GRANGE
RESOURCES LIMITED
ABN 80 009 132 405

REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2005

HIGHLIGHTS

Southdown Magnetite

- The Southdown bankable feasibility study (BFS) is progressing well with results in line with initial scoping study forecasts.
- Significant upgrade to interim inferred resource estimate announced in late September of 426 million tonnes grading 37% magnetite for data received to 22 September 2005. A 53% increase on the initial interim inferred resource estimate available.
- Diamond drilling and resource evaluation continuing with 156 diamond drill holes aggregating 42,546 metres completed to date (99% complete).
- Resource assay data indicates that a relatively uniform and high concentrate grade can be produced at a magnetite recovery of approximately 37%. The expected concentrate grade is 68.8% Fe.
- Pilot plant production of magnetite concentrate is being undertaken in Perth. In October, 1.5 tonnes of concentrate despatched to Outokumpu (Lurgi) in Germany for pellet testing. In November 3.0 tonnes of concentrate will be sent to Kobelco in Japan for similar testing.
- Grange anticipates new participants will be introduced into the projects and is providing specific BFS information to a number of companies who have registered their interest through confidentiality agreements.

Red Hill

- Royalty payments of $317,680 generated during the quarter.
- 13,411 ounces of gold recovered from the processing of 266,716 tonnes of ore grading 1.67g/t.

Freshwater

- Royalty payments of $44,043 generated during the quarter.
- Mining undertaken from the Plutonic East underground mine during the quarter.

Wembley

- Gleneagle advise that further fieldwork is underway.

Mt Windsor Joint Venture

- Final shipment of 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.

Financial

- Cash and cash assets at the end of the September 2005 quarter totalling $5.46 million.

PROJECTS, MINING & EXPLORATION ACTIVITIES

SOUTHDOWN MAGNETITE PROJECT
(Grange 100%)

The Southdown Magnetite Project is located approximately 90 kilometres northeast of the Port of Albany on the south coast of Western Australia. It comprises three granted mining leases ML70/433, ML70/718 and ML70/719 covering an area of 1700 hectares on freehold farming property. The location of the deposit and mining leases are illustrated on figures 1 and 2 below.

