



ASX Release

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CHAIRMAN'S ADDRESS – AGM 2008

I plan to commence with a few comments about the current economic downturn and then I'll move on to outline Glengarry's achievements in the past financial year and also mention why I believe we are very well positioned to weather the storm.

When I delivered my Chairman's address at the AGM for 2007 some 12 months ago the Australian stock market and the resources industry in particular were enjoying boom times. We had experienced five consecutive years of a "bull market" and demand for commodities was strong with corresponding high metal prices.

Who would have predicted then that this was actually the peak of the market! In the last 12 months we have experienced a savage "bear market" which has seen the value of the Australian share market approximately halved since November last year. Some four years of growth, as indicated by the ASX 200 indicator, has now vanished!

The general market downturn has had a major impact on the Australian mining industry. Metal prices are severely lower with copper, lead and zinc prices more than halved in the last twelve months. Even the gold price is down some 25% despite this metal's traditional support in previous economic downturns.

Debt finance for potential mine developments is now much more difficult to secure and junior explorers without cash flows are experiencing increased problems in raising equity funds to continue their activities. We are already seeing a significant decrease in the level of competitor exploration.

I'll now move on to Glengarry. During the last four years our share price has generally tracked the overall market indicator rising from 3 cents in early 2005 to a peak of 20 cents in November 2007 and then sliding back to just under 3 cents at the present time. Our current market capitalisation is \$8 million which is some \$3 million below our cash backing. Surprising as this may seem, we are only one of a number of junior resource companies now trading at a discount to cash backing.

Despite this anomaly, I'm pleased to report that not only is your Company surviving in the current economic malaise but we are also well positioned to take advantage of opportunities that may arise as a result of the downturn.

You will be aware that in the past financial year Glengarry focussed most of its exploration effort on its wholly owned Greenvale Project and the Maitland copper deposit in particular. When the deposit turned out to be too small to support a stand-alone processing facility, we elected to sell it to nearby mining operator Kagara Limited in June 2008 for a cash payment of \$6.5 million and a retained royalty. The transaction was subsequently approved by a meeting of shareholders in early September this year.

While there was some shareholder disappointment about the sale at the time, it has subsequently been well and truly vindicated by the recent sharp decrease in the copper price. Mining of the Maitland deposit is probably not economic at current copper prices.

Following the Maitland sale, Glengarry is now in a very fortunate position with some \$11 million in cash reserves and short term investments available to fund our ongoing exploration efforts. Importantly, your Company has no foreseeable need to raise additional equity funds in the current weak market, a position which distinguishes Glengarry from many of the other junior mining/exploration companies who are running short of funds. Also, we have no outstanding debts or any payments due to perfect ownership of our existing projects. Our 4 key Australian projects are wholly owned.

In the past three months, post the decision to sell Greenvale/Maitland, Glengarry has rapidly refocussed its exploration efforts on several other existing wholly owned Australian projects. These include the Citadel Project in north-west Western Australia and the new Percyvale Project in North Queensland; both of which are prospective for gold and copper.

The Citadel Project area was applied for in 2006 but commencement of exploration has been delayed by protracted negotiations with Native Title owners. I am pleased to advise that approval has now been gained and the required heritage survey completed. A drilling-focussed exploration program to test some 18 priority targets and costing in the vicinity of \$1 million has already been designed and has been scheduled for the first half of 2009.

An initial drilling program has just been completed on several gold-copper targets on the Percyvale Project and Managing Director David Richards will give an update on this and other exploration activities in a short presentation immediately following the formal proceedings of this meeting.

In the past financial year Glengarry expended a total of \$3.1 million on exploration and associated costs and a similar amount has been budgeted for 2008/2009. One positive of the falling level of exploration as a result of the economic downturn is the increased availability of drilling rigs, assay laboratories and other support contractors and consultants. Hopefully associated prices will start falling as well!

In addition to exploration on existing wholly owned projects, Glengarry is actively pursuing new resource business opportunities. The current market downturn is creating numerous acquisition and merger opportunities as cash poor competitor companies seek partners or decide to sell assets because raising additional equity finance is becoming more difficult.

Our present robust financial position places us in a strong negotiating position when it comes to considering these opportunities. While we are yet to finalise any new major deals with other companies, we are very encouraged by the increased number of opportunities being directed our way.

Our strategy is to use the current market downturn to secure majority ownership/control of an advanced exploration asset that can be quickly progressed to a bankable ore reserve once market conditions turn for the better. To ensure that we maintain a pro-active effort in identifying and evaluating new business opportunities

over the coming months, Hartleys Limited's Corporate Division has been engaged to assist us with this task and also to provide general corporate advice.

Cashed up Glengarry is well placed to take full advantage of the current "doom and gloom" and your Board is very optimistic about the Company's future. We remain committed to our primary corporate objective of discovering or acquiring a mineral deposit of sufficient size to support a stand-alone Glengarry-owned processing facility. I believe that we already conduct a fairly frugal operation with emphasis on in-ground expenditure, but we will be making renewed efforts to ensure that our cash reserves are used as prudently as possible.

I'd now like to conclude by thanking Managing Director David Richards, Chief Financial Officer Geoff James and the rest of the Glengarry Team for their efforts over the past year. Also thanks to my fellow Directors for their continuing support and guidance.

Finally I'd like to thank all of our shareholders for your continuing support. It has been a difficult year for most investors in the stock market and I assure you that the Board and Management of Glengarry will be doing all we can to improve shareholder value in the coming year.



Keith McKay
Chairman