

Grange Resources – Australia's leading magnetite producer

Investor Presentation

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July 2009

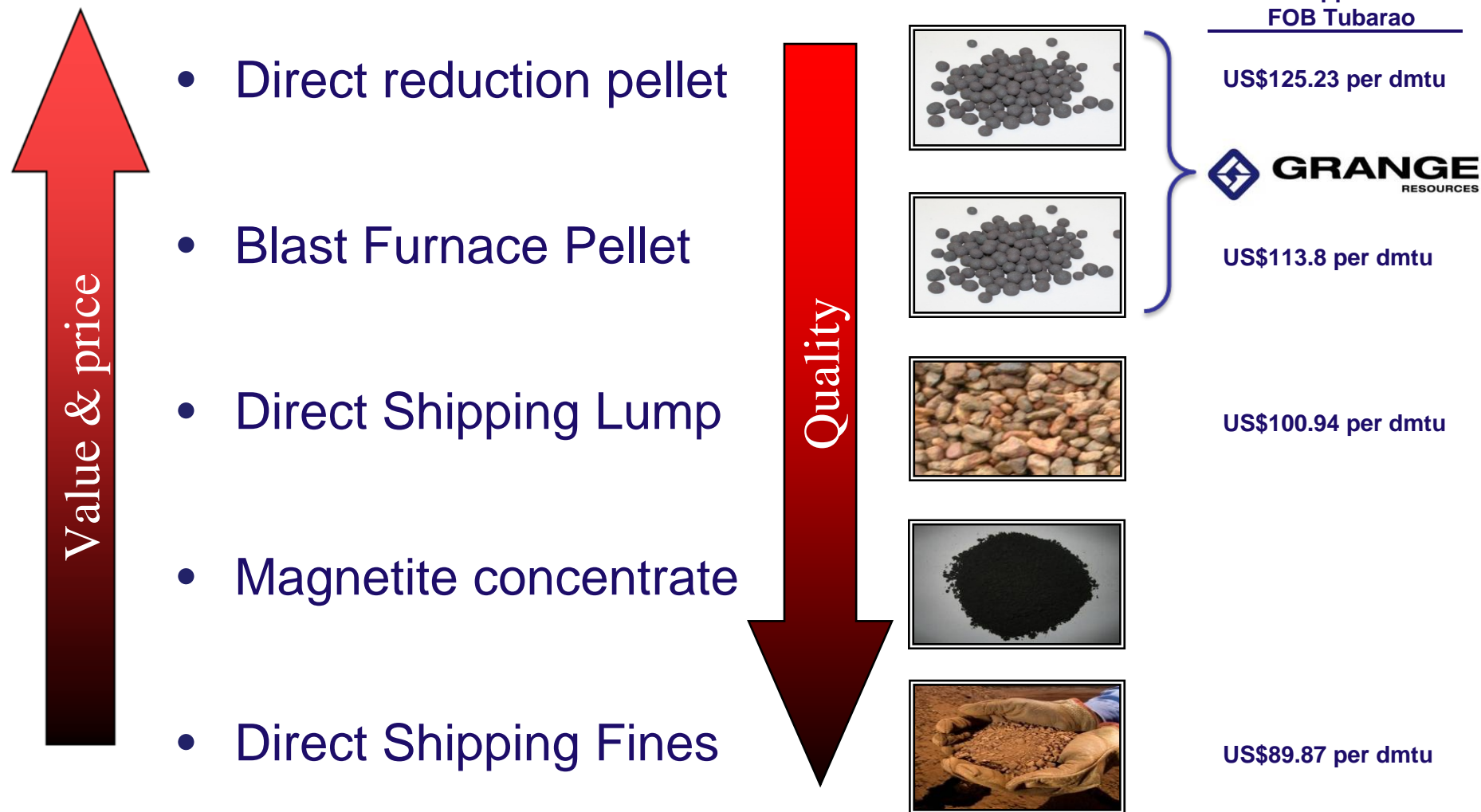
Russell Clark
Managing Director & CEO

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Iron Ore Value

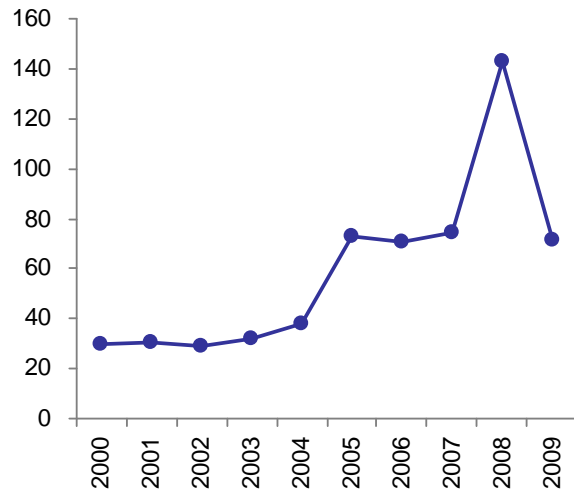


Pellet Price

Rising rapidly with economic recovery

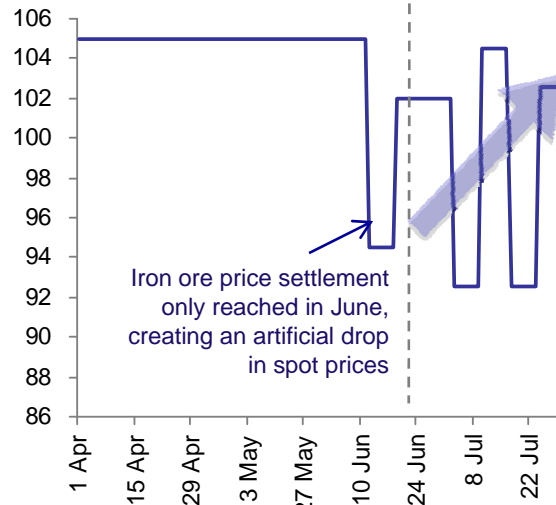


This year's iron ore price settlement saw a large drop in benchmark pricing...



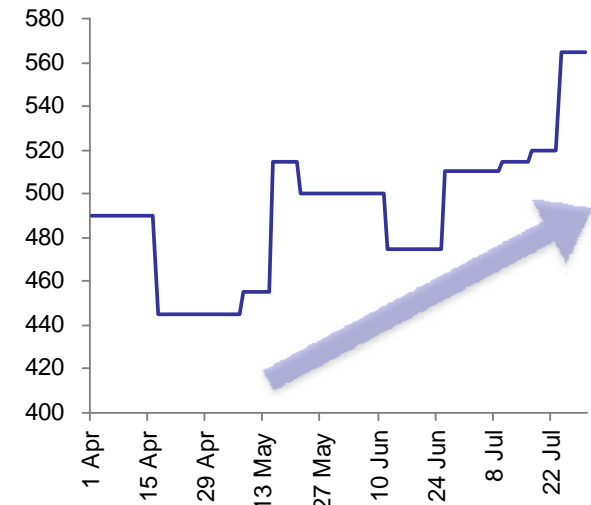
Vale Blast Furnace Pellet Benchmark FOB (US\$/t)¹

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



China Spot Pellet Price (delivered) (US\$/t)

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



China Hot Rolled Coil Steel (US\$/t)

- Since the iron ore price settlement in June, **Grange has already had offers to sell 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

Investment Highlights



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

- ✓ Australia's only current 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 calendar 2008
- ✓ 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



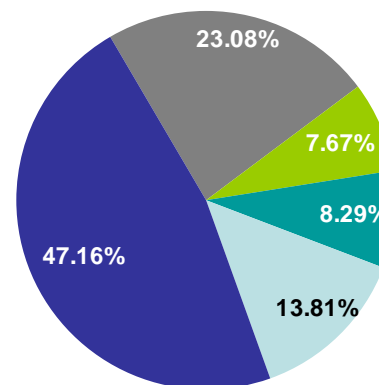
Company Snapshot



Key statistics (A\$)

Ordinary shares on issue	30 Jul 09	495m
Share price (current)	30 Jul 09	\$0.41
Market capitalization	30 Jul 09	\$203m
15 day VWAP	30 Jul 09	\$0.41
30 day VWAP	30 Jul 09	\$0.43
3 month VWAP	30 Jul 09	\$0.57
Net debt	30 Jun 09	\$134m
Enterprise Value	-	\$337m

Ownership Structure



- Shagang - China's largest private steel producer
- Stemcor – London-based trading major
