a A$8,000 per tonne copper selling price. Although such a calculation was not included in the Scoping Study, and the impact of imposing a pit design would not necessarily be proportional, applying a similar percentage reduction would decrease the calculated net present value from $6,127,808 to around $4 million.

Parameters and assumptions used in the Scoping Study

9.14. The following detailed mining and processing cost assumptions were initially provided by Glengarry Resources and amended for input to the mining optimisation model utilised by LQS, where required.

	Costs provided by Glengarry Resources	Costs used by LQS
	$A/ tonne (unless otherwise stated)	
Mine operating costs ($A/ tonne)		
Waste mining	2.50	3.53
ROM production/ rehandfler	3.00	1.00
Crushing	4.00	4.28
Trucking	25.00	25.00
Concentrator	14.00	14.98
General admin/ camp	3.00	4.28
Treatment charge	5.00	0.00
Commercial purchase & sale terms ($A/ tonne)		
Copper treatment charge (i)	US$150.00/tonne	9.82
Copper refining charge	US$0.15/lb	108.26
Copper participation trigger	US$1.00/lb	0.00
Freight charge (i)	40.00	13.09
Townsville Port		
Store/ shipload (i)	11.00	9.43
Port charges (i)	2.00	0.43
Agents fees (i)	1.00	0.21
Survey & supervise (i)	1.00	0.21
Sea freight - Port to smelter (i)	US$30.00/tonne	15.09

(i) Costs provided by Glengarry Resources were based on a per concentrate tonne basis and were converted by LQS to a per ROM tonne basis.

Table 9 – Summary of mining and processing cost assumptions utilised in the Scoping Study

9.15. The following other assumptions were utilised by LQS in the Scoping Study.

Treatment plant	Recovery - oxide		70%
	Recovery - sulphide		93%
Royalty	Queensland Government Royalty		2.70%
Initial capital	Construction of haul road		$400,000
Plant capacity			700,000 tonnes pa
Mining limit			9,000,000 tonnes pa
Grade cut off			2% Copper
Mining dilution			5%
Mining recovery			95%
Commodity price	Copper		$A8,000 per tonne
	Molybdenum		US$30/lb
		equivalent to	$A72,073 per tonne
Exchange rate	Per US$1		$A0.9164
Discount rate			10%

Table 10 – Summary of other assumptions utilised in the Scoping Study

Sensitivities

9.16. The Scoping Study addresses sensitivities of the projection outputs to changes in the major assumptions. The sensitivities are run for changes to

- the selling price of molybdenum;
- the selling price of copper; and
- overall costs.

9.17. A summary of the impact of these changes on the overall net present value is set out in the tables below.

Copper selling price	DCF valuation ($)
Base case ($A8,000)	6,127,808
$A3,500	(850,130)
$A4,000	(597,864)
$A5,000	83,562
$A6,000	1,021,273
$A7,000	3,512,490
$A9,000	9,167,719
$A10,000	15,573,825

Table 11 – Sensitivity of Scoping Study outputs to copper selling price

Molybdenum selling price	DCF valuation ($)
Base case (US$30/lb)	6,127,808
US$15/lb	4,629,318
US$25/lb	5,597,802
US$35/lb	6,632,347
US$40/lb	7,136,886

Table 12 – Sensitivity of Scoping Study outputs to molybdenum selling price

Overall costs	DCF valuation ($)
Base case	6,127,808
Decrease 10%	8,371,219
Decrease 20%	12,960,615
Increase 10%	4,047,324
Increase 20%	2,058,435

Table 13 – Sensitivity of Scoping Study outputs to overall costs

9.18. We note that the future world selling prices for copper, as projected by IBIS (refer paragraph 6.34 above) are below the level of $A8,000 assumed in the base case model.

Response of market to the announcement of the Proposed Transaction

9.19. The Proposed Transaction was announced to the ASX on 10 June 2008. In the event that the Proposed Transaction was not reasonable we would expect some correction downward in the share price of Glengarry Resources as the market responds to what it perceives to be an unfavourable transaction for Glengarry Resources shareholders.

9.20. The share price and volumes over the period just prior to and subsequent to 10 June 2008 are as shown below. The closing share price as at 30 June 2008 was 6 cents.

