



GRANGE
RESOURCES LIMITED
ABN 80 009 132 405

REPORT FOR THE QUARTER ENDED 31 MARCH 2008

HIGHLIGHTS

Corporate

- Following the retirement of the previous Managing Director, the recruitment of a new Managing Director and Chief Executive Officer was completed during the quarter. Mr Russell Clark commenced his appointment on 6 March 2008. Mr Clark was formerly the Regional Group Executive of Newmont Asia Pacific's Australian and New Zealand's gold mining operations.

Southdown Magnetite & Kemaman Pellet Project

- Global pellet prices for 2008 have increased by 86.67%, the highest price increase of all iron ore products. The sharp increase was caused by the rapid growth in global demand for DR pellets. The premium for DR quality pellets is 10 % on top of the BF pellet price, (USc/dmtu 220.20 for BF pellets + 10% = USc/dmtu 242.22 for DR pellets). The new pellet price with a 68% Fe content is around US\$164 per tonne FOB Brazil.
- Grange announced the signing of a Memorandum of Understanding ("MOU") between the company and its joint venture partner Sojitz Resources and Technology Pty Limited ("Sojitz") with Metso Minerals (Australia) Limited ("Metso") for the Southdown Magnetite Project.
- Testwork by Metso to confirm the optimum process circuit was well advanced during the quarter.
- In-plant basket tests of Southdown pellets were done at Siderca's Midrex DRI plant in Argentina. Results achieved during this basket test work provide confirmation that DR grade pellets from Southdown can be used for DRI steelmaking, though further test work to optimise pellet quality will be required.
- After 3 years of comprehensive work on the Public Environmental Review for the Southdown mine and pipeline the final technical reports necessary for the EPA assessment process to be completed were lodged on 18 April 2008. The EPA assessment process should be completed in the third quarter of 2008.

Bukit Ibam Joint Venture

- During the quarter RC drilling was completed in the Main Mineralised Zone of the open pit.
- A geological model was generated from the drilling information and a Measured, Indicated and Inferred mineral resource of 831,000 tonnes grading 36.7% Fe was estimated using a 20% Fe cut off.
- A study is underway to investigate the feasibility of a small plant to produce 100,000 tonnes per year of concentrate grading 60% Fe. This project is part of a larger strategy to develop other resources in the area and create an operation with longer life and more significant output.

Horseshoe Lights

- The application seeking leave to appeal to the High Court of Australia was successfully defended on 18 April 2008.

Gold Royalties

- Royalty payments of \$24,399 received from the Freshwater Project during the quarter.

SOUTHDOWN MAGNETITE & KEMAMAN PELLET PROJECT
(Grange 70%; Sojitz Resources & Technology Pty Ltd 30% - M70/433, 718 & 719)
(Grange 100% - E70/2512)

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 is approximately 12 km in length and represents the largest known magnetite deposit of its kind in the southern portion of Western Australia.

