



Grange Resources Limited
ABN 80 009 132 405
Level 11, 200 St Georges Terrace
Perth Western Australia 6000
PO Box 7025, Cloisters Square
Perth Western Australia 6850
T +61 8 9327 7901
F +61 8 9327 7932
info@grangeresources.com.au
www.grangeresources.com.au

28 August 2009

Dispatch of Offer Document and Entitlement and Acceptance Form

Please find attached copies of the following documents that were today despatched to shareholders of Grange Resources Limited who are eligible to participate in the non-renounceable Rights Issue announced on 18 August 2009.

- Offer Document
- Entitlement and Acceptance Form

Also attached is a copy of a letter send to shareholders of Grange Resources Limited who are ineligible to participate in the non-renounceable entitlement issue.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Stacey', followed by a vertical line.

Stacey Apostolou
Company Secretary

GRANGE RESOURCES LIMITED

ABN 80 009 132 405

Offer Booklet

For a one-for-one non-renounceable pro rata entitlement offer of New Shares at an offer price of \$0.25 on the basis of one New Share for every one Share held at the Record Date to raise approximately \$124 million before costs.

Underwritten by Patersons Securities Limited and Azure Capital Pty Ltd.

This Offer opens on 28 August 2009 and closes at 7.00 pm (AEST) on 11 September 2009. Valid acceptances must be received before that time.

THIS IS AN IMPORTANT DOCUMENT WHICH IS ACCOMPANIED BY AN ENTITLEMENT AND ACCEPTANCE FORM FOR YOU TO SUBSCRIBE FOR NEW ORDINARY SHARES IN GRANGE RESOURCES LIMITED. IF YOU DO NOT UNDERSTAND THESE DOCUMENTS, OR ARE IN DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISOR.

IMPORTANT INFORMATION

This Offer Booklet is issued pursuant to section 708AA of the Corporations Act for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Booklet was lodged with the ASX on Tuesday, 18 August, 2009. ASX takes no responsibility for the content of this Offer Booklet.

This Offer Booklet is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. The information in this Offer Booklet does not constitute a securities recommendation or financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Nevertheless, this Offer Booklet contains important information and requires your immediate attention. Before you decide whether to subscribe for New Shares, you should:

- read this Offer Booklet in its entirety; and
- conduct your own independent review, investigation and analysis of the Company and the New Shares which are the subject of the Offer, considering whether they are a suitable investment for you in light of your own investment objectives, financial circumstances and particular needs (having regard to the merits or risks involved).

If you are in any doubt as to how to deal with this Offer Booklet, you should consult your professional advisor as soon as possible. The New Shares offered are of a speculative nature.

This Offer Booklet and the Entitlement and Acceptance Form do not, and are not intended to, constitute an offer or invitation in the United States, or to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No offer is being made to Shareholders with a registered address outside Australia, New Zealand and the British Virgin Islands. The distribution of this Offer Booklet and the Entitlement and Acceptance Form (including electronic copies) outside Australia, New Zealand and the British Virgin Islands may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The Directors reserve the right to treat as invalid any Entitlement and Acceptance Form that appears to the Directors or the Company's agents to have been submitted in violation of any applicable securities laws. Please refer to Section 1.11.

Information about the Company is publicly available and can be obtained from ASIC and ASX (including its website: www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Offer Booklet and do not constitute part of the Offer. This Offer Booklet is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in New Shares or the Company. **You should also consider the Risks section in the attached Offer Presentation which was lodged with ASX on 18 August 2009.**

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Offer Booklet. Any such extraneous information or representation may not be relied upon.

The Underwriters, Patersons Securities Limited ABN 69 008 896 311 and Azure Capital Pty Ltd ABN 60 107 416 106, have not authorised, permitted or caused the issue, lodgement, submission, despatch or provision of this Offer Booklet. The Underwriters do not make, or purport to make, any statement in this Offer Booklet, and there is no statement in this Offer Booklet which is based on any statement by the Underwriters. To the maximum extent permitted by law, the Underwriters expressly disclaim all liability in respect of, make no representations regarding, and take no responsibility for, any part of this Offer Booklet.

This Offer Booklet includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions many of which are outside the control of the Company and that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements. Neither the Company nor any other person guarantees the repayment of capital or the payment of income. Investors should note that the past performance of the Company provides no guidance to its future performance.

Entitlements are non-renounceable and cannot be traded on the ASX or any other exchange, nor can they be privately transferred. You cannot withdraw your application for New Shares once it has been accepted by the Company.

Applications for New Shares by Eligible Shareholders may only be made on an original Entitlement and Acceptance Form, as sent with this Offer Booklet. The Entitlement and Acceptance Form sets out the Entitlement of an Eligible Shareholder to participate in the Offer. Please read the instructions in this Offer Booklet and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement. By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Booklet, you have acted in accordance with the terms of the Offer detailed in this Offer Booklet and you agree to all of the terms and conditions as detailed in this Offer Booklet.

The New Shares being offered under this document are being offered to Eligible Shareholders in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (NZ). This document is not an investment statement or prospectus under New Zealand law and has not been registered, filed with or approved by any New Zealand regulatory authority, or under or in accordance with the Securities Act 1978 (NZ) or any other relevant law in New Zealand. It may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia, New Zealand and the British Virgin Islands (including nominees, custodians and trustees) are responsible for ensuring that any dealing with New Shares issued does not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlements or the distribution of this Offer Booklet or the Entitlement and Acceptance Form. The making of an application (whether by the return of a duly completed Entitlement and Acceptance Form, the making of payment or otherwise) will constitute a representation that there has been no breach of such laws or regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed.

Please note that Shareholders at the Record Date that have an address registered outside Australia, New Zealand or the British Virgin Islands will not be eligible to participate in the Offer. Any New Shares that would otherwise have been offered to these shareholders are proposed to be issued to Patersons Securities Limited (acting as Nominee). The Nominee will subscribe for and sell (on a "best endeavours" basis) the New Shares on market on behalf of those ineligible overseas shareholders following the allotment and issue of those New Shares. Grange will distribute the proceeds (if any) pro rata to the ineligible overseas shareholders net of sale expenses (i.e. sales proceeds less brokerage and applicable GST).

This Offer Booklet, the Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Western Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia.

Please refer to the glossary in Section 4 for definitions of terms and abbreviations used in this Offer Booklet.

MANAGING DIRECTOR'S LETTER

18 August 2009

Dear Shareholder

On behalf of the Board of Grange Resources Limited (**Grange** or **Company**), I am pleased to invite you to participate in an underwritten non-renounceable entitlement offer (**Offer**) to raise approximately \$124 million before costs. In addition the Company proposes to conduct placements to major shareholders, at a price of \$0.29 per share, to raise a further \$29 million and restructure certain of its key liabilities (**Restructure**). This Offer Booklet outlines the details of the Offer.

The Offer entitles Eligible Shareholders on the Record Date of 26 August 2009 to subscribe for 1 New Share for every 1 Share held at an issue price of \$0.25 per New Share.

Shagang, RGL and PI (**Cornerstone Shareholders**), have committed, subject to certain conditions, to fully participate in the Offer by collectively subscribing for approximately 343 million shares (thus contributing \$85.8 million). The balance of the Offer, which is fully underwritten, will contribute \$38.1 million.

The balance of the Offer is underwritten by Azure Capital Pty Ltd and Patersons Securities Limited who are acting as Joint Lead Managers (**JLMs**). Entitlements are non-renounceable and will not be tradeable on the ASX or otherwise transferable.

The Cornerstone Shareholders have also entered into conditional agreements to subscribe for additional shares via a placement of up to 99.8 million Shares at \$0.29 per Share (**Cornerstone Placement**) which is subject to shareholder and Foreign Investment Review Board approval.

A total of 55 million shares will also be placed to Stemcor, Dacroft and Forlife as part of the restructuring initiative announced by the Company on Tuesday, 18 August 2009 (**Stemcor Placement**).

The Offer is conditional on Grange receiving a minimum subscription amount of \$85.8 million (representing 343,038,639 shares).

The Offer closes at 7.00 pm (AEST) on Friday, 11 September 2009.

The proceeds of the Offer and the Cornerstone Placement will be used to reduce Grange's debt, fund the Restructure, provide funds for working capital and provide capital for the Savage River operations.

The Offer will be conducted without a prospectus in accordance with the streamlined offering provisions of section 708AA of the Corporations Act.

Please read this Offer Booklet, the attached ASX announcement, and Offer Presentation, **including the Risks section**, carefully before deciding whether or not to invest. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

I look forward to your support of the Offer.

Yours sincerely



Russell Clark
Managing Director

1. DETAILS OF THE OFFER

1.1 The Offer

Grange is making an underwritten non-renounceable pro rata entitlement offer (**Offer**) of fully paid ordinary shares in the capital of the Company (**New Shares**) to Shareholders with a registered address in Australia, New Zealand and the British Virgin Islands (**Eligible Shareholders**). Eligible Shareholders who are on the Company's share register at 7.00 pm (AEST) on 26 August 2009 (**Record Date**) will be entitled to apply to subscribe for 1 New Share for every 1 Share held at an issue price of \$0.25 each per New Share. The issue price is payable in full on application.

A maximum of 495,836,250¹ New Shares will be issued and the Company will raise approximately \$124 million before costs. The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

The Offer is conditional on Grange receiving a minimum subscription amount of \$85.8 million (representing 343,038,639 New Shares).

The funds raised will comprise:

- the contribution by the Cornerstone Shareholders of approximately \$85.8 million; and
- the remaining underwritten contribution of approximately \$38.1 million.

The New Shares will be fully paid and will rank equally with the Company's existing issued Shares.

1.2 Key dates

The Offer is open for acceptance until 7.00 pm (AEST) on the Closing Date or such other date as the Directors, in conjunction with the Underwriters, shall determine, subject to the Listing Rules. Other key dates for the Offer are as follows:

Event	Date
Announcement of Offer and lodgement of Appendix 3B	18 August 2009
Lodgement of Offer Booklet & Section 708AA(2)(f) Notice	18 August 2009
Notice to Optionholders	18 August 2009
Notice to Shareholders	19 August 2009
Ex Date	20 August 2009
Record Date	26 August 2009
Dispatch of Offer Booklet and Entitlement and Acceptance Forms	28 August 2009
Offer opens	28 August 2009
Offer closes at 7.00 pm (AEST)	11 September 2009
Notification of under subscriptions	16 September 2009
Allotment of New Shares & dispatch of holding statements	21 September 2009
Normal trading of New Shares to commence on ASX	22 September 2009

The timetable outlined above is indicative only and subject to change. The Directors, in conjunction with the Underwriters, reserve the right to vary these dates, including the Closing Date, without prior notice but subject to the Corporations Act and the Listing Rules. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment. In that event, or if the Company does not receive applications for at least the minimum subscription outlined above, Application Money will be returned without interest. See Sections 1.9 and 1.10 for further details.

¹ This number may increase by up to 16,310,000 New Shares in the event that existing option holders exercise their 15,990,000 options prior to the Record Date (though the Directors do not consider this to be likely) and up to 320,000 New Shares in respect of shares that Grange proposes to issue to employees prior to the Record Date pursuant to its employee incentive scheme.

1.3 Use of proceeds and effect of the Offer on the Company

The proceeds of the Offer will be used to reduce Grange's debt and provide funds for working capital.

Grange intends for US\$7.4 million (A\$8.8 million²) of Offer proceeds will be used to repay part of the amount owed to Jiangsu Shagang International Trade Co., Ltd (**Shagang International**) pursuant to the Bank of China Letter of Credit Facility (BOC Facility) that was arranged by and is repayable to Shagang International, as announced to the market on 9 June 2009.

The principal effect of the Offer on the Company's capital structure will be to increase the total number of issued Shares. The following table sets out the number of issued Shares at the date of announcement of the Offer and the total number of issued Shares at the completion of the Offer based on the maximum number of New Shares that may be issued under the Offer:

Shares	Number
Issued Shares at 18 August 2009, the date of announcement of the Offer	495,516,250
Maximum number of Shares to be issued to employees pursuant to the Company incentive plan	320,000
Maximum number of New Shares that may be issued pursuant to the Offer *	495,836,250
Maximum number of issued Shares upon completion of the Offer	991,672,500

* Assumes no options or warrants that have been issued by the Company are exercised prior to completion the Record Date.

1.4 Entitlements

Each Eligible Shareholder who is registered as the holder of Shares at 7.00 pm (AEST) on the Record Date is entitled to participate in the Offer. The number of New Shares to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Offer Booklet.

As a result of this Offer, Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. The sale by Applicants of New Shares prior to the receipt of a holding statement is at the Applicant's own risk.

1.5 Opening and closing dates

The Offer will be open for receipt of acceptances on Friday, 28 August 2009.

The Company will accept Entitlement and Acceptance Forms until 7.00 pm (AEST) on Friday, 11 September 2009, subject to the Directors, in their absolute discretion, varying the Closing Date in accordance with the Corporations Act and the Listing Rules.

1.6 Non-Renounceable

The Offer is non-renounceable. This means that Eligible Shareholders are unable to sell or transfer their Entitlements to subscribe for New Shares. Any New Shares not subscribed for by Eligible Shareholders who take up their Entitlement will form part of the Shortfall and will be subscribed for by the Underwriters or sub-underwriters pursuant to the Underwriting Agreement.

² Australian dollar equivalent of the payment made in US dollars shown at a USD/AUD exchange rate of 0.84.

1.7 Underwriting

The Cornerstone Shareholders have committed to apply to subscribe for 343,038,639 New Shares. Shagang's commitment is conditional on obtaining the relevant foreign exchange approvals. The balance of New Shares to be issued under the Offer is fully underwritten by the Underwriters. Any New Shares which are not subscribed for by Eligible Shareholders who take up their Entitlement will form part of the Shortfall to be taken up by the Underwriters or sub-underwriters pursuant to the Underwriting Agreement.

Further particulars, including the events whereby the Underwriters may be released from their obligations under the Underwriting Agreement are set out in Section 3.1.

1.8 ASX listing

The Company has made an application to ASX for Official Quotation of the New Shares. If ASX does not grant quotation for the New Shares, the Company will not allot any New Shares and all Application Money will be refunded without interest.

1.9 Minimum Subscription

The Offer is conditional on Grange receiving a minimum subscription amount of \$85.8 million (representing 343,038,639 New Shares) (**Minimum Subscription**), and no New Shares will be issued pursuant to the Offer until the Minimum Subscription is reached.

If the Company does not receive applications for at least the Minimum Subscription, the Company will not proceed with the Offer and all Application Money will be refunded to each applicant without interest.

1.10 Application Money

Application Money will be held in trust in a subscription account established and held by the Company on behalf of each Eligible Shareholder until the New Shares are issued. If necessary, Application Money will be refunded as soon as reasonably practicable, without interest. Interest earned on any Application Money will be for the benefit of the Company and will be retained by the Company regardless of whether New Shares are issued under the Offer.

1.11 Excluded Shareholders

The Company will not make an Offer to Shareholders with a registered address outside Australia, New Zealand or the British Virgin Islands (**Excluded Shareholders**). The Company has decided that it is unreasonable to extend the Offer to Excluded Shareholders having regard to:

- (a) the number of Shareholders outside Australia, New Zealand and the British Virgin Islands;
- (b) the number and value of New Shares that would be offered to Shareholders outside of Australia, New Zealand and the British Virgin Islands; and
- (c) the cost of complying with the legal requirements, and requirements of regulatory authorities, in the overseas jurisdictions.

Any New Shares that would otherwise have been offered to Excluded Shareholders (**Excluded Shares**) are proposed to be issued to Patersons Securities Limited, as the proposed nominee for the Excluded Shareholders (**ASIC Nominee**), to arrange for the sale of the New Shares which would otherwise have been offered to Excluded Shareholders. The nominee will subscribe for and sell (on a "best endeavours" basis) the Excluded Shares on market on behalf of the Excluded Shareholders and send the net proceeds from the sale of the Excluded Shares (if any) to the Company (or Computershare Investor Services Pty Limited) for pro rata distribution to the Excluded Shareholders.

1.12 Effect on Control

The potential effect that the issue of the New Shares under the Offer and Stemcor Placement will have on the control of Grange, and the consequences of that effect, will depend on a number of factors, including investor demand.

