



Australia's most experienced magnetite producer



**AGM Presentation**

May 2016

# Company Highlights

- ✓ **Most EXPERIENCED magnetite producer**  
*49 years of operational experience at Savage River*
- ✓ **STRONG Safety Culture**  
*Over 1 year LTI free achieved April 2016*
- ✓ **LONG LIFE producer of PREMIUM iron ore pellets**  
*High quality ore reserves (~ 51% DTR) producing ~65%+ Fe BF pellets*
- ✓ **STRONG balance sheet**  
*\$138m cash and equivalents at 31 Dec 2015*
- ✓ **PRESERVED** balance sheet strength with disciplined operational planning and execution enabling internal funding of critical mine re-development
- ✓ **Advanced GROWTH Project**  
*Search for a quality equity partner in the Southdown Project continues*





# 1. Company Overview

# 1.1 Company Assets

## *Australia's Most Experienced Magnetite Producer*

Savage River (100%)



Focusing on the  
fundamentals

Southdown Project (70%)



Searching for an  
equity partner

*Quality assets in Tasmania and Western Australia.*

# 1.2 Dec 2015 Financial Position - Consolidated

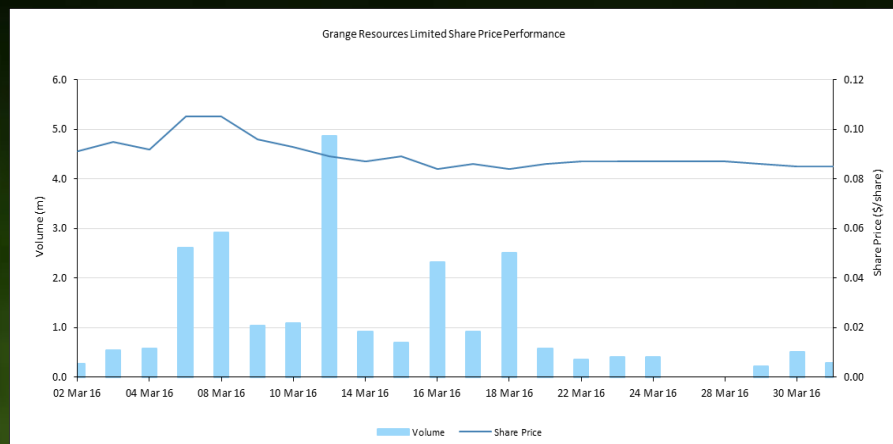
Indicator	Dec 2015 AUD'000	Dec 2014 AUD'000	Difference AUD'000	Variance%	Comments
Current Assets	229,522	231,233	-1,711	-1%	↓ Cash & Receivables ↑ Inventory
Non-current Assets	111,772	397,016	-285,244	-72%	↑ Impairment & ↓ DTA
Total Assets	341,294	628,249	-286,955	-46%	
Current Liabilities	37,490	47,180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

# 1.3 Company Snapshot

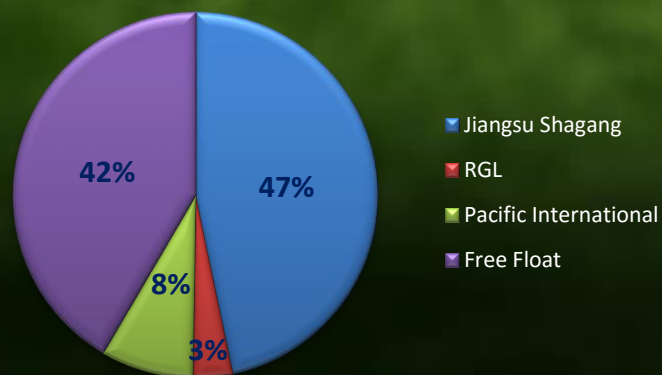
## Capital Structure (A\$)

Ordinary Shares on issue	31 Mar 2016	1,157m
Share Price	31 Mar 2016	\$0.085
Market Capitalization	31 Mar 2016	\$98m
Cash and Term Deposits	31 Mar 2016	\$127m
Loan	31 Mar 2016	\$11m

