



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

STOCK EXCHANGE ANNOUNCEMENT

NOTICE OF GENERAL MEETING

23 March 2005

Grange Resources Limited has today sent to shareholders a Notice of a General Meeting to be held at Level 14, Forrest Centre, 221 St Georges Terrace, Perth, on Thursday, 26th April 2004 at 10.00am.

The Notice of Meeting, Proxy Form and accompanying Explanatory Memorandum are attached.

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 Alec Pismiris on (+618) 9321 1118.

ALEC PISMIRIS

Company Secretary

GRANGE RESOURCES LIMITED

ABN 80 009 132 405

NOTICE OF GENERAL MEETING

and

EXPLANATORY MEMORANDUM

and

PROXY FORM

Date of Meeting: Tuesday, 26 April 2005
Time of Meeting: 10.00 am (WST)
Place of Meeting: Conference Centre
The Forrest Centre
Level 14, 221 St George's Terrace
Perth, Western Australia

This Notice of General Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

GRANGE RESOURCES LIMITED

ABN 80 009 132 405

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Shareholders of Grange Resources Limited ("**Grange**" or the "**Company**") will be held at Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia on Tuesday, 26 April 2005 at 10.00 pm (WST) for the purpose of transacting the following business.

Information on the proposals to which the Resolution set out below relates is contained in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.

Terms used in this Notice of Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary of Terms as contained in the Explanatory Memorandum.

AGENDA

RESOLUTION - APPROVAL FOR THE GRANT OF PLAN OPTIONS TO DIRECTOR, MR GEOFFREY WEDLOCK

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of a total of 4,000,000 Plan Options by the Company to Mr Geoffrey Wedlock or his permitted nominees in accordance with the Directors' and Officers' Option Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

<p>In accordance with Listing Rule 10.14 and section 224 of the Corporations Act, the Company will disregard any votes cast on this resolution by Mr Anthony Bohnenn, Mr Hans-Rudolf Moser, Mr Alexander Nutter, Mr Adam Rankine-Wilson and Mr Geoffrey Wedlock (the "Directors"), and an Associate of any one of the Directors. However, the Company need not disregard a vote if it is cast by any one of the Directors as proxy, for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by any one of the Directors chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction to vote on the Proxy Form to vote as the proxy decides.</p>
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BY ORDER OF THE BOARD

ALEC PISMIRIS
COMPANY SECRETARY

Dated 14 March 2005

GRANGE RESOURCES LIMITED

ABN 80 009 132 405

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders of Grange Resources Limited ("**Grange**" or "**Company**") in connection with the business to be conducted at the General Meeting of the Company to be held at the Conference Centre, The Forrest Centre, Level 14, 221 St Georges Terrace, Perth, Western Australia on Tuesday, 26 April 2005 commencing at 10.00 am (WST).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Unless the context otherwise requires, terms used in the Notice of Meeting and this Explanatory Memorandum have the same meaning given to them in the Glossary of Terms.

1. RESOLUTION - APPROVAL FOR THE GRANT OF PLAN OPTIONS TO DIRECTOR, MR GEOFFREY WEDLOCK

1.1 Background

The Resolution seeks Shareholder approval for the grant of 4,000,000 Plan Options to Mr Geoffrey Wedlock (or his permitted nominees) under the Directors' and Officer's Option Plan.

Mr Wedlock has agreed to the issue of Plan Options in lieu of higher cash remuneration in order to reduce the cost to the Company by way of cash burn that is associated with the payment of historically high cash salaries to senior executives of the Company.

In addition to reducing the remuneration costs to the Company, the issue of the Plan Options to Mr Wedlock is intended to act as a strong incentive to align Mr Wedlock's interests with the Company's strategic plan focusing on seeking improved performance, the growth of the Company and better returns for Shareholders.

