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# GLENGARRY RESOURCES LIMITED

ACN 009 468 099

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## NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders of the Company will be held at the Celtic Club, 48 Ord Street West Perth WA 6005 on Friday 17 July 2009 at 2.00 pm (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 2.00 pm on 15 July 2009.

## AGENDA

### ORDINARY BUSINESS

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#### 1. Resolution 1 - Election of a Director - Mr Darren Gordon

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

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

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#### 2. Resolution 2 - Election of a Director - Mr Didier Murcia

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

*"That Mr Didier Murcia, who was appointed as an additional Director by the Board of Directors, be elected as a Director."*

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#### 3. Resolution 3 - Issue of Options to Mr Darren Gordon

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

*"That for the purposes of Listing Rule 10.11 and Section 208(1) of the Corporations Act and for all other purposes and subject to Resolution 1 above being passed, the Company approves and authorises the issue of 4,000,000 options to subscribe for fully paid ordinary shares in the Company to Mr Darren Gordon, or his Permitted Nominee, on the terms and conditions specified in the Explanatory Memorandum accompanying this Notice."*

#### Voting Exclusion

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

- Mr Darren Gordon; and
- Any associates of Mr Darren Gordon.

However, the Company need not disregard a vote if:

- It is cast by Mr Darren Gordon as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
  - It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
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## 4. Resolution 4 - Issue of Options to Mr Didier Murcia

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

*“That for the purposes of Listing Rule 10.11 and Section 208(1) of the Corporations Act and for all other purposes and subject to Resolution 2 above being passed, the Company approves and authorises the issue of 1,500,000 options to subscribe for fully paid ordinary shares in the Company to Mr Didier Murcia, or his Permitted Nominee, on the terms and conditions specified in the Explanatory Memorandum accompanying this Notice.”*

### Voting Exclusion

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

- Mr Didier Murcia; and
- Any associates of Mr Didier Murcia.

However, the Company need not disregard a vote if:

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

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## 5. Resolution 5 - Issue of Options to Mr Keith McKay

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

*“That for the purposes of Listing Rule 10.11 and Section 208(1) of the Corporations Act and for all other purposes the Company approves and authorises the issue of 1,000,000 options to subscribe for fully paid ordinary shares in the Company to Mr Keith McKay, or his Permitted Nominee, on the terms and conditions specified in the Explanatory Memorandum accompanying this Notice.”*

### Voting Exclusion

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

- Mr Keith McKay; and
- Any associates of Mr Keith McKay.

However, the Company need not disregard a vote if:

- It is cast by Mr Keith McKay as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
  - It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
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## 6. Resolution 6 - Issue of Options to Mr Geoffrey Clifford

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

*“That for the purposes of Listing Rule 10.11 and Section 208(1) of the Corporations Act and for all other purposes the Company approves and authorises the issue of 500,000 options to subscribe for fully paid ordinary shares in the Company to Mr Geoffrey Clifford, or his Permitted Nominee, on the terms and conditions specified in the Explanatory Memorandum accompanying this Notice.”*

### Voting Exclusion

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

- Mr Geoffrey Clifford; and
- Any associates of Mr Geoffrey Clifford.

However, the Company need not disregard a vote if:

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

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By Order of the Board



Geoff James  
Company Secretary  
11 June 2009

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

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

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

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# GLENGARRY RESOURCES LIMITED

ACN 009 468 099

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## EXPLANATORY MEMORANDUM

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### Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting of the Company to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia 6005 on Friday 17 July 2009 at 2.00 pm (WST).

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

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### 1. Resolution 1 - Election of a Director - Mr Darren Gordon

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

Accordingly, Mr Darren Gordon ceases to be a Director and offers himself for election at the Meeting. The Board supports the election of Mr Darren Gordon.

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### 2. Resolution 2 - Election of a Director - Mr Didier Murcia

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

Accordingly, Mr Didier Murcia ceases to be a Director and offers himself for election at the Meeting. The Board supports the election of Mr Didier Murcia.

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### 3. Resolution 3 - Issue of Options to Mr Darren Gordon

Resolution 3 seeks Shareholder approval for the issue of 4 million Options to Mr Darren Gordon. The Options will be exercisable on the terms and conditions set out below.

