

<b>REPORT FOR THE QUARTER ENDED 30 JUNE 2002</b>
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## **MINING & EXPLORATION ACTIVITIES**

### **MT WINDSOR JOINT VENTURE**

#### **Highway Project**

**Grange Resources Limited (“Grange”) 30%**

**Thalanga Copper Mines Pty Ltd (“TCM”) 70%**

Two shipments of copper concentrate, aggregating 19,557 tonnes were made by BML during the June quarter. These final shipments of concentrate completed BML’s copper concentrate sales contracts for the Highway Project.

Sales revenue of \$5.64 million from the sale of 10,525 tonnes of copper concentrate was recorded during the June 2002 quarter.

#### **Reward Deeps and Conviction Project (Grange 30%, TCM 70%)**

Infill underground diamond drilling of the Reward Deeps and Conviction ore bodies was completed during the March 2002 quarter and comprised an additional 18 holes into Reward Deeps and 21 holes into Conviction. Following the completion of drilling new block models were created and new resource estimates made using a 3% copper cut off.

The revised resource estimates for both deposits are summarised in Table 1. The drilling has significantly increased the confidence level of the resource estimates, particularly with respect to Conviction. The total contained copper in both deposits has remained at approximately 60,000 tonnes with the resource tonnage being increased by approximately 8% and the grade being decreased by approximately 9%.

The drilling has also shown the Conviction ore body to be up to 24 metres wide, which is significantly wider than anticipated from the drilling completed for the March 2001 feasibility study.

<b>TABLE 1</b>					
<b>MT WINDSOR JOINT VENTURE</b>					
<b>RESOURCE STATEMENT – REWARD DEEPS &amp; CONVICTION DEPOSITS</b>					
<b>Resource</b>	<b>Cut-off Grade</b>	<b>Status</b>	<b>Tonnes</b>	<b>Cu %</b>	<b>Au g/t</b>
<b>Reward Deeps</b>	3% Cu	Measured	325,000	5.89	0.8
	3% Cu	Indicated	290,000	4.2	0.9
	3% Cu	Inferred	113,000	3.7	1.0
<b>Total</b>	<b>3% Cu</b>		<b>728,000</b>	<b>4.9</b>	<b>0.9</b>
<b>Conviction</b>	3% Cu	Measured	322,000	6.3	0.8
	3% Cu	Indicated	68,000	4.7	0.8
	3% Cu	Inferred	6,000	3.2	0.6
<b>Total</b>	<b>3% Cu</b>		<b>396,000</b>	<b>6.0</b>	<b>0.8</b>
<b>Total Measured</b>	<b>3 % Cu</b>		<b>647,000</b>	<b>6.1</b>	<b>0.8</b>
<b>Total Indicated</b>	<b>3% Cu</b>		<b>358,000</b>	<b>4.3</b>	<b>0.9</b>
<b>Total Inferred</b>	<b>3% Cu</b>		<b>119,000</b>	<b>3.7</b>	<b>0.9</b>
<b>Grand Total</b>	<b>3% Cu</b>		<b>1,124,000</b>	<b>5.3</b>	<b>0.9</b>

- Notes: i) Estimation method - Block model, Ordinary Kriging  
ii) Resources rounded to nearest 1,000 tonnes  
iii) Copper Grades rounded to 1 decimal place

*This resource information has been compiled by Mr Andrew Beaton of Thalanga Copper Mines Pty Ltd who is a competent person as defined in Appendix 5A to the ASX Listing Rules. Thalanga Copper Mines Pty Ltd has consented in writing to the information being included in the form and context in which it appears.*

Following the completion of the new block models for both ore bodies a review of the mining methods and mine design was undertaken to optimise the extraction of the ore. Sub level caving remains the preferred mining method for the Reward Deeps ore body and uphole bench stoping for the Conviction ore body. The revised ore reserves for the project are summarised in Table 2.

