Grange Resources Limited
ABN 80 009 132 405

Australia's most experienced magnetite producer

Half Year Report – 30 June 2023

Grange Resources Limited and its Controlled Entities
Directors' report
30 June 2023

The directors present their report on the consolidated entity (the “Group”) consisting of Grange Resources Limited (“Grange” or “the Company”) and the entities it controlled at the end of, or during, the half-year ended 30 June 2023.

Directors

The following persons were directors of Grange Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Michelle Li	Chairperson
Yan Jia	Non-Executive Director, Deputy Chairperson
Honglin Zhao	Executive Director
Chongtao Xu	Executive Director (Appointed 1 March 2023)
Michael Dontschuk	Non-Executive Director
Ajanth Saverimutto	Non-Executive Director

Principal activities

During the six months ended 30 June 2023, the principal activities of the Group were as follows:

- mining, processing and sale of iron ore from its operations in Tasmania; and
- the ongoing exploration and evaluation of mineral resources, principally the Southdown Magnetite Project near Albany, Western Australia.

Review of operations

Key Highlights

Mining operations

- Achieved over 2235 days Lost Time Injury free at the end of April 2023 before one Lost Time Injury occurred in May.
- Statutory profit after tax for the six months ended 30 June 2023 of $70.4 million compared to $132.2 million for the same period in 2022. Net assets as at 30 June 2023 of $951.4 million compared to $904.1 million as at 31 December 2022.
- Pellet production of 1.19 million tonnes compared to 1.22 million tonnes for the same period in the 2022.
- Pellet sales of 1.21 million tonnes compared to 1.18 million tonnes for the same period in 2022.
- Unit cash operating costs for the six months ended 30 June 2023 of $137.41 per tonne compared to $113.66 for the same period in 2022 principally due to lower concentrate production and higher energy costs.
- Cash, cash equivalents and liquid investments of $242.3 million compared to $298.6 million as at 31 December 2022.

Statement of Comprehensive Income

Grange achieved a statutory profit after tax of $70.4 million for the half year ended 30 June 2023 (2022: $132.2 million profit after tax) on revenues from mining operations of $278.4 million (2022: $341.1 million).

Key revenue metrics for the 30 June 2023 half year and preceding 2022 half year were as follows:

	6 months to 30 June 2023	**6 months to 30 June 2022**
Iron Ore Pellet Sales (dmt)	1,210,105	1,183,728
Iron Ore Concentrate Sales (dmt)	24	-
Iron Ore Chip Sales (dmt)	70,310	34,185
TOTAL Iron Ore Product Sales (dmt)	**1,280,439**	**1,217,913**
Average Realised Product Price (US$/t FOB Port Latta)*	134.93	174.96
Average Realised Exchange Rate (AUD:USD)	0.6810	0.7242
Average Realised Product Price (A$/t FOB Port Latta)*	198.14	241.59

* A portion of sales were made on CFR (Cost and Freight) terms whereby the Group incurred shipping expenses to transport the shipments to the discharge ports. The above FOB Port Latta unit prices realised reflect prices net of shipping expenses.

The average pellet price received during the half year was US$134.93 per tonne of product sold (FOB Port Latta) (2022: US$174.96 per tonne). Despite continued volatility and uncertainty as to the future direction of iron ore prices, the market continues to recognise the quality value in use premium for high quality, low impurity iron ore products sold by Grange.

Grange will continue to deliver into secured term offtake agreements for its products for 2023.

	6 months to 30 June 2023	6 months to 30 June 2022
Total BCM Mined	9,355,237	7,448,992
Total Ore BCM	342,031	1,156,928
Concentrate Produced (t)	1,258,896	1,301,904
Pellet Produced (t)	1,189,469	1,271,556
Pellet Stockpile (t)	278,089	298,021
Weight Recovery (%)	45.20	45.50
"C1" Costs (A$/tonne Product Produced)	137.41	113.66

Note: “C1” costs are the cash costs associated with producing iron ore products without allowance for mine development, deferred stripping and stockpile movements, and does not include royalties, depreciation and amortisation costs.

As at 30 June 2023 Grange operations achieved 52 days lost time injury free.

