



24 October 2019
ASX: GRR

REPORT FOR THE QUARTER ENDED 30 September 2019

HIGHLIGHTS

- West wall cutback advanced to deliver ore from main ore zone.
- Mining back in main ore zone, improved head grade resulting in significant increase in concentrate production.
- Pellet production increased for the quarter to 550kt compared with 402kt for the June 2019 quarter.
- Pellet sales increased for the quarter to 550kt compared with 327kt for the June 2019 quarter.
- Decrease in average received prices for the quarter to US\$103.06/t (A\$150.04/t) (FOB Port Latta) compared with US\$124.04/t (A\$176.62/t) for the June 2019 quarter.
- Unit cash operating cost decreased for the quarter to A\$106.36/t compared with A\$162.03/t for the June 2019 quarter. This was due to an increase in concentrate production to 564kt from 373kt for the last quarter.
- Cash and liquid investments of A\$156.08 million and trade receivables of A\$0.27 million compared with cash and liquid investments of A\$149.63 million and trade receivables of A\$24.88 million for the June 2019 quarter. There has been a significant decrease in net trade receivables due to provisional invoice price adjustments to reflect lower iron ore benchmark prices.
- Significant outlays of approximately A\$22.61 million has been made in the quarter on capital projects including progression of the exploration decline in North Pit, Caterpillar 789c truck fleet rebuilds and purchase of an EX3600 Excavator. In addition, a 2019 interim dividend payment of A\$11.57 million has been made.
- Exploration Decline 788-metres in and progressing well.
- Preparation works and design continues on the project to improve air flow in the furnaces.



“Production has improved during the quarter and we are on plan to achieve the full-year production forecast.” said CEO Mr. Honglin Zhao.

“Achieved sales price saw a significant decrease in the quarter due to softening steel prices and continued uncertainties over the outlook of the global economy.”

“The underground feasibility study continues to progress well, with the Exploration Decline development being carried out on schedule.”

SAVAGE RIVER OPERATIONS

PRODUCTION

	September Quarter 2019	June Quarter 2019	March Quarter 2019
Total BCM Mined	3,523,381	3,874,527	3,229,189
Total Ore BCM	445,798	423,090	468,137
Concentrate Produced (t)	563,599	373,347	480,585
Weight Recovery (%)	40.7	26.8	39.3
Pellets Produced (t)	549,681	402,344	452,640
Pellet Stockpile (t)	229,159	229,920	154,192
Concentrate Stockpile (t)	1,717	1,228	30,642

Operational activities continue to be managed with a priority focus on safe work. The business has achieved over 2.5 years Lost Time Injury Free for the September quarter.

Mining for the quarter was focused on continued development of the west wall cutback, and delivering HG ore from the lower benches in North Pit. The west wall cutback was advanced to a position to allow access to the Main Ore Zone. Consequently, head grade was significantly increased, which can be seen in increased concentrate and pellet production for the quarter.

Initial access to the main ore zone did not provide an optimal blend of ore types, but that improved throughout Q3 and production is on track to deliver at full rates in Q4.



SHIPPING AND SALES

	September Quarter 2019	June Quarter 2019	March Quarter 2019
Iron Ore Pellet Sales (dmt)	550,442	326,616	487,799
Iron Ore Concentrate Sales (dmt)	0	45	36
Iron Ore Chip Sales (dmt)	20,148	19,465	20,658
TOTAL Iron Ore Product Sales (dmt)	570,590	346,126	508,493
Average Realised Product Price (US\$/t FOB Port Latta)	103.06	124.04	117.00
Average Realised Exchange Rate (AUD:USD)	0.6869	0.7023	0.7129
Average Realised Product Price (A\$/t FOB Port Latta)	150.04	176.62	164.12

The average price received during the quarter of US\$103.06/t (A\$150.04/t) (FOB Port Latta), decreased by 16.91% from US\$124.04/t (A\$176.62/t) for the June 2019 Quarter.

MINE DEVELOPMENT PROJECTS

North Pit Underground

Geological modelling continued in Q3. Phase 2 drilling to test resource extensions for the North Pit Underground project were completed and the Phase 3 drilling program from the exploration decline commenced. Updates to interpretation of the resource model was progressed.

The Exploration Decline is progressing to plan, with the face position in 788m as at the end of September. The Phase 3 drilling program is progressing well with 4 holes completed for an advance of 2,247 metres. These diamond holes are being drilled directly from the Exploration Decline through the fault zone and into the main ore zone to provide detailed geotechnical information and improve confidence in the orebody at depth. A second rig will be mobilized to site in Q4 to accelerate the drilling activity.



Centre Pit

The feasibility study for Centre Pit was progressed in Q3 and will be finalised early in Q4. Geotechnical slope analysis and modelling was completed and operational planning undertaken to allow commencement of the first stage of operation. Environmental approval process was undertaken through the quarter.

Port Latta Improvement Projects

Work continues to rebuild the fifth furnace. This involved demolition works of redundant infrastructure around the furnace in preparation for the rebuilding and modification to the design. This has not been utilised in the current operation, and engineering design work is in progress to modify the furnace to improve the flow of air through the pellets. If successful, this will improve pellet quality and reduce energy consumption. Once the design work is complete, it is expected the modifications will be undertaken in 2020.

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

The process of seeking a strategic investor(s) for the project is ongoing.

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. This is to ensure that the current status of the feasibility studies allow the full recommencement of the project once the Joint Venture is able to secure an equity partner for a strategic share of the Company's interest in the project.



GRANGE ROC PROPERTY

Lumley Park

Construction at Lumley Park is progressing accordingly well. As of the date of this report, four of the five units have been sold. The units sold have achieved the budgeted sale price, further supporting our confidence in the market for the joint venture's business model and quality projects. The project is planned to be fully constructed and sold by the end of 2019.

Carter Toorak

Construction at Carter Toorak is also progressing accordingly well. As of the date of this report, three of 8 units have been sold and achieved the budgeted or higher sale price. The project is planned to be fully constructed by the end of 2019.

Brookville

A development application for a 3-level, 8-unit prestige apartment development has been submitted to the Stonnington City Council.

CORPORATE

Shareholders

As at 30 September 2019 there were approximately 5,560 shareholders.

-ENDS-

For further information, please contact:

info@grangeresources.com.au