Shareholder approval for the issue of Options to a Director is required by ASX Listing Rule 10.11 which requires the approval of Shareholders before any securities are issued to a Director. Shareholder approval is also sought under Section 208 of the Corporations Act because a Director is a "related party" of the Company as defined in the Corporations Act.

#### ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of Options to a Director of the Company.

Mr Darren Gordon is a Director of the Company.

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## 3. Resolution 3 - Issue of Options to Mr Darren Gordon (continued)

Approval pursuant to ASX Listing Rule 7.1 is not required to issue Options to a Director as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Options to Mr Gordon (or his Permitted Nominee) in accordance with proposed Resolution 3 will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1 to determine the number of securities which the Company may issue in the future without shareholder approval. The Permitted Nominee must be approved by the Board.

For the purposes of ASX Listing Rule 10.11, the following information is provided in relation to the issue of Options pursuant to Resolution 3 as required by ASX Listing Rule 10.13:

- (a) The maximum number of Options to be issued by the Company is 4 million Options to Mr Darren Gordon who is a director of the Company (or his Permitted Nominee).
- (b) The Options will be issued for nil cash consideration as they are being issued as part of Mr Gordon's Managing Director's remuneration package which provides a material incentive for Mr Gordon's ongoing commitment and dedication to the growth of the Company. The Board considers the issue of Options to be reasonable in the circumstances, to assist the Company in attracting and retaining the highest calibre of executive to the Company, whilst maintaining the Company's cash reserves.
- (c) The Options will be issued within 1 month after Resolution 3 is passed.
- (d) The Options will expire on the fifth anniversary of their date of issue and each Option will on exercise confer the right to acquire one ordinary share in the Company.
- (e) The amounts payable on exercise of the Options and the vesting dates are as follows:

Tranche	Number of Options	Exercise Price	Vesting Date
1	1,000,000	5.0 cents	Immediately upon approval
2	1,000,000	7.5 cents	4 May 2010
3	2,000,000	10.0 cents	4 May 2011

The exercise prices were based on the share price current at the date of Mr Gordon's appointment as a Director on 16 April 2009 which was 3.3 cents.

- (f) The Options will otherwise be issued on the terms and conditions set out in Annexure A to this Explanatory Memorandum.
- (g) No funds will be raised by the issue of the Options (although funds will be raised to the extent that the Options are eventually exercised. The precise amount raised in the event of exercise of the Options will depend on the number of Options eventually exercised and the exercise price for such Options).

### Section 208 of the Corporations Act

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

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

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## 3. Resolution 3 - Issue of Options to Mr Darren Gordon (continued)

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

The following information is provided pursuant to sections 217 to 227 of the Corporations Act in relation to Resolution 3:

- (a) The related party to whom the Options will be issued is Mr Darren Gordon. As mentioned in the resolution, the Options may be issued to a Permitted Nominee of Mr Gordon. The Permitted Nominee must be approved by the Board.
- (b) The maximum number of Options (being the nature of the financial benefit to be provided) to be issued is 4 million to Mr Gordon (or his Permitted Nominee).
- (c) The Options will be issued for nil cash consideration and accordingly, no funds will be raised from the issue of the Options (although as mentioned above, funds will be raised to the extent that the Options are eventually exercised. The precise amount raised in the event of exercise of the Options will depend on the number of Options eventually exercised and the exercise price for such Options).
- (d) The terms and conditions of the Options to be issued pursuant to Resolution 3 are set out in Annexure A to this Explanatory Memorandum.
- (e) Mr Gordon has a material personal interest in the outcome of Resolution 3 as he or his Permitted Nominee will be the recipient of the Options. Accordingly Mr Gordon does not wish to provide a recommendation in respect of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 3, recommend that Shareholders approve Resolution 3 as they are of the view that the issue of Options to Mr Gordon or his Permitted Nominee is appropriate to assist the Company in retaining his services and dedication whilst maintaining the Company's cash reserves. The Directors (other than Mr Gordon) considered Mr Gordon's experience, the current market price of the Shares and current market practice when determining the terms of the Options and the number of Options to be issued to Mr Gordon or his Permitted Nominee.
- (f) If Shareholders approve the issue of Options to Mr Gordon, and all Options are ultimately exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 1.4% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming that no other Options are exercised.
- (g) The primary purpose of the issue of Options is to allow the Company to provide a cost effective incentive for the ongoing dedication and efforts of Mr Gordon. The Directors (other than Mr Gordon) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Options to Mr Gordon upon the terms proposed.
- (h) As at the date of this notice, Mr Gordon and his associates hold 44 million shares (direct and indirect) in the Company.
- (i) The Directors have determined that Mr Gordon will be paid an all inclusive remuneration package of \$210,000 per annum as Managing Director, to be reviewed periodically. No other Director fees will be paid.

