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ASX: GRR



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GRANGE SECURES INTERIM 69% PRICE INCREASE **FOR IRON ORE PELLETS**

Grange Resources Limited (Grange or the Company), Australia's leading magnetite producer, is pleased to announce it has secured an interim price increase of 69% for iron ore pellets.

The agreement has been reached with primary customer and cornerstone shareholder Shagang, China's largest private steel mill. The interim agreement, which will add US\$50/tonne of pellets to last year's benchmark price of US\$72/tonne, is effective from 1 April 2010.

Grange CEO, Russell Clark, said that the interim arrangement recognised that the various spot iron ore prices had risen significantly over the past 12 months, along with significant changes occurring to long standing pricing mechanisms.

"We are finalising ongoing pricing arrangements with Shagang in order to reflect the significant changes to the iron ore pricing environment," said Mr Clark.

"The new arrangements will be index-based and incorporate the premium over the standard iron ore fines pricing that pellet products traditionally command and which appears to have returned this year."

Mr Clark said Grange had engaged CRU, the internationally respected independent commodity business analysis and consultancy group, to assist in developing the pricing mechanism that will be signed off by the Grange independent directors, as required by related party provisions.

"Once we have final agreement, the revenue from pellets sales after 1 April 2010 will be back-dated to reflect the new arrangements," he said.

"We expect that the final average price Grange receives for its pellets in 2010 will be in the range of 80% - 120% over 2009 prices."

"Grange has made great inroads in reducing costs and increasing production over the past year and is now perfectly placed to benefit as the iron ore price increase comes through."

“We are Australia’s leading magnetite producer, selling between 2.5 to 2.6 million tonnes of pellets per annum. At the iron ore prices currently being discussed in the market, this could result in cash generation in the order of US\$150 million to US\$200 million per annum from our Savage River operations which, in turn, will be used to fast track the development of the Southdown Project in Western Australia.”

“As a number of magnetite projects are being developed in Australia, we believe Grange has the distinct advantage of already being an operator and cash producer of magnetite as it finalises the plans for its Southdown Project.”

Grange will update the market when price discussions are completed.

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