



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

## **REPORT FOR THE QUARTER ENDED 30 JUNE 2005**

### **HIGHLIGHTS**

#### **Southdown Magnetite**

- The Southdown bankable feasibility study is progressing with work being undertaken on most aspects of the project.
- Diamond drilling and resource evaluation continuing with 110 diamond drill holes aggregating 30,907 metres completed to date.
- Interim inferred resource estimate of 279 million tonnes grading 37% magnetite for data received to 20 July 2005.
- Initial assay data indicates that a relatively uniform and high concentrate grade can be produced at a magnetite recovery of approximately 37%.

#### **Mt Windsor Joint Venture**

- 18,572 tonnes (Grange share 5,571 tonnes) of copper concentrate containing 25.95% copper and 0.8 g/t gold produced from the Reward Deeps project.
- 5,520 tonnes of copper concentrate exported generating income of approximately \$3.7 million.
- Underground mining at Highway South and Reward Deeps completed on 8 July 2005.

#### **Red Hill**

- Royalty payments of \$476,949 generated during the quarter.
- 21,331 ounces of gold recovered from the processing of 418,286 tonnes of ore grading 1.70g/t.

#### **Freshwater**

- Royalty payments of \$135,529 generated during the quarter.
- Mining undertaken from the Plutonic East underground mine and the Salmon open pit during the quarter.

#### **Wembley**

- Gleneagle advise that further fieldwork is underway.

#### **Financial**

- Cash and receivables at the end of the June 2005 quarter totalling \$9.35 million.
- The final shipment of copper concentrate from the Reward Deeps Project of approximately 5,000 tonnes of copper concentrate is scheduled to be exported from Townsville towards the end of July 2005 and is forecast to generate revenue of approximately \$3.0 million after selling costs.

## **PROJECTS, MINING & EXPLORATION ACTIVITIES**

### **SOUTHDOWN MAGNETITE PROJECT (Grange 100%)**

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. Grange Resources is undertaking a bankable feasibility on the development of the Southdown magnetite resource to produce iron ore pellets.

The project scope being studied is as follows:

#### **Mining and Concentration**

Magnetite mineralisation would be mined at Southdown at an annual rate of approximately 17 million tonnes per year with a stripping ratio of about 2.6:1.0. The grade of the magnetite mineralisation was assumed to be 36.6% based on 1986/7 drilling and Davis Tube test work, however initial 2004/05 drilling results indicate that this grade may be marginally higher. Annual production of magnetite concentrate at 69% Fe would be approximately 6.5 million tonnes produced via two stages of magnetic separation. Due to the nature of the Southdown magnetite mineralization, primary separation is expected to be made at a relatively coarse particle size (0.2mm), which significantly reduces fine grinding requirements.

Based on target resources contained in the Southdown mining leases, the project life is expected to be in excess of 20 years.

#### **Transport**

The magnetite concentrate would be transported to the Port of Albany through a buried slurry pipeline. At the Port, the magnetite concentrate would be dewatered and stockpiled in an enclosed shed awaiting shipment overseas. Recovered water would be returned to the mine site through a return water pipe, also included in the slurry pipeline trench.

#### **Pelletisation**

Magnetite concentrate is the most suitable feed for the production of iron ore pellets due to the exothermic properties of magnetite in conversion to hematite during the pelletisation process. Pelletisation would be undertaken in a new plant to be constructed at Kemaman on the East coast of peninsular Malaysia.

### **SOUTHDOWN BANKABLE FEASIBILITY STUDY (BFS)**

The Southdown BFS commenced in February 2005 and is progressing with work being undertaken on most aspects of the project. The technical aspects of the BFS are scheduled to be completed by the end of 2005 with environmental and project approvals expected by mid 2006.

#### **Exploration and Resource Evaluation**

Diamond drilling to determine the size and grade of the magnetite deposit is continuing with four rigs working double shifts. Up to 20 July 2005 110 holes aggregating 30,907 metres had been completed. A further 30 holes aggregating

approximately 7,500 metres remain to be drilled to complete the current resource drilling programme and this is expected to be finished during the third quarter of 2005. Drill core is being cut on site and submitted to the laboratory for sample preparation and test work (Davis Tube Recovery) to determine the magnetite content. The magnetic fraction is then assayed by X-ray Fluorescence Spectroscopy to determine its iron content and quality. Up to 20 July 2005 4,522 samples from 95 drill holes had been submitted to the laboratory for analysis and 2,125 Davis Tube Recovery (DTR) and assays had been received for the first 42 diamond drill holes in the 2004/05 programme.

