SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT
PROJECT UPDATE

- Project 100% owned by Grange Resources
- Bankable feasibility study finalised, focus on DR pellet production
- Capital and operating costs estimated
- Critical path – Southdown Per submitted to EPA, approval Q2 2007
- Malaysian DEIA published for public review, approval Q4 2006
- MIDA investment incentives application - response expected Q3 2006
- EOI’s received from a range of international parties
- Range of development options for core project
- Due diligence commenced by potential JV partners
- Joint venture partner tender process completion Q4 2006
- Project construction due to start in Q3 2007
- Complete project with all infrastructure determined and controlled by Grange Resources Ltd
SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT

PROJECT UPDATE

- DUAL LOCATION
  - SOUTHDOWN MAGNETITE DEPOSIT IN SW WESTERN AUSTRALIA
  - KEMAMAN PELLET PROJECT ON EAST COAST OF MALAYSIA
- MAGNETITE RESOURCE OF 458MT. GRADING 37% DTR FE, LOCATED 90KMS FROM ALBANY ON THE SOUTH COAST OF WESTERN AUSTRALIA
- MINING AND CONCENTRATION OPERATION PRODUCING 6.6MTPA OF CONCENTRATE AT 69% FE FOR 22 YEARS
- 105KM SLURRY PIPELINE DELIVERING CONCENTRATE TO ALBANY PORT FOR SHIPPING TO KEMAMAN, MALAYSIA
- PELLET PLANT AT KEMAMAN PRODUCING 6.8MTPA DIRECT REDUCTION AND BLAST FURNACE PELLETS
- BFS COSTS TO JUNE 2006 OF A$23M
<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>SOUTHDOWN ENVIRONMENTAL APPROVAL SUBMITTED</td>
<td>Q2 2006</td>
</tr>
<tr>
<td>UPGRADE RESOURCE STATEMENT</td>
<td>Q3 2006</td>
</tr>
<tr>
<td>KEMAMAN ENVIRONMENTAL APPROVAL</td>
<td>Q4 2006</td>
</tr>
<tr>
<td>SELECTION OF PROJECT PARTNERS</td>
<td>Q4 2006</td>
</tr>
<tr>
<td>FINALISE OWNERSHIP,PROJECT FUNDING</td>
<td>Q4 2006</td>
</tr>
<tr>
<td>SOUTHDOWN ENVIRONMENTAL APPROVAL</td>
<td>Q2 2007</td>
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<tr>
<td>COMMENCE OF PROJECT CONSTRUCTION</td>
<td>Q3 2007</td>
</tr>
<tr>
<td>COMMENCE COMMISSIONING</td>
<td>Q4 2009</td>
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<tr>
<td>FIRST PELLET PRODUCTION</td>
<td>Q2 2010</td>
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</table>
Since acquisition in 2003, Grange has significantly increased the Southdown resource.

- Upgraded resource statement due in August 2006.
- Further upside – Grange now controls 6km of total deposit length of 13km.

Annual production of 6.6Mtpa magnetite concentrate (37% DTC) = 22+ year mine life.
SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT

PROJECT STRATEGY

• FULLY INTEGRATED PROJECT PRODUCING BLAST FURNACE AND DIRECT REDUCTION PELLETS
• OUTSTANDING MINERAL RESOURCE IN WESTERN AUSTRALIA
• OFFSHORE MERCHANT PELLET PLANT – KEMAMAN, MALAYSIA WITH OUTSTANDING ADVANTAGES:
  - AVAILABILITY OF NATURAL GAS AND LOW COST POWER
  - REQUIRED INFRASTRUCTURE ALREADY IN PLACE
  - SECURE ACCESS TO PORT FACILITIES – 50 YEAR OPTION OVER KEMAMAN WEST WHARF
  - ATTRACTIVE GOVERNMENT INVESTMENT INCENTIVES
  - PROXIMITY TO CUSTOMERS WITH DISTINCT DELIVERY TIME/COST ADVANTAGES
  - WILLING AND EXPERIENCED LOCAL PARTNERS ENSURE QUALITY, PROJECT DELIVERY
• INTRODUCE QUALITY, COMMITTED DEVELOPMENT PARTNERS
• PRODUCE BOTH DR AND BF PELLETS
• COMPLETE PROJECT WITH CONTROL OVER ALL OPERATIONS AND INFRASTRUCTURE BY GRANGE RESOURCES LTD
SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT

PROJECT LOCATION - SOUTHDOWN

Interim in situ Mineral Resource estimate of 458.0Mt

<table>
<thead>
<tr>
<th>Class</th>
<th>Tonnes (Mt)</th>
<th>DTC wt%</th>
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<tbody>
<tr>
<td>Indicated Resource</td>
<td>347.2</td>
<td>38.1</td>
</tr>
<tr>
<td>Inferred Resource</td>
<td>110.8</td>
<td>33.1</td>
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<tr>
<td>Total</td>
<td>458.0</td>
<td>36.9</td>
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SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT
PROJECT HAS INFRASTRUCTURE ADVANTAGES

