



## **REPORT FOR THE QUARTER ENDED 30 JUNE 2004**

### **HIGHLIGHTS**

#### **Financial**

- Cash and receivables at the end of the quarter totalling \$16.37 million.

#### **Mt Windsor Joint Venture**

- 24,585 tonnes of copper concentrate containing 25.43% copper and 0.8 g/t gold produced from the Reward Deeps project.
- Proceeds of \$7.9 million received during June 2004 from the sale of copper concentrates.
- Extension of the Reward Deeps decline to access the Lower Reward Deeps resource below the 1000mRL level is nearing completion.
- Significant drill results received from underground drilling including **15.4m @ 8.96% Cu, 13.9m @ 4.89% Cu, 6.4m @ 4.65% Cu and 12m @ 3.63% Cu from Highway South and 12.3m @ 2.68% Cu from Lower Reward Deeps.**

#### **Freshwater**

- Royalty payments of \$39,868 generated during the quarter.
- Underground ore reserves of 328,000 tonnes @ 6.6g/t Au containing 69,600 ozs gold and mineral resources of 3,646,000 tonnes @ 5.3g/t Au containing 621,000 ozs gold established as at 31 December 2003.
- Open pit ore reserves of 492,000 tonnes @ 2.8g/t Au containing 44,600 ozs gold and mineral resources of 455,000 tonnes @ 2.4g/t Au containing 34,400 ozs gold established as at 31 December 2003.

#### **Red Hill**

- Royalty payments to Grange commenced during the quarter with royalties of \$90,307 being generated.
- 22,051 ounces of gold recovered from the processing of 397,217 tonnes of ore grading 1.80g/t.
- Mineral resources within M27/57 as at 30 June 2004 estimated to be 6.3 million tonnes grading 1.8g/t gold containing 365,000 ounces of gold.

#### **Southdown Magnetite**

- Evaluation of the project is continuing.
- Detailed ground magnetic and gravity surveys completed.
- Preliminary results have confirmed the extent and structure of the deposit and identified extensive strongly magnetic zones untested by previous drilling.

#### **Wembley**

- Encouraging drill results (including **12m @ 8.04g/t Au from 87m in DURC004, 8m @ 7.15g/t Au from 14m in DURC005 and 25m @ 3.19g/t Au from 77m in DURC008**) recorded from RC drilling programme at the Durack project.

## MINING & EXPLORATION ACTIVITIES

### MT WINDSOR JOINT VENTURE

(Grange Resources Limited (“Grange”) 30%  
Thalanga Copper Mines Pty Ltd (“TCM”) 70%)

#### Reward Deeps and Conviction Project

During the June 2004 quarter 153,923 tonnes of ore grading 4.61% copper were processed through the Thalanga plant for the production of 24,585 tonnes of copper concentrate containing 25.43% copper and 0.8 g/t gold. Copper recovery of 88.07% was a significant improvement on the March 2004 figure primarily due to a higher overall feed grade and improvements in plant performance.

Ore production for the quarter was 144,058 tonnes with approximately 70% of the ore being mined from Conviction, 20% from Reward Deeps and 10% from Lower Reward Deeps.

A summary of the production statistics for the Reward Deeps project for the June 2004 quarter and project to 30 June 2004 is presented in Table 1.

	<b>Sept 2003 Quarter</b>	<b>Dec 2003 Quarter</b>	<b>March 2004 Quarter</b>	<b>June 2004 Quarter</b>	<b>Project to 30.6.04</b>
<b>Ore Mined (tonnes)</b>	177,330	228,517	187,604	144,058	1,131,596
<b>Ore Milled (tonnes)</b>	<b>201,951</b>	<b>228,265</b>	<b>203,449</b>	<b>153,923</b>	<b>1,113,796</b>
Head grade – (Cu %)	4.72	4.60	2.81	4.61	4.22
Copper Recovery (%)	89.88	88.94	83.46	88.07	89.04
<b>Concentrates Produced (t)</b>	<b>31,807</b>	<b>34,235</b>	<b>19,522</b>	<b>24,585</b>	<b>158,487</b>
<b>Concentrate Grade</b>					
- Copper (%)	27.04	26.11	24.71	25.43	26.43
- Gold (g/t)	0.8	0.8	0.8	0.8	0.8
- Silver (g/t)	17	17	17	17	17

Proceeds of \$7.90 million were received during late June from the sale of the Company’s fifth shipment of approximately 10,000 tonnes of copper concentrate from the Reward Deeps Project. This concentrate is scheduled to be exported from Townsville during July 2004.