1.2 Southdown Magnetite Project

The Southdown Magnetite Project is located 90km northeast of the Port of Albany on the south coast of Western Australia. The project comprises three granted mining leases covering an area of approximately 1700 hectares on freehold farming property. Previous drilling programs undertaken in the 1980's in the western 2 km of the mining leases identified a significant resource of magnetite comprising 83.3 million tonnes containing 37.5% magnetite which grades 69.1% Fe. Detailed ground magnetic and gravity surveys conducted by Grange over the mineralisation has confirmed the continuity and structure of the deposit over the total 6kms within the mining leases. In November 2004, Grange initiated a diamond-drilling programme over the eastern part of the mining leases with results confirming the magnetite resource is continuous over the entire length of the Company's mining leases. The target resource of magnetite ore within the Company's mining leases is of the order of 400 million tonnes.

Following the completion of a scoping study on the Southdown Magnetite Project, the Board of Grange Resources approved the expenditure of A\$13 million for a bankable feasibility to be undertaken on the development of the Southdown magnetite resource to produce iron ore pellets. This study is expected to be completed by the end of December 2005, with statutory approvals targeted for March 2006.

1.3 Key Details of the Plan Options

Key details of the Plan Options to be granted by the Company to Mr Geoffrey Wedlock are set out below:

Series	No. of Plan Options	Offer Price per Plan Option	Exercise Details	Expiry Date
A	1,500,000	No consideration is payable in respect of the grant of a Series A Plan Option	Each Series A Plan Option has an exercise price of \$1.25 and is exercisable from the vesting date until the expiry date. The Series A Plan Options will vest on the Company obtaining all statutory approvals for the Southdown Magnetite Project.	30 June 2007
B	1,500,000	No consideration is payable in respect of the grant of a Series B Plan Option	Each Series B Plan Option has an exercise price of \$1.50 and is exercisable from the vesting date until the expiry date. The Series B Plan Options will vest on the commencement of the Southdown Magnetite Project.	30 June 2008
C	1,000,000	No consideration is payable in respect of the grant of a Series C Plan Option	Each Series C Plan Option has an exercise price of \$2.50 and is exercisable from the vesting date until the expiry date. The Series C Plan Options will vest on the Company declaring a dividend of at least \$0.05 per Share.	30 June 2011

The Company will only grant the Plan Options to Mr Wedlock in the amount specified above if the Resolution is passed.

A summary of the terms and conditions of the Series A Plan Options, the Series B Plan Options and Series C Plan Options is set out in Annexures A, B and C to this Explanatory Statement respectively.

1.4 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Geoffrey Wedlock is a Related Party of the Company by virtue of the fact that he is a Director of the Company and the proposed grant of the Plan Options by the Company to Mr Wedlock (or his permitted nominees), pursuant to the Resolution, involves the provision of a financial benefit to a Related Party of the Company and, therefore, requires prior Shareholder approval.

In accordance with the requirements of Chapter 2E, and in particular section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed grant of the Plan Options by the Company to Mr Wedlock (or his permitted nominees):

- (a) Mr Geoffrey Wedlock is a Related Party of the Company to whom the proposed Resolution would permit a financial benefit to be given;

- (b) the proposed financial benefit to be given to Mr Geoffrey Wedlock (or his permitted nominees) is the grant of 4,000,000 Plan Options as set out in Section 1.3 of this Explanatory Memorandum;
- (c) as at the date of this Explanatory Memorandum, the issued capital of the Company is 73,249,259 Shares and 10,285,715 Options. A comparison of the current issued capital of the Company and the issued capital of the Company should Mr Wedlock exercise all of the Plan Options granted to him in accordance with the Resolution (assuming the Resolution is approved by Shareholders, no existing Options are exercised and that no other securities are issued by the Company in the meantime) is set out in the table below:

Current Number of Shares on Issue	Number of Shares on Issue Following Exercise of Plan Options Granted Pursuant to the Resolution
73,249,259	77,249,259 ¹

Note 1: This figure does not take into account up to an additional 10,464,179 Shares which may be issued by the Company pursuant to a rights issue announced on 11 March 2005

