Australia’s most experienced magnetite producer
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Company Highlights

- **Most EXPERIENCED magnetite producer**
  48 years of operational experience at Savage River

- **STRONG Safety Culture**
  Over 1,700 days LTI free as at 31 March 2015

- **LONG LIFE producer of PREMIUM iron ore pellets**
  High quality ore reserves (~51% DTR) producing ~65%+ Fe BF pellets
  Supporting operations at Savage River beyond 2030

- **STRONG balance sheet**
  $144.2m cash and equivalents at Mar 2015, no debt

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

- **Established STRONG DIVIDEND pay-out**
  Commenced in 2011 and continued in 2014
  Annual dividend yield of ~10% at current share prices
1. Company Overview
1.3 Company Assets

**Australia’s Most Experienced Magnetite Producer**

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

**Southdown Project (70%)**
- Searching for an equity partner

**Quality assets in Tasmania and Western Australia.**
## 1.5 2014 Financial Position - Consolidated

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Dec 2014 AUD’000</th>
<th>Dec 2013 AUD’000</th>
<th>Difference AUD’000</th>
<th>Variance%</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>231,233</td>
<td>252,194</td>
<td>-20,961</td>
<td>-8%</td>
<td>Decrease of Cash, Receivables and Inventory</td>
</tr>
<tr>
<td>Non-current Assets</td>
<td>397,016</td>
<td>541,933</td>
<td>-144,917</td>
<td>-27%</td>
<td>Impairment and capex increase</td>
</tr>
<tr>
<td>Total Assets</td>
<td>628,249</td>
<td>794,127</td>
<td>-165,878</td>
<td>-21%</td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>47,180</td>
<td>55,388</td>
<td>-8,208</td>
<td>-15%</td>
<td>Settlement of deferred consideration (current portion)</td>
</tr>
<tr>
<td>Non-current Liabilities</td>
<td>45,868</td>
<td>70,264</td>
<td>-24,396</td>
<td>-35%</td>
<td>Settlement of deferred consideration (non-current portion) and increase of Decommissioning Provision</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>93,048</td>
<td>125,652</td>
<td>-32,604</td>
<td>-26%</td>
<td></td>
</tr>
<tr>
<td>Net Assets</td>
<td>535,201</td>
<td>668,475</td>
<td>-133,274</td>
<td>-20%</td>
<td>Impairment and dividends</td>
</tr>
</tbody>
</table>
1.6 Company Snapshot

**Capital Structure (A$)**

<table>
<thead>
<tr>
<th>Component</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Shares on issue</td>
<td>30 Apr 2015</td>
<td>1,157m</td>
</tr>
<tr>
<td>Share Price</td>
<td>30 Apr 2015</td>
<td>$0.115</td>
</tr>
<tr>
<td>Market Capitalisation</td>
<td>30 Apr 2015</td>
<td>$133m</td>
</tr>
<tr>
<td>Cash and Term Deposits</td>
<td>30 Apr 2015</td>
<td>$144m</td>
</tr>
<tr>
<td>Loan</td>
<td>30 Apr 2015</td>
<td>-</td>
</tr>
</tbody>
</table>

**Ownership Structure as at 27 January 2015**

- Jiangsu Shagang: 46.90%
- RGL: 8.49%
- Pacific International: 8.48%
- Free Float: 41.13%

**Share Price and Volume**

- **Research Coverage**
  - JP Morgan
  - UBS
  - Macquarie
1.7 Products at Tasmanian Operations

- **Iron Ore Pellet**
  - ~65% Fe
- **Magnetite Concentrate**
  - ~67% Fe
- **Direct Shipping Lump**
  - ~63% Fe
- **Direct Shipping Fines**
  - ~57% - ~ 61% Fe

Higher

Lower

Higher

Lower

Price
2. Performance at Tasmanian operations
2.1 2014 Performance Highlights – Tasmania

- **Strong focus on safety**
  Continued Lost Time Injury Free in 2014

- **Ore supply and head grade sustained despite major rockfall**
  Successfully executed complex mine plans despite the major east wall failure in July 2014 and maintained high grade ore supply to deliver strong production.

- **Produced over 2.6 million tonnes of concentrate during 2014**
  ~14% above the budget tonnes and more than 0.7 million tonnes higher than 2013.

