EL 30/2003 Nine Mile Creek

Annual Report

19 June 2008

to

18 June 2009

Michael Everitt

May 2009

copies: (1) MRT

(1) ABM Savage River

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This annual report comprises this document only, there are no appendices.

1 INTRODUCTION

Exploration Lease EL 30/2003 “Nine Mile Creek” was transferred to Goldamere Pty Ltd on 6th February 2008. Australian Bulk Minerals (ABM) was a wholly owned subsidiary of Goldamere and managed and conducted all exploration activities on this lease. ABM merged with Grange Resources Ltd (Grange) on the 1st January 2009 resulting in a name change for Goldamere to Grange Resources Tasmania Pty Ltd. Grange also manages the operation of the magnetite mine and concentrator at Savage River, and the pelletising plant and ship loading facilities at Port Latta on the North West coast.

Grange’s interest is focussed on the Long Plains magnetic anomaly for a potential future source of magnetite ore as a feed material for its Savage River concentrator. EL30/2003 contains the far southern end of the magnetic anomaly and lies immediately adjacent to the remainder. Exploration activities centred on the magnetic anomaly will extend on to this lease. Future mining activities will certainly encroach on this lease and substantial exploration work will eventually be undertaken to “sterilise” the areas currently recognised as anomalous for gold which will be affected by proposed mining infrastructure, including haul roads, waste dumps and tailings storage.

The following report summarises exploration activities completed at Nine Mile Creek during the final year (2008/09) of tenure.

This document will report all activities using the MGA94 datum.

2 TENURE

Grange's Long Plains Prospect is held under a collection of three exploration leases, EL19/2005, EL46/2007 and EL30/2003 as shown in figure 1 below.

EL19/2005 comprises an area of 10km^2. The lease comprises three parts located around what was formerly a collection of mine leases and a retention lease held by another party. Two of the parts are peripheral to the Long Plains magnetic anomaly, but the third is centred on the North Zone of the anomaly. All activities to date have been conducted on this part.

Grange was granted EL46/2007 on the 26th November 2007. This leases comprises two parts covering the former mine and retention leases. The two leases (EL19/2005, EL46/2007) encompass the majority of the Long Plains magnetic anomaly and provide continuous leasehold connecting all parts of EL19/2005 and the Savage River Mine Lease 2M/2001.

Grange has successfully applied to transfer EL30/2003 to Goldamere after negotiating with the holders, Gregory and Thorne. This lease completes the coverage of the anomaly and incorporates ground adjacent to the anomaly necessary for extended exploration activities and potential mine infrastructure.

