



Grange Resources

Sydney Resources Round-up

11th May 2010

Russell Clark
Managing Director & CEO

NOT FOR DISTRIBUTION IN THE US



Level 11, 200 St Georges Terrace
Perth Western Australia 6000

Disclaimer



- The material in this presentation (“material”) is not and does not constitute an offer, invitation or recommendation to subscribe for, or purchase, any security in Grange Resources Limited (“GRR”) nor does it form the basis of any contract or commitment. GRR makes no representation or warranty, express or implied, as to the accuracy, reliability or completeness of this material. GRR, its directors, employees, agents and consultants, shall have no liability, including liability to any person by reason of negligence or negligent misstatement, for any statements, opinions, information or matters, express or implied, arising out of, contained in or derived from, or for any omissions from this material except liability under statute that cannot be excluded.
- Statements contained in this material, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of GRR or, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

Iron Ore Value



40%

Value & price

- Iron Ore Pellet ~65-69% Fe
- Direct Shipping Lump ~63% Fe
- Magnetite Concentrate ~ 67% Fe
- Direct Shipping Fines ~58% Fe

Quality



Grange Share Price

“It’s(Penfold’s) Grange all round for holders in iron ore miner Grange Resources, the best stock in the all-ordinaries index with a 122 per cent gain.” Australian 9/4/10



Company snapshot

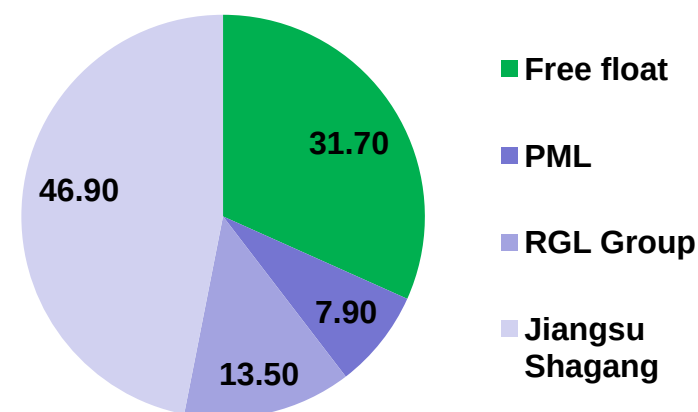


Board of Directors

Mr Xi Zhiqiang	Chairman
Mr Neil Chatfield	Deputy Chairman
Mr Russell Clark	Managing Director, CEO
Mr Wei Guo	Non Executive Director
Mr Clement Ko	Non Executive Director

Will be announcing additional directors shortly

Current ownership Structure



Current key statistics (A\$)

Ordinary shares on issue	10 May 10	1,152m
Last share price	10 May 10	\$0.585
Market capitalization	10 May 10	\$674m
Cash	31 Mar 10	\$82m

Research

Patersons
Petra Capital
Fosters Stockbroking

Grange Board



Grange has a board with a diverse range of experience.



Xi Zhiqiang: Chairman

- Extensive experience in the Chinese steel industry
- Baosteel employee for 30 years, including 5 years as Managing Director of Baosteel Australia



Neil Chatfield: Deputy Chairman

- Recently Executive Director and CFO of Toll Holdings, a position held for over 10 years
- 30 years experience in resources, logistics and transportation sectors
- Currently Independent Chairman of Virgin Blue, Non-executive Director of Seek Limited, Whitehaven Coal Limited, TransUrban



Russell Clark: Managing Director and CEO

- Appointed Managing Director of Grange in March 2008
- 31 years of mining experience in technical, project management, general management and executive positions
- Prior to joining Grange, he worked for Renison Goldfields for over 18 years and Newmont Mining Corporation for 8 years



Clement Cheung Ko: Non-executive Director

- Chairman and CEO of Pacific Minerals Limited (PI)
- More than 18 years experience in mining sector, with extensive expertise in marketing and sales
- Prior to founding PI, he worked for BHP Billiton (China) Ltd as a senior regional marketing manager



Wei Guo: Non-executive Director

- Joined Shagang Group in 1988
- Currently Vice-Director of the Investment Department of the Board of Jiangsu Shagang Group Limited

Grange will be announcing additional directors shortly

Grange Resources – Australia's Leading Magnetite Producer



Grange's position is supported by quality assets in Tasmania and Western Australia.

Southdown Project (70%)

- 90km northeast of the Port of Albany
- 650 million tonnes of premium quality magnetite resource in southern Western Australia
- Targeting 6.6Mtpa concentrate, to produce 6.8Mtpa of high quality pellets for 30 years
- Infrastructure solutions in place (power, ports, water)
- Advanced permitting
- Potential to increase output and reserves



Savage River (100%)

- Northwest Tasmania
- Annualised production rate of 2.6Mtpa blast furnace pellets and concentrate
- Mine life to 2023
- 124Mt reserves at 49% DTR
- Owner-operated open pit mine, 83km slurry pipeline, coastal pellet plant and port
- Dedicated infrastructure – no third party charges
- Extensive operating experience applicable to Southdown development

Grange Highlights



- ✓ Australia's leading exporter of iron ore pellets, producing 2.2Mtpa from the Savage River operations in Tasmania in CY2009
- ✓ Completed capital restructure in November 2009, raising \$153m
- ✓ NPAT of \$50m, EBITDA of \$5m for the first half 2009/10
- ✓ Cost and productivity improved during the downturn, highly leveraged to the global economic recovery
- ✓ Producer of high quality pellets that receive higher prices than fines or lumps
- ✓ Modern mining facility with \$100m invested in new equipment in CY2008
- ✓ Second major project in the development pipeline – Southdown Project
- ✓ Large reserve base – long life projects (~970Mt resources and 512Mt reserves)
- ✓ Long term off take agreements with a solid customer base
- ✓ A strong management team with extensive operating expertise in magnetite
- ✓ Low sovereign risk
- ✓ Demonstrated support from the largest shareholder Shagang, China's largest private steel mill and a major customer



