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REPORT FOR THE QUARTER ENDED 31 MARCH 2009

HIGHLIGHTS

- Conditions precedent to Merger with Australian Bulk Minerals satisfied and transaction completed 2 January 2009
- Grange transformed into Australia's largest producer and exporter of high value magnetite products with annual sales in excess of A\$350 million
- 23% increase in pellet sales (650kt) from the Savage River Operations (Jan-Mar 09 vs Jan -Mar 08)
- 36% increase in mine movement (4.9 million BCM) at the Savage River mining operations (Jan-Mar 09 vs Jan-Mar 08)
- Bukit Ibam commissioning under way and concentrate production commenced

MERGER WITH AUSTRALIAN BULK MINERALS ("ABM")

Grange Resources Limited ("Grange" or "the Company") announced on 25 September 2008, that it had entered into binding agreements to merge with ABM to create a leading mid-cap iron ore group with complementary production and development assets.

Shareholders ratified the proposed merger of Grange and ABM in December 2008. The remaining conditions precedent to the transaction were subsequently satisfied and the transaction was completed on 2 January 2009.

The merger transforms Grange into Australia's largest producer and exporter of high value magnetite iron products.

Key assets of the merged entity are 100% of the Savage River magnetite mining and pelletising operation ("Savage River") in Tasmania – Australia's largest pellet producer, and 70% of the large Southdown magnetite development project near Albany in Western Australia. In addition the Company owns 51% of the Bukit Ibam joint venture, which has just commenced production of magnetite concentrate.

Mr Russell Clark continues as Grange's Managing Director and Chief Executive Officer, and the Company remains headquartered in Perth, Western Australia.

The senior management team comprises a combination of Grange and ABM's senior management teams, bringing together over 130 years of combined commercial and mining experience in the production, processing and marketing of magnetite, iron ore pellets and concentrate.

During the quarter, Mr Wayne Bould was appointed as Chief Operating Officer. Based in Tasmania, Wayne brings vast management and mining expertise and will focus on consolidating the operations of the two entities and to the ongoing management of the Savage River assets. Prior to joining Grange last May, Wayne was General Manager Business Excellence for Newmont Mining Corporation, where he was responsible for the development and execution of Newmont's business excellence strategies.

Since completion of the merger, consolidation of the two entities has progressed well. Priority has been placed on implementing policies and procedures to reduce costs and to increase the productivity of the Savage River operations.

SAVAGE RIVER OPERATIONS

Production

Savage River produces 2.5Mtpa of concentrate, from which 2.4Mtpa of blast furnace pellets were produced. There are plans to increase the annualised concentrate production rate to 2.7Mtpa by the end of 2009. As at March 2008, Savage River had Mineral Resources and Ore Reserves as follows:

Mineral Resources	Tonnes (Mt)	Grade (% DTR)
Measured	92.84	52.0
Indicated	138.17	51.8
Inferred	92.22	47.2
Total	323.23	50.5

Ore Reserves	Tonnes (Mt)	Grade (% DTR)
Proved	56.92	48.7
Probable	74.11	49.0
Total	131.02	48.9

The current mine plan has a 14 year life, with the potential to be extended for a further 10 years to mine out reserves.

During the quarter, mine movement at Savage River increased by 1.29 million BCM to 4.88 million BCM, an increase of 36% on the same quarter last year.

Concentrate production was impacted by down time associated with the repair of cracks in the feed end of Autogenous Mill # 1 in the concentrator. These were detected during routine preventative maintenance procedures on the 25 February 2009. Repair work has now been completed, earlier than expected, and the operation has returned to maximum production.

Pellet production for the quarter was 462,000 tonnes, a decrease of 23% compared to the same period last year, due to the reduced concentrate production arising from the mill cracks. The pellet plant was shut down for a month during which time planned maintenance was brought forward and a range of process improvements implemented.

Savage River sold 650,000 tonnes of pellet, an increase of 121,000 tonnes (23%) on the same quarter last year (529,000 tonnes).

Quarterly production is summarised as follows:

	2009 March Qtr	2008 March Qtr
Total BCM Mined ('000)	4,883	3,594
Total Ore BCM Mined ('000)	237	175
Concentrate Produced ('000 Tonnes)	514	573
Weight Recovery (Dry)	43.2%	46.8%
Pellets Produced ('000 Tonnes)	462	602
Pellets Shipped ('000 Tonnes)	650	529
Concentrate Shipped ('000 Tonnes)	0	3
Pellet Stockpile ('000 Tonnes)	105	213
Concentrate Stockpile ('000 Tonnes)	59	27
Cash Cost US\$/tonne Pellet Produced	\$68.25	\$62.62

Off Take Arrangements

During the quarter, one of Savage River's major customers, Bluescope Steel, cancelled contracted shipments. The Company arranged for these shipments to be taken by its major shareholder, Shagang International Holdings. Bluescope has indicated that it expects there will be no further cancellations of shipments for the remainder of their current contract year which concludes in June, 2009. Savage River has entered into a new offtake agreement with Bluescope which commences with effect from 1 July 09 and is for a period of 3 years.