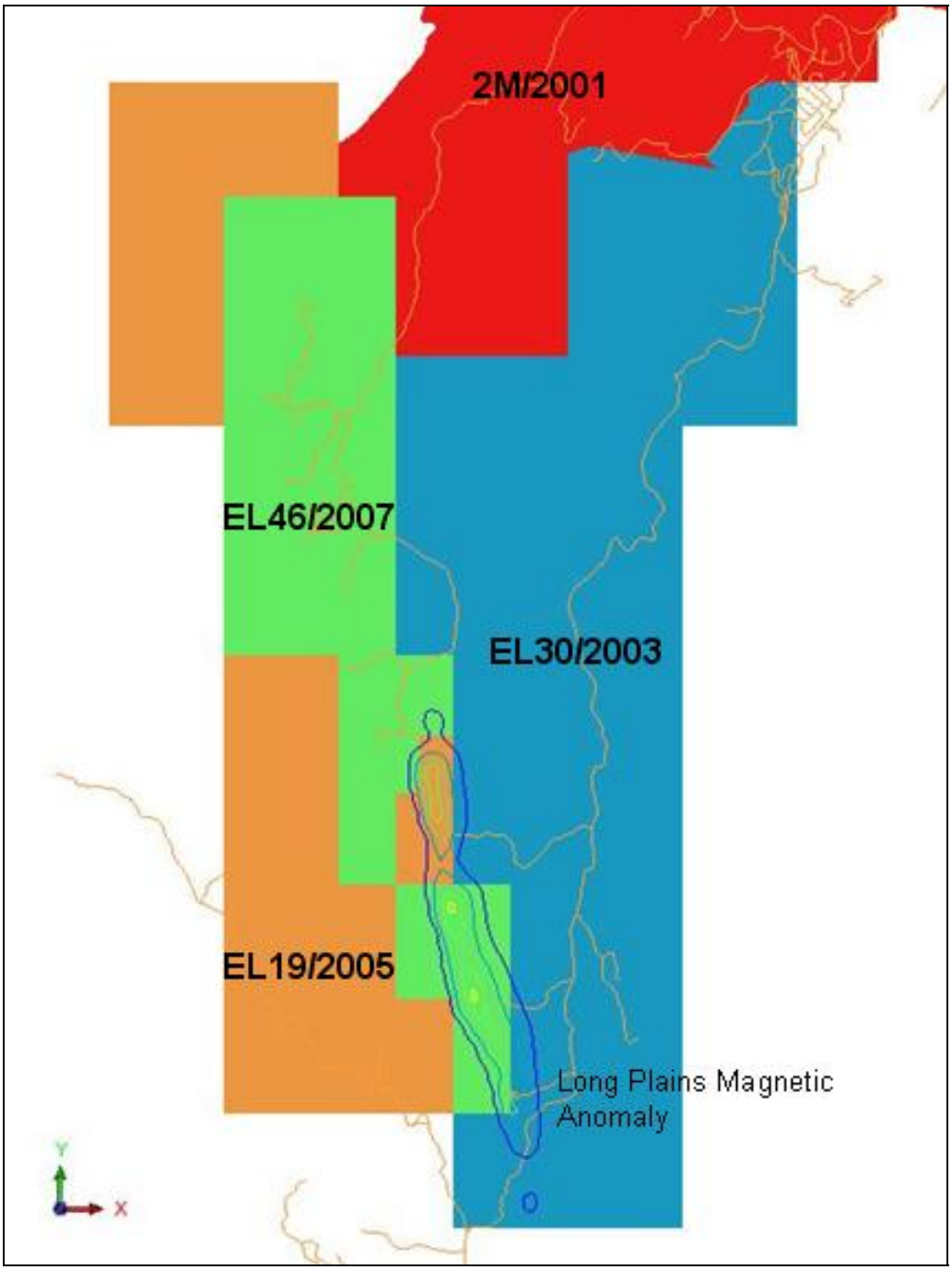

Figure 1: Land Tenure

3 LOCATION

The Long Plains Prospect is located approximately 10km south by road of the Savage River Mine and concentrator. Savage River is located approximately 100km south west by sealed road from Burnie (Figure 2). The lease is accessed by the all-weather gravel road between Savage River and Corinna, and then by a bush track of approximately 2km.

Local topography surrounding the lease is rugged, with incised valleys and steep hills. The North Zone of the anomaly is located on top of a prominent north-south trending ridge. The west flowing Bowry Creek is the main drainage in the area and runs past the northern boundary of the lease area before joining with Main Creek which drains much of the northern portion of the lease.

Regional vegetation includes undisturbed rain forest, wet eucalypt, acacia and open heath land. The immediate area of the prospect has previously been logged extensively approximately 20 years ago, with almost no mature trees present in the working area. A bush fire not long after this time devastated the remaining vegetation, leaving the present vegetation as thick regrowth dominated by eucalypts with several rainforest species. Climate is wet temperate with an average annual rainfall of 1,950mm and mean monthly temperatures ranging from 3-19ºC.

Figure 2: Savage River Project Location

4 PROJECT HISTORY

Ironstone outcrops on the Savage River were first discovered by State Government surveyor C.P. Sprent in early 1877 during one of his exploration journeys through western Tasmania. The deposits were first reported as a possible source of iron ore in 1919. Modern, systematic exploration techniques were employed by the Australian Bureau of Mineral Resources during 1956 that included ground and airborne magnetic surveys. The largest magnetic anomaly was detected at Savage River with two smaller anomalies being detected at Long Plains and Rocky River further to the south.

In 1965, Savage River Mines Ltd, a joint venture of Australian, Japanese and American interests was formed to develop the Savage River Project. This Project was operated for the full term of a thirty-year lease by PMI (Pickands Mather International – managers of the joint venture). At the end of March 1997, ABM purchased the assets of the Savage River Project from the Tasmanian Government. ABM has continued mining since 1997 with a series of cut-backs on existing pits and has developed the South Deposit.

