

GRANGE RESOURCES

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28 October 2020
ASX: GRR

REPORT FOR THE QUARTER ENDED 30 September 2020

HIGHLIGHTS

- **The operation achieved over 1290 days Lost Time Injury Free.**
- **COVID-19 controls remain in place as the Company continued to prioritise the health, safety and well-being of our workforce.**
- **Pellet production sustained for the quarter with 639kt compared to 641kt for the June quarter.**
- **Pellet sales decreased for the quarter to 422kt compared with 642kt for the June quarter due to timing adjustments of the shipping schedule.**
- **Increase in average received prices for the quarter to US$130.22/t (A$182.49/t) (FOB Port Latta) compared with US$112.72/t (A$170.89/t) for the June quarter.**
- **Unit cash operating cost increased for the quarter to A$101.45/t compared with A$97.23/t for the June quarter largely due to replacement of major components for mining equipment during the quarter.**
- **Cash and liquid investments of A$175.53 million and trade receivables of A$13.15 million compared with cash and liquid investments of A$175.98 million and trade receivables of A$34.47 million for the June quarter.**
- **Interim dividends in the amount of $11.57 million was paid in the quarter.**
- **Outlays of approximately A$13.45 million have been made in the quarter on capital projects including progression of the underground exploration decline and bulk sample drive in North Pit and NP Open Pit drilling program.**
- **Underground exploration decline and bulk sample drive completed during the quarter.**

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"We continue to monitor the development of the COVID-19 pandemic closely and to ensure COVID-19 controls remain in place as part of our business continuity response plan. Our workforce is to be commended for their continued efforts and good work during this period of unprecedented uncertainty" said CEO Mr. Honglin Zhao.

"Pellet sales have decreased in the quarter and aligned with our shipping schedule as we prepare for our furnaces to go offline in the latter half of November and part of December. This is an improvement project to allow for a steel-pan conveyor system to be installed to replace the existing rubber-belt conveyor. This will enable higher quality pellets with higher compression strength to be produced, reduced down time and less maintenance and more effective use of energy. Our production and sales of iron ore remain on budget for the full year."

SAVAGE RIVER OPERATIONS

PRODUCTION

	September Quarter 2020	June Quarter 2020	March Quarter 2020
Total BCM Mined	3,512,985	3,710,712	4,061,862
Total Ore BCM	541,788	222,163	133,514
Concentrate Produced (t)	649,084	649,377	600,481
Weight Recovery (%)	44.0	46.5	51.7
Pellets Produced (t)	639,420	640,922	588,885
Pellet Stockpile (t)	395,391	178,138	179,515
Concentrate Stockpile (t)	0	1,872	3,073

The health, safety and well-being of our workforce has remained a key focus with attainment of over 1,290 days Lost Time Injury free. COVID-19 controls remain in place and the operation has been unhindered as we continue to protect our people at work and at home. Tasmania's borders have remained closed, with no active cases within the state. Border restrictions are being reviewed and the operation is prepared for easing of restrictions and an increase in interstate travelers returning to the state.

Mining activities have been focused on mining ore from the Western Lens and Main Ore Zone in North Pit. This has provided a blend of feed and supported full production rates through Q3. Work continues in mining down the eastern side of North Pit and remediating the pit wall to ensure safe access to the ore zone at depth for next year.

Pre-stripping in Centre Pit continues with material starting to become less weathered. Work continues on establishing the waste rock dumps. Drafting of the Environmental Impact Statement is almost complete, with submission scheduled for Q4 as we seek final approvals for subsequent stages of mining in Centre Pit.

Downstream processing performed well with Concentrate and Pellet production rates sustained through the quarter. Full production rates will continue until the major shut for the month of November. This will allow implementation of some significant maintenance projects, including installation of the Steel Pan Conveyor. This conveyor will accept fired pellets from the discharge of the furnaces and transport them to the storage yard. This will replace the existing rubber belt conveyor and will support a reduction in maintenance costs and an improvement in pellet quality.

In September, a fire occurred at a storage facility near Port Latta. Grange use part of that facility to store low frequency and critical spares for the operation. This fire impacted some components including replacement roll screens, spare autogenous mill transformers and a spare autogenous mill motor. Replacements are being procured for the damaged equipment under insurance provisions. There is no business interruption expected.

SHIPPING AND SALES

	September Quarter 2020	June Quarter 2020	March Quarter 2020
Iron Ore Pellet Sales (dmt)	422,167	642,299	557,091
Iron Ore Concentrate Sales (dmt)	0	0	0
Iron Ore Chip Sales (dmt)	41,704	20,010	20,371
TOTAL Iron Ore Product Sales (dmt)	463,871	662,309	577,461
Average Realised Product Price (US$/t FOB Port Latta)	130.22	112.72	118.34
Average Realised Exchange Rate (AUD:USD)	0.7136	0.6596	0.6450
Average Realised Product Price (A$/t FOB Port Latta)	182.49	170.89	183.47

The average A$ price received during the quarter of A$182.49/t (US$130.22/t) (FOB Port Latta), increased by 6.79% from A$170.89/t (US$112.72/t) for the June 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 and Bulk Sample Drive have now been completed for a total of 2,420 metres of development. The underground infrastructure has provided the platform to obtain data on the ore body at depth, from mapping and diamond drilling.

The Bulk Sample has been developed from the east to the western side of the ore zone and has provided valuable information on the structure and nature of the ore body. Information is now being collated and modelled to support the pre-feasibility study, which is scheduled for completion in Q2 2021.

Port Latta Improvement Projects

Work continues to redesign and rebuild the fifth furnace. The current focus is the engineering design work to modify the furnace to improve the airflow. If successful, this will improve pellet quality and reduce energy consumption. The current plan is to complete the innovative concept design in Q4 with a view to move to feasibility and implementation in 2021.

A development application is being assessed by the local council for improvement projects including the Furnace rebuild, implementation of Roll Screens, and the installation of a high efficiency mixer to improve the mixing of product prior to balling and heating. The approval process is expected to complete in Q4.

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SOUTHDOWN MAGNETITE PROJECT

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

The Project achieved a significant milestone in June 2020 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

Carter Toorak

The focus continues on selling the remaining units at Carter Toorak.

Brookville

The focus continues on selling the developed land at Brookville.

CORPORATE

Shareholders

As at 30 September 2020 there were approximately 5,300 shareholders.

-ENDS-

This announcement was authorised by the Board.

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

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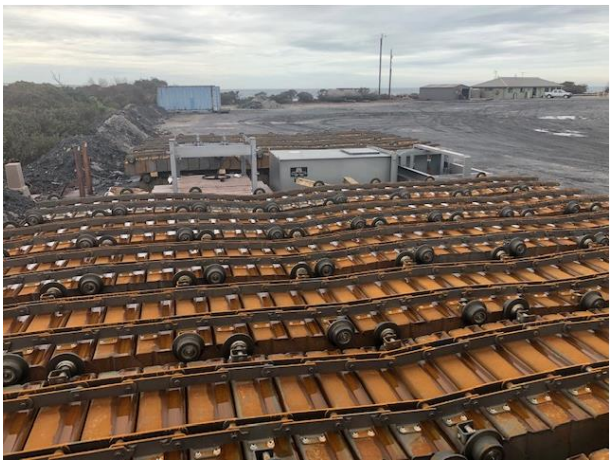


Mining in North Pit, Savage River



Mining Centre Pit, Savage River





Components being prepared for Steel Pan Conveyor installation, Port Latta