



GRANGE
RESOURCES



Australia's leading magnetite producer

Russell Clark

Managing Director & CEO

January 2011

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Company Overview

- ASX 300 index company
- Australia's leading magnetite producer
- Large integrated mine, concentrator, pellet plant and port facilities in Tasmania (Savage River)
- Savage River – 2-2.5mtpa, 16 year mine life
- Major magnetite development project in Western Australia- Southdown (70% share)
- Completion of Southdown PFS for 10mtpa due April 2011
- Southdown mine life > 30 years
- Long term off take agreements with a solid customer base
- A strong management team with extensive operating expertise in magnetite
- Proven operational performance – tonnes and cashflow
- Quality product, highest prices – iron ore pellets
- Strong balance sheet, no net debt

Magnetite – The premium iron ore



Grange Board

Grange has a board with a diverse range of relevant experience.

**Xi Zhiqiang: Chairman**

- Extensive experience in the Chinese steel industry
- Baosteel employee for 30 years, including 5 years as Managing Director of Baosteel Australia

**Neil Chatfield: Deputy Chairman (Independent)**

- Recently Executive Director and CFO of Toll Holdings, a position held for over 10 years
- 30 years experience in resources, logistics and transportation sectors
- Currently Independent Chairman of Virgin Blue, Non-executive Director of Seek Limited, Whitehaven Coal Limited, TransUrban

**Russell Clark: Managing Director and CEO**

- Appointed Managing Director of Grange in March 2008
- 35 years of mining experience in technical, project management, general management and executive positions
- Prior to joining Grange, he worked for Renison Goldfields for over 18 years and Newmont Mining Corporation for 8 years

**Clement Cheung Ko: Non-executive Director**

- Chairman and CEO of Pacific Minerals Limited (PI)
- More than 20 years experience in mining sector, with extensive expertise in marketing and sales
- Prior to founding PI, he worked for BHP Billiton (China) Ltd as a senior regional marketing manager

**Zhao Hong Lin: Executive Director**

- Joined Shagang Group in 1976
- Executive Director & Vice President of Jiangsu Shagang Group
- Commander of Project Development for Shagang Group
- Joined Grange In December 2010, as MD of Southdown Project

**John Hoon: Non-executive Director (Independent)**

- Chairman of the Company's Audit Committee and member of the Remuneration Committee
- Strong background in financial and audit matters
- Previously a Director of Bao Australia Pty Ltd a subsidiary of China Shanghai Baosteel Corporation

**Pauline Carr: Company Secretary**

- Appointed Company Secretary in January 2010
- 25 years of management and commercial experience in the resources industry both Australian and International companies

**Grange is currently sourcing
an additional Independent director**

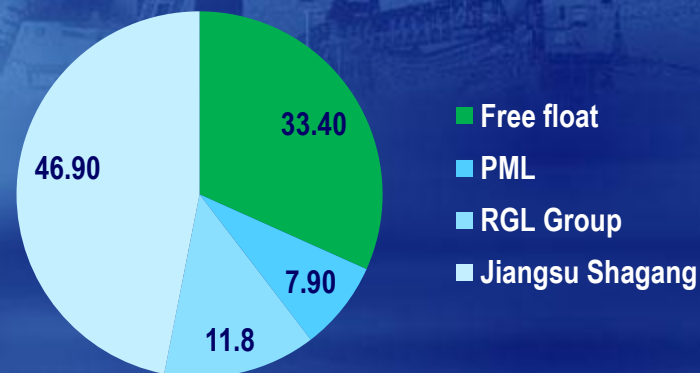
Company Snapshot

Board of Directors

Mr Xi Zhiqiang	Chairman
Mr Neil Chatfield	Deputy Chairman
Mr Russell Clark	Managing Director, CEO
Mr Zhao Hong Lin	Executive Director
Mr Clement Ko	Non Executive Director
Mr John Hoon	Non Executive Director

Currently sourcing an additional independent director

Current Ownership Structure



Current key statistics (A\$)

