



Australia's most experienced magnetite producer



Annual General Meeting
Wayne Bould, Managing Director

7 May 2014

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Company Highlights

- ✓ **Most EXPERIENCED magnetite producer**
Over 45 years of operational experience at Savage River
- ✓ **STRONG Safety Culture**
Over 1,380 days LTI free
- ✓ **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**
\$146m cash and equivalents at 31 March 2014
- ✓ **Advanced GROWTH Project**
Search for a quality equity partner in the Southdown Project continues
- ✓ **Established STRONG DIVIDEND pay-out**
*Commenced in 2011 and continues in 2013
Annual dividend yield of ~10% at current share prices*

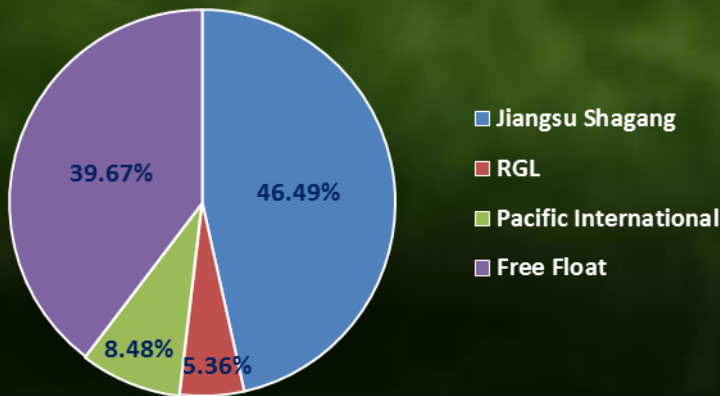


Company Snapshot

Capital Structure (A\$)

Ordinary Shares on issue	6 May 2014	1,157m
Share Price	6 May 2014	\$0.245
Market Capitalisation	6 May 2014	\$283m
Cash and Term Deposits	31 March 2014	\$146m

Current Ownership Structure



Share Price and Volume



Research Coverage

- JP Morgan
- UBS
- Macquarie

2013 – A Transitional Year

BACK TO THE BASICS

- **Exceptional safety record continued**
 - No Lost Time Injuries
- **Successfully delivered mine re-development strategies**
 - Re-established access to higher grade ore ahead of schedule in September 2013
 - Strong focus on reducing operating costs to maintain competitive unit operating costs
 - Announced an upgraded high grade resource at Long Plains
- **Market conditions improved in H2 2013**
 - Improving premiums for higher quality, lower impurity products
- **Focused on good old fashioned TQM disciplines**
 - Planning, scheduling, follow up....and follow up AGAIN
 - Cash costs
 - Innovation
- **Maintained our focus on the Southdown Project**
 - Maintained all project tenements, permits and assets in good standing
 - Commenced an internal review of the definitive feasibility study to identify alternative development models
- **Focused on capital management**
 - Continued strong dividend pay-out with total unfranked dividends of 3.0 cents per share for the 2013 year



2013 - Results Overview

- **Revenues** from mining operations of **\$281.1 million** (down 15% from \$331.3 million)
 - Sales volumes down 20% to 1.9 million tonnes of iron ore products
 - Average realised price down 2% to US\$141.43 per tonne but offset by an 8% reduction in the average AUD:USD exchange rate.
 - Stronger AUD revenues delivered in 2013 of A\$147.99 per tonne (up from A\$139.86 per tonne in 2012).
- **Net profit after tax** of **\$25.6 million** (down 57% from a restated \$59.1 million)
- **Net cash inflows** from operating activities of **\$115.8 million** (down 35% from a restated \$179.3 million)
- **Cash and term deposits** of **\$159.9 million** as at 31 December 2013
- No net debt and reduced gearing levels with **borrowings of \$3.5 million** (down 75% from a restated \$13.9 million)
- **Final dividend** of **1.0 cent per share** (unfranked) **plus** a **1.0 cent per share special dividend** (unfranked)

2014 - Continuing to Focus on the Basics

- ***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 over lump and fines
- Strong balance sheet
- Stable work force with minimal turnover who know the intricacies of the business and are adding value

- ***We will continue our disciplined management:***

- Focusing on day to day operational planning and execution to drive productivity
- Cutting costs wherever we can to achieve our priority goal of driving C1 costs lower
- Timing of capital projects continue to be rescheduled so that they are aligned with effective condition monitoring and preventative maintenance management processes
- Ensuring short term decisions align with long term strategic priorities