#### Lower Reward Deeps Project

Development of the decline to the 940mRL level to provide access the lower levels of the Lower Reward Deeps ore body continued and by the end of June was 90m from completion. Development of the 970mRL level drive is scheduled for completion during July 2004. Ore production from Lower Reward Deeps should commence during August 2004.

During the quarter an underground diamond drilling programme to provide additional data for mine design was completed at Lower Reward Deeps. The drilling did not increase the resource base but confirmed design stope shapes.

### Highway South

During the quarter a diamond drilling programme was undertaken to better define the Highway South ore body and provide data for detailed mine design. Analyses for 8 of the 14 holes drilled have been received to date. The resource model will be updated when all assay data has been received.

Significant results received to date from the drilling programmes are summarised in Table 2.

<b>TABLE 2</b> <b>MT WINDSOR JOINT VENTURE</b> <b>UNDERGROUND DIAMOND DRILLING</b> <b>SIGNIFICANT INTERSECTIONS (&gt;5m% Cu)</b>								
Drill Hole	Sect.	EOH (m)	Pyrite Intersection		Assay Intersection		Assay	
			From (m)	To (m)	From (m)	Int (m)	Cu %	Au g/t
<b>Lower Reward Deeps</b>								
UGO4 - 110	10115	155.5	106.0	118.3	106.0	12.3	2.68	0.96
			Includes		113.9	4.4	5.45	1.64
<b>Highway South</b>								
UGO4 - 121	10060	103.5	65.0	98.2	65.0	5.5	3.26	0.34
					79.0	12.0	3.63	0.75
UGO4 - 122	10060	110.8	59.6	69.1	63.0	0.7	3.78	0.26
			75.5	89.8	74.0	5.0	2.42	0.16
			98.3	104.2	98.3	3.7	5.04	1.53
UGO4 - 123	10070	111.7	67.7	88.0	72.0	15.4	8.96	0.31
UGO4 - 125	10040	96.7	70.3	84.4	71.0	2.4	4.42	1.28
UGO4 - 126	10040	97.0	71.9	87.0	71.9	2.1	4.13	1.39
					78.7	8.3	3.16	0.85
UGO4 - 128	10020	94.6	61.6	82.4	65.0	13.9	4.89	0.57
UGO4 - 129	10020	87.2	54.4	76.7	54.4	5.6	3.37	0.88
					63.7	13.0	2.66	0.18
UGO4 - 130	10020	97.8	69.7	77.0	71.0	6.4	4.65	0.92

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

An underground diamond-drilling programme designed to test several targets within 200 metres of the Reward Deeps decline is to be undertaken during the next quarter. The objective of the programme is to locate additional resources to extend current mine life.

A review of all previous exploration within the joint venture tenements is underway with the objective of outlining new targets for follow up exploration.

**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 June 2004 quarter.

**Operations**

During the quarter underground mining continued at the Plutonic East Mine with 539 metres of development being achieved. There was a decrease in the tonnes of ore mined from the Freshwater side of the mine whilst areas were being drilled out for future extraction by Longhole Stopping. Production from the Freshwater section of the mine was 7,383 tonnes of ore grading 6.81g/t gold.

Production details for the Plutonic East mine to the end of June 2004 are summarised in Table 3.

<b>TABLE 3</b>			
<b>FRESHWATER PROJECT – PLUTONIC EAST MINE</b>			
<b>SUMMARY OF ORE PRODUCTION TO 30 JUNE 2004</b>			
<b>(Ore tonnes &gt; 1.5g/t Au)</b>			
<b>Period</b>	<b>Tonnes</b>	<b>Grade (g/t Au)</b>	<b>Royalty (\$)</b>
<b>December 2001 to 30 June 2002</b>	20,865	5.05	25,243
<b>September 2002 Quarter</b>	21,941	7.73	105,626
<b>December 2002 Quarter</b>	12,228	7.54	55,680
<b>March 2003 Quarter</b>	16,729	6.78	59,150
<b>June 2003 Quarter</b>	6,624	4.04	6,800
<b>September 2003 Quarter</b>	6,057	4.01	12,136
<b>December 2003 Quarter</b>	16,707	6.95	50,558
<b>March 2004 Quarter</b>	11,242	7.65	50,923
<b>June 2004 Quarter</b>	7,383	6.81	30,187
<b>Grand Total</b>	<b>119,776</b>	<b>6.55</b>	<b>396,303</b>