<b>TABLE 2</b>				
<b>MT WINDSOR JOINT VENTURE</b>				
<b>MINING RESERVE - REWARD DEEPS &amp; CONVICTION DEPOSITS</b>				
<b>Reserve</b>	<b>Status</b>	<b>Tonnes</b>	<b>Grade Cu %</b>	<b>Contained Cu Tonnes</b>
<b>Reward Deeps</b>	Proven	324,000	4.6	15,000
(Sub Level Caving)	Probable	220,000	3.8	8,000
	Other	32,000	3.1	1,000
<b>Total</b>		<b>576,000</b>	<b>4.2</b>	<b>24,000</b>
<b>Conviction</b>	Proven	218,000	6.7	15,000
(Bench Stopping)	Probable	52,000	4.1	2,000
	Other	8,000	1.9	
<b>Total</b>		<b>278,000</b>	<b>6.1</b>	<b>17,000</b>
<b>Total Proven</b>		<b>542,000</b>	<b>5.5</b>	<b>30,000</b>
<b>Total Probable</b>		<b>272,000</b>	<b>3.8</b>	<b>10,000</b>
<b>Total Other</b>		<b>40,000</b>	<b>2.8</b>	<b>1,000</b>
<b>Grand Total</b>		<b>854,000</b>	<b>4.8</b>	<b>41,000</b>

- Notes: i) Reserves rounded to nearest 1,000 tonnes  
ii) Copper Grades rounded to 1 decimal place  
iii) Contained copper rounded to nearest 1,000 tonnes

*This reserve information has been compiled by Mr Simon Wulff of Thalanga Copper Mines Pty Ltd who is a competent person as defined in Appendix 5A to the ASX Listing Rules. Thalanga Copper Mines Pty Ltd has consented in writing to the information being included in the form and context in which it appears.*

Mining development work recommenced on 10 June 2002 following a six-month suspension of the mining contract. By the beginning of July the mining contractor (Brandrill) was operating on a continuous roster basis.

The project is based on mining the ore reserve of 854,000 tonnes @ 4.8% copper over a 17 month period commencing in July 2002 and being completed by November 2003. Processing of ore at the Thalanga mill is scheduled to commence in October 2002 and be completed by November 2003. The project is expected to produce 137,000 tonnes of copper concentrate grading 28% copper with a copper recovery of 93%. The Company's share of production is estimated to be approximately 41,000 tonnes of concentrate over the life of the project.

The Company's share of development costs for the mine is estimated at approximately \$6.1 million. The project is expected to generate an EBITDA to Grange of approximately \$6.0 million assuming a copper price of US\$1600/t and an A\$: US\$ exchange rate of 0.54.

The project is considered to have reasonable upside with potential to generate additional cash flow from other deposits that may be accessed once the underground mine is developed. Previous drilling has identified additional mineral resources in the lower Reward Deeps area and these will be evaluated progressively as closer access becomes available through mine development.

### **Exploration (Grange 30%, TCM 70%)**

Drilling is currently being carried out from the Highway pit to investigate a mineralised zone near North Reward referred to as the Chimney Zone. Initial drilling intersections are visually encouraging with assay results yet to be received.

Exploration drilling on the Truncheon prospect has been delayed and is now scheduled to commence during the September quarter. Prioritisation and evaluation of other exploration targets within the joint venture property is also being carried out.

### **FRESHWATER (Barrick Gold of Australia Limited ("Barrick") 100%, Grange - Production Royalty)**

Barrick has provided the following information on activities relating to the Freshwater project during the March 2002 quarter.

### **Operations**

During the June quarter development of the Plutonic East underground mine continued with a small tonnage of development ore being mined and processed. Production details will be reported next quarter when production statistics become available. Full stopping production from Plutonic East is not expected until early 2003.

The development of the Pigeon open pit project was also commenced during the quarter.

### **Development Drilling**

During the quarter 2448 metres of underground diamond drilling in the Plutonic East mine were completed. The program consisted of infill drilling to 20m x 20m between surface holes. The aim of the program was to prove existing mineralised zones identified by the surface holes and to test the strike extent and down-dip extent of the lodes away from probable ore reserve blocks. All holes were oriented to enable valuable structural

information to be gathered and analysed from the core. The results from the additional drilling are now being applied to modifying the current interpretation and block modelling of a new resource for Plutonic East. Significant intersections from the drilling programme are summarised in Table 3.

