



Australia's most experienced magnetite producer



**Annual General Meeting**

8 May 2013

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# Company Highlights

## **STRONG** Safety Culture

*1,000 days LTI free*

Most **EXPERIENCED** magnetite producer

*45 years of experience at Savage River*

## **LONG LIFE** producer of **PREMIUM** iron ore pellets

*High quality ore reserves (52% DTR) producing 65.5% Fe BF pellets*

*Supporting operations at Savage River to 2030 and beyond*

## **STRONG** balance sheet

*\$164m cash and equivalents at March 2013*

*No debt, repaid lease facility in April 2013*

## Advanced **GROWTH** Project

*Timely reassessment of Southdown Project expenditure*

Established **STRONG DIVIDEND** pay-out

*Commenced in 2011 and continued in 2012*

**FOCUSED** on delivering 2013 priorities

**We expect continued underlying profitability\***

*\* - Based on current iron ore prices and market conditions*

# Delivering 2013 Priorities

## March 2013 Quarterly Update

### **1. Focus on accessing high grade ore through continued investment in mine development**

- North pit mining operations running ahead of schedule
- Progressing South Deposit mine development and tailings storage facility approval

### **2. Take advantage of iron ore market prices**

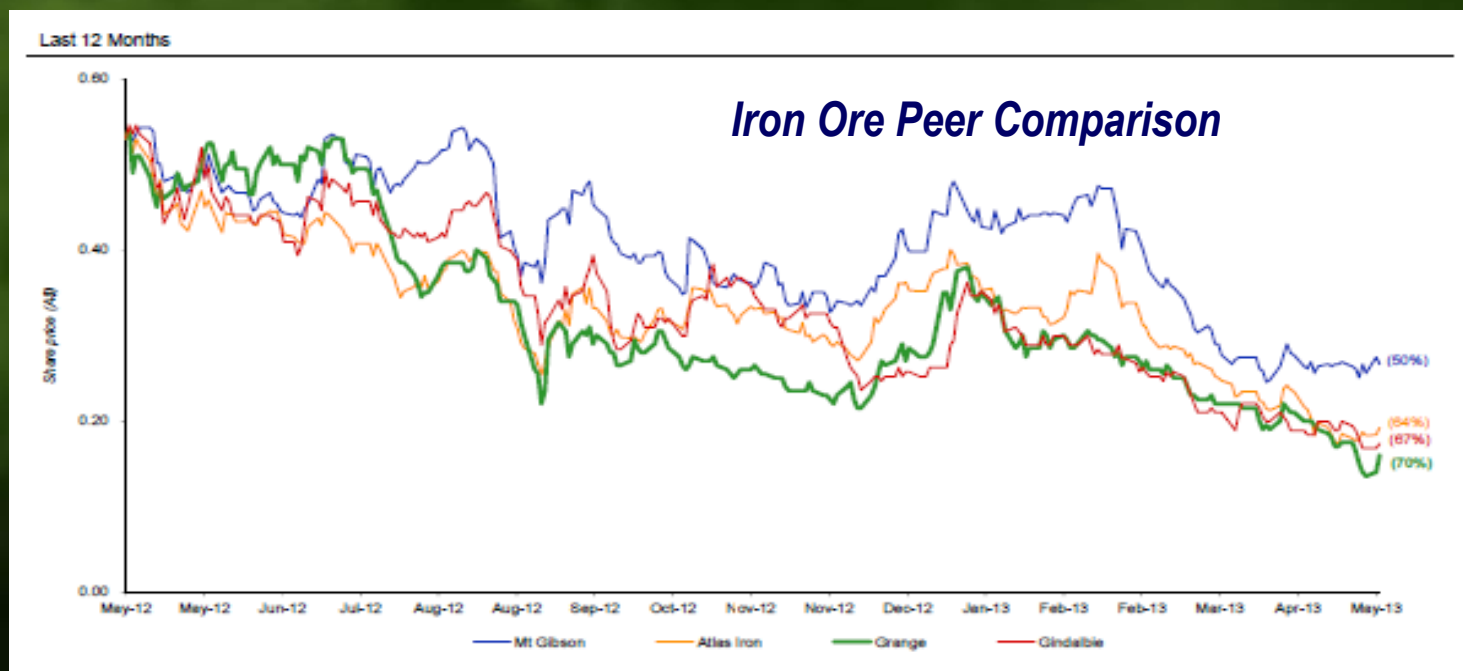
- March quarter average product price of US\$144.71 per tonne (FOB Port Latta) – 17% improvement from the December 2012 quarter
- Strong market interest in available spot cargoes and opportunities for long term contracts being progressed