Therefore, going forward, offtake is fully committed to Savage River's major customers, Shagang and Bluescope, with minor amounts of concentrate contracted to Stemcor.

Production Expansion

The implementation of the Mine Life Extension Plan (MLEP) has been completed and is now integrated into the annual business plans. All new equipment has been commissioned and mining production for the quarter increased 36% over the same quarter last year.

Grange is finalising a study to increase concentrate production to an annualised rate of 2.7Mtpa and plans to begin minor plant upgrades in mid 2009 to achieve the increased production rate by the end of the year. The fifth furnace line at Port Latta will be recommissioned and slurry filtering capacity will be increased to convert the additional concentrate production into pellets.

Foreign Exchange Hedges

Hedges in place prior to completion of the merger were closed out during the quarter.

SOUTHDOWN MAGNETITE PROJECT (“SOUTHDOWN”) (Grange 70%; Sojitz Resources & Technology Pty Ltd (“Sojitz”) 30%)

Diamond Drilling

In late September 2008, a 10,000 metre infill diamond drilling program commenced at Southdown with the objective of significantly increasing the measured resource in the western portion of the deposit. Drilling was completed in December 2008. The core from the drilling program continues to be logged, sampled and assayed and modelling of the new data is underway. The new resource model is anticipated to be completed by June 2009.

Metallurgical Testwork

Following completion of the 2008 testwork to determine process characteristics, additional ore processing testwork is being undertaken by Metso in the USA. The work will determine pelletising characteristics using magnetite concentrate from the orebody, limestone from Malaysia and bentonite from India. The results of this work are currently being reviewed and will provide the basis for travelling grate furnace simulations and engineering detail. In addition to the above, some further optimisation of the plant layout and design of the concentrator will be undertaken to ensure cost effectiveness of capital and operating costs.

Environmental Approvals

Mine

The Environmental Protection Authority (EPA) published its Bulletin for the Southdown mine environmental approvals on 30 June 2008. The release of the Bulletin was the culmination of extensive studies and submissions to the EPA by the Company over a number of years.

The EPA has recommended approval of the project to the Minister for the Environment with appropriate conditions and procedures.

The Southdown Joint Venture has appealed some of the conditions, as have other parties, and it is expected that a final recommendation will be submitted to the Minister for the Environment in the June quarter and that the permit will be issued by mid 2009.

The Southdown Joint Venture has received confirmation from the Department of Environment and Conservation that the offsets package proposed is acceptable. The offsets package is one of conditions of the Environmental Bulletin and its acceptance is a milestone in progressing towards final approval.

Port

The Port of Albany is currently undertaking the Environmental Approval process with respect to proposed works in Albany Harbour. The Public Environmental Review commenced in September 2008.

The Response to Submissions section has recently been completed and Bulletin preparation by the Environmental Protection Authority is about to commence. The Environmental Bulletin is expected to be finalised by the end of July 2009.

Project methodology

In November 2008, the Southdown Joint Venture adopted a more structured approach to the project development, adopting a “Stage Gate” approach. This approach involves sections of the study having significant peer review as they are completed to ensure that the study is of appropriate quality and that the various components of the project are at a similar level of

advancement. Once the peer review is complete and both Grange and Sojitz have reviewed its findings, the project is then approved to go to the next stage.

With the volatility in the world financial markets and the depressed demand for most commodities, the project team is focused on high value activity, such as securing permits, land access, metallurgical test work and ore body modelling. Most of the project work is now being undertaken "in house" using the personnel and expertise acquired through the merger.

BUKIT IBAM PROJECT (Grange Minerals Sdn Bhd - 51%)

The construction of the Bukit Ibam processing plant was completed in March 2009. Commissioning has commenced with the concentrator operating 16 hours per day, until personnel are fully trained, to ensure that safety and operating procedures are properly implemented. Once running at full production the project will produce 100,000 tonnes of magnetite concentrate per year for sale on the spot market and shipping out of Kuantan Port.

Cashflow from the operation will be used for expansion purposes, with tailings leases recently acquired by Grange providing additional ore feed.

Given the size and location of the Company's other assets (Savage River and Southdown) the Company is looking to divest its ownership in Bukit Ibam. Expressions of interest have been received and are being evaluated.

CORPORATE MATTERS

Cash Reserves

The cash and cash assets of Grange at 31 March 2009 were \$74.9 million.

Issue of Shares

In accordance with the terms of the merger, the Company issued 380,025,554 ordinary fully paid shares to the ABM selling shareholders during the quarter.

-ENDS-

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The information in this report that relates to Mineral Resources and Ore Reserves at Savage River is based on information compiled by Ben Maynard, who is a member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Grange Resources. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code, 2004. Mr Maynard consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Mineral Resources and Ore Reserves are reported in accordance with the JORC Code, 2004. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves. The Inferred Mineral Resources are, by definition, additional to the Ore Reserves. A lower cut-off grade of 15% DTR was used in the calculation of both Mineral Resources and Ore Reserves.