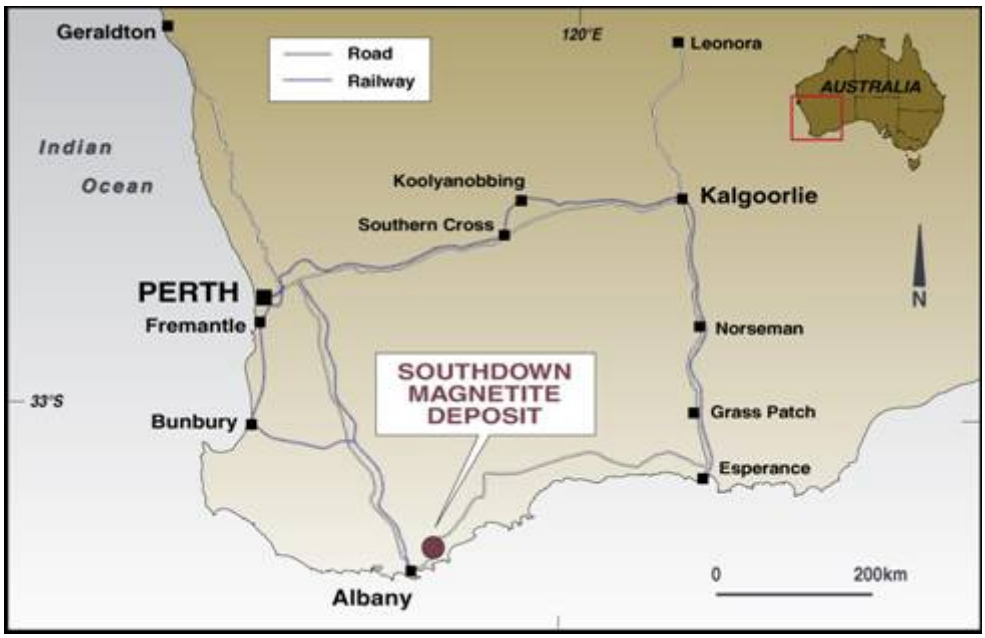

Figure 1: Location of Southdown Magnetite Project, Albany WA

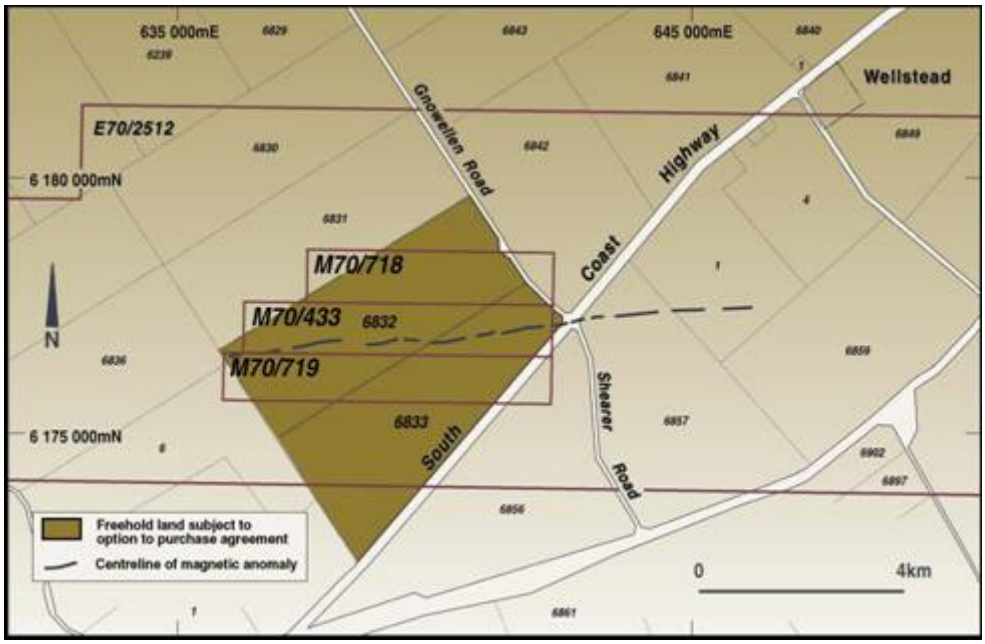

Figure 2: Southdown Mining Leases

During the 1980's a number of drilling programmes were undertaken, mainly in the western 2 kms of the deposit. These programmes outlined a significant resource of magnetite ore grading 37.4% magnetite, but were limited to only 2km out of a total resource length of about 13 km.

In November 2003, Grange Resources Ltd acquired the Southdown mining leases and immediately commenced a review of previous exploration work. This led Grange to undertake a new ground magnetic survey and investigate a number of essential development requirements, including a harbour

and shipping channel sea floor probing survey at Albany. The results of this work culminated in a prefeasibility "Scoping Study" which considered the following project components:

- mining at an annual rate of 17.8 million tonnes with a stripping ratio of around 2.6 to 1.0;
- annual production of magnetite concentrate at 69% Fe of 6.5 million tonnes per annum;
- transportation of the magnetite concentrate to the Port of Albany via a buried slurry pipeline;
- establishing a large-scale pellet plant in South East Asia to process the Southdown concentrate into high grade iron ore pellets;
- potential markets for use of pellets in direct reduction and blast furnaces located in the South East Asian region; and
- assessment of the economics of the project including capital expenditure on infrastructure in Australia and South East Asia.

The key findings from the scoping study included:

- a potentially significant resource was indicated to warrant large scale mining, concentrating and pelletisation operations;
- the orebody appeared to be amenable to coarse magnetic separation;
- close proximity to road and port facilities in Western Australia and Malaysia;
- competitive mining and processing costs;
- the mining tenements were located on freehold land in Western Australia with no Native Title issues outstanding;
- two products are proposed namely Direct Reduction ("DR") and Blast Furnace ("BF") pellets; and
- establishment of a pellet plant in Malaysia, near key markets including:
    - Direct Reduction - Malaysia, Indonesia, Middle East; and
    - Blast Furnace – steel producers in China, Japan, South Korea and Taiwan.

Bankable Feasibility Study ("BFS")

In January 2005 Grange announced the commencement of a full BFS for the Southdown Magnetite and Malaysian Pellet Project. Grange targeted the completion of the technical aspects by the end of 2005 with environmental and project approvals targeted for by mid 2006.

Malaysian Pellet Project Overview

In February 2005, Grange Resources announced that it had entered into a Heads of Agreement with Road Builder (M) Holdings Bhd, a publicly listed Malaysian company, to acquire up to a maximum of 60 hectares of land in an industrial estate adjacent to the port of Kemaman to build a magnetite pellet project and secure port facilities (West Wharf). The Kemaman Pellet Plant will use concentrate shipped from the Southdown Magnetite Project to produce high quality iron ore pellets. The Kemaman site was selected as the preferred location for reasons including the following:

- availability of competitively priced energy supplies including natural gas and electricity;
- close proximity to potential off-take parties and markets;
- access to port infrastructure with low operating costs;
- availability of a skilled construction and operating workforce
- access to natural gas and competitive power supplies; and
- the potential granting of government incentives including tax benefits and the exemption from import and export duties.

Development Plan

It is proposed the deposit will be mined using proven open pit mining methods. Overburden will be stockpiled, while the ore itself will be crushed, ground, screened and then magnetically separated to produce a magnetite concentrate. Coarse production waste (tailings) will be dewatered and deposited as solid tailings while finer material will be deposited in a slurry form into a tailings facility.

The magnetite concentrate will be pumped as slurry, approximately 100 km to a concentrate storage facility at the port of Albany before being loaded on to capesize vessels and shipped to an iron ore pellet plant located in Malaysia. Filtered water recovered from the slurry will be pumped back to the mine site for re-use in the concentrator via a return water pipeline buried beside the slurry pipeline. At Albany Port the construction of a new berth will be required and the Albany Port Authority will provide land to accommodate a concentrate storage facility and shiploading infrastructure. Widening of the existing shipping channel into the Princess Royal Harbour and extending the channel into King George Sound is also proposed to facilitate the access of capesize vessels.

Exploration and Resource Evaluation

The deposit extends for a strike length of approximately 13 km and the Company's mining leases cover the western 6km of the deposit. The eastern section of the deposit is held by Rio Tinto within an exploration license. In early 2005, Rio Tinto undertook an aerial magnetic survey over the entire deposit (see Figure 3).