The maximum number of New Shares to be issued pursuant to the Offer is 495,516,250³ New Shares and the Stemcor Placement is 55,000,000 New Shares.

Under the Stemcor Placement, Grange will allot and issue 44,548,295 New Shares to Stemcor. Stemcor has confirmed that it will not take up any of its entitlement under the Offer (**Entitlement**).

If each Eligible Shareholder (apart from Stemcor) and the proposed ASIC Nominee elect to subscribe for all of the New Shares offered to them and all of the New Shares that would have been offered to Stemcor are underwritten, the issued capital of the Company will comprise 1,046,032,500 Shares.⁴

The Cornerstone Shareholders are 'associates' under the Corporations Act and together, currently have a relevant interest in 343,038,639 Shares (approximately 69.23% of Grange's current issued Shares). The Cornerstone Shareholders have committed to take up their full Entitlement under the Offer.

Below is a summary of the effect on the Cornerstone Shareholders' total relevant interest in the Company under different take up scenarios, following the issue of New Shares under the Offer and the Stemcor Placement.

If each Eligible Shareholder (apart from Stemcor) and the ASIC nominee elect to subscribe for all of the New Shares offered to them and all of the New Shares that would have been offered to Stemcor are underwritten, the Cornerstone Shareholders' total relevant interest in the Company would remain at approximately 69.23%. After the Stemcor Placement, the Cornerstone Shareholders' total relevant interest in the Company would reduce to approximately 65.60%.

If the Cornerstone Shareholders subscribe for all of the New Shares offered to them and only the minimum subscription level is reached, the Cornerstone Shareholders' total relevant interest in the Company would increase to approximately 81.80%. After the Stemcor Placement, under this scenario, the Cornerstone Shareholders' total relevant interest in the Company would be approximately 76.80%.

The level of control of all shareholders that either do not subscribe for their full Entitlement, or who are not eligible to participate in the Offer, will decrease.

The level of control of all Eligible Shareholders that either subscribe for their full Entitlement may also decrease depending on the total number of New Shares issued under the Offer and the Stemcor Placement.

It is not expected that any change in the total relevant interest of the Cornerstone Shareholders will have any material consequences on the control of Grange.

³ This number may increase by up to 16,310,000 New Shares in the event that existing option holders exercise their 15,990,000 options prior to the Record Date (though the Directors do not consider this to be likely) and up to 320,000 New Shares in respect of shares that Grange proposes to issue to employees prior to the Record Date pursuant to its employee incentive scheme.

⁴ Assuming that existing option holders do not exercise their options and no shares are issued pursuant to Grange's employee incentive scheme.

1.13 Enquiries

If you have any enquiries in relation to the Entitlement and Acceptance Form or your Entitlement, please contact the Company's share registry, Computershare Investor Services Pty Limited by telephone on 1300 850 505 (within Australia) or (+61 3) 9415 4000 (outside Australia) or consult your professional advisor.

2. ACTION REQUIRED BY SHAREHOLDERS

All applications for New Shares must be made by Eligible Shareholders on the Entitlement and Acceptance Form accompanying this Offer Booklet. By returning the Entitlement and Acceptance Form, you offer to acquire the New Shares on the terms and conditions set out in this Offer Document. The Directors reserve the right to reject any applications for New Shares that are not made in accordance with the terms of this Offer Booklet or the instructions on the Entitlement and Acceptance Form.

2.1 Taking up all of your Entitlement

If you wish to take up all of your Entitlement, complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form and arrange for payment of the Application Money in accordance with Section 2.4.

2.2 Allow all or part of your Entitlement to lapse

If you decide not to accept all or part of your Entitlement to New Shares, or fail to accept by the Closing Date, your Entitlement will lapse. The New Shares not subscribed for will form part of the Shortfall.

2.3 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement under the Offer and allow the balance to lapse, please complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up in accordance with the instructions set out on the reverse of that form and arrange for payment of the applicable amount of Application Money in accordance with Section 2.4.

2.4 Payment and return of Entitlement and Acceptance Form

You may apply to subscribe for all or part of your Entitlement by either completing the Entitlement and Acceptance Form in accordance with the instructions set out on the back of that form, indicating the number of New Shares you wish to subscribe for and attaching payment or, if you have an Australian financial institution account that supports BPAY[®], by paying by BPAY[®] (see below for more details).

The method of taking up the Offer will depend on your method of payment.

Payment by cheque, bank draft or money order

Should you wish to pay by cheque, bank draft or money order, then you should complete your Entitlement and Acceptance Form in accordance with the instructions set out on that form and return the form accompanied by a cheque, bank draft or money order:

- in Australian currency, drawn on an Australian branch of a financial institution;
- for an amount equal to \$0.25 multiplied by the number of New Shares that you are applying to subscribe for); and

- made payable to “Grange Resources Limited – Offer Account” and crossed “Not Negotiable”.

Cash payments will not be accepted. Receipts for payment will not be issued.

Payment by BPAY®

For Eligible Shareholders wishing to pay by BPAY® (only available to Eligible Shareholders who hold an account with an Australian financial institution that supports BPAY®):

- please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number). Your BPAY® payment must be received by no later than 5.00 pm (AEST) on Friday, 11 September 2009. Applicants should be aware that their own financial institution may impose earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY® are received by this time; and
- for payment by BPAY®, you do not need to submit your Entitlement and Acceptance Form but, by making a payment through BPAY®, you will be taken to have made the declarations set out in the Entitlement and Acceptance Form.

Any application monies received for more than your final allocation of New Shares will be refunded after 22 September 2009. No interest will be paid on any application monies received or refunded.

To participate in the Offer, your payment must be received by no later than 7.00 pm (AEST) on Friday, 11 September 2009. If not paying by BPAY®, your completed Entitlement and Acceptance Form, together with application monies, should be mailed using the reply paid or self addressed envelope provided with this booklet, or:

Mail to:
Grange Resources Limited
C/- Computershare Investor Services Pty Limited
Locked Bag 2508
Perth WA 6001

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Booklet and, once lodged, cannot be withdrawn. The Entitlement and Acceptance Form does not need to be signed to be binding.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

3. ADDITIONAL INFORMATION

3.1 Underwriting Agreement⁵

The Company and the Underwriters have entered into the Underwriting Agreement pursuant to which the Underwriters have agreed to underwrite the issue of 152,477,611 New Shares pursuant to the Offer on the terms and conditions contained in that agreement.

Under the Underwriting Agreement, the Underwriters are required to subscribe for 152,477,611 New Shares in respect of which a valid application is not received, provided that:

1. The Cornerstone Shareholders:
 - (a) Irrevocably confirm their intention to take up all of their respective entitlements;
 - (b) pay the funds for their entitlements to the Company and those funds become cleared funds in a bank account controlled by the Company.
2. Stemcor irrevocably confirming that it will not take up its entitlement of New Shares under the offer.
3. All documents required to effect the transactions required for the Restructure of the Company have been executed by all parties to those documents.
4. The Underwriters being satisfied with the due diligence program undertaken by the Company.
5. Legal sign off provided by the Company's legal advisers.

The Underwriters may appoint sub-underwriters, in consultation with the Company.

The Company has given warranties, covenants and indemnities to the Underwriters which are customary in an agreement of this nature.

The Underwriting Agreement provides that the Underwriters, by giving written notice to the Company at any time prior to the issue of the underwritten securities, may terminate the Underwriting Agreement and its obligations under that agreement if:

1. There is a material omission in the Offer Booklet;
2. The Company, if required, fails to lodge a supplementary notice to comply with section 708AA of the Corporations Act;
3. ASX does not give approval for the New Shares being underwritten to be listed for official quotation;
4. The ASX All Ordinaries Index as determined at close of trading falls more than 15% below its index number as at the close of trading on the date of the Underwriting Agreement for 4 consecutive Business Days at any time during the Underwriting Period;
5. A director of the Company or any related corporation is charged with an indictable offence;
6. The Company or a related corporation takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Act, without the prior written consent of the Underwriter;
7. The Company's bankers or lenders issue any demand or penalty notice that is not revoked or remedied by the Company in accordance with its terms or require material additional security for any existing facility;
8. There is a change in laws which does or is likely to prohibit, restrict or regulate the principal business of the Company, the Offer or the operation of stock markets generally;
9. The Company or any related corporation fails to comply with any of the following:
 - a provision of its Constitution;
 - any statute;

⁵ Capitalised terms used in Section 3.1 Underwriting Agreement are made by reference to definitions contained within the Underwriting Agreement.

- a requirement, order or request, made by or on behalf of the ASIC or any Governmental Agency; or
 - any material agreement entered into by it,
- which is likely to prohibit or materially restrict the business of the Company or the Offer;
10. The Company alters its capital structure or its Constitution without the prior written consent of the Underwriters;
 11. A Force Majeure, which prevents or delays an obligation under the Underwriting Agreement, lasting in excess of two (2) weeks occurs;
 12. The Company is in default of any material term and condition of the Underwriting Agreement or is in material breach of any representation, warranty or covenant given or made by it under it;
 13. Any adverse change occurs which gives rise to a Material Adverse Effect (as that term is defined in the Underwriting Agreement) or is likely to give rise to a Material Adverse Effect;
 14. Any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a related corporation;
 15. A Prescribed Occurrence occurs;
 16. The Company suspends payment of its debts generally;
 17. An Event of Insolvency occurs in respect of the Company or a related corporation;
 18. A judgment in an amount exceeding \$50,000 is obtained against the Company or a related corporation and is not set aside or satisfied within seven (7) days.

Under the Underwriting Agreement the Company will pay the Underwriters an underwriting fee of up approximately \$1.9 million (5% of \$38.1 million) (plus GST) within 3 business days of the allotment of Shortfall Shares.

3.2 Tax

You should be aware that there may be taxation implications associated with participating in the Offer and receiving New Shares.

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under the Offer, or the disposal of any New Shares allotted and issued. The Company does not accept any responsibility in this regard, and Shareholders should consult with their professional tax advisor.

3.3 Privacy

The Entitlement and Acceptance Form requires you to provide information that may be personal information for the purpose of the Privacy Act 1988 (Cth). The Company (and the Share Registry on its behalf) collects, holds and uses personal information in order to assess applications for New Shares, service the needs of Shareholders, provide facilities and services and to administer the Company.

Access to information may also be provided to the Company's related bodies corporate, agents and service providers, regulatory bodies, mail houses and the Share Registry.

If you do not provide the information requested of you in the Entitlement and Acceptance Form, the Share Registry will not be able to process your application for New Shares or administer your holding of Shares appropriately.

4. GLOSSARY

In this Offer Booklet:

\$ and Dollar means Australian dollars, unless otherwise specified.

Applicant means a person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form.

Application Money means the aggregate amount of money payable for New Shares applied for in a duly completed Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

AEST means Australian Eastern Standard Time

ASX means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

Closing Date means the last day for payment and return of Entitlement and Acceptance Forms, being 7.00 pm (AEST) Friday, 11 September 2009.

Company or Grange means Grange Resources Limited (ABN 80 009 132 405).

Cornerstone Shareholders means Shagang, RGL and PI.

Cornerstone Placement means the placement of up to 99.8 million Shares at \$0.29 per Share to the Cornerstone Shareholders which is subject to shareholder and Foreign Investment Review Board approval.

Corporations Act means the Corporations Act 2001 (Cth).

Dacroft means Dacroft Pty Ltd ACN 003 252 266.

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder at the Record Date with a registered address in Australia, New Zealand or the British Virgin Islands.

Entitlement means the number of New Shares that a Shareholder is entitled to apply to subscribe for under the Offer, as determined by the number of Shares held by that Shareholder on the Record Date.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Booklet.

Excluded Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia, New Zealand or the British Virgin Islands.

Excluded Shares means the number of New Shares which would be offered to Excluded Shareholders if those Shareholders were not resident outside Australia, New Zealand and the British Virgin Islands.

Forlife means Forlife Tasmania Pty Ltd ACN 115 914 175.

Listing Rules means the official listing rules of ASX.

New Share means a new Share to be issued under the Offer.

Offer means a non-renounceable pro rata entitlement offer to subscribe for New Shares on the basis of one New Share for every one Share of which the Shareholder is the registered holder as at the Record Date at the offer price of \$0.25 per New Share pursuant to the Offer Booklet.

Official Quotation means "quotation" (as that term is used in the Listing Rules) of all of the New Shares on ASX when allotted which if conditional may only be conditional on customary pre-quotation conditions.

PI means Pacific International Co. Pty Ltd ACN 133 363 265, a company registered in Australia.

Record Date means 7.00 pm (AEST) on Wednesday, 26 August 2009 or such other date as may be determined by the Directors.

RGL means RGL Holding Co. Ltd registration number 1497715, a company registered in the British Virgin Islands.

Share means a fully paid ordinary share in the capital of the Company.

Shagang means Shagang International Holding Limited registration number 1497243, a company registered in the British Virgin Islands.

Shareholder means a holder of Shares.

Shortfall means the number of New Shares offered under the Offer for which valid applications have not been received from Eligible Shareholders before the Closing Date.

Stemcor means Stemcor Pellets Limited registration number 2188847, a company registered in the United Kingdom.

Underwriters means Patersons Securities Limited ABN 69 008 896 311 and Azure Capital Pty Ltd ABN 60 107 416 106.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriters dated 17 August 2009.



ASX ANNOUNCEMENT AND OFFER PRESENTATION



18 August 2009

Grange Resources Limited
ABN 80 009 132 405
Level 11, 200 St Georges Terrace
Perth Western Australia 6000
PO Box 7025, Cloisters Square
Perth Western Australia 6850
T +61 8 9327 7901
F +61 8 9327 7932
info@grangeresources.com.au
www.grangeresources.com.au

GRANGE TO UNDERTAKE A\$167 MILLION PLACEMENT AND UNDERWRITTEN ENTITLEMENT ISSUE IN ADDITION TO RESTRUCTURING INITIATIVES

Grange intends to undertake an underwritten one-for-one (1:1) non-renounceable entitlement issue of circa 495 million new shares to raise \$124 million at an offer price of \$0.25 per share (**Offer**), conduct placements to major shareholders, at a price of \$0.29 per share, to raise a further \$29 million and restructure certain of its key liabilities (**Restructure**). The Offer, placements and Restructure will enhance Grange's cashflow outlook significantly and strengthen the Company's balance sheet.

KEY HIGHLIGHTS

- Significant balance sheet improvement, with liabilities almost halved and payment timing extended;
- Positions Australia's leading magnetite producer to capitalise on the promising future iron ore price outlook and enhanced future cash flow;
- Full participation by Cornerstone Shareholders, which include significant operators in the Chinese iron ore and steel sectors; and
- Working capital to continue with investment in Savage River operations and continued development of Southdown.

Grange Managing Director, Mr Russell Clark, said that the combined initiatives would allow Grange to enhance the Company's balance sheet.

"The restructure initiatives supported by the raisings, as well as additional working capital, allow us to position the Company and its balance sheet correctly for the current financial climate. As an existing producer we are also well placed to benefit from the future iron ore price outlook," said Mr Clark.

"We believe future iron ore price fundamentals are very promising. This year's benchmark settlements are the second highest on record, and we are already receiving numerous enquiries to purchase spot product at a significant premium to the current benchmark."

"As Australia's leading exporter of iron ore pellets with a solid multi-year operational history we believe we are very well placed to benefit from this outlook, particularly with the balance sheet advantages derived from the proposed restructure," said Mr Clark.

“The support of our major shareholders, who include China’s largest privately owned steel mill and significant operators in the Chinese iron ore market, represents a strong vote of confidence in the future of Grange and the iron ore market.”

SUMMARY OF THE CAPITAL RAISING

Entitlement Issue

The Offer is underwritten by Azure Capital Pty Ltd and Patersons Securities Limited who are acting as Joint Lead Managers (**JLMs**).

Shagang International Holdings Limited, Grange’s largest shareholder with a 47.1%¹ shareholding, as well as substantial shareholders RGL Holdings Co. Ltd (13.8%) and Pacific International Co. Pty Ltd (8.3%) (**Cornerstone Shareholders**), have committed, subject to certain conditions, to fully participate in the Offer by collectively contributing \$85.8 million. The balance of the Offer, which is fully underwritten by the JLMs, will contribute \$38.1 million.

