



**Grange Resources Limited**

ABN 80 009 132 405  
and Controlled Entities

**Australia's most experienced magnetite producer**

# **INTERIM FINANCIAL REPORT**

For the Half-Year Ended  
**30 June 2020**

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## **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 2020.

### **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
Daniel Tenardi	Non-Executive Director – resigned 27 May, 2020
Yan Jia	Non-Executive Director, Deputy Chairperson
Michael Dontschuk	Non-Executive Director
David Woodall	Non-Executive Director

### **Principal activities**

During the six months ended 30 June 2020, 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 1200 days Lost Time Injury free
- Statutory profit after tax for the six months ended 30 June 2020 of \$65.6 million compared to the same period in 2019 of \$21.3 million profit after tax. Net assets as at 30 June 2020 of \$586.1 million, compared to \$532.1 million as at 31 December 2019.
- Pellet production of 1.2 million tonnes, an increase of approximately 44%, compared to \$0.9 million tonnes in the preceding 2019 half year.
- Pellet sales of 1.2 million tonnes, an increase of approximately 47% compared to 0.8 million tonnes in the preceding 2019 half year.
- Unit cash operating costs for the six months ended 30 June 2020 of \$98.22 per tonne compared to \$139.21 per tonne for the preceding 2019 half year principally due to higher concentrate produced and lower electricity pricing.
- Cash and cash equivalents and liquid investments of \$176.0 million compared to \$161.9 million as at 31 December 2019.
- The underground feasibility study continues to progress, with the Exploration Decline development and Bulk Sample Drive being carried out on schedule. The Exploration Decline was completed to 1,525 metres.
- Final environmental approvals are being sought for subsequent stages of mining in Centre Pit, with preparation of an Environmental Impact Statement continuing.

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**COVID-19 Business Response**

To date, the Company has had no material production impact due to COVID-19. The impact of the pandemic continues to be well managed across our operations. We remain ready to respond promptly and accordingly in the event of any required precautionary measures and reinstatement of government restrictions. The Company has rapidly adapted to 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.

**Property Development**

The Joint Venture currently has completed the construction and sales of the first project in Lumley Park, completed construction and attained the occupancy permits for all units for the second project in Carter Toorak and is currently selling the remaining six unsold units at the Carter Toorak project and the land at the Brookville project. Two of the units at Carter Toorak successfully completed settlement of sales at higher than budgeted prices in July 2020.

Due to the significant impact of the COVID-19 pandemic on the residential property market in Melbourne, the Joint Venture engaged an independent third party to conduct a valuation of the remaining unsold units in Carter Toorak and the Brookville land to reflect their recoverable values as at 30 June 2020. These valuations were based on the direct comparison approach and the sales evidence available indicated a decline in values relevant to late last year. With considerable market uncertainty in the current environment, there is also significant uncertainty in the valuation. As a result of the valuation, the Joint Venture have recognised an inventory provision of \$3.24 million

The Company has decided that no further property developments will be sought with existing investments being reviewed.

**Review of Results**

*Statement of Comprehensive Income*

Grange achieved a statutory profit after tax of \$65.6 million for the half year ended 30 June 2020 (2019: \$21.3 million profit after tax) on revenues from mining operations of \$231.0 million (2019: \$150.3 million).

Key revenue metrics for the 30 June 2020 half year and preceding 2019 half year were as follows:

	<b>6 months to 30 June 2020</b>	<b>6 months to 30 June 2019</b>
<b>Iron Ore Pellet Sales (dmt)</b>	1,199,390	814,415
<b>Iron Ore Concentrate Sales (dmt)</b>	-	81
<b>Iron Ore Chip Sales (dmt)</b>	40,381	40,123
<b>TOTAL Iron Ore Product Sales (dmt)</b>	1,239,771	854,619
<b>Average Realised Product Price (US\$/t FOB Port Latta)*</b>	115.34	119.85
<b>Average Realised Exchange Rate (AUD:USD)</b>	\$0.6526	\$0.7084
<b>Average Realised Product Price (A\$/t FOB Port Latta)*</b>	176.75	169.18

\*In 2020 and 2019, 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 2020 totalled 1,239,771 tonnes of high quality, low impurity iron ore products compared to 854,619 tonnes for the preceding 2019 half year.

