

30 August 2011

ASX: GRR



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Grange Resources Limited

Australia's leading magnetite producer

REPORT FOR THE HALF YEAR ENDED 30 JUNE 2011

HIGHLIGHTS

- Excellent safety performance maintained.
- Continued strong cash and profit generation at the Savage River operations.
- Inaugural interim dividend of 2 cents per share (unfranked) declared.
- Gross profit from mining operations of \$92.5 million, a 45% increase on the prior six month period.
- Revenues from mining operations of \$209.0 million, an 8% increase on the prior six month period.
- Half year after tax profit of \$58.1 million.
- Operating margin of \$95.2 per tonne of iron ore pellets.
- Strong cash and trade receivables position of \$183.7 million and no net debt as at 30 June 2011.
- Half year production of 840,018 tonnes of iron ore pellets.
- On track to achieve 2 million tonnes of pellet production in 2011.
- Grange remains beneficially leveraged to iron ore prices, with all shipments receiving IODEX based prices.
- Concentrator upgrade completed ahead of time and under budget.
- Southdown Project Pre-feasibility study completed and a fully funded Definitive Feasibility Study is underway.

Commenting on the result, Grange Managing Director, Russell Clark, said “Grange is very pleased to announce its inaugural interim dividend of 2 cents per share, highlighting the cash generation and consequent cash reserves at the Savage River operations. This is not intended as a “one off” and future dividends will be considered depending on the cash generation at Savage River, and ultimately at Southdown. Grange continues to deliver positive results to the market and this half year result once again demonstrates the strength of our operations and the strong balance sheet behind them.”

“As one of the few ASX listed pure iron ore businesses with a sustained and profitable production profile, we believe that Grange offers investors an attractive opportunity particularly as iron ore prices are predicted to remain strong.”

“Opportunities with nearby magnetite developers in Tasmania, together with exploration success at Savage River provide a path to produce more at that operation and to drive unit costs down.”

“The Southdown Feasibility Study has been significantly advanced, with permitting further progressed, engineering undertaken and a drill program to further assess reserves and resources underway. There is an obvious advantage being a successful producer when contemplating new development projects – we have cash and we have expertise.”

“In short – Grange is in a great position from which to grow, from increased production, enhanced prices and a great development project.”

COMPANY SUMMARY

Half Year Result:

Grange Resources Limited (**Grange** or **Company**) is pleased to report its first half yearly report since changing its reporting year to a calendar year.

The reported net profit after tax of \$58.1 million for the half year ended 30 June 2011 compares to a profit of \$85.2 million for the previous six month financial period ended 31 December 2010. (It should be noted that the profit for the six month financial period ended 31 December 2010 included a non-recurring reversal of a prior period asset impairment of \$64.6 million). This result arose from the sale of 727,202 tonnes of iron ore pellets to Shagang and BlueScope Steel and also included US\$70 million invoiced to customers during March 2011 as a result of adopting an IODEX based index pricing mechanism with our customers.

Grange has announced an inaugural unfranked interim dividend of 2 cents per share as a result of the continued cash profit generation at its Tasmanian operations. The record date for this inaugural dividend will be 27 September 2011 and it will be paid on 13 October 2011.

The result for the half year ended 30 June 2011 also includes non-recurring profits of \$2.3 million arising from the sale of shares in Horseshoe Metals Limited and the finalisation of the sale of the Group’s Bukit Ibam assets in Malaysia.

Key metrics for the 30 June 2011 half year and preceding six month financial period ended 31 December 2010 are as follows:

	<i>Six Months to 30 June 2011</i>	<i>Six Months to 31 December 2010</i>
Total BCM Mined (tonnes)	8,202,615	8,027,108
Total Ore BCM (tonnes)	758,767	578,948
Concentrate Produced (tonnes)	851,076	1,057,725
Weight Recovery (Dry) (% DTR)	34.5	39.9
Pellets Produced (tonnes)	840,018	1,000,206
Pellets Shipped (tonnes)	727,202	1,175,003
Concentrate Shipped (tonnes)	164	18,073
Pellet Stockpile (tonnes)	180,856	68,850
Net Profit After Tax (A\$ million)	58.1	85.2
Cash & Trade Receivables (A\$ million)	183.7	122.6
Direct Operating Costs of Pellets Produced (A\$ per tonne)	116.3	84.4
Operating Margin of Pellets Sold (A\$ per tonne)	95.2	72.8
Dividend cents per share (unfranked)	2.0	0.0

Notes:

Direct operating costs includes all costs associated with producing iron ore pellets including deferred mining and ore stockpile movements but excludes royalties, depreciation and amortisation costs.

Half year accounts for Grange were not prepared as at 30 June 2010, as it was the end of a financial year. Grange's financial year changed to a calendar year from 1 January 2011 and resulted in a transitional reporting period from 1 July 2010 to 31 December 2010 (i.e. 6 months).

During the first half of 2011 the Company successfully completed a scheduled major shutdown in the concentrator, without incident and under budget, which has since seen the plant treat record tonnes. In addition the majority of the truck fleet has been re-built, having reached the first third of its life cycle.

The cut back of the east wall of the North Pit, following a rock slide in June 2010, has progressed according to plan and access to the bottom of the pit will be re-established in the fourth quarter of 2011. Whilst the cut back is being undertaken, ore has been sourced from lower grade satellite pits, which have increased the unit costs of production, but which have also added to the mine life, as this ore was not in reserves.

Savage River continues to target 2 million tonnes of pellet production in 2011, and as a result will produce significantly more tonnage in the second half of 2011 than in the first six months, with a consequent reduction in unit operating costs.

ENDS

For more information, please contact:

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Appendix 4D

Half year report

Name of entity

GRANGE RESOURCES LIMITED

ABN

80 009 132 405

Details of the reporting period and the previous corresponding period

Current Reporting Period	The half year ending 30 June 2011
Previous Corresponding Reporting Period	The 6 month financial period ending 31 December 2010

Results for announcement to the market

				6 months to 31 December 2010 \$'000		6 months to 30 June 2011 \$'000
Revenues from ordinary activities	Up	8%	from	193,334	to	208,950
Profit from ordinary activities after tax attributable to members	Down	32%	from	85,241	to	58,071
Profit for the period attributable to members	Down	32%	from	85,241	to	58,071
Dividend per share	Inaugural interim dividend (unfranked)					2 cents per share
Record date for interim dividend						27 September 2011

	31 December 2010	30 June 2011
Net tangible asset backing per ordinary security	\$0.49	\$0.54

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

Not applicable.

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

The Company has declared an inaugural interim dividend of 2 cents per share (unfranked). The Record Date for the interim dividend will be 27 September 2011.

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)

The interim financial report for the six month period ended 30 June 2011 has been prepared in accordance with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.

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 2011