During the quarter mining continued at the Callop Open pit with 38,722 tonnes grading 1.75g/t gold being mined and treated. Mine design work continued on the potential for an open pit cutback at the existing Salmon Pit.

Open pit production statistics for the past year are summarised in Table 4.

<b>TABLE 4</b>				
<b>FRESHWATER PROJECT – OPEN PIT PRODUCTION</b>				
<b>OPERATING STATISTICS</b>				
	<b>Sept 2003 Quarter</b>	<b>Dec 2003 Quarter</b>	<b>March 2004 Quarter</b>	<b>June 2004 Quarter</b>
<b>MINING</b>				
Ore Mined (bcm)	9,406	14,087	0	19,313
Total Material (bcm)	563,012	152,230	31,019	247,368
Ore mined (tonnes)	15,933	30,918	0	38,722

<b>TREATMENT</b>				
Ore milled (tonnes)	15,933	30,918	0	38,722
Head Grade (g/t)	2.24	2.8	0	1.75
Recovery (%)	92.6	92.6	0	87
Gold Produced (oz)	1,556	1,854	0	1,895
Royalty payable to Grange (\$)	7,966	52,205	0	9,681

### **Development Drilling**

Underground diamond drilling was undertaken at Plutonic East during the quarter with 6 holes aggregating 409 metres being completed. The drilling was designed for improved stope definition and to assist with economic analyses of stope block models.

Significant assays are summarised in Table 5.

<b>TABLE 5</b>						
<b>FRESHWATER LEASES - PLUTONIC EAST MINE</b>						
<b>SIGNIFICANT DRILL INTERSECTIONS (&gt;5g.m/t Au)</b>						
<b>Hole ID</b>	<b>Northing</b>	<b>Easting</b>	<b>RL</b>	<b>Depth From</b>	<b>Intercept (m)</b>	<b>Assay g/t Au</b>
UDE0321	10670.80	8404.30	1338.50	27.85	1.35	1.33
				42.00	1.00	2.28
				64.40	1.60	1.95
				68.90	1.40	1.17
UDE0322	10670.80	8404.30	1338.20	45.65	6.35	1.38
				57.40	3.60	8.80
UDE0324	10677.30	8396.80	1338.10	46.30	1.42	1.57
				52.40	1.17	2.20
				75.88	2.00	1.04
UDE0325	10681.70	8387.00	1338.00	31.00	5.5	2.71

During the quarter 7 diamond holes aggregating 698 metres were drilled at Salmon for geotechnical logging for wall design work on the Salmon Pit cutback. There were no significant assays received from surface drilling during the reporting period.

### **Reserves and Resources**

During the quarter Barrick provided statements of ore reserves and mineral resources for the Freshwater project as at 31 December 2003.

#### **Plutonic East Underground**

Ore reserves for the Plutonic East underground project as at 31 December 2003 are presented in Table 6 and the Plutonic East underground resources are presented in Table 7.

The reserves have decreased from 457,000 tonnes @ 6.5g/t Au as at 31 December 2002 to 328,000 tonnes @ 6.6g/t Au, which represents an 18% reduction in contained ounces after accounting for production of 8,388 ounces during calendar 2003. The Plutonic East underground resources have increased from 1,551,000 tonnes @ 6.5g/t Au as at 31 December 2002 to 3,646,000 tonnes @ 5.3g/t Au, which represents a 92% increase in contained gold.

