



GRANGE RESOURCES

INVESTOR UPDATE

July 2006

SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT PROJECT UPDATE

- PROJECT 100% OWNED BY GRANGE RESOURCES
- BANKABLE FEASIBILITY STUDY FINALISED, FOCUS ON DR PELLET PRODUCTION
- CAPITAL AND OPERATING COSTS ESTIMATED
- CRITICAL PATH – SOUTHDOWN PER SUBMITTED TO EPA, APPROVAL Q2 2007
- MALAYSIAN DEIA PUBLISHED FOR PUBLIC REVIEW, APPROVAL Q4 2006
- MIDA INVESTMENT INCENTIVES APPLICATION - RESPONSE EXPECTED Q3 2006
- EOI'S RECEIVED FROM A RANGE OF INTERNATIONAL PARTIES
- RANGE OF DEVELOPMENT OPTIONS FOR CORE PROJECT
- DUE DILIGENCE COMMENCED BY POTENTIAL JV PARTNERS
- JOINT VENTURE PARTNER TENDER PROCESS COMPLETION Q4 2006
- PROJECT CONSTRUCTION DUE TO START IN Q3 2007
- COMPLETE PROJECT WITH ALL INFRASTRUCTURE DETERMINED AND CONTROLLED BY GRANGE RESOURCES LTD

SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT PROJECT UPDATE

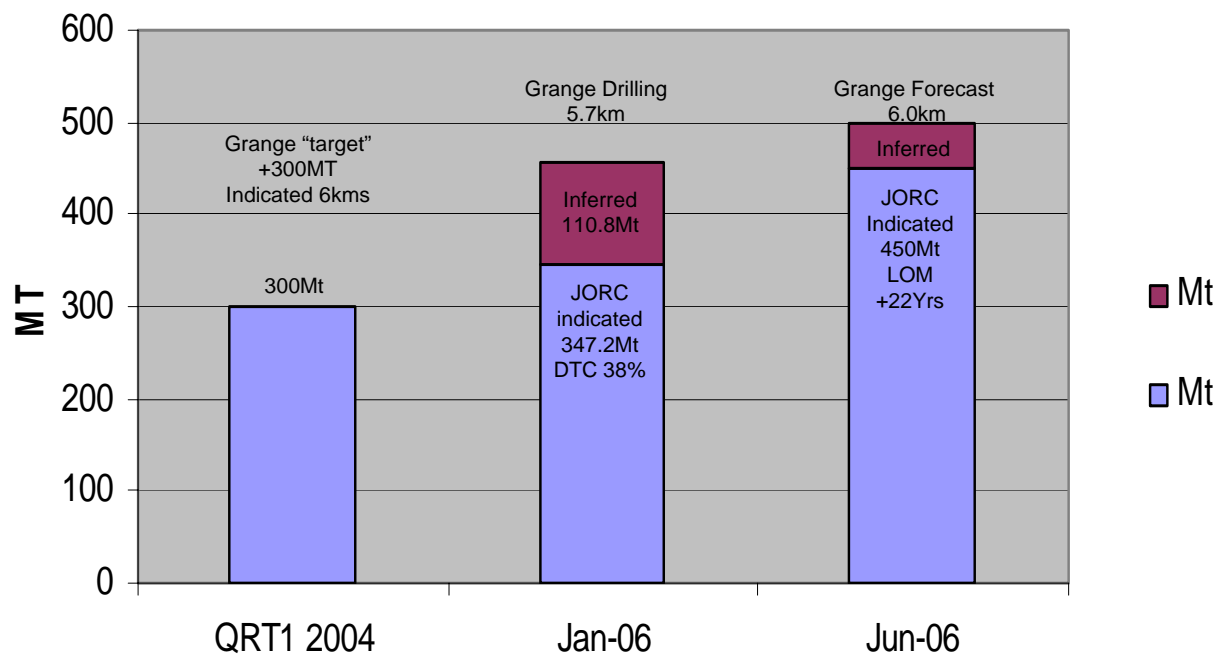
- DUAL LOCATION
 - SOUTHDOWN MAGNETITE DEPOSIT IN SW WESTERN AUSTRALIA
 - KEMAMAN PELLET PROJECT ON EAST COAST OF MALAYSIA
- MAGNETITE RESOURCE OF 458MT. GRADING 37% DTR FE, LOCATED 90KMS FROM ALBANY ON THE SOUTH COAST OF WESTERN AUSTRALIA
- MINING AND CONCENTRATION OPERATION PRODUCING 6.6MTPA OF CONCENTRATE AT 69% FE FOR 22 YEARS
- 105KM SLURRY PIPELINE DELIVERING CONCENTRATE TO ALBANY PORT FOR SHIPPING TO KEMAMAN, MALAYSIA
- PELLET PLANT AT KEMAMAN PRODUCING 6.8MTPA DIRECT REDUCTION AND BLAST FURNACE PELLETS
- BFS COSTS TO JUNE 2006 OF A\$23M

SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT DEVELOPMENT TIMETABLE UPDATE

- SOUTHDOWN ENVIRONMENTAL APPROVAL SUBMITTED Q2 2006
- UPGRADE RESOURCE STATEMENT Q3 2006
- KEMAMAN ENVIRONMENTAL APPROVAL Q4 2006
- SELECTION OF PROJECT PARTNERS Q4 2006
- FINALISE OWNERSHIP,PROJECT FUNDING Q4 2006
- SOUTHDOWN ENVIRONMENTAL APPROVAL Q2 2007
- COMMENCE OF PROJECT CONSTRUCTION Q3 2007
- COMMENCE COMMISSIONING Q4 2009
- FIRST PELLET PRODUCTION Q2 2010

SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT

SOUTHDOWN RESOURCE POTENTIAL



- Since acquisition in 2003, Grange has significantly increased the Southdown resource
- Upgraded resource statement due in August 2006
- Further upside – Grange now controls 6km of total deposit length of 13km

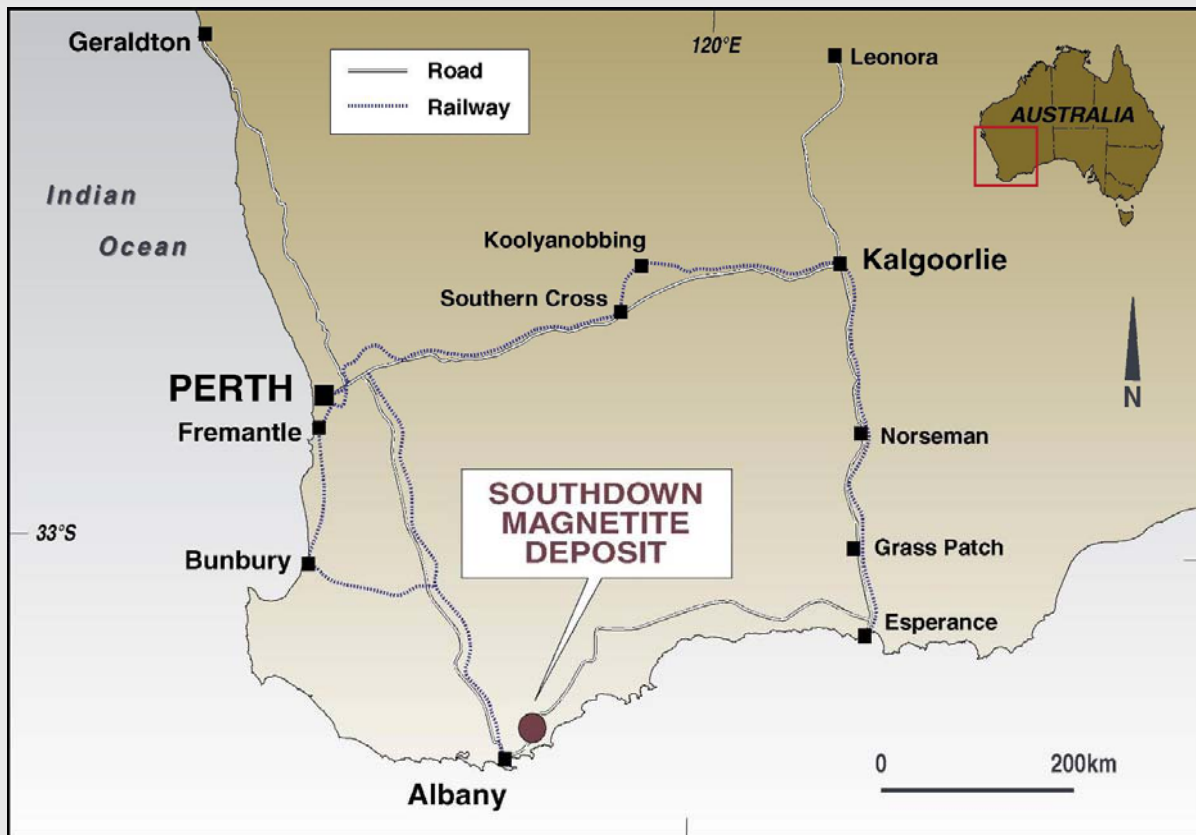
SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT

