Grange Resources Limited
ABN 80 009 132 405
and Controlled Entities

GRANGE
RESOURCES

Australia's most experienced magnetite producer

INTERIM FINANCIAL REPORT

For the Half-Year Ended
30 June 2021

Contents

DIRECTORS' REPORT

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 2021.

Directors

The following persons were directors of the Company during the half-year and up to the date of this report:

Michelle Li	Chairperson
Honglin Zhao	Executive Director
Yan Jia	Non-Executive Director, Deputy Chairperson
Michael Dontschuk	Non-Executive Director
David Woodall	Non-Executive Director - resigned 30 April 2021
Ajanth Saverimutto	Non-Executive Director - appointed 1 June 2021

Principal activities

During the six months ended 30 June 2021, 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 1560 days Lost Time Injury free
- Statutory profit after tax for the six months ended 30 June 2021 of $205.3 million compared to the same period in 2020 of $65.6 million profit after tax. Net assets as at 30 June 2021 of $894.2 million, compared to $712.1 million as at 31 December 2020.
- Pellet production of 1.27 million tonnes, compared to 1.23 million tonnes in the preceding 2020 half year.
- Pellet sales of 1.21 million tonnes, compared to 1.20 million tonnes in the preceding 2020 half year.
- Unit cash operating costs for the six months ended 30 June 2021 of $100.23 per tonne compared to $98.22 per tonne for the preceding 2020 half year principally due to lower concentrate produced and higher energy costs.
- Cash and cash equivalents and liquid investments of $416.4 million compared to $202.9 million as at 31 December 2020.
- The underground feasibility study continues to progress in the final stages and is being assessed by an independent Peer Reviewer. The results will feed into an overall enterprise optimisation to deliver an updated Life of Mine Plan.

COVID-19 Business Response

The COVID-19 pandemic continues to be highly active and uncertain overseas and in Australia. In recent months, there had been spikes in new infection cases in different regions in Australia which resulted in the reinstatement of interstate travel restrictions and other precautionary requirements. Grange has responded promptly to these restrictions and precautionary requirements The Company continues to adopt a new mode of operation in order to ensure the health, safety and wellbeing of our people through the course of the pandemic. Business continuity plans have been implemented and operations have instigated multiple layers of controls. These have centred around our 4 simple steps to Sanitise, Separate, Self-care and Support each other, including temperature checks onsite as we continue our operation and protect our people at work and at home.

Grange personnel have responded positively to changing circumstances throughout the pandemic. To date, the Company has had no cases of COVID-19 amongst our staff and no material production impact due to COVID-19. We remain ready to respond promptly and accordingly in the event of any required precautionary measures and reinstatement of government restrictions.

Review of Results

Statement of Comprehensive Income

Grange achieved a statutory profit after tax of $205.3 million for the half year ended 30 June 2021 (2020: $65.6 million profit after tax) on revenues from mining operations of $449.6 million (2020: $231.0 million).

Key revenue metrics for the 30 June 2021 half year and preceding 2020 half year were as follows:

	6 months to 30 June 2021	6 months to 30 June 2020
Iron Ore Pellet Sales (dmt)	1,209,809	1,199,390
Iron Ore Concentrate Sales (dmt)	22	-
Iron Ore Chip Sales (dmt)	60,174	40,381
TOTAL Iron Ore Product Sales (dmt)	1,270,005	1,239,771
Average Realised Product Price (US$/t FOB Port Latta)*	260.54	115.34
Average Realised Exchange Rate (AUD:USD)	$0.7681	$0.6526
Average Realised Product Price (A$/t FOB Port Latta)*	339.21	176.75

*In 2021 and 2020, a portion of sales were made on CFR 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.

Sales for the half year ended 30 June 2021 totalled 1,270,005 tonnes of high quality, low impurity iron ore products compared to 1,239,771 tonnes for the preceding 2020 half year.

The average pellet price received during the half year was US$260.54 per tonne of product sold (FOB Port Latta) (2020: US$115.34 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 all products for 2021.

