



17 October 2013  
ASX: GRR

# GRANGE RESOURCES LIMITED

*Australia's most experienced magnetite producer*

REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

## HIGHLIGHTS

- Outstanding safety performance continues with no Lost Time Injuries recorded during the quarter. Over 1,160 days Lost Time Injury free.
- Strong cash position (cash and term deposits of A\$138.6 million at 30 September 2013) and no debt.
- Business rebalancing initiatives are yielding results
  - North Pit mine redevelopment running ahead of schedule.
  - Higher grade ore in North Pit accessed ahead of schedule in September 2013.
  - Substantial improvements in weight recovery (up to 38.3% during September 2013) and production targets achieved by the end of the quarter.
  - Cost control disciplines continue with cash operating costs now ~ 3% below budget.
- Pellet quality premium maintained with realised product prices averaging US\$133.85 per tonne (FOB Port Latta) for the quarter.
- Effective marketing strategy in place with upside and risk diversification being achieved through spot sales.
- Planning and approvals for South Deposit continue to progress and run to schedule.
- Interim dividend of 1.0 cent per share (unfranked) paid to shareholders on 2 October 2013. This represents an annual dividend yield of ~10% at current share prices.
- Exploration drilling at Long Plains is nearing completion. We expect to release an updated resource statement during the fourth quarter of 2013.
- Search for an equity partner in the Southdown Project continues but market conditions remain challenging.
- Investor relations program to commence in late 2013.

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“Q3 was always going to be our toughest challenge in 2013” Grange Managing Director, Mr Wayne Bould said

“The Tasmanian winter is very demanding operationally at the best of times. With snow, record rainfalls and very strong winds the 2013 winter was particularly challenging. Despite the climatic adversity this quarter we were effective in exceeding our plan to regain access to the North Pit high grade ore ahead of schedule during September. This has seen us rebalance our ROM stockpile feeds and significantly increase our weight recovery.”

“Our constant focus on disciplined planning, targeted quality and cost control management is starting to deliver the planned results. The operations team has safely delivered record run rates during the quarter in demanding climatic circumstances and their efforts have resulted in Grange delivering to its plans and maintaining its targeted outputs.”

## SAVAGE RIVER OPERATIONS

### SHIPPING AND SALES

	September Quarter 2013	June Quarter 2013	September Quarter 2012
Iron Ore Pellet Sales (dmt)	517,884	361,635	563,836
Iron Ore Concentrate Sales (dmt)	39	36	2,187
Iron Ore Chip Sales (dmt)	18,580	18,619	9,325
<b>TOTAL Iron Ore Product Sales (dmt)</b>	<b>536,503</b>	<b>380,290</b>	<b>575,348</b>
Average Realised Product Price (US\$/t FOB Port Latta)	133.85	136.34	128.07
Average Realised Exchange Rate (AUD:USD)	0.9176	0.9847	1.0380
Average Realised Product Price (A\$/t FOB Port Latta)	145.87	138.46	123.38

The average price received during the quarter was US\$133.85 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, improving the AUD realised price by 5% and delivering additional AUD revenues.

Total iron ore product sales for the quarter were 41% higher than the June 2013 quarter with an additional shipment in July 2013 arising from a minor variation in shipping scheduled during June 2013 and improved production.

Current market indications are that revenues received at Savage River are likely to remain similar to current levels through the next quarter.

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



## PRODUCTION

	September Quarter 2013	June Quarter 2013	September Quarter 2012
<b>Total BCM Mined</b>	4,031,266	4,248,393	3,212,056
<b>Total Ore BCM</b>	489,814	520,750	373,211
<b>Concentrate Produced (t)</b>	472,108	397,075	424,622
<b>Weight Recovery (%)</b>	31.5	25.4	25.6
<b>Pellets Produced (t)</b>	446,937	406,719	410,977
<b>Pellet Stockpile (t)</b>	174,198	248,320	128,889
<b>Concentrate Stockpile (t)</b>	7,580	2,905	35,777

Grange's exceptional safety performance was maintained with no Lost Time Injuries recorded during the quarter.

North Pit mining operations are ahead of schedule, with the pit opening up to establish good access to the main ore zone during September 2013.

Material movement rates have been strong in spite of the wet weather during the quarter, with a 25% increase from the same period last year. As predicted the head grade has improved with access to higher grade ore, resulting in an increase in weight recovery and concentrate production. We expect this trend to continue throughout the fourth quarter of 2013.

Given the volatile market and challenging operational conditions the timing of non-critical capital works continues to be rescheduled to ensure they are aligned with effective condition monitoring and preventative management processes.

Development plans for the construction the South Deposit Tails Storage Facility and expansion of mining operations continue to progress through the approvals process 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 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.

Market conditions for securing project investment funding have not improved and continue to remain challenging.

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## CORPORATE

The Company successfully completed the relocation of its corporate headquarters from Perth to Tasmania and closed its Perth office during the quarter.

Shareholder numbers remained constant during the quarter at approximately 5,300 shareholders.

The Company paid a 1 cent unfranked interim dividend on 2 October 2013, maintaining its record of continuous dividend payments since it commenced paying dividends in mid 2011.

Australian shareholders have been advised that all future dividends will be paid by direct credit only and that dividend payments will no longer be made by cheque. As well as enhanced convenience for shareholders (no delays in waiting for a cheque to clear or having to make a special trip to the bank) direct credit dividend payments also minimize the potential for fraud.

-ENDS-

For further information, please contact:

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