- RGL – Commodity importing and exporting trading company
- Pacific Minerals – Commodity importing and exporting trading company
- Other shareholders including Rio with ~2% shareholding

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



Jiangsu Shagang

A strong partnership



Shagang Overview

- Grange's largest shareholder
- Demonstrated continuing support for Grange with attractive LOM offtake contracts agreed for both Savage River and Southdown at benchmark prices
- 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



Assets	<ul style="list-style-type: none">• In excess of A\$20 billion
Location	<ul style="list-style-type: none">• Jiangsu Province, China
Product Range	<ul style="list-style-type: none">• Heavy plate, hot strip coil, stainless hot rolled plate, cold rolled plate, high-speed wire rod, rebar coil and special steel bar
Production	<ul style="list-style-type: none">• Over 22Mtpa pig iron• 27Mtpa other steel products
Ore Suppliers	<ul style="list-style-type: none">• Rio Tinto, BHP, FMG, Vale and Grange
Employees	<ul style="list-style-type: none">• 26,500

Leading Magnetite Producer



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 30 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

	Q1	Q2	Q3	Q4	FY09
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Est.</i>	<i>Est.</i>
Total volume mined ('000 bcm)	4,406	4,030	4,342	4,490	17,268
Total ore mined ('000 bcm)	155	165	130	465	915
Concentrate produced ('000 tonnes)	665	620	633	522	2,440
Pellets produced ('000 tonnes)	619	583	572	557	2,331
Pellets shipped ('000 tonnes)	556	648	496	381	2,081
Concentrate shipped ('000 tonnes)	21	27	21	12	81