<b>TABLE 3</b> <b>FRESHWATER PROJECT – PLUTONIC EAST MINE</b> <b>JUNE 2002 QUARTER</b> <b>SIGNIFICANT DEVELOPMENT DRILLING RESULTS</b>						
Hole	Northing	Easting	RL	Final Depth	Intersection (m)	g/t Au
UDE0019	10826	8240	1380	214.1	1	3.22
UDE0021	10791	8280	1375	110.4	9	53.58
					9	136.73
					5	3.83
UDE0022	10791	8280	1375	116.4	9.5	53.24
					2.6	4.93
UDE0031	10790	8320	1370	173.5	3	4.45
					3	5.55
					4.6	3.68
UDE0036	10770	8360	1365	119.3	3	27.95
					0.8	13.33
					3	236.01
					1.4	15.63
UDE0038	10775	8360	1366	170.6	0.8	9.86
					1.2	3.7
					4.9	11.9
UDE0039	10775	8360	1366	200.7	10.4	22.19
					17.3	34.82
UDE0042	10732	8395	1362	122.3	8	19.64
					3	4.9
					10	28.28
					7	4.28

Development drilling was also undertaken on the Pigeon deposit with 43 holes aggregating 3058 metres being completed during the quarter. Significant intersections for the Pigeon drilling programme are summarised in Table 4.

**TABLE 4  
FRESHWATER PROJECT – PIGEON PROJECT  
JUNE 2002 QUARTER  
SIGNIFICANT DEVELOPMENT DRILLING RESULTS**

Hole	Northing	Easting	RL	Depth From	Intersection (m)	g/t Au
FRC9578	4940	19540	532	29	1	2.74
FRC9580	4900	19500	528	41	1	4.57
FRC9582	4900	19460	528	54	1	2.18
				59	1	3.16
FRC9583	4940	19460	528	52	1	1.13
				54	2	1.59
				92	1	1.83
FRC9592	5180	19260	530	4	4	1.33
FRC9596	4880	19460	530.7	35	1	1.25
FRC9598	4960	19460	529.9	57	1	3.30
FRC9602	4900	19480	530	50	1	3.08
FRC9603	4920	19480	609.1	66	1	6.47
FRC9604	4940	19480	608.9	82	2	2.31
FRC9606	4920	19500	608.9	45	1	1.14
				51	2	1.46
				55	3	2.85
FRC9610	4940	1952	608.7	61	1	3.46
FRC9616	5200	20060	530	54	2	3.40
				59	2	3.83
FRC9617	5200	20100	530	35	9	3.50

## Exploration

Exploration activity during the June quarter on the Freshwater project included the completion of the gravity survey and reconnaissance drilling.

A total of 963 stations were recorded in the gravity survey over the Freshwater leases and initial processing indicates the dataset will be useful in mapping the presence of denser flat lying mafic units under the metasediments.

A total of seven RC holes and two core tails were completed between Callop and Salmon for a total of 1,225m RC and 633.4m NQ2 core. Drilling was conducted on E-W traverses with holes 400m apart, planned for 300m depth and designed to detail the sequence between Callop and the Salmon deposit testing the concealed mafic under a mineralised metasediment unit. The southern-most line of 4 holes (FRC1653-1656 on 12,850mN POL) is positioned 200-400m north of the MMR fault, a general deep-seated WSW-ENE structure proximal to which the majority of deposits are located in the

Plutonic area. A second line of holes (FRC1657, FRC1658 and FDD0092 on 13,650mN POL) was drilled 800m north of the first line to detail the sequence north west of the Salmon deposit.

High water flows and slow penetration rates in fresh rock hampered drilling progress and all holes were abandoned prior to reaching final depth. Several minor intersections of gold mineralisation were recorded from five of the holes the most significant being 4m @ 1.69 g/t Au from 86m in hole FDD0092. The mineralisation is associated with quartz veining in metasediments.