If Shareholders approve the grant of the Plan Options to Mr Geoffrey Wedlock, the exercise of the Plan Options by Mr Geoffrey Wedlock will result in a dilution of all other Shareholders' holdings in the Company by approximately 5.46% (based on the number of Shares on issue at the date of this Notice of Meeting and assuming the Resolution is approved by Shareholders, the Plan Options the subject of the Resolution are subsequently granted and exercised, no existing Options are exercised and that no other securities are issued by the Company in the meantime);

- (d) Mr Geoffrey Wedlock has an interest in the following securities in the Company as at the date of the Notice and, assuming the Resolution is approved, Mr Geoffrey Wedlock will be entitled to the following securities in the Company:

Director	Shares¹	Plan Options (already granted by the Company to Mr Wedlock)	Number of Plan Options to be granted if the Resolution is approved by Shareholders
Geoffrey Wedlock	94,000 ²	1,500,000 ³	4,000,000 ⁴

Note 1: Subject to the Corporations Act, the Listing Rules and the Company's Constitution, Mr Geoffrey Wedlock may from time to time either dispose of some or all of his shareholding in the Company or increase his shareholding in the Company.

Note 2: Mr Wedlock's relevant interest in these 94,000 Shares arises by virtue of his position as a director and shareholder of the trustee of the Wedlock Superannuation Fund.

Note 3: These Plan Options are exercisable at \$0.50 each and have an expiry date of 30 June 2007. Mr Wedlock's relevant interest in these 1,500,000 Plan Options arises by virtue of his position as the sole director and sole shareholder of Keypalm Pty Ltd.

Note 4: 1,500,000 of these Plan Options will be exercisable at \$1.25 each and will expire on 30 June 2007. 1,500,000 of these Plan Options will be exercisable at \$1.50 each and will expire on 30 June 2008. The remaining 1,000,000 Plan Options will be exercisable at \$2.50 each and will expire on 30 June 2011. For further details of the key terms, please refer to Section 1.3.

- (e) Mr Geoffrey Wedlock does not wish to make a recommendation to Shareholders about the proposed Resolution because he has a material interest in the outcome of the Resolution. Messrs Anthony Bohnenn, Hans-Rudolf Moser, Alexander Nutter and Mr Rankine-Wilson recommend to Shareholders that they approve the Resolution because they consider the Options provide a reasonable supplement to Mr Wedlock's

remuneration package. The independent Directors do not have an interest in the outcome of the Resolution except as Shareholders of the Company;

- (f) the 4,000,000 Plan Options will be granted by the Company to Mr Geoffrey Wedlock for nil consideration and, therefore, no funds will be raised by the grant of the Plan Options. Any funds raised from time to time due to the exercise of any Plan Options will be used as the Board sees fit;
- (g) details of Mr Geoffrey Wedlock's remuneration which has accrued since 1 July 2004 to 11 March 2005 is as follows:

Director	Base Salary / Fees	Superannuation Contributions	Other	Total
Geoffrey Wedlock	125,308	11,278	Nil	136,586 ¹

Note 1: Mr Wedlock's budgeted remuneration for the financial year ended 30 June 2005 is \$246,005. The Company and Mr Wedlock are in the process of finalising the terms of Mr Wedlock's new executive employment agreement. Details of Mr Wedlock's new executive employment agreement will be released to the market once the terms are finalised.

- (h) the Plan Options to be granted to Mr Geoffrey Wedlock will not be issued later than one (1) month after the date of this meeting and it is anticipated that the allotment will occur on one date; and
- (i) other than the information specified above and in Sections 1.5, 1.6 and 1.7 below, the Company believes that there is no other information that would be reasonably required by Shareholders in order to decide whether it is in the best interests of the Company to pass the Resolution.

1.5 Details Concerning the Valuation of the Plan Options

The highest and lowest market sale prices for the Shares on ASX during the 12 months immediately preceding 14 March 2005 being the date of this Notice and the respective dates of those sale prices were:

Highest: \$1.70 per Share on 25 February 2005.

