

QUARTERLY REPORT

FOR THE PERIOD ENDING 31 MARCH 2007

CORPORATE DETAILS

Board of Directors

Anthony Bohnenn (Chairman)
Geoff Wedlock (Managing Director)
Alex Nutter (Technical Director)
Richard Krasnoff (Non-Executive)
Hans-Rudolf Moser (Non-Executive)

Capital Structure

Ordinary Shares	104,661,599
50c Opts 6/07	1,500,000
\$1.25 Opts 6/07	1,500,000
\$1.50 Opts 6/08	1,500,000
\$2.50 Opts 6/11	1,000,000

Stock Exchange Listing

Australian Stock Exchange
ASX Code: GRR

Principal & Registered Office

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MARCH QUARTER HIGHLIGHTS

Southdown Magnetite & Kemaman Pellet Project

- Grange continues negotiations with a number of significant international companies regarding participation in the project.
- Pipeline easement agreements now signed by 38 out of 48 different freehold/leasehold landowners, whilst negotiations are well advanced with the remaining parties.
- Malaysian Government approves appeal on Environmental Conditions for the Kemaman Pellet Plant.
- Environmental review process begins on Southdown mine and pipelines.

Gold Royalties

- Royalty payments from the Red Hill and Freshwater Projects of \$594,968 generated during the quarter.

Bukit Ibam (Malaysia) Iron Ore Project

- Commissioning of iron ore processing plant at Bukit Ibam iron ore mine completed.

SOUTHDOWN MAGNETITE & KEMAMAN PELLET PROJECT (Grange 100%)

The following summary report is an update on progress achieved with the Southdown Magnetite Project to date.

Overview

Located approximately 90 kilometres northeast of the Port of Albany on the south coast of Western Australia (figure 1), the Southdown Magnetite deposit, represents the largest known magnetite deposit of its kind in the southern portion of Western Australia.

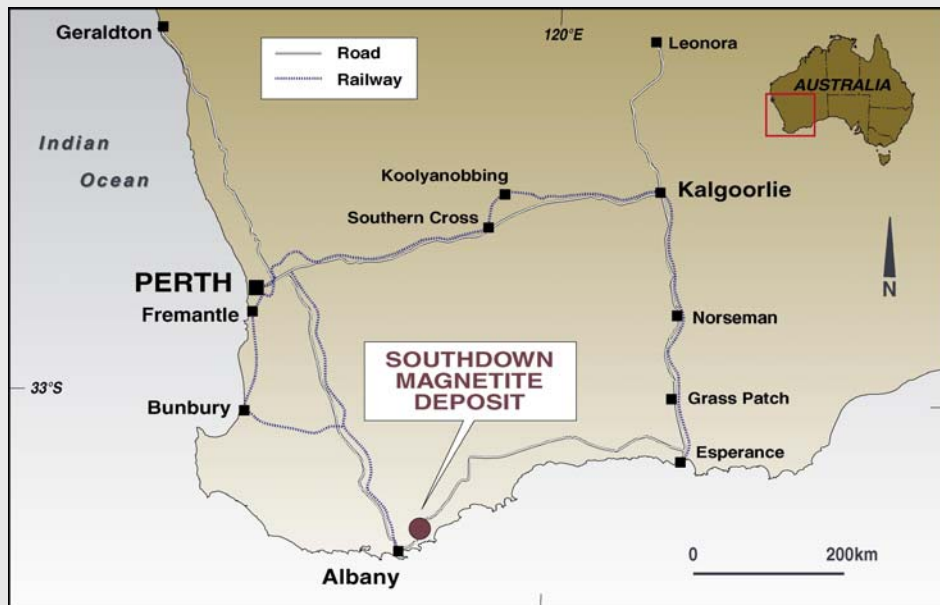


Figure 1: Location of Southdown Magnetite Project, Albany WA

The previously reported resource base is 479.1 million tonnes containing 37.3% magnetite grading 69.2% Fe.

The development plan is to mine the Southdown Magnetite deposit using proven open pit mining methods with the magnetite mineralisation being crushed, ground, screened and then magnetically separated to produce a magnetite concentrate at a planned production rate of 6.6 Mtpa.

The magnetite concentrate will be pumped as slurry, approximately 100 km to a concentrate storage facility at the port of Albany before being loaded on to capesize vessels and shipped to an iron ore pellet plant located in Kemaman, Malaysia. Filtered water recovered from the slurry will be pumped back to the mine site for re-use in the concentrator via a return water pipeline buried beside the slurry pipeline.

At Albany Port, the construction of a new berth will be required and the Albany Port Authority will provide land to accommodate a concentrate storage facility and ship loading infrastructure. Widening of the existing shipping channel into the Princess Royal Harbour and extending the channel into King George Sound is also proposed to facilitate the use of capesize vessels.

