

**31 July 2012**

**ASX: GRR**

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## **SUMMARY OF KEY TERMS OF ENGAGEMENT – CEO & MD**

Mr Richard Mehan will take up his role of CEO and Managing Director of Grange Resources Limited (“Grange” or the “Company”) with effect from 6 August 2012. The key terms of Mr Mehan’s employment arrangements are summarised below. They are in line with industry practice and ASX corporate governance guidelines. The remuneration package is designed to ensure alignment of reward with achievement of corporate objectives as determined by the Board.

### **Term**

Mr Mehan’s employment as Chief Executive Officer and Managing Director will be effective from 6 August 2012. The appointment will continue until the employment is terminated in accordance with the Employment Agreement.

### **Remuneration**

Mr Mehan will be provided with the following elements of remuneration:

- total fixed annual remuneration (“TFR”) inclusive of superannuation of \$545,000; and
- a variable annual reward composed of a short term incentive component of up to a maximum of 21.1% of TFR (\$115,000) and a long term incentive component of up to a maximum of 25.7% of TFR (\$140,000).

#### *Short Term Incentive*

The Short Term Incentive (“STI”) is determined by the Board annually and will be based on Mr Mehan’s performance. 50% of the STI payment will be linked to Company performance, as measured by key performance indicators set for Company performance by the Board. 50% of the STI payment will be linked to Mr Mehan’s personal performance as measured against personal key performance indicators set by the Board. The Short Term Incentive will be paid as cash.

#### *Long Term Incentive*

The Long Term Incentive (“LTI”) is granted in the form of performance rights to shares in the Company. Subject to the achievement of qualifying hurdles set by the Board, the Company will grant to Mr Mehan an annual LTI up to a value of \$140,000. (ie 25.7% of his TFR). The rights to shares will vest in line with terms as set by the Remuneration Committee subject to the achievement of hurdles and will vest after the conclusion of a three year period.

### **Termination**

This may be effected by three months payment of termination by the Company and three months’ notice by Mr Mehan. Customary restraint provisions apply.

#### *Enquiries:*

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