



28 January 2020
ASX: GRR

REPORT FOR THE QUARTER ENDED 31 December 2019

HIGHLIGHTS

- High grade ore from the main ore zone delivered from North Pit.
- Improved head grade supported blend resulting in significant increase in concentrate production.
- Pellet production increased for the quarter to 650kt compared with 550kt for the September 2019 quarter.
- Pellet sales increased for the quarter to 732kt compared with 550kt for the September 2019 quarter.
- Increase in average received prices for the quarter to US\$104.04/t (A\$152.40/t) (FOB Port Latta) compared with US\$103.06/t (A\$150.04/t) for the September 2019 quarter.
- Unit cash operating cost decreased for the quarter to A\$90.17/t compared with A\$106.36/t for the September 2019 quarter. This was due to an increase in concentrate production to 700kt from 564kt for the last quarter.
- Cash and liquid investments of A\$161.93 million and trade receivables of A\$30.47 million compared with cash and liquid investments of A\$156.08 million and trade receivables of A\$0.27 million for the September 2019 quarter.
- Significant outlays of approximately A\$14.67 million have been made in the quarter on capital projects including progression of the underground exploration decline in North Pit and continuing work on the furnace upgrade.
- Underground exploration decline reached 1,195-metres in and progressing well.



“It is my pleasure to report to you the results for the last quarter in 2019. Production has improved significantly during the quarter, with the mining team doing well in achieving access to higher grade ore in the main ore zone in the West Wall. Complemented by high production rates in downstream processing, we have achieved the updated production targets that we made in the middle of 2019” said CEO Mr. Honglin Zhao.

“Supported by continued strong demand for iron ore, Grange has secured term offtake agreements to deliver additional pellet production in 2020.”

“The underground feasibility study continues to progress well, with the Exploration Decline development being carried out on schedule.”

“Construction of the first project in the property joint venture has been successfully completed with the Certificate for occupancy obtained early this year. This marks a significant milestone for the property joint venture. The focus for the coming months will be to successfully complete the second project Carter Toorak and to achieve sales of the remaining units.”

SAVAGE RIVER OPERATIONS

PRODUCTION

	December Quarter 2019	September Quarter 2019	June Quarter 2019
Total BCM Mined	3,835,834	3,523,381	3,874,527
Total Ore BCM	771,345	445,798	423,090
Concentrate Produced (t)	699,522	563,599	373,347
Weight Recovery (%)	53.1	40.7	26.8
Pellets Produced (t)	650,378	549,681	402,344
Pellet Stockpile (t)	147,721	229,159	229,920
Concentrate Stockpile (t)	5,497	1,717	1,228

The business has achieved a major milestone of 1000 days Lost Time Injury Free in the December quarter. This is an excellent achievement for the operation with high levels of maintenance activity, project work and contractor interaction in the last quarter.

Material movement rates, concentrate and pellet production were at high levels for the quarter. Mining on the west wall of North Pit provided access into the main ore zone, with stockpiles replenished supporting full production rates. The head grade of ore presented to the concentrator increased with high grade ore sustaining the blend.



SHIPPING AND SALES

	December Quarter 2019	September Quarter 2019	June Quarter 2019
Iron Ore Pellet Sales (dmt)	731,816	550,442	326,616
Iron Ore Concentrate Sales (dmt)	41	0	45
Iron Ore Chip Sales (dmt)	35,020	20,148	19,465
TOTAL Iron Ore Product Sales (dmt)	766,877	570,590	346,126
Average Realised Product Price (US\$/t FOB Port Latta)	104.04	103.06	124.04
Average Realised Exchange Rate (AUD:USD)	0.6827	0.6869	0.7023
Average Realised Product Price (A\$/t FOB Port Latta)	152.40	150.04	176.62

The average A\$ price received during the quarter of A\$152.40/t (US\$104.04/t) (FOB Port Latta), increased by 1.57% from A\$150.04/t (US\$103.06/t) for the September Quarter.

As a result of continued market demand for higher-quality and lower impurity iron ore products, Grange has secured term offtake agreements to deliver additional pellet production in 2020.