Key production metrics for the 30 June 2021 half year and preceding 2020 half year were as follows:

	6 months to 30 June 2021	6 months to 30 June 2020
Total BCM Mined	6,825,324	7,772,574
Total Ore BCM	874,813	355,677
Concentrate Produced (t)	1,206,721	1,249,858
Weight Recovery (%)	41.4	48.9
Pellets Produced (t)	1,271,103	1,229,807
Pellet Stockpile (t)	181,260	178,138
"C1" Cost (A$/tonne Product Produced)[1]	100.23	$98.22

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 2021 Grange operations achieved over 1560 days lost time injury free.

Mining activities have been focused on mining ore from the Main Ore Zone in North Pit. The successful installation of additional safety controls on the east wall to reduce the risk of small rockfalls was completed by utilising remote equipment and innovations to allow the placement of fencing and structure via remote excavator. This has enabled mine movement rates to improve in the North Pit.

Mining movement from the first stage of Centre Pit continued as planned for the quarter.

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 along with higher head grade being presented to the mill and target production rates were achieved.

North Pit Underground Development Project

Prefeasibility study work continues with final production schedules being developed for different extraction methods. The PFS is also being assessed by an independent reviewer. The underground study write up is in the final stages and the results will feed into an overall enterprise optimisation to deliver an updated Life of Mine Plan.

Port Latta Improvement Projects

Improvement modelling continues with engineering for additional air capacity for the furnace rebuild. Long lead items are now being secured with a view to implementation in Q4 2021.

The new Sodium Hydroxide plant was commissioned and is now integrated into the operation. The project is delivering increased pH control on the top gas scrubber system, increasing efficiency and significantly reducing long term maintenance requirements.

A project at the Concentrator was completed in the quarter to replace the Rougher Magnetic Separators. This involved design improvements and new technology to replace the 53-year-old magnetic separators that extracts the magnetite from the ore feed. Eight units have now been successfully implemented, with the upgrades improving plant recovery and efficiency.

Statement of Financial Position

Grange's net assets increased by $182.1 million during the six months ended 30 June 2021 to $894.2 million from $712.1 million as at 31 December 2020 principally as a result of the following:

- Increase in cash with higher iron ore prices $213.6m
- Net Increase in property, plant and equipment of $13.8m; and
- Increase in income tax payable $55m.

Statement of Cash Flows

Net cash flows from operating activities

Net cash inflows from operating activities for the six months ended 30 June 2021 were $278.0 million (six months ended 30 June 2020: net inflow of $107.4 million) which largely reflects higher iron ore product sales price.

Net cash flows from investing activities

Net cash outflows from investing activities for the six months ended 30 June 2021 were $46.1 million (six months ended 30 June 2020: net outflow of $75.1 million), principally related to significant expenditure for mine development of $25 million (June 2020: $59.2 million), and purchase of property plant equipment of $21.0 million (June 2020: $19.5 million).

Net cash flows from financing activities

Net cash outflows from financing activities for the six months ended 30 June 2021 were $23.9 million (six months ended 30 June 2020: net outflow of $15.7 million) and principally related to payment of final dividend payment of $23.2 million for the 2020 financial year.

Dividends

Dividends provided for or paid during the half year:

	30 June 2021 $'000	**31 December 2020 $'000**
Fully franked final dividend for the year ended 31 December 2020 – 2.0 cents per share	23,147	
Fully franked interim dividend for half year ended 30 June 2020 - 1.0 cents per share		11,573
Fully franked final dividend for the year ended 31 December 2019 - 1.0 cents per share		11,574
Total dividends paid	**23,147**	**23,147**

These dividends above were declared NIL conduit foreign income.

Since the end of the half-year, the Board of Directors have recommended the payment of a fully franked dividend of 2.0 cents per share or $23.1 million. The interim dividend was declared NIL conduit foreign income and will be paid on 30 September 2021.

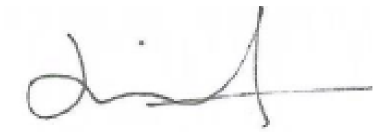
Rounding of amounts

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.

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 on page 7.

This report is made in accordance with a resolution of directors.