A significant achievement has been the implementation of Hexagon’s Operator Alertness System, which provides real time monitoring for distraction and fatigue. This safety initiative serves to ensure operators are maintaining the attention required to operate our haul fleet safely.

The cutback on the east wall of North Pit continues with the implementation of the refined pit design. The changes in wall angles and pre-splitting is delivering clean and stable walls through the upper parts of the pit. Pre-stripping in Centre Pit also continues as we progress down the east and western sides of the pit towards the main ore zone.

Downstream processing rates were down in the first quarter due to the scheduled maintenance works carried out for the annual common equipment shutdown. Concentrate and pellet production rates improved in the second quarter following the previous maintenance works.

North Pit Underground Development Project

Work on the Definitive Feasibility Study continues with the documentation of production schedules and modelling to implement a block cave under North Pit. The Environment Impact Statement is being prepared for submission in Q3. A tender was released to seek contractor interest as we seek to continue the exploration decline and enable the next phase of drilling. This will be focused on the potential extraction level.

Port Latta Improvement Projects

The Intermediate Air System was successfully progressed through the commissioning phase during Q2. This furnace is now running effectively without the addition of anthracite, reducing CO2-e emissions. Further optimization work is in progress on the control systems. Following this, the design phase for similar modifications on the remainder of the furnaces will commence.

The components for the High Efficiency Mixer were delivered to site and plans for commissioning finalized for implementation in Q3.

Statement of Financial Position

Grange’s net assets increased by $47.3 million during the six months ended 30 June 2023 to $951.4 million from $904.1 million as at 31 December 2022 principally as a result of the following:

- Increase in mine properties and development $49.7m
- Net Increase in property, plant and equipment of $39.8m
- Decrease in trade and other payables $32.9m

Offset by:

- Decrease in other financial assets $55.1m
- Increase in deferred tax liabilities $18.4m
- Net decrease in other balances $1.6m

Statement of Cash Flows

Net cash flows from operating activities

Net cash inflows from operating activities for the six months ended 30 June 2023 were $93.9 million (six months ended 30 June 2022: net inflow of $89.8 million) which mainly due to lower income taxes paid and higher interest received partially offset by lower revenue due to lower prices.

Net cash flows from investing activities

Net cash outflows from investing activities for the six months ended 30 June 2023 were $75.1 million (six months ended 30 June 2022: net outflow of $119.9 million), principally related to significant expenditure for mine development of $71.0 million (June 2022: $46.5 million), and purchase of property plant equipment of $55.9 million (June 2022: $23.4 million) reduced by proceeds from term deposits $51.8million.

Net cash flows from financing activities

Net cash outflows from financing activities for the six months ended 30 June 2023 were $22.4 million (six months ended 30 June 2022: net outflow of $119.7 million) and principally related to payment of final dividend payment of $23.1 million for the 2022 financial year.

Rounding of amounts
The Group is of a kind referred to in ASIC Legislative Instrument 2016/191 Class, issued by the Australian Securities and Investments Commission, relating to the ‘rounding off’ of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

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Michelle Li
Chairperson of the Board of Directors

25 August 2023

Auditor's Independence Declaration

As lead auditor for the review of Grange Resources Limited for the half-year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Grange Resources Limited and the entities it controlled during the period.

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
25 August 2023

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Condensed consolidated statement of comprehensive income
For the half-year ended 30 June 2023

	Note	Six months to 30 June 2023 $'000	Six months to 30 June 2022 $'000
Revenue from Operations	3,2	278,382	341,051
Cost of Sales	4	(172,838)	(157,361)
Gross profit from operations		**105,544**	**183,690**
Administrative Expenses		(2,868)	(2,221)
Exploration and Evaluation Expenditures		(9,575)	(4,900)
Other Income/(Expenses)		(707)	224
Operating profit before finance costs		**92,394**	**176,793**
Finance Income		10,772	16,648
Finance Expenses		(2,188)	(1,547)
Profit before income tax expense		**100,978**	**191,894**
Income tax expense	5	(30,579)	(59,706)
Profit after income tax expense for the half-year	16	**70,399**	**132,188**
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		**70,399**	**132,188**
		Cents	**Cents**
Basic earnings per share		**6.08**	**11.42**
Diluted earnings per share		**6.08**	**11.42**

