

Grange recorded a consolidated profit after tax of \$42.2 million for the year ended 30 June 2010, compared to \$86.0 million for the year ended 30 June 2009. The result was achieved on revenues from mining operations of \$229.1 million for 30 June 2010, compared to \$356.5 million for the year ended 30 June 2009.

As was previously advised to the market, a rock slide occurred on the Eastern wall of the Savage River pit in June 2010. Mine planning for the rock slide continues with the relevant Tasmanian authorities. A cut back of the Eastern wall may have to be brought forward as a result of the planning work undertaken to date. The mine planning work is expected to continue for several months and Company will advise when the work is finalised

Sales volumes for the year ended 30 June 2010 were higher at 2.4 million tonnes of iron ore pellets, compared with 2.2 million tonnes for the year ended 30 June 2009. The reduction in revenues from mining operations arose principally from a 48.3% reduction in the benchmark iron ore pellet price to US\$72.32 per tonne (from US\$139.89 per tonne) in April 2009 and a contractual commitment to deliver 500,000 tonnes of iron ore pellets into a legacy supply contract at a price of US\$43 per tonne (this fixed price contract has now been fully delivered and all future sales will be at index based market prices). These factors reduced the average realised sales price to US\$80 per tonne for the year ended 30 June 2010, compared to US\$115 per tonne for the year ended 30 June 2009. In addition, the Australian dollar strengthened during the year ended 30 June 2010 with an average exchange rate of A\$1:US\$0.87, compared with A\$1:US\$0.75 for the year ended 30 June 2009.

During April 2010, Grange agreed with its customers to price its iron ore pellets at index based market prices. An interim price of US\$120 per tonne was agreed with Shagang for the period 1 April 2010 to 30 June 2010 which increased to an interim price of US\$150 per tonne for both Shagang and BlueScope from 1 July 2010 to 30 September 2010. Interim pricing arrangements will remain in place with all customers until a pricing mechanism is agreed.

Grange capitalised on the current higher iron ore prices during June 2010 by selling 70,234 tonnes of iron ore pellets on the spot market at a price of US\$193 per tonne whilst continuing to meet contracted sales commitments. The following table summarises movements in the average realised sales price during 2010 and highlights the value that index based market prices are delivering to Grange:

Period	Price received per tonne of Pellets	
	US\$	A\$
1 July 2009 – 31 March 2010 ¹	US\$68	A\$78
1 April 2010 – 30 June 2010 ²	US\$118	A\$134
1 July 2010 – 30 September 2010 ^{3,4}	US\$150	A\$167

1 Includes 472,302 tonnes sold to Shagang under a legacy supply contract at a price of US\$43 per tonne

2 Includes 328,228 tonnes sold to Shagang at an interim price of US\$120 per tonne.

3 An interim price of US\$150 per tonne is in place for sales to both Shagang and BlueScope for the period 1 July 2010 to 30 September 2010

4 The A\$ pellet price is determined with reference to an exchange rate of A\$1:US\$0.90

The Savage River mine and pellet plant have operated for many years and we continue to see new records at the operations being achieved. The mine moved slightly less material than in the prior year ended 30 June 2009 but the concentrator treated 7% more volume than in any previous year of its 40 year history. There has been a consistent improvement in operating costs throughout the year and the safety record at the site has improved significantly.

Restructuring Initiatives

Due to the significant changes in the market and the difficult global economic conditions last year, the Board saw the need to strengthen the Company's balance sheet by reducing liabilities and debt. As a result, the Company initiated and successfully completed a \$153 million rights issue and share placement. This allowed Grange to reduce debt significantly, pay out liabilities resulting from previous change of ownership transactions and provide working capital which is so necessary for bulk commodity producers.

Exploration and Evaluation

Savage River

During the year, a total of 3,400 meters of diamond drilling and 1,600 metres of reverse circulation percussion drilling were completed at Savage River. The diamond drilling comprised 13 holes with the objective of testing newly discovered ore and upgrading areas of inferred resource within North Pit. While the ore tonnage has decreased as a result of mining, the new interpretations result in an approximate increase in grade of 4%.

The following tables show the Mineral Resources and Ore Reserves for the Savage River operations as at 31 May 2010. This includes the addition of new ore lenses in the North Pit with depletion from mining that occurred during the year.