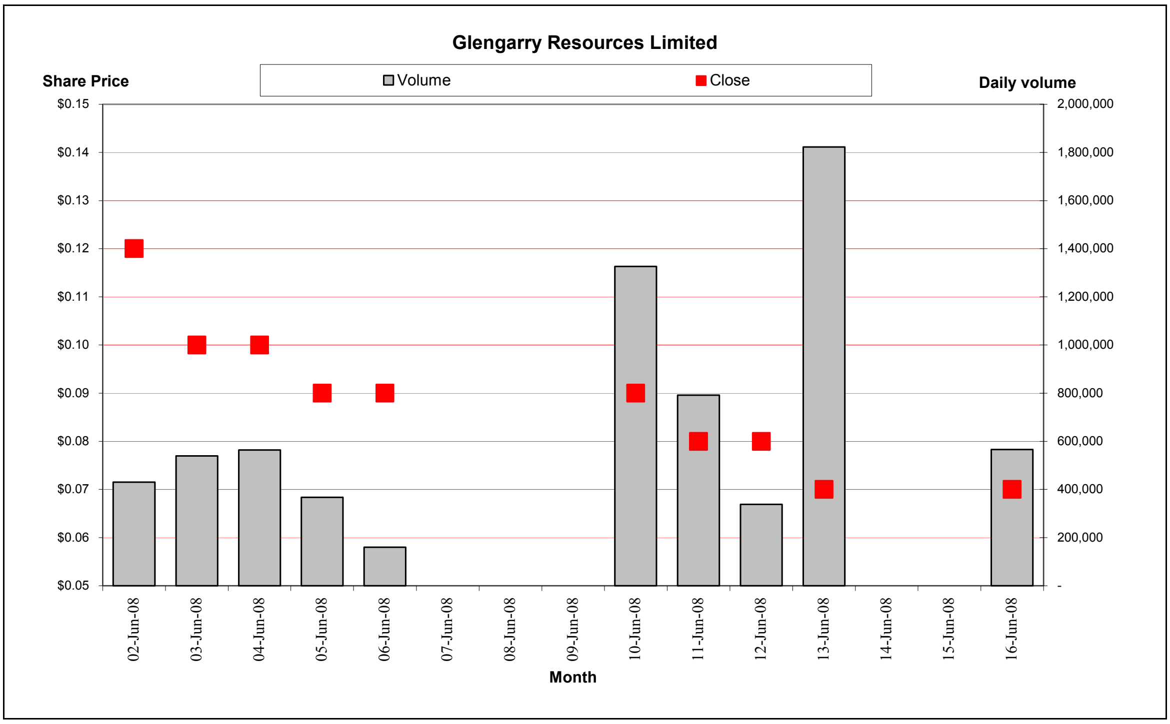


Figure 2 – Share Price/Volume for Glengarry Resources immediately pre and post announcement of the Proposed Transaction

9.21. The Glengarry Resources share price fell from 9 cents pre announcement to 6 cents at 30 June 2008 suggesting a negative reaction from the market.

9.22. It is possible that the market may have factored some 'blue sky' into the Maitland Copper Project based on previous positive announcements. There may also be some disappointment in the market that the announcement confirmed that the Maitland Copper Project is not the significant stand-alone mining operation for which Glengarry Resources continues to strive. In neither case should the market reaction necessarily be considered as a negative reaction to the Proposed Transaction proceeding, and may be more a reflection of unrealised expectations.

Value to Kagara Ltd

9.23. It is reasonable to address the question as to why the Maitland Copper Project may be worth more to Kagara Ltd than to Glengarry Resources. There are a number of possible reasons why the asset could be worth more to Kagara Ltd. The resource is too small to maintain a milling plant on its own and Kagara Ltd is the only company in the region of the Maitland Copper Deposit with the existing milling infrastructure appropriate for the mining of the resource. This means that for Kagara Ltd, acquiring the asset:

- gives scope to maintain its mining workforce by utilising them on this short term project while scheduling major projects; and

- provides an opportunity to schedule different mixes of grades of materials through its two copper mills in the vicinity.

