



Australia's leading magnetite producer

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Company Overview

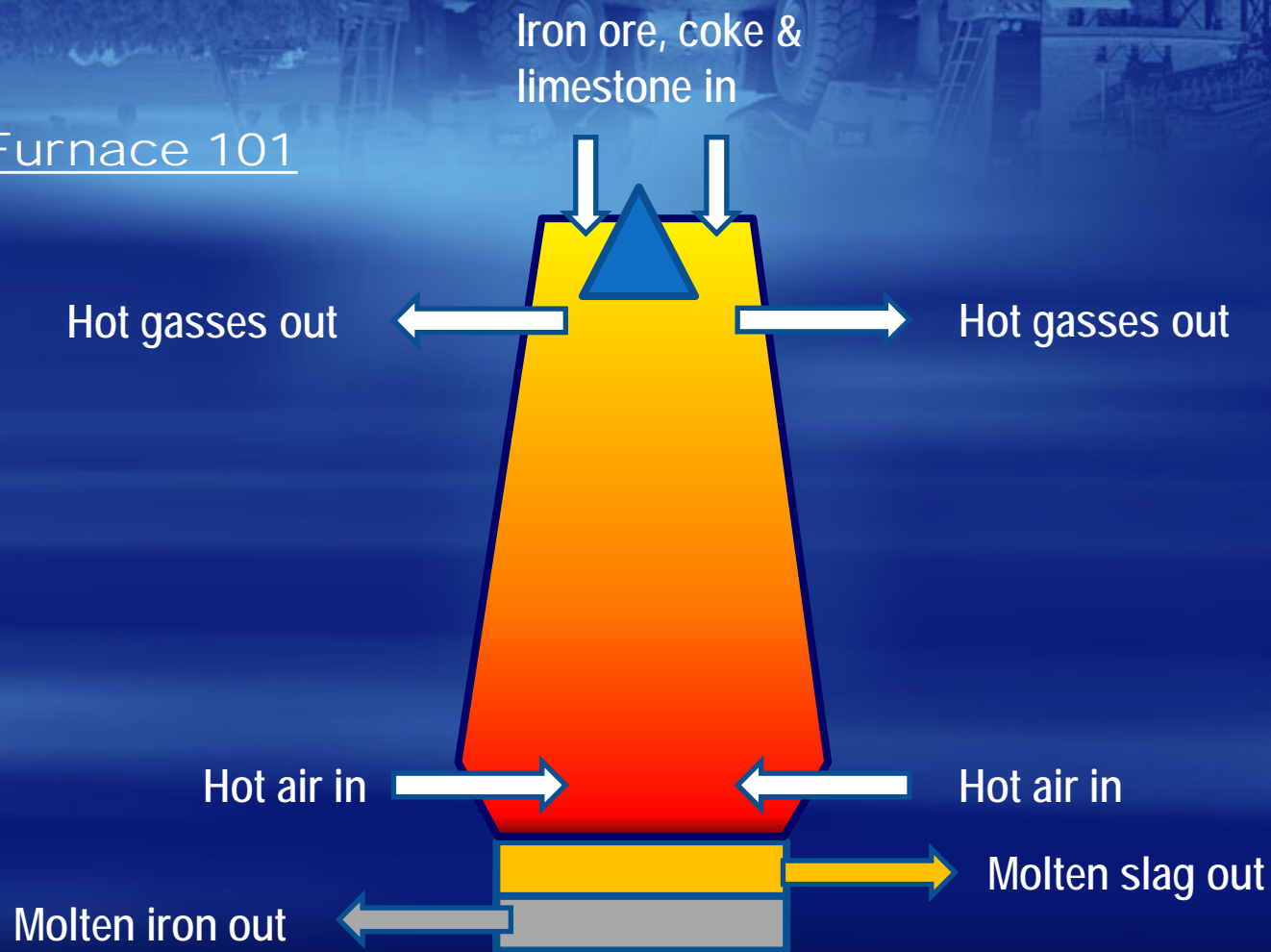
Grange remains Australia's leading magnetite producer. An ASX 300 company, with a large well managed long term cash producing mining operation, a strong balance sheet, no net debt, and paying dividends - and a larger magnetite project at DFS offering even more value in the future.

