



25 July 2013  
ASX: GRR

# GRANGE RESOURCES LIMITED

*Australia's most experienced magnetite producer*

REPORT FOR THE QUARTER ENDED 30 JUNE 2013

## HIGHLIGHTS

- Continued excellent safety performance at Savage River. 1,000 days Lost Time Injury free achieved on 19 April 2013, an exceptional result.
- Preserved balance sheet strength with net cash (cash and term deposits less debt) of A\$138.9 million as at 30 June 2013 whilst:
  - Repaying a mobile equipment lease facility of A\$5.8 million (net of debt service reserve amounts) during April 2013 and becoming debt free; and
  - Paying a dividend of 1.0 cent per share unfranked on 3 April 2013 totalling A\$11.6 million.
- North Pit mine redevelopment continues to run to schedule. Access to higher grade material in the North Pit is on track to be re-established early in the fourth quarter of 2013.
- Well progressed on planning and approvals for South Deposit and Long Plains.
- Cost control measures maintained at Savage River with cash operating costs ~ 6% below budget.
- Quality premium for iron ore pellets continues to be realised with product prices averaging US\$136.34 per tonne (FOB Port Latta) for the quarter.
- Announced the closure of the group's Perth office and the transfer of the Company's headquarters and all functions to Tasmania.
- Search for an equity partner in the Southdown Project continues.



Grange Managing Director, Mr Wayne Bould said "In response to challenging market conditions, the Company implemented the next phase of its restructuring initiatives during the quarter with the announcement of the closure of the Perth Office and the transfer of all corporate activities to the existing office in Burnie, Tasmania."

"These restructuring initiatives ensure our focus is directly on the long term viability and competitiveness our Savage River operations and its cost effective development through the optimisation of production and reductions in direct operating costs."

"In line with our focus on operational effectiveness the mining team is currently replanning and rescheduling operations to ensure we deliver on our immediate priorities of re-establishing access to higher grade material in North Pit and progressing South Deposit approvals."

"Whilst we were disappointed with the grade of ore extracted from our alternate mining operations during the quarter we were able to maximise production and deliver into our shipping schedules by increasing in the amount of ore processed through the concentrator."

"The Grange Board is satisfied with the status of the feasibility studies for the Southdown Project and remains committed to finding an equity partner for a strategic share of the Company's interest in the project."

"We have successfully preserved the underlying financial strength and net cash of the Company during a challenging and volatile quarter whilst repaying a mobile equipment lease facility and becoming debt free and paying a further 1.0 cent dividend to shareholders."

## SAVAGE RIVER OPERATIONS

### SHIPPING AND SALES

	June Quarter 2013	March Quarter 2013	June Quarter 2012
Iron Ore Pellet Sales (dmt)	361,635	369,451	429,596
Iron Ore Concentrate Sales (dmt)	36	0	5,126
Iron Ore Chip Sales (dmt)	18,619	18,751	19,206
<b>TOTAL Iron Ore Product Sales (dmt)</b>	<b>380,290</b>	<b>388,203</b>	<b>453,928</b>
Average Realised Product Price (US\$/t FOB Port Latta)	136.34	144.71	149.14
Average Realised Exchange Rate (AUD:USD)	0.9847	1.0359	1.0046
Average Realised Product Price (A\$/t FOB Port Latta)	138.46	139.70	148.45

The average price received during the quarter was US\$136.34 per tonne of product sold (FOB Port Latta) reflecting the quality premium which continues to be attached to our iron ore pellets. The movement in the AUD:USD exchange rate during the quarter has been favourable to the Company delivering additional AUD revenues and substantially offsetting a 6% reduction in USD realised product prices over the April to June period.



Total sales for the quarter were impacted by minor variations to shipping schedules which resulted in a shipment (totalling approximately A\$10.3 million) been part loaded as at 30 June 2013, thereby increasing our 30 June 2013 quarter end pellet stockpiles.

Current market indications are that revenues received at Savage River are likely to remain similar to current levels through the next quarter given recent increases in index based market prices for 62% fe ore.

Discussions continue with a number of customers in relation to long term contracts for the supply of iron ore pellets.

## PRODUCTION

	June Quarter 2013	March Quarter 2013	June Quarter 2012
<b>Total BCM Mined</b>	4,248,393	4,859,868	3,593,456
<b>Total Ore BCM</b>	520,750	349,046	474,988
<b>Concentrate Produced (t)</b>	397,075	453,410	606,929
<b>Weight Recovery (%)</b>	25.4	31.9	41.4
<b>Pellets Produced (t)</b>	406,719	442,896	585,450
<b>Pellet Stockpile (t)</b>	248,320	203,244	284,613
<b>Concentrate Stockpile (t)</b>	2,905	17,245	33,411

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 which focussed on maintaining ore supply from alternate locations during a period of mine re-development.

Material movement rates continue to run to schedule and are 18% higher than the same quarter last year. We remain on track to re-establish access to higher grade material in the North Pit early in the fourth quarter of 2013. Whilst ore grades were lower than the previous quarter the concentrator was able to treat 1.65 million tonnes of ore, a 7% improvement from the same quarter last year. This increased processing partially off-set the impact of this lower grade ore feed on concentrate and pellet production during the quarter.

We expect weight recovery to improve significantly in the fourth quarter of 2013 once access to higher grade material from the main ore zone of North Pit is re-established. This higher grade material will improve concentrate yield and pellet production and off-set current lower weight recoveries and allow us to produce approximately 2.0 million tonnes of iron ore pellets in 2013.

The timing of capital projects continues to be rescheduled given the volatile market and challenging operational conditions to ensure they are aligned with effective condition monitoring and preventative management processes.



Approvals for the construction the South Deposit Tails Storage Facility and expansion of mining operations are progressing well with the successful completion of the public review period. The Development Proposal and Environmental Management Plan is currently under review with the Tasmanian Environmental Protection Agency (EPA) and the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC).

## **SOUTHDOWN MAGNETITE PROJECT**

(Grange 70%, SRT Australia Pty Ltd 30%)

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. Market conditions for securing project investment funding continue to be challenging.

## **CORPORATE**

The Company announced its decision to relocate its corporate headquarters from Perth to Tasmania and the appointment of a new Managing Director, Wayne Bould, during the quarter. Mr Bould, most recently the Company's Chief Operating Officer, has over 40 years' practical and managerial experience in the petroleum, forestry and mining sectors. He joined Grange in May 2008 and has extensive knowledge of the Company's Tasmanian operations, the iron ore industry as well as an in-depth appreciation and understanding of the broader challenges facing the mining sector.

This announcement will result in all Perth based functions being relocated to Grange's Tasmanian office in Burnie and the closure of the Perth office. This is consistent with Grange's current operational focus.

The Company's Annual General Meeting was held in Perth in May and all resolutions were successfully passed.

As at 30 June 2013 there were approximately 5,300 shareholders The Company will undertake a range of investor relations activities in the second half of 2013 and will release its interim results for the half year ended 30 June 2013 at the end of August 2013.

-ENDS-

For further information, please contact:

**Investors:**

Wayne Bould

Managing Director & CEO

Grange Resources Limited

+ 61 3 6430 0222

Or visit [www.grangeresources.com.au](http://www.grangeresources.com.au)