



**GRANGE**  
RESOURCES



# Australia's leading magnetite producer

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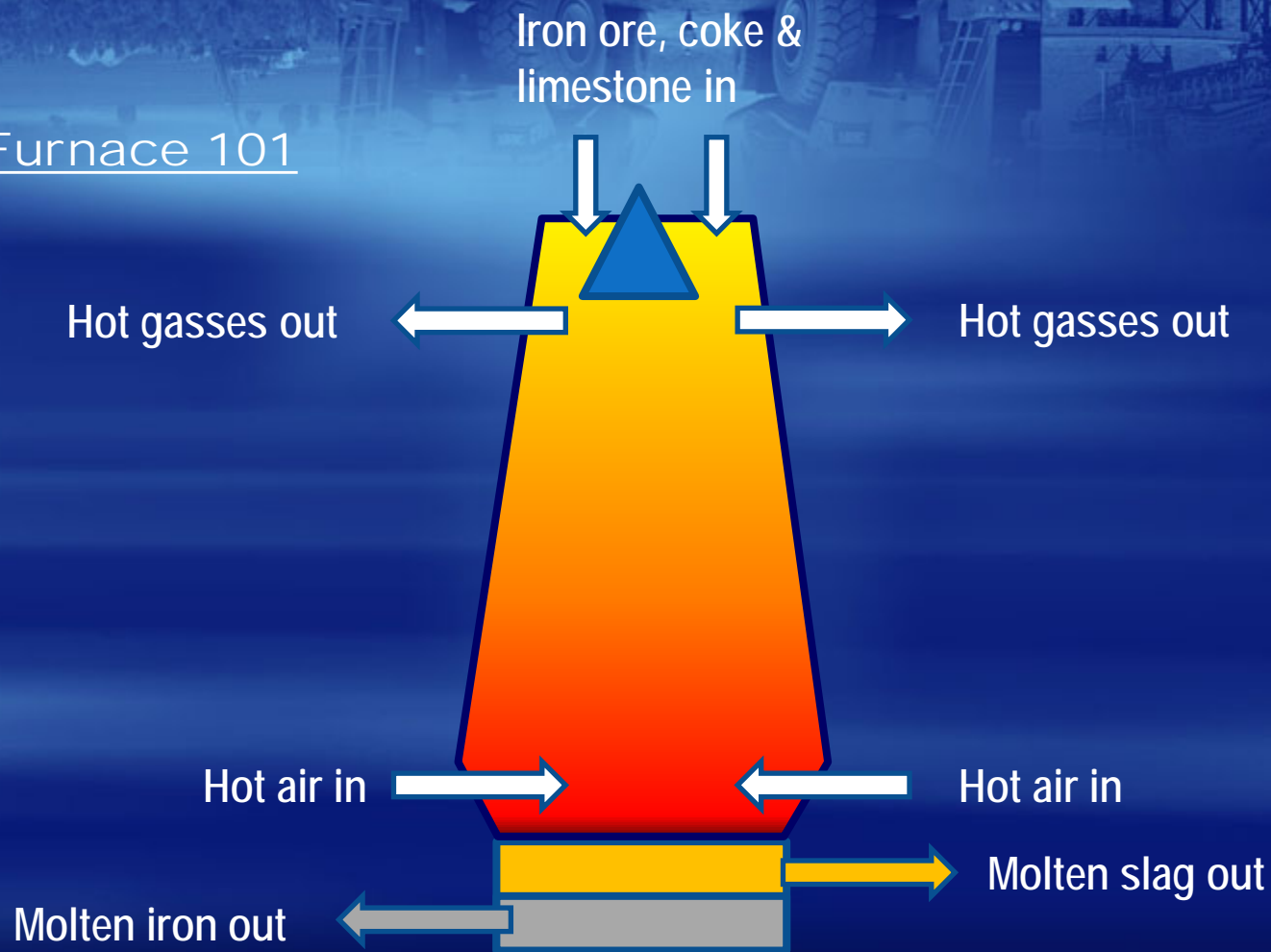
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# Company Overview

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.