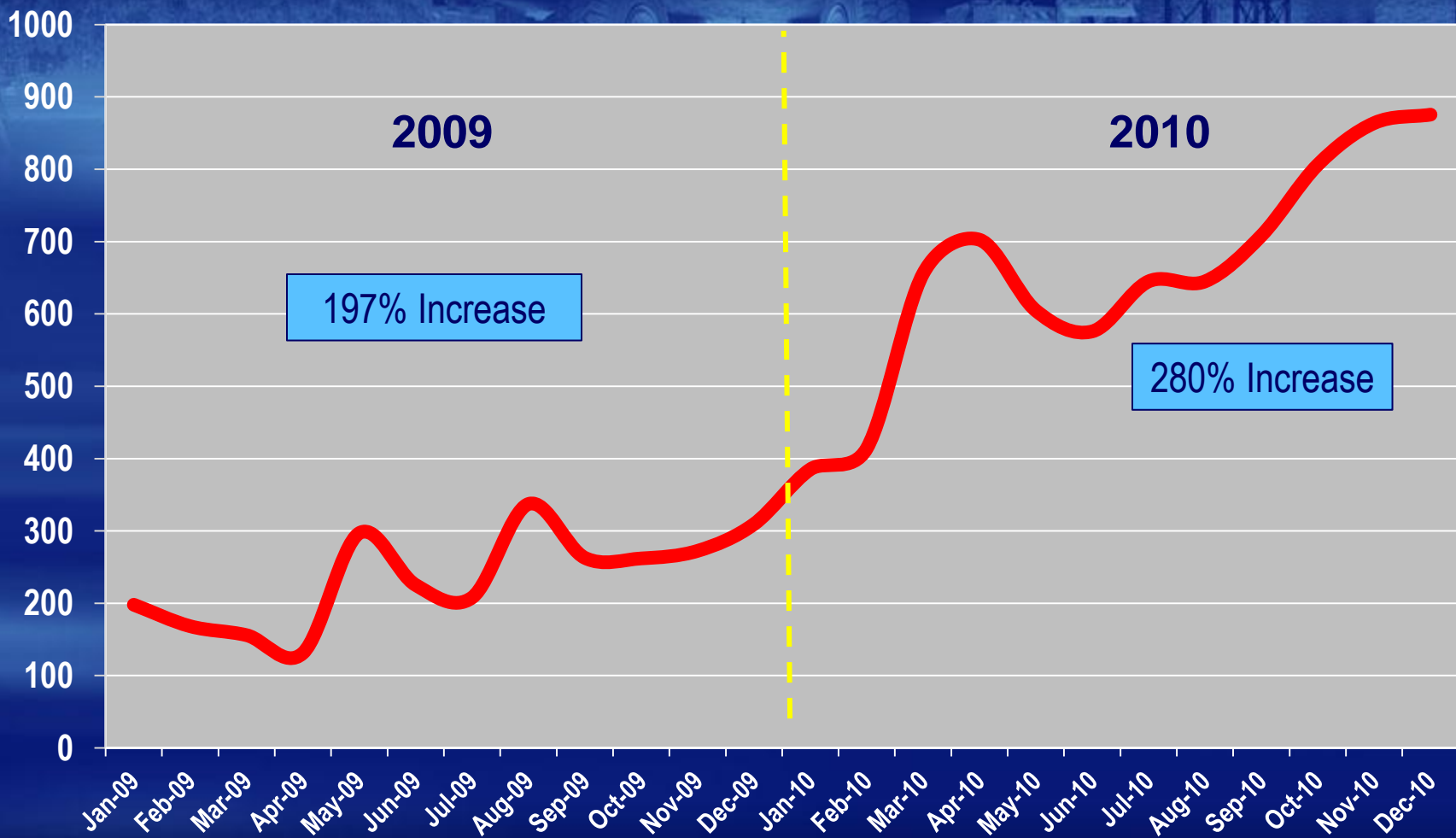
Ordinary shares on issue	24 January 2011	1,152m
Last share price	24 January 2011	\$0.85
Market capitalization	24 January 2011	\$979m
Cash	31 December 10	\$92m

Grange joined the ASX 300 in September 2010

Research

Citi
 Macquarie
 Merrill Lynch
 Patersons
 Petra Capital
 Southern Cross Equities
 RBS

Market Capitalisation – Growth year on year



Grange Resources

Australia's Leading Magnetite Producer

Grange's position is supported by quality assets In Tasmania and Western Australia.

Southdown Project (70%)

- 90km northeast of the Port of Albany
- 650 million tonnes of premium quality magnetite resource in southern Western Australia
- Targeting 10Mtpa concentrate, to produce high quality pellets for over 25 years
- Infrastructure solutions in place (power, ports, water)
- Advanced permitting
- Potential to increase resources and reserves



Savage River (100%)

- Northwest Tasmania
- Annualised production rate of 2.3Mtpa premium blast furnace pellets and concentrate
- Mine life to 2026
- 118Mt reserves at 51% DTR
- Owner-operated open pit mine, 83km slurry pipeline, coastal pellet plant and port
- Dedicated infrastructure – no third party charges
- Extensive operating experience applicable to Southdown development



Savage River Overview

Ownership	<ul style="list-style-type: none">▪ Grange 100%
Resources and Reserves	<ul style="list-style-type: none">▪ Mineral Resource of 306Mt magnetite at 52.3% DTR▪ Ore Reserve of 119Mt magnetite at 51.2% DTR
Production	<ul style="list-style-type: none">▪ 2.0 Mtpa blast furnace pellets (2011 guidance)▪ Potential to expand to 2.6Mtpa
Operating Costs	<ul style="list-style-type: none">▪ A\$91/t pellets (Dec 2010 Quarter)
Mine Life	<ul style="list-style-type: none">▪ Current mine plan has a 16 year life with the potential to extend an additional 10 years
Customers	<ul style="list-style-type: none">▪ Shagang, BlueScope Steel and Stemcor
Operational Update	<ul style="list-style-type: none">▪ East Wall cut back commenced▪ Major shut planned in February 2011▪ Additional trucks being rebuilt for the fleet



Large Scale Operations



January 2011

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Own Downstream Infrastructure



Own Port & Shiploading Infrastructure



Solid Customer Base

Long term offtake agreements – providing revenue stability

Agreements are in place for both Savage River and Southdown production at index based market prices.

