



28 July 2020
ASX: GRR

REPORT FOR THE QUARTER ENDED 30 June 2020

HIGHLIGHTS

- The operation achieved over 1200 days Lost Time Injury Free.
- The Company continued to prioritise the health, safety and well-being of our workforce during the COVID-19 pandemic. The northwest region of Tasmania also experienced a cluster of infection cases in the early part of the quarter. Since then the State has sustained zero new COVID-19 cases for over 2 months.
- Pellet production increased for the quarter to 641kt compared with 589kt for the March 2020 quarter.
- Pellet sales increased for the quarter to 642kt compared with 557kt for the March 2020 quarter.
- Decrease in average received prices for the quarter to US\$112.72/t (A\$170.89/t) (FOB Port Latta) compared with US\$118.34/t (A\$183.47/t) for the March 2020 quarter.
- Unit cash operating cost decreased for the quarter to A\$97.23/t compared with A\$99.28/t for the March 2020 quarter. This was due to an increase in concentrate production to 649kt from 600kt for the last quarter.
- Cash and liquid investments of A\$175.98 million and trade receivables of A\$34.47 million compared with cash and liquid investments of A\$168.98 million and trade receivables of A\$40.25 million for the March 2020 quarter.
- Outlays of approximately A\$14.61 million have been made in the quarter on capital projects including progression of the underground exploration decline in North Pit and replacement of pellet plant west wall cladding
- Underground exploration decline completed to 1,525 metres.
- The Southdown Magnetite project achieved a significant milestone as the Company was granted approval of EPBC 2011/6053 under the *Environment Protection and Biodiversity Conservation Act 1999*.

“The COVID-19 pandemic continues to be highly active globally. Our operations and workforce in Tasmania were also impacted early on in the quarter as the pandemic broke out in Australia. Our Team has done exceptionally well in implementing our business continuity response plan. Their significant efforts during this period of unprecedented uncertainty has enabled our operations to continue production and most importantly enabled our workforce to feel and be safe as we continue to stay vigilant” said CEO Mr. Honglin Zhao.

“Our production and sales of iron ore remain on budget for the full year.”

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

SAVAGE RIVER OPERATIONS

PRODUCTION

	June Quarter 2020	March Quarter 2020	December Quarter 2019
Total BCM Mined	3,710,712	4,061,862	3,835,834
Total Ore BCM	222,163	133,514	771,345
Concentrate Produced (t)	649,377	600,481	699,522
Weight Recovery (%)	46.5	51.7	53.1
Pellets Produced (t)	640,922	588,885	650,378
Pellet Stockpile (t)	178,138	179,515	147,721
Concentrate Stockpile (t)	1,872	3,073	5,497

The state of Tasmania sustained no new COVID-19 cases for over 2 months and the Company continued to prioritise the health, safety and well-being of our workforce by remaining vigilant through our business continuity response plan. We continue to implement multiple layers of controls. These have centred around our 4 simple steps to Sanitise, Separate, Self-care and Support each other as we continue our operation and protect our people at work and at home.

Mining activities were impacted early in the quarter due to a localized outbreak of COVID-19 impacting manning availability with families going into precautionary quarantine. Overall manning levels were fully restored in May. Increased focus on production from the West Wall of North Pit was ensured by utilizing two primary dig units to deliver ore from the main ore zone in line with the plan.

In Centre Pit, an initial lack of suitable rock to sheet the mining face had a negative impact on the waste volume removed early in the quarter. This was due to a deeper weathering profile than expected and has largely been remediated. The focus is now on increasing the waste movement rate by utilizing two diggers and additional trucks in this area. Final environmental approvals are being sought for subsequent stages of mining in Centre Pit, with preparation of an Environmental Impact Statement continuing.

Downstream processing performed well with Concentrate and Pellet production both up from the previous quarter. Scheduled maintenance works on furnace line 3 as well as the change-out of the hot pellet conveyor belt completed safely without any incident.

SHIPPING AND SALES

	June Quarter 2020	March Quarter 2020	December Quarter 2019
Iron Ore Pellet Sales (dmt)	642,299	557,091	731,816
Iron Ore Concentrate Sales (dmt)	0	0	41
Iron Ore Chip Sales (dmt)	20,010	20,371	35,020
TOTAL Iron Ore Product Sales (dmt)	662,309	577,461	766,877
Average Realised Product Price (US\$/t FOB Port Latta)	112.72	118.34	104.04
Average Realised Exchange Rate (AUD:USD)	0.6596	0.6450	0.6827
Average Realised Product Price (A\$/t FOB Port Latta)	170.89	183.47	152.40

The average A\$ price received during the quarter of A\$170.89/t (US\$112.72/t) (FOB Port Latta), decreased by 6.86% from A\$183.47/t (US\$118.34/t) for the March Quarter.

Grange continues to deliver into secured term offtake agreements realising higher prices for our lower impurity and high-quality products.

MINE DEVELOPMENT PROJECTS

North Pit Underground

Underground exploration decline development completed to 1,525 metres. The Bulk Sample Drive access development was commenced in the quarter and completed 237 metres by the end of the quarter. The Board has approved additional work to be undertaken throughout 2020, with a view to completing the pre-feasibility study in Q2 2021. This additional work will include the incorporation of the data from the completed Phase 3 drilling program and the implementation of a Bulk Sample Drive that will be developed through the width of the ore zone. The Bulk Sample Drive will enable further collection of information to inform the risks and uncertainties identified.

Port Latta Improvement Projects

Work continues to redesign and rebuild the fifth furnace. This involves demolition works of redundant infrastructure around the furnace in preparation for the rebuilding and modification of the furnace. Engineering design work to modify the furnace to improve the air flow in the furnace continues. If successful, this will improve pellet quality and reduce energy consumption. Current

planning is seeking completion of the innovative design in 2020 with a view to implement in 2021.

SOUTHDOWN MAGNETITE PROJECT

(Grange 70%, SRT Australia Pty Ltd 30%)

At the end of the quarter, the Project achieved a significant milestone as the Company was granted approval of the Southdown Magnetite Project (EPBC 2011/6053) under the *Environment Protection and Biodiversity Conservation Act 1999*.

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

The Company has decided that no further property developments will be sought with existing investments being reviewed.

Carter Toorak

Construction at Carter Toorak is complete with the certificates of occupancy obtained. The focus now is to sell the remaining units. Three of 8 units have been sold and achieved the budgeted or higher sale price.

Brookville

The focus continues on selling the developed land at Brookville.

CORPORATE

Shareholders

As at 30 June 2020 there were approximately 5,240 shareholders.

This report was approved by the Board.

-ENDS-

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