Lowest: \$0.45 per Share on 29 April 2004.

Last: \$1.62 per Share on 11 March 2005 being the last day on which the Company's Shares were traded on ASX before lodgement of the Notice with the ASIC.

The Plan Options to be granted to Mr Geoffrey Wedlock, pursuant to the Resolution, will not be quoted on ASX.

Grange has calculated an indicative valuation for the Plan Options to be granted to Mr Geoffrey Wedlock using the Black & Scholes Options Pricing Model based on the assumptions set out below.

Type of Plan Options	No. of Plan Options	Value
Series A	1,500,000	\$530,550
Series B	1,500,000	\$506,190
Series C	1,000,000	\$426,900

The valuation of the Plan Options was undertaken in 3 tranches ("**Series A**", "**Series B**" and "**Series C**") as at 9 March 2005 on the basis of the following assumptions regarding the various inputs that comprise the valuation model:

1. The indicative valuation has assumed that the grant date of the Plan Options was 9 March 2005. The valuation is not a representative valuation of the Plan Options at the proposed date of issue. In order for this valuation to be provided, a new valuation model would need to be run with updated assumptions at the time of issue (i.e. immediately following the General Meeting).
2. An exercise price of:
 - \$1.25 per Series A Plan Option;
 - \$1.50 per Series B Plan Option; and
 - \$2.50 per Series C Plan Option.
3. The Company's closing Share price of \$1.47 on 9 March 2005.
4. The Plan Options will expire on the following dates:
 - Series A Plan Options - 30 June 2007;
 - Series B Plan Options - 30 June 2008; and
 - Series C Plan Options - 30 June 2011.
5. The risk-free interest rate for the Plan Options as at 9 March 2005 was as follows:
 - Series A Plan Options – 5.75%;
 - Series B Plan Options – 5.75%; and
 - Series C Plan Options – 5.75%.
6. the volatility of the Company's Shares (calculated by taking the standard deviation of the log of the daily change in the Company's Share price over the year preceding the grant date) was 70%.
7. The dividend yield for the Company's Shares for the year to 9 March 2005 was 0.0%.

Based on these assumptions, the calculated value for one Plan Option as at 9 March 2005 was as follows:

- Series A Plan Option - \$0.3537 or 24.06% of the Share price at the calculation date;
- Series B Plan Option - \$0.3746 or 25.48% of the Share price at the calculation date;
- Series C Plan Option - \$0.4269 or 29.04% of the Share price at the calculation date;

1.6 **Listing Rule 10.14**

Listing Rule 10.14 provides, in essence, that the approval of Shareholders by ordinary resolution is required before any of the following persons can acquire securities under an employee incentive scheme:

- (a) director;
- (b) an Associate of a director; or

- (c) a person whose relationship with the company or a related party is, in ASX's opinion, such that approval should be obtained.

Mr Geoffrey Wedlock is a Director of the Company for the purpose of Listing Rule 10.14. Accordingly, in order for Mr Geoffrey Wedlock to acquire a beneficial interest in the Plan Options (which occurs upon grant of the Plan Options in accordance with the terms of the Directors' and Officers' Option Plan), the Company must obtain Shareholder approval pursuant to Listing Rule 10.14.

1.7 Listing Rule 10.15 Disclosure Requirements

Listing Rule 10.15 sets out a number of matters which must be included in a notice of meeting requesting shareholder approval under Listing Rule 10.14.