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The average pellet price received during the half year was US\$115.34 per tonne of product sold (FOB Port Latta) (2019: US\$119.85 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 2020.

Key production metrics for the 30 June 2020 half year and preceding 2019 half year were as follows:

	<b>6 months to 30 June 2020</b>	<b>6 months to 30 June 2019</b>
<b>Total BCM Mined</b>	7,772,574	7,103,716
<b>Total Ore BCM</b>	355,677	891,227
<b>Concentrate Produced (t)</b>	1,249,858	853,932
<b>Weight Recovery (%)</b>	48.9	32.4
<b>Pellets Produced (t)</b>	1,229,807	854,984
<b>Pellet Stockpile (t)</b>	178,138	229,920
<b>“C1” Cost (A\$/tonne Product Produced)<sup>1</sup></b>	\$98.22	\$139.21

*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 2020 Grange operations achieved over 1200 days lost time injury free.

Mining activities on the East Wall of North Pit continue on plan despite difficulties in access to remediation of sections due to wall movements, confined working areas and higher than expected rainfall. Material movement was impacted in the month of April due to a localized outbreak of COVID-19 affecting manning availability with some families going into precautionary quarantine. Overall manning levels were fully restored in May. Increased focus on production from the West Wall of North Pit was ensured by utilizing two primary dig units to deliver ore from the main ore zone in line with the plan.

Significant waste removal commenced at the start of the year in Centre Pit. An initial lack of suitable rock to sheet mining face had a negative impact on the waste volume removed. This was due to a deeper weathering profile than expected and has largely been remediated. The focus is now on increasing the waste movement rate in this area. Final environmental approvals are being sought for subsequent stages of mining in Centre Pit, with preparation of an Environmental Impact Statement continuing.

Downstream processing performed well with Concentrate and Pellet production delivered largely as planned. The common equipment shut down and scheduled maintenance works on furnace line 3 as well as the change-out of the hot pellet conveyor belt was completed safely without any incident.

**North Pit Underground Development Project**

Underground exploration decline development was completed to 1,525 metres. The Bulk Sample Drive access development was commenced and completed to 237 metres within Q2.

A review of progress of the PFS was undertaken early in the year. The study was also reviewed through an Independent Project Review process. Through the course of the study, further areas have been identified that require additional information to adequately model the nature, extent and geotechnical character of the ore zone. The Board has approved additional work to be undertaken throughout 2020, with a view to completing the pre-feasibility study in Q2 2021. This additional work will include the incorporation of the data from the completed Phase 3 drilling program and the implementation of a Bulk Sample Drive that will be developed through the width of the ore zone. The Bulk Sample Drive will enable further collection of information to inform the risks and uncertainties identified.

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**Port Latta Improvement Projects**

Work continues to redesign and rebuild the fifth furnace. This involves demolition works of redundant infrastructure around the furnace in preparation for the rebuilding and modification of the furnace. Engineering design work to modify the furnace to improve the air flow in the furnace continues. If successful, this will improve pellet quality and reduce energy consumption. Once the design work is complete, it is expected the modifications will be undertaken in 2021.

*Statement of Financial Position*

Grange's net assets increased by \$54.0 million during the six months ended 30 June 2020 to \$586.1 million from \$532.1 million as at 31 December 2019 principally as a result of the following:

- Increase in mine development costs associated with the North Pit underground project of \$9.1m;
- Deferred stripping costs capitalised for Centre Pit as it moved into production to access the ore body (\$30.2m);
- Deferred stripping costs associated with North Pit (\$12.8m); and
- Increase in property, plant and equipment of \$7.3m.

*Statement of Cash Flows*

*Net cash flows from operating activities*

Net cash inflows from operating activities for the six months ended 30 June 2020 were \$107.4 million (six months ended 30 June 2019: net outflow of \$20.4 million) which largely reflects higher iron ore product sales volumes and utilisation of ore stockpiles.

