STOCK EXCHANGE ANNOUNCEMENT

INVESTOR PRESENTATION

24 May 2007

Grange Resources Limited ("Grange") provides the attached presentation which is to be delivered today to investor groups in London. Presentations will also be made to investors in New York, Sydney and Melbourne over the coming 2 weeks.

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

NEIL MARSTON
Company Secretary
Southdown Magnetite and Kemaman Pellet Project

An advanced Iron Ore Project for the Direct Reduction and Blast Furnace Pellet Market

Project Update
May 2007

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www.grangeresources.com.au
Introduction

Geoff Wedlock
Managing Director

- Managing Director since Feb 2005
- More than 40 years experience in minerals exploration and project management.
- 25 Years at BHP including:
  - Executive Vice President and CEO of BHP Iron Ore
  - VP Resources Development – BHP World Minerals
  - VP Strategic Development – BHP Iron Ore
- Other roles include Managing Director and CEO of Portman Ltd and Western Metals Ltd
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2 Fundamental Iron Ore Project Requirements
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6 Timetable
7 About Grange Resources
Project Highlights

- Advanced Project
- Feasibility Completed
- Infrastructure in Place
- Ability to produce High quality (DR Grade) Pellets
- Growing DR Pellet Market
- Close to Key Markets
Project Overview

CONCENTRATE SHIPPED IN CAPESIZE VESSELS (170,000 DWT)

PELLET PLANT AT KEMAMAN PRODUCING 3.5 - 6.8MTPA DIRECT REDUCTION AND BLAST FURNACE PELLETS

105KM SLURRY PIPELINE DELIVERING CONCENTRATE TO ALBANY PORT FOR SHIPPING TO KEMAMAN, MALAYSIA

MINING AND CONCENTRATION OPERATION PRODUCING 3.5 - 6.6MTPA OF CONCENTRATE AT 69% FE FOR 25 YEARS

Dual Location

**Southdown**
- Magnetite concentrate production (3.5-6.6mtpa)
- 90kms from existing Albany Port

**Kemaman**
- Pellet production 3.5 – 6.8mtpa
- Deep water, capesize Port
- Availability of natural gas
- Proximity to markets
- Investment incentives
Project Location - Southdown

Southdown Magnetite deposit is 13km in length

Grange is seeking to purchase Rio Tinto Exploration Licence

Grange Mining Leases
Project Location - Kemaman
Southdown Resource

Annual production of 3.5 - 6.6Mtpa magnetite concentrate (37% DTC) = 25+ year mine life

- Since acquisition in 2003, Grange has significantly increased the Southdown resource
- Further upside: Grange now controls 6km of total deposit length of 13km
- Total Southdown open cut mineable Resource (Grange plus Rio Tinto) potential ~ 0.7bn tonnes
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## Fundamental Iron Ore Project Requirements

**SOUTHDOWN - All key infrastructure in place**

<table>
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<tr>
<th>Infrastructure</th>
<th>Details</th>
</tr>
</thead>
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<tr>
<td><strong>Water</strong></td>
<td>Site Harvesting, Albany Waste Water</td>
</tr>
<tr>
<td><strong>Power</strong></td>
<td>Griffin, Wesfarmers, Alinta (coal and natural gas potentially augmented by biomass and wind power)</td>
</tr>
<tr>
<td><strong>Power Transmission</strong></td>
<td>Western Power Networks</td>
</tr>
<tr>
<td><strong>Concentrate Transport</strong></td>
<td>Slurry Pipeline</td>
</tr>
<tr>
<td><strong>Workforce</strong></td>
<td>Local communities (180 applicants already on file)</td>
</tr>
<tr>
<td><strong>Deep water Port</strong></td>
<td>Albany Port to be dredged to take 170,000 DWT (capesize) vessels</td>
</tr>
</tbody>
</table>
Project Infrastructure - Southdown

Rural Infrastructure - Southdown

Slurry Pipeline
- Optimal transport method
- Finalising easements with landowners

Power
- Western Power Networks
  220kv line from Muja (150MW capacity)
- Alternative route via Albany
- Interconnected to SWIS\(^1\)
- Transmission line easement progressing

\(^1\) South West Interconnected System (Western Australia)
• Work advancing on port design and pre-development engineering
• Heads of Agreement signed with Albany Port Authority for Port development
Fundamental Iron Ore Project Requirements

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 – Already Granted Various other concessions granted
- **Markets**: Excellent proximity to key DR and BF markets (One DR Plant, Perwaja on adjoining lease)
Project Infrastructure – Kemaman Site
Project Infrastructure – Kemaman Port
Proximity to Customers

**DR PELLET CONSUMERS**

1. Perwaja Steel  
2. Amsteel  
3. Krakatau Steel  
4. Megasteel  
5. Qasco  
6. Hadeed  
7. Various  
8. Various  

**COUNTRY**  
Malaysia  
Malaysia  
Indonesia  
Malaysia  
Qatar  
Saudi Arabia  
UAE  
India

**BF PELLET CONSUMERS**

A. China Steel Corp.  
B. Bluescope Steel Ltd  
C. Posco  
D. Japanese Steel Mills  
E. Chinese Steel Mills

**COUNTRY**  
Taiwan  
Australia  
Sth Korea  
Japan  
China
Freight Advantages

Kemaman has distinct freight advantages over other pellet producers

- Proximity to Key Markets
- Reduced Shipping Times
- Smaller Shipping Quantities
- Reduced Working Capital Cost

CAPESIZE VESSEL SAILING DAYS

- 32 days (Brazil)
- 8 days (Southdown)
Grange Pellets – Competitive Advantage

Grange can produce both BF and DR Grade pellets which are comparable in quality and have significant freight advantages over the current pellet supply.