Shagang

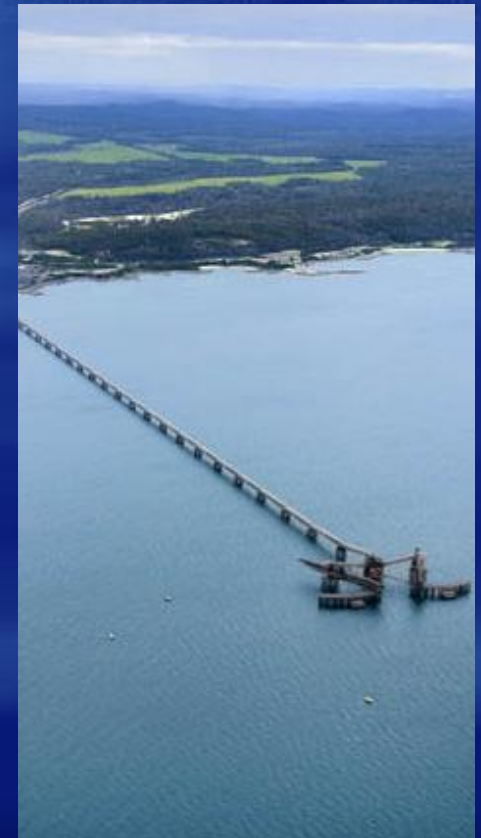
- China's largest private steel mill, producing 29Mtpa of pig iron
- Grange's largest shareholder
- Savage River LOM contracts in place:
 - 1.3 Mtpa pellets until 2012, then increasing to 2.1 Mtpa pellets until 2023
- LOM contracts at market prices
- Southdown intent to negotiate a fair market price:
 - 56% of all production (80% of Grange's 70% share of the JV)

BlueScope

- Savage River: 0.8 Mtpa until 2012

Stemcor

- Savage River: option to take 80,000 tpa concentrate






Key Information December Quarter, 2010 vs 2009

	Production and Costs Dec Qtr 2010	Production and Costs Dec Qtr 2009
Total Mined ('000 BCM)	3,972	5,414
Total Ore ('000 BCM)	362	461
Pellets Produced ('000 t)	442	640
Direct Operating Costs A\$/tonne Pellet Produced	91.37	63.83

Notes: Direct operating costs includes all costs associated with producing iron ore pellets, but excludes capital expenditure, capitalized waste, financing costs, tax, royalties and corporate costs

Southdown Project

High grade magnetite project with advanced infrastructure

Ownership	<ul style="list-style-type: none">Grange 70%, Sojitz Corporation 30%		
Resources and Reserves ¹	<ul style="list-style-type: none">Mineral Resource of 654Mt magnetite at 36.5% DTR^{1,2}Ore Reserve of 388Mt magnetite at 35.5% DTR^{1,3}		
Production ¹	<ul style="list-style-type: none">Targeting 10Mtpa magnetite concentrate for premium blast furnace pellets		
Capital Costs	<ul style="list-style-type: none">Being updated		
Operating Costs	<ul style="list-style-type: none">US\$55/t pellets (2008 estimate)		
Mine Life	<ul style="list-style-type: none">>25 years		
Infrastructure	<ul style="list-style-type: none">Established port, pipeline route, power easements, Albany waste water, pellet plant site and deep water port in Malaysia		
Project Status	<ul style="list-style-type: none">Outcropping ore body located on freehold landMining Permit issued, Port permit has received Commonwealth approval. State approval pendingOption agreement signed with Water Corporation for the supply of treated waste water to SouthdownCurrently undertaking engineering (Amec Minproc) GRD to complete feasibility to +/-20% by Dec. 2010Pellet plant site in Malaysia, 15 year tax free holiday, deep water port and land under option agreement		

1. All figures presented on a 100% project basis 2. Southdown Magnetite Project Resource Upgrade (ASX 3 July 09) 3. July 2008 Southdown reserve estimate

