



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

**STOCK EXCHANGE ANNOUNCEMENT**

**NOTICE OF GENERAL MEETING**

22 March 2004

Grange Resources Limited has today sent to shareholders a Notice of a General Meeting to be held at Level 14, Forrest Centre, 221 St Georges Terrace, Perth, on Thursday, 22<sup>nd</sup> April 2004 at 2.00pm.

The Notice of Meeting, Proxy Form and accompanying Explanatory Memorandum are attached.

For further information in relation to this announcement or the Company, visit the Grange Resources Limited website at [www.grangeresources.com.au](http://www.grangeresources.com.au) or alternatively contact Mr Alec Pismiris on (+618) 9321 1118.

**ALEC PISMIRIS**

Company Secretary

# GRANGE RESOURCES LIMITED

ABN 80 009 132 405

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## NOTICE OF GENERAL MEETING

and

## EXPLANATORY MEMORANDUM

and

## PROXY FORM

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Date of Meeting: Thursday, 22 April 2004  
Time of Meeting: 2.00 pm (WST)  
Place of Meeting: Conference Centre  
The Forrest Centre  
Level 14, 221 St George's Terrace  
Perth, Western Australia

*This Notice of General Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

# GRANGE RESOURCES LIMITED

ABN 80 009 132 405

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a General Meeting of Shareholders of Grange Resources Limited ("**Grange**" or the "**Company**") will be held at Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia on Thursday, 22 April 2004 at 2.00 pm (WST) for the purpose of transacting the following business.

Information on the proposals to which the Resolutions set out below relate is contained in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.

Terms used in this Notice of Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary of Terms as contained in the Explanatory Memorandum.

### AGENDA

1. **RESOLUTION 1 – APPROVAL FOR THE GRANT OF DIRECTOR OPTIONS TO DIRECTOR, MR ADAM RANKINE-WILSON**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution** -

*"That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of a total of 2,000,000 Director Options by the Company to Mr Adam Rankine-Wilson or his permitted nominees in accordance with the terms and conditions set out in the Explanatory Memorandum."*

The Company will disregard any votes cast on this resolution by Mr Adam Rankine-Wilson or an Associate of Mr Adam Rankine-Wilson. However, the Company need not disregard a vote if it is cast by Mr Adam Rankine-Wilson, as proxy, for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by Mr Adam Rankine-Wilson chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction to vote on the Proxy Form to vote as the Proxy decides.

2. **RESOLUTION 2 – APPROVAL FOR THE GRANT OF DIRECTOR OPTIONS TO DIRECTOR, MR ANTHONY BOHNENN**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution** -

*"That for the purposes of section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of a total of 1,000,000 Director Options by the Company to Mr Anthony Bohnenn or his permitted nominees in accordance with the terms and conditions set out in the Explanatory Memorandum."*

The Company will disregard any votes cast on this resolution by Mr Anthony Bohnenn or an Associate of Mr Anthony Bohnenn. However, the Company need not disregard a vote if it is cast by Mr Anthony Bohnenn as proxy, for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by Mr Anthony Bohnenn, chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction to vote on the Proxy Form to vote as the proxy decides.

3. **RESOLUTION 3 - ELECTION OF MR GEOFF WEDLOCK AS A DIRECTOR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr Geoff Wedlock, who was appointed to fill a casual vacancy, retires and, in accordance with Article 10.9A of the Company's Constitution, being eligible for election be elected as a Director."*

4. **RESOLUTION 4 - APPROVAL FOR THE GRANT OF PLAN OPTIONS TO DIRECTOR, MR GEOFF WEDLOCK**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*"Subject to the passing of Resolution 3, for the purposes of section 208 of the Corporations Act and Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of a total of 1,500,000 Plan Options by the Company to Mr Geoff Wedlock or his permitted nominees in accordance with the Directors' and Officers' Option Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."*

The Company will disregard any votes cast on this resolution by Mr Anthony Bohnenn, Mr Hans Moser, Mr Alexander Nutter, Mr Adam Rankine-Wilson and Mr Geoff Wedlock, and an Associate of any one of Mr Anthony Bohnenn, Mr Hans Moser, Mr Alexander Nutter, Mr Adam Rankine-Wilson or Mr Geoff Wedlock. However, the Company need not disregard a vote if it is cast by any one of Mr Anthony Bohnenn, Mr Hans Moser, Mr Alexander Nutter, Mr Adam Rankine-Wilson or Mr Geoff Wedlock as proxy, for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by any one of Mr Anthony Bohnenn, Mr Hans Moser, Mr Alexander Nutter, Mr Adam Rankine-Wilson or Mr Geoff Wedlock chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction to vote on the Proxy Form to vote as the proxy decides.

