



17 July 2015  
ASX: GRR

## REPORT FOR THE QUARTER ENDED 30 JUNE 2015

# STRONG PRODUCTION CONTINUES FOR QUARTER

### HIGHLIGHTS

- Strong ongoing demand for Grange's magnetite pellets despite weaker underlying iron ore price.
- Average price received for the Quarter of US\$68.23/t (A\$87.36) (FOB Port Latta) compared with US\$78.73 (A\$99.28) in March Quarter, 2015.
- Replacement of the first 48 year old Mill Shell proceeding safely and ahead of schedule.
- Cash operating costs (C1) managed to A\$88/t compared with A\$71/t in March 2015 Quarter in spite of reduced concentrate production during the Mill Shell replacement.
- Solid pellet production of 607,803t sustained during the quarter.
- Strong cash position of A\$149.6 million as at 30 June 2015.
- Achieved a Lost Time Injury free record of 1,728 days into the quarter.
- South Deposit Tailings Storage Facility (SDTSF) construction continues on plan in spite of wet weather.



“While the price of iron ore has dropped dramatically, we are still confident about our high-quality, low-impurity pellet product,” Mr. Honglin Zhao, the CEO said.

“Despite the falls in the iron ore price, we have continued to ship out our products as scheduled and received relatively strong prices for our products. The strength of US dollars offset some of the price pressure as well.

“The management team has continued with their strong focus on cost reduction and cost management to ensure a margin was achieved in the first half of the year. While the market continues to tighten we will maintain our disciplined approach to cutting costs while still maintaining our core assets.”

## SAVAGE RIVER OPERATIONS

### PRODUCTION

	June Quarter 2015	March Quarter 2015	June Quarter 2014
<b>Total BCM Mined</b>	3,921,851	3,872,777	4,106,241
<b>Total Ore BCM</b>	425,158	702,091	456,744
<b>Concentrate Produced (t)</b>	588,186	709,646	670,446
<b>Weight Recovery (%)</b>	48.4	47.8	49.4
<b>Pellets Produced (t)</b>	607,803	645,287	614,245
<b>Pellet Stockpile (t)</b>	216,887	249,663	405,633
<b>Concentrate Stockpile (t)</b>	167,675	222,918	81,036

Mining operations focussed on mining ore from South Deposit and pre-stripping material in the next cutback of North Pit. Blending of ore from South Deposit with HG stockpiled from North Pit is supporting high processing rates and good quality production.

Grange operations achieved a record of 1,728 days Lost Time Injury free. Unfortunately an eye injury occurred in a workshop resulting in an infection and some lost time. This was closely managed with the fitter’s recovery progressing well. While the operation nearly made 5 years LTI free this incident serves to continue our resolve to improve the safety of our workplace.

Development continues on construction of the filter face for the South Deposit Tails Storage Facility (SDTSF). This is progressing to plan with an efficient work area established for effective movement. This is a significant project for operations at Savage River as the SDTSF will provide sufficient tailings storage capacity for the remaining life of the mine and facilitate the treatment of legacy environmental issues resulting from previous operations at Savage River.

The change out of the first of the 48 year old Autogenous Mills is progressing ahead of schedule. The old shell was safely removed and the new shell is now in place. Work continues on liner installation with commissioning to be completed in July.



## SHIPPING AND SALES

	June Quarter 2015	March Quarter 2014	June Quarter 2014
Iron Ore Pellet Sales (dmt)	640,579	547,055	609,427
Iron Ore Concentrate Sales (dmt)	40	41	39
Iron Ore Chip Sales (dmt)	16,897	48,578	9,306
<b>TOTAL Iron Ore Product Sales (dmt)</b>	<b>657,516</b>	<b>595,674</b>	<b>618,772</b>
<b>Average Realised Product Price (US\$/t FOB Port Latta)</b>	<b>68.23</b>	<b>78.73</b>	<b>110.77</b>
<b>Average Realised Exchange Rate (AUD:USD)</b>	<b>0.7810</b>	<b>0.7930</b>	<b>0.9361</b>
<b>Average Realised Product Price (A\$/t FOB Port Latta)</b>	<b>87.36</b>	<b>99.28</b>	<b>118.33</b>

The average price received during the quarter was US\$68.23 (A\$87.36) per tonne of product sold (FOB Port Latta), down approximately 13.3% (12%) from the March 2015 quarter of US\$78.73 (A\$99.28).

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, ongoing pressures in the Chinese market

Grange's high quality, low impurity products continue to attract 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

### *Annual General Meeting*

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

### *Board Changes*

The Board advises that Mr Clement Ko has resigned from his position as Director, effective on 12 May 2015 due to personal commitments.

### *Shareholders*

As at 30 June 2015 there were approximately 4,700 shareholders.

A new substantial shareholder, Realindex Investments Pty Ltd, was announced during the quarter, with approximately 5.1% of the issued capital of the Company.

-ENDS-

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