The Offer is subject to certain conditions that are detailed at the end of this announcement, including that the Company receives a minimum subscription level of \$85.8 million, representing 343,038,639 shares (**Minimum Subscription Level**). These conditions should be read in detail by anyone who is considering participating in the Offer.

Cornerstone Placement

The Cornerstone Shareholders have also entered into agreements to subscribe for additional shares via a placement (**Cornerstone Placement**) at \$0.29 per share, which is a 16% premium to the Offer price. If the Offer and the Stemcor Placement (described below) are successfully completed, the Cornerstone Placement will enable the Cornerstone Shareholders to subscribe for a total of 99.8 million shares or the number of shares that could be issued to remain within compliance with Section 611 (9) of the Corporations Act 2001 (being the 3% creep provision), whichever is the lower number.

If the Cornerstone Placement proceeds, Shagang's contribution of up to \$21.1 million will be used to repay part of the amount outstanding at that time against the Bank of China Letter of Credit Facility (**BOC Facility**), and the RGL and PI contributions of up to \$7.8 million will be by way of cash.

The Cornerstone Placement is subject to certain conditions that are detailed at the end of this announcement, including the approval of FIRB and Grange shareholders.

Grange’s Board of Directors has agreed to unanimously recommend the Cornerstone Placement to shareholders of the Company and not to withdraw that unanimous recommendation prior to completion, except to the extent that the recommendation by the Board would constitute a breach of fiduciary or statutory duties of the Company’s directors.

¹ Includes 1,015,640 shares held by Ever Lucky Developments Limited (an associate of Shagang).

Stemcor Placement

A total of 55 million shares will also be placed to Stemcor, Dacroft and Forlife under the Restructure outlined below.

Use of proceeds

The proceeds of the Offer and the Cornerstone Placement will be used to reduce Grange's debt, fund the Restructure, provide funds for working capital and provide capital for the Savage River operations, as shown in the table below.

Table 1: Use of Proceeds

BOC Reduction	\$29.9m ²
Payment for Fixed Consideration to Stemcor, Dacroft and Forlife	\$41.1m ³
Head Agreement payment to Stemcor (in March 2010)	\$5.9m ³
Balance applied to working capital	\$75.9m
Value of shares issued to Stemcor, Dacroft and Forlife	\$13.8m
Total	\$166.6m

Grange intends for US\$7.4 million (A\$8.8 million⁴) of the Offer proceeds to be used to repay part of the amount owed to Shagang International pursuant to the BOC Facility, that was arranged by and is repayable to Shagang International, as announced to the market on 9 June 2009.

Should the Offer only achieve the Minimum Subscription Level, the Stemcor and Cornerstone Placement will still proceed (the latter conditional upon FIRB and shareholder approval). The total proceeds raised in this case (\$128.5 million) will be applied in the same order as shown in Table 1 up to the maximum amount raised, with the balance put towards working capital.

RESTRUCTURE

Grange has been working closely with Shagang and Stemcor, past owners of its Savage River Project, to restructure certain liabilities due to both parties that will better position Grange for future growth.

To implement the transactions to effect the Restructure, the Company has entered into certain agreements with Shagang and Stemcor, all of which are conditional on Grange receiving sufficient subscriptions for and issuing shares equivalent to at least the Minimum Subscription Level under the Offer. The key terms of the Restructure are detailed below:

² Comprising the payment of US\$7.4 million (A\$8.8 million at a USD/AUD exchange rate of 0.84) from the Offer proceeds and A\$21.1 million from the Cornerstone Placement.

³ Australian dollar equivalent amount of payments made in US dollars shown at a USD/AUD exchange rate of 0.84.

⁴ Australian dollar equivalent of the payment made in US dollars shown at a USD/AUD exchange rate of 0.84.

- A restructure of the payments due to Stemcor, Dacroft and Forlife that were assumed as part of the merger with Australian Bulk Minerals in January 2009, under which the payments will be modified to the following:
 - Grange will pay Stemcor, Dacroft and Forlife US\$34.6 million cash in total⁵;
 - Grange will, simultaneously with settlement of the Offer, issue Stemcor, Dacroft and Forlife with 55 million Grange shares in total (**Stemcor Placement**); and
 - Grange will pay Stemcor, Dacroft, Forlife and Dominant an ongoing royalty calculated as 2% of gross revenue receipts from the Savage River Project, commencing in 2012 and ending in 2023. This will significantly reduce the quantum of the existing deferred consideration payments and also defers the initial payment by 21 months.

A “head agreement” payment to Stemcor amounting to US\$5.0 million will remain payable in March 2010 in accordance with its original terms⁶;

- As part of the restructuring negotiations, Grange has agreed to release Stemcor from its obligations to purchase concentrate with effect from 18 August 2009 for a release fee of US\$1.7 million and to vary the terms of the Stemcor Off-take Agreement from an annual obligation to take 80,000 tonnes of concentrate to an option to take that quantity;
- The reduction of \$29.9 million against the BOC Facility, that was arranged by and is repayable to Shagang International, through the payment of US\$7.4 million (A\$8.8 million⁷) from the Offer proceeds and \$21.1 million from the Cornerstone Placement. This will reduce the balance owing to \$18.6 million (US\$15.6 million⁸); and
- The extension of the maturity date for the remaining balance of the BOC Facility to at least March 2011, which may be further extended by mutual agreement between Grange and Shagang International. The effective interest rate of the facility is USD Libor plus 3.84% per annum.

The Restructure is subject to certain conditions that are detailed at the end of this announcement.

BENEFITS OF THE OFFER, PLACEMENTS AND RESTRUCTURE

The Offer, Cornerstone Placement, Stemcor Placement and Restructure will provide a number of benefits to Grange, including:

- Significantly reducing the quantum of, and extending the timing for payment of Grange’s key liabilities;

⁵ Assuming settlement at 31 August 2009. As settlement will occur post this date an adjustment will be made to reconcile the amount payable to present value.

⁶ Shagang International and Evergain will continue to guarantee the payments due under the SPA until the “head agreement” is paid at the end of March 2010. Stemcor will maintain, and Dacroft, Forlife and Dominant will be granted, an equal first ranking Equitable Mortgage over SMAPL’s shares in Beviron (Grange Tasmania’s immediate holding company) as additional security for the Fixed and Head Agreement consideration payments and as security for ongoing Deferred Consideration payments.

⁷ Using a USD/AUD exchange rate of 0.84.

⁸ Using a USD/AUD exchange rate of 0.84.

- Providing material upside to long term cashflows through the significant reduction in the ongoing payments owing to Stemcor; and
- Providing working capital to continue with investment in mine cut backs, key equipment and other ongoing operational requirements.

All of these initiatives position Grange, as the largest magnetite iron ore pellet exporter in Australia, to take advantage of the forecast recovery in iron ore demand and pricing.

OFFER IN DETAIL

The Offer is for circa 495 million shares (**New Shares**). The JLMs will underwrite the Offer to a total of \$38.1 million and the Cornerstone Shareholders have committed (subject to certain conditions) to participate for the remaining \$85.8 million.

Under the Offer, eligible shareholders will be able to subscribe for 1 New Share for each 1 existing Grange share held as at the Record Date at a price of \$0.25 per share. Eligible shareholders are those holders of Grange shares who:

- Are registered as a holder of Grange shares as at 7.00pm (AEST) on the Record Date;
- Have a registered address in Australia, New Zealand or the British Virgin Islands;
- Are not in the United States or a U.S. Person or acting for the account or benefit of such persons;
- Are eligible under all applicable securities laws to receive an offer under the Offer.

The Company is of the view that it is unreasonable to make an offer to certain shareholders with an address in the Company's register which is outside of Australia, New Zealand and British Virgin Islands, having regard to the cost of complying with legal and regulatory requirements outside Australia, New Zealand and British Virgin Islands.

Any New Shares that would otherwise have been offered to those shareholders are proposed to be issued to Patersons Securities Limited (acting as Nominee). The Nominee will subscribe for and sell (on a "best endeavours" basis) the New Shares on market on behalf of those ineligible overseas shareholders following the allotment and issue of those New Shares. Grange will distribute the proceeds (if any) pro rata to the ineligible overseas shareholders net of sale expenses (i.e. sales proceeds less brokerage and applicable GST).

The offer price of \$0.25 per New Share represents a discount of 58% to Grange's closing price on 12 August 2009 prior to entering the trading halt and a discount of 46% to the 30 day VWAP.

All New Shares will rank equally with existing shares from allotment. The Entitlements are non-renounceable and therefore rights will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of those Entitlements they do not take up.

The Offer will be open between Friday, 28 August 2009 and Friday, 11 September 2009. The Record Date for the Offer will be 7.00pm (AEST) on Wednesday, 26 August 2009.

Grange is advised by Azure Capital as Corporate Adviser and Clayton Utz as Legal Adviser.

Further details of the Offer and the effects of the Restructure on the Company, including details of the timetable and key risks of the Offer, are contained in the investor presentation posted on the Grange website and released to the ASX. An Offer booklet, including that presentation, will be mailed to eligible shareholders on Friday, 28 August, 2009.

CONDITIONS

Entitlement Offer

The Offer is conditional on receiving the Minimum Subscription Level of \$85.8 million (representing 343,038,639 shares).

Shagang's commitment is conditional on obtaining the relevant foreign exchange approvals.

The Restructure is conditional on the Offer proceeding, Grange receiving sufficient subscriptions for and issuing shares equivalent to at least the Minimum Subscription Level under the Offer and \$8.8 million⁹ of the Offer proceeds being used to repay part of the amount owed to Shagang International pursuant to the BOC Facility.

Cornerstone Placement

The Cornerstone Placement is conditional on FIRB and Grange shareholder approval, all other regulatory approvals, completion of the Offer (in full) and the Stemcor Placement. It is also conditional on in principle approval from ASX that it will grant official quotation to the shares to be issued under the Cornerstone Placement, and that on completion Grange being in a position to issue a cleansing statement.

Grange anticipates that the shareholder meeting will be held in October and will release further details to all Grange shareholders in due course.

Stemcor Placement

The Stemcor Placement is conditional on the Offer proceeding and on Grange receiving a minimum subscription for 343 million shares. It is also conditional on in principle approval from ASX that it will grant official quotation to the shares to be issued under the Stemcor Placement, and that on completion, Grange being in a position to issue a cleansing statement.

It is also conditional on SMAPL providing Stemcor, Dacroft, Forlife and Dominant with equal first ranking Equitable Mortgages over SMAPL's shares in Bevion as additional security for the Fixed and Head Agreement consideration payments and as security for ongoing Deferred Consideration payments, and no other prior ranking security being granted.

Underwriting Agreement

The Company has entered into an underwriting agreement with the JLMs for the Offer. The underwriting agreement is subject to a condition precedent that the Cornerstone Shareholders contribute A\$85.8 million by subscribing for their full entitlements under the Offer. The underwriting agreement also contains a number of termination events that are customary for agreements of this nature.

⁹ Australian dollar equivalent of this payment made in USD dollars (US\$7.4 million) shown on a USD/AUD exchange rate of 0.84.

Enquiries

Any enquiries should be directed to:

Russell Clark

Managing Director & Chief Executive Officer
+61 8 9321 1118
managingdirector@grangeresources.com.au

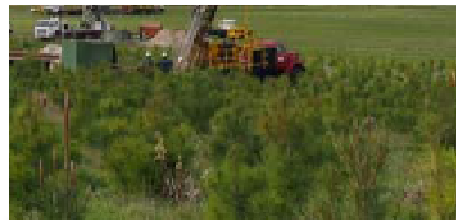
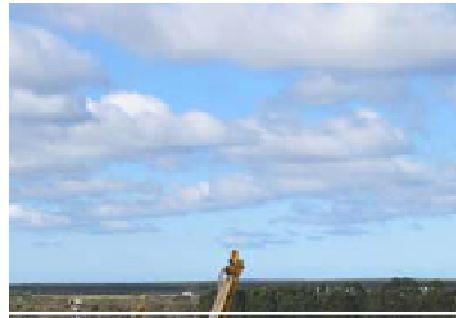
Corporate Advisor to Grange:

Simon Price

Director
Azure Capital
+61 8 6263 0888
scp@azurecapital.com.au

GLOSSARY

\$	means Australian dollars.
ASX	means ASX Limited ACN 008 624 691.
Beviron	means Beviron Pty Ltd ACN 078 197 323.
Company or Grange	means Grange Resources Ltd ACN 009 132 405.
Dacroft	means Dacroft Pty Ltd ACN 003 252 266.
Dominant	means Dominant Holdings AG.
Ever Lucky	means Ever Lucky Developments Limited, registration number 1405866, a company incorporated in the British Virgin Islands.
Evergain	means Evergain International Corporation registration number 451047, a company incorporate in Hong Kong of 1902 Wellnorne Commercial Centre, 8 Java Road, Hong Kong.
FIRB	means Foreign Investment Review Board.
Forlife	means Forlife Tasmania Pty Ltd ACN 115 914 175.
Grange Tasmania	means Grange Resources (Tasmania) Pty Ltd (formerly Goldamere Pty Ltd, trading as ABM) ACN 073 634 581.
JSG	means Jiangsu Shagang Group Company Limited registration number 13478927, a company incorporate in the People's Republic of China.
PI	means Pacific International Co. Pty Ltd ACN 133 363 265, a company registered in Australia.
RGL	means RGL Holdings Co. Ltd registration number 1497715, a company registered in the British Virgin Islands.
Shagang	means Shagang International Holdings Limited registration number 1497243, a company registered in the British Virgin Islands.
Shagang International	means Jiangsu Shagang International Trade Co. Ltd
SMAPL	means Shagang Mining (Australia) Pty Ltd ACN 124 436 335
Stemcor	means Stemcor Pellets Limited registration number 2188847, a company registered in the United Kingdom.
Stemcor Holdings	means Stemcor Holdings Limited company registration number 01038435, a company incorporated in the United Kingdom.
VWAP	means Volume Weighted Average Price.



Equity Capital Raising

Capital Raising and Restructure Presentation

August 2009

NOT FOR DISTRIBUTION IN THE US



Level 11, 200 St Georges Terrace
Perth Western Australia 6000



Important Information and Disclaimer

This document has been prepared by Grange Resources Limited (ABN 80 009 132 405) (**Grange** or the **Company**). No party other than Grange has authorised or caused the issue of this document, or takes responsibility for, or makes any statements, representations or undertakings in this document.

Presentation of general background: This document contains general background information about Grange's activities current as at the date of this presentation (18th August 2009). It is information in a summary form only and does not contain all the information necessary to fully evaluate any transaction or investment. It should be read in conjunction with Grange's other periodic and continuous disclosure announcements to the ASX available at www.asx.com.au.

Not a prospectus: This document is not a prospectus or a product disclosure statement under the Corporations Act 2001 (Cth) and has not been lodged with the Australian Securities and Investment Commission (**ASIC**). The offer of Grange ordinary shares (**New Shares**) to which this presentation relates either complies (in respect of the entitlement offer) with the requirements of section 708AA of the Corporations Act as notionally modified by ASIC Class Order 08/35, and a cleansing notice complying with that section will be lodged with ASX, or will (in respect of the placement) only be made to persons to whom offers can be made without a prospectus in accordance with Chapter 6D.2 of the Corporations Act 2001 (Cth).

Not investment advice: The information provided in this presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. Any investment decision should be made based solely upon appropriate due diligence and, if applicable, upon receipt and careful review of relevant offering documents. Recipients of this presentation are advised to consult their own professional advisers. An investment in any listed company, including Grange, is subject to significant risks of loss of income and capital. Cooling-off rights do not apply to an investment in any New Shares. The recipient cannot, in most circumstances, withdraw an application once it has been accepted.

Financial data: All dollar values are in Australian dollars (A\$) unless otherwise stated.

Future performance: This presentation contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Grange, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based. You should not place undue reliance on forward-looking statements and neither Grange nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.

Risks: An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Grange and Grange's directors, employees, advisers or agents. Grange does not guarantee any particular rate of return or the performance of Grange nor does it guarantee the repayment of capital from Grange or any particular tax treatment. You should have regard to the 'Key Risks' section of this presentation that outlines some of these risks.