The above Condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Grange Resources Limited and its Controlled Entities
Condensed consolidated statement of financial position
As at 30 June 2023

	Note	30 June 2023 $'000	31 December 2022 $'000
Assets			
Current assets			
Cash and cash equivalents	6	107,837	108,411
Trade and other receivables	7	60,732	58,421
Inventories	9	162,427	162,904
Other financial assets	8,18	137,009	192,177
Total current assets		**468,005**	**521,913**
Non-current assets			
Other financial assets	8,18	1,643	1,584
Property, plant and equipment	10	237,590	197,829
Right-of-use assets		2,958	6,953
Mine properties and development	11	410,631	360,952
Receivables		10,009	8,988
Total non-current assets		**662,831**	**576,306**
Total assets		**1,130,836**	**1,098,219**
Liabilities			
Current liabilities			
Trade and other payables	13	34,833	67,723
Borrowings		1,875	-
Lease liability		1,807	4,284
Provisions	14	21,560	22,007
Total current liabilities		**60,075**	**94,014**
Non-current liabilities			
Lease liability		1,302	2,198
Deferred tax Liabilities	12	35,947	17,516
Provisions	14	82,103	80,365
Total non-current liabilities		**119,352**	**100,079**
Total liabilities		**179,427**	**194,093**
Net assets		**951,409**	**904,126**
Equity			
Contributed Equity	15	331,513	331,513
Reserves		(2,189)	(2,220)
Retained earnings	16	622,085	574,833
Total equity		**951,409**	**904,126**

The above Condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

Grange Resources Limited and its Controlled Entities
Condensed consolidated statement of changes in equity
For the half-year ended 30 June 2023

	Contributed Equity $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 January 2022	**331,513**	(2,273)	**541,979**	**871,219**
Profit after income tax expense for the half-year	-	-	132,188	132,188
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	132,188	132,188
Transactions with owners in their capacity as owners:				
Share-based payments	-	16	-	16
Dividends paid (note 17)	-	-	(115,734)	(115,734)
Balance at 30 June 2022	**331,513**	**(2,257)**	**558,433**	**887,689**

	Contributed Equity $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 January 2023	**331,513**	**(2,220)**	**574,833**	**904,126**
Profit after income tax expense for the half-year	-	-	70,399	70,399
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	70,399	70,399
Transactions with owners in their capacity as owners:				
Share-based payments	-	31	-	31
Dividends paid (note 17)	-	-	(23,147)	(23,147)
Balance at 30 June 2023	**331,513**	**(2,189)**	**622,085**	**951,409**

The above Condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Grange Resources Limited and its Controlled Entities
Condensed consolidated statement of cash flows
For the half-year ended 30 June 2023

	Six months to 30 June 2023 $'000	Six months to 30 June 2022 $'000
Cash flows from operating activities		
Receipts from customers and other debtors (inclusive of goods and services tax)	282,182	349,916
Payments to suppliers and employees (inclusive of goods and services tax)	(164,198)	(169,190)
	117,984	**180,726**
Interest received	7,337	2,863
Interest paid	(151)	(423)
Income taxes paid	(31,238)	(93,387)
Net cash inflow from operating activities	**93,932**	**89,779**
Cash flows from investing activities		
Payments for mine, properties and development	(71,019)	(46,533)
Payments for property, plant and equipment	(55,913)	(23,394)
Payments for investment in term deposits	-	(60,000)
Proceeds from managed funds	-	9,901
Proceeds from security and term deposits	51,828	82
Proceeds from sales of property, plant and equipment	8	1
Net cash used in investing activities	**(75,096)**	**(119,943)**
Cash flows from financing activities		
Dividends paid to shareholders	(23,147)	(115,734)
Lease payments	(1,147)	(3,988)
Proceeds from borrowings	1,875	-
Net cash used in financing activities	**(22,419)**	**(119,722)**
Net decrease in cash and cash equivalents	**(3,583)**	**(149,886)**
Cash and cash equivalents at the beginning of the financial half-year	108,410	443,892
Effects of exchange rate changes on cash and cash equivalents	3,010	5,858
Cash and cash equivalents at the end of the financial half-year	**107,837**	**299,864**