# 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

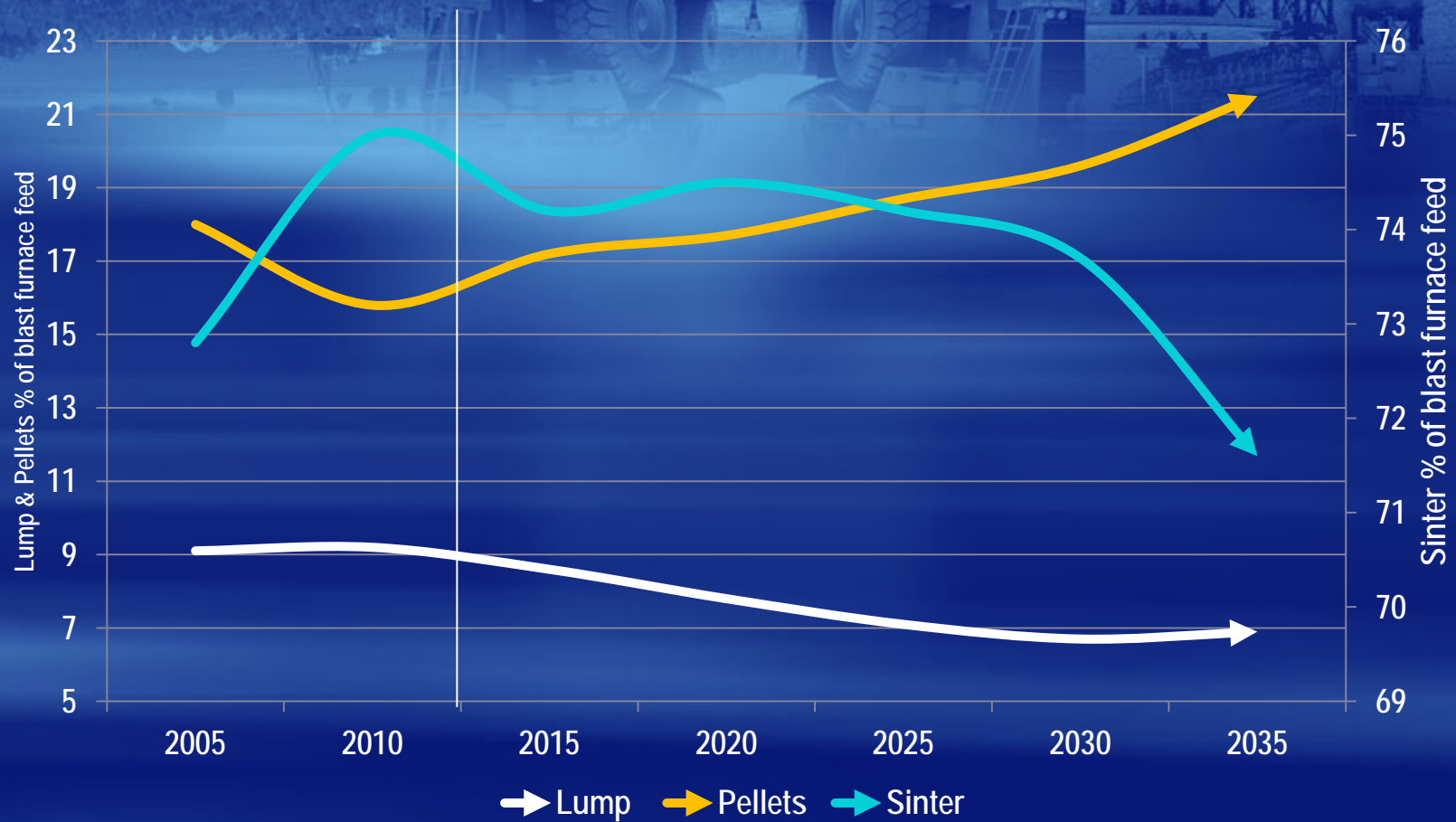
- Lump 63% Fe,
- Pellets up to 67% Fe (low contaminants)
- Availability of lump is falling

