



# Australia's leading magnetite producer

**Wayne Bould**  
*Chief Operating Officer*

March 2011

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**GRANGE**  
RESOURCES

# Overview

- Australia's leading magnetite producer
- ASX 300 index company
- Strong balance sheet, no net debt
- Proven operational performance – tonnes and cashflow
- Quality product, high margins – iron ore pellets
- Large integrated mine, concentrator, pellet plant and port facilities
- Major magnetite development project in Western Australia
- Long term off take agreements
- Strong management team with extensive operating expertise



# Magnetite – The premium iron ore



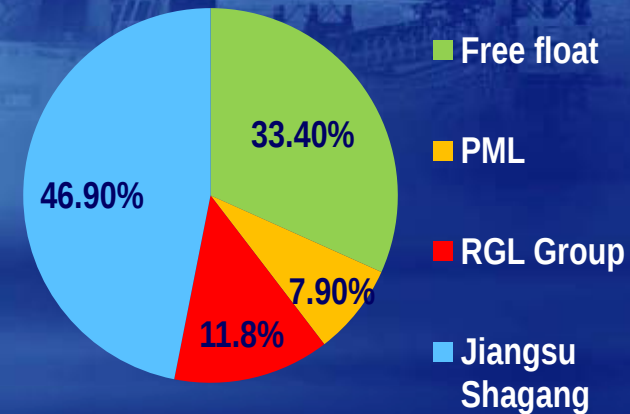
# Company Snapshot

## Current key statistics (A\$)

|                          |                |         |
|--------------------------|----------------|---------|
| Ordinary shares on issue | 21 March 2011  | 1,152m  |
| Last share price         | 21 March 2011  | \$0.635 |
| Market capitalization    | 21 March 2011  | \$731m  |
| Cash                     | 31 December 10 | \$92m   |

Grange joined the ASX 300 in September 2010

## Current Ownership Structure



## Board of Directors

|                   |                        |
|-------------------|------------------------|
| Mr Xi Zhiqiang    | Chairman               |
| Mr Neil Chatfield | Deputy Chairman        |
| Mr Russell Clark  | Managing Director, CEO |
| Mr Zhao Hong Lin  | Executive Director     |
| Mr Clement Ko     | Non Executive Director |
| Mr John Hoon      | Non Executive Director |

*Currently sourcing an additional independent director*

## Research

|                         |
|-------------------------|
| Citi                    |
| Macquarie               |
| Merrill Lynch           |
| Patersons               |
| Petra Capital           |
| Southern Cross Equities |
| RBS                     |

# Grange Board

Grange has a board with a diverse range of relevant 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 (Independent)**

- 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
- 35 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 20 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



**Zhao Hong Lin: Executive Director**

- Joined Shagang Group in 1976
- Executive Director & Vice President of Jiangsu Shagang Group
- Commander of Project Development for Shagang Group
- Joined Grange In December 2010, as MD of Southdown Project



**John Hoon: Non-executive Director (Independent)**

- Chairman of the Company's Audit Committee and member of the Remuneration Committee
- Strong background in financial and audit matters
- Previously a Director of Bao Australia Pty Ltd a subsidiary of China Shanghai Baosteel Corporation



**Pauline Carr: Company Secretary**

- Appointed Company Secretary in January 2010
- 25 years of management and commercial experience in the resources industry both Australian and International companies

**Grange is currently sourcing an additional Independent director**

# Jiangsu Shagang – Cornerstone Shareholder

## A strong partnership

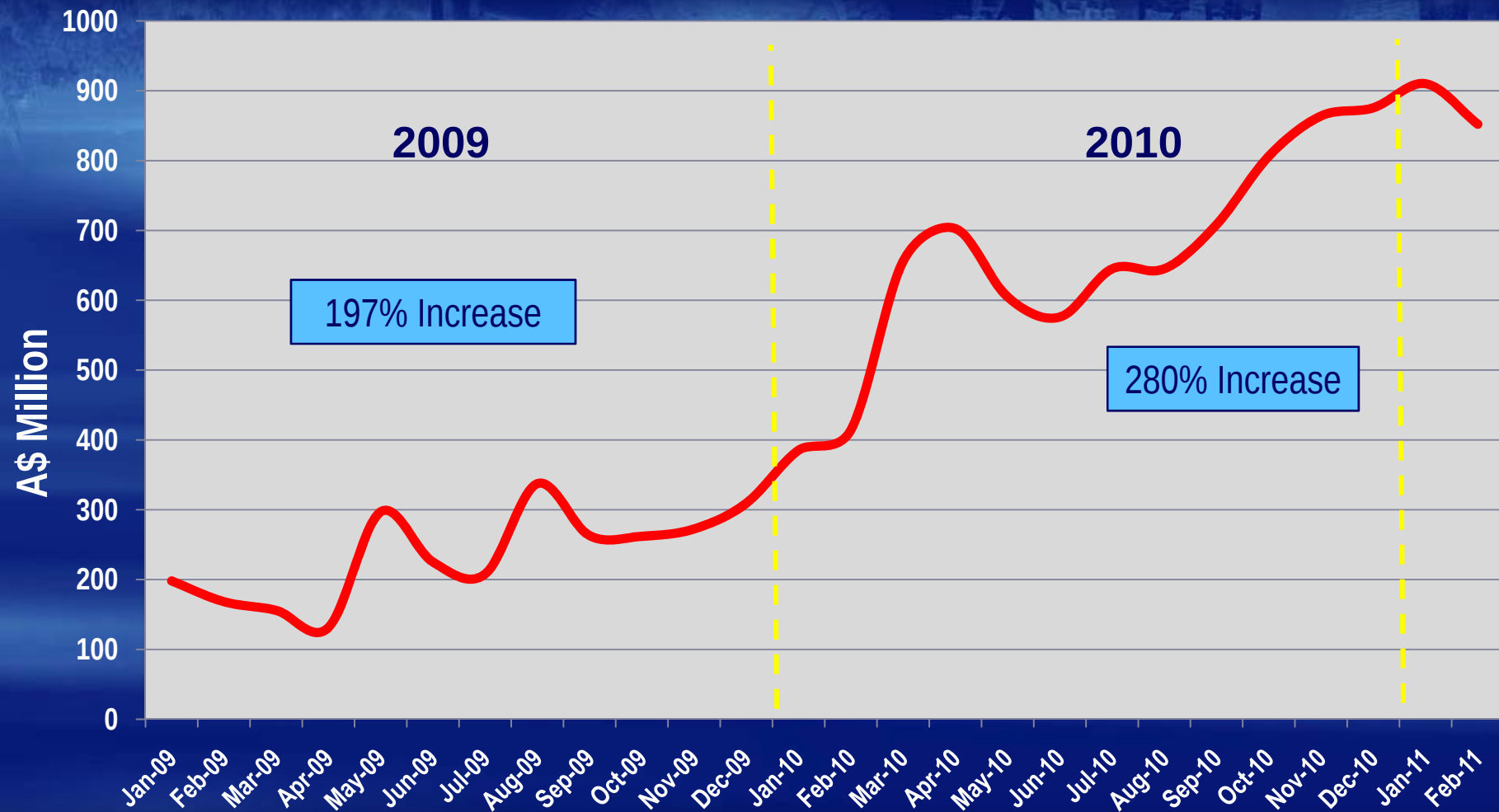
- Grange's largest shareholder
- Major customer with a LOM offtake agreement at Savage River at market prices.
- Agreement to negotiate at fair market price for Grange's share of offtake from Southdown
- Shagang's investment in Grange represents a significant direct iron ore investment in Australia
-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