FY09 guidance



Cash Cost (US\$/t pellet produced)	~\$50
Revenue (A\$m)	350 - 360
EBITDA (A\$m)	115 -125

Financial Position Overview



- As at 31 Dec 08, Grange had net assets of A\$90m, with liabilities of A\$7m and an 115m shares on issue
- Effective 2 Jan 09, the Savage River operations were acquired through the issue of 380m Grange shares to the owners of ABM, giving a total consideration value of ~A\$130m as at 2 Jan (A\$160m @ current share price of A\$0.43)
- Cash on hand at 30 June 2009 was circa A\$33m, down from A\$75m at the start of the quarter
- Operational cashflow was positive and during the June 09 quarter Grange funded mining cut-backs, 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 the Bank of China L/C facility set out below
- Grange's key liabilities relate to previous changes in ABM's ownership, provisions for working capital and finance leases, as detailed below

Key Financial Liabilities

Liabilities	Description / Due	US\$m	
Fixed Payments to Stemcor	2009 & 2010	45.0	 Legacy obligations arising from previous changes in ABM's ownership
Variable Payments to Stemcor	Royalty like payment structure from 2012		
Shagang / Bank of China Letter of Credit	2010 (extendable)	40.8	 Letter of Credit provided by the Bank of China, arranged by and repayable to Shagang ¹
NAB Equipment Finance	Ongoing (5 year terms)	49.6	

Note:

1. Refer to the announcement lodged with ASX on the 9 June 2009

Savage River Overview

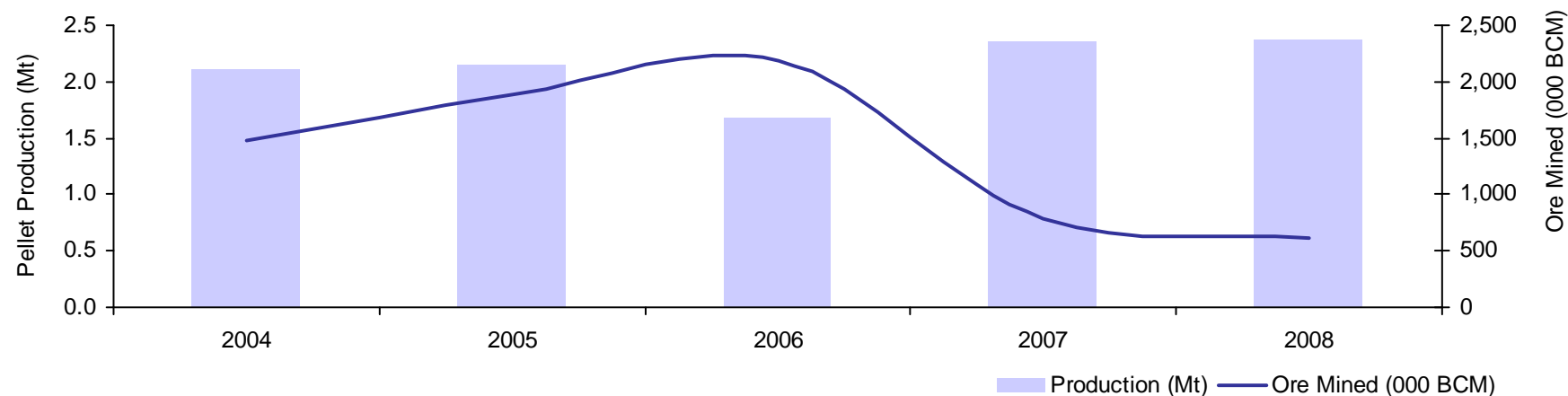
Ownership	<ul style="list-style-type: none"> Grange 100%
Resources and Reserves	<ul style="list-style-type: none"> Mineral Resource of 316Mt magnetite at 50.7% DTR Ore Reserve of 124Mt magnetite at 49.2% DTR
Production	<ul style="list-style-type: none"> 2.5Mtpa blast furnace pellets (annualised basis) Potential to expand to 3.0Mtpa
LOM Operating Costs	<ul style="list-style-type: none"> US\$60/t pellets
Mine Life	<ul style="list-style-type: none"> Current mine plan has a 14 year life with the potential to extend an additional 10 years
Customers	<ul style="list-style-type: none"> Shagang, BlueScope Steel and Stemcor
Operational Update	<ul style="list-style-type: none"> Mine re-capitalised in 2008 with new fleet; as a result, mining production has increased 36% over the same quarter last year 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



