Equity Capital Raising

Capital Raising and Restructure Presentation

August 2009
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## Executive Summary

### Capital Raising

Grange is undertaking a capital raising (Capital Raising) of approximately $167 million

<table>
<thead>
<tr>
<th>The Capital Raising will comprise:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- A 1 for 1 pro rata non-renounceable entitlement offer at $0.25/sh (Offer), anticipated to raise $123.9 million</td>
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### Restructure

The Capital Raising is part of a Restructure that will:

- Allow early prepayment of a significant portion of Grange’s debt and future liabilities, with some at present value, strengthening Grange’s balance sheet considerably
- Restructure an onerous royalty stream into a more favourable long term royalty
# Executive Summary

## Purpose

The Capital Raising and Restructure will position Grange to continue with production expansion plans and enhance its working capital position:

- Prepayment of a large portion of Grange’s liabilities will significantly reduce the level of debt and debt service required
- Funds from the Capital Raising will be used for working capital and production and expansion plans at Savage River, whilst it continues development of the Southdown Project

## Major Shareholders Participation

The Capital Raising has strong shareholder and Board support:

- The Cornerstone Investors have committed to full participation in the Offer in respect of their shareholdings in Grange
- The Offer has the unanimous support of the Board
- Stemcor and the Cornerstone Investors have committed to taking new shares under the placements
- The Offer provides investors with the opportunity to participate in Grange’s future on attractive terms

## Company Overview & Trading Update

Grange is Australia’s leading magnetite producer:

- Grange produced approximately 2.2mt of blast furnace magnetite pellets in FY09 from the Savage River operations, generating over $350 million in sales
- Cash on hand at 30 June 2009 was c. $33m, down from $75m at the start of the June quarter
- Operational cashflow was positive, and during the June quarter, Grange funded mining cutbacks, closed out its hedge book, repaid a US$40m working capital loan to BNPP, made US$37m of fixed payments to Stemcor and entered into an L/C facility with Bank of China
# Contents

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td><strong>Company Overview &amp; Trading Update</strong></td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Capital Raising &amp; Restructure</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Risks</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Appendices</td>
</tr>
</tbody>
</table>
Iron Ore Value

- Direct Reduction Pellet
- Blast Furnace Pellet
- Direct Shipping Lump
- Magnetite Concentrate
- Direct Shipping Fines

Quality

Vale/Nippon Steel FOB Tubarao

- US125.23c per dmtu
- US110.43c per dmtu
- US100.94c per dmtu
- US89.87c per dmtu

Note: 1. DR pellet price based on Vale / Arcelor Mittal settlement
Pellet Price
Rising rapidly with economic recovery

This year’s iron ore price settlement saw a large drop in benchmark pricing…

… but the spot market has since reverted to pre-settlement levels…

Increasing steel prices also signal the start of economic recovery in China

- Since the iron ore price settlement in June, **Grange has already had offers to buy pellets into the spot market at a significant premium to current benchmark**
- Pellets are highly leveraged to China’s economic recovery – when blast furnaces approach full capacity pellets are the most desirable form of iron ore as they contribute most to productivity and efficiency

Note:
1. Assumes 65% pellet grade

NOT FOR DISTRIBUTION IN THE US
Investment Highlights

Grange is Australia’s largest magnetite producer, formed by a merger between Grange and Australian Bulk Minerals (ABM) in 2009.

- Australia’s leading exporter of iron ore pellets, producing 2.5Mtpa from the Savage River operations in Tasmania
- Cost competitive and profitable during the downturn, highly leveraged to the global economic recovery
- Producer of blast furnace pellets that receive higher prices than fines or lumps and have guaranteed offtake
- Modern mining facility with $100m invested in new equipment in CY2008
- Second major project in the development pipeline – Southdown Project
- Large reserve base – long life projects (~970Mt resources and 512Mt reserves)
- Long term offtake agreements with a solid customer base
- A strong management team with extensive operating expertise in magnetite
- Low sovereign risk
- Demonstrated support from the largest shareholder Shagang, China’s largest private steel mill and a major customer
- Attractively valued compared to (mostly non-producing) peers
Company Snapshot

**Current key statistics (A$)**

<table>
<thead>
<tr>
<th></th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares on issue</td>
<td>12 Aug 09</td>
<td>495m</td>
</tr>
<tr>
<td>Last share price</td>
<td>12 Aug 09</td>
<td>$0.59</td>
</tr>
<tr>
<td>Market capitalization</td>
<td>12 Aug 09</td>
<td>$292m</td>
</tr>
<tr>
<td>15 day VWAP</td>
<td>12 Aug 09</td>
<td>$0.48</td>
</tr>
<tr>
<td>30 day VWAP</td>
<td>12 Aug 09</td>
<td>$0.46</td>
</tr>
<tr>
<td>3 month VWAP</td>
<td>12 Aug 09</td>
<td>$0.50</td>
</tr>
<tr>
<td>Net debt</td>
<td>30 Jun 09</td>
<td>$123m</td>
</tr>
<tr>
<td>Enterprise Value</td>
<td></td>
<td>$415m</td>
</tr>
</tbody>
</table>

**Current ownership Structure**

- **23.08%** Shagang – China’s largest private steel producer
- **47.16%**
- **7.67%** Stemcor – London-based trading major
- **8.29%** RGL – Commodity importing and exporting trading company
- **13.81%** Pacific Minerals – Commodity importing and exporting trading company
- **Other shareholders including Rio with ~2% shareholding**

**Three year share price / volume history (A$ millions)**

*Source: Bloomberg as at 12 Aug 2009; Refer to quarterly results released on ASX on 31 Jul 2009 for latest financial information*
Jiangsu Shagang
A strong partnership

Shagang Overview

- Grange’s largest shareholder
- Demonstrated continuing support for Grange with an attractive LOM offtake agreement at Savage River at benchmark prices and agreement to negotiate at fair market price for Grange’s share of offtake from Southdown
- Shagang’s investment in Grange represents a significant direct iron ore investment in Australia
- Current offtake contracts have been honoured in spite of economic downturn
- Potential for Grange to leverage off Shagang’s strong balance sheet for Southdown development in the future

*Being backed by China’s largest privately owned steel producer provides a large degree of stability and is a positive for both Grange’s prospects and its shareholders*

<table>
<thead>
<tr>
<th>Assets</th>
<th>In excess of A$17 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Jiangsu Province, China</td>
</tr>
<tr>
<td>Product Range</td>
<td>Heavy plate, hot strip coil, stainless hot rolled plate, cold rolled plate, high-speed wire rod, rebar coil and special steel bar</td>
</tr>
<tr>
<td>Production Capacity</td>
<td>Over 22Mtpa pig iron, 27Mtpa other steel products</td>
</tr>
<tr>
<td>Employees</td>
<td>26,500</td>
</tr>
</tbody>
</table>
Grange’s position as Australia’s leading magnetite producer is supported by quality assets in Tasmania and Western Australia.

