



GRANGE
RESOURCES LIMITED
ABN 80 009 132 405

STOCK EXCHANGE ANNOUNCEMENT

GRANGE AND SOJITZ SIGNS MOU WITH METSO MINERALS

21 January 2008

Grange Resources Limited (ASX: GRR) is pleased to announce that the company and its joint venture partner Sojitz Resources and Technology Pty Limited ("Sojitz") have signed a unique Memorandum of Understanding ("MOU") with Metso Minerals (Australia) Limited ("Metso") for the Southdown Magnetite Project.

Considered by the parties to be a first for the mining and minerals processing industry in Australia, this MOU allows Grange and Sojitz to access Metso's comminution, iron ore processing and pelletising design capabilities at the initial design phase of the project.

Metso is a leading global engineering and technology corporation with extensive credentials and track record in rock and minerals processing,

Comminution is the specialist mineral processing technique used in extractive metallurgy that reduces rocks into smaller particles or powder. Metso is a world leader in this field and accessing their expertise in the initial design phase of the project ensures that the processing plant will incorporate the latest technology to produce a high quality iron ore product.

The Southdown Project has been the subject of ongoing feasibility studies since January 2005 and comprises a magnetite mine and concentrator at Southdown, Western Australia, a slurry pipeline from Southdown to the Port of Albany with storage and shipping facilities at the port. The Southdown concentrates will be shipped to a pellet plant to be constructed at Kemaman on the east coast of peninsular Malaysia.

On progression of the project, Metso's services will extend to the timely supply of major process plant equipment, supervision of installation and commissioning and training of operational personnel. Metso will also provide performance guarantees for the entire process route.

Metso is currently undertaking testwork on samples from Southdown in Australia, the United States and Europe to determine the optimum processing circuit for the project.

In addition, separately from this MOU with Metso, basket tests on pellets are being undertaken to confirm previous tests that demonstrated high grade, direct reduced iron (DRI) can be produced from the Southdown pellets.

An integrated team from Grange and Sojitz is currently preparing contract documentation to ensure the selection of preferred construction, supply and design delivery partners by the end of the second quarter 2008.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Project Background

Grange Resources and Sojitz Corporation jointly own the Southdown Magnetite and Kemaman Pellet Project has been the subject of ongoing feasibility studies since January 2005. The Project comprises a magnetite mine and concentrator at Southdown, Western Australia, a slurry pipeline from Southdown to the Port of Albany with storage and shipping facilities at the port and a pellet plant at Kemaman on the east coast of peninsular Malaysia.

Grange Resources owns 70% of the Southdown Magnetite and Kemaman Pellet Project. The majority of the data and testwork required for a Feasibility Study is complete, with the exception of a "basket test", and therefore the key drivers of the value of the project are now well understood. The contractual arrangements for the identified infrastructure requirements for the project (power, water and port) are close to finalisation with the relevant parties.

In June 2007 Grange announced that a wholly owned subsidiary of the Japanese trading company Sojitz Corporation had entered into a Joint Venture Agreement with the company to become a 30% equity participant in the Southdown Project. Under the agreement Sojitz will fund US\$10 million of pre-commitment development expenditure including detailed engineering and design and establishing project funding arrangements. Teams from Grange and Sojitz are working closely together to complete pre-commitment development activities and negotiate with other parties to complete the Joint Venture.

Sojitz is one of Japan's leading trading companies with revenues of AUD\$52 billion, net assets of AUD\$4.9 billion and a market capitalisation of AUD\$5.8 billion. With 103 offices and over 18,000 employees worldwide, Sojitz has a substantial global presence in iron ore, and is one of the leading firms in the iron ore pellet market.

The magnetite deposit at Southdown is approximately 12km in length, with the mining leases held by Grange and Sojitz covering the western 6km. The eastern 6km of the Deposit is held by Grange under an exploration licence (E70/2512) that was purchased from Rio Tinto in 2007. In 2006 Grange announced that the mining leases (M70/433, M70/718 and M70/719) contain a JORC compliant resource of 479Mt grading 37.3% magnetite of which 427Mt grading 38.2% magnetite is classified as an Indicated Resource and 52Mt grading 30.1% magnetite is classified as an Inferred Resource. Drilling undertaken by Rio Tinto has confirmed the continuity of the mineralisation over the eastern 6km of the deposit.