



24 January 2017

ASX: GRR

## REPORT FOR THE QUARTER ENDED 31 December 2016

### HIGHLIGHTS

- Average price received for the quarter of US\$88.45/t (A\$118.96/t) (FOB Port Latta) compared with US\$78.07/t (A\$103.32/t) for September 2016 quarter demonstrating strong demand for pellets.
- Cash operating costs for the quarter of A\$80.13/t compared with A\$86.78/t for September 2016 quarter. Unit cash operating costs remained consistent with expectations as the operations undertook important maintenance works to sustain production and improve product quality.
- Cash position of A\$165.96 million and trade receivables of A\$25.79 million as at 31 December 2016 compared to A\$128.58 million cash position and A\$23.18 million trade receivables as at 30 September 2016.
- Pellets produced in the quarter of 586kt compared with 632kt in the September 2016 quarter.
- Pellets sold in the quarter of 637kt compared with 586kt in the September 2016 quarter. A new record of shipments for the twelve-month period, with 2.75mt of pellets and chips sold.
- Continued safety record with no Lost Time Injuries during the quarter in spite of severe weather and a difficult operating environment.
- Construction of the South Deposit Tailings Storage Facility (SDTSF) continues on plan.

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“While the market in 2016 presented many challenges, particularly in the first half of the year, the management team have effectively sustained the operation through a difficult time,” said CEO Mr. Honglin Zhao.

“We have kept costs down and will continue to demonstrate our commitment to safely and efficiently running the operations.

“We will continue to seek innovation in improving the productivity and the quality of our products.”

## SAVAGE RIVER OPERATIONS

### PRODUCTION

	December Quarter 2016	September Quarter 2016	June Quarter 2016
<b>Total BCM Mined</b>	1,976,867	2,170,451	2,127,247
<b>Total Ore BCM</b>	357,913	328,447	229,736
<b>Concentrate Produced (t)</b>	604,608	567,132	561,321
<b>Weight Recovery (%)</b>	44.8	40.6	40.2
<b>Pellets Produced (t)</b>	586,107	632,337	520,525
<b>Pellet Stockpile (t)</b>	171,140	221,733	175,753
<b>Concentrate Stockpile (t)</b>	83,623	85,949	186,910

Grange operations continue safely achieving over 630 days lost time injury free.

Movement rates in the mine have been lower than planned due to some issues with wall instability and wet weather in the last quarter. Plans have been developed to address these areas and work is continuing to improve mining efficiency in North Pit. South Deposit pit continues to deliver high grade mill feed, as we mine the lower parts of the pit. Weight recovery has increased in the quarter as high grade ore is mined from the lower parts of the ore body in South Deposit.

Planning and preparation work continues for the replacement of the second Autogenous Mill which will commence at the end of Q1 2017. Construction of the South Deposit Tails Storage Facility (SDTSF) continues to progress on plan.



## SHIPPING AND SALES

	December Quarter 2016	September Quarter 2016	June Quarter 2016
Iron Ore Pellet Sales (dmt)	636,700	586,357	764,836
Iron Ore Concentrate Sales (dmt)	33	44	0
Iron Ore Chip Sales (dmt)	29,927	30,864	30,909
<b>TOTAL Iron Ore Product Sales (dmt)</b>	<b>666,660</b>	<b>617,265</b>	<b>795,745</b>
Average Realised Product Price (US\$/t FOB Port Latta)	88.45	78.07	67.69
Average Realised Exchange Rate (AUD:USD)	0.7435	0.7556	0.7425
Average Realised Product Price (A\$/t FOB Port Latta)	118.96	103.32	91.16

The average price received during the quarter was US\$88.45/t (A\$118.86/t) (FOB Port Latta), up approximately 13.3% (15.1%) from US\$78.07/t (A\$103.32/t) in the June 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 in Q4 2016. Whilst there is uncertainty to the future direction of the iron ore prices, Grange is confident that 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 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

### *Shareholders*

As at 31 December 2016 there were approximately 4,150 shareholders.

-ENDS-

For further information, please contact:  
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## ANNEXURE 1 PRODUCTION

	Quarter Ended				Full Year	
	March 2016	June 2016	September 2016	December 2016	2016	2015
Total BCM Mined	3,240,319	2,127,247	2,170,451	1,976,867	9,514,884	15,299,080
Total Ore BCM	302,267	229,736	328,447	357,913	1,218,363	1,708,356
Concentrate Produced (t)	664,257	561,321	567,132	604,608	2,397,318	2,606,233
Weight Recovery (%)	40.8	40.2	40.6	44.8	41.6	46.1
Pellets Produced (t)	639,517	520,525	632,337	586,107	2,378,486	2,528,235
Pellet Stockpile (t)	420,064	175,753	221,733	171,140	171,140	430,261
Concentrate Stockpile (t)	179,516	186,910	85,949	83,623	83,623	169,895

## SHIPPING AND SALES

	Quarter Ended				Full Year	
	March 2016	June 2016	September 2016	December 2016	2016	2015
Iron Ore Pellet Sales (dmt)	649,714	764,836	586,357	636,700	2,637,607	2,249,405
Iron Ore Concentrate Sales (dmt)	41	0	44	33	118	162
Iron Ore Chip Sales (dmt)	20,678	30,909	30,864	29,927	112,378	107,090
TOTAL Iron Ore Product Sales (dmt)	670,433	795,745	617,265	666,660	2,750,103	2,356,657
Average Realised Product Price (US\$/t FOB Port Latta)	59.02	67.69	78.07	88.45	72.94	66.23
Average Realised Exchange Rate (AUD:USD)	0.7319	0.7425	0.7556	0.7435	0.7438	0.7593
Average Realised Product Price (A\$/t FOB Port Latta)	80.64	91.16	103.32	118.96	98.06	87.23