



18 August 2009

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### Section 708AA(2)(f) Cleansing Notice

On 18 August, 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 (**Share**) held as at 7.00 pm (AEST) on 26 August 2009 to shareholders with a registered address in Australia, New Zealand and the British Virgin Islands (**Eligible Shareholders**) and to Patersons Securities Limited as the ASIC-approved nominee (**ASIC Nominee**) for holders of Grange's securities in other jurisdictions.

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

This notice is given by Grange under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (**Act**) as modified by the Australian Securities and Investments Commission Class Order 08/35 (**CO 08/35**).

Grange advises that:

1. the New Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Act;
2. this notice is being given under section 708AA(2)(f) of the Act as notionally modified by CO 08/35;
3. as a disclosing entity, Grange is subject to regular reporting and disclosure obligations;
4. as at the date of this notice, Grange has complied with:
  - i) the provisions of Chapter 2M of the Act as they apply to Grange; and
  - ii) section 674 of the Act as it applies to Grange;
5. as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act as notionally modified by CO 08/35;
6. the potential effect that the issue of the New Shares under the Offer and Stemcor Placement will have on the control of Grange, and the consequences of that effect, will depend on a number of factors, including investor demand.

The maximum number of New Shares to be issued pursuant to the Offer is 495,516,250<sup>1</sup> New Shares and the Stemcor Placement is 55,000,000 New Shares.

Under the Stemcor Placement, Grange will allot and issue 44,548,295 New Shares to Stemcor. Stemcor has confirmed that it will not take up any of its entitlement under the Offer (**Entitlement**).

If each Eligible Shareholder (apart from Stemcor) and the proposed ASIC Nominee elect to subscribe for all of the New Shares offered to them and all of the New Shares that would have been offered to Stemcor are underwritten, the issued capital of Grange will comprise 991,032,500 Shares<sup>2</sup>. Following the Stemcor Placement, the issued capital of Grange will comprise 1,046,032,500 Shares.

The Cornerstone Shareholders are 'associates' under the Act and together, currently have a relevant interest in 343,038,639 Shares (approximately 69.23% of Grange's current issued Shares). The Cornerstone Shareholders have committed to take up their full Entitlement under the Offer.

Below is a summary of the effect on the Cornerstone Shareholders' total relevant interest in Grange under different take up scenarios, following the issue of New Shares under the Offer and the Stemcor Placement.

If each Eligible Shareholder (apart from Stemcor) and the proposed ASIC Nominee elect to subscribe for all of the New Shares offered to them and all of the New Shares that would have been offered to Stemcor are underwritten, the Cornerstone Shareholders' total relevant interest in Grange would remain at approximately 69.23%. After the Stemcor Placement, the Cornerstone Shareholders' total relevant interest in Grange would reduce to approximately 65.60%.

If the Cornerstone Shareholders subscribe for all of the New Shares offered to them and only the minimum subscription level is reached, the Cornerstone Shareholders' total relevant interest in Grange would increase to approximately 81.80%. After the Stemcor Placement, under this scenario, the Cornerstone Shareholders' total relevant interest in Grange would be approximately 76.80%.

The level of control of all shareholders that either do not subscribe for their full Entitlement, or who are not eligible to participate in the Offer, will decrease.

The level of control of all Eligible Shareholders that either subscribe for their full Entitlement may also decrease depending on the total number of New Shares issued under the Offer and the Stemcor Placement.

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<sup>1</sup> This number may increase by up to 16,310,000 New Shares in the event that existing option holders exercise their 15,990,000 options prior to the Record Date (though the directors do not consider this to be likely) and up to 320,000 New Shares in respect of shares that Grange proposes to issue to employees prior to the Record Date pursuant to its employee incentive scheme.

<sup>2</sup> Assuming that existing option holders do not exercise their options and no shares are issued pursuant to Grange's employee incentive scheme.

It is not expected that any change in the total relevant interest of the Cornerstone Shareholders will have any material consequences on the control of Grange.



**Russell Clark**  
**Managing Director**