Michelle Li
Chairperson
Perth Western Australia
25 August 2021

Auditor's Independence Declaration

As lead auditor for the review of Grange Resources Limited for the half-year ended 30 June 2021, 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.

Amanda Campbell
Partner
PricewaterhouseCoopers

Melbourne
25 August 2021

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

GRANGE RESOURCES LIMITED
ABN 80 009 132 405
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2021

	NOTES	Six months to 30 June 2021 $'000	Six months to 30 June 2020 $'000
Revenues from operations	2,3	450,572	242,019
Cost of sales	4	(168,807)	(139,558)
Gross profit from operations		**281,765**	**102,461**
Administration expenses	5	(2,021)	(2,576)
Operating profit before other income (expenses)		**279,744**	**99,885**
Other income (expenses)			
Exploration and evaluation expenditure		(1,336)	(563)
Other income	6	132	157
Operating profit before finance costs		**278,540**	**99,479**
Finance income	7	15,917	2,882
Finance expenses	7	(445)	(18,658)
Profit before tax		**294,012**	**83,703**
Income tax expense	8	(88,750)	(18,095)
Profit after tax for the half-year		**205,262**	**65,608**
Total comprehensive income for the half-year		**205,262**	**65,608**
Total comprehensive income for the period attributable to:			
- Equity holders of Grange Resources Limited		205,914	67,003
- Non Controlling Interests		(652)	(1,395)
		205,262	**65,608**
Earnings per share for profit attributable to the ordinary equity holders of Grange Resources Limited			
Basic earnings per share (cents per share)		**17.79**	**5.79**
Diluted earnings per share (cents per share)		**17.79**	**5.79**

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

GRANGE RESOURCES LIMITED
ABN 80 009 132 405
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

Consolidated	NOTES	30 June 2021 $'000	31 December 2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	397,034	183,385
Trade and other receivables	10	100,180	94,469
Inventories	11	122,546	123,010
Other financial assets	25	19,407	19,539
Total current assets		**639,167**	**420,403**
Non-current assets			
Receivables	12	8,488	8,484
Property, plant and equipment	13	127,794	113,994
Right of use assets	14	5,857	2,311
Mine properties and development	15	259,043	269,297
Deferred tax assets	16	50,567	59,291
Total non-current assets		**451,749**	**453,377**
Total assets		**1,090,916**	**873,780**
LIABILITIES			
Current liabilities			
Lease liability	14	2,133	1,109
Trade and other payables	17	89,624	39,879
Borrowings	18	14,044	14,044
Provisions	19	24,389	24,584
Other financial liabilities	25	1,393	3,890
Total current liabilities		**131,583**	**83,506**
Non-current liabilities			
Lease liability	14	3,667	1,299
Provisions	20	61,460	72,616
Other financial liabilities	25	-	4,268
Total non-current liabilities		**65,127**	**78,183**
Total liabilities		**196,710**	**161,689**
Net assets		**894,206**	**712,091**
EQUITY			
Contributed equity	21	331,513	331,513
Retained earnings	22	564,514	381,747
Capital and reserves attributable to owners of Grange Resources Limited		896,027	713,260
Non-controlling interests	24	(1,821)	(1,169)
Total equity		**894,206**	**712,091**

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

GRANGE RESOURCES LIMITED
ABN 80 009 132 405
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2021

	NOTES	Contributed equity $'000	Non-controlling Interest $'000	Retained earnings $'000	TOTAL $'000
Balance at 1 January 2021		**331,513**	**(1,169)**	**381,747**	**712,091**
Profit for the period attributable to owners of Grange Resource Limited		-	-	205,914	**205,914**
Loss attributable to non-controlling interests		-	(652)	-	**(652)**
Total comprehensive profit for the period		-	(652)	205,914	**205,262**
Transactions with owners in their capacity as owners					
Dividends paid	23	-	-	(23,147)	**(23,147)**
Balance at 30 June 2021		**331,513**	**(1,821)**	**564,514**	**894,206**
Balance at 1 January 2020		**331,513**	**(176)**	**200,716**	**532,053**
Profit for the period attributable to owners of Grange Resource Limited		-	-	67,003	**67,003**
Loss attributable to non-controlling interests		-	(1,395)	-	**(1,395)**
Total comprehensive profit for the period		-	(1,395)	67,003	**65,608**
Transactions with owners in their capacity as owners					
Dividends paid	23	-	-	(11,573)	**(11,573)**
Balance at 30 June 2020		**331,513**	**(1,571)**	**256,146**	**586,088**