Growth - The Southdown Magnetite Project



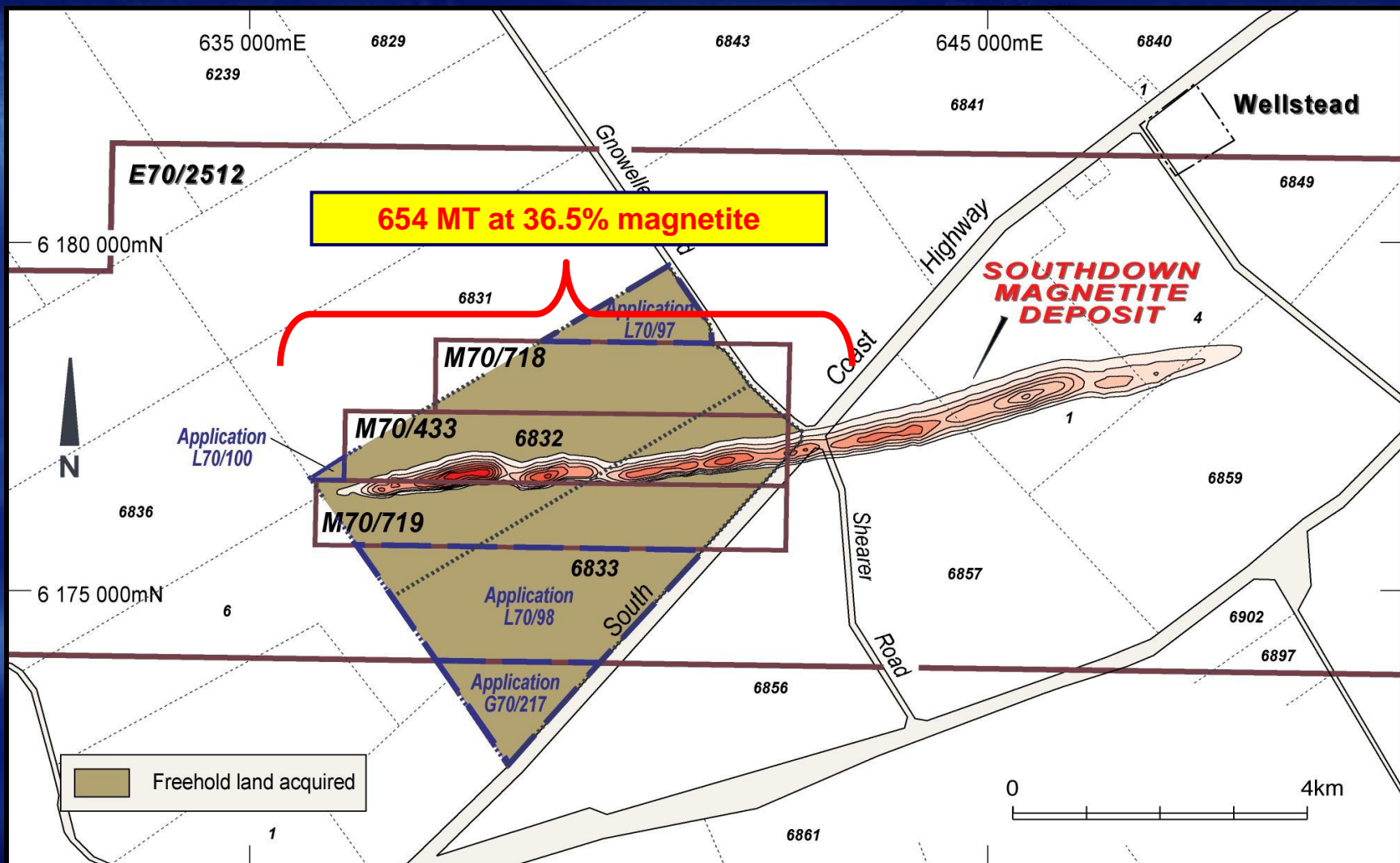
4. Pellet Plant

3. Concentrate shipped

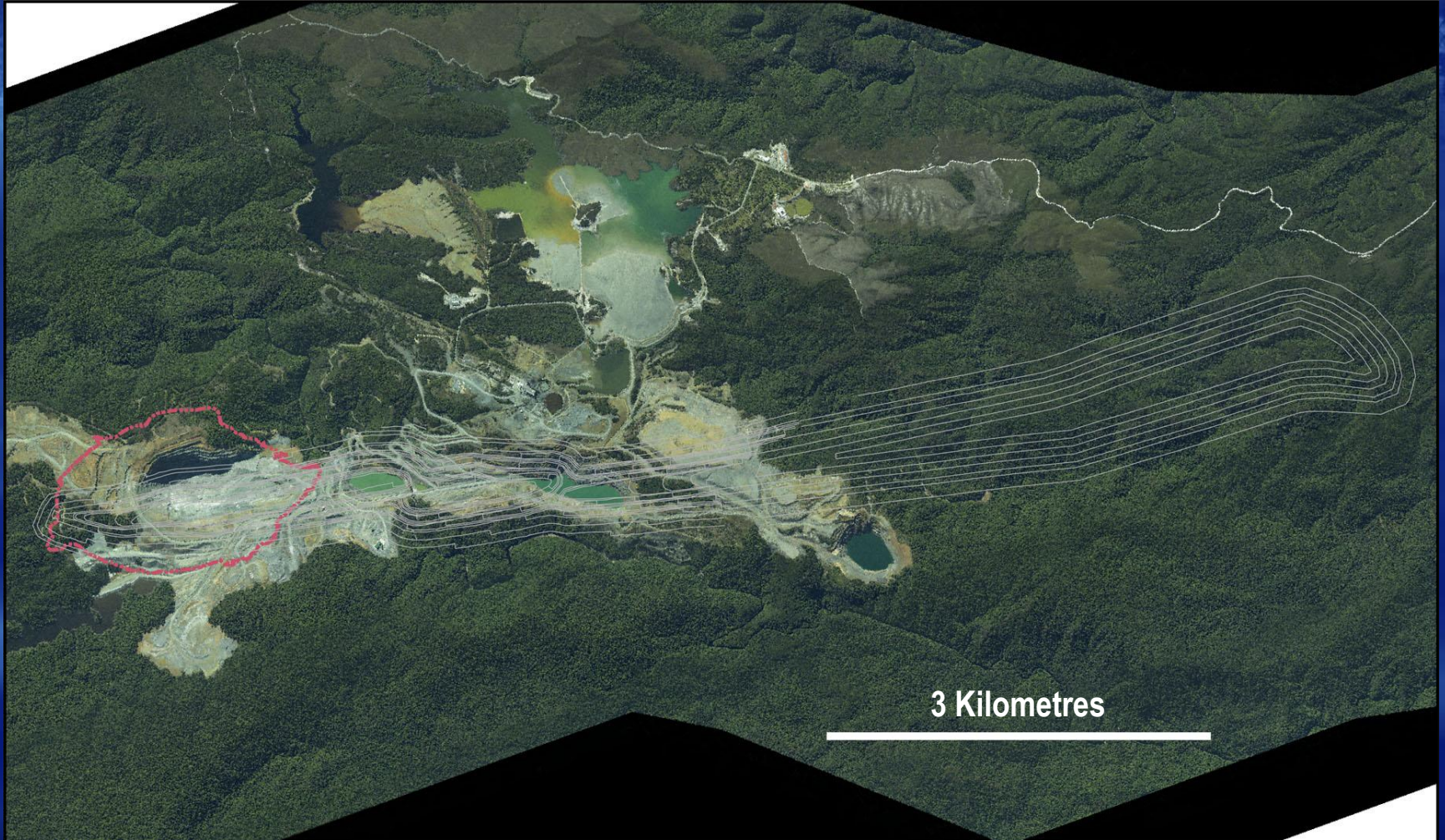
2. 100km slurry pipeline to Albany Port

1. Targeting 10Mtpa mining and concentrating operations for over 25 years