### **3. Drive C1 costs lower**

- March quarter C1 unit costs ~ 6% below budget
- March quarter cash operating costs ~ 10% below budget

# Recent Share Price Movements

- **Negative sentiment on bulk resources**
  - Short term concerns regarding Chinese economy and performance of the steel industry
- **Small and mid cap miners hit very hard**
  - Recent Grange share price movements are trending in line with iron ore industry peers



# Strategic Direction On-Track

- ***Our fundamentals are very sound***

- Experienced magnetite producer with a long life project close to the Asian market
- Producer of a high quality iron ore product (65.5% Fe) that receives a premium price
- Strong balance sheet with no debt

- ***We are taking action:***

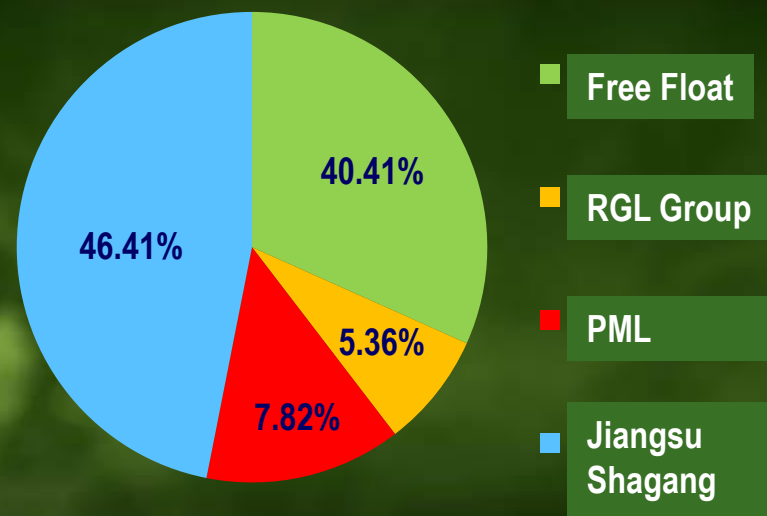
- Timing of capital projects continue to be rescheduled so that they are aligned with effective condition monitoring and preventative maintenance management processes
- Freeze on hiring and reduction in contractor levels
- Cutting costs wherever we can to achieve our priority goal of driving C1 costs lower

# Company Snapshot

## Current Key Statistics (A\$)

Ordinary shares on issue	7 May 2013	1,156m
Share Price	7 May 2013	\$0.16
Market Capitalization	7 May 2013	\$185.0m
Cash, Term Deposits & Trade Receivables	31 March 2013	\$164.3m

## Current Ownership Structure



# Magnetite – The Premium Iron Ore



# Grange Assets

***Australia's Most Experienced Magnetite Producer***

**Savage River (100%)**



**Southdown Project (70%)**



***Quality assets in Tasmania and Western Australia.***

# 2012 Highlights

- Exceptional safety record continues
  - No Lost Time Injuries
- Solid operating performance and results
  - Successfully addressed operational challenges from July 2012 rock slide
- Announced a 15% increase in total mineral resources at Savage River
- Disciplined cash management has preserved balance sheet strength
- Final dividend of 1.0 cents per share (unfranked) declared (total of 2.0 cents for the 2012 year)
- Timely reassessment of Southdown Project expenditure