- DR Grade (67.4% Fe)
- Extremely low Phos Levels (< 0.005%)
- Low Freight Costs
- Small Quantities can be shipped economically
- Lower customer working capital expense
- Low Pelletising costs at Kemaman
Increasing demand for low phos pellets to offset high phos DSO ores from the Pilbara. Grange’s pellets have extremely low phos content.
Demand for DR Pellets

DR pellet demand is projected to increase significantly in SE Asia and the Gulf Region

**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
New Ironmaking Capacity Outside of China:

DR dominates new capacity additions coming on line by end 2008

Capacity Increases since 1994

- DR Capacity brought on line since Jan 1994: 34.8 Mt/a
- BF Capacity brought on line since Jan 1994: 42.0 Mt/a
- DR Capacity to start-up by end of 2008: 21.5 Mt/a
- BF Capacity to start-up by end of 2008: 9.1 Mt/a
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5. Partners and Funding
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7. About Grange Resources
Unlike many other new iron ore projects, Grange’s costs are well understood and are the product of a detailed feasibility study.

<table>
<thead>
<tr>
<th>Operating &amp; Capital Costs</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Costs</strong></td>
<td>(US$/t pellets)</td>
</tr>
<tr>
<td>• Southdown Mining &amp; Processing</td>
<td>28.90</td>
</tr>
<tr>
<td>• Shipping to Malaysia</td>
<td>6.18</td>
</tr>
<tr>
<td>• Pelletising</td>
<td>7.72</td>
</tr>
<tr>
<td><strong>Total Cost (FOB Kemaman)</strong></td>
<td>42.80</td>
</tr>
<tr>
<td><strong>Capital Costs</strong></td>
<td></td>
</tr>
<tr>
<td>• Southdown</td>
<td>625</td>
</tr>
<tr>
<td>• Kemaman</td>
<td>550</td>
</tr>
<tr>
<td><strong>Total Capital Cost</strong></td>
<td>US$1,175m</td>
</tr>
</tbody>
</table>

Potential to reduce stripping ratio and lower mining cost.

Grange FOB Cost comparable to other profitable suppliers.

Potential to reduce Kemaman capital cost by using Chinese Pellet Plant.

Capital Cost compares to new Samarco development of a mine expansion, slurry pipeline, concentrator and pellet plant in Ponta Ubu, Brazil of 7.6mtpa which is estimated to cost US$1.2b.
Cost Competitiveness

CIF Cash Cost of Grange Pellets is competitive with other profitable suppliers

CIF Cash Cost Comparison

- CVRD Tubarao (Brazil)
- Samarco (Brazil)
- Essar (India)
- Kemaman (Malaysia)*

* Excludes credit for Malaysian investment incentives
Project Economics

Grange can supply regional customers at a price competitive to South American supply under all likely scenarios - and be profitable

<table>
<thead>
<tr>
<th>Pricing Scenario</th>
<th>Unit</th>
<th>2007</th>
<th>2007 +10%</th>
<th>2007 – 10%</th>
<th>2007 – 30%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CVRD Price</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hamersley HG Fines Price</td>
<td>US¢/dmtu</td>
<td>80.4</td>
<td>88.4</td>
<td>72.4</td>
<td>56.3</td>
</tr>
<tr>
<td>Pellet Premium</td>
<td>US¢/dmtu</td>
<td>36.5</td>
<td>36.5</td>
<td>36.5</td>
<td>36.5</td>
</tr>
<tr>
<td>CVRD BF Pellets (FOB Brazil)</td>
<td>US¢/dmtu</td>
<td>116.9</td>
<td>124.9</td>
<td>108.9</td>
<td>92.8</td>
</tr>
<tr>
<td>DR premium</td>
<td>US¢/dmtu</td>
<td>12.95</td>
<td>12.95</td>
<td>12.95</td>
<td>12.95</td>
</tr>
<tr>
<td>CVRD DR Pellets (FOB Brazil)</td>
<td>US¢/dmtu</td>
<td>129.9</td>
<td>137.9</td>
<td>121.8</td>
<td>105.7</td>
</tr>
<tr>
<td>DR pellets (67.4% Fe)</td>
<td>US$/t</td>
<td>87.5</td>
<td>92.9</td>
<td>82.1</td>
<td>71.3</td>
</tr>
<tr>
<td>Capesize freight&lt;sup&gt;1&lt;/sup&gt;</td>
<td>US$/t</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>CVRD DR pellets (CIF Asia)</td>
<td>US$/t</td>
<td>117.5</td>
<td>122.9</td>
<td>112.1</td>
<td>101.3</td>
</tr>
<tr>
<td><strong>Equiv Grange Price (FOB Kemaman)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality Adjustment&lt;sup&gt;2&lt;/sup&gt;</td>
<td>US$/t</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
</tr>
<tr>
<td>Freight to customers (average SE Asia)</td>
<td>US$/t</td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
</tr>
<tr>
<td><strong>Grange DR pellets (FOB Price)</strong></td>
<td>US$/t</td>
<td>108.5</td>
<td>113.9</td>
<td>103.1</td>
<td>92.3</td>
</tr>
<tr>
<td><strong>Project IRR</strong></td>
<td>%</td>
<td>23.9%</td>
<td>25.1%</td>
<td>22.6%</td>
<td>19.6%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Long term forecast COA Brazil – Asia freight rates (Drury Shipping Consultants – London)

