Australia’s most experienced magnetite producer
Company Highlights

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

- **STRONG Safety Culture**
  Over 1 year LTI free achieved April 2016

- **LONG LIFE** producer of **PREMIUM** iron ore pellets
  High quality ore reserves (~ 51% DTR) producing ~65%+ Fe BF pellets

- **STRONG** balance sheet
  $138m cash and equivalents at 31 Dec 2015

- **PRESERVED** balance sheet strength with disciplined operational planning and execution enabling internal funding of critical mine re-development

- **Advanced GROWTH Project**
  Search for a quality equity partner in the Southdown Project continues
1. Company Overview
1.1 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.*
1.2 Dec 2015 Financial Position - Consolidated

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Dec 2015 AUD'000</th>
<th>Dec 2014 AUD'000</th>
<th>Difference AUD'000</th>
<th>Variance%</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>229,522</td>
<td>231,233</td>
<td>-1,711</td>
<td>-1%</td>
<td>↓ Cash &amp; Receivables ↑ Inventory</td>
</tr>
<tr>
<td>Non-current Assets</td>
<td>111,772</td>
<td>397,016</td>
<td>-285,244</td>
<td>-72%</td>
<td>↑ Impairment &amp; ↓ DTA</td>
</tr>
<tr>
<td>Total Assets</td>
<td>341,294</td>
<td>628,249</td>
<td>-286,955</td>
<td>-46%</td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>37,490</td>
<td>47,180</td>
<td>-9,690</td>
<td>-21%</td>
<td>↓ Creditors &amp; new truck rebuild loan</td>
</tr>
<tr>
<td>Non-current Liabilities</td>
<td>58,267</td>
<td>45,868</td>
<td>12,399</td>
<td>27%</td>
<td>↑ of Provisions and new truck rebuild loan (non-current portion)</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>95,757</td>
<td>93,048</td>
<td>2,709</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Net Assets</td>
<td>245,537</td>
<td>535,200</td>
<td>-289,663</td>
<td>-54%</td>
<td>Two impairments in 12 months</td>
</tr>
</tbody>
</table>
1.3 Company Snapshot

## Capital Structure (A$)

<table>
<thead>
<tr>
<th>Description</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Shares on issue</td>
<td>31 Mar 2016</td>
<td>1,157m</td>
</tr>
<tr>
<td>Share Price</td>
<td>31 Mar 2016</td>
<td>$0.085</td>
</tr>
<tr>
<td>Market Capitalization</td>
<td>31 Mar 2016</td>
<td>$98m</td>
</tr>
<tr>
<td>Cash and Term Deposits</td>
<td>31 Mar 2016</td>
<td>$127m</td>
</tr>
<tr>
<td>Loan</td>
<td>31 Mar 2016</td>
<td>$11m</td>
</tr>
</tbody>
</table>

## Share Price and Volume

- **Share Price**: $0.085 as of 31 Mar 2016
- **Market Capitalization**: $98m as of 31 Mar 2016
- **Cash and Term Deposits**: $127m as of 31 Mar 2016
- **Loan**: $11m as of 31 Mar 2016

### Ownership Structure as at 07 March 2016

- **Jiangsu Shagang**: 42%
- **RGL**: 47%
- **Pacific International**: 8%
- **Free Float**: 3%