**BY ORDER OF THE BOARD**

**ALEC PISMIRIS  
COMPANY SECRETARY**

Dated 22 March 2004

# GRANGE RESOURCES LIMITED

ABN 80 009 132 405

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders of Grange Resources Limited ("**Grange**" or "**Company**") in connection with the business to be conducted at the General Meeting of the Company to be held at the Conference Centre, The Forrest Centre, Level 14, 221 St Georges Terrace, Perth, Western Australia on Thursday, 22 April 2004.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Unless the context otherwise requires, terms used in the Notice of Meeting and this Explanatory Memorandum have the same meaning given to them in the Glossary of Terms.

### 1. **RESOLUTIONS 1 AND 2 - GRANT OF DIRECTOR OPTIONS TO RECIPIENT DIRECTORS**

#### 1.1 **Background**

Resolutions 1 and 2 seek Shareholder approval for the grant of an aggregate total of 3,000,000 Director Options by the Company to Mr Adam Rankine-Wilson and Mr Anthony Bohnenn (or their permitted nominees) ("**Recipient Directors**").

The primary purpose of the grant of the Director Options is to provide an incentive to the Recipient Directors to identify potential acquisitions that will provide the Company with growth opportunities in the resources sector and for dedicated and ongoing commitment to the Company.

#### 1.2 **Key Details of the Director Options**

Key details of the Director Options to be granted by the Company to the Recipient Directors are set out below:

<b>Recipient Director</b>	<b>No. of Director Options</b>	<b>Offer Price per Director Option</b>	<b>Exercise Details</b>	<b>Expiry Date</b>
Mr Adam Rankine-Wilson	2,000,000	No consideration is payable in respect of the grant of a Director Option	➤ Each Director Options has an exercise price of \$0.50 (50 cents) and is exercisable from the date of grant until the expiry date.	30 June 2007
Mr Anthony Bohnenn	1,000,000	No consideration is payable in respect of the grant of a Director Option	➤ Each Director Option has an exercise price of \$0.50 (50 cents) and is exercisable from the date of grant until the expiry date.	30 June 2007

A summary of the terms and conditions of the Director Options is set out in Annexure A to this Explanatory Memorandum.

#### 1.3 **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the benefit.

For the purposes of Chapter 2E, each of Messrs Adam Rankine-Wilson and Anthony Bohnenn is a Related Party of the Company by virtue of the fact that each is a Director of the Company and the proposed grant of the Director Options by the Company to the Recipient Directors (or their permitted nominees), pursuant to Resolutions 1 and 2, involves the provision of a financial benefit to a Related Party of the Company and, therefore, requires prior Shareholder approval.

In accordance with the requirements of Chapter 2E, and in particular section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed grant of the Director Options by the Company to the Recipient Directors (or their permitted nominees), pursuant to Resolutions 1 and 2:

- (a) the Recipient Directors are each Related Parties of the Company to whom proposed Resolutions 1 and 2 would permit the financial benefits to be given;
- (b) the proposed financial benefit to be given to Mr Adam Rankine-Wilson (or his permitted nominee) is the grant of 2,000,000 Director Options as set out in Section 1.2 of this Explanatory Memorandum;
- (c) the proposed financial benefit to be given to Mr Anthony Bohnenn (or his permitted nominees) is the grant of 1,000,000 Director Options as set out in section 1.2 of this Explanatory Memorandum;
- (d) as at the date of this Explanatory Memorandum, the issued capital of the Company is 69,709,259 Shares and 9,325,715 Options. A comparison of the current issued capital of the Company and the issued capital of the Company should each of the Recipient Directors exercise all of their Director Options (assuming no existing Options are exercised and that no other securities are issued by the Company in the meantime, but assuming the Plan Options the subject of Resolution 4 are granted and exercised) is set out in the table below:

Current Number of Shares on Issue	Number of Shares on Issue Following Exercise of Director Options and Plan Options Granted Pursuant to Resolutions 1, 2 and 4
69,709,259	74,209,259

If Shareholders approve the grant of the Director Options to the Recipient Directors, the exercise of the Director Options by the Recipient Directors will result in a dilution of all other Shareholders' holdings in the Company by approximately 4.126% (based on the number of Shares on issue on the date of this Notice of Meeting and assuming that Resolutions 1 and 2 are approved by Shareholders and the Director Options the subject of Resolutions 1 and 2 are subsequently granted and exercised);

- (e) neither Mr Adam Rankine-Wilson nor Mr Anthony Bohnenn wish to make a recommendation to Shareholders about proposed Resolutions 1 and 2 because each has a material interest in the outcome of Resolutions 1 and 2 respectively. The independent Directors recommend to Shareholders that they approve Resolutions 1 and 2. The independent Directors do not have an interest in the outcome of Resolutions 1 and 2 except as Shareholders of the Company;

- (f) assuming that Resolutions 1 and 2 are approved, the Recipient Directors will be entitled to the following securities in the Company:

Director	Shares currently held	12 cent options expiring 30 June 2007	Director Options expiring 30 June 2007
Mr Adam Rankine-Wilson	1,523,606	1,500,000	2,000,000
Mr Anthony Bohnenn	9,062,313	1,125,000	1,000,000

- (g) the 2,000,000 Director Options will be granted by the Company to Mr Adam Rankine-Wilson for nil consideration and otherwise on the terms set out in Annexure A to this Explanatory Statement;
- (h) the 1,000,000 Director Options will be granted by the Company to Mr Anthony Bohnenn for nil consideration and otherwise on the terms set out in Annexure A of this Explanatory Memorandum;
- (i) as at the date of this Explanatory Memorandum, Mr Adam Rankine-Wilson and Mr Anthony Bohnenn had a relevant interest in the following Shares and unlisted options in the Company:

Director	No. of Shares	No. of Unlisted Options
Mr Adam Rankine-Wilson	1,523,606	1,500,000
Mr Anthony Bohnenn	9,062,313	1,125,000

- (j) details of Mr Adam Rankine-Wilson's and Mr Anthony Bohnenn's remuneration for the financial year ended 30 June 2003 is as follows:

Director	Base Salary / Fees	Superannuation Contributions	Other <sup>1</sup>	Total
Mr Adam Rankine-Wilson	\$148,930	\$4,431	\$165,000	\$318,361
Mr Anthony Bohnenn	\$50,000	nil	\$183,750	\$223,750

**Note 1** Other includes (i) fees of \$60,000 paid to Hendygywn Holding & Beheer b.v., of which Mr Bohnenn is a director and shareholder, under a marketing and public relations services agreement, (ii) the value attributed to unlisted options granted and issued to Recipient Directors pursuant to the Grange Resources Limited Directors' and Officers' Option Plan being \$0.11 (11 cents) per option.

- (k) details of Mr Adam Rankine-Wilson's and Mr Anthony Bohnenn's remuneration which has accrued for the period 1 July 2003 to 11 March 2004 is as follows:

Director	Base Salary / Fees	Superannuation Contributions	Other <sup>1</sup>	Total
Mr Adam Rankine-Wilson	\$176,923	\$15,923	Nil	\$192,846
Mr Anthony Bohnenn	\$33,333	Nil	\$45,000	\$75,333

**Note 1** Other comprises entirely of fees of \$45,000 paid to Hendygywn Holding & Beheer b.v., of which Mr Bohnenn is a director and shareholder, under a marketing and public relations services agreement.

- (l) during the last 12 months, the highest trading price of the Shares was \$0.60 (60 cents) on 2 March 2004, the lowest trading price of the Shares was \$0.225 (22.5 cents) on 2 April 2003. The market price of the Company's Shares over the 5 days trading on ASX up to and including 10 March 2004 has been between a minimum of \$0.55 (55 cents) per Share to a maximum of \$0.59 (59 cents) per Share; and
- (m) other than the information specified above and in Sections 1.4 and 1.5 below, the Company believes that there is no other information that would be reasonably required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolutions 1 and 2.