Grange has entered into a Heads of Agreement with subsidiaries of Road Builder (M) Holdings Bhd to secure the future use of infrastructure at Kemaman on the east coast of peninsular Malaysia, comprising an existing deep water wharf and 60 hectares of land for the pellet plant. The design capacity of the pellet plant is 6.8 Mtpa.

The magnetite resource within the Grange mining leases is sufficient to support the planned production rate for a period of 22 years. Known extensions to the magnetite deposit within adjacent tenements owned by Rio Tinto could extend the project life.

Project Financing and Structuring

Grange has appointed Azure Capital, a Perth based merchant banking firm, to assist in the process of determining the most appropriate partners capable of facilitating the financing and development of the project.

In March 2006, Grange announced the commencement of an international tender process for joint venture partners. An Information Memorandum has been compiled and an on-line data room established to provide interested parties with relevant information.

The tender process remained in progress at the end of the first quarter of 2007. Grange continues to negotiate with a number of significant international companies regarding participation in the project.

Project Schedule

Current indicative timetable for completion of key milestones are:

Timetable	Date
Public Environmental Review (PER) commences (8 week period)	Q1 2007
EPA Bulletin Published (Southdown)	Q3 2007
EPA Bulletin Published (Albany Port)	Q4 2007
Ministerial & Other Approvals (Southdown)	Q4 2007
Ministerial & Other Approvals (Albany Port)	Q1 2008
Decision to Proceed	Q1 2008
Commence Project Construction	Q2 2008
Commence Commissioning	Q1 2010
First Production Year (1 st pellets)	2010

Bankable Feasibility Study

The Bankable Feasibility Study into the Project commenced in early 2005.

The technical aspects of the study have largely been completed confirming that a high quality magnetite concentrate can be readily produced which is suitable for the production of both direct reduction "DR" and blast furnace "BF" pellets.

The preliminary economics confirm the Project's robustness and viability based on NPV and IRR criteria.

Detailed mine planning and a capital and operating cost review on a staged development of 3.5 Mtpa initially with a step up to 6.6 Mtpa after a number of years is currently being undertaken. Under a staged development, it is anticipated that initial capital costs for both the Australian and Malaysian aspects of the project will be significantly lower although some key infrastructure components such as the slurry pipeline will need to be constructed to the full production capacity.

Mine Planning

Detailed mine planning on the staged development model starting at 3.5 Mtpa was conducted during the quarter.

Metallurgical Test Work

Arrangements for the completion of in-plant basket tests were negotiated during the quarter. These tests should be completed in July 2007.

Southdown Infrastructure

A proposed pipeline will transport the magnetite concentrate in slurry form from the Southdown site into the Albany port area where it will be dewatered in the filter plant prior to stockpiling. The proposed pipeline alignment affects 48 different landowners and a number of government agencies. By the end of the April easement agreements had been signed by 38 landowners, whilst negotiations are well advanced with the remaining parties.

The proposed power solution is for Grange to access grid power from a new transmission line to Southdown to be constructed by Western Power Networks. Grange has contracted Western Power Networks to obtain the easement for this transmission line and route selection work is proceeding. During the quarter Western Power Networks were contracted to undertake route selection work on a possible transmission line from Albany to Southdown. This work should identify preferred route options by the end of Q3 2007 allowing flora and fauna field surveys and affected landowner consultations to be undertaken.

The Albany Port will require the construction of a new berth and the provision of land to accommodate a concentrate storage facility and ship loading infrastructure. Widening of the existing shipping channel into the Princess Royal Harbour and extending the channel into King George Sound is also proposed to facilitate the access of capesize vessels.

Design of the Seawall for the reclaimed land at Berth 7 is near completion.

Kemaman Infrastructure

The Kemaman West Wharf consists of a jetty with a concrete deck approximately 510 metres long by 29 metres wide, sufficient to berth a Capesize and Panamax vessel concurrently. Under the terms of the Heads of Agreement, Road Builder is required to provide port access for vessels with a draft of 16m.

During the quarter the Heads of Agreement with Road Builder was extended for a further 1 year term to February 2008.

Environmental Approvals

Australia The Public Environmental Review (PER) document for the Southdown mine and pipeline was approved by the Environmental Protection Authority (EPA) for public release which occurred on 19 February 2007 for an 8 week period. The public comment period closed on 16 April 2007 and submissions received have been forwarded by the EPA to Grange for response. In all a total of 14 submissions (7 from government agencies) have been received. Grange will respond to matters raised in these submissions as soon as possible.

A third draft of the Albany Port PER was submitted on 13th April 2007 and comments were received back from the EPA on 24th April 2007. The 4th draft of the Albany Port PER will be submitted to the EPA shortly for approval at which point the 8 week public comment phase will begin.

Malaysia Environmental Approval for the Kemaman pellet plant was received from the Ministry of Natural Resources and Environment in late 2006. An appeal by Grange in respect to one condition relating to material storage areas was subsequently approved by the Ministry of Natural Resources and Environment in March 2007.