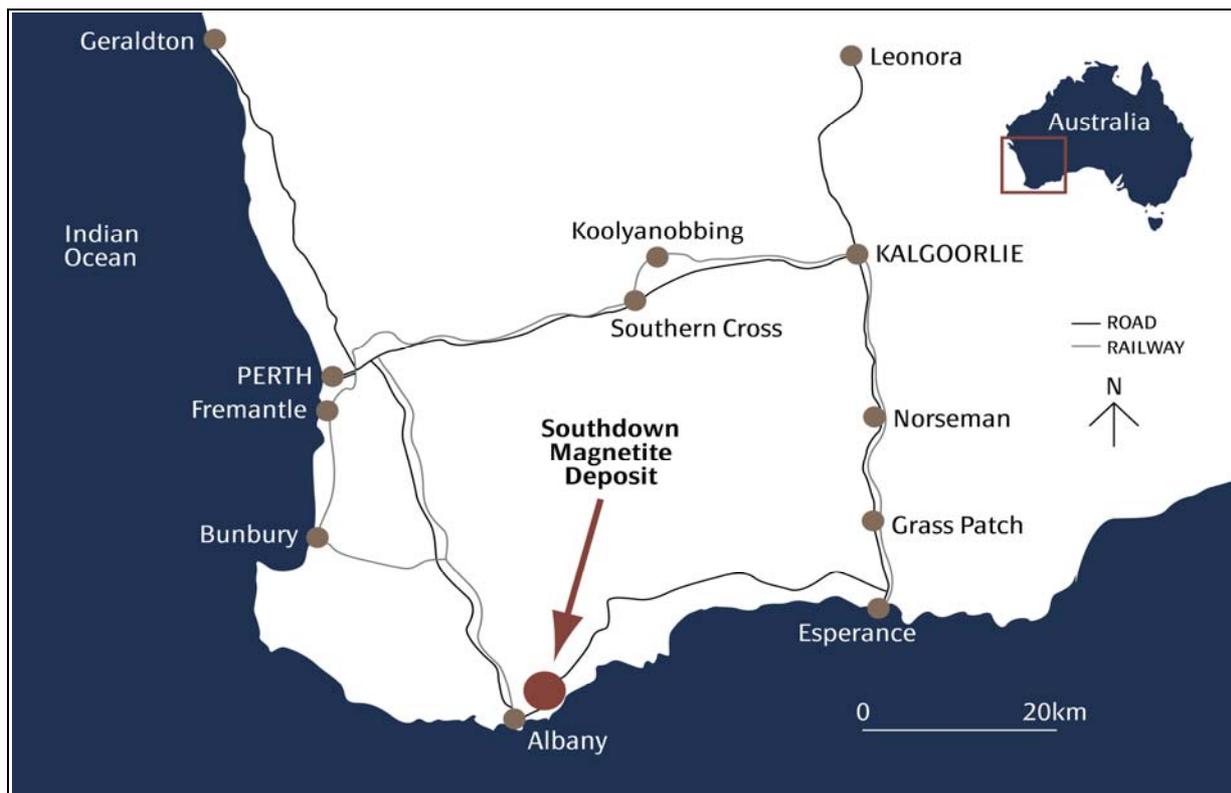


Figure 1: Location of Southdown Magnetite Project, Albany WA

Grange has previously reported a resource base of 479.1 million tonnes containing 37.3% magnetite grading 69.2% Fe within the western 6km section of the Southdown deposit.

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 to be 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 (Berth 7) will be required and the Albany Port Authority will provide up to 9 hectares of land to accommodate a concentrate storage facility and shiploading 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 a Heads of Agreement with subsidiaries of IJM Corporation 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.

In September 2007 Grange completed a transaction with Rio Tinto Exploration Pty Ltd to acquire a 100% interest in Exploration Licence E70/2512 containing the eastern 6km extension of the Southdown magnetite deposit. Diamond drilling undertaken within the eastern portion of the deposit has shown that the quality of the magnetite is the same as that in the western portion of the deposit. Grange is planning a drilling programme to better define the mineral resource within the eastern portion of the deposit. The drilling is expected to commence during the latter part of 2008.

During September 2007 Grange announced that it had acquired the freehold farmland (2,317.ha) underlying the 3 mining leases which contain the western 6 kilometres of the Southdown magnetite deposit. Acquiring the freehold land is a pre-requisite to mining operations commencing on the land. The purchase of the land was settled during December 2007.

Project Structuring

Azure Capital, a Perth-based merchant banking firm, continues to assist Grange in the process of determining the most appropriate partners to participate with Grange in the development of the project.

In June 2007 Grange entered into a Joint Venture Implementation Agreement with Sojitz Corporation whereby Sojitz has agreed to take a 30% joint venture interest in the Southdown Project mining leases. Sojitz will also pay a royalty to Grange in the future for their part of their 30% joint venture interest. The recent 86.67% increase in the price of DR pellets together with an improving long term DR pellet price outlook show that the NPV of the royalty stream has improved considerably.

Grange and Azure Capital continue to negotiate with a number of significant international companies regarding participation in the project.