### Research Coverage

- **JP Morgan**
- **UBS**
- **Macquarie**
1.4 Products from Tasmanian Operations

Direct Shipping Fines ~57% - 61% Fe

Direct Shipping Lump ~63% Fe

Magnetite Concentrate ~67% Fe

Iron Ore Pellet ~65% Fe

Developing Fluxed Pellet

Higher

Lower

Lower  Price  Higher
2. Tasmanian Operations
Performance & Focus
## 2.1 Jan.- Dec. 2015 Performance – Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>Dec 2015</th>
<th>Dec 2014</th>
<th>Difference</th>
<th>Variance%</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concentrate</td>
<td>Tonne '000</td>
<td>2,606</td>
<td>2,627</td>
<td>21</td>
<td>1%</td>
<td>→ Sustained through Mill replacement</td>
</tr>
<tr>
<td>Pellet</td>
<td>Tonne '000</td>
<td>2,528</td>
<td>2,341</td>
<td>187</td>
<td>8%</td>
<td>↑ Improved processes, record production</td>
</tr>
<tr>
<td>C1 Cash Operating Costs</td>
<td>AUD/t</td>
<td>77.17</td>
<td>86.51</td>
<td>-9.34</td>
<td>-11%</td>
<td>↓ Cost reductions</td>
</tr>
<tr>
<td>Iron Ore Sales</td>
<td>Tonne '000</td>
<td>2,357</td>
<td>2,502</td>
<td>-145</td>
<td>-6%</td>
<td>↓ Volatile Market conditions</td>
</tr>
<tr>
<td>Average Realized Price of Iron Ore Products</td>
<td>AUD/t</td>
<td>87.23</td>
<td>118.77</td>
<td>-31.54</td>
<td>-27%</td>
<td>◦ Price reduction partially offset by FX rate</td>
</tr>
<tr>
<td>Average Realized Exchange Rate</td>
<td>AUD: USD</td>
<td>0.7593</td>
<td>0.9038</td>
<td>-0.1445</td>
<td>-16%</td>
<td>↓ AU Dollar declining</td>
</tr>
<tr>
<td>Sales Revenue (Consolidated)</td>
<td>AUD '000</td>
<td>205,562</td>
<td>297,155</td>
<td>-91,593</td>
<td>-31%</td>
<td>↓ Decrease in Iron Ore Price</td>
</tr>
<tr>
<td>Profit before Tax excluding impairment (Consolidated)</td>
<td>AUD '000</td>
<td>72,445</td>
<td>128,889</td>
<td>-56,444</td>
<td>-44%</td>
<td>↑ Costs reduced to counter adverse market</td>
</tr>
<tr>
<td>Profit after Tax (Consolidated)</td>
<td>AUD '000</td>
<td>(277,814)</td>
<td>(110,164)</td>
<td>-167,650</td>
<td>152%</td>
<td>◦ Total Impairment pre-tax $285m (June and December 2015)</td>
</tr>
</tbody>
</table>
## 2.2 2016 Quarter 1 Performance – Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>Q1 2016 Actual</th>
<th>Q4 2015 Actual</th>
<th>Difference</th>
<th>Variance %</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Concentrate</strong></td>
<td>Tonne '000</td>
<td>664</td>
<td>670</td>
<td>(6)</td>
<td>(0.9%)</td>
<td>→ Achieved production target</td>
</tr>
<tr>
<td><strong>Pellet</strong></td>
<td>Tonne '000</td>
<td>640</td>
<td>625</td>
<td>15</td>
<td>2.4%</td>
<td>↑ Improved processes, reduced downtime</td>
</tr>
<tr>
<td><strong>C1 Cash Operating Costs</strong></td>
<td>AUD/t</td>
<td>63.27</td>
<td>72.73</td>
<td>(9.46)</td>
<td>(13%)</td>
<td>↓ Cost reductions, slowed down movement and deferred maintenance</td>
</tr>
<tr>
<td><strong>Iron Ore Sales</strong></td>
<td>Tonne '000</td>
<td>670</td>
<td>624</td>
<td>46</td>
<td>7.4%</td>
<td>↑ Increased shipment in Q1 2016</td>
</tr>
<tr>
<td><strong>Average Realized Price of Iron Ore Products</strong></td>
<td>AUD/t</td>
<td>80.64</td>
<td>75.97</td>
<td>4.67</td>
<td>6.1%</td>
<td>↑ Price increased in Q1 and partially offset by strengthening Australian Dollar</td>
</tr>
<tr>
<td><strong>Average Realized Exchange Rate</strong></td>
<td>AUD:USD</td>
<td>0.7319</td>
<td>0.7190</td>
<td>0.0129</td>
<td>1.8%</td>
<td>↑ Strengthening Australian Dollar</td>
</tr>
<tr>
<td><strong>Sales Revenue (Consolidated)</strong></td>
<td>AUD '000</td>
<td>54,063</td>
<td>47,407</td>
<td>6,656</td>
<td>14%</td>
<td>↑ Increase in Iron Ore Price</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>↑ Increase in pellet sales volume</td>
</tr>
<tr>
<td><strong>Profit before Tax excluding impairment (Consolidated)</strong></td>
<td>AUD '000</td>
<td>6,847</td>
<td>4,752</td>
<td>2,095</td>
<td>44%</td>
<td>↑ Costs reduced to counter adverse market</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>↑ Revenue increased due to increased sales volume</td>
</tr>
<tr>
<td><strong>Profit after Tax (Consolidated)</strong></td>
<td>AUD '000</td>
<td>6,847</td>
<td>(218,816)</td>
<td>225,663</td>
<td>103%</td>
<td>↑ Costs reduced to counter adverse market</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>↑ Revenue increased due to increased sales volume</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>↓ tax due to not calculated for quarter</td>
</tr>
</tbody>
</table>
2.3 Highlights for 2015 — Tasmania

