

REPORT FOR THE QUARTER ENDED 31 DECEMBER 2002

MINING & EXPLORATION ACTIVITIES

MT WINDSOR JOINT VENTURE

Reward Deeps and Conviction Project (Grange Resources Limited (“Grange”) 30% Thalanga Copper Mines Pty Ltd (“TCM”) 70%)

Mine development continued during the quarter with work focussed on preparing the Conviction, B Lens and Chimney ore bodies for stoping. By the end of December production stoping in the upper levels of the Conviction ore body had commenced and stope drilling was underway in B Lens. Ore production for the quarter was 77,000 tonnes the majority of which was development ore. Stopping is scheduled to commence in the B Lens and Chimney ore bodies during January 2003. Production from the Reward Deeps ore body is scheduled to commence during May 2003.

The Thalanga concentrator commenced treating development ore from the underground mine on 28 October 2002. During the quarter 96,269 tonnes of ore grading 5.58% copper were processed through the Thalanga plant for the production of 18,033 tonnes of copper concentrate containing 27.32% copper and 0.8 g/t gold. Copper recovery and concentrate grade steadily increased during the commissioning of the new ore and by the end of December were close to budget.

A summary of the production statistics for the Reward Deeps project for the December 2002 quarter and project to 31 December 2002 is presented in Table 1.

TABLE 1
MT WINDSOR JOINT VENTURE
REWARD DEEPS PROJECT – PRODUCTION STATISTICS

	September 2002 Quarter	December 2002 Quarter	Project to 31 December 2002
Ore Mined (tonnes)	22,785	77,030	99,815
Ore Milled (tonnes)		96,269	96,269
Head grade - Copper %		5.58	5.58
Metal Recovery - Copper %		91.7	91.7
Concentrates Produced (tonnes)		18,033	18,033
Concentrate Grade - Copper %		27.32	27.32
- Gold (g/t)		0.80	0.8
- Silver (g/t)		17	17

Mine development work and ore production fell behind schedule during the quarter and resulted in the Thalanga concentrator being temporarily shut down on 31 December 2002 due to lack of ore. The plant restarted on 13 January 2003 when ore stocks were sufficient to allow continuous operation. Over the next few months ore production is scheduled to steadily increase as new mining faces are opened up to enable the operation to achieve a processing capacity of 75,000 tonnes per month.

The mine was put on care and maintenance mode for 48 hours on 7 January 2003 as part of an initiative by mine management to correct some safety concerns at the mine. Mining operations recommenced on 10 January 2003. During the stoppage maintenance and repair work were undertaken and safety issues addressed.

Despite the temporary closure of the mine and mill concentrate production at the end of December was close to budget due to the grade of ore being approximately 20% higher than the ore reserve.

Engineering design for mining the B Lens and Chimney ore bodies have been completed and the mining reserves for the project have been updated. The revised mining reserves as at 31 December 2002 are summarised in Table 2 and are based on mining the Reward Deeps and Chimney ore bodies by sub level caving, the Conviction ore body by high lift stoping with cemented rock fill and the B Lens ore body by sub level open stoping. The reserve figures do not include the ore mined to 31 December 2002.

TABLE 2
MT WINDSOR JOINT VENTURE
MINING RESERVE AS AT 31 DECEMBER 2002

Reserve	Status	Tonnes	Grade Cu %	Contained Cu Tonnes
Reward Deeps	Proven	324,000	4.6	15,000
(Sub Level Caving)	Probable	220,000	3.8	8,200
	Other	32,000	3.1	1,000
Total		576,000	4.2	24,200
Conviction	Proven	262,000	6.4	16,800
(High Lift Stoping)	Probable	70,000	4.6	3,200
Total		332,000	6.1	20,000
Chimney (Sub Level Cave)	Probable	120,000	3.7	4,500
Total		120,000	3.7	4,500
B Lens (Sub Level Open Stoping)	Probable	66,000	3.4	2,300
Total		66,000	3.4	2,300
Total Proven		586,000	5.4	31,800
Total Probable		476,000	3.8	18,200
Total Other		32,000	3.1	1,000
Grand Total		1,094,000	4.6	51,000

NOTES:

- Reserves rounded to nearest 1,000 tonnes.
- Copper Grades rounded to 1 decimal place.
- Contained copper rounded to nearest 100 tonnes.
- “Other” is mineralisation within the resource model that will be mined as part of the stoping blocks.

This reserve information has been compiled by Mr Simon Wulff of Simon Wulff and Associates who is a competent person as defined in Appendix 5A to the ASX Listing Rules. Simon Wulff and Associates and Thalanga Copper Mines Pty Ltd have consented in writing to the information being included in the form and context in which it appears.

Highway Project
(Grange 30%, TCM 70%)

Rehabilitation of the Highway and Reward waste rock dumps is underway and by the end of December 2002 approximately 70% of the reshaping and 80% of the oxide capping layer had been spread. Quotations for the revegetation of the dumps have been received and are being reviewed.