**Southdown Project (70%)**
- 90km northeast of the Port of Albany
- Largest known premium quality magnetite deposit in southern Western Australia
- Targeting 6.6Mtpa concentrate, to produce 6.8Mtpa of direct reduction and blast furnace grade pellets for over 20 years
- Infrastructure solutions in place (power, ports, water)
- Advanced permitting

**Savage River (100%)**
- Northwest Tasmania
- Producing 2.5Mtpa blast furnace pellets and concentrate
- Mine life to 2023
- 124Mt reserves at 49% DTR
- Owner-operated open pit mine, 83km slurry pipeline, coastal pellet plant and port
- Dedicated infrastructure – no third party charges
- Extensive operating experience applicable to Southdown development
Key Information
Profitable even during economically hard times

FY09 Quarterly Breakdown

<table>
<thead>
<tr>
<th></th>
<th>Q1 Actual</th>
<th>Q2 Actual</th>
<th>Q3 Actual</th>
<th>Q4 Actual</th>
<th>FY09 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total volume mined ('000 bcm)</td>
<td>4,030</td>
<td>4,342</td>
<td>4,883</td>
<td>4,490</td>
<td>17,745</td>
</tr>
<tr>
<td>Total ore mined ('000 bcm)</td>
<td>165</td>
<td>130</td>
<td>237</td>
<td>465</td>
<td>997</td>
</tr>
<tr>
<td>Concentrate produced ('000 tonnes)</td>
<td>620</td>
<td>633</td>
<td>514</td>
<td>522</td>
<td>2,289</td>
</tr>
<tr>
<td>Pellets produced ('000 tonnes)</td>
<td>583</td>
<td>572</td>
<td>462</td>
<td>557</td>
<td>2,174</td>
</tr>
<tr>
<td>Pellets shipped ('000 tonnes)</td>
<td>648</td>
<td>496</td>
<td>650</td>
<td>381</td>
<td>2,175</td>
</tr>
<tr>
<td>Concentrate shipped ('000 tonnes)</td>
<td>27</td>
<td>21</td>
<td>-</td>
<td>12</td>
<td>60</td>
</tr>
</tbody>
</table>

FY09 guidance (based on unaudited management accounts to 30 June 2009\(^1\))

<p>| | |</p>
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<tbody>
<tr>
<td>Cash Cost (US$/t pellet produced(^2))</td>
<td>~50</td>
</tr>
<tr>
<td>Revenue (A$m)</td>
<td>350 - 360</td>
</tr>
<tr>
<td>EBITDA (A$m)</td>
<td>115 -125(^3)</td>
</tr>
</tbody>
</table>

Notes:
1. This information is prepared to the best of the Company’s knowledge and belief at this point in time
2. Direct operating costs includes all costs associated with producing iron ore pellets, but excludes capital expenditure, capitalised waste, financing costs, tax, royalties and corporate costs
3. Based on average pellet price received for FY09 of US$112.76/dmt. Current benchmark pellet price is US$72.23/dmt
## Savage River Overview

<table>
<thead>
<tr>
<th>Ownership</th>
<th>• Grange 100%</th>
</tr>
</thead>
</table>
| Resources and Reserves | • Mineral Resource of 316Mt magnetite at 50.7% DTR  
                      | • Ore Reserve of 124Mt magnetite at 49.2% DTR |
| Production      | • 2.5Mtpa blast furnace pellets and concentrate (annualised basis)  
                      | • Potential to expand to 2.9Mtpa |
| LOM Operating Costs | • US$60/t pellets |
| Mine Life       | • Current mine plan has a 14 year life with the potential to extend an additional 10 years |
| Customers       | • Shagang, BlueScope Steel and Stemcor |
| Operational Update | • Mine re-capitalised in 2008 with new fleet; as a result, mining production has increased 17% over the same 6 months in the previous year (i.e. Jan to Jun period)  
                      | • Currently in the process of finalising study to increase concentrate production, which will require some minor plant upgrades  
                      | • Mill crack defects in Q1 now repaired and production has returned to full capacity of 2.5Mtpa |
Savage River Historical Performance

Historical Mining and Production

- Pellet Production (Mt)
- Ore Mined (000 BCM)

EBITDA (A$m)

- Expressed in calendar years

Note: Not for distribution in the US
Own Downstream Infrastructure
Own Port and Shiploading Infrastructure
Increasing production in the long run

- Production will be increased with replacement of mill shells for both autogenous mills, scheduled to occur in 2014
- Replacement allows:
  - Continued supply of concentrate with significantly reduced risk of unforeseen major repairs
  - Ability to secure expanded production targets
- Estimated cost of A$25m
## Southdown Project

*High grade magnetite project with advanced infrastructure*

### Ownership
- Grange 70%, Sojitz Corporation 30%

### Resources and Reserves
1. Mineral Resource of 654Mt magnetite at 36.5% DTR\(^1,2\)
2. Ore Reserve of 388Mt magnetite at 35.5% DTR\(^1,3\)

### Production
- 6.6Mtpa magnetite concentrate
- 6.8Mtpa direct reduction and blast furnace pellets

### Capital Costs
- US$1.6bn (2008 estimate)

### Operating Costs
- US$55/t pellets (2008 estimate)

### Mine Life
- >20 years

### Infrastructure
- Established port, pipeline route, power easements, Albany waste water, pellet plant site and deep water port in Malaysia

### Project Status
- Outcropping orebody located on freehold land
- Environmental Protection Authority has recommended approval of Southdown
- Option agreement signed with Water Corporation for the supply of treated waste water to Southdown
- Currently undergoing a Stage Gate Review covering mining and concentrator, pipeline and port, pellet plant, financing and project execution methodology
- Pellet plant site in Malaysia, 15 year tax free holiday, deep water port and land under option agreement

### Notes:
1. All figures presented on a 100% project basis
2. Southdown Magnetite Project Resource Upgrade (ASX 3 July 09)
3. July 2008 Southdown reserve estimate
### Solid Customer Base

*Long term offtake agreements – providing revenue stability*

Agreements are in place for both Savage River and Southdown production at benchmark prices or better.

