

APPENDIX 4D
HALF-YEAR REPORT
PERIOD ENDED 31 DECEMBER 2003

<p>GRANGE RESOURCES LIMITED ABN 80 009 132 450</p>
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2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

\$A '000			
Revenue from ordinary activities <i>(item 2.1)</i>	Up	2,928%	to 12,537
Profit from ordinary activities after tax attributable to members <i>(item 2.2)</i>	Up	394%	to 2,735
Net profit for the period attributable to members <i>(item 2.3)</i>	Up	394%	to 2,735
DIVIDENDS <i>(item 2.4)</i>		Amount per security	Franked amount per security
Interim dividend		Nil	Nil
Previous corresponding period		Nil	Nil
Record date for determining entitlements to the dividend <i>(item 2.5)</i>		Not applicable	
The Company does not propose to pay a dividend for the current period. <i>(item 2.6)</i>			

3. NET TANGIBLE ASSETS

	Current period	Previous corresponding period
Net tangible assets per ordinary security	N/A	N/A

4. CONTROL GAINED OVER ENTITIES HAVING MATERIAL EFFECT

Name of entity	Not applicable
Date from which control is gained	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity since the date in the current period on which control was acquired	Not applicable
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity for the whole of the previous corresponding period	Not applicable

LOSS OF CONTROL OF ENTITIES HAVING MATERIAL EFFECT

Name of entity	Not applicable
Date from which control is gained	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity since the date in the current period on which control was acquired	Not applicable
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity for the whole of the previous corresponding period	Not applicable

5. INTERIM DIVIDEND (DISTRIBUTION) ON ALL SECURITIES

	Current period	Previous corresponding period
Date the dividend is payable	Not applicable	Not applicable
⁺ Ordinary securities <i>(each class separately)</i>	Nil	Nil
Preference ⁺ securities <i>(each class separately)</i>	Not applicable	Not applicable
Other equity instruments <i>(each class separately)</i>	Not applicable	Not applicable
Total	Nil	Nil

6. DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS

The ⁺ dividend or distribution plans shown below are in operation.	Not applicable
The last date(s) for receipt of election notices for the ⁺ dividend or distribution plans	Not applicable

7. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
Bamine Pty Ltd	100	100	-	
Barrack Mines Pty Ltd	100	100	-	
BML Holdings Pty Ltd	100	100	3,762	(862)
Grange Capital Pty Ltd	100	100	-	
Horseshoe Gold Mine Pty Ltd	100	100	-	
Surfboard Securities Ltd	100	100	-	
Streetnet Pty Ltd	100	100	-	
Tribune Resources Pty Ltd	100	100	-	
Total	-	-	3,762	(862)
Other material interests	-	-	-	-
Total	-	-	3,762	(862)

8. AUDIT

This half-year financial report is based on accounts which have been subject to an audit review.

GRANGE RESOURCES LIMITED

ABN 80 009 132 405

AND CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2003

**GRANGE RESOURCES LIMITED
ABN 80 009 132 405
HALF-YEAR FINANCIAL REPORT**

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GRANGE RESOURCES LIMITED
ABN 80 009 132 405
HALF-YEAR FINANCIAL REPORT

DIRECTOR'S REPORT

Your directors submit their report for the results of Grange Resources Limited ("**Grange**" or "**the Company**") for the half-year ended 31 December 2003 ("**Balance Date**").

DIRECTORS

The names of the directors of the company in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Anthony Bohnenn (Non-executive Chairman)
Adam Rankine-Wilson (Managing Director)
Alexander Henry Nutter (Technical Director)
Hans-Rudolf Moser (Non-executive Director)

REVIEW AND RESULTS OF OPERATIONS

The consolidated net operating profit of the Consolidated Entity after providing for income tax amounted to \$2,735,148 (2002: loss of \$931,000). The result included the following items:

- Mine operating expenses of \$7,115,865
- Amortisation expenses of \$1,105,000
- Board and staff payroll expenses of \$463,908

The Company's activities during the period included the following:

- In July 2003 shareholders of the Company approved the terms of an on-market share buy-back authorising the Company to acquire up to a maximum of 6,675,522 of the fully paid ordinary shares on issue, representing 10% of the capital of the Company over a six month period commencing 1 August 2003. At Balance Date the Company had bought back 1,322,327 shares for a total consideration of \$428,336.
- In July 2003 Gleneagle Gold Limited ("Gleneagle") exercised an option with Horseshoe Gold Mine Pty Ltd ("Horseshoe"), a wholly owned subsidiary of Grange to farm in to the Wembley Project and the joint venture commenced. Under the terms of the joint venture arrangement Gleneagle can earn an 80% interest in the tenements by spending \$500,000 on exploration within 4 years with minimum expenditure levels of \$150,000 during years 1 and 2 of the 4-year earn in period. Gleneagle can elect to withdraw from the agreement after expenditure of \$150,000. Horseshoe's 20% interest is free carried to a decision to mine. Within 60 days after a decision to mine, Horseshoe has the right to elect to contribute pro-rata to expenditure, sell its 20% interest or convert its 20% interest to a royalty of \$20.00 per recovered ounce for the first 40,000 ounces of production and a 3% gross revenue royalty on any production thereafter. Gleneagle has pre-emptive rights on Horseshoe's 20% interest 2003. Pursuant to the completion of the option agreement for the Wembley Project, Horseshoe was issued 200,000 fully paid ordinary shares in Gleneagle as part consideration which are subject to escrow restrictions until 14 April 2004.
- In August 2003 the Company was advised by the manager of the Reward Deeps and Conviction underground project, that operations were placed in a period of transition for approximately two weeks whilst a change in the mining contractor took place. There was a sufficient supply of ore available to keep the Thalanga processing plant operating during the transition of mining contractors at the mine.
- On 6 September 2003, Hillgrove Gold Limited and Grange announced their intention, through an equally and jointly owned nominee, to make an off-market takeover bid for all the fully paid ordinary shares in Selwyn Mines Limited (Receivers and Managers appointed). The bid was designed to secure 1,500 sq. km. exploration and mining tenement package that is located in the Eastern Succession of the Mt. Isa Inlier in North West Queensland.
- On 18 September 2003 the second shipment of 9,989 tonnes of concentrate from the Reward Deeps and Conviction underground mine was exported from Townsville generating revenue of approximately \$5.70 million.

GRANGE RESOURCES LIMITED
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HALF-YEAR FINANCIAL REPORT

DIRECTOR'S REPORT CONTINUED

REVIEW AND RESULTS OF OPERATIONS CONTINUED

- On 29 December 2003 the third shipment of 10,730 tonnes of concentrate from the Reward Deeps and Conviction underground mine was exported from Townsville generating revenue of approximately \$5.43 million.
- On 10 October 2003 Hillgrove Gold Limited and Grange announced they would not proceed with the proposed off-market takeover bid for all the fully paid ordinary shares in Selwyn Mines Limited following an announcement by Ivanhoe Mines that a subsidiary of Ivanhoe Australia had purchased the copper-gold project's mining and exploration leases in Australia from Selwyn Mines Limited.
- On 10 October 2003 the Company announced it had arranged a placement of a maximum of 4,285,715 fully paid ordinary shares at an issue price of \$0.35 each with a one for one free attaching unlisted option (exercisable at 50 cents each on or before 28 November 2006) to raise up to \$1.50 million before expenses of the issue to The Golden Arrow Fund II. The placement which took place in two tranches was approved by shareholders at the Company's annual general meeting and completed during the period.
- In November 2003 the Company secured the right to acquire the Southdown Magnetite Project ("Southdown") from Global Doctor Pty Ltd, a wholly owned subsidiary of MedAire Inc. Under the terms of the purchase agreement, the total consideration payable for Southdown is \$1.65 million on a staggered purchase arrangement over a period of time up to the commencement of commercial mining operations.
- During October 2003, development of access to the Lower Reward Deeps ore body was completed and development within the ore was completed in November 2003. During December 2003 development access to a small ore body, referred to as the Hanging Lens, was commenced.
- Following a comprehensive drilling programme undertaken during the period, ore reserves for the Reward Deeps and Conviction Project were updated during the December quarter and as at 31 December 2003 amounted to 788,000 tonnes grading 3.8% copper. Based on the updated ore reserves the project life is expected to be extended to October 2004 with total concentrate production being increased by approximately 20% from 179,000 tonnes to 215,000 tonnes. Grange's estimated share of copper concentrate production increased from 53,600 tonnes to 64,500 tonnes over the life of the project.
- Full mining production at the Reward Deeps and Conviction Project was achieved during September 2003 and was readily maintained throughout the remainder of the period. During the period 405,847 tonnes of ore grading 4.66% copper were processed through the Thalanga plant for the production of 66,042 tonnes of copper concentrate containing 26.56% copper and 0.8 g/t gold. Copper recovery and concentrate grade were below budget for the period primarily due to variable head grade and process water quality.
- Royalties totalling \$20,103 were earned from the Freshwater project during the period. Encouraging drilling results were recorded from the Plutonic East underground mine and the Salmon gold prospect within the Freshwater leases.
- During the period Placer Dome Asia Pacific commenced and maintained full-scale mining operations at Red Hill. From commencement of mining in February 2003 until Balance Date, total gold produced from the current operation and the trial pit within M27/57 amounted to 51,612 ounces. Based on the current mining schedule it is estimated that royalty payments to Grange should commence during the September 2004 quarter.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Share capital increased \$3,781,000 from the last annual financial report from \$11,106,000 to \$14,887,000 and represents a increase of 34%. Factors contributing to this increase include the following:

