GLENGARRY

7 March 2003

Manager Company Announcements
Company Announcements Office
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

Dear Sir

ANNOUNCEMENT
HALF-YEAR REPORT 31 DECEMBER 2002

We enclose a copy of the half-year report of Glengarry Resources Limited for the six months ended 31 December 2002.

Yours faithfully

ALLAN T HARRIS
Director

GLENGARRY RESOURCES LIMITED ABN 40 009 468 099
PRINCIPAL OFFICE
Telephone: (08) 9322 4929 Facsimile: (08) 9322 5510
PO Box 975, West Perth, WA 6872
35 Havelock Street, West Perth, WA 6005
Website: www.glengarrynl.com.au Email: info@glengarrynl.com.au
QUEENSLAND OFFICE
Telephone: (07) 4772 5880 Facsimile: (07) 4772 4999
PO Box 908 Castletown, QLD 4812
68 Railway Avenue, Railway Estate, QLD 4810

GLENGARRY

ABN 40 009 468 099

HALF-YEAR REPORT
31 DECEMBER 2002

Contents

Page

Glengarry Resources Limited
Half-year report - 31 December 2002

Company particulars

Directors
A T Harris, FCA
Chairman

A J Alston, BSc (Geol), MAusIMM, MAIG
Exploration Director

M J Glasson, BSc (hons), MSc, FAusIMM
Director

Secretary
A T Harris, FCA

Share register
Advanced Share Registry Services
Level 7
200 Adelaide Terrace
East Perth 6004
(08) 9221 7288

Auditor
PricewaterhouseCoopers
Chartered Accountants
QV1
250 St Georges Terrace
Perth 6000

Solicitors
Mark R Edwards
4 Kangaroo Parade
Yallingup 6282

Bankers
Australia and New Zealand Banking Group Limited
77 St George's Terrace
Perth 6000

Stock exchange listings
Glengarry Resources Limited shares and options are listed on the Australian Stock Exchange

- Ordinary fully paid shares (ASX Code GGY)
- Options exercisable at 15 cents on or before 31 March 2005 (ASX Code GGYOA)

Principal registered office in Australia
35 Havelock Street
West Perth 6005
(PO Box 975, West Perth 6872)

Telephone (08) 9322 4929
Facsimile (08) 9322 5510
Email info@glengarrynl.com.au
WebSite www.glengarrynl.com.au

Queensland office
68 Railway Avenue
Railway Estate
Townsville 4810
(PO Box 908, Castletown 4812)

Telephone (07) 4772 5880
Facsimile (07) 4772 4999

Directors' report

Your directors present their report on the consolidated entity consisting of Glengarry Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2002.

Directors

The following persons were directors of Glengarry Resources Limited during the whole of the half-year and up to the date of this report: A T Harris, A J Alston and M J Glasson.

Review of operations

A summary of consolidated revenues and results for the half-year is set out below:

	Revenues		Results	
	2002	2001	**2002**	2001
	$	$	**$**	$
Sale of non-current assets	**469,784**	-	**208,184**	-
Other	**49,632**	46,053	**(461,198)**	(606,149)
	519,416	46,053		
Profit(loss) from ordinary activities before income tax expense			**(253,014)**	(606,149)
Income tax expense			**-**	-
Net profit(loss) attributable to members of Glengarry Resources Limited			**(253,014)**	(606,149)

Comments on the operations are set out below:

1.0 Base Metal/Gold Projects

1.1 Diamantina Project, South West Queensland (Glengarry 100%)

Kamaran Downs

A low level aeromagnetic/radiometric survey was flown in the Kamaran Downs area which is located about 400 km south of Mt Isa, at the intersection (the Hinge Zone) of major continental scale north west and north east structures. The survey covered an area of 80 by 60 kms and allowed more detailed geophysical modelling of some strong magnetic features outlined by a previous broad government survey. A major conjugate fault system has been recognised (east north east and west north west) with preliminary interpretation suggesting associated magnetic intrusives at depths of 200-400 metres that are prospective for Olympic Dam style mineralisation.

Watchie Hut EPM 13749

Anomalous baryte (Ba) and tin (Sn) values were returned from lag and rock chip sampling at the Morton prospect located 11 km south west of the old Watchie Hut lead-silver workings and 350 kms south of Mt Isa. Maximum values from the reconnaissance sampling were: 55% Ba, 53 ppm Sn, 180 ppm Pb, 13 ppm Sb and 9 ppb Au.

