



22 April 2016
ASX: GRR

REPORT FOR THE QUARTER ENDED 31 MARCH 2016

GRANGE HOLDS THE LINE IN Q1

HIGHLIGHTS

- Strong production was delivered safely throughout the quarter with costs controlled tightly.
- Pellet production of 640kt achieved, an increase from December quarter.
- Average price received for the quarter of US\$59.02/t (A\$80.64) (FOB Port Latta) compared with US\$54.62 (A\$75.97) in December 2015 quarter supported demand for pellets for the start of the new year.
- Cash operating costs (C1) reduced further to A\$63.27/t compared with A\$72.73/t in December 2015 quarter.
- Strong cash position of A\$126.58 million and trade receivables of A\$14.07 million as at 31 March 2016 compared to A\$138.43 million cash position and A\$4.02 million trade receivables as at 31 December 2015.
- Secured second long term contract for 2016 and 2017.
- Continued safety record with no Lost Time Injuries during the quarter.
- Cost reduction focus continues with finalising the redundancy and restructuring and optimising the workforce.
- Initial fluxed pellet trials is progressing.
- South Deposit Tailings Storage Facility (SDTSF) construction continues on plan.

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“The continued commitment and effort by all team members of the Company is to be commended. Despite continued uncertainty in the industry and the Company implementing cost reduction initiatives including a redundancy and restructure program optimising the workforce, the team achieved set targets and delivered strong results for the quarter,” Mr. Honglin Zhao, the CEO said.

“Demand for our products continue to be strong. This reflects the quality of our pellets and we continue to seek innovation in improving the quality of our products.

“The management team continue to demonstrate their commitment to safely and efficiently running the operations through this uncertain time and we will continue our disciplined approach to cost reduction.”

SAVAGE RIVER OPERATIONS

PRODUCTION

	March Quarter 2016	December Quarter 2015	September Quarter 2015
Total BCM Mined	3,240,319	3,789,897	3,714,555
Total Ore BCM	302,267	325,980	255,127
Concentrate Produced (t)	664,257	670,474	637,927
Weight Recovery (%)	40.8	42.3	46.4
Pellets Produced (t)	639,517	625,093	650,052
Pellet Stockpile (t)	420,064	430,261	408,380
Concentrate Stockpile (t)	179,516	169,895	128,831

Grange operations achieved over 357 days lost time injury free as mining continued in South Deposit and North Pit. South Deposit is delivering high quality feed for the process and the cutback in North Pit continues to develop access to the main ore zone for ore supply later in the year.

Processing rates were sustained through the quarter supporting increased shipping movements through the Port. Online trials were conducted at the Pellet Plant with the addition of lime to increase levels of Calcium in the pellet. Preliminary results are positive and development of this project continues to improve pellet quality.



SHIPPING AND SALES

	March Quarter 2016	December Quarter 2015	September Quarter 2015
Iron Ore Pellet Sales (dmt)	649,714	603,212	458,559
Iron Ore Concentrate Sales (dmt)	41	40	41
Iron Ore Chip Sales (dmt)	20,678	20,766	20,849
TOTAL Iron Ore Product Sales (dmt)	670,433	624,018	479,449
Average Realised Product Price (US\$/t FOB Port Latta)	59.02	54.62	63.08
Average Realised Exchange Rate (AUD:USD)	0.7319	0.7190	0.7274
Average Realised Product Price (A\$/t FOB Port Latta)	80.64	75.97	86.72

The average price received during the quarter was US\$59.02/t (A\$80.64) per tonne of product sold (FOB Port Latta), up approximately 8.1% (6.1%) from the December 2015 quarter of US\$54.62 (A\$75.97) in December 2015 Quarter.

This upward movement from the previous quarter is consistent with the rebound in benchmark 62% Fe iron ore prices (CFR China), although there is much uncertainty to the future direction of the iron ore prices. Grange's high quality, low impurity products continue to attract a premium price in comparison to benchmark 62% Fe iron ore products.

We have successfully secured term off-take agreements to sell all products that were uncontracted for 2016. This also includes commitments for sales in 2017 in addition to the long-term offtake agreement.

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.

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CORPORATE

Executives

Mr Steven Phan was appointed Chief Financial Officer of the Company with effect from 11 April 2016. Mr Phan served previously as CFO of Norton Gold Fields Limited where he successfully managed the company's price-risk strategy in a declining gold price environment and was actively involved with the company's cost reduction initiatives and corporate transactions. He comes with 15 years of experience in financial management, reporting and advisory for Canadian, Chinese and Australian publicly listed corporations, particularly in the mining sector. He previously held positions with Eldorado Gold Corporation and professional services firms Deloitte Touche Tohmatsu and KPMG. Mr Phan graduated from Simon Fraser University in Canada with a Bachelor in Business Administration and trained as a Chartered Accountant.

Ms Bessie Zhang departed the Company on 11 March 2016. We wish her all the best with her future endeavours.

Shareholders

As at 31 March 2016 there were approximately 4,400 shareholders.

-ENDS-

For further information, please contact:
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