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

GRANGE RESOURCES LIMITED
ABN 80 009 132 405
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2021

Consolidated	NOTES	Six months to 30 June 2021 $'000	Six months to 30 June 2020 $'000
Cash flows from operating activities			
Receipts from customers and other debtors (inclusive of goods and services tax)		445,908	235,535
Payments to suppliers and employees (inclusive of goods and services tax)		(146,137)	(101,433)
		299,771	134,102
Interest received		3,352	2,941
Income taxes paid		(25,080)	(29,637)
Net cash inflow/(outflow) from operating activities		**278,043**	**107,406**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		4	20
Payments for property, plant and equipment	13	(21,034)	(19,454)
Payments for mine properties and development	15	(25,031)	(59,219)
Proceeds/(payments) in loan receivable		-	3,574
Payments for term deposits		(4)	(46)
Net cash outflow from investing activities		**(46,065)**	**(75,125)**
Cash flows from financing activities			
Proceeds from borrowings		-	1,767
Repayment of borrowings		-	(5,440)
Dividends paid to shareholders	23	(23,147)	(11,573)
Lease payments		(778)	(487)
Net cash outflow from financing activities		**(23,925)**	**(15,733)**
Net (decrease)/increase in cash and cash equivalents		**208,053**	**16,548**
Cash and cash equivalents at beginning of the period		183,385	142,143
Net foreign exchange differences	7	5,596	(1,954)
Cash and cash equivalents at the end of the half-year	9	**397,034**	**156,737**

The above condensed 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 2021 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 2020 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 2020.

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

A number of new or 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 standards.

(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 2020.

NOTE 2. SEGMENT INFORMATION

Operating segments are 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

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 2021 and 31 December 2020. The total costs incurred during the current and comparative periods to acquire segment assets also predominately incurred in Australia.

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.

NOTE 2. SEGMENT INFORMATION Continued

Segment information

	Ore Mining		Property Development		Total	
	Six months to 30 June 2021 $'000	Six months to 30 June 2020 $'000	Six months to 30 June 2021 $'000	Six months to 30 June 2020 $'000	Six months to 30 June 2021 $'000	Six months to 30 June 2020 $'000
Revenue from external customers	**449,556**	**231,036**	**1,016**	**10,983**	**450,572**	**242,019**
Timing of revenue recognition						
At a point in time	430,795	219,127	1,016	10,983	431,811	230,110
Over time	18,761	11,909	-	-	18,761	11,909
	449,556	**231,036**	**1,016**	**10,983**	**450,572**	**242,019**
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**	**2021 $'000**	**2020 $'000**
Total Assets	1,052,009	695,535	38,906	36,496	1,090,916	732,031
Total Liabilities	182,989	133,255	13,721	12,688	196,710	145,943

The Group holds 51% ownership of the property development segment and is fully consolidated (refer to note 24).

The following table presents segment revenues based on geographical location

	Six months to 30 June 2021	Six months to 30 June 2020
Ore Mining	**$'000**	**$'000**
Australia	31,630	11,265
China	333,920	219,771
Korea	84,006	-
Total Mining	**449,556**	**231,036**
Property Development	**$'000**	**$'000**
Australia	1,016	10,983
Total Property Development	**1,016**	**10,983**
Total Revenue	**450,572**	**242,019**

NOTE 3. REVENUE

	Six months to 30 June 2021			Six months to 30 June 2020		
	Revenue from Contracts with Customers	Other Revenue	Consolidated Sales Revenues	Revenue from Contracts with Customers	Other Revenue	Consolidated Sales Revenues
	$'000	$'000	$'000	$'000	$'000	$'000
From mining operations						
Sales of iron ore	406,660	42,896	449,556	230,871	165	231,036
From property development						
Sales of property	1,016	-	1,016	10,983	-	10,983
Total	**407,676**	**42,896**	**450,572**	**241,854**	**165**	**242,019**

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 10 – 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.

