



GRANGE
RESOURCES LIMITED
ABN 80 009 132 405

STOCK EXCHANGE ANNOUNCEMENT

MALAYSIAN TAX INCENTIVES FOR KEMAMAN PELLET PLANT

6 September 2006

Grange Resources Limited is pleased to announce that the Malaysian Government has granted a substantial tax incentive package to Grange Developments Sdn Bhd for its Kemaman Pellet Plant Project.

Grange Developments Sdn Bhd, a wholly owned subsidiary of Grange Resources Limited is responsible for the planned development of the Company's \$US550 million iron ore pellet plant operation to be built at Kemaman in Malaysia.

The Malaysian Minister of Finance has approved Pioneer Status for the project with a package of special incentives including:

- A 100% corporate income tax exemption at the statutory income level for a period of **15 years**.
- An Infrastructure Allowance to construct and provide infrastructure to the West Wharf at Kemaman Port. The Company can offset the Allowance against 85% of the statutory income after the 15 year tax exempt period.
- A 100% exemption on Withholding Tax applicable on payments to non-residents for interests, royalty, services and contracts for a period of 5 years commencing from 2007.
- An exemption on import duty and sales tax on all raw materials and machinery imported into the country by Grange used directly in the manufacturing of iron ore pellets.
- 25 expatriate positions to operate the project, and
- A Matching Training Grant of RM1 million (AUD370,000) for a period of four years beginning 2009.

The package is one of the best packages offered by the Malaysian Government in relation to a project of this nature. The Company is delighted that it has received a 15 year tax exempt period which is beyond the standard 5 or 10 year tax exempt period normally given.

Grange believes that this impressive package demonstrates the commitment of both Grange and the Malaysian Government to developing this project. This incentive package substantially improves the project economics of the Kemaman Pellet Plant.

For further information visit the Grange website at www.grangeresources.com.au or alternatively contact Geoff Wedlock or Neil Marston on (+618) 9321 1118.

NEIL MARSTON

Company Secretary