



**GRANGE**  
RESOURCES

Australia's leading  
magnetite producer

**Notice of  
Annual General  
Meeting**  
and  
**Explanatory Statement**  
and  
**Proxy Form**

Date of Meeting: Wednesday 9 May 2012

Time of Meeting: 10.00 am (WST)

Place of Meeting: QV1 Conference Centre  
Level 2  
QV1 Building  
250 St Georges Terrace  
Perth 6000  
Western Australia

*This Notice of Annual General Meeting and accompanying Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting. Should you wish to discuss any matters referred to in this document, please contact the Company Secretary by telephone on +61 8 9327 7901.*

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Grange Resources Limited (**Grange** or **Company**) will be held at QV1 Conference Centre Level 2, QV1 Building, 250 St Georges Terrace, Perth WA 6000 at 10.00 am (WST) on Wednesday 9 May 2012 for the purposes of transacting the following business.

The Explanatory Memorandum that accompanies and forms part of this Notice of Annual General Meeting describes the various matters to be considered at the Meeting.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday 7 May 2012 at 10.00 am (WST).

Terms used in this Notice of Annual General Meeting will, unless the context otherwise requires, have the same meaning given to them in the glossary as contained in the Explanatory Memorandum.

### AGENDA

#### ITEM 1 – FINANCIAL STATEMENTS AND REPORTS

To receive and consider the financial report, the Directors' Report and the Auditor's Report of the Company and its controlled entities for the year ended 31 December 2011.

#### ITEM 2 – RESOLUTION 1

##### – Adoption of Remuneration Report

To consider, and if thought fit, pass, or without amendment, the following resolution as an **advisory ordinary resolution**:

*“That the Remuneration Report of the Company for the year ended 31 December 2011 be adopted.”*

**Note:**

*If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a “spill resolution”) that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must go up for re-election.*

**Voting Exclusion:**

*Except to the extent otherwise permitted by law, the Company will disregard any vote cast on Resolution 1 (in any capacity) by or on behalf of any member of Key Management Personnel (as identified in the Remuneration Report) (and Closely Related Parties of such members) (collectively referred to as “Prohibited Voter”). However, the Company will not disregard a vote if:*

- *the Prohibited Voter does so as proxy appointed in writing which specifies how the proxy is to vote on Resolution 1; and*
- *the vote is not cast on behalf of a Prohibited Voter.*

*The Company will also not disregard a vote if you do not direct the person chairing the meeting how to vote and you are not a Prohibited Voter, but you mark the box on, and submit, the Proxy Form. In doing so, you authorise the person chairing the meeting to exercise the proxy even though this resolution is connected directly or indirectly with the remuneration of a Key Management Personnel, and you will be taken to have directed the person chairing the meeting to vote in accordance with his stated intention to vote in favour of this resolution. If you do not want your vote exercised in favour of this resolution you should direct the person chairing the meeting to vote ‘against’, or abstain from voting on, this resolution.*

*The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on each resolution.*

#### ITEM 3 – RESOLUTION 2

##### – Re-election of Mr Zhiqiang Xi as Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That Mr Zhiqiang Xi, who retires in accordance with article 10.3 of the Company's constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”*

**ITEM 4 – RESOLUTION 3****– Re-election of Mr John Hoon as Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That Mr John Hoon who retires in accordance with article 10.3 of the Company’s constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”*

**ITEM 5 - RESOLUTION 4****– Approval of Grant of Performance Rights to the Managing Director, Mr Russell Clark**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the Directors to grant up to 800,000 rights (each to acquire one Share in the capital of the Company) for nil consideration to Mr Russell Clark (or his permitted nominee), and to allot and issue Shares on the vesting of those rights, in accordance with the Grange Resources Limited Long Term Incentive Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:**

*In accordance with Listing Rules 10.15 and 14.11, the Company will disregard any votes cast on this resolution by any Director (except one who is ineligible to participate in any Employee Incentive Scheme in relation to the Company) or any of his Associates.*

*However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**DATED** the 5th day of April 2012

**BY ORDER OF THE BOARD**



Pauline Carr  
Company Secretary

**PROXY INSTRUCTIONS**

Shareholders are entitled to appoint up to two individuals to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the Shareholder’s voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be completed and posted to Computershare Investor Services Pty Ltd GPO Box 242 Melbourne Victoria 3001 Australia. Alternatively you can fax your form to (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555 not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act. The proxy may, but need not, be a Shareholder of the Company.