|                     |                                                                                                                                                                                     |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Assets              | <ul style="list-style-type: none"><li>• In excess of A\$19 billion</li></ul>                                                                                                        |
| Location            | <ul style="list-style-type: none"><li>• Jiangsu Province, China</li></ul>                                                                                                           |
| Product Range       | <ul style="list-style-type: none"><li>• Heavy plate, hot strip coil, stainless hot rolled plate, cold rolled plate, high-speed wire rod, rebar coil and special steel bar</li></ul> |
| Production Capacity | <ul style="list-style-type: none"><li>• Over 29Mtpa pig iron</li><li>• 35Mtpa steel products</li></ul>                                                                              |
| Employees           | <ul style="list-style-type: none"><li>• 35,000</li></ul>                                                                                                                            |

*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*

# Market Capitalisation – Growth year on year



# Key Information – End of year

Note: a 6 month year

|                                                             | 6 months to 31<br>December 2010 | 12 months to 30<br>June 2010 |
|-------------------------------------------------------------|---------------------------------|------------------------------|
| <b>Pellets sold (million t)</b>                             | <b>1.2</b>                      | <b>2.4</b>                   |
| <b>Average Sales Price (US\$/t)</b>                         | <b>148.47</b>                   | <b>80.37</b>                 |
| <b>Direct Operating Costs A\$/tonne Pellet<br/>Produced</b> | <b>84.36</b>                    | <b>65.81</b>                 |
| <b>Revenue A\$m</b>                                         | <b>193</b>                      | <b>229</b>                   |
| <b>Profit after tax A\$m</b>                                | <b>85</b>                       | <b>43</b>                    |
| <b>Cash and receivables A\$m</b>                            | <b>131</b>                      | <b>81</b>                    |
| <b>EPS</b>                                                  | <b>7.4 cents</b>                | <b>3.9 cents</b>             |

# Key Information December Quarter, 2010 vs 2009

|                                                     | Production<br>and Costs<br>Dec Qtr 2010 | Production<br>and Costs<br>Dec Qtr 2009 |
|-----------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Total Mined ('000 BCM)                              | <b>3,972</b>                            | <b>5,414</b>                            |
| Total Ore ('000 BCM)                                | <b>362</b>                              | <b>461</b>                              |
| Pellets Produced ('000 t)                           | <b>442</b>                              | <b>640</b>                              |
| Direct Operating Costs A\$/tonne<br>Pellet Produced | <b>91.37</b>                            | <b>63.83</b>                            |

*Notes: 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*

# 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 10Mtpa concentrate, to produce high quality pellets for over 25 years
- Infrastructure solutions in place (power, ports, water)
- Advanced permitting
- Potential to increase resources and reserves



### Savage River (100%)

- Northwest Tasmania
- Annualised production rate of 2.3Mtpa premium blast furnace pellets and concentrate
- Mine life to 2026
- 118Mt reserves at 51% 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



# Savage River Overview

|                               |                                                                                                                                                                                          |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ownership</b>              | <ul style="list-style-type: none"> <li>▪ Grange 100%</li> </ul>                                                                                                                          |
| <b>Resources and Reserves</b> | <ul style="list-style-type: none"> <li>▪ Mineral Resource of 306Mt magnetite at 52.3% DTR</li> <li>▪ Ore Reserve of 119Mt magnetite at 51.2% DTR</li> </ul>                              |
| <b>Production</b>             | <ul style="list-style-type: none"> <li>▪ 2.0 Mtpa blast furnace pellets (2011 guidance)</li> <li>▪ Potential to expand to 2.6Mtpa</li> </ul>                                             |
| <b>Operating Costs</b>        | <ul style="list-style-type: none"> <li>▪ A\$91/t pellets (Dec 2010 Quarter)</li> </ul>                                                                                                   |
| <b>Mine Life</b>              | <ul style="list-style-type: none"> <li>▪ Current mine plan has a 16 year life with the potential to extend an additional 10 years</li> </ul>                                             |
| <b>Customers</b>              | <ul style="list-style-type: none"> <li>▪ Shagang, BlueScope Steel and Stemcor</li> </ul>                                                                                                 |
| <b>Operational Update</b>     | <ul style="list-style-type: none"> <li>▪ East Wall cut back commenced</li> <li>▪ Major shut planned in February 2011</li> <li>▪ Additional trucks being rebuilt for the fleet</li> </ul> |



# Large Scale Operations



March 2011

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# Grange Downstream Infrastructure



March 2011

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# Grange Port & Shiploading Infrastructure



March 2011

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# 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.