PROJECT STRATEGY

- FULLY INTEGRATED PROJECT PRODUCING BLAST FURNACE AND DIRECT REDUCTION PELLETS
- OUTSTANDING MINERAL RESOURCE IN WESTERN AUSTRALIA
- OFFSHORE MERCHANT PELLET PLANT – KEMAMAN, MALAYSIA WITH OUTSTANDING ADVANTAGES:
 - AVAILABILITY OF NATURAL GAS AND LOW COST POWER
 - REQUIRED INFRASTRUCTURE ALREADY IN PLACE
 - SECURE ACCESS TO PORT FACILITIES – 50 YEAR OPTION OVER KEMAMAN WEST WHARF
 - ATTRACTIVE GOVERNMENT INVESTMENT INCENTIVES
 - PROXIMITY TO CUSTOMERS WITH DISTINCT DELIVERY TIME/COST ADVANTAGES
 - WILLING AND EXPERIENCED LOCAL PARTNERS ENSURE QUALITY, PROJECT DELIVERY
- INTRODUCE QUALITY, COMMITTED DEVELOPMENT PARTNERS
- PRODUCE BOTH DR AND BF PELLETS
- COMPLETE PROJECT WITH CONTROL OVER ALL OPERATIONS AND INFRASTRUCTURE BY GRANGE RESOURCES LTD

SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT

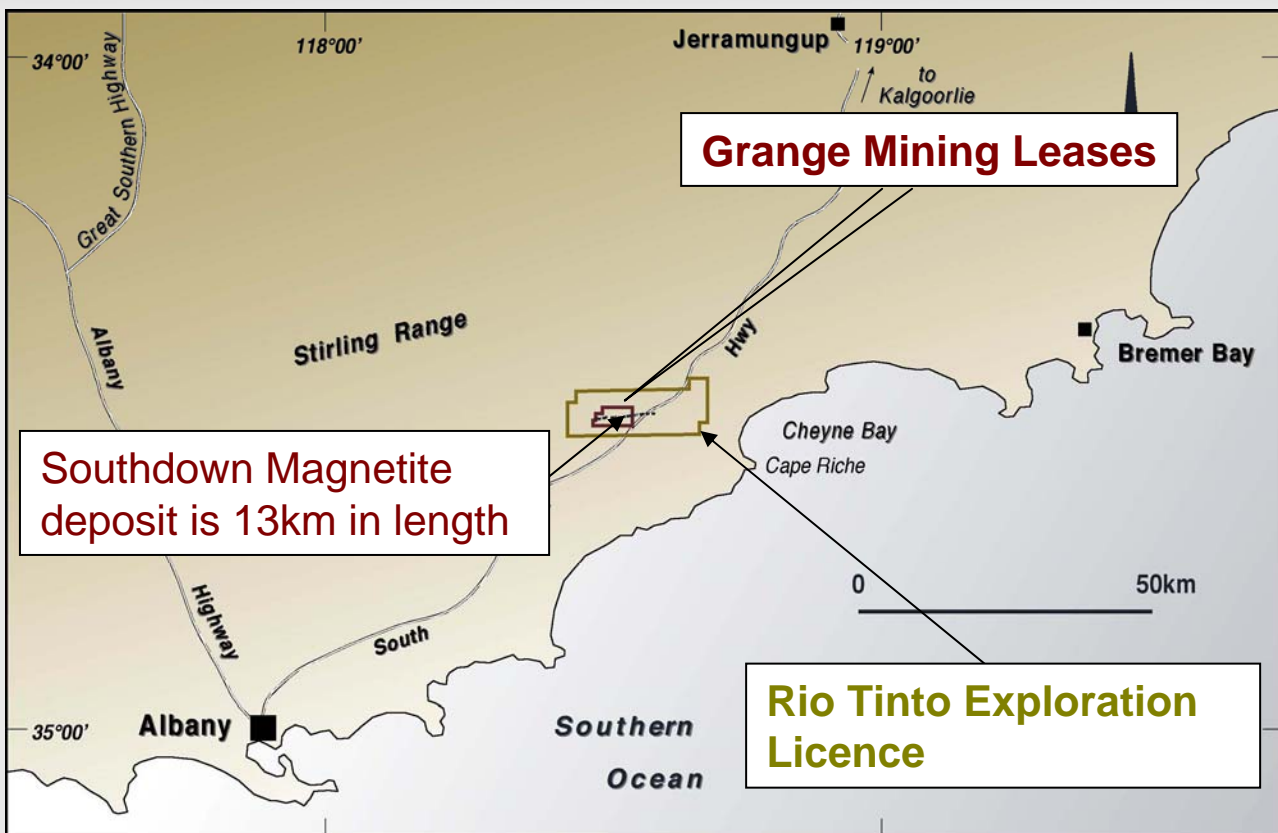
PROJECT LOCATION - SOUTHDOWN



Interim in situ Mineral Resource estimate of 458.0Mt

Class	Tonnes (Mt)	DTC wt%
