



GRANGE
RESOURCES LIMITED
ABN 80 009 132 405

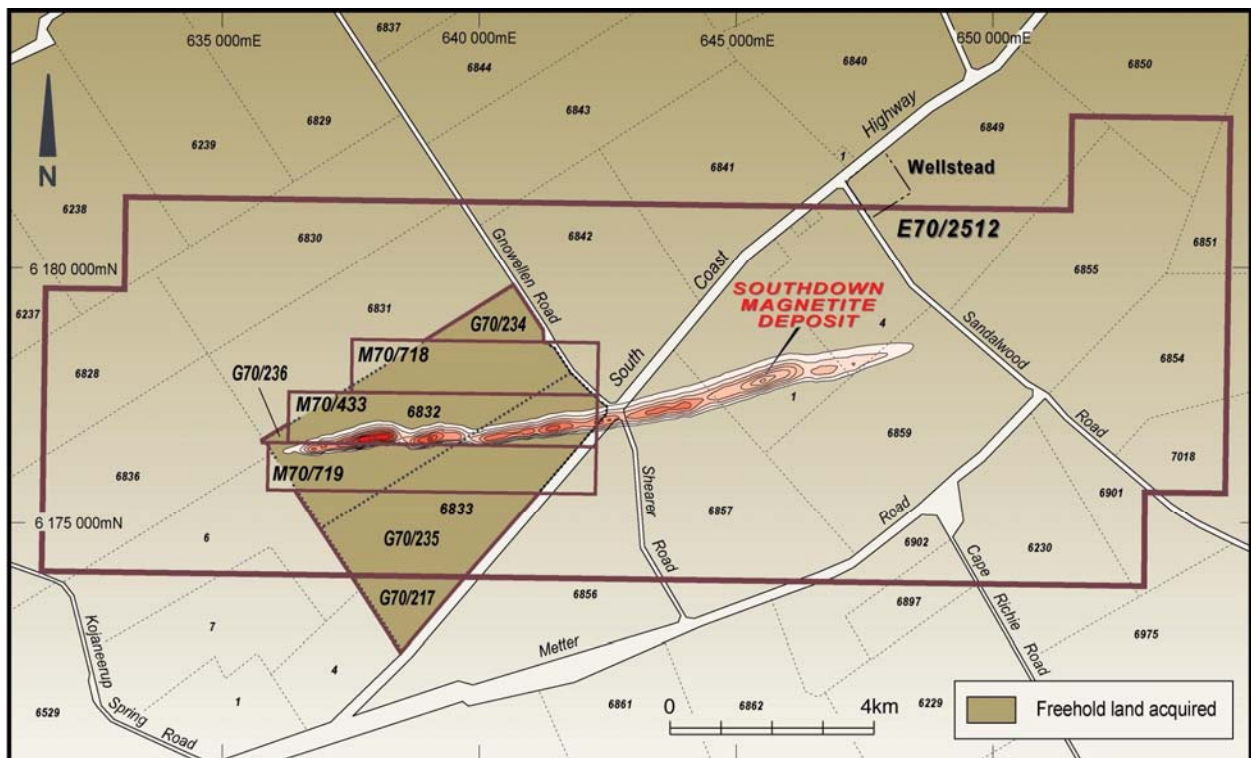
STOCK EXCHANGE ANNOUNCEMENT

SALE OF 30% STAKE IN EASTERN EXTENSION OF SOUTHDOWN TO SOJITZ

2 October 2008

Grange Resources Limited (ASX:GRR) is pleased to announce that it has agreed to sell a 30% stake in Exploration Licence E70/2512 which covers the eastern extension of the Southdown Magnetite deposit to Sojitz Resources and Technology Pty Ltd ("Sojitz"). Grange currently has a joint venture with Sojitz as a 30% JV partner on the three Mining Leases covering the western end of the Southdown Magnetite deposit (see figure below).

As a result of this sale Sojitz now have a 30% JV stake in the whole of the Southdown Magnetite Project.



Sojitz will pay Grange a cash consideration of \$13.4 million and a revenue based royalty of 0.3%, payable on Sojitz's share of production from the three adjoining mining leases M70/433, M70/718 & M70/719.

The royalty is additional to Sojitz's existing royalty with Grange, and based on current iron ore prices, would bring the total royalties payable by Sojitz to 3.8% of the value of its share of annual production.

The eastern extension of the Southdown deposit is expected to supply ore for magnetite concentrate and pellet production after the initial 20 to 25 years of production from the western end of the deposit. Further resource drilling for the eastern extension is planned, where previous drilling undertaken has shown that the quality of the magnetite is the same as that in the western portion of the deposit.

Grange acquired the Exploration Licence from Rio Tinto Exploration Pty Ltd in September 2007 for the consideration of \$1 million in cash, 9 million Grange shares and 17.5 million Grange options with exercise prices of between \$1.50 and \$1.95.

Commenting on the sale, Grange Resources' Managing Director, Russell Clark, said that this is an excellent result for Grange.

"This fulfils a mutual desire which goes back to the time of Grange's purchase of the licence from Rio Tinto that Sojitz have a 30% stake and it demonstrates the continuing support of our Joint Venture partner in the project. This is a real vote of confidence from Sojitz in the long term potential of the Southdown project. The sale also provides cash to allow Grange to continue funding the bankable feasibility study for the Project," said Mr Clark.

Under the terms of the sale, at least 80% of the cash component will be used to continue the funding of Grange's share of the feasibility study.

Sojitz representative Miki Akai said "we are very pleased to have concluded the purchase of a 30% stake of the Exploration Licence from Grange. We have always had confidence in this project and this purchase enables us to have a 30% stake in the project for its entire life".

Grange and Sojitz have been continuing to work on the Southdown Feasibility study. In June this year the EPA issued an environmental bulletin for the mine, slurry pipeline and storage facilities in Albany. The Joint Venture has recently commenced a \$3.5m drilling programme at Southdown to convert a significant proportion of the Probable ore reserve to a proven category. Standard Chartered Bank has been appointed as Financial Advisor to assist in securing project finance for the Joint Venture partners, which is expected next year.

This transaction follows the previously announced merger between Grange Resources and Australian Bulk Minerals, to form Australia's leading iron ore pellet producer. The merger is unaffected by this sale arrangement with Sojitz, with Grange's share of the production profile from Southdown unaffected for the first 20 to 25 years, other than an increased royalty payment from Sojitz's 30% share of production. Grange's 2012/13 production target is 7.7Mtpa of BF and DR pellets and 0.08Mtpa concentrate, which includes a 70% share of Southdown production, as well as a 100% share of the Savage River project in Tasmania.

Post the implementation of the merger, the ownership arrangements for the Southdown project will now be simplified with the newly merged Grange holding 70% of the entire project and Sojitz holding the remaining 30%.

For further information visit the Grange website at www.grangeresources.com.au or alternatively contact Neil Marston on + 61 (8) 9321 1118.



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