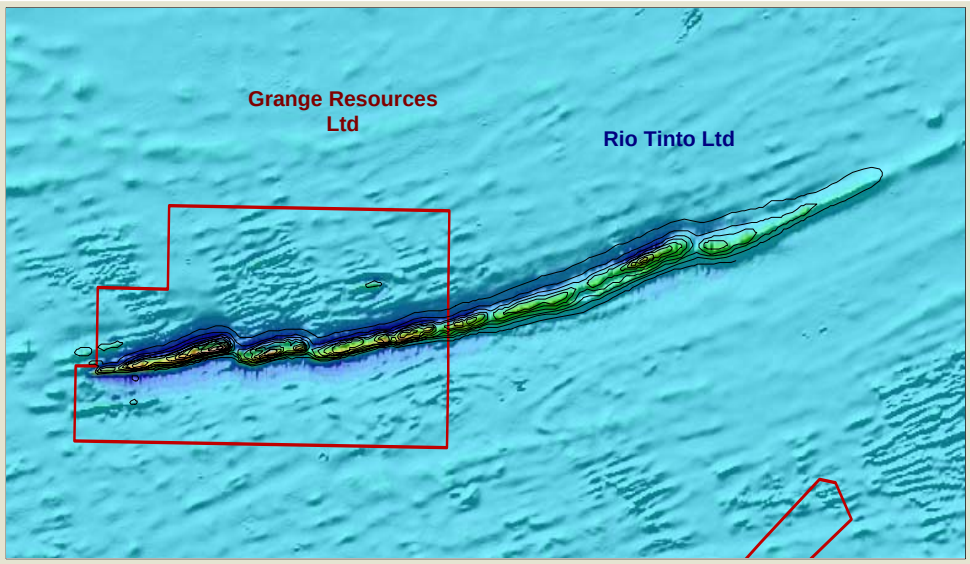

Figure 3: Rio Tinto Aeromagnetic Survey 2005

This survey indicated the increasing depth of cover over the magnetite mineralisation as the deposit extends from Grange's mining leases further to the east. More detailed evaluation by diamond drilling of the deposit covered by the exploration license has commenced in October 2005

Grange Drilling Programme

In November 2004, diamond drilling commenced on Grange's mining leases under a comprehensive resource drilling program which was designed to test both depth and strike extensions of the deposit, as identified within the preliminary pit optimisation studies. The resource drilling program initially required 137 diamond drill holes, aggregating approximately 33,000 metres of drilling. The work was designed to achieve an Indicated Resource status with drill holes 50 metres apart on drill lines at 200 metre intervals along the strike length of the deposit. When it became apparent that the resources extended to depths greater than 300 metres, particularly in the centre to the eastern boundary section of the lease, a further 20 holes were added to the programme to test the depth extension of the ore body. To 25 October 2005, 156 holes aggregating 42,546 metres had been completed out of a planned total of 157 holes.

Grange has engaged Golder Associates to prepare a resource model for the Southdown deposit and assist project geologists to ensure that logging and sampling procedures meet JORC quality guidelines. All data is being transferred to Golder Associates' Perth office where it is validated and entered into the project database, which is being used for resource modelling.

Other technical aspects such as pit optimisation, mine planning, geotechnical and hydrological investigations have commenced and will be finalised once the additional drill hole information has been incorporated into the revised resource model.

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 25 October 2005, 6,713 samples from 151 drill holes had been submitted to the laboratory for analysis.

The location of the resource drill holes and the surface geological interpretation are shown on figure 4. In addition to the resource drilling, 9 geotechnical holes and 6 holes for metallurgical samples have been completed.

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 4). 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 to 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. 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 5 and 6 and the locations of the sections are shown on figure 4.

