GRANGE
RESOURCES LIMITED
ABN 80 009 132 405

REPORT FOR THE QUARTER ENDED 31 MARCH 2006

HIGHLIGHTS

Southdown Magnetite

- Good quality pellets produced by both Outokumpu and Kobelco from Southdown magnetite concentrate. Pelletising test work ongoing.
- Metallurgical test work for BFS completed and magnetite concentrate produced from pilot plant.
- Resources of 458Mt grading 37% magnetite established including Indicated Resources of 347Mt grading 38% magnetite. Further diamond drilling underway to increase resource base.
- Preliminary pit optimisation and mine planning shows the Southdown resource on the Grange tenements could support an operation producing 6.6Mtpa of concentrate for 22 years.
- Water management plan identifies that appropriate water harvesting on the mine site and surrounding land should be able to provide water requirements for the project.
- Preliminary site investigation drilling and pitting completed to investigate footprints of tailings storage facility, waste rock dump and water storage dam.
- Negotiations have commenced with landowners regarding the corridor for the slurry pipeline.
- Studies for the expansion of the Port of Albany are well advanced.
- Environmental studies nearing completion for inclusion in the draft Public Environmental Review (PER) document scheduled to be lodged with the EPA in WA in May 2006.
- Environmental studies completed for inclusion in the Detailed Environmental Impact Assessment (DEIA) for the pellet plant in Malaysia, scheduled to be lodged with the Department of the Environment in Malaysia in May 2006.
- Completion of an owner mining study by AMC, which concluded that owner-operating mining, is feasible and more economic than contract mining. As a result, operating costs for the Project have been revised to an average of US$39.4 per tonne of pellets FOB Kemaman.
- International tender process commenced for project participants.
- Information Memorandum compiled and distributed and on line data room established to provide interested parties with relevant information.
- Due date for lodgement of expressions of interest under the joint venture process extended to 29 May 2006 at the request of interest parties preparing their submissions.

Red Hill

- Royalty payments of $616,336 generated during the quarter.
- 20,763 ounces of gold recovered from the processing of 325,153 tonnes of ore grading 2.13g/t.

Freshwater

- Royalty payments of $90,329 generated during the quarter.
- Mining undertaken from the Plutonic East underground mine during the quarter.
- Underground ore reserves of 308,000 tonnes @ 5.70g/t Au containing 56,300 ozs gold and underground mineral resources of 3,479,000 tonnes @ 5.28g/t gold containing 590,500 ozs gold established as at 31 December 2005.
- Open pit mineral resources of 1,125,000 tonnes @ 2.52g/t gold containing 91,100 ozs gold established as at 31 December 2005.

Wembley

- Gleneagle planning a drilling programme to evaluate targets and possible extensions to the Durack and Outback gold deposits.

Mt Windsor Joint Venture

- Rehabilitation of the Highway and Reward mine site is nearing completion.

New Projects

- Application submitted for a mining tenement over the previously mined Bukit Ibam iron ore mine in Malaysia.
- Applications submitted for exploration licences in the Malaysian States of Kelantan and Terengganu.

Financial

- Cash and cash assets at the end of the March 2006 quarter totalling $16.29 million.

PROJECTS, MINING & EXPLORATION ACTIVITIES

SOUTHDOWN MAGNETITE AND MALAYSIAN PELLET PROJECT (Grange 100%)

The following summary report is an update on progress achieved with the project to date. Some of the information has been presented in previous quarterly reports but is repeated here for completeness.

BACKGROUND

Grange Resources Ltd acquired the Southdown mining leases in November 2003 and immediately commenced a review of previous exploration work. This led Grange to undertake a new ground magnetic survey and investigate a number of essential development requirements, including a harbour and shipping channel sea floor probing survey at Albany. The results of this work culminated in a prefeasibility "Scoping Study" which considered the following project components:

- Mining at an annual rate of 17.8 million tonnes with a stripping ratio of around 2.6 to 1.0.
- Annual production of magnetite concentrate at 69% Fe of 6.6 million tonnes per annum.
- Transportation of the magnetite concentrate to the Port of Albany via a buried slurry pipeline.
- Establishing a large-scale pellet plant in South East Asia to process the Southdown concentrate into high grade iron ore pellets to produce 6.8 million tonnes of pellets per annum.
- Potential markets for pellets in direct reduction and blast furnaces located in the Asian region.
- Assessment of the economics of the project including capital expenditure on infrastructure in Australia and South East Asia.

The key findings from the scoping study included:

- A potentially significant resource was indicated of sufficient size to support large scale mining, concentrating and pelletisation operations.
- The mineralisation appeared to be amenable to coarse magnetic separation.
- Close proximity to road and port facilities in Western Australia and Malaysia.
- Competitive mining and processing costs.
- The mining tenements were located on freehold land in Western Australia with no Native Title issues outstanding.
- Two products are proposed namely Direct Reduction ("DR") and Blast Furnace ("BF") pellets.
- Establishment of a pellet plant in Malaysia, near key markets including:
    - Direct Reduction - Malaysia, Indonesia, Middle East; and
    - Blast Furnace – steel producers in China, Japan, South Korea and Taiwan.

Following the completion of the scoping study and some preliminary drilling in late 2004 Grange announced in January 2005 the commencement of a full Bankable Feasibility Study (BFS) for the Southdown Magnetite and Malaysian Pellet Project. Grange targeted the completion of the technical aspects of the study by the end of 2005 with environmental and project approvals targeted for by mid 2006.

Grange has engaged the following consultants to assist with the preparation of the BFS:

- ProMet Engineers to undertake and supervise the engineering and metallurgical work, including concentrator, pipelines, ports and pellet plant.
- Golder Associates to undertake the resource estimation, mine planning and scheduling, geotechnical engineering and hydrology.
- Ecologia to undertake environmental studies and prepare the documents necessary for the project approvals process.
- JFA Australia to supervise the work relevant to the Albany Port, shipping channel and dredging. (Note: During the quarter the Albany Port Authority contracted JFA Australia to assist with the design and development of the port expansion).
- Rockwater to search for a water supply.
- Perunding Utama to undertake the environmental work necessary for the development of the pellet plant and associated infrastructure in Malaysia.

Results of the study as at 24 April 2006 are presented below.

DEVELOPMENT PLAN

It is proposed 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. Coarse production waste (tailings) will be dewatered and deposited as solid tailings while finer material will be deposited in a slurry form into a tailings storage facility. Overburden is to be placed in waste rock dumps for the first 5 years of production following which progressive backfilling of the pit with both waste rock and tailings is planned.

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 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 access of capesize vessels.

Grange Resources has entered into a Heads of Agreement with subsidiaries of Road Builder (M) Holdings Bhd to secure the future use of infrastructure in Malaysia comprising an existing wharf and 60 hectares of land for the pellet plant at Kemaman on the east coast of peninsular Malaysia. 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 project life considerably.

SOUTHDOWN MAGNETITE PROJECT

The Southdown Magnetite Project is located approximately 90 kilometres northeast of the Port of Albany on the south coast of Western Australia (figure 1).

The project comprises three granted mining leases ML70/433, ML70/718 and ML70/719 covering an area of 1700 hectares and a General Purpose Lease G70/217 covering 172 hectares on freehold farming property (figure 2) over which the Company holds an option to purchase.

