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POTENTIAL ASSET IMPAIRMENT AND CHANGE OF ACCOUNTING POLICY

Grange Resources Limited (“Grange” or the “Company”) advises that it has substantially completed its interim financial statements and its review of the carrying value of all assets as at 30 June 2014.

As detailed in Grange’s Financial Report for the year ended 31 December 2013, the valuation of Grange’s assets is sensitive to changes in physical, cost and economic assumptions. The assessment of carrying values is nearing completion.

While no decision has yet been made in relation to the precise quantum of the impairment, the Board considers it likely that its review will indicate a non-cash impairment of the carrying value of Savage River assets of between A\$200 million and A\$220 million after tax. The impairment is primarily based on lower than forecast iron ore prices arising from recent changes in the supply and demand dynamics of the market.

While an impairment charge will reduce the book values of assets, it is non-cash and does not affect the Company’s cash position or operations.

The carrying value review is expected to be completed prior to the Company’s scheduled release of its interim financial results for the six months ended 30 June 2014 on 29 August 2014.

In addition, the Company has decided to voluntarily change its accounting policy for exploration and evaluation expenditure. Under the new policy, exploration and evaluation expenditure will be charged against profit and loss as it is incurred. This change reflects the Group’s primary activity which is mining operations and provides a higher degree of confidence as to the probability that future economic benefits will flow to the Group prior to the capitalisation of such costs. The change will be presented in the interim financial statements in accordance with relevant Australian Accounting Standards.

-ENDS-

For further information, please contact:

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