



**GRANGE**  
RESOURCES



# Australia's leading magnetite producer

**Russell Clark**

Managing Director and CEO

CCI Resource Conference

28 June 2012

# Disclaimer

The material in this presentation ("material") is not and does not constitute an offer, invitation or recommendation to subscribe for, or purchase, any security in Grange Resources Limited ("GRR") nor does it form the basis of any contract or commitment. GRR makes no representation or warranty, express or implied, as to the accuracy, reliability or completeness of this material. GRR, its directors, employees, agents and consultants, shall have no liability, including liability to any person by reason of negligence or negligent misstatement, for any statements, opinions, information or matters, express or implied, arising out of, contained in or derived from, or for any omissions from this material except liability under statute that cannot be excluded.

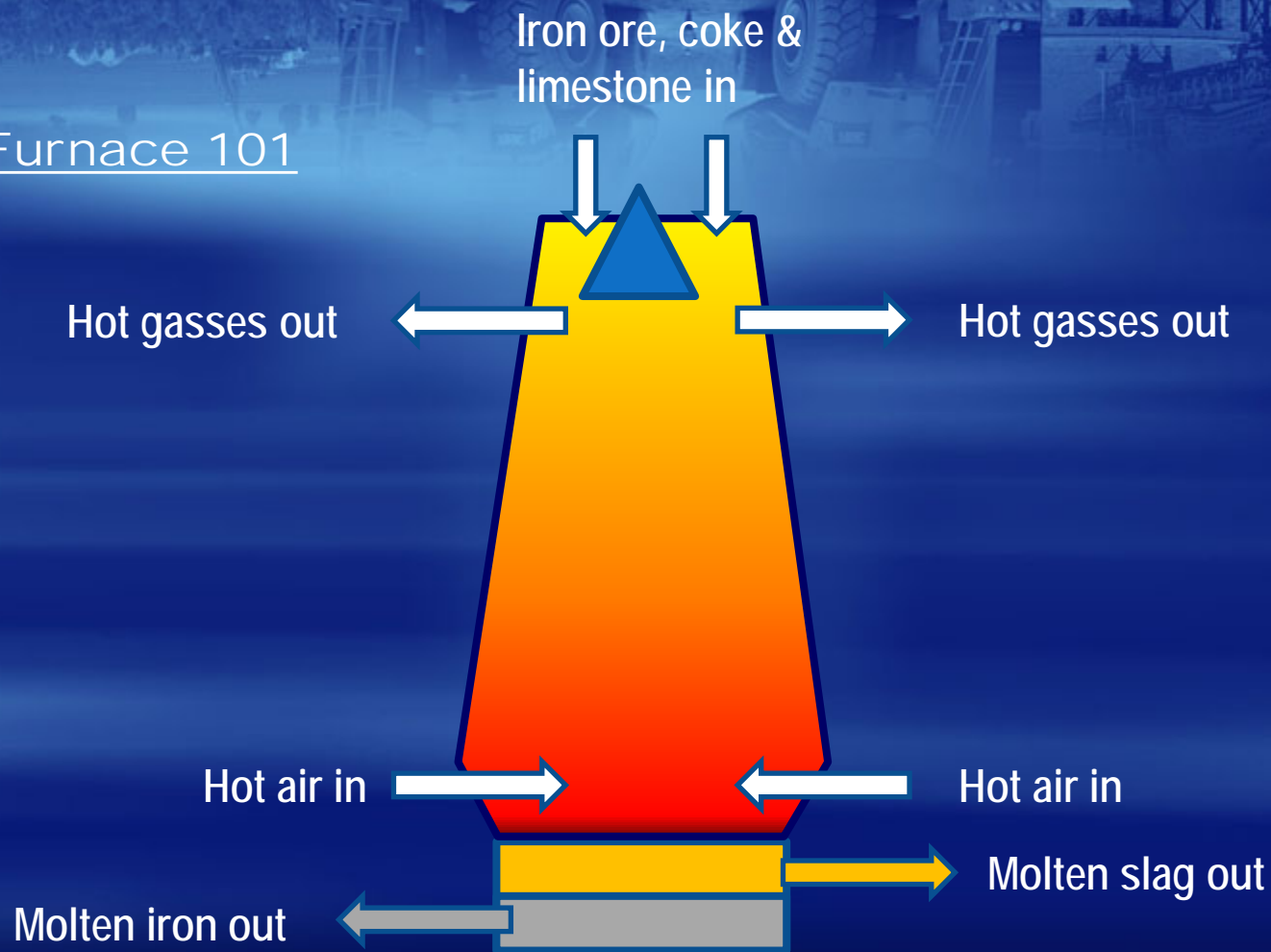
Statements contained in this material, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of GRR or, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

