



STOCK EXCHANGE ANNOUNCEMENT

\$12 MILLION SHARE PLACEMENT

2 October 2006

The directors of Grange Resources Limited ("Grange") are pleased to announce the placement of 9.5 million fully paid ordinary shares at \$1.30 per share. The placement will raise a net amount of \$11.98 million, after placement expenses. The placement will be made to professional and sophisticated investors in the USA under section 708 of the Corporations Act.

The purpose of the share placement is to provide funding for the following:

- The commencement of mining operations at the Bukit Ibam Iron Ore mine located 80 km southwest of Kuantan in Pahang, Malaysia. Production of iron ore is due to commence in December 2006;
- Pre-development activities for the Southdown Magnetite Project including the design of seawall, new berth and shiploader at Albany Port ;
- Increasing Grange's land holdings at the Southdown Magnetite project;
- Investigation costs for the re-opening of the Horseshoe Copper Mine located 170km north of Meekatharra in Western Australia;
- Acquisition of easements for infrastructure for the Southdown Magnetite project;
- The evaluation and development of potential new projects, and
- The provision of additional working capital for the Company.

For further information visit the Grange website at www.grangeresources.com.au or alternatively contact Neil Marston on + 61 (8) 9321 1118.

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