<b>TABLE 6</b> <b>FRESHWATER PROJECT</b> <b>PLUTONIC EAST ORE RESERVES AS AT 31 DECEMBER 2003</b>				
Location	Category	Tonnes	Grade g/t Au	Contained Ounces
<b>Plutonic East Underground Reserves</b>	<b>Probable</b>	<b>328,000</b>	<b>6.6</b>	<b>69,600</b>

**Assessment Criteria Underground Reserves:**

- Plutonic East Model 3
- Mining Methods – Mechanised room and pillar, Airleg
- Mining Recovery – Room and Pillar 90%, Long Hole 97%
- Dilution - variable @ 0.1g/t Au
- Metallurgical Recoveries – Primary 88%
- Cut off Grades – Lower 3.0g/t Au, Upper 70g/t Au
- Estimates at gold price of A\$570
- Density - Primary 2.8

<b>TABLE 7</b> <b>FRESHWATER PROJECT</b> <b>PLUTONIC EAST MINERAL RESOURCES AS AT 31 DECEMBER 2003</b>				
Location	Category	Tonnes	Grade g/t Au	Contained Ounces
<b>Plutonic East</b>	Indicated	578,000	5.3	98,000
	Inferred	3,068,000	5.3	523,000
<b>Total Underground Resources</b>		<b>3,646,000</b>	<b>5.3</b>	<b>621,000</b>

**Assessment Criteria Underground Resources:**

- Resource Method – Sectional Interpretation and ID<sup>2</sup> grade interpolation constrained inside lodes
- Block Model – Plutonic East Model 3
- Drilling up to 30 October 2003
- Dilution – no edge and contains up to 2 metres internal dilution
- Minimum width - 2metres
- Cut off Grades – Lower 3.0g/t Au, Upper 70g/t Au
- Density – Primary: 2.8
- Search Sphere – Indicated: 40m x 40m x 20m; Inferred: 80m x 80m x 40m
- Drill spacing – partly 10m, 20m x 20m and 20m X 40m:remainder 80m X 80m
- **Mineral Resources are exclusive of those Mineral Resources modified to estimate Ore Reserves.**

**Open Pit**

Open pit reserves as at 31 December 2003 are presented in Table 8 and open pit resources are presented in Table 9.

The open pit reserves have increased from 140,500 tonnes @ 2.1g/t Au as at 31 December 2002 to 492,000 tonnes @ 2.8g/t Au, which represents a 380% increase in contained ounces. Barrick did not report any open pit mineral resources as at 31 December 2002 consequently the reported resources of 455,000 tonnes @ 2.4g/t Au as at 31 December 2003 represent a significant increase.

<b>TABLE 8</b>				
<b>FRESHWATER PROJECT</b>				
<b>OPEN PIT ORE RESERVES AS AT 31 DECEMBER 2003</b>				
<b>Location</b>	<b>Category</b>	<b>Tonnes</b>	<b>Grade g/t Au</b>	<b>Contained Ounces</b>
<b>Salmon</b>	Probable	419,000	3.0	40,200
<b>Callop</b>	Probable	73,000	1.8	4,400
<b>Total Open Pit Reserves</b>		<b>492,000</b>	<b>2.8</b>	<b>44,600</b>

**Assessment Criteria - Open Pit Reserves:**

- Bench Height 3.0 metres
- Mining Method – Open Cut
- Mining Recovery 95%
- Minimum Mining Width - 2metres
- Cut off Grades – Salmon - Lower 0.9g/t Au, Upper 30g/t; Callop - Lower 0.9g/tAu, Upper Laterite 4g/tAu, Oxide 5g/tAu Transitional 6g/tAu, Primary 9g/tAu
- Metallurgical recoveries - Laterite, Oxide & Transitional 92%, Primary 88%
- Estimates at gold price of A\$550

<b>TABLE 9</b>				
<b>FRESHWATER PROJECT</b>				
<b>OPEN PIT MINERAL RESOURCES AS AT 31 DECEMBER 2003</b>				
<b>Location</b>	<b>Category</b>	<b>Tonnes</b>	<b>Grade g/t Au</b>	<b>Contained Ounces</b>
<b>Salmon</b>	Indicated	304,000	2.4	23,000
	Inferred	5,000	3.0	500
<b>Callop</b>	Indicated	18,000	1.6	900
	Inferred	23,000	1.6	1,200
<b>Barramundi</b>	Indicated	35,000	3.4	3,700
	Inferred	6,000	2.6	500
<b>Goldfish</b>	Indicated	64,000	2.3	4,600
<b>Total Open Pit Resources</b>		<b>455,000</b>	<b>2.4</b>	<b>34,400</b>

