



18 August 2009

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Dear Shareholder

Non-renounceable entitlement offer – Excluded Shareholders

On 18 August 2009, Grange Resources Limited (**Grange**) (ASX Code: GRR) announced a non-renounceable entitlement offer (**Offer**) of one ordinary share in Grange (**New Share**) for every one ordinary share in Grange at an issue price of A\$0.25 each.

Grange also announced an unconditional placement to Stemcor Pellets Limited, Dacroft Pty Ltd and Forlife Tasmania Pty Ltd of 55,000,000 New Shares and a conditional placement to its cornerstone shareholders, Shagang International Holdings Limited, RGL Holdings Co. Ltd and Pacific International Co. Pty Ltd of up to 99,800,000 New Shares.

The Offer is being made to Grange shareholders whose registered addresses are situated in Australia, New Zealand or the British Virgin Islands, and are registered at 7.00 pm (AEST) on 26 August 2009.

In accordance with the ASX Listing Rules, Grange has given regard to:

- the number of shareholders outside of Australia, New Zealand and the British Virgin Islands;
- the number and value of the securities to be offered to shareholders outside of Australia, New Zealand and the British Virgin Islands; and
- the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions,

and considers that it would be unreasonable to make an offer to Grange shareholders who have a registered address outside Australia, New Zealand or the British Virgin Islands (**Excluded Shareholders**). Accordingly, the Offer will not be made to Excluded Shareholders.

As your registered address is outside Australia, New Zealand or the British Virgin Islands, you will not be eligible to participate and will be an Excluded Shareholder for the purposes of the Offer. Any New Shares that would otherwise have been offered to you as an Excluded Shareholder are proposed to be issued to Patersons Securities Limited (acting as Nominee). The Nominee will subscribe for and sell (on a “best endeavours” basis) the New Shares on market on behalf of the Excluded Shareholders following the allotment and issue of those New Shares. The Company will distribute the proceeds (if any) pro rata to the Excluded Shareholders net of sale expenses (ie sales proceeds less brokerage and applicable GST).

Details of this process are set out in the enclosed Offer Documents, which have been provided to you for your information.

The Nominee will have the sole and absolute discretion to determine the timing and the price at which the Excluded Shares may be sold and the manner in which any sale is made. Neither Grange nor the Nominee will be liable for a failure to sell the Excluded Shares or to sell them at a particular price.

Please note that it is possible, even if the Nominee sells the Excluded Shares, that no net proceeds will be available for distribution to Excluded Shareholders after the costs of the sale have been deducted. We will inform you in due course of the outcome of the sale of your Excluded Shares.

Subject to the completion of the Offer, Grange expects to remit payment (if any) after 22 September 2009. Should you have any questions, please contact your financial adviser, the Company Secretary on (+61 8) 9321 1118 or Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or (+61 3) 9415 4000 (outside Australia).

Yours faithfully



Stacey Apostolou
Company Secretary