Australia’s leading magnetite producer

2011 December Quarter Results

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Managing Director and CEO

17 January 2012
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Company Overview

Grange remains Australia’s leading magnetite producer. An ASX 300 index, dividend paying company, with a strong balance sheet, no net debt, a large producing mine and a larger magnetite project.
Company Snapshot

Current key statistics (A$)

<table>
<thead>
<tr>
<th></th>
<th>16 January 2012</th>
<th>1,154m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares on issue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Last share price</td>
<td></td>
<td>$0.545</td>
</tr>
<tr>
<td>Market capitalization</td>
<td></td>
<td>$628m</td>
</tr>
<tr>
<td>Cash &amp; Receivables</td>
<td>31 December 2011</td>
<td>$226.7m</td>
</tr>
</tbody>
</table>

Current Ownership Structure

- Free float: 46.78%
- PML: 33.9%
- RGL Group: 11.49%
- Jiangsu Shagang: 7.83%

Research

<table>
<thead>
<tr>
<th>Researcher</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bell Potter</td>
<td>$1.06</td>
</tr>
<tr>
<td>Citi</td>
<td>$0.80</td>
</tr>
<tr>
<td>JP Morgan</td>
<td>$0.95</td>
</tr>
<tr>
<td>Macquarie</td>
<td>$1.00</td>
</tr>
<tr>
<td>Merrill Lynch</td>
<td>$0.90</td>
</tr>
<tr>
<td>Patersons</td>
<td>$0.81</td>
</tr>
<tr>
<td>Petra Capital</td>
<td>$1.06</td>
</tr>
<tr>
<td>RBS</td>
<td>$0.70</td>
</tr>
<tr>
<td>RBS Morgans</td>
<td>$0.82</td>
</tr>
<tr>
<td>UBS</td>
<td>$0.80</td>
</tr>
</tbody>
</table>

JP Morgan and UBS commenced research coverage during the quarter.
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
- 698 million tonnes of premium quality magnetite resource in southern Western Australia
- Targeting 10Mtpa concentrate, to produce high quality pellets for 19-40 years
- Infrastructure solutions in place (power, ports, water)
- Advanced permitting
- DFS conclusion Q1 2012

Savage River (100%)
- Northwest Tasmania
- Annualised production rate of 2.4 Mtpa premium blast furnace pellets and concentrate
- Mine life to 2030
- 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
December 2011 Quarter Highlights

- Continued excellent safety performance at Savage River and Southdown.
- 17 months of no Lost Time Incidents (LTI) achieved.
- Improved cash, term deposits and trade receivables position of A$226.7 million.
- No net debt at the end of the quarter.
- Pellet prices remained strong during the quarter averaging US$198.9 per tonne.
- Direct operating cost per tonne of pellets produced reduced to A$89.65 per tonne for the quarter, a 30% reduction on the previous quarter.
- Inaugural two cent dividend paid.
- Highest quarterly concentrate and pellet production for 15 months.
- Savage River production achieved two million tonnes of concentrate in 2011, per previous guidance. Pellet production for the year was 1.98 million tonnes.
- Phase I of Savage River East Wall recovery plan successfully concluded, with production and unit costs returning to “normal” levels.
- Southdown project DFS continues, with completion due first quarter 2012.
- Southdown Mineral Resources increased and confidence improved.
<table>
<thead>
<tr>
<th></th>
<th>Production and Costs December Quarter 2011</th>
<th>Production and Costs September Quarter 2011</th>
<th>Production and Costs December Quarter 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total BCM Mined</td>
<td>4,240,390</td>
<td>3,184,680</td>
<td>3,971,951</td>
</tr>
<tr>
<td>Total Ore BCM</td>
<td>531,189</td>
<td>402,846</td>
<td>361,781</td>
</tr>
<tr>
<td>Weight Recovery (% DTR)</td>
<td>41.70</td>
<td>34.5</td>
<td>40.29</td>
</tr>
<tr>
<td>Concentrate Produced (t)</td>
<td>612,189</td>
<td>556,122</td>
<td>447,404</td>
</tr>
<tr>
<td>Pellets Produced (t)</td>
<td>632,143</td>
<td>506,143</td>
<td>442,427</td>
</tr>
<tr>
<td>Pellet Stockpile (t)</td>
<td>351,376</td>
<td>193,386</td>
<td>68,850</td>
</tr>
<tr>
<td>Concentrate Stockpile (t)</td>
<td>671</td>
<td>35,581</td>
<td>10,562</td>
</tr>
<tr>
<td>Direct Operating Cost A$/tonne Pellet Produced</td>
<td>89.65</td>
<td>127.72</td>
<td>91.37</td>
</tr>
</tbody>
</table>
East wall failure – June 2010

As a result of the wall failure, access to the high grade North Pit was cut off.
The East Wall has undergone a cut back and access to the North Pit has been re-established.
Savage River Concentrate Production
Quarter on Quarter

As planned, production has increased as the east wall remediation has been completed, allowing access back to the North Pit. Concentrate production in December quarter highest for 15 months.
Increased production rates in the December quarter have resulted in a reduction in unit costs to sustainable levels.
An $8.3 million drilling program during 2011 resulted in increased tonnage and confidence of the Southdown mineral resource.
Savage River - Leveraged to price

Margin leverage to price @2.0Mtpa

December 2011

Margin

Revenue
Costs

Price US$/t

A$ million

120 130 140 150 160 170 180 190 200 210

100 110 120 130 140 150 160 170 180 190 200
Summary

- Strong December Quarter
  - Increased production - highest concentrate production for 15 months
  - Lower unit costs – 30% reduction from previous quarter
  - Robust margins
  - Continuing solid safety performance
  - Improved cash and receivables position
  - No net debt
  - Predictability improved in future
  - Increased research coverage
  - Increased Southdown mineral resource, with improved confidence
  - Advanced Southdown DFS study
Key Contacts

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Competent Person Statement

Southdown Project

The information in this report which relates to the Mineral Resources of the Southdown Project - Western Tenements is based on information compiled by Michael Everitt who is a full-time employee of Grange Resources Limited and a Member of the Australasian Institute of Mining and Metallurgy. Michael Everitt 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). Michael Everitt consents to the inclusion of this information in this statement of Mineral Resources in the form and context in which it appears.

The information in this statement which relates to the Mineral Resources of the Southdown Project – Eastern Tenements 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 statement of Mineral Resources in the form and context in which it appears.