



GRANGE
RESOURCES LIMITED
A.C.N. 009 132 405

STOCK EXCHANGE ANNOUNCEMENT

CANCELLATION OF NON RENOUNCEABLE PRO RATA RIGHTS ISSUE

\$5.0 MILLION SHARE PLACEMENT

26 April 2005

Cancellation of Rights Issue

Grange Resources Limited ("**Grange**" or "**the Company**") has today been advised by Patersons Securities Limited, the underwriter to the pro rata non renounceable rights issue to shareholders ("**Rights Issue**"), the recent material deterioration in market conditions has triggered a technical breach of the terms of the Underwriting Agreement.

The Board of Grange has therefore resolved to withdraw the Prospectus dated 23 March 2005 due to the uncertainty of completing the Rights Issue which is not fully underwritten.

The Company has received application monies of approximately \$0.55 million pursuant to the Prospectus dated 23 March 2005. These application monies will be repaid to shareholders, as soon as practicable. Therefore no shares will be issued pursuant to the Rights Issue.

The cancellation of the Rights Issue will not have any adverse impact on the continuation of the bankable feasibility study on the Southdown Magnetite Project. As stated previously, Grange has committed to the expenditure of \$13.0 million for a bankable feasibility study on the development of the Southdown Magnetite Project to produce high grade iron ore pellets. Grange anticipates completing the bankable feasibility study by the end of December 2005, with statutory approvals targeted for June 2006. The bankable feasibility study is being funded from Grange's existing cash reserves, revenue generated by the final shipment of copper concentrate from the Highway Reward mine and royalty income generated from the Red Hill and Freshwater Projects.

Grange's major focus will remain on development of the Southdown Magnetite Project including completion of the bankable feasibility study. The cancellation of the Rights Issue will have no impact on the Company's on going activities.

\$5.0 Million Share Placement

The Directors of Grange are pleased to further announce that following the cancellation of the Rights Issue, the Company has arranged a share placement of 5,000,000 fully paid ordinary shares at an issue price of \$1.00 to raise \$5.0 million before expenses of the issue. The share placement will be made to a London based institution RAB Capital plc. Following the share placement, RAB Capital plc will become a substantial shareholder of Grange.

The purpose of the share placement is to provide funding for the following activities:

- contribution to the proposed acquisition of the farming property covering an area of approximately 2,200 hectares that contains the three mining leases which comprise the Southdown Magnetite Project in accordance with the terms of an option agreement;
- option payments in accordance with a Heads of Agreement with Pilihan Alam Jaya Sdn Bhd and Sukma Samudera Sdn Bhd, wholly owned subsidiaries of Road Builder (M) Holdings Bhd for the proposed acquisition of up to a maximum of 60 hectares of land in the Malaysian port of Kemaman as the site for a pellet plant to process magnetite concentrate from the Southdown Magnetite Project;
- bank guarantee for the purchase of land in the Malaysian port of Kemaman;
- Costs associated with identifying and securing funding for the construction phase of the Southdown Magnetite Project which includes the Albany mine and export facilities and the Kemaman pellet project and port facilities.;
- The evaluation of a number of potential new projects identified by the Company; and
- The provision of additional working capital for the Company.

An Appendix 3B is attached advising of the proposed issue of shares and its purpose.

About Grange Resources Limited

Grange is a Western Australian based mining and exploration company listed on the Australian Stock Exchange. Grange's objective is to grow through the acquisition, development and exploration of resource projects.

Grange's major interest is the development of the Southdown Magnetite Project located 90 kilometres north east of the Port of Albany on the south coast of Western Australia. The Company is undertaking a bankable feasibility study to produce 6.6 mtpa of magnetite concentrate at Southdown. This concentrate would be transported to Malaysia to produce 6.8 mtpa of high grade iron ore pellets.

Grange's other projects include a 30% interest in the Reward Deeps underground copper mine in Queensland and gold royalties from the Freshwater and Red Hill projects in Western Australia.

For further information in relation to this announcement or the Company, visit the Grange Resources Limited website at www.grangeresources.com.au or alternatively contact Mr Geoff Wedlock or Mr Alec Pismiris on (+618) 9321 1118.

ALEC PISMIRIS

Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002.

NAME OF ENTITY

Grange Resources Limited

ABN

80 009 132 405

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|----------------------------|
| 1 | +Class of +securities issued or to be issued | Ordinary Fully Paid Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 5,000,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Not Applicable |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>
<p>5 Issue price or consideration</p>	<p>\$1.00</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The purpose of the issue is to provide funding for the following activities:</p> <ul style="list-style-type: none"> - contribution to the proposed acquisition of the farming property covering an area of approximately 2,200 hectares that contains the three mining leases which comprise the Southdown Magnetite Project in accordance with the terms of an option agreement; - option payments in accordance with a Heads of Agreement with Pilihan Alam Jaya Sdn Bhd and Sukma Samudera Sdn Bhd, wholly owned subsidiaries of Road Builder (M) Holdings Bhd for the proposed acquisition of up to a maximum of 60 hectares of land in the Malaysian port of Kemaman as the site for a pellet plant to process magnetite concentrate from the Southdown Magnetite Project; - bank guarantee for the purchase of land in the Malaysian port of Kemaman; - Costs associated with identifying and securing funding for the construction phase of the Southdown Magnetite Project which includes the Albany mine and export facilities and the Kemaman pellet project and port facilities.; - The evaluation of a number of potential new projects identified by the Company; and - The provision of additional working capital for the Company.

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7	Dates of entering +securities into uncertificated holdings or despatch of certificates	To be advised	
8	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	Number	+Class
		80,749,259	Ordinary Fully Paid Shares
9	Number and +class of all +securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	Number	+Class
		4,285,715	Options exercisable at 50 cents and expiring 28 November 2006
		3,500,000	Options exercisable at 50 cents and expiring 30 June 2007
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not Applicable	

+ See chapter 19 for defined terms.

Part 2 - Bonus issue or pro rata issue

- | | | |
|----|---|----------------|
| 11 | Is security holder approval required? | Not Applicable |
| 12 | Is the issue renounceable or non-renounceable? | |
| 13 | Ratio in which the +securities will be offered | |
| 14 | +Class of +securities to which the offer relates | |
| 15 | +Record date to determine entitlements | |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |

+ See chapter 19 for defined terms.

- 25 If the issue is contingent on +security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(*tick one*)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

(If the additional securities do not form a new class, go to 43)

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

(now go to 43)

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
-

+ See chapter 19 for defined terms.

41 Reason for request for quotation now
 Example: In the case of restricted securities, end of restriction period
 (if issued upon conversion of another security, clearly identify that other security)

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42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

All entities

Fees

43 Payment method (tick one)

Cheque attached

Electronic payment made

Note: Payment may be made electronically if Appendix 3B is given to ASX electronically at the same time.

Periodic payment as agreed with the home branch has been arranged

Note: Arrangements can be made for employee incentive schemes that involve frequent issues of securities.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

+ See chapter 19 for defined terms.

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Dated: 26th April 2005

Alec Pismiris
Company Secretary

Doc:s/grange/compliance/asx/2023

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