

28 February 2011
ASX:GRR



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Grange Resources Limited

Australia's leading magnetite producer

Financial Results and Appendix 4E Preliminary final report for the 6 months ended 31 December 2010

During the current reporting period the Company received confirmation from the Australian Securities and Investments Commission ("ASIC") of a change in its financial year end date from 30 June to 31 December. This change means that the current reporting period is a transitional one from 1 July 2010 to 31 December 2010 (i.e. six months). Reporting periods thereafter will be prepared for a 12 month period from 1 January to 31 December.

Grange reports a post-tax profit of \$85.2 million for the six month period ended 31 December 2010

KEY HIGHLIGHTS

- A net profit after tax of \$85.2 million for the six month period ended 31 December 2010
- Revenues from mining operations of \$193.3 million from the sale of 1.2 million tonnes of iron ore pellets
- Gross profit from mining operations of \$63.5 million for the six month period ended 31 December 2010 as compared to a loss from mining operations of \$11.5 million for the 12 month period ended 30 June 2010
- Net cash inflow from operating activities of \$78.5 million
- Cash and trade receivables of \$122.6 million and no net debt as at 31 December 2010
- Asset impairment reversal of \$45.2 million after tax (\$64.6 million pre-tax) recognised as at 31 December 2010
- Southdown project pre-feasibility study progressing well with the joint venture spending \$20.5 million since the commencement of the pre-feasibility in May 2010

COMMENTARY

SAFETY PERFORMANCE

The safety performance at Grange's operations over the past six months has improved significantly and the continuing focus is on safe, cost effective delivery of product to fulfil our long term contracts. The Total Recordable Injury Frequency Rate ("TRIFR") has reduced from 22.5 to 9.1 per million hours worked, an impressive reduction of 59.6%. In addition, the Group had no Lost Time Injuries during the six month period ended 31 December 2010.

REVIEW OF RESULTS AND OPERATIONS

The results for the six month period to 31 December 2010 reflect a significant turnaround in the financial performance of Grange resulting from improved market conditions. A net profit after tax of \$85.2 million was generated on revenues of \$193.3 million during the six month period compared to a profit of \$42.2 million on revenues of \$229.1 million for the 12 month period ended 30 June 2010.

Sales of iron ore pellets were at an interim price of US\$150 per tonne for the six month period ended 31 December 2010 in comparison to US\$80 per tonne for the 12 month period ended 30 June 2010, an increase of 87.5%. The Group has sold 1.6 million tonnes of iron ore pellets to its customers at interim prices to date. Negotiations on an iron ore index (IODEX) based market pricing mechanism with customers will continue during March.

The recent appreciation of the Australian dollar has eroded some of the benefit of the higher iron ore pellet prices. However, the improved margins from higher prices and continued cost management have created a platform for the Company to continue its investment in the Savage River mine and processing infrastructure as well as fund its continued investment of the Southdown project.

Grange has recognised a reversal of an asset impairment of \$45.2 million after tax (pre-tax \$64.6 million) in relation to an impairment loss previously recognised during the year ended 30 June 2009 on assets associated with the Group's Tasmanian operations.

Grange, as manager of the Southdown joint venture (Grange share 70%), made substantial progress towards the completion of the pre-feasibility study (PFS) for the Southdown magnetite project during the six months ended 31 December 2010. It is anticipated that the Owners review of the PFS will be completed by the end of March 2011.

-ENDS-

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