



26 July 2018
ASX: GRR

REPORT FOR THE QUARTER ENDED 30 June 2018

HIGHLIGHTS

- Mining rates lower for Q2 compared with Q1 due to rainfall and pit water levels hampering mining activities, with some maintenance on the primary digging units.
- Price achieved slightly down for the quarter of US\$101.11/t (A\$134.00/t) (FOB Port Latta) compared with US\$107.22/t (A\$136.54/t) for March 2018 quarter.
- Unit cash operating cost remained stable for the quarter of A\$82.10/t compared with A\$82.02/t for March 2018 quarter. This is underpinned by increase in mining costs and slightly offset by increase in concentrate production of 59kt.
- Cash position of A\$194.38 million and trade receivables of A\$23.42 million compared to A\$185.35 million cash position and A\$14.67 million trade receivables as at March 2018 Quarter. A significant capital expenditure of approximately \$12.9mil was made in the quarter to purchase 3 new Caterpillar 789 trucks and to rebuild an existing truck.
- Pellet production decreased for the quarter of 609kt compared to 623kt in the March 2018 quarter, largely due to scheduled maintenance at the pellet plant.
- Pellets sold increased for the quarter of 688kt compared to 606kt in the March 2018 quarter.
- Diamond drilling programs commenced in North Pit and Centre Pit



“The Company continues to deliver a strong performance in the second quarter of 2018. Although mining volumes have been impacted by seasonal factors, North Pit continues to deliver high quality ore with higher than planned weight recoveries. Despite the heightened uncertainties in the international trade environment, high-grade, low-impurity pellets continue to see strong demand with the pellet premium exceeding historic levels in recent weeks” said CEO Mr. Honglin Zhao.

“A drilling program to investigate the accessibility to the ore body in North Pit through underground development has commenced in the second quarter and the feasibility study for Centre Pit is progressing as planned.”

“Additionally, planning approval has been obtained for Lumley Court, the first project of the Grange ROC Property JV, and demolition commenced in July.”

SAVAGE RIVER OPERATIONS

PRODUCTION

	June Quarter 2018	March Quarter 2018	December Quarter 2017
Total BCM Mined	4,191,006	4,634,437	4,046,998
Total Ore BCM	226,883	388,483	422,929
Concentrate Produced (t)	705,408	646,540	696,483
Weight Recovery (%)	64.1	52.0	55.6
Pellets Produced (t)	608,816	622,753	674,447
Pellet Stockpile (t)	199,842	279,212	262,212
Concentrate Stockpile (t)	58,511	18,509	11,656

Safety focus has been maintained across the business with over 460 days Lost Time Injury Free achieved.

Mining rates were lower in Q2 compared to Q1 due to high levels of rainfall and managing activities in North Pit with increased water levels. There was downtime for maintenance required on our primary digging units and haul trucks through the quarter. Mining resources were also allocated to the further work on the South Deposit PAF Cell. High grade ore from the main ore zone in North Pit continues to be mined, with delays in mining activities on the east wall due to the wet weather. Movement rates overall are expected to increase in the coming months as we continue pre-stripping on the west wall in larger and more productive working areas, and with 3 additional trucks now fully commissioned.



Concentrate and pellet plants continue to run at high production levels throughout the quarter with the scheduled maintenance at the pellet plant completed safely and efficiently. Concentrate production has been higher than planned due to high head grades delivered from the main ore zone.

Approval to operate the South Deposit Tails Storage Facility has been obtained in July. Planning for the close out of the Main Creek Tailings Dam is in progress and we will look to transition to the new facility in the next quarter.

SHIPPING AND SALES

	June Quarter 2018	March Quarter 2018	December Quarter 2017
Iron Ore Pellet Sales (dmt)	688,186	605,753	652,577
Iron Ore Concentrate Sales (dmt)	10,042	0	45
Iron Ore Chip Sales (dmt)	32,942	26,146	40,063
TOTAL Iron Ore Product Sales (dmt)	731,170	631,899	692,685
Average Realised Product Price (US\$/t FOB Port Latta)	101.11	107.22	105.51
Average Realised Exchange Rate (AUD:USD)	0.7545	0.7853	0.7697
Average Realised Product Price (A\$/t FOB Port Latta)	134.00	136.54	137.08

The average price received during the quarter was US\$101.11/t (A\$134.00/t) (FOB Port Latta), decreased by 5.7% (decreased by 1.86%) from US\$107.22/t (A\$136.54/t) in the March 2018 Quarter.

Grange continues to receive strong pellet premiums for its high-quality / low impurity products reflecting the ongoing demand for higher quality products in the market.

Grange will continue to deliver into secured term offtake agreements for the remainder of 2018.

MINE DEVELOPMENT PROJECTS

North Pit Underground

Phase 1 of the diamond drilling program to investigate the ability to access the ore body in North Pit through underground development commenced in the second quarter. The first part of the program has been focused on the open pit slopes to inform slope stability, potential subsidence zones, ground water modelling and to provide information into the structural model. Five holes have been drilled for an advance of approximately 1,200m. The nine planned deep diamond holes are planned to commence in Q3 and will combine downhole geophysics, hydrogeological assessment, laboratory testing of diamond drill core and modelling for input into feasibility studies.



Centre Pit

Work is progressing on the feasibility study for Centre Pit. The surface diamond drilling program has also been progressed with the drilling of three holes for a total advance of approximately 813m. These holes have focussed on geotechnical data collection informing slope stability.

SOUTHDOWN MAGNETITE PROJECT (Grange 70%, SRT Australia Pty Ltd 30%)

The process in seeking a strategic investor(s) for the project is ongoing. We have received enquiries from various interested parties and have provided access to the project data room as part of the due diligence process.

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.

GRANGE ROC PROPERTY

Lumley Court

The Joint Venture has successfully obtained the planning approval to commence the development and construction of this 3-level, 5-unit prestige apartment project. Demolishment is largely complete and construction planned to commence later this month and expected to be completed within 12 months.

	EVENT	EXPECTED TIMING
1.	Appoint Consultant team	<i>complete</i>
2.	Building design and planning application	<i>complete</i>
3.	Planning Approval	<i>complete</i>
4.	Commence Construction	July 2018
5.	Commence Pre-sales	August 2018
6.	Construction Complete	August 2019
7.	Settlement on All Sales	September 2019
8.	Project Completion	October 2019



CORPORATE

Shareholders

As at 30 June 2018 there were approximately 4,300 shareholders.

-ENDS-

For further information, please contact:
info@grangeresources.com.au