The location of the resource drill holes and the surface geological interpretation are shown on figure 1. In addition to the resource drilling further holes have been planned for metallurgical samples and geotechnical data. This drilling will be undertaken immediately following the completion of the resource drilling programme and is expected to be completed by October 2005.

Interpretation of drilling data received to date 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 1). The core of the syncline is complexly folded and occupied by intensely metamorphosed quartz-magnetite-clinopyroxene gneiss and garnet-biotite gneiss. An interim geological model was completed during June and will assist in targeting future drilling. The vertical depth to the keel of the syncline is approximately 300 metres in the western end of the deposit and increases to a vertical depth in excess of 400 metres in the eastern portion of the deposit. Additional drilling is being planned to determine the depth extent of the deposit in the eastern zone. The thickness of the magnetite mineralisation ranges from 70 to 100 metres and averages 85 metres. Typical cross sections of the deposit are shown in figures 2 and 3 and the locations of the sections are shown on figure 1.

The drilling results received to date indicate that the target global resource for the project should be achievable.

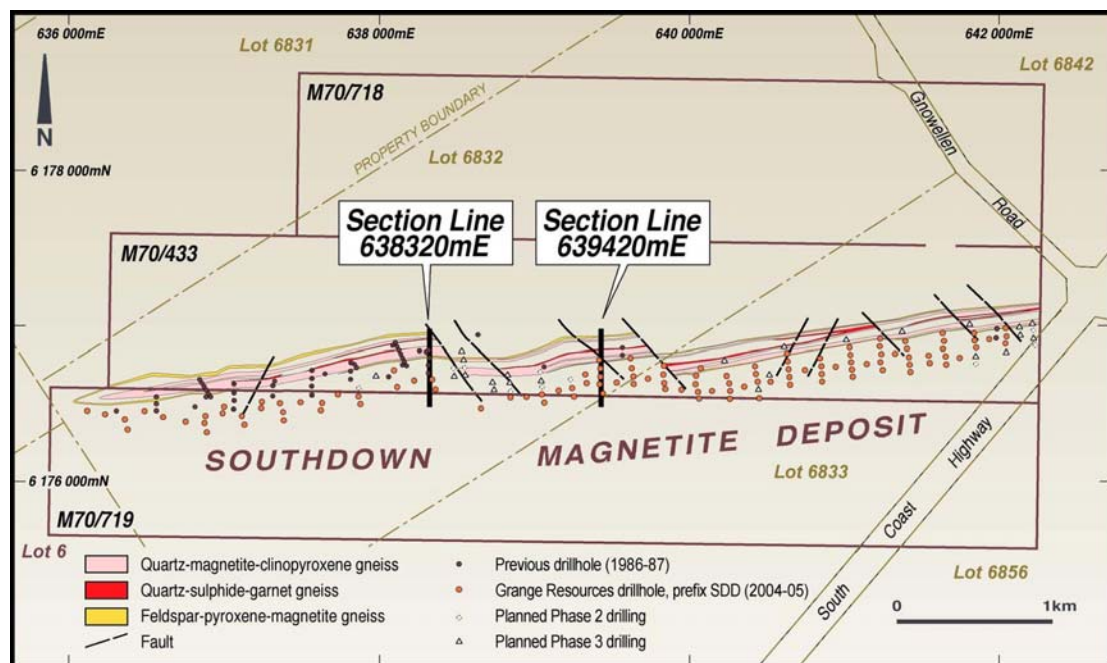


Figure 1: Interpreted Geology and Drill Hole Location Plan

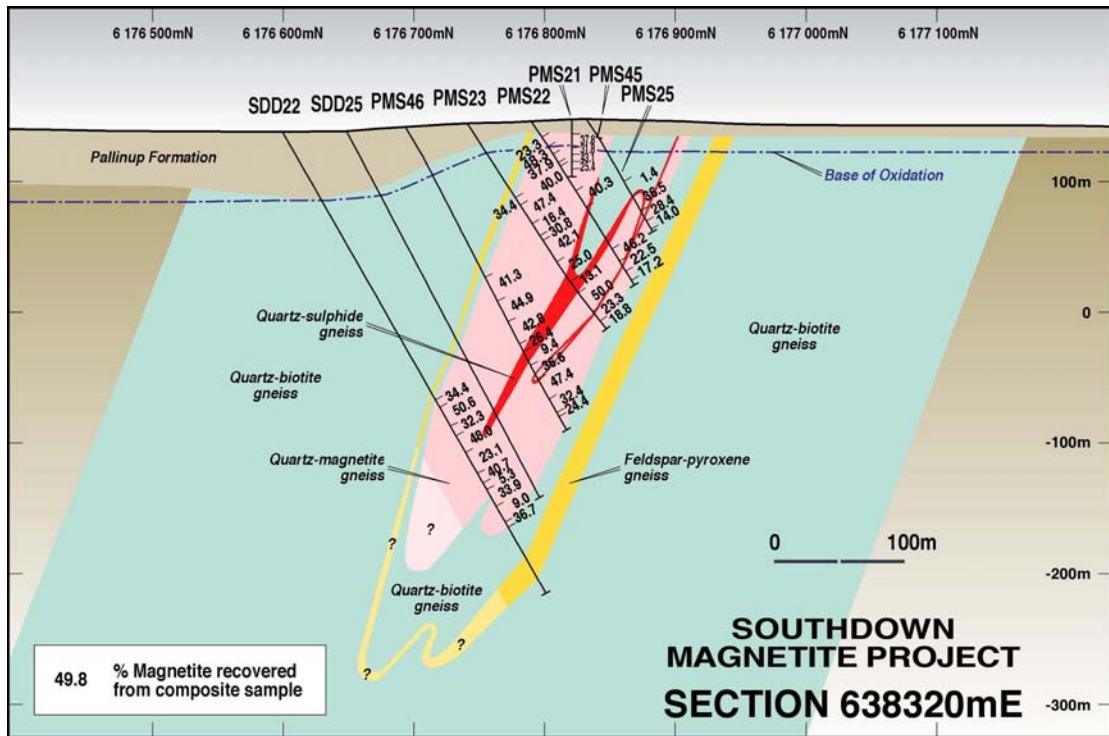


Figure 2: Interpreted Cross Section 638320mE

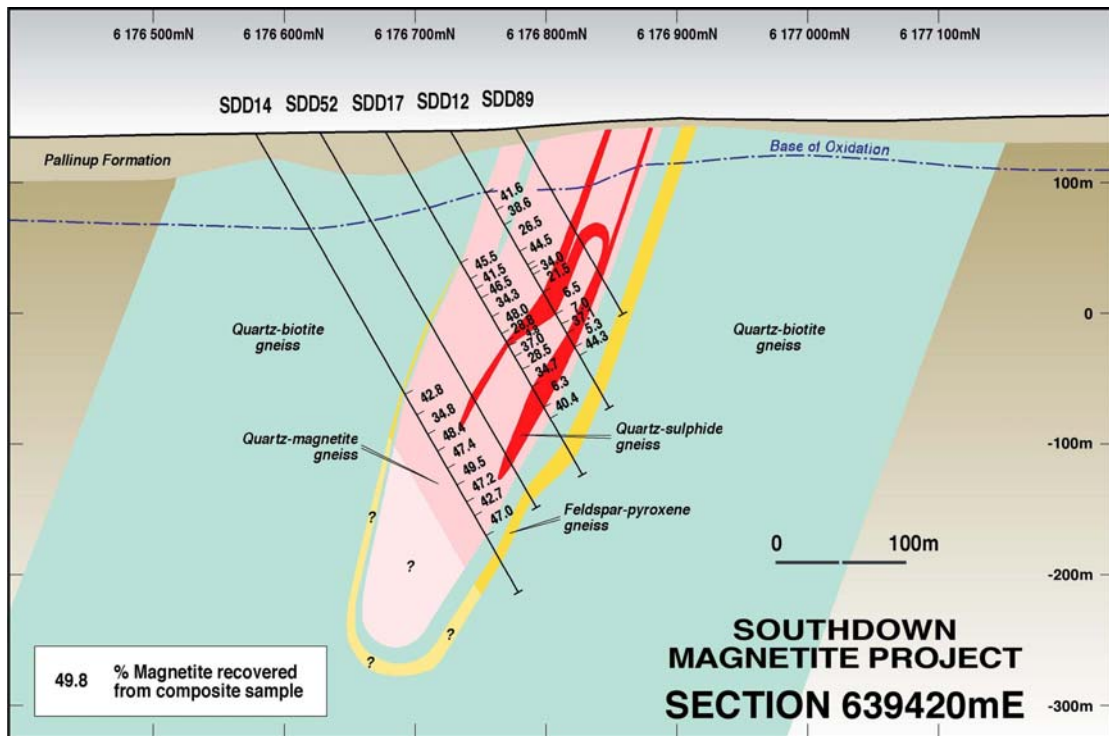


Figure 3: Interpreted Cross Section 639420mE

### Interim Resource Model and Resource Statement

Golder Associates Pty Ltd (Golder) has completed an interim resource model using all geological and assay data available as at 20 July 2005 and prepared an interim mineral resource statement (Table 1). The model was constructed using geological data from 110 diamond drill holes from the current Grange drilling programme and 33 diamond