**Assessment Criteria - Open Pit Resources**

- Resource Method – Sectional Interpretation and ID3 grade interpolation
- Bench Height 3.0 metres
- Dilution – undiluted
- Mining Method – Open Cut
- Mining Recovery 95%
- Minimum Mining Width - 2metres
- Cut off Grades – Salmon - Lower - 0.9g/t Au, Upper - 30g/t; Callop - Lower - 0.9g/tAu, Upper Oxide 5g/tAu Transitional 6g/tAu; Barramundi -Laterite - 2.1, Oxide - 1.8.
- Metallurgical recoveries - Laterite, Oxide & Transitional 92%, Primary 88%
- Estimates at gold price of A\$550
- Densities – Salmon - Oxide - 1.6,1.7, Transitional - 1.7,1.8,2.0,2.1,2.3, Primary - 2.6; Callop - Oxide - 1.8, Transitional – 2.4;
- Goldfish - Laterite - 2.1, Oxide - 1.7; Upper - 11g/tAu; Barramundi -Lower 0.9g/tAu, Upper 15g/tAu
- Open pit mineral resources are quoted as the resources remaining adjacent to mined pits within an A\$700/ounce optimised shell.

- **Mineral Resources are exclusive of those Mineral Resources modified to estimate Ore Reserves.**

*These reserve and resource statements have been prepared by Mr 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*

## **Exploration**

No exploration activities were carried out within the Freshwater tenements during the June 2004 quarter.

### **RED HILL (Mining Lease M27/57) (Placer Dome Asia Pacific (“PDAP”) 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 PDAP.

PDAP has advised that mining operations continued at Red Hill during the June 2004 quarter. Total mined ore production from within M27/57 for the quarter was 363,377 tonnes @ 2.02 g/t. A total of 379,231t was hauled to the Paddington processing plant during the quarter.

A total of 397,217 tonnes at a grade of 1.80g/t was processed during the quarter, producing some 22,051 ounces of recovered gold. The total gold recovered from M27/57 at Red Hill as at 30 June 2004 is 89,127 ounces. The 85,000 ounce threshold limit has been reached and royalty payments have now commenced.

Total reconciled mined ore production from commencement of mining (February 2003) until 30 June 2004 is 1,747,271 tonnes @ 1.62g/t gold. Total dry tonnes hauled during this period were 1,484,033t and ore processed 1,442,652t @ 1.58g/t.

During the quarter a Resource and Reserve model review continued. The review is being correlated against a 200,000 tonne milling trial and is expected to validate and improve the techniques used for Resource, Reserve and Grade Control modelling. The mill trial is also being used as part of a Mine to Mill continuous improvement process.

PDAP has advised that as at 30 June 2004, mineral resources within M27/57 amounted to 6.3 million tonnes grading 1.8g/t gold containing 365,000 ounces of gold. Accounting for production during the past year these resources are significantly lower than those reported by PDAP as at 30 June 2003 primarily due PDAP amending resource cut off parameters to comply with new regulations for companies domiciled in North America. PDAP has advised that it expects to complete a reserve and evaluation model for the Red Hill project during the September 2004 quarter.



The mineral resources within Mining Lease M27/57 are summarised in Table 10.

<b>TABLE 10</b>				
<b>RED HILL PROJECT – MINING LEASE M27/57</b>				
<b>MINERAL RESOURCES AS AT 30 JUNE 2004</b>				
<b>Resource Category</b>	<b>Cut-off Grade (g/t)</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ounces</b>
Inferred	0.90	38,000	1.90	2,345
Indicated	0.90	6,259,000	1.80	362,576
Measured	0.90	-	-	-
<b>Total</b>	<b>0.90</b>	<b>6,298,000</b>	<b>1.80</b>	<b>364,922</b>

**Notes:**

- Estimation method: Block model, Multiple Indicator Kriging (MIK)
- Resources estimated to a depth of 150 metres
- Resources rounded to nearest 1,000 tonnes

*This resource statement has been compiled by Mr Roger Cooper of Placer Dome Asia Pacific, who is a competent person as defined in Appendix 5A to the ASX listing rules. Placer Dome has consented in writing to the information being included in the form and context in which it appears.*

**SOUTHDOWN MAGNETITE PROJECT**  
**(Grange 100%)**

The Southdown Magnetite Project is located approximately 90km northeast of the Port of Albany on the south coast of Western Australia. The project comprises three granted mining leases covering an area of approximately 1700 hectares on freehold farming property. The leases contain magnetite mineralisation within a banded quartz-magnetite gneiss that ranges in thickness from 50 to 100 metres in the portion of the deposit that has been previously drilled.