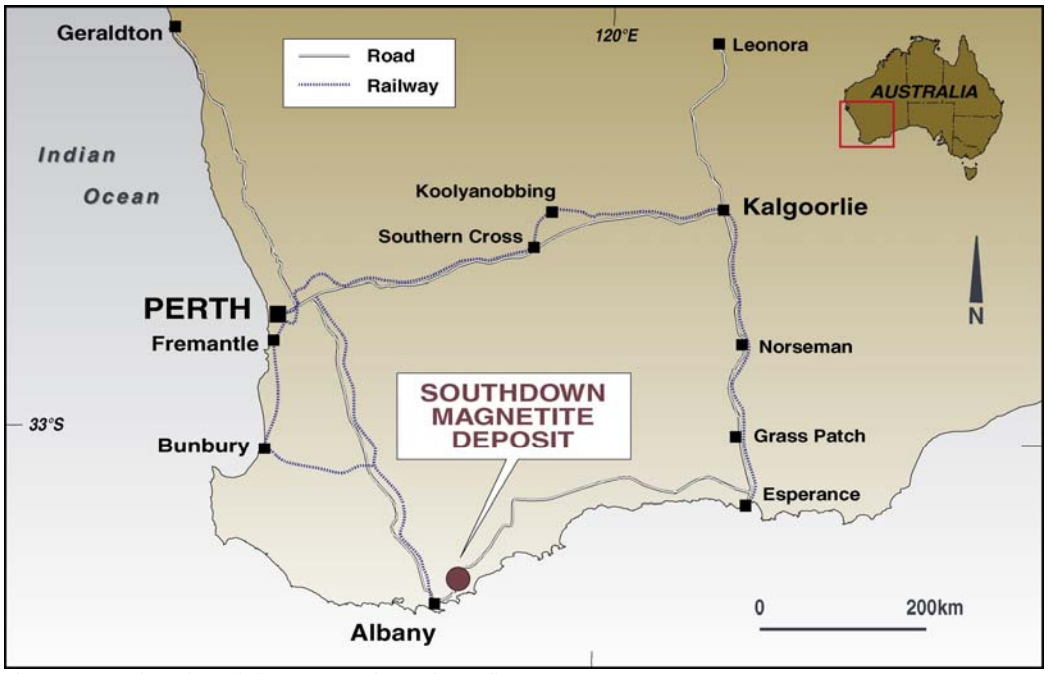

Figure 1: Location of Southdown Magnetite Project, Albany WA

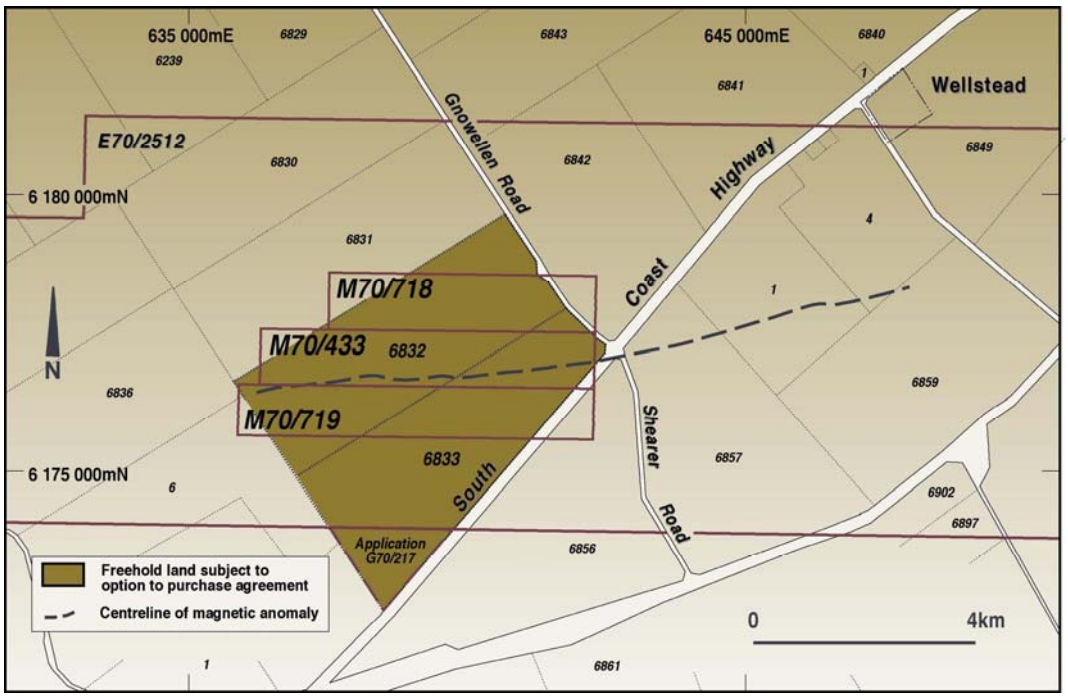

Figure 2: Southdown Mining Leases

Resource Evaluation

The Company's mining leases cover the western portion of a deposit of magnetite mineralisation that was first recognised in the early 1980s. The deposit has strike length of approximately 13km and Grange's three mining leases cover the western 6km of the deposit. Previous drilling programmes undertaken in the 1980s identified a significant deposit of magnetite mineralisation (76 Mt grading 37.4% magnetite at a 15% magnetite cut-off grade) in the western 2km of the deposit with the remainder of the deposit remaining relatively untested by drilling.

The eastern section of the deposit is held by Rio Tinto within exploration licence E70/2512. The aeromagnetic signature of the deposit (figure 3) indicates an increasing depth of cover over the magnetite mineralisation as the deposit extends from Grange's mining leases further to the east. Rio Tinto carried out reconnaissance diamond drilling to evaluate the nature and extent of the deposit within its exploration licence during the period October 2005 to March 2006.

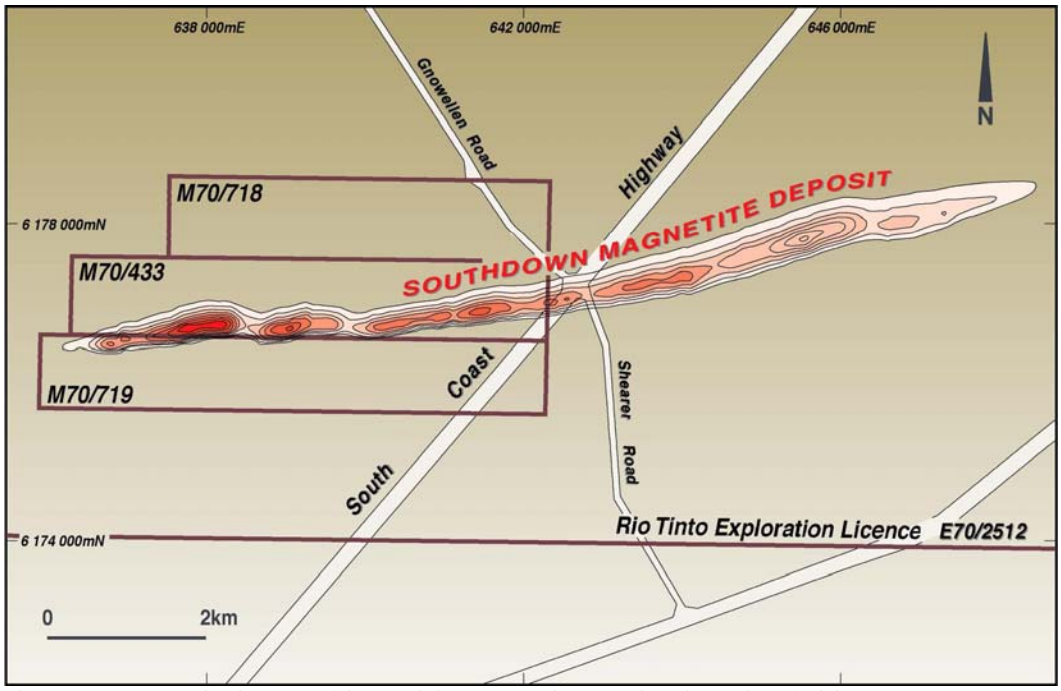

Figure 3: Aeromagnetic Signature of the Southdown Magnetite Deposit and Location of Mining Leases

Resource Drilling and Geology

In November 2004 Grange Resources commenced diamond drilling to evaluate the nature and strike and depth extent of the Southdown magnetite deposit within its mining leases. The resource drilling programme was designed to provide sufficient data to establish a resource that could be classified as Indicated in accordance with the Australasian Code for the Reporting of Identified Mineral Resources and Ore Reserves (JORC Code, 2004). Drill holes were spaced at 50 metres intervals on traverses 200 metres apart along the 6km strike length. The initial drilling programme was completed during November 2005 by which time 157 resource holes (43,000 metres) had been completed (figure 4).