# 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 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

Fines Grades are falling

Contaminants are rising  
Costs are rising

Molten iron out

20% - 50% Lump and Pellets

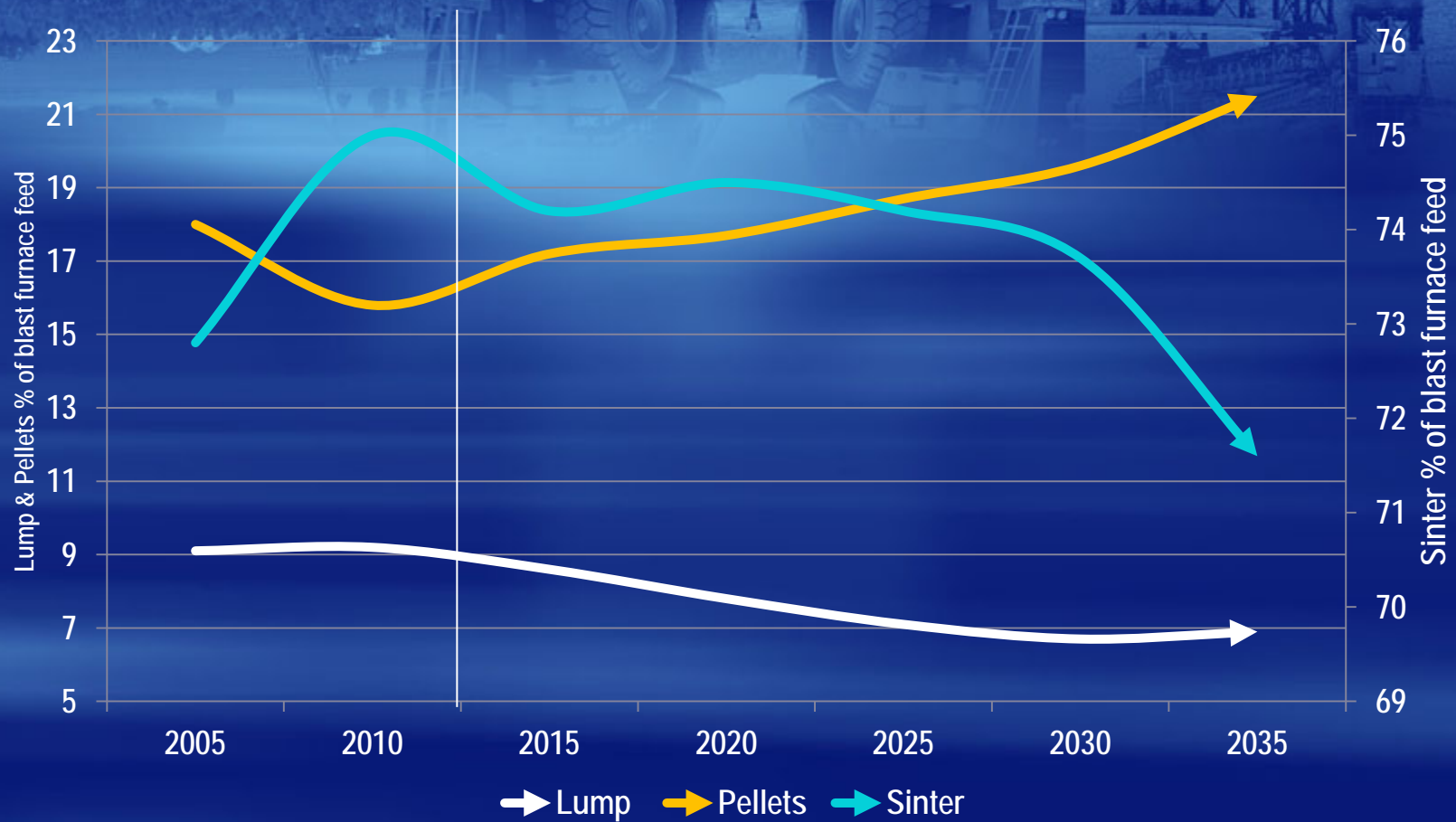
- Lump 63% Fe,
- Pellets up to 67% Fe (low contaminants)
- Availability of lump is falling

Questions?