A 15 year mine life extension project was approved during 2007. This is based on a further cutback on North Pit. Further studies on mine life extensions and production expansions are evaluating the potential of additional ore sources including redeveloping South Deposit and Centre Pit. Long Plains was identified as having potential to yield ore quickly with mineralisation practically outcropping at surface. However the long haul to the Savage River site for processing has restricted the development of the prospect. It was recognised that significant information needs to be obtained from Long Plains before a meaningful evaluation can be carried out and the potential for supplying ore to the mill determined.

5 GEOLOGY

The Long Plains magnetite deposit lies within and near the eastern margin of the Proterozoic Arthur Metamorphic Complex in north-western Tasmania. The complex is exposed along a northeast-southwest trending structural corridor, the Arthur Lineament, which separates Proterozoic sedimentary rocks to the northwest from a variety of Palaeozoic rocks to the southeast (Figure 3).

The magnetite deposits at Long Plains represent a series of elongate, discontinuous magnetite lenses that extend over a three kilometre strike length (Figure 4). The deposit has been separated into three distinct zones on the basis of total magnetic intensity termed the Northern, Central and Southern Zones. The oblique view of the total magnetic intensity in Figure 4 illustrates the broad geometry of the Zones.

The magnetite zones are sub-vertical to strongly east dipping and hosted within ultramafic and mafic schists. A suite of late metabasalt and metadolerite intrusive dykes occur sub-parallel to the ore zones. Vein magnesite is developed at the western magnetite boundary with the contact marked by the strong weathering and the development of surface clays (Griffith, 2000, Internal memorandum).