Indicated Resource	347.2	38.1
Inferred Resource	110.8	33.1
Total	458.0	36.9

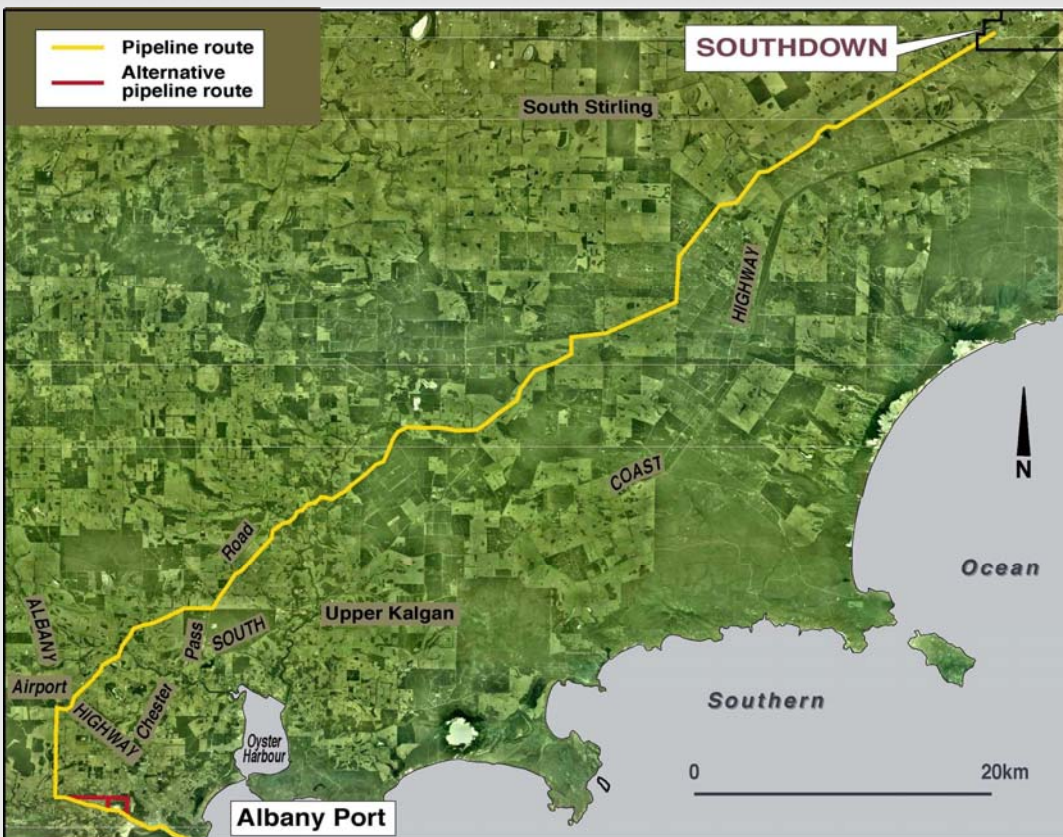
SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT PROJECT HAS INFRASTRUCTURE ADVANTAGES