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## 3. Resolution 3 - Issue of Options to Mr Darren Gordon (continued)

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

	Date	Price
Highest	11 June 2008	8.8 cents
Lowest	16 February 2009	2.3 cents
Last Trading Price	10 June 2009	5.5 cents

- (k) ASIC policy in relation to documents lodged under Section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the Options proposed to be issued. The value of the Options has been calculated by the Company and is set out in Annexure B to this Explanatory Memorandum.
- (l) Other than the information specified in this Explanatory Memorandum, the Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 3.

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## 4. Resolution 4 - Issue of Options to Mr Didier Murcia

Resolution 4 seeks Shareholder approval for the issue of 1,500,000 Options to Mr Didier Murcia. The Options will be exercisable on the terms and conditions set out below.

Shareholder approval for the issue of Options to a Director is required by ASX Listing Rule 10.11 which requires the approval of Shareholders before any securities are issued to a Director. Shareholder approval is also sought under Section 208 of the Corporations Act because a Director is a "related party" of the Company as defined in the Corporations Act.

### ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of Options to a Director of the Company.

Mr Didier Murcia is a Director of the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required to issue Options to a Director as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Options to Mr Murcia (or his Permitted Nominee) in accordance with proposed Resolution 4 will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1 to determine the number of securities which the Company may issue in the future without shareholder approval. The Permitted Nominee must be approved by the Board.

For the purposes of ASX Listing Rule 10.11, the following information is provided in relation to the issue of Options pursuant to Resolution 4 as required by ASX Listing Rule 10.13:

- (a) The maximum number of Options to be issued by the Company is 1,500,000 Options to Mr Didier Murcia who is a director of the Company (or his Permitted Nominee).
- (b) The Options will be issued for nil cash consideration as they are being issued to provide a material additional incentive for Mr Murcia's ongoing commitment and dedication to the continued growth of the Company. The Board considers the issue of Options to be reasonable in the circumstances, to assist the Company in attracting and retaining the highest calibre of directors to the Company, whilst maintaining the Company's cash reserves.

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## 4. Resolution 4 - Issue of Options to Mr Didier Murcia (continued)

- (c) The Options will be issued within 1 month after Resolution 4 is passed.
- (d) The Options will expire on the fifth anniversary of their date of issue and each Option will on exercise confer the right to acquire one ordinary share in the Company.
- (e) The amounts payable on exercise of the Options and the vesting dates are as follows:

Tranche	Number of Options	Exercise Price	Vesting Date
1	500,000	7.5 cents	Immediately on approval
2	500,000	10.0 cents	12 months from Shareholder Approval
3	500,000	12.0 cents	24 months from Shareholder Approval

The exercise prices were based on the share price current at the date the Board resolved to seek Shareholder approval for the Options on 3 June 2009 which was 5.2 cents.

- (f) The Options will otherwise be issued on the terms and conditions set out in Annexure A to this Explanatory Memorandum.
- (g) No funds will be raised by the issue of the Options (although funds will be raised to the extent that the Options are eventually exercised. The precise amount raised in the event of exercise of the Options will depend on the number of Options eventually exercised and the exercise price for such Options).

### Section 208 of the Corporations Act

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

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

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

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

- (a) The related party to whom the Options will be issued is Mr Didier Murcia. As mentioned in the resolution, the Options may be issued to a Permitted Nominee of Mr Murcia. The Permitted Nominee must be approved by the Board.
- (b) The maximum number of Options (being the nature of the financial benefit to be provided) to be issued is 1,500,000 to Mr Murcia (or his Permitted Nominee).
- (c) The Options will be issued for nil cash consideration and accordingly, no funds will be raised from the issue of the Options (although as mentioned above, funds will be raised to the extent that the Options are eventually exercised. The precise amount raised in the event of exercise of the Options will depend on the number of Options eventually exercised and the exercise price for such Options).
- (d) The terms and conditions of the Options to be issued pursuant to Resolution 4 are set out in Annexure A to this Explanatory Memorandum.