Magnetite – The premium iron ore



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

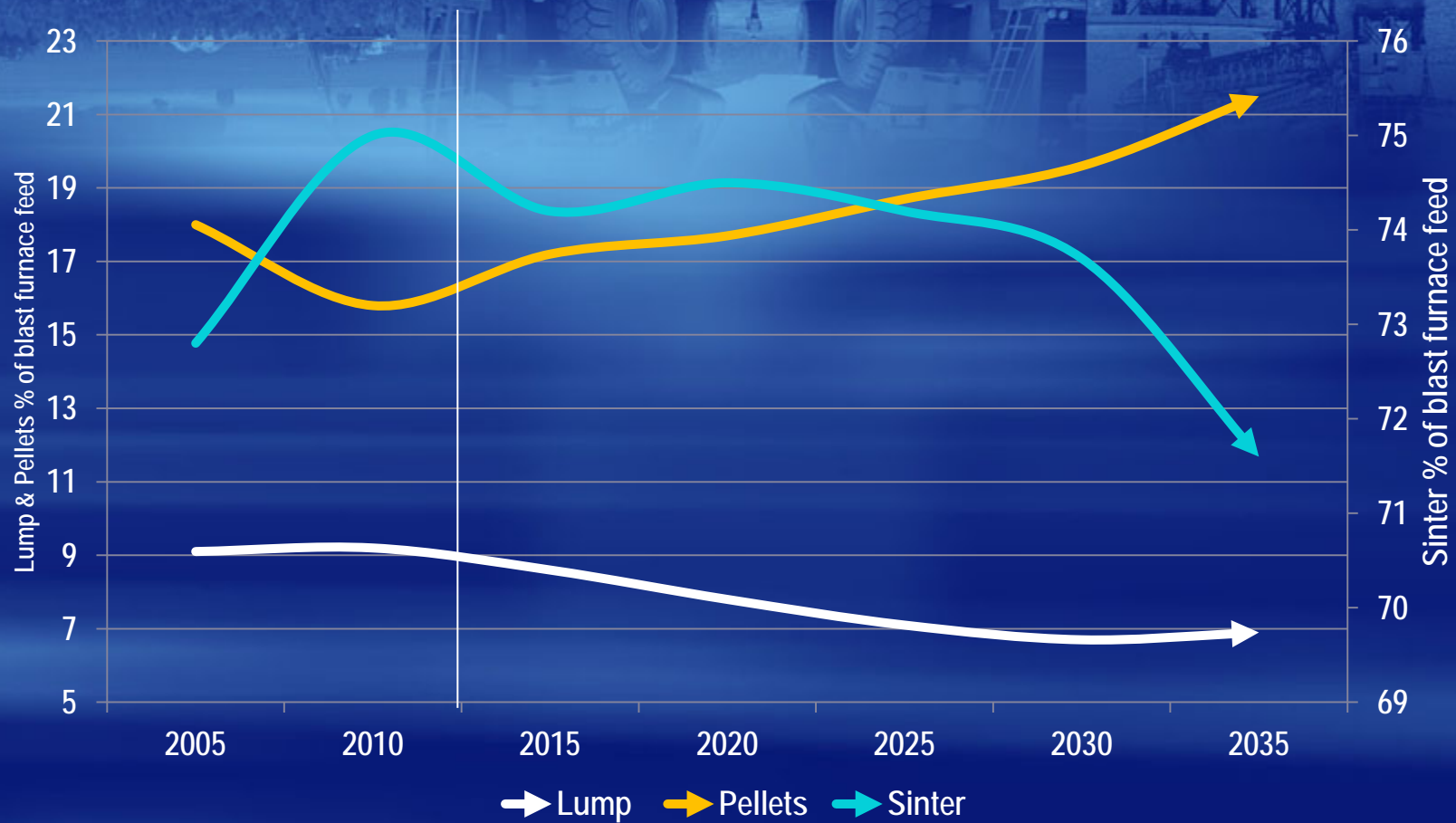
- Lump 63% Fe,
- Pellets up to 67% Fe (low contaminants)
- Availability of lump is falling