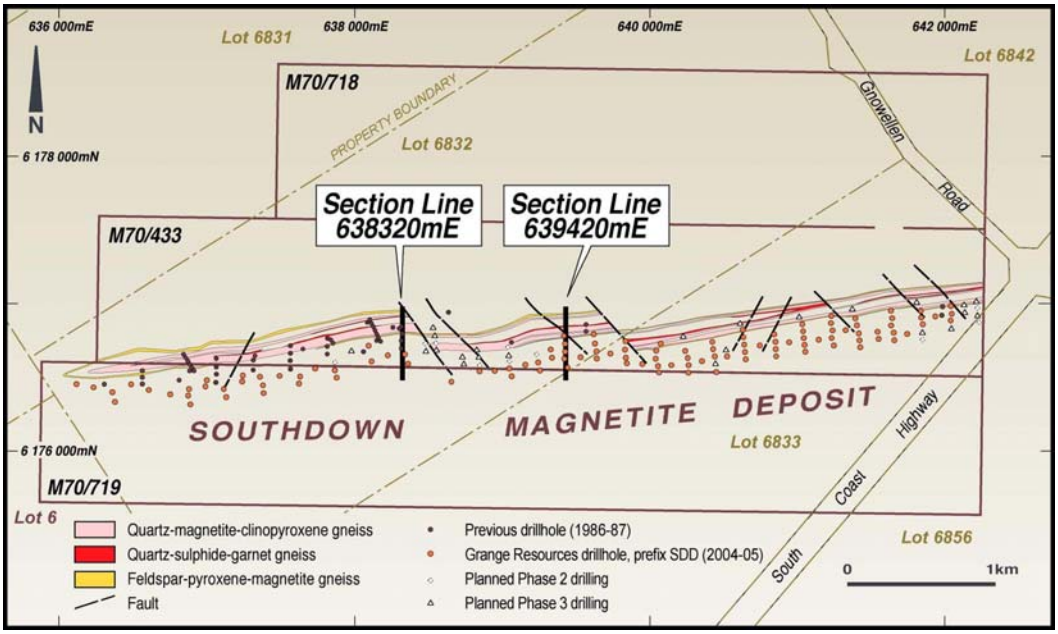

Figure 4: Interpreted Geology and Drill Hole Location Plan

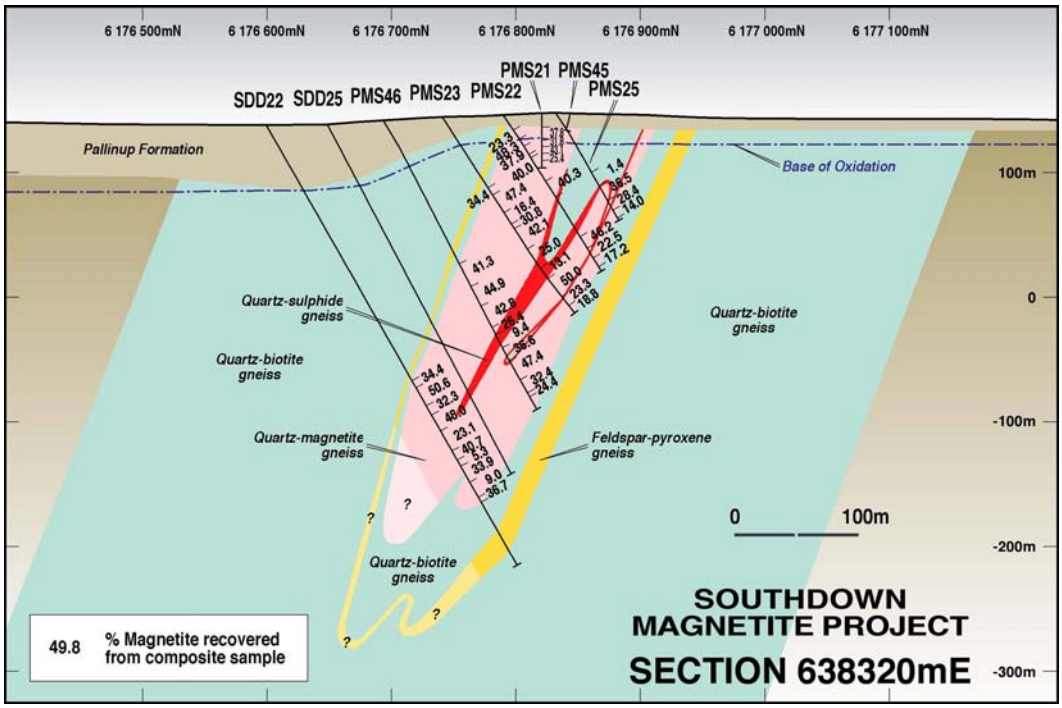

Figure 5: Interpreted Cross Section 638320mE

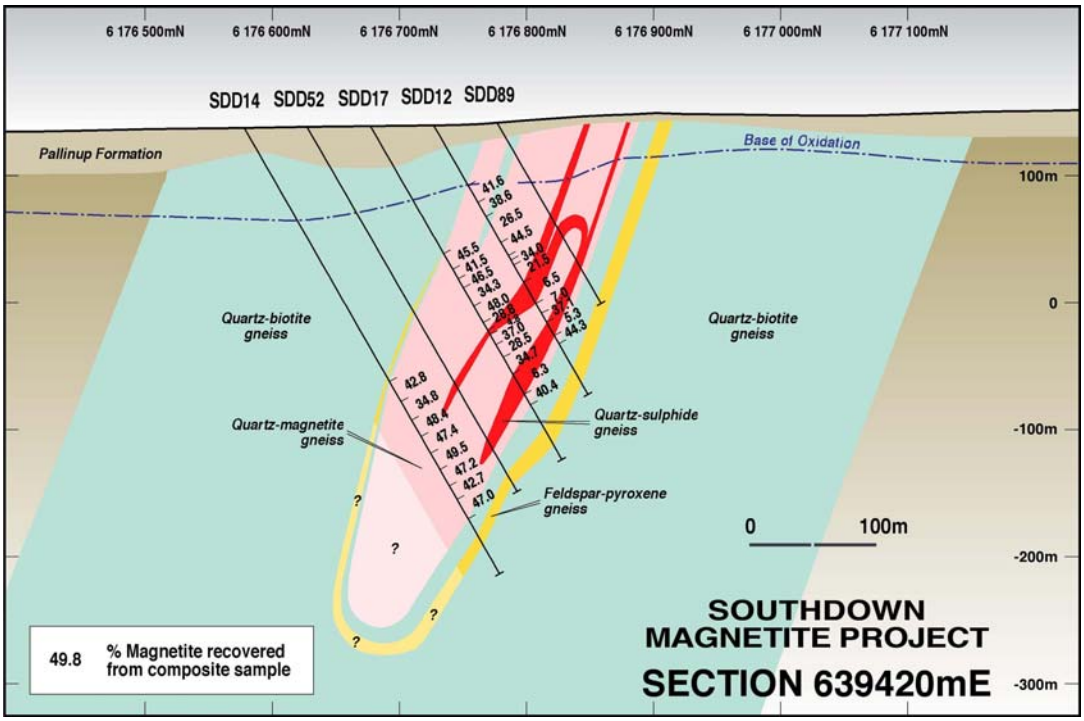

Figure 6: Interpreted Cross Section 639420mE

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 September 2005 and prepared an interim mineral resource statement (Table 1). The model was constructed using geological data from 126 diamond drill holes from the current Grange drilling programme and 52 diamond drill holes from earlier drilling undertaken in 1986/87. Assay data from 4,511 samples from the Grange drill holes and 177 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 6,000 metres and a vertical depth ranging from 300 to 450 metres. The available data has allowed Golder to estimate the resource contained within 5,400 metres of strike with variable depths ranging from 50 metres below surface in the west to 360 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).