- How will productivity be maintained as fines grades drop and contaminants increase?
- What will replace lump as it becomes more scarce?

Molten slag out

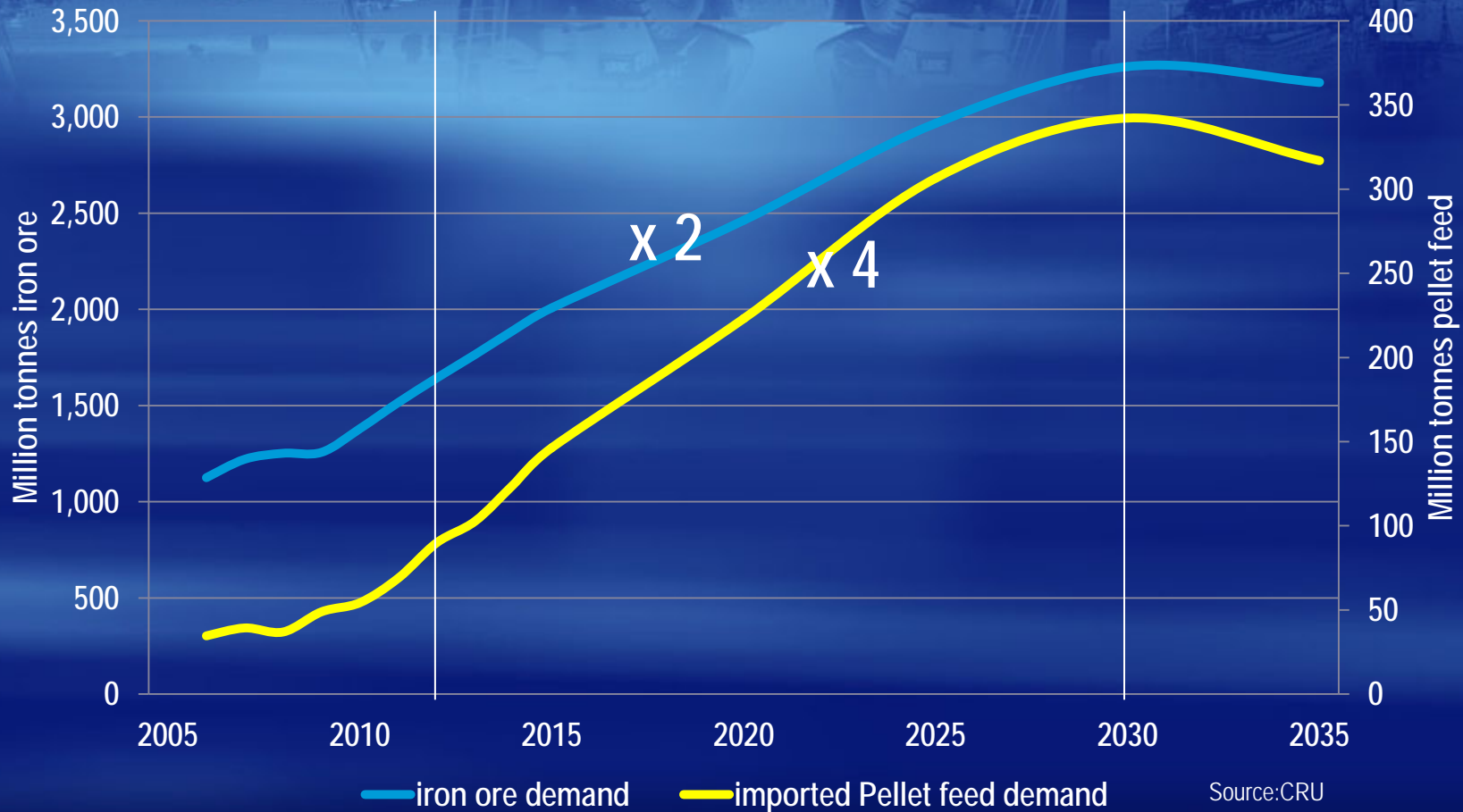
# Sinter, Lump and Pellet mix over time



Source: CRU

In 18 years iron ore demand doubles and  
pellet feed demand grows almost four fold