*Net cash flows from investing activities*

Net cash outflows from investing activities for the six months ended 30 June 2020 were \$75.1 million (six months ended 30 June 2019: net outflow of \$48.3 million), principally related to significant expenditure for mine development of \$59.2 million (June 2019: \$17.8 million), and purchase of property plant equipment of \$19.5 million (June 2019: \$23.7 million).

*Net cash flows from financing activities*

Net cash outflows from financing activities for the six months ended 30 June 2020 were \$15.7 million (six months ended 30 June 2019: net outflow of \$6.4 million) and principally related to payment of final dividend payment of \$11.6 million for the 2019 financial year.

**Dividends**

Dividends provided for or paid during the half year:

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Fully franked final dividend for the year ended 31 December 2019 – 1.0 cents per share	11,573	
Fully franked interim dividend for the year ended 30 June 2019 – 1.0 cents per share		11,574
Fully franked final dividend for the year ended 31 December 2018 – 1.0 cents per share		11,574
	<b>11,573</b>	<b>23,148</b>

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 1.0 cents per share or \$11.6 million. The interim dividend was declared NIL conduit foreign income and will be paid on 30 September 2020.

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**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  
28 August 2020



## *Auditor's Independence Declaration*

As lead auditor for the review of Grange Resources Limited for the half-year ended 30 June 2020, 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.

A handwritten signature in black ink, appearing to read 'Amanda Campbell', written in a cursive style.

Amanda Campbell  
Partner  
PricewaterhouseCoopers

Melbourne  
28 August 2020

**GRANGE RESOURCES LIMITED**  
**ABN 80 009 132 405**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 30 JUNE 2020**

	NOTES	Six months to 30 June 2020 \$'000	Six months to 30 June 2019 \$'000
Revenues from operations	2,3	242,019	150,259
Cost of sales	4	(139,558)	(121,321)
<b>Gross profit from operations</b>		<b>102,461</b>	<b>28,938</b>
Administration expenses	5	(2,576)	(3,254)
<b>Operating profit before other income (expenses)</b>		<b>99,885</b>	<b>25,684</b>
Other income (expenses)			
Exploration and evaluation expenditure		(563)	(573)
Other income	6	157	39
<b>Operating profit before finance costs</b>		<b>99,479</b>	<b>25,150</b>
Finance income	7	2,882	5,305
Finance expenses	7	(18,658)	(613)
<b>Profit before tax</b>		<b>83,703</b>	<b>29,842</b>
Income tax expense	8	(18,095)	(8,495)
<b>Profit after tax for the half-year</b>		<b>65,608</b>	<b>21,347</b>
<b>Total comprehensive income for the half-year</b>		<b>65,608</b>	<b>21,347</b>
Total comprehensive income for the period attributable to:			
- Equity holders of Grange Resources Limited		67,003	21,518
- Non controlling Interests		(1,395)	(171)
		<b>65,608</b>	<b>21,347</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of Grange Resources Limited</b>			
Basic earnings per share (cents per share)		<b>5.79</b>	<b>1.86</b>
Diluted earnings per share (cents per share)		<b>5.79</b>	<b>1.86</b>