Not an offer in other jurisdictions

This presentation is not an offer to sell or a solicitation of an offer to subscribe or purchase or a recommendation of any securities, and may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. No action has been taken or will be taken that would permit a public offering of the New Shares in any jurisdiction outside Australia and New Zealand. Recipients of this document should inform themselves of the restrictions that apply in their own jurisdiction. The information in the 'International Selling Restrictions' section of this presentation is provided as a general guide only. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Executive Summary



Capital Raising	Grange is undertaking a capital raising (Capital Raising) of approximately \$167 million
Capital Raising Structure	<p>The Capital Raising will comprise :</p> <ul style="list-style-type: none">• A 1 for 1 pro rata non-renounceable entitlement offer at \$0.25/sh (Offer), anticipated to raise \$123.9 million<ul style="list-style-type: none">• Offer price of \$0.25 represents a 58% discount to Grange's closing price on 12 August 2009 prior to entering the trading halt and a 46% discount to the 30-day VWAP• Shagang, RGL & PI (Cornerstones) have committed to participate fully• The balance of the Offer is underwritten by Azure Capital Pty Ltd and Patersons Securities Limited• A \$28.9 million placement to Shagang, RGL and PI (Cornerstone Investors) at \$0.29/sh (Cornerstone Placement), subject to FIRB and shareholder approval• A \$13.8 million placement to Stemcor at \$0.25/sh, the same price as the Offer (Stemcor Placement)
Restructure	<p>The Capital Raising is part of a Restructure that will:</p> <ul style="list-style-type: none">• Allow early prepayment of a significant portion of Grange's debt and future liabilities, with some at present value, strengthening Grange's balance sheet considerably• Restructure an onerous royalty stream into a more favourable long term royalty

Executive Summary



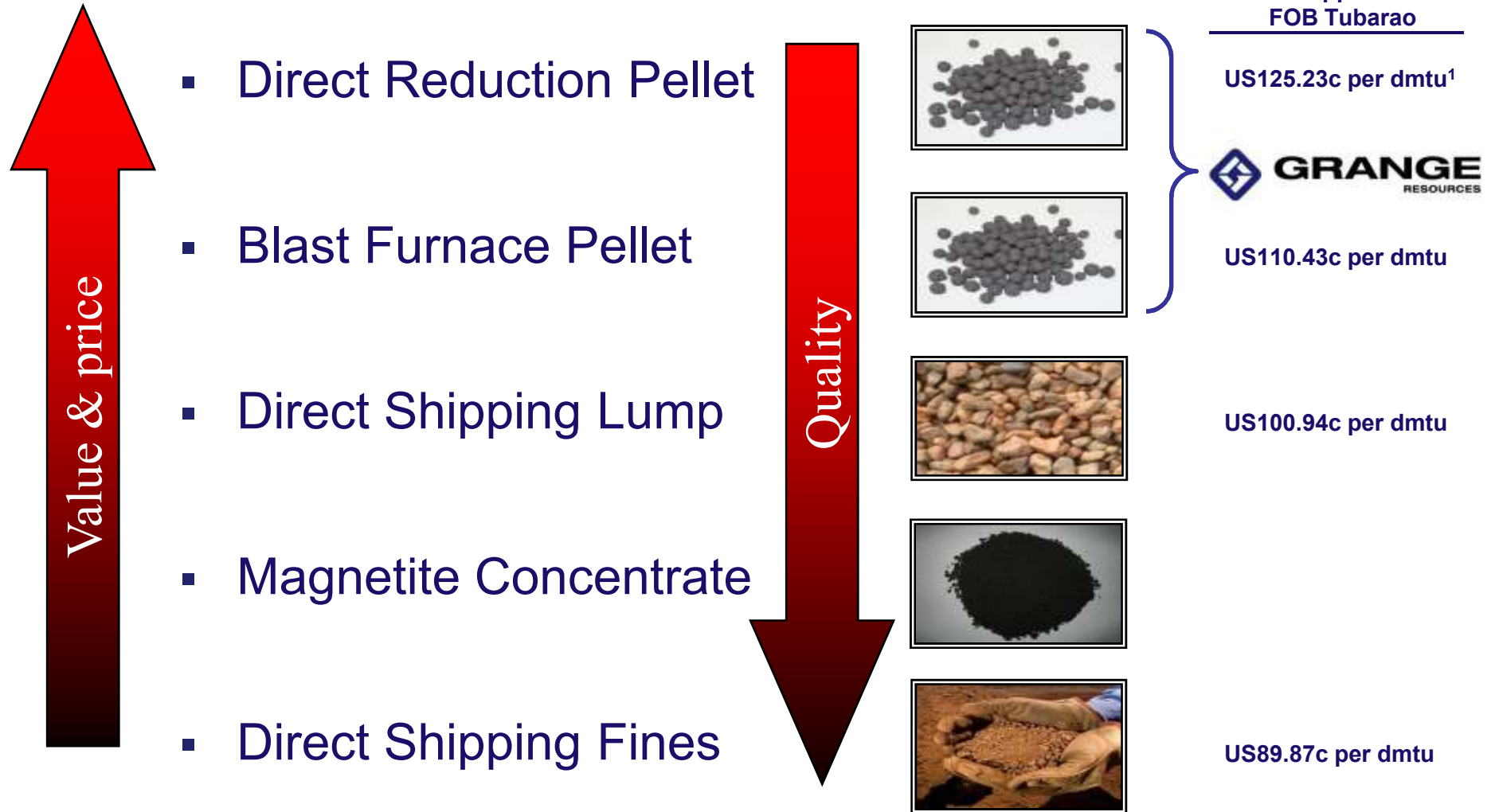
Purpose	<p>The Capital Raising and Restructure will position Grange to continue with production expansion plans and enhance its working capital position:</p> <ul style="list-style-type: none">• Prepayment of a large portion of Grange’s liabilities will significantly reduce the level of debt and debt service required• Funds from the Capital Raising will be used for working capital and production and expansion plans at Savage River, whilst it continues development of the Southdown Project
Major Shareholders Participation	<p>The Capital Raising has strong shareholder and Board support:</p> <ul style="list-style-type: none">• The Cornerstone Investors have committed to full participation in the Offer in respect of their shareholdings in Grange• The Offer has the unanimous support of the Board• Stemcor and the Cornerstone Investors have committed to taking new shares under the placements• The Offer provides investors with the opportunity to participate in Grange’s future on attractive terms
Company Overview & Trading Update	<p>Grange is Australia’s leading magnetite producer:</p> <ul style="list-style-type: none">• Grange produced approximately 2.2mt of blast furnace magnetite pellets in FY09 from the Savage River operations, generating over \$350 million in sales• Cash on hand at 30 June 2009 was c. \$33m, down from \$75m at the start of the June quarter• Operational cashflow was positive, and during the June quarter, Grange funded mining cut-backs, closed out its hedge book, repaid a US\$40m working capital loan to BNPP, made US\$37m of fixed payments to Stemcor and entered into an L/C facility with Bank of China

Contents



1	Company Overview & Trading Update
2	Capital Raising & Restructure
3	Risks
4	Appendices

Iron Ore Value



Note:

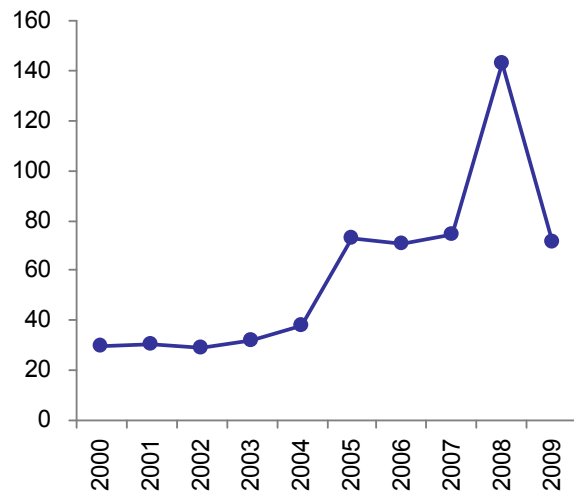
1. DR pellet price based on Vale / Arcelor Mittal settlement

Pellet Price

Rising rapidly with economic recovery

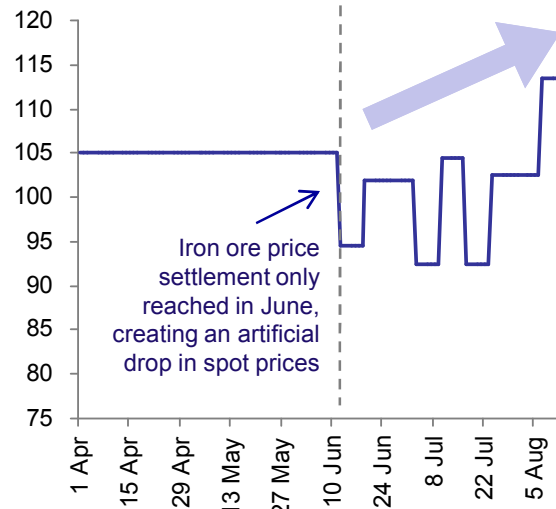


This year's iron ore price settlement saw a large drop in benchmark pricing...



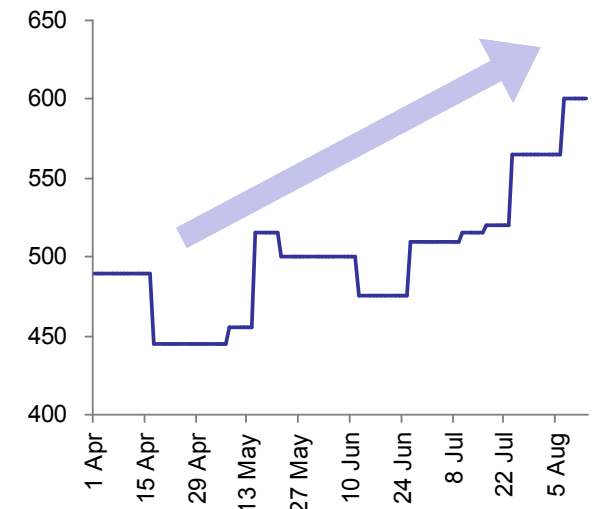
Vale Blast Furnace Pellet Benchmark FOB (US\$/t)¹

.... but the spot market has since reverted to pre-settlement levels...



China Spot Pellet Price (delivered) (US\$/t)

Increasing steel prices also signal the start of economic recovery in China



China Hot Rolled Coil Steel (US\$/t)

- Since the iron ore price settlement in June, **Grange has already had offers to buy pellets into the spot market at a significant premium to current benchmark**
- Pellets are highly leveraged to China's economic recovery – when blast furnaces approach full capacity pellets are the most desirable form of iron ore as they contribute most to productivity and efficiency

Note:

1. Assumes 65% pellet grade

Investment Highlights

Grange is Australia's largest magnetite producer, formed by a merger between Grange and Australian Bulk Minerals (ABM) in 2009.

- ✓ Australia's leading exporter of iron ore pellets, producing 2.5Mtpa from the Savage River operations in Tasmania
- ✓ Cost competitive and profitable during the downturn, highly leveraged to the global economic recovery
- ✓ Producer of blast furnace pellets that receive higher prices than fines or lumps and have guaranteed offtake
- ✓ Modern mining facility with \$100m invested in new equipment in CY2008
- ✓ Second major project in the development pipeline – Southdown Project
- ✓ Large reserve base – long life projects (~970Mt resources and 512Mt reserves)
- ✓ Long term offtake agreements with a solid customer base
- ✓ A strong management team with extensive operating expertise in magnetite
- ✓ Low sovereign risk
- ✓ Demonstrated support from the largest shareholder Shagang, China's largest private steel mill and a major customer
- ✓ Attractively valued compared to (mostly non-producing) peers



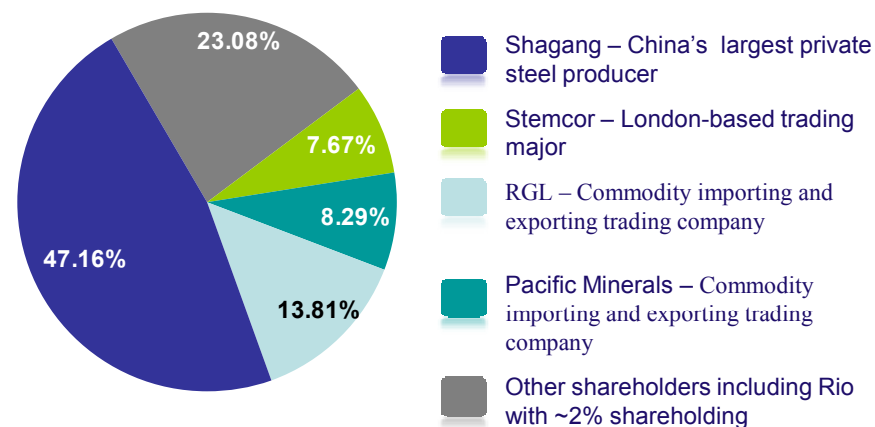
Company Snapshot



Current key statistics (A\$)

Ordinary shares on issue	12 Aug 09	495m
Last share price	12 Aug 09	\$0.59
Market capitalization	12 Aug 09	\$292m
15 day VWAP	12 Aug 09	\$0.48
30 day VWAP	12 Aug 09	\$0.46
3 month VWAP	12 Aug 09	\$0.50
Net debt	30 Jun 09	\$123m
Enterprise Value	-	\$415m

Current ownership Structure



Three year share price / volume history (A\$ millions)



Jiangsu Shagang

A strong partnership



Shagang Overview

- Grange's largest shareholder
- Demonstrated continuing support for Grange with an attractive LOM offtake agreement at Savage River at benchmark prices and agreement to negotiate at fair market price for Grange's share of offtake from Southdown
- Shagang's investment in Grange represents a significant direct iron ore investment in Australia
- Current offtake contracts have been honoured in spite of economic downturn
- Potential for Grange to leverage off Shagang's strong balance sheet for Southdown development in the future

Being backed by China's largest privately owned steel producer provides a large degree of stability and is a positive for both Grange's prospects and its shareholders



Assets	<ul style="list-style-type: none">• In excess of A\$17 billion
Location	<ul style="list-style-type: none">• Jiangsu Province, China
Product Range	<ul style="list-style-type: none">• Heavy plate, hot strip coil, stainless hot rolled plate, cold rolled plate, high-speed wire rod, rebar coil and special steel bar
Production Capacity	<ul style="list-style-type: none">• Over 22Mtpa pig iron• 27Mtpa other steel products
Employees	<ul style="list-style-type: none">• 26,500

Leading Magnetite Producer



Grange's position as Australia's leading magnetite producer is supported by quality assets in Tasmania and Western Australia.