## Iron ore and Pellet feed demand



# Magnetite – The premium iron ore



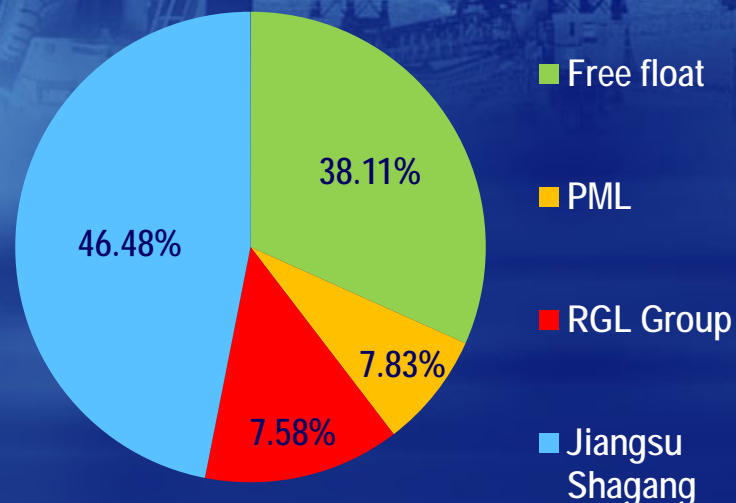


# Company Snapshot

## Current key statistics (A\$)

Ordinary shares on issue	15 June 2012	1,155m
Last share price	15 June 2012	\$0.5
Market capitalization	15 June 2012	\$577m
Cash & Receivables	31 March 2012	\$274.2m

## Current Ownership Structure



## Research

Bell Potter	Patersons
Citi	Petra Capital
JP Morgan	RBS
Macquarie	RBS Morgans
Merrill Lynch	UBS