In the case of Shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form is attached to this Notice of Annual General Meeting.

**Special instructions for voting by proxy for Resolution 1**

If you appoint the Chairman, a member of Key Management Personnel, or their Closely Related Parties as your proxy and do not direct them how to vote on Resolution 1 (Adoption of Remuneration Report), they will not vote your proxy on that Resolution.

Accordingly, if you appoint any of these parties as your proxy, and you want your shares to be voted on Resolution 1, you must either direct your proxy how to vote on Resolution 1 by marking either “For”, “Against” or “Abstain” on the box in step 1 of the proxy form, or if the Chairman of the meeting is your proxy, direct the Chairman to vote in accordance with his intention by marking the box in step 1 of the proxy form.

**Corporate Representative**

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act.

The certificate of appointment must be lodged with the Company and / or the Company’s share registry, Computershare Investor Services Pty Ltd, before the Meeting or at the registration desk on the day of the Meeting.

Certificates of appointment of corporate representative are available at [www.computershare.com](http://www.computershare.com) or on request by contacting Computershare Investor Services Pty Ltd on telephone number on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

This Explanatory Memorandum has been prepared for the information of Shareholders of Grange Resources Limited (**Grange** or **Company**) in connection with the business to be conducted at the Meeting to be held at the QV1 Conference Centre Level 2, QV1 Building, 250 St Georges Terrace, Perth WA 6000 at 10.00 am (WST) on Wednesday 9 May 2012.

The purpose of this Explanatory Memorandum is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the resolutions accompanying the Notice of Annual General Meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting.

## 1. FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the financial report, directors' report and auditor's report to be laid before the Company's Annual General Meeting. There is no requirement in either the Corporations Act or the Constitution for Shareholders to vote on, approve or adopt these reports.

Shareholders will be offered the following opportunities:

- (a) to discuss these reports and ask questions or make comment on these reports and on the business, operations and management of the Company; and
- (b) to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Annual General Meeting, written questions to the Chairman of the Annual General Meeting, or to the Company's auditor on the above matters may be submitted no later than five business days before the Annual General Meeting to the Company Secretary at the Company's registered office.

## 2. RESOLUTION 1

### - Adoption of Remuneration Report

The Annual Report for the year ended 31 December 2011 contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the key management personnel and each director. A copy of the report is set out on pages 37 to 45 of the Company's Annual Report, which is on the Company's website at [www.grangeresources.com.au](http://www.grangeresources.com.au)

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to shareholders at the Annual General Meeting. Whilst there is a requirement for a formal resolution, the resolution is advisory only and does not bind the Company or its directors. However, the Board will take the outcome of the vote into consideration when considering remuneration policy and practices.

Since the Company's last Annual General Meeting, the Federal Government has introduced the Corporations Amendment (*Improving Accountability on Director and Executive Remuneration*) Act 2011 (Cth) ("Act"). The amendment, which came into effect on 1 July 2011, incorporates new provisions relating to directors' appointment and remuneration matters and proxy voting.

New sections 250U to 250Y (among others) give shareholders the opportunity to spill a company's board of directors ("Board spill") if the resolution to approve a company's remuneration report receives "no" votes of 25% or more at two successive Annual General Meetings.

Specifically a 25% or higher "no" vote on the remuneration report resolution at an Annual General Meeting triggers a reporting obligation on a listed company to explain in its next Annual Report how Shareholders' concerns are being addressed. If a 25% or higher "no" vote on the subsequent remuneration report occurs at the next Annual General Meeting, a resolution must be put to Shareholders (a "spill resolution") that another general meeting be convened to consider the election of certain directors (the "spill meeting"). If the spill resolution is carried by an ordinary majority, the spill meeting must be held within 90 days and all Directors that were Directors when the 25% "no" vote was passed will cease to hold office immediately before the spill meeting (except for the Managing Director) and the general meeting will vote on whether those Directors should be re-elected.

The Chairman of the Annual General Meeting will allow a reasonable opportunity for Shareholders to ask questions or make comments on the Remuneration Report.