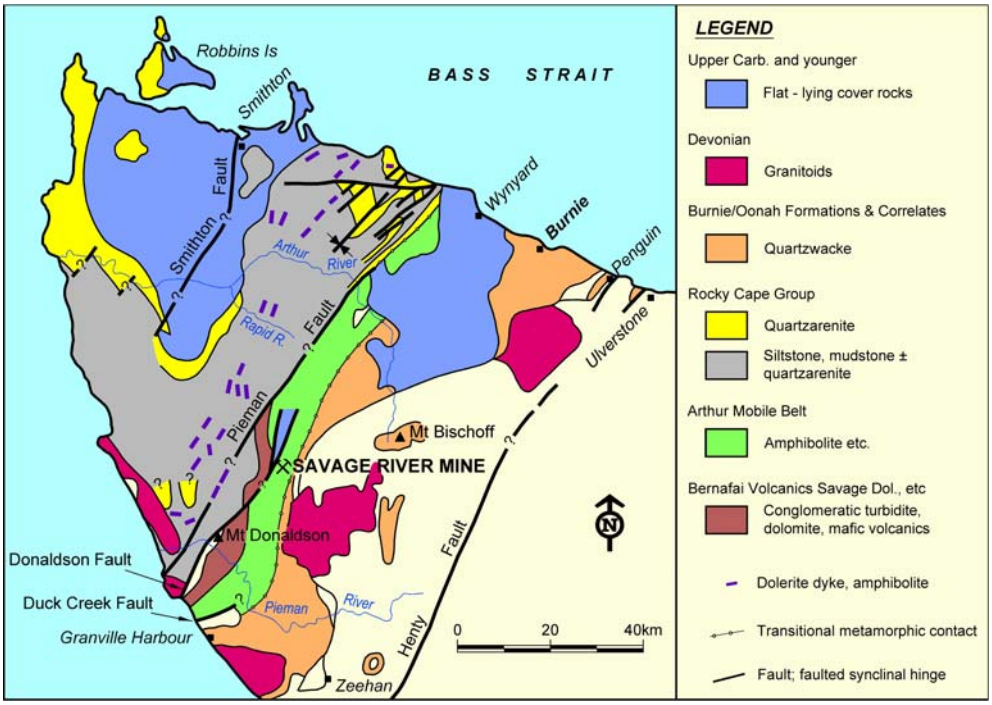

Figure 3: Regional Geology

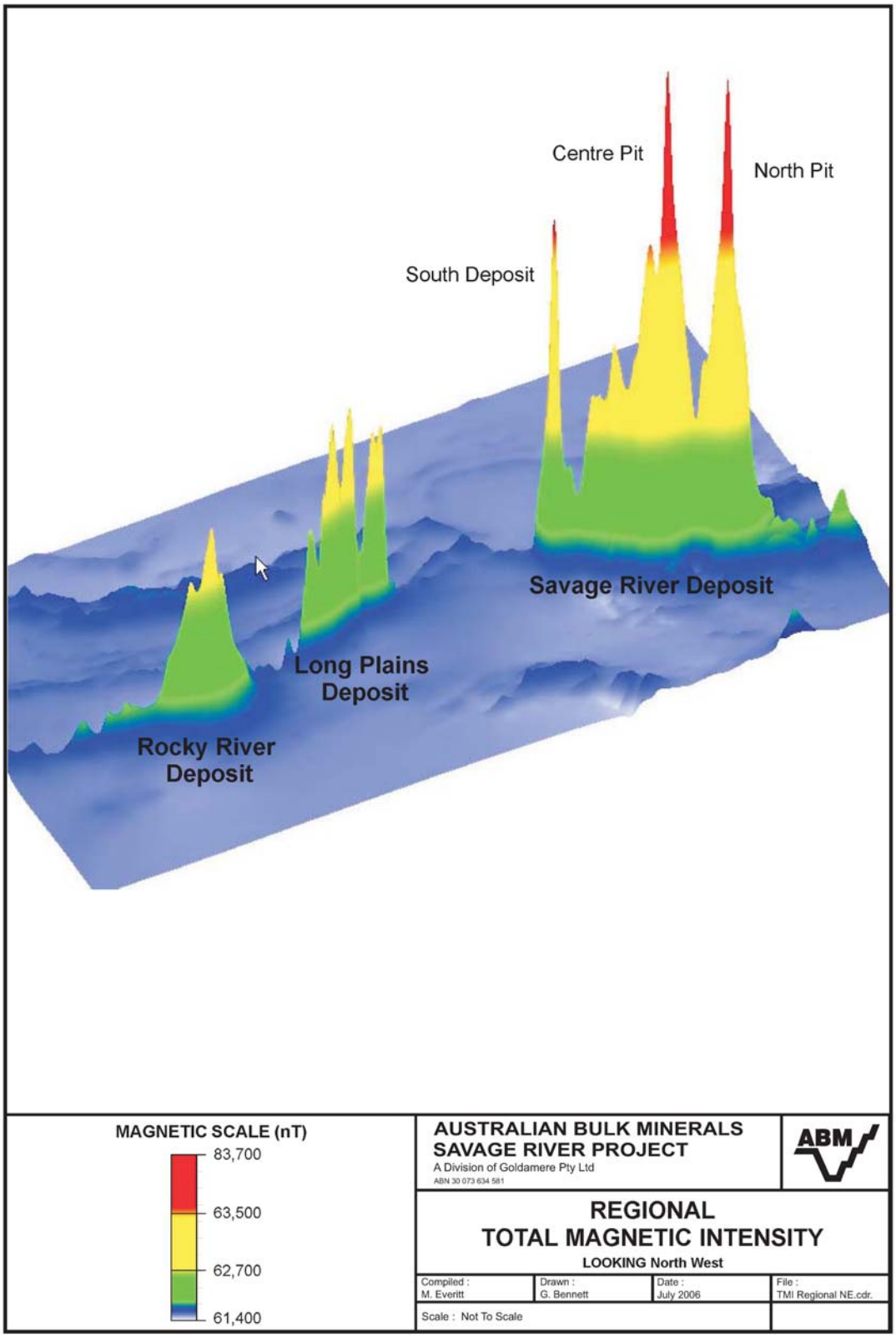
Centre Pit
North Pit
South Deposit
Savage River Deposit
Long Plains Deposit
Rocky River Deposit
MAGNETIC SCALE (nT)
83,700
63,500
62,700
61,400
AUSTRALIAN BULK MINERALS
SAVAGE RIVER PROJECT
A Division of Goldamere Pty Ltd
ABN 30 073 634 581
ABM
REGIONAL
TOTAL MAGNETIC INTENSITY
LOOKING North West
Compiled : M. Everitt
Drawn : G. Bennett
Date : July 2006
File : TMI Regional NE.cdr.
Scale : Not To Scale

Figure 4

6 EXPLORATION HISTORY

The Long Plains magnetite deposit was first investigated during the late 1950's by the Bureau of Mineral Resources (BMR), as part of a regional magnetic study of the Savage River area. A ground magnetics survey was completed in 1962 across the area (Eadie, 1962). The contour map produced for that report has been digitised and converted into AMG66 co-ordinates to be combined with other data.