Exploration
(Grange 30%, TCM 70%)

Four underground diamond drill holes into the top of the Lower Reward Deeps resource have returned encouraging intersections including 16.2m @ 3.54% Cu in UG02_062 and 3m @ 4.38% Cu in UG02_060. An underground diamond-drilling programme to test a 100-metre zone vertically below the known deposit has been designed. Drilling commenced on 22 January 2003 and should be completed during the March quarter.

Three RC holes aggregating 1050 metres were completed at the Truncheon prospect during November 2002. All holes intersected disseminated pyrite and alteration with similarities to the Highway mineralisation system however only minor anomalous base metal intersections were recorded. Down hole EM to test for nearby conductors is planned for the March 2003 quarter.

Two RC holes aggregating 579 metres were drilled at the Coronation prospect during November. No significant intersections were recorded.

During the quarter mineral resource estimates were updated. A summary of mineral resources within the Mt Windsor project area as at the end of December 2002 is presented in Table 3. It should be noted that the resources modified to produce the reserve figures for Reward Deeps, Conviction, B Lens and Chimney presented in Table 2 are **included** in the resource figures in Table 3.

TABLE 3					
MT WINDSOR JOINT VENTURE					
MINERAL RESOURCES AS AT 31 DECEMBER 2002					
Resource	Status	Tonnes	Grade Cu%	Au g/t	Contained Cu Tonnes
Reward Deeps	Measured	323,000	5.9	0.8	19,000
	Indicated	274,000	4.3	0.9	11,700
	Inferred	105,000	3.7	1.0	3,900
	Total	702,000	4.9	0.9	34,600
Conviction	Measured	281,000	6.4	0.8	18,000
	Indicated	68,000	4.7	0.8	3,200
	Inferred	6,000	3.2	0.6	200
	Total	354,000	6.0	0.8	21,400
Chimney Zone	Indicated	77,000	4.3	0.8	3,300
	Total	77,000	4.3	0.8	3,300
B Lens	Indicated	95,000	4.2	0.7	4,000
	Total	95,000	4.2	0.7	4,000
Lower Reward Deeps	Measured	40,000	4.8	0.8	2,000
	Indicated	90,000	4.2	0.8	3,800
	Inferred	10,000	4.6	0.5	500

	Total	140,000	4.4	0.8	6,300
Highway South	Indicated	76,000	4.0	0.9	3,000
	Inferred	7,000	3.1	0.6	200
	Total	83,000	3.9	0.9	3,200
North Reward	Inferred	245,000	3.8	0.7	9,400
	Total	245,000	3.8	0.7	9,400
Total Measured		644,000	6.1	0.8	39,000
Total Indicated		680,000	4.3	0.8	29,000
Total Inferred		372,000	3.8	0.8	14,200
Grand Total		1,696,000	4.9	0.8	82,200

NOTES:

- Estimation method for all resources except North Reward - Block model, Ordinary Kriging.
- North Reward estimation method – block model, inverse distance squared.
- Resources rounded to nearest 1,000 tonnes.
- Copper Grades rounded to 1 decimal place.
- Cut off grade 3% Cu.

This resource information has been compiled by Mr Geoff Phillips of Thalanga Copper Mines Pty Ltd who is a competent person as defined in Appendix 5A to the ASX Listing Rules. Thalanga Copper Mines Pty Ltd has consented in writing to the information being included in the form and context in which it appears.

FRESHWATER

**(Barrick Gold of Australia Limited (“Barrick”) 100%,
Grange - Production Royalty)**

Barrick has provided the following information on activities relating to the Freshwater project during the December 2002 quarter.

Operations

During the December quarter development of the Plutonic East underground mine continued with further small tonnages of development ore being mined. Production details for the Plutonic East project to the end of December 2002 are summarised in Table 4

TABLE 4 FRESHWATER PROJECT – PLUTONIC EASTMINE SUMMARY OF ORE PRODUCTION TO 31 DECEMBER 2002 (Ore tonnes > 1.5g/t Au)		
Period	Tonnes	Grade g/t Au
December 2001 to 30 June 2002	20,865	5.05
September 2002 Quarter	21,941	7.73
December 2002	12,228	7.54
Grand Total	55,034	6.67

Development of the Speckled open pit, which forms part of the Pigeon project, commenced during the quarter. Production statistics for the Pigeon project are summarised in Table 5. The high cash operating cost is due to the commencement of mining at the Speckled pit where the main activity was the removal of overburden.

TABLE 5 FRESHWATER PROJECT – PIGEON & SPECKLED OPEN PITS OPERATING STATISTICS		
	September 2002 Quarter	December 2002 Quarter
MINING		
Ore Mined (bcm)	23,478	1,493
Total Material (bcm)	123,469	127,085
Ore mined (tonnes)	49,298	3,136
TREATMENT		
Ore Milled (tonnes)	49,298	3,136
Head Grade (g/t)	1.34	1.97
Recovery (%)	91.0	89.6
Gold Produced (oz)	1,933	199
Royalty payable to Grange (\$)	17,936	1,064
Cash Operating Cost (\$/oz)	361	725

Development Drilling

During the December 2002 quarter the underground diamond-drilling programme initiated at Plutonic East during the previous quarter was completed and a follow up programme commenced. The new drilling programme is made up of predominantly short holes targeting specific lodes where additional drill information is required due to the complex nature of the ore body. As a result of these drill programmes dilution of the ore has been minimized resulting in a higher head grade. During the quarter 30 holes aggregating 1233.5 metres were drilled within the Freshwater tenements.