### **Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 1.

The Corporations Act prohibits certain persons from voting on this item of business. A voting exclusion statement is set out on page 2 of this Notice. The Company encourages all shareholders who submit proxies to direct their proxy how to vote on the resolution.

## 3. RESOLUTION 2

### - Re-election of Mr Zhiqiang Xi as a Director

Mr Xi is required to resign under the Director rotation provisions of article 10.3 of the Company's Constitution. Under these provisions one third of the Directors retire from office at each Annual General Meeting. The retiring Director however, if eligible, may offer himself for re-election.

Therefore, in accordance with the Constitution of the Company, Mr Xi retires and, being eligible, offers himself for re-election.

Mr Xi has more than six years' experience in overseas project implementation. He set up a trading subsidiary of Baosteel in Australia in 1995 and presided over the company for four years. He was involved in commercial and trading affairs at Baosteel before he joined Shagang in January 2008. He was also involved in finalising the documents of Baosteel's two major overseas mining joint ventures with Hamersley and CVRD respectively.

Mr Xi is the Chairman of the Company and is a member of the Audit Committee, the Remuneration and Nomination Committee as well as the Health, Safety and Environment Committee.

### **Directors' Recommendation**

The Board, other than Mr Xi, recommends that Shareholders vote in favour of Resolution 2.

#### 4. RESOLUTION 3

##### – Re-election of Mr John Hoon as a Director

Mr Hoon is required to resign under the Director rotation provisions of article 10.3 of the Company's Constitution. Under these provisions one third of the Directors retire from office at each Annual General Meeting. The retiring Director however, if eligible, may offer himself for re-election.

Therefore, in accordance with the Constitution of the Company Mr Hoon retires and, being eligible, offers himself for re-election.

Mr Hoon has a strong background in financial and audit matters and has an extensive Australian and South East Asian business network across a wide range of sectors. He was previously a Director of Bao Australia Pty Ltd, a subsidiary of China Shanghai Baosteel Corporation which is one of the largest listed companies in China and which has numerous joint ventures with Australian mining companies. In addition Mr Hoon, together with his associates, successfully founded and established Navitas Limited, an Australian listed company providing private business and English language education. Mr Hoon was appointed a Non-executive Director of Drake Resources Limited in 2011.

##### **Directors' Recommendation**

The Board, other than Mr Hoon, recommends that Shareholders vote in favour of Resolution 3.

#### 5. RESOLUTION 4

##### - Approval of grant of Performance Rights to the Managing Director, Mr Russell Clark

Resolution 4 seeks Shareholder approval to the grant of up to 800,000 Performance Rights to Mr Clark, on the terms and conditions set out in this Explanatory Memorandum.

##### 5.1 Background to the Grant of Performance Rights

The purpose of the proposed grant of the Performance Rights to Mr Clark is to provide an appropriate remuneration strategy and incentive for Mr Clark to assist the Company to achieve prescribed performance milestones and to assist the Company to retain the services of Mr Clark.

Mr Clark will only benefit from the grant of the Performance Rights if the relevant performance conditions attaching to the Performance Rights are fulfilled and he is issued with Shares on vesting of the Performance Rights.

The Performance Rights proposed to be granted to Mr Clark reflect the level of commitment to be provided by Mr Clark to the Company in assisting the Company to achieve certain specified performance objectives, taking into account the responsibilities of Mr Clark and the time commitment required from him. The Performance Rights to be granted to Mr Clark also reflect the value the Board believes Mr Clark brings to the enhancement of the Company and the relative importance of the performance objectives set by the Company.

The Board considers it appropriate for part of Mr Clark's remuneration package to comprise non-cash, incentive based remuneration. If Shareholders approve Resolution 4 the Performance Rights will be granted no later than three months after the date of the Meeting, however, the Performance Rights will only vest if the performance conditions attaching to the Performance Rights are met.

The proposed grant of up to 800,000 performance rights to Mr Clark pertains to the 12 month period from 1 January 2012 to 31 December 2012 and is aligned with the Company's financial year.

