



2 March 2018

## Corporate Update Grange Strategic Developments

### Highlights

- 2017 Full Year Profit after-tax of \$60.7 million, equivalent to Earnings Per Share of 5.25 cents
- Fully-franked final dividend declaration of 1 cent per share.
- Celebrating 50 years of operations this calendar year.
- Planned investment in 2018 into Mine Fleet and Structural Refurbishment.
- Feasibility studies progressing for Centre Pit and Long Plains.
- Board approved \$10 million investment into first stage of pre-feasibility study for underground development in North Pit.
- Joint venture Grange ROC Property established to diversify our investments through select property development projects.
- PCF Capital Group appointed to find equity investor in Southdown.

Grange Resources Ltd (ASX: GRR) is pleased to announce 2017 full year profit after-tax of \$60.7 million. Despite a combination of iron ore market uncertainty and operational difficulties in the first half of the year, the team has persevered and restored the operation back to full production in the second half of the year. This coincided with the improvement in iron ore prices and enabled the Company to deliver a profitable year, culminating in a final dividend declaration of 1 cent per share.

Following a very challenging period of relatively low iron ore prices over the past few years, the Company sustained the operation through a period of strong cost control. As the iron ore market stabilises and the demand for our high-grade magnetite products continues to strengthen, the Board and management team are committed to executing a strategy to deliver increased value for our shareholders.

### Operational Milestones

In Tasmania, Grange Resources is set to reach an important milestone of 50 years of operation on the 6<sup>th</sup> of March. The Company has recently completed investment in our Concentrator with the upgrade of our Autogenous Mills and other refurbishment projects to support more efficient production. The South Deposit Tails Storage Facility is also ready for operation and we will begin transitioning to the new facility in the coming months. Investment into sustaining maintenance will continue with a refurbishment program for our Mining Truck fleet for approximately \$20 million over the next 2 years and structural refurbishments of key infrastructure at Port Latta, including the pellet plant and the offshore structure estimated to be approximately \$8 million.



## Future Developments

There are number of opportunities under consideration to realise greater recovery of resources.

While production continues from North Pit, the Company is working through an optimisation project to review the optimal slope angles to improve stability. Work is progressing on feasibility studies for Centre Pit and Long Plains. These areas of the deposit have potential as additional ore sources for blending, supporting extended life and providing risk mitigation against any wall instability in North Pit.

Investigation has also commenced into the ability to access the ore body in North Pit through underground development. Conceptual studies have indicated that an underground block cave may be a suitable method to extract ore at greater depth. The Board has approved expenditure of \$10 million for the first stage of a feasibility study to define the extents of the orebody and locate the position of an exploration decline.

## Investment Strategy and establishment of joint venture Grange ROC Property

In addition to the focus and investment in our core assets and operations in Tasmania, the Company has established an investment office in Melbourne as part of its long-term strategy to maximise and diversify our returns to grow our business. The mandate of the investment office is to utilise the Company's strong balance sheet to deliver increased and sustainable long term value to shareholders. The Company will seek a balance of feasible investments to generate higher rates of return given acceptable and controlled levels of risk.

The Company has established a joint venture with an experienced residential property developer, ROC Built, to form Grange ROC Property to seek property development projects, particularly in the high end residential property market in Victoria.

## Southdown Magnetite Project

The Company has recently announced the appointment of PCF Capital Group Pty Ltd to assist with seeking a strategic investor(s) for the Southdown Magnetite (see announcement dated 23 February 2018). This project provides an attractive investment opportunity for the development of a high-grade magnetite concentrate.

The company will continue to progress these projects to add value for our shareholders, improve our business.



## About Grange Resources

Grange Resources Limited (Grange or the Company), ASX Code: GRR, is Australia's most experienced magnetite producer with 50 years of mining and production from its Savage River mine and has a projected mine life beyond 2030. Grange produces a high quality iron ore pellet with low levels of impurities that support reduced environmental impacts for end users.

Grange's operations consist principally of owning and operating the Savage River integrated iron ore mining and pellet production business located in the north-west region of Tasmania. The Savage River magnetite iron ore mine is a long-life mining asset. At Port Latta, on the north-west coast of Tasmania, Grange owns a downstream pellet plant and port facility producing over 2 million tonnes of premium quality iron ore pellets annually.

Grange has a combination of spot and contracted sales arrangements in place to deliver its pellets to customers throughout the Asia Pacific region. In addition, Grange is a majority joint venture partner in a major magnetite development project at Southdown, near Albany in Western Australia.

## Contacts

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