Southdown Magnetite and Kemaman Pellet Project

*An advanced Iron Ore Project ready for the Direct Reduction Pellet Market*

AMEC
Investor Briefing - Sydney

3 May 2008

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Grange Overview

Board of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anthony Bohnenn</td>
<td>Non Executive Chairman</td>
</tr>
<tr>
<td>Russell Clark</td>
<td>Managing Director</td>
</tr>
<tr>
<td>Alex Nutter</td>
<td>Technical Director</td>
</tr>
<tr>
<td>Richard Krasnoff</td>
<td>Non Executive Director</td>
</tr>
<tr>
<td>David Macoboy</td>
<td>Non Executive Director</td>
</tr>
<tr>
<td>Douglas Stewart</td>
<td>Non Executive Director</td>
</tr>
</tbody>
</table>

 Shares

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASX Code:</td>
<td>GRR</td>
</tr>
<tr>
<td>Current shares on Issue:</td>
<td>115,201,099</td>
</tr>
<tr>
<td>Unlisted Options on Issue to Rio Tinto:</td>
<td>17,500,000</td>
</tr>
<tr>
<td>Share price (30 April 2008):</td>
<td>~A$1.73</td>
</tr>
<tr>
<td>Market Capitalisation (30 April 2008):</td>
<td>~A$200 m</td>
</tr>
</tbody>
</table>

Grange Projects

- **Key Project:** Southdown Magnetite and Kemaman Pellet Plant Project
- **Other Projects:**
  - **Bukit Ibam (Malaysian Iron Ore Mine)** – Feasibility underway into producing 100,000 tpa concentrate for export
  - **Freshwater Gold Project (WA)** - Grange production royalty (managed by Barrick Gold)
  - **Exploration in Australia and S.E Asia**
  - **Murchison Copper Mines** – Company restructure and copper projects in Murchison region (incl Horseshoe Lights)

Major Shareholders

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>12.5%</td>
</tr>
<tr>
<td>Rio Tinto Ltd</td>
<td>7.9%</td>
</tr>
<tr>
<td>Top 10 Shareholders</td>
<td>81.1%</td>
</tr>
<tr>
<td>After Exercise of Options:</td>
<td></td>
</tr>
<tr>
<td>Rio Tinto Ltd</td>
<td>19.9%</td>
</tr>
</tbody>
</table>
Board of Directors

**Mr Anthony Bohnenn (Chairman)** - appointed as a director of Grange in November 2001 and subsequently elected as Chairman on 1 July 2002. Mr Bohnenn has more than 30 years experience in the investment banking and financial services industries, with an emphasis in research and funds management.

**Russell Clark (Managing Director)** - appointed MD of Grange Resources Limited on 6 March 2008. Russell is a mining engineer with over 30 years of mining experience in Africa, Papua New Guinea, the USA and Australia, in technical, project management, general management and executive positions. Prior to joining Grange, Russell worked for Renison Goldfields for over 18 years and with Newmont for the past 8½ years.

**Mr Alex Nutter (Technical Director)** - re-appointed as a director in November 2001. Alex is a geologist with over 40 years experience in mineral exploration, resource evaluation and mining geology in Australia, West Africa and the Asia-Pacific region. Alex has been responsible for the discovery and/or acquisition of several mineral resources for both international and Australian public companies.

**Mr Richard Krasnoff (Non-Executive Director)** - appointed a director of Grange on 16 June 2005. Rich is a graduate from the Harvard Business School and has extensive experience consulting to top tier companies both in Australia and Canada including 10 years with McKinsey and Co and several years with Wesfarmers as a member of the executive committee. Mr Krasnoff is currently the Chairman of ASX listed Conquest Mining Limited.

**Mr David Macoboy (Non-Executive Director)** - appointed a director of Grange on 30 November 2007. David holds degrees in economics and finance and has extensive experience in providing financial advice to many companies including Portman Limited, Australian Capital Equity, Merrill Lynch, Challenge Bank, Consolidated Minerals, Westonia Minerals Limited, Monarch Gold Mining, Croesus Mining, Territory Resources Limited and Anzoil NL. David is currently Chairman of Iron Clad Mining and Ammtec Limited and a director of Global Construction Services.