- The completion of a share placement comprising of two tranches totalling 4,285,715 fully paid ordinary shares at an issue price of \$0.35 each with a one for one free attaching unlisted option (exercisable at 50 cents each on or before 28 November 2006) to raise up to \$1.50 million before expenses of the issue;
- The on-market share buy-back of 1,322,327 fully paid ordinary shares over the period commencing 1 August 2003 for a total consideration of \$428,336; and
- The profit from ordinary activities of \$2,735,148

GRANGE RESOURCES LIMITED
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HALF-YEAR FINANCIAL REPORT

DIRECTOR'S REPORT CONTINUED

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company expects to maintain profitability for the remainder of the 2003/04 financial year with the continuation of production of copper concentrate from the Reward Deeps and Conviction mine.

The Company expects royalty payments from Barrick Gold to continue during the remainder of the 2003/04 financial year from mining activities on the Freshwater leases.

The Company expects royalty payments from Placer Dome Asia Pacific to commence in the September 2004 quarter from mining activities at the Red Hill project.

Grange will undertake a detailed review of Southdown to assess the viability of the Project.

The Company will continue to pursue growth opportunities in the resources sector as demonstrated by acquisition of the Southdown Project.

SIGNIFICANT EVENTS SINCE THE END OF THE REPORTING PERIOD

On 5 January 2004, the Company received proceeds of approximately \$5.43 million from the third shipment (10,730 tonnes) of copper concentrate from the Reward Deeps project exported from Townsville on 29 December 2003.

On 31 January 2004 the on-market share buy-back to acquire up to a maximum of 10% of the capital of the Company concluded. The Company acquired 1,366,677 shares for a total consideration of \$450,700.

On 23 February 2004 the Company announced it had issued 35,000 fully paid ordinary shares pursuant to the exercise of options issued under the Grange Resources Limited Directors' and Officers' Option Plan. The exercise price of these options was 12 cents, resulting in the Company receiving \$4,200.00.

Grange commenced a detailed review of Southdown to assess the viability of the Project.

There were no other events that occurred subsequent to the Balance Date that would significantly effect on the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

ROUNDING

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

Adam Rankine-Wilson
Managing Director

Dated this 26th day of February 2004, Perth WA

GRANGE RESOURCES LIMITED
 ABN 80 009 132 405
 HALF-YEAR FINANCIAL REPORT

CONDENSED STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Notes	CONSOLIDATED	
		2003	2002
		31 December	31 December
		\$'000	\$'000
REVENUES FROM ORDINARY ACTIVITIES	2	12,537	414
Expenses from ordinary activities	2	(9,717)	(1,333)
Borrowing costs		(18)	(12)
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		2,802	(931)
INCOME TAX RELATING TO ORDINARY ACTIVITIES	3	(67)	-
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		2,735	(931)
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF GRANGE RESOURCES LIMITED		2,735	(931)
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO MEMBERS OF GRANGE RESOURCES LIMITED AND RECOGNISED DIRECTLY IN EQUITY		(30)	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		2,705	(931)
Basic Earnings per share (cents per share)		4.12c	(1.20)c
Diluted Earnings per share (cents per share)		4.12c	(1.20)c

GRANGE RESOURCES LIMITED
ABN 80 009 132 405
HALF-YEAR FINANCIAL REPORT

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

	Notes	CONSOLIDATED	
		AS AT	AS AT
		31 DECEMBER 2003	30 JUNE 2003
		\$'000	\$'000
CURRENT ASSETS			
Cash Assets		4,147	3,771
Receivables		8,406	3,280
Prepayments		15	42
Inventories		1,813	3,045
TOTAL CURRENT ASSETS		14,381	10,138
NON CURRENT ASSETS			
Receivables		315	309
Property Plant & Equipment		281	280
Deferred exploration, evaluation & development costs		3,050	4,117
Investments		650	-
Other		1,656	1,615
TOTAL NON CURRENT ASSETS		5,952	6,321
TOTAL ASSETS		20,333	16,459
CURRENT LIABILITIES			
Payables		3331	2,980
Provisions		599	616
TOTAL CURRENT LIABILITIES		3,930	3,596
NON CURRENT LIABILITIES			
Provisions		1,516	1,757
TOTAL NON CURRENT LIABILITIES		1,516	1,757
TOTAL LIABILITIES		5,446	5,353
NET ASSETS		14,887	11,106

GRANGE RESOURCES LIMITED
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 HALF-YEAR FINANCIAL REPORT

CONDENSED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2003 CONTINUED

	Notes	CONSOLIDATED	
		AS AT 31 DECEMBER 2003 \$'000	AS AT 30 JUNE 2003 \$'000
EQUITY			
Contributed Equity	4(a)	31,317	30,271
Reserves		5,874	5,874
Accumulated Losses		(22,304)	(25,039)
TOTAL EQUITY		14,887	11,106