A summary of the Mineral Resource⁽¹⁾ estimate is as follows:

	2010		2009	
Mineral Resource	Tonnes (Mt)	Grade (%DTR)	Tonnes (Mt)	Grade (%DTR)
Savage-River Total				
Measured	86.4	54	88.0	53
Indicated	131.9	53	136.0	52
Inferred	87.8	49	92.2	47
Total	306.1	52	316.2	51

A summary of the Ore Reserve⁽¹⁾ estimate is as follows:

	2010		2009	
Ore Reserve	Tonnes (Mt)	Grade (%DTR)	Tonnes (Mt)	Grade (%DTR)
Savage-River Total				
Proved	50.6	51	52.4	50
Probable	67.9	51	72.0	49
Total	118.5	51	124.4	49

Southdown

The development of the Southdown Magnetite project has been accelerated in the first half of 2010. This followed a quiet period in 2009 when key environmental permits were still outstanding. Much progress has now been made in this area. The West Australian Minister of the Environment issued the Mine Permit in November 2009. In August 2010 the Minister advised the conditions applicable to the Albany Port expansion, the final step ahead of formal permit approval which will conclude the major environmental permits required for the project.

In the first half of 2010, AMEC Minproc and GRD were engaged to undertake a full review of all project work done to date, to arrive at a scope and costs to complete a +/-20% feasibility study by 31 December 2010, with the joint venture partners also having agreed to target a larger 10 Mtpa operation for the Southdown project. In Malaysia the option period over the port and land at Kemaman, the planned location of the pellet plant, was extended for a further 12 months.

Other Assets

As previously reported, Grange had a number of minor non-core projects that it was looking to divest, to allow management to focus attention on Savage River and the Southdown Project. The sale of the Bukit Ibam project and associated tailings dam area for MYR 13.0 million (~A\$4.5 million) has been announced.

Grange's shareholding in Murchison Copper Mines together with the associated Horseshoe Lights tenements has also been successfully divested resulting in a further \$2 million of cash coming back to Grange as well as a 7.2% shareholding in the newly listed Horseshoe Metals Limited. Grange has retained upside to any future discoveries at these tenements through its shareholding in Horseshoe Metals Limited.

Outlook

The year has been one of substantial change for Grange, which has seen the Company restructured and emerge significantly stronger and more valuable. The Company has a large producing iron ore mine, with steady cash flow and long term customers, in addition to a large development project. Many of our peers in the business have emerging projects but lack the operational expertise and cash flow that an existing, well established operation provides. This is Grange's point of difference.

With no net debt, costs at the operation significantly reduced and with all of the product now being priced at index based market prices Grange is extremely well positioned to leverage off the higher iron ore prices currently being experienced.

⁽¹⁾ **Qualifying Statement**

The resource estimate for the first lens was classified in accordance with the guidelines provided in the JORC Code, 2004. The classification of Mineral Resources was considered appropriate on the basis of drill hole spacing, sample interval, geological interpretation and representativeness of assay data and was based on a number of factors:

- The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves. The Inferred Mineral Resources are, by definition, additional to the Ore Reserves.
- The estimation was constrained within the interpreted geological domain.
- The Ordinary Kriging and Inverse Distance interpolation methods were carried out on drilling data composited to 2m
- Oxidised material was not included in this statement of Mineral Resources
- Tonnages were estimated on a dry basis.
- Bulk density for samples taken from diamond drill core has been physically determined by the weight-in-air/weight-in-water method. Samples are unsealed during this process as most material is competent and/or of low porosity.
- A lower cut-off grade of 15% DTR was used in the calculation of both the Mineral Resources and Ore Reserves.
- The Ore Reserve was calculated using a 1.087 dilution factor and a mining recovery factor of 0.939. These factors are based on periodic reconciliation specific to mining areas.
- The survey surface used for reporting North Pit was the end-of-month May 2010 surface.

Competent Person Statement

The information in this release that relates to Exploration Results or Mineral Resources in relation to the Savage River Project is based on information compiled by Mr Ben Maynard, who is a Member of The Australasian Institute of Mining and is a full time employee of Grange Resources Limited. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Maynard consents to the inclusion in the release of the matters based on his information in the form and context in which it appears

