



26 April 2018
ASX: GRR

REPORT FOR THE QUARTER ENDED 31 March 2018

HIGHLIGHTS

- Mining team continues to deliver another strong quarter with high material movement rates as development of North Pit west wall progresses on plan.
- Price remains stable with average price received for the quarter of US\$107.22/t (A\$136.54/t) (FOB Port Latta) compared with US\$105.51/t (A\$137.08/t) for December 2017 quarter.
- Increase in unit cash operating cost, with costs for the quarter of A\$82.02/t compared with A\$76.89/t for December 2017 quarter, underpinned by lower concentrate production.
- Cash position of A\$185.35 million and trade receivables of A\$14.67 million compared to A\$167.99 million cash position and A\$25.17 million trade receivables as at 31 December 2017, after dividend payment of \$11.57 million.
- Decrease in Pellet production with 623kt compared to 674kt in the December 2017 quarter.
- Decrease in sales of 606kt Pellets sold, compared to 653kt in the December 2017 quarter.



“The Company continues to deliver a strong performance in the first quarter of 2018. Production volumes and costs continue to be well achieved. Despite many uncertainties in international trade and how this may impact the iron ore market, the iron ore pellet price, continues to remain fairly stable” said CEO Mr. Honglin Zhao.

“It is particularly pleasing to report this quarter’s results as we entered a new year and the Company announced its strategic development plans in its Corporate Update in March. These include sustaining its current operations by reinvesting into key areas of production, as well as future development plans to undertake feasibility studies for Centre Pit, Long Plains and underground access to the ore body in North Pit. We believe the success of these plans will create additional long-term value in the Company and to our shareholders.”

“Additionally, the Company’s focus in 2018 will be to optimise its capital allocation plan. Our aim is to generate, conserve and actively manage our cash reserve for future mine investment. Our plan is to diversify risk and return to create a well-balanced portfolio of liquid investments that can meet our future investment needs while achieving enhanced returns within conservative risk parameters. We look forward to providing further updates as we progress.”

SAVAGE RIVER OPERATIONS

PRODUCTION

| | March Quarter 2018 | December Quarter 2017 | September Quarter 2017 |
|----------------------------------|--------------------------|-----------------------------|------------------------------|
| Total BCM Mined | 4,634,437 | 4,046,998 | 3,081,944 |
| Total Ore BCM | 388,483 | 422,929 | 418,548 |
| Concentrate Produced (t) | 646,540 | 696,483 | 583,822 |
| Weight Recovery (%) | 52.0 | 55.6 | 53.2 |
| Pellets Produced (t) | 622,753 | 674,447 | 549,791 |
| Pellet Stockpile (t) | 279,212 | 262,212 | 240,342 |
| Concentrate Stockpile (t) | 18,509 | 11,656 | 25,503 |

Safety focus maintained across operations with over 370 days Lost Time Injury Free achieved.

Mining activity remained strong despite above average wet weather conditions as we enter the winter months. High grade ore from the main ore zone in North Pit continues to be mined, with some delays on the east wall due to the wet weather. Movement rates overall have increased as we continued pre-stripping on the west wall in larger and more productive working areas. Material movement is planned to further increase in the upcoming months as we purchased 3 additional trucks which will be commissioned in the upcoming quarter.



Concentrate and Pellet plants continue to run at full production levels through the quarter. This continues to be a great achievement for our 50-year-old production plants and demonstrates the value of the efforts and resources invested in sustaining maintenance. The plants' annual common equipment shut-down is planned to occur in the month of May with some maintenance projects extending through Q2.

Approval to operate the South Deposit Tails Storage Facility is still being assessed and we expect this approval to be received in the coming months. Planning for the close out of the Main Creek Tailings Dam is in progress and we will look to transition to the new facility during 2018.

SHIPPING AND SALES

| | March Quarter 2018 | December Quarter 2017 | September Quarter 2017 |
|---|--------------------------|-----------------------------|------------------------------|
| Iron Ore Pellet Sales (dmt) | 605,753 | 652,577 | 359,064 |
| Iron Ore Concentrate Sales (dmt) | 0 | 45 | 2 |
| Iron Ore Chip Sales (dmt) | 26,146 | 40,063 | 20,594 |
| TOTAL Iron Ore Product Sales (dmt) | 631,899 | 692,685 | 379,660 |
| Average Realised Product Price (US\$/t FOB Port Latta) | 107.22 | 105.51 | 105.77 |
| Average Realised Exchange Rate (AUD:USD) | 0.7853 | 0.7697 | 0.7946 |
| Average Realised Product Price (A\$/t FOB Port Latta) | 136.54 | 137.08 | 133.11 |

The average price received during the quarter was US\$107.22/t (A\$136.54/t) (FOB Port Latta), increased by 1.62% (decreased by 0.39%) from US\$105.51/t (A\$137.08/t) in the December 2017 quarter.

Grange continues to receive strong pellet premiums for its high-quality / low impurity products reflecting the ongoing demand for higher quality products in the market.

Grange will continue to deliver into secured term offtake agreements for the remainder of 2018.

MINE DEVELOPMENT PROJECTS

North Pit Underground

Phase 1 of the diamond drilling program to investigate the ability to access the ore body in North Pit through underground development is currently being planned to commence in the second quarter. This phase of the drilling program consists of 9 holes comprising approximately 8,700 metres, combined with downhole geophysics, hydrogeological assessment, laboratory testing of diamond drill core and modelling for input into feasibility studies.



Centre Pit

Work is progressing on the feasibility study for Centre Pit. A surface diamond drilling program has also been planned to obtain additional data to enable conversion of resource to reserve as well as to inform the geotechnical parameters within the ore zones and planned mining areas.





SOUTHDOWN MAGNETITE PROJECT

(Grange 70%, SRT Australia Pty Ltd 30%)

As announced on 23 February 2018, the Joint Venture Partners have engaged PCF Capital to assist with the seeking of a strategic investor(s) for the project. We have received enquiries from various interested parties and have provided access to the project data room as part of the due diligence process.

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.

GRANGE ROC PROPERTY

Lumley Court

The Joint Venture has purchased four adjacent apartments in the suburb of Prahan, Melbourne for the amount of \$3.2 million. A planning application for a 3-level, 5-units prestige apartment development has been submitted to the Stonnington City Council and the development has been granted a Notice of Decision to support the development. Planning is currently underway for the commencement of the development starting in Q3 of this year.

Brookville Road

In Q1 2018, the Joint Venture has made a deposit of \$935K and contracted to acquire 2 adjacent properties in the suburb of Toorak, Melbourne on extended settlement terms. A planning application for a 3-level prestige residential apartment building is currently in progress.

CORPORATE

The company declared and paid a final dividend of 1.0 cent per share in the quarter.

Shareholders

As at 31 March 2018 there were approximately 4,200 shareholders.

-ENDS-

For further information, please contact:
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