#### 1.4 **Details Concerning Valuation of Director Options**

The Director Options to be granted to Mr Adam Rankine-Wilson and Mr Anthony Bohnenn will not be quoted on ASX and as such have no actual market value.

Ernst & Young Transaction Advisory Services Limited has provided an indicative valuation for the Director Options to be granted to Mr Adam Rankine-Wilson and Mr Anthony Bohnenn, pursuant to Resolutions 1 and 2, based on the assumptions set out below.

<b>Director</b>	<b>No. of Director Options</b>	<b>Value</b>
Mr Adam Rankine-Wilson	2,000,000	\$224,000 to \$314,000
Mr Anthony Bohnenn	1,000,000	\$112,000 to \$157,000
<b>TOTAL</b>	<b>3,000,000</b>	<b>\$336,000 to \$471,000</b>

This value has been derived using the Black-Scholes Model on the basis of the following assumptions regarding the various inputs that comprise the valuation model:

- (a) the underlying price of the Company's Shares being \$0.52 (52 cents), being the closing price on 26 February 2004;
- (b) an exercise price of \$0.50 (50 cents) per Director Option;
- (c) a risk free rate of 5.35% per annum;
- (d) a volatility factor of 0.5108;
- (e) the exercise period of the Director Options is 3.34 years (expiring 30 June 2007); and
- (f) all other terms and conditions as outlined in Annexure A of this Explanatory Memorandum.

Based on these assumptions, the calculated value for one Director Option as at 26 February 2004 was between \$0.112 (11.2 cents) and \$0.157 (15.7 cents).

#### 1.5 **Listing Rule Disclosures**

Listing Rule 10.11 provides, in essence, that a listed company may not issue securities (including options to subscribe for shares) to any of the following persons without the approval of ordinary shareholders by ordinary resolution:

- (a) a Related Party; or
- (b) a person whose relationship with the company or a related party is, in ASX's opinion, such that approval be obtained.

In accordance with Listing Rule 10.13, Shareholders are advised as follows:

- (a) the recipients of the Director Options which are proposed to be granted pursuant to Resolutions 1 and 2 are Mr Adam Rankine-Wilson and Mr Anthony Bohnenn;
- (b) the aggregate total of Director Options to be granted to Mr Adam Rankine-Wilson and Mr Anthony Bohnenn, pursuant to Resolutions 1 and 2 is 3,000,000, which are to be granted in the following proportions:
  - (i) Mr Adam Rankine-Wilson - 2,000,000 Director Options; and
  - (ii) Mr Anthony Bohnenn - 1,000,000 Director Options;
- (c) the Director Options will be issued no later than one (1) month after the date of this Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the Director Options will be issued on one date;
- (d) the Director Options which are to be granted, pursuant to Resolutions 1 and 2, are being granted for nil consideration and, consequently, no funds will be raised by the grant of the Director Options pursuant to Resolutions 1 and 2;
- (e) the indicative valuation range for each Director Option is between 11.2 cents and 15.7 cents; and
- (f) a summary of the terms and conditions of the Director Options which are to be granted pursuant to Resolutions 1 and 2 are set out in Annexure A of this Explanatory Memorandum.

## **2. RESOLUTION 3 - ELECTION OF MR GEOFF WEDLOCK AS A DIRECTOR**

Mr Geoff Wedlock was appointed by the Board as an Executive Director to fill a casual vacancy in accordance with the Company's Constitution. Pursuant to Resolution 3, Mr Geoff Wedlock seeks to be re-elected as a Director.

Mr Geoff Wedlock's previous roles have included executive positions with BHP Billiton Limited, Portman Mining Limited and, most recently, Western Metals Limited. Mr Geoff Wedlock brings more than 35 years of experience in minerals exploration and project management which the Directors believe will be essential in identifying and evaluating new investment opportunities in the resources sector with the potential to deliver long-term growth to shareholders.

Mr Geoff Wedlock is a previous Vice President of the Western Australian Chamber of Minerals and Energy.