drill holes from earlier drilling undertaken in 1986/87. Assay data from 2125 samples from the Grange drill holes and 187 samples from the 1986/87 drill holes were included in the model. The magnetite deposit within the Company's mining leases has a strike length of 6000 metres and a vertical depth ranging from 300 to 400 metres. The available data has allowed Golder to estimate the resource contained within 4,800 metres of strike with variable depths ranging from 50 metres below surface in the west to 400 metres below surface in the east. The average thickness of the deposit is 85 metres.

### ***Mineral Resource Statement***

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

<b>TABLE 1 SOUTHDOWN MAGNETITE PROJECT IN SITU MINERAL RESOURCE ESTIMATE</b>									
<b>Class</b>	<b>Tonnes (Mt)</b>	<b>DTC Wt%</b>	<b>DTC Fe%</b>	<b>DTC SiO<sub>2</sub>%</b>	<b>DTC Al<sub>2</sub>O<sub>3</sub>%</b>	<b>DTC P%</b>	<b>DTC S%</b>	<b>DTC MgO%</b>	<b>DTC CaO%</b>
Inferred Resource	279.3	37.0	68.3	2.2	1.5	0.005	0.65	0.3	0.2

### **Notes:**

- Estimation method: Block model, inverse distance squared using 3m composite data.
- Resources reported below the depth of oxidation (approx 25m) with depths ranging from 50m to 400m below surface.
- Resources reported for 4,800m 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 was limited to within 100m of drill holes with assays.
- In-situ density of 3.4 t/m<sup>3</sup> derived from 3000 density measurements by the Archimedes Method.
- Resources rounded to nearest 100,000 tonnes.
- Recovery and grade rounded to 1 decimal place (except S - 2 decimal places and P - 3 decimal places)

*The information in this statement of Mineral Resources is based on information compiled by Dr Sia Khosrowshahi of Golder Associates Pty Ltd. Dr Khosrowshahi 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). Dr Sia Khosrowshahi consents to the inclusion of this information in the form and context in which it appears.*