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

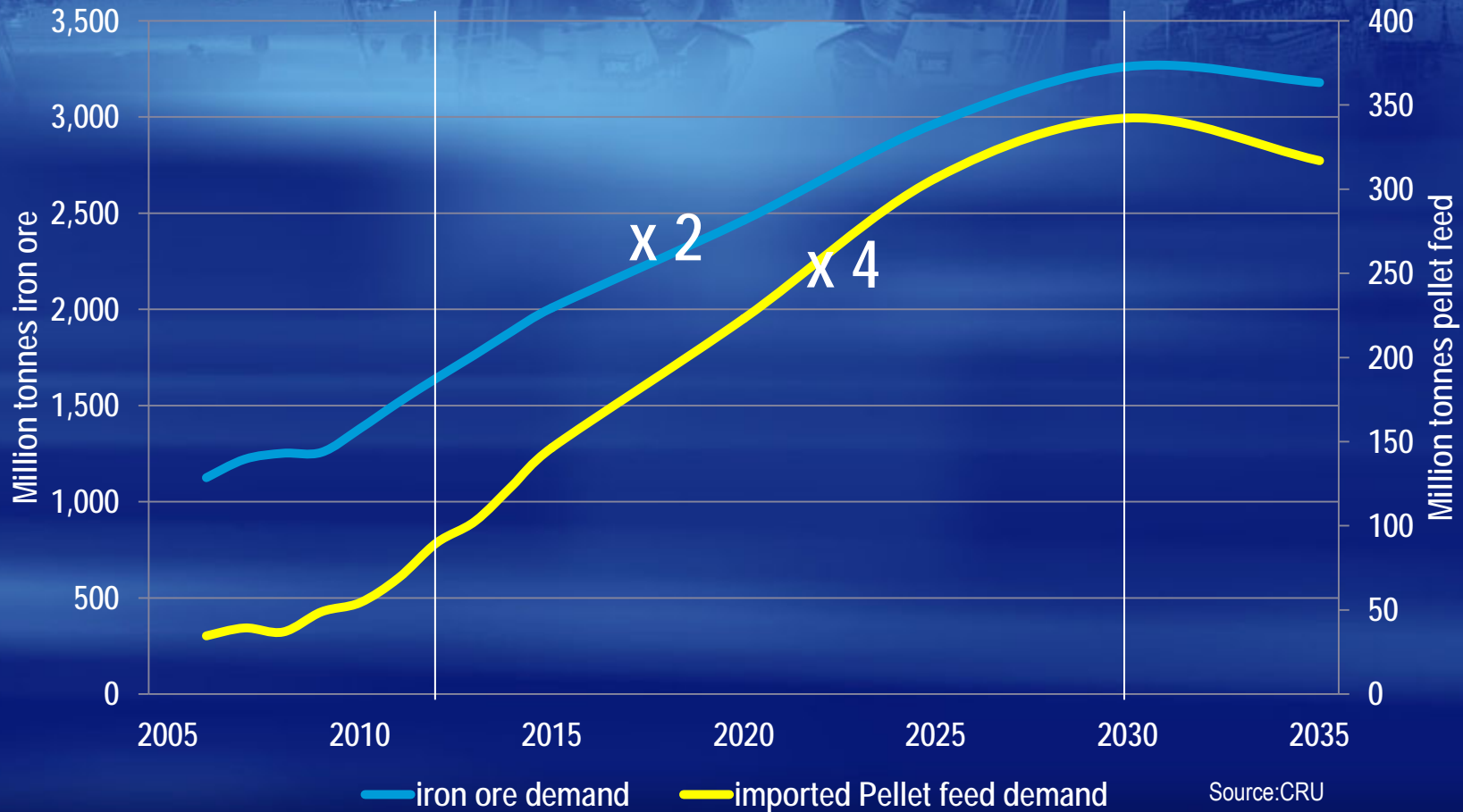
# Sinter, Lump and Pellet mix over time



Source: CRU

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

## Iron ore and Pellet feed demand



# Magnetite – The premium iron ore



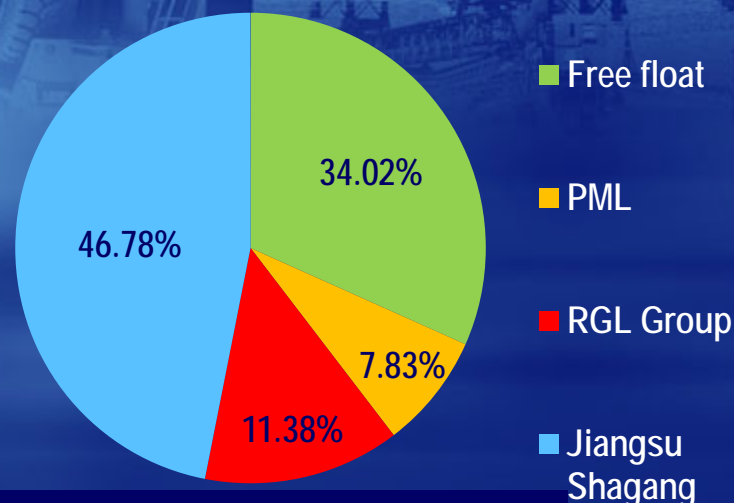


# Company Snapshot

## Current key statistics (A\$)

Ordinary shares on issue	1 March 2012	1,154m
Last share price	1 March 2012	\$0.67
Market capitalization	1 March 2012	\$773m
Cash & Receivables	31 December 2011	\$226.7m

## Current Ownership Structure



## Research

Bell Potter	(target \$1.01)	Patersons	(target \$0.69)
Citi	(target \$0.80)	Petra Capital	(target \$1.06)
JP Morgan	(target \$0.95)	RBS	(target \$0.68)
Macquarie	(target \$1.00)	RBS Morgans	(target \$0.82)
Merrill Lynch	(target \$0.75)	UBS	(target \$0.82)

JP Morgan and UBS commenced research coverage during the quarter

# 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 now set for a great 2012!

# December 2011 Quarter Summary

	Production and Costs December Quarter 2011	Production and Costs September Quarter 2011
Total BCM Mined	4,240,390	3,184,680
Total Ore BCM	531,189	402,846
Weight Recovery (% DTR)	41.70	34.5
Concentrate Produced (t)	612,189	556,122
Pellets Produced (t)	632,143	506,143
Direct Operating Cost A\$/tonne Pellet Produced	89.65	127.72



# East wall failure – June 2010



As a result of the wall failure,  
access to the high grade North  
Pit was cut off

