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ASX: GRR

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 AGREES TO REVISE ITS IRON ORE PELLETS

SALES AGREEMENT WITH SHAGANG

Grange Resources Limited (**Grange** or the **Company**), Australia's leading magnetite producer, is pleased to announce it has reached agreement with its major customer Jiangsu Shagang International Trade Co. Ltd ("**Shagang**"), to revise the annual off-take tonnage and the pricing mechanism applying to its iron ore pellet sales agreement for Savage River production.

The annual contracted pellet off-take tonnage to Shagang will be one million tonnes per annum. This revised off-take tonnage is consistent with the Company's risk diversification strategy and eliminates the reliance on a single off-taker and geographic market by providing the Company with an opportunity to actively market its iron ore pellets to customers across a number of geographic locations.

The pricing mechanism for iron ore pellet sales to Shagang, which has been revised in accordance with the existing agreement, will adopt a Metal Bulletin Iron Ore Pellet reference price. This reference price is published weekly for a 65-66% Fe, iron ore pellet product and is quoted on a US\$ per dry metric tonne CFR North China basis. The reference price will be converted to an FOB price per dry metric tonne using a freight net-back calculation developed with the assistance of independent advisors. The revised pricing mechanism will be applied retrospectively to all shipments from 1 April 2012 and will not have a material effect on previously reported sales revenues.

Grange Managing Director, Mr Richard Mehan, said that "the agreement will put Grange in a strong position to facilitate the further development of key relationships with major iron ore buyers. We have a significant cornerstone contract, at market prices, with Shagang - a major Chinese steel producer - and the ability to diversify our customer base for products that are sought after in Asian markets as well as retain some flexibility to sell into spot price markets."

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For more information, please contact:

Mr Richard Mehan
Managing Director
Grange Resources Limited
+ 61 8 9327 7901
Or visit www.grangeresources.com.au