### **Metallurgical Test Work**

Early results from the Davis Tube Recovery test work indicate a relatively uniform and high concentrate grade can be produced at a magnetite recovery of approximately 37%. Further grinding tests are being undertaken to determine the optimum concentrate grade.

Processing options to reduce the sulphur content in the final pellet product are being assessed as part of the feasibility study and include selective mining, finer grinding and flotation to remove sulphur minerals from the magnetite concentrate and oxidation in the pelletisation process.

Metallurgical test work has started assessing the following factors:

- The optimum grind to achieve both blast furnace and direct reduction grade concentrates and the likely weight yields to achieve those. This work will also provide the major factors to confirm the mass balance for plant design.
- The Bond Work Indices to finalise the likely power demand.
- The assessment of the impact of variable weight recovery on the mass yields in the front part of the plant.
- The likely benefit of dry magnetic separation at coarse sizes.
- The crushing work indices to finalise the crusher design.

## **Southdown Infrastructure**

### **Slurry Pipeline Alignment**

Two alternative alignments have been identified for the concentrate slurry pipeline between the Southdown concentrator and the port of Albany. Most landowners along these alignments have been contacted and met on site. Follow up meetings and negotiations are planned.

### **Power Supply**

Western Power Networks have completed a study to evaluate the optimum transmission line alignment and technical requirements for the supply of electricity to the Southdown mine and concentrator. A new 132kV transmission line from Muja to Kojonup and then to Southdown is proposed. 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. Negotiations in respect to the transmission line with Western Power Networks are ongoing.