Southdown Project (70%)

- 90km northeast of the Port of Albany
- Largest known premium quality magnetite deposit in southern Western Australia
- Targeting 6.6Mtpa concentrate, to produce 6.8Mtpa of direct reduction and blast furnace grade pellets for over 20 years
- Infrastructure solutions in place (power, ports, water)
- Advanced permitting



Savage River (100%)

- Northwest Tasmania
- Producing 2.5Mtpa blast furnace pellets and concentrate
- Mine life to 2023
- 124Mt reserves at 49% DTR
- Owner-operated open pit mine, 83km slurry pipeline, coastal pellet plant and port
- Dedicated infrastructure – no third party charges
- Extensive operating experience applicable to Southdown development

Key Information

Profitable even during economically hard times



FY09 Quarterly Breakdown

	Q1	Q2	Q3	Q4	FY09
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual.</i>	<i>Actual.</i>
Total volume mined ('000 bcm)	4,030	4,342	4,883	4,490	17,745
Total ore mined ('000 bcm)	165	130	237	465	997
Concentrate produced ('000 tonnes)	620	633	514	522	2,289
Pellets produced ('000 tonnes)	583	572	462	557	2,174
Pellets shipped ('000 tonnes)	648	496	650	381	2,175
Concentrate shipped ('000 tonnes)	27	21	-	12	60

FY09 guidance (based on unaudited management accounts to 30 June 2009¹)

Cash Cost (US\$/t pellet produced ²)	~50
Revenue (A\$m)	350 - 360
EBITDA (A\$m)	115 -125 ³

Notes:

1. This information is prepared to the best of the Company's knowledge and belief at this point in time
2. Direct operating costs includes all costs associated with producing iron ore pellets, but excludes capital expenditure, capitalised waste, financing costs, tax, royalties and corporate costs
3. Based on average pellet price received for FY09 of US\$112.76/dmt. Current benchmark pellet price is US\$72.23/dmt

Savage River Overview



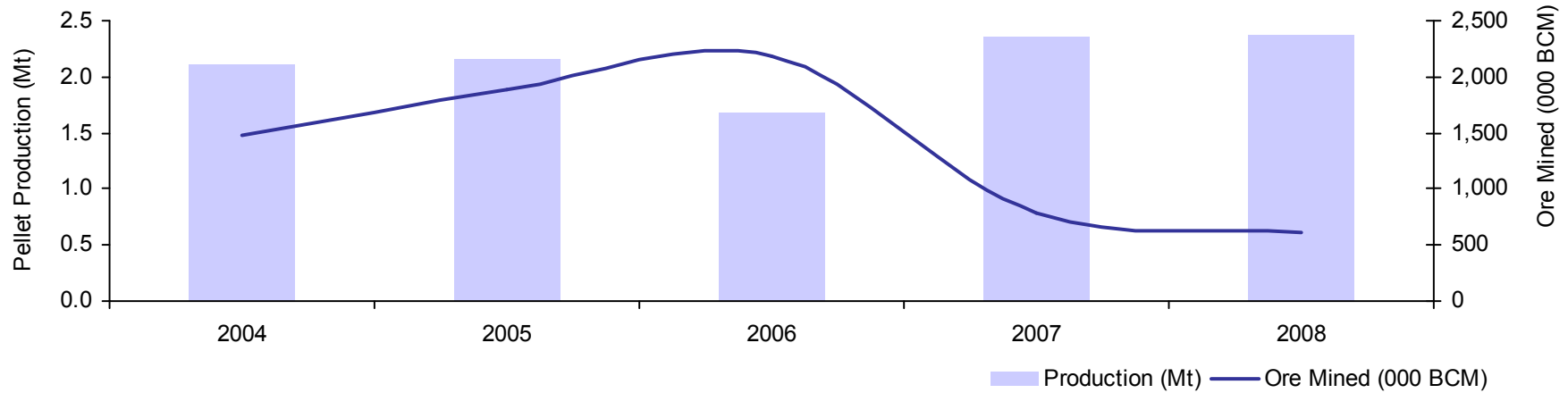
Ownership	<ul style="list-style-type: none"> Grange 100%
Resources and Reserves	<ul style="list-style-type: none"> Mineral Resource of 316Mt magnetite at 50.7% DTR Ore Reserve of 124Mt magnetite at 49.2% DTR
Production	<ul style="list-style-type: none"> 2.5Mtpa blast furnace pellets and concentrate (annualised basis) Potential to expand to 2.9Mtpa
LOM Operating Costs	<ul style="list-style-type: none"> US\$60/t pellets
Mine Life	<ul style="list-style-type: none"> Current mine plan has a 14 year life with the potential to extend an additional 10 years
Customers	<ul style="list-style-type: none"> Shagang, BlueScope Steel and Stemcor
Operational Update	<ul style="list-style-type: none"> Mine re-capitalised in 2008 with new fleet; as a result, mining production has increased 17% over the same 6 months in the previous year (i.e. Jan to Jun period) Currently in the process of finalising study to increase concentrate production, which will require some minor plant upgrades Mill crack defects in Q1 now repaired and production has returned to full capacity of 2.5Mtpa



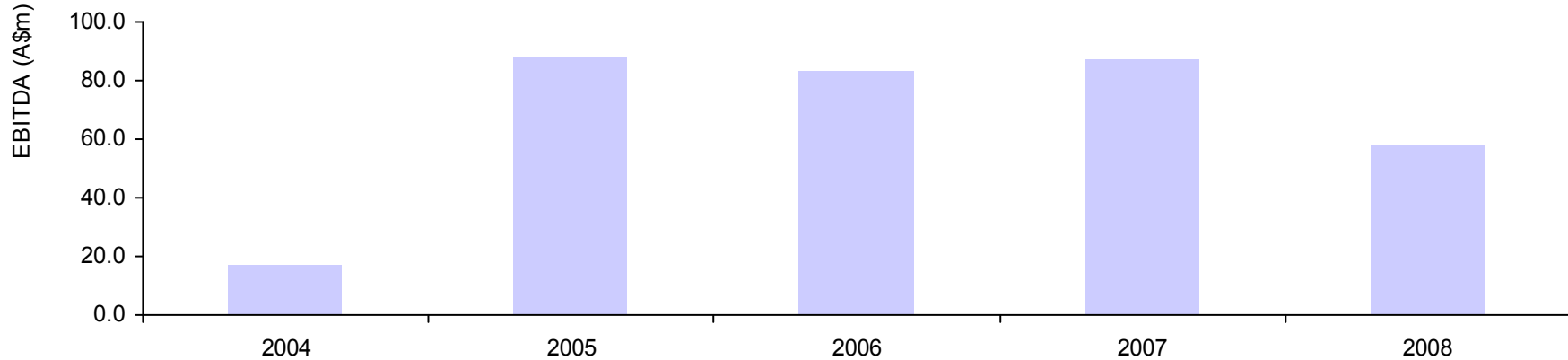
Savage River Historical Performance



Historical Mining and Production



EBITDA (A\$m)



Note: Expressed in calendar years

NOT FOR DISTRIBUTION IN THE US

Large Scale Operations



Own Downstream Infrastructure



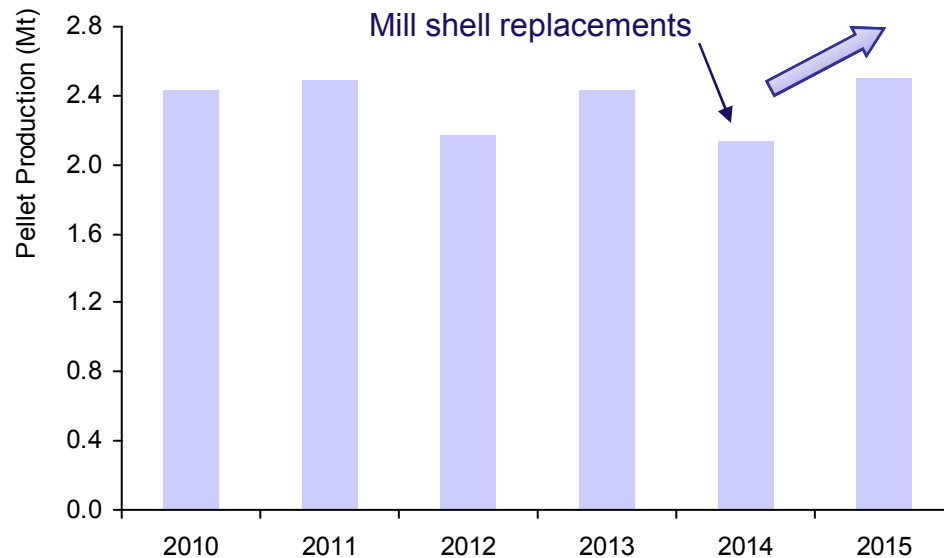
Own Port and Shiploading Infrastructure



Savage River Outlook



5 year production outlook



Increasing production in the long run

- Production will be increased with replacement of mill shells for both autogenous mills, scheduled to occur in 2014
- Replacement allows:
 - Continued supply of concentrate with significantly reduced risk of unforeseen major repairs
 - Ability to secure expanded production targets
- Estimated cost of A\$25m

Southdown Project

High grade magnetite project with advanced infrastructure



Ownership	<ul style="list-style-type: none"> Grange 70%, Sojitz Corporation 30% 	
Resources and Reserves¹	<ul style="list-style-type: none"> Mineral Resource of 654Mt magnetite at 36.5% DTR^{1,2} Ore Reserve of 388Mt magnetite at 35.5% DTR^{1,3} 	
Production¹	<ul style="list-style-type: none"> 6.6Mtpa magnetite concentrate 6.8Mtpa direct reduction and blast furnace pellets 	
Capital Costs¹	<ul style="list-style-type: none"> US\$1.6bn (2008 estimate) 	
Operating Costs	<ul style="list-style-type: none"> US\$55/t pellets (2008 estimate) 	
Mine Life	<ul style="list-style-type: none"> >20 years 	
Infrastructure	<ul style="list-style-type: none"> Established port, pipeline route, power easements, Albany waste water, pellet plant site and deep water port in Malaysia 	
Project Status	<ul style="list-style-type: none"> Outcropping orebody located on freehold land Environmental Protection Authority has recommended approval of Southdown Option agreement signed with Water Corporation for the supply of treated waste water to Southdown Currently undergoing a Stage Gate Review covering mining and concentrator, pipeline and port, pellet plant, financing and project execution methodology Pellet plant site in Malaysia, 15 year tax free holiday, deep water port and land under option agreement 	

Notes:

1. All figures presented on a 100% project basis
2. Southdown Magnetite Project Resource Upgrade (ASX 3 July 09)
3. July 2008 Southdown reserve estimate

Solid Customer Base

Long term offtake agreements – providing revenue stability



Agreements are in place for both Savage River and Southdown production at benchmark prices or better.

Shagang	<ul style="list-style-type: none">• China's largest private steel mill, producing 22 Mtpa of pig iron• Grange's largest shareholder• Demonstrated ongoing support for the Company• Savage River LOM contracts in place:<ul style="list-style-type: none">• 1.3 Mtpa pellets until 2012, then increasing to...• 2.1 Mtpa pellets until 2023• LOM contracts at benchmark prices• Southdown intent to negotiate a fair market price:<ul style="list-style-type: none">• 56% of all production (80% of Grange's 70% share of the JV)	
BlueScope	<ul style="list-style-type: none">• Savage River: 0.8 Mtpa until 2012	
Stemcor	<ul style="list-style-type: none">• Grange shareholder• Savage River: an option to take 80,000 tpa concentrate	

Resources and Reserves

Supporting Long Mine Lives



Grange has 774Mt of attributable Mineral Resources and 396Mt of attributable Ore Reserves.

Mineral Resources (inclusive of reserves)		
	Tonnes (Mt)	Grade (%DTR)
Savage River⁴		
Measured	88	52.7
Indicated	136	51.7
Inferred	92	47.2
Total	316	50.7
Southdown¹		
Measured	220	37.4
Indicated	210	38.9
Inferred	224	33.4
Total	654	36.5
PROJECTS TOTAL	970	41.1
ATTRIBUTABLE RESOURCES³	774	41.1

Ore Reserves		
	Tonnes (Mt)	Grade (%DTR)
Savage River		
Proved	52	49.6
Probable	72	48.9
Total	124	49.2
Southdown²		
Probable	388	35.5
Total	388	35.5
PROJECTS TOTAL	512	38.8
ATTRIBUTABLE RESERVES³	396	38.8

- **Additional growth potential through exploration assets**
- E70/2512 – eastern 6km extension of Southdown Deposit not yet fully drilled
- Long Plains – magnetite deposit located near Savage River

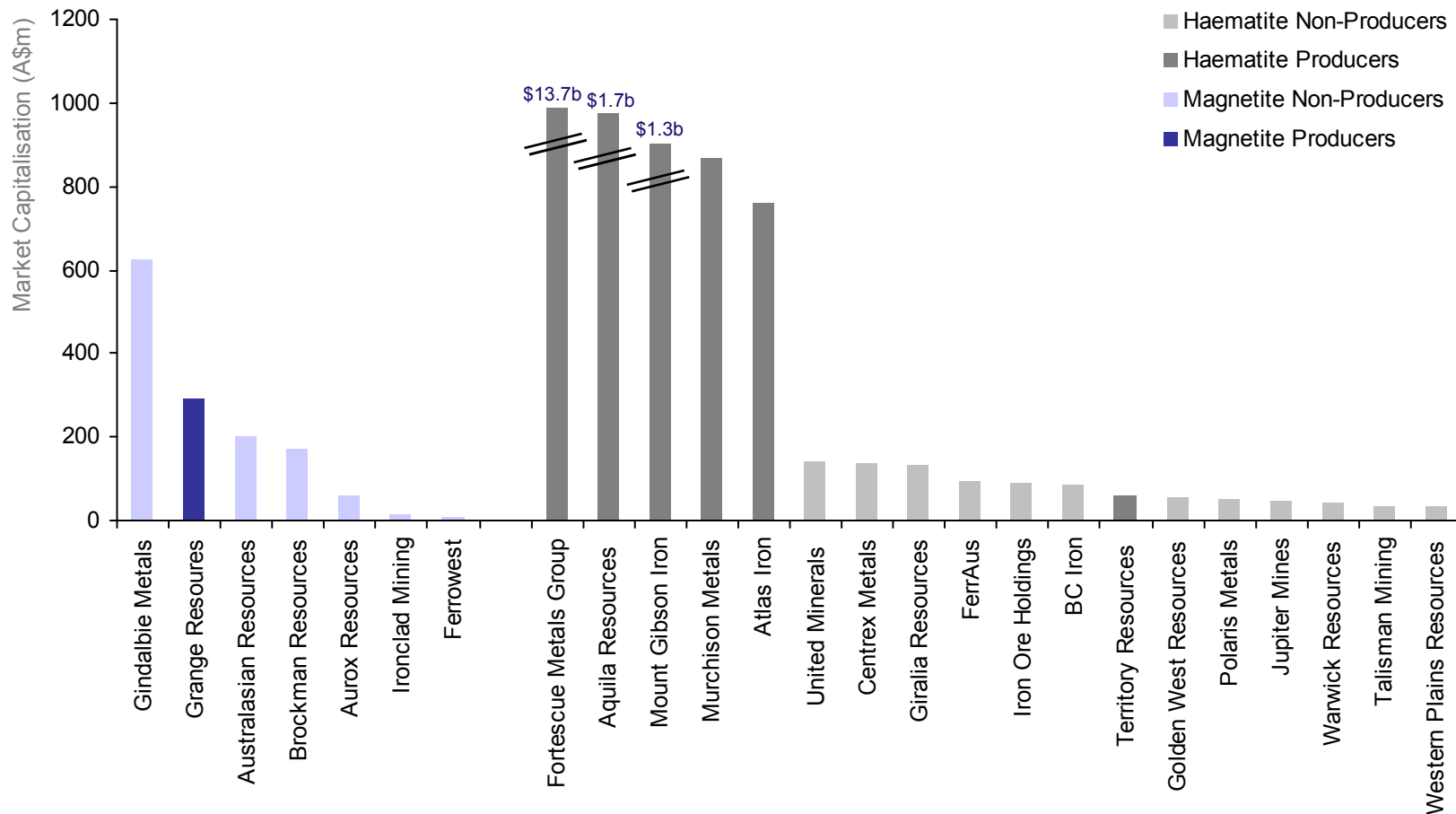
Notes:

1. Southdown Magnetite Project Resource Upgrade (ASX 3 July 09) – Refer to Appendix A
2. July 2008 Southdown reserve estimate – Refer to Appendix A
3. Adjusted for 70% ownership of Southdown
4. Refer to Appendix B