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## 4. Resolution 4 - Issue of Options to Mr Didier Murcia (continued)

- (e) Mr Murcia has a material personal interest in the outcome of Resolution 4 as he or his Permitted Nominee will be the recipient of the Options. Accordingly Mr Murcia does not wish to provide a recommendation in respect of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 4, recommend that Shareholders approve Resolution 4 as they are of the view that the issue of Options to Mr Murcia or his Permitted Nominee is appropriate to assist the Company in retaining his services and dedication whilst maintaining the Company's cash reserves (notwithstanding the fact that the issue of Options to a non-executive director is not in accordance with the ASX Corporate Governance Council's guidelines for non-executive director remuneration). The Directors (other than Mr Murcia) considered Mr Murcia's experience, the current market price of the Shares and current market practice when determining the terms of the Options and the number of Options to be issued to Mr Murcia or his Permitted Nominee.
- (f) If Shareholders approve the issue of Options to Mr Murcia, and all Options are ultimately exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.52% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming that no other Options are exercised.
- (g) The primary purpose of the issue of Options is to allow the Company to provide a cost effective incentive for the ongoing dedication and efforts of Mr Murcia. The Directors (other than Mr Murcia) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Options to Mr Murcia upon the terms proposed.
- (h) As at the date of this notice, Mr Murcia and his associates hold 7 million shares (direct and indirect) in the Company.
- (i) The Directors have determined that Mr Murcia will be paid a Non-Executive Director's fee of \$45,000 per annum, to be reviewed periodically.
- (j) In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on the ASX are as set out below:

	<b>Date</b>	<b>Price</b>
Highest	11 June 2008	8.8 cents
Lowest	16 February 2009	2.3 cents
Last Trading Price	10 June 2009	5.5 cents

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

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## 5. Resolution 5 - Issue of Options to Mr Keith McKay

Resolution 5 seeks Shareholder approval for the issue of 1 million Options to Mr Keith McKay. The Options will be exercisable on the terms and conditions set out below.

Shareholder approval for the issue of Options to a Director is required by ASX Listing Rule 10.11 which requires the approval of Shareholders before any securities are issued to a Director. Shareholder approval is also sought under Section 208 of the Corporations Act because a Director is a "related party" of the Company as defined in the Corporations Act.

### ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of Options to a Director of the Company.

Mr Keith McKay is a Director of the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required to issue Options to a Director as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Options to Mr McKay (or his Permitted Nominee) in accordance with proposed Resolution 5 will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1 to determine the number of securities which the Company may issue in the future without shareholder approval. The Permitted Nominee must be approved by the Board.

For the purposes of ASX Listing Rule 10.11, the following information is provided in relation to the issue of Options pursuant to Resolution 5 as required by ASX Listing Rule 10.13:

- (a) The maximum number of Options to be issued by the Company is 1 million Options to Mr Keith McKay who is a director of the Company (or his Permitted Nominee).
- (b) The Options will be issued for nil cash consideration as they are being issued to provide a material additional incentive for Mr McKay's ongoing commitment and dedication to the continued growth of the Company. The Board considers the issue of Options to be reasonable in the circumstances, to assist the Company in attracting and retaining the highest calibre of directors to the Company, whilst maintaining the Company's cash reserves.
- (c) The Options will be issued within 1 month after Resolution 5 is passed.
- (d) The Options will expire on the fifth anniversary of their date of issue and each Option will on exercise confer the right to acquire one ordinary share in the Company.
- (e) The amounts payable on exercise of the Options and the vesting dates are as follows:

Tranche	Number of Options	Exercise Price	Vesting Date
1	500,000	7.5 cents	Immediately on approval
2	500,000	10.0 cents	12 months from Shareholder Approval

The exercise prices were based on the share price current at the date the Board resolved to seek Shareholder approval for the Options on 3 June 2009 which was 5.2 cents.

- (f) The Options will otherwise be issued on the terms and conditions set out in Annexure A to this Explanatory Memorandum.
- (g) No funds will be raised by the issue of the Options (although funds will be raised to the extent that the Options are eventually exercised. The precise amount raised in the event of exercise of the Options will depend on the number of Options eventually exercised and the exercise price for such Options).

