



GRANGE
RESOURCES LIMITED
ABN 80 009 132 405

CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING
28 NOVEMBER 2006

28 November 2006

The year 2005/06 has been very successful for your company. The company made a net profit of \$1.94 million during the period from total revenue of \$10.4 million.

More importantly though, the company realised major achievements in:

- the development of the Southdown Magnetite Project,
- successful negotiations with the Malaysian Government of investment incentives including major taxation concessions for the Kemaman Pellet Plant Project, and
- the successful preparation for new iron ore mining operations at Bukit Ibam in Malaysia.

During the year the Southdown Magnetite resource was increased from 426 Million Tonnes to 479 Million Tonnes. A total of over 57,000 metres of drilling was completed to achieve this result and two independent laboratories have produced excellent quality iron ore pellets from the resource.

I am particularly happy with the fact that we have been able to produce Direct Reduction (DR) grade pellets which are in high demand in South East Asia and the Gulf states of the United Arab Emirates, Qatar, and Bahrain. The DR grade pellets produced from the testwork are of the highest quality ever produced in Australia and have one of the lowest phosphorous contents available. As a matter of fact the Southdown Project is the only known deposit in Australia to be able to produce high quality DR grade pellets which fetch a substantial premium above Blast Furnace grade pellets.

Your company is now in the middle of a tender process to bring investors into the Southdown Project. As a shareholder you may appreciate that this is a process that has to be handled with care and all effort should be taken to appropriately realise the significant value this enormous resource has in the ground. A lot of interest has been shown by many International and Australian parties and I believe that it will be successfully concluded in the near future.

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Looking into the current year of 2006/07 the goals for Grange Resources are:

- ❑ To secure a joint venture on the Southdown Project with an outcome for shareholders which reflects the value of this substantial iron ore resource.
- ❑ To start and increase further the production of iron ore at Bukit Ibam in Malaysia.
- ❑ Depending upon the outcome of the current plaint, the company would like to re-start work on the Horseshoe Lights Copper Mine in Western Australia to target extracting the \$50 million worth of copper from the tailings dam and to further explore the extensions of the mine itself.
- ❑ To acquire additional iron ore and gold exploration tenements in Malaysia.
- ❑ To investigate other business opportunities which are presently being offered to the company or opportunities which might be offered to the company in the course of the current year.

May I take this opportunity of commending the efforts of your company's Board of Directors, management and staff over the last year. Through their continuous efforts I believe the company will be well positioned and will do very well in the year 2006/2007.

ANTHONY BOHNENN
Chairman