### **Water Supply**

The Water Corporation is considering a proposal from Grange Resources Ltd to use wastewater generated at Albany to meet the majority of the project's water requirements for Southdown. The project is estimated to need approximately 2.3Gl per year, of which the wastewater could provide up to 1.8Gl per year. While the generation of wastewater is expected to increase as Albany expands, the initial water requirements for Southdown will need to be supplemented by ground water. Ground water investigations have commenced and negotiations with the Water Corporation are ongoing.

### **Albany Port**

Following the completion of the initial berth and channel probing study in February 2005, which established that it was feasible to dredge without encountering rock, a number of studies have been initiated to evaluate berth and channel dredging options and to establish vessel under keel clearance requirements. Wave rider buoys have been installed in King George Sound along with tidal current meters. A seismic survey of the harbour and channel has also been completed. Preliminary layouts for Southdown facilities at the Port have been prepared, including the storage shed, filter plant, thickener and tanks.

## **Kemaman Infrastructure**

### **Kemaman West Wharf**

In February, Grange Resources entered into a Heads of Agreement with subsidiaries of Road Builder (M) Holdings Bhd to secure the future use of infrastructure in Malaysia comprising a wharf for future ship unloading/loading and up to 60 hectares of land for the pellet plant at Kemaman on the East coast of peninsular Malaysia.

### **Power Supply**

Tenaga 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. Discussions have been held with TNB regarding the Project's power requirements. 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. Meetings have been held with Petronas to discuss the project's requirements. 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. In order to commence the supply process, the Project will need to make an application for supply to Petronas Gas.

### **Conveyor Corridor**

A meeting was attended with the State Government of Terengganu together with the various authorities and infrastructure groups with services in or around the services corridor. It was agreed that the Project would commission a survey of the corridor, with the surveyor to liaise with the authorities to determine the exact location of any services currently in place on the corridor.

Accordingly a detailed scope of work was prepared for the survey and submitted through Road Builder to a survey group based in Kuala Terengganu. As well as the corridor it is proposed to fully survey the West Wharf and the pellet plant site.

## **Southdown Environmental Approvals**

The first rounds of environmental surveys at Southdown and along the possible pipeline routes have been undertaken. These surveys have involved flora and fauna assessments of the potentially impacted areas of development. The second round of environmental surveys will be conducted in the October-November 2005 period.

Grange has agreed to progress the approvals for the Southdown Project via the Department of Industry and Resources' new Project Approvals Coordination Unit ("PACU"). The Project Definition Document ("PDD") will be lodged with PACU in July 2005 for circulation amongst all relevant government agencies.

## **Kemaman Environmental Approvals**

Perunding Utama Sdn Bhd (PU) has been appointed as the environmental consultants for the Project in Malaysia. An initial meeting and a site inspection was held with PU to commence the environmental work for the Kemaman site during June 2005.

A meeting has been held with the Malaysian Government's Department of the Environment for an initial project briefing. The approvals process should take 7 months unless substantial issues arise that were not adequately addressed during the assessment process.

## **Burnvoir Corporate Finance**

Burnvoir Corporate Finance has been appointed by Grange to advise on the structuring and financing of the Southdown Project. Grange anticipates new participants will be introduced into the project in due course.

## **MT WINDSOR JOINT VENTURE**

**(Grange Resources Limited ("Grange") 30%  
Thalanga Copper Mines Pty Ltd ("TCM") 70%)**

## **Reward Deeps & Highway South Project**

During the June 2005 quarter 122,580 tonnes of ore grading 4.21% copper were processed through the Thalanga plant for the production of 18,572 tonnes of copper concentrate containing 25.95% copper and 0.8 g/t gold. Copper recovery was 93.32%.

Ore production for the quarter was 136,207 tonnes with all of the ore being from Highway South underground. There was a significant improvement in ore production during the June quarter as mine development work was completed, however production was again below budget. The mining operation closed on 8 July 2005 following the exhaustion of ore reserves.

The Thalanga mill performed well during the quarter and copper recovery at 93.3% was above budget. Throughput was lower than budget due to restricted ore supply from the mine. Processing of remaining ore stocks should be completed before the end of July 2005.

