



GRANGE
RESOURCES LIMITED
ABN 80 009 132 405

STOCK EXCHANGE ANNOUNCEMENT

**GRANGE COMPLETES ACQUISITION OF SOUTHDOWN MAGNETITE DEPOSIT
EXTENSION**

1 October 2007

Grange Resources Limited (ASX:GRR) is pleased to announce that it has completed the transaction with Rio Tinto Exploration Pty Ltd to acquire a 100% interest in Rio Tinto's Exploration Licence E70/2512 containing the eastern 6km extension of the Southdown magnetite deposit.

The Completion has followed the receipt of a No Objection Letter to the transaction by the Foreign Investment Review Board on 21 September 2007.

On 28 September 2007, the shareholders of Grange in General Meeting approved the issue to Rio Tinto Exploration Pty Ltd's nominee Hamersley Holdings Limited of the shares and options that form part of the consideration.

The consideration for the acquisition was:

- A cash sum of A\$1 million; plus
- 9 million ordinary fully paid shares in Grange; plus
- 9 million unlisted Grange options exercisable at A\$1.50 and expiring three years after the date of issue; plus
- 8.5 million unlisted Grange options exercisable at A\$1.95 per share and expiring one year after the date of issue.

The shares and three year options are subject to a voluntary 12 month escrow period and the one year options are subject to a voluntary 10 month escrow period. The shares and options represent 19.9% of the issued share capital of Grange.

The exercise of the options by Rio Tinto would realise approximately A\$30 million in exercise proceeds.

Commenting on the Completion, Grange's Managing Director Mr Geoff Wedlock said the acquisition by Grange of the eastern extension to the Southdown deposit is another significant milestone for the Company. The purchase will substantially increase the total Southdown magnetite resource available for development and potentially extends the life of mining operations to over 35 years. The Company is targeting magnetite mineralisation within the eastern extension of the Southdown deposit in the order of 500 million tonnes of similar grade and quality to that within the western portion of the deposit, in other words in excess of 1 billion tonnes of mineralisation within the whole deposit. Diamond drilling undertaken within the eastern portion of the deposit has shown that the quality of the magnetite is the same

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as that in the western portion of the deposit. More drilling will be done to define the Mineral Resource in that zone.

On Completion E70/2512 will be owned 100% by Grange.

Exploration History of E70/2512

Rio Tinto Exploration undertook exploration drilling during the period October 2005 to February 2006 to investigate the eastern extension of the Southdown Magnetite Deposit.

Rio Tinto completed 23 diamond drill holes spaced approximately 100 metres apart on 9 wide spaced traverses between 200 and 800 metres apart over approximately 5kms of strike length of the deposit within E70/2512.

Although the drilling density is inadequate to allow classification of the resource under the JORC code it provides some indication of the potential magnetite resource present within E70/2512.

Exploration completed to date indicates the continuation of the Southdown deposit and this presents potential to substantially increase the resources previously identified by Grange.

Grange was advised by Azure Capital and Clayton Utz on the transaction.

FOR FURTHER INFORMATION PLEASE CONTACT:

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About Grange Resources

Grange Resources Limited ("Grange") is a Western Australian based mining and exploration company listed on the Australian Stock Exchange (ASX Code: GRR). Grange's primary objective is to develop the Southdown Magnetite (Iron Ore) and Kemaman Pellet Plant Project.

Grange acquired the Southdown mining leases in 2003. In 2004 a Scoping Study on the Southdown Magnetite and Kemaman Pellet Plant Project identified the potential for an economic development of the resource. Accordingly in January 2005 Grange commenced a full Bankable Feasibility Study including seeking environmental approval for the project.

Grange has previously reported a resource base of 479.1 million tonnes containing 37.3% magnetite grading 69.2% Fe within the Southdown mining leases.

The development plan is to mine the Southdown Magnetite deposit using proven open pit mining methods with the magnetite mineralisation being crushed, ground, screened and then magnetically separated to produce a direct reduction (DR) grade magnetite concentrate at a planned production rate of 6.6 Mtpa. The magnetite resource within the Grange mining leases is sufficient to support the planned production rate for a period of approximately 22 years.

The magnetite concentrate will be pumped as slurry, approximately 100 km to a concentrate storage facility at the port of Albany before being loaded on to capsize vessels and shipped to an iron ore pellet plant located in Kemaman, Malaysia. Planned production is 6.8 Mtpa of DR grade iron ore pellets.

In June 2007 Grange entered into a Joint Venture Implementation Agreement with Sojitz Corporation whereby Sojitz has agreed to take a 30% joint venture interest in the Southdown Project.

Grange's other projects include:

- Bukit Ibam Iron Ore Mine (Malaysia) (Grange 51%)
- Red Hill Mine (WA) - Grange 4% gross revenue gold royalty (managed by Barrick Gold).
- Freshwater Gold Project (WA) - Grange gold royalty (managed by Barrick Gold).
- Exploration projects in Australia and South East Asia.
- Murchison Copper Mines – company restructure and copper projects in the Murchison region of WA.



NEIL MARSTON
Company Secretary