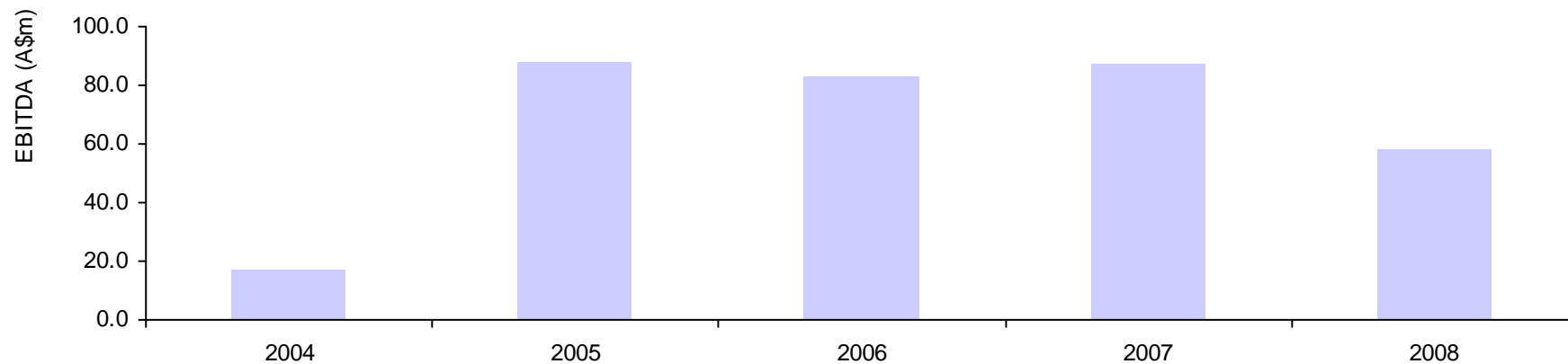
Savage River Historical Performance



Historical Mining and Production



EBITDA (A\$m)



Large Scale Operations



Own Downstream Infrastructure

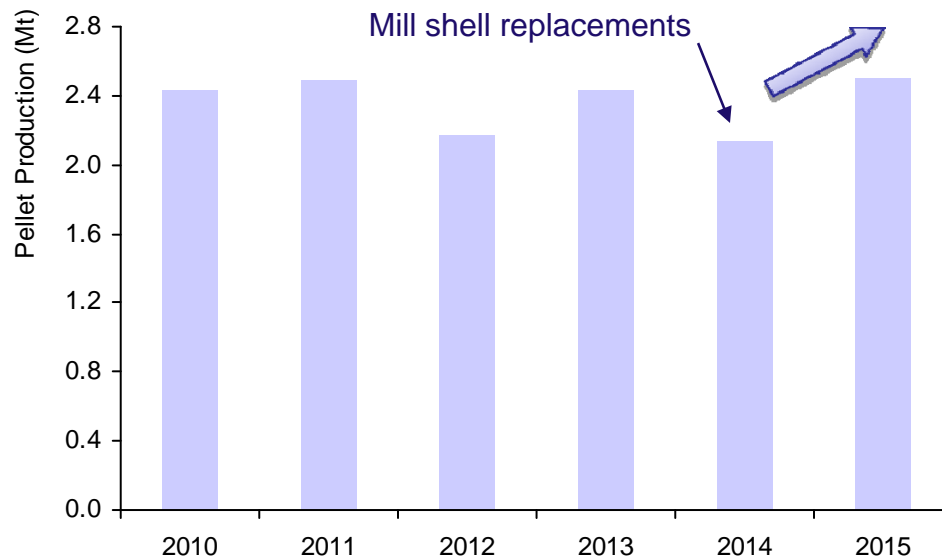


Own Port and Shiploading Infrastructure



Savage River Outlook

5 year production outlook






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	<ul style="list-style-type: none"> Grange 70%, Sojitz Corporation 30% 	
Resources and Reserves¹	<ul style="list-style-type: none"> Mineral Resource of 654Mt magnetite at 36.5% DTR^{1,2} Ore Reserve of 388Mt magnetite at 35.5% DTR^{1,3} 	
Production¹	<ul style="list-style-type: none"> 6.6Mtpa magnetite concentrate 6.8Mtpa direct reduction and blast furnace pellets 	
Capital Costs¹	<ul style="list-style-type: none"> US\$1.5bn (2008 estimate) 	
Operating Costs	<ul style="list-style-type: none"> US\$55/t pellets (2008 estimate) 	
Mine Life	<ul style="list-style-type: none"> >30 years 	
Infrastructure	<ul style="list-style-type: none"> Established port, pipeline route, power easements, Albany waste water, pellet plant site and deep water port in Malaysia 	
Project Status	<ul style="list-style-type: none"> 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 fee 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 Jul 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.

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
- Southdown LOM contract in place:
 - 56% of all production (80% of Grange's 70% share of the JV)
- LOM contracts at benchmark prices

Bluescope

- Savage River: 0.8 Mtpa until 2012

Stemcor

- Grange shareholder
- Savage River: 80,000 tpa concentrate



Resources and Reserves

Supporting Long Mine Lives



Grange has 774Mt of attributable Mineral Resources and 396Mt of attributable Ore Reserves.