Southdown Resource



Southdown Super Pit *Superimposed on Savage River photography*



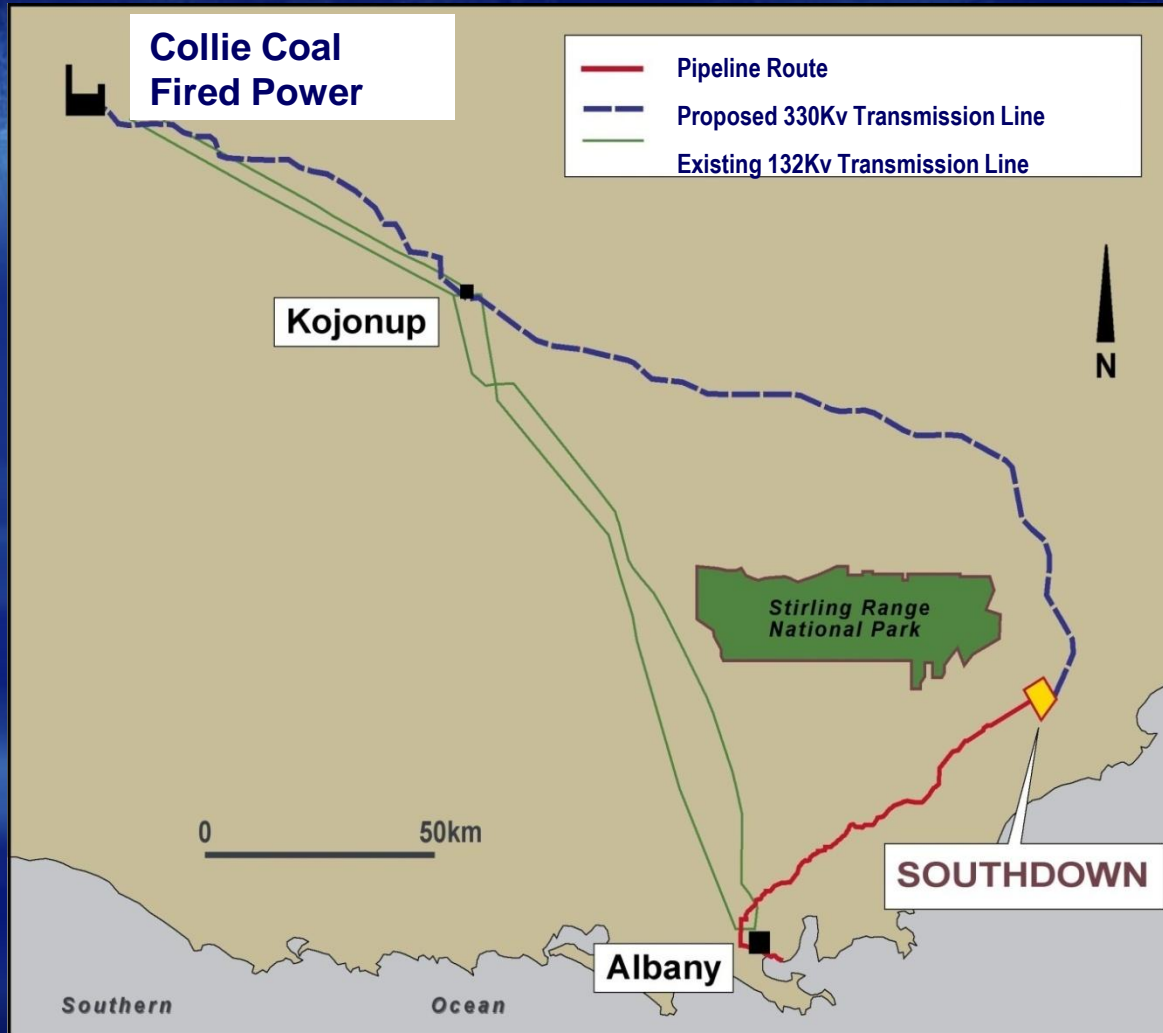
Southdown Project



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Project Infrastructure Power & Pipelines