In accordance with Listing Rule 10.15, the following information is provided to Shareholders in relation to the Resolution:

- (a) the maximum number of Plan Options that may be granted by the Company to Mr Geoffrey Wedlock (or his permitted nominees) for whom approval is required is 4,000,000 Plan Options. If all Plan Options are exercised by Mr Geoffrey Wedlock, Mr Geoffrey Wedlock will be entitled to 4,000,000 Shares;
- (b) the Plan Options are granted for nil consideration and, therefore, no funds will be raised by the grant of the Plan Options. Any funds raised from time to time due to the exercise of any Plan Options will be used as the Board sees fit. For key terms of the Plan Options, please refer to Section 1.2;
- (c) as at the date of this Notice, each of Messrs Bohnenn, Moser, Nutter, Rankine-Wilson and Wedlock may be entitled to participate in the Directors' and Officers' Option Plan as they are current Directors of the Company;
- (d) In accordance with the requirements of Listing Rule 10.15.4, the names of all directors and associates of directors who have received securities under the Directors' and Officers' Option Plan since the date of the last approval by shareholders for the grant of Plan Options under the Directors' and Officers' Option Plan are:

Director	No. of Plan Options	Acquisition Price
Mr Anthony Bohnenn	1,125,000	Nil
Mr Geoffrey Wedlock	1,500,000	Nil
Mr Adam Rankine-Wilson	1,500,000	Nil
Mr Alexander Nutter	750,000	Nil
Mr Hans Rudolf Moser	750,000	Nil
Mr Ludger Kohmäscher ¹	500,000	Nil

Note 1: Subsequent to his resignation as a director on 3 February 2003, Mr Kohmäscher agreed to cancel 250,000 of 750,000 Plan Options for nil consideration.

- (e) the Plan Options will be granted no later than one (1) month after the date of the Meeting.

1.8 **Voting Exclusion Statement**

In accordance with Listing Rule 14.11 and section 224 of the Corporations Act, the Company will disregard any votes cast on the Resolution by Mr Anthony Bohnenn, Mr Hans Moser, Mr Alexander Nutter, Mr Adam Rankine-Wilson and Mr Geoffrey Wedlock (the "**Directors**") and by an Associate of the Directors. However, the Company need not disregard a vote if it is cast by the Directors as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the Directors chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Accordingly, the Directors and Associates of the Directors may not vote on the Resolution.

Annexure A

Terms and Conditions of Series A Plan Options

Each Plan Option entitles the holder to subscribe for one Share in the Company on the following terms and conditions.

- (i) Each Plan Option will be issued for nil consideration and will be exercisable at any time during the period beginning on the date of vesting of the Series A Plan Option and expiring at 5.00 pm (WST) on 30 June 2007 ("Expiry Date") by completing a Plan Option exercise form and delivering it to the Company's share registry together with the payment for the number of Shares in respect of which the Plan Options are being exercised.
- (ii) The Series A Plan Option shall vest on the Company obtaining all statutory approvals for the Southdown Magnetite Project.
- (iii) The exercise price of each Plan Option is \$1.25.
- (iv) Subject to the Corporations Act, the Listing Rules and the Constitution of the Company, the Plan Options are not transferable.
- (v) All Shares issued upon exercise of Plan Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for quotation by ASX of all Shares issued upon exercise of Plan Options within the time specified by the Listing Rules.
- (vi) There are no participating rights or entitlements inherent in the Plan Options and holders of Plan Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give the holders of Plan Options the opportunity to exercise their Plan Options prior to the date for determining entitlements to participate in any such issue.
- (vii) If and whenever the Company makes a bonus issue, a rights issue or any other similar issue of rights or entitlements, the exercise price of the Plan Options will change in accordance with the formula set out in Listing Rule 6.22.2.
- (viii) In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the holders of Plan Options, including the number of Plan Options or the Plan Option exercise price or both, will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (ix) If for any reason, the holder of a Plan Option or the Company terminate the holder of the Plan Option's employment arrangement, all Plan Options that have not vested and or have not been exercised at the date of termination will be cancelled.
- (x) The holders of Plan Options will be sent all communications sent to Shareholders, but Plan Options do not confer any right to attend or vote at meetings of Shareholders.
- (xi) Notices may be given by the Company to the holders of Plan Options in the manner provided by the Company's Constitution for the giving of notices to Shareholders, and the relevant provisions of the Company's Constitution apply with all the necessary modification to notices to holders of Plan Options.

