



**GRANGE**  
RESOURCES LIMITED  
ABN 80 009 132 405

STOCK EXCHANGE ANNOUNCEMENT

SIGNIFICANT INCREASE IN SOUTHDOWN MINERAL RESOURCE  
AND APPOINTMENT OF AZURE CAPITAL AS ADVISERS TO THE PROJECT

31 January 2006

Grange Resources Limited (Grange) is pleased to announce a significant increase in the indicated mineral resource at the Company's Southdown Project located 90km northeast of the Port of Albany on the south coast of Western Australia.

The Indicated Resource has increased to 347 million tonnes grading 38% magnetite, representing a 125% increase over the previous Indicated Resource estimate announced in September 2005. The total Indicated and Inferred Resource has increased to 458 million tonnes grading 37% magnetite. Full details of the updated resource estimate are presented in the Company's report to the ASX for the December 2005 quarter.

Further drilling is scheduled to commence in early February with the aim of further increasing the Indicated Resource sufficient to support an operation producing 6.6 million tonnes of magnetite concentrate for a minimum of 23 years.

The Southdown/Kemaman bankable feasibility study is progressing well and is expected to be finalised towards the end of the March 2006 quarter following the receipt of information and data from several sources.

The Company is very pleased with the level of interest in the project expressed by potential joint venture partners and also by the number of companies that have registered interest through confidentiality agreements.

Grange has appointed Azure Capital Pty Ltd to assist in the process of determining the most appropriate partners capable of facilitating the financing and development of the project. The initial step in this process will be the distribution of an Information Memorandum to interested parties.

For further information visit the Grange website at [www.grangeresources.com.au](http://www.grangeresources.com.au) or alternatively contact Mark Smith on + 61(8) 9321 1118.

**MARK SMITH**  
Company Secretary