



**GRANGE**  
RESOURCES



# Australia's leading magnetite producer

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9 May 2012

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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.

# 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

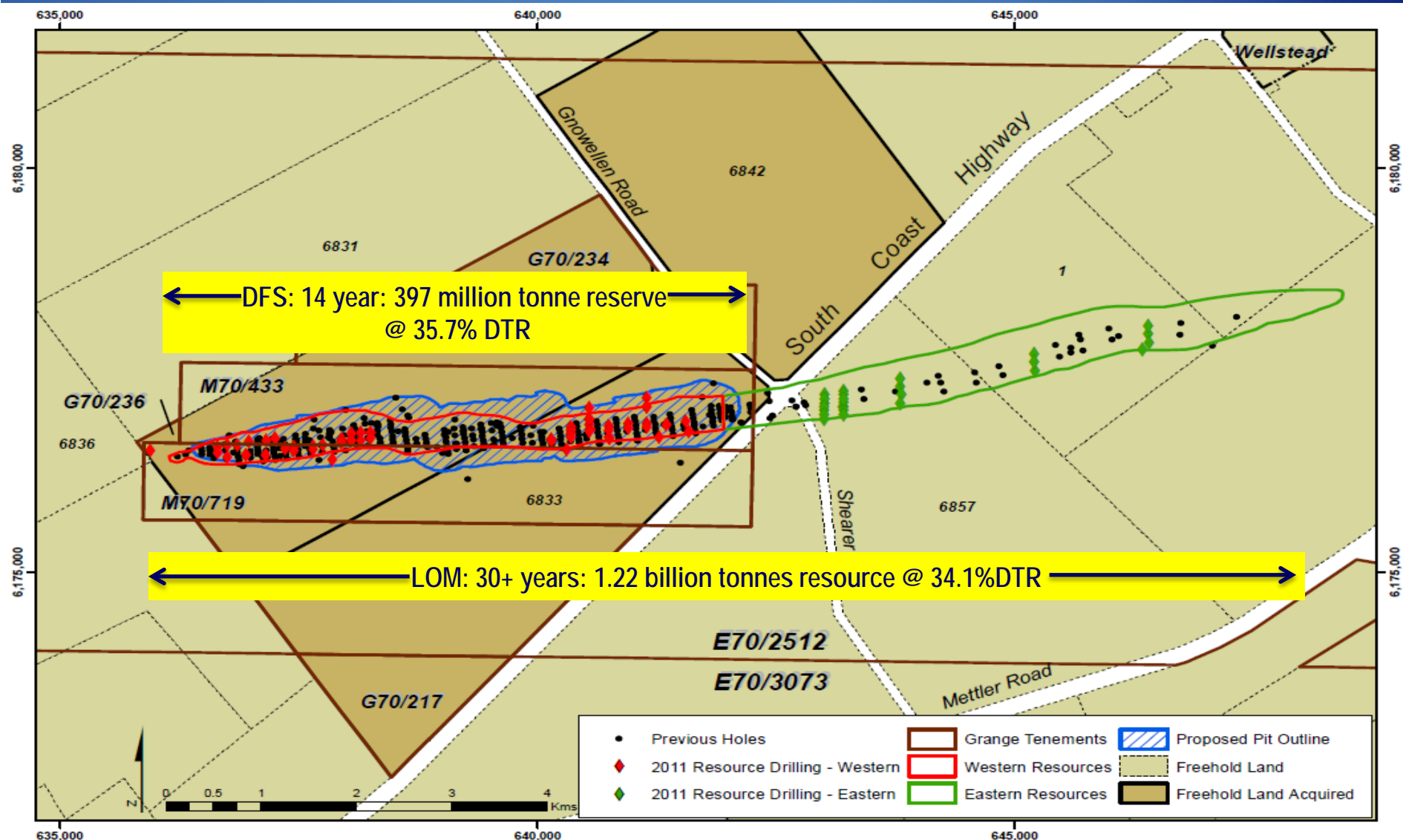


## The Southdown Project *DFS Highlights*

- \$150 million spent to date - an advanced project!!
- JORC mineral resources >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*