Mineral Resources (inclusive of reserves)		
	Tonnes (Mt)	Grade (%DTR)
Savage River ⁴		
Measured	88	52.7
Indicated	136	51.7
Inferred	92	47.2
Total	316	50.7
Southdown¹		
Measured	220	37.4
Indicated	210	38.9
Inferred	224	33.4
Total	654	36.5
PROJECTS TOTAL	970	41.1
ATTRIBUTABLE RESOURCES³	774	41.1

Ore Reserves		
	Tonnes (Mt)	Grade (%DTR)
Savage River		
Proved	52	49.6
Probable	72	48.9
Total	124	49.2
Southdown²		
Probable	388	35.5
Total	388	35.5
PROJECTS TOTAL	512	38.8
ATTRIBUTABLE RESERVES³	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

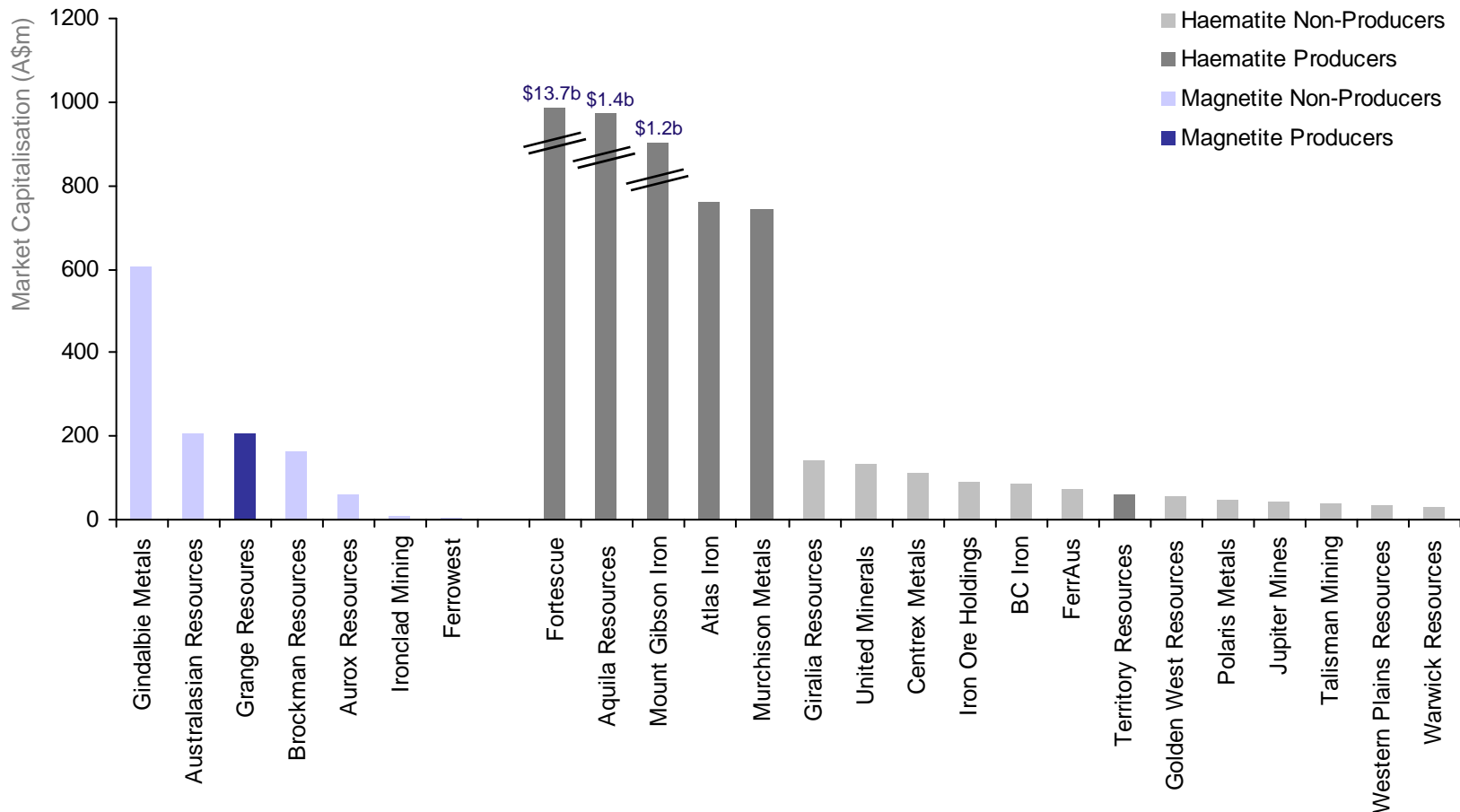
Notes:

1. Southdown Magnetite Project Resource Upgrade (ASX 3 Jul 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 only producing magnetite company