The above Condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Summary of Significant Accounting Policies

(a) Basis of preparation for the interim financial report

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2023 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all information and disclosures required in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by Grange Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(b) Accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

Where required, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

(c) Critical accounting estimates and judgements

The preparation of this interim financial report requires the use of estimates and judgements. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within this interim financial report are consistent with those of the previous financial year as disclosed in the Annual Report for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(d) Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191 Class, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Segment Information

(a) Description of segments

Operating segments are determined based on the reports reviewed by the Chief Executive Officer, who is the Group's chief operating decision maker in terms of allocating resources and assessing performance.

The Group has two reportable segments:

(i) Exploration, evaluation, and development of mineral resources and iron ore mining operations; and
(ii) Development and construction of housing units

In 2022, the Group discontinued its property segment operations.

The Chief Executive Officer allocates resources and assesses performance, in terms of revenues earned, expenses incurred, and assets employed, on a consolidated basis in a manner consistent with that of the measurement and presentation in the financial statements.

Segment assets and capital are allocated based on where the assets are located. The consolidated assets of the Group were predominately located in Australia as at 30 June 2023 and 31 December 2022. The total costs incurred during the current and comparative periods to acquire segment assets also predominately incurred in Australia.

Note 2. Segment Information (continued)

Exploration, evaluation and development projects (including the Southdown project) are not deemed reportable operating segments at this time as the financial performance of these operations is not separately included in the reports provided to the Chief Executive Officer. These projects may become segments in the future.

	Ore Mining		Property Development		Total	
	Six months to 30 June 2023 $'000	**Six months to 30 June 2022 $'000**	**Six months to 30 June 2023 $'000**	**Six months to 30 June 2022 $'000**	**Six months to 30 June 2023 $'000**	**Six months to 30 June 2022 $'000**
Revenue from external customers	278,382	329,751	-	11,300	**278,382**	**341,051**
Timing of Revenue Recognition						
At a point in time	253,720	294,239	-	11,300	**253,720**	**305,539**
Over time	24,662	35,512	-	-	**24,662**	**35,512**
	278,382	**329,751**	**-**	**11,300**	**278,382**	**341,051**
Total Assets	1,130,836	1,051,115	-	23,776	1,130,836	1,074,891
Total Liabilities	179,427	187,013	-	189	179,427	187,202

Note 3. Revenue from Operations

	Six months to 30 June 2023			**Six months to 30 June 2022**		
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	Revenue from Contracts with Customers	Other Revenue/Loss	Total Revenues	Revenue from Contracts with Customers	Other Revenue/Loss	Total Revenues
From Mining Operations						
Sales of Iron Ore	286,106	(7,724)	**278,382**	308,502	21,249	**329,751**
From Property Development						
Sales of property	-	-	**-**	11,300	-	**11,300**
	286,106	**(7,724)**	**278,382**	**319,802**	**21,249**	**341,051**

Certain of the Group's products may be provisionally priced at the date revenue is recognised. The change in value of the provisionally priced receivables (note 7 – Trade and Other Receivables) is based on relevant forward market prices and is included in “Other revenue”. Where an estimated forward price is not available, spot prices are applied as management’s best estimate of the provisional prices.

Revenue from contracts with provisional pricing is recognised based on the estimated forward prices where available which the Group expects to receive at the end of the quotation period. Where an estimated forward price is not available, spot prices are applied as management’s best estimate of the provisional prices. The quotation period exposure is considered to be an embedded derivative and forms part of trade receivables. The subsequent changes in the fair value were recognised in the statement of profit or loss and other comprehensive income as other revenue / (loss). Changes in fair value over, and until the end of the quotation period, are estimated by reference to updated forward market prices.

