



GRANGE
RESOURCES LIMITED
A.C.N. 009 132 405

MEDIA RELEASE

GRANGE RESOURCES ANNOUNCES RIGHTS ISSUE TO RAISE

APPROXIMATELY \$13 MILLION

11 MARCH 2005

Grange Resources Limited (**ASX: GRR**; "Grange") today announced a pro rata non renounceable rights issue ("**Rights Issue**") of new fully paid ordinary shares at an issue price of \$1.25 per share on the basis of 1 share for every 7 shares held at the record date.

Under the Rights Issue, Grange will issue up to 10,464,179 shares to raise approximately \$13 million.

Grange has engaged Patersons Securities Limited to underwrite the Rights Issue and BBY Limited to act as joint lead manager.

Commenting on the announcement, Grange Managing Director Mr Geoff Wedlock said the funds raised would be used to progress a number of new business opportunities and certain aspects of the Southdown Magnetite Project.

"The funds raised will be used for the purchase of land and facilities currently held under option for the Southdown Magnetite Project," he said.

"We are currently working on the Bankable Feasibility Study (BFS) for the Southdown Magnetite Project and the recent increase (86.67%) in iron ore pellet prices in Europe is very positive for the economics of the project."

"The BFS is progressing to schedule and while we do not wish to preempt the Southdown Magnetite Project's viability, we remain confident that the project will be viable and will enable Grange to become the preferred supplier of high quality pellets to the Asian region."

The Prospectus for the Rights Issue is expected to be lodged with ASX and ASIC on or about the week commencing 21 March 2005. The Prospectus will contain full details of the Rights Issue including the record date and timetable for the Rights Issue.

Grange today also announced it had agreed to grant 4.0 million options exercisable at prices ranging from \$1.25 to \$2.50 to Mr Wedlock in accordance with the terms of his proposed employment agreement. The issue of the options is subject to shareholder approval.

-ENDS-

For more information visit:

www.grangeresources.com.au

or contact:

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Attachment: Stock Exchange Announcement

About Grange

Grange is a Western Australian based mining and exploration company listed on the Australian Stock Exchange. Grange's objective is to grow through the acquisition, development and exploration of resource projects.

Grange's major interest is the development of the Southdown Magnetite Project located 90 kilometres northeast of the Port of Albany on the south coast of Western Australia. Grange is currently in the process of preparing a bankable feasibility study on development of the Southdown Magnetite Project to produce high grade iron ore pellets.

The Southdown Magnetite Project comprises three granted mining leases covering an area of approximately 1700 hectares on freehold farming property.

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

The concentrate, mixed with water, would then be transported to Albany in a buried pipeline, filtered to remove the water, then stored in a shed at Albany Port ready for shipment to a new pelleting plant to be developed by Grange Resources in Malaysia.

Grange's other projects include a 30% interest in the Reward Deep's underground copper mine in Queensland and gold royalties from the Freshwater and Red Hill projects in Western Australia.



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STOCK EXCHANGE ANNOUNCEMENT

NON RENOUNCEABLE PRO RATA RIGHTS ISSUE – TO RAISE

APPROXIMATELY \$13 MILLION & ISSUE OF PLAN OPTIONS

11 March 2005

Non Renounceable Pro Rata Rights Issue

Grange Resources Limited (“Grange” or “the Company”) is pleased to announce details of a pro rata non renounceable rights issue to shareholders (“Rights Issue”). Under the Rights Issue, the Company proposes to issue up to 10,464,179 Shares based on the current issued capital, on the basis of 1 Share for every 7 held on the record date at an issue price of \$1.25 per share. The Company has engaged Patersons Securities Limited to underwrite the Rights Issue and BBY Limited to act as joint lead manager with Patersons. The Chairman of Grange, Mr Anthony Bohnenn intends to participate as a sub underwriter to the Rights Issue.

The Prospectus for the Rights Issue, together with an Appendix 3B, is expected to be lodged with ASX and ASIC on or about the week commencing 21 March 2005. The Prospectus will contain information on the Rights Issue including the record date, timetable and details of the proposed underwriting.

In determining entitlements under the Rights Issue, fractions will be rounded down to the nearest whole number.

The Shares issued pursuant to the Rights Issue will rank pari passu in all respects from the date of issue with the existing fully paid ordinary Shares of the Company. The Company will apply for official quotation on ASX of all Shares issued under the Rights Issue.

The purpose of the Rights Issue is to provide funding for the following activities:

- The proposed acquisition of the farming property covering an area of approximately 1700 hectares that contains the three mining leases which comprise the Southdown Magnetite Project in accordance with the terms of an option agreement;
- Deposits required in accordance with a Heads of Agreement with Pilihan Alam Jaya Sdn Bhd and Sukma Samudera Sdn Bhd, wholly owned subsidiaries of Road Builder (M) Holdings Bhd for the proposed acquisition of up to a maximum of 60 hectares of land in the Malaysian port of Kemaman as the site for a pellet plant to process magnetite concentrate from the Southdown Magnetite Project;
- Costs associated with identifying and securing funding for the construction phase of the Southdown Magnetite Project which includes the Albany mine and export facilities and the Kemaman pellet project and port facilities.;
- The evaluation of a number of potential new projects identified by the Company; and
- The provision of additional working capital for the Company.

Issue of Plan Options

Further to the recent announcement by Grange regarding the appointment of Mr Geoff Wedlock as Managing Director, the Company has agreed to grant 4.0 million Plan Options to Mr Geoff Wedlock, comprising three series, pursuant to the Grange Resources Limited Directors' and Officers' Option Plan and in accordance with the terms of Mr Wedlock's proposed employment agreement. The principal terms of these Plan Options are as follows:

- the grant of 1.5 million Series "A" Plan Options exercisable at \$1.25 on or before 30 June 2007 which shall vest upon the Company obtaining all financial and statutory approvals for the Southdown Magnetite Project;
- the grant of 1.5 million Series "B" Plan Options exercisable at \$1.50 on or before 30 June 2008 which shall vest on the date construction of the Southdown Magnetite Project commences; and
- the grant of 1.0 million Series "C" Plan Options exercisable at \$2.50 on or before 30 June 2011 which shall vest upon the Company declaring a dividend of at least \$0.05 cents per share.

The options shall be issued for no consideration and will be unlisted and non-transferable. If either party elects to terminate the employment agreement at any time prior to its expiry, all options that are unvested or unexercised at that time will be cancelled.

A general meeting of shareholders will be called in early May 2005 to seek shareholder approval for the grant of these Plan Options to Mr Wedlock.

The purpose of the option issue is to incentivise Mr Wedlock, the Company's Managing Director to progress development of the Southdown Magnetite Project and its other projects.

Full details relating to the grant of the Plan Options to Mr Wedlock, including the terms and conditions of the Plan Options, and other information relating to the general meeting will be contained in the notice of meeting and explanatory memorandum which will be despatched to shareholders.

About Grange Resources Limited

Grange is a Western Australian based mining and exploration company listed on the Australian Stock Exchange. Grange's objective is to grow through the acquisition, development and exploration of resource projects.

Grange's major interest is the development of the Southdown Magnetite Project located 90 kilometres north east of the Port of Albany on the south coast of Western Australia.

Grange's other projects include a 30% interest in the Reward Deeps underground copper mine in Queensland and gold royalties from the Freshwater and Red Hill projects in Western Australia.

For further information in relation to this announcement or the Company, visit the Grange Resources Limited website at www.grangeresources.com.au or alternatively contact Mr Geoff Wedlock or Mr Alec Pismiris on (+618) 9321 1118.

ALEC PISMIRIS
Company Secretary