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GRANGE RELEASES PRELIMINARY FINAL REPORT FOR YEAR ENDING 30 JUNE 2010

HIGHLIGHTS

- **Full year profit of \$42.2 million, on revenues of \$229.1 million**
- **No net debt, with cash reserves at 30 June of \$70.5 million**
- **Savage River safety performance significantly improved**
- **Savage River reserves show 4% grade increase**
- **Concentrator achieved record throughput**
- **Pellet sales for 2009/10 totalled 2.4 million tonnes**
- **All post June 30 product priced at index based market price**
- **Southdown environmental permits approaching finalisation**
- **\$24 million Southdown feasibility budget approved, to conclude feasibility by December 2010**
- **AMEC Minproc/GHD appointed to undertake feasibility study**
- **Minor projects in the final stages of successful divestment**

COMPANY SUMMARY

Grange Resources Limited (**Grange** or **Company**), Australia's leading producer of premium magnetite pellets, is pleased to announce its first full yearly report since the successful merger with Australian Bulk Minerals (**ABM**) in January 2009.

The year to June 30, 2010 has seen the continuing transformation of Grange. It is now a profitable organisation with a strong balance sheet, no net debt and all of its products market priced. At the Savage River operations in Tasmania, the Company produced 2.4 million tonnes of premium quality iron ore pellets in 2009/10, making it Australia's largest magnetite producer. Grange is also actively developing the Southdown magnetite project in Western Australia, with the project already seeing the benefits of having in house magnetite expertise at Savage River.

Commenting on the results for the year Grange Managing Director, Mr Russell Clark, said that *"The past year has been challenging as Grange has worked its way through the global financial crisis."*

"We start the new financial year in a great state, with cash reserves and no net debt. The Savage River operations have become more efficient and well managed, and with the improved iron ore prices we have received since April, we are confident of a strong future there," said Mr Clark.

"We have successfully divested a number of minor projects that were causing management and financial distraction. At Southdown we have seen important permits issued or significantly progressed and with our new owners' team working with the experience of AMEC Minproc, we will see that project move forward rapidly.

"We have a terrific advantage over our peers in that we have the operational expertise and experience in house to enhance the delivery and start up of the Southdown project."

Full Year Result:

Grange recorded a consolidated profit after tax of \$42.2 million for the year ended 30 June 2010, compared to \$86.0 million for the year ended 30 June 2009. The result was achieved on revenues from mining operations of \$229.1 million for 30 June 2010, compared to \$356.5 million for the year ended 30 June 2009.

Pellet sales in 2009/10 were 2.4 million tonnes, compared to 2.2 million tonnes in 2008/2009.

The primary reason for the reduced profit was the lower realised pellet price in 2009/2010 of US\$80/t compared to US\$115/t in 2008/2009, as a result of the depressed economic conditions during the global financial crisis and a fixed price contract that was in place at the time. This was compounded further by a strengthened Australian dollar (2009/2010 A\$1 = US\$0.87, 2008/2009 A\$1 = US\$0.75).

At June 30 2010, Grange has \$70.5 million in cash (June 2009 = \$ 20.5 million) and \$57.0 million in debt (June 2009 = \$ 129.9 million), of which \$47.7 million is money owed on leased equipment (June 2009 = \$ 61.2 million).

Since April 2010 and the move towards index based market pricing, Grange has seen a steady increase in the price it receives for pellets. The following table summarises movements in the average realised price during 2010 and highlights the value that index based market prices are delivering to Grange:

Period	Price received per tonne of Pellets	
	US\$	A\$
1 July 2009 – 31 March 2010 ¹	US\$68	A\$78
1 April 2010 – 30 June 2010 ²	US\$118	A\$134
1 July 2010 – 30 September 2010 ^{3,4}	US\$150	A\$167

¹ Includes 472,302 tonnes sold under a legacy supply contract at a price of US\$43/t.

² Includes 328,780 tonnes sold to Shagang at an interim price of US\$120/t.

³ An interim price of US\$150/t is in place for sales to both Shagang and BlueScope for the period 1 July 2010 to 30 September 2010.

⁴ The A\$ pellet price is determined with reference to an exchange rate of A\$1:US\$0.90

The interim pricing has been in place whilst an agreed pricing mechanism is being established with both Shagang and BlueScope.

With no net debt, costs at the operation significantly reduced and with all product now being priced at index based market prices Grange is well positioned to leverage off the higher iron ore prices currently being experienced.

Safety

The Company's safety record performance substantially improved with the number of LTIs halving over the previous year and the TRIFR almost halving. This improving trend continues to reflect the strong and increased emphasis on safety management at the operations as we know that a safe mine is a productive one.

Production

The Savage River mine and pellet plant have operated for many years and we continue to see new records at the operations being achieved. The mine moved slightly less material than in 2008/09 as a result of old equipment being retired from the fleet. The Company has ordered additional trucks to replace the retired trucks and delivery is expected in October 2010.