# 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

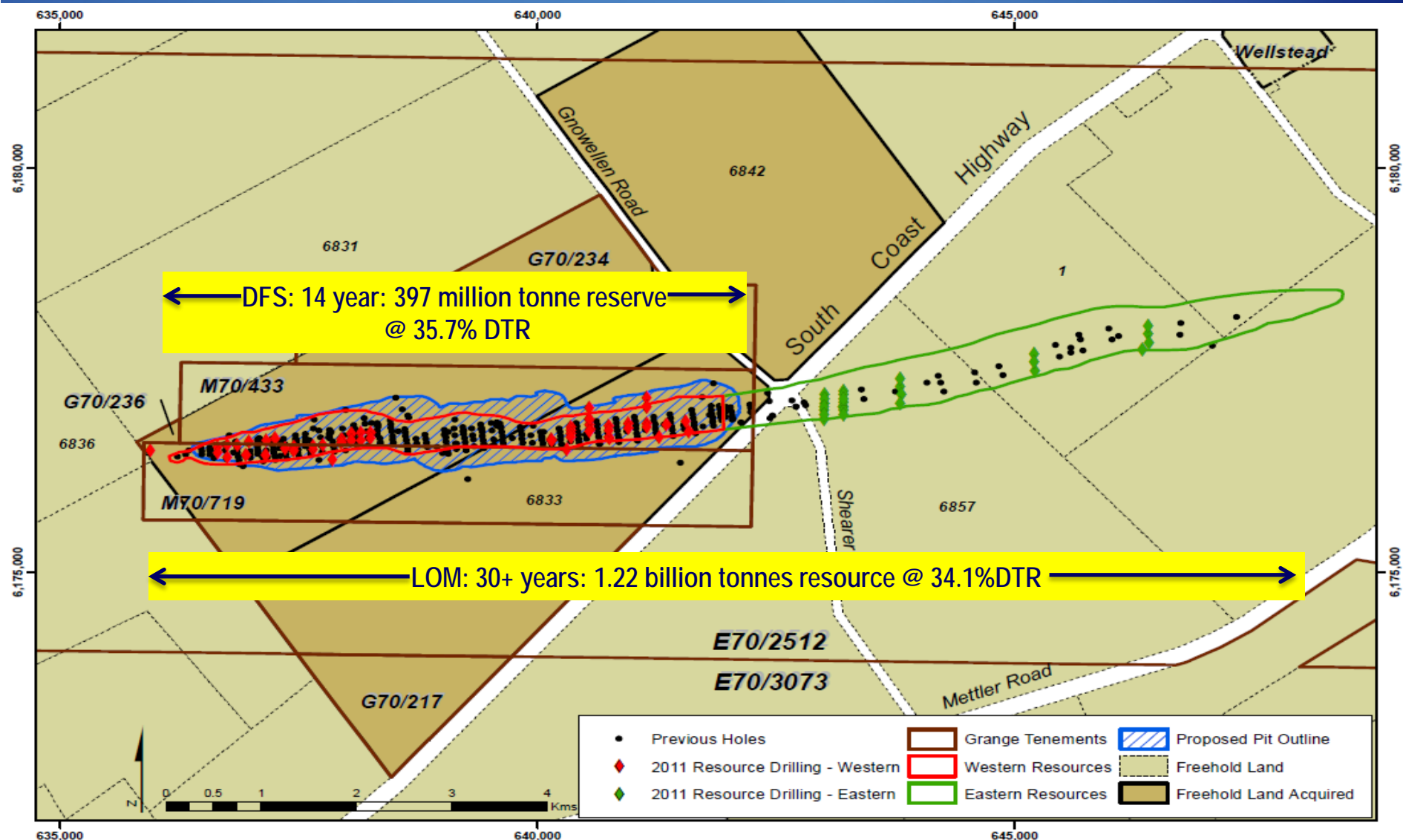




## The Southdown Project *DFS Highlights*

- \$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*







June 2012

Slide 15

[illegible]



# Southdown Magnetite Project *Product Quality Expectations*

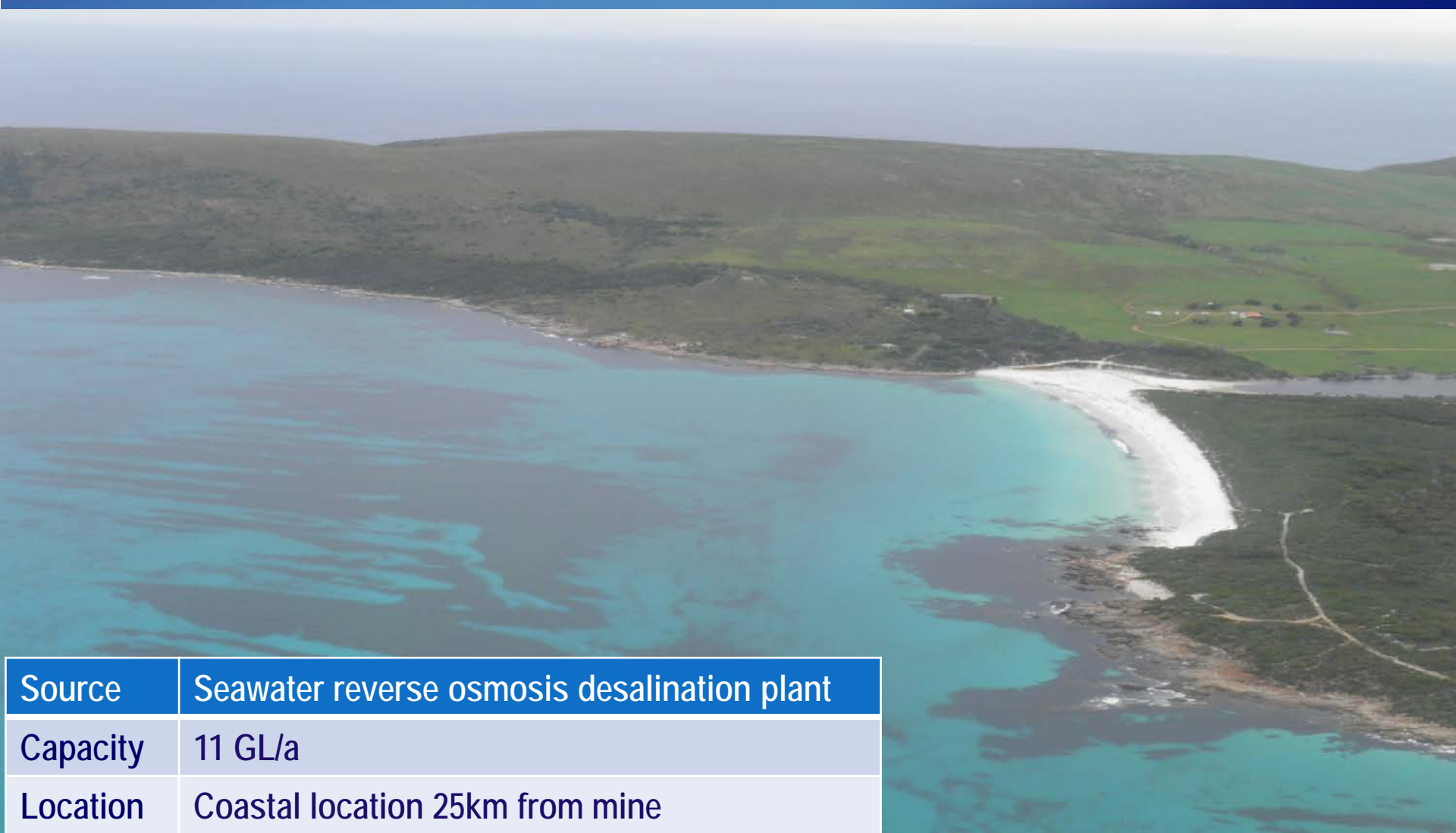
Following recent additional test work, the expected concentrate quality has improved, with lower SiO<sub>2</sub> and Al<sub>2</sub>O<sub>3</sub>.

