



ASX: GRR

18 September 2014

Grange Resources Limited
ABN 80 009 132 405

34a Alexander Street
Burnie Tasmania 7320

PO Box 659
Burnie Tasmania 7320 Australia

T +61 3 6430 0222

F +61 3 6432 3390

info@grangeresources.com.au

www.grangeresources.com.au

DIRECTOR REMUNERATION CHANGE

Grange Resources Limited (“Grange” or the “Company”), wishes to advise of a change to the remuneration arrangements for Executive Director, Mr Honglin Zhao.

The Board has determined that with effect from 1 January 2014 that Mr Zhao’s participation in the the Company’s Short Term Incentive (“STI”) Plan will increase from 10% to 12% of his total fixed remuneration. The maximum that Mr Zhao can be awarded under the STI is 100% of target for the attainment of STI personal objectives (which account for 50% of the STI) and 120% of target for STI corporate objectives (which account for the remaining 50% of the STI). Subject to the attainment of the Board approved personal and corporate STI objectives Mr Zhao may earn a maximum STI of \$26,462 in 2014. The STI is paid in cash.

The Board has also determined that with effect from 1 January 2014 that Mr Zhao will participate in the Company’s Long Term Incentive (“LTI”) Plan at 18% of his total fixed remuneration. The maximum that Mr Zhao can be awarded under the LTI in 2014 is 110% of target (ie \$39,691). The LTI is payable to Mr Zhao on a deferred basis over two years (with 50% of the Board approved payout figure being paid on 31 December 2015 and the remaining 50% paid on 31 December 2016). Payment is in cash and is subject to the attainment of the Board approved corporate shareholder value performance hurdles which includes sales volumes, earnings per share and free cash flow and Mr Zhao’s ongoing employment as an Executive Director of Grange.

-ENDS-

For further information, please contact:

Info@grangeresources.com.au

ANNEXURE A

Summary of material terms of existing agreement with Mr Honglin Zhao

Term

Mr Zhao is engaged as an employee under a contract of employment.

Remuneration & Benefits

Mr Zhao's current total fixed remuneration (including statutory superannuation entitlements) as at 1 July 2014 is \$200,462 per annum.

Mr Zhao is provided with company paid fully serviced furnished accommodation in Burnie, Tasmania. In addition the Company also reimburses Mr Zhao up to a maximum of A\$20,000 each financial year for personal travel costs upon presentation of receipts. The Company also pays for Mr Zhao's health insurance.

Incentives

Mr Zhao participates in the Company's Short Term Incentive ("STI") Plan at 12 % of his total fixed remuneration. Subject to the attainment of Board approved corporate and personal objectives Mr Zhao may earn a maximum of \$26,462 in 2014.

Under the STI personal objectives account for 50% of the STI. The maximum which can be awarded for the attainment of Board approved personal objectives is 100%.

Corporate objectives account for the remaining 50% of the STI. The maximum which can be awarded for the attainment of Board approved personal objectives is 120%.

The STI is paid in cash.

The Board has also approved Mr Zhao's participation in the Company's Long Term Incentive ("LTI") Plan at 18% of his total fixed remuneration. The LTI is a two year deferred cash scheme which is linked to the Company satisfying shareholder value related performance hurdles, which include sales volumes, earnings per share and free cash flow, for a given year. The maximum that Mr Zhao can be awarded under the LTI is 110% of target (ie \$39,691 in 2014). Payment is subject to the attainment of the Board approved LTI performance hurdles and Mr Zhao's ongoing employment as an Executive Director of Grange.

Mr Zhao is not entitled any other bonuses.

Termination

This may be effected with four weeks' written notice by either party. The Company may make payments in lieu of part or all of the applicable notice period.