### Ore Reserves and Mineral Resources

During June 2002, Barrick provided statements of ore reserves and mineral resources for the Freshwater Project as at 31 December 2001 and these are presented in Tables 5 and 6.

<b>TABLE 5</b>					
<b>FRESHWATER PROJECT</b>					
<b>STATEMENT OF ORE RESERVES AS AT 31 DECEMBER 2001</b>					
<b>Location</b>	<b>Category</b>	<b>Ore Type</b>	<b>Tonnes</b>	<b>Grade g/t Au</b>	<b>Contained Ounces</b>
<b>Dogfish Pit</b>	Proved	Oxide	34,000	2.2	2,400
		Transitional	19,000	2.5	1,500
	<b>Total</b>		<b>53,000</b>	<b>2.3</b>	<b>3,900</b>
<b>Pigeon Pit</b>	Proved	Laterite	51,000	1.7	2,800
	<b>Total</b>		<b>53,000</b>	<b>1.7</b>	<b>2,800</b>
<b>North Perch Pit</b>	Probable	Oxide	29,000	2.5	2,300
		Transitional	9,000	2.5	700
	<b>Total</b>		<b>38,000</b>	<b>2.5</b>	<b>3,000</b>
<b>Stockpiles</b>	Perch Pit		240,000	0.7	5,400
	Salmon Pit		212,000	0.7	4,800
	Catfish Pit		37,000	0.6	700
	Dogfish Pit		2,000	2.2	100
	<b>Total</b>		<b>44,000</b>	<b>0.7</b>	<b>1,000</b>
<b>Total Open Pit</b>			<b>677,000</b>	<b>1.0</b>	<b>21,700</b>
<b>Plutonic East Underground</b>	Probable	Primary	385,000	6.4	79,200
	<b>Total</b>		<b>385,000</b>	<b>6.4</b>	<b>79,200</b>
<b>TOTAL RESERVES</b>			<b>1,062,000</b>	<b>3.0</b>	<b>100,900</b>

<b>TABLE 6</b>					
<b>FRESHWATER PROJECT</b>					
<b>STATEMENT OF MINERAL RESOURCES AS AT 31 DECEMBER 2001</b>					
<b>Location</b>	<b>Category</b>	<b>Ore Type</b>	<b>Tonnes</b>	<b>Grade g/t Au</b>	<b>Contained Ounces</b>
<b>Dogfish Deposit</b>	Measured	Oxide	40,000	1.4	1,800
		Transitional	43,000	1.7	2,400
		Primary	9,000	1.6	500
	<b>Total</b>		<b>92,000</b>	<b>1.6</b>	<b>4,700</b>
<b>Pigeon Deposit</b>	Measured	Laterite	4,000	1.1	100
	<b>Total</b>		<b>4,000</b>	<b>1.1</b>	<b>100</b>
<b>North Perch Deposit</b>	Indicated	Laterite	4,000	3.1	400
		Oxide	14,000	1.8	800
		Transitional	32,000	1.7	1,700
		Primary	78,000	1.8	4,500
	<b>Total</b>		<b>128,000</b>	<b>1.8</b>	<b>7,400</b>
<b>Total Open Pit</b>			<b>224,000</b>	<b>1.7</b>	<b>12,200</b>
<b>Plutonic East Deposit</b>	Indicated	Primary	269,000	6.6	57,000
	Inferred	Primary	29,000	5.0	4,700
	<b>Total</b>		<b>298,000</b>	<b>6.4</b>	<b>61,700</b>
<b>TOTAL RESOURCES</b>			<b>522,000</b>	<b>4.4</b>	<b>73,900</b>