- **Sold in excess of 2.5 million tonnes of iron ore products at a fair market value**
  Remained focused on building relationships with strategic customers rather than selling product to opportunistic buyers at a fair market price in a volatile market.

- **Strong focus on cost control continues with C1 unit costs of under $87 for 2014**
  Costs controlled month on month to deliver reduced C1 unit costs.

- **Continue to progressively invest in key capital projects**
  Maintained focus on condition monitoring and preventative maintenance and only committing to critical value adding projects.
### 2.2 2014 Performance - Tasmanian Lead Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2014</th>
<th>2013</th>
<th>Difference</th>
<th>Variance%</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lost Time Injuries</td>
<td>Case</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td>No LTIs since June 2010</td>
</tr>
<tr>
<td>Iron Ore Sales</td>
<td>Tonne</td>
<td>2,501,996</td>
<td>1,899,286</td>
<td>602,710</td>
<td>31.7%</td>
<td>Higher production and sales</td>
</tr>
<tr>
<td>Average Price of Iron Ore Products</td>
<td>AUD/t</td>
<td>118.77</td>
<td>147.99</td>
<td>-29.22</td>
<td>-19.7%</td>
<td>FOB Port Latta; Pellet sales price of AUD119.7/t, down 20% from 2013</td>
</tr>
<tr>
<td>Sales Revenue</td>
<td>AUD ‘000</td>
<td>297,155</td>
<td>281,072</td>
<td>16,083</td>
<td>5.7%</td>
<td></td>
</tr>
<tr>
<td>Statutory Profit/(Loss) (Consolidated)</td>
<td>AUD ‘000</td>
<td>(110,164)</td>
<td>21,830</td>
<td>-131,994</td>
<td></td>
<td>Including AUD (207.3m) impairment and profit from deferred consideration AUD 20.8m</td>
</tr>
<tr>
<td>Operating Profit before Other Income/Expense</td>
<td>AUD ‘000</td>
<td>105,441</td>
<td>24,292</td>
<td>81,149</td>
<td>334%</td>
<td>46% increase in Weight Recovery Better strip ratio Cost reduction initiatives</td>
</tr>
<tr>
<td>Cash Operating Costs</td>
<td>AUD/t</td>
<td>86.51</td>
<td>119.94</td>
<td>-33.43</td>
<td>-27.9%</td>
<td></td>
</tr>
</tbody>
</table>
3. Southdown Project Achievements
3.1 2014 Project Overview - Southdown

✓ The Project continued on reduced expenditure while Grange seeks an equity partner for a strategic share in the Project

✓ Existing tenure and approvals have been maintained with notable achievements including:
  • Securing a 5 year extension of term to 2019 for Ministerial Statement 816;
  • Completing a 5 year research program and closing out environmental approval conditions.

✓ Project security has been enhanced by continuing to build land tenure and access, including:
  • The Community Participation Agreement with the local aboriginal groups being finalised;
  • Negotiations concluding on accessing land for the proposed seawater desalination plant and related infrastructure.

✓ Progressed studies relating to project engineering and further environmental permitting, including:
  • Groundwater exploration which identified palaeo channels with potential to contribute to construction water supply;
  • Extensive botanical surveys;
  • Ongoing hydrogeological baseline studies.
4. 2015 Work Objectives
4.1 Focus for 2015 — Tasmania

- **Continued Safety Focus**
  The release of the new 3 year strategic plan will continue to focus our people on safe work.

- **Ore Supply from NP Stage 3A & blending with SD ore**
  HG ore sources well developed to allow blending from North Pit and South Deposit.

- **Autogenous Mill Shells replaced in 2015 and 2016**
  Strategic replacement allows a planned approach to upgrading concentrator output in order to produce up to 2.7MTPA run rate.

- **Produce over 2.4 million tonnes of concentrate & pellets during 2015**
  Sustain high production run rate, despite down time for Mill Shell Changeout.

- **Continued investment in Mine Development**
  The next stage of North Pit cutback continues to prepare for ore supply in 2017.

- **Strong focus on cost control required to achieve C1 unit costs**
  Costs to be held at low rates despite Mill Shell replacements.