TABLE 1
SOUTHDOWN MAGNETITE PROJECT
IN SITU MINERAL RESOURCE ESTIMATE

Class	Indicated Resource	Inferred Resource	Total
Tonnes (Mt)	153.9	272.3	426.2
DTC wt%	37.4	35.1	35.9
DTC Fe%	68.3	68.2	68.3
DTC SiO_2%	2.2	2.3	2.3
DTC Al_2O_3%	1.5	1.5	1.5
DTC TiO_2%	0.51	0.57	0.54
DTC S%	0.7	0.7	0.7
DTC Na_2O%	0.05	0.05	0.05
DTC K_2O%	0.017	0.018	0.018
DTC P%	0.003	0.004	0.004
DTC MgO%	0.27	0.29	0.28
DTC CaO%	0.2	0.2	0.2
DTC Mn%	0.037	0.039	0.038
DTC V%	0.035	0.037	0.036

Notes:

- Estimation method: Block model, Ordinary Kriging using 3m composite data.
- Resources reported below the depth of oxidation (approx 25m) with depths ranging from 50m to 360m below surface.
- Resources reported for 5,400m 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 was assigned to the mineralised domains using a regression of 0.0083 x DTC wt% + 3.206t/m^3. This regression was derived from 1348 paired density and DTC wt% values.
- The Ordinary Kriging interpolation method was used for resource estimation of DTR, Fe, SiO_2, Al_2O_3, S, TiO_2, Na_2O and K_2O using variogram parameters defined from geostatistical analysis.
- The Inverse Distance Squared interpolation method was used for resource estimation of P, MgO, CaO, V, LOI and Mn, to allow reporting of these additional variables.
- Recovery and grade rounded to 1 decimal place (except TiO_2, NaO_2, Mn, MgO & V - 2 decimal places and P & K_2O - 3 decimal places)
- Resources rounded to nearest 100,000 tonnes.

The information in this statement of Mineral Resources is based on information compiled by Mr Richard Gaze who 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). Mr Richard Gaze consents to the inclusion of this information in the form and context in which it appears.

Metallurgical Test Work

Results from the Davis Tube Recovery test work to date indicate a relatively uniform and high concentrate grade can be produced at a magnetite recovery of approximately 37%. Further grinding tests have been undertaken to determine the optimum concentrate grade and provide the operating parameters for the pilot plant production of concentrate. Grange has engaged ProMet Engineers to undertake and supervise the engineering and metallurgical work for the BFS, including concentrator, pipelines, ports and pellet plant.

Pilot Plant and Concentrator

On 20 September 2005, production of Southdown concentrate commenced at a pilot plant in Perth. This programme will treat 25 tonnes of Southdown drilling core and produce approximately 9 tonnes of

concentrate. Outokumpu (Lurgi) and Kobelco have been contracted to undertake test pellet production in their laboratories in Germany and Japan respectively. It is anticipated that the pilot plant will operate for about 5 to 6 weeks. In October 1.5 tonnes of concentrate was despatched to the Lurgi testing laboratory in Germany. It is anticipated that the 2.0 tonnes required by Kobelco will be despatched in November.

Both Outokumpu and Kobelco will produce iron ore pellets from Southdown concentrate in their laboratories and will determine the operating conditions for the future production plant at Kemaman.

The Southdown concentrate will also be used for testwork on slurry characteristics, thickener operation and filtration.

Metallurgical tests are being carried out on drill core to determine the following factors:

- 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 impact of using High Pressure Grinding Rolls on overall grinding requirements
- The crushing work indices to finalise the crusher design.
- The effect of flotation on concentrate quality and sulphur reduction

Southdown Infrastructure

- Slurry Pipeline Alignment

The slurry pipeline will transport the magnetite concentrate in slurry form from the Southdown site into the Albany port area where it will be dewatered in the filter plant prior to stockpiling. The key elements of the slurry pipeline include:

- concentrate storage tanks and pumping station for the concentrate slurry at Southdown;
- a slurry pipeline and return water line buried and of approximately 100 km in length; and
- concentrate storage tanks, thickener and filter plant, together with a pumping station for the return water line at Albany. Return water will be pumped to a location near Water Corporation's waste water plant where make-up water will be added before pumping back to the mine site.

To date 52 landowners along the alignment of the pipeline have been contacted in person and all have been favourable to the proposal. Surveys have been completed for the pipeline alignment and an independent valuation of the land affected by the pipeline has recently commenced. Grange will seek an option for an easement for the pipeline from the landowners at the end of November.

Pipeline Systems International has been appointed to undertake detailed pipeline designs for the BFS. They have undertaken a review of the proposed pipeline route (refer to Figure 7). In principal, there are no major impediments identified that would prevent the construction of the pipeline as planned .Detailed pipeline engineering and costing works are scheduled to be completed by December 2005.