During the quarter the Company continued with its evaluation of the project. A detailed ground magnetic survey comprising over 120 line kilometres on lines 50 metres apart was completed together with a 900 station gravity survey. Data is currently being compiled and interpreted. Preliminary results have confirmed the extent and structure of the deposit and identified extensive strongly magnetic zones untested by previous drilling.

Drill core from the 1987 diamond drilling programme has been located and is being logged and selected sections resampled for analytical test work. A geological model is being developed and on completion of the logging resource estimations for the previously drilled zone will be undertaken.

A diamond drilling programme is being planned to determine the size and grade of the resource located within the Company's tenements.

**WEMBLEY**  
**(Grange 100%, Gleneagle Gold Limited ("Gleneagle") Earning 80%)**

The Wembley Gold Project is located approximately 65km south east of Gleneagle's Fortnum Gold Project and comprises one granted mining lease and a mining lease

application. The granted mining lease covers the Durack and Outback prospects, which host a resource of 557,000 tonnes grading 2.18g/t gold (39,000 contained ounces). Gleneagle is earning an 80% interest in the tenements by spending \$500,000 on exploration.

During the quarter Gleneagle completed a fifteen hole reverse circulation drilling programme, aggregating 1,578 metres, at the Durack Project. The programme was designed to test for high grade near surface mineralisation within the Durack resource and test the potential down dip extensions of interpreted high grade shoots. The results confirmed the presence of high-grade mineralisation within the current resource. Eleven of the holes recorded intersections in excess of 2.0g/t gold the most significant intersections being **12m @ 8.04g/t Au from 87m in DURC004, 8m @ 7.15g/t Au from 14m in DURC005 and 25m @ 3.19g/t Au from 77m in DURC008.**

Significant results are summarised in Table 11.

<b>TABLE 11</b> <b>WEMBLEY PROJECT – DURACK PROJECT</b> <b>SIGNIFICANT DRILL INTERSECTIONS (&gt;2gm/t Au)</b>								
Hole ID	Northing	Easting	Depth (m)	Azim.	Incl.	Depth From	Intercept (m)	Assay G/t Au
DURC003	10507	8325	100	180	-60	66	9	2.01
Includes						71	3	3.05
DURC004	10535	8300	160	180	-60	87	12	8.04
Includes						87	3	25.9
						109	1	10.3
DURC005	10482	8275	130	180	-60	14	8	7.15
Includes						15	3	16.1
						77	1	2.32
						91	3	3.11
						123	1	2.64
DURC006	10475	8225	82	180	-60	60	1	2.45
						70	1	2.20
DURC007	10640	8200	124	180	-60	123	1	7.47
DURC008	10467	8150	112	180	-60	77	25	3.19
Includes						80	2	19.6
and						97	1	8.86
DURC009	10428	8100	130	180	-60	45	7	2.19
Includes						50	2	3.71
						85	1	2.35
						87	1	2.65
						90	3	2.18
						96	1	2.91
DURC011	10365	7250	100	180	-60	79	1	11.1
DURC012	10422	7225	100	180	-60	16	4	3.08
Includes						16	1	9.79
DURC014	10400	7175	70	180	-60	44	2	2.37
						67	1	3.51
DURC015	10420	7175	100	180	-60	60	1	2.53

The drilling has confirmed:

- The presence of high grade near surface mineralisation, which may enable the development of shallow open pits.
- The potential for the delineation of a series of high grade shoots extending beneath the current resource.
- A component of higher-grade mineralisation that may elevate the tenor of the current resource grade.

Gleneagle has advised that further work is being planned to evaluate the economic potential of the high grade zones of mineralisation defined within the known resource and also to investigate regional targets within the joint venture tenements.