NOTE 4. COST OF SALES

	Six months to 30 June 2021	Six months to 30 June 2020
	$'000	$'000
Cost of Sales - Mining		
Mining costs	65,221	69,861
Production costs	56,252	53,343
Changes in inventories	1,431	10,410
Mining & Production Costs	**122,904**	**133,614**
Freight costs	18,761	11,909
Government royalties	15,513	8,601
Depreciation and amortisation expense	7,747	10,113
Mine properties and development		
- Amortisation expense	5,453	3,190
Deferred stripping		
- Amounts capitalised during the period	(23,868)	(50,052)
- Amortisation expense	19,011	7,067
Foreign exchange gain (loss)	1,594	375
Total Cost of Sales - Mining	**167,115**	**124,817**
Cost of Sales - Property Development		
Property costs	1,020	11,498
Inventory provision	672	3,243
Total Cost of Sales - Property Development	**1,692**	**14,741**
Total Cost of Sales	**168,807**	**139,558**

NOTE 5. ADMINISTRATION EXPENSES

	Six months to 30 June 2021 $'000	Six months to 30 June 2020 $'000
Provision for rehabilitation - Interest in joint operation	(132)	307
Salaries	270	1,654
Consultancy fees	185	275
Other	1,698	340
	2,021	**2,576**

NOTE 6. OTHER INCOME/(EXPENSES)

	Six months to 30 June 2021 $'000	Six months to 30 June 2020 $'000
Rent income	114	104
Other income	18	34
Net Profit/(loss) on the disposal of property, plant and equipment	-	19
	132	**157**

NOTE 7. FINANCE INCOME/(EXPENSES)

	Six months to 30 June 2021 $'000	Six months to 30 June 2020 $'000
Finance income		
Interest income received or receivable	2,965	2,183
Exchange gain on foreign currency deposits/borrowings (net)	5,596	-
Gain on financial instruments	6,633	-
Distribution Income	723	699
	15,917	**2,882**
Finance expenses		
Interest charge on lease liabilities	(33)	(208)
Expected credit losses for loan receivable	-	(1,855)
Exchange loss on foreign currency deposits/borrowings (net)	-	(1,954)
Loss on financial instruments	-	(14,220)
Provisions: unwinding of discount		
- Decommissioning and restoration	(412)	(421)
	(445)	**(18,658)**

The Group uses foreign currency, electricity and diesel forward and option contracts for economic hedging purposes. The gain and loss on financial instruments is in relation to the differences between forward rates and spot price at the end of the reporting period.

NOTE 8. INCOME TAX BENEFIT (EXPENSES)

		Six months to 30 June 2021 $'000	Six months to 30 June 2020 $'000
(a)	**Income tax expense/(benefit)**		
	Current tax	80,025	11,740
	Deferred tax	8,725	6,355
		88,750	**18,095**
	Deferred income tax included in income tax expense (benefit) comprises:		
	Decrease (Increase) in deferred tax assets	8,725	6,355
		8,725	**6,355**
(b)	**Numerical reconciliation of income tax (benefit) / expense to prima facie tax payable**		
	Profit from continuing operations before income tax (benefit) / expense	294,012	83,703
	Tax expense at the Australian tax rate of 30% (June 2020: 30%)	88,204	25,111
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Sundry items	554	45
		88,758	25,156
	Movement in previously unrealised deferred tax assets	-	(8,311)
	Adjustment to tax of prior period	(8)	1,250
		88,750	**18,095**
(c)	**Taxation losses**		
	Unused taxation losses for which no deferred tax asset has been recognised	2,385	-
	Potential tax benefit @ 30%	715	-
(d)	**Unrecognised temporary differences**		
	Temporary difference for which deferred tax assets not recognised	**1,927**	163,930
	Unrecognised deferred tax assets relating to above temporary differences	**578**	**49,179**

NOTE 9. CASH AND CASH EQUIVALENTS

	30 June 2021 $'000	31 December 2020 $'000
Cash at bank and in hand	11,996	9,508
Short-term deposits	385,038	173,877
	397,034	**183,385**

NOTE 10. TRADE AND OTHER RECEIVABLES

	30 June 2021 $'000	31 December 2020 $'000
Trade receivables	83,157	79,323
Security deposits	374	374
Loan receivable	11,483	11,483
Other receivables	3,291	2,235
Prepayments	1,875	1,054
	100,180	**94,469**

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 recognised as Other Revenue and not separated from trade receivables. The trade receivables balance is accounted for as one instrument and measured at fair value.