<sup>2</sup> Price adjustment for higher gangue content of Grange Pellets
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Funding Plan

- Grange (with Azure Capital) is currently running a process to secure funding and development partners for the project.

- Grange is currently working with a number of potential partners.

- A range of alternative (to Base Case) development models being considered, including a staged (3.5Mtpy) approach

- Re-pricing Project’s capital and operating costs to June 2007 dollars. Consideration of Chinese equipment supply (Particularly pellet plants) and revised mining costs.
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**Timetable**

Grange’s project is significantly advanced with feasibility complete, infrastructure in place and approvals in progress.

<table>
<thead>
<tr>
<th>Item</th>
<th>Status</th>
<th>Expected Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feasibility Study</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Kemaman Environmental Approval</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Kemaman Investment Incentives</td>
<td>✔️</td>
<td></td>
</tr>
</tbody>
</table>
| Southdown Environmental Approval     | In progress | ▪ Southdown PER Published Feb 07  
▪ Albany Port PER Jun 07  
▪ Full Ministerial Approval expected late 2007 / early 2008 |
| Project Structure / Finance         | In progress | ▪ Process underway with data-room open to interested parties |
| Commence Construction               |          | ▪ Early-mid 2008                                      |
| First Production Year               |          | ▪ Late 2010                                           |
Grange Overview

Grange Projects

Other Projects:
• Bukit Ibam (Malaysian Iron Ore Mine) – Commissioning of processing plant completed.
• Red Hill Mine (WA) - Grange 4% gross revenue gold royalties (managed by Barrick Gold)
• Freshwater Gold Project (WA) - Grange production royalty (managed by Barrick Gold)
• Inderapura Coal Project - JV with Coziron
• Wembley Gold Project - Grange 100%
• S.E Asian exploration and resource evaluation

Board of Directors

Anthony Bohnenn | Non Executive Chairman
Geoff Wedlock | Managing Director
Alex Nutter | Technical Director
Richard Krasnoff | Non Executive Director
Hans-Rudolf Moser | Non Executive Director

Share Price

Top 10 Shareholders

<table>
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<th>Shareholders</th>
<th>Shares</th>
<th>(%)</th>
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<tr>
<td>ANZ Nominees Ltd</td>
<td>32,143,651</td>
<td>33.82</td>
</tr>
<tr>
<td>National Nominees Ltd</td>
<td>28,404,188</td>
<td>29.89</td>
</tr>
<tr>
<td>Westpac Custodian Nominees Ltd</td>
<td>10,680,188</td>
<td>11.24</td>
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<tr>
<td>Citicorp Nominees Pty Ltd</td>
<td>4,615,404</td>
<td>4.86</td>
</tr>
<tr>
<td>Zero Nominees Pty Ltd</td>
<td>1,509,260</td>
<td>1.59</td>
</tr>
<tr>
<td>J P Morgan Nominees Australia Ltd</td>
<td>1,043,167</td>
<td>1.10</td>
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<tr>
<td>Mr Hans-Rudolf Moser</td>
<td>860,450</td>
<td>0.91</td>
</tr>
<tr>
<td>Mr Alexander Henry Nutter</td>
<td>750,000</td>
<td>0.79</td>
</tr>
<tr>
<td>ACP Investments Pty Ltd</td>
<td>600,000</td>
<td>0.63</td>
</tr>
<tr>
<td>Dr Salim Cassim</td>
<td>536,308</td>
<td>0.58</td>
</tr>
<tr>
<td>Key Contacts</td>
<td></td>
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<tr>
<td><strong>Geoff Wedlock</strong></td>
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<td></td>
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<tr>
<td>Managing Director, Grange Resources</td>
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<td>Tel +61 (8) 9321 1118</td>
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<tr>
<td><strong>Simon Price</strong></td>
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<tr>
<td>Director, Azure Capital</td>
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<td><a href="mailto:scp@azurecapital.com.au">scp@azurecapital.com.au</a></td>
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