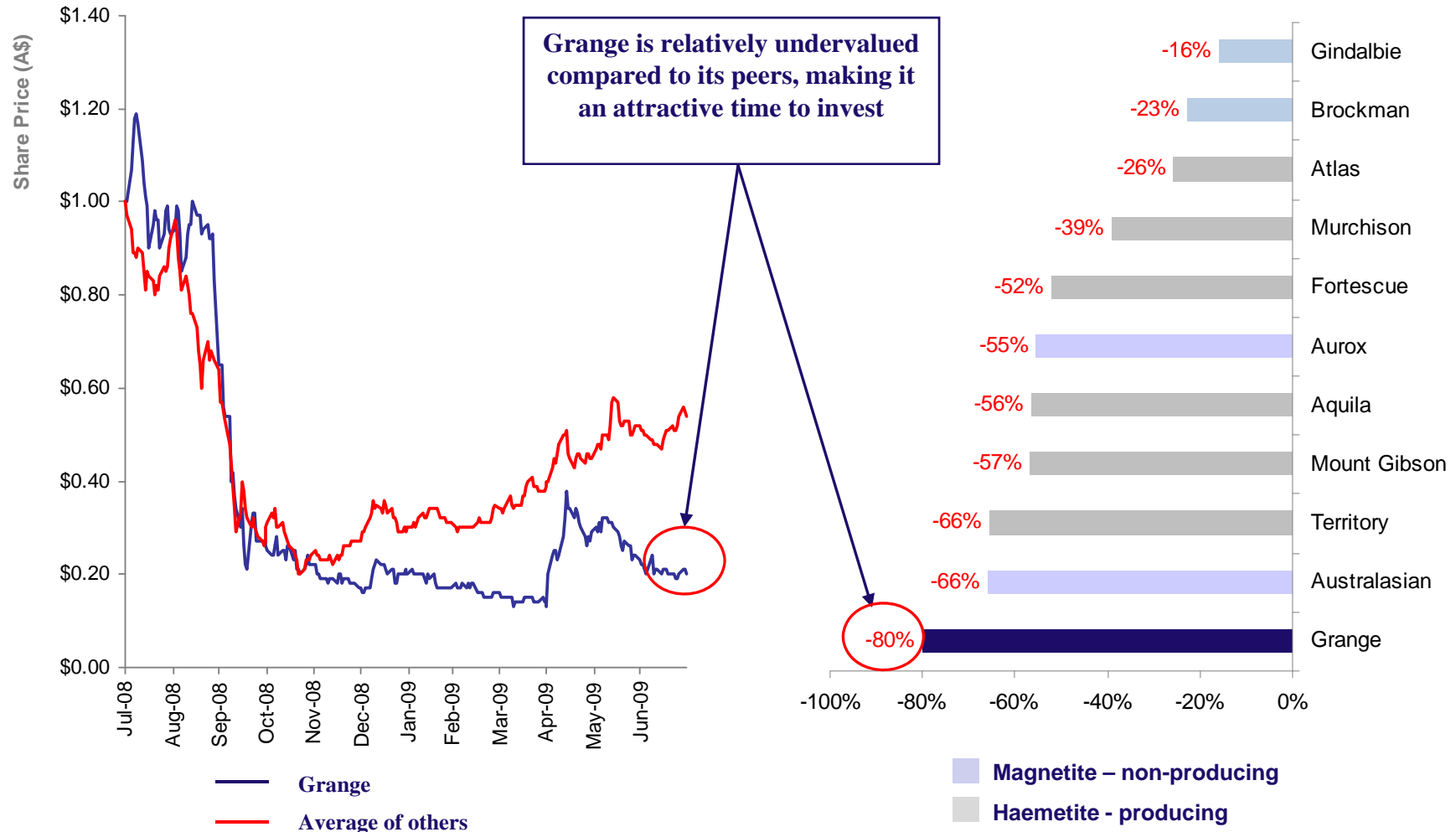
Out of the numerous junior companies with magnetite assets, Grange is the only one in production and is substantially undervalued compared to other producing juniors.



Relative Performance

One Year Performance (re-based to \$1.00)