Loans receivable, classified as a financial asset held at amortised cost, are from the other partner in the joint venture arrangement of $11.5 million, representing the other partners portion of the shareholder loans. This loan is secured, carries an annual interest of 7% to 12% and will be receivable upon completion and subsequent sale of the property development projects. The loan receivable balance is net of expected credit losses of $2.8m.

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

NOTE 11. INVENTORIES

	30 June 2021 $'000	31 December 2020 $'000
Stores and spares	37,376	34,975
Ore stockpiles	40,484	38,551
Work in progress	2,126	11,420
Finished goods	25,275	19,344
Property held for sale	17,285	18,720
	122,546	**123,010**

Inventories are valued at the lower of weighted average cost and estimated net realisable value.

Property held for sale pertains to property acquired for development and sale with sale expected to occur within the next 12 months.

NOTE 12. NON-CURRENT RECEIVABLES

	30 June 2021 $'000	31 December 2020 $'000
Security deposits	8,488	8,484
	8,488	**8,484**

Non-current security deposits comprise of restricted deposits that are used for monetary backing for performance guarantees.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings $'000	*Plant and equipment* $'000	*Computer Equipment* $'000	*Total* $'000
At 1 January 2021				
Cost	54,284	454,083	9,741	518,108
Accumulated depreciation and impairment	(39,015)	(356,361)	(8,738)	(404,114)
Net book amount	**15,269**	**97,722**	**1,003**	**113,994**
Half-year ended 30 June 2021				
Opening net book amount	15,269	97,722	1,003	113,994
Additions	648	20,382	4	21,034
Disposals - net book value	-	(3)	(1)	(4)
Depreciation charge	(500)	(6,582)	(148)	(7,230)
Closing net book amount	**15,417**	**111,519**	**858**	**127,794**
At 30 June 2021				
Cost	54,932	474,462	9,744	539,138
Accumulated depreciation and impairment	(39,515)	(362,943)	(8,886)	(411,344)
Net book amount	**15,417**	**111,519**	**858**	**127,794**

a) Assets under construction

The carrying amounts of the assets disclosed includes expenditure of $18.79 million (December 2020: $43.01 million) recognised in relation to property, plant and equipment which is in the course of construction.

NOTE 14. RIGHT OF USE ASSETS

The note provides information for leases where the group is a lessee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	30 June 2021 $'000	31 December 2020 $'000
Right-of-use assets		
Land and buildings	292	330
Plant and equipment	5,565	1,981
	5,857	**2,311**
Lease liabilities		
Current	2,133	1,109
Non-current	3,667	1,299
Total lease liabilities	**5,800**	**2,408**

Additions to the right of use assets during the 2021 HY were $4,114K (2020 FY $380K)

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	30 June 2021 $'000	31 December 2020 $'000
Depreciation charge of right of use assets		
Land and buildings	(37)	(75)
Plant and equipment	(531)	(878)
	(568)	**(953)**
Interest expense (included in finance cost)	47	132
Expense relating to short-term leases (included in cost of sales)	5	6

The total cash outflow for leases HY 2021 was $603K (2020 $1,027K)

NOTE 15. MINE PROPERTIES AND DEVELOPMENT

	30 June 2021 $'000	31 December 2020 $'000
Mine properties and development (at cost)	642,731	652,389
Accumulated amortisation and impairment	(487,258)	(481,805)
Net book amount	155,473	170,584
Deferred stripping costs (net book amount)	103,570	98,713
Total mine properties and development	**259,043**	**269,297**

Movements in mine properties and development are set out below:

	30 June 2021 $'000	31 December 2020 $'000
Mine properties and development		
Opening net book amount	170,584	146,415
Current year expenditure capitalised	1,163	17,344
Change in rehabilitation estimate	(5,205)	4,325
Change in discount rate	(5,616)	5,518
Transfer from PPE	-	4,643
Amortisation expense	(5,453)	(7,661)
Closing net book amount	**155,473**	**170,584**
Deferred stripping costs		
Opening net book amount	98,713	59,906
Current year expenditure capitalised	23,868	69,308
Amortisation expense	(19,011)	(30,501)
Closing net book amount	**103,570**	**98,713**

NOTE 16. DEFERRED TAX ASSETS

	30 June 2021 $'000	31 December 2020 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	20,095	21,895
Mine properties and development	10,334	10,131
Trade and other payables	152	205
Employee benefits	6,449	6,620
Decommissioning and restoration	17,907	20,585
Trade receivables	911	841
Derivatives	405	2,447
Total deferred tax assets	**56,253**	**62,724**
Deferred Tax Liabilities		
Inventory	(5,035)	(4,503)
Foreign exchange	(531)	1,131
Prepayments	(120)	(61)
Total deferred tax liabilities	**(5,686)**	**(3,433)**
Total net deferred tax assets	**50,567**	**59,291**

NOTE 17. TRADE AND OTHER PAYABLES

	30 June 2021 $'000	31 December 2020 $'000
Trade payables and accruals	29,891	34,037
Contract liabilities	4,131	4,238
Tax payable	55,011	66
Other payables	591	1,538
	89,624	**39,879**

NOTE 18. BORROWINGS (CURRENT)

	30 June 2021 $'000	31 December 2020 $'000
Other borrowings (1)	14,044	14,044
	14,044	**14,044**

(1) Other borrowing are loans payable to the other partner in the arrangement of $14.0 million, representing the other partner's portion of the shareholder loans. This loan is secured, carries an annual interest of 7% to 12% and will be payable upon completion of the development property projects.

NOTE 19. PROVISIONS (CURRENT)

	30 June 2021 $'000	31 December 2020 $'000
Leave obligations	16,677	15,449
Employee benefits	1,381	2,780
Property settlement related provision	405	405
Decommissioning and restoration	5,926	5,950
	24,389	**24,584**
Current leave obligations expected to be settled after 12 months	12,766	9,700
Movements in provision for decommissioning and restoration are set out below:		
Balance at beginning of the year	5,950	7,378
Payments	(119)	(2,101)
Transfers from non-current provisions	95	673
Balance at the end of reporting period	**5,926**	**5,950**

NOTE 20. PROVISIONS NON-CURRENT

	30 June 2021 $'000	31 December 2020 $'000
Leave obligations	2,989	3,643
Employee benefits	459	302
Decommissioning and restoration	58,012	68,671
	61,460	**72,616**

Movements in provision for decommissioning and restoration are set out below

	30 June 2021 $'000	31 December 2020 $'000
Balance at beginning of the year	68,671	58,311
Change in estimate	(5,205)	4,325
Change in discount rate	(5,771)	6,012
Unwinding of discount	412	696
Transfers to current provisions	(95)	(673)
Balance at the end of the year	**58,012**	**68,671**

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

NOTE 21. CONTRIBUTED EQUITY

	30 June 2021 Shares	31 December 2020 Shares	30 June 2021 $'000	31 December 2020 $'000
Shares	1,157,338,698	1,157,338,698	331,513	331,513
	1,157,338,698	**1,157,338,698**	**331,513**	**331,513**

(a) Movements in ordinary share capital	**Number of shares**	**$'000**
1 January 2021 - Opening Balance	**1,157,338,698**	**331,513**
Issue of shares under long term incentive plan	-	-
Closing balance at 30 June 2021	**1,157,338,698**	**331,513**

NOTE 22. RETAINED PROFITS ATTRIBUTABLE TO OWNERS OF GRANGE RESOURCES

	30 June 2021 $'000	31 December 2020 $'000
Retained profits		
Movements in retained profits were as follows:		
Balance at the beginning of the year	**381,747**	**200,716**
Profit for the year	205,914	204,179
Dividends paid	(23,147)	(23,148)
Balance at the end of reporting period	**564,514**	**381,747**

