



17 October 2014
ASX: GRR

GRANGE RESOURCES LIMITED

Australia's most experienced magnetite producer

REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2014

QUARTERLY HIGHLIGHTS

- Outstanding safety performance continues with no Lost Time Injuries recorded during the quarter. Over 1,528 days Lost Time Injury free.
- Strengthened cash position to A\$140.0 million as at 30 September 2014, an increase of \$30.6 million from the June 2014 quarter.
- Delivered record quarterly concentrate production.
 - Maintained focus on mine redevelopment in North Pit and progressed pre-production stripping in South Deposit.
 - Average weight recovery 49% for the quarter, consistent with June 2014 quarter and 56% above the recovery attained in the September 2013 quarter.
 - Continued to deliver production at annualised rates of approximately 2.5 million tonnes per annum.
 - Pellet production of 627,277 tonnes, an increase of approximately 2% from the June 2014 quarter and 40% above the September 2013 quarter.
 - Production and cost control disciplines continue to deliver competitive unit operating costs.
- Downward pressures on iron ore prices have intensified but pellet quality premiums have improved.
 - Grange's high quality, low impurity iron ore products continue to attract a premium with average product prices of US\$103.74 (A\$112.21) per tonne (FOB Port Latta) for the quarter.
 - Continued focus on selling cargoes to targeted customers.
- Commenced construction of the South Deposit Tailings Storage Facility which will provide sufficient tailings storage capacity for the remaining life of the mine.



“The management team has maintained its focus on safely executing a plan that has delivered record quarterly concentrate production at competitive unit costs during a period of continued market volatility” Grange Chairman and Interim Executive Director, Dr Michelle Li said.

“A continued focus on maintaining access to high grade ore, progressing mine development and maximising processing rates, has allowed the business to successfully navigate through the volatile market conditions.”

“The business is strategically well positioned to capitalise on any recovery in the iron ore market. The team continues to pursue sales opportunities in new markets and remains committed to optimising production while maintaining a day-to-day focus on the business basics.”

SAVAGE RIVER OPERATIONS

SHIPPING AND SALES

	September Quarter 2014	June Quarter 2014	September Quarter 2013
Iron Ore Pellet Sales (dmt)	836,285	609,427	517,884
Iron Ore Concentrate Sales (dmt)	42	39	39
Iron Ore Chip Sales (dmt)	34,372	9,306	18,580
TOTAL Iron Ore Product Sales (dmt)	870,699	618,772	536,503
Average Realised Product Price (US\$/t FOB Port Latta)	103.74	110.77	133.85
Average Realised Exchange Rate (AUD:USD)	0.9245	0.9361	0.9176
Average Realised Product Price (A\$/t FOB Port Latta)	112.21	118.33	145.87

The average price received during the quarter was US\$103.74 (A\$112.21) per tonne of product sold (FOB Port Latta), down 6% from the June 2014 quarter of US\$110.77 (A\$118.33) per tonne (FOB Port Latta).

Grange’s high quality, low impurity products continue to attract a premium price in comparison benchmark 62% Fe iron ore products and reflect the Company’s ongoing focus of selling cargoes to targeted customers.

During the quarter the Company continued to place cargoes into alternative markets including Japan, Australia, Malaysia and India. 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.



PRODUCTION

	September Quarter 2014	June Quarter 2014	September Quarter 2013
Total BCM Mined	3,836,241	4,106,241	4,031,266
Total Ore BCM	232,793	456,744	489,814
Concentrate Produced (t)	691,348	670,446	472,108
Weight Recovery (%)	49.1	49.4	31.5
Pellets Produced (t)	627,277	614,245	446,937
Pellet Stockpile (t)	196,625	405,633	174,198
Concentrate Stockpile (t)	127,618	81,036	7,580

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

Mining operations were focussed on the North Pit main ore zone, as well as pre-stripping at South Deposit. It is planned that South Deposit will commence delivering ore during Q4 2014 providing an alternative to North Pit as a single source of high grade ore in the near term.

Material movements continue as planned and good access to high grade ore has been sustained to deliver strong quarterly production at annualised rates of approximately 2.5 million tonnes per annum. While mining production rates have been slightly lower this quarter, remediation from a rock-fall which occurred in the North Pit during July 2014 is progressing well and remains on schedule for completion during Q4 2014.

The first phase of construction of the South Deposit Tails Storage Facility (SDTSF) is also progressing as planned. This is a significant project for operations at Savage River as the SDTSF will provide sufficient tailings storage capacity for the remaining life the mine and facilitate the treatment of the legacy environmental issues resulting from previous operations at Savage River.

SOUTHDOWN MAGNETITE PROJECT

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

All tenements, permits and project assets continue to be maintained in good order.

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 & Company Secretary Changes

During the quarter the Company announced the appointment of Mr Liming Huang as an independent non-executive Director. Mr Huang is a corporate and commercial lawyer with 10 years legal experience. He is currently special counsel with Corrs Chambers Westgarth Lawyers and is now one of three independent directors on the Board.