The largest producing magnetite company



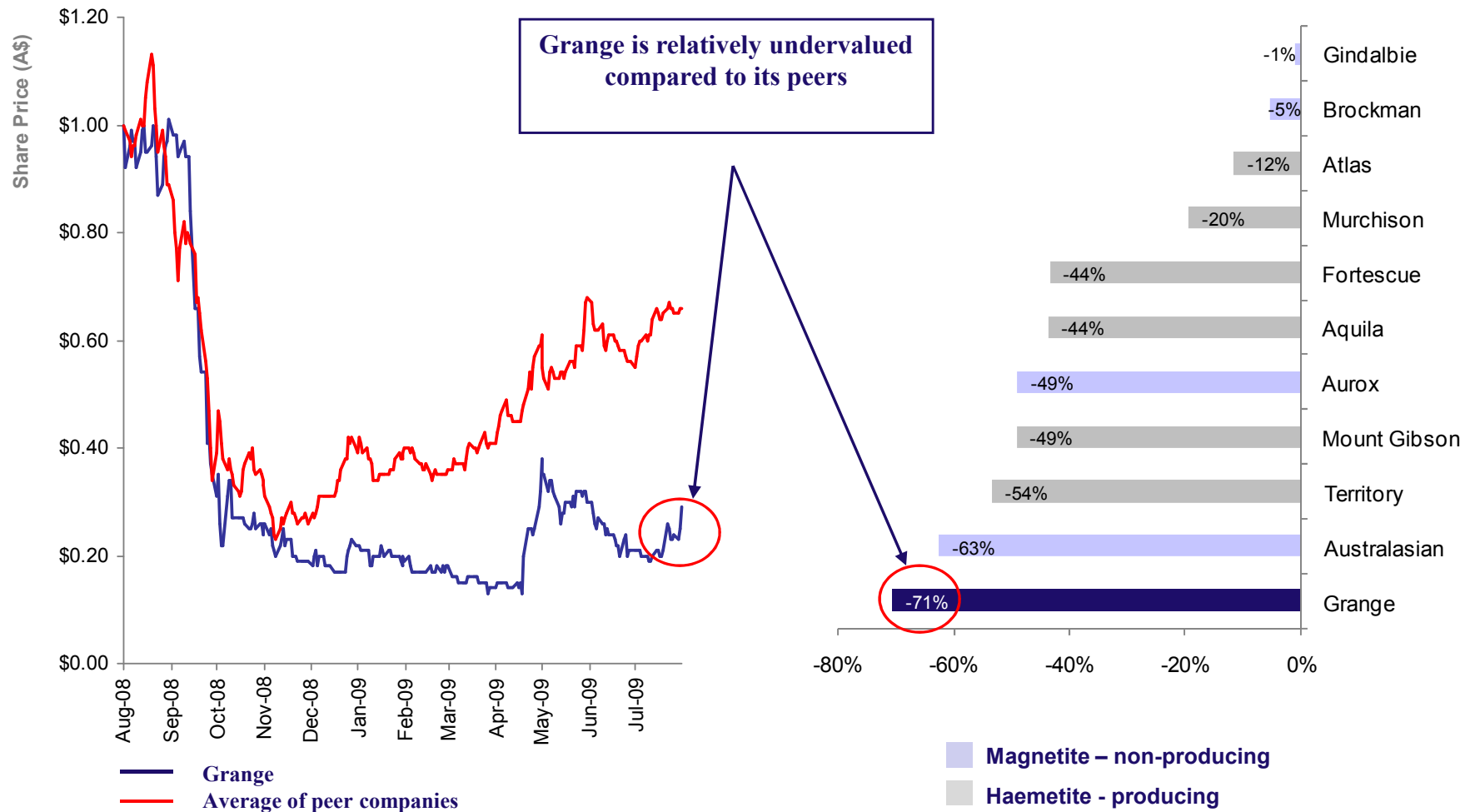
Out of the numerous junior companies with magnetite assets, Grange is the only one in production.



Relative Performance

One Year Performance (re-based to \$1.00)

One Year Percentage Change

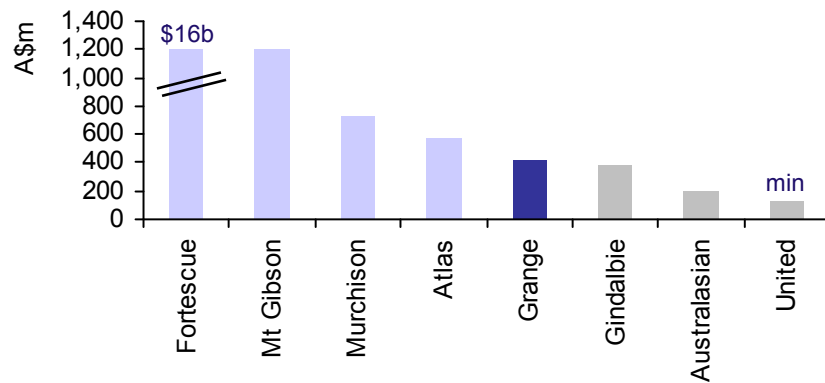


Comparison with other mid-tiers

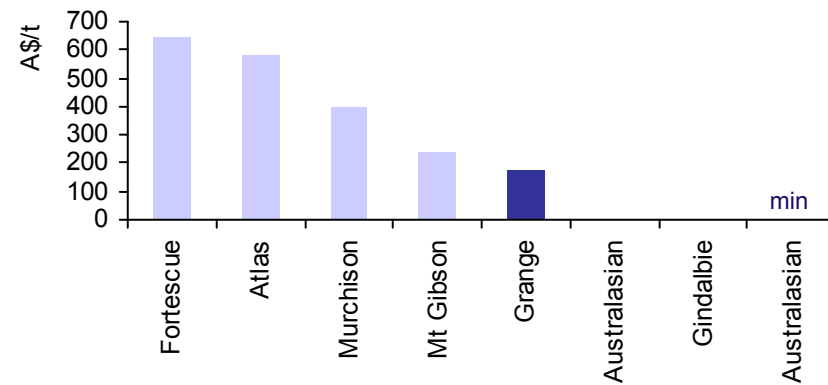


Grange is attractively priced compared to its (mostly non-producing) peers.

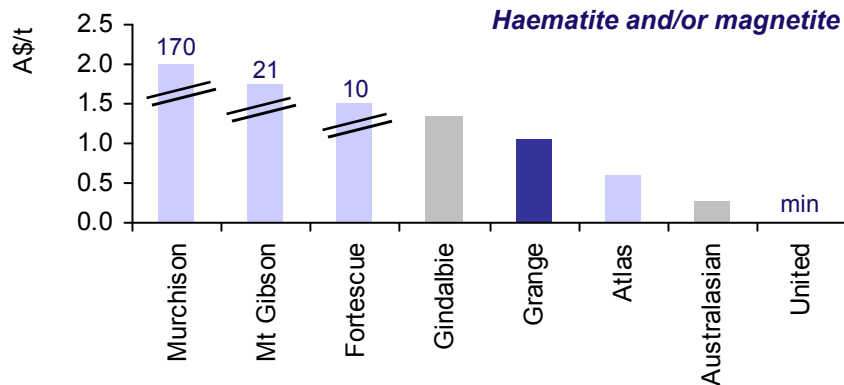
Enterprise Value – Comparison with peer companies



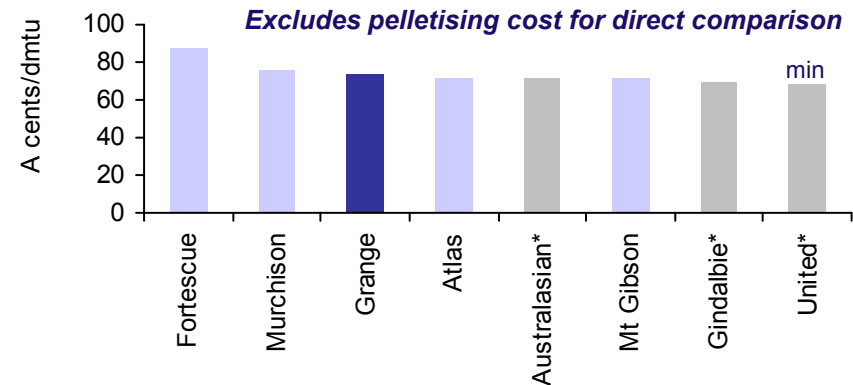
EV/FY09 Production – Inexpensive compared to peers



EV/Reserves – Well priced



Cost – In line with peer average



* Estimated cost as non-producing

Producing
Non-producing

Grange Resources – Summary



- **Australia's leading magnetite producer**
- **Australia's largest iron ore pellet producer**
- **High grade quality products**
- **Solid customer and revenue base**
- **Long life assets**
- **Low sovereign risk**
- **Extensive magnetite technical and operational expertise**
- **New investment opportunity – Producer and Projects**

Contents



1	Company Overview & Trading Update
2	Capital Raising & Restructure
3	Risks
4	Appendices

Restructure Detail

Grange has been working to restructure certain liabilities that will position it well for future growth.

Liability	Restructure Objectives
<ul style="list-style-type: none"> ▪ Fixed & Variable Payments to Stemcor 	<ul style="list-style-type: none"> ▪ A restructure of the payments due to Stemcor, Dacroft and Forlife that were assumed as part of the merger with ABM in January 2009, under which the payments will be modified to the following: <ul style="list-style-type: none"> ▪ Grange will pay Stemcor, Dacroft and Forlife US\$34.6¹ million cash in total; ▪ Grange will issue Stemcor, Dacroft and Forlife with 55 million Grange shares in total via the Stemcor Placement; and ▪ Grange will pay Stemcor, Dacroft, Forlife and Dominant an ongoing royalty calculated as 2% of gross revenue receipts from the Savage River Project, commencing in 2012 and ending in 2023
<ul style="list-style-type: none"> ▪ BOC Facility Reduction 	<ul style="list-style-type: none"> ▪ A reduction of the US\$40.8 million Bank of China Letter of Credit Facility (BOC Facility) by A\$29.9 million. This Facility was arranged by and is repayable to Shagang ▪ The BOC Facility will have a remaining balance of US\$15.6 million ▪ Part of the proceeds from the Offer and Cornerstone Placement will be used to fund this reduction
<ul style="list-style-type: none"> ▪ BOC Facility Extension 	<ul style="list-style-type: none"> ▪ The maturity date for the remaining balance of the BOC Facility will be extended until at least March 2011, at which point the facility may be further extended by mutual agreement ▪ The effective interest rate on the BOC Facility will be USD Libor plus 3.84% per annum

Notes:

1. Assuming settlement at 31 August 2009. As settlement will occur post this date an adjustment will be made to reconcile the amount payable to present value

Impact on Fixed Liabilities

Restructured to improve future cash flows

Fixed liabilities will be almost halved via early prepayment, greatly enhancing Grange's short term cashflows.

	Pre Capital Raising	On Completion of the Offer & Stemcor Placement	On Completion of Cornerstone Placement	
Key Liabilities as at 30 June 2009	US\$m ¹	US\$m	US\$m	
Fixed Consideration to Stemcor ²	36.0	-	-	
Bank of China Letter of Credit	40.8	33.4 ³	15.6 ³	
Head Agreement payment in March 2010	5.0	5.0	5.0	
Finance leases (Ongoing, 5 year terms)	49.6	49.6	49.6	
Total Obligations in USD excluding Variable Payments to Stemcor	131.3	87.9	70.2	} Obligations will be almost halved
Total Obligations in AUD excluding Variable Payments to Stemcor¹	156.3	104.7	83.6	

Notes:

1. Exchange rate of AUD:USD 0.84 assumed
2. Includes Stemcor, Dacroft and Forlife; paid from Capital Raising Proceeds
3. Outstanding balance reduced by \$8.8m (US\$7.4m) from Offer proceeds and further reduced by \$21.1m (US\$17.7m) from the Cornerstone Placement proceeds, using an exchange rate of AUD:USD 0.84. The maturity date for the remainder of the BOC Facility will be extended to March 2011 and may be further extended by mutual agreement

Impact on Variable Liabilities

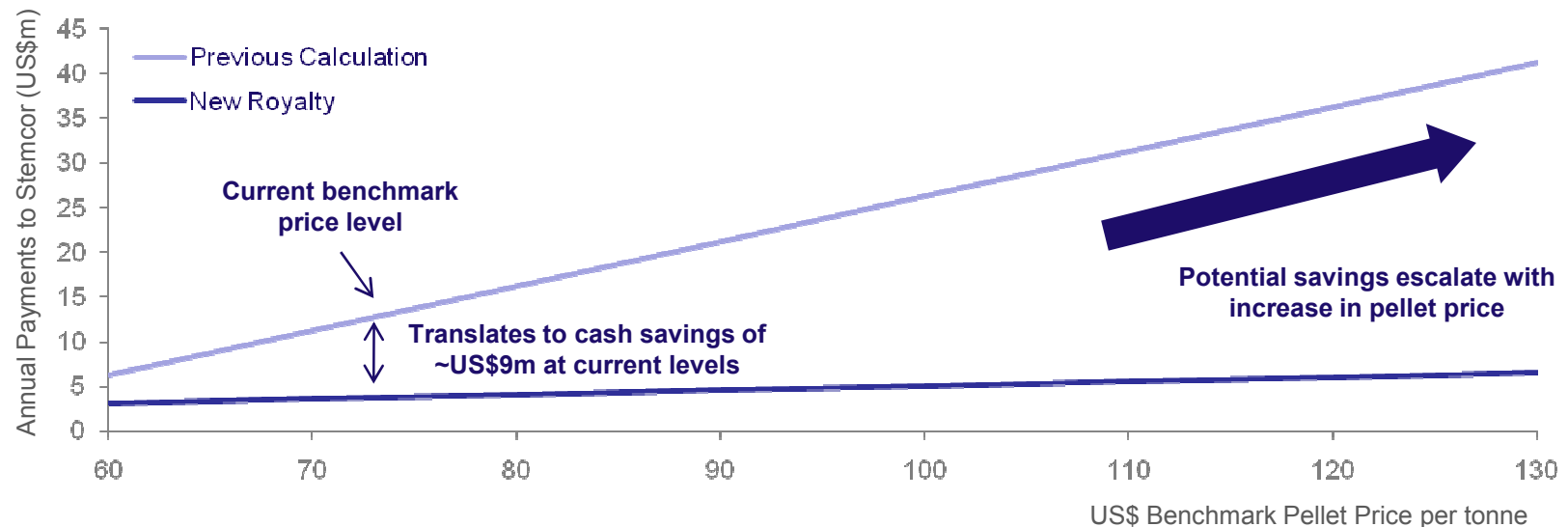
Restructured to improve future cash flows



The restructure and deferral of variable payments to Stemcor will also significant enhance longer term cashflows.

- Under the existing arrangement these Variable Payments (or “deferred consideration”) are calculated using a specific formula, for the Ore Years from 1 April 2010 to 31 March 2022
- Following the Restructure these will be partially converted to equity via the Stemcor Placement, restructured to a flat royalty of 2% on gross revenue and deferred by 21 months with commencement date in Jan 2012
- This restructure will have a positive impact for Grange and result in improvement in future cash flows
- The chart shows the cash savings achieved by the restructure at various benchmark iron ore prices:

Comparison of Current Royalty with the new 2% Royalty based on 2.5 Mtpa of pellet sales



Impact on Ownership Structure

On a 100% take-up scenario



Anticipated Capital Structure

Percentage Shareholding	Pre Capital Raising	1. Post Offer	2. Post Stemcor Placement	3. Post Cornerstone Placement
Shagang ¹	47.1%	47.1%	44.7%	47.1%
Stemcor	7.7%	3.8%	7.9%	7.2%
PI	8.3%	8.3%	7.8%	7.9%
RGL	13.8%	13.8%	13.1%	13.6%
Retail	23.1%	23.1%	22.9%	20.9%
New Institutions	-	3.8%	3.6%	3.3%
Total	100%	100%	100%	100%
Shares Outstanding (m)	495.5	991.0	1,046.0	1,145.8

1. Entitlement Offer:

1. Issue of 495.5 million shares in total
2. Stemcor has committed not to participate in the Offer; its share of the Offer will be taken up by new shareholders
3. Balance of Offer (apart from Cornerstones' full participation) is underwritten

2. Stemcor Placement:

1. 55 million shares to be placed to Stemcor, Dacroft and Forlife
2. Detailed in slide 27

3. Cornerstone Placement:

1. 72.8 million shares to be placed to Shagang
2. 8.3 million shares to be placed to PI
3. 18.7 million shares to be placed to RGL
4. Detailed in slide 33

Impact on Ownership Structure

On various take-up scenarios



Capital Structure Post Offer and Stemcor Placement based on various Offer take-up scenarios

Percentage Shareholding	Minimum Subscription for \$85.8m (c. 343 million shares)	50% of Remaining Shares over min. subscription taken up	100% of Remaining Shares over min. subscription taken up
Shagang ¹	52.3%	48.2%	44.7%
Stemcor	9.2%	8.5%	7.9%
PI	9.2%	8.5%	7.8%
RGL	15.3%	14.1%	13.1%
Retail	14.0%	18.8%	22.9%
New Institutions	0.0%	2.0%	3.6%
Total	100%	100%	100%
Shares Outstanding (m)	893.6	969.8	1,046.0

1. Minimum Subscription Level achieved (see slide 34)

- 343 million shares issued under the Offer to Minimum Subscription Level
- Resultant Cornerstone Investor combined shareholding of 76.8%

2. 50% of Remaining Shares taken up

- 76 million new shares issued over Minimum Subscription Level
- Resultant Cornerstone Investor combined shareholding of 70.7%

3. 100% of Remaining Shares taken up

- 152 million new shares issued over Minimum Subscription Level
- Resultant Cornerstone Investor combined shareholding of 65.6%

The potential impact of the various take-up scenarios on the control of Grange by major shareholders is mitigated by:

- The balance of the Offer, apart from the Cornerstones' commitment to full participation, being underwritten
- Stemcor undertaking not to take up their rights under the Offer

Sources and Uses of Proceeds



If fully subscribed, the Capital Raising will raise \$167 million which will be applied to prepay obligations and provide funds for working capital.