The results are indicative of two possible styles of mineralisation i.e. massive high grade barytes or basement related base metal mineralisation where anomalous Sn and Sb values reflect a nearby hydrothermal system.

1.2 Cannington Project, Western Queensland (Glengarry 100%)

Two low impact EPM's, numbers 13680 and 13681, have recently been granted to Glengarry by the Queensland Department of Natural Resources and Mines. These EPM's are located south of BHP-Billiton's high grade Pb-Ag Cannington mine.

A program of ground magnetics, geochemical surface sampling and RC drilling has been completed on the M8 and G6 magnetic/gravity anomalies, located about 12km south south east of the Cannington mine.

Some strong geochemical soil responses generally co-incident with the magnetic anomalies were returned from this work with soil values (ppm) up to 1300 Zn, 180 Cu and 0.026 Au. Follow up RC drilling (8 holes for 1290 metres) over an area of 7 by 3 km intersected Proterozoic basement in all holes at depths of 128 to 142 metres and some exhibited moderate to strong alteration.

Holes CANRC01 and 03 intersected strong sillimanite, garnet and chlorite alteration $\pm$ disseminated pyrite in schists, gneiss and metavolcanic breccia at the G6 prospect, with maximum bottom of hole ppm values of 233 Cu, 375 Zn and 13 Mo. Previous drilling by BHP, 600 metres to the south east of CANRC01, also intersected strong alteration below 200 metre depths with values up to 2200 ppm Zn.

Strong hematite, sillimanite and garnet alteration $\pm$ pyrite was intersected in holes CANRC5 and 7 with geochemical values (ppm) up to 143 Cu, 1160 F and 0.025 Au at the M8 prospect. Rock chip sampling to the north of hole 7 returned up to 1400 ppm Zn, 3 g/t Ag and 4.5% Mn from Cretaceous shales. Anomalous (ppm) values in Ni (max 150), Zn (max 518), Sb (max 14), U (max 72) and Mo (max 178) were intersected in the younger Cretaceous Toolebuc Limestone at depths of 0-15 metres. These elements are also associated with the Ernest Henry Cu-Au mine located near Cloncurry.

1.3 Cloncurry Project - North West Queensland (Glengarry 100%)

Snake Creek EPM 13928

Glengarry has applied for an Exploration Permit for Minerals in the Mt Isa district, located about 25 kms south south east of Cloncurry. The application covers 260 km^2 and is prospective for both Ernest Henry style Cu-Au and high grade vein gold mineralisation. The tenement is located in a favourable structural setting i.e. the intersection of the north north west Cloncurry Fault corridor and a north north east structure which passes through the Ernest Henry mine. The application is also close to the Greenmount and White Range Cu-Au deposits.

Previous work has outlined a number of Cu-Au anomalies associated with magnetite rich high-level intrusive granitoids adjacent to major structures which have not been drill tested to date. In addition, chert and altered metasediment rock chip float, derived from the contact zones of high level intrusives, has returned assays up to 20.0 g/t Au - these targets do not appear to have been previously recognised and investigated.

1.4 Greenvale/Big Mag, North Queensland (Glengarry 100%)

VMS Prospect 12 Mile Creek EPM 12123 (BHP-Billiton royalty 2.5%)

A total of 10 holes were drilled for 168m of air core south of the TAG WEST area and 229m of RC percussion and 218m of NQ core in the BIG MAG/VMS prospect area.

The diamond hole (BMRCD91) was drilled to 299.8m to test a fixed loop electromagnetic (EM) anomaly. This hole was collared 170m south of previous drill hole BMRC86 which intersected 5m @ 0.5% Cu in a stockwork zone hosted by volcanogenic rocks. Varying degrees of alteration were observed in the diamond core including some strong zones of sericite, silica and sulphide. In spite of the alteration the geochemical values were low with maximum values over 2 metres of 0.20 g/t Au, 120 ppm Cu and 220 ppm Zn.