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



**GRANGE RESOURCES LIMITED**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	NOTES	30 June 2020 \$'000	31 December 2019 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	156,737	142,143
Trade and other receivables	10	57,407	58,809
Inventories	11	96,139	119,801
Other financial assets	25	19,238	19,783
<b>Total current assets</b>		<b>329,521</b>	<b>340,536</b>
<b>Non-current assets</b>			
Receivables	12	8,501	8,470
Property, plant and equipment	13	105,088	97,756
Right of use assets	14	2,429	2,883
Mine properties and development	15	259,992	206,321
Deferred tax assets	16	26,500	32,855
<b>Total non-current assets</b>		<b>402,510</b>	<b>348,285</b>
<b>Total assets</b>		<b>732,031</b>	<b>688,821</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Lease liability		859	839
Trade and other payables	17	26,910	51,258
Borrowings	18	13,142	16,755
Provisions	19	23,341	22,854
Other financial liabilities	25	5,394	944
<b>Total current liabilities</b>		<b>69,646</b>	<b>92,650</b>
<b>Non-current liabilities</b>			
Lease liability		1,648	2,084
Provisions	20	65,423	62,034
Other financial liabilities	25	9,226	-
<b>Total non-current liabilities</b>		<b>76,297</b>	<b>64,118</b>
<b>Total liabilities</b>		<b>145,943</b>	<b>156,768</b>
<b>Net assets</b>		<b>586,088</b>	<b>532,053</b>
<b>EQUITY</b>			
Contributed equity	21	331,513	331,513
Retained profits	22	256,146	200,716
Capital and reserves attributable to owners of Grange Resources Limited		587,659	532,229
Non-controlling interests	24	(1,571)	(176)
<b>Total equity</b>		<b>586,088</b>	<b>532,053</b>

*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 2020**

	NOTES	Contributed equity \$'000	Non- controlling Interest \$'000	Retained earnings \$'000	TOTAL \$'000
<b>Balance at 1 January 2020</b>		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
<b>Transactions with owners in their capacity as owners</b>					
Dividends paid	23	-	-	(11,573)	(11,573)
<b>Non-controlling interests</b>					
Contributed equity	21	-	-	-	-
		-	-	(11,573)	(11,573)
<b>Balance at 30 June 2020</b>		331,513	(1,571)	256,146	586,088
<b>Balance at 31 December 2018</b>					
		331,513	74	146,243	477,830
Change in Accounting Policy (note 14)				(40)	(40)
<b>Restated Opening Equity at 1 January 2019</b>		331,513	74	146,203	477,790
Profit for the period attributable to owners of Grange Resource Limited		-	-	21,518	21,518
Loss attributable to non-controlling interests		-	(171)	-	(171)
Total comprehensive profit for the period		-	(171)	21,518	21,347
<b>Transactions with owners in their capacity as owners</b>					
Dividends paid	23	-	-	(11,574)	(11,574)
<b>Non-controlling interests</b>					
Contributed equity	21	-	76	-	76
		-	76	(11,574)	(11,498)
<b>Balance at 30 June 2019</b>		331,513	(21)	156,147	487,639

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

**GRANGE RESOURCES LIMITED**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2020**

<b>Consolidated</b>	<b>NOTES</b>	<b>Six months to 30 June 2020 \$'000</b>	<b>Six months to 30 June 2019 \$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers and other debtors (inclusive of goods and services tax)		235,535	144,502
Payments to suppliers and employees (inclusive of goods and services tax)		(101,433)	(139,932)
		134,102	4,570
Interest received		2,941	3,876
Interest paid		-	(41)
Income taxes paid		(29,637)	(28,791)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>107,406</b>	<b>(20,386)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		20	-
Payments for property, plant and equipment	13	(19,454)	(23,715)
Payments for mine properties and development	15	(59,219)	(17,751)
Proceeds/(payments) in loan receivable		3,574	(7,103)
Receipt from managed funds		-	796
Payments for term deposits		(46)	(535)
<b>Net cash outflow from investing activities</b>		<b>(75,125)</b>	<b>(48,309)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,767	7,015
Repayment of borrowings		(5,440)	(1,853)
Dividends paid to shareholders	23	(11,573)	(11,574)
Lease payments		(487)	(32)
Contributed equity - non-controlling interests		-	76
<b>Net cash outflow from financing activities</b>		<b>(15,733)</b>	<b>(6,369)</b>
Net (decrease)/increase in cash and cash equivalents		<b>16,548</b>	<b>(75,062)</b>
Cash and cash equivalents at beginning of the period		142,143	204,497
Net foreign exchange differences	7	(1,954)	543
<b>Cash and cash equivalents at end of the half-year</b>	<b>9</b>	<b>156,737</b>	<b>129,978</b>

*The above condensed statement of cash flows should be read in conjunction with the accompanying notes*

**GRANGE RESOURCES LIMITED**  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**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 2020 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 2019 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 2019.