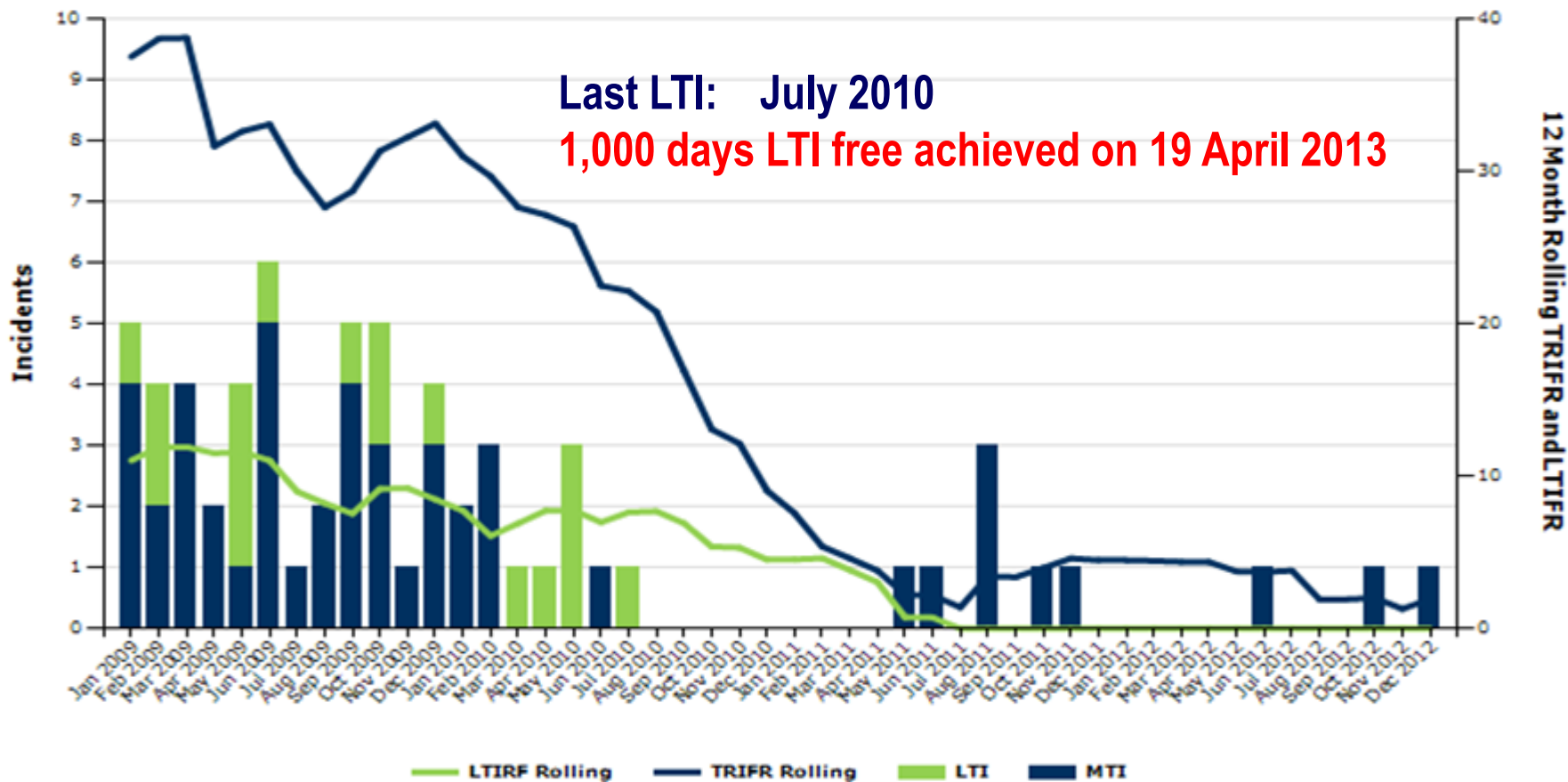


# Q1 2013 Highlights

- Achieved 1,000 days LTI free
- North Pit mining operations ahead of schedule
- Focus on driving operating costs lower delivering results with quarterly C1 unit costs ~ 6% below budget and cash operating costs ~10% below budget
- Strengthening product prices, averaging US\$144.71 per tonne (FOB Port Latta) for the quarter – an increase of \$17% from the December 2012 quarter
- Cash, term deposits and trade receivables of \$164.3 million. No net debt
- Southdown Project team down-sizing complete. Search for equity partner continues



# Exceptional Safety Performance



***Our focus on safety will continue to be unrelenting***

# 2012 Results Overview

- **Revenues** from mining operations of **\$331.3 million** (down 19% from \$410.4m)
  - Sales volumes up 34% to 2.4 million tonnes of iron ore products
  - Average realised price down 32% to US\$145.71 per tonne
- **Net profit after tax** of **\$35.9 million** (down 83% from \$216.6m)
- **Net cash inflows** from operating activities of **\$131.9 million** (down 37% from 210.4m)
- **Cash and term deposits** of **\$174.9 million** as at 31 December 2012
- No net debt and reduced gearing levels with **borrowings of \$22.9 million**
- **Final dividend** of **1.0 cents** per share (unfranked) declared

# Key Production Statistics

	Q1 2013	2012	2011
Total Mined ('000 BCM)	4,860	14,638	15,628
Total Ore ('000 BCM)	349	1,774	1,693
Concentrate Produced ('000 t)	453	2,123	2,019
Weight Recovery (%)	31.9%	35.9%	36.4%
Pellets Produced ('000 t)	443	2,005	1,978

## 2013 Priorities

- Focus on accessing high grade ore
- Continued investment in mine development

***We have managed through a difficult 2012 with discipline, focus and efficiency***

# Key Operating Statistics

## 2013 Priorities

- Take advantage of iron ore market prices
- Drive C1 cost lower
- Improve operating margin
- Maintain regular dividend

	Q1 2013	2012	2011
Tonnes Sold ('000)	388	2,369	1,773
