



29 July 2016  
ASX: GRR

## REPORT FOR THE QUARTER ENDED 30 June 2016

### HIGHLIGHTS

- Strong quarter for sales with shipments of 765kt of pellets sold.
- Average price received for the quarter of US\$67.69/t (A\$91.16/t) (FOB Port Latta) compared with US\$59.02/t (A\$80.64/t) for March 2016 quarter demonstrating continued strong demand for pellets.
- Cash operating costs for the quarter of A\$89.11/t compared with A\$63.27/t for March 2016 quarter. Increase in unit cash operating costs consistent with lower production and higher costs due to planned maintenance program.
- Strong cash position of A\$150.43 million and trade receivables of A\$8.06 million as at 30 June 2016 compared to A\$126.58 million cash position and A\$14.07 million trade receivables as at 31 March 2016.
- Pellets produced in the quarter of 521kt compared with 640kt in the March 2016 quarter. Decrease in production was due to planned common equipment shutdown for maintenance.
- Continued safety record with no Lost Time Injuries during the quarter.
- Cost reduction focus continues with streamlined workforce.
- Fluxed pellet testing and studies are progressing.
- South Deposit Tailings Storage Facility (SDTSF) construction continues on plan for completion.



Mr Honglin Zhao, Chief Executive Officer stated:

“The price of iron ore slightly recovered in the quarter, although it remains volatile. The Company continues to focus on cost reduction, while maintaining a safe and sustainable operation. The redundancy and restructure program previously announced has been largely completed in the quarter and the Company is much more streamlined in achieving long term sustainability,”

“Demand for our products and the price premium for pellets continue to remain strong. We continue to seek innovation in improving the quality of our products.

“The management team and workforce continue to demonstrate their commitment to safely and efficiently running the operations through this uncertain time and we will continue our disciplined approach to cost reduction.”

## SAVAGE RIVER OPERATIONS

### PRODUCTION

	June Quarter 2016	March Quarter 2016	December Quarter 2015
<b>Total BCM Mined</b>	2,127,247	3,240,319	3,789,897
<b>Total Ore BCM</b>	229,736	302,267	325,980
<b>Concentrate Produced (t)</b>	561,321	664,257	670,474
<b>Weight Recovery (%)</b>	40.2	40.8	42.3
<b>Pellets Produced (t)</b>	520,525	639,517	625,093
<b>Pellet Stockpile (t)</b>	175,753	420,064	430,261
<b>Concentrate Stockpile (t)</b>	186,910	179,516	169,895

Grange operations achieved over 448 days lost time injury free as mining continued in South Deposit and North Pit.

The June 2016 quarter proved to be a challenging quarter for mining production due to severe wet weather conditions causing flooding in the region and impacting movement in the pit. Focus in the past quarter was on cutting-back the east wall of North Pit. Some remediation work was also required in the cutback to support the wall, causing some delays in bulk mining. Mining and rill waste removal continued in North Pit in June and when completed will provide access to higher grade ore. Studies are being conducted on short term designs to improve access and working areas to increase movement rates.

Annual planned maintenance was also completed safely during the quarter with the common equipment shutdown. This impacted production in the concentrator and pellet plant. A set of plant trials were completed for the fluxed pellet project to improve pellet quality. The analysis of the trials is in progress.



## SHIPPING AND SALES

	June Quarter 2016	March Quarter 2016	December Quarter 2015
Iron Ore Pellet Sales (dmt)	764,836	649,714	603,212
Iron Ore Concentrate Sales (dmt)	0	41	40
Iron Ore Chip Sales (dmt)	30,909	20,678	20,766
<b>TOTAL Iron Ore Product Sales (dmt)</b>	<b>795,745</b>	<b>670,433</b>	<b>624,018</b>
Average Realised Product Price (US\$/t FOB Port Latta)	67.69	59.02	54.62
Average Realised Exchange Rate (AUD:USD)	0.7425	0.7319	0.7190
Average Realised Product Price (A\$/t FOB Port Latta)	91.16	80.64	75.97

The average price received during the quarter was US\$67.69/t (A\$91.16) per tonne of product sold (FOB Port Latta), up approximately 14.7% (13.0%) from US\$59.02 (A\$80.64) in the March 2016 quarter.

This upward movement in prices from the previous quarter reflects an increased demand for Grange's high quality, low impurity products which has resulted in the pellet premium strengthening, together with the rebound in benchmark 62% Fe iron ore prices (CFR China). Whilst there is uncertainty to the future direction of the iron ore prices, Grange is confident the market will continue to recognise a premium for higher quality pellets in comparison to benchmark 62% Fe iron ore products.

Grange will continue to deliver into secured term offtake agreements for all products for 2016 and the majority of 2017.

## SOUTHDOWN MAGNETITE PROJECT (Grange 70%, SRT Australia Pty Ltd 30%)

All tenements, permits and project assets continue to be maintained in good order. Budgeting and cost control over expenditure on this project continues to secure the investment.

The Joint Venture Partners continue to monitor all ongoing project requirements to ensure that the current status of the feasibility studies allow the full recommencement of the project once Grange is able to secure an equity partner for a strategic share of the Company's interest in the project.

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## CORPORATE

### *Annual General Meeting*

The Company's Annual General Meeting was held in Burnie, Tasmania on 11 May 2016. All resolutions were passed by a show of hands.

### *Shareholders*

As at 30 June 2016 there were approximately 4,200 shareholders.

-ENDS-

For further information, please contact:  
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