



23 January 2019

ASX: GRR

## REPORT FOR THE QUARTER ENDED 31 December 2018

### HIGHLIGHTS

- Mining movements increased in Q4 after successful dewatering from the North Pit. Access to main ore zone restored.
- Cash and liquid investments of A\$224.49 million and trade receivables of A\$18.38 million compared to cash and liquid investments of A\$209.28 million and trade receivables of A\$24.46 million as at September 2018 quarter.
- Pellet production increased for the quarter of 517kt compared to 437kt in the September 2018 quarter.
- Unit cash operating cost decreased for the quarter of A\$101.32/t compared with A\$148.15/t for September 2018 quarter. This was largely due to an increase in concentrate production to 524kt from 399kt in the last quarter as a result of regaining access to ore.
- Pellet sales decreased for the quarter of 466kt compared to 499kt in the September 2018 quarter.
- Decrease in pellet premium prices resulted in a 15.0% decrease in average received prices for the quarter of US\$112.61/t (A\$156.45/t) (FOB Port Latta) compared to US\$132.41/t (A\$181.96/t) for September 2018 quarter.
- Diamond drilling programs continue in North Pit and Centre Pit.

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“Access to main ore zones restored, as mining movements improved in Q4 after successful dewatering in the North Pit. Although excessive water in the pit impacted production in previous quarters, the teams have done well to minimise the overall impact to achieve full-year production as planned.” said CEO Mr. Honglin Zhao.

“The iron ore price continues to be strong despite decreased premium for high grade pellets from record levels. During the quarter, Grange has secured term off-take agreements to sell products from 2019 to 2021 using benchmark 65% Fe fines index as the basis for the contract pricing. We believe this to be a good achievement for Grange and an improvement from the existing 62% Fe fines index + Fe content adjustment factor, as it promotes more efficient pricing.”

## SAVAGE RIVER OPERATIONS

### PRODUCTION

	December Quarter 2018	September Quarter 2018	June Quarter 2018
<b>Total BCM Mined</b>	3,117,326	2,787,928	4,191,006
<b>Total Ore BCM</b>	414,442	20,259	226,883
<b>Concentrate Produced (t)</b>	524,413	399,357	705,408
<b>Weight Recovery (%)</b>	44.0	53.4	64.1
<b>Pellets Produced (t)</b>	516,722	437,336	608,816
<b>Pellet Stockpile (t)</b>	189,351	138,464	199,842
<b>Concentrate Stockpile (t)</b>	1,158	5,278	58,511

Safety focus has been maintained across the business with over 650 days Lost Time Injury Free achieved.

Mining rates improved on the successful completion of the dewatering project to restore access to the main ore zone. Stripping continued on the west wall of North Pit, with ore accessed from stages under the east wall. A number of structurally controlled blocks were remediated on the east wall to ensure safe mining. This remediation was a focus for the quarter and impacted mining rates in the bottom of the pit.

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## SHIPPING AND SALES

	December Quarter 2018	September Quarter 2018	June Quarter 2018
<b>Iron Ore Pellet Sales (dmt)</b>	465,834	498,714	688,186
<b>Iron Ore Concentrate Sales (dmt)</b>	0	0	10,042
<b>Iron Ore Chip Sales (dmt)</b>	31,102	14,961	32,942
<b>TOTAL Iron Ore Product Sales (dmt)</b>	496,936	513,675	731,170
<b>Average Realised Product Price (US\$/t FOB Port Latta)</b>	112.61	132.41	101.11
<b>Average Realised Exchange Rate (AUD:USD)</b>	0.7198	0.7277	0.7545
<b>Average Realised Product Price (A\$/t FOB Port Latta)</b>	156.45	181.96	134.00

Decrease in pellet premiums resulted in the average price received during the quarter of US\$112.61/t (A\$156.45/t) (FOB Port Latta), decreased by 15.0% from US\$132.41/t (A\$181.96/t) in the September 2018 Quarter.

During the quarter, Grange has secured term off-take agreements to sell products from 2019 to 2021 using benchmark 65% Fe fines index for pricing its iron ore pellet. Adopting a 65% Fe fines index as a basis for pricing iron ore pellets is a good achievement for Grange and an improvement from the existing 62% Fe fines index + Fe content adjustment factor. The use of value-in-use indices (VIU) such as this one, help differentiate price due to chemical components of iron ore and facilitate the price adjustment between high quality product compared to low quality iron ore products.