Diamond drilling and ground magnetic surveys were undertaken by Rio Tinto Australia Exploration (RTAE) Pty Ltd during the early 1960's. One diamond drill hole RTAE-1 totalling 195.0 metres was drilled in the northern end of the deposit.

Ownership of the deposit was transferred to Industrial and Mining Investigations (IMI) Pty Ltd during the 1960's, who completed broadly spaced diamond drilling at Long Plains. A total of seven diamond drill holes (IMI28-30; IMI33-35 and IMI46) totalling 1,135.07 metres were drilled in the northern and southern areas of the deposit.

No further significant exploration was completed at the deposit until 1994 when Savage Resources Pty Ltd completed four diamond drill holes (LPDDH100-103) in the north of the deposit. The program totalling 525 metres was designed to provide a complete cross section through the deposit in an area of moderate grade magnetite development lying between drill holes RTAE 1 and IMI 29.

Some weak gold anomalies were identified on the lease by the Goldstream Mining/ Titan Resources JV during 1996/97. No further work was undertaken on these anomalies. Extensive historic gold workings are located in the north of the lease in the Golden Ridge area and on the adjacent mine lease 2M/2001.

An initial program in 2006 was devised to develop a geological model. This involved

- relogging historic core,
- costeaning across the mineralisation (1505 meters),
- logging the costeans,
- establishing survey control points

A follow-up program in 2007 completed 6 RC drill holes and 1 diamond hole, and completed a ground magnetic survey over part of the Northern Zone.

Since February 2008, the following work was completed specifically on this lease:

- review of historic data
- review of Goldstream helimag data
- a preliminary mining infrastructure plan
- inspection of overgrown access tracks

7 2008/09 EXPLORATION PROGRAM

There has been no significant field work undertaken on this lease during the previous twelve months. ABM has engaged in the following activities.

7.1 Relocation of Locked Gate

The locked gate previously located on the Northern Access Road at the boundary of EL19/2005 was moved back close to the Corinna Road to better control access. Vegetation had been trimmed around the old location allowing unauthorized access. The new location is better located with thick ti-tree scrub and a low embankment on one side.

7.2 Financial Modelling Project

An internal project has been initiated to review the available information and determine the potential value of the Long Plains deposit to the company under a range of potential development scenarios. The results of this project will provide justification and guidance in developing an exploration program to balance a medium-long term development schedule with lease requirements.

This project will involve the Geology Manager, Commercial Manager and a contract mine planning engineer. A result is expected by the middle of June 2009.

7.3 Access Program Planning

A program of access track upgrade and construction was planned in detail, potentially to have been executed in April 2009. This work was delayed to be commenced later in the year once the weather has improved.

Work undertaken included site inspections, identification of design requirements to meet the needs of future programs on the adjoining leases, discussions with earthmoving contractors for cost estimates and quotes.

This plan can be summarised as follows:

- Re-open the existing overgrown Central Access Track – approximately 660m
- Re-open the existing overgrown South Access Track – approximately 590m
- Upgrade access to the North Zone from the Corinna Rd
- (Potential) Extend the Central Ridge Track south

