Australia’s leading magnetite producer

Russell Clark
Managing Director and CEO

CCI Resource Conference
28 June 2012
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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
Sinter, Lump and Pellet mix over time

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

Source: CRU
Magnetite – The premium iron ore

- Iron Ore Pellet: ~65.5% Fe, ~US$172\(^1\) FOB Tasmania
- Magnetite Concentrate: ~67% Fe
- Direct Shipping Lump: ~63% Fe
- Direct Shipping Fines: ~57% Fe, ~US$122\(^2\) CFR China

Note:
1. Price from March 12 quarterly
2. Prices from Dec 11 quarterly
Company Snapshot

Current key statistics (A$)

<table>
<thead>
<tr>
<th>Ordinary shares on issue</th>
<th>15 June 2012</th>
<th>1,155m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last share price</td>
<td>15 June 2012</td>
<td>$0.5</td>
</tr>
<tr>
<td>Market capitalization</td>
<td>15 June 2012</td>
<td>$577m</td>
</tr>
<tr>
<td>Cash &amp; Receivables</td>
<td>31 March 2012</td>
<td>$274.2m</td>
</tr>
</tbody>
</table>

Current Ownership Structure

- Free float: 46.48%
- PML: 38.11%
- RGL Group: 7.83%
- Jiangsu Shagang: 7.58%

Research

<table>
<thead>
<tr>
<th>Bell Potter</th>
<th>Patersons</th>
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<tbody>
<tr>
<td>Citi</td>
<td>Petra Capital</td>
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<tr>
<td>JP Morgan</td>
<td>RBS</td>
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<tr>
<td>Macquarie</td>
<td>RBS Morgans</td>
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<tr>
<td>Merrill Lynch</td>
<td>UBS</td>
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Grange Assets

**Australia’s Leading Magnetite Producer**

Savage River (100%)

Southdown Project (70%)

Quality assets in Tasmania and Western Australia.
Grange 2011 Highlights

- Record safety achievement – zero LTI
- Record cashflow - $210.4m
- Record profit - $216.6m
- Record dividends – 5c/share (8% yield)
- Southdown project DFS completed
- Southdown Mineral Resources increased

The business is now set for a sustainable future!
The Southdown Project

4x bigger than Savage River
The Southdown Project  **DFS Highlights**

- $150 million spent to date - an advanced project!!
- JORC mineral resources >1.2 billion tonnes at 34.1% DTR
- Ore reserves of 397 million tonnes at 35.69% DTR.
- DFS mine life of 14 years within the current permitted area and total resource indicates a potential mine life >30 years.
- NPV10% of A$1,008 million and IRR of 16.6%.
- Capex estimate A$2.885 billion including EPCM, owners’ costs and contingency of A$0.535 billion.
- Operating costs estimate of A$58.5 per tonne of concentrate
- Initial production forecast for 2015;
The Southdown Project  **The Resource**

- **DFS:** 14 year: 397 million tonne reserve @ 35.7% DTR
- **LOM:** 30+ years: 1.22 billion tonnes resource @ 34.1% DTR
Following recent additional test work, the expected concentrate quality has improved, with lower SiO2 and Al2O3.
Southdown Magnetite Project  *Power and Pipelines*

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**Key Facts - Power:**
- Estimated Length: 288km
- Capacity: 330kV transmission line

**Key Facts – Pipelines**
- Estimated Length: 100km
### Water Supply

**Source**: Seawater reverse osmosis desalination plant

<table>
<thead>
<tr>
<th>Source</th>
<th>Capacity</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seawater reverse osmosis desalination plant</td>
<td>11 GL/a</td>
<td>Coastal location 25km from mine</td>
</tr>
</tbody>
</table>
Southdown Magnetite Project  *Port Infrastructure*

<table>
<thead>
<tr>
<th>Vessels</th>
<th>Cape size (18m draft)</th>
</tr>
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<tbody>
<tr>
<td>Activities</td>
<td>□ Deepen, widen and extend shipping channel</td>
</tr>
<tr>
<td></td>
<td>□ New wharf</td>
</tr>
<tr>
<td></td>
<td>□ Dewatering plant and storage shed</td>
</tr>
<tr>
<td>Area Reclaimed</td>
<td>□ 9ha</td>
</tr>
<tr>
<td></td>
<td>□ Increases port capacity from 2.5Mt to 14Mt</td>
</tr>
</tbody>
</table>
**Southdown Magnetite Project Permitting**

<table>
<thead>
<tr>
<th>Permit Type</th>
<th>Status and Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mine environmental permit</td>
<td>Granted November 2009, amendment required in 2011 for 10mtpa</td>
</tr>
<tr>
<td>Port permits</td>
<td>Granted November 2010</td>
</tr>
<tr>
<td>Water permit</td>
<td>Desalination permit targeted Q2 2012</td>
</tr>
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</table>
## Southdown Project DFS Capital Expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Cost (A$ M)</th>
</tr>
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<tbody>
<tr>
<td>Mine &amp; Concentrator</td>
<td>1,330</td>
</tr>
<tr>
<td>Desalination Plant, Pipelines and Transmission Line</td>
<td>640</td>
</tr>
<tr>
<td>Albany Port Works, Berth, Storage Facilities</td>
<td>380</td>
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<tr>
<td>Sub-total</td>
<td>2,350</td>
</tr>
<tr>
<td>Owners Costs, EPCM and Contingency</td>
<td>535</td>
</tr>
<tr>
<td>Total Estimate Project Costs</td>
<td>2,885</td>
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</table>
### Southdown Project DFS Operating Cost Summary

<table>
<thead>
<tr>
<th>Operating Costs</th>
<th>A$/t Concentrate</th>
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<tbody>
<tr>
<td>Mining</td>
<td>24.4</td>
</tr>
<tr>
<td>Concentrator</td>
<td>24.6</td>
</tr>
<tr>
<td>Pipeline, Filtration and Port</td>
<td>5.7</td>
</tr>
<tr>
<td>Overheads</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Total Operating Costs</strong></td>
<td><strong>58.5</strong></td>
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<tr>
<td></td>
<td>2011</td>
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<td>---------------------</td>
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<tr>
<td>Pre-feasibility</td>
<td>☐</td>
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<tr>
<td>Definitive</td>
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<td>Feasibility</td>
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<td>Financing</td>
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<tr>
<td>Construction</td>
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<tr>
<td>Production</td>
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19 June 2012

ASX: GRR

Grange Resources Limited
Australia’s leading magnetite producer

Grange Appoints Corporate Advisor for Southdown Project Funding

Grange Resources Limited (“Grange”) is pleased to announce the appointment of Deutsche Bank as Corporate advisor to assist Grange develop its Southdown Magnetite Project (“Southdown”) equity strategy.

Southdown is a joint venture (JV) between Grange (70%) and Japan’s Sojitz Resources & Technology Australia Pty Ltd (SRT) (30%). SRT is jointly owned by Sojitz Corporation, a
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

Primary 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 report which relates to the Ore Reserves of the Southdown Project is based on information compiled by Mr Ross Carpenter who is a full-time employee of Grange Resources Limited and a Member of the Australasian Institute of Mining and Metallurgy. Ross Carpenter 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). Ross Carpenter consents to the inclusion of this information in this statement of Ore Reserves in the form and context in which it appears.