In addition, the Company also announced the appointment of Mr Piers Lewis as Company Secretary, effective from 8 October 2014 to replace Ms Pauline Carr who tendered her resignation. Mr Lewis has over 15 years global corporate experience, specialising in corporate governance, M&A and financial management of various corporations in Australia and Europe. The Board wishes to extend its thanks to Ms Carr for her considerable contribution over the past years and wishes her well in her future endeavours.

The Board advises that it continues its search for a new Managing Director.

Shareholders

As at 30 September 2014 there were approximately 5,000 shareholders.

RGL has continued to sell down its Grange interest as part of a long term strategic realignment and currently holds 3.67% of the Company's shares.

-ENDS-

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

Attachments:

Annexure 1- Additional Information - Shipping and Sales, Production

Annexure 2 - Spot Market Sales - Agency Agreements with Related Parties



ANNEXURE 1

SHIPPING AND SALES

	Quarter Ended			2014 YTD	2013 YTD
	Mar 14	Jun 14	Sept 14		
Iron Ore Pellet Sales (dmt)	335,758	609,427	836,285	1,781,470	1,248,970
Iron Ore Concentrate Sales (dmt)	40	39	42	121	75
Iron Ore Chip Sales (dmt)	26,604	9,306	34,372	70,282	55,950
TOTAL Iron Ore Product Sales (dmt)	362,402	618,772	870,699	1,851,873	1,304,995
Average Realised Product Price (US\$/t FOB Port Latta)	138.82	110.77	103.74	112.95	137.81
Average Realised Exchange Rate (AUD:USD)	0.8913	0.9361	0.9245	0.9199	0.9714
Average Realised Product Price (A\$/t FOB Port Latta)	155.75	118.33	112.21	122.78	141.87

PRODUCTION

	Quarter Ended			2014 YTD	2013 YTD
	Mar 14	Jun 14	Sept 14		
Total BCM Mined	4,716,881	4,106,241	3,836,241	12,659,363	13,139,527
Total Ore BCM	269,973	456,744	232,793	959,510	1,359,610
Concentrate Produced (t)	558,337	670,446	691,348	1,920,131	1,322,593
Weight Recovery (%)	49.8	49.4	49.1	49.4	29.5
Pellets Produced (t)	504,170	614,245	627,277	1,745,692	1,296,552
Pellet Stockpile (t)	400,810	405,633	196,625	196,625	174,198
Concentrate Stockpile (t)	40,998	81,036	127,618	127,618	7,580



ANNEXURE 2

SPOT MARKET SALES - AGENCY AGREEMENTS WITH RELATED PARTIES

Grange Resources Limited (**Grange**) presently sells some product on the spot market through sales agency agreements, where a party acts as sales agent (**Sales Agent**) to Grange, and arranges to sell Grange's product to third parties. The Sales Agent receives a percentage commission on the net proceeds of all sales where the Sales Agent has acted as agent between Grange and the purchaser.

Grange will, from time to time, enter into sales agency agreements with Sales Agents who may be related parties of Grange directors (**Related Party Sales Agents**). Pursuant to Listing Rule 3.16.4, the material terms of the sales agency agreements are set out below.

- Any appointment of a Related Party Sales Agent will be non-exclusive and negotiated and appointed by Grange directors and management independent of related parties, acting in the best interests of all Grange shareholders.
- The agreement requires the Related Party Sales Agent to represent that, consistent with its fiduciary duties to Grange, it will act at all times in the best interests of Grange and with the utmost good faith.
- The agreement requires a Related Party Sales Agent to immediately disclose to Grange any relationship (including any association, common directorship or any commercial relationship) that exists between the Related Party Sales Agent and a potential unrelated third party purchaser of the product. The Related Party Sales Agent must ensure that it does not offer product to, or negotiate any sales agreement with, an associate, related body corporate, related Party or related entity of the Related Party Sales Agent or Grange, without the prior written agreement of Grange. Grange will enter into a contract with the unrelated third party purchaser of the product on a principal-to-principal basis.
- The commission payable to the Related Party Sales Agent is determined on the basis of an amount equal to a market-determined percentage of the US dollar price of product sold to the third party, and the sales agency agreement will not confer a right to any other royalty or similar revenue scheme. The appointment of the Related Party Sales Agent and the precise percentage of the commission payable will be determined by Grange directors and management independent of related parties on the basis of it comprising reasonable, arm's length terms.
- The sales agency agreement can be terminated for material default by either party where the other party is in material breach of its obligations under the sales agency agreement (or an insolvency event occurs) where a party fails to remedy the breach (where it is capable of remedy) within 7 days after receiving a notice of breach, or pay compensation to the wronged party in respect of the breach. The sales agency agreement can otherwise be terminated by either party on 30 days' notice.

To the extent these key terms change, Grange will immediately inform the market in accordance with the requirements of Listing Rule 3.16.4.



Grange notes that to the extent sales agency agreements are entered into with Related Party Sales Agents, it will give disclosure in its Annual Report, as required by the Corporations Act 2001 and relevant Australian Accounting Standards.

-ENDS-

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