Burges EPM 12399 (TAG) (Glengarry 100%)
A total of 12 air core and RC percussion holes were drilled at the Tag West prospect for 436m. Values (ppm) of up to 2730 Cu, 7880 Zn and 0.35 Au in altered (pyrite, silica, sericite) volcanic rocks were returned from this shallow vertical drilling. The anomalous holes cover an area of 600 by 600 metres which is open to the west and south east. The results are considered to be very promising for VMS style mineralisation especially since most of the area is covered by 3 to 5m of soil and alluvium which masks evidence of sub-surface mineralisation.

2.0 Gold/PGE Projects

2.1 Tanami/Granites, Western Australia/Northern Territory

Larranganni Joint Venture (Glengarry 7.5% free carried)

The Larranganni project is the subject of a joint venture between Tanami Gold NL and operator Barrick Gold of Australia Ltd (Barrick).

Barrick carried out an extensive regional RAB/air core drilling program during 2002 which generated a number of bedrock gold anomalies for follow up.

Two holes were also drilled to test for down plunge extensions of mineralisation at the Sandpiper deposit. The first hole (BLRCD001) intersected 21m @ 3.6 g/t Au from 366m, including a high grade core of 2.6m @ 13.0 g/t Au at a vertical depth of about 330 metres, which is over 150 metres vertically below previous mineralised holes LSRD100 (59m @ 5.5 g/t Au), SR001 (8m @ 4.0 g/t Au) and SR002 (8m @ 4.4 g/t Au). Results for the second hole (BLRCD002), included intercepts of 2m @ 4.0 g/t Au from 310m and 1m @ 1.9 g/t Au from 358m.

The relatively wide intercept in hole BLRCD001 at Sandpiper is considered to be very encouraging as it demonstrates that mineralisation extends down plunge to below 300 metres vertical depth. Most of the drilling to date is above 150 metres vertical depth.

Mt Junction - Tanami Downs Joint Ventures (Glengarry 100%, Barrick earning 70%)

Glengarry entered into a joint venture with Barrick whereby Barrick must spend $350,000 and $1million respectively to earn 70% equity in Mt Junction and Tanami Downs.

Mt Junction is located approximately 25 km north east of the Kookaburra deposit in Western Australia. Barrick commenced field work during the latter part of 2002 and confirmed strong stream sediment gold anomalies.

Tanami Downs is located approximately 25 km west of the +5 million ounce Callie gold deposit operated by Newmont of Australia Ltd. Land use discussions with the Central Land Council are progressing and it is anticipated that this tenement will be granted during the 2003 field season.

2.2 Greenvale/Steam Engine, North Queensland. MDL 107 (Glengarry 100%)

Glengarry has acquired the Steam Engine Mineral Development Licence 107. The MDL covers an area of 80 hectares and is located 25 km west of the town of Greenvale and 3 km north of Glengarry's EPM 12399.

A gold resource of 250,000 tonnes @ 2.5 g/t Au (20,000 ounces) has been defined by Plutonic Operations Limited down to a depth of 150 metres on this property. The mineralisation is hosted by a 5 metre wide quartz rich zone which dips steeply to the west.

2.3 Westwood Project, Eastern Queensland (Glengarry 100%)

The Westwood EPM is located 20 km west of the Mt Morgan Mine - the largest historical open cut Cu-Au producer in Queensland.

A total of 20 holes (1298m, average depth 65m) were drilled at Westwood to test Cu and Pd geochemical anomalies as well as some co-incident magnetic and electromagnetic anomalies at the Magdalene prospect, located about 500m east of the old Westwood Palladium shaft.

Half of the holes drilled at Magdalene intersected anomalous Cu, Pd and Au values including 35m @ 2200 ppm Cu, 0.204 g/t Pd and 0.10 g/t Au and 5m @ 4210 ppm Cu, 0.316 g/t Pd and 0.16 g/t Au. Individual 1m samples from one hole also returned up to 1.70 g/t of combined Pd, Pt and Au values.

The anomalous metal values are associated with primary magmatic sulphides in fine to medium grained olivine gabbros and pyroxenites which are interpreted to be associated with late stage hydrothermal/sulphide pulses in the basal portions of a layered mafic/ultramafic complex.

Rock chip sampling, mapping and interpretation of geological magnetic and electromagnetic data was also carried out at the Magda One prospect, located about 2km north of Magdalene. This area has been highlighted because of the co-incidence of widespread anomalous rock chip geochemical values (up to 2% Cu and 5 g/t Au, Pd and Pt) with electromagnetic and magnetic anomalies in an area that is completely untested by drilling to date. The results of mapping also suggest that Magda One lies within the feeder "pipe" to the layered intrusive complex, enhancing the possibility of strong sulphide accumulations.