Jiangsu Shagang

A strong partnership



Shagang Overview

- Grange's largest shareholder
- Demonstrated continuing support for Grange with an attractive LOM offtake agreement at Savage River at market prices and agreement to negotiate at fair market price for Grange's share of offtake from Southdown
- Shagang's investment in Grange represents a significant direct iron ore investment in Australia
- Potential for Grange to leverage off Shagang's strong balance sheet for Southdown development in the future

Being backed by China's largest privately owned steel producer provides a large degree of stability and is a positive for both Grange's prospects and its shareholders



Assets	• In excess of A\$17 billion
Location	• Jiangsu Province, China
Product Range	• Heavy plate, hot strip coil, stainless hot rolled plate, cold rolled plate, high-speed wire rod, rebar coil and special steel bar
Production Capacity	• Over 25Mtpa pig iron • 27Mtpa other steel products
Employees	• 26,500

Savage River Overview



Ownership	Grange 100%
Resources and Reserves	- Mineral Resource of 316Mt magnetite at 50.7% DTR - Ore Reserve of 124Mt magnetite at 49.2% DTR
Production	2.6Mtpa blast furnace pellets and concentrate (annualised basis) - Potential to expand to 2.9Mtpa
LOM Operating Costs	US\$60/t pellets
Mine Life	Current mine plan has a 14 year life with the potential to extend an additional 10 years
Customers	Shagang, BlueScope Steel and Stemcor
Operational Update	- Mine re-capitalised in 2008 with new fleet - Mining production has increased 17% (2009 CY compared to 2008 CY) - Currently in the process of finalising study to increase concentrate production, which will require some minor plant upgrades



Key Information

March 2010 Quarter



Quarter on Quarter comparison

Savage River	March Quarter 2010	March Quarter 2009
Total volume mined ('000 bcm)	5,267	4,883
Total ore mined ('000 bcm)	321	237
Concentrate produced ('000 tonnes)	589	513
Pellets produced ('000 tonnes)	566	462
Pellets shipped ('000 tonnes)	591	650
Concentrate shipped ('000 tonnes)	23	48
Direct Operating costs/tonne Pellet	A\$56.89	A\$75.88
Cash in Bank	A\$82m	A\$75m



Notes:

1. Direct operating costs includes all costs associated with producing iron ore pellets, but excludes capital expenditure, capitalized waste, financing costs, tax, royalties and corporate costs