### Shagang

- China's largest private steel mill, producing 29Mtpa 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

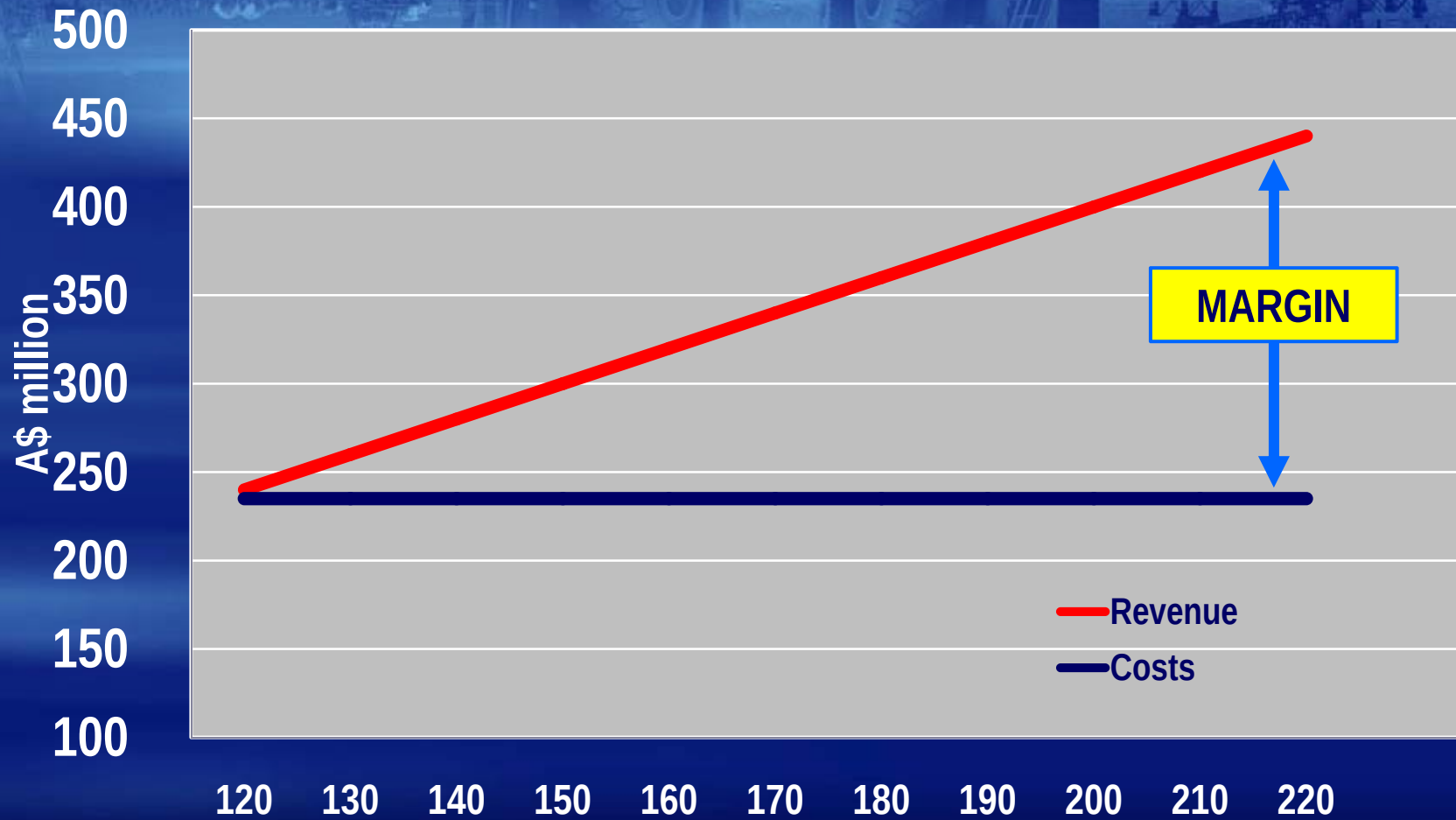
### Stemcor

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



# Savage River - Leveraged to price

Margin leverage to price @2.0Mtpa



# Southdown Project

*High grade magnetite project with advanced infrastructure*

|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                     |                                                                                     |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Ownership                           | <ul style="list-style-type: none"><li>Grange 70%, Sojitz Corporation 30%</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                     |  |
| Resources and Reserves <sup>1</sup> | <ul style="list-style-type: none"><li>Mineral Resource of 654Mt magnetite at 36.5% DTR<sup>1,2</sup></li><li>Ore Reserve of 388Mt magnetite at 35.5% DTR<sup>1,3</sup></li></ul>                                                                                                                                                                                                                                                                                                                                                          |                                                                                     |                                                                                     |
| Production <sup>1</sup>             | <ul style="list-style-type: none"><li>Targeting 10Mtpa magnetite concentrate for premium blast furnace pellets</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                     |                                                                                     |
| Capital Costs                       | <ul style="list-style-type: none"><li>Being updated</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                     |                                                                                     |
| Operating Costs                     | <ul style="list-style-type: none"><li>US\$55/t pellets (2008 estimate)</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |  |
| Mine Life                           | <ul style="list-style-type: none"><li>&gt;25 years</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                     |                                                                                     |
| Infrastructure                      | <ul style="list-style-type: none"><li>Established port, pipeline route, power easements, Albany waste water, pellet plant site and deep water port in Malaysia</li></ul>                                                                                                                                                                                                                                                                                                                                                                  |                                                                                     |                                                                                     |
| Project Status                      | <ul style="list-style-type: none"><li>Outcropping ore body located on freehold land</li><li>Mining Permit issued, Port permit has received Commonwealth approval. State approval pending</li><li>Option agreement signed with Water Corporation for the supply of treated waste water to Southdown</li><li>Currently undertaking engineering (Amec Minproc) GRD to complete feasibility to +/-20% by Dec. 2010</li><li>Pellet plant site in Malaysia, 15 year tax free holiday, deep water port and land under option agreement</li></ul> |                                                                                     |                                                                                     |