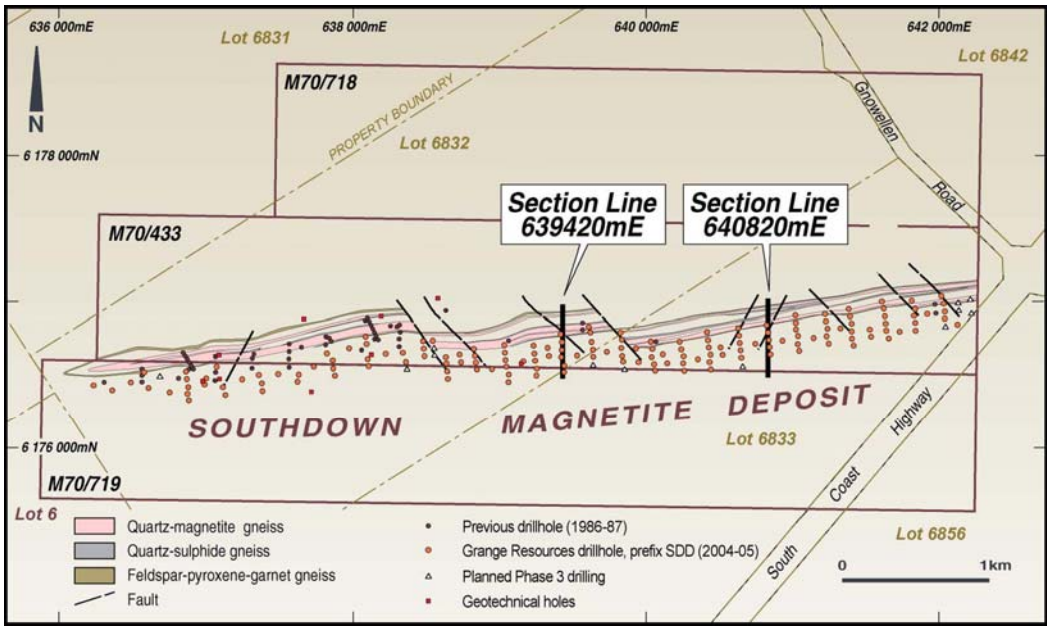

Figure 4: Interpreted Geology and Drill Hole Location Plan

In addition to the resource drill holes, 9 geotechnical holes aggregating 2300 metres and 6 metallurgical holes aggregating 1600 metres were completed during the initial programme. Drill core was cut on site and submitted to the Amdel laboratory in Perth for sample preparation and test work (Davis Tube Recovery) to determine the magnetite content. The magnetic fraction was assayed by X-ray Fluorescence Spectroscopy to determine its iron content and quality. By the end of the initial resource drilling programme 7062 samples from the 157 resource drill holes and 892 samples from 39 drill holes from resampling the 1986/87 drill core had been submitted for analysis.

Local flooding during the winter of 2005 prevented access to several drill sites, consequently during January 2006 diamond drilling recommenced with the aim of completing infill holes to achieve the drill pattern of 50 metres by 200 metres along the 6km strike length of the deposit within the Grange mining leases. This infill drilling programme is scheduled for completion during May 2006 by which time an additional 38 resource holes aggregating approximately 10,000 metres will have been completed generating a further 1,500 samples for Davis Tube Recovery test work. A target of this drill programme is to increase the Indicated Resource to approximately 450 million tonnes and the total Indicated and Inferred Resource to approximately 500 million tonnes. Following the completion of this programme the resource model and resource estimate will be updated with the work expected to be completed during June 2006.

Interpretation of drilling data indicates that the Southdown deposit consists of a gently east-plunging, overturned tightly folded syncline that is offset by northwest and northeast trending faults (figure 4). The core of the syncline is occupied by intensely metamorphosed quartz-magnetite-clinopyroxene gneiss and garnet-biotite gneiss. The interpreted vertical depth to the keel of the syncline is approximately 50 metres in the western end of the deposit and increases to a vertical depth in excess of 500 metres in the eastern portion of the deposit. The thickness of the deposit ranges from 40 to 110 metres and averages 85 metres.

Typical cross sections of the deposit are shown in figures 5 and 6 and the locations of the sections are shown on figure 4.

