



28 April 2020
ASX: GRR

REPORT FOR THE QUARTER ENDED 31 March 2020

HIGHLIGHTS

- Continued to prioritise the safety and well-being of our workforce and implemented and expanded on our business continuity response plan to address the COVID-19 outbreak.
- Operations achieved over 3 years Lost Time Injury Free.
- Pellet production decreased for the quarter to 589kt compared with 650kt for the December 2019 quarter.
- Pellet sales decreased for the quarter to 557kt compared with 732kt for the December 2019 quarter.
- Increase in average received prices for the quarter to US\$118.34/t (A\$183.47/t) (FOB Port Latta) compared with US\$104.04/t (A\$152.40/t) for the December 2019 quarter.
- Unit cash operating cost increased for the quarter to A\$99.28/t compared with A\$90.17/t for the December 2019 quarter. This was due to a decrease in concentrate production to 600kt from 700kt for the last quarter.
- Cash and liquid investments of A\$168.98 million and trade receivables of A\$40.25 million compared with cash and liquid investments of A\$161.93 million and trade receivables of A\$30.47 million for the December 2019 quarter.
- Significant outlays of approximately A\$16.32 million have been made in the quarter on capital projects including progression of the underground exploration decline in North Pit and purchases of dozers. The Company declared and paid a fully-franked interim dividend of 1.0 cent per share in the quarter.
- Underground exploration decline reached 1,474-metres.

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“While the COVID-19 pandemic has brought much volatility and uncertainty to global markets and our daily lives, our Team has been managing the situation exceptionally well. We have prioritised the safety and well-being of our workforce while minimising the impact to our operations. Shipments from Port Latta to our customers have remained on schedule as we continue to monitor the situation closely” said CEO Mr. Honglin Zhao.

“Although the iron ore price has not been impacted as significantly as many other commodities, the outlook in the coming months is uncertain. Grange’s balance sheet remains strong and we will continue to invest in projects that can deliver additional value.”

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

SAVAGE RIVER OPERATIONS

PRODUCTION

	March Quarter 2020	December Quarter 2019	September Quarter 2019
Total BCM Mined	4,061,862	3,835,834	3,523,381
Total Ore BCM	133,514	771,345	445,798
Concentrate Produced (t)	600,481	699,522	563,599
Weight Recovery (%)	51.7	53.1	40.7
Pellets Produced (t)	588,885	650,378	549,681
Pellet Stockpile (t)	179,515	147,721	229,159
Concentrate Stockpile (t)	3,073	5,497	1,717

The business continued to operate safely with no Lost Time Injuries in the quarter and achieving over 3 years LTI free at the end of March. The business has rapidly adapted to a new mode of operation in order to ensure the health, safety and wellbeing of our people through the course of the COVID-19 pandemic. Business continuity plans have been implemented and operations have instigated multiple layers of controls. These have centred around our 4 simple steps to Sanitise, Separate, Self-care and Support each other as we continue our operation and protect our people at work and at home.

Significant waste removal began in Centre Pit in the quarter and progressed ahead of schedule. Access to remediation of sections of the east wall in North Pit was impacted by wall movements, confined working areas, and higher than expected rainfall during the early part of summer, but overall work continues on plan.

The common equipment shut down in downstream processing for maintenance was completed safely during the quarter, with all major maintenance projects undertaken incorporating strict COVID-19 controls.

SHIPPING AND SALES

	March Quarter 2020	December Quarter 2019	September Quarter 2019
Iron Ore Pellet Sales (dmt)	557,091	731,816	550,442
Iron Ore Concentrate Sales (dmt)	0	41	0
Iron Ore Chip Sales (dmt)	20,371	35,020	20,148
TOTAL Iron Ore Product Sales (dmt)	577,461	766,877	570,590
Average Realised Product Price (US\$/t FOB Port Latta)	118.34	104.04	103.06
Average Realised Exchange Rate (AUD:USD)	0.6450	0.6827	0.6869
Average Realised Product Price (A\$/t FOB Port Latta)	183.47	152.40	150.04

The average A\$ price received during the quarter of A\$183.47/t (US\$118.34/t) (FOB Port Latta), increased by 20.39% from A\$152.40/t (US\$104.04/t) for the December Quarter.

Grange continues to deliver into secured term offtake agreements realising higher prices for its lower impurity and high quality products.

MINE DEVELOPMENT PROJECTS

North Pit Underground

Phase 3 drilling program from the exploration decline continued in Q1. 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. The ventilation study review was completed in the quarter.

A review of the progress of the PFS was undertaken through the quarter and the study was also reviewed through an Independent Project Review process. Through the course of the study, further areas have been identified that require additional information to adequately model the nature, extent and geotechnical character of the ore zone. The Board has approved additional work to be undertaken throughout 2020, with a view to completing the study in Q2 2021. This additional work will include the incorporation of the data from the completed Phase 3 drilling program and the implementation of a Bulk Sample Drive that will be developed through the width of the ore zone. The Bulk Sample Drive will enable further collection of information to inform the risks and uncertainties identified.

Centre Pit

The feasibility study for Centre Pit and interim environmental approval for the first stage of stripping was completed in Q4 of last year. Final environmental approvals are being sought, with preparation of an Environmental Impact Statement in progress.

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 later 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

All 5 units at Lumley Park were successfully sold and settled in the quarter.

Carter Toorak

Construction at Carter Toorak is near completion with the certificates of occupancy expected in the coming weeks. The focus now 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 achieved late last year and the focus is to sell the developed land at Brookville.

CORPORATE

The Company declared and paid a fully-franked final dividend of 1.0 cent per share in the quarter.

Shareholders

As at 31 March 2020 there were approximately 5,400 shareholders.

This report was approved by the Board.

-ENDS-

For further information, please contact:

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