<table>
<thead>
<tr>
<th>Company</th>
<th>Details</th>
</tr>
</thead>
</table>
| Shagang | • China’s largest **private** steel mill, producing 22 Mtpa of pig iron  
• Grange’s largest shareholder  
• Demonstrated ongoing support for the Company  
• Savage River LOM contracts in place:  
  • 1.3 Mtpa pellets until 2012, then increasing to…  
  • 2.1 Mtpa pellets until 2023  
• LOM contracts at benchmark prices  
• Southdown intent to negotiate a fair market price:  
  • 56% of all production (80% of Grange’s 70% share of the JV) |
| BlueScope | • Savage River: 0.8 Mtpa until 2012 |
| Stemcor | • Grange shareholder  
• Savage River: an option to take 80,000 tpa concentrate |
Grange has 774Mt of attributable Mineral Resources and 396Mt of attributable Ore Reserves.

<table>
<thead>
<tr>
<th>Mineral Resources (inclusive of reserves)</th>
<th>Tonnes (Mt)</th>
<th>Grade (%DTR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savage River 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>88</td>
<td>52.7</td>
</tr>
<tr>
<td>Indicated</td>
<td>136</td>
<td>51.7</td>
</tr>
<tr>
<td>Inferred</td>
<td>92</td>
<td>47.2</td>
</tr>
<tr>
<td>Total</td>
<td>316</td>
<td>50.7</td>
</tr>
<tr>
<td>Southdown 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>220</td>
<td>37.4</td>
</tr>
<tr>
<td>Indicated</td>
<td>210</td>
<td>38.9</td>
</tr>
<tr>
<td>Inferred</td>
<td>224</td>
<td>33.4</td>
</tr>
<tr>
<td>Total</td>
<td>654</td>
<td>36.5</td>
</tr>
<tr>
<td>PROJECTS TOTAL</td>
<td>970</td>
<td>41.1</td>
</tr>
</tbody>
</table>

| ATTRIBUTABLE RESOURCES 3                  | 774         | 41.1         |

<table>
<thead>
<tr>
<th>Ore Reserves</th>
<th>Tonnes (Mt)</th>
<th>Grade (%DTR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savage River</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proved</td>
<td>52</td>
<td>49.6</td>
</tr>
<tr>
<td>Probable</td>
<td>72</td>
<td>48.9</td>
</tr>
<tr>
<td>Total</td>
<td>124</td>
<td>49.2</td>
</tr>
<tr>
<td>Southdown 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Probable</td>
<td>388</td>
<td>35.5</td>
</tr>
<tr>
<td>Total</td>
<td>388</td>
<td>35.5</td>
</tr>
<tr>
<td>PROJECTS TOTAL</td>
<td>512</td>
<td>38.8</td>
</tr>
</tbody>
</table>

| ATTRIBUTABLE RESERVES 3                  | 396         | 38.8         |

- Additional growth potential through exploration assets
  - E70/2512 – eastern 6km extension of Southdown Deposit not yet fully drilled
  - Long Plains – magnetite deposit located near Savage River

Notes:
1. Southdown Magnetite Project Resource Upgrade (ASX 3 July 09) – Refer to Appendix A
2. July 2008 Southdown reserve estimate – Refer to Appendix A
3. Adjusted for 70% ownership of Southdown
4. Refer to Appendix B
The largest producing magnetite company

Out of the numerous junior companies with magnetite assets, Grange is the only one in production.
Relative Performance

One Year Performance (re-based to $1.00)

- Share Price (A$):
  - $0.80
  - $1.00
  - $1.20

One Year Percentage Change

- Gindalbie: -1%
- Brockman: -5%
- Atlas: -12%
- Murchison: -20%
- Fortescue: -44%
- Aquila: -44%
- Aurox: -49%
- Mount Gibson: -49%
- Territory: -54%
- Australasian: -63%
- Grange: -71%

Grange is relatively undervalued compared to its peers.

Graph showing share price changes from Aug-08 to Jul-09.

Legend:
- Blue: Grange
- Red: Average of peer companies

Magnetite – non-producing
Haematite - producing
Comparison with other mid-tiers

Grange is attractively priced compared to its (mostly non-producing) peers.

Enterprise Value – Comparison with peer companies

EV/FY09 Production – Inexpensive compared to peers

EV/Reserves – Well priced

Cost – In line with peer average

* Estimated cost as non-producing

NOT FOR DISTRIBUTION IN THE US
Grange Resources – Summary

- Australia’s leading magnetite producer
- Australia’s largest iron ore pellet producer
- High grade quality products
- Solid customer and revenue base
- Long life assets
- Low sovereign risk
- Extensive magnetite technical and operational expertise
- New investment opportunity – Producer and Projects
<table>
<thead>
<tr>
<th></th>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Company Overview &amp; Trading Update</td>
</tr>
<tr>
<td>2</td>
<td>Capital Raising &amp; Restructure</td>
</tr>
<tr>
<td>3</td>
<td>Risks</td>
</tr>
<tr>
<td>4</td>
<td>Appendices</td>
</tr>
</tbody>
</table>
Restructure Detail

Grange has been working to restructure certain liabilities that will position it well for future growth.

<table>
<thead>
<tr>
<th>Liability</th>
<th>Restructure Objectives</th>
</tr>
</thead>
</table>
| Fixed & Variable Payments to Stemcor | ▪ A restructure of the payments due to Stemcor, Dacroft and Forlife that were assumed as part of the merger with ABM in January 2009, under which the payments will be modified to the following:  
  ▪ Grange will pay Stemcor, Dacroft and Forlife US$34.61 million cash in total;  
  ▪ Grange will issue Stemcor, Dacroft and Forlife with 55 million Grange shares in total via the Stemcor Placement; and  
  ▪ Grange will pay Stemcor, Dacroft, Forlife and Dominant an ongoing royalty calculated as 2% of gross revenue receipts from the Savage River Project, commencing in 2012 and ending in 2023 |
| BOC Facility Reduction          | ▪ A reduction of the US$40.8 million Bank of China Letter of Credit Facility (BOC Facility) by A$29.9 million. This Facility was arranged by and is repayable to Shagang  
  ▪ The BOC Facility will have a remaining balance of US$15.6 million  
  ▪ Part of the proceeds from the Offer and Cornerstone Placement will be used to fund this reduction |
| BOC Facility Extension          | ▪ The maturity date for the remaining balance of the BOC Facility will be extended until at least March 2011, at which point the facility may be further extended by mutual agreement  
  ▪ The effective interest rate on the BOC Facility will be USD Libor plus 3.84% per annum |

Notes:
1. Assuming settlement at 31 August 2009. As settlement will occur post this date an adjustment will be made to reconcile the amount payable to present value
Impact on Fixed Liabilities

*Restructured to improve future cash flows*

Fixed liabilities will be almost halved via early prepayment, greatly enhancing Grange’s short term cashflows.