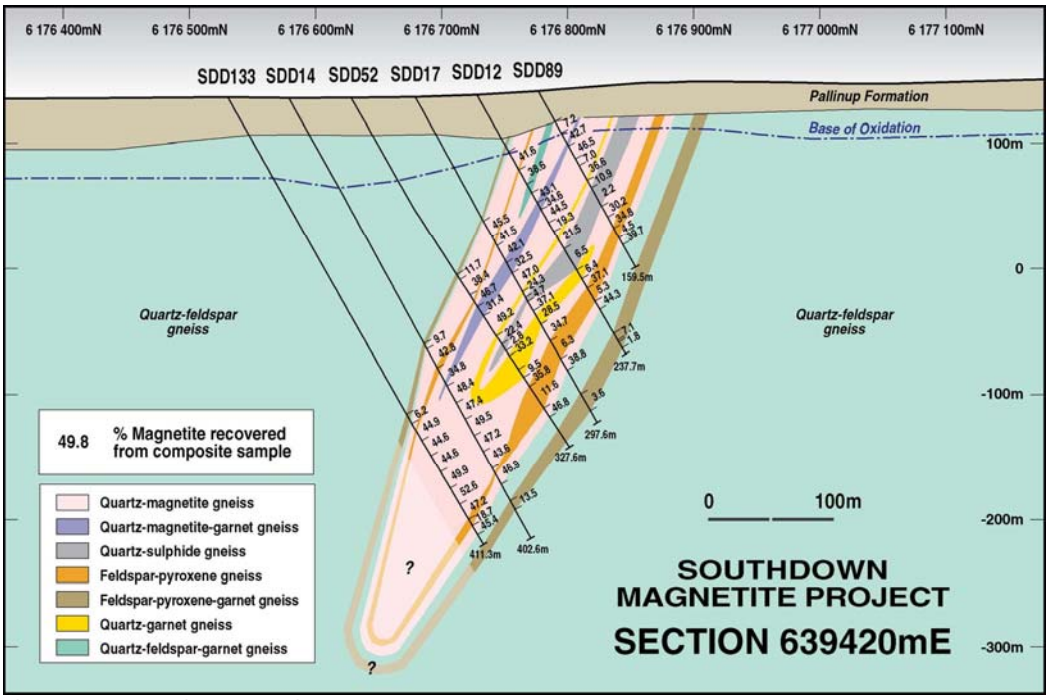

Figure 5: Interpreted Cross Section 639420mE

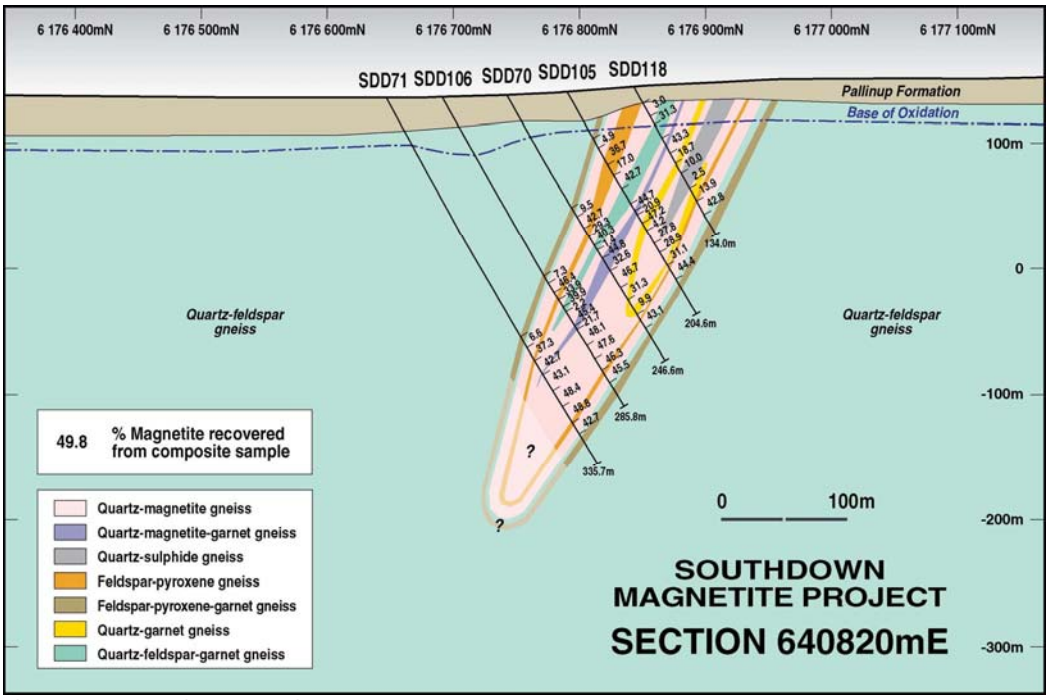

Figure 6: Interpreted Cross Section 640820mE

Resource Model and Mineral Resource Statement

Grange has engaged Golder Associates to prepare a resource model for the Southdown deposit and assist project geologists to ensure that logging and sampling procedures meet JORC quality guidelines. All data is transferred to Golder Associates' Perth office where it is validated and entered into the project database, which is used for resource modelling. Golder Associates are also providing technical advice and input on pit optimisation, mine planning, geotechnical design and pit dewatering and hydrology.

Golder Associates have completed a resource model using all geological and assay data available as at 10 January 2006 and prepared a mineral resource statement (Table 1). The model was constructed using geological data from 157 diamond drill holes from the Grange drilling programme and 52 diamond

drill holes from earlier drilling undertaken in 1986/87. Assay data from 7062 samples from the Grange drill holes and 892 new samples from re-sampling the 1986/87 drill holes were included in the model. The magnetite deposit within the Company's mining leases has a strike length of 6,000 metres and a vertical depth ranging from 50 to 500 metres. The available data has allowed Golder Associates to estimate the resource contained within 5700 metres of strike with variable depths ranging from 50 to 480 metres below surface. The average thickness of the deposit is 85 metres. This resource estimate was announced in January 2006 as part of the December 2005 quarterly report and is presented again for completeness.

The resource estimate (Table 1) was classified in accordance with the Australasian Code for the Reporting of Identified Mineral Resources and Ore Reserves (JORC Code, 2004).

TABLE 1
SOUTHDOWN MAGNETITE PROJECT
IN SITU MINERAL RESOURCE ESTIMATE

Class	Indicated Resource	Inferred Resource	Total
Tonnes (Mt)	347.2	110.8	458.0
DTC wt%	38.1	33.1	36.9
DTC Fe%	69.1	68.9	69.1
DTC SiO_2%	1.9	2.0	2.0
DTC Al_2O_3%	1.4	1.4	1.4
DTC TiO_2%	0.37	0.41	0.38
DTC S%	0.44	0.58	0.47
DTC Na_2O%	0.05	0.05	0.05
DTC K_2O%	0.009	0.009	0.009
DTC P%	0.002	0.002	0.002
DTC MgO%	0.23	0.25	0.24
DTC CaO%	0.17	0.20	0.18
DTC Mn%	0.035	0.035	0.035
DTC V%	0.022	0.023	0.022
DTC LOI%	-2.8	-2.5	-2.7

Notes:

- Estimation method: Block model, Ordinary Kriging using 3m composite data.
- Resources reported below the depth of oxidation (approx 25m) with depths ranging from 50 to 480m below surface.
- Resources reported for 5,700m of strike from deposit strike length of 6,000m.
- The resource was defined using geological boundaries and a nominal cut-off grade of 10 wt% Davis Tube Concentrate (DTC).
- Extrapolation along strike was limited to within 100m of drill holes.
- Extrapolation down and up dip was limited to 25m for Indicated and 50m for Inferred resources.
- In-situ density for the main mineralised unit was assigned to the mineralised domains using a regression of 0.0089 x DTC wt% + 3.181t/m^3. This regression was derived from 2690 paired density and DTC wt% values.
- In-situ density for the other mineralised unit was assigned to the mineralised domains using a regression of 0.0077 x DTC wt% + 3.262t/m^3. This regression was derived from 530 paired density and DTC wt% values.
- The Ordinary Kriging interpolation method was used for resource estimation of DTC Fe, DTC SiO_2, DTC Al_2O_3, DTC TiO_2, DTC S, DTC Na_2O and DTC K_2O using variogram parameters defined from geostatistical analysis.
- The Inverse Distance Squared interpolation method was used for resource estimation of DTC P, DTC MgO, DTC CaO, DTC Mn, DTC V and DTC LOI, to allow reporting of these additional variables not required to be of the same level of estimation rigour as the other variables.
- Estimations for concentrate grades were weighted by Davis Tube concentrate (DTC) in order to appropriately reflect the relationship between DTC and the DTC assays. Weighting was completed by calculating the accumulation (DTC x DTC assay) and subsequently back calculating the DTC assay estimates by dividing by relevant estimated DTC values.
- Recovery and grade rounded to 1 decimal place (except TiO_2, S, Na_2O, MgO & CaO - 2 decimal places and K_2O, P, Mn & V - 3 decimal places).
- Resources rounded to nearest 100,000 tonnes.

The information in this statement of Mineral Resources is based on information compiled by Richard Gaze who is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient relevant experience to qualify as a Competent Person as

defined in the JORC Code (2004). Richard Gaze consents to the inclusion of this information in the form and context in which it appears.

Mine Planning

Preliminary pit optimisation and mine planning work has been carried out based on the geological and resource model developed in January 2006. The work was undertaken in order to develop preliminary mining schedules and a layout for the open pit, waste rock dumps and tailings storage facilities. Based on the results of the study Grange is confident that the deposit contains sufficient mineralisation to support an open pit mining project producing 6.6Mtpa of magnetite concentrate for a period of approximately 22 years. The study developed a concept of co-disposal of approximately 50% of the backfill and tailings into the excavated pit.

More detailed mine planning and scheduling is to be undertaken following the completion of the current resource drilling programme and the subsequent update of the resource model in June 2006. Hydrogeological and geotechnical studies are also being undertaken to provide data for mine design and scheduling.

The main objectives of the preliminary mine scheduling process was to:

- formulate mining method strategies and test the practicality of these strategies;
- assess whether or not the nominated concentrate production rate of 6.6Mdmtpa is achievable;
- estimate potential mining quantities for input to the mining equipment selection and cost estimation process; and
- provide preliminary "ore" grade and tonnage profiles over the life of the mine for input to the treatment plant design process.

It is envisaged that the long narrow Southdown pit will be mined in a series of blocks commencing at the western end of the deposit and progressing to the east throughout the mine life. The proposed pit will have a footprint of approximately 400ha, a strike length of 6,000 metres and a depth of approximately 300 metres. Figure 7 illustrates the likely mining sequence. Figure 8 is a long section along the east-west axis of the pit and shows the strip design and strip block nomenclature used.