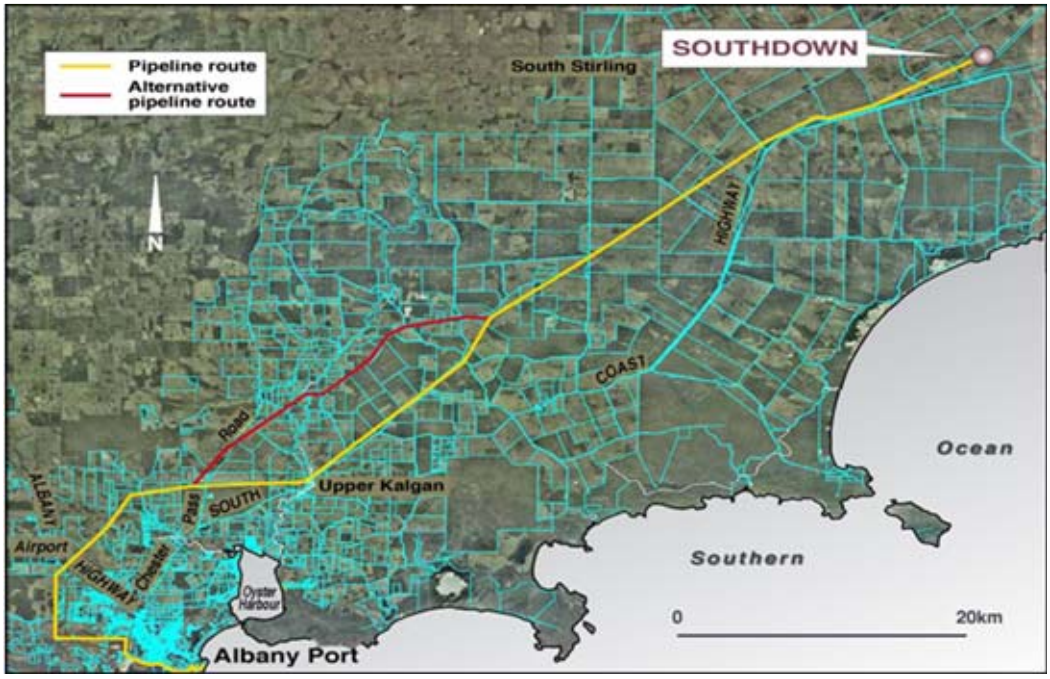

Figure 7: Proposed Slurry Pipeline Route

- *Power Supply*

Grange will require a reliable power supply for the concentrator, slurry pipeline pumps, other mine site facilities, concentrate filtration plant at Albany, Albany material handling facilities, and return waterline pumps.

Western Power Networks have completed a study to evaluate the optimum transmission line for the supply of electricity to the Southdown mine and concentrator. A new 220kV transmission line from Muja to Kojonup and then to Southdown is proposed.

Grange has contracted Western Power Networks to obtain the easement for this power line and work is proceeding to plan..

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. Initial discussions with a number of power suppliers have commenced. A formal tender process for the provision of power to Southdown will be undertaken once final power requirements are determined.

- *Water Supply*

The Water Corporation has agreed the principal terms for Grange to have an option to use a minimum 1.1Gl of wastewater from Albany. Process water requirements for the project are currently estimated at 2.3Gl per annum.

The balance of the project's water requirements will be met from additional waste water (current capacity is 1.8Gl) and from a bore field near the Albany airport, which is currently being evaluated. Grange has engaged Rockwater Pty Ltd to assess groundwater sources in the vicinity of Southdown and along the pipeline route.

- *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.

Geotechnical drilling of the berth and reclamation area has been completed and vibrocoring of the channel is expected to commence on the 31st October.

Preliminary layouts for Southdown facilities at the Port have been prepared, including the storage shed, filter plant, thickener and tanks.

Southdown Environmental Approvals

Grange has engaged Ecologia to facilitate the environmental approval process including:

- liaising with government, public stakeholders and contractors;
- undertake environmental impact studies;
- provide specialist technical advice; and
- preparing environmental documentation required to be submitted to regulatory authorities.

The initial season environmental surveys at Southdown and along the pipeline route have been undertaken. These surveys have involved flora and fauna assessments of the potentially impacted areas of development. The second season 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") was lodged with PACU in August 2005 for circulation amongst all relevant government agencies.

It is planned to submit the project environmental scoping report in October and the Public Environmental Review (PER) by the end of the year.

Malaysian Pellet Project

The key components of the Malaysian Pellet Project comprise of the following:

- ship-unloaders (nominally 2,000 tph) capable of unloading magnetite concentrate from capesize vessels;
- a shiploader (nominally 4,000 tph) capable of loading iron ore pellets into capesize vessels;
- conveyor systems between the ship-unloader and shiploader and the concentrate and pellet stockyards;
- stockyards for pellets and concentrate with mobile stackers and reclaimers;
- the pellet plant;
- the provision of services from water, natural gas and electricity providers; and
- office, maintenance, laboratory and other facilities as necessary.