The Company exported 5,520 tonnes of copper concentrates towards the end of May 2005 generating income of approximately \$3.7 million. The Company's final shipment of approximately 5,000 tonnes of copper concentrate is scheduled to be exported towards the end of July 2005.

A summary of the production statistics for the Reward Deeps and Highway South project for the June 2005 quarter and project to 30 June 2005 is presented in Table 2.

**TABLE 2**  
**MT WINDSOR JOINT VENTURE**  
**REWARD DEEPS PROJECT – PRODUCTION STATISTICS**

	<b>Sept 2004 Quarter</b>	<b>Dec 2004 Quarter</b>	<b>Mar 2005 Quarter</b>	<b>June 2005 Quarter</b>	<b>Project to 30.06 .05</b>
<b>Ore Mined (tonnes)</b>	68,541	72,067	20,771	136,207	1,450,989
<b>Ore Milled (tonnes)</b>	<b>73,717</b>	<b>44,945</b>	<b>47,159</b>	<b>122,580</b>	<b>1,402,195</b>
Head grade – (Cu %)	4.52	4.21	3.21	4.21	4.20
Copper Recovery (%)	90.78	91.54	83.6	93.32	89.45
<b>Concentrates Produced (t)</b>	<b>11,748</b>	<b>6,451</b>	<b>5,061</b>	<b>18,572</b>	<b>200,317</b>
<b>Concentrate Grade</b>					
- Copper (%)	25.72	26.89	25.00	25.95	26.32
- Gold (g/t)	0.8	0.8	0.8	0.8	0.8
- Silver (g/t)	17	17	17	17	17

**RED HILL (Mining Lease M27/57)**  
**(Placer Dome Asia Pacific (“PDAP”) 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 June 2005 quarter generating royalty income to Grange of \$476,949. Total mined ore production from within M27/57 for the quarter was 356,509 tonnes @ 1.89 g/t. A total of 398,089 tonnes was hauled to the Paddington processing plant during the quarter.

A total of 418,286 tonnes at a grade of 1.70g/t was processed during the quarter, producing some 21,331 ounces of recovered gold. The total gold recovered from M27/57 at Red Hill as at 30 June 2005 is 165,388 ounces.

Total reconciled mined ore production from commencement of mining (February 2003) until 30 June 2005 is 3,128,545 tonnes @ 1.68g/t gold. Total ore processed during this period was 2,876,568 tonnes @ 1.66g/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 and the Salmon open pit during the June 2005 quarter, generating royalty income to Grange of \$135,529.

14,404 tonnes at a grade of 7.46g/t gold were mined and processed from the Freshwater section of the Plutonic East underground mine generating royalty income

of \$66,364. 54,784 tonnes at a grade of 2.93g/t gold were mined and processed from the Salmon open pit generating royalty income of \$69,165.

Barrick reports that during the June quarter areas of the Freshwater side of the Plutonic East underground mine were being drilled out for future extraction by longhole stoping. During the quarter mining in the Salmon Open Pit was completed.

## **WEMBLEY**

**(Grange 100%, Gleneagle Gold Limited (“Gleneagle”) Earning 80%)**

The Wembley Gold Project is located approximately 65km south east of Gleneagle’s Fortnum Gold Project and comprises one granted mining lease and a mining lease application. Gleneagle is earning an 80% interest in the tenements by spending \$500,000 on exploration.

The project contains the Durack and Outback deposits, which host a resource of 568,000 tonnes at 2.3g/t gold containing 42,700 ounces. Gleneagle reports that preliminary pit design work has been completed for this resource as part of the Fortnum recommissioning study.

Geological mapping of the Wembley Gold Project at 1:10,000 scale has commenced with the aim of defining the regional controls on gold mineralisation along the Durack – Outback trend based on the recently enhanced geological understanding. The revised geological map will assist in the planning of future drilling and a potential SAM survey.

*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**

### **ISSUE OF SECURITIES**

During the June 2005 quarter a director of the Company exercised 2,000,000 options which converted to shares at an exercise price of \$0.50 per share.

The following options were issued to the Managing Director pursuant to the Grange Resources Limited Directors' and Officers' Option Plan and approved by shareholders at a general meeting:

- 1,500,000 - \$1.25 Options with a 30 June 2007 expiry
- 1,500,000 - \$1.50 Options with a 30 June 2008 expiry
- 1,000,000 - \$2.50 Options with a 30 June 2011 expiry

### **\$5.0 MILLION SHARE PLACEMENT**

In June 2005 a share placement to RAB Special Situations Master Fund Limited was settled. The share placement comprised of 5,000,000 fully paid ordinary shares issued at a price of \$1.00 per share.