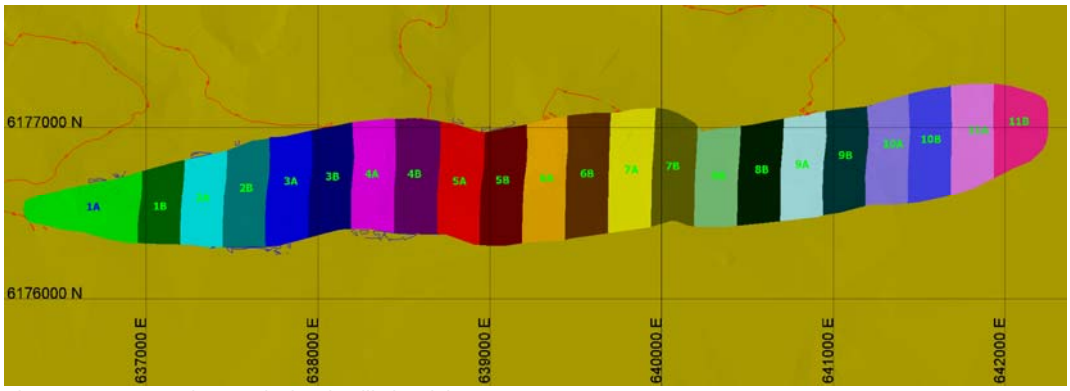

Figure 7: Conceptual open pit showing likely mining sequence

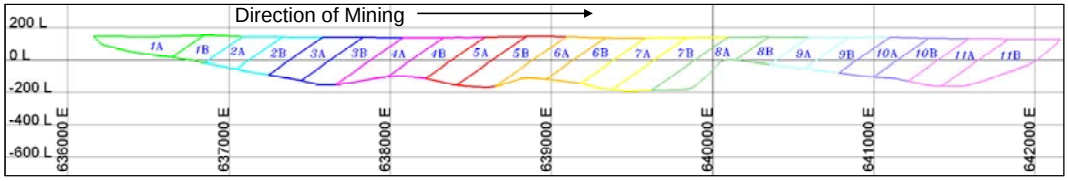

Figure 8: Conceptual open pit - long section looking north showing possible strip layout

The pit optimisation study developed a backfill dumping scenario with a portion of the waste being returned to the mine on a progressive basis. The conceptual dumping schedule showed that

approximately 50% of the waste rock would be able to be placed in the excavated pit with backfilling commencing from Year 5 onwards.

The pit optimisation study also investigated the co-disposal of tailings in the backfill and concluded that from Year 7 onwards this would be practical. The concept is to create basins within the waste for filling with plant tailings. Approximately half the tailings would be able to be placed in the backfill. The tailings would be progressively covered by a layer of oxide material to seal them from the atmosphere.

Mining Method and Costs

The project update announced to the ASX on 13 February 2006 provided operating cost estimates for the Project which included mining cost estimates, based on a contract mining quote. Grange recently commissioned Australian Mining Consultants (AMC) to conduct an owner mining study, which was completed in April 2006. The study concluded that owner mining was feasible based on leased mining equipment and that the forecast cost (in December 2005 dollars) was lower than the contract mining quote. This resulted in a revision of the average life of mine operating cost of pellets to US$39.4 per tonne, FOB Kemaman.

The Company has also commissioned AMC to conduct further studies to evaluate potential improvements to this cost, including the use of alternate mining equipment and procedures, and expects to complete this in the June quarter.

Site investigation

A programme of test pitting and shallow geotechnical drilling was completed during the March 2006 quarter to investigate the footprints of the tailings storage facility, the waste rock dump and the proposed water dam (Figure 9). Test bore holes were logged for soil and rock type and were tested for geotechnical parameters. Piezometers to test for water levels were installed in all the test bores.
The aims of the site investigation work were to:

- characterise the geotechnical and hydro-geological conditions at the proposed tailings storage facility and water dam sites for use in stability and seepage analyses;
- install piezometers in the boreholes to enable future monitoring of groundwater levels and water quality;
- assess the suitability and quantity of near surface soil material for use as borrow material in construction works; and
- collect representative soil samples for laboratory testing.

During the June quarter it is planned to drill three HQ size 300 metre deep vertical core holes within the outline of the pit. Each of the holes will be equipped with vibrating wire piezometers to provide information on hydraulic gradients and hydraulic pressures in support of the geotechnical pit design.

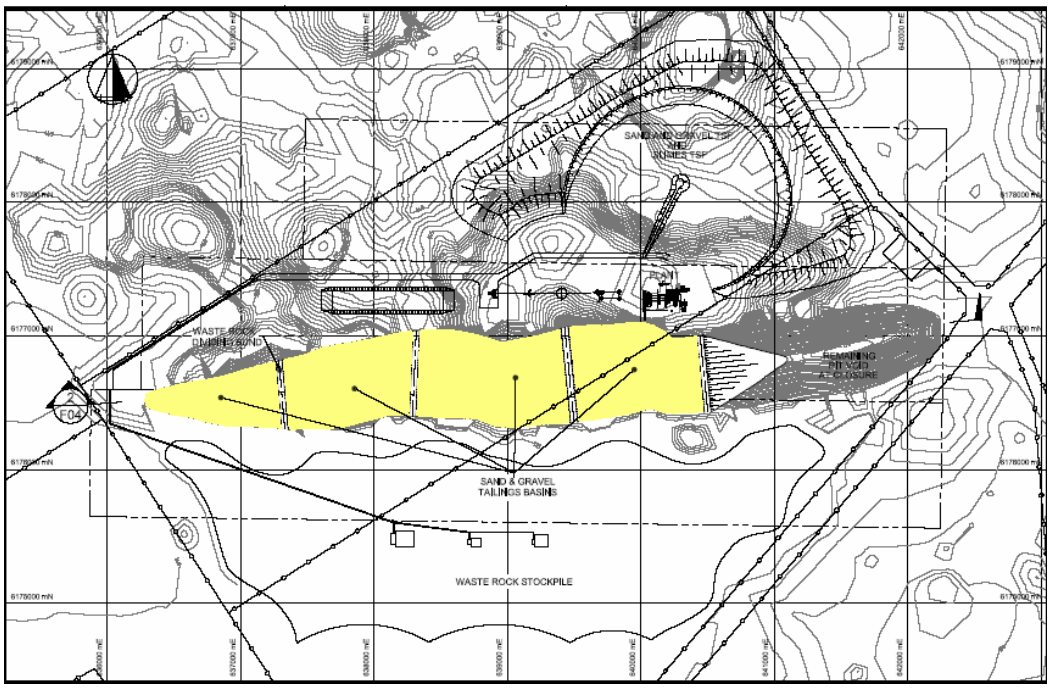

Figure 9: Conceptual site layout plan of surface and in-pit tailings storage facilities

Metallurgical Test Work

A comprehensive test work programme has been conducted on representative samples of "ore" from the Southdown magnetite deposit and has demonstrated that a high quality magnetite concentrate can readily be produced suitable for the production of both direct reduction (DR) and blast furnace pellets (BF).

The test work has established that multistage grinding and separation allows the production of a DR grade concentrate at a P_{80} of 34 microns and a BF grade concentrate at a grind as coarse as a P_{80} of 40 to 45 micron. The concentrate contains low levels of silica and phosphorus and other contaminants all of which typically reduce with further grinding. The concentrate has a relatively high sulphur content of 0.7%S which can be readily reduced to below 0.2%S by reverse flotation. Expected DR and BF concentrate qualities are presented in Table 2.

A 22 tonne bulk sample of mineralisation from drill core has been processed through a pilot plant set up in a metallurgical laboratory in Perth and approximately 6.0 tonnes of magnetite concentrate has been produced for test work on pellet production, slurry characteristics, thickener operation and filtration.

Approximately 1.5 tonnes of concentrate was forwarded to Outokumpu Technology (Lurgi) in Germany in November 2005 to determine the suitability of the concentrate to make pellets using Outokumpu's Straight Grate Technology. Approximately 2.0 tonnes of concentrate was forwarded to Kobelco Corporation in Japan during February to determine the suitability of the concentrate to make pellets utilising Kobelco's Grate Kiln Technology.

Both Outokumpu and Kobelco have successfully produced good quality pellets from the concentrate utilising their respective technologies. Both test work programmes are ongoing and further results are expected to be generated during the June quarter. The concentrate processed by both companies contained relatively high sulphur (0.7%S) and further pelletising tests are to be undertaken on a low sulphur concentrate (<0.2%S) produced by reverse flotation. Information being generated by Outokumpu and Kobelco will determine the operating conditions for the future pellet plant to be established at Kemaman.

The expected qualities of concentrate (prior to the removal of the sulphur by flotation) and DR and BF pellets based on the results of testwork undertaken to date by both Outokumpu and Kobelco are presented in Table 2.