##### 5.2 Key Details of the Performance Rights

It is proposed that Mr Clark is to be granted up to 800,000 Performance Rights by the Company on the following key terms:

Tranche	Number of Performance Rights	Vesting Date	Performance Conditions	Expiry Date
1	266,667	on or around February / March 2013	the vesting of up to 50% of the Performance Rights for each tranche will be dependent on the Board's assessment of Mr Clark's performance against his personal performance goals for the relevant financial year; and	31 December 2014
2	266,667	on or around February / March 2014	the vesting of up to 50% of the Performance Rights for each tranche will be dependent on the Board's assessment of the Company's performance against its goals for the relevant financial year.	31 December 2015
3	266,666	on or around February / March 2015		31 December 2016

The precise vesting date for each tranche of Performance Rights will be determined once the Board has assessed Mr Clark's performance against his personal performance goals and the Company's performance against its goals, following the end of each financial year.

The precise number of Performance Rights that will vest in each tranche will be dependent on the Board's assessment of Mr Clark's performance against his personal performance goals and the performance of the Company. Mr Clark's personal performance goals and the criteria for assessing the performance of the Company will be determined by the Board at the start of each financial year. The other terms and conditions of the Performance Rights are summarised in Schedule 1 to this Explanatory Memorandum.

### 5.3 Listing Rule 10.14

Listing Rule 10.14 provides, in essence, that the approval of Shareholders by ordinary resolution is required before any of the following persons can acquire securities under an employee incentive scheme:

- (a) a director;
- (b) an associate of a director; or
- (c) a person whose relationship with the Company or a person referred to in paragraph (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

Mr Clark is a Director of the Company for the purpose of Listing Rule 10.14. Accordingly, in order for Mr Clark to acquire the Performance Rights and Shares on the vesting of the Performance Rights under the LTIP, the Company must obtain Shareholder approval pursuant to Listing Rule 10.14.

### 5.4 Disclosure Requirements

Listing Rule 10.15 sets out a number of matters which must be included in a notice of meeting seeking Shareholder approval under Listing Rule 10.14.

In accordance with Listing Rule 10.15, the following information is disclosed to Shareholders in relation to Resolution 4:

- (a) Mr Clark is a Director of the Company;
- (b) the maximum number of Performance Rights that may be granted to Mr Clark for whom approval is required is 800,000 Performance Rights. If all 800,000 Performance Rights vest, Mr Clark will be entitled to 800,000 Shares;
- (c) the Performance Rights will be granted to Mr Clark as an incentive, for no cash consideration. Any Shares issued on exercise of the Performance Rights will be issued for no cash consideration. Accordingly, no funds will be raised by the grant of the Performance Rights or any subsequent issue of Shares to Mr Clark on exercise of those Performance Rights;
- (d) accordingly, no loans will be made by the Company in connection with the acquisition of Performance Rights or Shares on conversion of the Performance Rights by Mr Clark;
- (e) no persons referred to in Listing Rule 10.14 has received securities under the LTIP since the Company last obtained Shareholder approval;
- (f) as at the date of lodgement of this Notice, Mr Clark is the only person referred to in ASX Listing Rule 10.14 who is entitled to participate in the LTIP;
- (g) the Performance Rights will be granted no later than 3 months after the date of the Meeting and it is anticipated that the allotment will be on one date;
- (h) the Performance Rights to be granted to Mr Clark will not be quoted on ASX. Any Shares issued to Mr Clark on exercise of those Performance Rights will rank equally in all respects with all other Shares in the Company and the Company will apply for the Shares to be quoted on ASX;
- (i) the proposed grant of Performance Rights to Mr Clark will be made pursuant to the terms and conditions set out in section 5.2 of this Explanatory Memorandum and the terms and conditions of the LTIP as summarised in Schedule 1 to this Explanatory Memorandum;

- (j) details of any securities issued under the LTIP will be published in each annual report of the Company relating to the period in which the securities were issued; and
- (k) a voting exclusion statement in respect of Resolution 4 is in both the Notice and section 5.7 of this Explanatory Memorandum.

### 5.5 Chapter 2E of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "Related Party" unless one of the statutory exceptions applies or shareholders have in a general meeting approved the giving of that financial benefit.

Mr Clark is a "Related Party" of the Company as defined in the Corporations Act because he is a Director of the Company and the issue of Performance Rights to him constitutes the giving of a "financial benefit".