Conclusion re value assessment

9.24. The base case scenario included in the Scoping Study uses a best estimate of costs and a copper selling price of $A8,000 to assess a discounted cashflow value of $6,127,808. According to the Scoping Study, it can be assumed that this value would decrease when a more realistic 'pit design' is applied. Where the more realistic 'pit design' was applied to the scenario which used a $10,000 copper selling price, the discounted cashflow value was reduced by 36%.

9.25. IBIS projects that copper prices will fall below A$8,000 in the future suggesting that a discounted cashflow value of $6,127,808 may be on the high side.

9.26. The base case scenario valuation can be compared with the cash consideration offered by Kagara Ltd of $6,500,000.

9.27. On the basis of this comparison our opinion is that the Proposed Transaction is fair.

9.28. Note that this comparison does not include the possible additional resource which, if it was found to exist, would require underground mining, but for which the Proposed Transaction provides consideration in the form of potential future royalty income.

10. Other Factors Taken into Consideration in Forming Our Opinion

Stated Intentions of Glengarry Resources in Relation to the Proposed Transaction

10.1. Glengarry Resources has advised that it intends to continue to advance exploration on its remaining portfolio of Australian resource projects. The Directors have informed us that this is the intention of Glengarry Resources whether the Proposed Transaction proceeds or not. The major difference is that if the Proposed Transaction proceeds then Glengarry Resources can fund the exploration from internal sources for a longer period of time before seeking additional external funding such as from capital raisings.

Future Prospects of Glengarry Resources if the Proposed Transaction Does Not Proceed

10.2. We understand from the Directors that if the Proposed Transaction does not proceed there are no alternative strategies for the development of the Maitland Copper Project and the Company will continue to search for other exploration opportunities.

Advantages and Disadvantages

10.3. In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds than if it does not, we have compared various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages

Advantage 1 – Cash now

10.4. The offer from Kagara Ltd represents cash now. The sale agreement stipulates that $1 million is payable on signing the formal sales agreement and the remaining $5.5 million is due immediately after approval of the Proposed Transaction by the Non-Associated Shareholders of Glengarry Resources. Contrast this with the lead time required before Glengarry Resources could begin to exploit the open pit mine potential of the Maitland Copper Project.

Advantage 2 – Offer is cash

10.5. The offer from Kagara Ltd is cash which provides Glengarry Resources with the ready funds required to pursue various mining opportunities.

Advantage 3 – No conditions attached

10.6. The offer from Kagara Ltd has no conditions attached which minimises the potential distractions from completing the transaction.

Advantage 4 – Participation in "blue sky" through possible future royalties

10.7. Included in the offer from Kagara Ltd is the possibility of future royalty payments. Although this revenue will only arise if mined ore exceeds 1 million tonnes this at least means that Glengarry Resources is able to retain an element of upside potential from the Maitland Copper Project without risk. We have not considered this potential additional consideration in our assessment of values.

Advantage 5 – Kagara Ltd assumes the mining risk

10.8. The mining risk from exploiting the Maitland Copper Project is removed from Glengarry Resources and transferred to Kagara Ltd.

Advantage 6 – Kagara Ltd continuing to support Glengarry Resources

10.9. Kagara Ltd has advised that it looks forward to continuing to support Glengarry as a substantial shareholder.

Advantage 7 – Precondition of Kagara Ltd's August 2007 investment fulfilled freeing cash

10.10. In August 2007, when a $4.3 million share placement was made to Kagara Ltd there was a precondition that the Maitland Copper Project was progressed to an indicated resource. To date $1.4 million has been spent on development of the resource with around $2.9 million of Kagara Ltd's initial investment now available for Glengarry Resources to spend on other projects.

Advantage 8 – Existing arrangement with Mega Uranium Ltd for future uranium royalties not affected

10.11. The offer from Kagara Ltd includes provision for Glengarry to retain the existing arrangement with Mega Uranium Ltd for Glengarry Resources to receive a 1% net smelter return royalty on possible future uranium production from the Greenvale Project exploration tenements.

Advantage 9 – Provides cash for future exploration without diluting current interests

10.12. The offer from Kagara Ltd will provide cash to fund future exploration without the interests of existing shareholders in Glengarry Resources being diluted.