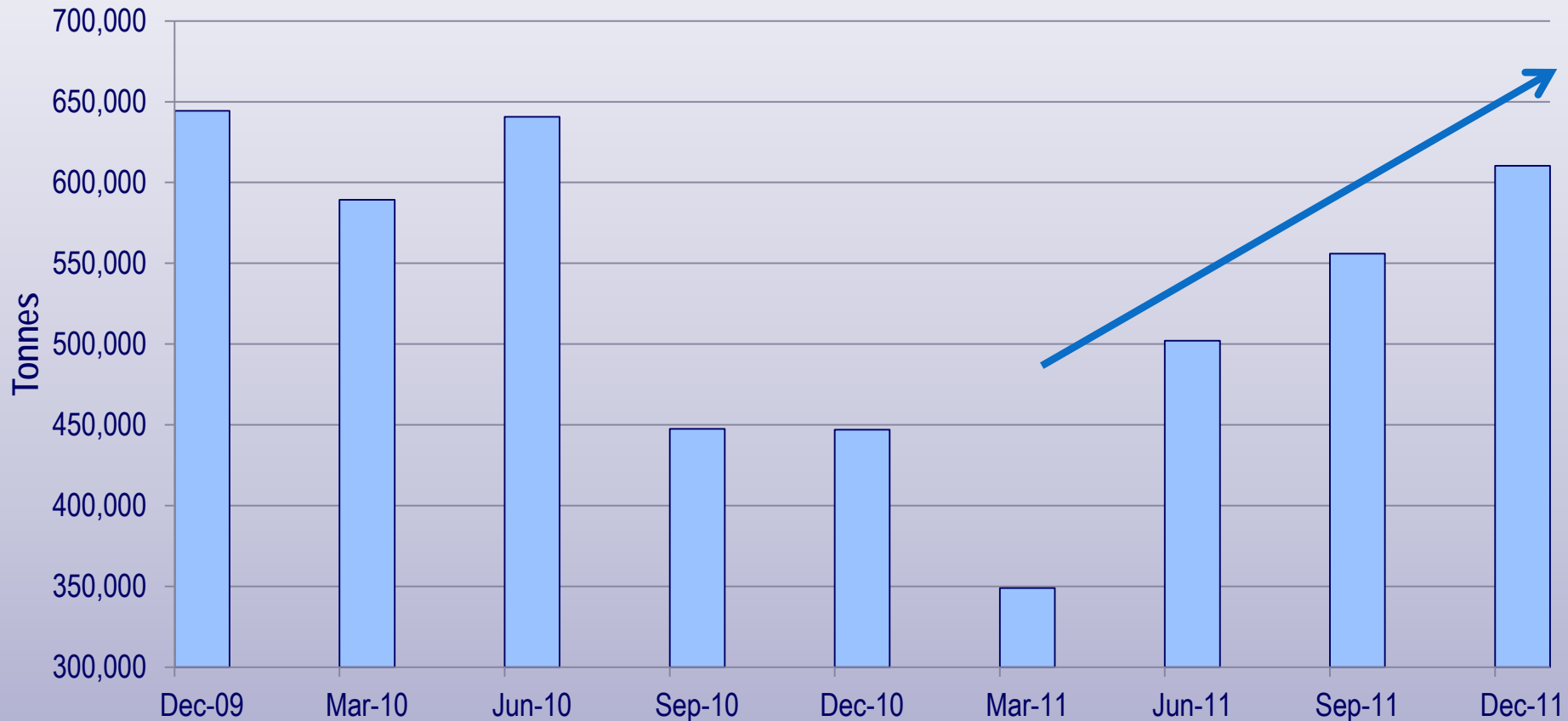


# East wall failure – January 2012



The East Wall has undergone a cut back and access to the North Pit has been re-established

# Savage River Concentrate Production Quarter on Quarter



As planned, production has increased as the east wall remediation has been completed, allowing access back to the North Pit. Concentrate production in December quarter highest for 15 months.

# Savage River C1 Unit costs of pellets

## Quarter on Quarter



Increased production rates in the December quarter have resulted in a reduction in unit costs to sustainable levels.