The Performance Rights are being issued to Mr Clark as part of his remuneration package in respect of services provided to the Company and to be provided to the Company. The LTIP forms an important part of the Company's long term incentive strategy.

Section 211 of the Corporations Act provides an exception to the need to obtain shareholder approval to the giving of a financial benefit to a Related Party where the financial benefit is remuneration to an officer of a public company and giving the remuneration would be reasonable given the respective circumstances of the public company and the Related Party (including the responsibilities involved in the office or employment).

The Board (with the exception of Mr Clark) considers that the grant of Performance Rights to Mr Clark is reasonable given the circumstances of the Company and Mr Clark.

### 5.6 Directors' Recommendation

Mr Clark declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4 for the reasons set out in section 5.1 of this Explanatory Memorandum.

### 5.7 Voting Exclusion Statement

In accordance with Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on this Resolution by any Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any of his Associates.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## GLOSSARY

The following terms and abbreviations used in the Notice of Annual General Meeting and this Explanatory Memorandum have the following meanings:

<b>\$</b>	means Australian dollars.	<b>LTIP</b>	means the Grange Resources Limited Long Term Incentive Plan.
<b>WST</b>	means Western Australian Standard time.	<b>Meeting and General Meeting</b>	means the general meeting of Shareholders convened by the Notice of General Meeting.
<b>Associate</b>	means an 'associate' as defined in section 9 of the Corporations Act, except that a reference to "Associate" in relation to a Listing Rule has the meaning given to it in Listing Rule 14.11.	<b>Notice and Notice of Annual General Meeting</b>	means the notice of annual general meeting which accompanies this Explanatory Memorandum.
<b>ASX</b>	means ASX Limited ACN 008 624 691.	<b>Option</b>	means an option to acquire a Share granted pursuant to the LTIP.
<b>Board</b>	means the Board of Directors from time to time.	<b>Participant</b>	means an Eligible Employee or nominee to whom a Right or an Option has been granted under the LTIP.
<b>Closely Related Party</b>	has the meaning given to it in section 9 of the Corporations Act.	<b>Performance Right</b>	means an entitlement to one Share, subject to vesting and satisfaction of any performance conditions, granted in accordance with the LTIP.
<b>Constitution</b>	means the constitution of the Company as amended from time to time.	<b>Related Party</b>	means a related party as defined in section 228 of the Corporations Act.
<b>Company or Grange</b>	means Grange Resources Limited ACN 009 132 405.	<b>Resolution</b>	means a resolution contained in the Notice.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth).	<b>Right</b>	means a right to acquire a Share granted pursuant to the LTIP.
<b>Director</b>	means a Director of the Company from time to time.	<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Eligible Employee</b>	means an employee of the Company or a related body corporate (as defined in the Corporations Act) of the Company, including executive Directors, or such other person as the Board, in its discretion, determines.	<b>Shareholder</b>	means a holder of a Share.
<b>Explanatory Memorandum</b>	means this explanatory memorandum.	<b>Vesting Conditions</b>	means one or more conditions, including time or performance conditions, as determined by the Board in its discretion and advised to a Participant at the time the Rights or Options are granted.
<b>Key Management Personnel</b>	means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director of the Company.		
<b>Listing Rules</b>	means the listing rules of the ASX and any other rules of ASX which are applicable while the Company is admitted to the official list, each as amended from time to time, except to the extent of any express written waiver by ASX.		

**Participants**

The rules of the LTIP enable participation by Eligible Employees as determined by the Board. Such Eligible Employees will be offered the opportunity to acquire Rights and/or Options.

**Rights and Options**

The Rights and Options enable Participants to acquire ordinary Shares in the Company. The Board has the discretion to determine the terms and conditions of an offer of Rights and Options under the LTIP, including any Vesting Conditions, disposal restrictions and exercise price. A Participant does not have a legal or beneficial interest in any Shares by virtue of acquiring or holding Rights or Options.

**Vesting Conditions**

Rights and Options offered under the LTIP may be subject to Vesting Conditions as determined by the Board and specified in the relevant offer documents that are provided to Eligible Employees. The Board has discretion to waive Vesting Conditions.