Strong platform for project success

- No Native Title issues
- Option to purchase freehold land
- Power line construction by State networks utility
- Rio Tinto survey shows Southdown deposit closest to surface in Grange leases

SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT PROJECT LOGISTICS - AUSTRALIA

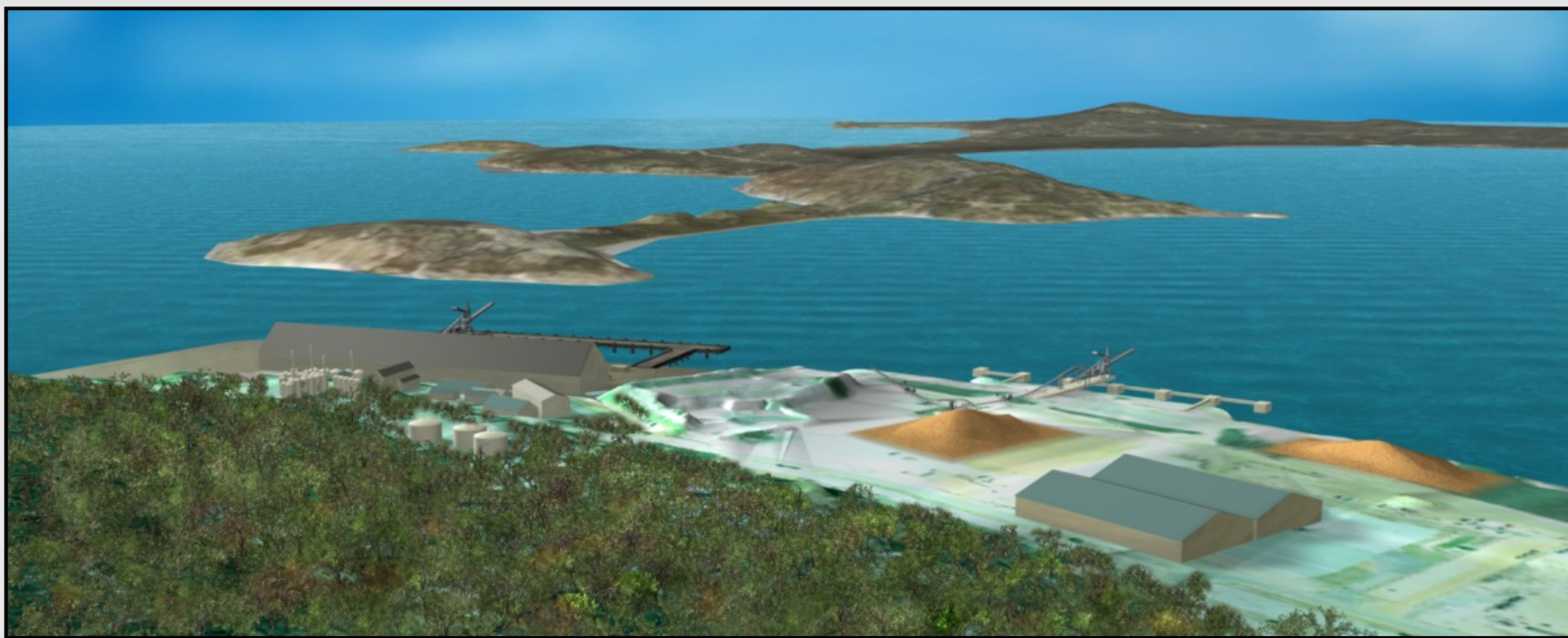


Slurry pipeline – 42cm in diameter – optimal transportation method for Southdown concentrate to Albany port facility

Slurry Pipeline

- Supportive community, nonintrusive
- Lower capital and operating costs
- Suitable terrain
- Access to required water sources
 - Site harvesting
 - Borefield
 - Albany waste water

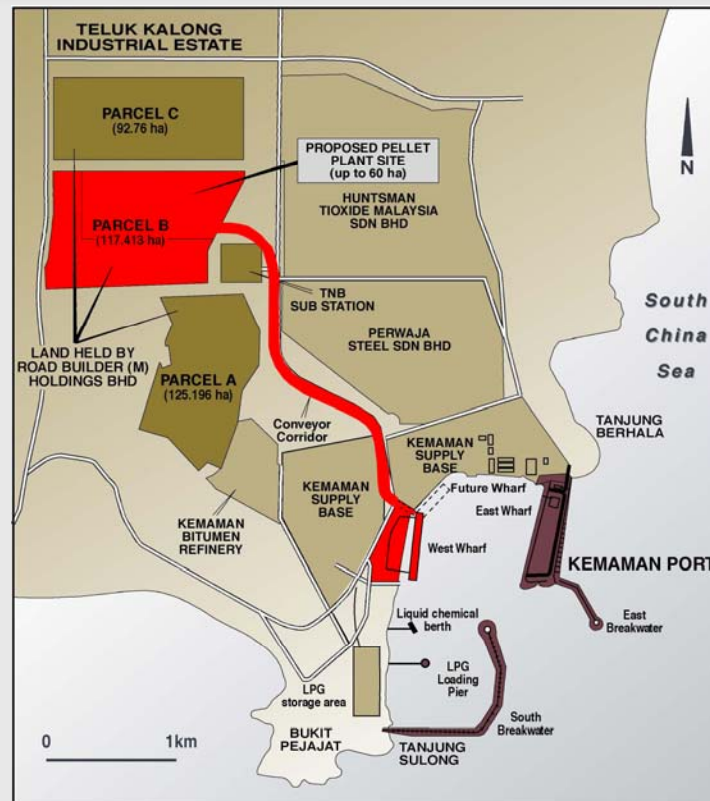
SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT PROJECT INFRASTRUCTURE– ALBANY PORT



- Work advancing on port design and pre-development engineering
- Heads of Agreement signed with Port Authority for Port development

SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT

MALYSIAN PROJECT LOCATION - KEMAMAN



Pellet plant site

- Kemaman port located on east coast of Malaysia
- Project site is located within Teluk Kalong Industrial Estate
- Proximity to infrastructure and markets
- Significant sea freight advantages
- Merchant pellet plant able to use other concentrates

SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT PROJECT INFRASTRUCTURE - MALAYSIA