# The Southdown Project

4x



bigger than Savage River

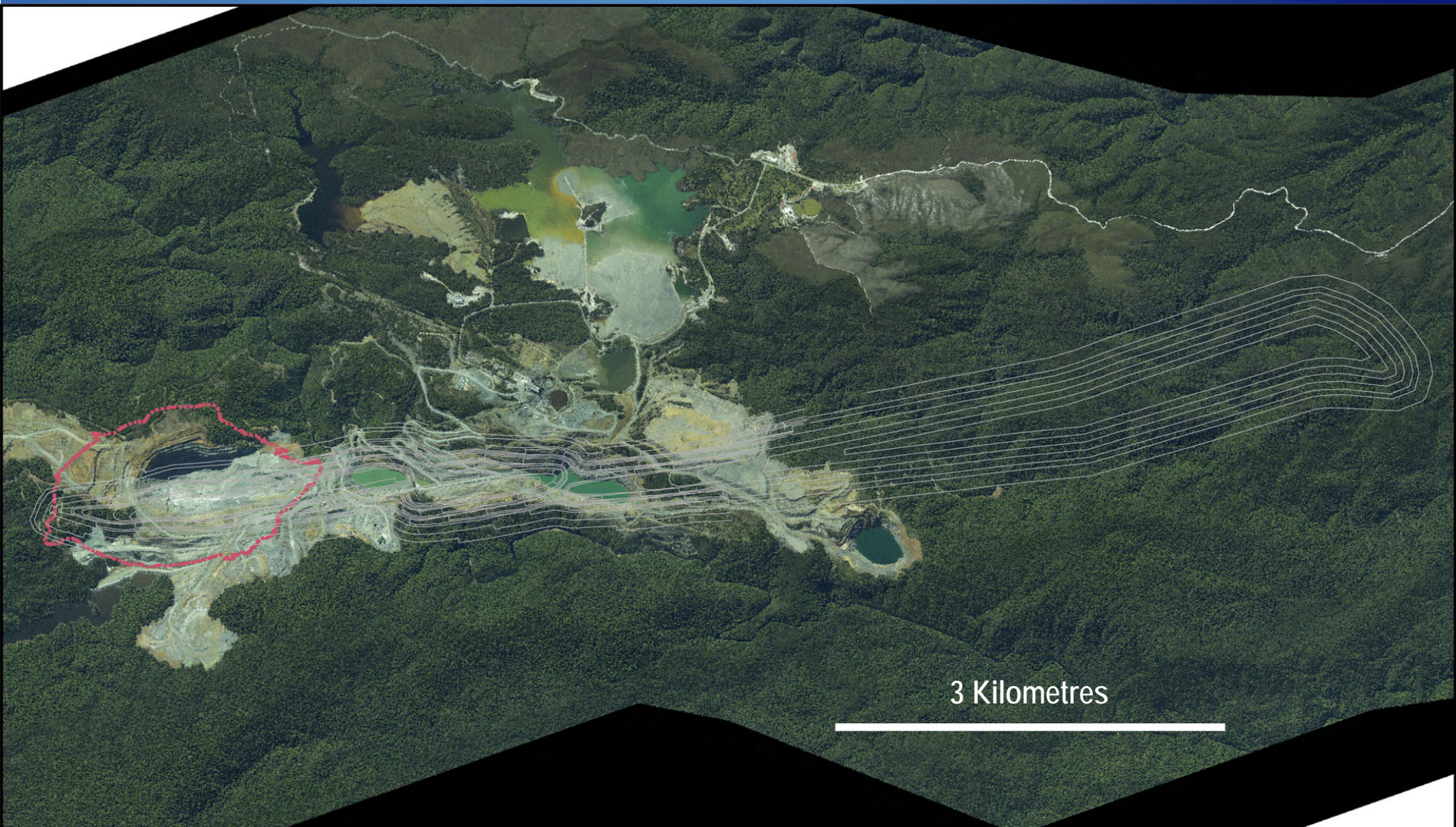