**Mr Douglas Stewart (Non-Executive Director)** - appointed a director of Grange on 23 October 2007. Doug is a geologist with over 37 years experience in the mining industry in a variety of geological and engineering roles. He has had management responsibilities on mining operations in Africa, Canada and New Zealand in both open pit and underground mines. Doug was previously the Managing Director of Territory Resources Limited and is currently a non-executive director of Conquest Mining.
Senior Management

Neil Marston (General Manager Commercial and Company Secretary) - Chartered Secretary and Bachelor of Commerce, 26 years experience in mining and other industries.

Stuart Hall (General Manager Development) – Geologist with 37 years experience in mining and exploration in Australia and Africa. Managing the Bukit Ibam iron ore project in Malaysia.

Len Skotsch (General Manager Exploration) – Geologist with 23 years experience in the mining, mineral exploration and oil and gas industries.

Southdown Project Development Team

Robin Sanders (Project Director) – Mechanical Engineer, 25 years experience in Construction Industry

Robert Lowe (Infrastructure Manager) – Civil Engineer, 35 years experience in Engineering Consulting

Matt Williams (Development Manager) – Mechanical Engineer, 17 years experience in Construction Industry

Brendon Corry (Approvals Manager) – Environmental Scientist, 30 years experience

Darren Smith (Project Control Manager) – Civil Engineer, 20 years experience in Construction Industry

Graham Pearce (Contracts Manager) – Civil Engineer, 40 years experience in Engineering and Construction Industry

Tim Adams (Technical Manager) – Mining Engineer, 25 years experience in Mining and Processing Industry

Mike Kevan (Process Engineer) – Metallurgist, 15 years experience in Mineral Processing Industry
Project Overview

**Dual Location**

**Southdown**
- Open pit mine operation
- Magnetite concentrate production 6.6mtpa @ 69% Fe
- Slurry pipeline to existing port
- Shipping in Capesize vessels

**Kemaman**
- Pellet production ~7mtpa
- Deep water, capesize port
- Availability of gas, power, water
- Proximity to markets (first in South East Asia)
- Investment incentives

1. MINING AND CONCENTRATION OPERATIONS FOR 35 YEARS
2. 100KM SLURRY PIPELINE TO ALBANY PORT
3. CONCENTRATE SHIPPED IN CAPESIZE VESSELS
4. PELLET PLANT PRODUCING DIRECT REDUCTION AND BLAST FURNACE PELLETS
Project Locations – Southdown & Kemaman
Southdown Resource

Mining Leases (Western Area)
Over 230 diamond drill holes to date
Indicated and Inferred Resources:
479 MT at 37.3 % magnetite

Exploration Licence (Eastern Area)
Only 23 diamond drill holes to date
Target Potential Resources:
Approximately 500 MT (est)

Total Southdown open cut mineable resource potential ~ 0.7bn tonnes sufficient for a project life of +30 years (Total resource >1bn tonnes)
Mine Infrastructure Plan

- Impact Water Dam
- Fresh Water Dam
- Tailings Storage Dam
- Final Pit Void
- Primary Crushers
- Secondary Crushers
- Backfilled Pit
- Waste Dump
- Potential Waste Dump

Slurry Pipeline to Albany Port

Wellstead Approx. 6km

HIGHWAY TO BE RELOCATED
Metallurgical & Pelletising Testwork

<table>
<thead>
<tr>
<th>Binder</th>
<th>Bentonite (0.55%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strength (CCS)</td>
<td>296kg</td>
</tr>
<tr>
<td>Tumbler Index</td>
<td>97.7%</td>
</tr>
<tr>
<td>Abrasion Index</td>
<td>1.3%</td>
</tr>
<tr>
<td>Linder Reduction Test</td>
<td></td>
</tr>
<tr>
<td>Fragmentation (-3.35mm%)</td>
<td>0.48%</td>
</tr>
<tr>
<td>Strength after Reduction (&gt;50kg)</td>
<td>45.6kg</td>
</tr>
<tr>
<td>Metallisation</td>
<td>96.2%</td>
</tr>
</tbody>
</table>

Comprehensive programme of metallurgical test work completed, culminating in the successful production of high quality DR and BF grade pellets from Kobelco (Japan) and Lurgi (Germany)

- Extremely low phosphorus <0.006%
- Initial Design parameters for concentrator and pellet plant completed
- Metso currently reviewing design and conducting testwork to provide Process Guarantees.
- Basket tests successfully completed and demonstrate that pellets reduce to DRI