Favourable location
for pellet production

Power supply – TNB contract

Natural gas supply - Petronas

Water supply – Local authority

Limestone – Adjacent plant

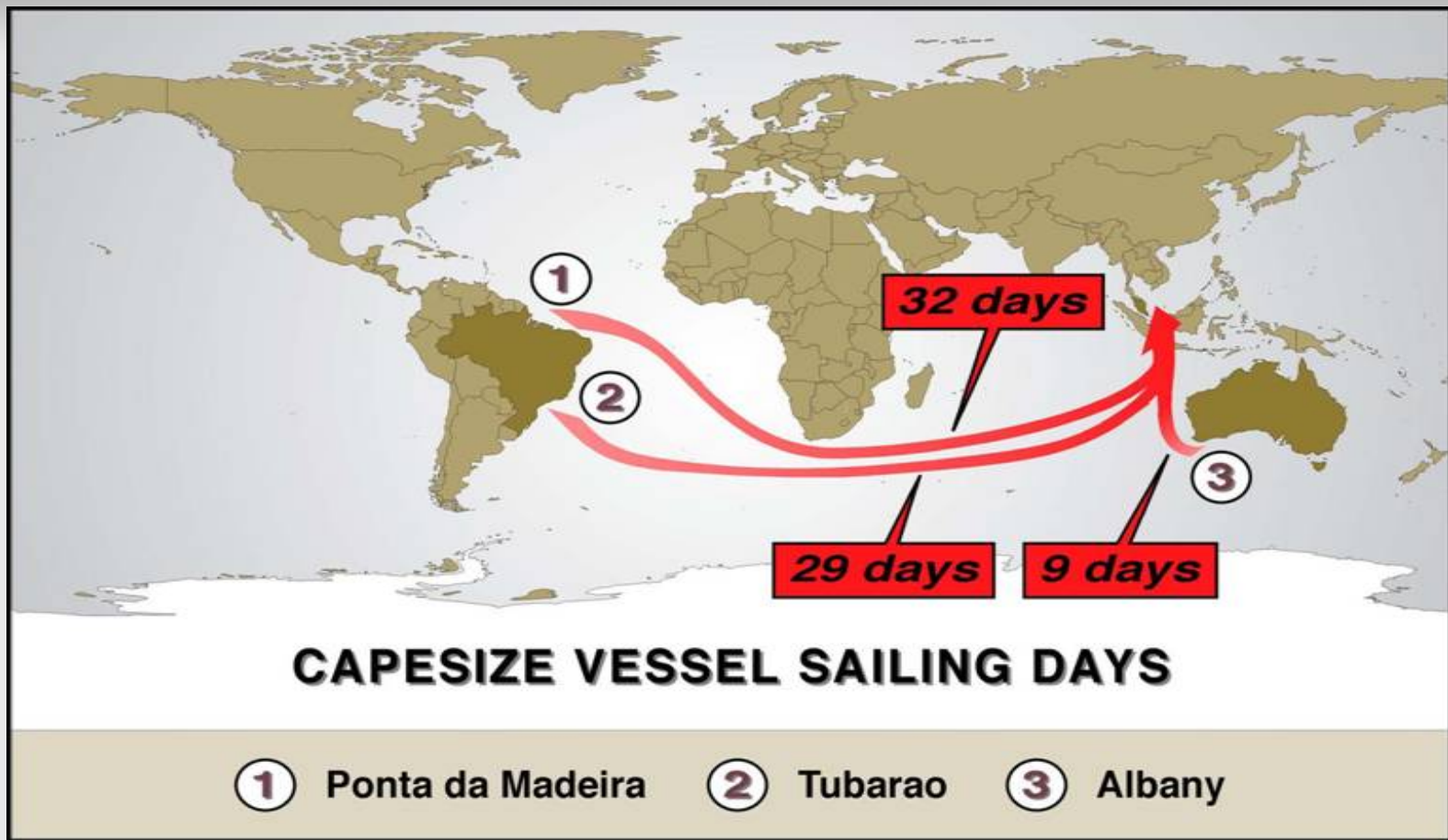
Turning Basin – dredging
commenced

Future Expansion opportunities



GRANGE
RESOURCES LIMITED

SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT TRANSPORT DISTANCES





GRANGE
RESOURCES LIMITED

SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT PELLET MARKET



DR PELLET CONSUMERS

	COUNTRY
① Perwaja Steel	Malaysia
② Amsteel	Malaysia
③ Krakatau Steel	Indonesia
④ Megasteel	Malaysia
⑤ Qasco	Qatar
⑥ Hadeed	Saudi Arabia
⑦ Oman	UAE
⑧ Various	India