Disadvantages

Disadvantage 1 – Other Greenvale Project exploration tenements sold as part of agreement

10.13. As part of the offer from Kagara Ltd, the Greenvale Project exploration tenements are transferred to Kagara Ltd along with the Maitland Copper Project which denies Glengarry Resources the possibility of exploiting future lucrative discoveries from these areas. However the Directors are of the opinion that sufficient work has been undertaken to date to conclude that there is a low probability of exploration discovering a major deposit in the Greenvale Project exploration tenements.

Disadvantage 2 – Opportunity for future underground mine passes to Kagara Ltd

10.14. The possibility of a potentially profitable underground mine at the Maitland Copper Project is lost to Glengarry Resources. The Scoping Study suggested that it may be feasible to fund an underground mine from the profits of the open pit mine and while there is insufficient data to suggest that a profitable underground mine is likely, the opportunity, should it arise, now falls to Kagara Ltd.

Disadvantage 3 – No alternative offers

10.15. Kagara Ltd's offer for the Maitland Copper Project is the only offer which the Directors are aware of and the Directors consider that it is unlikely that there will be any further offers.

Yours faithfully

Andrew Gilmour

A J GILMOUR
Director

APPENDIX A

Declarations and Disclosures

RSM Bird Cameron Corporate Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron (RSMBC) a large national firm of chartered accountants and business advisors.

Mr. Andrew Gilmour is a director of RSM Bird Cameron Corporate Pty Ltd. He is a Chartered Accountant with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting the Non-Associated Shareholders of Glengarry Resources in considering the proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the directors and management of Glengarry Resources and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Bird Cameron Corporate Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Bird Cameron Corporate Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Bird Cameron Corporate Pty Ltd, RSMBC, Andrew Gilmour, nor any other member, director, partner or employee of RSM Bird Cameron Corporate Pty Ltd and RSMBC has any interest in the outcome of the proposed Transactions, except that RSM Bird Cameron Corporate Pty Ltd are expected to receive a fee of approximately $17,500 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Glengarry Resources receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Bird Cameron Corporate Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners or RSMBC has been involved in the preparation of the Notice of General Meeting and Explanatory Statement. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement as a whole.

APPENDIX B

Sources of Information

In preparing this report we have relied upon the following principal sources of information:

- Notice of General Meeting and Explanatory Memorandum for General Meeting to be held on 9 September 2008
- Scoping Study entitled "Glengarry Resources Ltd – Maitland Copper Project" prepared by Lower Quartile Solutions Pty Ltd and dated 18 April 2008
- Technical Summary – Maitland Project by Cube Consulting dated March 2008
- Glengarry Resources Limited Annual Report – 30 June 2007
- Glengarry Resources Limited Interim Financial Report – 31 December 2007
- Asset Sale Agreement – Glengarry Resources Limited and Kagara Ltd
- Deed of Assumption and Consent Agreement – Mega Uranium Limited, Mega Georgetown Pty Ltd, Glengarry Resources Limited and Kagara Ltd
- Royalty Deed – Glengarry Resources Limited and Kagara Ltd
- IBISWorld Report B1313 – Copper Ore Mining in Australia
- Publicly available information including ASX announcements and financial information from subscription services
- Information provided to us during meetings and correspondence with management and directors of Glengarry Resources Limited

APPENDIX C

Financial Services Guide

Overview

RSM Bird Cameron Corporate Pty Ltd, ABN 82 050 508 024 ("RSM Bird Cameron Corporate Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
  - (a) basic deposit products;
  - (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither RSM Bird Cameron Corporate Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Bird Cameron Partners.

From time to time, RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners, RSM Bird Cameron and / or RSM Bird Cameron related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, RSM Bird Cameron Corporate Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Industry Complaints Service Limited ("FICS"). FICS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FICS are available at the FICS website www.fics.asn.au or by contacting them directly via the details set out below.

Financial Industry Complaints Service Limited
P O Box 579
Collins Street West
Melbourne VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9621 2291

Contact Details

You may contact us using the details set out at the top of our letterhead on page 1 of this report.

APPENDIX D

Executive Summary of Scoping Study by Lower Quartile Solutions

1. Executive Summary

Lower Quartile Solutions Pty Ltd (LQS) was commissioned by Glengarry Resources Limited (Glengarry) to perform a scoping-level study for the Maitland Copper Project, located approximately ~200 kilometres west of Townsville in North Queensland, Australia.