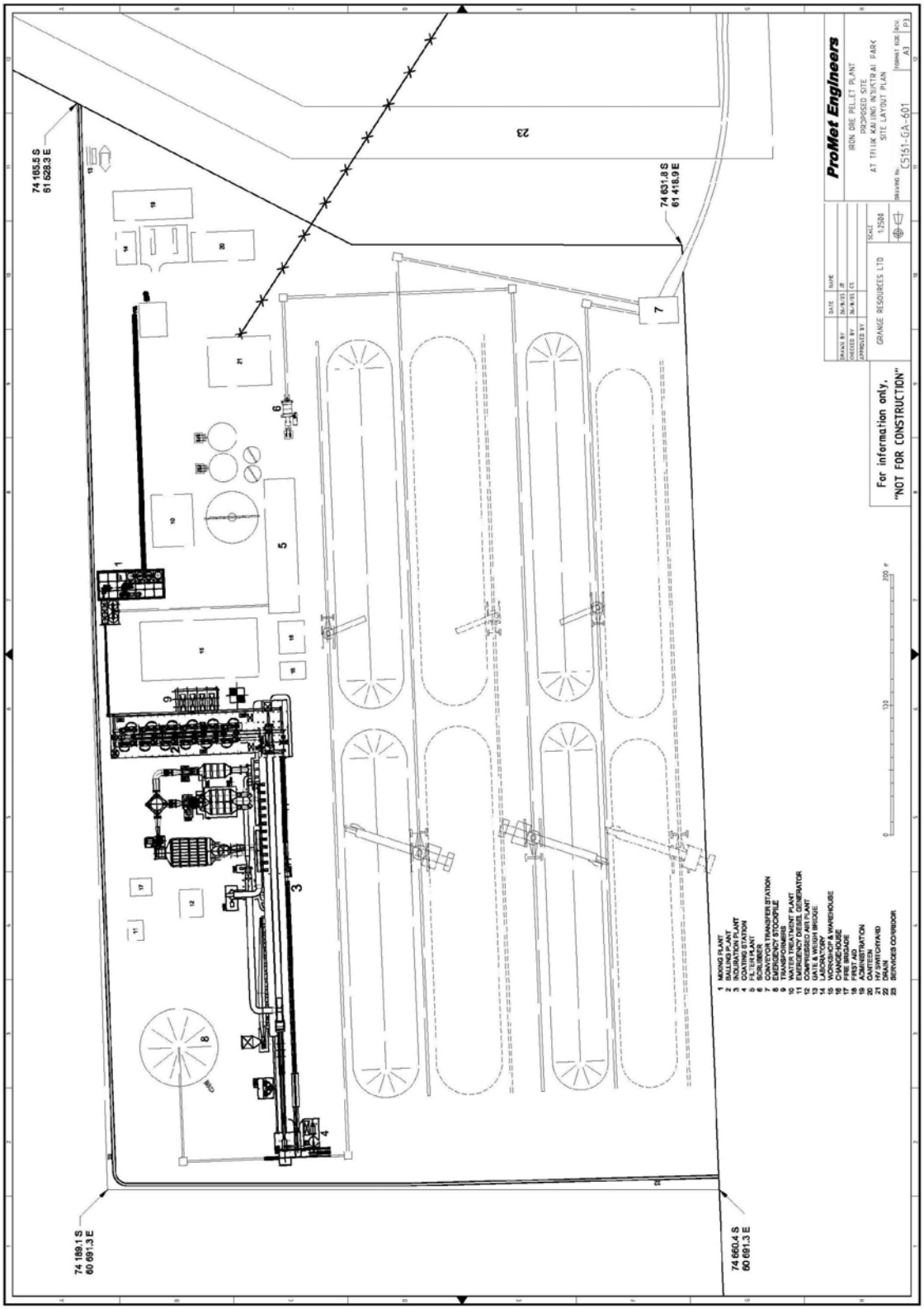

Figure 8: Kemaman - Proposed Processing Facilities Layout Plan

- *Kemaman Pellet Plant*

The Kemaman Pellet Plant facility will be designed for a capacity of 6.8 Mtpa. This capacity achieves the optimum economies of scale for a single pellet plant using existing technology. There are a number of plants operating at this scale around the world.

It is intended to engage established technologies and experienced plant technology vendors to design and construct the facility. On this basis, Kobelco and Outokumpu have been appointed to undertake relevant pilot plant testing, engineering and design work on the Pellet Plant facility for the BFS. Representative samples of Southdown concentrate for the pilot plant pelletising test work will be supplied to both Kobelco and Outokumpu. Kobelco and Outokumpu are expected to provide preliminary feedback on pilot plant testing, engineering and design work, and costing by December 2005.

- *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.

The West Wharf consists of a jetty with a concrete deck approximately 510 metres long by 29 metres wide, sufficient to berth a Capesize and Panamax vessel concurrently. The depth of the berth pocket was originally dredged to 18 metres although parts of the turning basin have not been fully dredged as yet. Under the terms of the Heads of Agreement, Road Builder is required to provide for vessels with a draft of 16m.

- *Power Supply*

Tenega 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*

Following meetings with the State Government of Terrenganu together with the various authorities and infrastructure groups with services in or around the services corridor, the Project has commissioned a survey of the corridor.

Testing of the ground conditions at the Pellet Plant site has been initiated.

A number of engineering consultants and contractors have been appointed to work with Road Builder (M) Holdings Bhd and Promet Engineers to design and cost the Kemaman facilities required for the Project.

<u>Kemaman Environmental Approvals</u>

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.

In August 2005 Grange submitted a Project Terms of Reference to the Department of Environment.

The review panel meeting for assessing the Terms of Reference for the detailed Environmental Impact Assessment (DEIA) for the pellet plant at Teluk Kalong Industrial Estate, Kemaman is to be held on the 14th November 2005.

