



19 January 2015

ASX: GRR

# GRANGE RESOURCES LIMITED

*Australia's most experienced magnetite producer*

REPORT FOR THE QUARTER ENDED 31 DECEMBER 2014

## HIGHLIGHTS

- Outstanding safety focus has been maintained with no Lost Time Injuries recorded during the quarter. Grange's operations are now over 1,620 days Lost Time Injury free.
- Strengthened cash position to A\$153.6 million as at 31 December 2014, an increase of A\$13.6 million from the September 2014 quarter.
- Delivered another record breaking quarter for concentrate production. Annual production of concentrate at an all-time record over 2.6MT.
- Average weight recovery of 49% was achieved for the year.
- Strong Pellet production of 2.34MT was attained for the year, an 18% increase on previous year.
- North Pit development continues to yield high grade ore from the main ore zone. South Deposit is now in full production, providing an additional ore source.
- Management continues with cost reduction initiatives to maintain competitive unit operating costs.
- While downward pressures on iron ore prices remain, our pellet quality premiums continue to improve.
  - Grange's high quality, low impurity iron ore products continue to attract a premium with average product prices of US\$91.34 (A\$107.36) per tonne (FOB Port Latta) for the quarter.
  - Continued focus on selling cargoes to targeted customers.
- South Deposit Tailings Storage Facility (SDTSF) construction is progressing to plan. The new SDTSF will provide sufficient tailing storage capacity for LOM.
- Preparation in progress for mid-year Mill Shell upgrade.



“Strong sales have been sustained through the current volatile market. This highlights the strong demand for our quality product. The team has safely delivered record production rates at reduced costs, placing our business in a strong position for the start of 2015.” Grange Chairman and Interim Executive Director, Dr Michelle Li said.

“Our cost reduction initiatives have enabled us to achieve better margins than this time last year, despite the drop in iron ore price. While we are strategically well positioned to capitalise on any recovery in the iron ore market, we will continue to look for efficiencies and cost reduction while we are committed in maintaining our key infrastructure.”

## SAVAGE RIVER OPERATIONS

### PRODUCTION

	December Quarter 2014	September Quarter 2014	December Quarter 2013
<b>Total BCM Mined</b>	4,391,525	3,836,241	4,528,208
<b>Total Ore BCM</b>	520,616	232,793	619,180
<b>Concentrate Produced (t)</b>	705,965	691,348	632,906
<b>Weight Recovery (%)</b>	47.2	49.1	46.0
<b>Pellets Produced (t)</b>	595,429	627,277	619,414
<b>Pellet Stockpile (t)</b>	151,431	196,625	232,402
<b>Concentrate Stockpile (t)</b>	176,530	127,618	3,050

Grange continued the focus on safe production, with no Lost Time Injuries in the quarter.

Mining operations continued in the North Pit main ore zone, with good ore production achieved from this pit. South Deposit pre-stripping was completed ahead of plan, with this already producing additional ore for blending. This quality ore source provides additional risk mitigation as the lower stage of North Pit is completed.

Material movements continue as planned and good access to high grade ore has been sustained to deliver record quarterly and annual concentrate production. The nameplate capacity of the concentrator (2.42MT) has been exceeded for the year with production above 2.6MT.

Mining production rates have significantly improved this quarter following the safe remediation from the July rock-fall. This was completed on schedule with additional ore recovered to support the production stream.

The first phase of construction of the South Deposit Tails Storage Facility (SDTSF) continues to develop on plan, with preparations in progress for the installation of the storage facility wall and filter face. 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.



Planning is well progressed to change out the first of the 48 year old Autogenous Mills in mid-2015. This investment will position the concentrator for sustained higher throughput going forward.

