Australia’s most experienced magnetite producer

Investor Presentation - China

4 July 2014
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Company Highlights

✓ **Most EXPERIENCED magnetite producer**
  Over 45 years of operational experience at Savage River

✓ **STRONG Safety Culture**
  Over 1,430 days LTI free

✓ **LONG LIFE** producer of **PREMIUM** iron ore pellets
  High quality ore reserves (52% DTR) producing 65.5% Fe BF pellets
  Supporting operations at Savage River to 2030 and beyond

✓ **STRONG balance sheet**
  $146m cash and equivalents at 31 March 2014

✓ **Advanced GROWTH Project**
  Search for a quality equity partner in the Southdown Project continues

✓ **Established STRONG DIVIDEND** pay-out
  Commenced in 2011 and continues in 2013
  Annual dividend yield of ~10% at current share prices
Company Snapshot

Capital Structure (A$)

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Ordinary Shares on issue</td>
<td>30 June 2014</td>
<td>1,157m</td>
</tr>
<tr>
<td>Share Price</td>
<td>30 June 2014</td>
<td>$0.16</td>
</tr>
<tr>
<td>Market Capitalisation</td>
<td>30 June 2014</td>
<td>$185m</td>
</tr>
<tr>
<td>Cash and Term Deposits</td>
<td>31 March 2014</td>
<td>$146m</td>
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</tbody>
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Share Price and Volume

Current Ownership Structure (30 June 2014)

- **Jiangsu Shagang**: 40.78%
- **RGL**: 4.25%
- **Pacific International**: 8.48%
- **Free Float**: 46.49%

Research Coverage

- JP Morgan
- UBS
- Macquarie
Our fundamentals are very sound

- Experienced magnetite producer with a long life project close to the Asian market
- Producer of a high quality iron ore product (65.5% Fe) that receives a premium price over lump and fines
- Strong balance sheet
- Stable work force with minimal turnover who know the intricacies of the business and are adding value

We will continue our disciplined management:

- Focusing on day to day operational planning and execution to drive productivity
- Cutting costs wherever we can to achieve our priority goal of driving C1 costs lower
- Timing of capital projects continue to be rescheduled so that they are aligned with effective condition monitoring and preventative maintenance management processes
- Ensuring short term decisions align with long term strategic priorities
STAYING WITH THE BASICS

- **Exceptional safety record continues**
  - Over 1,430 days Lost Time Injury Free

- **Successfully completed an expanded annual common equipment shutdown**
  - Completed additional preparatory work for AG Mill replacement
  - Minimised production downtime to 12 days

- **Delivered improved quarterly production results**
  - Maintained focus on mine redevelopment in North Pit and South Deposit
  - Delivering production at annualised rates of approximately 2.5 million tonnes
  - Improved production and continued cost control disciplines are delivering competitive unit operating costs

- **Successfully negotiated crystallisation of pre-merger deferred consideration obligation**
  - Immediate cash payment of US$21 million in April 2014 delivering an estimated non-cash gain of approximately A$20 million
2014 - Year To Date Highlights

- **Maintained access to high grade ore through continued investment in mine development**
  - Weight recovery averaged 50% during the March 2014 quarter, an increase of approximately 56% from the March 2013 quarter
  - Pellet production of 504,170 for the March 2014 quarter, an increase of 14% from the March 2013 quarter
  - Improved production and continued cost control disciplines have delivered competitive unit costs

- **Final approval for the South Deposit Tailings Storage Facility**
  - Final approvals granted on 30 April 2014
  - New facility to replace the current tailings storage facility (reaches capacity in 2016)
  - Facilitates the mining of ore from South Deposit and ensures sufficient tailings storage capacity to accommodate operations at Savage River until at least 2030
  - New facility is a key component to our life of mine strategy and construction is expected to commence in Q4 2014
2014 - Year To Date Highlights

- **Navigating through a challenging iron ore market**
  - We are seeing growing interest from alternate markets such as Japan, India, Malaysia and the Middle East, and actively negotiating sales into these markets
  - Continue to attract a quality premium for high grade, lower impurity iron ore products however this is under strong pressure from the Chinese market
  - Continual downward pressure on prices and premiums as world markets react to economic trends and discounting by marketers of lower quality iron ore products

- **Driving C1 costs lower**
  - Maintaining cost control disciplines
  - Sustaining higher weight recoveries (> 45%) and concentrate production to drive unit operating costs to levels which will remain competitive in the long term
Assets Strategy

**Australia’s Most Experienced Magnetite Producer**

**Savage River (100%)**
- Focusing on the fundamentals

**Southdown Project (70%)**
- Reassessing the project concept

*Quality assets in Tasmania and Western Australia.*
Savage River LOM Strategies
Grow Reserves & Develop Multiple Mining Locations

**North Pit**
- High quality, long life resources
- Supporting operations to 2030 and beyond

**Centre Pit South**
- Alternative reserve
- Drilling in progress to further develop reserve

**South Deposit**
- Defined reserve
- Supporting LOM tailings infrastructure development

**Long Plains**
- Developing resources of ~107m tonnes
- Potential addition to mine life

*Total resources exceeding 380m tonnes which support operations to 2030 and beyond*
Savage River LOM Strategies
Developing Multiple Mining Locations

North Pit Production Stripping
- Ore supply for 2014

North Pit Mine Development
- East wall cut-back

Reducing risk associated with a single pit operation

South Deposit Mine Development
- Ore supply for 2014/15
- Provides ore and material for construction of a South Deposit Tailings Storage Facility
Savage River LOM Strategies
Value Adding Downstream Infrastructure

Concentrator
- Autogenous milling and magnetic separation process
- Progressing the phased upgrade of the original autogenous mills and associated infrastructure

Strategic Production Priorities
- Continuous improvement in product quality (via TQM processes)

Pipeline
- 85km pipeline connecting Savage River to Port Latta
- Low cost mode of transportation using pipeline pumps and gravity fed technologies
- Naturally occurring properties of the slurry protect the pipeline and reduce sustaining capital and maintenance costs

Pellet Plant & Port
- Four furnace lines capable of producing 2.4mtpa of iron ore pellets
- Dedicated port facility providing access to Panamax vessels (80k tonnes)

Strategic Production Priorities
- Develop market driven bulk production output capabilities (concentrate & pellets offering)
- Re-commission fifth furnace (ore availability)
Southdown Project Strategy

- **Continue the search for a new equity partner** to take a strategic share of the Company’s interest
- **Maintain reduced project expenditure** during 2014
- Maintain all tenements, permits and project assets in good order
- **Conduct internal review of definitive feasibility study operating model** to determine if changes in the following parameters could reduce initial capital or operating costs
  - Market outlook
  - Project construction conditions (incl. regional infrastructure development)
  - Methodologies learned from our operations at Savage River
Grange – “Basics” Strategies Recapped

- **Broaden customer base** to take advantage of market opportunities **and to diversify** geographic customer risk

- **Drive operating costs down further** and maintain access to high grade ore
  - Continue investment in mine development - progress next phase of North Pit development and unlock South Deposit to provide an alternative source of ore

- **Continue to invest** in process infrastructure
  - Complete preparatory works for installation of new autogeneous mills at Savage River

- **Redefine strategies and outcomes** to leverage our investment in the Southdown project

- **Focus on capital management**
  - Maintain **regular dividend**
  - **Target growth opportunities** to complement existing business
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Notes:
- A lower cut-off grade of 15% DTR was used in the calculation of both the Mineral Resources and Ore Reserves
- A detailed statement of Mineral Resources and Ore Reserves can be found in an ASX announcement dated 28 February 2014