TABLE 2 SOUTHDOWN MAGNETITE PROJECT EXPECTED CONCENTRATE & PELLET QUALITY							
Parameter	DR Concentrate	BF Concentrate	DR Pellets		BF Pellets		
			Target	Estimated	Target	Acid	Fluxed
Fe %	69.89	67.70	>67.5	67.21		65.60	62.71
FeO %	28.60	28.60		0.50		0.50	0.50
SiO_2 %	0.97	3.01	<2.0	1.19	<5.0	3.33	3.38
Al_2O_3 %	1.34	1.51		1.36	<2.0	1.58	1.58
CaO %	0.07	0.20		0.76		0.20	2.65
MgO %	0.15	0.35		0.16		0.35	1.47
TiO_2 %	0.37	0.38		0.36	<1.0	0.37	0.35
Cr_2O_3 %	0.06	0.06		0.06		0.06	0.05
Na_2O/K_2O %	0.01	0.07		0.02		0.09	0.09
Mn %	0.03	0.03		0.03		0.03	0.03
P %	0.01	0.01		0.00	<0.07	0.00	0.00
S % (1)	0.65	0.43		0.01		0.01	0.01
LOI %	-2.71	-2.60					
B4 (2)	0.10	0.12		0.36		0.11	0.83
B2 (3)	0.07	0.07		0.64		0.06	0.78
MgO/CaO	2.14	1.75		0.21		1.72	0.56
SiO_2/Al_2O_3	0.72	1.99		0.87		2.11	2.14
80% Passing	34 - 38 micron	42 – 45					
Blaine m^2/kg	200 - 230	180 – 200					
CCS (4)			>250	265 – 287	>250		
Abrasion Index %			<4.0	3.7 – 3.9	<4.0		
Tumble Index %			>95.0	96.1 – 97.2	>95.0		
%<5mm			<3.0		<3.0		
%>5<16mm			>93.0		>93.0		
RDI % (5)			>90.0	92.8 – 93.7	>90.0		
Linder Reduction % Metallisation			>92.0	96.1			
Reduction Degree				95.4			

Notes:

1. The sulphur content of the concentrate is expected to be reduced to 0.2% following reverse flotation.
2. B4 = $\frac{CaO + MgO}{SiO_2 + Al_2O_3}$
3. B2 = $\frac{CaO}{SiO_2}$
4. CCS = Cold Compression Strength.
5. RDI = Reduction Disintegration Index.

The metallurgical test work programme consisted of three principal sections:

1. Bench scale work to establish the overall metallurgical characteristics and behaviour of the material.
2. Pilot plant runs to confirm the bench scale work and generate samples of magnetite concentrate and tailings for further testwork.
3. Specific tests to optimise design and equipment selection.

The results of the work established that multistage grinding and magnetic separation allows the production of both DR and BF grade concentrate. Dry magnetic separation was found to be of benefit by enabling a large reduction in feed to subsequent grinding steps for a minimal loss of magnetite. High

pressure grinding roll testwork has shown that the Southdown material responds well to high pressure comminution and has provided data for the selection of appropriately sized machines.

Southdown Infrastructure

Slurry Pipeline Alignment

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 (see Figure 10).

The proposed pipeline alignment affects 55 different landowners including government agencies. Wherever possible the proposed pipeline alignment is sited across cleared land and along property boundaries. An independent valuation of all of the freehold and leasehold land affected by the proposed pipeline has been completed. The valuations have formed the basis of offers made to landowners for the purpose of securing an option to acquire the pipeline easement. Follow-up meetings and negotiations with landowners are in progress.

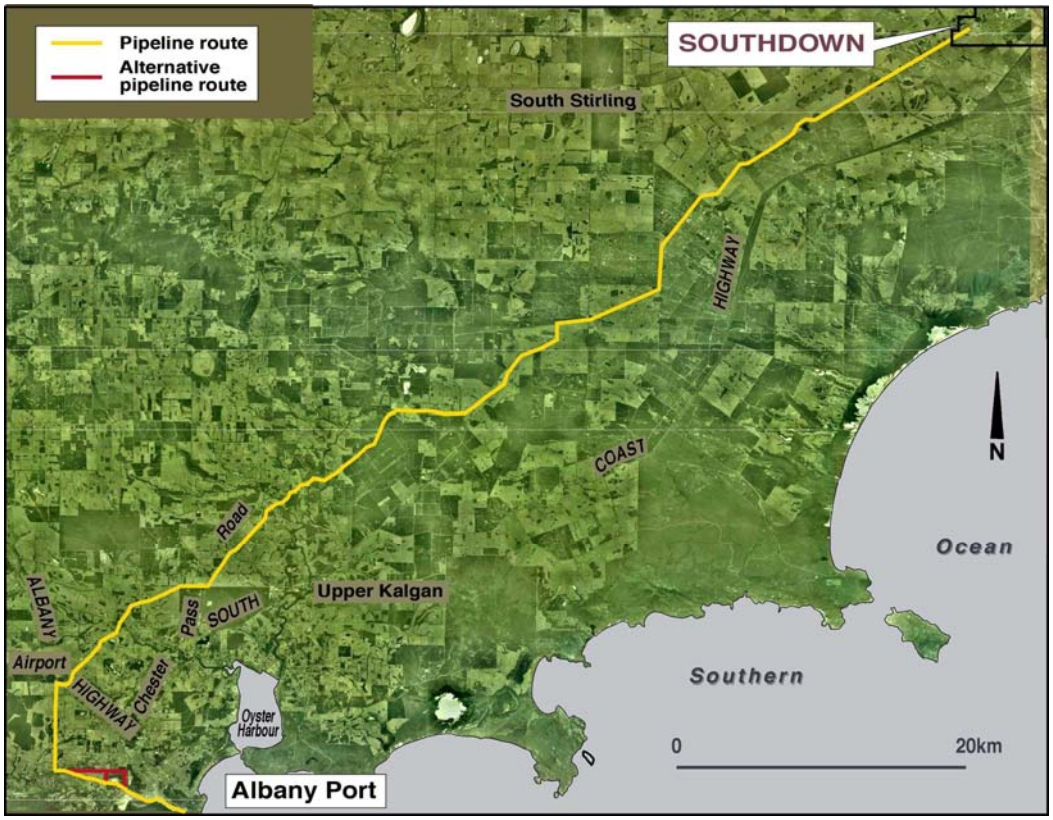

Figure 10: Proposed Slurry Pipeline Route

Power Supply

Grange will require a reliable power supply for the concentrator, slurry pipeline pumps, mine site facilities, concentrate filtration plant at Albany, Albany material handling facilities, and return waterline pumps.

Western Power Networks have completed a study to evaluate the optimum transmission line for the supply of electricity to the Southdown mine and concentrator. A new 220kV transmission line from Muja to Kojonup and then to Southdown has been proposed.

Grange has contracted Western Power Networks to obtain the easement for this transmission line and work is proceeding. Route mapping work was completed in February 2006, allowing detailed transmission line design work to commence. Western Power Networks have indicated that the design work and capital cost estimation will be completed by June 2006.

The Southdown Project will be classed as a contestable customer so Grange will be able to negotiate electricity supply terms and price from market participants. A formal tender process for the provision of power to Southdown is scheduled to commence in May 2006.

Water Supply

Significant effort has been recently undertaken to define process water solutions for the project. Process design work has determined that the annual make-up water requirement will be 2.7 Gigalitres (2.7×10^9 litres) per annum (i.e. approximately 85 litres/second).

Potential make-up water supply sources include:

- Pit dewatering from groundwater and rainfall inflows;
- On-site rain water runoff capture;
- On/off-site groundwater extraction, and
- Treated waste water from the Water Corporation's Albany Tree Farm.

A Site-wide Water Balance Study and Water Management Plan undertaken for Grange's Feasibility Study has identified that from year 5 of mining onwards pit dewatering and rain water runoff from impacted areas on site such as the waste dump, tailings storage facility and other mining affected areas could provide up to 77 litres/second of water which represents about 90% of the total make-up water requirements. This study is being extended to determine the water that could be available for capture from land adjacent to the project site as it appears that appropriate water harvesting could provide the total make up water requirements for the project.

During the quarter Grange continued to focus follow-up groundwater exploration on an area north of Albany. Extensive drilling has been successful in extending the size of a suitable groundwater source. This previously unknown paleochannel aquifer in the Werrillup Formation of the Plantagenet Group has been intersected by Grange over a length of 17 kilometres and remains open ended. Pump tests from 2 production style bores and 30 monitoring bores indicate that a significant quantity of low salinity water could be provided from this source.