<table>
<thead>
<tr>
<th>Key Liabilities as at 30 June 2009</th>
<th>Pre Capital Raising</th>
<th>On Completion of the Offer &amp; Stemcor Placement</th>
<th>On Completion of Cornerstone Placement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Consideration to Stemcor</td>
<td>36.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank of China Letter of Credit</td>
<td>40.8</td>
<td>33.4&lt;sup&gt;3&lt;/sup&gt;</td>
<td>15.6&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td>Head Agreement payment in March 2010</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Finance leases (Ongoing, 5 year terms)</td>
<td>49.6</td>
<td>49.6</td>
<td>49.6</td>
</tr>
<tr>
<td><strong>Total Obligations in USD excluding Variable Payments to Stemcor</strong></td>
<td><strong>131.3</strong></td>
<td><strong>87.9</strong></td>
<td><strong>70.2</strong></td>
</tr>
<tr>
<td><strong>Total Obligations in AUD excluding Variable Payments to Stemcor&lt;sup&gt;1&lt;/sup&gt;</strong></td>
<td><strong>156.3</strong></td>
<td><strong>104.7</strong></td>
<td><strong>83.6</strong></td>
</tr>
</tbody>
</table>

Notes:
1. Exchange rate of AUD:USD 0.84 assumed
2. Includes Stemcor, Dacroft and Forlife; paid from Capital Raising Proceeds
3. Outstanding balance reduced by $8.8m (US$7.4m) from Offer proceeds and further reduced by $21.1m (US$17.7m) from the Cornerstone Placement proceeds, using an exchange rate of AUD:USD 0.84. The maturity date for the remainder of the BOC Facility will be extended to March 2011 and may be further extended by mutual agreement.
Impact on Variable Liabilities

*Restructured to improve future cash flows*

The restructure and deferral of variable payments to Stemcor will also significantly enhance longer term cashflows.

- Under the existing arrangement these Variable Payments (or “deferred consideration”) are calculated using a specific formula, for the Ore Years from 1 April 2010 to 31 March 2022.
- Following the Restructure these will be partially converted to equity via the Stemcor Placement, restructured to a flat royalty of 2% on gross revenue and deferred by 21 months with commencement date in Jan 2012.
- This restructure will have a positive impact for Grange and result in improvement in future cash flows.
- The chart shows the cash savings achieved by the restructure at various benchmark iron ore prices:

Comparison of Current Royalty with the new 2% Royalty based on 2.5 Mtpa of pellet sales

- Translates to cash savings of ~US$9m at current levels
- Potential savings escalate with increase in pellet price
## Impact on Ownership Structure

*On a 100% take-up scenario*

### Anticipated Capital Structure

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Shagang¹</td>
<td>47.1%</td>
<td>47.1%</td>
<td>44.7%</td>
<td>47.1%</td>
</tr>
<tr>
<td>Stemcor</td>
<td>7.7%</td>
<td>3.8%</td>
<td>7.9%</td>
<td>7.2%</td>
</tr>
<tr>
<td>PI</td>
<td>8.3%</td>
<td>8.3%</td>
<td>7.8%</td>
<td>7.9%</td>
</tr>
<tr>
<td>RGL</td>
<td>13.8%</td>
<td>13.8%</td>
<td>13.1%</td>
<td>13.6%</td>
</tr>
<tr>
<td>Retail</td>
<td>23.1%</td>
<td>23.1%</td>
<td>22.9%</td>
<td>20.9%</td>
</tr>
<tr>
<td>New Institutions</td>
<td>-</td>
<td>3.8%</td>
<td>3.6%</td>
<td>3.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Notes:

1. Entitlement Offer:
   1. Issue of 495.5 million shares in total
   2. Stemcor has committed not to participate in the Offer; its share of the Offer will be taken up by new shareholders
   3. Balance of Offer (apart from Cornerstones' full participation) is underwritten

2. Stemcor Placement:
   1. 55 million shares to be placed to Stemcor, Dacroft and Forlife
   2. Detailed in slide 27

3. Cornerstone Placement:
   1. 72.8 million shares to be placed to Shagang
   2. 8.3 million shares to be placed to PI
   3. 18.7 million shares to be placed to RGL
   4. Detailed in slide 33

### Shares Outstanding (m)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>495.5</td>
<td>991.0</td>
<td>1,046.0</td>
<td>1,145.8</td>
</tr>
</tbody>
</table>
Impact on Ownership Structure
On various take-up scenarios

Capital Structure Post Offer and Stemcor Placement based on various Offer take-up scenarios

<table>
<thead>
<tr>
<th>Percentage Shareholding</th>
<th>Minimum Subscription for $85.8m (c. 343 million shares)</th>
<th>50% of Remaining Shares over min. subscription taken up</th>
<th>100% of Remaining Shares over min. subscription taken up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shagang^1</td>
<td>52.3%</td>
<td>48.2%</td>
<td>44.7%</td>
</tr>
<tr>
<td>Stemcor</td>
<td>9.2%</td>
<td>8.5%</td>
<td>7.9%</td>
</tr>
<tr>
<td>PI</td>
<td>9.2%</td>
<td>8.5%</td>
<td>7.8%</td>
</tr>
<tr>
<td>RGL</td>
<td>15.3%</td>
<td>14.1%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Retail</td>
<td>14.0%</td>
<td>18.8%</td>
<td>22.9%</td>
</tr>
<tr>
<td>New Institutions</td>
<td>0.0%</td>
<td>2.0%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Shares Outstanding (m) 893.6 969.8 1,046.0

Notes:
1. Includes Ever Lucky Developments Limited with 1,015,640 shares (an associate of Shagang)

The potential impact of the various take-up scenarios on the control of Grange by major shareholders is mitigated by:

- The balance of the Offer, apart from the Cornerstones’ commitment to full participation, being underwritten
- Stemcor undertaking not to take up their rights under the Offer
Sources and Uses of Proceeds

If fully subscribed, the Capital Raising will raise $167 million which will be applied to prepay obligations and provide funds for working capital.