The concentrator treated 7% more volume than in any previous year of its 40 year history. The pellet plant has continued to perform well, producing 2.4 million tonnes of premium quality blast furnace pellets.

As was previously advised to the market, a rock slide occurred on the Eastern wall of the Savage River pit in June 2010. Mine planning for the rock slide continues with the relevant Tasmanian authorities. A cut back of the Eastern wall may have to be brought forward as a result of the planning work undertaken to date. The mine planning work is expected to continue for several months and Company will advise when the work is finalised.

Resources and Reserves – Savage River

The following tables show the Mineral Resources and Ore Reserves for the Savage River operations at the end of May 2010. This includes addition of new ore lenses in the North Pit with depletion from mining that occurred during the year.

A summary of the Mineral Resource⁽⁵⁾ estimate is as follows:

Mineral Resource	2010		2009	
	Tonnes (Mt)	Grade (%DTR)	Tonnes (Mt)	Grade (%DTR)
<i>Savage-River Total</i>				
Measured	86.4	54	88.0	53
Indicated	131.9	53	136.0	52
Inferred	87.8	49	92.2	47
Total	306.1	52	316.2	51

A summary of the Ore Reserve⁽⁵⁾ estimate is as follows:

Ore Reserve	2010		2009	
	Tonnes (Mt)	Grade (%DTR)	Tonnes (Mt)	Grade (%DTR)
<i>Savage-River Total</i>				
Proved	50.6	51	52.4	50
Probable	67.9	51	72.0	49
Total	118.5	51	124.4	49

During the last year, a total of 3,400m of diamond drilling and 1,600m of reverse circulation percussion drilling were completed at Savage River. The diamond drilling comprised 13 holes with the objective of testing newly discovered ore and upgrading areas of inferred resource within North Pit. While the ore tonnage has decreased as a result of mining, the new interpretations result in an approximate increase in grade of 4%.

Southdown Magnetite Project

The Southdown magnetite project, situated 90km from the city of Albany in the southwest corner of Western Australia, is a joint venture between Grange and Sojitz Resources & Technology Pty Ltd (Sojitz) (70%:30%). The project has 654 million tonnes of high quality resource, which outcrops at the western end of its 12km strike length. The project is advanced and has access to established infrastructure.

The development of the large Southdown magnetite project was accelerated in 2010. This followed a quiet period in 2009 when key environmental permits were still outstanding. Much progress has now been made in this area. The West Australian Minister of the Environment issued the Mine Permit in November 2009. In August 2010 the Minister advised the conditions applicable to the Albany Port expansion, the final step ahead of formal permit approval which will conclude the major environmental permits required for the project. In addition, in June 2010, the Commonwealth approved a permit associated with the port expansion.

In the first half of 2010, AMEC Minproc and GRD were engaged to undertake a full review of all project work done to date, to arrive at a scope and costs to complete a +/-20% feasibility study by 31 December 2010, with the joint venture partners also having agreed to target a larger 10 Mtpa operation for the Southdown project. A \$24 million budget has been approved by the Joint Venture to undertake this work.

In Malaysia the option period over the port and land at Kemaman, the planned location of the pellet plant, was extended for a further 12 months.

Minor Projects

As has previously been reported, Grange had a number of minor non-core projects that it was looking to divest, to allow management to focus on Savage River and the Southdown Project. The sale of the Bukit Ibam project and associated tailings dam area for MYR 13.0 million (~A\$4.5 million) was announced in July 2010 and is in the final stages of completion.

Grange's shareholding in Murchison Copper Mines together with the associated Horseshoe Lights tenements has also been successfully divested resulting in a further \$2.0 million of cash coming back to Grange as well as a 7.2% shareholding in the newly listed Horseshoe Metals Limited. Grange has retained upside to any future discoveries at these tenements through its shareholding in Horseshoe Metals Limited.

-ENDS-

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⁽⁵⁾ Qualifying Statement

The resource estimate for the first lens was classified in accordance with the guidelines provided in the JORC Code, 2004. The classification of Mineral Resources was considered appropriate on the basis of drill hole spacing, sample interval, geological interpretation and representativeness of assay data and was based on a number of factors:

- *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.*
- *The estimation was constrained within the interpreted geological domain.*
- *The Ordinary Kriging and Inverse Distance interpolation methods were carried out on drilling data composited to 2m*
- *Oxidised material was not included in this statement of Mineral Resources*
- *Tonnages were estimated on a dry basis.*
- *Bulk density for samples taken from diamond drill core has been physically determined by the weight-in-air/weight-in-water method. Samples are unsealed during this process as most material is competent and/or of low porosity.*
- *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.*

The survey surface used for reporting North Pit was the end-of-month May 2010 surface

Competent person statement:

- *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.*
- *The information in this release 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 release 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.*