Grange has also completed initial assessments of groundwater sources in the vicinity of Southdown and the community of Wellstead. Initial results indicate that modest quantities of groundwater exist in the area which may be sufficient to meet any minor shortfalls in make-up water supplies.

Negotiations with Water Corporation in respect to the possible use of waste water from the Albany Tree Farm are ongoing. The Water Corporation has advised that at least 3,000 Kilolitres/day (35 litres/second) of waste water could be supplied to the project.

Albany Port

During the quarter the following work has been undertaken in respect to the development of Albany Port to handle the export of Southdown Magnetite concentrate:

- A second phase sampling and analysis programme to assess existing benthic habitats that may be impacted by the dredging and the suitability of dredge material for disposal at sea.
- On-going monitoring of sea and weather conditions within King George Sound (KGS) and Princess Royal Harbour (PRH) using automatic current meters, wave rider buoys and a beacon mounted wind anemometer.
- Further work on the hydrodynamic model of KGS and PRH and validation of this model against the actual data recorded from the field meters deployed. Validation of the model has been achieved and the model is being used to estimate the amount of turbidity that may be created during dredging operations and the likely impacts, if any, to the environment and to commercial and recreational users of KGS and PRH.
- A second phase of under keel clearance modelling to ascertain the required channel depth for the likely ship type.

- A Request for Tender process was initiated by the Albany Port Authority (APA) for the conduct of a Magnetometer Survey of KGS to determine the location of Unexploded Ordnance over areas of proposed dredging. The aim of this survey will be to identify within the survey area any Unexploded Ordnance fired from the old coastal defence batteries that operated up until the 1960's.
- A Request for Tender for the Design of the Seawall at Berth 7 was advertised by APA on 5 April 2006
- A Request for Expression of Interest for the Design and Construction of Berth 7 and Associated works was advertised by the APA on 26 April 2006.

Southdown Environmental Approvals

Grange and APA have respectively engaged Ecologia to facilitate the environmental approval process including:

- Liaising with government, public stakeholders and contractors.
- Undertaking environmental impact studies.
- Providing specialist technical advice.
- Preparing environmental documentation required to be submitted to regulatory authorities.

The final Environmental Scoping Document was approved by the EPA on 12th April 2006. Grange is planning to forward the draft Public Environmental Review (PER) document to the EPA in May 2006.

KEMAMAN (MALAYSIA) PELLET PROJECT

In February 2005, Grange Resources announced that it had entered into a Heads of Agreement with Road Builder (M) Holdings Bhd, a publicly listed Malaysian company, to acquire up to a maximum of 60 hectares of land in an industrial estate adjacent to the port of Kemaman to build a magnetite pellet plant and secure port facilities (West Wharf). The Kemaman Pellet Plant will use concentrate shipped from the Southdown Magnetite Project to produce high quality iron ore pellets. The Kemaman site was selected as the preferred location for a number of reasons including the following:

- Availability of competitively priced energy supplies including natural gas and electricity.
- Close proximity to potential off-take parties and markets.
- Access to port infrastructure with low operating costs.
- Availability of a skilled construction and operating workforce.
- The potential granting of government incentives including tax benefits and the exemption from import and export duties.
- Ability to expand through the provision of additional pellet plants.

The key components of the Malaysian Pellet Project comprise the following:

- The pellet plant.
- Stockyards for pellets and concentrate with mobile stackers and reclaimers;
- A ship loader (nominally 4,000 tph) capable of loading iron ore pellets into capesize vessels.
- Ship-unloaders (nominally 2,000 tph) capable of unloading magnetite concentrate from capesize vessels.
- Conveyor systems between the ship-unloader and ship loader and the concentrate and pellet stockyards.
- Office, maintenance, laboratory and other facilities as necessary.
- The provision of services from water, natural gas and electricity providers.

Provision has been made in the infrastructure for the future construction of additional pellet plants on the Kemaman site.

Kemaman Pellet Plant

The Kemaman Pellet Plant facility will be designed for a capacity of 6.8 Mtpa. This capacity achieves the optimum economies of scale for a single pellet plant using existing technology. There are a number of plants operating at this scale around the world.

Testing of the ground conditions at the Pellet Plant site was completed during the quarter. Results of the tests indicate that pre-loading of areas on the site will need to be undertaken as soon as the project commences.

Kemaman West Wharf

The 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. The depth of the berth pocket was originally dredged to 18 metres although parts of the turning basin have not been fully dredged as yet. Under the terms of the Heads of Agreement, Road Builder is required to provide for vessels with a draft of 16m.

Power Supply

Tenega Nasional Berhad (TNB) is the national electricity provider for Malaysia. High voltage power is available from a TNB substation immediately next to the pellet plant site. TNB have indicated that they would be able to supply power to an agreed location within the pellet plant site via a 132kV line.

Natural Gas Supply

Natural Gas for the pellet plant is available from the national supplier, Petronas Gas via a pipeline that runs along a road adjacent to the pellet plant site. Petronas Gas would supply the gas to the pellet plant site via a new lateral from the pipeline to a designated supply point on the pellet plant site. A formal application for the supply of gas has been made to Petronas Gas.

Conveyor Corridor

The survey of the conveyor corridor to locate existing services has been completed.

Tax Incentives

During the quarter Ernst & Young Kuala Lumpur was appointed by Grange to assist in the preparation and lodgement to the Malaysian Industrial Development Authority (MIDA) of an application for a manufacturing licence and tax incentives package for the project.

Kemaman Environmental Approvals

Perunding Utama Sdn Bhd (PU) is the environmental consultant for the Project in Malaysia.

The review panel meeting for assessing the Terms of Reference for the Detailed Environmental Impact Assessment (DEIA) for the pellet plant at Teluk Kalong Industrial Estate, Kemaman was held on the 14th November 2005.

Issues raised by the review panel meeting have been addressed in the updated Project Terms of Reference which was submitted by PU to the Department of Environment on 7th February 2006.

The DEIA report is currently being finalised by PU for submission to the Department of Environment.

PROJECT STRUCTURE

Grange anticipates new participants will be introduced into the projects and is providing specific BFS information to a number of companies that have registered their interest through confidentially

agreements. Grange has appointed Azure Capital to assist in the process of determining the most appropriate partners capable of facilitating the financing and development of the project.

On 27 March 2006 Grange announced the commencement of an international tender process for joint venture partners. The first key milestone date under the process is for non-binding expressions of to be submitted by 8 May 2006. An Information Memorandum has been compiled and an on line data room established to provide interested parties with relevant information.

Grange has since extended the deadline for lodgement of expressions of interest to 29 May, 2006. The three week extension has been requested by a number of international groups that have indicated they require more time to prepare their submission.

Under these circumstances, Grange was pleased to grant the short extension, which does not affect the estimated timeline for the tender process. The Company expects the selection of preferred parties will be completed in August this year, with project construction scheduled to commence in January 2007.

RED HILL (Mining Lease M27/57)
(Placer Dome Australia Limited ("PDA"), a subsidiary of Barrick, 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 and processing operations continued at Red Hill during the March 2006 quarter generating royalty income to Grange of $616,335.89. Total mined ore production from within M27/57 for the quarter was 548,307 tonnes @ 2.00g/t. A total of 316,951 tonnes was hauled to the Paddington processing plant during the quarter.

A total of 325,153 tonnes at a grade of 2.13g/t was processed during the quarter, producing some 20,763 ounces of recovered gold. The total gold recovered from M27/57 at Red Hill as at 31 March 2006 is 211,611 ounces.

Total reconciled mined ore production from commencement of mining (February 2003) until 31 March 2006 is 4,490,093 tonnes @ 1.76g/t gold. Total ore processed during this period was 3,667,077 tonnes @ 1.72g/t.

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 2006 quarter, with 16,642 tonnes at a grade of 8.03g/t gold being mined and processed from the Freshwater section of the mine generating royalty income to Grange of $90,329.

