



## **GRANGE – ABM MERGER UPDATE**

10 December 2008

Grange Resources Limited (ASX: GRR) (“Grange” or “the Company”) is pleased to provide an update on its proposed merger with Australian Bulk Minerals (“ABM”).

### **Director Nominations**

Nominations have now been finalised for six of the eight members of the Grange Board of Directors after completion of the proposed merger with ABM. Grange shareholders will vote on the proposed merger at the shareholder meeting to be held on Friday 12 December 2008.

In accordance with the merger terms, the Grange Board will change to reflect the new shareholder ownership of the group, with four representatives from ABM, two independent Non-executive Directors and two current Grange representatives. The proposed directors bring valuable skills and experience to the Grange Board.

Mr Xi Zhiqiang has been nominated as Chairman of the Board. Mr Xi brings extensive experience in the Chinese Steel Industry having worked for Baosteel for 30 years, including 5 years as Managing Director of Baosteel Australia between 1994 and 1999.

Mr Wei Guo and has been nominated as a Non-executive Director. Mr Wei is the Vice-Director of the Investment Department of the Board of Jiangsu Shagang Group Ltd, having joined the Shagang Group in 1988.

They join Mr Clement Ko and Mr Dave Sandy and replace Mr Bin Shen and Mr Feng Gao as ABM’s previously nominated directors on the board of the expanded Grange group.

Mr Russell Clark will remain as Grange Managing Director and current Grange Chairman Mr Anthony Bohnenn will be a Non-executive Director.

Discussions are advanced with candidates for the two independent Non-executive Director positions and Grange will announce these nominations as soon as they are finalised.

### **Offtake Arrangements**

Grange also reports that it has been advised by ABM that one of its major customers, Bluescope Steel, has cancelled 3 contracted shipments that were scheduled for delivery during December 2008. The total tonnage of the 3 shipments amounts to 130,500 tonnes.

As an alternative, ABM has made arrangements to sell these shipments to one or more of the existing ABM shareholders over December and January at a minimum price of US\$80 per tonne, which reflects the current spot market price for pellets.

This is less favourable to ABM than the benchmark price that would have been payable by Bluescope Steel. The difference between the minimum spot and contract price is approximately US\$60 per tonne, which will result in an adverse impact on ABM’s cash flow of A\$8.77 million.

The impact on the forecast for the 6 months to 31 December 2008 as set out in the Explanatory Memorandum on the merger sent to Grange shareholders is as follows:

	<b>2H 2008 (EM)</b>	<b>2H 2008 (Amended)</b>
Revenue	A\$180.7m	A\$165.5m
EBITDA	A\$100.9m	A\$89.0m

Note: these numbers do not include the January Shagang shipment which will give ABM incremental revenue in 2009 of A\$6.9m.

### **Completion Date**

The parties have agreed to extend the last date for satisfaction of the conditions precedent to 31 March 2009 (from 31 December 2008) to allow sufficient time for all conditions precedent to be met. The effective date of the merger will remain as 30 June 2008.

The merger of Grange and ABM will transform Grange into Australia's leading producer and exporter of high value magnetite products.

Grange looks forward to the successful conclusion of the merger implementation process in early 2009.

Grange shareholders will vote on the merger on 12 December 2008.

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