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

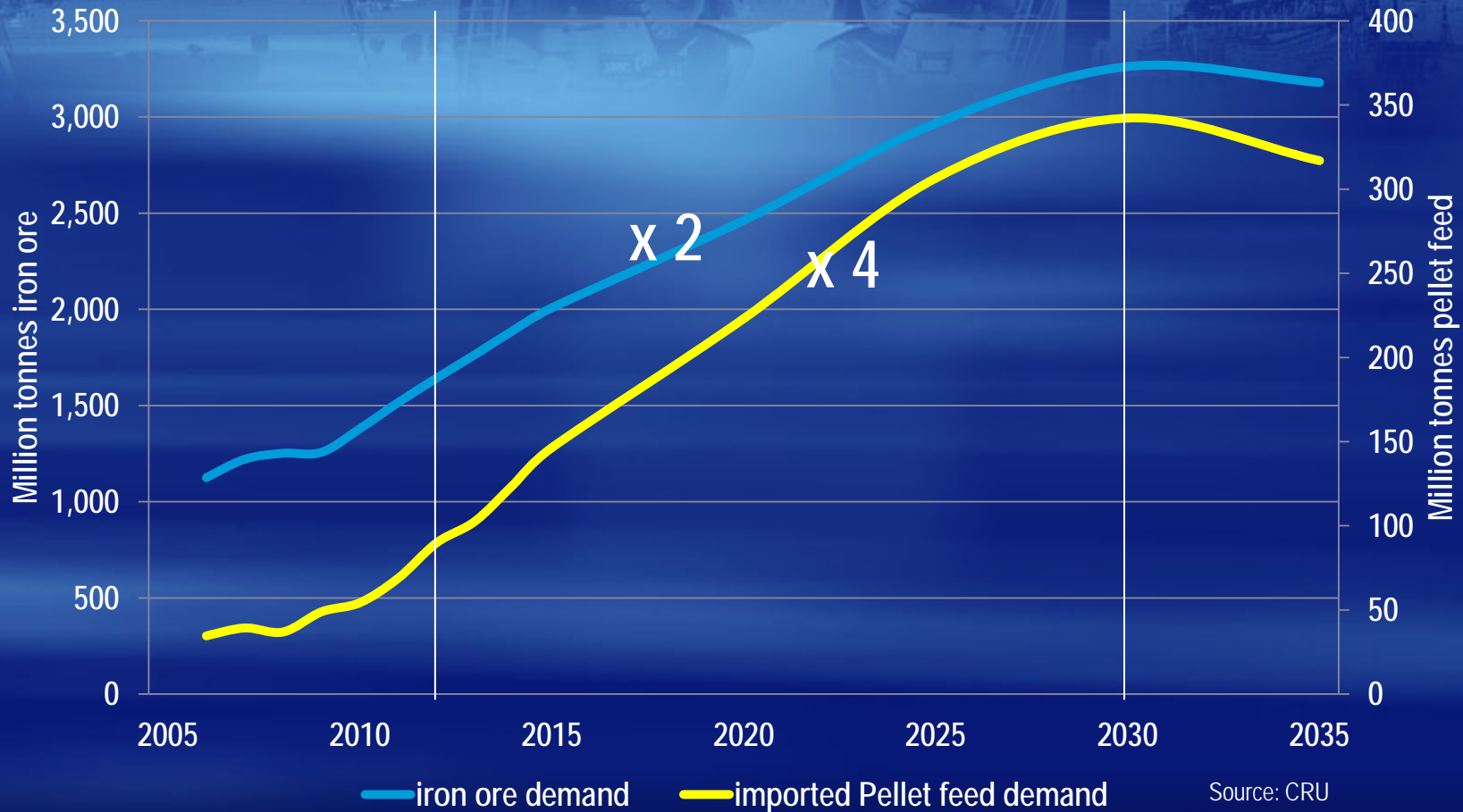
Sinter, Lump and Pellet mix over time



Source: CRU

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

Iron ore and Pellet feed demand



Company Snapshot

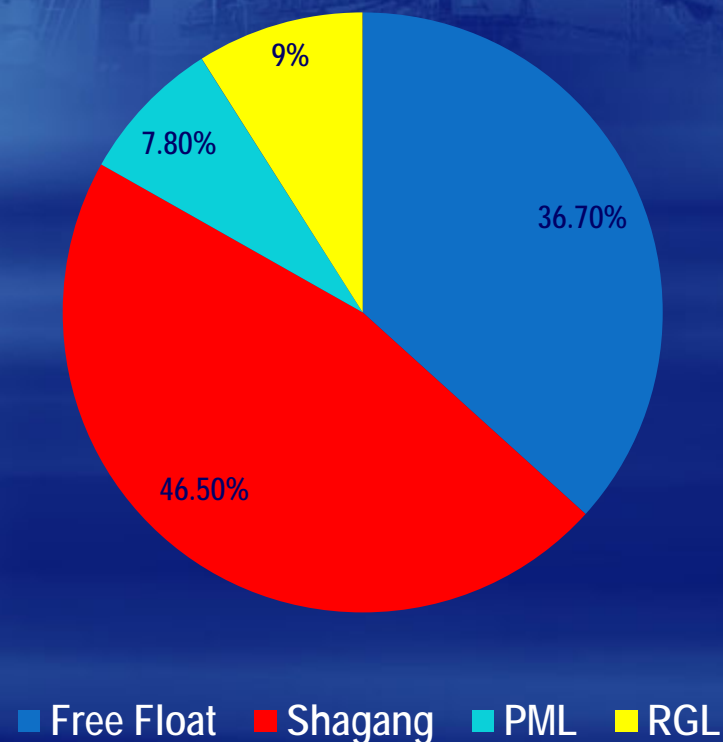
Current key statistics (A\$)

Ordinary shares on issue	27 April 2012	1,155m
Last share price	27 April 2012	\$0.575
Market capitalization	27 April 2012	\$664m
Cash & Receivables	31 March 2012	\$274.2m

Research

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

Current Ownership Structure



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)
- East wall recovery
- Southdown project DFS completed
- Southdown Mineral Resources increased

The business is set for a great 2012 with Q1 meeting expectations.

March 2012 Quarter Summary

	Production and Costs March Quarter 2012	Production and Costs March Quarter 2011
Total BCM Mined	4,342,253	4,098,752
Total Ore BCM	490,301	248,221
Weight Recovery (% DTR)	43.10	38.10
Concentrate Produced (t)	573,625	349,328
Pellets Produced (t)	511,630	319,233
Pellets shipped (t)	732,551	209,798
"C1" Cost A\$/tonne Pellet Produced	111.09	161.00