Annexure B

Terms and Conditions of Series B Plan Options

Each Plan Option entitles the holder to subscribe for one Share in the Company on the following terms and conditions.

- (i) Each Plan Option will be issued for nil consideration and will be exercisable at any time during the period beginning on the date of vesting of the Series B Plan Option and expiring at 5.00 pm (WST) on 30 June 2008 ("Expiry Date") by completing a Plan Option exercise form and delivering it to the Company's share registry together with the payment for the number of Shares in respect of which the Plan Options are being exercised.
- (ii) The Series B Plan Option shall vest on commencement of the Southdown Magnetite Project.
- (iii) The exercise price of each Plan Option is \$1.50.
- (iv) Subject to the Corporations Act, the Listing Rules and the Constitution of the Company, the Plan Options are not transferable.
- (v) All Shares issued upon exercise of Plan Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for quotation by ASX of all Shares issued upon exercise of Plan Options within the time specified by the Listing Rules.
- (vi) There are no participating rights or entitlements inherent in the Plan Options and holders of Plan Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give the holders of Plan Options the opportunity to exercise their Plan Options prior to the date for determining entitlements to participate in any such issue.
- (vii) If and whenever the Company makes a bonus issue, a rights issue or any other similar issue of rights or entitlements, the exercise price of the Plan Options will change in accordance with the formula set out in Listing Rule 6.22.2.
- (viii) In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the holders of Plan Options, including the number of Plan Options or the Plan Option exercise price or both, will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (ix) If for any reason, the holder of a Plan Option or the Company terminate the holder of the Plan Option's employment arrangement, all Plan Options that have not vested and or have not been exercised at the date of termination will be cancelled.
- (x) The holders of Plan Options will be sent all communications sent to Shareholders, but Plan Options do not confer any right to attend or vote at meetings of Shareholders.
- (xi) Notices may be given by the Company to the holders of Plan Options in the manner provided by the Company's Constitution for the giving of notices to Shareholders, and the relevant provisions of the Company's Constitution apply with all the necessary modification to notices to holders of Plan Options.

Annexure C

Terms and Conditions of Series C Plan Options

Each Plan Option entitles the holder to subscribe for one Share in the Company on the following terms and conditions.

- (i) Each Plan Option will be issued for nil consideration and will be exercisable at any time during the period beginning on the date of vesting of the Series C Plan Option and expiring at 5.00 pm (WST) on 30 June 2011 ("Expiry Date") by completing a Plan Option exercise form and delivering it to the Company's share registry together with the payment for the number of Shares in respect of which the Plan Options are being exercised.
- (ii) The Series C Plan Option shall vest on the Company declaring a dividend of at least \$0.05 cents per share.
- (iii) The exercise price of each Plan Option is \$2.50.
- (iv) Subject to the Corporations Act, the Listing Rules and the Constitution of the Company, the Plan Options are not transferable.
- (v) All Shares issued upon exercise of Plan Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for quotation by ASX of all Shares issued upon exercise of Plan Options within the time specified by the Listing Rules.
- (vi) There are no participating rights or entitlements inherent in the Plan Options and holders of Plan Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give the holders of Plan Options the opportunity to exercise their Plan Options prior to the date for determining entitlements to participate in any such issue.
- (vii) If and whenever the Company makes a bonus issue, a rights issue or any other similar issue of rights or entitlements, the exercise price of the Plan Options will change in accordance with the formula set out in Listing Rule 6.22.2.
- (viii) In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the holders of Plan Options, including the number of Plan Options or the Plan Option exercise price or both, will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (ix) If for any reason, the holder of a Plan Option or the Company terminate the holder of the Plan Option's employment arrangement, all Plan Options that have not vested and or have not been exercised at the date of termination will be cancelled.
- (x) The holders of Plan Options will be sent all communications sent to Shareholders, but Plan Options do not confer any right to attend or vote at meetings of Shareholders.
- (xi) Notices may be given by the Company to the holders of Plan Options in the manner provided by the Company's Constitution for the giving of notices to Shareholders, and the relevant provisions of the Company's Constitution apply with all the necessary modification to notices to holders of Plan Options.