Realised Selling Price (US\$/t)	\$144.71	\$145.71	\$214.28
Average Exchange Rate (A\$:US\$1)	1.036	1.036	1.038
Realised Selling Price (A\$/t)	\$139.70	\$139.86	\$202.17
Dividend per share (cents per share)		2.0	5.0

# Southdown Project – 2012 Achievements

- **Completed a definitive feasibility study** in April 2012 which improved the projects level of accuracy to +/- 15%
- Progressed project engineering, land acquisition, permitting, drilling and test work
- **Initial capital expenditure** estimated at **A\$2.885 billion** (including EPCM; owners' costs and contingency of \$0.535 billion)
- **Operating costs** estimated at **A\$58.5 per tonne** of premium quality concentrate (69.6% Fe) containing low contaminants (excl. royalties)
- Submission by **EPC contract tenders for major construction** works by interested parties

# Southdown Project – 2013 Priorities

- **Continue search for new equity partner** to take a strategic share of the Company's interest
- **Significantly reduce expenditure for 2013** to approx. \$2.5 million (GRR Share)
- Maintain all tenements, permits and project assets in good order

***Timely decisions have been made in relation to the Southdown Project***

# 2013 Priorities – Recapped

- **Broaden customer base** to take advantage of market opportunities
- Drive **operating costs down further** and regain access to high grade ore
  - Continue investment in mine development - progress next phase of North Pit development and unlock South Deposit to provide an alternative source of ore
- **Continue to invest** in process infrastructure
  - Complete preparatory works for installation of new autogeneous mills at Savage River
  - Progress approval for South Deposit tailings storage facility which is sufficient for the balance of life of mine
- Focus on capital management
  - Maintain **regular dividend**
  - **Target growth opportunities** to complement existing business

# Primary Contact

## Primary Contact:

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