## **3. RESOLUTION 4 - APPROVAL FOR THE GRANT OF PLAN OPTIONS TO DIRECTOR, MR GEOFF WEDLOCK**

### **3.1 Background**

Resolution 4 seeks Shareholder approval for the grant of 1,500,000 Plan Options to Mr Geoff Wedlock (or his permitted nominees) under the Directors' and Officer's Option Plan.

Mr Wedlock has agreed to the issue of Plan Options in lieu of higher cash remuneration in order to reduce the cost to the Company by way of cash burn that is associated with the payment of historically high cash salaries to senior executives of the Company.

In addition to reducing the remuneration costs to the Company, the issue of the Plan Options to Mr Wedlock is intended to act as a strong incentive to align with the Company's strategic plan focusing on seeking improved performance, the growth of the Company and better returns for Shareholders.

### 3.2 Key Details of the Plan Options

Key details of the Plan Options to be granted by the Company to Mr Wedlock are set out below:

Director	No. of Plan Options	Offer Price per Plan Option	Exercise Details	Expiry Date
Mr Geoff Wedlock	1,500,000	No consideration is payable in respect of the grant of a Plan Option	➤ Each Plan Option has an exercise price of \$0.50 (50 cents) and is exercisable from the date of grant until the expiry date.	30 June 2007

A summary of the terms and conditions of the Plan Options are set out in Annexure B to this Explanatory Statement.

### 3.3 Chapter 2E of the Corporations Act

As stated in Section 1.3 of this Explanatory Memorandum, Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the benefit.

For the purposes of Chapter 2E, Mr Geoff Wedlock is a Related Party of the Company by virtue of the fact that he is a Director of the Company and the proposed grant of the Plan Options by the Company to Mr Wedlock (or his permitted nominees), pursuant to Resolution 4, involves the provision of a financial benefit to a Related Party of the Company and, therefore, requires prior Shareholder approval.

In accordance with the requirements of Chapter 2E, and in particular section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed grant of the Plan Options by the Company to Mr Wedlock (or his permitted nominees), pursuant to Resolution 4:

- (a) Mr Geoff Wedlock is a Related Party of the Company to whom proposed Resolution 4 would permit a financial benefit to be given;
- (b) the proposed financial benefit to be given to Mr Geoff Wedlock (or his permitted nominees) is the grant of 1,500,000 Plan Options as set out in Section 3.2 of this Explanatory Memorandum;
- (c) as at the date of this Explanatory Memorandum, the issued capital of the Company is 69,709,259 Shares and 9,325,715 Options. A comparison of the current issued capital of the Company and the issued capital of the Company should Mr Wedlock exercise all of the Plan Options granted to him in accordance with Resolution 4 (assuming no existing Options are exercised and that no other securities are issued

by the Company in the meantime, but assuming the Director Options the subject of Resolutions 1 and 2 are granted and exercised) is set out in the table below:

Current Number of Shares on Issue	Number of Shares on Issue Following Exercise of Director Options and Plan Options Granted Pursuant to Resolutions 1, 2 and 4
69,709,259	74,209,259

If Shareholders approve the grant of the Plan Options to Mr Geoff Wedlock, the exercise of the Plan Options by Mr Geoff Wedlock will result in a dilution of all other Shareholders' holdings in the Company by approximately 2.106% (based on the number of Shares on issue of the date of this Notice of Meeting and assuming that Resolution 4 is approved by Shareholders and the Plan Options the subject of Resolution 4 are subsequently granted and exercised);

- (d) Mr Geoff Wedlock does not wish to make a recommendation to Shareholders about proposed Resolution 4 because he has a material interest in the outcome of Resolution 4. In accordance with Listing Rule 14.11.1, the remaining Directors are precluded from voting on Resolution 4 and, therefore, do not believe it is appropriate to make a recommendation as to how Shareholders should vote on Resolution 4;
- (e) assuming that Resolution 4 is approved, Mr Geoff Wedlock will be entitled to the following securities in the Company:

Director	Shares currently held	Plan Options expiring 30 June 2007
Mr Geoff Wedlock	14,000	1,500,000

- (f) the 1,500,000 Director Options will be granted by the Company to Mr Geoff Wedlock for nil consideration and otherwise on the terms and conditions set out in Annexure B to this Explanatory Memorandum;
- (g) as at the date of this Explanatory Memorandum, Mr Geoff Wedlock has a relevant interest in the following Shares and unlisted options in the Company:

Director	No. of Shares	No. of Unlisted Options
Mr Geoff Wedlock	14,000 <sup>1</sup>	nil

**Note 1** Mr Geoff Wedlock's relevant interest in these 14,000 Shares arises by virtue of his position as a trustee of the Wedlock Superannuation Fund.