Project Planning and Schedule

Substantial planning work around project delivery has been undertaken by Grange's project development team during the quarter. The approvals process is well advanced and the expectation remains that Ministerial approval for Southdown and the pipeline will be received during the 3rd quarter of 2008 and the Ministerial approval for Albany Port during 4th quarter 2008.

The current indicative timetable is:

Timetable	Date
EPA Bulletin Published (Southdown)	Q3 2008
EPA Bulletin Published (Albany Port)	Q4 2008
Ministerial Approval (Southdown)	Q3 2008
Ministerial Approval (Albany Port)	Q4 2008
Commence Project Construction	2009
Commence Commissioning	2011
First Production Year (1 st pellets)	2012

Metallurgical Test Work

On 21 January 2008 Grange announced the signing of a Memorandum of Understanding ("MOU") between the company and its joint venture partner Sojitz Resources and Technology Pty Limited ("Sojitz") with Metso Minerals (Australia) Limited ("Metso") for the Southdown Magnetite Project.

Considered by the parties to be a first for the mining and minerals processing industry in Australia, this MOU allows Grange and Sojitz to access Metso's comminution, iron ore processing and pelletising design capabilities at the initial design phase of the project.

Metso testwork on samples from Southdown in Australia, the United States and Europe to determine the optimum processing circuit for the project have been on-going during the period. Testwork results indicate that a preferred process circuit will be recommended by the end of Q2 2008. Final grind size testwork is also being undertaken to confirm the optimal final concentrate quality.

Following delays in completing the in-plant basket tests of Southdown pellets in the Middle-East, the testwork was transferred to Siderca's Midrex module 400 DRI plant in Argentina. Initial results from this testwork, the details of which are confidential, were encouraging and give Grange confidence in its ability to produce DR grade pellets from the Southdown magnetite concentrate and subsequently realise the full value of producing a premium quality iron ore pellet. Further testwork to optimise pellet quality will be required.

Southdown Infrastructure

Negotiations with Western Power continued during the quarter. The preferred solution is to supply power to the mine using a single circuit 220 kV transmission line on lattice towers from Muja to Southdown via Kojonup and Gnowangerup. Western Power received EPA approval for this transmission line route in August 2007. The detailed route selection process from Western Power has been completed to the stage where line aerial surveys, mapping and line design work has commenced.

In November 2007 Grange announced it has signed an Option Agreement with the West Australian Water Corporation to supply treated waste water to the project. The agreement provides the project with access to a minimum of 5,000 kilolitres per day of water for the project.

A Risk Assessment Report was finalised in April 2008 with positive results, identifying that the water re-use scheme would be suitable for the project requirements. Negotiations with the Water Corporation on the Commercial Agreement are planned to be progressed during the next quarter.

Environmental Approvals

Australia The Public Environmental Review (PER) document for the Southdown mine and pipeline was released in February 2007. In July 2007 the Environmental Protection Authority (EPA) advised that it required a number of additional reports to be lodged before it could conclude its assessment. Following additional surveys being undertaken during 2007 and early 2008, the outstanding reports were lodged on 18 April 2008. Indications from the EPA are that they now have sufficient information to complete their assessment process.

This assessment process will be completed with the release of a bulletin detailing the EPA's recommendations. The bulletin preparation phase is expected to take 10 weeks from the date the EPA is satisfied it has all the necessary reports and information to complete its assessment.

The Albany Port PER was released in September 2007 for its 8-week public comment phase. The response document to public comments received was lodged in March 2008. Additional queries from the EPA have since been raised which are presently being addressed. Concurrently with this, a peer review of the hydrodynamic modelling was undertaken by the University of Western Australia. A second peer review by the CSIRO is due to commence in May 2008. The peer review reports together with the responses to the EPA will be prepared during the next quarter.

Malaysia An Environmental Approval for the Kemaman pellet plant has already been received from the Ministry of Natural Resources and Environment in late 2006.