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## 5. Resolution 5 - Issue of Options to Mr Keith McKay (continued)

### Section 208 of the Corporations Act

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

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

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

The following information is provided pursuant to sections 217 to 227 of the Corporations Act in relation to Resolution 5:

- (a) The related party to whom the Options will be issued is Mr Keith McKay. As mentioned in the resolution, the Options may be issued to a Permitted Nominee of Mr McKay. The Permitted Nominee must be approved by the Board.
- (b) The maximum number of Options (being the nature of the financial benefit to be provided) to be issued is 1 million to Mr McKay (or his Permitted Nominee).
- (c) The Options will be issued for nil cash consideration and accordingly, no funds will be raised from the issue of the Options (although as mentioned above, funds will be raised to the extent that the Options are eventually exercised. The precise amount raised in the event of exercise of the Options will depend on the number of Options eventually exercised and the exercise price for such Options).
- (d) The terms and conditions of the Options to be issued pursuant to Resolution 5 are set out in Annexure A to this Explanatory Memorandum.
- (e) Mr McKay has a material personal interest in the outcome of Resolution 5 as he or his Permitted Nominee will be the recipient of the Options. Accordingly Mr McKay does not wish to provide a recommendation in respect of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 5, recommend that Shareholders approve Resolution 5 as they are of the view that the issue of Options to Mr McKay or his Permitted Nominee is appropriate to assist the Company in retaining his services and dedication whilst maintaining the Company’s cash reserves (notwithstanding the fact that the issue of Options to a non-executive director is not in accordance with the ASX Corporate Governance Council’s guidelines for non-executive director remuneration). The Directors (other than Mr McKay) considered Mr McKay’s experience, the current market price of the Shares and current market practice when determining the terms of the Options and the number of Options to be issued to Mr McKay or his Permitted Nominee.
- (f) If Shareholders approve the issue of Options to Mr McKay, and all Options are ultimately exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.35% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming that no other Options are exercised.
- (g) The primary purpose of the issue of Options is to allow the Company to provide a cost effective incentive for the ongoing dedication and efforts of Mr McKay. The Directors (other than Mr McKay) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Options to Mr McKay upon the terms proposed.

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## 5. Resolution 5 - Issue of Options to Mr Keith McKay (continued)

- (h) As at the date of this notice, Mr McKay and his associates hold 2,419,000 shares and 1 million options (direct and indirect) in the Company.
- (i) The Directors have determined that Mr McKay will be paid a Non-Executive Chairman's fee of \$70,000 per annum, to be reviewed periodically.
- (j) In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on the ASX are as set out below:

	Date	Price
Highest	11 June 2008	8.8 cents
Lowest	16 February 2009	2.3 cents
Last Trading Price	10 June 2009	5.5 cents

- (k) ASIC policy in relation to documents lodged under Section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the Options proposed to be issued. The value of the Options has been calculated by the Company and is set out in Annexure B to this Explanatory Memorandum.
- (l) Other than the information specified in this Explanatory Memorandum, the Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 5.

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## 6. Resolution 6 - Issue of Options to Mr Geoffrey Clifford

Resolution 6 seeks Shareholder approval for the issue of 500,000 Options to Mr Geoffrey Clifford. The Options will be exercisable on the terms and conditions set out below.

Shareholder approval for the issue of Options to a Director is required by ASX Listing Rule 10.11 which requires the approval of Shareholders before any securities are issued to a Director. Shareholder approval is also sought under Section 208 of the Corporations Act because a Director is a "related party" of the Company as defined in the Corporations Act.

### ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of Options to a Director of the Company.

Mr Geoffrey Clifford is a Director of the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required to issue Options to a Director as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Options to Mr Clifford (or his Permitted Nominee) in accordance with proposed Resolution 6 will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1 to determine the number of securities which the Company may issue in the future without shareholder approval. The Permitted Nominee must be approved by the Board.

For the purposes of ASX Listing Rule 10.11, the following information is provided in relation to the issue of Options pursuant to Resolution 6 as required by ASX Listing Rule 10.13:

- (a) The maximum number of Options to be issued by the Company is 500,000 Options to Mr Geoffrey Clifford who is a director of the Company (or his Permitted Nominee).