The Southdown Project *DFS*

4x



bigger than Savage River

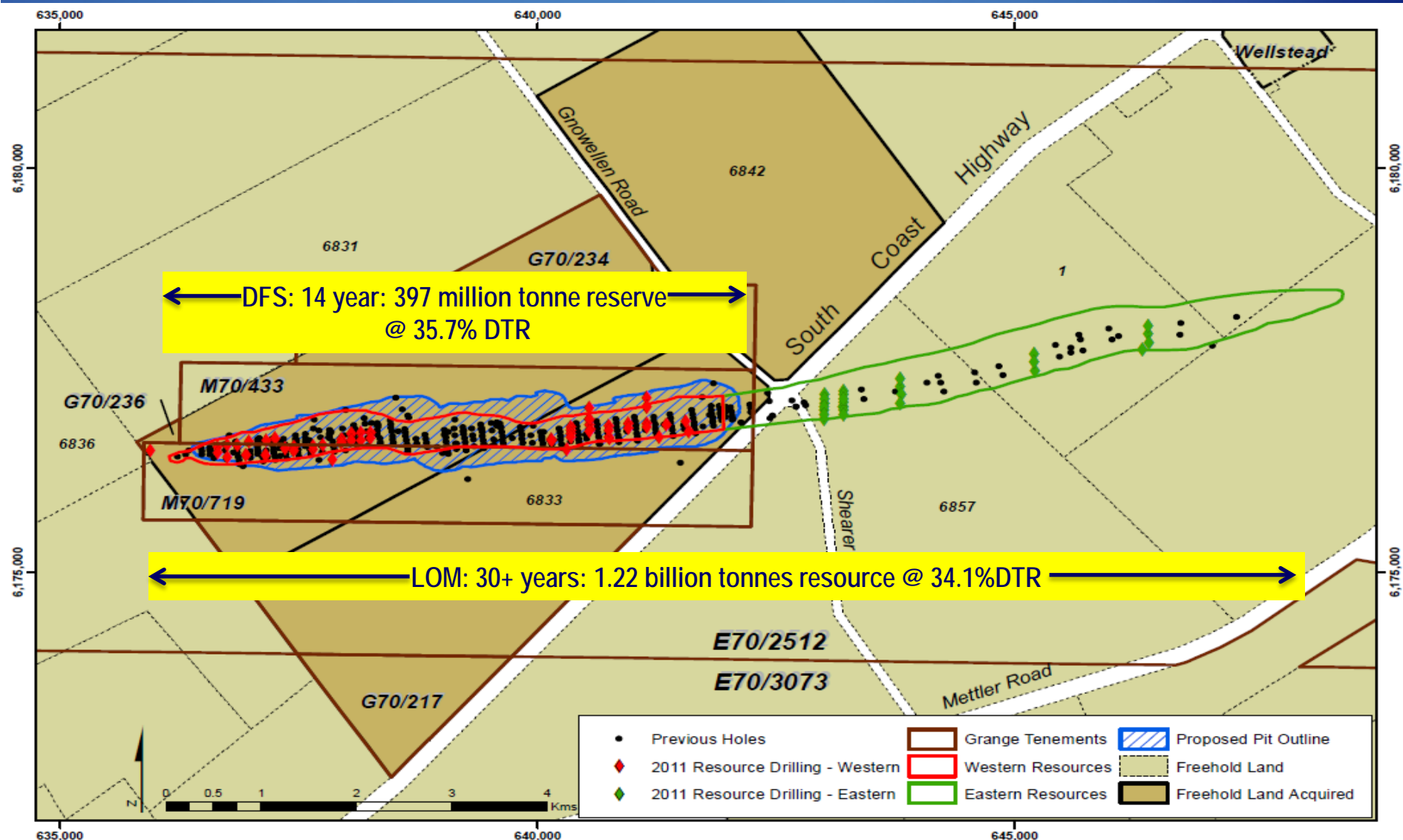
The Southdown Project *DFS Highlights*

- \$150 million spent to date - an advanced project!!
- JORC mineral resources of over 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.
- NPV10% of A\$1,008 million and an ungeared IRR of 16.6%.
- Total resource indicates a potential mine life >30 years.
- Capex is estimated at 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 *DFS Highlights*

- Metallurgical test work completed, process flow sheet finalised.
- Premium concentrate product confirmed with 68.6% Fe
- Engineering well advanced
- Mine and port environmental permits are in place.
- Desalination water permit recommended for Ministerial approval.
- The majority of the required land secured.
- Commercial agreements with Albany Port Authority and Western Power are well advanced.
- Transmission line design finalised.
- Albany port geotechnical investigations completed.

The Southdown Project *The Resource*



The Southdown Project *Mineral Resources & Reserves*

Southdown mineral resource estimate as at February 2012

	Tonnes (Mt)	Grade (% DTR)
Measured	423.0	37.6
Indicated	87.4	38.4
Inferred	710.6	31.5
Total	1,221	34.1

Southdown ore reserves as at February 2012

	Tonnes (Mt)	Grade (%DTR)	Concentrate Fe (%)
Proven ore	221	35.5	68.5
Probable ore	176	35.9	68.6
Total	397	35.7	68.6