Note 4. Cost of Sales

	Six months to 30 June 2023 $000	Six months to 30 June 2022 $000
Cost of sales - mining		
Mining costs	97,142	79,875
Production costs	77,852	68,330
Changes in inventories	(993)	(28,752)
Freight Costs	24,662	35,512
Government Royalties	9,813	9,971
Depreciation and amortisation expense	17,059	10,705
Mine properties and development		
- Amortisation expense	4,192	4,760
Deferred Stripping		
- Amounts capitalised during the period	(71,007)	(46,182)
- Amortisation expense	16,542	16,533
Foreign exchange loss	(2,424)	(3,349)
Total Cost of Sales - Mining	**172,838**	**147,403**
Cost of Sales - Property Development		
Property Costs	-	9,958
Total Cost of Sales	**172,838**	**157,361**

Note 5. Income Tax Expense

	Six months to 30 June 2023 $'000	Six months to 30 June 2022 $'000
(a) Income Tax Expense		
Current Tax	**12,108**	**45,601**
Deferred income tax included in income tax expense comprises:		
Decrease in deferred tax assets	18,431	14,099
Previously unrecognised deferred tax assets for temporary differences now recognised	40	6
	18,471	**14,105**
Total Income Tax Expense	**30,579**	**59,706**
(b) Numerical reconciliation of income tax expense (benefit) to prima facie tax payable		
Profit from continuing operations before income tax expense (benefit)	100,978	191,894

Note 5. Income Tax Expense (continued)

Tax expense at the Australian tax rate of 30% (June 2022: 30%)	30,294	57,568
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry Items	77	115
	30,371	**57,683**
Movements in previously unrealised deferred tax assets	(40)	6
Adjustment to tax of prior period	248	2,017
	30,579	**59,706**

(c) Taxation Losses

Unused taxation losses for which no deferred tax assets has been recognised	5,618	5,625
Potential tax benefit @ 30%	**1,685**	**1,688**

Note 6. Cash and cash equivalents

	30 June 2023 $'000	31 December 2022 $'000
Cash at bank and in hand	9,588	9,074
Short-term deposits	98,249	99,337
	107,837	**108,411**

Note 7. Trade and other receivables

	30 June 2023 $'000	31 December 2022 $'000
Trade receivables	43,197	48,727
Security deposits	3,175	325
Income tax receivable	2,906	-
Other receivables	7,586	8,120
Prepayments	3,868	1,249
	60,732	**58,421**

Trade receivables include provisionally priced receivables relating to sales contracts where the selling price is determined after delivery to the customers, based on the market price at the relevant quotation point stipulated in the contract (note 3 – Revenue). The quotation period exposure is considered to be an embedded derivative and not separated from the entire balance. The entire balance is accounted for as one instrument and measured at fair value.

Trade receivables - embedded derivative due to quotation period exposure is considered as level 2 in fair value hierarchy (note 18).

Security deposits comprises of restricted deposits that are used for monetary backing for performance guarantees.

Note 8. Other financial assets

	30 June 2023 $'000	31 December 2022 $'000
Current assets		
Current Assets		
Derivatives (note 18)	2,509	1,977
Investment in term deposits	134,500	190,200
	137,009	**192,177**
Non-current Assets		
Derivatives (note 18)	**1,643**	**1,584**

The Group holds investment in AUD term deposits with 91 to 365 day terms and carries an annual interest of 4.00% to 5.51%.

Note 9. Inventories

	30 June 2023 $'000	31 December 2022 $'000
Stores and spares	46,186	47,656
Ore stockpiles	79,536	83,155
Work in progress	2,016	2,848
Finished goods (at lower of cost and net realisable value)	34,689	29,245
	162,427	**162,904**

Ore stockpiles, work in progress, finished goods and stores and spares are valued at the lower of weighted average cost and estimated net realisable value. A credit of $1.0 million in 2023 and $28.8 million in 2022 were recognised for the movements in inventories (note 4).

