Australia’s leading magnetite producer

Southdown Magnetite Project
Pre-feasibility Study

May 2011
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Overview

- Australia’s leading magnetite producer
- ASX 300 index company
- Strong balance sheet, no net debt
- Proven operational performance – tonnes and cashflow
- Quality product, high margins – iron ore pellets
- Large integrated mine, concentrator, pellet plant and port facilities
- Major magnetite development project in Western Australia
- Long term off take agreements
- Strong management team with extensive operating expertise
Magnetite – The premium iron ore

- Iron Ore Pellet ~65-69% Fe
- Magnetite Concentrate ~67% Fe
- Direct Shipping Lump ~63% Fe
- Direct Shipping Fines ~58% Fe

Price: Lower to Higher

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Company Snapshot

Current key statistics (A$)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares on issue</td>
<td>2 April 2011</td>
<td>1,153m</td>
</tr>
<tr>
<td>Last share price</td>
<td>2 April 2011</td>
<td>$0.655</td>
</tr>
<tr>
<td>Market capitalization</td>
<td>2 April 2011</td>
<td>$755m</td>
</tr>
<tr>
<td>Cash &amp; Receivables</td>
<td>31 March 2011</td>
<td>$156.2m</td>
</tr>
</tbody>
</table>

Grange joined the ASX 300 in September 2010

Current Ownership Structure

- Free float: 33.70%
- PML: 46.90%
- RGL Group: 7.90%
- Jiangsu Shagang: 11.5%

Board of Directors

- Mr. Zhiqiang Xi: Chairman
- Mr. Neil Chatfield: Deputy Chairman
- Mr. Russell Clark: Managing Director, CEO
- Mr. Honglin Zhao: Executive Director
- Mr. Clement Ko: Non Executive Director
- Mr. John Hoon: Non Executive Director

Research

- Citi
- Macquarie
- Merrill Lynch
- Patersons
- Petra Capital
- Southern Cross Equities
- RBS
- RBS Morgans

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Grange’s position is supported by quality assets in Tasmania and Western Australia.

**Southdown Project (70%)**
- JV with Japanese Trading Company, Sojitz (30%)
- 90km northeast of the Port of Albany
- 650 million tonnes of premium quality magnetite resource in southern Western Australia
- Targeting 10Mt pa concentrate, to produce high quality pellets for over 30 years
- Infrastructure solutions in place (power, port, water)
- Advanced permitting
- Potential to increase resources and reserves

**Savage River (100%)**
- Northwest Tasmania
- Annualised production rate of 2.0 Mt pa 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
Grange Downstream Infrastructure
Savage River - Leveraged to price

Margin leverage to price at 2.0Mtpa

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## Southdown Magnetite Project **Key Facts**

<table>
<thead>
<tr>
<th>Ownership</th>
<th>▪ Grange 70%, Sojitz Corporation 30%</th>
</tr>
</thead>
</table>
| Resources and Reserves | ▪ Mineral Resource of 654Mt magnetite at 36.5% DTR<sup>1,2</sup>  
                      | ▪ Ore Reserve of 388Mt magnetite at 35.5% DTR<sup>1,3</sup> |
| Production<sup>1</sup> | ▪ Targeting 10Mtpa magnetite concentrate for premium blast furnace pellets |
| Capital Costs   | ▪ Southdown Mine – A$2,575 million  
                      | ▪ Kemaman Pellet Plant – A$941 million |
| Operating Costs | ▪ <$A60/t of concentrate  
                      | ▪ <$A75/t of pellet |
| Mine Life       | ▪ >19 years |
| Infrastructure  | ▪ Established port, pipeline route, power easements, pellet plant site and deep water port in Malaysia |
| Project Status  | ▪ Pre feasibility study (+/- 20%) completed  
                      | ▪ Metallurgical testwork largely complete  
                      | ▪ Processing flow sheet finalised  
                      | ▪ Mining Permit issued, will be amended during 2011 for 10Mtpa; Port permit issued  
                      | ▪ Water Permit for desalination plant expected during 2011 |

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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
Southdown Magnetite Project  

Regional Benefits

A long-term (30 to 50 years) sustainable industry in the Great Southern.