Sources (A\$m)

Proceeds from Offer	
From Cornerstones	\$85.8m
From other shareholders / new investors	\$38.1m
Total	\$123.9m
Proceeds from Cornerstone Placement	
From Cornerstones	\$28.9m
Proceeds from Stemcor Placement	
55 million new shares placed	\$13.75m

Application of Proceeds (A\$m)

BOC Reduction	\$29.9m ¹
Payment for Fixed Consideration to Stemcor ²	\$41.1m ³
Head Agreement payment to Stemcor (in March 2010)	\$5.9m ³
Balance applied to working capital	\$75.9m
Value of shares issued to Stemcor ²	\$13.8m
Total	\$166.6m

- Should the Offer only achieve the minimum subscription level of \$85.8 million (representing approximately 343 million shares), the Stemcor and Cornerstone Placement will still proceed (the latter conditional upon FIRB and shareholder approval)
- The total proceeds raised in this case (\$128.5 million) will be applied in the same order as above up to the maximum amount raised, with the balance put towards working capital

Notes:

1. Comprising the payment of US\$7.4 million (A\$8.8 million at the assumed exchange rate) from the Offer proceeds and A\$21.1 million from the Cornerstone Placement
2. Includes Stemcor, Dacroft and Forlife
3. Australian dollar equivalent amount of payments made in US dollars shown on the basis of a USD/AUD exchange rate of 0.84

Participation by Cornerstones

Grange's Cornerstone Investors have shown strong support by committing to participate fully in the Offer and Cornerstone Placement.

- The Cornerstones' continuing support provides a strong endorsement of the outlook for Grange and the wider iron ore industry
- The Cornerstones have confirmed their pro rata participation in the Offer by committing to subscribe for c. 343 million shares
- The Cornerstones are also receiving placements, conditional upon shareholder and FIRB approval, which will allow the Cornerstone Investors to subscribe for a total of 99.8 million shares¹, or the number of shares that could be issued to remain within compliance with Section 611 (9) of the Corporations Act 2001 (being the 3% creep provision), whichever is lower
- This will equate to a total investment by the Cornerstones of up to \$115 million²
- The Cornerstones' total holding in Grange could change as follows:

Capital Raising Step (based on 100% take-up for the Offer)	Shagang ³	RGL	PI	Total Holding
Current Holding	47.1%	13.8%	8.3%	69.2%
Post Entitlement Offer and Stemcor Placement	44.7%	13.1%	7.8%	65.6%
Post Cornerstone Placement, assuming 99.8 million shares are issued	47.1%	13.6%	7.9%	68.6%

- Grange anticipates that the shareholder meeting to approve the Cornerstone Placement will be held in October, with further details to be released at a closer date

Notes:

1. Comprising 72.8 million new shares placed to Shagang³, 8.3 million to PI and 18.7 million to RGL
2. Assumes 99.8 million shares are issued in the Cornerstone Placement
3. Includes Ever Lucky Developments Limited with 1,015,640 shares (an associate of Shagang)

Key Conditions



Certain key events of the Capital Raising are conditional upon other agreements and events being executed and/or completed.

Key Event	Key Conditions
<ul style="list-style-type: none"> The Offer 	<ul style="list-style-type: none"> Grange receiving a minimum subscription level of \$85.8 million (representing approximately 343 million shares) (Minimum Subscription Level)
<ul style="list-style-type: none"> Shagang's subscription to the Offer 	<ul style="list-style-type: none"> Relevant foreign exchange approvals
<ul style="list-style-type: none"> Restructure 	<ul style="list-style-type: none"> The Offer proceeding Grange receiving the Minimum Subscription Level under the Offer \$8.8 million¹ of the Offer proceeds being used to repay part of the amount owed to Shagang International pursuant to the BOC Facility
<ul style="list-style-type: none"> Stemcor Placement 	<ul style="list-style-type: none"> The Offer proceeding Grange receiving a minimum subscription for 343 million shares Dacroft, Forlife and Dominant entering into the proposed security arrangements
<ul style="list-style-type: none"> Cornerstone Placement 	<ul style="list-style-type: none"> FIRB approval Grange shareholder approval All other regulatory approvals Completion of the Offer and Stemcor Placement

Notes:

1. Australian dollar equivalent of this payment made in US dollars (US\$7.4 million) shown on a USD/AUD exchange rate of 0.84

Eligibility for Entitlement Offer



- Eligible shareholders are those holders of Grange shares who:
 - Are registered as a holder of Grange shares as at 7.00pm (AEST) on the Record Date
 - Have a registered address in Australia, New Zealand or the British Virgin Islands
 - Are not in the United States or a U.S. person or acting for the account or benefit of such persons
 - Are eligible under all applicable securities laws to receive an offer under the Offer
- Note that some shareholders resident outside of Australia, New Zealand and British Virgin Islands will not be eligible to participate in the Offer due to securities law restrictions on the offer of Grange shares in certain jurisdictions (**Ineligible Shareholders**)
- Any New Shares that would otherwise have been offered to those shareholders are proposed to be issued to Patersons Securities Limited (acting as **Nominee**). The Nominee will subscribe for and sell (on a “best endeavours” basis) the New Shares on market on behalf of those ineligible overseas shareholders following the allotment and issue of those New Shares
- Grange will distribute the proceeds (if any) pro rata to the Ineligible Shareholders net of sale expenses (including brokerage)

Key Dates



Event	Date
Offer Announcement Offer Document and Appendix 3B lodged with ASX Notification sent to option holders	Tuesday, 18 th August (T=0)
Notice of Offer sent to security holders	Wednesday, 19 th August (T=1)
Existing shares quoted on an 'ex' basis	Thursday, 20 th August (T=2)
Record date	Wednesday, 26 th August (T=6)
Despatch of Offer Documents to Eligible Shareholders Offer Period Opens	Friday, 28 th August (T=8)
Offer Period Closes	Friday, 11 th September (T=18)
Notification of under-subscriptions to ASX (if any)	Wednesday, 16 th September (T=21)
Shares issued Holding statements despatched Updated Appendix 3B lodged with ASX	Monday, 21 st September (T=24)
Commencement of trading of New Shares	Tuesday, 22 nd September (T=25)

Key Contacts



Primary contacts:

Russell Clark

Managing Director & Chief Executive Officer

+61 8 9321 1118

managingdirector@grangeresources.com.au

Corporate Advisor to Grange:

Simon Price

Director

Azure Capital

+61 8 6263 0888

scp@azurecapital.com.au

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Key Risks



Commodity price and General Economic conditions	<ul style="list-style-type: none">• Substantially all of Grange's cash flows and revenues are derived from the sale of iron ore, and as such, Grange is exposed to iron ore price fluctuations. These fluctuations may be influenced by numerous factors and events which are beyond the control of Grange or its employees• Such factors include the costs of production of other iron ore producers and other macro-economic factors such as inflationary expectations, monetary and fiscal policy (which, for example, may impact interest rates), currency exchange rates as well as general global political trends
Foreign Exchange Risk	<ul style="list-style-type: none">• Grange is an Australian business that reports in Australian dollars. Grange's revenue are in US dollars derived from the sale of iron ore; however, as Grange's costs are mainly in Australian dollars, movements in the USD/AUD exchange rate may adversely or beneficially affect Grange's results of operations and cash flows
Regulatory Risks	<ul style="list-style-type: none">• Grange's operations are subject to various Federal, State and local laws and plans including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health• Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials. No assurance can be given that Grange will be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, Grange may be curtailed or prohibited from continuing or proceeding with production and exploration
Outstanding obligations, Debt servicing and Refinancing Risks	<ul style="list-style-type: none">• Grange has finance facilities in place as detailed in this presentation, which may need to be renewed or refinanced on or before various maturity dates. Depending on its financial performance, there is a risk that Grange will be unable to meet covenants under these facilities or otherwise service them. If Grange is unable to refinance existing facilities or secure new facilities on acceptable terms, this funding may need to be provided through the cash flows of the business or from shareholder equity. Grange intends to use the majority of the proceeds of this Offer to significantly reduce its outstanding obligations
Estimates of Mineral Reserves and Resources Risk	<ul style="list-style-type: none">• Grange's Mineral Resources and Ore Reserves are estimates only and no assurance can be given that any particular recovery level of iron ore will in fact be realised. Grange's estimates comply with the JORC Code, 2004; however, Mineral Resources and Ore Reserves are expressions of judgement based on knowledge, experience and industry practice, and may require revision based on actual production experience. Estimates which are valid when made may change significantly when new information becomes available.

Key Risks



Rising Energy and Commodity Costs	<ul style="list-style-type: none">Grange has significant commodity (diesel) and energy (gas and electricity) requirements and it relies on being able to fulfil those requirements at a cost which does not negatively impact on its cash flows. A number of factors (particularly the strength of the US dollar) may lead to an increase in commodity and energy costs, which may materially adversely affect the earnings of the Company
Insurance	<ul style="list-style-type: none">Grange currently maintains insurance coverage as determined appropriate by the Board and Management, but no assurance can be given that Grange will continue to be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover all claims
Climate Change Risk	<ul style="list-style-type: none">The Savage River Operations are energy intensive which makes Grange a significant emitter of greenhouse gases, as will the Southdown Project when it commence operations. The Kyoto Protocol imposes a legally binding obligation on industrialised nations to reduce their greenhouse gas emissions by a combined average of 5% from 1990 levels during the period from 2008 to 2012.The Australian Federal Government has proposed a national emissions trading scheme, to be implemented by July 2010. It released its Green Paper on the proposed scheme, titled the Carbon Pollution Reduction Scheme (CPRS), on 16 July 2008. The Green Paper indicates that the Government is considering a scheme which requires carbon emitters to purchase permits that are equivalent to their emissions volume, at a price that has not yet been determined. Until the CPRS is finalised, the impact on Grange is uncertainPossible risks include increased regulatory costs to buy permits, as well as increased capital expenditure to introduce greenhouse gas abatement measures. Grange may be required to record and disclose its greenhouse gas emissions under the National Greenhouse and Energy Reporting Act 2007 (NGERA). While it is anticipated that some of the costs of buying permits can be passed on to customers, the extent to which that will be possible depends on the final form of the CPRS.Grange is monitoring the Australian Federal Government plans to introduce the CPRS and has already implemented procedures to ensure it complies with its reporting obligations under the NGERA
Claims, Liability and Litigation	<ul style="list-style-type: none">Grange may have disputes with counterparties in respect of major contracts, or may be exposed to customer or environmental, occupational health and safety or other claims. Grange may incur costs in defending or making payments to settle any such claims, which may not be adequately covered by insurance or at all. Such payments may have an adverse impact on Grange's profitability and/or financial position
Geo-technical Risk	<ul style="list-style-type: none">The mining operations at Savage River have historically suffered some geotechnical issues with the failure of pit walls on occasion that could reduce the rate of mining. Due diligence carried out by Grange's technical consultants during the merger with ABM found the practices that have been implemented to counter this geotechnical risk reduce the potential impact of such geotechnical risks on the mining operations

Key Risks



Reliance on Chinese counterparties	<ul style="list-style-type: none">The majority of production from Savage River is sold to Shagang, Grange's major shareholder and a Chinese steel maker, on long term offtake contracts. Although there is no history of non-performance by Shagang, the recent non-performance of Chinese iron ore offtakers highlights that this risk does exist
General Equity Market Risks	<ul style="list-style-type: none">The value of Grange shares, including those new shares issued under this Offer may fluctuate. In recent times, the extent of this volatility in Grange shares and the wider market has been significant.Investments in equity markets are generally speculative in nature and potential investors should carefully consider this risk before making any investment in Grange sharesThere is no guarantee that Grange shares will trade at or above the Offer price. Potential investors should also note that past performance of Grange shares on ASX provides no guidance as to the future performance of these shares on ASX
Execution Risk	<ul style="list-style-type: none">This presentation has highlighted a number of conditions that must be met in order for certain key events of the Capital Raising and Restructure to have effect. There is a risk that some conditions may not be met and the Capital Raising and Restructure are unable to proceed
Termination of Underwriting Agreement	<ul style="list-style-type: none">The Underwriting Agreement contains customary termination events for arrangements of this type. In the event that Underwriting Agreement be terminated and the Offer experiences a low take-up rate, the portion of the Capital Raising applied to working capital will be reduced accordinglyThis risk is mitigated by Grange's major shareholders committing to a significant portion of the Restructure, which is independent of the non-Cornerstone shareholders take-up rate
Requirement for Future Funding	<ul style="list-style-type: none">There may be a need for funds in the future even if the Offer and Restructure proceed accordingly, the result of risks and factors outlined above which are out of the control of Grange, its directors, employees and advisors. The ability of Grange to meet this future requirement, should it arise, will be dependent on Grange's continued access to credit markets, funding sources and financing facilities.Recent developments in global financial markets have adversely affected the liquidity of global credit markets, which has in resulted in an increase in the cost of funding and in certain cases a reduction in the availability of funding sources throughout global markets. Access to credit markets on less favourable terms will impact Grange's access to financing facilities should the need arise, and may have a material adverse effect on Grange's future financial performance and position

Potential investors should note that risk factors stated above and in the preceding slides are non-exhaustive.

Contents



1	Company Overview & Trading Update
2	Capital Raising & Restructure
3	Risks
4	Appendices

Grange Board



Grange has a strong board with a diverse range of experience.



Xi Zhiqiang: Chairman

- Extensive experience in the Chinese steel industry
- Baosteel employee for 30 years, including 5 years as Managing Director of Baosteel Australia



Neil Chatfield: Deputy Chairman

- Recently Executive Director and CFO of Toll Holdings, a position held for over 10 years
- 30 years experience in resources, logistics and transportation sectors
- Currently Independent Chairman of Virgin Blue, Non-executive Director of Seek Limited, Whitehaven Coal Limited, TransUrban



Russell Clark: Managing Director and CEO

- Appointed Managing Director of Grange in March 2008
- 30 years of mining experience in technical, project management, general management and executive positions
- Prior to joining Grange, he worked for Renison Goldfields for over 18 years and Newmont Mining Corporation for 8 years



Peter Stephens: Non-executive Director

- Recently CFO of Noank Media Inc
- CFO of National Grid Australia prior to Noank
- An MBA with over 28 years experience in the telecommunications, banking/corporate treasury, manufacturing and distribution industries in Australia and across the Asia-Pacific region



Anthony Bohnenn: Non-executive Director

- Appointed as a director of Grange in November 2001 and subsequently as Chairman in July 2002
- More than 25 years experience as Managing Director in the investment banking and financial services industries, with an emphasis in research and funds management



Clement Cheung Ko: Non-executive Director

- Chairman and CEO of Pacific Minerals Limited (PI)
- More than 18 years experience in mining sector, with extensive expertise in marketing and sales
- Prior to founding PI, he worked for BHP Billiton (China) Ltd as a senior regional marketing manager



Wei Guo: Non-executive Director

- Joined Shagang Group in 1988
- Currently Vice-Director of the Investment Department of the Board of Jiangsu Shagang Group Limited

Management Team



Grange has one of Australia's most experienced magnetite operations teams.