Large Scale Operations



Own Downstream Infrastructure



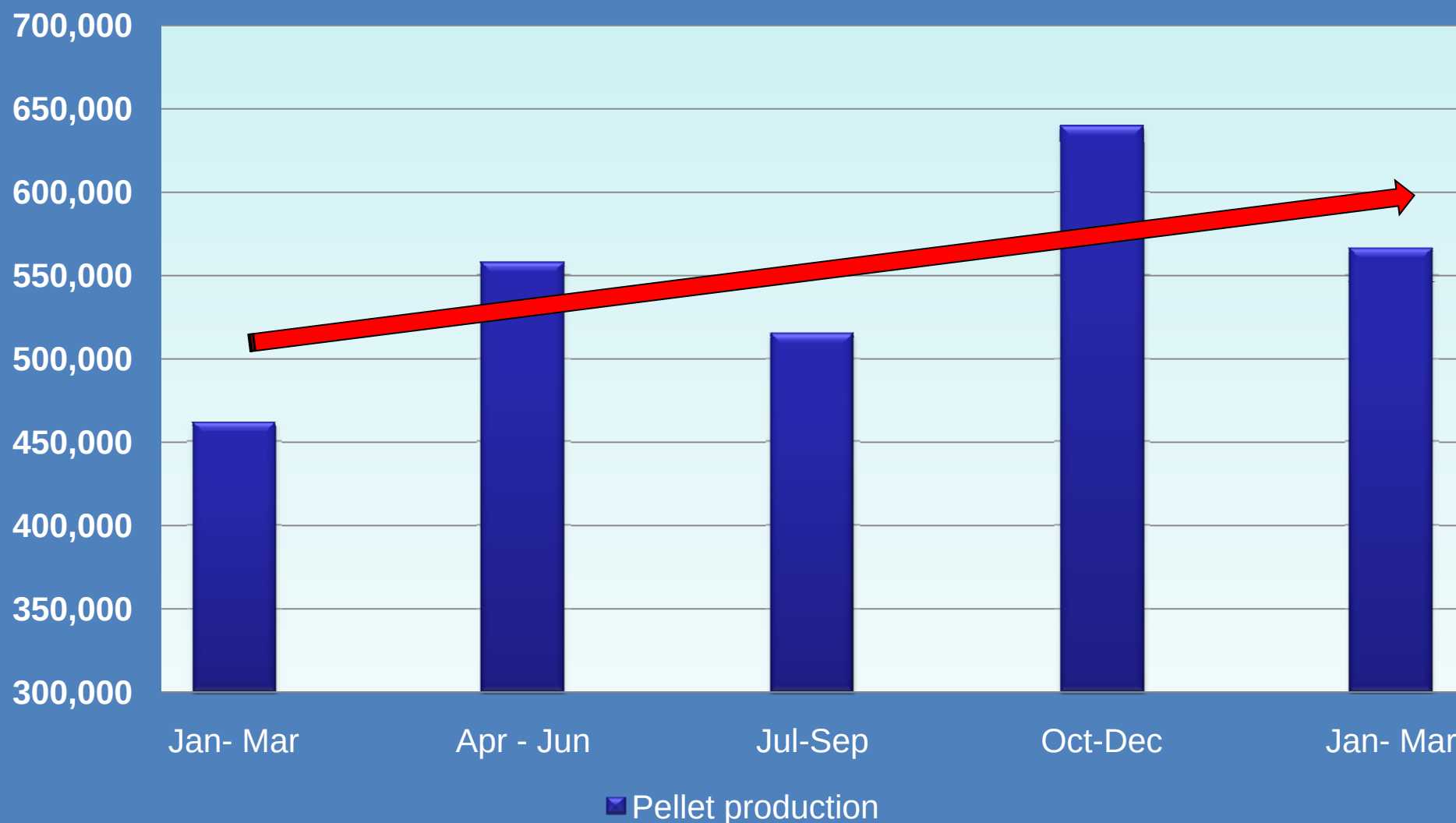
Own Port and Shiploading Infrastructure



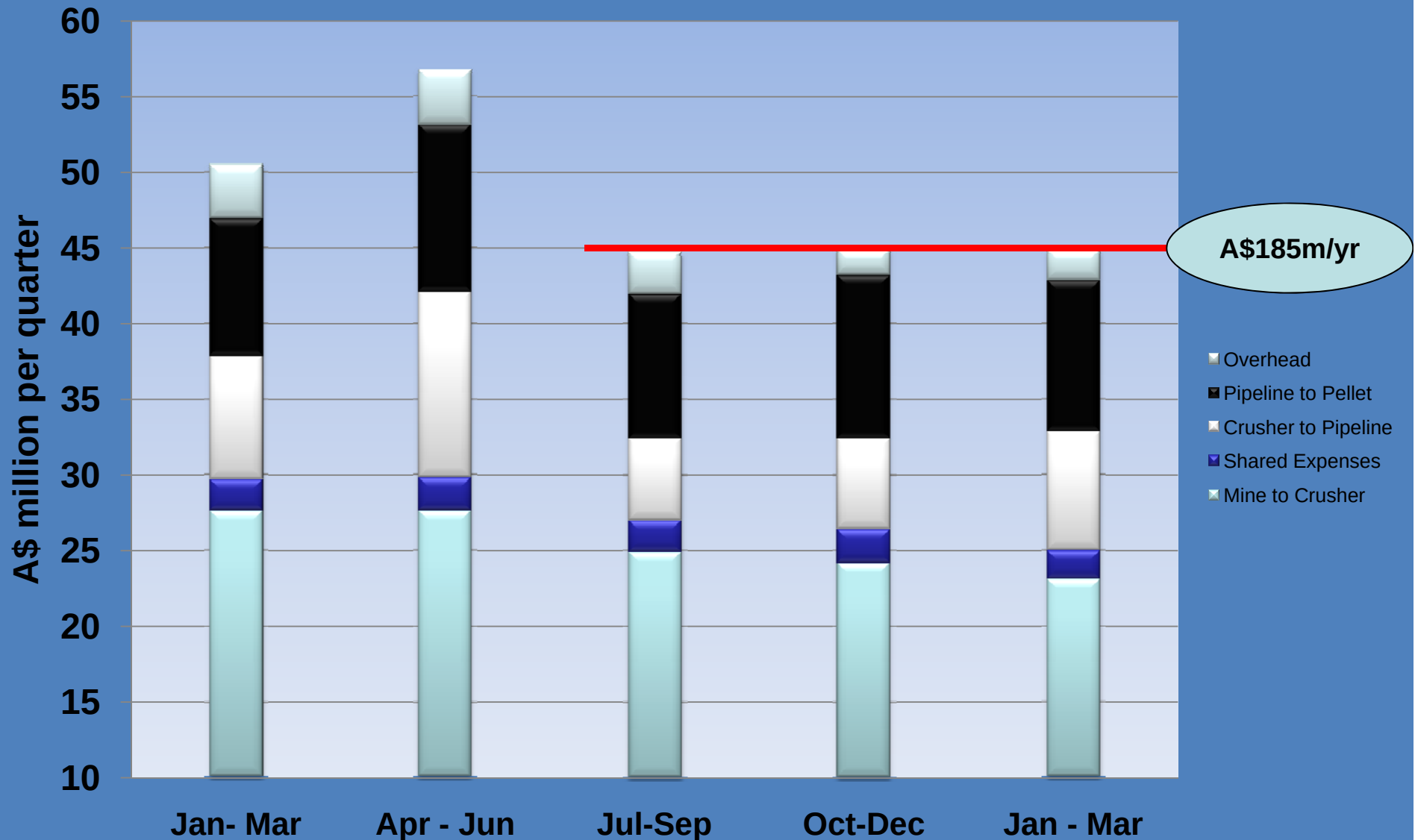
Increased Production



2009/10 Pellet Production



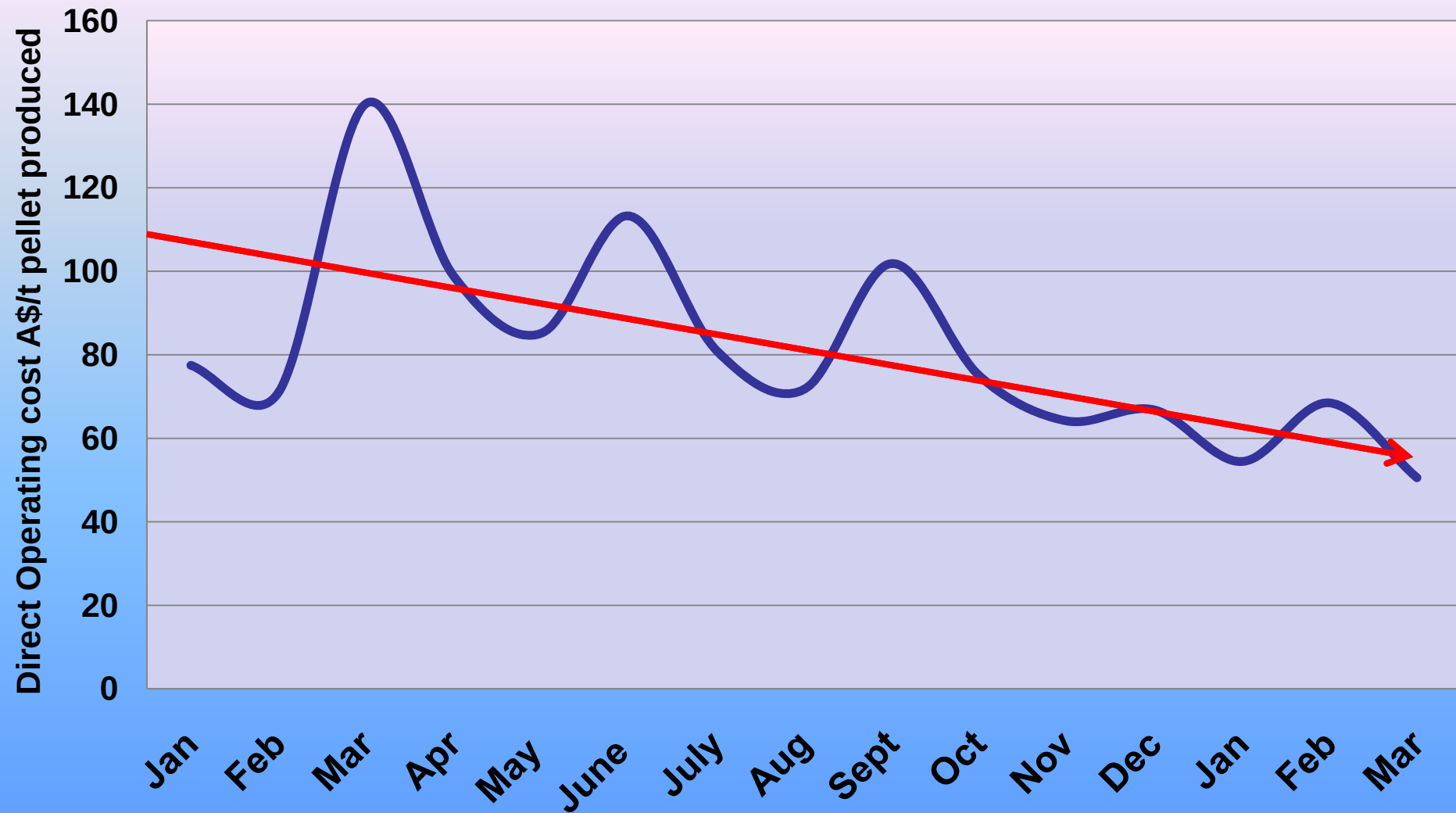
Costs reduced and maintained 2009/10



Direct Operating Costs Reduced 2009/10



Cost Reductions Maintained



Solid Customer Base

Long term offtake agreements – providing revenue stability



Agreements are in place for both Savage River and Southdown production at index based market prices. 0.5mtpa available for spot sales

Shagang

- China's largest **private** steel mill, producing 22 Mtpa of pig iron
- Grange's largest shareholder
- Savage River LOM contracts in place:
 - 1.3 Mtpa pellets until 2012, then increasing to...
 - 2.1 Mtpa pellets until 2023
- LOM contracts at market prices
- Southdown intent to negotiate a fair market price:
 - 56% of all production (80% of Grange's 70% share of the JV)