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# GLENGARRY RESOURCES LIMITED

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## 6. Resolution 6 - Issue of Options to Mr Geoffrey Clifford (continued)

- (b) The Options will be issued for nil cash consideration as they are being issued to provide a material additional incentive for Mr Clifford's ongoing commitment and dedication to the continued growth of the Company. The Board considers the issue of Options to be reasonable in the circumstances, to assist the Company in attracting and retaining the highest calibre of directors to the Company, whilst maintaining the Company's cash reserves.
- (c) The Options will be issued within 1 month after Resolution 6 is passed.
- (d) The Options will expire on the fifth anniversary of their date of issue and each Option will on exercise confer the right to acquire one ordinary share in the Company.
- (e) The amounts payable on exercise of the Options and the vesting dates are as follows:

Tranche	Number of Options	Exercise Price	Vesting Date
1	500,000	7.5 cents	Immediately on approval

The exercise price was based on the share price current at the date the Board resolved to seek Shareholder approval for the Options on 3 June 2009 which was 5.2 cents.

- (f) The Options will otherwise be issued on the terms and conditions set out in Annexure A to this Explanatory Memorandum.
- (g) No funds will be raised by the issue of the Options (although funds will be raised to the extent that the Options are eventually exercised. The precise amount raised in the event of exercise of the Options will depend on the number of Options eventually exercised and the exercise price for such Options).

### Section 208 of the Corporations Act

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

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

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

The following information is provided pursuant to sections 217 to 227 of the Corporations Act in relation to Resolution 6:

- (a) The related party to whom the Options will be issued is Mr Geoffrey Clifford. As mentioned in the resolution, the Options may be issued to a Permitted Nominee of Mr Clifford. The Permitted Nominee must be approved by the Board.
- (b) The maximum number of Options (being the nature of the financial benefit to be provided) to be issued is 500,000 to Mr Clifford (or his Permitted Nominee).

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### 6. Resolution 6 - Issue of Options to Mr Geoffrey Clifford (continued)

- (c) The Options will be issued for nil cash consideration and accordingly, no funds will be raised from the issue of the Options (although as mentioned above, funds will be raised to the extent that the Options are eventually exercised. The precise amount raised in the event of exercise of the Options will depend on the number of Options eventually exercised and the exercise price for such Options).
- (d) The terms and conditions of the Options to be issued pursuant to Resolution 6 are set out in Annexure A to this Explanatory Memorandum.
- (e) Mr Clifford has a material personal interest in the outcome of Resolution 6 as he or his Permitted Nominee will be the recipient of the Options. Accordingly Mr Clifford does not wish to provide a recommendation in respect of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 6, recommend that Shareholders approve Resolution 6 as they are of the view that the issue of Options to Mr Clifford or his Permitted Nominee is appropriate to assist the Company in retaining his services and dedication whilst maintaining the Company's cash reserves (notwithstanding the fact that the issue of Options to a non-executive director is not in accordance with the ASX Corporate Governance Council's guidelines for non-executive director remuneration). The Directors (other than Mr Clifford) considered Mr Clifford's experience, the current market price of the Shares and current market practice when determining the terms of the Options and the number of Options to be issued to Mr Clifford or his Permitted Nominee.
- (f) If Shareholders approve the issue of Options to Mr Clifford, and all Options are ultimately exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.17% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming that no other Options are exercised.
- (g) The primary purpose of the issue of Options is to allow the Company to provide a cost effective incentive for the ongoing dedication and efforts of Mr Clifford. The Directors (other than Mr Clifford) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Options to Mr Clifford upon the terms proposed.
- (h) As at the date of this notice, Mr Clifford and his associates hold 1 million shares and 1 million options (direct and indirect) in the Company.
- (i) The Directors have determined that Mr Clifford will be paid a Non-Executive Director's fee of \$45,000 per annum, to be reviewed periodically.
- (j) In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on the ASX are as set out below:

	<b>Date</b>	<b>Price</b>
Highest	11 June 2008	8.8 cents
Lowest	16 February 2009	2.3 cents
Last Trading Price	10 June 2009	5.5 cents

- (k) ASIC policy in relation to documents lodged under Section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the Options proposed to be issued. The value of the Options has been calculated by the Company and is set out in Annexure B to this Explanatory Memorandum.
- (l) Other than the information specified in this Explanatory Memorandum, the Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

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# GLENGARRY RESOURCES LIMITED

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## Annexure A

### Terms and conditions of options

The terms of issue of the Options are as follows:

- (a) Each Option entitles the holder to acquire one Share upon exercise of that Option.
- (b) The amounts payable on exercise of the Options are specified on pages 5, 8, 10 and 13 of this Explanatory Memorandum.
- (c) The Options vest in tranches on the dates specified on pages 5, 8, 10 and 13 of this Explanatory Memorandum, subject to the occurrence of a change of control event to the Company in which event all Options which have not yet vested will vest immediately on the occurrence of that event.