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

# Growth - The Southdown Magnetite Project



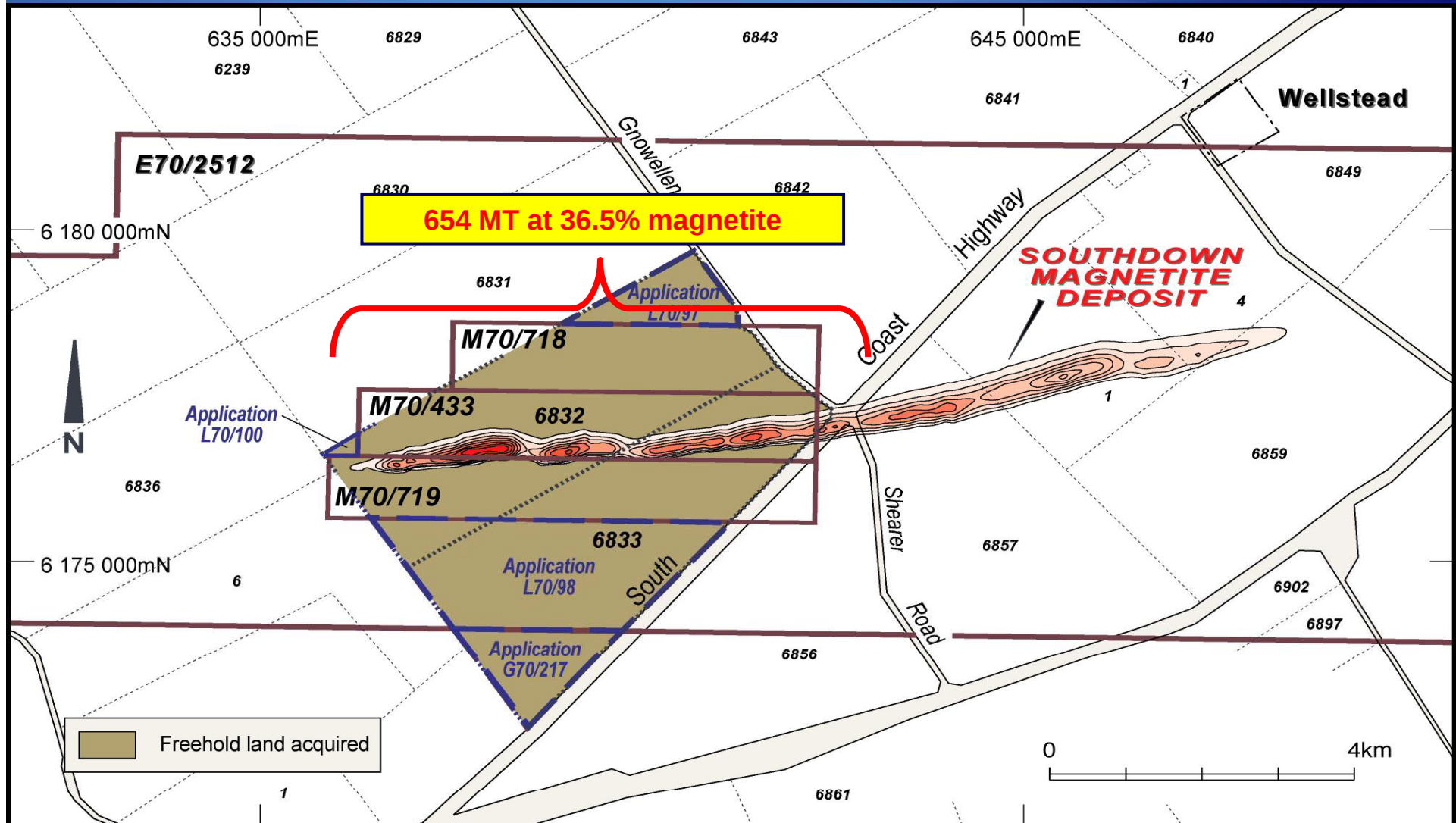
**Pellet Plant**

**Concentrate shipped**

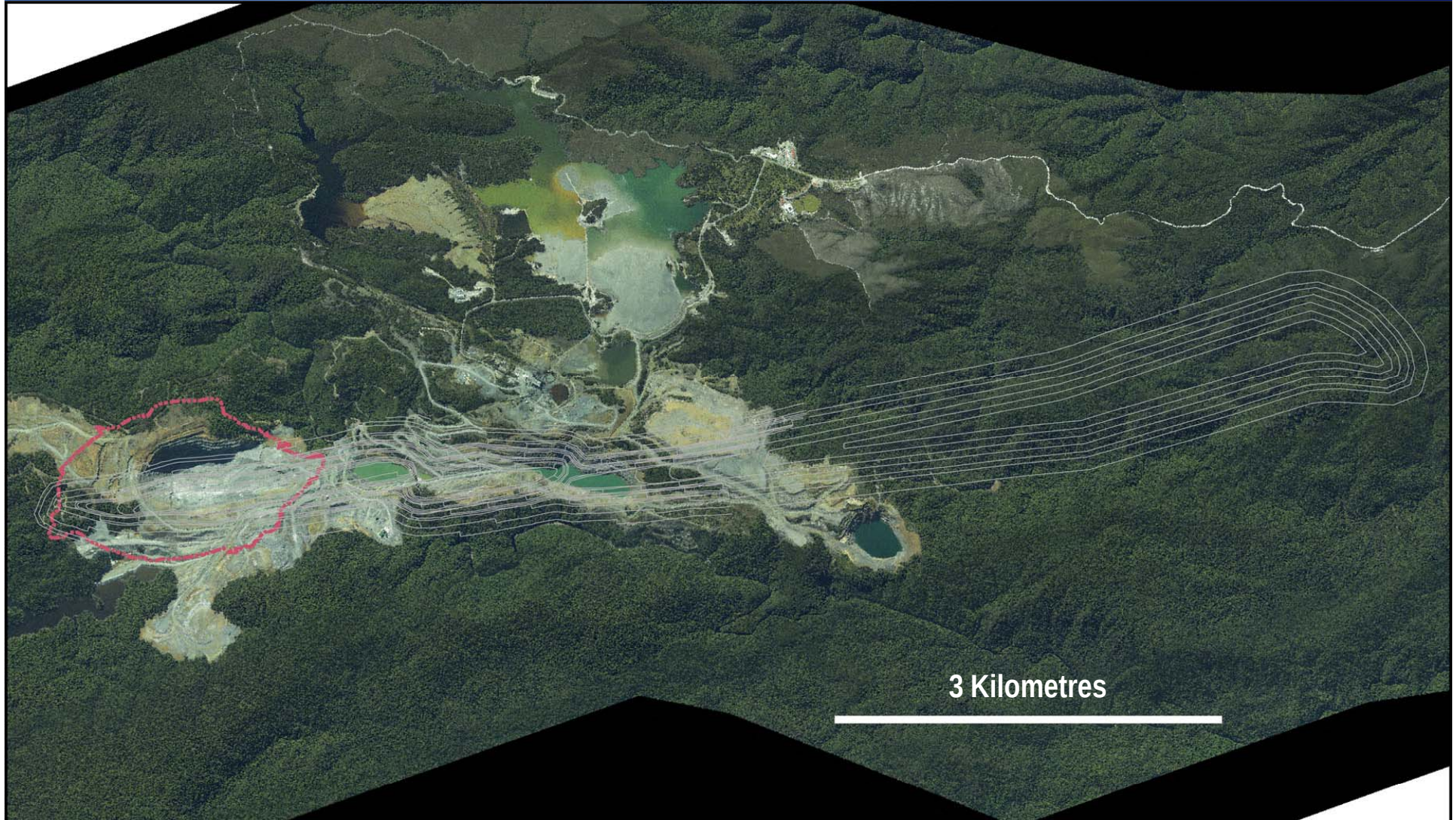
**100km slurry pipeline to Albany Port**