Southdown Magnetite Concentrate	%
Total Fe	69.4
SiO <sub>2</sub>	1.28
Al <sub>2</sub> O <sub>3</sub>	1.36
TiO <sub>2</sub>	0.46
P	0.002
S	0.08
LOI (Loss of ignition)	-2.91

# Southdown Magnetite Project *Power and Pipelines*



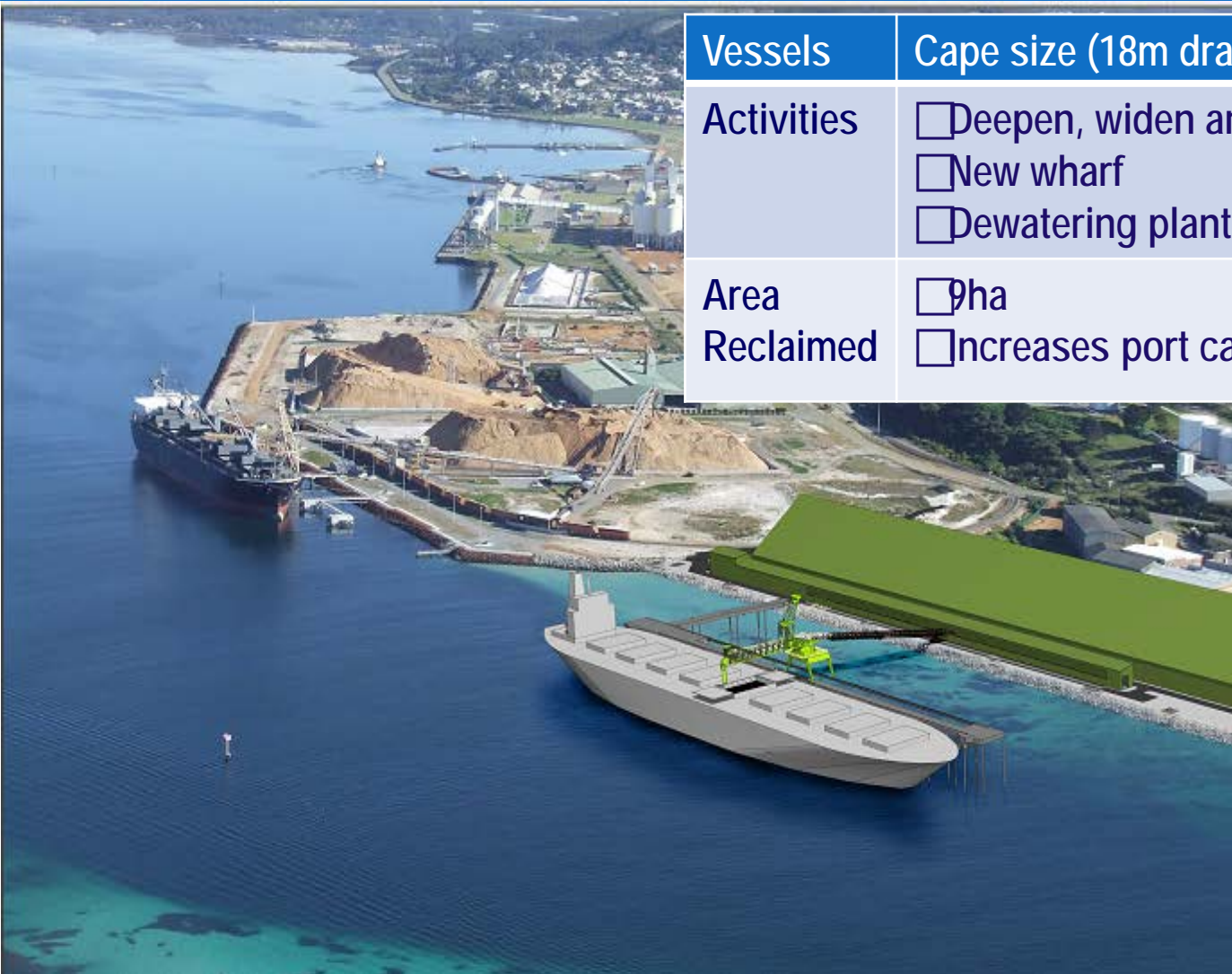
# Southdown Magnetite Project *Water Supply*