- (h) details of Mr Geoff Wedlock's remuneration which has accrued since his appointment on 6 November 2003 to 11 March 2004 is as follows:

Director	Base Salary / Fees	Superannuation Contributions	Other <sup>1</sup>	Total
Mr Geoff Wedlock	6,231	561	41,294	48,086

**Note 1** Other comprises entirely of fees of \$41,294 (inclusive of GST) for services provided to Grange for the period 6 November 2003 to 26 February 2004 by Keypalm Pty Ltd, of which Mr Wedlock is the sole director and sole shareholder, under a consultancy agreement.

- (i) please refer to Section 1.3(l) of this Explanatory Memorandum for details relating to the Company's share trading history;
- (j) if Mr Geoff Wedlock is not elected as a Director, pursuant to Resolution 3, the Company will not offer Mr Geoff Wedlock any Plan Options; and
- (k) other than the information specified above and in Sections 3.4 and 3.5 below, the Company believes that there is no other information that would be reasonably required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolution 4.

### 3.4 **Details Concerning the Valuation of the Plan Options**

The Plan Options to be granted to Mr Geoff Wedlock, pursuant to Resolution 4, will not be quoted on ASX and as such have no actual market value.

Ernst & Young Transaction Advisory Services Limited has provided an indicative valuation for the Plan Options to be granted to Mr Geoff Wedlock based on the assumptions set out below.

Director	No. of Plan Options	Value
Mr Geoff Wedlock	1,500,000	\$168,000 to \$235,000

This value has been derived using the Black-Scholes Model on the basis of the following assumptions regarding the various inputs that comprise the valuation model:

- (a) the underlying price of the Company's Shares being \$0.52 (52 cents), being the closing price on 26 February 2004;
- (b) an exercise price of \$0.50 (50 cents) per Plan Option;
- (c) a risk free rate of 5.35% per annum;
- (d) a volatility factor of 0.5108;
- (e) the exercise period of the Plan Options is 3.34 years (expiring 30 June 2007); and
- (f) all other terms and conditions as outlined in Annexure B of this Explanatory Memorandum.

Based on these assumptions, the calculated value for one Plan Option as at 26 February 2004 was between \$0.112 (11.2 cents) and \$0.157 (15.7 cents).

### 3.5 **Listing Rule Requirements**

Listing Rule 10.14 provides, in essence, that the approval of Shareholders by ordinary resolution is required before any of the following persons can acquire securities under an employee incentive scheme:

- (a) director;
- (b) an Associate of a director; or
- (c) a person whose relationship with the company or a related party is, in ASX's opinion, such that approval should be obtained.

Mr Geoff Wedlock is a Director of the Company for the purpose of Listing Rule 10.14. Accordingly, in order for Mr Geoff Wedlock to acquire a beneficial interest in the Plan Options (which occurs upon grant of the Plan Options in accordance with the terms of the Directors' and Officers' Option Plan), the Company must obtain Shareholder approval pursuant to Listing Rule 10.14.

Listing Rule 10.15 sets out a number of matters which must be included in a notice of meeting requesting shareholder approval under Listing Rule 10.14.