Project Financing

Grange has engaged Burnvoir Corporate Finance to provide advice on structuring and financing of the Southdown Magnetite Project and Malaysian Pellet Project. Grange anticipates new participants will be introduced into the projects and is providing specific BFS information to a number of companies who have registered their interest through confidentially agreements.

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 September 2005 quarter generating royalty income to Grange of $317,680. Total mined ore production from within M27/57 for the quarter was 375,665 tonnes @ 1.66 g/t. A total of 251,049 tonnes was hauled to the Paddington processing plant during the quarter.

A total of 266,716 tonnes at a grade of 1.67g/t was processed during the quarter, producing some 13,411 ounces of recovered gold. The total gold recovered from M27/57 at Red Hill as at 30 September 2005 is 178,799 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 during the September 2005 quarter, generating royalty income to Grange of $44,043.

32,140 tonnes at a grade of 5.37g/t gold were mined and processed from the Freshwater section of the Plutonic East underground mine generating royalty income of $44,043.

Barrick reports that during the September quarter most of the tonnes attributed to the Freshwater tenement were mined from the panels 2 & 3 of the PE 1713 EOD longhole stope. A further 2 panels of this stope remain to be mined.

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.

The 1:10,000 scale geological mapping that commenced in the previous quarter to define regional controls on gold mineralisation along the Durack – Outback trend has now been completed. This work, combined with aeromagnetic data and surface geochemistry (completed last quarter), has defined a series of target zones within an intercalated mafic-sediment package both adjacent to, and along strike of, the known mineralisation. Drill testing of these newly defined targets is currently scheduled for the March 2006 quarter.

MT WINDSOR JOINT VENTURE
(Grange Resources Limited ("Grange") 30%
Thalanga Copper Mines Pty Ltd ("TCM") 70%)

Reward Deeps & Highway South Project

During the September 2005 quarter the final shipment of 5,520 tonnes of copper concentrate was exported bringing to a close production at the Thalanga Processing Plant. Earlier in the quarter mining operations has ceased following the exhaustion of ore reserves.

Activation of the mine closure plan and site rehabilitation has commenced.

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

CASH POSITION

Expenditure largely attributable to the on-going bankable feasibility study on the Southdown Magnetite Project was the main reason for the reduction in cashflow recorded for the quarter.

During the September 2005 quarter mining operations at the Reward Deeps Project ceased due to the exhaustion of ore reserves. The final shipment of copper concentrate was exported with pro rata receipt of 90% of the invoice value having been received and the balance to be received early next year according to the terms and conditions of the sale agreement.

Final reconciliation of all metal shipments from production at Reward Deeps and Conviction is currently being undertaken by the joint venture partners with a positive balance owing to Grange likely to be circa $0.5 million in proceeds.

The resulting cash and cash assets balance at 30 September 2005 was $5.46 million.

MARK SMITH
Company Secretary

Rule 5.3

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	Quarter ended ("current quarter")
80 009 132 405	30 September 2005

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors		3,765	3,765
1.2	Payments for	(a) exploration and evaluation	(4,214)	(4,214)
		(b) development	-	-
		(c) production	-	-
		(d) administration	-	-
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		82	82
1.5	Interest and other costs of finance paid		(30)	(30)
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		-	-
1.7(i)	Payment to directors and employees		(301)	(301)
1.7(ii)	Payment for all other working capital		(2,243)	(2,243)
	Net Operating Cash Flows		(2,941)	(2,941)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects	-	-
		(b)equity investments	-	-
		(c)other fixed assets	(153)	(153)
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		(183)	(183)
1.12(ii)	Proceeds from release of security deposit		-	-
1.12(iii)	Payment for exploration, development and production		-	-
	Net investing cash flows		(336)	(336)
1.13	Total operating and investing cash flows (carried forward)		(3,277)	(3,277)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(3,277)	(3,277)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(3,277)	(3,277)
1.20	Cash at beginning of quarter/year to date	8,739	8,739
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5,462	5,462

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	213
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	4,041
4.2	Development	-
	Total	4,041

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	954	156
5.2	Deposits at call	3,695	8,320
5.3	Bank overdraft	Nil	Nil
5.4	Other (Cash held with Joint Ventures)	813	263
	Total: cash at end of quarter (item 1.22)	5,462	8,739

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.

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 *(description)*	-	-		
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 (b) Increases through issues	- -	- -		
7.5	+Convertible debt securities (*description)*	-	-		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -		
7.7	Options *(description and conversion factor)*	4,285,715 1,500,000 1,500,000 1,500,000 1,000,000	- - - - -	*Exercise price* 50 cents 50 cents 125 cents 150 cents 250 cents	*Expiry date* 28 November 2006 30 June 2007 30 June 2007 30 June 2008 30 June 2011
7.8	Issued during quarter [1]	- - -	- - -		
7.9	Exercised during quarter	-	-		
7.10	Cancelled during quarter	-	-	-	-
7.11	Debentures *(totals only)*	-	-		
7.12	Unsecured notes *(totals only)*	-	-		

+ 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: Mark Smith (Company secretary) Date: 28 October 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.

== == == == ==

+ See chapter 19 for defined terms.

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 $212,226 and include:-

- Directors' fees (inclusive of superannuation) of $34,569 paid to non-executive directors of the Consolidated Entity.

- Executive directors' salaries (inclusive of superannuation) of $177,657