<table>
<thead>
<tr>
<th></th>
<th>Kobelco Concentrate</th>
<th>Kobelco Pellets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fe</td>
<td>69.76</td>
<td>67.23</td>
</tr>
<tr>
<td>SiO₂</td>
<td>1.00</td>
<td>1.24</td>
</tr>
<tr>
<td>Al₂O₃</td>
<td>1.39</td>
<td>1.42</td>
</tr>
<tr>
<td>TiO₂</td>
<td>0.40</td>
<td>0.40</td>
</tr>
<tr>
<td>Mn</td>
<td>0.03</td>
<td>0.03</td>
</tr>
<tr>
<td>CaO</td>
<td>0.07</td>
<td>0.65</td>
</tr>
<tr>
<td>MgO</td>
<td>0.13</td>
<td>0.15</td>
</tr>
<tr>
<td>P</td>
<td>&lt;0.005</td>
<td>&lt;0.006</td>
</tr>
<tr>
<td>S</td>
<td>0.125</td>
<td>0.004</td>
</tr>
<tr>
<td>Na₂O</td>
<td>0.007</td>
<td></td>
</tr>
<tr>
<td>K₂O</td>
<td>0.009</td>
<td></td>
</tr>
</tbody>
</table>
Project Infrastructure – Southdown & Albany

All key infrastructure in place or well advanced

- Water: Recycling Albany town waste water supplemented by pit dewatering & site rainwater harvesting.
- Power: Base load power supply potentially augmented by renewable power.
- Power Transmission: 220kV transmission line approved by EPA.
- Concentrate Transport: Slurry Pipeline (easements on freehold rural land).
- Workforce: Local communities means no need for Fly-in/Fly-out workforce (To date over 400 residents in the Albany region have registered interest).
- Deep Water Port: Existing Albany Port to be dredged to take 170,000 DWT (Capesize) vessels.
**Project Infrastructure – Power & Pipelines**

**Power**
- Western Power Networks
  - 220kv line from Muja (150MW capacity).
- EPA Assessed
- Interconnected to SWIS\(^1\)
- Transmission line easement progressing

**Slurry Pipeline**
- Optimal transport method
- Finalising easements with landowners

\(^1\) South West Interconnected System (Western Australia)
Project Infrastructure – Port of Albany

• Project plans to export iron ore in Cape size vessels (170,000 DWT).

• New berth to be built by Albany Port Authority.

• Up to 9 hectares of land to be reclaimed adjacent to new berth for storage shed and other port infrastructure.

• Channel and Berth to be dredged to 16 metres draft.

• Channel to be lengthened into King George Sound.

*Image source - Albany Port Authority*
Project Infrastructure - Kemaman

All key infrastructure in place

- **Deep Water Port**: Existing Wharf at Kemaman (West Wharf) Suitable for Capesize vessels
- **Transport**: Conveyor corridor between Port and pellet plant
- **Power, Gas & Water**: Power – TNB (substation immediately next to site) Gas – Petronas, Water – mains supply
- **Workforce**: Local population – skilled and unskilled
- **Investment Incentives**: 15 Year Tax Holiday – granted by Malaysian Govt Various other concessions granted
- **Markets**: Excellent proximity to key DR and BF markets (One DR Plant, Perwaja on adjacent land)
Project Infrastructure – Kemaman Site
Demand for DR Pellets

DR pellet demand is projected to increase significantly in SE Asia and the Gulf Region. Demand in this market is growing much faster than the China iron ore market.

Drivers of increasing DR Pellet Demand
- Capital cost of traditional integrated steel plants – availability / cost of coking coal
- Environmental issues of sinter plants – intensifying over time
- Abundant and cheap natural gas availability in SE Asia and Gulf Region
- Flexible steel production
- Compatibility with increased steel scrap recycling
- Proximity of steel plants to fast growing markets in SE Asia and Middle East
Kemaman Pellet Plant – Phosphorus Content

- Increasing demand for low phosphorus pellets to offset high phosphorus DSO (Direct Shipping Ore) ores from the Pilbara.
- Kemaman pellets have extremely low phosphorus content.

![Graph showing phosphorus content comparison between different locations.]