BlueScope

- Savage River: 0.8 Mtpa until 2012

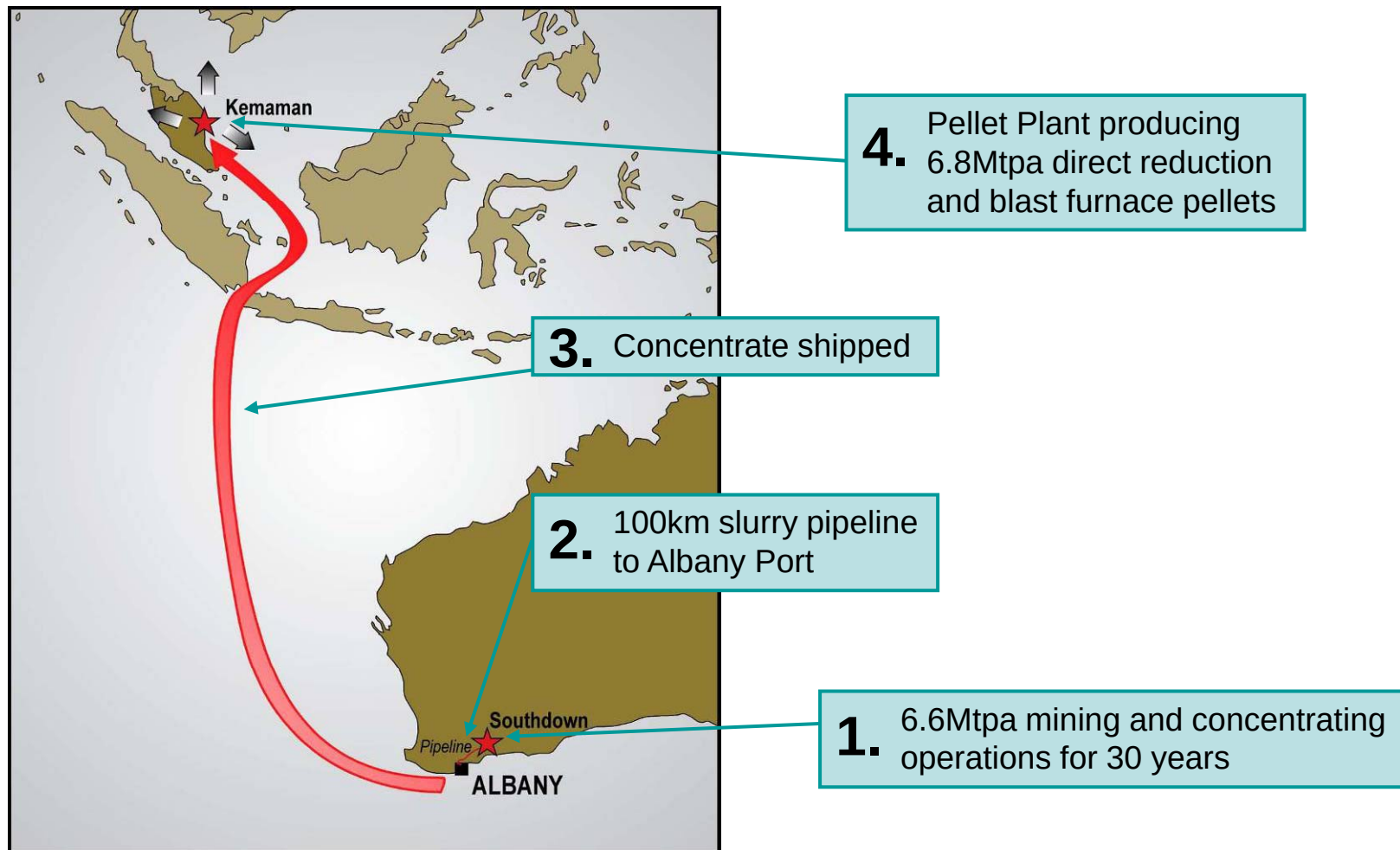


Stemcor

- Savage River: an option to take 80,000 tpa concentrate



Growth - Southdown



Southdown Project

High grade magnetite project with advanced infrastructure



Ownership	Grange 70%, Sojitz Corporation 30%		
Resources and Reserves ¹	- Mineral Resource of 654Mt magnetite at 36.5% DTR^{1,2} - Ore Reserve of 388Mt magnetite at 35.5% DTR^{1,3}		
Production ¹	6.6Mtpa magnetite concentrate 6.8Mtpa direct reduction and blast furnace pellets		
Capital Costs ¹	US\$1.6bn (2008 estimate)		
Operating Costs	US\$55/t pellets (2008 estimate)		
Mine Life	>20 years		
Infrastructure	Established port, pipeline route, power easements, Albany waste water, pellet plant site and deep water port in Malaysia		
Project Status	- Outcropping ore body located on freehold land - Mining Permit issued, Port permit has received EPA approval - Option agreement signed with Water Corporation for the supply of treated waste water to Southdown - Currently undergoing an Engineering review (Amex Minproc) to scope completion of PFS by Dec 2010 - Considering larger scale concepts - Pellet plant site in Malaysia, 15 year tax free holiday, deep water port and land under option agreement		

Notes:

1. All figures presented on a 100% project basis
2. Southdown Magnetite Project Resource Upgrade (ASX 3 July 09)
3. July 2008 Southdown reserve estimate

NOT FOR DISTRIBUTION IN THE US



Southdown Infrastructure – Port of Albany



Resources and Reserves

Supporting Long Mine Lives



Grange has 774Mt of attributable Mineral Resources and 396Mt of attributable Ore Reserves.

Mineral Resources (inclusive of reserves)		
	Tonnes (Mt)	Grade (%DTR)
Savage River ⁴		
Measured	88	52.7
Indicated	136	51.7
Inferred	92	47.2
Total	316	50.7
Southdown¹		
Measured	220	37.4
Indicated	210	38.9
Inferred	224	33.4
Total	654	36.5
PROJECTS TOTAL	970	41.1
ATTRIBUTABLE RESOURCES³	774	41.1

Ore Reserves		
	Tonnes (Mt)	Grade (%DTR)
Savage River		
Proved	52	49.6
Probable	72	48.9
Total	124	49.2
Southdown²		
Probable	388	35.5
Total	388	35.5
PROJECTS TOTAL	512	38.8
ATTRIBUTABLE RESERVES³	396	38.8

- **Additional growth potential through exploration assets**
- E70/2512 – eastern 6km extension of Southdown Deposit not yet fully drilled
- Long Plains – magnetite deposit located near Savage River

Notes:

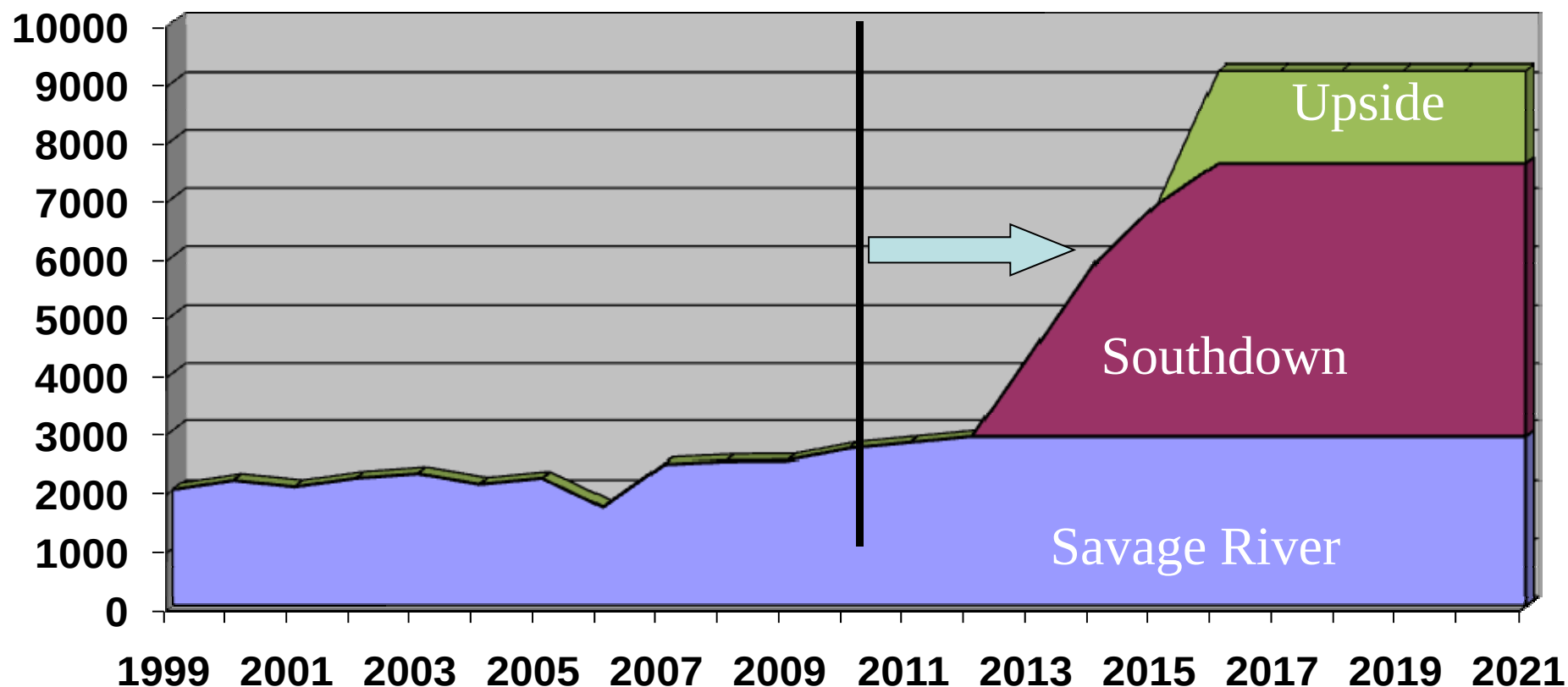
1. Southdown Magnetite Project Resource Upgrade (ASX 3 July 09) – Refer to Appendix A
2. July 2008 Southdown reserve estimate – Refer to Appendix A
3. Adjusted for 70% ownership of Southdown
4. Refer to Appendix B

Grange Resources

– production growth prospects



kt



(Production shown is attributable to Grange)

What is “Market Price”?



Historically Grange has taken the Tubaro Pellet Benchmark price for its pellet products - a price negotiated annually between Vale and the Japanese.

- No recognition of freight differentials between Australia and Brazil and China or Japan.
- In recent years Benchmark has been less than the “spot price”, yet producers have been “locked into the lower price”

BHP, Vale, Rio Tinto have now moved from Benchmark to Index Based pricing

Generic “Market Price” formula for Grange:

Market Price = Index iron ore price cfr China – index shipping price (Tas to China) + pellet premium

Index Iron ore price : Platts, Steel Index, SBB – landed price of cargoes averaged over 1 month or 3 month period.