Note 10. Property, plant and equipment

	Land and Building $'000	Plant and Equipment $'000	Computer Equipment $'000	Assets Under Construction $'000	Total $'000
At 1 January 2023					
Cost	58,128	468,116	10,258	104,081	640,583
Accumulated depreciation and impairment	(41,492)	(391,705)	(9,557)	-	(442,754)
Net book amount	**16,636**	**76,411**	**701**	**104,081**	**197,829**
Half-year ended 30 June 2023					
Opening net book amount	16,636	76,411	701	104,081	197,829
Additions	-	-	-	57,355	57,355
Disposals - net book value	-	(1)	-	(1,430)	(1,431)
Depreciation charge	(884)	(12,182)	(3,085)	-	(16,151)
Transfer	1,418	19,717	3,864	(24,999)	-
Transfer to mine properties and development	-	-	-	(12)	(12)
Closing net book amount	**17,170**	**83,945**	**1,480**	**134,995**	**237,590**
At 30 June 2023					
Cost	59,546	487,832	14,122	134,995	696,495
Accumulated depreciation and Impairment	(42,376)	(403,887)	(12,642)	-	(458,905)
Net book amount	**17,170**	**83,945**	**1,480**	**134,995**	**237,590**

Note 11. Mine properties and development

	30 June 2023 $'000	31 December 2022 $'000
Mine properties and development (at cost)	663,510	664,105
Accumulated amortisation and impairment	(505,188)	(500,997)
Net book amount	**158,322**	**163,108**
Deferred Stripping Costs (Net Book Amount)	252,309	197,844
Total mine properties and developments	**410,631**	**360,952**

Movements in mine properties and development are set out below:	30 June 2023 $'000	31 December 2022 $'000
Mine properties and development		
Opening net book amount	163,108	179,622
Current year expenditure capitalised	12	623
Change in rehabilitation estimate	39	16,994
Change in discount rate	(645)	(26,132)
Transfer to property plant and equipment	-	983
Amortisation expense	(4,192)	(8,982)
	158,322	**163,108**
Deferred stripping costs		
Opening net book amount	197,844	82,755
Current year expenditure capitalised	71,007	136,222
Amortisation expense	(16,542)	(21,133)
Closing net book amount	**252,309**	**197,844**

Note 12. Deferred tax assets (liabilities)

	30 June 2023 $'000	31 December 2022 $'000
The balance comprises temporary differences attributable to:		
Deferred Tax Assets		
Property, plant and equipment	16,607	16,572
Decommissioning and restoration	23,106	21,954
Employee benefits	6,988	7,039
Foreign exchange	-	353
Trade Receivables	56	56
Trade payables	43	-
Total deferred tax assets	**46,800**	**45,974**
Deferred Tax Liabilities		
Mine properties and development	(73,502)	(55,912)
Inventory	(6,892)	(6,368)
Derivatives	(1,245)	(1,068)
Trade Payables	-	(141)
Foreign exchange	(1,108)	-
Prepayments	-	(1)
Total net deferred tax assets (liabilities)	**(82,747)**	**(63,490)**
Total net deferred tax liabilities	**(35,947)**	**(17,516)**

Note 13. Trade and other payables

	30 June 2023 $'000	31 December 2022 $'000
Trade payables and accruals	31,530	45,003
Contract Liabilities	2,662	2,662
Tax payable	-	16,184
Other payables	641	3,874
	34,833	**67,723**

Note 14. Provisions

Provisions (Current)	30 June 2023 $'000	31 December 2022 $'000
Leave Obligations	18,499	17,793
Employee benefits	1,735	2,891
Decommissioning and restoration	1,326	1,323
	21,560	**22,007**

The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	30 June 2023 $'000	31 December 2022 $'000
Current leave obligations expected to be settled after 12 months	9,141	8,894

Note 14. Provisions (continued)

	30 June 2023 $'000	31 December 2022 $'000
Movements in provision for decommissioning and restoration are set out below		
Balance at beginning of the year / period	1,323	1,487
Change in estimate	(80)	(138)
Transfers to current provisions	83	(26)
	1,326	**1,323**

	30 June 2023 $'000	31 December 2022 $'000
Provisions (non-current)		
Leave obligations	2,828	2,598
Employee benefits	230	181
Decommissioning and restorations	79,045	77,586
	82,103	**80,365**

Movements in provision for decommissioning and restoration are set out below

	30 June 2023 $'000	31 December 2022 $'000
Balance at beginning of the year / period	77,586	85,235
Change in estimate	36	(8,630)
Rehabilitation work completed	-	(956)
Unwinding of discount	1,506	1,911
Transfers to current provisions	(83)	26
Balance at the end of the year / period	**79,045**	**77,586**

The change in estimate reflects a change in valuation of the decommissioning and restoration liability due to a change in discount rate.