- **Continue to progressively invest in key capital projects**
  Further development on condition monitoring and predictive maintenance and only committing to critical value adding projects.
### 4.2 2015 Indicators – Quarter 1

<table>
<thead>
<tr>
<th></th>
<th>Result 2014</th>
<th>Result 2015 Q1</th>
<th>Result 2014 Q4</th>
<th>Result 2014 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concentrate (t ‘000)</td>
<td>2,626</td>
<td>710</td>
<td>706</td>
<td>558</td>
</tr>
<tr>
<td>Pellet (t ‘000)</td>
<td>2,341</td>
<td>645</td>
<td>595</td>
<td>504</td>
</tr>
<tr>
<td><strong>C1 Operational Cost (AUD/ t)</strong></td>
<td>87</td>
<td>71</td>
<td>78</td>
<td>105</td>
</tr>
<tr>
<td><strong>Shipping and Sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Iron Ore Product Sales (dmt)</td>
<td>2,501,996</td>
<td>595,674</td>
<td>650,093</td>
<td>362,402</td>
</tr>
<tr>
<td>Avg Realised Product Price (US$/t FOB)</td>
<td>107.34</td>
<td>78.73</td>
<td>91.34</td>
<td>138.82</td>
</tr>
<tr>
<td>Avg Realised Exchange Rate (AUD:USD)</td>
<td>0.9038</td>
<td>0.7930</td>
<td>0.8508</td>
<td>0.8913</td>
</tr>
<tr>
<td>Avg Realised Product Price (A$/t FOB)</td>
<td>118.77</td>
<td>99.28</td>
<td>107.36</td>
<td>155.75</td>
</tr>
</tbody>
</table>

- Concentrate production reduction during the 70 day mill shell change out
- Sufficient concentrate stockpiles for sustained pellet production
4.3 LOM Strategies — Grow Reserves & Develop Multiple Mining Locations

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

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

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

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

*Total resources exceeding 390MT which support operations to beyond 2030*
4.4 LOM Strategies — Developing Multiple Mining Locations

North Pit Production Stripping
- Ore supply for 2015

North Pit Mine Development
- East wall cut-back

South Deposit Mine Development
- Ore supply for 2015/16
- Provides ore and material for construction of South Deposit Tailings Storage Facility

Reducing risk associated with a single pit operation
4.5 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)
- Construction of South Deposit Tailings Storage Facility

**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)
4.6 Focusing on the fundamentals — Marketing & Pricing 2015

Referenced on Metal Bulletin Iron Ore Pellet Index

- **Shagang Commitment**
  - Long term FOB (Port Latta) contract to 2023
  - 1 million tonnes (+/- 10%) of iron ore pellets per year

- **Secured 3 x 12 month agency agreements**
  - Up to 1.2 million tonnes of iron ore pellet

*Our customers recognise the value of our premium product*
4.7 Southdown Project Strategies 2015

We will continue the approaches adopted in 2014 into 2015, as we:

- Formulate valid alternate development model and seek to secure equity
- Seek partners for a strategic share of the Company’s interest in the project
5.1 Grange — LOM Strategies Recapped

- **Drive operating costs down further** and sustain access to high grade ore
  - Provide high quality ore for blending from South Deposit
  - Continue investment in mine development - progress next phase of North Pit development

- **Continue to invest** in process infrastructure
  - Complete works for installation of new autogeneous mills at Savage River
  - Progress implementation of South Deposit Tailings Storage Facility which is sufficient storage for the balance of life of mine
  - Complete the truck fleet rebuild
  - Seek partner for Southdown project

- Focus on capital management
  - **Target growth opportunities** to complement existing business
Our fundamentals are solid
- Experienced magnetite producer with a long life project close to the Asian market
- Producer of a high quality iron ore product (65%+ Fe) that receives a premium price
- Strong balance sheet
- Stable work force with minimal turnover
- Our people understand the intricacies of the business and are adding value

We are taking action:
- Cost reduction initiatives in progress to achieve our priority goal of driving C1 costs lower
- Optimizing team structures and reduction in contractor levels
- Timing of capital projects continue to be rescheduled to align with effective condition monitoring and preventative maintenance management processes
- Application of technology to enhance and improve production performance
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managingdirector@grangerresources.com.au

Notes:
- A lower cut-off grade of 15% DTR was used in the calculation of both the Mineral Resources and Ore Reserves
- For details of Resources and Reserves, refer ASX announcement 26-Feb-2015