2008 Pellet Prices

Global pellet prices for 2008 have increased by 86.67%, the highest price increase of all iron ore products. The sharp increase was caused by the rapid growth in global demand for DR pellets. The premium for DR quality pellets is 10 % on top of the BF pellet price (US\$/dmtu 220.20 for BF pellets + 10% =US\$/dmtu 242.22 for DR pellets). The new pellet price with a 68% Fe content is around US\$164 per tonne FOB Brazil.

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 2008 quarter, with 26,802 tonnes at a grade of 3.85 g/t gold being mined and processed from the Freshwater section of the mine, generating royalty income to Grange of \$24,398.80.

Barrick has also advised that a minor wall failure close to the entrance to the underground operations at Freshwater has resulted in delays to further underground development and production in the short term.

No surface development or exploration drilling was undertaken on the Freshwater tenements during the quarter.

HORSESHOE LIGHTS

(Grange – 79.2%)

The Horseshoe Lights Project is 100% beneficially owned by unlisted Murchison Copper Mines Pty Limited, a 79.2% owned subsidiary of Grange Resources. The project assets include the closed Horseshoe Lights Copper mine which lies within Mining Lease M52/743, located about 150 km north of Meekatharra in Western Australia. The Horseshoe Lights Project contains both in-situ resources of copper mineralisation and remnant stockpiles, dumps and tailings which are known to contain copper mineralisation.

Mining Lease M52/743 was the subject of a plaint alleging a failure to meet minimum expenditure commitments on the tenement for the year ended September 2004. The plaint was successfully defended in the Wardens' Court in 2006 and through a judicial review in the Supreme Court of Western Australia in 2007 before the plaintiffs sought leave to appeal to the High Court of Australia.

The application seeking leave to appeal to the High Court of Australia was successfully defended on 18 April 2008 and the plaintiff has been ordered to pay costs.

The successful defence of the application now means that all avenues for the plaint have been exhausted and the owners can now proceed to consider all development options for the project including:

- a) developing the copper project itself
- b) joint venturing the project, or
- c) selling the project.

The copper price has increased significantly since the company last assessed the feasibility of establishing a leaching operation to treat the copper tailings and stockpiles at Horseshoe Lights in 2003.

BUKIT IBAM (MALAYSIA)
(Grange Minerals Sdn Bhd - 51%)

The Bukit Ibam Project is located at the old Bukit Ibam iron ore mine, in Pahang State, Malaysia. The mine operated from 1962 and produced approximately 22 million tonnes of haematite and magnetite ore before closure in 1970. Grange Minerals Sdn Bhd, a wholly owned Malaysian subsidiary, holds 51% project equity in a joint venture with a privately owned Malaysian mining company.

A Reverse Circulation drilling programme was undertaken in the old Bukit Ibam open pit during December 2007 and January 2008 to confirm the magnetite resource remaining below the current pit. A total of 47 holes were drilled for 2,078m. The collar positions are shown on Figure 2 which also shows the continuity of the resource outline as it outcrops within the open pit.

The drill samples were taken at 1m intervals and subject to multi-element x-ray fluorescence analysis in Australia. The iron mineralisation was confirmed as magnetite by magnetometer surveys carried out on all samples and in separate metallurgical test work.

The resource is known to extend for a minimum strike length of 230m within the pit and has variable widths of up to 60m and extends down to the 45m level or 25 to 50m below existing pit levels. The mineralisation at Bukit Ibam is hosted in a number of sub-vertical shear zones aligned north-south along the geological contact between footwall granodiorites and a package of sedimentary rocks consisting of hornfels and schists and acid volcanics. The mineralisation consists of massive veins of magnetite in a matrix of chlorite and quartz that dip at various angles to the east.