MINE DEVELOPMENT PROJECTS

North Pit Underground

Phase 3 drilling program from the exploration decline continued in Q4. These diamond holes are being drilled directly from the Exploration Decline through the fault zone and into the main ore zone to provide detailed geotechnical information and improve confidence in the orebody at depth. Further feasibility studies continued on ventilation, infrastructure, numerical modelling, production schedules and structural geology.

The Exploration Decline is progressing to plan, with the face position in 1,195-metres as at the end of December. The Phase 3 drilling program is progressing well with 6 holes completed and 2 in progress for an advance of over 5,390-metres. The second rig was mobilized to site in Q4 to accelerate the drilling activity.



Centre Pit

The feasibility study for Centre Pit was completed in Q4. Interim environmental approval was achieved for the first stage of stripping, which commenced in Q4. Final environmental approvals are under review and will be sought in Q1, 2020 to support the release of the feasibility study.

Port Latta Improvement Projects

Work continues to redesign and rebuild the fifth furnace. This involves demolition works of redundant infrastructure around the furnace in preparation for the rebuilding and modification the furnace. Engineering design work to modify the furnace to improve the air flow in the furnace continues. If successful, this will improve pellet quality and reduce energy consumption. Once the design work is complete, it is expected the modifications will be undertaken in 2020.

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

The process of seeking a strategic investor(s) for the project is ongoing.

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. This is to ensure that the current status of the feasibility studies allow the full recommencement of the project once the Joint Venture is able to secure an equity partner for a strategic share of the Company's interest in the project.



GRANGE ROC PROPERTY

Lumley Park

Construction at Lumley Park has been successfully completed and the Certificate for occupancy obtained. As of the date of this report, 4 of the 5 units have been sold.

Carter Toorak

Construction at Carter Toorak is also progressing well with full completion to be achieved in the first quarter of this year. The focus for the coming months is to sell the remaining units. Three of 8 units have been sold and achieved the budgeted or higher sale price.

Brookville

Development approval was successfully achieved in the quarter to construct a 3-level, 8-unit prestige apartment.

CORPORATE

Shareholders

As at 31 December 2019 there were approximately 5,500 shareholders.

By order of the Board.

-ENDS-

For further information, please contact:
info@grangeresources.com.au



ANNEXURE 1

PRODUCTION

	Quarter Ended				Full Year	
	Mar 19	Jun 19	Sep 19	Dec 19	Dec 19	Dec 18
Total BCM Mined	3,229,189	3,874,527	3,523,381	3,835,834	14,462,931	14,730,697
Total Ore BCM	468,137	423,090	445,798	771,345	2,108,370	1,050,067
Concentrate Produced (t)	480,585	373,347	563,599	699,522	2,117,053	2,275,718
Weight Recovery (%)	39.3	26.8	40.7	53.1	39.7	53.2
Pellets Produced (t)	452,640	402,344	549,681	650,378	2,055,043	2,185,627
Pellet Stockpile (t)	154,192	229,920	229,159	147,721	147,721	189,351
Concentrate Stockpile (t)	30,642	1,228	1,717	5,497	5,497	1,158

SHIPPING AND SALES

	Quarter Ended				Full Year	
	Mar 19	Jun 19	Sep 19	Dec 19	Dec 19	Dec 18
Iron Ore Pellet Sales (dmt)	487,799	326,616	550,442	731,816	2,096,673	2,258,487
Iron Ore Concentrate Sales (dmt)	36	45	0	41	122	10,042
Iron Ore Chip Sales (dmt)	20,658	19,465	20,148	35,020	95,291	105,151
TOTAL Iron Ore Product Sales (dmt)	508,493	346,126	570,590	766,877	2,192,086	2,373,680
Average Realised Product Price (US\$/t FOB Port Latta)	117.00	124.04	103.06	104.04	109.95	111.92
Average Realised Exchange Rate (AUD:USD)	0.7129	0.7023	0.6869	0.6827	0.6944	0.7473
Average Realised Product Price (A\$/t FOB Port Latta)	164.12	176.62	150.04	152.40	158.33	149.76