**Targeting 10Mtpa mining and concentrating operations for over 25 years**

# Southdown -Resource



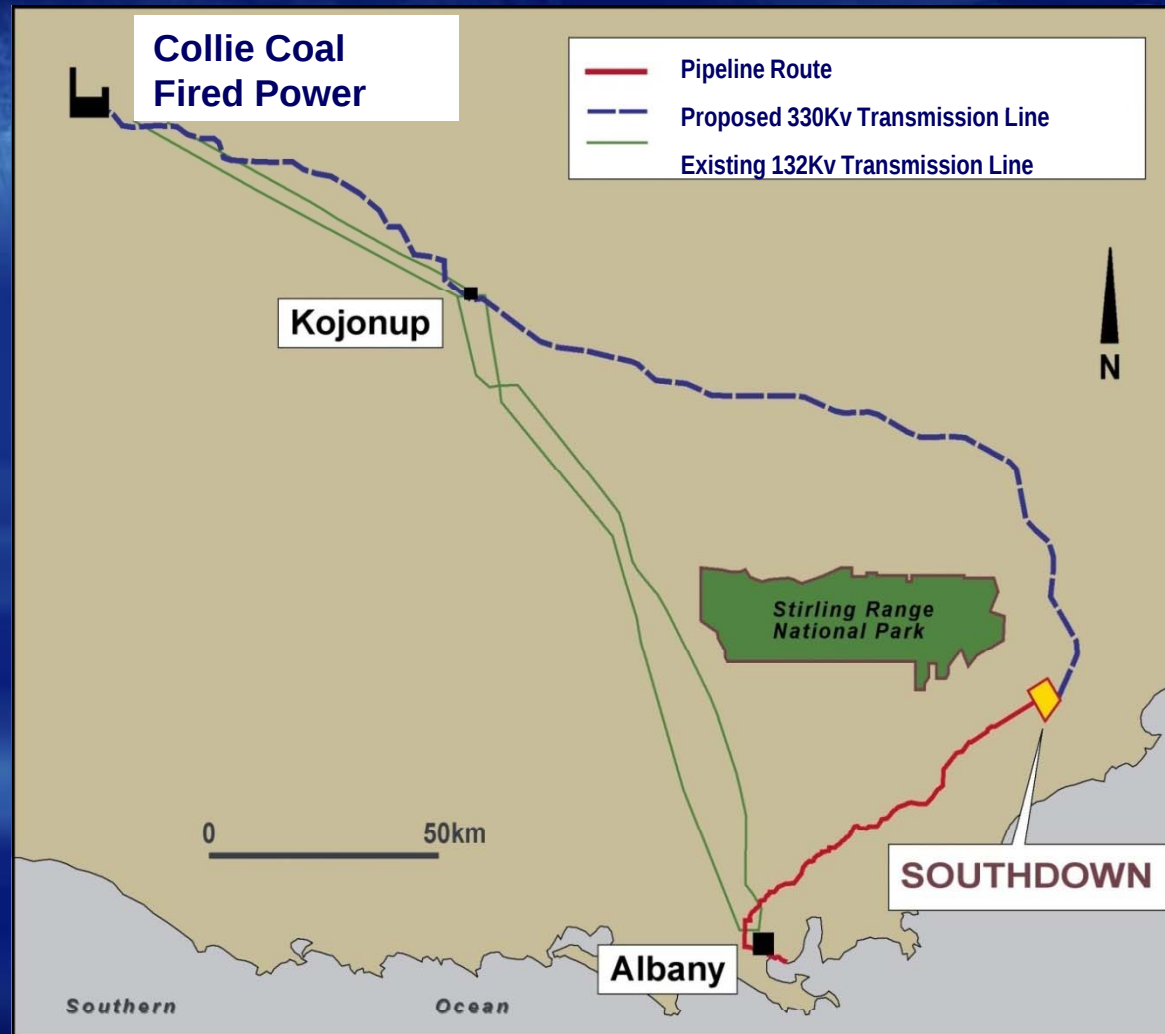
# Southdown - Super Pit



March 2011

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# Southdown - Power & Pipelines



## Power

- Western Power Networks 330kv line from Muja
- EPA Assessed
- Transmission line easement established

## Slurry Pipeline

- Optimal transport method
- Finalising easements with landowners

# Southdown - Water



March 2011