## Share Price and Volume



## Ownership Structure as at 07 March 2016

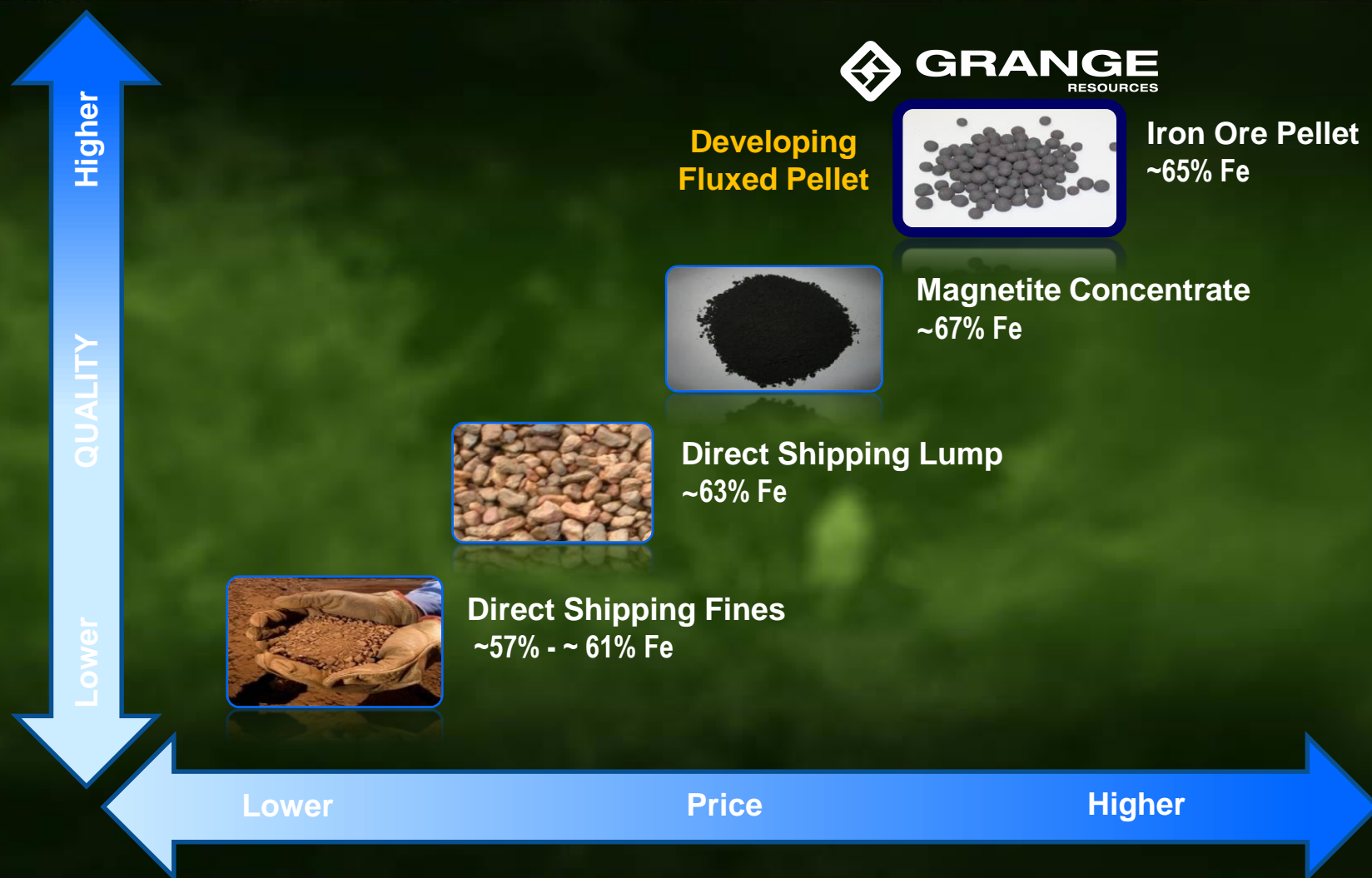


## Research Coverage

- JP Morgan
- UBS
- Macquarie



# 1.4 Products from Tasmanian Operations



## 2. Tasmanian Operations Performance & Focus



# 2.1 Jan.- Dec. 2015 Performance – Indicators

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

## 2.2 2016 Quarter 1 Performance – Indicators

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

## 2.3 Highlights for 2015 — Tasmania

- ✓ **Continued *Safety* Focus**  
*Record set at 1,728 days (Over 5 years LTI free at Savage River)*
- ✓ **Ore *Supply* from North Pit & South Deposit blend**  
*North Pit and South Deposit ores were blended well through the concentrator*
- ✓ **Autogenous *Mill Shell* replacement completed in 2015**  
*AM1 replacement completed safely, ahead of plan and budget.*
- ✓ **Produced a record of over 2.5 million tonnes of pellets**
- ✓ **Continued investment in *Mine Development***  
*The next stage of North Pit cutback continues for ore production in 2017*
- ✓ **Strong focus on *cost control* continues to achieve reduced C1 unit costs**  
*Costs held at low rates despite Mill Shell replacements*
- ✓ **Continue to progressively invest in key capital projects**  
*Further development on condition monitoring and *predictive* maintenance with commitment to critical value adding projects.*