BF PELLET CONSUMERS

	COUNTRY
A China Steel Corp.	Taiwan
B Bluescope Steel Ltd	Australia
C Posco	Sth Korea
D Japanese Steel Mills	Japan
E Chinese Steel Mills	China

SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT

PROJECT FINANCIALS

Capital Costs:

	US\$M
Southdown	570.4
Kemaman	535.9
Project	1,106.2
Contingency	68.8
Total Project	1,175.0

Operating Costs

	US\$/t
FOB Kemaman	39.4

	US\$M	IRR%
NPV @ 8% (100% DR Pellets)	1,701	23.2

Assumes: 39% Decline in 2006 High Grade Fines price by 2010
Pellet Premium of US\$50/DMTU from 2010
Forex US\$:A\$ of 0.700:1.00

SOUTHDOWN MAGNETITE AND KEMAMAN PELLET PROJECT UNDERPINNING FUTURE GROWTH

- DR PELLET DEMAND IS LIKELY TO INCREASE SIGNIFICANTLY:
 - CAPITAL COST OF TRADITIONAL INTEGRATED STEEL PLANTS, AVAILABILITY OF COKING COAL
 - ENVIRONMENTAL ISSUES OF SINTER PLANTS
 - COMPATABILITY WITH INCREASED STEEL SCRAP RECYCLING
 - FLEXIBLE STEEL PRODUCTION
 - WIDESPREAD NATURAL GAS AVAILABILITY
 - PROXIMITY TO FAST GROWING MARKETS IN SE ASIA AND MIDDLE EAST
 - COMPETITIVE FREIGHT ADVANTAGES DUE TO REGIONAL PRODUCTION COMPARED TO EXISTING SUPPLY
- ABLE TO PRODUCE HIGH QUALITY BF PELLETS WITH VERY LOW P CONTENT OFFSETTING HIGH P DSO ORES FROM THE PILBARA
- COMPATABLE DEVELOPMENT FOR FUTURE STEEL PRODUCTION IN INDIA, THAILAND AND VIETNAM

CORPORATE PROFILE

- **BOARD OF DIRECTORS** – Anthony Bohnenn (Chairman), Geoff Wedlock (Managing Director), Alex Nutter (Technical Director), Richard Krasnoff (Non-exec), Hans-Rudolf Moser (Non-exec)
- **SHARES ON ISSUE** – 95,034,974
- **MARKET CAPITALISATION** – \$130 million
- **SOUTHDOWN/KEMAMAN PROJECT PARTNERS** – ProMet Engineers, AMC Consultants, APA, JFA Australia, Golders Associates, Ecologia, Perunding Utama, Braemar Seascope, Road Builder (M) Holdings Bhd, Azure Capital
- **CASH END JUNE 2006** – A\$8.5M (+environment and other bonds \$2.85M)

OTHER ACTIVITIES

- GOLD ROYALTIES- RED HILL, FRESHWATER
- WEMBLEY (GRANGE 100%, GLENEAGLE EARNING 80%)
- AGREEMENT WITH WESTGOLD FOR MT. SAMUEL LEASES
- MURCHISON COPPER MINES PTY LTD (HORSESHOE LIGHTS MINE)
- MALAYSIAN IRON ORE MINING – BUKIT IBAM MINING CERTIFICATE APPROVED
- MALAYSIAN EXPLORATION – APPLICATION FOR ADVANCED GOLD AND IRON ORE PROJECTS



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