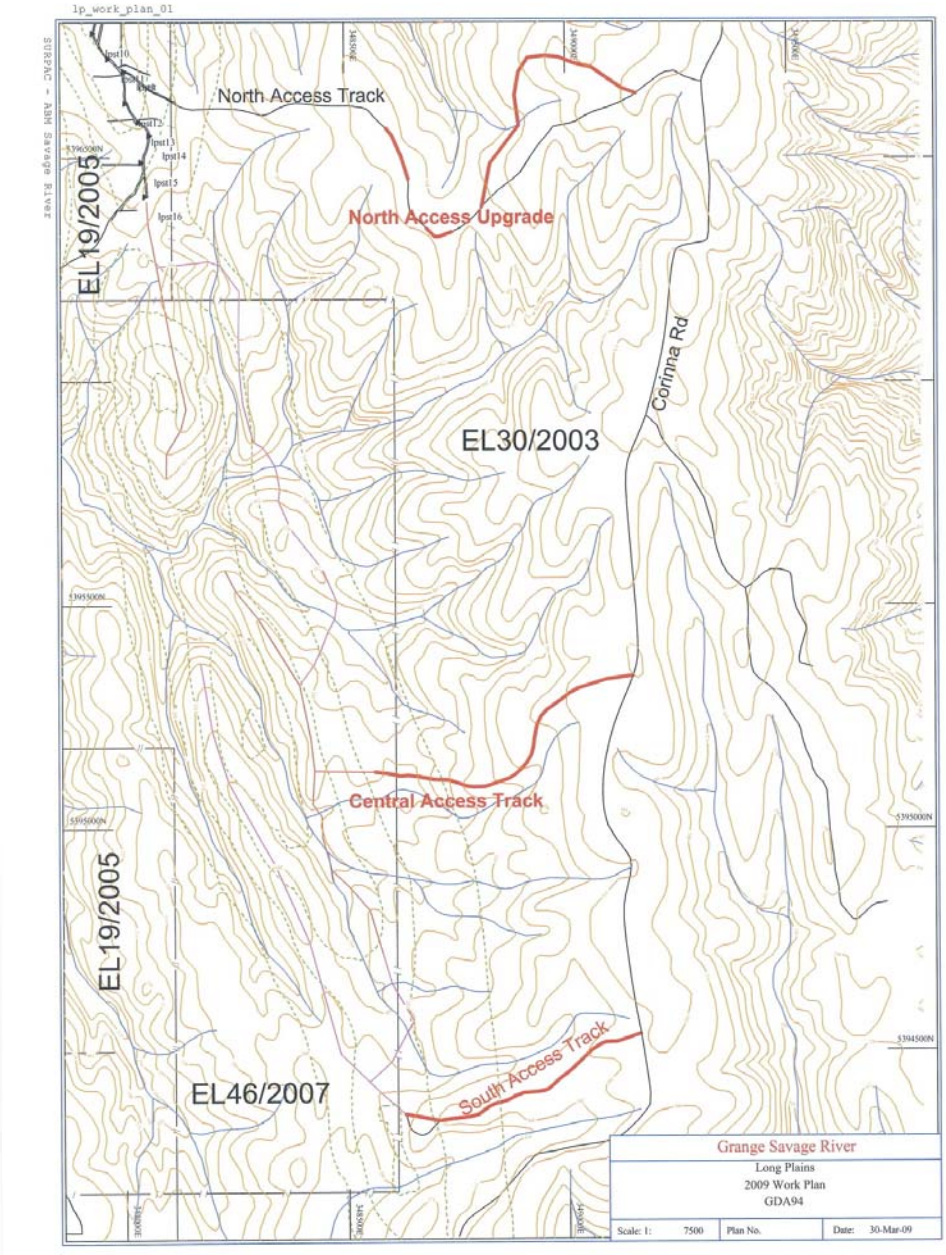

Figure 5: Planned Access Upgrade for EL30/2003

8 2007 EXPENDITURE

The following table details expenditure on the lease up to the 12th May 2009.

Cost Area	Cost Estimate
Relocation of gate	$1,550
Access program planning – M.Everitt, I.Johnston + contractors	$13,500
Financial modelling project – M.Everitt, N.Longmire, S.Law	$3,450
Total	$18,500

Table 1: 2008/09 Expenditure for EL30/2003

9 FUTURE WORK PLANS

The scale of future work will depend to a large degree on the outcome of the financial modelling and long term schedule planning by Grange and consulting engineers currently under way. This work seeks to optimise the extraction of all of Grange's identified resources and mineralisation, including further cutbacks in North Pit beyond 15 years, South Deposit, Centre Pit South and Long Plains.

At this stage ongoing work at Long Plains as a whole will include:

- Establishment of road access along the entire anomaly
- Completion of ground magnetics over the full strike length
- Geological mapping of the deposit
- Delineation of an inferred/indicated resource on the North Zone

The goal will be to establish sufficient information on which to base a mine lease application in the near future. Grange intends to lodge a renewal application to extend EL30/2003 by one extra year to allow further development of the deposit as a whole.