GLOSSARY OF TERMS

The following terms and abbreviations used in the Notice of Meeting and this Explanatory Memorandum have the following meanings:

"\$" means Australian dollars.

"**Associate**" has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

"**ASX**" means Australian Stock Exchange Limited ACN 008 624 691.

"**Board**" means the board of Directors from time to time.

"**Business Day**" means a day, other than a Saturday or Sunday on which banks are generally open for business in Perth, Western Australia.

"**Chapter 2E**" means Chapter 2E of the Corporations Act.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**Constitution**" means the constitution of the Company from time to time.

"**Directors**" means the directors of the Company from time to time.

"**Directors' and Officers' Option Plan**" means the Grange Resources Limited Directors' and Officers' Option Plan.

"**EST**" means Eastern Standard Time.

"**Explanatory Memorandum**" means this explanatory memorandum.

"**Grange Resources**" or "**Company**" means Grange Resources Limited ACN 009 132 405.

"**Listing Rules**" means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

"**Meeting**" means the general meeting of Shareholders of the Company or any adjournment thereof, convened by the Notice.

"**Notice**" or "**Notice of Meeting**" means the notice of general meeting which accompanies this Explanatory Memorandum.

"**Option**" means an option to subscribe for a Share.

"**Plan Options**" means the 4,000,000 options (comprising 1,500,000 Series A Plan Options, 1,500,000 Series B Plan Options and 1,000,000 Series C Plan Options) to be granted to Mr Geoffrey Wedlock on the terms and conditions set out in Annexures A, B and C to this Explanatory Memorandum.

"**Related Party**" has the same meaning as that given to the expression in the Corporations Act.

"**Resolution**" means the resolution referred to in this Notice of Meeting.

"**Section**" means a section of this Explanatory Memorandum.

"**Series A Plan Option**" means an Option granted on the terms set out in Annexure A to the Explanatory Memorandum.

"Series B Plan Option" means an Option granted on the terms set out in Annexure B to the Explanatory Memorandum.

"Series C Plan Option" means an Option granted on the terms set out in Annexure C to the Explanatory Memorandum.

"Share" means a fully paid ordinary share in the capital of the Company.

"Shareholders" means a holder of Shares.

"Southdown Magnetite Project" means the project located 90km northeast of the Port of Albany on the south coast of Western Australia comprising three granted mining leases covering an area of approximately 1700 hectares on freehold farming property.

"WST" means Australian western standard time.

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GRANGE RESOURCES LIMITED

ABN 80 009 132 405

PROXY FORM

The Company Secretary
Grange Resources Limited
Level 13, The Forrest Centre
221 St Georges Terrace
PERTH WA 6000

Facsimile: +61 8 9321 1523

I/We _____

of _____

being a shareholder/(s) of Grange Resources Limited ("**Company**") and entitled to _____ Shares

in the Company hereby appoint _____

of _____

or failing him/her _____

of _____

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at Level 14, The Forrest Centre, 221 St George's Terrace, Perth, Western Australia at 10.00 am (WST) on Tuesday, 26 April 2005, and at any adjournment thereof in respect of _____ of my/our Shares or, failing any number being specified, **ALL** of my/our Shares in the Company.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is []%.
(An additional proxy form will be supplied by the Company on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a Resolution, the proxy may abstain or vote at his or her discretion.

I/we direct my/our proxy to vote as indicated below:

RESOLUTION

	FOR	AGAINST	ABSTAIN
Grant of Plan Options to Mr Geoffrey Wedlock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proxies given by a natural person must be signed by each appointing Shareholder or the Shareholder's attorney duly authorised in writing. Proxies given by companies must be executed in accordance with section 127 of the Corporations Act or signed by the appointor's attorney duly authorised in writing. The Chairman intends to vote all undirected proxies in favour of the Resolution.

If you do not wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