Note 15. Contributed equity

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held. Ordinary shares entitle their holder to one vote per share, either in person or by proxy, at a meeting of the Company. Ordinary shares have no par value and the Company does not have a limited amount of authorised share capital.

	30 June 2023 No. of Shares	31 December 2022 No. of Shares	30 June 2023 $'000	31 December 2022 $'000
Shares	**1,157,338,689**	**1,157,338,689**	**331,513**	**331,513**

Note 16. Retained earnings

Retained earnings attributable to owners of Grange Resources

	30 June 2023 $'000	31 December 2022 $'000
Retained profits		
Balance at the beginning of the year	574,833	541,979
Profit for the year	70,399	171,735
Dividends paid (note 17)	(23,147)	(138,881)
Balance at the end of the year	**622,085**	**574,833**

Note 17. Dividends

	30 June 2023 $'000	31 December 2022 $'000
Fully franked final dividend for the year ended 31 December 2022 - 2.0 cents per share	23,147	-
Fully franked interim dividend for half year ended 30 June 2022 - 2.0 cents per share	-	23,147
Fully franked final dividend for the year ended 31 December 2021 - 10.0 cents per share	-	115,734
Total dividends paid	**23,147**	**138,881**

Franking Credits

	30 June 2023 $'000	31 December 2022 $'000
Franking credits available for subsequent reporting periods Based on a tax rate of 30% (2022 - 30%)	89,450	87,262

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

Note 18. Fair Value Measurement

Fair value hierarchy
This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the1counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Note 18. Fair Value Measurement (continued)

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value the derivative financial instruments mainly include determining the fair value of forward contracts using forward rates at the balance sheet date provided by the dealers.

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2023 and 31 December 2022 on a recurring basis:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

30 June 2023	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Trade receivables - embedded derivatives	-	1,359	-	1,359
Derivative financial instruments	-	4,152	-	4,152
Total assets	**-**	**5,511**	**-**	**5,511**

31 December 2022	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Trade receivables - embedded derivatives	-	7,698	-	7,698
Derivative financial instruments	-	3,561	-	3,561
Total assets	**-**	**11,259**	**-**	**11,259**

Derivatives are only used for economic hedging purposes and not as speculative investments. The Group has the following derivative financial instruments:

	30 June 2023 $'000	**31 December 2022 $'000**
Electricity fixed forward	4,825	3,548
Diesel commodity swap	(521)	-
Foreign currency options	(152)	13
Derivative financial instruments	**4,152**	**3,561**

The Company uses forward contracts to manage the price-risk of energy and fuel consumption. This table represents the mark to market revaluation of these forward contracts.

(i) Classification of derivatives

Derivatives are classified as financial assets held at fair value through profit or loss (FVTPL). They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

Note 19. Contingent liabilities

There were no significant changes to the contingent liabilities previously disclosed in the Annual Report for the half year ended 30 June 2023.

Note 20. Events Occurring After the Reporting Period

The reacquisition of SRT's 30% interest in the Southdown Magnetite Project was completed on 17 July 2023. Grange now holds 100% ownership in the Southdown Magnetite Project.

Grange Resources Limited and its Controlled Entities
Directors' declaration
30 June 2023

In the opinion of the Directors:

(a) The interim financial statements and notes of Grange Resources Limited set out on pages 7 to 21 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the half-year ended on that date;
(ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

(b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declaration made to the directors for the half year ended 30 June 2023 in accordance with the 4th Edition of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations.

This declaration is made in accordance with a resolution of the directors.

Michelle Li
Chairperson of the Board of Directors

25 August 2023

Independent auditor's review report to the members of Grange Resources Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Grange Resources Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Condensed consolidated statement of financial position as at 30 June 2023, the Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Grange Resources Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Chris Dodd
Partner

Melbourne
25 August 2023