A geological model was generated from the drill sections and a Measured, Indicated and Inferred mineral resource of 831,000 tonnes grading 36.7% Fe was estimated using a 20% Fe cut off, the result is shown below in Table 1;

Bukit Ibam resource using a 20% Fe block grade cut off Table 1

Class	Tonnes	Fe	Al ₂ O ₃	SiO ₂	P	S	LOI
	'000 t	%	%	%	%	%	%
Measured	560	36.1	2.2	20.7	0.011	0.40	7.52
Indicated	186	38.7	2.6	21.5	0.010	0.51	5.93
Inferred	86	36.4	4.0	23.0	0.011	0.78	6.83
Total	831	36.7	2.5	21.1	0.011	0.46	7.09

A study is underway to investigate the feasibility of a small plant to produce 100,000 tonnes per year of concentrate grading 60% Fe. The concentrate would be sold on the spot market and exported through Kuantan Port. This project is part of a larger strategy to develop other resources in the area and create an operation with longer life and more significant output.

The information in this report that relates to Exploration Results and Mineral Resources for Bukit Ibam is based on information compiled by Mr Stuart Hall who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hall is a full time employee of the company. Mr Hall has sufficient experience which is relevant to the style of mineralisation and type of deposits 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' ('JORC Code'). Mr Hall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