Future Pilbara
Kemaman Pellet Plant – Proximity to Customers

DR PELLET
CONSUMERS
1 Perwaja Steel  Malaysia
2 Amsteel  Malaysia
3 Krakatau Steel  Indonesia
4 Megasteel  Malaysia
5 Qasco  Qatar
6 Hadeed  Saudi Arabia
7 Various  UAE
8 Various  India

BF PELLET
CONSUMERS
A China Steel Corp.  Taiwan
B Bluescope Steel Ltd  Australia
C Posco  Sth Korea
D Japanese Steel Mills  Japan
E Chinese Steel Mills  China
Kemaman has distinct freight advantages over South American pellet producers as it is close to key markets.
Operating and Capital Costs

Project costs are well understood and are the product of a detailed feasibility study
(Note: Costs below are at June 2007)

Costs to be updated following the completion of the work being undertaken by Metso

<table>
<thead>
<tr>
<th>Operating &amp; Capital Costs</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Costs</strong></td>
<td></td>
</tr>
<tr>
<td>Southdown Mining &amp; Processing(^1)</td>
<td>35.4</td>
</tr>
<tr>
<td>Shipping to Malaysia (incl. handling)</td>
<td>10.6</td>
</tr>
<tr>
<td>Pelletising</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>Total Cost (FOB Kemaman)</strong></td>
<td>52.2</td>
</tr>
<tr>
<td><strong>Capital Costs</strong></td>
<td></td>
</tr>
<tr>
<td>Southdown</td>
<td>839</td>
</tr>
<tr>
<td>Kemaman</td>
<td>534</td>
</tr>
<tr>
<td><strong>Total Capital Cost</strong></td>
<td><strong>US$1,373m</strong></td>
</tr>
</tbody>
</table>

Note: Source currencies of €, AUD, MR all converted to US$ at A$/US$ 0.75

1. Includes WA State Royalties
Partners -

- Sojitz are earning a 30% interest in the project.
- Sojitz will pay a royalty to Grange of up to 3.5% on their 30% share of production.
- Sojitz is a recognised leader in the iron ore pellet sector and is the No 1 trading firm in Japan for pellets and pellet feed.
- Sojitz has expert knowledge in management of pellet plants and has been the manager of the Nibrasco JV in Brazil between CVRD and the Japanese steel mills since 1974.
- Sojitz has excellent long term relationships with pellet consumers in Asia and the Middle East.
- Sojitz heavy machinery department have experience in delivering turnkey heavy plant and equipment solutions for numerous projects in the iron ore and steel sector in Asia and the Middle East.
- Grange and Sojitz are now working together to complete pre-commitment development activities and complete project funding and ownership arrangements.
The Southdown & Kemaman projects are well advanced with feasibility nearing completion, most infrastructure in place and approvals well advanced.

<table>
<thead>
<tr>
<th>Item</th>
<th>Status</th>
<th>Expected Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Feasibility Study</td>
<td>✔</td>
<td>Refinement of process flowsheet work underway with Metso Minerals</td>
</tr>
<tr>
<td>Kemaman Environmental Approval</td>
<td>✔</td>
<td>Granted in November 2006</td>
</tr>
<tr>
<td>Kemaman Investment Incentives</td>
<td>✔</td>
<td>Granted in September 2006</td>
</tr>
<tr>
<td>Southdown Environmental Approval</td>
<td>In progress</td>
<td>Full Ministerial Approval expected Q3 2008 (mine &amp; pipeline) &amp; Q4 2008 (port)</td>
</tr>
<tr>
<td>Project Structure / Finance</td>
<td>In progress</td>
<td>Negotiations underway</td>
</tr>
<tr>
<td>Commence Construction</td>
<td></td>
<td>2009</td>
</tr>
<tr>
<td>Commence Commissioning</td>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>First Production of Pellets</td>
<td></td>
<td>2012</td>
</tr>
</tbody>
</table>
Project Highlights

- Advanced Project – All approvals should be in place by 2008
- Feasibility Study Nearing Completion
- Infrastructure in Place
- Ability to Produce High Quality (DR Grade) Pellets
- Growing Demand for DR Pellets in SE Asia & Middle East
- Pellet Plant – First for SE Asia, Close to Key Markets
- Joint Venture with Sojitz – World Pellet Market Leader
### Key Contacts

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