## SHIPPING AND SALES

	December Quarter 2014	September Quarter 2014	December Quarter 2013
<b>Iron Ore Pellet Sales (dmt)</b>	640,623	836,285	565,816
<b>Iron Ore Concentrate Sales (dmt)</b>	50	42	61
<b>Iron Ore Chip Sales (dmt)</b>	9,420	34,372	28,414
<b>TOTAL Iron Ore Product Sales (dmt)</b>	650,093	870,699	594,291
<b>Average Realised Product Price (US\$/t FOB Port Latta)</b>	91.34	103.74	149.39
<b>Average Realised Exchange Rate (AUD:USD)</b>	0.8508	0.9245	0.9255
<b>Average Realised Product Price (A\$/t FOB Port Latta)</b>	107.36	112.21	161.42

The average price received during the quarter was US\$91.34 (A\$107.36) per tonne of product sold (FOB Port Latta), down approximately 12% (A\$4%) from the September 2014 quarter of US\$103.74 (A\$112.21) per tonne (FOB Port Latta).

Grange's high quality, low impurity products continue to attract a premium price in comparison to benchmark 62% Fe iron ore products. During the quarter the Company continued to place cargoes into alternative markets including Australia, Malaysia and Korea. This is consistent with our risk diversification strategy of marketing and selling to customers across a number of geographic locations. With a continuation of soft market conditions the Company expects to progress its strategy of placing cargoes to targeted customers rather than opportunistic bidders.

The medium to longer term offtake agreements for the supply of iron ore pellets to targeted customers have substantially been achieved, providing a secure platform for 2015 sales.



## **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**

### *Board Changes*

During the quarter the Company announced the retirement of Mr John Hoon from his position as Director, effective 31 December 2014. The Board wishes to thank Mr Hoon for his valued independent contribution to the Company since being appointed in June 2010.

The Board advises that it is working through the appointment process for a CEO.

Bessie Zhang was appointed as CFO of the Company with effect from Tuesday 16 December, 2014 replacing David Corr who announced his departure from Grange as CFO. David joined us in 2009 and has worked across the WA and Tasmanian sites and has led the finance function. We thank David for his commitment and diligence over the years and wish him all the best in his future endeavours. Bessie has 8 years of experience with KPMG managing Quality Performance Review, Audit Quality Control and auditing.

### *Shareholders*

As at 31 December 2014 there were approximately 5,000 shareholders.

-ENDS-

For further information, please contact:  
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## ANNEXURE 1

### PRODUCTION

	Quarter Ended				Full Year	
	Mar 14	Jun 14	Sept 14	Dec 14	Dec 14	Dec 13
<b>Total BCM Mined</b>	4,716,881	4,106,241	3,836,241	4,391,525	17,050,888	17,667,735
<b>Total Ore BCM</b>	269,973	456,744	232,793	520,616	1,480,126	1,978,790
<b>Concentrate Produced (t)</b>	558,337	670,446	691,348	705,965	2,626,096	1,955,499
<b>Weight Recovery (%)</b>	49.8	49.4	49.1	47.2	48.8	33.4
<b>Pellets Produced (t)</b>	504,170	614,245	627,277	595,429	2,341,121	1,915,966
<b>Pellet Stockpile (t)</b>	400,810	405,633	196,625	151,431	151,431	232,402
<b>Concentrate Stockpile (t)</b>	40,998	81,036	127,618	176,530	176,530	3,050

### SHIPPING AND SALES

	Quarter Ended				Full Year	
	Mar 14	Jun 14	Sept 14	Dec 14	Dec 14	Dec 13
<b>Iron Ore Pellet Sales (dmt)</b>	335,758	609,427	836,285	640,623	2,422,093	1,814,786
<b>Iron Ore Concentrate Sales (dmt)</b>	40	39	42	50	171	136
<b>Iron Ore Chip Sales (dmt)</b>	26,604	9,306	34,372	9,420	79,702	84,364
<b>TOTAL Iron Ore Product Sales (dmt)</b>	362,402	618,772	870,699	650,093	2,501,966	1,899,286
<b>Average Realised Product Price (US\$/t FOB Port Latta)</b>	138.82	110.77	103.74	91.34	107.34	141.43
<b>Average Realised Exchange Rate (AUD:USD)</b>	0.8913	0.9361	0.9245	0.8508	0.9038	0.9557
<b>Average Realised Product Price (A\$/t FOB Port Latta)</b>	155.75	118.33	112.21	107.36	118.77	147.99