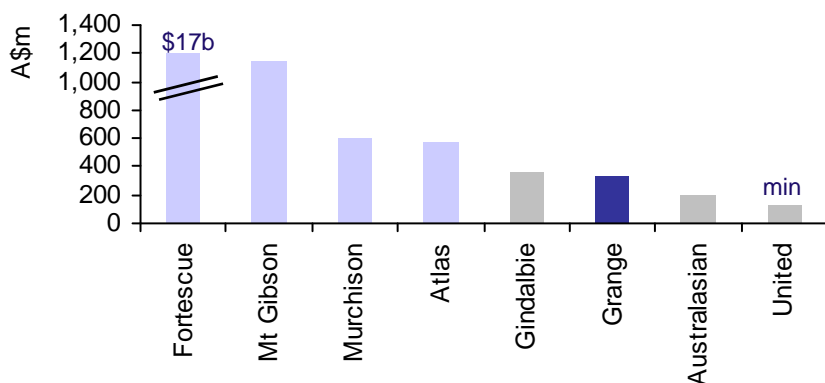
One Year Percentage Change



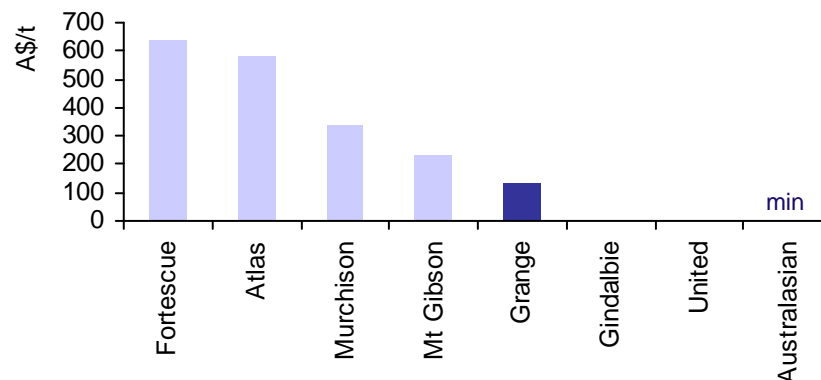
Comparison with other mid-tiers

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

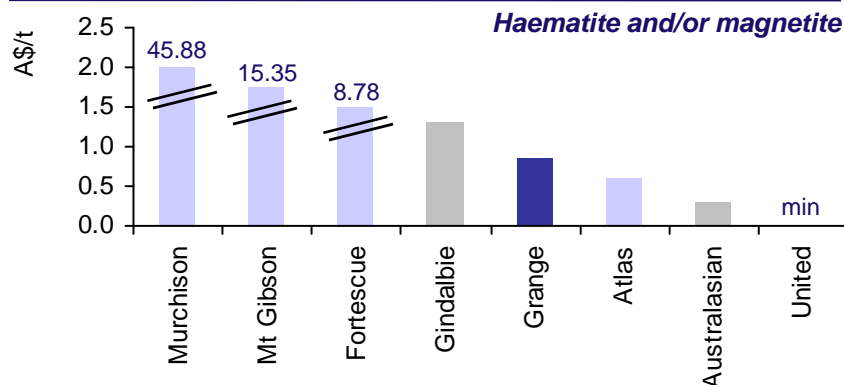
Enterprise Value – Comparison with peer companies



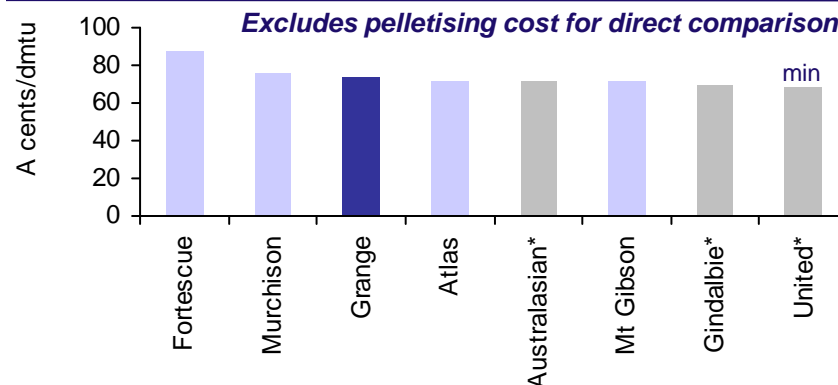
EV/FY09 Production – Inexpensive compared to peers



EV/Reserves – Well priced



Cost – In line with peer average



Producing
Non-producing

* Estimated cost as non-producing

Grange Resources – Summary



- **Australia's leading magnetite producer**
- **Australia's largest iron ore pellet producer**
- **High grade quality products**
- **Consistent cash margins**
- **Solid customer and revenue base**
- **Long life assets**
- **Low sovereign risk**
- **Extensive magnetite technical and operational expertise**
- **New Investment opportunity – producer and projects**

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



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



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



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



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



Clement Cheung Ko: Non-executive Director

- Chairman and CEO of Pacific Minerals Limited (PML)
- More than 18 years experience in mining sector, with extensive expertise in marketing and sales
- Prior to founding PML, he worked for BHP Billiton (China) Ltd as a senior regional marketing manager



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

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



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



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



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:

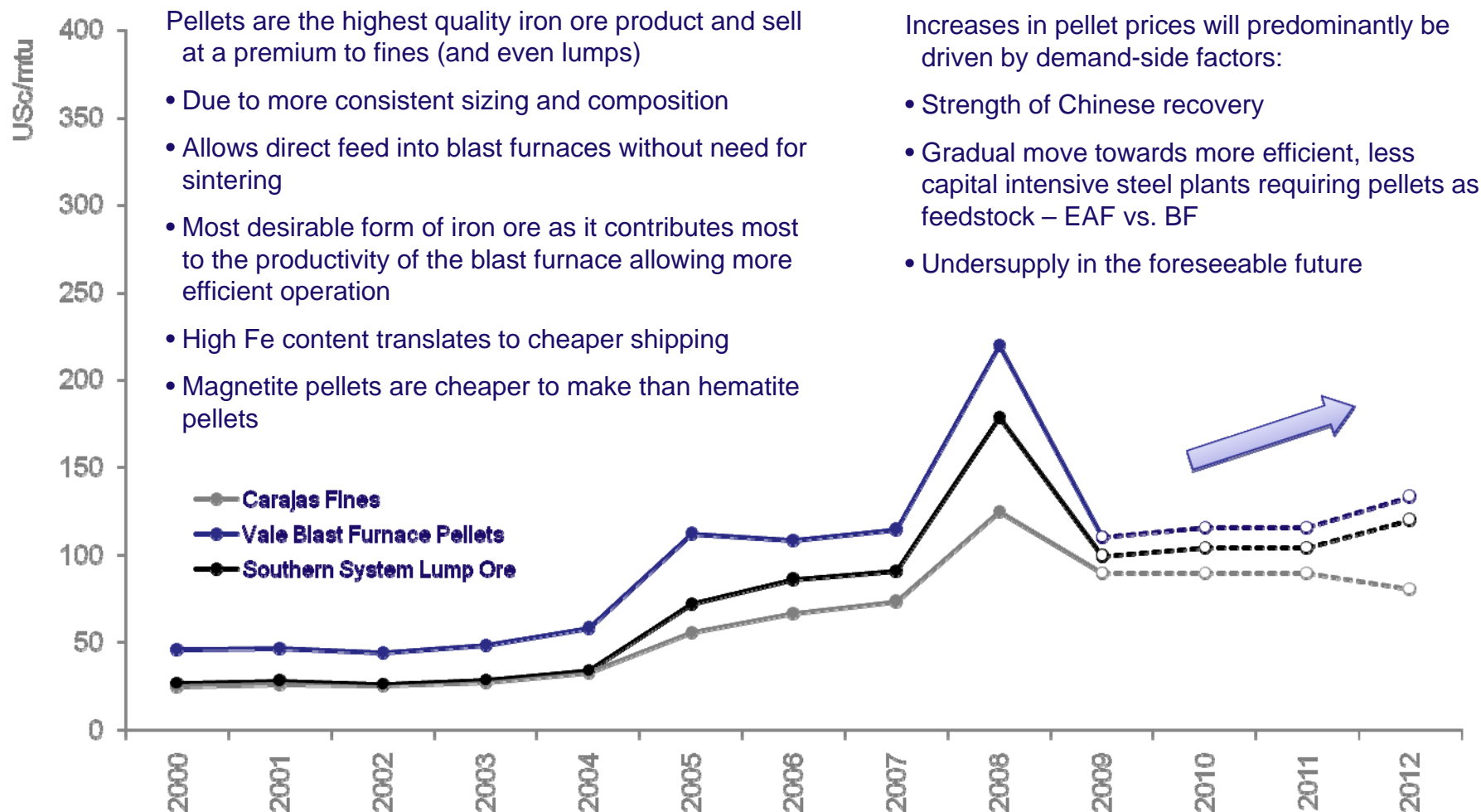
- Brazilian producer SAMARCO (50% owned by Vale) continues to fast track expansion pre-feasibility study, a vote of confidence that pellet demand will be strong over the long term
- Vale and SAMARCO dominate the pellet market to an even greater extent than the Big Three (Vale, BHPB and Rio Tinto) dominate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

Pellet Prices

Future price upside driven by niche market



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



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.*

Appendix A – Southdown Project



In situ Mineral Resource Estimate

Classification	Measured Resources	Indicated Resources	Inferred Resources	Total Resources
Tonnes (Mt)	219.7	210.3	224.4	654.4
DTC wt%	37.4	38.9	33.4	36.5
DTC Fe%	69.2	69.3	69.1	69.2
DTC SiO ₂ %	1.72	1.94	2.07	1.91
DTC Al ₂ O ₃ %	1.43	1.27	1.29	1.33
DTC S%	0.46	0.40	0.54	0.46
DTC LOI%	-3.04	-3.06	-2.96	-3.02

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)

Reserve Classification	ROM (Mt)	DTR%	Conc. (Mt)	Fe%	SiO ₂ %	Al ₂ O ₃ %	TiO ₂ %	S%	P%
Probable	388	35.5	131	68.8	2.06	1.41	0.45	0.55	0.003

Appendix B – Savage River



Mineral Resource and Ore Reserve Estimates

Mineral Resource	Tonnes (Mt)	Grade (%DTR)	Ore Reserve	Tonnes (Mt)	Grade (%DTR)
Measured	88.01	52.7	Proved	52.39	49.6
Indicated	135.96	51.7	Probable	72.00	48.9
Inferred	92.22	47.2	Total	124.40	49.2
Total	316.20	50.7			

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.