Ross Carpenter: General Manager Projects

- Joined the Savage River Project in 2004
- 31 years of professional experience as a Manager and Mining Engineer
- Previously worked for Newmont Gold (USA), WMC Resources and Ivanhoe Mines



Wayne Bould: Chief Operating Officer

- Joined Grange in 2008
- Previously Director – Business Excellence for Newmont Mining Corporation, where he was responsible for development and execution of Newmont's business excellence strategies
- Extensive Management experience in oil and timber businesses



Brian Burdett: General Manager Operations

- Joined Savage River in 1997 as Refurbishment Manager
- Metallurgist
- 43 years experience in the mineral processing and mining industry holding senior positions around the world



Len Skotsch: General Manager Exploration

- Geologist with over 23 years experience in the mining, mineral exploration and oil and gas industries
- Has held a variety of senior management positions over the past 10 years, most recently as Exploration Manager (Australia) and Senior Evaluation geologist for Troy Resources NL



Nick Longmire: General Manager Commercial

- Joined Grange in 2008
- 12 years experience Chartered Accountant in resources
- Previous experience includes 5 years at Newmont, most recently as Business Manager – Construction with the Boddington Project; and WMC, Griffin Coal and KPMG



Stacey Apostolou: General Manager Finance & Company Secretary

- Previously finance director to two ASX/AIM listed companies and has held company secretarial roles for publicly listed companies within the mining and exploration industry
- Over 20 years industry experience in corporate, treasury, finance, accounting and administration functions for the above companies

Pellet Market

Attractive long term fundamentals



Demand – Driven by China:

- **Dominant buyer of iron ore:** Currently taking advantage of low prices to build up strategic inventories
- **Successful steel-intensive fiscal stimulus package:**
 - Blast furnace output growth up by 3.2% YTD
 - Recovery in spot prices despite the fall in contract prices – prices will be sustained as Chinese demand rises while domestic ore production falls
- **Very high domestic production costs:**
 - Imported pellets are cheaper than domestic ore
 - High quality imported magnetite feed needed to blend with lower quality domestic feed
 - Trying to secure pellet supply rather than direct shipping ore (Australasian, CITIC, Gindalbie and Grange)

Supply-side factors:

- Pellet undersupply in the foreseeable future

Cost base:

- Pellet premium to fines will revert to pelletising costs as a minimum

Industry views:

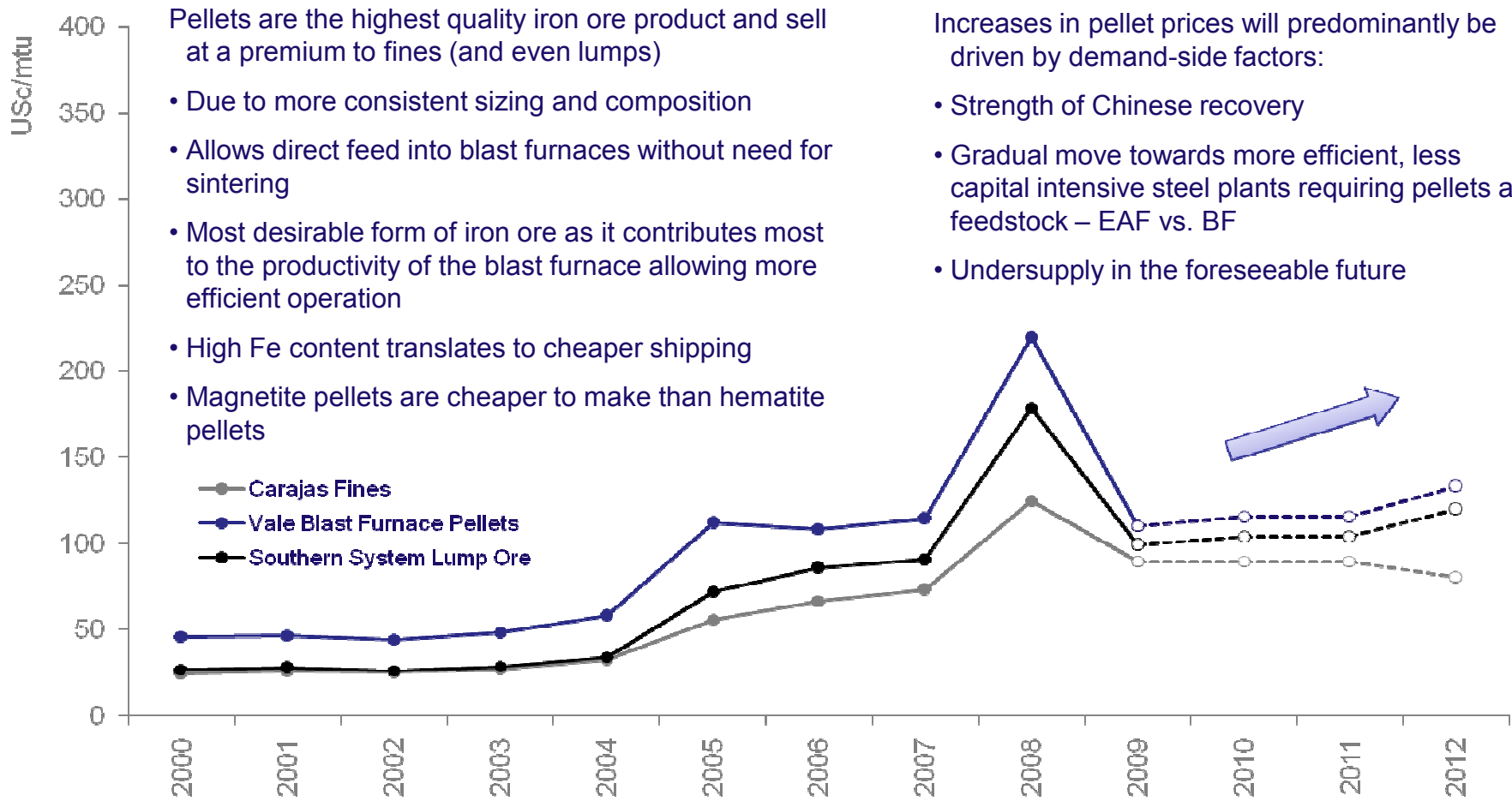
- Brazilian producer SAMARCO (50% owned by Vale) continues to fast track expansion pre-feasibility study, a vote of confidence that pellet demand will be strong over the long term
- Vale and SAMARCO dominate the pellet market to an even greater extent than the Big Three (Vale, BHPB and Rio Tinto) dominate the DSO market

Pellet Prices

Future price upside driven by niche market



Iron Ore and Pellet Price Settlements – Brazilian brands (USc/mtu FOB)



Pellets are the highest quality iron ore product and sell at a premium to fines (and even lumps)

- Due to more consistent sizing and composition
- Allows direct feed into blast furnaces without need for sintering
- Most desirable form of iron ore as it contributes most to the productivity of the blast furnace allowing more efficient operation
- High Fe content translates to cheaper shipping
- Magnetite pellets are cheaper to make than hematite pellets

Increases in pellet prices will predominantly be driven by demand-side factors:

- Strength of Chinese recovery
- Gradual move towards more efficient, less capital intensive steel plants requiring pellets as feedstock – EAF vs. BF
- Undersupply in the foreseeable future

Source: Historical price settlements, broker consensus forecasts

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Competent Person Statement



- **Southdown Project**

- *The information in this presentation which relates to the Mineral Resources of the Southdown Project is based on information compiled by James Farrell who is a full-time employee of Golder Associates Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy. James Farrell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2004). James Farrell consents to the inclusion of this information in this presentation in the form and context in which it appears.*
- *The information in this presentation which relates to the Ore Reserves of the Southdown Project is based on information compiled by Mr Ross Bertinshaw who is a full-time employee of Golder Associates Pty Ltd and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Bertinshaw has sufficient experience in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2004). Mr Bertinshaw consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.*

- **Savage River Project**

- *The information in this presentation that relates to Mineral Resources or Ore Reserves in relation to the Savage River Project is based on information compiled by Mr Ben Maynard, who is a Member of The Australasian Institute of Mining and is a full time employee of Grange Resources. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Maynard consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Southdown Project Reserves and Resources



In situ Mineral Resource Estimate

Classification	Measured Resources	Indicated Resources	Inferred Resources	Total Resources
Tonnes (Mt)	219.7	210.3	224.4	654.4
DTC wt%	37.4	38.9	33.4	36.5
DTC Fe%	69.2	69.3	69.1	69.2
DTC SiO ₂ %	1.72	1.94	2.07	1.91
DTC Al ₂ O ₃ %	1.43	1.27	1.29	1.33
DTC S%	0.46	0.40	0.54	0.46
DTC LOI%	-3.04	-3.06	-2.96	-3.02

This Mineral Resource has been defined using geological boundaries and a cut-off grade of 10 wt% DTC and includes minor internal dilution. All reported concentrate grades were weighted by DTC.

Ore Reserves within Designed Pit (Cut-off 10% DTR)

Reserve Classification	ROM (Mt)	DTR%	Conc. (Mt)	Fe%	SiO ₂ %	Al ₂ O ₃ %	TiO ₂ %	S%	P%
Probable	388	35.5	131	68.8	2.06	1.41	0.45	0.55	0.003

Savage River Reserves and Resources



Mineral Resource and Ore Reserve Estimates

Mineral Resource	Tonnes (Mt)	Grade (%DTR)	Ore Reserve	Tonnes (Mt)	Grade (%DTR)
Measured	88.01	52.7	Proved	52.39	49.6
Indicated	135.96	51.7	Probable	72.00	48.9
Inferred	92.22	47.2	Total	124.40	49.2
Total	316.20	50.7			

Mineral Resources and Ore Reserves have been estimated for Grange Resources Tasmania Savage River magnetite deposit at the end of May 2009.

Qualifying Statements

The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves. The Inferred Mineral Resources are, by definition, additional to the Ore Reserves.

A lower cut-off grade of 15% DTR was used in the calculation of both the Mineral Resources and Ore Reserves.

The Ore Reserve was calculated using a 1.087 dilution factor and a mining recovery factor of 0.939. These factors are based on periodic reconciliation specific to mining areas.



International Selling Restrictions

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong by means of any document, other than:

- to "professional investors" (as defined in the SFO); or
- in other circumstances that do not result in this document being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares or (ii) an "institutional investor" (as defined under the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore. The offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA). This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of s. 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which s.21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Other jurisdictions

The New Shares may not be offered or sold in any other jurisdiction, except to persons to whom such offer, sale or distribution is permitted under applicable law.

ENTITLEMENT AND ACCEPTANCE FORM

Entitlement and Acceptance Form to be included here

How to complete the Entitlement and Acceptance Form

Note that photocopies will not be accepted. These instructions are cross-referenced to each section of the Entitlement and Acceptance Form.

A	Details of your Entitlement based on your Securityholding at 7.00pm (AEST) on 26 August 2009 are shown in box A on the front of this Entitlement Form.	D	Payment Details You can apply for shares utilising the payment options detailed below. Please note that funds are unable to be directly debited from your bank account. By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you: <ul style="list-style-type: none">agree to all of the terms and conditions as detailed in the Offer Booklet dated 18 August 2009 Your cheque, money order or bank draft must be made in Australian currency and drawn on an Australian branch of a financial institution. Such payment must be made payable to Grange Resources Limited – Offer Account and crossed "Not Negotiable". Payments not properly drawn may be rejected. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Acceptance form being rejected. Paperclip (do not staple) your cheque(s) to the form where indicated. Cash will not be accepted. Receipt of payment will not be forwarded.
B	New Securities Accepted You can apply to accept either all or part of your Entitlement. Enter in box B the number of New Shares you wish to accept from your Entitlement. Please ensure you complete Section B on the bottom of the form.	E	Contact Details Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding the slip below.
C	Acceptance Monies Enter the amount of Acceptance Monies. To calculate the amount payable, multiply the number of New Shares applied for by A\$0.25. Please ensure you complete Section C on the bottom of the form.		

N R R B

The directors reserve the right to make amendments to this form where appropriate.

Lodgement of Acceptance

If you are applying for shares and your payment is being made by BPAY®, you do not need to return the slip below. Your payment must be received by no later than 6:00pm (AEST) on 11 September 2009. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the slip below must be received by Computershare Investor Services Pty Limited (CIS) Perth by no later than 7:00pm (AEST) on 11 September 2009. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for security holders in Australia. New Zealand and British Virgin Islands holders will need to affix the appropriate postage. Return the slip below with cheque attached.

Neither CIS nor the Company accepts any responsibility if you lodge the slip below at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

G R R

If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 557 010.

This form may not be used to notify your change of address. For information please contact CIS on 1300 557 010 or visit the share registry at www.computershare.com (Certificated/Issuer Sponsored Holders only).

CHES holders must contact their Controlling Participant to notify a change of address.



Payment Options:

	Bill Code: 123456
	Ref No: 1234 5678 9012 3456 78

Telephone & Internet Banking – BPAY

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au



Grange Resources Limited
Computershare Investor Services Pty Limited
Locked Bag 2508
Perth WA 6001
AUSTRALIA



Entitlement Number: <xxxxxxxxxx>

SAMPLE CUSTOMER
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN TAS 7000

057558_00VFB



18 August 2009

Dear Shareholder

Non-renounceable entitlement offer – Excluded Shareholders

Grange Resources Limited
ABN 80 009 132 405
Level 11, 200 St Georges Terrace
Perth Western Australia 6000
PO Box 7025, Cloisters Square
Perth Western Australia 6850
T +61 8 9327 7901
F +61 8 9327 7932
info@grangeresources.com.au
www.grangeresources.com.au

On 18 August 2009, Grange Resources Limited (**Grange**) (ASX Code: GRR) announced a non-renounceable entitlement offer (**Offer**) of one ordinary share in Grange (**New Share**) for every one ordinary share in Grange at an issue price of A\$0.25 each.

Grange also announced an unconditional placement to Stemcor Pellets Limited, Dacroft Pty Ltd and Forlife Tasmania Pty Ltd of 55,000,000 New Shares and a conditional placement to its cornerstone shareholders, Shagang International Holdings Limited, RGL Holdings Co. Ltd and Pacific International Co. Pty Ltd of up to 99,800,000 New Shares.

The Offer is being made to Grange shareholders whose registered addresses are situated in Australia, New Zealand or the British Virgin Islands, and are registered at 7.00 pm (AEST) on 26 August 2009.

In accordance with the ASX Listing Rules, Grange has given regard to:

- the number of shareholders outside of Australia, New Zealand and the British Virgin Islands;
- the number and value of the securities to be offered to shareholders outside of Australia, New Zealand and the British Virgin Islands; and
- the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions,

and considers that it would be unreasonable to make an offer to Grange shareholders who have a registered address outside Australia, New Zealand or the British Virgin Islands (**Excluded Shareholders**). Accordingly, the Offer will not be made to Excluded Shareholders.

As your registered address is outside Australia, New Zealand or the British Virgin Islands, you will not be eligible to participate and will be an Excluded Shareholder for the purposes of the Offer. Any New Shares that would otherwise have been offered to you as an Excluded Shareholder are proposed to be issued to Patersons Securities Limited (acting as Nominee). The Nominee will subscribe for and sell (on a “best endeavours” basis) the New Shares on market on behalf of the Excluded Shareholders following the allotment and issue of those New Shares. The Company will distribute the proceeds (if any) pro rata to the Excluded Shareholders net of sale expenses (ie sales proceeds less brokerage and applicable GST).

Details of this process are set out in the enclosed Offer Documents, which have been provided to you for your information.

The Nominee will have the sole and absolute discretion to determine the timing and the price at which the Excluded Shares may be sold and the manner in which any sale is made. Neither Grange nor the Nominee will be liable for a failure to sell the Excluded Shares or to sell them at a particular price.

Please note that it is possible, even if the Nominee sells the Excluded Shares, that no net proceeds will be available for distribution to Excluded Shareholders after the costs of the sale have been deducted. We will inform you in due course of the outcome of the sale of your Excluded Shares.

Subject to the completion of the Offer, Grange expects to remit payment (if any) after 22 September 2009. Should you have any questions, please contact your financial adviser, the Company Secretary on (+61 8) 9321 1118 or Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or (+61 3) 9415 4000 (outside Australia).

Yours faithfully



Stacey Apostolou
Company Secretary