Source	Seawater reverse osmosis desalination plant
Capacity	11 GL/a
Location	Coastal location 25km from mine



# Southdown Magnetite Project *Port Infrastructure*



Vessels	Cape size (18m draft)
Activities	<input type="checkbox"/> Deepen, widen and extend shipping channel <input type="checkbox"/> New wharf <input type="checkbox"/> Dewatering plant and storage shed
Area Reclaimed	<input type="checkbox"/> 9ha <input type="checkbox"/> Increases port capacity from 2.5Mt to 14Mt





# Southdown Magnetite Project *Permitting*



Mine environmental permit



Granted November 2009, amendment required in 2011 for 10mtpa



Port permits



Granted November 2010



Water permit



Desalination permit targeted Q2 2012








## Southdown Project *DFS Capital Expenditure*

Description	Total Cost (A\$ M)
Mine & Concentrator	1,330
Desalination Plant, Pipelines and Transmission Line	640
Albany Port Works, Berth, Storage Facilities	380
Sub-total	2,350
Owners Costs, EPCM and Contingency	535
Total Estimate Project Costs	2,885

## Southdown Project *DFS Operating Cost Summary*

Operating Costs	A\$/t Concentrate
Mining	24.4
Concentrator	24.6
Pipeline, Filtration and Port	5.7
Overheads	3.8
Total Operating Costs	58.5

# Southdown Magnetite Project *Target Time Line*

	2011	2012	2013	2014	2015
Pre-feasibility					
Definitive Feasibility					
Financing					
Construction					
Production					



19 June 2012

ASX:GRR



Grange Resources Limited  
ABN 80 009 132 405  
Level 11, 200 St Georges Terrace  
Perth Western Australia 6000  
PO Box 7025, Cloisters Square  
Perth Western Australia 6850  
T +61 8 9327 7901  
F +61 8 9327 7932  
info@grangeresources.com.au  
www.grangeresources.com.au

## 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:

---

**Russell Clark**

*Managing Director & Chief Executive Officer*

+61 8 9327 7901

[managingdirector@grangeresources.com.au](mailto:managingdirector@grangeresources.com.au)

Media:

**Tarryn Truscott**

*Consultant, "LastSay." Communications*

+61 8 6102 7295 or +61 438 906 643

[tarryn@lastsay.net.au](mailto:tarryn@lastsay.net.au)

# 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.*