## MINE DEVELOPMENT PROJECTS

### *North Pit Underground*

Phase 1 of the diamond drilling program investigating the access of the ore body in North Pit through underground mining continued in Q4 and is nearing completion. Nine holes have been drilled for an advance of approximately 9,192m. Laboratory testing of diamond core for geophysical and assay information is progressing. Phase 2 of the drilling has commenced with 1,980m completed to date. This program comprises nine holes and focusses on the northern part of the ore body at depth.

Preliminary works on the exploration decline have commenced with 2 diamond holes for an advance of 350m. These were drilled along the portal alignment to provide structural information into the east wall. A tender process is in progress to appoint a contractor to construct the decline.



### *Centre Pit*

Work continues on the feasibility study for Centre Pit. Additional diamond drilled holes are in progress in the north eastern area of the potential pit to further define structural domains for modelling and geotechnical slope analysis.

### *South Deposit Tails Storage Facility (SDTSF)*

The final steps in the commissioning of pipe line for tails deposition were completed in Q4 and the SDTSF was commissioned in November. This is the culmination of many years of design, construction and approvals. The SDTSF will now provide tails storage for the next phase of the mine life.

The raise of the Main Creek Tails Dam (MCTD) wall to its final height commenced so as to provide adequate water cover along with construction of the final spillway for the closure of the MCTD over the next 2 years.

## **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 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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## GRANGE ROC PROPERTY

### *Lumley Court*

The Joint Venture has commenced construction and pre-sales of the project. As of the date of this report, two of the five units have been sold. The units sold have achieved the budgeted sale price, further supporting our confidence in the market for the joint venture's business model and quality projects. The project is planned to be fully constructed and sold in 2019.

### *Malvern Road*

This apartment project consists of eight luxury residences over three levels with basement. Construction has commenced. Presales on this site have commenced, reflecting demand in the owner occupier / downsizer market, with two of the eight apartments sold off the plan. The project is planned to be fully constructed and sold in 2019.

## CORPORATE

### *Shareholders*

As at 31 December 2018 there were approximately 4,370 shareholders.

-ENDS-

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

	Quarter Ended				Full Year	
	Mar 18	Jun 18	Sep 18	Dec 18	Dec 18	Dec 17
Total BCM Mined	4,634,437	4,191,006	2,787,928	3,117,326	14,730,697	12,461,515
Total Ore BCM	388,483	226,883	20,259	414,442	1,050,067	1,193,821
Concentrate Produced (t)	646,540	705,408	399,357	524,413	2,275,718	1,959,604
Weight Recovery (%)	52.0	64.1	53.4	44.0	53.2	49.5
Pellets Produced (t)	622,753	608,816	437,336	516,722	2,185,627	1,895,180
Pellet Stockpile (t)	279,212	199,842	138,463	189,351	189,351	262,212
Concentrate Stockpile (t)	18,509	58,511	5,278	1,158	1,158	11,656

## SHIPPING AND SALES

	Quarter Ended				Full Year	
	Mar 18	Jun 18	Sep 18	Dec 18	Dec 18	Dec 17
Iron Ore Pellet Sales (dmt)	605,753	688,186	498,714	465,834	2,258,487	1,804,108
Iron Ore Concentrate Sales (dmt)	0	10,042	0	0	10,042	134
Iron Ore Chip Sales (dmt)	26,146	32,942	14,961	31,102	105,151	91,841
<b>TOTAL Iron Ore Product Sales (dmt)</b>	<b>631,899</b>	<b>731,170</b>	<b>513,675</b>	<b>496,936</b>	<b>2,373,680</b>	<b>1,896,083</b>
Average Realised Product Price (US\$/t FOB Port Latta)	107.22	101.11	132.41	112.61	111.92	97.84
Average Realised Exchange Rate (AUD:USD)	0.7853	0.7545	0.7277	0.7198	0.7473	0.7692
Average Realised Product Price (A\$/t FOB Port Latta)	136.54	134.00	181.96	156.45	149.76	127.20



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