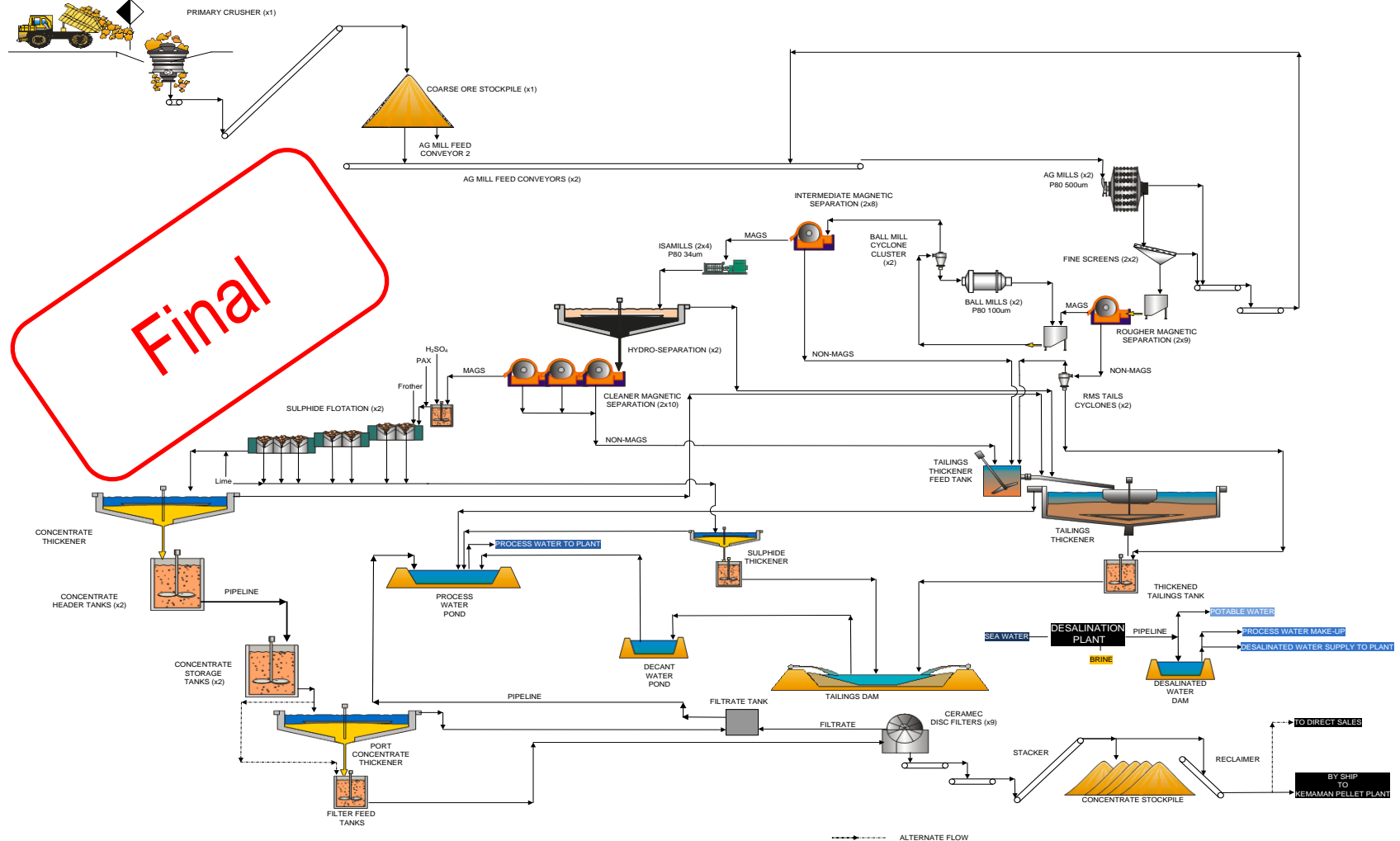




9 May 2012

Slide 11

# Southdown Magnetite Project **Concentrator Flow Sheet**



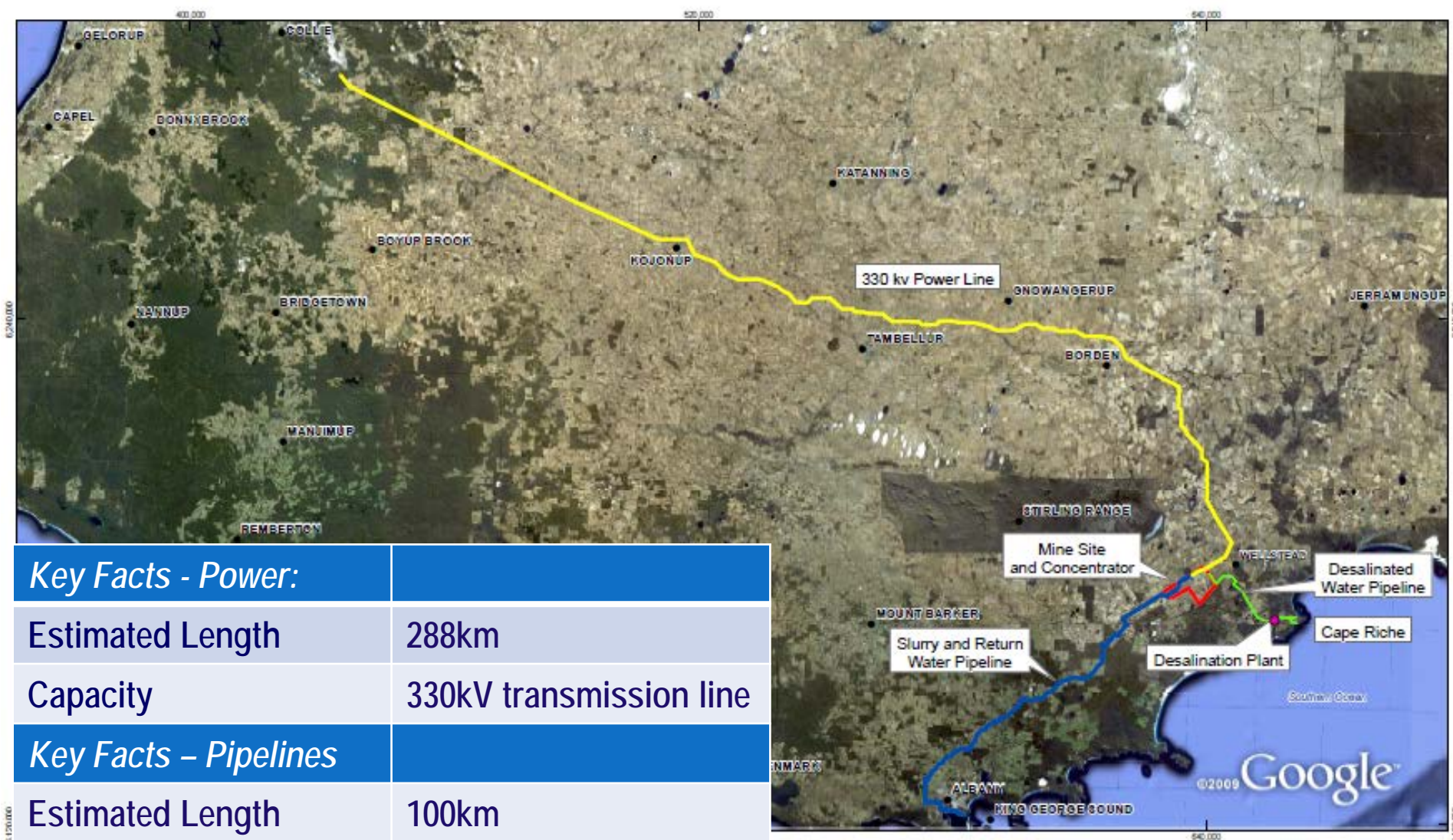


# Southdown Magnetite Project **Product Quality** *(Process Design Criteria)*

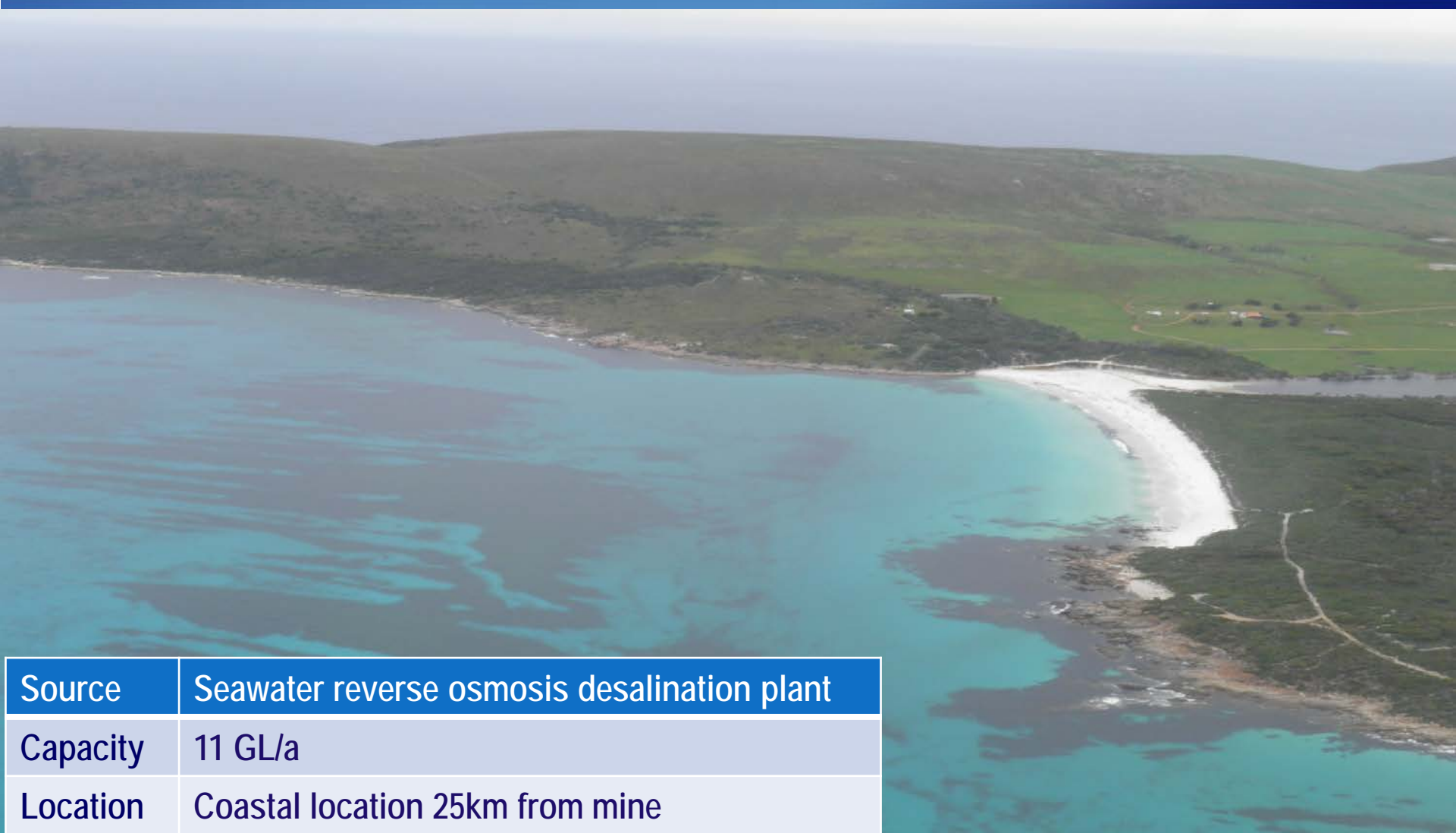
Southdown Magnetite Concentrate	%
Total Fe	69.5
