Australia’s leading magnetite producer
Southdown Magnetite Project

Russell Clark
Managing Director & CEO

February 2012
Disclaimer

The material in this presentation (“material”) is not and does not constitute an offer, invitation or recommendation to subscribe for, or purchase, any security in Grange Resources Limited (“GRR”) nor does it form the basis of any contract or commitment. GRR makes no representation or warranty, express or implied, as to the accuracy, reliability or completeness of this material. GRR, its directors, employees, agents and consultants, shall have no liability, including liability to any person by reason of negligence or negligent misstatement, for any statements, opinions, information or matters, express or implied, arising out of, contained in or derived from, or for any omissions from this material except liability under statute that cannot be excluded.

Statements contained in this material, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of GRR or, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.
Company Snapshot

Grange Resources is Australia’s leading magnetite producer and the only commercial producer of magnetite pellets in Australia, combining both mining and pellet production expertise.

- ASX 300 Company, Market Capitalisation ~$700 million
- A producer of premium iron ore
- Cornerstone shareholder (46%) and major customer:
  - Jiangsu Shagang – China’s largest private steel mill
- Southdown JV partner (30%)
  - Sojitz Corporation, a large Japanese trading company
Grange’s position is supported by quality assets in Tasmania and Western Australia.

- **Southdown Project (70%)**
  - 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

- **Savage River (100%)**
  - Annualised production rate of 2.4Mtpa pellets
  - Mine life to 2030
  - Northwest Tasmania

Grange's position is supported by quality assets in Tasmania and Western Australia.
The Southdown Project

A Joint Venture between Grange Resources (70%), an ASX 300 Australian Public Company, and Sojitz (30%), a global trading company based in Japan.

Note that Grange has 66% Chinese ownership, with the largest shareholder (47%) being Shagang, China’s largest private steel mill.
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.
The Southdown Project

- 90km northeast of Albany
- 698 million tonnes of premium quality magnetite resource (1 b tonne potential)
- Targeting 10Mtpa concentrate for 40 years
- Infrastructure solutions in place (power, ports, water)
- Advanced permitting
Southdown….like Savage, only bigger!

Savage River (100%)

- Northwest Tasmania’s largest private employer
- Local workforce of 600
- Comprehensive training provider
- $200m local expenditure
- $50m of wages per annum
- $13m annual royalties
- $3.5m payroll tax
- Extensive operating experience – the difference!
Positive Outcomes for WA and the Great Southern

• 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
Location Plan

- Bunbury
- Collie
- Kojonup
- Stirling Range National Park
- Proposed 330Kv Transmission Line
- Proposed Slurry Pipeline
- Southdown

Southern Ocean

Western Australia

0 50km
Pre-Feasibility Study Highlights

- Mine Capex, including infrastructure, A$2.57 billion;
- 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 2015;
The Project

Mine

Concentrator

Desalination plant

Pipelines

Power

Albany Port

ore

water

magnetite

concentrate

power
Orebody

698 Mt at 35.75% magnetite
<table>
<thead>
<tr>
<th>Details</th>
<th>PFS Case Western Resource</th>
<th>Long Term Potential Western/Eastern Resource</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mine Life</td>
<td>19 years</td>
<td>40 years</td>
</tr>
<tr>
<td>Ore (million tonnes)</td>
<td>430</td>
<td>~1,200</td>
</tr>
<tr>
<td>Concentrate (million tonnes)</td>
<td>158</td>
<td>~375</td>
</tr>
</tbody>
</table>
## Mining

| Mining Method | □ Open pit mining  
                | □ Conventional bulk mining methods utilising hydraulic face shovels, dump trucks and drill and blast coupled to a Run of Mine (ROM) stockpile |
|---------------|---------------------------------------------------------------|
| Material Movement | □ ~110 Mtpa for first six years |
| Equipment | □ Shovel size – 650 tonnes  
                   | □ Truck size – 220 tonnes |
| Production Schedule | □ Provide 78,000 tonnes per day to the primary crusher |
| Waste : Ore Ratio | □ 2.3 : 1 (tonnes) |
| Mine Life | □ >19 years (potential for 40 years) |
## Key Facts - Power:

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Length</td>
<td>288km</td>
</tr>
<tr>
<td>Capacity</td>
<td>330kV transmission line</td>
</tr>
<tr>
<td>Capital Cost</td>
<td>~A$320 million</td>
</tr>
<tr>
<td>Status</td>
<td>Ongoing discussions with Western Power</td>
</tr>
</tbody>
</table>

## Key Facts – Pipeline:

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Length</td>
<td>100km (1.5 metres deep)</td>
</tr>
<tr>
<td>Capacity</td>
<td>Line Volume – 18,000m³</td>
</tr>
<tr>
<td>Transport Time</td>
<td>17 hours</td>
</tr>
<tr>
<td>Capital cost</td>
<td>~A$200 million</td>
</tr>
<tr>
<td>Other</td>
<td>Return water supply to Southdown Mine</td>
</tr>
</tbody>
</table>
## Water Supply

<table>
<thead>
<tr>
<th>Source</th>
<th>Seawater reverse osmosis desalination plant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity</td>
<td>12GL/a</td>
</tr>
<tr>
<td>Capital cost</td>
<td>~A$200 million</td>
</tr>
<tr>
<td>Location</td>
<td>Coastal location 25km from mine and pumped to the mine site after treatment</td>
</tr>
</tbody>
</table>

![Map of water supply system](image)
## Albany Port Infrastructure

<table>
<thead>
<tr>
<th>Vessels</th>
<th>Cape size (18m draft)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activities</strong></td>
<td></td>
</tr>
<tr>
<td>Deepen; widen and extend existing shipping channel</td>
<td></td>
</tr>
<tr>
<td>New wharf</td>
<td></td>
</tr>
<tr>
<td>Filtration plant and storage shed</td>
<td></td>
</tr>
<tr>
<td><strong>Area Reclaimed</strong></td>
<td>9ha</td>
</tr>
<tr>
<td>Increases port capacity from 4.0Mt to 14Mt</td>
<td></td>
</tr>
<tr>
<td><strong>Capital cost</strong></td>
<td>~A$400 million</td>
</tr>
</tbody>
</table>
**Environmental Permits**

- **Mine Environmental permit**: Granted November 2009, amendment required in 2011 for 10mtpa
- **Port permits**: Granted November 2010
- **Water permit**: Desalination permit expected Q2 2012
## Timetable

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre-feasibility</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Definitive Feasibility</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Construction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Pre-feasibility: 2011
- Financing: 2013, 2014
- Production: 2015
Summary – Southdown Project

• A new industry for the Southwest and Albany.
• Significant employment and training opportunities.
• Significant public infrastructure upgrades (Port, Power)
• Significant State and Regional economic benefit.
• Approximately $100m spent to date.
• +/- 15% definitive feasibility study completed Q1 2012.
• Permits, Power and Water will need finalising before debt funding can be sourced.
Grange and Sojitz look forward to continue working with the Great Southern community to progress the project expeditiously.

We need your support!