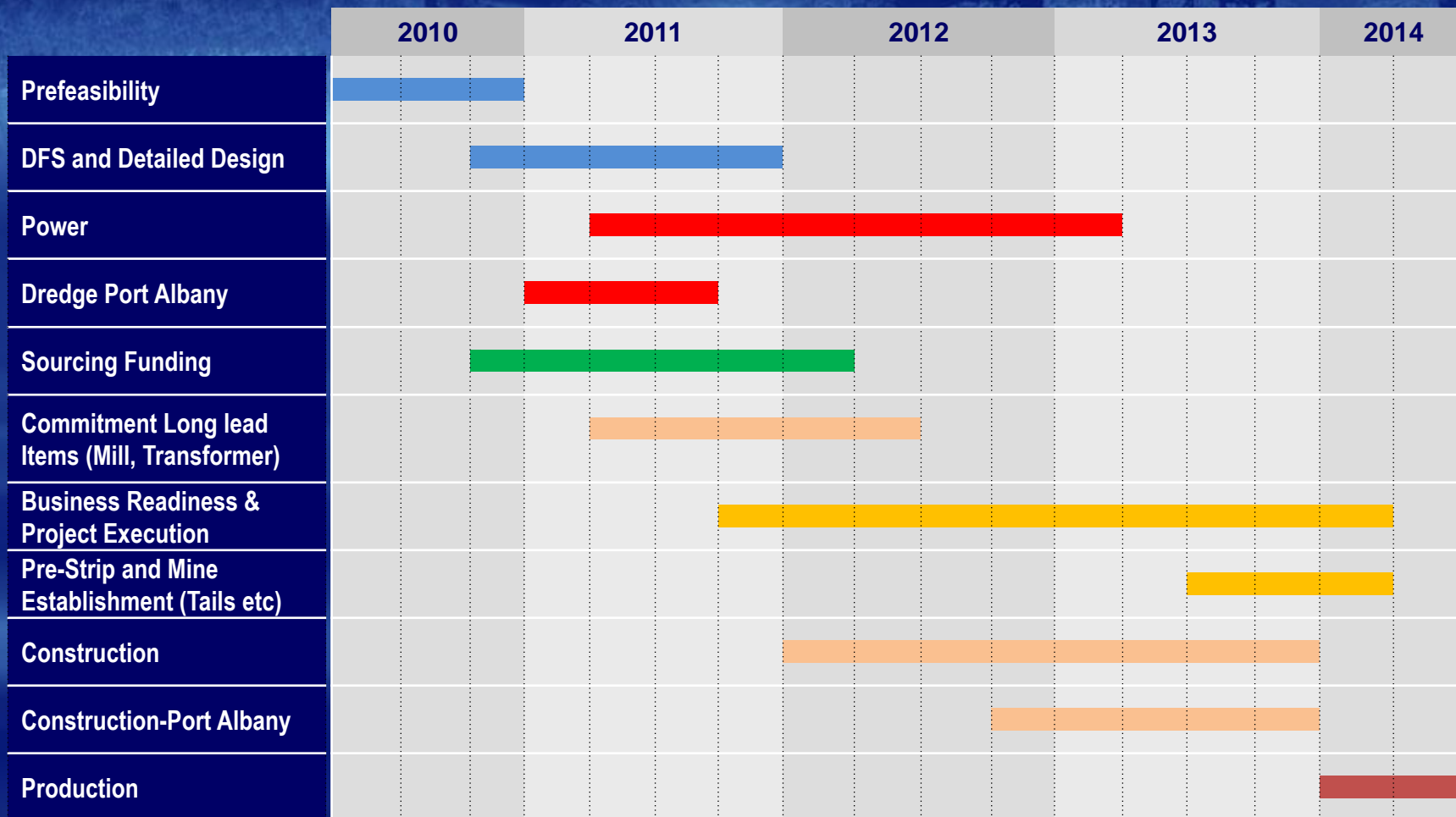
Power

- Western Power Networks 330kv line from Muja (150MW capacity).
- EPA Assessed
- Interconnected to SWIS¹
- Transmission line easement established

Slurry Pipeline

- Optimal transport method
- Finalising easements with landowners

Southdown Magnetite Project Project Schedule














Southdown Infrastructure Port of Albany



New Berth Location

Project Infrastructure Southdown & Albany

All key infrastructure in place or well advanced

	Water		Desalination plant near mine site – guaranteed supply
	Power		Base load power supply available
	Power Transmission		330kV transmission line
	Concentrate Transport		Slurry Pipeline (easements on freehold rural land)
	Workforce		Local communities can provide workforce
	Deep Water Port		Existing Albany Port to be expanded to take Capesize vessels

Project Permits – well advanced



Mine Environmental permit

Granted November 2009, amendment required in 2011 for 10mtpa



Port permits

Granted November 2010



Water Permit

Desalination application in 2011



Resources and Reserves 2010

Supporting Long Mine Lives

Grange has 764Mt of attributable Mineral Resources and 391Mt of attributable Ore Reserves.

Mineral Resources (inclusive of reserves)		
	Tonnes (Mt)	Grade (%DTR)
Savage River ⁴		
Measured	86	53.8
Indicated	132	53.5
Inferred	88	48.9
Total	306	52.3
Southdown ¹		
Measured	220	37.4
Indicated	210	38.9
Inferred	224	33.4
Total	654	36.5
PROJECTS TOTAL	960	41.5
ATTRIBUTABLE RESOURCES ³	764	42.8