Strong platform for project success

- No Native Title issues
- Option to purchase freehold land
- Power line construction by State networks utility
- Rio Tinto survey shows Southdown deposit closest to surface in Grange leases

Southdown Magnetite deposit is 13km in length
Slurry pipeline – 42cm in diameter – optimal transportation method for Southdown concentrate to Albany port facility

**Slurry Pipeline**
- Supportive community, nonintrusive
- Lower capital and operating costs
- Suitable terrain
- Access to required water sources
  - Site harvesting
  - Borefield
  - Albany waste water
• Work advancing on port design and pre-development engineering
• Heads of Agreement signed with Port Authority for Port development
SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT
MALAYSIAN PROJECT LOCATION - KEMAMAN

Pellet plant site

- Kemaman port located on east coast of Malaysia
- Project site is located within Teluk Kalong Industrial Estate
- Proximity to infrastructure and markets
- Significant sea freight advantages
- Merchant pellet plant able to use other concentrates
SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT
PROJECT INFRASTRUCTURE - MALAYSIA

Favourable location for pellet production

Power supply – TNB contract

Natural gas supply - Petronas

Water supply – Local authority

Limestone – Adjacent plant

Turning Basin – dredging commenced

Future Expansion opportunities
**SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT**

**PROJECT FINANCIALS**

<table>
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<tr>
<th>Capital Costs:</th>
<th>US$M</th>
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<tr>
<td>Southdown</td>
<td>570.4</td>
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<tr>
<td>Kemaman</td>
<td>535.9</td>
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<tr>
<td>Project</td>
<td>1,106.2</td>
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<tr>
<td>Contingency</td>
<td>68.8</td>
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<tr>
<td><strong>Total Project</strong></td>
<td><strong>1,175.0</strong></td>
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<table>
<thead>
<tr>
<th>Operating Costs</th>
<th>US$/t</th>
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<tr>
<td><strong>FOB Kemaman</strong></td>
<td>39.4</td>
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</table>

<table>
<thead>
<tr>
<th>NPV @ 8% (100% DR Pellets)</th>
<th>US$M</th>
<th>IRR%</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>1,701</td>
<td>23.2</td>
</tr>
</tbody>
</table>

**Assumes:**
- 39% Decline in 2006 High Grade Fines price by 2010
- Pellet Premium of US¢50/DMTU from 2010
- Forex US$:A$ of 0.700:1.00
SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT
UNDERPINNING FUTURE GROWTH

• DR PELLET DEMAND IS LIKELY TO INCREASE SIGNIFICANTLY:
  – CAPITAL COST OF TRADITIONAL INTEGRATED STEEL PLANTS, AVAILABILITY OF COKING COAL
  – ENVIRONMENTAL ISSUES OF SINTER PLANTS
  – COMPATABILITY WITH INCREASED STEEL SCRAP RECYCLING
  – FLEXIBLE STEEL PRODUCTION
  – WIDESPREAD NATURAL GAS AVAILABILITY
  – PROXIMITY TO FAST GROWING MARKETS IN SE ASIA AND MIDDLE EAST
  – COMPETITIVE FREIGHT ADVANTAGES DUE TO REGIONAL PRODUCTION COMPARED TO EXISTING SUPPLY

• ABLE TO PRODUCE HIGH QUALITY BF PELLETS WITH VERY LOW P CONTENT OFFSETTING HIGH P DSO ORES FROM THE PILBARA

• COMPATABLE DEVELOPMENT FOR FUTURE STEEL PRODUCTION IN INDIA, THAILAND AND VIETNAM
CORPORATE PROFILE

• BOARD OF DIRECTORS – Anthony Bohnenn (Chairman), Geoff Wedlock (Managing Director), Alex Nutter (Technical Director), Richard Krasnoff (Non-exec), Hans-Rudolf Moser (Non-exec)

• SHARES ON ISSUE – 95,034,974

• MARKET CAPITALISATION – $130 million

• SOUTHDOWN/KEMAMAN PROJECT PARTNERS – ProMet Engineers, AMC Consultants, APA, JFA Australia, Golders Associates, Ecologia, Perunding Utama, Braemar Seascope, Road Builder (M) Holdings Bhd, Azure Capital

• CASH END JUNE 2006 – A$8.5M (+environment and other bonds $2.85M)
• GOLD ROYALTIES- RED HILL, FRESHWATER

• WEMBLEY (GRANGE 100%, GLENEAGLE EARNING 80%)

• AGREEMENT WITH WESTGOLD FOR MT. SAMUEL LEASES

• MURCHISON COPPER MINES PTY LTD (HORSESHOE LIGHTS MINE)

• MALAYSIAN IRON ORE MINING – BUKIT IBAM MINING CERTIFICATE APPROVED

• MALAYSIAN EXPLORATION – APPLICATION FOR ADVANCED GOLD AND IRON ORE PROJECTS