Southdown Magnetite Project *Mining*

Mining Method	<input type="checkbox"/> Open pit mining <input type="checkbox"/> Conventional bulk mining methods utilising hydraulic face shovels, dump trucks and drill and blast coupled to a Run of Mine (ROM) stockpile
Material Movement	<input type="checkbox"/> ~110 Mtpa for first six years
Equipment	<input type="checkbox"/> Shovel size – 650 tonnes <input type="checkbox"/> Truck size – 220 tonnes
Production Schedule	<input type="checkbox"/> Provide 78,000 tonnes per day to the primary crusher
Waste : Ore Ratio	<input type="checkbox"/> 2.3 : 1 (tonnes)
Mine Life	<input type="checkbox"/> >14 years (potential for 40 years)



Final

PRIMARY CRUSHER (x1)

COARSE ORE STOCKPILE (x1)

AG MILL FEED CONVEYOR 2

AG MILL FEED CONVEYORS (x2)

AG MILLS (x2) P80 500um

FINE SCREENS (x2)

ROUGHER MAGNETIC SEPARATION (2x9)

BALL MILL CYCLONE CLUSTER (x2)

BALL MILLS (x2) P80 100um

MAGS

INTERMEDIATE MAGNETIC SEPARATION (2x8)

ISAMILLS (2x4) P80 34um

MAGS

HYDRO-SEPARATION (x2)

CLEANER MAGNETIC SEPARATION (2x10)

SULPHIDE FLOTATION (x2)

H₂SO₄

PAX

Frother

MAGS

CONCENTRATE THICKENER

CONCENTRATE HEADER TANKS (x2)

PIPELINE

CONCENTRATE STORAGE TANKS (x2)

PORT CONCENTRATE THICKENER

FILTER FEED TANKS

FILTER TANK

FILTRATE TANK

CERAMIC DISC FILTERS (x9)