Index Shipping Price : Baltic Dry Index

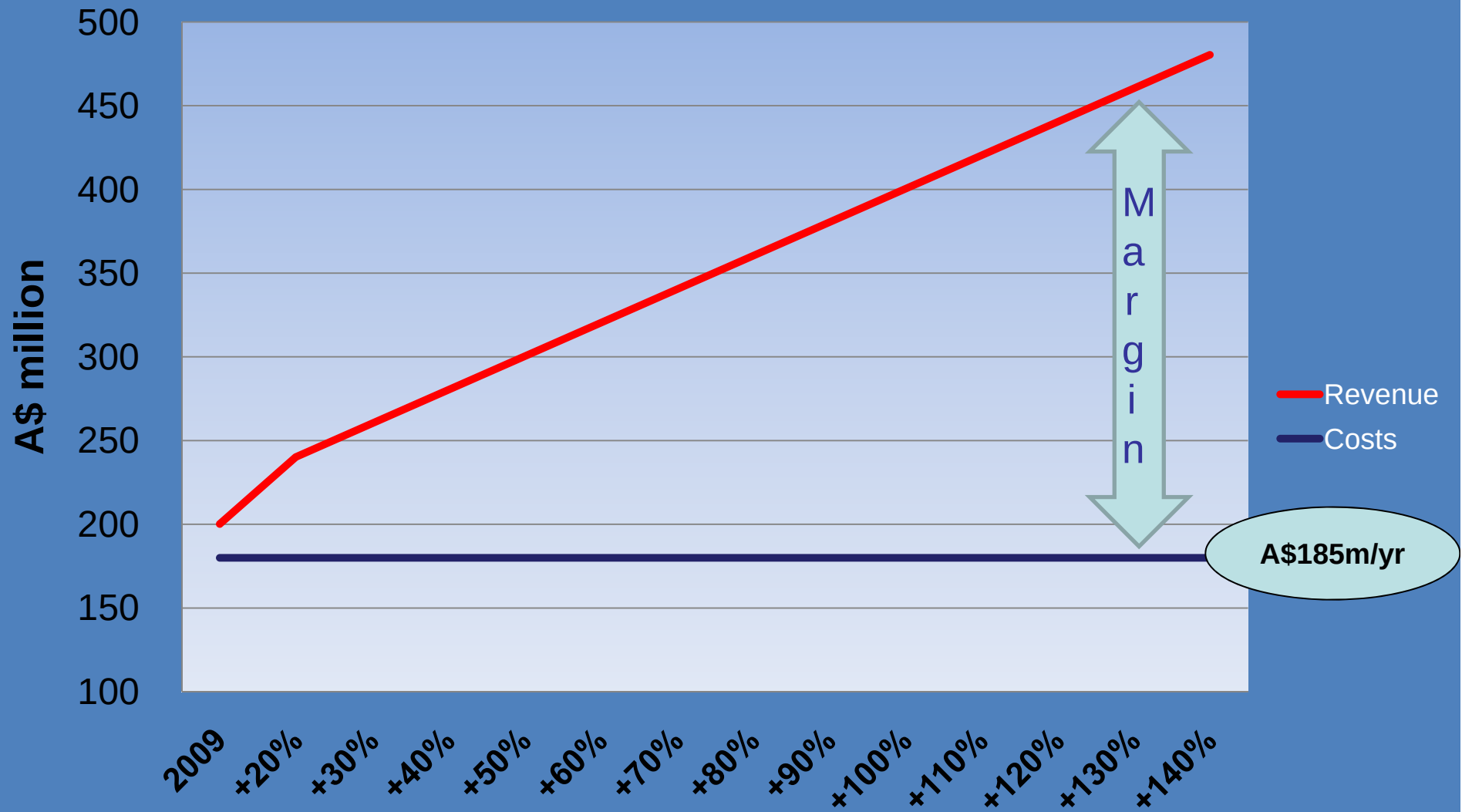
Pellet Premium : referenced to Vale pricing

Grange will use CRU for independent advice, to enable Independent Directors to sign off the sales price as “arms length”.

Leveraged to price



Margin leverage to price @2.6Mtpa



Grange – Historically complicated Now....very simple



Before

- Junior development company
- Large, unknown, Chinese ownership
- Low free float (~20%)
- Low trading volumes <0.5m/day
- Retail Investors
- FX Hedging
- High debt levels
- Fixed Consideration payments
- Deferred Consideration payments
- Head Agreement payments
- Legacy, low \$ contracts
- Small operating margin



Now

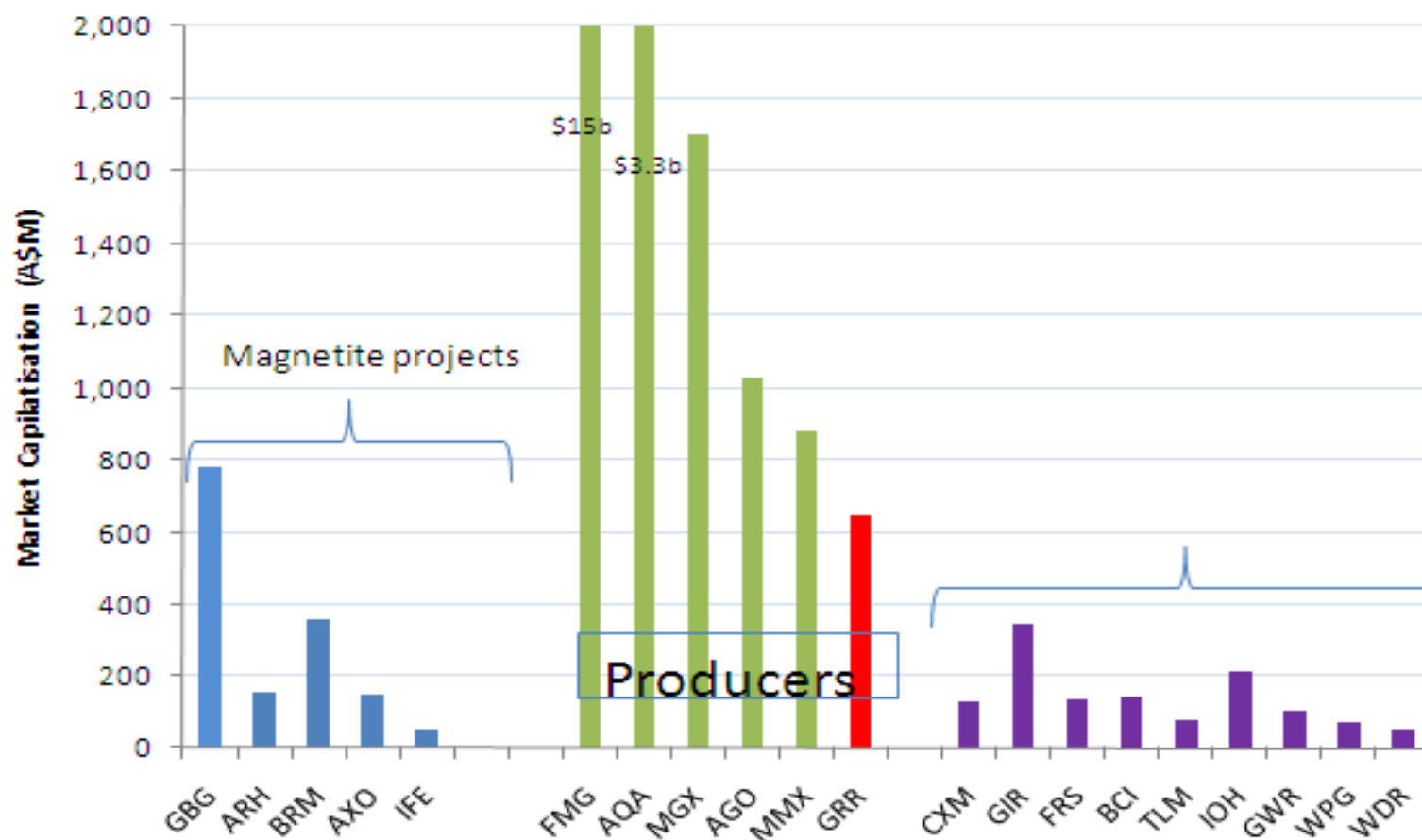
- Producing company
- Profitable with positive cash flow
- Major development project
- Strong Chinese support
- Increased free float (>30%)
- Trading volumes 2-5m/day
- Institutional Investors
- No hedging
- String cash position
- Full exposure to iron ore price
- Strong operating margins