**NOTES:**

- Measured and Indicated Resources are **exclusive** of those Mineral Resources modified to produce the Ore Reserves.
- Mineral Resource estimates were completed using Inverse distance block modelling
- Reverse circulation drilling and diamond drilling samples only were used in the resource estimates.
- Open pit Resources and Reserves are reported at a lower cut-off grade of 0.9g/t Au.
- Underground Resources and Reserves are reported at a lower cut-off of 3.0g/t Au.
- High assay cuts applied to resource estimates are based on statistical analyses of assay data.
- Open pit Resources and Reserves are inclusive of dilution.  
Appropriate dilution and mining recoveries are included in the underground Reserves.
- Density values used for resource estimates were determined from measurements on HQ3 drill core and rock samples representing ore types.
- Metallurgical recoveries for ore types were determined from test work on drill hole samples and/or actual plant performance.
- All gold assays were completed using the fire assay method at commercial laboratories. Extensive sampling checks were completed. Assay checks included the use of site and commercial standards. Interlab assay checks were carried out.



- Open pit Ore Reserves are contained within mineable open pit designs based on pit outlines generated using Whittle 4D software.
- Gold price used for Open Pit reserves was A\$500. Plutonic East underground reserves were estimated using A\$475 gold price and are unchanged from the 2000 estimate.
- Underground Reserve estimates are supported by appropriate mine design studies and economic analyses.
- Stockpile tonnages are based on surveyed volume measurements and appropriate bulk density estimates. Assigned grades are based on grade control estimates.
- Because of rounding, tonnage and grade figures may not multiply to give exact contained ounces figures.

*These reserve and resource statements have been prepared by Maurice Rowley, Manager Mine Geology for Barrick Gold of Australia Limited, who is a competent person as defined in Appendix 5A to the ASX Listing Rules. Mr Rowley is a full time employee of Barrick Gold of Australia Limited. Barrick Gold of Australia Limited has consented in writing to the information being included in the form and context in which it appears.*

**RED HILL (Mining Lease M27/57)  
(AurionGold Limited (“AurionGold”) 100%, Grange 4% Gross Revenue Royalty)**

Grange holds a 4% gross revenue royalty on all production after the first 85,000 ounces of gold produced from the Red Hill mining lease M27/57, which is located approximately 4 km north east of the Kanowna Belle Gold Mine owned and operated by AurionGold. AurionGold has provided the following information on activities relating to the Red Hill project during the June 2002 quarter.

The Feasibility Study on the Red Hill Project was completed during the June quarter and has shown the deposit to be suitable for development as a satellite open pit for treatment through the Paddington mill.

The Red Hill deposit now contributes 532,000 ounces (9.2 million tonnes @ 1.8 g/t gold) to the reserves for the Paddington project. Of these reserves approximately 80% are located on the Red Hill mining lease subject to the royalty.

AurionGold anticipates that mining will commence at Red Hill in December 2002 and that processing of ore at Paddington will commence in January 2003.

*Unless otherwise stated, technical information in this report on mining activities is based on, and accurately reflects, information compiled by Mr Alex Nutter, a full time employee of Grange Resources Limited who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists with more than 5 years experience in the field of activity in which he is reporting.*

**ALEX NUTTER**  
**Technical Director**

## **CORPORATE MATTERS**

At a general meeting of members held on the 24 June 2002, shareholders approved the terms of a Deed of Settlement and Release authorising the Company to:

- buy-back 5,681,682 fully paid ordinary shares each at a price of 10 cents (amounting to a total price of S\$568,168)
- buy-back 26,830,169 preference shares for a total price of \$3.00;
- cancellation of 508,329 options each with an exercise price of 84 cents and expiring on 30 June 2002; and
- Surfboard Securities Limited a wholly owned subsidiary of Grange paying \$220,000 representing a settlement sum in relation to an outstanding dispute and legal costs.

These transactions were completed prior to the end of the June quarter.

## **CASH POSITION**

During the quarter the final shipments of concentrate that completed BML's copper concentrate sales contracts for the Highway Project resulted in a significant positive cash flow from operating activities. Cash flow from operating activities during the quarter was \$4.16 million resulting in a cash balance at 30 June 2002 of \$12.35 million.

## **ALEC PISMIRIS**

Company Secretary