2014 - Year To Date Highlights

STAYING WITH THE BASICS

- **Exceptional safety record continues**
 - Over 1,380 days Lost Time Injury Free
- **Successfully completed an expanded annual common equipment shutdown**
 - Completed additional preparatory work for AG Mill replacement
 - Minimised production downtime to 12 days
- **Delivered improved quarterly production results**
 - Maintained focus on mine redevelopment in North Pit and South Deposit
 - Delivering production at annualised rates of approximately 2.5 million tonnes
 - Improved production and continued cost control disciplines are delivering competitive unit operating costs
- **Successfully negotiated crystallisation of pre-merger deferred consideration obligation**
 - Immediate cash payment of US\$21 million in April 2014 delivering an estimated non-cash gain of approximately A\$20 million

2014 - Year To Date Highlights

- ***Maintained access to high grade ore through continued investment in mine development***
 - Weight recovery averaged 50% during the March 2014 quarter, an increase of approximately 56% from the March 2013 quarter
 - Pellet production of 504,170 for the March 2014 quarter, an increase of 14% from the March 2013 quarter
 - Improved production and continued cost control disciplines have delivered competitive unit costs
- ***Final approval for the South Deposit Tailings Storage Facility***
 - Final approvals granted on 30 April 2014
 - New facility to replace the current tailings storage facility (reaches capacity in 2016)
 - Facilitates the mining of ore from South Deposit and ensures sufficient tailings storage capacity to accommodate operations at Savage River until at least 2030
 - New facility is a key component to our life of mine strategy and construction is expected to commence in Q4 2014

2014 - Year To Date Highlights

- ***Taking advantage of iron ore market prices***

- March 2014 quarter average product price of US\$138.82 per tonne (FOB Port Latta)
- Continue to attract a quality premium for high grade, lower impurity iron ore products
- Continual downward pressure on prices and premiums as world markets react to economic trends
 - Grange is well positioned to adapt to volatile market conditions
- Adopted a strategic approach to sell product for value rather than volume in the March 2014 quarter

- ***Driving C1 costs lower***

- Maintaining cost control disciplines
- Sustaining higher weight recoveries (> 45%) and concentrate production to drive unit operating costs to levels which will remain competitive in the long term

Assets Strategy

Australia's Most Experienced Magnetite Producer

Savage River (100%)



Southdown Project (70%)



Quality assets in Tasmania and Western Australia.

Savage River LOM Strategies

Grow Reserves & Develop Multiple Mining Locations

North Pit

- High quality, long life resources
- Supporting operations to 2030 and beyond

Centre Pit South

- Alternative reserve
- Drilling in progress to further develop reserve

South Deposit

- Defined reserve
- Supporting LOM tailings infrastructure development

Long Plains

- Developing resources of ~107m tonnes
- Potential addition to mine life



Total resources exceeding 340m tonnes which support s operations to 2030 and beyond

Savage River LOM Strategies

Developing Multiple Mining Locations



→ North Pit Production Stripping

- Ore supply for 2014

North Pit Mine Development

- East wall cut-back



South Deposit Mine Development

- ▪ Ore supply for 2014/15
- Provides ore and material for construction of a South Deposit Tailings Storage Facility



Reducing risk associated with a single pit operation

Savage River LOM Strategies

Value Adding Downstream Infrastructure

Concentrator



- Autogenous milling and magnetic separation process
- Progressing the phased upgrade of the original autogenous mills and associated infrastructure

Strategic Production Priorities

- Continuous improvement in product quality (via TQM processes)

Pipeline



- 85km pipeline connecting Savage River to Port Latta
- Low cost mode of transportation using pipeline pumps and gravity fed technologies
- Naturally occurring properties of the slurry protect the pipeline and reduce sustaining capital and maintenance costs

Pellet Plant & Port



- Four furnace lines capable of producing 2.4mtpa of iron ore pellets
- Dedicated port facility providing access to Panamax vessels (80k tonnes)

Strategic Production Priorities

- Develop market driven bulk production output capabilities (concentrate & pellets offering)
- Re-commission fifth furnace (ore availability)

Southdown Project Strategy

- **Continue the search for a new equity partner** to take a strategic share of the Company's interest
- **Maintain reduced project expenditure** during 2014
- Maintain all tenements, permits and project assets in good order
- **Conduct internal review of definitive feasibility study operating model** to determine if changes in the following parameters could reduce initial capital or operating costs
 - Market outlook
 - Project construction conditions (incl. regional infrastructure development)
 - Methodologies learned from our operations at Savage River

Grange – “Basics” Strategies Recapped

- **Broaden customer base** to take advantage of market opportunities **and to diversify geographic customer risk**
- Drive **operating costs down further** and maintain 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
- **Redefine strategies and outcomes** to leverage our investment in the Southdown project
- Focus on capital management
 - Maintain **regular dividend**
 - **Target growth opportunities** to complement existing business

Primary Contact

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Notes:

- A lower cut-off grade of 15% DTR was used in the calculation of both the Mineral Resources and Ore Reserves
- A detailed statement of Mineral Resources and Ore Reserves can be found in an ASX announcement dated 28 February 2014