<table>
<thead>
<tr>
<th>Sources (A$m)</th>
<th>Application of Proceeds (A$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proceeds from Offer</strong></td>
<td></td>
</tr>
<tr>
<td>From Cornerstones</td>
<td>$85.8m</td>
</tr>
<tr>
<td>From other shareholders / new investors</td>
<td>$38.1m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$123.9m</td>
</tr>
<tr>
<td><strong>Proceeds from Cornerstone Placement</strong></td>
<td></td>
</tr>
<tr>
<td>From Cornerstones</td>
<td>$28.9m</td>
</tr>
<tr>
<td><strong>Proceeds from Stemcor Placement</strong></td>
<td></td>
</tr>
<tr>
<td>55 million new shares placed</td>
<td>$13.75m</td>
</tr>
</tbody>
</table>

- Should the Offer only achieve the minimum subscription level of $85.8 million (representing approximately 343 million shares), the Stemcor and Cornerstone Placement will still proceed (the latter conditional upon FIRB and shareholder approval)
- The total proceeds raised in this case ($128.5 million) will be applied in the same order as above up to the maximum amount raised, with the balance put towards working capital

Notes:
1. Comprising the payment of US$7.4 million (A$8.8 million at the assumed exchange rate) from the Offer proceeds and A$21.1 million from the Cornerstone Placement
2. Includes Stemcor, Dacroft and Forlife
3. Australian dollar equivalent amount of payments made in US dollars shown on the basis of a USD/AUD exchange rate of 0.84
Participation by Cornerstones

Grange’s Cornerstone Investors have shown strong support by committing to participate fully in the Offer and Cornerstone Placement.

- The Cornerstones’ continuing support provides a strong endorsement of the outlook for Grange and the wider iron ore industry.
- The Cornerstones have confirmed their pro rata participation in the Offer by committing to subscribe for c. 343 million shares.
- The Cornerstones are also receiving placements, conditional upon shareholder and FIRB approval, which will allow the Cornerstone Investors to subscribe for a total of 99.8 million shares, or the number of shares that could be issued to remain within compliance with Section 611 (9) of the Corporations Act 2001 (being the 3% creep provision), whichever is lower.
- This will equate to a total investment by the Cornerstones of up to $115 million.
- The Cornerstones’ total holding in Grange could change as follows:

<table>
<thead>
<tr>
<th>Capital Raising Step (based on 100% take-up for the Offer)</th>
<th>Shagang</th>
<th>RGL</th>
<th>PI</th>
<th>Total Holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Holding</td>
<td>47.1%</td>
<td>13.8%</td>
<td>8.3%</td>
<td>69.2%</td>
</tr>
<tr>
<td>Post Entitlement Offer and Stemcor Placement</td>
<td>44.7%</td>
<td>13.1%</td>
<td>7.8%</td>
<td>65.6%</td>
</tr>
<tr>
<td>Post Cornerstone Placement, assuming 99.8 million shares are issued</td>
<td>47.1%</td>
<td>13.6%</td>
<td>7.9%</td>
<td>68.6%</td>
</tr>
</tbody>
</table>

- Grange anticipates that the shareholder meeting to approve the Cornerstone Placement will be held in October, with further details to be released at a closer date.

Notes:
1. Comprising 72.8 million new shares placed to Shagang, 8.3 million to PI and 18.7 million to RGL.
2. Assumes 99.8 million shares are issued in the Cornerstone Placement.
3. Includes Ever Lucky Developments Limited with 1,015,640 shares (an associate of Shagang).
### Key Conditions

Certain key events of the Capital Raising are conditional upon other agreements and events being executed and/or completed.

<table>
<thead>
<tr>
<th>Key Event</th>
<th>Key Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Offer</td>
<td>- Grange receiving a minimum subscription level of $85.8 million (representing approximately 343 million shares) (Minimum Subscription Level)</td>
</tr>
<tr>
<td>Shagang’s subscription to the Offer</td>
<td>- Relevant foreign exchange approvals</td>
</tr>
<tr>
<td>Restructure</td>
<td>- The Offer proceeding&lt;br&gt;- Grange receiving the Minimum Subscription Level under the Offer&lt;br&gt;- $8.8 million(^1) of the Offer proceeds being used to repay part of the amount owed to Shagang International pursuant to the BOC Facility</td>
</tr>
<tr>
<td>Stemcor Placement</td>
<td>- The Offer proceeding&lt;br&gt;- Grange receiving a minimum subscription for 343 million shares&lt;br&gt;- Dacroft, Forlife and Dominant entering into the proposed security arrangements</td>
</tr>
<tr>
<td>Cornerstone Placement</td>
<td>- FIRB approval&lt;br&gt;- Grange shareholder approval&lt;br&gt;- All other regulatory approvals&lt;br&gt;- Completion of the Offer and Stemcor Placement</td>
</tr>
</tbody>
</table>

Notes:

1. Australian dollar equivalent of this payment made in US dollars (US$7.4 million) shown on a USD/AUD exchange rate of 0.84
Eligibility for Entitlement Offer

- Eligible shareholders are those holders of Grange shares who:
  - Are registered as a holder of Grange shares as at 7.00pm (AEST) on the Record Date
  - Have a registered address in Australia, New Zealand or the British Virgin Islands
  - Are not in the United States or a U.S. person or acting for the account or benefit of such persons
  - Are eligible under all applicable securities laws to receive an offer under the Offer

- Note that some shareholders resident outside of Australia, New Zealand and British Virgin Islands will not be eligible to participate in the Offer due to securities law restrictions on the offer of Grange shares in certain jurisdictions (Ineligible Shareholders)

- Any New Shares that would otherwise have been offered to those shareholders are proposed to be issued to Patersons Securities Limited (acting as Nominee). The Nominee will subscribe for and sell (on a “best endeavours” basis) the New Shares on market on behalf of those ineligible overseas shareholders following the allotment and issue of those New Shares

- Grange will distribute the proceeds (if any) pro rata to the Ineligible Shareholders net of sale expenses (including brokerage)
## Key Dates