GRANGE RESOURCES LIMITED
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HALF-YEAR FINANCIAL REPORT

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Notes	CONSOLIDATED	
		2003 31 December \$'000	2002 31 December \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		6,546	1,077
Payments to suppliers and employees		(7,055)	(4,342)
Interest received		86	244
Interest paid		(18)	(12)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(441)	(3,033)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for exploration, evaluation and development		(38)	(664)
Payment for security deposit		(41)	(1,576)
Refund of security deposit		-	117
Payment for investments		(150)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(229)	(2,123)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from capital raising		1,500	-
Payment for shares bought back		(424)	(1,474)
Payment for share issue expenses		(30)	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES		1,046	(1,474)
NET INCREASE IN CASH HELD		376	(6,630)
Add opening cash brought forward		3,771	12,357
CLOSING CASH CARRIED FORWARD		4,147	5,727

GRANGE RESOURCES LIMITED
ABN 80 009 132 405
HALF-YEAR FINANCIAL REPORT

NOTES TO THE CONCISE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include full disclosure of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Grange Resources Limited as at 30 June 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by Grange Resources Limited during the half-year ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Accounting

The half-year financial report is a general purpose report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Consensus Views).

The financial statements have been prepared in accordance with the historical cost convention.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those applied in the 30 June 2003 annual financial report.

GRANGE RESOURCES LIMITED
ABN 80 009 132 405
HALF-YEAR FINANCIAL REPORT

NOTES TO THE CONCISE FINANCIAL STATEMENTS CONTINUED

Note	2003	2002
	\$'000	\$'000
2. OPERATING PROFIT		
The operating profit/(loss) before income tax is arrived at after charging/(crediting) the following items:		
Crediting as income :		
Sales	12,406	-
Interest	86	244
Other	45	170
Total income	12,537	414
Charged as expense		
Cost of sales	(7,259)	-
Mine operating expenditure	-	(244)
Administration costs	(363)	(861)
Other expenses	(2,113)	(240)
Total expenses	(9,735)	1,345
Total depreciation and amortisation included in total expenses:		
Amortisation and depreciation	1,105	148
3. INCOME TAX		
The prima facie tax on operating profit differs from the income tax provided in the financial statements as follows:		
Operating profit/(loss)	2,802	(931)
Prima facie tax on operating profit/(loss) at 30%	841	(279)
Tax effect of permanent differences		
Non-deductible expenses	59	(6,006)
Tax effect of timing differences	(833)	6,285
Income tax expense	67	-

GRANGE RESOURCES LIMITED
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HALF-YEAR FINANCIAL REPORT

NOTES TO THE CONCISE FINANCIAL STATEMENTS CONTINUED

Note	AS AT 31 DECEMBER 2003	AS AT 30 JUNE 2003
	\$	\$
4. EQUITY		
<i>(a) Issued and paid up capital</i>		
Ordinary shares- beginning balance	30,271	32,450
Add share issues	1,500	60
Less share buy-backs	(424)	(2,239)
Less share issue expenses	(30)	-
Total equity at end of period	31,317	30,271

5. SUBSEQUENT EVENTS

On 5 January 2004, the Company received proceeds of approximately \$5.43 million from the third shipment (10,730 tonnes) of copper concentrate from the Reward Deeps project exported from Townsville on 29 December 2003.

On 31 January 2004 the on-market share buy-back to acquire up to a maximum of 10% of the capital of the Company concluded. The Company acquired 1,366,677 shares for a total consideration of \$450,700.

Grange commenced a detailed review of Southdown to assess the viability of the Project.

There were no other events that occurred subsequent to the Balance Date that would significantly effect on the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

6. SEGMENT INFORMATION

The Consolidated Entity operates predominantly in one geographic segment, Australia and one industry segment, mining and exploration.

7. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no change of any contingent liabilities or contingent assets

GRANGE RESOURCES LIMITED
ABN 80 009 132 405
HALF-YEAR FINANCIAL REPORT

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Grange Resources Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the Company:

- (i) give a true and fair view of the financial position as at 31 December 2003 and the performance for the half-year ended on that date; and
- (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Adam Rankine-Wilson
Managing Director

Dated this 26th day of February 2004, Perth WA

Independent review report to members of Grange Resources Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity comprising both Grange Resources Limited (the company) and the entities it controlled during the period, and the directors' declaration for the company, for the period ended 31 December 2003.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

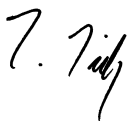
Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Grange Resources Limited and the entities it controlled during the period is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2003 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia



Ernst & Young



V W Tidy
Partner
Perth

Date: 26 February 2004