NOTE 23. DIVIDENDS

	30 June 2021 $'000	31 December 2020 $'000
Fully franked final dividend for the year ended 31 December 2020 – 2.0 cents per share	23,147	
Fully franked interim dividend for half year ended 30 June 2020 - 1.0 cents per share		11,573
Fully franked final dividend for the year ended 31 December 2019 - 1.0 cents per share		11,574
Total dividends paid	**23,147**	**23,147**

Since the end of the half-year, the Board of Directors have recommended the payment of a fully franked dividend of 2.0 cents per share or $23.147 million. The interim dividend was declared NIL conduit foreign income and will be paid on 30 September 2021.

Franked Dividends

The interim dividends recommended after 30 June 2021 will be fully franked out of existing franking credits, or out of franking credits arising from the payment of income tax in the year ending 31 December 2021.

	30 June 2021 $'000	31 December 2020 $'000
Franking credits available for subsequent reporting periods		
Based on a tax rate of 30% (2020 – 30%)	91,188	74,505

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 24. NON-CONTROLLING INTEREST IN GRANGE ROC PROPERTY PTY LTD

Non-controlling interest pertains to the 49% interest in Grange ROC Property Pty Ltd. (joint venture) attributable to the joint venture partner. This joint venture is involved in the development and construction of premium residential apartments.

Grange ROC Property Pty Ltd is a controlled entity and therefore is fully consolidated as the Group has:

i. Exposure, or rights, to variable returns from its involvement with the joint venture;

ii. Power over the joint venture ((i.e., existing rights that give it the current ability to direct the relevant activities of the joint venture); and

iii. The ability to use its powers over the joint venture to affect its return.

The Company performed a review of it its investment in property development and concluded to exit the joint venture arrangement. An agreement has been reached with the joint venture partner.

Three units in the Carter Toorak project remain to be sold and once sold, the intention is to wind up the entities.

NOTE 25. 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-the-counter 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.

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 2021 and 31 December 2020 on a recurring basis:

NOTE 25. FAIR VALUE MEASUREMENT (continued)

Fair Value Hierarchy

At 30 June 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Other financial assets				
Short term managed funds	-	19,362	-	19,362
Derivative financial instruments	-	45	-	45
Total other financial assets	**-**	**19,407**	-	**19,407**
Other financial liabilities				
Derivative financial instruments	-	(1,393)	-	(1,393)
Total other financial liabilities	**-**	**(1,393)**	-	**(1,393)**

At 31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Other financial assets				
Short term managed funds	-	19,539	-	19,539
Total other financial assets	**-**	**19,539**	-	**19,539**
Other financial liabilities				
Derivative financial instruments	-	(8,158)	-	(8,158)
Total other financial liabilities	**-**	**(8,158)**	**-**	**(8,158)**

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

	30 June 2021 $'000	**31 December 2020 $'000**
Foreign currency forward	-	(364)
Foreign currency options	(1,747)	228
Electricity fixed forward	1,522	(3,859)
Diesel commodity swap	(1,123)	(4,163)
Derivative financial instruments	(1,348)	(8,158)

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 26. CONTINGENT LIABILITIES

There were no significant changes to the contingent liabilities previously disclosed in the Annual Report for the half year ended 30 June 2021.

NOTE 27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Company has reached an agreement with its joint venture partner to exit the current joint venture arrangement relating to its investment in property development. As a result of the exit arrangements, the joint venture parties will forgive all the outstanding loans owed by and to the joint venture partners and the Company will take full ownership of the remaining assets in the unsold units at Carter Toorak and Brookville land.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years; or
- the results of those operations in future financial years; or
  the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors:

(a) The interim financial statements and notes of Grange Resources Limited set out on pages 8 to 26 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 2021 and of its performance for the half-year ended on that date,
(ii) complying with Accounting Standard AASB134 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 2021 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
Perth Western Australia
25 August 2021

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 2021, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows for the half-year ended on that date, summary of significant accounting policies 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 2021 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.

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

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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 2021 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

Amanda Campbell
Partner

Melbourne
25 August 2021