Barrick reports that during the March 2006 quarter most of the tonnes attributed to the Freshwater tenement were mined from the PE 2015 WOD longhole stope. This is expected to be the last of the large (>40,000 tonne) stopes to be mined at Plutonic East. Development from this stope will continue into the next quarter as mining progresses east into the Freshwater tenements. Numerous smaller stopes are expected to be developed within the Freshwater tenements over the next 12 months.

During the quarter Barrick also advised the updated resource and reserve figures for the Freshwater tenements as at 31 December 2005. Ore Reserves and Mineral Resources for the Plutonic East and Area 4 underground project are presented in Table 3 and open pit Mineral Resources are presented in Table 4. It should be noted that the mineral resources in Table 3 are exclusive of those resources modified to estimate the ore reserves in Table 3.

TABLE 3 FRESHWATER PROJECT – PLUTONIC EAST & AREA 4 UNDERGROUND STATEMENT OF ORE RESERVES AND MINERAL RESOURCES AS AT 31 DECEMBER 2005					
Location	Category	Tonnes	Grade g/t Au	Contained Ounces	Recoverable Ounces
ORE RESERVES					
Plutonic East & Area 4	Proved	17,000	4.20	2,300	2,100
	Probable	291,000	5.80	54,000	48,600
Total Underground Ore Reserves		308,000	5.70	56,300	50,700
MINERAL RESOURCES					
Plutonic East & Area 4	Indicated	453,000	5.16	75,200	
	Inferred	3,026,000	5.30	515,300	
Total Underground Resources		3,479,000	5.28	590,500	

TABLE 4 FRESHWATER PROJECT – OPEN PIT PROJECTS STATEMENT OF MINERAL RESOURCES AS AT 31 DECEMBER 2005				
Location	Category	Tonnes	Grade g/t Au	Contained Ounces
Barramundi	Indicated	37,000	3.09	3,700
	Inferred	4,000	1.69	200
Total Barramundi		41,000	2.93	3,900
Salmon	Indicated	761,000	2.29	56,000
	Inferred	3,000	1.65	200
Total Salmon		764,000	2.29	56,200
Trout	Indicated	252,000	3.09	25,000
	Inferred	68,000	2.82	6,000
Total Trout		321,000	3.03	31,000
Total	Indicated	1,050,000	2.51	84,700
Total	Inferred	75,000	2.71	6,400
Total Open Pit Resources		1,125,000	2.52	91,100

These reserve and resource statements have been prepared by Mr Matthew Fallon, Geology Superintendent for Barrick Gold of Australia Limited, who is a competent person as defined in the JORC Code. Mr Fallon is a full time employee of Barrick Gold of Australia Limited. Barrick Gold of Australia has consented in writing to the information being included in the form and context in which it appears.

Barrick also advised that development drilling was undertaken in the Trout open pit area during the quarter to test for continuity of the Main lode grade west of the existing pits within the $700 shell. Thirty six holes aggregating 3,065 metres were drilled on 40x20 metre spacings. Mineralisation has been identified in the mafic unit related to quartz veining and sulphides. Several significant intersections were recorded the best being 3m @ 12.92g/t Au from 48m down hole in FRC10311, 5m @ 7.6g/t Au from 76m down hole in FRC10283, 2m @ 13.8g/t Au from 78m down hole in FRC10285 and 2m @ 14.7g/t Au from 89m down hole in FRC10303. Further drilling is planned.

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 recently completed 1:10,000 scale geological mapping and assessment of regional aeromagnetic data has been used in conjunction with pit optimisation work to assist in the definition of a range of targets in the vicinity of the defined resource. Based on this work a drilling programme aimed at testing a series of target zones within an intercalated mafic-sediment package both adjacent to, and along strike of, the known mineralisation as well as potential for resource extensions adjacent to the defined pit shells has been designed. This programme is expected to be completed in the June 2006 quarter.

MT WINDSOR JOINT VENTURE
(Grange Resources Limited ("Grange") 30%;
Thalanga Copper Mines Pty Ltd ("TCM") 70%)

Reward Deeps & Highway South Project

Rehabilitation of the Highway and Reward mine site continued during the quarter. Wet weather resulted in a delay to the re-seeding programme but this is expected to be completed during the June 2006 quarter. Following completion of the rehabilitation an external audit of the work completed will be undertaken prior to an environmental monitoring programme being established.

OTHER PROJECTS

New Projects

Following an Agreement, as previously reported, with Esperance Mining Sdn. Bhd. on the old Bukit Ibam iron ore mine in Pahang, Malaysia, Grange Resources is consolidating all the known geological data for the area. A Mining Certificate has been applied for and is currently being processed, when approval is granted construction work will commence on a small plant to provide iron ore for the local pipe coating industry in Kuantan. A proposal for a more extensive Exploration Licence over the Bukit Ibam district is being prepared, the district has been a significant producer of iron ore and the proposal covers known prospects and old mine areas.

Grange Resources, through its wholly owned Malaysian subsidiary 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.

Grange Resources continues to pursue other prospects and projects overseas and in Australia.

Unless otherwise stated, technical information in this report on mining and exploration 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

Share Issues

During the quarter Grange received notices from one shareholder exercising their right to convert 2,285,715 unlisted options in the company to an equivalent number of fully paid ordinary shares. Proceeds from the conversion equated to $1,142,858.

Cash Reserves

The resulting cash and cash assets balance at 31 March 2006 was $16.29 million.

Shareholder Information

As at 31 March 2006 Grange had 1,213 shareholders 95,034,974 shares on issue with the Top 20 shareholders holding 86.51% of the total issued capital.

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

MARK SMITH
Company Secretary

Rule 5.3

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	Quarter ended ("current quarter")
80 009 132 405	31 March 2005

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		2,613	10,086
1.2	Payments for	(a) exploration and evaluation	(3,056)	(11,703)
		(b) development	(622)	(2,231)
		(c) production	-	-
		(d) administration		-
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		171	424
1.5	Interest and other costs of finance paid		(18)	(75)
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		-	-
1.7(i)	Payment to directors and employees		(450)	(1,352)
1.7(ii)	Payment for all other working capital		(466)	(2,599)
	Net Operating Cash Flows		(1,828)	(7,451)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects	-	-
		(b)equity investments	-	-
		(c)other fixed assets	(59)	(589)
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		-	(142)
1.12(ii)	Proceeds from release of security deposit		-	-
1.12(iii)	Payment for exploration, development and production		-	-
	Net investing cash flows		(59)	(731)
1.13	Total operating and investing cash flows (carried forward)		(1,887)	(8,182)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,887)	(8,182)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,142	12,942
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	-	(662)
	Net financing cash flows	1,142	12,280
	Net increase (decrease) in cash held	(745)	4,098
1.20	Cash at beginning of quarter/year to date	13,582	8,739
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	12,837	12,837

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	257
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	4,194
4.2	Development	-
	Total	4,194

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	2,924	1,211
5.2	Deposits at call	9,500	11,523
5.3	Bank overdraft	Nil	Nil
5.4	Other (Cash held with Joint Ventures)	413	849
	Total: cash at end of quarter (item 1.22)	12,837	13,583

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.

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 *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	95,034,974	95,034,974		
7.4	Changes during quarter (a) Increases through exercise of options (b) Increases through issues	2,285,715	-		
7.5	+Convertible debt securities (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options *(description and conversion factor)*	1,500,000 1,500,000 1,500,000 1,000,000	- - - -	*Exercise price* 50 cents 125 cents 150 cents 250 cents	*Expiry date* 30 June 2007 30 June 2007 30 June 2008 30 June 2011
7.8	Issued during quarter [1]	-	-		
7.9	Exercised during quarter	2,285,715	-	50 cents	28 November 2006
7.10	Cancelled during quarter	-	-		
7.11	Debentures *(totals only)*				
7.12	Unsecured notes *(totals only)*				

+ 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: Mark Smith (Company secretary) Date: 27 April 2006

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.

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+ See chapter 19 for defined terms.

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 $257,167 and include:-

- Directors' fees (inclusive of superannuation) of $48,038 paid to non-executive directors of the Consolidated Entity.

- Executive directors' salaries (inclusive of superannuation) of $209,128