



GRANGE
RESOURCES LIMITED
ABN 80 009 132 405

STOCK EXCHANGE ANNOUNCEMENT

GRANGE SECURES SOUTHDOWN MAGNETITE DEPOSIT EXTENSION

Under scrip offer Rio Tinto set to become Grange's largest security-holder

14 August 2007

Grange Resources Limited (ASX:GRR) is pleased to announce that it has signed an agreement 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 purchase of the exploration licence will substantially increase the total Southdown magnetite resource available for development.

The consideration for the acquisition is:

- 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 exercise of the options by Rio Tinto would realise approximately A\$30 million in exercise proceeds and would take Rio Tinto's interest in Grange to 19.9% on a fully diluted basis on completion of this transaction.

Aeromagnetic surveys and exploration drilling by Rio Tinto on E70/2512 support Grange's view that the Southdown deposit extends for a total of approximately 12kms.

The purchase of E70/2512 will enable the entire deposit to be combined into a single project significantly extending the project life with minimal additional capital expenditure.

Commenting on the Agreement, Grange's Managing Director Mr Geoff Wedlock said the agreement with Rio Tinto is an excellent outcome for Grange and its partners.

"Grange has been interested in acquiring Rio Tinto's tenements for some time and we are delighted to have reached an agreement at a stage which allows Grange to factor the expanded resource into its development plans for the Project".

The issue of shares and options to Rio Tinto will be subject to shareholder approval at a shareholders' meeting to be held in late September 2007. The directors of Grange have resolved that they will recommend the transaction to shareholders, and in respect of their own shareholdings, intend to vote in favour of the resolutions that will be proposed in the notice of meeting to approve the transaction.

Mr Sam Walsh, Chief Executive, Rio Tinto Iron Ore said ".Rio Tinto is pleased to have reached agreement with Grange. Combining our two assets makes sound commercial sense and Rio Tinto is pleased to continue its interest in the resource through a substantial equity position in Grange."

E70/2512 will be owned by Grange exclusively and will not form part of the existing joint venture with Sojitz Corporation.

The agreement is subject to the relevant approvals under the Mining Act and approval by the Foreign Investment Review Board.

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 earning 51%) – Commissioning of processing plant completed.
- 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