All work planned for EL30/2003 must be considered in context with the overall program for the deposit. A likely program to meet expenditure obligations for this lease will include some or all of the following:

- execution of the access upgrade plan
- track cutting and ground magnetics
- investigation of the gold anomalism with a view to sterilisation

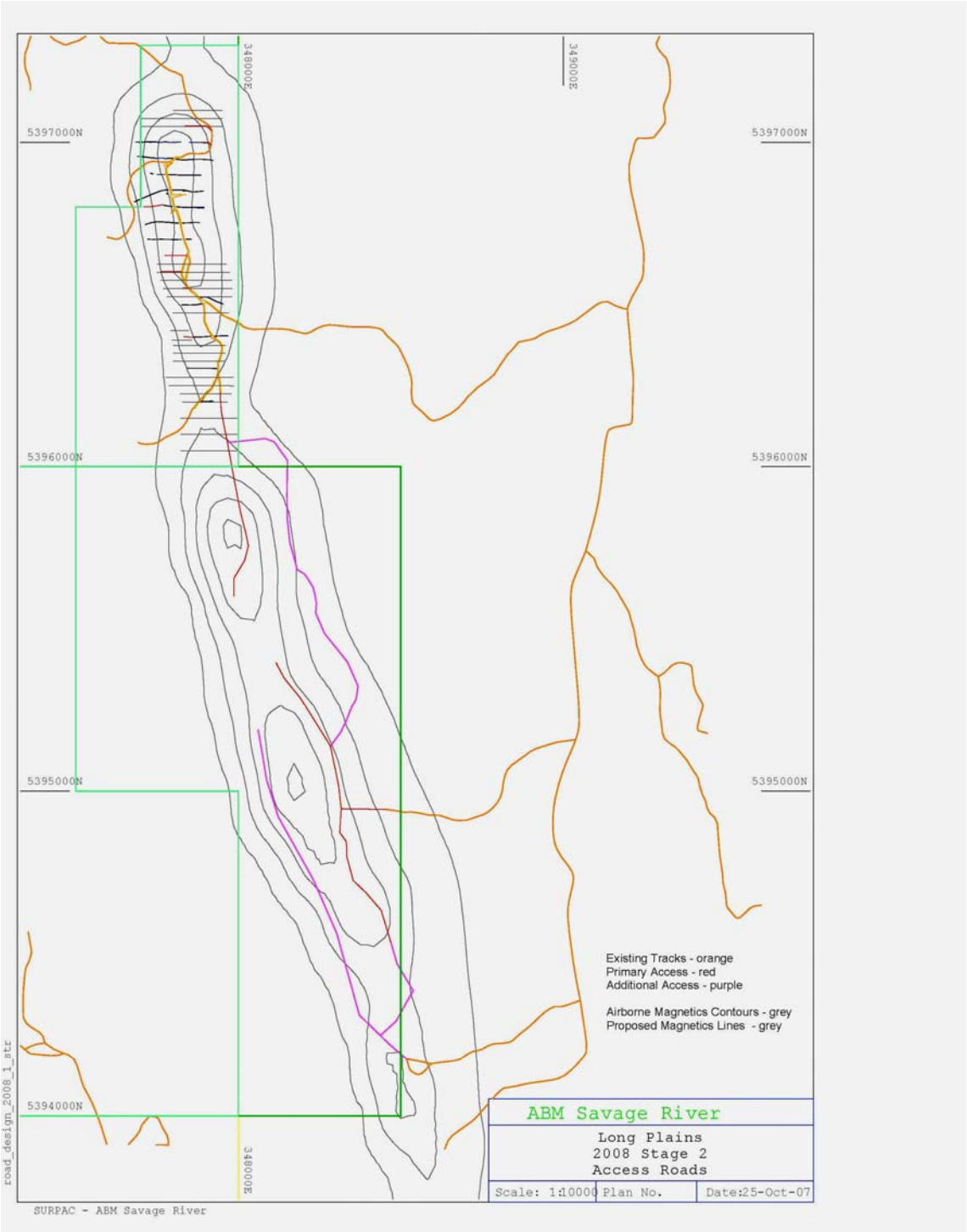

Figure 6: Planned access construction