### **CASH POSITION**

During the June 2005 quarter, mining operations at the Reward Deeps Project continued with ore production from the Reward Deeps Project improving significantly as mine development work was completed. There was a shipment of 5,520 tonnes of copper concentrates during May 2005 generating income of approximately \$3.7 million from the Reward Deeps Project. However costs associated with the on-going bankable feasibility study on the Southdown Magnetite Project contributed to a cash flow deficit of \$2.97 million from operating activities. The Company recorded a cash flow surplus of \$6.0 million from financing activities generated from the exercise of options and settlement of the share placement to RAB Special Situations Master Fund Limited. The resulting cash balance at 30 June 2005 was \$8.74 million.

The final shipment of copper concentrate from the Reward Deeps Project is to be exported from Townsville during July 2005. The shipment is forecast to generate revenue of approximately \$3.0 million after costs.

The Company anticipates generating sufficient working capital from its operations to fund the costs associated with the completion of the bankable feasibility study on the Southdown Magnetite Project.

### **ALEC PISMIRIS**

Company Secretary

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

**Name of entity**

Grange Resources Limited

**ABN**

80 009 132 405

**Quarter ended ("current quarter")**

30 June 2005

**Consolidated statement of cash flows**

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	3,961	4,912
1.2 Payments for		
(a) exploration and evaluation	(4,341)	(6,014)
(b) development	-	-
(c) production	-	-
(d) administration	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	120	590
1.5 Interest and other costs of finance paid		(28)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
1.7(i) Payment to directors and employees	(449)	(1,340)
1.7(ii) Payment for all other working capital	(2,277)	(11,288)
<b>Net Operating Cash Flows</b>	<b>(2,986)</b>	<b>(13,168)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		(100)
(b) equity investments	-	-
(c) other fixed assets	(26)	(191)
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	(17)	(1,139)
1.12(ii) Proceeds from release of security deposit	-	-
1.12(iii) Payment for exploration, development and production	-	-
<b>Net investing cash flows</b>	<b>(43)</b>	<b>(1,430)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(3,029)</b>	<b>(14,598)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(3,029)	(14,598)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	6,006	7,105
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	-	-
	<b>Net financing cash flows</b>	<b>6,006</b>	<b>7,105</b>
	<b>Net increase (decrease) in cash held</b>	<b>2,977</b>	<b>(7,493)</b>
1.20	Cash at beginning of quarter/year to date	5,762	16,232
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>8,739</b>	<b>8,739</b>

**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	339
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Refer to attachment 1

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,645
4.2 Development	-
<b>Total</b>	<b>1,645</b>

### 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	156	838
5.2 Deposits at call	8,320	4,664
5.3 Bank overdraft	Nil	Nil
5.4 Other (Cash held with Joint Ventures)	263	260
<b>Total: cash at end of quarter (item 1.22)</b>	<b>8,739</b>	<b>5,762</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 *Ordinary securities	82,749,259	82,749,259		
7.4 Changes during quarter				
(a) Increases through exercise of options	2,000,000	5,230,000		
(b) Increases through issues	5,000,000	5,000,000		
7.5 *Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 Options <i>(description and conversion factor)</i>	4,285,715	-	<i>Exercise price</i> 50 cents	<i>Expiry date</i> 28 November 2006
	1,500,000	-	50 cents	30 June 2007
	1,500,000	-	125 cents	30 June 2007
	1,500,000	-	150 cents	30 June 2008
	1,000,000	-	250 cents	30 June 2011
7.8 Issued during quarter <sup>1</sup>	1,500,000	-	125 cents	30 June 2007
	1,500,000	-	150 cents	30 June 2008
	1,000,000	-	250 cents	30 June 2011
7.9 Exercised during quarter	2,000,000	-	50 cents	30 June 2007
7.10 Cancelled during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:            Alec Pismiris  
                              (Company secretary)

Date: 29 July 2005

## 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* apply 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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**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 \$338,955 and include:-

- Directors' fees (inclusive of superannuation) of \$25,136 paid to non-executive directors of the Consolidated Entity.
- Executive directors' salaries (inclusive of superannuation) of \$313,819