



29 July 2019  
ASX: GRR

## REPORT FOR THE QUARTER ENDED 30 June 2019

### HIGHLIGHTS

- Mining production progressed to schedule with increased movement rates.
- West wall cutback advanced to deliver ore from main ore zone in Q3.
- Increase in average received prices for the quarter of US\$124.04/t (A\$176.62/t) (FOB Port Latta) compared with US\$117.00/t (A\$164.12/t) for the March 2019 quarter.
- Pellet production decreased for the quarter to 402kt compared with 453kt for the March 2019 quarter.
- Unit cash operating cost increased for the quarter of A\$162.03/t compared with A\$121.48/t for the March 2019 quarter. This was due to a decrease in concentrate production to 373kt from 481kt for the last quarter and continued scheduled maintenance works in the processing plants.
- Pellet sales decreased for the quarter of 327kt compared with 488kt for the March 2019 quarter.
- Cash and liquid investments of A\$149.63 million and trade receivables of A\$24.88 million compared with cash and liquid investments of A\$207.01 million and trade receivables of A\$17.50 million for the March 2019 quarter.
- Significant outlays of approximately A\$18.30 million has been made in the quarter on capital projects including progression of the exploration decline in North Pit and Caterpillar 789c truck fleet rebuilds. In addition, final income tax payment of A\$24.95 million for the financial year 2018 has been made. The cash balance is expected to increase in the next quarter with increased shipments following improved production.
- Exploration Decline 370-metres in and progressing well.
- Design work has commenced to improve air flow in the furnaces.



“As expected and previously communicated to the market, the second quarter was a challenging one with low production and product sales. The operations team has done well to undertake opportune maintenance work and is focused on the cutback on the west wall, which will provide the next area of access to the Main Ore Zone in the coming months. We are on plan to minimise the overall impact to achieve full-year production.” said CEO Mr. Honglin Zhao.

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

## SAVAGE RIVER OPERATIONS

### PRODUCTION

	June Quarter 2019	March Quarter 2019	December Quarter 2018
<b>Total BCM Mined</b>	3,874,527	3,229,189	3,117,326
<b>Total Ore BCM</b>	423,090	468,137	414,442
<b>Concentrate Produced (t)</b>	373,347	480,585	524,413
<b>Weight Recovery (%)</b>	26.8	39.3	44.0
<b>Pellets Produced (t)</b>	402,344	452,640	516,722
<b>Pellet Stockpile (t)</b>	229,920	154,192	189,351
<b>Concentrate Stockpile (t)</b>	1,228	30,642	1,158

Risk management processes remain the focus for the operation. Production and project activity continue to increase onsite and safe work has been sustained with over 830 days Lost Time Injury Free achieved.

Mining for the quarter was focused on the west wall cutback. Minor ore lenses of lower grade material have provided the main ore feed for the last few months resulting in lower head grade and subsequently reduced pellet production. The west wall cutback has now been advanced to a position to begin accessing the Main Ore Zone. This will see a return to the high-grade ore for the balance of the year, which will support significant improvement to production.

Opportune maintenance was undertaken through the quarter to ensure the concentrator and pellet plant are prepared for full production for the second half of 2019.



## SHIPPING AND SALES

	June Quarter 2019	March Quarter 2019	December Quarter 2018
Iron Ore Pellet Sales (dmt)	326,616	487,799	465,834
Iron Ore Concentrate Sales (dmt)	45	36	0
Iron Ore Chip Sales (dmt)	19,465	20,658	31,102
<b>TOTAL Iron Ore Product Sales (dmt)</b>	<b>346,126</b>	<b>508,493</b>	<b>496,936</b>
Average Realised Product Price (US\$/t FOB Port Latta)	124.04	117.00	112.61
Average Realised Exchange Rate (AUD:USD)	0.7023	0.7129	0.7198
Average Realised Product Price (A\$/t FOB Port Latta)	176.62	164.12	156.45

The average price received during the quarter of US\$124.04/t (A\$176.62/t) (FOB Port Latta), increased by 6.02% from US\$117.00/t (A\$164.12/t) for the March 2019 Quarter.

Continued demand for iron ore supported an increase in prices achieved during the quarter. Grange continue to deliver into existing and new secured term off-take agreements (remaining fully committed for 2019).

## MINE DEVELOPMENT PROJECTS

### *North Pit Underground*

Geological modelling continued in Q2 with the completion of Phase 2 drilling to test resource extensions for the North Pit Underground project. Assays work was undertaken and adjustments to the estimation are in progress.

The Exploration Decline is progressing to plan, with the face position in 370m as at the end of June. While there have been some areas of slow going moving through a fault system, work is proceeding well. An underground drill rig was mobilized to site and installed for Phase 3 of the drilling program. This includes diamond holes designed to assess the orebody from the Exploration Decline and will focus on acquiring detailed geotechnical information from the Main Ore Zone.



### *Centre Pit*

The feasibility study for Centre Pit is on track for completion in Q3. Geotechnical slope analysis and modelling is being finalised, and the first pass of staged pit designs was completed. These will be refined over the next few months. Submission has been made to the EPA for approval to commence operation in Centre Pit.

### *Port Latta Improvement Projects*

In addition to routine maintenance and structural refurbishment, progress has been made on the rebuild of the fifth furnace. This has not been utilised in the current operation, and engineering design work is in progress to modify the furnace to improve the flow of air through the pellets. 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.

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## GRANGE ROC PROPERTY

### *Lumley Park (previously Lumley Court)*

Construction at Lumley Park is progressing according to plan and within budget. As of the date of this report, three 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.

### *Carter Toorak (previously Malvern Road)*

Construction at Carter Toorak is also progressing according to plan and within budget. As of the date of this report, three of 8 units have been sold and achieved the budgeted or higher sale price. The project is planned to be fully constructed and sold in 2019.

### *Brookville*

A development application for a 3-level, 8-unit prestige apartment development has been submitted to the Stonnington City Council.

## CORPORATE

### *Shareholders*

As at 30 June 2019 there were approximately 4,370 shareholders.

-ENDS-

For further information, please contact:

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