

9 June 2009



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FACILITY WITH BANK OF CHINA

Grange Resources Limited (ASX: GRR) (**Grange** or the **Company**) announced on 1 April 2009 that arrangements had been made, with the support of Stemcor Holdings Limited (**Stemcor**) and Shagang International Holdings (**Shagang**), for repayment of the deferred consideration payment of US\$37 million due to Stemcor on 31 March 2009.

These arrangements resulted in a US\$6.8 million part payment of the Stemcor deferred consideration being made with the balance (approximately US\$30.2 million) deferred for payment until 9 June 2009.

The Company advises that Shagang has facilitated a letter of credit (**Letter of Credit**) with the Bank of China for an amount of US\$40.75 million. The proceeds from this Letter of Credit will go towards repaying the balance due to Stemcor, reimbursing Shagang for the part payment made on 31 March 2009 and working capital. The Letter of Credit will be repayable in a single bullet by 31 March 2010, unless otherwise agreed.

To secure the Company's obligations under the Letter of Credit, it is proposed that a second ranking mortgage of shares (**Proposed Security**) be granted in favour of Shagang over the shares that Shagang Mining Australia Pty Ltd (**SMAPL**) (a controlled entity of Grange) holds in Beviron Pty Ltd (a controlled entity of Grange that holds 100% of the shares in Grange Resources (Tasmania) Pty Ltd, the holding entity for Savage River).

As Shagang is a substantial holder of Grange, the provision of the Proposed Security will be subject to obtaining an appropriate waiver from ASX Listing Rule 10.1, or Grange shareholder approval.

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