Australia’s leading magnetite producer

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Managing Director and CEO

CRU's 18th World Steel Conference
22-24 February 2012,
Grange Tower Bridge Hotel, London, UK
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Company Overview

Grange remains Australia’s leading magnetite producer. An ASX 300 company, with a large well managed long term cash producing mining operation, a strong balance sheet, no net debt, and paying dividends - and a larger magnetite project at DFS offering even more value in the future.
The future for iron ore

Blast Furnace 101

Iron ore, coke & limestone in

Hot gasses out

Hot air in

Molten iron out

Hot gasses out

Hot air in

Molten slag out
Iron units in = Iron units out

Blast Furnace 101

50% - 80% Sinter
- Sinter is made from "fines"
- "Pilbara fines" 62% Fe (reducing)
- New products from new producers:
  - Special fines 58% Fe
  - Value fines 57.5% Fe

20% - 50% Lump and Pellets
- Lump 63% Fe,
- Pellets up to 67% Fe (low contaminants)
- Availability of lump is falling

Questions?
- How will productivity be maintained as fines grades drop and contaminants increase?
- What will replace lump as it becomes more scarce?

Fines Grades are falling
Contaminants are rising
Costs are rising

Molten iron out
Molten slag out

February 2012
Slide 5
Sinter, Lump and Pellet mix over time

Source: CRU
In 18 years iron ore demand doubles and pellet feed demand grows almost four fold.
Magnetite – The premium iron ore

- Magnetite Concentrate: ~67% Fe
- Direct Shipping Lump: ~63% Fe
- Direct Shipping Fines: ~57% Fe
- Iron Ore Pellet: ~65.5% Fe, ~US$199 FOB Tasmania

Note: prices from Dec 11 quarterlies
## Company Snapshot

### Current key statistics (A$)

<table>
<thead>
<tr>
<th></th>
<th>16 February 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>16 February 2012</td>
<td>$0.60</td>
</tr>
<tr>
<td>Market capitalization</td>
<td>16 February 2012</td>
<td>$657m</td>
</tr>
<tr>
<td>Cash &amp; Receivables</td>
<td>31 December 2011</td>
<td>$226.7m</td>
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### Research

<table>
<thead>
<tr>
<th>Research</th>
<th>Target</th>
<th>Research</th>
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<tbody>
<tr>
<td>Bell Potter</td>
<td>(target $0.91)</td>
<td>Patersons</td>
<td>(target $0.81)</td>
</tr>
<tr>
<td>Citi</td>
<td>(target $0.70)</td>
<td>Petra Capital</td>
<td>(target $1.06)</td>
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<tr>
<td>JP Morgan</td>
<td>(target $0.95)</td>
<td>RBS</td>
<td>(target $0.67)</td>
</tr>
<tr>
<td>Macquarie</td>
<td>(target $0.95)</td>
<td>RBS Morgans</td>
<td>(target $0.82)</td>
</tr>
<tr>
<td>Merrill Lynch</td>
<td>(target $0.90)</td>
<td>UBS</td>
<td>(target $0.82)</td>
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</table>

JP Morgan and UBS commenced research coverage during the quarter.
Grange Assets

*Australia’s Leading Magnetite Producer*

Savage River (100%)  
Southdown Project (70%)

*Quality assets in Tasmania and Western Australia.*
December 2011 Quarter Highlights

- Safety
- Improved cash and receivables
- No net debt
- High pellet prices
- Direct operating costs reduced by 30%
- Inaugural two cent dividend paid.
- Savage River production
- East wall recovery
- Southdown project DFS
- Southdown Mineral Resources increased
## December 2011 Quarter Summary

<table>
<thead>
<tr>
<th></th>
<th>Production and Costs December Quarter 2011</th>
<th>Production and Costs September Quarter 2011</th>
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</thead>
<tbody>
<tr>
<td>Total BCM Mined</td>
<td>4,240,390</td>
<td>3,184,680</td>
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<tr>
<td>Total Ore BCM</td>
<td>531,189</td>
<td>402,846</td>
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<tr>
<td>Weight Recovery (% DTR)</td>
<td>41.70</td>
<td>34.5</td>
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<tr>
<td>Concentrate Produced (t)</td>
<td>612,189</td>
<td>556,122</td>
</tr>
<tr>
<td>Pellets Produced (t)</td>
<td>632,143</td>
<td>506,143</td>
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<tr>
<td>Direct Operating Cost A$/tonne Pellet Produced</td>
<td>89.65</td>
<td>127.72</td>
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</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
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.
The Southdown Project

4\times\text{bigger than Savage River}
The Resource

1.22 billion tonnes @ 34.1% DTR
Southdown Mineral Resources
Quantity and Confidence improved

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<thead>
<tr>
<th></th>
<th>As at December 2011</th>
<th>As at February 2012</th>
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<tr>
<td></td>
<td>Tonnes (Mt)</td>
<td>Grade wt% DTR</td>
</tr>
<tr>
<td>Measured</td>
<td>407</td>
<td>37.1</td>
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<tr>
<td>Indicated</td>
<td>40.2</td>
<td>40.7</td>
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<tr>
<td>Inferred</td>
<td>250.8</td>
<td>32.5</td>
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<tr>
<td>Total</td>
<td>698</td>
<td>35.7</td>
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An $8.3 million drilling program during 2011 resulted in increased tonnage and confidence of the Southdown mineral resource.
Power & Pipelines

Collie Coal Fired Power

Kojonup

SOUTHDOWN

Pipeline Route
Proposed 330Kv Transmission Line
Existing 132Kv Transmission Line

Collie Coal Fired Power

Stirling Range National Park

Albany

Ocean

Southern
Water
Port Infrastructure
Permitting – well advanced

- Mine environmental permit
  - Granted November 2009, amendment required in 2011 for 10mtpa

- Port permits
  - Granted November 2010

- Water permit
  - Desalination permit targeted Q1 2012
## Timetable

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

- Very attractively priced
- Existing cashflow and great margins
- Dividend payer, strong yield
- Strong Balance Sheet, strong cash position
- No net debt
- World class projects
- Proven performer with 40 years magnetite experience
Key Contacts

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Southdown Project

The information in this statement which relates to the Mineral Resources 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). Geological interpretations and resource estimation was completed by Ben Pollard of BMGS Perth Pty Ltd and BMGS geologists.