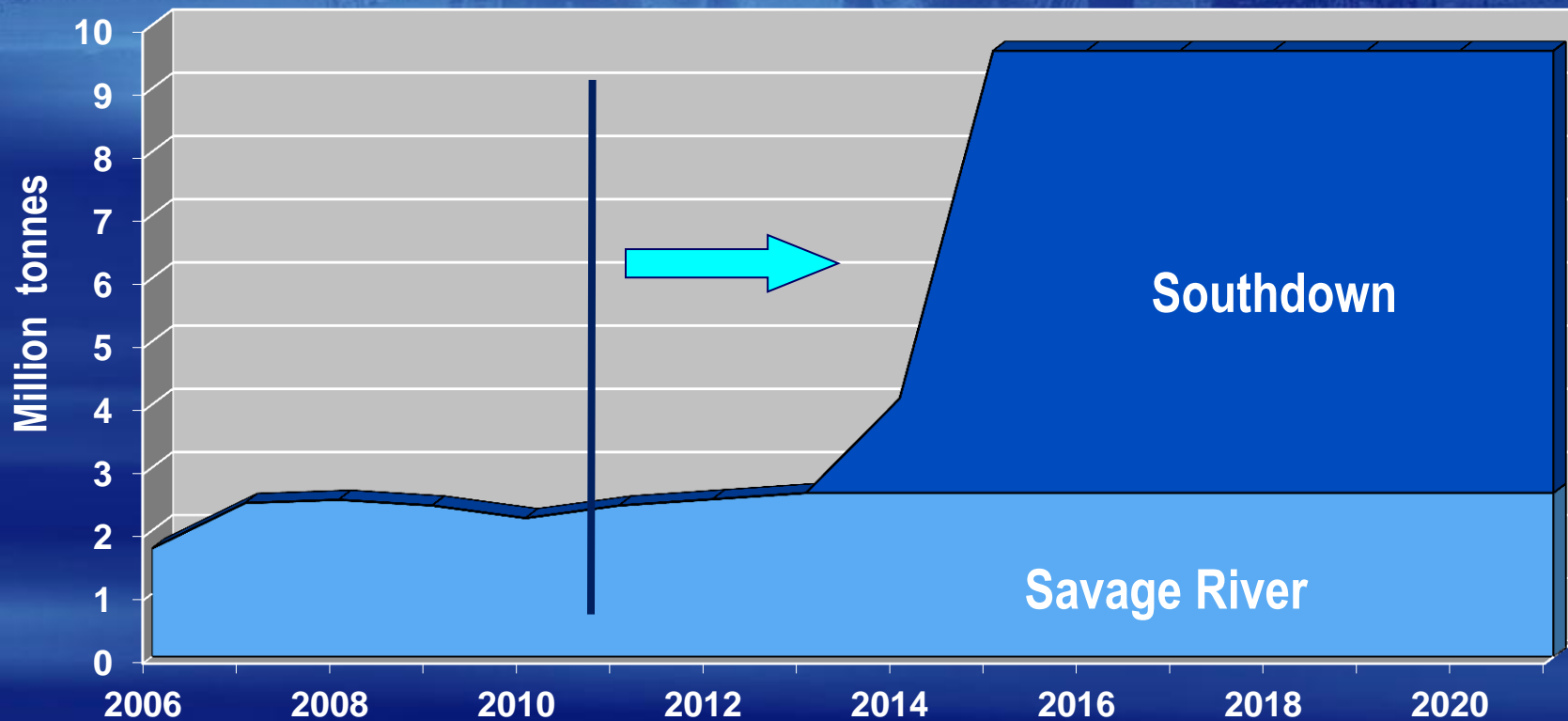
- Additional growth potential through exploration assets
- E70/2512 – eastern 6km extension of Southdown Deposit not yet fully drilled
- Long Plains – magnetite deposit located near Savage River

Ore Reserves		
	Tonnes (Mt)	Grade (%DTR)
Savage River		
Proved	51	51.1
Probable	68	51.3
Total	119	51.2
Southdown ²		
Probable	388	35.5
Total	388	35.5
PROJECTS TOTAL	507	39.2
ATTRIBUTABLE RESERVES ³	391	40.3

Notes:

1. Southdown Magnetite Project Resource Upgrade (ASX 3 July 09) – Refer to Appendix A
2. July 2008 Southdown reserve estimate – Refer to Appendix A
3. Adjusted for 70% ownership of Southdown
4. Refer to Appendix B