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# Southdown - Port of Albany



New Berth Location

March 2011

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# Project Permits – well advanced



**Mine Environmental permit**



**Granted November 2009, amendment required in 2011 for 10mtpa**



**Port permits**



**Granted November 2010**



**Water permit**



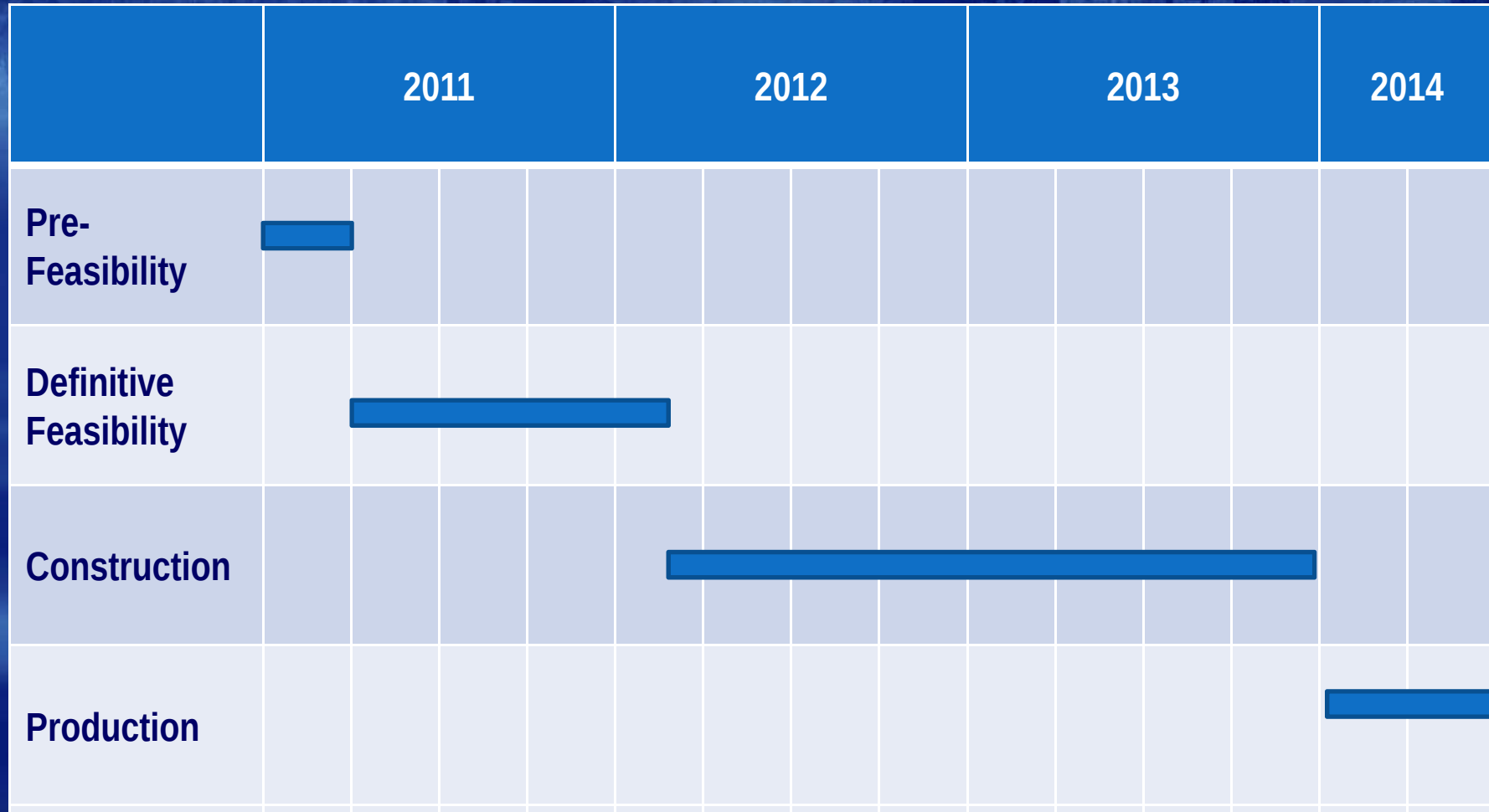
**Desalination application in 2011**



March 2011

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# Southdown – Forecast Project Schedule