March 2012

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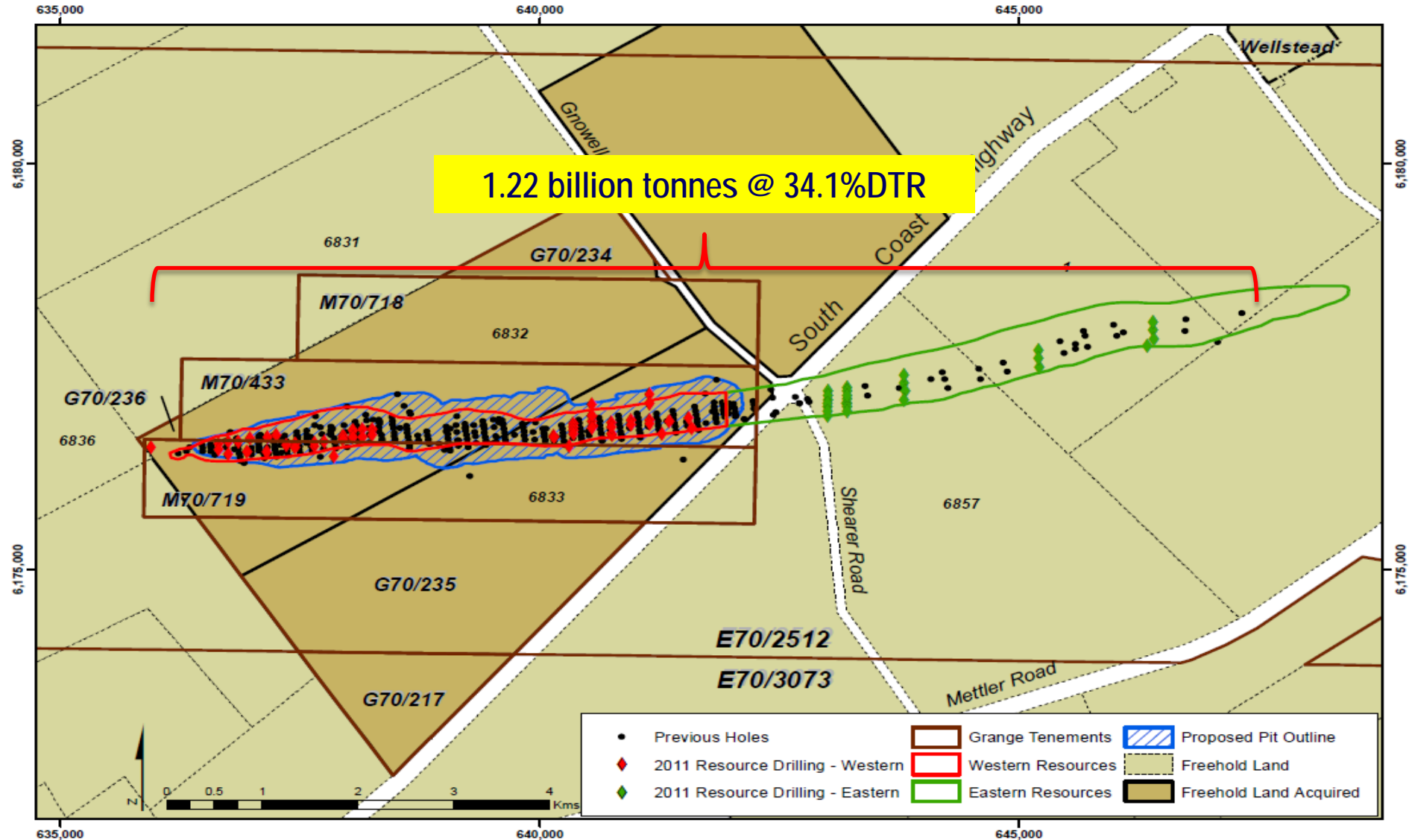