The largest producing magnetite company



Out of the numerous junior companies with magnetite assets, Grange is the only one in production.



Current Focus and Future Milestones



2010

- Operational improvements at Savage River being implemented
 - Management Operating System continues to be installed
 - New equipment to replace old less productive units
 - Inventory and cost reductions
- Will announce additional reserves at Savage River
- Reviewing Savage River production expansion potential
- Finalising plans for optimum method to develop Southdown
- Port permit will be finalised this year
- Southdown PFS will be completed in 2010
- Significant increase in pellet price will provide Grange with good levels of free cash

Today, Grange has no legacy issues and is totally exposed to the strong iron ore price.

Grange Resources – Summary



- Australia's leading magnetite producer
- Australia's largest iron ore pellet producer
- High grade quality products
- Solid customer and revenue base
- Strong cashflow forecasts
- Long life assets
- Major development project
- Low sovereign risk
- Extensive magnetite technical and operational expertise
- New investment opportunity – Producer and Projects
- Profitable, trading on low multiples and attractively priced

Key Contacts



Primary contacts:

Russell Clark

Managing Director & Chief Executive Officer

+61 8 9321 1118

managingdirector@grangeresources.com.au

Competent Person Statement



- **Southdown Project**

- *The information in this presentation which relates to the Mineral Resources of the Southdown Project is based on information compiled by James Farrell who is a full-time employee of Golder Associates Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy. James Farrell 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). James Farrell consents to the inclusion of this information in this presentation in the form and context in which it appears.*
- *The information in this presentation which relates to the Ore Reserves of the Southdown Project is based on information compiled by Mr Ross Bertinshaw who is a full-time employee of Golder Associates Pty Ltd and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Bertinshaw has sufficient experience in Ore Reserve estimation 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). Mr Bertinshaw consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.*

- **Savage River Project**

- *The information in this presentation that relates to Mineral Resources or Ore Reserves in relation to the Savage River Project is based on information compiled by Mr Ben Maynard, who is a Member of The Australasian Institute of Mining and is a full time employee of Grange Resources. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Maynard consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Appendix A – Southdown Project



In situ Mineral Resource Estimate

Classification	Measured Resources	Indicated Resources	Inferred Resources	Total Resources
Tonnes (Mt)	219.7	210.3	224.4	654.4
DTC wt%	37.4	38.9	33.4	36.5
DTC Fe%	69.2	69.3	69.1	69.2
DTC SiO ₂ %	1.72	1.94	2.07	1.91
DTC Al ₂ O ₃ %	1.43	1.27	1.29	1.33
DTC S%	0.46	0.40	0.54	0.46
DTC LOI%	-3.04	-3.06	-2.96	-3.02

This Mineral Resource has been defined using geological boundaries and a cut-off grade of 10 wt% DTC and includes minor internal dilution. All reported concentrate grades were weighted by DTC.

Ore Reserves within Designed Pit (Cut-off 10% DTR)

Reserve Classification	ROM (Mt)	DTR%	Conc. (Mt)	Fe%	SiO ₂ %	Al ₂ O ₃ %	TiO ₂ %	S%	P%
Probable	388	35.5	131	68.8	2.06	1.41	0.45	0.55	0.003

Appendix B – Savage River



Mineral Resource and Ore Reserve Estimates

Mineral Resource	Tonnes (Mt)	Grade (%DTR)	Ore Reserve	Tonnes (Mt)	Grade (%DTR)
Measured	88.01	52.7	Proved	52.39	49.6
Indicated	135.96	51.7	Probable	72.00	48.9
Inferred	92.22	47.2	Total	124.40	49.2
Total	316.20	50.7			

Mineral Resources and Ore Reserves have been estimated for Grange Resources Tasmania Savage River magnetite deposit at the end of May 2009.

Qualifying Statements

The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves. The Inferred Mineral Resources are, by definition, additional to the Ore Reserves.

A lower cut-off grade of 15% DTR was used in the calculation of both the Mineral Resources and Ore Reserves.

The Ore Reserve was calculated using a 1.087 dilution factor and a mining recovery factor of 0.939. These factors are based on periodic reconciliation specific to mining areas.