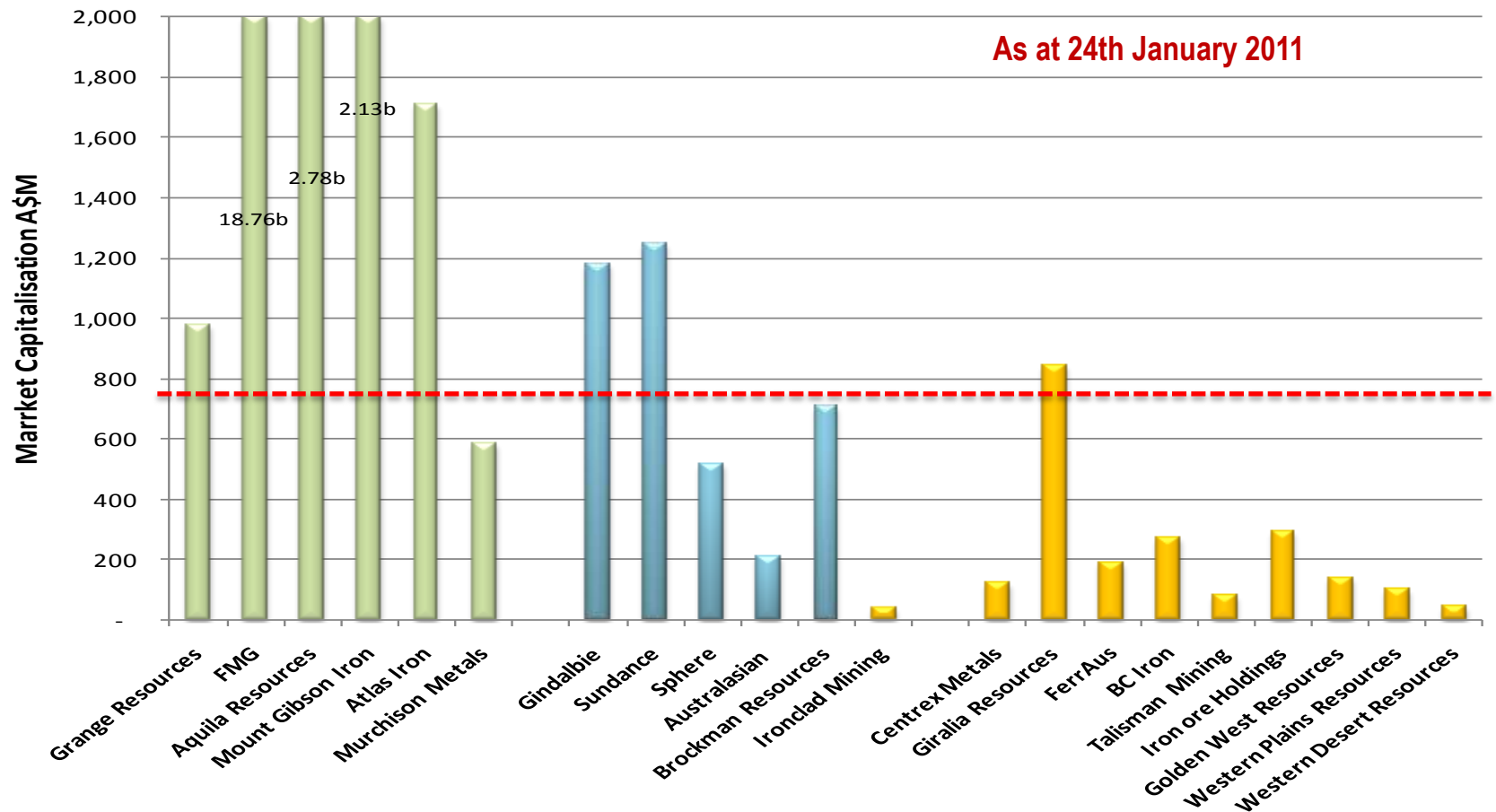
Production growth prospects



(Production shown is attributable to Grange)

Grange - The largest Producing Magnetite Company

Out of the numerous junior companies with magnetite assets, Grange is the only one in production.



Current Focus *and* Future Milestones



- Position Savage River for long term sustainable production:
 - Replacement ball mill being installed February 2011
 - Replacement AG mills being purchased
 - Trucking fleet re-build underway
 - Reviewing options for Port Latta emissions reduction
 - Undertake east wall cut back
- Generation of cash at Savage River for local projects and Southdown DFS
- Fast Tracking Southdown
 - Finalise PFS and undertake DFS in 2011
 - Finalise permits – water and mine amendment
 - Progress financing negotiations

Today, Grange has no net debt and is totally exposed to the strong iron ore price.

Summary

- Australia's leading magnetite & iron ore pellet producer
- Solid investor, customer and revenue base
- Extensive magnetite technical and operational expertise
- Strong balance sheet with strong cashflow forecasts
- Healthy mix of Cornerstone, Institutional and Retail investors
- Increased shareholders, liquidity & market capitalisation
- Broad research coverage
- ASX 300
- Southdown project being accelerated

Point of difference:

Grange is an existing magnetite producer with the expertise in place to develop its major project – minimises execution risk

Key Contacts

Primary contacts:

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Competent Person Statement

Southdown Project

The information in this presentation which relates to the Mineral Resources of the Southdown Project is based on information compiled by James Farrell who is a full-time employee of Golder Associates Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy. James Farrell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2004). James Farrell consents to the inclusion of this information in this presentation in the form and context in which it appears.

The information in this presentation which relates to the Ore Reserves of the Southdown Project is based on information compiled by Mr Ross Bertinshaw who is a full-time employee of Golder Associates Pty Ltd and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Bertinshaw has sufficient experience in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2004). Mr Bertinshaw consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

Savage River Project

The information in this presentation that relates to Mineral Resources or Ore Reserves in relation to the Savage River Project is based on information compiled by Mr Ben Maynard, who is a Member of The Australasian Institute of Mining and is a full time employee of Grange Resources. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Maynard consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix A – Southdown Project

Mineral Resource Estimate

Classification	Measured Resources	Indicated Resources	Inferred Resources	Total Resources
Tonnes (Mt)	219.7	210.3	224.4	654.4
DTC wt%	37.4	38.9	33.4	36.5
DTC Fe%	69.2	69.3	69.1	69.2
DTC SiO ₂ %	1.72	1.94	2.07	1.91
DTC Al ₂ O ₃ %	1.43	1.27	1.29	1.33
DTC S%	0.46	0.40	0.54	0.46
DTC LOI%	-3.04	-3.06	-2.96	-3.02

This Mineral Resource has been defined using geological boundaries and a cut-off grade of 10 wt% DTC and includes minor internal dilution. All reported concentrate grades were weighted by DTC.

Ore Reserves within Designed Pit (Cut-off 10% DTR)

Reserve Classification	ROM (Mt)	DTR%	Conc. (Mt)	Fe%	SiO ₂ %	Al ₂ O ₃ %	TiO ₂ %	S%	P%
Probable	388	35.5	131	68.8	2.06	1.41	0.45	0.55	0.003

Appendix B – Savage River

Mineral Resource and Ore Reserve Estimates

Mineral Resource	Tonnes (Mt)	Grade (%DTR)
Savage-River Total		
Measured	86.4	54
Indicated	131.9	53
Inferred	87.8	49
Total	306.0	52

Ore Reserve	Tonnes (Mt)	Grade (%DTR)
Savage-River Total		
Proved	50.6	51
Probable	67.9	51
Total	118.5	51

Mineral Resources and Ore Reserves have been estimated for Grange Resources Tasmania Savage River magnetite deposit at the end of May 2010.

Qualifying Statements

The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves. The Inferred Mineral Resources are, by definition, additional to the Ore Reserves.

A lower cut-off grade of 15% DTR was used in the calculation of both the Mineral Resources and Ore Reserves.

The Ore Reserve was calculated using a 1.087 dilution factor and a mining recovery factor of 0.939. These factors are based on periodic reconciliation specific to mining areas.