Recent interpretation of electromagnetic profiles has indicated that the source of the EM anomalies – possible massive sulphides, lies 50-100m below the disseminated sulphides intersected by the recent drilling.

2.4 Coolgardie, Western Australia (Glengarry 100%)

The Coolgardie/Gunga tenements cover an area of 9 km^2, located approximately 7 km north east of Coolgardie where there are two operating gold treatment plants. A gold resource of 70,000 ozs (1 million tonnes @ 2.1 g/t) has been outlined at the Gunga West deposit.

A total of 4392 metres were drilled on the Coolgardie leases, comprising 125 RAB holes for 3748 metres and 17 RC percussion holes for 644 metres. This drilling tested various geochemical and structural targets where little or no drilling had previously been carried out.

Best results of 3m at 12g/t and 5m at 2g/t were obtained from the Silver Star North and Jackpot West prospects respectively. Panning of drill cuttings at Jackpot West revealed visible gold associated with altered ultramafics devoid of quartz veining - this is a similar style of mineralisation to that at the nearby Jackpot deposit where 420,000 tonnes @ 4.3 g/t Au was outlined by Harmony/New Hampton Gold.

2.5 Charters Towers Project, North Queensland (Glengarry 100%)

This project is the subject of an option agreement with Charters Towers Gold Mines Ltd (CTGM) whereby CTGM must spend a total of $250,000 and drill 3000m of RC percussion by 26 April 2003. To date 1000m of RC percussion has been completed.

Recent work by CTGM has outlined a number of rock chip and soil anomalies located south of Charters Towers. At Lyn's Find on EPM 10818 sampling of quartz subcrop has returned up to 29.5 g/t Au whilst up to 4.2% Cu has been returned from rock chips in EPM 11008.

The option is exercisable by the payment of $500,000 by 26 April 2003.

This report is made in accordance with a resolution of the directors.

A T HARRIS
Director

Perth
5 March 2003

Consolidated statement of financial performance
For the half-year ended 31 December 2002

		Half-year	
		2002	2001
	Notes	**$**	$
Revenue from operating activities		**12,985**	46,053
Revenue from outside the operating activities		**506,431**	-
Revenue from ordinary activities		**519,416**	46,053
Employee benefits expense		**(65,908)**	(60,612)
Depreciation and amortisation expenses		**(10,554)**	(6,294)
Carrying amount of non-current assets sold		**(261,600)**	-
Exploration write downs		**(134,663)**	(64,734)
Investment write downs		**(29,894)**	(343,282)
Consultancy costs		**(87,689)**	(39,284)
Shareholder expenses		**(39,201)**	(36,445)
Accommodation expenses		**(28,079)**	(27,222)
Insurances		**(15,513)**	(13,252)
Travel expenses		**(14,327)**	(5,527)
Computer operations		**(12,227)**	(1,261)
Other expenses from ordinary activities		**(72,775)**	(54,289)
Profit(loss) from ordinary activities before income tax expense		**(253,014)**	(606,149)
Income tax expense		-	-
Net profit(loss)		**(253,014)**	(606,149)
Total changes in equity other than those resulting from transactions with owners as owners		**(253,014)**	(606,149)
		Cents	Cents
Basic earnings(loss) per share		**(0.23)**	(0.55)
Diluted earnings(loss) per share		**(0.23)**	(0.55)

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes.

Consolidated statement of financial position
As at 31 December 2002

	Notes	31 December 2002 $	30 June 2002 $
Current assets			
Cash assets		**1,140,792**	1,757,510
Receivables		**20,226**	126,217
Other		-	14,802
Total current assets		**1,161,018**	1,898,529
Non-current assets			
Plant and equipment		**65,426**	71,265
Exploration and evaluation		**2,883,005**	2,361,734
Other financial assets - investments		**976,382**	1,045,582
Total non-current assets		**3,924,813**	3,478,581
Total assets		**5,085,831**	5,377,110
Current liabilities			
Payables		**47,692**	118,934
Provisions		**9,350**	6,593
Total current liabilities		**57,042**	125,527
Total liabilities		**57,042**	125,527
Net assets		**5,028,789**	5,251,583
Equity			
Parent entity interest:			
Contributed equity		**5,476,296**	5,446,076
Accumulated losses		**(447,507)**	(194,493)
Total equity		**5,028,789**	5,251,583