LQS were instructed by Glengarry that a nearby processing plant in North Queensland, with a haulage distance of 352km from the Maitland deposit, was to be considered when applying operational and processing costs. It is planned for the concentrate to be shipped from the Townsville port, which is approximately 205km from the plant to an unspecified overseas smelter.

The study uses the resource model *mat_3dModel_20080312.mdl* and is aimed at determining the viability of developing an open pit mine on the Maitland deposit with an outlook of providing a feasible mining option to either sell on or create a JV project from.

The table below shows a summary of the material and grade that existed in the Resource model. (Note that only Indicated and Inferred material existed within the model)

JORC	Volume	Tonnes	Cu%	Mo %	Density
Inferred	49172	137681	0.6	0.01	2.80
Indicated	931867	2526808	0.98	0.01	2.73

A series of Whittle™ optimisation and sensitivity runs were performed. The base case run used a sell price of Cu A$8000/t and Mo US$30/lb; the design was based on the Whittle™ run that used a sell price of CU AU$10,000/t and Mo US$30/lb.

Review of the initial information revealed two immediate findings

- The varied sell price of the molybdenum only had an impact on the Discounted Cashflow (DCF) of the optimisations and not the size of the pit shells.
- The Best Case and Worst Case DCF were the same throughout the runs therefore no schedule needed to be done to reach optimal DCF.

The base case optimisation shell produced a peak DCF of A$6,127,808 and extracted a total of 124,014 ore tonnes with a strip ratio of 18.5.

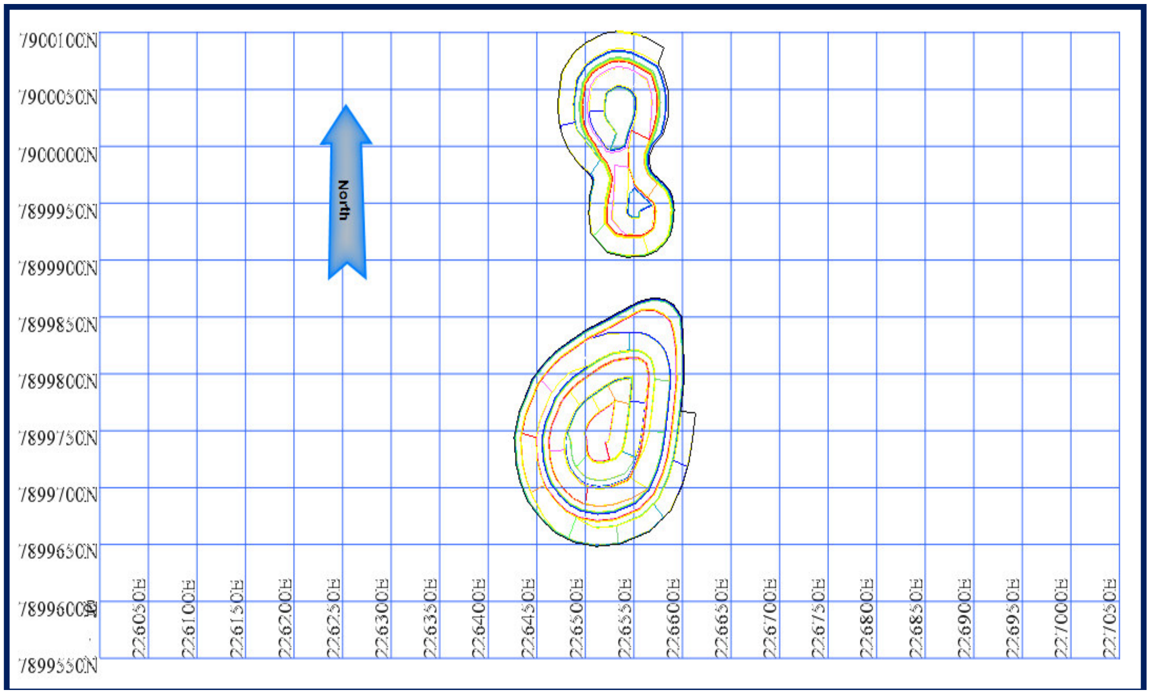
The following table shows the Whittle™ output for the base case optimisation:

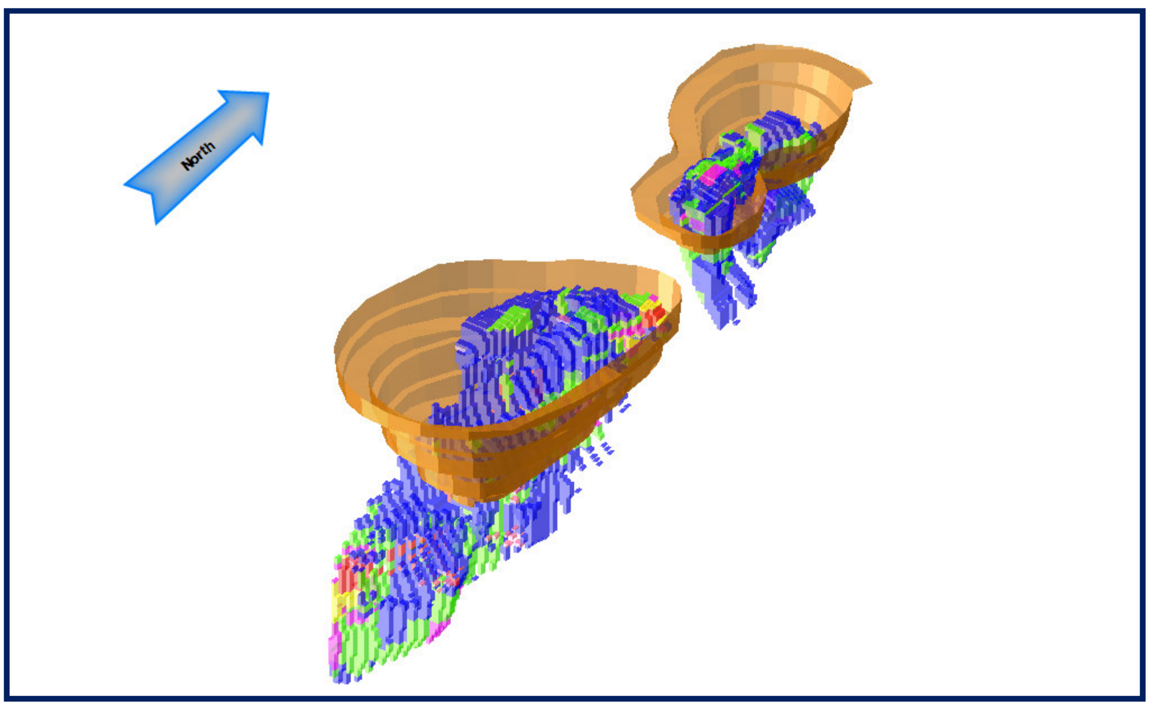
Pit by Pit Table - Glengarry

Cu AU$8000/t, Mo US$30/lb

Final Pit Shell	DCF - No CAPEX or TAX applied: Open pit cashflow best $ disc	Open pit cashflow specified $ disc	Open pit cashflow worst $ disc	Ore tonnes input to mill best	Ave Cu Grade input to mill best	Ave Mo Grade input to mill best	Waste tonnes mined best	Strip Ratio best	Final bench (whit blk)	Mine life years best	Units output Cu tonnes best	Units output Mo tonnes best	Revenue factor for pit shell	Cut-off MILL Cu	
1	1,852,992	1,852,992	1,852,992	22,131	0.03	-	288,964	13.06	81	0.03	608	14	0.58	0.020	
2	2,158,123	2,158,123	2,158,123	24,771	0.03	-	346,046	13.97	79	0.04	695	15	0.60	0.020	
3	2,581,338	2,581,338	2,581,338	29,495	0.03	-	395,296	13.40	79	0.05	834	16	0.62	0.020	
4	2,839,182	2,839,182	2,839,182	32,367	0.03	-	452,325	13.97	78	0.05	929	16	0.66	0.020	
5	2,887,009	2,887,009	2,887,009	32,956	0.03	-	465,461	14.12	78	0.06	949	16	0.70	0.020	
6	3,078,070	3,078,070	3,078,070	35,607	0.03	-	532,431	14.95	77	0.06	1,039	16	0.72	0.020	
7	3,122,350	3,122,350	3,122,350	36,364	0.03	-	547,674	15.06	77	0.06	1,062	16	0.74	0.020	
8	3,374,227	3,374,227	3,374,227	44,057	0.03	-	555,181	12.60	77	0.07	1,207	16	0.76	0.020	
9	3,384,654	3,384,654	3,384,654	44,202	0.03	-	562,696	12.73	77	0.07	1,214	16	0.78	0.020	
10	5,931,175	5,931,175	5,931,175	108,778	0.03	-	2,026,717	18.63	68	0.24	2,889	43	0.80	0.020	
11	5,963,209	5,963,209	5,963,209	109,627	0.03	-	2,054,521	18.74	68	0.24	2,918	43	0.82	0.020	
12	6,002,443	6,002,443	6,002,443	110,965	0.03	-	2,089,859	18.83	68	0.24	2,958	43	0.84	0.020	
13	6,007,247	6,007,247	6,007,247	111,139	0.03	-	2,093,644	18.84	68	0.24	2,963	43	0.86	0.020	
14	6,062,559	6,062,559	6,062,559	114,388	0.03	-	2,127,256	18.60	68	0.25	3,032	43	0.88	0.020	
15	6,072,466	6,072,466	6,072,466	116,970	0.03	-	2,192,101	18.74	68	0.26	3,097	43	0.90	0.020	
16	6,096,358	6,096,358	6,096,358	119,488	0.03	-	2,236,515	18.72	68	0.26	3,156	43	0.92	0.020	
17	6,118,175	6,118,175	6,118,175	122,697	0.03	-	2,291,411	18.68	67	0.27	3,230	43	0.94	0.020	
