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GRANGE AGREES PRICING MECHANISM FOR IRON ORE PELLETS WITH BLUESCOPE STEEL AND SHAGANG

Grange Resources Limited (**Grange** or the **Company**), Australia's leading magnetite producer, is pleased to announce it has reached agreement with its major customers, BlueScope Steel Limited ("**BlueScope**") and Jiangsu Shagang International Trade Co. Ltd ("**Shagang**"), on a pricing mechanism to apply to its iron ore pellet sales agreement for Savage River pellets. The agreed pricing utilises an iron ore index based pricing mechanism, which has broadly replaced the "benchmark pricing" mechanism that was in place until early last year.

The agreed pricing mechanism adopts the Platts Iron Ore Index price ("**Platts IODEX**") which is published daily for a 62% Fe, iron ore fines product and is quoted on a US\$ per dry metric tonne CFR North China basis. The price to be paid by BlueScope and Shagang for Savage River pellets will be based on the Platts IODEX and will be adjusted for the higher iron content of the Savage River pellets (65% Fe). The price will be converted to an FOB price per dry metric tonne by adjusting it for shipping freight costs. Finally, the price will include a pellet premium.

Grange Managing Director and CEO, Russell Clark, said "These agreements on a pricing mechanism are very positive for Grange and are the result of good faith negotiations by all parties. The price for each shipment in future will be determined using independent published information."

"Whilst we have been negotiating the appropriate pricing mechanism, we have been receiving an interim price for our product from both of our major customers. The agreed pricing mechanism will now be applied retrospectively to all shipments that were priced with an interim price from 1 April 2010 to the end of March 2011. The result is that Grange will receive **US\$70 million** in cash to reflect the differences between the interim pricing and the pricing mechanism now agreed. Future shipments will be priced according to the mechanism agreed."

"The additional cash will supplement Grange's cash reserves of A\$92m, quoted at the end of December, 2010, and will help provide the necessary funding to continue the feasibility study of the Southdown Project, Grange's major development project near Albany in Western Australia. We now have a very strong cash position, and the funds we forecast to complete the Southdown Definitive Feasibility Study, and necessary expenditures at Savage River, are in the bank."

"We look forward to another strong year in 2011. The current IODEX price for iron ore pellets FOB Port Latta is over US\$ 200/t and we plan to produce around two million tonnes of pellets in 2011."

-ENDS-

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