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 2019.

**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 2020 and 31 December 2019. The total costs incurred during the current and comparative periods to acquire segment assets were 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.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2. SEGMENT INFORMATION** Continued

Segment information

	Ore Mining		Property Development	
	Six months to 30 June 2020 \$'000	Six months to 30 June 2019 \$'000	Six months to 30 June 2020 \$'000	Six months to 30 June 2019 \$'000
Revenue from external customers	231,036	150,259	10,983	-
Timing of revenue recognition				
At a point in time	219,127	144,585	10,983	-
Over time	11,909	5,674	-	-
	<b>231,036</b>	<b>150,259</b>	<b>10,983</b>	<b>-</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Total Assets</b>	695,535	635,796	36,496	53,025
<b>Total Liabilities</b>	133,255	137,733	12,688	19,035

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

The following table presents revenues from sales of iron ore based on the geographical location of the port of discharge.

Ore Mining	Six months to 30 June 2020 \$'000	Six months to 30 June 2019 \$'000
Australia	11,265	10,882
China	219,771	124,216
Korea	-	15,161
<b>Total Mining</b>	<b>231,036</b>	<b>150,259</b>

The following table presents revenues from sales of property based on geographical location.

Property Development	Six months to 30 June 2020 \$'000	Six months to 30 June 2019 \$'000
Australia	10,983	-
<b>Total Property Development</b>	<b>10,983</b>	<b>-</b>
<b>Total Revenue</b>	<b>242,019</b>	<b>150,259</b>

**GRANGE RESOURCES LIMITED**  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3. REVENUE**

	Six months to 30 June 2020			Six months to 30 June 2019		
	Revenue from Contracts with Customers \$'000	Other Revenue \$'000	Consolidated Sales Revenues \$'000	Revenue from Contracts with Customers \$'000	Other Revenue \$'000	Consolidated Sales Revenue \$'000
<b>From mining operations</b>						
Sales of iron ore	230,871	165	231,037	144,453	5,806	150,259
<b>From property development</b>						
Sales of property	10,983	-	10,983	-	-	-
<b>Total Revenue</b>	<b>241,854</b>	<b>165</b>	<b>242,019</b>	<b>144,453</b>	<b>5,806</b>	<b>150,259</b>

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 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 2020 \$'000	Six months to 30 June 2019 \$'000
<b>Cost of Sales - Mining</b>		
Mining costs	69,861	64,701
Production costs	53,343	54,091
Changes in inventories	10,410	(27,095)
Mining & Production Costs	<b>133,614</b>	<b>91,697</b>
Freight costs	11,909	5,674
Government royalties	8,601	2,799
Depreciation and amortisation expense	10,113	6,429
Mine properties and development		
- Amortisation expense	3,190	3,220
Deferred stripping		
- Amounts capitalised during the period	(50,052)	(3,989)
- Amortisation expense	7,067	15,740
Foreign exchange gain (loss)	375	(249)
<b>Total Cost of Sales - Mining</b>	<b>124,817</b>	<b>121,321</b>
<b>Cost of Sales - Property Development</b>		
Property Costs	11,498	-
Inventory provision	3,243	-
<b>Total Cost of Sales - Property Development</b>	<b>14,741</b>	<b>-</b>
<b>Total Cost of Sales</b>	<b>139,558</b>	<b>121,321</b>

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**NOTE 5. ADMINISTRATION EXPENSES**

	Six months to 30 June 2020 \$'000	Six months to 30 June 2019 \$'000
Provision for rehabilitation - Interest in joint operation	307	596
Salaries	1,654	1,695
Consultancy fees	275	435
Other	340	528
	<b>2,576</b>	<b>3,254</b>

**NOTE 6. OTHER INCOME/(EXPENSES)**

	Six months to 30 June 2020 \$'000	Six months to 30 June 2019 \$'000
Rent income	104	116
Other income	34	13
Net Profit/(loss) on the disposal of property, plant and equipment	19	(90)
	<b>157</b>	<b>39</b>