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
For the half-year ended 31 December 2002

	Half-year	
	2002	2001
	$	$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**92,582**	77,079
Payments to suppliers and employees (inclusive of goods and services tax)	**(396,381)**	(259,546)
	(303,799)	(182,467)
Interest received	**38,326**	13,963
Net cash inflow(outflow) from operating activities	**(265,473)**	(168,504)
Cash flows from investing activities		
Payments for property, plant and equipment	**(5,853)**	(42,961)
Exploration and evaluation expenditure	**(683,343)**	(344,897)
Payments for investments	**(227,294)**	(8,616)
Proceeds from sale of investments	**564,965**	39,040
Net cash inflow(outflow) from investing activities	**(351,525)**	(357,434)
Cash flows from financing activities		
Proceeds from issues of shares	**280**	-
Net cash inflow from financing activites	**280**	-
Net increase(decrease) in cash held	**(616,718)**	(525,938)
Cash at the beginning of the reporting period	**1,757,510**	1,019,838
Cash at the end of the reporting period	**1,140,792**	493,900

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements
For the half-year ended 31 December 2002

Note 1. Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2002 has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting,* other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritive pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2002 and any public announcements made by Glengarry Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2. Individually significant items

	Half-year	
	2002	2001
	$	$
Reduction in capital	-	19,687,551

On 28 November 2001 shareholders approved a reduction in capital of 18 cents per share to be applied against accumulated losses.

Note 3. Equity securities issued

	Half-year		Half-year	
	2002	2001	**2002**	2001
	shares	shares	**$**	$
Exercise of options	**1,867**	-	**280**	-
Issued for services rendered	**580,000**	-	**24,900**	-
Issued for technical information	**100,000**	-	**5,000**	-
	681,867	-	**30,220**	-

Note 4. Contingent liabilities

A claim for unspecified damages has been brought by a former employee. The company has disclaimed liability and is defending the action. Legal advice indicates that a potential liability may arise, however, no material loss is anticipated.

Note 5. Segment information

The consolidated entity operates principally in gold and base metals exploration in Australia.

Directors' declaration

The directors declare that the financial statements and notes set out on pages 9 to 12:

a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b) give a true and fair view of the consolidated entity's financial position as at 31 December 2002 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Glengarry Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A T HARRIS
Director

Perth
5 March 2003

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

QV1
250 St Georges Terrace
PERTH WA 6000
GPO Box D198
PERTH WA 6840
DX 77 Perth
Australia
www.pwcglobal.com/au
Telephone +61 8 9238 3000
Facsimile +61 8 9238 3999

Independent review report to the members of Glengarry Resources Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report, set out on pages 9 to 13 is not presented in accordance with:

- the Corporations Act 2001 in Australia, including giving a true and fair view of the financial position of the Glengarry Resources Limited Group (defined below) as at 31 December 2002 and of its performance for the half-year ended on that date
- Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

This statement must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope and summary of our role

The financial report – responsibility and content

The preparation of the financial report for the half-year ended 31 December 2002 is the responsibility of the directors of Glengarry Resources Limited. It includes the financial statements for the Glengarry Resources Limited Group (the Group), which incorporates Glengarry Resources Limited (the Company) and the entities it controlled during the half-year ended 31 December 2002.

The auditor's role and work

We conducted an independent review of the financial report in order for the Company to lodge the financial report with the Australian Securities & Investments Commission. Our role was to conduct the review in accordance with Australian Auditing Standards applicable to review engagements. Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly a view in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Group's financial position, and its performance as represented by the results of its operations and cash flows.

The review procedures performed were limited primarily to:

- inquiries of company personnel of certain internal controls, transactions and individual items
- analytical procedures applied to financial data.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Independence

As auditor, we are required to be independent of the Group and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

In addition to our statutory audit and review work, we were engaged to undertake other services for the Group. In our opinion the provision of these services has not impaired our independence.

PricewaterhouseCoopers

PricewaterhouseCoopers

Henry

Nick Henry
Partner

Perth
5 March 2003