- Continued Safety Focus
  Record set at 1,728 days (Over 5 years LTI free at Savage River)

- Ore Supply from North Pit & South Deposit blend
  North Pit and South Deposit ores were blended well through the concentrator

- Autogenous Mill Shell replacement completed in 2015
  AM1 replacement completed safely, ahead of plan and budget.

- Produced a record of over 2.5 million tonnes of pellets

- Continued investment in Mine Development
  The next stage of North Pit cutback continues for ore production in 2017

- Strong focus on cost control continues to achieve reduced C1 unit costs
  Costs held at low rates despite Mill Shell replacements

- Continue to progressively invest in key capital projects
  Further development on condition monitoring and predictive maintenance with commitment to critical value adding projects.
2.4 LOM Strategies — Leveraging Resources

**North Pit**
- High quality, long life resources
- ~128MT @ 58%DTR
- Supporting long life operations

**Centre Pit**
- Modelling in progress to further develop ore
- ~120MT @ 49%DTR

**South Deposit**
- ~23MT @ 44%DTR
- Supporting LOM tailings infrastructure construction

**Long Plains**
- Developing resources of ~107MT @ 35%DTR
- Potential addition to mine life

*Total resources exceeding 378MT which support long life operations*
2.5 LOM Strategies — Leveraging Resources

**Ore Reserves**
- Potential to increase with continued development
- Strong Resource basis for long life

**Other Potential**
- Long Plains
- Centre Pit
- External opportunities

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![Graph showing resource/reserve over years from 2002 to 2016]
2.6 LOM Strategies—Optimising Mining Operations

North Pit Production Stripping
- Ore supply for 2017

North Pit Mine Development
- East wall cut-back

South Deposit Mine Development
- Ore supply for 2016
- Provides ore and material for construction of South Deposit Tailings Storage Facility
3. Southdown Project
Achievements & Strategies
3.1 2015 Project Overview – Southdown

- The Project continues on reduced expenditure while Grange seeks an equity partner for a strategic share in the Project.

- Existing tenure and approvals have been maintained.

- Project security has been enhanced by continuing to build land tenure and access, including:
  - Negotiations concluded on accessing Main Roads WA land for the proposed seawater desalination plant pipeline and related infrastructure alignments.
  - Progressing negotiations with the State and landowners for access to key infrastructure areas.

- Progressed studies relating to project engineering and further environmental permitting, including:
  - Progression of the federal commonwealth environmental approval for mine, desalination and pipelines with the public review period planned for early 2016.
  - Groundwater exploration which identified deep water-bearing palaeo channels with potential to contribute to construction water supply.
  - Extensive botanical surveys.
  - Ongoing hydrogeological baseline studies.
We continue the approaches adopted in 2015 into 2016, 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
4. Recap
4.1 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 autogenic mills at Savage River
  - Progress implementation of South Deposit Tailings Storage Facility which is sufficient storage for the balance of life of mine
  - Maintain key mining equipment
  - Seek partner for Southdown project
  - Long-term contract signed with Valin

- Focus on capital management
  - **Target growth opportunities** to complement existing business
4.2 Focusing on the fundamentals

- **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
Primary Contact:

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Managing Director
+61 3 6430 0222
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 09-Mar-2016
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