## 2.4 LOM Strategies — Leveraging Resources

### **North Pit**

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

### **Centre Pit**

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

### **South Deposit**

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

### **Long Plains**

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



**Total resources exceeding 378MT which support long life operations**

## 2.5 LOM Strategies — Leveraging Resources

### Ore Reserves

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

### Other Potential

- Long Plains
- Centre Pit
- External opportunities





## 2.6 LOM Strategies— Optimising Mining Operations



**South Deposit in full production**



### → **North Pit Production Stripping**

- Ore supply for 2017

### ↓ **North Pit Mine Development**

- East wall cut-back



### → **South Deposit Mine Development**

- Ore supply for 2016
- ▪ Provides ore and material for construction of South Deposit Tailings Storage Facility



# 3. Southdown Project

## Achievements & Strategies

# 3.1 2015 Project Overview – Southdown

- ✓ *The Project continues on **reduced expenditure** while Grange seeks an equity partner for a strategic share in the Project*
- ✓ ***Existing tenure and approvals have been maintained** .*
- ✓ ***Project security has been enhanced** by continuing to build land tenure and access, including:*
  - *Negotiations concluded on accessing Main Roads WA land for the proposed seawater desalination plant pipeline and related infrastructure alignments.*
  - *Progressing negotiations with the State and landowners for access to key infrastructure areas.*
- ✓ ***Progressed studies relating to project engineering and further environmental permitting, including:***
  - *Progression of the federal commonwealth environmental approval for mine, desalination and pipelines with the public review period planned for early 2016.*
  - *Groundwater exploration which identified deep water-bearing palaeo channels with potential to contribute to construction water supply.*
  - *Extensive botanical surveys.*
  - *Ongoing hydrogeological baseline studies.*



## 3.2 Southdown Project Strategies 2016

We continue the approaches adopted in 2015 into 2016, as we:

- Formulate valid alternate development model and seek to secure equity
- Seek partners for a strategic share of the Company's interest in the project

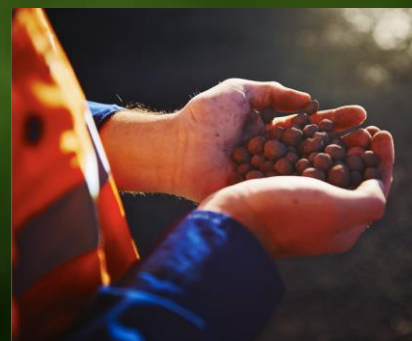




# 4. Recap

# 4.1 Grange — LOM Strategies Recapped

- Drive **operating costs down further** and sustain access to high grade ore
  - Provide high quality ore for blending from South Deposit
  - Continue investment in mine development - progress next phase of North Pit development
- **Continue to invest** in process infrastructure
  - Complete works for installation of new autogeneous mills at Savage River
  - Progress implementation of South Deposit Tailings Storage Facility which is sufficient storage for the balance of life of mine
  - Maintain key mining equipment
  - Seek partner for Southdown project
  - Long-term contract signed with Valin
- Focus on capital management
  - **Target growth opportunities** to complement existing business



## 4.2 Focusing on the fundamentals

- ***Our fundamentals are solid***
  - Experienced magnetite producer with a long life project close to the Asian market
  - Producer of a high quality iron ore product (65%+ Fe) that receives a premium price
  - Strong balance sheet
  - Stable work force with minimal turnover
  - Our people understand the intricacies of the business and are adding value
- ***We are taking action:***
  - Cost reduction initiatives in progress to achieve our priority goal of driving C1 costs lower
  - Optimizing team structures and reduction in contractor levels
  - Timing of capital projects continue to be rescheduled to align with effective condition monitoring and preventative maintenance management processes
  - Application of technology to enhance and improve production performance



# Primary Contact

## Primary Contact:

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### Notes:

- A lower cut-off grade of 15% DTR was used in the calculation of both the Mineral Resources and Ore Reserves
- For details of Resources and Reserves, refer ASX announcement 09-Mar-2016

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