SiO <sub>2</sub>	1.50
Al <sub>2</sub> O <sub>3</sub>	1.48
TiO <sub>2</sub>	0.38
P	0.04
S	0.08
LOI (Loss of ignition)	-3.15



# 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*



Vessels	Cape size (18m draft)
Activities	<input type="checkbox"/> Deepen, widen and extend existing 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

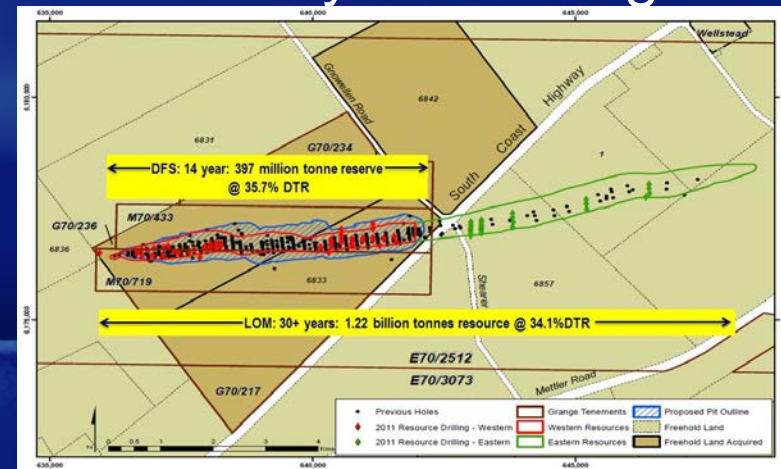
Desalination permit targeted Q2 2012





## Southdown Project *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 existing infrastructure associated - only sustaining capex required.
- Additional work required



# Key Contacts

Primary 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.*