*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**

## **CASH POSITION**

During the June quarter, the Company's fifth shipment of copper concentrate from the Reward Deeps project was sold with the proceeds of \$7.90 million received prior to the end of the period. Mining operations at the Reward Deeps and Conviction underground mines continued throughout the June quarter. As a consequence of these operating activities and receipt of the proceeds from the Company's fourth shipment of copper concentrate from the Reward Deeps project in April 2004, the Company recorded a positive cash flow of \$9.66 million. The Company recorded a modest cash flow deficit from investment activities, which was largely attributable to exploration activities at the Reward Deeps project undertaken during the quarter. The resulting cash balance at 30 June 2004 was \$16.23 million.

The Company expects the next shipment of copper concentrate from the Reward Deeps Project to be exported from Townsville toward the end of the calendar year.

**ALEC PISMIRIS**

Company Secretary

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

**Name of entity**

Grange Resources Limited

**ABN**

80 009 132 405

**Quarter ended ("current quarter")**

30 June 2004

**Consolidated statement of cash flows**

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	14,509	27,452
1.2	Payments for		
	(a) exploration and evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) administration	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	146	334
1.5	Interest and other costs of finance paid	(2)	(36)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
1.7(i)	Payment to directors and employees	(305)	(991)
1.7(ii)	Payment for all other working capital	(4,685)	(15,020)
	<b>Net Operating Cash Flows</b>	<b>9,663</b>	<b>11,739</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a)prospects	-	(150)
	(b)equity investments	-	-
	(c) other fixed assets	(4)	(5)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
1.12(i)	Payment for security deposit	(23)	(86)
1.12(ii)	Proceeds from release of security deposit	-	-
1.12(iii)	Payment for exploration, development and production	(62)	(65)
	<b>Net investing cash flows</b>	<b>(89)</b>	<b>(306)</b>
1.13	Total operating and investing cash flows (carried forward)	9,574	11,433

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	9,574	11,433
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	1,504
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
1.19(i)	Payment for buy back of shares	-	(446)
1.19 (ii)	Payment for share issue	-	(30)
<b>Net financing cash flows</b>		-	<b>1,028</b>
<b>Net increase (decrease) in cash held</b>		<b>9,574</b>	<b>12,461</b>
1.20	Cash at beginning of quarter/year to date	6,658	3,771
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>16,232</b>	<b>16,232</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	140
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Refer to attachment 1

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	90
4.2 Development	-
<b>Total</b>	<b>90</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	425	186
5.2 Deposits at call	15,554	6,222
5.3 Bank overdraft	-	-
5.4 Other (Cash held with Joint Ventures)	253	250
<b>Total: cash at end of quarter (item 1.22)</b>	<b>16,232</b>	<b>6,658</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 *Ordinary securities	69,709,259	69,709,259		
7.4 Changes during quarter				
(a) Increases through exercise of options	-	-		
(b) Decreases through returns of capital, buy-backs	-	-		
7.5 *Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 Options <i>(description and conversion factor)</i>	5,040,000 4,285,715 4,500,000	- - -	<i>Exercise price</i> 12 cents 50 cents 50 cents	<i>Expiry date</i> 30 June 2007 28 November 2006 30 June 2007
7.8 Issued during quarter <sup>1</sup>	3,000,000	-	50 cents	30 June 2007
7.9 Exercised during quarter	-	-	-	-
7.10 Cancelled during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

**Note:**

- Options issued pursuant to the Grange Resources Limited Directors' and Officers' Option Plan and subject to shareholder approval

+ See chapter 19 for defined terms.



## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:            Alec Pismiris  
                              (Company secretary)

Date: 26 July 2004

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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**ATTACHMENT 1 TO APPENDIX 5B**  
**PAYMENTS/LOANS TO DIRECTORS AND RELATED PARTIES AND ASSOCIATES OF DIRECTORS**  
**AND RELATED PARTIES OF GRANGE RESOURCES LIMITED**

Payments and loans during the quarter to directors and related parties, and associates of directors and related parties, of Grange Resources Limited total \$139,598 and include:-

- Directors' fees (inclusive of superannuation) of \$18,250 paid to non-executive directors of the Consolidated Entity.
- Executive directors' salaries (inclusive of superannuation) of \$121,348