GRANGE RESOURCES LIMITED
ABN 80 009 132 405
PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Year Ended	
	30 June 2010	30 June 2009
	\$'000	\$'000
Revenues from mining operations	229,066	356,486
Cost of sales	<u>(240,588)</u>	<u>(237,642)</u>
Gross profit / (loss) from mining operations	(11,522)	118,844
Administration expenses	<u>(6,392)</u>	<u>(4,088)</u>
Operating profit / (loss) before other income / (expenses)	(17,914)	114,756
Other Income / (expenses)		
Restructure of deferred consideration	84,106	-
Revaluation of deferred consideration	(19,571)	144,772
Net gains / (losses) on derivatives	-	(49,092)
Impairment losses	-	(80,379)
Other income/(expenses)	<u>(10)</u>	<u>(1,289)</u>
Operating profit / (loss) before finance costs	46,611	128,768
Finance income	10,219	1,452
Finance expenses	<u>(12,575)</u>	<u>(73,341)</u>
Profit / (loss) before tax	44,255	56,879
Income tax benefit / (expense)	<u>(2,027)</u>	<u>29,131</u>
Profit / (loss) for the year	42,228	86,010
Other comprehensive income / (loss)		
Exchange differences on translation of foreign operations	<u>88</u>	<u>(5,094)</u>
Total comprehensive income for the year	42,316	80,916
<i>Profit / (loss) for the year attributable to</i>		
- Owners of Grange Resources Limited	42,645	86,045
- Non-controlling interests	<u>(417)</u>	<u>(35)</u>
	42,228	86,010
<i>Total comprehensive income/(loss) for the year attributable to</i>		
- Owners of Grange Resources Limited	42,733	80,951
- Non-controlling interests	<u>(417)</u>	<u>(35)</u>
	42,316	80,916
Earnings per share for profit / (loss) attributable to the ordinary equity holders of Grange Resources Limited		
- Basic earnings / (loss) per share (cents per share)	3.93	19.69
- Diluted earnings / (loss) per share (cents per share)	3.93	19.69

GRANGE RESOURCES LIMITED
ABN 80 009 132 405
PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	30 June 2010 \$'000	30 June 2009 Restated \$'000
ASSETS		
Current assets		
Cash and cash equivalents	70,476	20,466
Trade and other receivables	10,268	19,861
Inventories	51,755	63,887
	132,499	104,214
Assets classified as held for sale	4,788	3,688
Total current assets	137,287	107,902
Non-current assets		
Receivables	15,882	16,138
Property, plant and equipment	153,014	173,022
Mine properties and development	326,135	335,534
Exploration and evaluation	47,269	45,315
Total non-current assets	542,300	570,009
Total assets	679,587	677,911
LIABILITIES		
Current liabilities		
Trade and other payables	34,660	50,529
Borrowings	12,249	71,442
Current tax liability	2,742	-
Deferred consideration	-	29,586
Provisions	3,871	4,156
	53,522	155,713
Liabilities classified as held for sale	1,921	65
Total current liabilities	55,443	155,778

GRANGE RESOURCES LIMITED
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PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	30 June 2010	30 June 2009 Restated
	\$'000	\$'000
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Non-current liabilities		
Borrowings	44,700	58,484
Deferred consideration	50,409	144,933
Deferred tax liabilities	32,238	32,350
Provisions	19,631	20,781
Total non-current liabilities	146,978	256,548
Total liabilities	202,421	412,326
Net assets	477,166	265,585
EQUITY		
Contributed equity	328,812	160,198
Reserves	2,855	2,116
Retained profits / (losses)	145,951	103,306
Capital and reserves attributable to owners of Grange Resources Limited	477,618	265,620
Non-controlling interests	(452)	(35)
Total equity	477,166	265,585

GRANGE RESOURCES LIMITED
ABN 80 009 132 405
PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Attributable to owners of Grange Resources Limited			Non- controlling interests Restated \$'000	TOTAL \$'000
	Contributed equity Restated \$'000	Reserves \$'000	Retained earnings Restated \$'000		
	\$'000	\$'000	\$'000		
Balance at 1 July 2009	155,334	2,116	108,170	(35)	265,585
Prior period restatement	4,864	-	(4,864)	-	-
Restated balance at 1 July 2009	160,198	2,116	103,306	(35)	265,585
Profit / (loss) for the year	-	-	42,645	(417)	42,228
Exchange differences on translation of foreign operations	-	88	-	-	88
Total comprehensive income / (loss) for the year	-	88	42,645	(417)	42,316
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	168,614	-	-	-	168,614
Employee share options and rights	-	651	-	-	651
	168,614	651	-	-	169,265
Balance at 30 June 2010	328,812	2,855	145,951	(452)	477,166
Balance at 1 July 2008	447	5,410	22,125	2,215	30,197
Profit / (loss) for the year	-	-	86,045	(35)	86,010
Exchange differences on translation of foreign operations	178	(5,272)	-	-	(5,094)
Total comprehensive income / (loss) for the year	178	(5,272)	86,045	(35)	80,916
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	154,709	-	-	-	154,709
Acquisition of non-controlling interest	-	-	-	(2,215)	(2,215)
Employee share options and rights	-	1,978	-	-	1,978
	154,709	1,978	-	(2,215)	154,472
Balance at 30 June 2009	155,334	2,116	108,170	(35)	265,585

