29 November 2012



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SOUTHDOWN PROJECT UDPATE – EXPENDITURE REVISION

Grange Resources Limited (**Grange** or the **Company**), announced today that it will significantly reduce expenditure on its 70% owned Southdown Magnetite Project. Southdown is a joint venture between Grange (70%) and SRT Australia Pty Ltd (SRTA) (30%). SRTA is jointly owned by Sojitz Corporation, a Japanese global trading company, and Kobe Steel, the fourth largest Japanese steel maker. Grange is the Project Manager.

Managing Director, Richard Mehan, said that while the process of seeking an equity partner for a strategic share of the Company's interest in the project will continue, uncertain market conditions, high development costs and difficult financial markets meant this course of action is in the best interest of all shareholders.

Mr Mehan said that "the project has achieved a number of significant milestones including completion of a Definitive Feasibility Study (DFS), delineation to reserve status of a major ore body capable of producing extremely high grade concentrate, cost effective non process infrastructure solutions and all primary environmental approvals. On this basis the project is able to quickly move to the development phase when market and cost environments are more favourable. All tenements, permits and project assets will be maintained in good order until that time," he said.

"We very much appreciate the on-going support for the project from the local communities in south west Western Australia and will continue to keep them and other stakeholders apprised of developments," said Mr Mehan.

Grange is expecting that its share of total project expenditure for 2013 will be in the order of \$2.5 million. Cost reductions will result in the Project Manager's team being reduced from the current level of 24 staff and contractors in its Perth project office and a number of part time personnel working in the field to a small team of six over the next five months. The majority of those, whose positions are to be made redundant under this restructure, will leave the project by the end of December 2012.

About the Company:

Grange Resources Limited is Australia's leading magnetite producer and the only commercial producer of magnetite pellets in Australia, combining both mining and pellet production expertise. The Company remains on target to produce to produce approximately 2.1 million tonnes of iron ore pellets in 2012 from its Savage River operation in Tasmania.



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