18	6,127,808	6,127,808	6,127,808	124,014	0.03	-	2,302,390	18.57	67	0.27	3,255	43	0.96	0.020	Peak DCF
19	6,098,808	6,098,808	6,098,808	126,581	0.03	-	2,355,499	18.61	67	0.28	3,312	43	0.98	0.020	
20	6,102,023	6,102,023	6,102,023	127,270	0.03	-	2,358,687	18.53	67	0.28	3,324	43	1.00	0.020	Revenue Factor 1.00
21	6,074,533	6,074,533	6,074,533	128,940	0.03	-	2,417,517	18.75	67	0.28	3,371	43	1.02	0.020	
22	6,029,280	6,029,280	6,029,280	130,176	0.03	-	2,469,567	18.97	67	0.29	3,407	43	1.04	0.020	
23	6,022,919	6,022,919	6,022,919	130,986	0.03	-	2,476,876	18.91	67	0.29	3,421	43	1.06	0.020	
24	6,019,798	6,019,798	6,019,798	132,062	0.03	-	2,480,134	18.78	67	0.29	3,437	43	1.08	0.020	
25	6,010,740	6,010,740	6,010,740	132,604	0.03	-	2,485,163	18.74	67	0.29	3,446	43	1.10	0.020	
26	5,821,508	5,821,508	5,821,508	134,309	0.03	-	2,577,161	19.19	67	0.30	3,488	43	1.12	0.020	
27	5,754,507	5,754,507	5,754,507	135,767	0.03	-	2,630,242	19.37	66	0.31	3,523	43	1.14	0.020	
28	5,682,511	5,682,511	5,682,511	136,285	0.03	-	2,660,741	19.52	66	0.31	3,535	43	1.16	0.020	
29	4,451,210	4,451,210	4,451,210	139,494	0.03	-	3,058,641	21.93	66	0.36	3,600	43	1.18	0.020	
30	3,531,002	3,531,002	3,531,002	147,180	0.03	-	3,393,322	23.06	66	0.39	3,741	43	1.20	0.020	
31	3,324,657	3,324,657	3,324,657	148,619	0.03	-	3,472,934	23.37	66	0.40	3,770	43	1.22	0.020	
32	3,177,934	3,177,934	3,177,934	150,173	0.03	-	3,558,864	23.70	66	0.41	3,812	43	1.24	0.020	
33	2,950,874	2,950,874	2,950,874	151,983	0.03	-	3,652,602	24.03	66	0.42	3,850	43	1.26	0.020	
34	2,689,490	2,689,490	2,689,490	152,833	0.03	-	3,739,763	24.47	65	0.43	3,868	43	1.28	0.020	
35	2,418,828	2,418,828	2,418,828	154,099	0.03	-	3,837,974	24.91	65	0.44	3,894	43	1.30	0.020	
36	2,312,352	2,312,352	2,312,352	154,649	0.03	-	3,872,911	25.04	65	0.45	3,904	43	1.32	0.020	
37	2,132,709	2,132,709	2,132,709	155,343	0.03	-	3,928,223	25.29	65	0.45	3,914	43	1.34	0.020	
38	1,883,255	1,883,255	1,883,255	155,630	0.03	-	4,006,866	25.75	65	0.46	3,920	43	1.36	0.020	
39	973,965	973,965	973,965	156,209	0.03	-	4,287,826	27.45	65	0.49	3,934	43	1.38	0.020	
40	848,360	848,360	848,360	156,271	0.03	-	4,325,918	27.68	65	0.50	3,935	43	1.40	0.020	