Significant drilling intersections (> 10g.m/t) from the programme are summarised in Table 6

TABLE 6
FRESHWATER PROJECT – PLUTONIC EAST MINE
DECEMBER 2002 QUARTER
SIGNIFICANT DEVELOPMENT DRILLING RESULTS (>10g.m/t)

Hole	Northing	Easting	RL	Final Depth	Intersection (m)	g/t Au
UDE0068	10767	8247	1331	35.0	1.30	186.53
					1.00	16.00
UDE0069	10747	8279	1331	35.2	2.00	24.26
					0.90	6.00
UDE0070	10765	8297	1331	29.9	0.30	51.93
					1.65	7.46
					1.45	3.37
UDE0071	10751	8302	1331	30.4	0.70	21.74
					1.50	9.59
UDE0072	10743	8360	1331	35.7	0.90	5.30
					1.25	17.29
UDE0089	10655	8329	1355	104.8	2.80	30.03
					0.70	31.30
UDE0090	10645	8318	1320	34.4	1.60	26.27
					0.50	12.28
					1.00	3.62
UDE0097	10663	8280	1315	35	0.80	6.11
					2.00	5.65
UDE0099	10666	8308	1318	40.2	2.43	36.38
					1.07	5.34
UDE0137	10772	8319	1329	20.0	2.95	3.97
UDE0139	10776	8280	1318	50.6	2.55	11.26
UDE0142	10797	8266	1316	29.9	7.80	9.24
					1.20	10.29

Development drilling was also undertaken within the Pigeon project with forty-three holes aggregating 2140 metres being completed at Speckled. Significant intersections (> 10g.m/t)) from the Speckled drilling programme are summarised in Table 7.

TABLE 7
FRESHWATER PROJECT – SPECKLED PROJECT
DECEMBER 2002 QUARTER
SIGNIFICANT DEVELOPMENT DRILLING RESULTS (>10g.m/t)

Hole	Northing	Easting	RL	Depth From	Intersection (m)	g/t Au
FRC9763	5139	19960	529	50	2	6.08
FRC9787	5160	19920	529	38	1	1.40
				74	5	2.65
FRC9791	5130	19940	529	48	2	7.61
				51	1	1.18

Exploration

Exploration activity during the December quarter on the Freshwater project included RC drilling at the Hawke prospect and completion of two diamond drill holes to test for mineralisation beneath the Salmon deposit.

Four RC holes aggregating 1024 metres were completed at the Hawke prospect to test a broad Au-Bi-Te-W geochemical anomaly. The geology encountered consisted of a sequence of fine-grained siltstones and sandstones with minor thin (<10m thick) dolerite intrusions. No significant alteration zones were encountered and no significant assays returned.

The pre-collar for FDD0095 drilled beneath the Salmon deposit returned two narrow intersections, 2m @ 1.54g/t Au from 158 metres and 1m @ 1.23g/t Au from 287 metres. The upper intersection appears to be associated with a biotite alteration zone in a fine-grained mafic volcanic and the lower intersection is from a chlorite altered talcose ultramafic with minor quartz veining. No significant assays were returned from a second diamond hole drilled to test beneath the Salmon pit.

RED HILL (Mining Lease M27/57) **(Placer Dome Asia Pacific 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 Placer Dome Asia Pacific.

Placer Dome Asia Pacific has advised that mining at Red Hill is scheduled to commence during February 2003 at a rate of 1.5 million tonnes per annum. The ore is to be trucked to the Paddington mill for processing.

Unless otherwise stated, technical information in this report on mining 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

At the Company's annual general meeting held on 25 November 2002, shareholders approved the terms of a Selective Share Buy-Back Agreement with Callanish Interests Pty Ltd to acquire 5,681,683 fully paid ordinary shares at a price of \$0.11 (amounting to a total price of \$624,985) and 26,830,168 preference shares for a total price of \$1.00. The selective share buy-back and cancellation of securities was subsequently completed on 27 November 2002.

On 2 December 2002 the Company announced its intention to implement an on-market share buy-back for the purpose of capital management. Under the terms of the on-market share buy-back the maximum number of shares that were to be bought back over a six-month period was 7,361,691. As at 31 December 2002 the total shares bought back by the Company pursuant to the on-market share buy-back was 4,200,181 with the total consideration being \$852,464.11.

CASH POSITION

During the December quarter, development of the Reward Deeps and Conviction Project underground mines continued which contributed to a negative cash flow of \$2.45 million from operating activities. A cash flow deficit of \$1.48 million from financing activities was largely attributable to the buy-back of shares during the quarter. The resulting cash balance at 31 December 2002 was \$5.68 million.

ALEX NUTTER

Director