



GRANGE
RESOURCES LIMITED
ABN 80 009 132 405

STOCK EXCHANGE ANNOUNCEMENT

JAPANESE FIRM SOJITZ TAKES A 30% STAKE IN GRANGE'S SOUTHDOWN PROJECT

Binding agreement to create Iron Ore Joint Venture to pursue billion dollar Project

1 June 2007

Grange Resources (ASX:GRR) is pleased to announce that a wholly owned subsidiary of the Japanese trading company Sojitz Corporation has today entered into a binding Joint Venture Implementation Agreement to become a 30% joint venture partner in Grange's Southdown Project.

The involvement of Sojitz, a recognised leader in the iron ore pellet sector is expected to provide a significant boost to the Project as it enters the final stages of project implementation, namely completion of environmental approvals, detailed engineering and design and project funding arrangements.

Geoff Wedlock, Managing Director of Grange Resources said "Grange is delighted to have reached an agreement with Sojitz. We believe that the skills and connections that Sojitz bring to the joint venture will add significant value to the Project. We are also pleased that the terms of the transaction enable Grange shareholders to retain substantial exposure to the upside in the iron ore market. We are looking forward to working with Sojitz to complete the Project and move towards our goal of producing iron ore pellets in 2010."

Sojitz is one of Japan's leading trading companies with revenues of AUD\$52 billion, net assets of AUD\$4.9 billion and a market capitalisation of AUD\$5.8 billion. With 103 offices and over 18,000 employees worldwide, Sojitz has a substantial global presence in iron ore, and is one of the leading firms in the iron ore pellet market.

Sojitz has expert knowledge in administration and management of pellet plants. Since 1974 Sojitz has been an equity participant in a pelletizing joint venture in Brazil.

Miki Akai, General Manager of the Perth office of Sojitz Australia said "Sojitz is delighted to reach this agreement with Grange to participate in the Southdown Joint Venture. The Southdown Project is unique in that it is significantly advanced with key infrastructure in place, a highly experienced management team, and an ability to produce high quality DR grade pellets close to rapidly growing DR markets in both SE Asia and the Middle East. This proximity to these markets provides for significant freight advantages over the current supply from Brazil. Sojitz is looking forward to bringing its expertise in pellets to the Project and to working with Grange to bringing the Project into production".

During the past twelve months Grange and Sojitz have evaluated a number of development paths for the project. These have been designed to enhance the value of the Project as a supplier of high quality

direct reduction pellets to the rapidly growing markets in South East Asia and the Middle East. These formal arrangements will allow an acceleration of Project development and implementation.

Details of the Joint Venture Implementation Agreement

The key financial terms of the Joint Venture Implementation Agreement are:

- Sojitz has agreed to purchase an initial 10% stake in the Project for US\$4 million.
- Sojitz has agreed to spend a further US\$10 million on pre-commitment development expenditure, for which it will earn a further 20% interest.
- Upon production, a royalty will be payable by Sojitz on the sale of pellets produced from Sojitz's proportionate share of concentrate sourced from the Southdown tenements. The royalty will be payable where the average received FOB pellet price is at least US\$60.00 per tonne (indexed from 2010 in accordance with US CPI) and will be charged according to a sliding scale rate up to 3.5%, based on the average received FOB pellet price. The royalty will be subject to a cap equal to 50% of free cash flow.

Other important terms are:

- The Joint Venture Implementation Agreement allows for the potential introduction of a further, strategic partner, either in the proposed unincorporated joint venture for the Southdown mine or in the pellet plant or both.
- The Joint Venture Implementation Agreement is subject to the approval of the Australian Government's Foreign Investment Review Board.
- Other terms and conditions as are standard in unincorporated joint ventures.
- The decision to proceed with full development of the Project is subject to obtaining the required approvals and completion of funding and ownership arrangements.

Grange and Sojitz will work closely together over the coming months to complete pre-commitment development activities. Grange and Sojitz will also jointly seek project finance, with the balance of funds required for construction to be funded via equity contributions made pro-rata to their proportionate shares in the Project.

FOR FURTHER INFORMATION PLEASE CONTACT:

Geoff Wedlock

Managing Director, Grange Resources Limited

Tel: +61 8 9321 1118

Email: gwedlock@grangeresources.com.au

or

Neil Marston

General Manager Commercial & Company Secretary, Grange Resources Limited

Tel: +61 8 9321 1118

Email: nmarston@grangeresources.com.au

For media enquiries please contact Jim Hawtin at Porter Novelli on (+618) 9386 1233 or jhawtin@wa.porternovelli.com.au

About Sojitz Corporation

Sojitz Corporation is a major trading house incorporated in Japan and listed on the Tokyo Stock Exchange and Osaka Securities Exchange. The Sojitz Group was formed through a merger in 2004 of Nichimen Corporation and Nissho Iwai Corporation, two companies with over a century of history.

Sojitz has over 45 year experience in the iron ore industry, handling around 15-16 million tonnes of iron ore annually. Sojitz is the Number 1 trading firm in Japan for pellet and pellet feed, accounting for more than 75% of Japan's annual imports of pellets and over 70% of Japan's annual imports of pellet feed.

Sojitz has excellent long term relationships with pellet consumers in Asia and the Middle East, which are key markets for the DR grade pellets that the Project will produce in Kemaman, Malaysia.

Sojitz's heavy machinery division will also be actively involved in the Project development, having delivered turnkey heavy plant and equipment solutions for numerous projects in the iron ore and steel sector in Asia and the Middle East.

About Grange Resources Limited

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. The Project is expected to produce 6.8 million tonnes of pellets per annum over 22 years, with capital costs of US\$1.175b (AUD \$1.43b) and annual revenues of around US\$700m (AUD\$850m) based on current iron ore prices.

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).
- Inderapura Coal Project (Indonesia) - JV with Coziron Resources Limited.
- Wembley Gold Project (WA) - Grange 100%.



NEIL MARSTON
Company Secretary