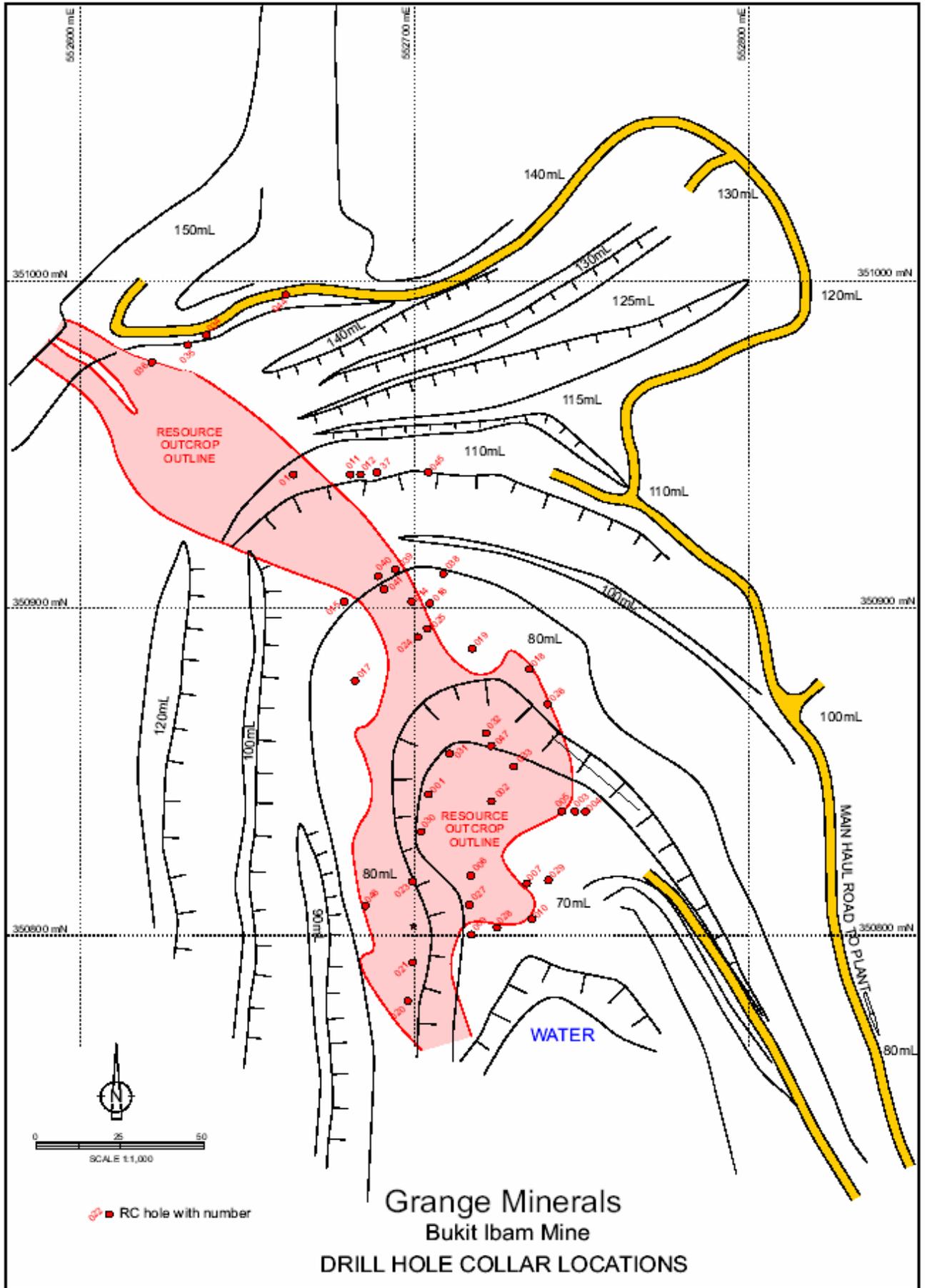


Figure 2

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 deposits 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' ('JORC Code'). 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.

RUSSELL CLARK
Managing Director

CORPORATE MATTERS

Changes to Board of Directors

On 6th March 2008 Mr Russell Clark commenced employment as Managing Director and Chief Executive Officer.

Share Issues

No shares issues occurred during the quarter.

Cash Reserves

The cash and cash assets balance of Grange at 31 March 2008 was \$10.84 million.

Shareholder Information

As at 31 March 2008 Grange had 1,670 shareholders and 115,201,099 shares on issue with the Top 20 shareholders holding 87.43% 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

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")

31 March 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	35	6,016
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	230	588
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
1.7(i) Payment to directors and employees	(493)	(1,441)
1.7(ii) Payment for all other working capital	(1,450)	(7,247)
Net Operating Cash Flows	(1,678)	(2,084)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(39)	(84)
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)	(272)	(272)
1.12(i) Payment for security deposit	-	(300)
1.12(ii) Proceeds from release of security deposit	-	-
1.12(iii) Payment for exploration, development and production	(2,420)	(6,050)
1.12(iv) Payment for Exploration Licence E70/2512	-	(3,306)
1.12(v) Proceeds from Sojitz Corporation for Southdown project	1,656	15,097
1.12(vi) Payment for purchase of Southdown tenement land	-	(5,912)
Net investing cash flows	(1,075)	(827)
1.13 Total operating and investing cash flows (carried forward)	(2,753)	(2,911)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,753)	(2,911)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
1.19 (ii)	Payment for share issue	-	(30)
	Net financing cash flows	-	(30)
	Net increase (decrease) in cash held	(2,753)	(2,941)
1.20	Cash at beginning of quarter/year to date	13,472	13,479
1.21	Exchange rate adjustments to item 1.20	119	300
1.22	Cash at end of quarter	10,838	10,838

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	241
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	1,797
4.2 Development	-
Total	1,797

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	2,628	13,269
5.2 Deposits at call	8,000	Nil
5.3 Bank overdraft	Nil	Nil
5.4 Other (Cash held with Joint Ventures)	210	203
Total: cash at end of quarter (item 1.22)	10,838	13,472

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	115,201,099	115,201,099		
7.4	Changes during quarter (a) Increases through exercise of options (b) Increases through issues	-	-		
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>	8,500,000 9,000,000	- -	<i>Exercise price</i> 195 cents 150 cents	<i>Expiry date</i> 28 Sept 2008 28 Sept 2010
7.8	Issued during quarter ¹	-	-		
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>				

+ 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:



Neil Marston
(Company Secretary)

Date: 30 April 2008

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* applies 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.

== == == == ==

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 \$257,376 and include:-

- Directors' fees (inclusive of superannuation) of \$63,462 paid to non-executive directors of the Consolidated Entity.
- Fees of \$15,000 paid to Hendygwyn Holdings and Beheer b.v., of which a Grange non-executive director is a director and shareholder, under a marketing and public relations services agreement
- Executive directors' salaries (inclusive of superannuation and sign on bonus) of \$162,231.