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ASX: GRR



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Grange Resources Limited

Australia's leading magnetite producer

Southdown Definitive Feasibility Study Fully Approved and Funded

Grange Resources Limited ("Grange" or the "Company") is pleased to announce that both owners of the Southdown project Sojitz Resources & Technology Pty Ltd and Grange Resources have approved the funding and execution of the Project Definitive Feasibility Study (DFS).

The DFS is targeted for completion in the first quarter of 2012, and is estimated to cost A\$110m. Grange Resources will fund its 70% share of the study costs from existing cash reserves.

Managing Director, Russell Clark said "as a result of already having a highly profitable magnetite project at Savage River in Tasmania, we can fully fund this DFS work without needing to go back to the market. This is one of the significant advantages we have over our competitors. Savage River is performing well and generating healthy cash margins."

Specific Definitive Study work will include:

- Detailed engineering of concentrator, port facilities, power transmission, pipeline, desalination plant and pellet plant facilities;
- Securing engineering and tender packages for long lead items;
- Further resource and reserve drilling;
- Geotechnical drilling in Albany port;
- Water permit approval;
- Completion of land access arrangements and

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- Mine design and scheduling.

The ability to complete of the DFS so quickly reflects the advanced nature of the prefeasibility study where:

- Resources and reserves are in place;
- Power line easements are in place;
- Major mine and port environmental permits are in place;
- Metallurgical testwork is advanced and the concentrator flowsheet is finalised;
- Land access is very advanced.

Prefeasibility modelling indicates that the Australian based project will cost A\$2.57 billion. This will complete the mine site preparation, the concentrator facility and associated infrastructure required to load and ship approximately 10 million tonnes per annum of high grade magnetite concentrate containing 69% iron. Operating costs per tonne of concentrate produced and loaded are estimated to be less than A\$60 per tonne.

The Southdown Magnetite Project is a joint venture (JV) between Grange Resources Ltd (Grange) (70%), and Sojitz Resources & Technology Pty Ltd (Sojitz) (30%), wholly-owned subsidiary of Sojitz Corporation, a Japanese global trading company operating in various industries and services.

About the Company:

Grange Resources Limited is Australia's leading magnetite producer and the only commercial producer of magnetite pellets in Australia, combining both mining and pellet production expertise. Development of Southdown will see Grange Resources becoming one of the major suppliers of high grade magnetite in Australia.

Production guidance at Savage River in Tasmania for 2011 is 2 million tonnes per annum of premium iron ore pellets selling currently for over \$220/tonne.

For further information, please contact:

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