**Renouncing of offer**

Subject to the approval of the Board, Eligible Employees may renounce an offer under the LTIP in favour of certain associated persons including their spouse and the trustee of a superannuation fund in which they are a member or such other person as the Board in its discretion determines. Rights and Options cannot be transferred without the prior approval of the Board.

**Vested Rights and Options**

Rights and Options automatically become vested if the Vesting Conditions set out in the offer have been satisfied. The Company will give Participants a notice for those Rights and Options in respect of which the Vesting Conditions have been satisfied, noting the number of vested Options or, in respect of Rights, Shares to be transferred to the Participant. The Board will determine whether those vested Options or Shares will be transferred or issued to the Participant directly, or acquired or retained on the Participant's behalf by a trustee of a trust set up by the Board. The Board may at any time set up a trust for the purposes of the LTIP, including to acquire and hold Shares.

**Change of control**

If a change of control transaction occurs, the Board has certain discretions under the LTIP rules in determining how unvested Rights and Options will be dealt with.

**Forfeiture of Rights and Options**

When granting Rights or Options, the Board may determine that the Rights or Options are subject to the forfeiture rules in the LTIP for up to 7 years from the date the Rights or Options are granted. Rights, Options, Shares and other entitlements under the LTIP will be forfeited if the Board determines that the Participant has committed any act of fraud, defalcation or gross misconduct in relation to the Company's or a related body corporate's affairs. The Board has discretion to sell, transfer or dispose of forfeited Shares, and may determine how any proceeds from such disposals are to be applied. The Board may also determine that the Options, Rights or Shares are no longer subject to these forfeiture rules.

**5% cap**

The number of Shares which may be issued under the LTIP in any 5 year period is subject to a cap of 5% of the Company's issued share capital, calculated in accordance with the LTIP rules.

**Adjustments**

The Rights and Options are subject to adjustments as to the number of Shares the subject of each Right or Option in the event of capital reorganisations, bonus issues or rights issues. Any exercise price of Options or Rights is also subject to adjustments in the event of rights issues.

**Attorney**


Each Participant appoints the Company and other specified persons as his/her attorney to give effect to the LTIP rules.


**Adjustment and amendment of rules**

Subject to certain limitations, the Board has the ability to amend the LTIP rules at any time.



**Lodge your vote:**

 **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

000001 000 GRR  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

**www.investorvote.com.au**

- Cast your proxy vote**
- Access the annual report**
- Review and update your securityholding**

*Your secure access information is:*

**Control Number: 999999**

**SRN/HIN: 1999999999**

**PIN: 99999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 10:00am (WST) Monday 7 May 2012**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose (except, with respect to Item 1, if the Chairman of the Meeting is your proxy or is appointed as your proxy by default, he or she may only vote as he or she chooses if you mark the relevant box in "Step 1" of the proxy form). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Grange Resources Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit, except for Item 1) at the Annual General Meeting of Grange Resources Limited to be held at QV1 Conference Centre, QV1 Building, 250 St Georges Terrace, Perth WA 6000 on Wednesday, 9 May 2012 at 10:00am (WST) and at any adjournment of that meeting.

### Important for Item 1 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

If the Chairman of the Meeting is your proxy or is appointed as your proxy by default and you have not directed your proxy how to vote on Item 1 below, please mark the box in this section. By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 1 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Item 1 below, the Chairman of the Meeting will not cast your votes on Item 1 and your votes will not be counted in computing the required majority if a poll is called on this Item. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Item 1).

The Chairman of the Meeting intends to vote all available proxies in favour of Item 1 of business.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 1 (except where I/we have indicated a different voting intention below) and authorise and acknowledge that the Chairman of the Meeting may exercise my proxy as he sees fit even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel.

## STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
Item 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Re-election of Mr Zhiqiang Xi as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-election of Mr John Hoon as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Approval of Grant of Performance Rights to the Managing Director, Mr Russell Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

<p><b>Individual or Securityholder 1</b></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <p><b>Sole Director and Sole Company Secretary</b></p>	<p><b>Securityholder 2</b></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <p><b>Director</b></p>	<p><b>Securityholder 3</b></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <p><b>Director/Company Secretary</b></p>
---	---	---

Contact Name \_\_\_\_\_ Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_