



20 October 2016

ASX: GRR

## REPORT FOR THE QUARTER ENDED 30 September 2016

### HIGHLIGHTS

- Average price received for the quarter of US\$78.07/t (A\$103.32/t) (FOB Port Latta) compared with US\$67.69/t (A\$91.16/t) for June 2016 quarter demonstrating continued strong demand for pellets.
- Cash operating costs for the quarter of A\$86.78/t compared with A\$89.11/t for June 2016 quarter. Unit cash operating costs consistent with expectations as the operations undertake important maintenance works to sustain production and improve product quality.
- Cash position of A\$128.58 million and trade receivables of A\$23.18 million as at 30 September 2016 compared to A\$150.43 million cash position and A\$8.06 million trade receivables as at 30 June 2016. The Company paid \$5.8mil interim dividends and \$3.2mil in royalties.
- Pellets produced in the quarter of 632kt compared with 521kt in the June 2016 quarter.
- Pellets sold in the quarter of 586kt compared with 765kt in the June 2016 quarter.
- Continued safety record with no Lost Time Injuries during the quarter in spite of severe weather and a difficult operating environment.
- Construction of the South Deposit Tailings Storage Facility (SDTSF) continues on plan.



“While the iron ore market remains uncertain, demand for our products and the price premium for pellets continue to remain strong,” Mr. Honglin Zhao, the CEO said.

“We will continue to seek innovation in improving the productivity and the quality of our products.

“The management team and workforce 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

	September Quarter 2016	June Quarter 2016	March Quarter 2016
<b>Total BCM Mined</b>	2,170,451	2,127,247	3,240,319
<b>Total Ore BCM</b>	328,447	229,736	302,267
<b>Concentrate Produced (t)</b>	567,132	561,321	664,257
<b>Weight Recovery (%)</b>	40.6	40.2	40.8
<b>Pellets Produced (t)</b>	632,337	520,525	639,517
<b>Pellet Stockpile (t)</b>	221,733	175,753	420,064
<b>Concentrate Stockpile (t)</b>	85,949	186,910	179,516

Severe wet weather conditions have hampered pit movements and operations as we have worked through the September 2016 quarter. High rainfall and flooding has caused delays and created areas of wall instability in the pits. Mining in North Pit has been through a structurally complex area and has required remediation work to ensure safe operations. Short term redesigns are being implemented and remediation of small scale slips are progressing to improve movement rates and to secure access to ore supply in the lower parts of both South Deposit and North Pit.

In spite of these difficult operating conditions, management continue to focus on improving efficiency and maintaining a safe working environment. Grange operations achieved over 540 days lost time injury free for the quarter.

Maintenance work has progressed well on both mobile and fixed plants, with projects being managed and prioritised on a condition basis. Preparations have commenced for the change out of our second Autogenous Mill in 2017. The first Autogenous Mill shell was replaced in 2015 and is performing very well. Construction of the South Deposit Tails Storage Facility (SDTSF) continues to progress on plan.



## SHIPPING AND SALES

	September Quarter 2016	June Quarter 2016	March Quarter 2016
Iron Ore Pellet Sales (dmt)	586,357	764,836	649,714
Iron Ore Concentrate Sales (dmt)	44	0	41
Iron Ore Chip Sales (dmt)	30,864	30,909	20,678
<b>TOTAL Iron Ore Product Sales (dmt)</b>	<b>617,265</b>	<b>795,745</b>	<b>670,433</b>
<b>Average Realised Product Price (US\$/t FOB Port Latta)</b>	<b>78.07</b>	<b>67.69</b>	<b>59.02</b>
<b>Average Realised Exchange Rate (AUD:USD)</b>	<b>0.7556</b>	<b>0.7425</b>	<b>0.7319</b>
<b>Average Realised Product Price (A\$/t FOB Port Latta)</b>	<b>103.32</b>	<b>91.16</b>	<b>80.64</b>

The average price received during the quarter was US\$78.07/t (A\$103.32) (FOB Port Latta), up approximately 15.3% (13.3%) from US\$67.69 (A\$91.16) in the June 2016 quarter.

This upward movement in prices from the previous quarter reflects an increased demand for Grange's high quality, low impurity products which has resulted in the pellet premium strengthening. Whilst there is uncertainty to the future direction of the iron ore prices, Grange is confident the market will continue to recognise a premium for higher quality pellets in comparison to benchmark 62% Fe iron ore products.

Grange will continue to deliver into secured term offtake agreements for all products for 2016 and 2017.

## 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 allow the full recommencement of the project once Grange is able to secure an equity partner for a strategic share of the Company's interest in the project.



## CORPORATE

The Company declared and paid an interim dividend of 0.5 cent per share in the quarter.

### *Shareholders*

As at 30 September 2016 there were approximately 4,100 shareholders.

-ENDS-

For further information, please contact:  
[info@grangeresources.com.au](mailto:info@grangeresources.com.au)