# Resources and Reserves 2010

## Supporting Long Mine Lives

### Mineral Resources (inclusive of reserves)

|                                            | Tonnes<br>(Mt) | Grade<br>(%DTR) |
|--------------------------------------------|----------------|-----------------|
| <b>Savage River <sup>4</sup></b>           |                |                 |
| Measured                                   | 86             | 53.8            |
| Indicated                                  | 132            | 53.5            |
| Inferred                                   | 88             | 48.9            |
| <b>Total</b>                               | <b>306</b>     | <b>52.3</b>     |
| <b>Southdown <sup>1</sup></b>              |                |                 |
| Measured                                   | 220            | 37.4            |
| Indicated                                  | 210            | 38.9            |
| Inferred                                   | 224            | 33.4            |
| <b>Total</b>                               | <b>654</b>     | <b>36.5</b>     |
| <b>PROJECTS TOTAL</b>                      | <b>960</b>     | <b>41.5</b>     |
| <b>ATTRIBUTABLE RESOURCES <sup>3</sup></b> | <b>764</b>     | <b>42.8</b>     |

- 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

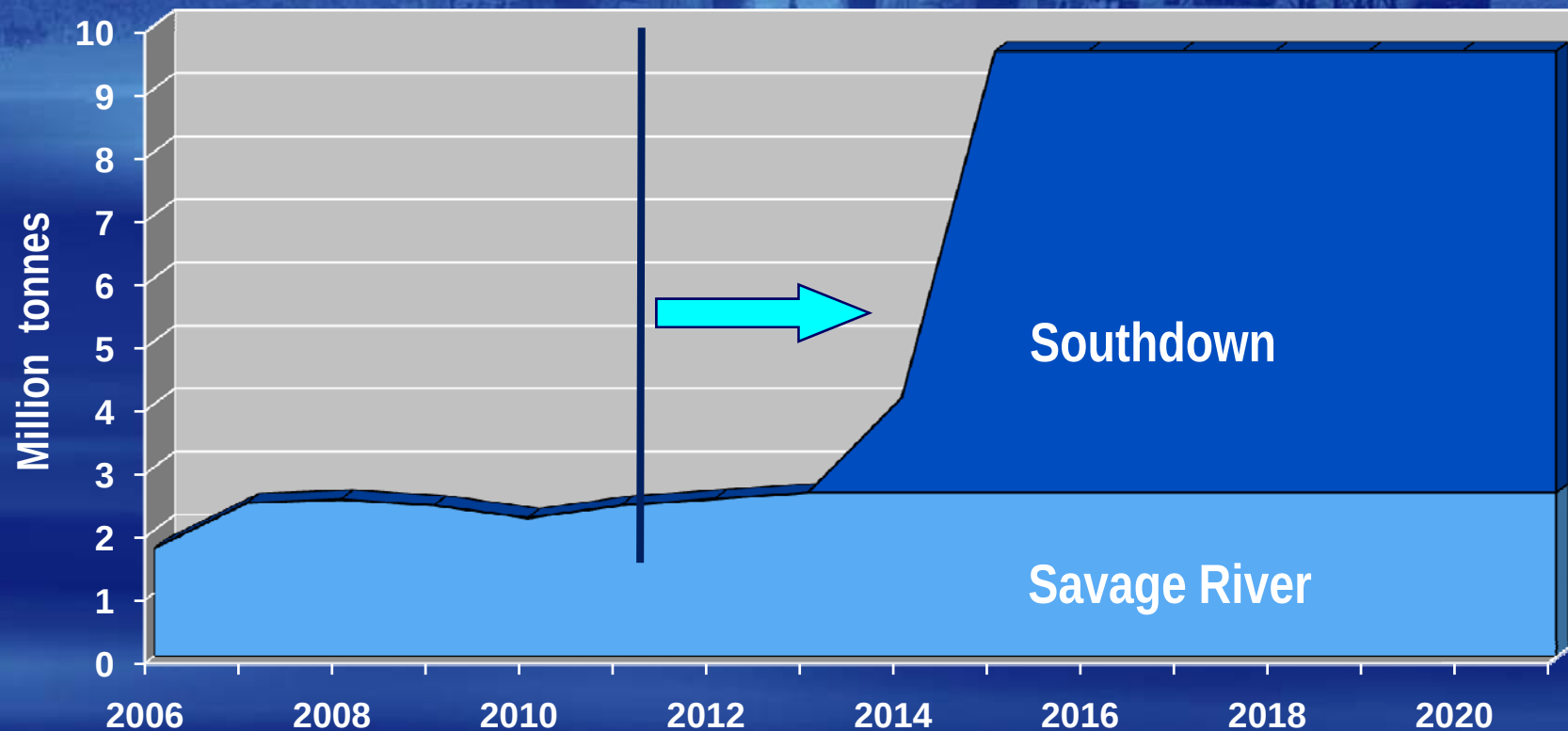
### Ore Reserves

|                                           | Tonnes<br>(Mt) | Grade<br>(%DTR) |
|-------------------------------------------|----------------|-----------------|
| <b>Savage River</b>                       |                |                 |
| Proved                                    | 51             | 51.1            |
| Probable                                  | 68             | 51.3            |
| <b>Total</b>                              | <b>119</b>     | <b>51.2</b>     |
| <b>Southdown <sup>2</sup></b>             |                |                 |
| Probable                                  | 388            | 35.5            |
| <b>Total</b>                              | <b>388</b>     | <b>35.5</b>     |
| <b>PROJECTS TOTAL</b>                     | <b>507</b>     | <b>39.2</b>     |
| <b>ATTRIBUTABLE RESERVES <sup>3</sup></b> | <b>391</b>     | <b>40.3</b>     |