RED HILL (Mining Lease M27/57)

**(Barrick (PD) Australia Limited ("Barrick PD"), a 100% subsidiary of Barrick Gold Corp.
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 Barrick PD.

Barrick PD has advised that mining and processing operations continued at Red Hill during the March 2007 quarter generating royalty income to Grange of \$534,212. Total mined ore production from within M27/57 for the quarter was 289,431 tonnes @ 1.50g/t. A total of 401,930 tonnes was hauled to the Paddington processing plant during the quarter.

A total of 378,614 tonnes at a grade of 1.42g/t was processed during the quarter, producing some 16,214 ounces of recovered gold. The total gold recovered from M27/57 at Red Hill as at 31 March 2007 is 306,981 ounces.

Total mined ore production from commencement of mining (February 2003) until 31 March 2007 is 5,974,941 tonnes @ 1.81g/t gold. Total ore processed during this period was 5,263,922 tonnes @ 1.80g/t gold.

FRESHWATER

**(Barrick Gold of Australia Limited ("Barrick") 100%;
Grange - Production Royalty)**

Barrick has advised that mining and processing operations were undertaken at the Plutonic East underground mine during the March 2007 quarter, with 57,397 tonnes at a grade of 4.72 g/t gold being mined and processed from the Freshwater section of the mine generating royalty income to Grange of \$60,756.

Barrick also advised that development drilling on 20 x 20 metre hole spacing, comprising 63 RC holes aggregating 3,948 metres was undertaken in the Trout open pit area during the quarter. The aim of the drilling was to test the continuity of the Main Lode west of the existing pits within the \$700 shell. Mineralisation has been identified in the mafic unit and is related to quartz veining and sulphide content. Barrick advise that most of the holes returned assays supporting the expected grade identified in the original 40 x 40 metre hole spacing. The most significant results from this work are 6m (83m-89m) @ 12.68g/t Au from FRC10422, 10m (104m-114m) @ 3.75g/t Au from FRC 10427 and 5m (91m-96m) @ 6.68g/t Au from FRC 10426.

No exploration drilling was undertaken during the quarter.

BUKIT IBAM (MALAYSIA) IRON ORE PROJECT

(Grange Minerals Sdn Bhd earning 51%)

Grange Minerals Sdn. Bhd., a wholly owned Malaysian subsidiary of Grange Resources, is earning 51% equity in the Bukit Ibam iron ore project, by funding mine development work. Bukit Ibam is located in Pahang State, Malaysia. The mine operated in the late 1960s and produced approximately 22 million tonnes of iron ore before its closure.

Recent in pit drilling has indicated lower than expected grades in the first production areas and production has been delayed whilst more drilling is undertaken to confirm the deeper zones of the resources. Further metallurgical test work will be undertaken ahead of any plant modifications designed to cope with this change.

WEMBLEY

(Grange 100%; Gleneagle Gold Limited (“Gleneagle”) Earning 80%)

The Wembley Gold Project, located approximately 65km south east of Gleneagle’s Fortnum Gold Project, hosts a resource of 568,000 tonnes at 2.3g/t gold (42,700 contained ounces) within the Durack and Outback deposits. The project consists of one granted mining lease and a mining lease application in which Gleneagle is earning an 80% interest by spending \$500,000 on exploration.

Gleneagle has advised that no exploration work was undertaken on the Wembley joint venture project during the March 2007 quarter. Pit optimisation studies for the Durack gold resource have been scheduled for the June 2007 quarter together with geological mapping on project tenements.

OTHER PROJECTS

Grange Minerals Sdn. Bhd. has applied for Exploration Licences in the Malaysian States of Kelantan and Terengganu. The proposed Licence areas contain advanced gold and iron ore prospects. These applications are being processed.

Grange has entered into a conditional agreement with Coziron Resources Ltd regarding the involvement of Grange in a joint venture for the development of the Inderapura coal tenements (KW05191BBI Inderapura and KW05192BBT Tapan) located in West Sumatra, Indonesia.

Grange is continuing with its due diligence on the Inderapura coal deposits which involves a technical component which is likely to extend into June.

Unless otherwise stated, the information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Alex Nutter who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Nutter is a full time employee of the company. Mr Nutter has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Nutter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ALEX NUTTER

Technical Director

CORPORATE MATTERS

Share Issues

During the quarter a total of 14,000 fully paid ordinary shares were issued to pipeline landowners.

Cash Reserves

The cash and cash assets balance of Grange at 31 March 2007 was \$20.3 million.

Shareholder Information

As at 31 March 2007 Grange had 1,123 shareholders and 104,675,599 shares on issue with the Top 20 shareholders holding 90.23% of the total issued capital.

For further information visit the Grange website at www.grangeresources.com.au or alternatively contact Neil Marston on +61(8) 9321 1118.

NEIL MARSTON
Company Secretary