

**18 August 2009**

Dear Optionholder

**PARTICIPATION IN PRO-RATA NON-RENOUCEABLE ENTITLEMENT OFFER** [www.grangeresources.com.au](http://www.grangeresources.com.au)

**Overview**

Grange Resources Limited (**Grange**) wishes to advise that it intends to proceed with a non-renounceable entitlement offer of one ordinary share in Grange (**Share**) for every one Share at an offer price of \$0.25 per Share (**Offer**) to raise a maximum of \$124 million before costs and restructure certain of its key liabilities. The minimum subscription under the Offer is \$85.8 million (representing 343,038,639 new Shares).

Only shareholders who are registered at 7.00 pm (AEST) on Wednesday, 26 August 2009 (**Record Date**) will be eligible to participate in the Offer. There is no inherent right in your options to participate in the Offer. The purpose of this letter is to give you notice prior to the Record Date in which you may exercise your options should you wish to participate in the Offer.

Accordingly, if you wish to participate in the Offer (to the extent of any Shares which would be issued upon exercise of your options) you must exercise your options in time for Shares to be allotted to you before the Record Date. To ensure that your Shares are allotted and issued before the Record Date, your notice of exercise of option (**Notice of Exercise**) together with your cheque for the necessary amount must be received by Grange no later than 5.00pm (AEST) on Friday, 21 August 2009. Any Shares to be issued in relation to a Notice of Exercise received after this date cannot be assured of being allotted and issued before the Record Date.

If you do not wish to participate in the Offer (in respect of your options) you do not need to take any action.

Before deciding whether to exercise all or any of your options, you should consider the terms of the Offer carefully and consult with your professional advisor if necessary.

**Key Dates**

The new Shares will be offered via the Offer without disclosure to Eligible Shareholders under Part 6D.2 of the Corporations Act 2001 (Cth) (**Corporations Act**) in accordance with the following timetable:

Announcement of Offer and lodgement of Appendix 3B	18 August 2009
Lodgement of Offer Booklet & Section 708AA(2)(f) Notice	18 August 2009
Notice to Optionholders	18 August 2009
Notice to Shareholders	19 August 2009
Ex Date	20 August 2009
Record Date	26 August 2009
Dispatch of Offer Booklet and Entitlement and Acceptance Forms	28 August 2009
Offer opens	28 August 2009
Offer closes at 7.00 pm (AEST)	11 September 2009
Notification of under subscriptions	16 September 2009
Allotment of new Shares & dispatch of holding statements	21 September 2009
Normal trading of new Shares to commence on ASX	22 September 2009

The timetable outlined above is indicative only and subject to change. The Directors, in conjunction with the Underwriters, reserve the right to vary these dates, including the Closing Date, without prior notice but subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment.

In that event, or if the Company does not receive applications for at least the minimum subscription outlined above, the relevant application money (being the amount paid for new Shares applied for in a duly completed Entitlement and Acceptance Form) will be returned without interest.

#### **Further Details**

Full details of the Offer are contained in the Offer Booklet which has been lodged with the ASX and is available at their website: [www.asx.com.au](http://www.asx.com.au). The Offer Booklet can also be found on Grange's website: [www.grangeresources.com.au](http://www.grangeresources.com.au).

If you have any questions, please do not hesitate to contact Grange on (+61 8) 9321 1118.

Yours sincerely



Stacey Apostolou  
**Company Secretary**