



22 October 2015  
ASX: GRR

REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015

# STRONG PRODUCTION CONTINUES FOR QUARTER

## HIGHLIGHTS

- Record pellet production of 650kt achieved during the quarter.
- The AG Mill with new shell was successfully commissioned and is in full production.
- Cash operating costs (C1) reduced to A\$79/t from A\$88/t in June 2015 Quarter.
- Average price received for the Quarter of US\$63.08/t (A\$86.72) (FOB Port Latta) compared with US\$68.23 (A\$87.36) in June Quarter, 2015.
- Sustained cash position of A\$139 million as at 30 September 2015.
- South Deposit Tailings Storage Facility (SDTSF) construction continues on plan in spite of wet weather.
- Savage River mine operation has exceeded 5 years without a lost time injury.



“While the iron ore market demand is uncertain, we are still confident that our high-quality, low-impurity pellet product has an important place in the market” Mr. Honglin Zhao, the CEO said.

We remain on target to produce ~2.5 million tonnes of high grade magnetite concentrate by year end.

Our daily focus on cost reduction and efficiency improvement has delivered another quarter with a solid operating margin. We continue to develop our Life of Mine Strategy to optimise our resources and manage the risks through the uncertain market conditions. ”

## SAVAGE RIVER OPERATIONS

### PRODUCTION

|                                  | September<br>Quarter<br>2015 | June<br>Quarter<br>2015 | September<br>Quarter<br>2014 |
|----------------------------------|------------------------------|-------------------------|------------------------------|
| <b>Total BCM Mined</b>           | 3,714,555                    | 3,921,851               | 3,836,241                    |
| <b>Total Ore BCM</b>             | 255,127                      | 425,158                 | 232,793                      |
| <b>Concentrate Produced (t)</b>  | 637,927                      | 588,186                 | 691,348                      |
| <b>Weight Recovery (%)</b>       | 46.4                         | 48.4                    | 49.1                         |
| <b>Pellets Produced (t)</b>      | 650,052                      | 607,803                 | 627,277                      |
| <b>Pellet Stockpile (t)</b>      | 408,380                      | 216,887                 | 196,625                      |
| <b>Concentrate Stockpile (t)</b> | 128,831                      | 167,675                 | 127,618                      |

Grange operations have not incurred any lost time injuries in the last 174 days. The mine at Savage River has now exceeded 5 years without a lost time injury.

Mine operations continue to focus on mining ore from South Deposit and pre-stripping material in the cutback of North Pit. Movement rates were slightly down over the quarter, but sound rates have been sustained throughout the high rainfall of winter months. South Deposit ore is now the main source for concentrator feed.

Pellet production was at an all-time record for Q3. This highlights our focus on continuous improvements in our process and proactive maintenance of our core assets, underpinning high availability.

Development continues on construction of the filter face for the South Deposit Tails Storage Facility (SDTSF). Implementation is progressing to plan.

The change out of the first of the 48 year old Autogenous Mills was completed safely, ahead of schedule and on budget. The commissioning went very smoothly and the new mill is already performing at high production rates.



## SHIPPING AND SALES

|   | September<br>Quarter<br>2015 | June<br>Quarter<br>2015 | September<br>Quarter<br>2014 |
|---|------------------------------|-------------------------|------------------------------|
| Iron Ore Pellet Sales (dmt)                                       | 458,559                      | 640,579                 | 836,285                      |
| Iron Ore Concentrate Sales (dmt)                                  | 41                           | 40                      | 42                           |
| Iron Ore Chip Sales (dmt)   | 20,849                       | 16,897                  | 34,372                       |
| <b>TOTAL Iron Ore Product Sales (dmt)</b>                         | <b>479,449</b>               | <b>657,516</b>          | <b>870,699</b>               |
| <b>Average Realised Product Price<br/>(US\$/t FOB Port Latta)</b> | <b>63.08</b>                 | <b>68.23</b>            | <b>103.74</b>                |
| <b>Average Realised Exchange Rate<br/>(AUD:USD)</b>               | <b>0.7274</b>                | <b>0.7810</b>           | <b>0.9245</b>                |
| <b>Average Realised Product Price<br/>(A\$/t FOB Port Latta)</b>  | <b>86.72</b>                 | <b>87.36</b>            | <b>112.21</b>                |

The average price received during the quarter was US\$63.08 (A\$86.72) per tonne of product sold (FOB Port Latta), down approximately 7.5% (0.7%) from the June 2015 quarter of US\$68.23 (A\$87.36).

This downward movement is consistent with the reduction in benchmark 62% fe iron ore prices (CFR China) which was driven by the introduction of additional volume from major iron ore producers and ongoing pressures in the Chinese market.

Grange's high quality, low impurity products maintain a premium price in comparison to benchmark 62% Fe iron ore products.



## **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 is such that the project can be fully recommenced once Grange is able to secure an equity partner for a strategic share of the Company's interest in the project.

## **CORPORATE**

### *Shareholders*

As at 30 September 2015 there were approximately 4,500 shareholders.

-ENDS-

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