GRANGE RESOURCES LIMITED
ABN 80 009 132 405
PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Year Ended 30 June 2010 \$'000	30 June 2009 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	242,259	350,867
Payments to suppliers and employees (inclusive of goods and services tax)	(200,725)	(212,438)
	41,534	138,429
Interest received	2,571	1,412
Interest paid	(1,712)	(3,097)
Income taxes (paid) / received	5,642	132
Net cash inflow / (outflow) from operating activities	48,035	136,876
Cash flows from investing activities		
Payments for exploration and evaluation	(1,266)	(2,221)
Payments for property, plant and equipment	(10,450)	(17,460)
Payments for mine properties and development	(18,954)	(70,795)
Payment for purchase of subsidiary, net of cash acquired	-	12,793
Proceeds from / (payment of) security deposits	-	(159)
Net cash inflow / (outflow) from investing activities	(30,670)	(77,842)
Cash flows from financing activities		
Proceeds from issues of fully paid shares, net of transaction costs	150,384	(113)
Proceeds from borrowings	33,468	105,512
Repayment of borrowings	(89,406)	(118,282)
Payment of deferred consideration	(48,572)	(55,137)
Finance lease payments	(13,489)	(16,181)
Net cash inflow / (outflow) from financing activities	32,385	(84,201)
Net increase / (decrease) in cash and cash equivalents	49,750	(25,167)
Cash and cash equivalents at beginning of the year	20,466	45,943
Effects of exchange rate changes on cash and cash equivalents	260	(310)
Cash and cash equivalents at end of the year	70,476	20,466

Statement of retained profits/(losses)

	Year Ended	
	30 June 2010	30 June 2009
	\$'000	\$'000
Retained profits/(losses)		
Movements in retained profits/(losses) were as follows:		
Balance – 1 July	108,170	22,125
Prior period restatement (a)	(4,864)	-
Restated balance – 1 July	103,306	22,125
Profit/(loss) for the year	42,645	86,045
Balance – 30 June	145,951	108,170

(a) Restatement of Comparative Financial Information

On 2 January 2009, Grange Resources Limited completed the legal acquisition of Ever Green Resources Co., Ltd. The amount attributed to non-controlling interests, which was acquired as part of this transaction, at the date of acquisition was understated by \$4.9 million. Accordingly, the comparative financial information has been restated to correct this understatement by increasing share capital and reducing bought forward retained profits. There was no impact on the previously reported net profit or net assets of Grange Resources Limited.

Net tangible assets per security

	30 June 2010	30 June 2009
Net tangible asset backing per ordinary security	\$0.59	\$1.37

Details of entities over which control has been gained or lost during the period

a) Control gained over entities

In January 2009, Grange Resources Limited completed the legal acquisition of Ever Green Resources Co., Ltd (“Ever Green”), the ultimate holding company of Australian Bulk Minerals.

Under the terms of AASB 3, *Business Combinations*, Ever Green was deemed to be the accounting acquirer in the business combination. This transaction was accounted for as a reverse acquisition under AASB3. Accordingly, the consolidated financial statements of the Grange Resources Limited group for the year ended 30 June 2009 have been prepared as a continuation of the consolidated financial statements of Ever Green. Ever Green, as the deemed acquirer, has accounted for the acquisition of the Grange Resources Limited group from 2 January 2009.

b) Control lost over entities

On 23 July 2010, the Company announced the sale of its 79.3% share of Murchison Copper Mines Pty Ltd to Horseshoe Metals Ltd and also announced that it had entered into a Sale and Purchase agreement for the sale of Grange Minerals Sdn Bhd which holds the group’s 51% share of the Bukit Ibam magnetite mine located in Malaysia.

Details of individual and total dividends or and dividend or distribution payments

No dividends have been declared or paid during the current or corresponding reporting period

Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan

Not applicable.

Details of associates and joint venture entities

a) Details of associates

Not applicable.

b) Details of material joint ventures

Name of unincorporated joint venture	Southdown Joint Venture
Ownership interest	70% economic interest

For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards)

Not applicable.

A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed

This preliminary final report is based on accounts that are in the process of being audited.

If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification

Not applicable.

Russell Clark
Managing Director & Chief Executive Officer
Perth, Western Australia
30 August 2010