These events are defined as an unconditional takeover offer being made for shares in the Company, any merger transaction or scheme of arrangement recommended by the Board for the shares in the Company or a greater than 30% change in the shareholding of the Company from that which existed on 4 May 2009.

- (d) The Options will expire 5 years from the date of issue.
- (e) Options may be issued to a Permitted Nominee, subject to approval by the Board in its absolute discretion.
- (f) Options that have vested may be exercised at any time prior to expiry by completing an Option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company.
- (g) If an optionholder (or if the Options are issued to a Permitted Nominee, the person who nominated that Permitted Nominee) ceases to be a Director or an employee after an option has become exercisable, the options may be exercised during the following 3 months or such longer period as the Board determines. Options not exercised within such period will automatically lapse.
- (h) All unvested options immediately lapse if an optionholder (or if the Options are issued to a Permitted Nominee, the person who nominated that Permitted Nominee) ceases to be a Director or an employee, unless otherwise determined by the Board.
- (i) All Shares issued upon exercise of the Options will, from the date they are issued, rank *pari passu* in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options.
- (j) The optionholder will be entitled to participate in any new issue of securities to existing holders of shares in the Company provided the optionholder has exercised their options prior to the record date for determining entitlements.
- (k) The Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options.
- (l) Subject to paragraph (m), if the Company makes a bonus share issue, a rights issue or any other similar issue of rights or entitlements, there will be no adjustment to the exercise price, the number of Shares per Option or any other terms of those Options.
- (m) On a reorganisation of the Company's capital, the rights of optionholders (including the number of Options and the exercise price) will be changed to the extent necessary to comply with the Listing Rules of the ASX.
- (n) Subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the Options are transferable at the discretion of the Board. The Options will not be listed for quotation on the ASX.

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# GLENGARRY RESOURCES LIMITED

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## Annexure B

### Value of options

The Company has valued the options using the Black - Scholes option pricing model based on the following inputs and assumptions:

- (a) Current share price at date of valuation of 5.2 cents.
- (b) Exercise prices of 5.0 cents, 7.5 cents, 10.0 cents and 12.0 cents respectively.
- (c) Expected life of options is 5 years.
- (d) Dividend yield is nil.
- (e) Risk-free interest rate of 4.88% (5 year Australian Government bond rate).
- (f) Share price volatility of 105% (source: Bloomberg).

Having regard to the factors set out above, and using the Black - Scholes option pricing model, the value of the options proposed to be issued is calculated to be as follows:

	<b>Number of Options</b>	<b>Estimated Value \$</b>
Resolution 3 – Mr Gordon	4,000,000	153,492
Resolution 4 – Mr Murcia	1,500,000	55,502
Resolution 5 – Mr McKay	1,000,000	37,754
Resolution 6 – Mr Clifford	500,000	19,360

**PROXY FORM**

The Company Secretary  
Glengarry Resources Limited

**By delivery:**  
Mezzanine Level, 35 Havelock Street  
West Perth WA 6005

**By post:**  
PO Box 975  
West Perth WA 6872

**By facsimile:**  
+61 8 9322 5510

I/We <sup>1</sup> \_\_\_\_\_  
of \_\_\_\_\_  
being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_

votes in the Company, hereby appoint <sup>2</sup> \_\_\_\_\_  
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 Friday 17 July 2009 at 2.00 pm, 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:

		<b>For</b>	<b>Against</b>	<b>Abstain</b>
Resolution 1	Election of a Director - Mr Darren Gordon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of a Director - Mr Didier Murcia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Options to Mr Darren Gordon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Options to Mr Didier Murcia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Options to Mr Keith McKay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Options to Mr Geoffrey Clifford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of the interest.

**YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED.** The Chairman intends to vote undirected proxies in favour of each 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
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name \_\_\_\_\_ Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_\_

<sup>1</sup>Insert name and address of Shareholder

<sup>2</sup> 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).