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer Announcement</td>
<td>Tuesday, 18\textsuperscript{th} August (T=0)</td>
</tr>
<tr>
<td>Offer Document and Appendix 3B lodged with ASX</td>
<td></td>
</tr>
<tr>
<td>Notification sent to option holders</td>
<td></td>
</tr>
<tr>
<td>Notice of Offer sent to security holders</td>
<td>Wednesday, 19\textsuperscript{th} August (T=1)</td>
</tr>
<tr>
<td>Existing shares quoted on an 'ex' basis</td>
<td>Thursday, 20\textsuperscript{th} August (T=2)</td>
</tr>
<tr>
<td>Record date</td>
<td>Wednesday, 26\textsuperscript{th} August (T=6)</td>
</tr>
<tr>
<td>Despatch of Offer Documents to Eligible Shareholders</td>
<td></td>
</tr>
<tr>
<td>Offer Period Opens</td>
<td>Friday, 28\textsuperscript{th} August (T=8)</td>
</tr>
<tr>
<td>Offer Period Closes</td>
<td></td>
</tr>
<tr>
<td>Notification of under-subscriptions to ASX (if any)</td>
<td>Wednesday, 16\textsuperscript{th} September (T=21)</td>
</tr>
<tr>
<td>Shares issued</td>
<td></td>
</tr>
<tr>
<td>Holding statements despatched</td>
<td>Monday, 21\textsuperscript{st} September (T=24)</td>
</tr>
<tr>
<td>Updated Appendix 3B lodged with ASX</td>
<td></td>
</tr>
<tr>
<td>Commencement of trading of New Shares</td>
<td>Tuesday, 22\textsuperscript{nd} September (T=25)</td>
</tr>
</tbody>
</table>
Key Contacts

Primary contacts:

Russell Clark
Managing Director & Chief Executive Officer
+61 8 9321 1118
managingdirector@grangeresources.com.au

Corporate Advisor to Grange:

Simon Price
Director
Azure Capital
+61 8 6263 0888
scp@azurecapital.com.au
Contents

1  Company Overview & Trading Update
2  Capital Raising & Restructure
3  Risks
4  Appendices
### Key Risks

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commodity price and General Economic conditions</strong></td>
<td></td>
</tr>
</tbody>
</table>
  - Substantially all of Grange’s cash flows and revenues are derived from the sale of iron ore, and as such, Grange is exposed to iron ore price fluctuations. These fluctuations may be influenced by numerous factors and events which are beyond the control of Grange or its employees.
  - Such factors include the costs of production of other iron ore producers and other macro-economic factors such as inflationary expectations, monetary and fiscal policy (which, for example, may impact interest rates), currency exchange rates as well as general global political trends. |
| **Foreign Exchange Risk**                     | 
  - Grange is an Australian business that reports in Australian dollars. Grange’s revenue are in US dollars derived from the sale of iron ore; however, as Grange’s costs are mainly in Australian dollars, movements in the USD/AUD exchange rate may adversely or beneficially affect Grange’s results of operations and cash flows. |
| **Regulatory Risks**                          | 
  - Grange’s operations are subject to various Federal, State and local laws and plans including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health.
  - Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials. No assurance can be given that Grange will be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, Grange may be curtailed or prohibited from continuing or proceeding with production and exploration. |
| **Outstanding obligations, Debt servicing and Refinancing Risks** | 
  - Grange has finance facilities in place as detailed in this presentation, which may need to be renewed or refinanced on or before various maturity dates. Depending on its financial performance, there is a risk that Grange will be unable to meet covenants under these facilities or otherwise service them. If Grange is unable to refinance existing facilities or secure new facilities on acceptable terms, this funding may need to be provided through the cash flows of the business or from shareholder equity. Grange intends to use the majority of the proceeds of this Offer to significantly reduce its outstanding obligations. |
| **Estimates of Mineral Reserves and Resources Risk** | 
  - Grange’s Mineral Resources and Ore Reserves are estimates only and no assurance can be given that any particular recovery level of iron ore will in fact be realised. Grange’s estimates comply with the JORC Code, 2004; however, Mineral Resources and Ore Reserves are expressions of judgement based on knowledge, experience and industry practice, and may require revision based on actual production experience. Estimates which are valid when made may change significantly when new information becomes available. |
### Key Risks

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rising Energy and Commodity Costs</strong></td>
<td>Grange has significant commodity (diesel) and energy (gas and electricity) requirements and it relies on being able to fulfil those requirements at a cost which does not negatively impact on its cash flows. A number of factors (particularly the strength of the US dollar) may lead to an increase in commodity and energy costs, which may materially adversely affect the earnings of the Company.</td>
</tr>
<tr>
<td><strong>Insurance</strong></td>
<td>Grange currently maintains insurance coverage as determined appropriate by the Board and Management, but no assurance can be given that Grange will continue to be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover all claims.</td>
</tr>
</tbody>
</table>
| **Climate Change Risk**         | • The Savage River Operations are energy intensive which makes Grange a significant emitter of greenhouse gases, as will the Southdown Project when it commence operations. The Kyoto Protocol imposes a legally binding obligation on industrialised nations to reduce their greenhouse gas emissions by a combined average of 5% from 1990 levels during the period from 2008 to 2012.  
• The Australian Federal Government has proposed a national emissions trading scheme, to be implemented by July 2010. It released its Green Paper on the proposed scheme, titled the Carbon Pollution Reduction Scheme (CPRS), on 16 July 2008. The Green Paper indicates that the Government is considering a scheme which requires carbon emitters to purchase permits that are equivalent to their emissions volume, at a price that has not yet been determined. Until the CPRS is finalised, the impact on Grange is uncertain.  
• Possible risks include increased regulatory costs to buy permits, as well as increased capital expenditure to introduce greenhouse gas abatement measures. Grange may be required to record and disclose its greenhouse gas emissions under the National Greenhouse and Energy Reporting Act 2007 (NGERA). While it is anticipated that some of the costs of buying permits can be passed on to customers, the extend to which that will be possible depends on the final form of the CPRS.  
• Grange is monitoring the Australian Federal Government plans to introduce the CPRS and has already implemented procedures to ensure it complies with its reporting obligations under the NGERA. |
| **Claims, Liability and Litigation** | Grange may have disputes with counterparties in respect of major contracts, or may be exposed to customer or environmental, occupational health and safety or other claims. Grange may incur costs in defending or making payments to settle any such claims, which may not be adequately covered by insurance or at all. Such payments may have an adverse impact on Grange’s profitability and/or financial position. |
| **Geo-technical Risk**           | The mining operations at Savage River have historically suffered some geotechnical issues with the failure of pit walls on occasion that could reduce the rate of mining. Due diligence carried out by Grange’s technical consultants during the merger with ABM found the practices that have been implemented to counter this geotechnical risk reduce the potential impact of such geotechnical risks on the mining operations. |
Key Risks