In accordance with Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolution 4:

- (a) the maximum number of Plan Options that may be granted by the Company to Mr Geoff Wedlock (or his permitted nominees) for whom approval is required is 1,500,000 Plan Options. If all Plan Options are exercised by Mr Geoff Wedlock, Mr Geoff Wedlock will be entitled to 1,500,000 Shares;
- (b) the Plan Options are granted for nil consideration. For details of the exercise price of the Plan Options please refer to Section 3.2 and Annexure B of this Explanatory Memorandum;
- (c) the indicative valuation range for each Plan Option is between 11.2 cents and 15.7 cents;
- (d) as at the date of this Notice, each of Messrs Bohnenn, Moser, Nutter, Rankine-Wilson and Wedlock may be entitled to participate in the Directors' and Officers' Option Plan as they are current Directors of the Company;
- (e) In accordance with the requirements of Listing Rule 10.15.4, the names of all directors and associates of directors who have received securities under the Directors' and Officers' Option Plan since the date of the last approval by shareholders for the grant of Options under the Directors' and Officers' Option Plan are:

Director	No. of Plan Options	Acquisition Price
Mr Adam Rankine-Wilson	1,500,000	Nil
Mr Anthony Bohnenn	1,150,000	Nil
Mr Alexander Nutter	750,000	Nil
Mr Hans Rudolf Moser	750,000	Nil
Mr Ludger David Kohmascher <sup>1</sup>	500,000	Nil

**Note 1** Subsequent to his resignation as a director on 3 February 2003, Mr Kohmascher agreed to cancel 250,000 of 750,000 options issued pursuant the Directors' and Officers' Option Plan for nil consideration.

- (f) the Plan Options will be granted no later than one (1) month after the date of the Meeting.

## **Annexure A**

### **Terms and Conditions of Director Options**

Each Director Option entitles the holder to subscribe for one Share on the following terms and conditions:

- (i) Each Director Option will be issued for nil consideration and will be exercisable at any time during the period beginning on the date of grant of the Director Option and expiring at 5.00 pm (WST) on 30 June 2007 ("Expiry Date") by completing a Director Option exercise form and delivering it to the Company's share registry together with the payment for the number of Shares in respect of which the Director Options are being exercised.
- (ii) The exercise price of each Director Option is \$0.50 (50 cents).
- (iii) Subject to the Corporations Act, the Listing Rules and the Constitution of the Company, the Director Options are not transferable.
- (iv) All Shares issued upon exercise of Director Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for quotation by ASX of all Shares issued upon exercise of Director Options within the time specified by the Listing Rules.
- (v) There are no participating rights or entitlements inherent in the Director Options and holders of Director Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give the holders of Director Options the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
- (vi) If and whenever the Company makes a bonus issue, a rights issue or any other similar issue of rights or entitlements, the exercise price of the Director Options will change in accordance with the formula set out in Listing Rule 6.22.2.
- (vii) In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the holders of Director Options, including the number of Director Options or the Director Option exercise price or both, will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (viii) If for any reason, the holder of a Director Option or the Company terminate the holder of the Director Option's employment arrangement, all Director Options that are not exercised at the date of termination will be cancelled.
- (ix) The holders of Director Options will be sent all communications sent to Shareholders, but Director Options do not confer any right to attend or vote at meetings of Shareholders.
- (x) Notices may be given by the Company to the holders of Director Options in the manner provided by the Company's Constitution for the giving of notices to Shareholders, and the relevant provisions of the Company's Constitution apply with all the necessary modification to notices to holders of Director Options.

## **Annexure B**

### **Terms and Conditions of Plan Options**

Each Plan Option entitles the holder to subscribe for one Share in the Company on the following terms and conditions.

- (i) Each Plan Option will be issued for nil consideration and will be exercisable at any time during the period beginning on the date of grant of the Plan Option and expiring at 5.00 pm (WST) on 30 June 2007 ("Expiry Date") by completing a Plan Option exercise form and delivering it to the Company's share registry together with the payment for the number of Shares in respect of which the Plan Options are being exercised.
- (ii) The exercise price of each Plan Option is \$0.50 (50 cents).
- (iii) Subject to the Corporations Act, the Listing Rules and the Constitution of the Company, the Plan Options are not transferable.
- (iv) All Shares issued upon exercise of Plan Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for quotation by ASX of all Shares issued upon exercise of Plan Options within the time specified by the Listing Rules.
- (v) There are no participating rights or entitlements inherent in the Plan Options and holders of Plan Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give the holders of Plan Options the opportunity to exercise their Plan Options prior to the date for determining entitlements to participate in any such issue.
- (vi) If and whenever the Company makes a bonus issue, a rights issue or any other similar issue of rights or entitlements, the exercise price of the Plan Options will change in accordance with the formula set out in Listing Rule 6.22.2.
- (vii) In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the holders of Plan Options, including the number of Plan Options or the Plan Option exercise price or both, will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (viii) If for any reason, the holder of a Plan Option or the Company terminate the holder of the Plan Option's employment arrangement, all Plan Options that are not exercised at the date of termination will be cancelled.
- (ix) The holders of Plan Options will be sent all communications sent to Shareholders, but Plan Options do not confer any right to attend or vote at meetings of Shareholders.
- (x) Notices may be given by the Company to the holders of Plan Options in the manner provided by the Company's Constitution for the giving of notices to Shareholders, and the relevant provisions of the Company's Constitution apply with all the necessary modification to notices to holders of Plan Options.