#### 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

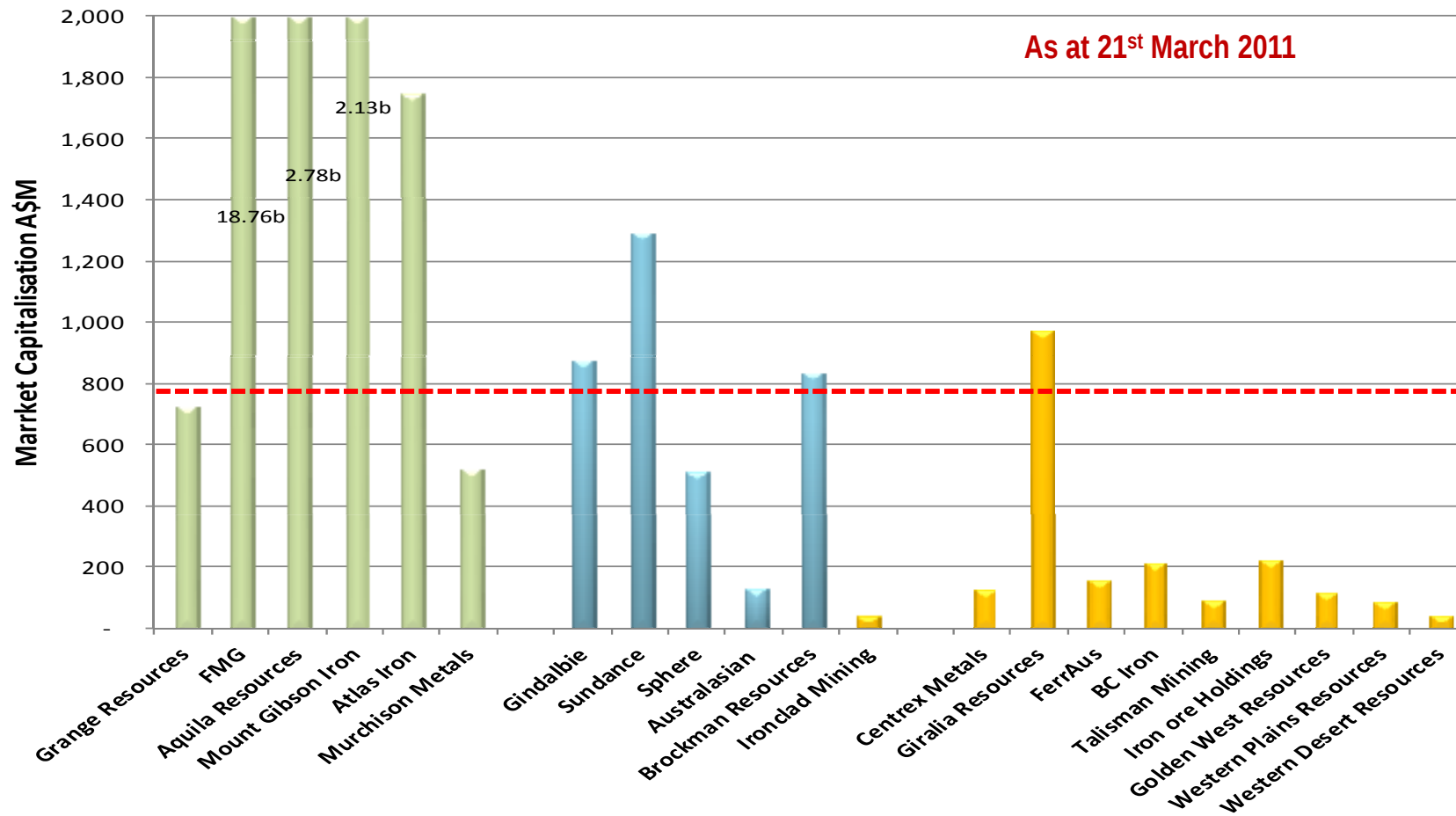
# Production growth prospects



*(Production shown is attributable to Grange)*

# Grange - 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



- Position Savage River for long term sustainable production:
  - Replacement ball mill being installed February 2011
  - Replacement AG mills being purchased
  - Trucking fleet re-build underway
  - Reviewing options for Port Latta emissions reduction
  - Undertake east wall cut back
- Generation of cash at Savage River for local projects and Southdown DFS
- Fast Tracking Southdown
  - Finalise PFS and undertake DFS in 2011
  - Finalise permits – water and mine amendment
  - Progress financing negotiations

*Today, Grange has no net debt and is totally exposed to the strong iron ore price.*

# Summary

- Australia's leading magnetite & iron ore pellet producer
- Solid investor, customer and revenue base
- Extensive magnetite technical and operational expertise
- Strong balance sheet and strong cashflow forecasts
- Healthy mix of Cornerstone, Institutional and Retail investors
- Increased shareholders, liquidity & market capitalisation
- Broad research coverage
- ASX 300
- Southdown project being accelerated

# Grange - Points of difference

- Grange is an existing magnetite producer
  - Grange has the necessary expertise in place
  - Grange has operating cashflow
- **These minimise the execution risk of Southdown**

# Key Contacts

Primary contacts:

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**Russell Clark**

*Managing Director & Chief Executive Officer*

+61 8 9327 7901

[managingdirector@grangeresources.com.au](mailto: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

## 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 <sub>2</sub> %               | 1.72               | 1.94                | 2.07               | 1.91            |
| DTC Al <sub>2</sub> O <sub>3</sub> % | 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 <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | TiO <sub>2</sub> % | 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) |
|---------------------------|--------------|--------------|
| <b>Savage-River Total</b> |              |              |
| Measured                  | 86.4         | 54           |
| Indicated                 | 131.9        | 53           |
| Inferred                  | 87.8         | 49           |
| <b>Total</b>              | <b>306.0</b> | <b>52</b>    |

| Ore Reserve               | Tonnes (Mt)  | Grade (%DTR) |
|---------------------------|--------------|--------------|
| <b>Savage-River Total</b> |              |              |
| Proved                    | 50.6         | 51           |
| Probable                  | 67.9         | 51           |
| <b>Total</b>              | <b>118.5</b> | <b>51</b>    |

*Mineral Resources and Ore Reserves have been estimated for Grange Resources Tasmania Savage River magnetite deposit at the end of May 2010.*

## 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.