# 12 Kilometre Monster Pit





# The Resource





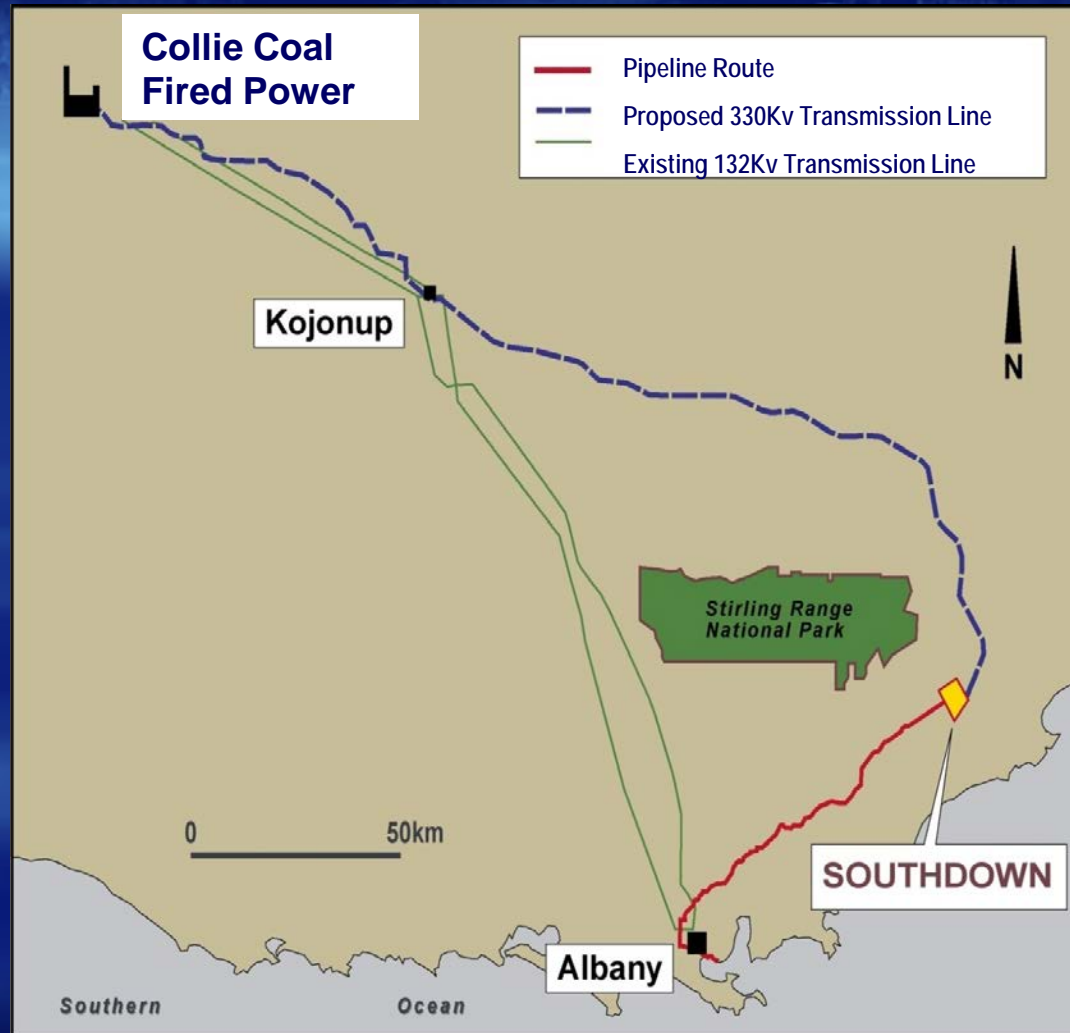
# Southdown Mineral Resources

## Quantity and Confidence improved

	As at December 2011		As at February 2012	
	Tonnes (Mt)	Grade wt% DTR	Tonnes (Mt)	Grade wt% DTR
Measured	407	37.1	423	37.6
Indicated	40.2	40.7	87.4	38.4
Inferred	250.8	32.5	710.6	31.5
Total	698	35.7	1,221	34.1

An \$8.3 million drilling program during 2011 resulted in increased tonnage and confidence of the Southdown mineral resource.

# Power & Pipelines



# Water





# Port Infrastructure





# Permitting – well advanced



Mine environmental permit



Granted November 2009, amendment required in 2011 for 10mtpa



Port permits



Granted November 2010








Water permit



Desalination permit targeted Q2 2012



# Timetable

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

# Why Grange?

- ☐ Very attractively priced
- ☐ Existing cashflow and great margins
- ☐ Dividend payer, strong yield
- ☐ Strong Balance Sheet, strong cash position,
- ☐ No net debt
- ☐ World class projects
- ☐ Proven performer with 40 years magnetite experience



# Key Contacts

Primary contacts:

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# Competent Person Statement

## Southdown Project

- The information in this statement which relates to the Mineral Resources is based on information compiled by 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). Geological interpretations and resource estimation was completed by Ben Pollard of BMGS Perth Pty Ltd and BMGS geologists.