



27 October 2022

ASX: GRR

REPORT FOR THE QUARTER ENDED 30 September 2022

HIGHLIGHTS

- Achieved significant safety milestone with over 2,020 days Lost Time Injury Free.
- ESG Baseline Report released aligning Grange's activities to the World Economic Framework for Environmental, Social and Governance reporting.
- Concentrate production was on target and decreased for the quarter with 655kt produced compared to 664kt for the June quarter.
- Pellet sales decreased for the quarter to 547kt compared with 705kt for the June quarter due to shipments deferred to December Quarter at customers' request due to lower demand.
- Decrease in average received prices for the quarter to US\$95.17/t (A\$140.84/t)* (FOB Port Latta) compared with US\$139.04/t (A\$193.44/t)* for the June quarter.
- Unit cash operating cost increased for the quarter to A\$130.69/t compared with A\$122.72/t for the June quarter due to increased energy costs.
- Cash and liquid investments of A\$326.74 million and trade payables of A\$15.56* million compared with cash and liquid investments of A\$369.47 million and trade receivables of A\$8.52* million for the June quarter. An interim dividend payment of \$23.1m was made in September.
- Outlay of approximately A\$29.96 million have been made in the quarter on capital projects including the purchase of two new Caterpillar D10T track dozers and four 2nd hand Caterpillar 789 trucks.

** Adjusted for the costs of freight and final pricing settlements on provisional settlements as per sales agreements. Pricing is typically finalised in one to three months after shipment month.*



“The past few months have been very challenging with demand for iron ore pellets products very weak, particularly from the Chinese market, largely due to high stock levels in the market. As a consequence, some of our shipments were deferred into Q4 of this year. In addition, the current inflationary environment with elevated energy costs is resulting in increased cost pressures on the Company” said CEO Mr. Honglin Zhao.

“We are continuing to optimise the Southdown Project as we progress the Project in the definitive feasibility phase. Optimisation of our life-of-mine plan at Savage River is also progressing as planned.”

ESG DEVELOPMENT

During the quarter, Grange released a baseline Environmental, Social, and Governance (ESG) report, in line with the 21-core metrics and disclosures as promoted by the World Economic Forum (WEF).

The baseline report demonstrates Grange's commitment to aligning the business, where applicable, to the sustainable development goals provide guidance to sustainability and resilience. The report describes the progress Grange has made against the four pillars of the framework for Governance, Planet, People and Prosperity.

Most notably, Grange has developed a road map to reduce emissions. This will involve the reduction in energy used per tonne of product; upgrades to furnaces; recovery of heat in the pellet plant; application of technology and electric vehicles in the mining operation; and alternative fuel sources.

The Board has endorsed the pursuit of decarbonisation of Grange's Business with specific targets for CO₂-e reduction including:

- The elimination of non-renewable coal sources like anthracite, by 2025.
- CO₂-e emission target reduction of 50% by 2030 reducing emissions to 53kg of CO₂-e per tonne of iron ore products.
- Target of Zero CO₂-e (Scope 1 and 2) emissions by 2035.



SAVAGE RIVER OPERATIONS

PRODUCTION

	September Quarter 2022	June Quarter 2022	March Quarter 2022
Total BCM Mined	3,617,993	3,719,095	3,729,897
Total Ore BCM*	23,947	173,744	983,184
Concentrate Produced (t)	655,316	663,567	638,337
Weight Recovery (%)	44.6	45.2	45.9
Pellets Produced (t)	639,713	654,783	616,773
Pellet Stockpile (t)	390,348	298,021	348,100
Concentrate Stockpile (t)	18,357	27,847	36,175

* Following the completion of the North Pit Stage 6 ore mining and the generation of large stockpiles in Q1, the remaining ore to be mined during 2022 continues to be sourced from Centre Pit Stage 1 in smaller volumes. The remainder of 2022 down-stream production will be supplied from the extensive stockpiles and supplemented with ore from Centre Pit over the course of 2023.

A significant milestone of over 2,020 days lost time injury free was achieved in the operation. Mining movement has continued to be impacted by lower mechanical availability of the truck fleet, lower staffing levels due to Covid and wet weather through the winter period. Repairs and replacement equipment obtained through the quarter will serve to improve productivity.

Progress has been made on the cutbacks on top of the east wall of North Pit and pre-stripping in Centre Pit as development progresses to access the main ore zone in 2023.

Concentrate and Pellet production rates were on target and in line with the previous quarter. Full production rates were sustained throughout the period.



SHIPPING AND SALES

	September Quarter 2022	June Quarter 2022	March Quarter 2022
Iron Ore Pellet Sales (dmt)	547,386	704,862	478,866
Iron Ore Concentrate Sales (dmt)	1,853	0	0
Iron Ore Chip Sales (dmt)	34,142	(125)*	34,310
TOTAL Iron Ore Product Sales (dmt)	583,381	704,737	513,176
Average Realised Product Price (US\$/t FOB Port Latta) **	95.17	139.04	224.30
Average Realised Exchange Rate (AUD:USD)	0.6757	0.7187	0.7289
Average Realised Product Price (A\$/t FOB Port Latta)	140.84	193.44	307.72

**Negative adjustment on chip shipment in the prior quarter.*

***Adjusted for the costs of freight and final pricing settlements on provisional settlements as per sales agreements. Pricing is typically finalised in one to three months after shipment month.*

The average A\$ price received during the quarter of A\$140.84/t (US\$95.17/t) (FOB Port Latta), decreased by 27.19% from A\$193.44/t (US\$139.04/t) for the June quarter.

Grange continued to deliver into secured term offtake agreements, with pellets sales during the quarter of 547kt decreased by 22.3% from 705kt for the June quarter. Contracted shipments were deferred until the December quarter as requested by customers due to lower demand during the quarter. All contracted tonnes for 2022 will be shipped.



MINE DEVELOPMENT PROJECTS

North Pit Underground

The Feasibility Study continued through the quarter. The mine footprint has been updated to support transition from the NP Stage 7 open cut. Updates to geotechnical and resource models continue.

Process Improvement Projects

Furnace Line 4 was commissioned in the quarter with a period of testing to optimize feed-rate now in progress. Initial results are encouraging, and performance will be monitored over the next quarter. The addition of intermediate air injection will be developed in Q4.

The structural steel work and tower construction has commenced for the installation of the High Efficiency Mixer. This project will see an improvement of the mixing process for the green balls resulting in higher quality and increased plant availability. The application of this more effective mixing system will also reduce heat input to furnaces and reduce maintenance costs. It is expected to complete construction of this project in 2022 and complete the cutover to the new system during the Common Equipment Shutdown period planned for Q1 2023.

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

The Southdown Magnetite Project definitive feasibility study on a 5 Mtpa development case is progressing as planned and the results will be released when completed next year.

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.

CORPORATE

Shareholders

As at 30 September 2022 there were approximately 10,400 shareholders.

-ENDS-

This announcement was authorised by the Board.

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