



26 April 2013  
ASX: GRR

# GRANGE RESOURCES LIMITED

*Australia's most experienced magnetite producer*

REPORT FOR THE QUARTER ENDED 31 MARCH 2013

## HIGHLIGHTS

- **1,000 days Lost Time Injury free achieved on 19 April 2013, an exceptional result.**
- **North Pit mining operations running ahead of schedule.**
- **Successful on time and on budget completion of the annual common equipment shutdown during March 2013.**
- **Focus on driving operating costs lower delivering results with quarterly C1 unit costs ~6% below budget and cash operating costs ~10% below budget.**
- **Strengthening product prices continued, averaging US\$144.71 per tonne (FOB Port Latta) for the quarter - an increase of 17% from the December 2012 quarter.**
- **Cash, term deposits and trade receivables of A\$164.3 million. No net debt and low gearing levels.**
- **Southdown Project team down-sizing complete. Search for an equity partner continues.**
- **Regular dividend maintained with a 1.0 cent per share unfranked dividend paid on 3 April 2013.**

Grange Managing Director, Mr Richard Mehan said "The Company has made a solid start to the year with mine output, concentrate and pellet production close to budgeted targets."

"Our strong focus on mine development to provide better access to high grade ore is on target."

"Costs during the quarter were below budget, product prices have strengthened and there is strong market interest in our available spot cargoes. Opportunities for additional long term contracts are currently being negotiated."



## SAVAGE RIVER OPERATIONS

### SHIPPING AND SALES

	March Quarter 2013	December Quarter 2012	March Quarter 2012
Iron Ore Pellet Sales (dmt)	369,451	494,697	732,551
Iron Ore Concentrate Sales (dmt)	0	38,228	18,399
Iron Ore Chip Sales (dmt)	18,751	27,670	28,078
<b>TOTAL Iron Ore Product Sales (dmt)</b>	<b>388,203</b>	<b>560,595</b>	<b>779,028</b>
<b>Average Realised Product Price (US\$/t FOB Port Latta)</b>	<b>144.71</b>	<b>123.84</b>	<b>169.83</b>

The average price received during the quarter was US\$144.71 per tonne of product sold (FOB Port Latta) reflecting the continued strengthening of global iron ore prices and the quality premium attaching to our iron ore pellets.

Total sales for the quarter were impacted by minor variations to shipping schedules which resulted in a budgeted shipment (totalling approximately A\$11.5 million) moving into April 2013 and thereby increasing our 31 March 2013 quarter end pellet stockpiles.

### PRODUCTION

	March Quarter 2013	December Quarter 2012	March Quarter 2012
<b>Total BCM Mined</b>	<b>4,859,868</b>	<b>3,490,008</b>	<b>4,342,253</b>
<b>Total Ore BCM</b>	<b>349,046</b>	<b>435,136</b>	<b>490,301</b>
<b>Concentrate Produced (t)</b>	<b>453,410</b>	<b>517,581</b>	<b>573,625</b>
<b>Weight Recovery (%)</b>	<b>31.9</b>	<b>35.6</b>	<b>43.1</b>
<b>Pellets Produced (t)</b>	<b>442,896</b>	<b>496,469</b>	<b>511,630</b>
<b>Pellet Stockpile (t)</b>	<b>203,244</b>	<b>131,223</b>	<b>130,126</b>
<b>Concentrate Stockpile (t)</b>	<b>17,245</b>	<b>8,777</b>	<b>19,057</b>

Grange's exceptional safety performance was maintained and surpassed with 1,000 days LTI free achieved on 19 April 2013.

North Pit mining operations during the quarter continued to be executed in accordance with the revised mine plan developed after the July 2012 North Pit wall failure. Material movement rates exceeded planned rates for the quarter and have established an excellent foundation for North Pit to deliver higher grade material as the year progresses.



The annual common equipment shutdown of the concentrator and pellet plant was completed on time and without incident during March 2013. The timing of capital projects continue to be rescheduled so that they are aligned with effective condition monitoring and preventative management processes.

An independent peer review was completed as part of the progression towards Federal approval to construct the South Deposit Tails Storage Facility. The Development Proposal and Environmental Management Plan was drafted and is under review by the Tasmanian Environmental Protection Agency (EPA) and the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC). It is expected that the formal submission to both SEWPaC and the EPA will occur during the second quarter of 2013.

During March 2013, the Company advised the EPA of an unplanned release of water from a tailings dam at Savage River. The unplanned release was rapidly contained and the Company continues to work with the EPA in its investigation of the incident.

## **SOUTHDOWN MAGNETITE PROJECT** (Grange 70%, SRT Australia Pty Ltd 30%)

During the quarter the Company completed its down-sizing initiatives which have resulted in the Project team being reduced to a small group of six.

All tenements, permits and project assets continue to be maintained in good order. The Company continues the process of seeking an equity partner for a strategic share of the Company's interest in the project.

## **CORPORATE**

A total of 1,005,493 shares were issued to employees under the Long Term Incentive Plan during the quarter.

The Company continues to see good liquidity in the trading of its shares with the free float remaining over 40% during the quarter. As at 31 March 2013 there were approximately 5,400 shareholders.

The Annual Report and the Notice of Meeting for the Company's Annual General Meeting to be held in Perth on 8 May 2013 were released to the market and have been despatched to shareholders.

-ENDS-

For further information, please contact:

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*"C1" costs are the cash costs associated with producing iron ore products without allowance for deferred mining and stockpile movements, and also exclude royalties, depreciation and amortisation costs. "C1" costs provide an insight to current margins.*