- A local workforce (not FIFO)
- Over 600 long-term jobs directly created
- Work for local contractors and businesses
- Injection of ~ $500M annually into local economy
- Regional rates ~ $3M per annum
- Support for local community groups and events
- Significant population and economic growth for City of Albany, Bremmer Bay

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Southdown Magnetite Project  *PFS Highlights*

- Mine Capex, including infrastructure A$2.57 billion;
- Operating costs per tonne of concentrate produced <A$60 per tonne;
- Positive NPV with favourable IRR;
- Mine life of 19-40 years @10mtpa of concentrate;
- Definitive Feasibility Study (“DFS”) completion forecast for 1st quarter of 2012;
- Initial production forecast for 2014;
- Pellet plant Capex of A$941 million;
- Total cost of pellets produced <A$75 per tonne;
Southdown Magnetite Project

Orebody

654 Mt at 36.5% magnetite

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### Southdown Magnetite Project: Orebody Potential

<table>
<thead>
<tr>
<th>Details</th>
<th>PFS Case Western Resource</th>
<th>Short Term Potential Full Western Resource</th>
<th>Long Term Potential Western/Eastern Resource</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mine Life</td>
<td>19 years</td>
<td>21 years</td>
<td>40 years</td>
</tr>
<tr>
<td>Ore (million tonnes)</td>
<td>430</td>
<td>~575</td>
<td>~1,200</td>
</tr>
<tr>
<td>Ore Grade %DTR</td>
<td>37.7%</td>
<td>36.8%</td>
<td>36.5%</td>
</tr>
<tr>
<td>Concentrate (million tonnes)</td>
<td>158</td>
<td>~199</td>
<td>~375</td>
</tr>
</tbody>
</table>

**Note**

- Short Term Potential Full Western Resource assumes that further drilling will move inferred resources to indicated resource and also add tonnage through deeper drilling.
- Long Term Potential Western/Eastern Resource assumes that further drilling in the eastern side of the magnetic anomaly will establish inferred resource which, following in-fill drilling, will add indicated and measures resource.
### Southdown Magnetite Project: Product Quality

<table>
<thead>
<tr>
<th>Southdown Magnetite Concentrate</th>
<th>%</th>
</tr>
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<tbody>
<tr>
<td>Total Fe</td>
<td>68.9</td>
</tr>
<tr>
<td>SiO₂</td>
<td>1.56</td>
</tr>
<tr>
<td>Al₂O₃</td>
<td>1.45</td>
</tr>
<tr>
<td>CaO</td>
<td>0.11</td>
</tr>
<tr>
<td>MgO</td>
<td>0.16</td>
</tr>
<tr>
<td>TiO₂</td>
<td>0.38</td>
</tr>
<tr>
<td>P</td>
<td>0.04</td>
</tr>
<tr>
<td>S</td>
<td>0.08</td>
</tr>
<tr>
<td>LOI (Loss of ignition)</td>
<td>-3.18</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Southdown Iron Ore Pellets</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fe</td>
<td>67</td>
</tr>
<tr>
<td>B₂</td>
<td>0.54</td>
</tr>
<tr>
<td>SiO₂+Al₂O₃+TiO₂</td>
<td>3.31</td>
</tr>
<tr>
<td>P</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>S</td>
<td>0.01</td>
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</table>

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### Southdown Magnetite Project: Environmental Permits

<table>
<thead>
<tr>
<th>Permit Type</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Mine Environmental permit</td>
<td>Granted November 2009, amendment required in 2011 for 10mtpa</td>
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<tr>
<td>Port permits</td>
<td>Granted November 2010</td>
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<tr>
<td>Water permit</td>
<td>Desalination permit expected in 2011</td>
</tr>
</tbody>
</table>

![Drilling Rig](image)
Southdown Project  Australia - Malaysia

1. Mine and concentrator targeting 10Mtpa of concentrate production for over 25 years

2. 100km slurry pipeline to Albany Port

3. Concentrate shipped (10Mtpa)

4. Pellet Plant (7Mtpa)
The Kemaman Pellet Plant Location Plan
<table>
<thead>
<tr>
<th>Stage</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<tr>
<td>Pre-Feasibility</td>
<td>✔️</td>
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<td></td>
<td></td>
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<tr>
<td>Definitive Feasibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td></td>
<td></td>
<td></td>
<td>✔️</td>
</tr>
</tbody>
</table>
Why is this project different to other magnetite projects being built?

• Grange’s extensive operating experience and existing IP dramatically reduces execution risk,

• The project is well advanced:
  ➢ Major permits for the mine and port are in place;
  ➢ Land tenure is largely secure;
  ➢ Metallurgical test work is well advanced;
  ➢ Power line easements are established and permitted;
An Opportunity for WA

The Southdown Magnetite Project will deliver a new long-term industry for Western Australia and the Great Southern Region. It will improve local infrastructure, create regional employment and further develop the City of Albany as a regional economic centre.
Positive Outcomes for WA

• A new industry in southern Western Australia
• State Royalties of ~$50M per annum
• State taxes ~ $5M per annum
• Port enhancements secure Albany as a commercial port
• Better infrastructure for water & power
• Partnerships that benefit the State & region
  • training
  • community – non FIFO
  • tourism
  • environmental eg Commersonia species
Regional Benefits

A long-term (30 to 50 years) sustainable industry in the Great Southern.

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Key Contacts

Primary contact:

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Managing Director & Chief Executive Officer
+61 8 9327 7901
managingdirector@grangerresources.com.au
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.