

3 January 2012

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

CLARIFICATION ANNOUNCEMENT RE SOUTHDOWN PROJECT EQUITY FUNDING

Grange Resources Limited (“Grange” or the “Company”), Australia’s leading Magnetite producer, wishes to provide clarification in relation to an article which appeared in The Australian on Tuesday 3 January 2012 entitled “Grange considers sale to ease project burden”.

The article indicated that the Company is considering selling part of its interest in the Southdown magnetite project and if necessary part of the Savage River operation to fund its 70% share of the Southdown project.

Grange anticipates considering a range of equity funding options to fund its Southdown project interest. Asset sales may potentially be one of the elements in the project finance mix. The Company wishes to reiterate that there is no formal asset sale process underway at the present time and will be reviewing funding options further following the completion of the definitive feasibility study during 2012. In October 2011, the Southdown Project appointed Standard Chartered Bank to advise it on debt requirements.

SOUTHDOWN MAGNETITE PROJECT INFORMATION

(Southdown; Grange 70%, Sojitz Resources and Technology Pty Ltd 30%)

Being an operator with extensive experience in magnetite mining and processing, and having cash flow generated from the Savage River operations places Grange in a unique position when compared to other magnetite project developers in Australia. Grange has the systems, processes, intellectual property (IP) and the people that, together, will help minimise the planning and execution risk of the Southdown project.

Located approximately 90km northeast of the Port of Albany on the south coast of Western Australia (Figure 1), the Southdown Magnetite deposit is approximately 12km in length and represents one of the best premium quality magnetite deposits currently under development in Australia. With a location within 100km of existing port facilities, an ore body close to surface, power generation available from the Collie area and water supply from a dedicated desalination plant at Cape Riche, critical infrastructure solutions are in place and the deposit is favourably placed for development. In addition, a ready labour force is available in and around Albany so the project will not have to compete for labour out of the Perth market.

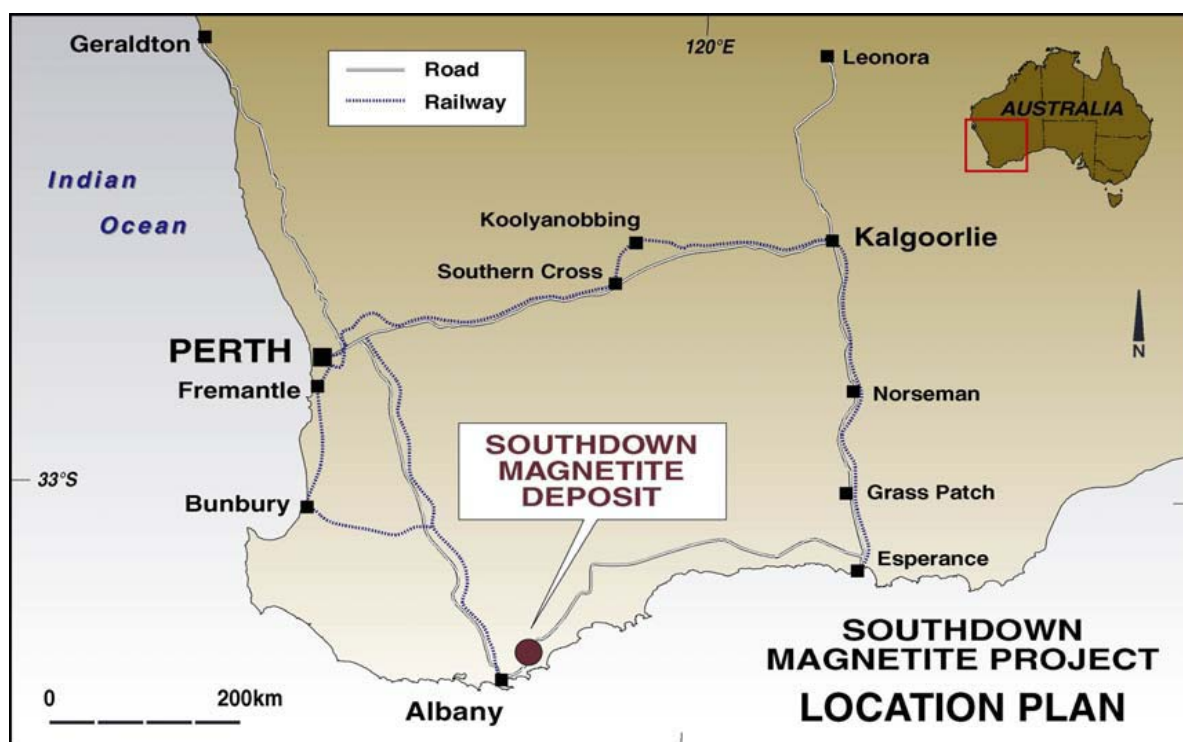


Figure 1: Location of Southdown Magnetite Project, Albany WA

The Southdown Magnetite deposit will be mined using standard open pit mining methods with the magnetite mineralisation being crushed, ground, screened and magnetically separated to produce a magnetite concentrate resulting with an iron content in excess of 68%.

The concentrate will be pumped via a buried slurry pipeline, approximately 100km to a concentrate storage facility at the Port of Albany before being loaded onto cape size vessels and shipped to an iron ore pellet plant. This is currently planned to be located in Kemaman, Malaysia. Filtered water recovered from the slurry will be pumped back to the mine site for re-use in the concentrator via a return water pipeline buried beside the slurry pipeline.

At the Port of Albany, the construction of a new berth will be required and the Albany Port Authority will provide up to nine hectares of land to accommodate a concentrate storage facility and ship loading infrastructure. Widening and deepening of the existing shipping channel into the Princess Royal Harbour and extending the channel into King George Sound will be required to facilitate the use of cape size vessels.

For more information, please contact:

Investors:

Russell Clark
Managing Director & CEO
+61 3 9866 4722/ +61 432166431
+ 61 8 9327 7901
Or visit www.grangeresources.com.au

Media:

Donna Cole
Last Say Communications
+61 8 6102 7295
+61 419901229
www.lastsay.net.au