STACKER

CONCENTRATE STOCKPILE

RECLAIMER

BY SHIP TO KEMAMAN PELLET PLANT

PROCESS WATER TO PLANT

PROCESS WATER POND

DECANT WATER POND

TAILINGS THICKENER

TAILINGS THICKENER FEED TANK

THICKENED TAILINGS TANK

DESALINATION PLANT

SEA WATER

BRINE

POTABLE WATER

PROCESS WATER MAKE-UP

DESALINATED WATER SUPPLY TO PLANT

TO DIRECT SALES

ALTERNATE FLOW

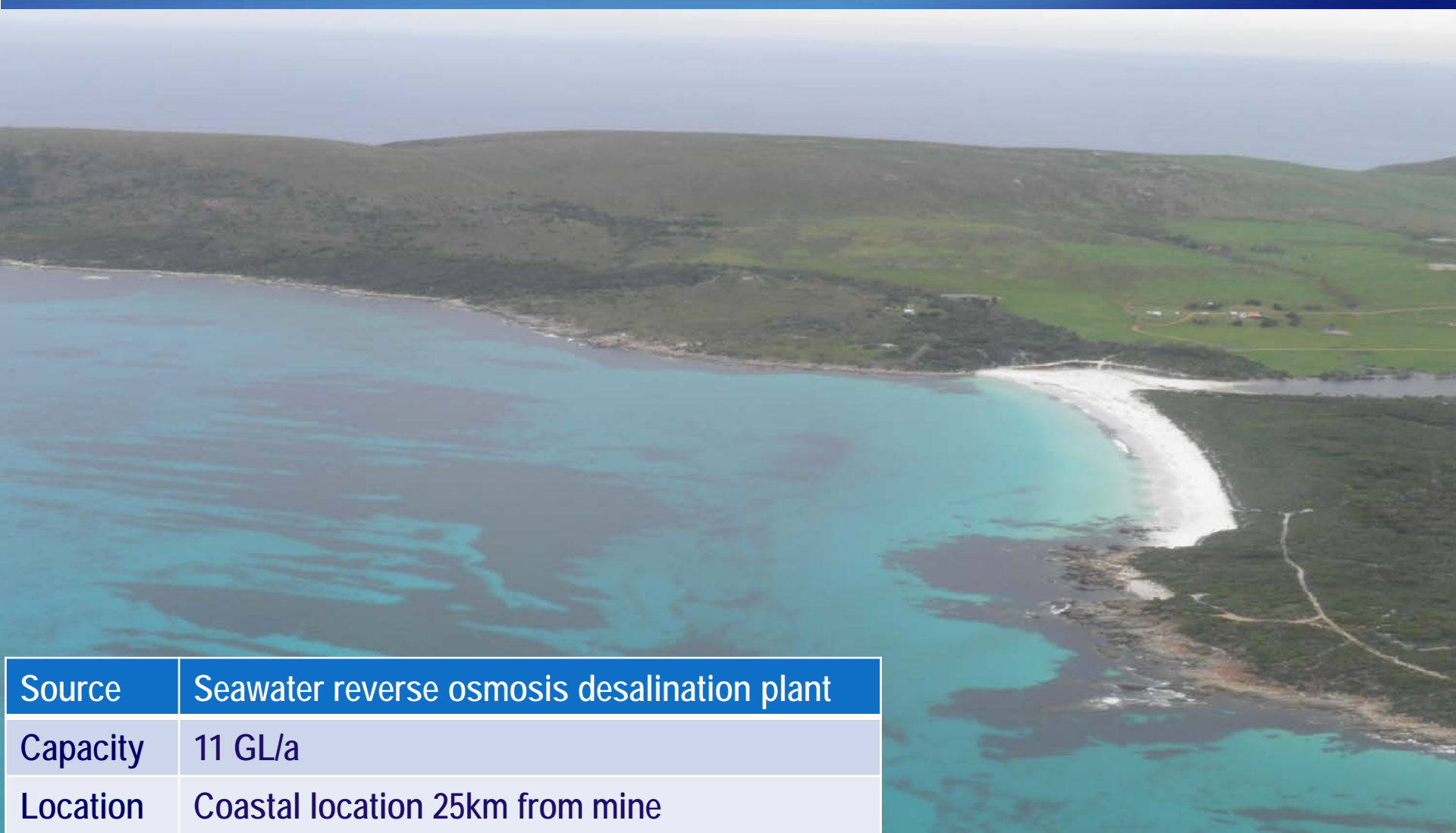
Southdown Magnetite Project ***Product Quality*** (Process Design Criteria)

Southdown Magnetite Concentrate	%
Total Fe	69.5
SiO ₂	1.50
Al ₂ O ₃	1.48
TiO ₂	0.38
P	0.04
S	0.08
LOI (Loss of ignition)	-3.15