| Reliance on Chinese counterparties | • The majority of production from Savage River is sold to Shagang, Grange’s major shareholder and a Chinese steel maker, on long term offtake contracts. Although there is no history of non-performance by Shagang, the recent non-performance of Chinese iron ore offtakers highlights that this risk does exist |
| General Equity Market Risks | • The value of Grange shares, including those new shares issued under this Offer may fluctuate. In recent times, the extent of this volatility in Grange shares and the wider market has been significant.  
• Investments in equity markets are generally speculative in nature and potential investors should carefully consider this risk before making any investment in Grange shares  
• There is no guarantee that Grange shares will trade at or above the Offer price. Potential investors should also note that past performance of Grange shares on ASX provides no guidance as to the future performance of these shares on ASX |
| Execution Risk | • This presentation has highlighted a number of conditions that must be met in order for certain key events of the Capital Raising and Restructure to have effect. There is a risk that some conditions may not be met and the Capital Raising and Restructure are unable to proceed |
| Termination of Underwriting Agreement | • The Underwriting Agreement contains customary termination events for arrangements of this type. In the event that Underwriting Agreement be terminated and the Offer experiences a low take-up rate, the portion of the Capital Raising applied to working capital will be reduced accordingly  
• This risk is mitigated by Grange’s major shareholders committing to a significant portion of the Restructure, which is independent of the non-Cornerstone shareholders take-up rate |
| Requirement for Future Funding | • There may be a need for funds in the future even if the Offer and Restructure proceed accordingly, the result of risks and factors outlined above which are out of the control of Grange, its directors, employees and advisors. The ability of Grange to meet this future requirement, should it arise, will be dependent on Grange’s continued access to credit markets, funding sources and financing facilities.  
• Recent developments in global financial markets have adversely affected the liquidity of global credit markets, which has in resulted in an increase in the cost of funding and in certain cases a reduction in the availability of funding sources throughout global markets. Access to credit markets on less favourable terms will impact Grange’s access to financing facilities should the need arise, and may have a material adverse effect on Grange’s future financial performance and position |

Potential investors should note that risk factors stated above and in the preceding slides are non-exhaustive.
## Contents

<table>
<thead>
<tr>
<th></th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Company Overview &amp; Trading Update</td>
</tr>
<tr>
<td>2</td>
<td>Capital Raising &amp; Restructure</td>
</tr>
<tr>
<td>3</td>
<td>Risks</td>
</tr>
<tr>
<td>4</td>
<td>Appendices</td>
</tr>
</tbody>
</table>
Grange Board

Grange has a strong board with a diverse range of experience.

Xi Zhiqiang: Chairman
- Extensive experience in the Chinese steel industry
- Baosteel employee for 30 years, including 5 years as Managing Director of Baosteel Australia

Russell Clark: Managing Director and CEO
- Appointed Managing Director of Grange in March 2008
- 30 years of mining experience in technical, project management, general management and executive positions
- Prior to joining Grange, he worked for Renison Goldfields for over 18 years and Newmont Mining Corporation for 8 years

Anthony Bohnenn: Non-executive Director
- Appointed as a director of Grange in November 2001 and subsequently as Chairman in July 2002
- More than 25 years experience as Managing Director in the investment banking and financial services industries, with an emphasis in research and funds management

Wei Guo: Non-executive Director
- Joined Shagang Group in 1988
- Currently Vice-Director of the Investment Department of the Board of Jiangsu Shagang Group Limited

Neil Chatfield: Deputy Chairman
- Recently Executive Director and CFO of Toll Holdings, a position held for over 10 years
- 30 years experience in resources, logistics and transportation sectors
- Currently Independent Chairman of Virgin Blue, Non-executive Director of Seek Limited, Whitehaven Coal Limited, TransUrban

Peter Stephens: Non-executive Director
- Recently CFO of Noank Media Inc
- CFO of National Grid Australia prior to Noank
- An MBA with over 28 years experience in the telecommunications, banking/corporate treasury, manufacturing and distribution industries in Australia and across the Asia-Pacific region

Clement Cheung Ko: Non-executive Director
- Chairman and CEO of Pacific Minerals Limited (PI)
- More than 18 years experience in mining sector, with extensive expertise in marketing and sales
- Prior to founding PI, he worked for BHP Billiton (China) Ltd as a senior regional marketing manager
Management Team

Grange has one of Australia’s most experienced magnetite operations teams.

- **Ross Carpenter: General Manager Projects**
  - Joined the Savage River Project in 2004
  - 31 years of professional experience as a Manager and Mining Engineer
  - Previously worked for Newmont Gold (USA), WMC Resources and Ivanhoe Mines

- **Brian Burdett: General Manager Operations**
  - Joined Savage River in 1997 as Refurbishment Manager
  - Metallurgist
  - 43 years experience in the mineral processing and mining industry holding senior positions around the world

- **Wayne Bould: Chief Operating Officer**
  - Joined Grange in 2008
  - Previously Director – Business Excellence for Newmont Mining Corporation, where he was responsible for development and execution of Newmont’s business excellence strategies
  - Extensive Management experience in oil and timber businesses

- **Len Skotsch: General Manager Exploration**
  - Geologist with over 23 years experience in the mining, mineral exploration and oil and gas industries
  - Has held a variety of senior management positions over the past 10 years, most recently as Exploration Manager (Australia) and Senior Evaluation geologist for Troy Resources NL

- **Nick Longmire: General Manager Commercial**
  - Joined Grange in 2008
  - 12 years experience Chartered Accountant in resources
  - Previous experience includes 5 years at Newmont, most recently as Business Manager – Construction with the Boddington Project; and WMC, Griffin Coal and KPMG

- **Stacey Apostolou: General Manager Finance & Company Secretary**
  - Previously finance director to two ASX/AIM listed companies and has held company secretarial roles for publicly listed companies within the mining and exploration industry
  - Over 20 years industry experience in corporate, treasury, finance, accounting and administration functions for the above companies
Pellet Market
Attractive long term fundamentals

Demand – Driven by China:

- **Dominant buyer of iron ore**: Currently taking advantage of low prices to build up strategic inventories
- **Successful steel-intensive fiscal stimulus package**:
  - Blast furnace output growth up by 3.2% YTD
  - Recovery in spot prices despite the fall in contract prices – prices will be sustained as Chinese demand rises while domestic ore production falls
- **Very high domestic production costs**:
  - Imported pellets are cheaper than domestic ore
  - High quality imported magnetite feed needed to blend with lower quality domestic feed
  - Trying to secure pellet supply rather than direct shipping ore (Australasian, CITIC, Gindalbie and Grange)

Supply-side factors:
- Pellet undersupply in the foreseeable future

Cost base:
- Pellet premium to fines will revert to pelletising costs as a minimum

Industry views:
- Brazilian producer SAMARCO (50% owned by Vale) continues to fast track expansion pre-feasibility study, a vote of confidence that pellet demand will be strong over the long term
- Vale and SAMARCO dominate the pellet market to an even greater extent than the Big Three (Vale, BHPB and Rio Tinto) dominate the DSO market
Pellet Prices

Future price upside driven by niche market

Iron Ore and Pellet Price Settlements – Brazilian brands (USc/mtu FOB)

- Pellets are the highest quality iron ore product and sell at a premium to fines (and even lumps)
  - Due to more consistent sizing and composition
  - Allows direct feed into blast furnaces without need for sintering
  - Most desirable form of iron ore as it contributes most to the productivity of the blast furnace allowing more efficient operation
  - High Fe content translates to cheaper shipping
  - Magnetite pellets are cheaper to make than hematite pellets

- Increases in pellet prices will predominantly be driven by demand-side factors:
  - Strength of Chinese recovery
  - Gradual move towards more efficient, less capital intensive steel plants requiring pellets as feedstock – EAF vs. BF
  - Undersupply in the foreseeable future

Source: Historical price settlements, broker consensus forecasts
Competent Person Statement

• Southdown Project
  • The information in this presentation which relates to the Mineral Resources of the Southdown Project is based on information compiled by James Farrell who is a full-time employee of Golder Associates Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy. James Farrell 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). James Farrell consents to the inclusion of this information in this presentation in the form and context in which it appears.
  • The information in this presentation which relates to the Ore Reserves of the Southdown Project is based on information compiled by Mr Ross Bertinshaw who is a full-time employee of Golder Associates Pty Ltd and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Bertinshaw has sufficient experience in Ore Reserve estimation 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). Mr Bertinshaw consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

• Savage River Project
  • The information in this presentation that relates to Mineral Resources or Ore Reserves in relation to the Savage River Project is based on information compiled by Mr Ben Maynard, who is a Member of The Australasian Institute of Mining and is a full time employee of Grange Resources. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Maynard consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
## In situ Mineral Resource Estimate

<table>
<thead>
<tr>
<th>Classification</th>
<th>Measured Resources</th>
<th>Indicated Resources</th>
<th>Inferred Resources</th>
<th>Total Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tonnes (Mt)</td>
<td>219.7</td>
<td>210.3</td>
<td>224.4</td>
<td>654.4</td>
</tr>
<tr>
<td>DTC wt%</td>
<td>37.4</td>
<td>38.9</td>
<td>33.4</td>
<td>36.5</td>
</tr>
<tr>
<td>DTC Fe%</td>
<td>69.2</td>
<td>69.3</td>
<td>69.1</td>
<td>69.2</td>
</tr>
<tr>
<td>DTC SiO$_2$%</td>
<td>1.72</td>
<td>1.94</td>
<td>2.07</td>
<td>1.91</td>
</tr>
<tr>
<td>DTC Al$_2$O$_3$%</td>
<td>1.43</td>
<td>1.27</td>
<td>1.29</td>
<td>1.33</td>
</tr>
<tr>
<td>DTC S%</td>
<td>0.46</td>
<td>0.40</td>
<td>0.54</td>
<td>0.46</td>
</tr>
<tr>
<td>DTC LOI%</td>
<td>-3.04</td>
<td>-3.06</td>
<td>-2.96</td>
<td>-3.02</td>
</tr>
</tbody>
</table>

This Mineral Resource has been defined using geological boundaries and a cut-off grade of 10 wt% DTC and includes minor internal dilution. All reported concentrate grades were weighted by DTC.

## Ore Reserves within Designed Pit (Cut-off 10% DTR)

<table>
<thead>
<tr>
<th>Reserve Classification</th>
<th>ROM (Mt)</th>
<th>DTR%</th>
<th>Conc. (Mt)</th>
<th>Fe%</th>
<th>SiO2%</th>
<th>Al2O3%</th>
<th>TiO2%</th>
<th>S%</th>
<th>P%</th>
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</thead>
<tbody>
<tr>
<td>Probable</td>
<td>388</td>
<td>35.5</td>
<td>131</td>
<td>68.8</td>
<td>2.06</td>
<td>1.41</td>
<td>0.45</td>
<td>0.55</td>
<td>0.003</td>
</tr>
</tbody>
</table>

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Savage River Reserves and Resources

Mineral Resource and Ore Reserve Estimates

<table>
<thead>
<tr>
<th>Mineral Resource</th>
<th>Tonnes (Mt)</th>
<th>Grade (%DTR)</th>
<th>Ore Reserve</th>
<th>Tonnes (Mt)</th>
<th>Grade (%DTR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured</td>
<td>88.01</td>
<td>52.7</td>
<td>Proved</td>
<td>52.39</td>
<td>49.6</td>
</tr>
<tr>
<td>Indicated</td>
<td>135.96</td>
<td>51.7</td>
<td>Probable</td>
<td>72.00</td>
<td>48.9</td>
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<tr>
<td>Inferred</td>
<td>92.22</td>
<td>47.2</td>
<td>Total</td>
<td>124.40</td>
<td>49.2</td>
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<tr>
<td>Total</td>
<td>316.20</td>
<td>50.7</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Mineral Resources and Ore Reserves have been estimated for Grange Resources Tasmania Savage River magnetite deposit at the end of May 2009.

Qualifying Statements

The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves. The Inferred Mineral Resources are, by definition, additional to the Ore Reserves.

A lower cut-off grade of 15% DTR was used in the calculation of both the Mineral Resources and Ore Reserves.

The Ore Reserve was calculated using a 1.087 dilution factor and a mining recovery factor of 0.939. These factors are based on periodic reconciliation specific to mining areas.
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