As per instruction from the client, pit designs were completed based upon the peak DCF shell resulting from the Cu A$10,000/t and Mo US$30/lb Whittle™ optimisation. The resultant designs are displayed below:





Due in part to the steep overall slope angle used in the optimisation parameters (60°) and the plunge of the orebody, the strip ratio resulting from the design increases significantly. A minimum mining width run was performed in Whittle™ to try to combat this, without any significant result; additional arcs would have made the design process easier, but still would have resulted in the peak output shell loosing DCF due to the increased additional waste. Hence the original Cu A$10,000/t Whittle™ peak shell was used to base the designs on.

The pit used best case assumed design parameters and a single lane ramp to remain as close to the peak Cu A$10,000/t Whittle™ shell as possible; however the total combined pit designs still suffered losses due to increased strip and loss of depth. The table following illustrates the comparison between design and output shell:

Final pit	cashflow best A$ disc	cashflow specified A$ disc	cashflow worst A$ disc	tonne input best	input CU Grade best	Waste best tonne	Strip ratio best	life years best	output CU best (t)	output MO best (t)
28	15,573,825	15,573,825	15,573,825	534,177	2.00%	3,125,330.00	5.85	0.76	8,619	43
Design	10,005,683	10,005,683	10,005,683	518,310	2.00%	3,993,325.00	7.70	0.74	8,132	43
% Difference	-36%	-36%	-36%	-3%	0%	28%	32%	-3%	-6%	0%

The following conclusions can be derived as a result of the Scoping study:

- The base case parameters and costs that were applied in this study were done so without applying CAPEX, with an outlook to divest the project or to create a JV. The Scoping study indicates that using the base rate parameters the current option of doing either area both seem viable; however this must be tempered with caution as the project proved sensitive to changes in the Copper sell price, and the application of a design to the A$10,000/t sell price Whittle™ peak DCF shell dropped 1/3 of it's DCF.

- Judging by the amount of mineralised material remaining (after taking the current indicated open pit mining results into account and basing the project on the subject of sale or creation of a JV) a conceptual underground study would prove worthwhile. Using the current base case parameters and costs that were applied in this study, it would suggest that the open pit would pay for the underground development and therefore it may be feasible to capitalise on this and have an underground decline extending from close to the bottom of the completed pit.

- The designs, which were based on the Cu A$10,000/t Whittle™ peak shell, lose over a third of the DCF when taken to design stage. Without additional arcs being applied, the resulting shell is very tight and with the addition of berms and ramps it becomes difficult to apply a design to. It can be assumed that a similar loss in DCF can be factored into the creation of pit designs using the base case Cu A$8000/t Whittle™ peak shell.

- It may be worth considering the lower alternative processing cost option discussed in Appendix I by Ozmet, which states "Processing of the Maitland ore at Kagara's Mt Garnet plant, rather than at Thalanga would the reduce total haulage costs by US$23.5M from US$71.54M to US$47.95M (calculated at US$0.25/t/km). Although this option may be limited by poor road [sic] quality.