## GLOSSARY OF TERMS

The following terms and abbreviations used in the Notice of Meeting and this Explanatory Memorandum have the following meanings:

"**S**" means Australian dollars.

"**Associate**" has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

"**ASX**" means Australian Stock Exchange Limited ACN 008 624 691.

"**Board**" means the board of Directors from time to time.

"**Business Day**" means a day, other than a Saturday or Sunday on which banks are generally open for business in Perth, Western Australia.

"**Chapter 2E**" means Chapter 2E of the Corporations Act.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**Constitution**" means the constitution of the Company from time to time.

"**Director Options**" means the 3,000,000 options to be granted to the Recipient Directors, on the terms and conditions set out in Annexure A to this Explanatory Memorandum.

"**Directors**" means the directors of the Company from time to time.

"**Directors' and Officers' Option Plan**" means the Grange Resources Limited Directors' and Officers' Option Plan.

"**Explanatory Memorandum**" means this explanatory memorandum.

"**Grange Resources**" or "**Company**" means Grange Resources Limited ACN 009 132 405.

"**Listing Rules**" means the listing rules of ASX and any other rules of ASX which are applicable while the company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

"**Meeting**" means the general meeting of Shareholders of the company or any adjournment thereof, convened by the Notice.

"**Notice**" or "**Notice of Meeting**" means the notice of general meeting which accompanies this Explanatory Memorandum.

"**Plan Options**" means the 1,500,000 options to be granted to Mr Geoff Wedlock on the terms and conditions set out in Annexure B to this Explanatory Memorandum.

"**Recipient Directors**" means Mr Adam Rankine-Wilson and Mr Anthony Bohnenn

"**Related Party**" has the same meaning as that given to the expression in the Corporations Act.

"**Resolution**" means a resolution referred to in this Notice of Meeting.

"**Section**" means a section of this Explanatory Memorandum.

"**Share**" means a fully paid ordinary share in the capital of the Company.

**"Shareholders"** means a holder of Shares.

**"WST"** means Australian western standard time.

# GRANGE RESOURCES LIMITED

ABN 80 009 132 405

## PROXY FORM

The Company Secretary  
Grange Resources Limited  
Level 13, The Forrest Centre  
221 St Georges Terrace  
PERTH WA 6000

Facsimile: +61 8 9321 1523

I/We \_\_\_\_\_

of \_\_\_\_\_

being a shareholder/(s) of Grange Resources Limited ("**Company**") and entitled to \_\_\_\_\_ Shares

in the Company hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at Level 14, The Forrest Centre, 221 St George's Terrace, Perth, Western Australia at 2.00 pm (WST) on Thursday, 22 April 2004, and at any adjournment thereof in respect of \_\_\_\_\_ of my/our Shares or, failing any number being specified, **ALL** of my/our Shares in the Company.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is [     ]%.  
(An additional proxy form will be supplied by the Company on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a Resolution, the proxy may abstain or vote at his or her discretion.

I/we direct my/our proxy to vote as indicated below:

### RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1. Grant of Director Options to Mr Adam Rankine-Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Grant of Director Options to Mr Anthony Bohnem	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Election of Mr Geoff Wedlock as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Grant of Plan Options to Mr Geoff Wedlock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proxies given by a natural person must be signed by each appointing Shareholder or the Shareholder's attorney duly authorised in writing. Proxies given by companies must be executed in accordance with section 127 of the Corporations Act or signed by the appointor's attorney duly authorised in writing. The Chairman intends to vote all undirected proxies in favour of all Resolutions.

If you do not wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