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*



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



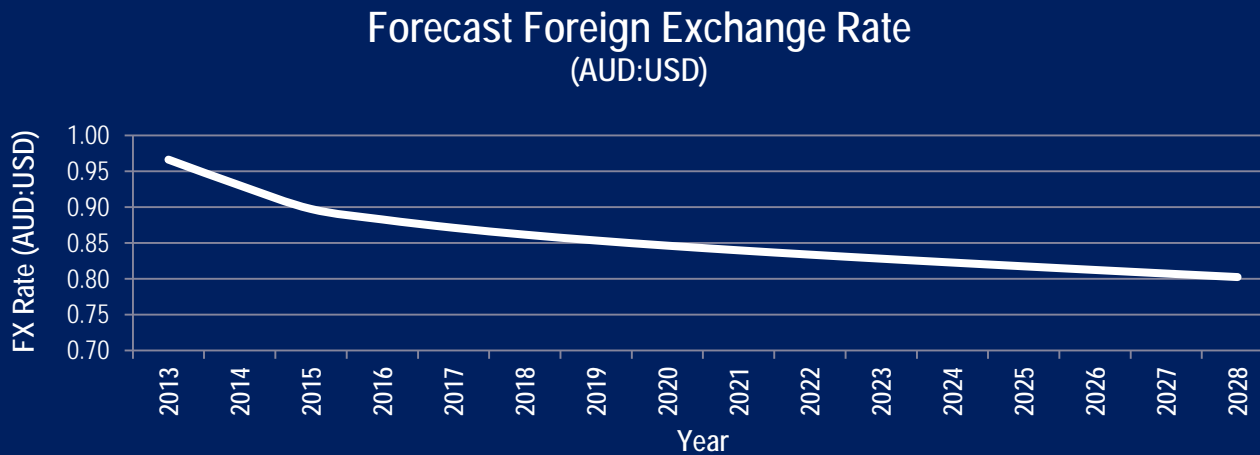
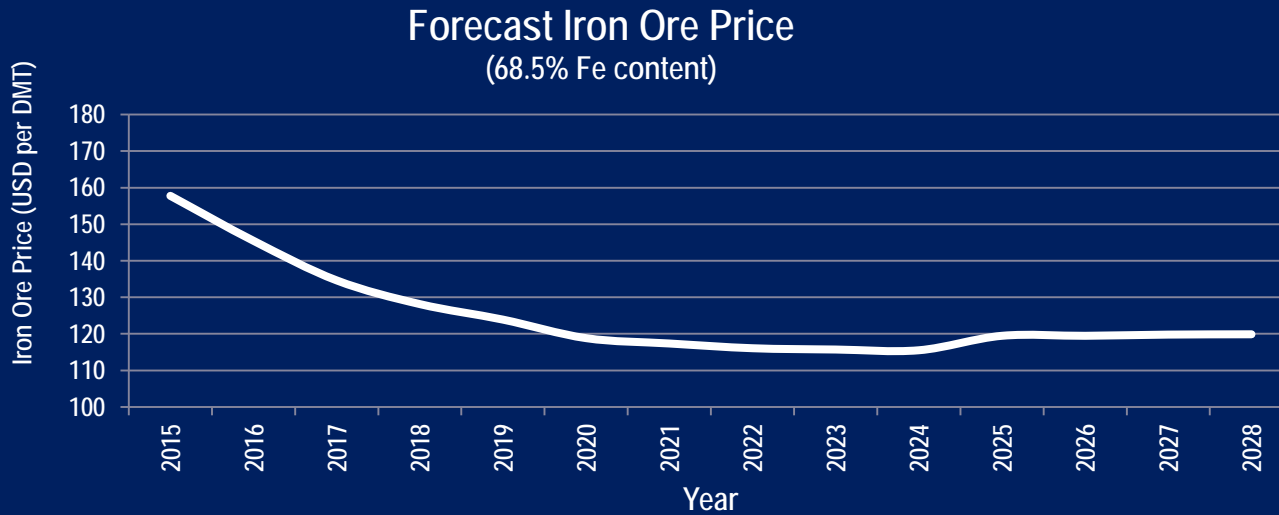
Southdown Project *DFS Capital Expenditure*

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 Project *DFS price and FX assumptions*



Southdown Magnetite Project *NPV Sensitivities*






Net Present Value (NPV_{10%}) Sensitivity A\$m

DFS NPV = \$1,008M					Sensitivity Range on Average Price		
	Adjusted NPV		Adjusted NPV		Downside Case	DFS Base Case	Upside Case
Iron Ore Price	\$168	- 15%	+ 15%	\$1,848 →	US\$106/t	US\$125/t	US\$143/t
Foreign Exchange	\$278	+15%	- 15%	\$1,996 →	1 AUD = US\$0.98	1 AUD = US\$0.85	1 AUD = US\$0.72
Operating Expenses	\$802	+10%	-10%	\$1,214 →	A\$64/t	A\$58/t	A\$52/t
Capital Expenditure	\$717	+15%	-15%	\$1,300 →	A\$3,318m	A\$2,885m	A\$2,453m

Southdown Project *Extended mine life case*

- Mining eastern extent of the orebody, in addition to western side
- Total resource of 1.2 billion tonnes @ 34.1% DTR.
- Potential life > 30 years
- NPV ~\$1.8 billion, IRR ~20%
- Will use the infrastructure associated with the western side of the deposit – so only sustaining capex required.
- Requires drilling to improve resources to reserves, metallurgical testwork, environmental approval, road relocation

Southdown Magnetite Project *Target Time Line*

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

Key Contacts

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Competent Person Statement

Southdown Project

- ☐ *The information in this report which relates to the Mineral Resources of the Southdown Project is based on information compiled by Mr 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.*