



GRANGE
RESOURCES LIMITED
ABN 80 009 132 405

STOCK EXCHANGE ANNOUNCEMENT

18 October 2007

GRANGE PROVIDES UPDATE ON SOUTHDOWN TRANSMISSION LINE

Following extensive consultation with Western Power, Grange Resources Limited (ASX: GRR), is pleased to announce it has determined the preferred network solution for supplying power to the proposed Southdown Magnetite (Iron Ore) Mine. Southdown is located near Wellstead 90 km north-east of the city of Albany in Western Australia.

Two options had been under consideration, with either a route via Albany in conjunction with a planned upgrade of the town's general power supply or a direct route to Southdown.

A study of the capital costs of the two options has demonstrated that supplying power directly to Southdown from Muja is the superior option. The preferred solution is therefore to supply the mine using a direct route option of a single circuit 220 kV line on lattice towers from Muja to Southdown via Kojonup and Gnowangerup. Grange has now committed to this alignment in order to remove project and community uncertainty over the route.

Grange Managing Director, Mr Geoff Wedlock, said that the preferred line solution is clearly the best option for the business going forward and another step towards implementation of the Southdown Project.

Grange reviewed all reasonable power supply solutions for the project including on-site generation using renewable energy such as wind power. However a wind farm needs network access via a transmission line in order to supply back-up grid power on calm days or to sell their surplus energy to other network consumers. Grange has been in dialogue with a number of parties interested in developing wind generation capacity near the mine once the line is built and these options will be pursued.

In order to address some of the concerns raised during community consultation last year, Grange Resources will provide supplementary funding to enable Western Power to install new substations in the Shire of Gnowangerup and near the mine at Wellstead during the line construction phase. These two substations will provide enhanced power not only to the local areas impacted by the transmission line route, but also to growing communities further east of the line such as Bremer Bay and Jerramungup. Planned upgrades to the Albany area power supply will be unaffected.

Western Power received Environmental Protection Authority approval for the Muja to Southdown alignment in August 2007 after conducting the required environmental impact assessments. Grange Resources and Western Power will now work with the community to ensure that the transmission line is developed in a timely manner to meet the project schedule.

Environmental approvals for the mine and the Albany port development are expected from around the middle of 2008 with development activities to commence soon after.

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

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