Grange Resources Limited (ASX: GRR) recently announced in its Second Quarter Activities and Cashflow Report its intention to commence a full $13 million Bankable Feasibility Study (BFS) on the Southdown Magnetite Iron Ore Project.

The 100%-owned Southdown Project, located approximately 90 kilometres northeast of Albany, exhibits significant thickness of magnetite mineralisation intersected by diamond drilling.

Magnetite is a form of iron ore that is suitable for processing into iron ore pellets for use in modern steel production. The BFS will be based on the development of the Southdown magnetite resource to produce iron ore pellets.

Grange Resources’ Executive Director, Mr Geoff Wedlock, said the resource, when developed, has the potential to position Grange Resources as the preferred supplier of high quality pellets to the Asian region.

“Iron pellet consumers in countries such as Malaysia and China are currently serviced from very distant suppliers in Brazil and Sweden – having a source of magnetite concentrate from Australia creates comparative shipping freight advantages for Grange,” said Mr Wedlock.

The previous scoping study shows demand for high quality pellets for both the direct reduction market and the blast furnace markets is expected to remain strong, resulting in the prices significantly increasing for 2005 sales.

“If the Project proves viable we would plan to commence construction in 2006 with the view to beginning exports in 2008,” he said.

Grange Resources commenced a new drilling program in November 2004 and will continue drilling in 2005 to test the extent of the mineralisation over its six kilometre mining leases.

The magnetite ore is planned to be shipped to a suitable site in South East Asia for the production of iron ore pellets. The project life is targeted at 25 years.

Mr Wedlock said the average operating costs over the project life were currently estimated at US$32/tonne FOB South East Asia. Project capital is of the order of US$640 million, evenly distributed between facilities in Australia and South East Asia.
The BFS will be funded by internal Grange sources.

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For more information visit

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Southdown Magnetite Project

The Southdown Magnetite Project is located 90 kilometres north east of the Port of Albany on the south coast of Western Australia. The project comprises three granted mining leases covering an area of approximately 1700 hectares on freehold farming property.

The deposit was discovered by airborne magnetic surveys completed in the early 1980’s. The deposit has a magnetic signature which is over 12 kilometres long, the western six kilometres held by Grange Resources under three mining leases. Rio Tinto holds the remaining ground under an Exploration Licence.

Grange Resources has completed detailed ground magnetic and gravity surveys over the mineralisation covered by the Company’s mining leases and the results confirm the continuity and structure of the deposit over the total 6kms within the mining leases. Drill core from the previous drilling has been relogged and a geological model developed. A mineral resource estimate classified in accordance with the Australian Code for Reporting Identified Mineral Resources and Ore Reserves (JORC, 1999) has been prepared by Golder Associates for the western portion of the resource and states an inferred resource of 83.3 million tonnes containing 37.5% magnetite which grades 69.1% Fe. The deposit has been sparsely drilled over its remaining length.

The conceptual development plan is to open pit mine the deposit over a period of 25 years to process and produce approximately 6 million tonnes per annum of magnetite concentrate grading 68+% Fe.

The concentrate, mixed with water, would then be transported to Albany in a buried pipeline, filtered to remove the water, then stored in a shed at Albany Port ready for shipment to a new pelleting plant to be developed by Grange Resources in South East Asia. Water from the dewatering stage would be returned to the mine for reuse via a second pipeline in the same trench.