**NOTE 7. FINANCE INCOME/(EXPENSES)**

	Six months to 30 June 2020 \$'000	Six months to 30 June 2019 \$'000
<b>Finance Income</b>		
Interest income received or receivable	2,183	3,519
Gain on financial instruments	-	610
Exchange gain on foreign currency deposits/borrowings (net)	-	543
Distribution Income	699	633
	<b>2,882</b>	<b>5,305</b>
<b>Finance expenses</b>		
Interest charges paid or payable	-	(32)
Interest charge on lease liabilities	(208)	(16)
Loss on financial instruments	(14,220)	-
Expected credit losses for loan receivable	(1,855)	-
Exchange loss on foreign currency deposits / borrowings (net)	(1,954)	-
Provisions: unwinding of discount		
- Decommissioning and restoration	(421)	(565)
	<b>(18,658)</b>	<b>(613)</b>

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**NOTE 8. INCOME TAX BENEFIT (EXPENSES)**

	Six months to 30 June 2020 \$'000	Six months to 30 June 2019 \$'000
<b>(a) Income tax expense/(benefit)</b>		
Current tax	11,740	13,320
Deferred tax	6,355	(4,825)
	<b>18,095</b>	<b>8,495</b>
<i>Deferred income tax included in income tax expense (benefit) comprises:</i>		
Decrease (Increase) in deferred tax assets	6,355	(4,825)
	<b>6,355</b>	<b>(4,825)</b>
<b>(b) Numerical reconciliation of income tax (benefit) / expense to prima facie tax payable</b>		
Profit from continuing operations before income tax (benefit) / expense	83,703	29,842
Tax expense at the Australian tax rate of 30% (June 2019: 30%)	25,111	8,953
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Sundry items	45	(156)
	25,156	8,797
Movement in unrecognised deferred tax assets relating to temporary differences	(8,311)	(45)
Adjustment to tax of prior period	1,250	(257)
	<b>18,095</b>	<b>8,495</b>
<b>(c) Taxation Losses</b>		
There were no unutilised tax losses at 30 June 2020 (30 June 2019: \$54.1m)		
<b>(d) Unrecognised temporary differences</b>		
Temporary difference for which deferred tax assets not recognised	163,930	243,820
Unrecognised deferred tax assets relating to above temporary differences	<b>49,179</b>	<b>73,146</b>



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**NOTE 9. CASH AND CASH EQUIVALENTS**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and in hand	18,478	6,435
Short-term deposits	138,259	135,708
	<b>156,737</b>	<b>142,143</b>

**NOTE 10. TRADE AND OTHER RECEIVABLES**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	34,468	30,469
Security deposits	379	364
Loan receivable	11,483	16,913
Other receivables	4,980	9,870
Current tax receivable	3,492	-
Prepayments	2,605	1,193
	<b>57,407</b>	<b>58,809</b>

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 \$13.3 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 \$1.9m.

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

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**NOTE 11. INVENTORIES**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Stores and spares	28,552	29,117
Ore stockpiles	24,182	40,476
Work in progress	453	508
Finished goods	23,260	17,322
Development work in progress	19,692	32,378
	<b>96,139</b>	<b>119,801</b>

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

Development work in progress pertains to property acquired for development and sale with completion and sale expected to occur within the next 12 months.

**NOTE 12. NON-CURRENT RECEIVABLES**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Security deposits	8,501	8,470
	<b>8,501</b>	<b>8,470</b>

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

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**NOTE 13. PROPERTY, PLANT AND EQUIPMENT**

	<i>Land and buildings</i>	<i>Plant and equipment</i>	<i>Computer Equipment</i>	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2020</b>				
Cost	49,818	434,387	9,085	493,290
Accumulated depreciation and impairment	(38,093)	(349,181)	(8,260)	(395,534)
<b>Net book amount</b>	<b>11,725</b>	<b>85,206</b>	<b>825</b>	<b>97,756</b>
<b>Half-year ended 30 June 2020</b>				
Opening net book amount	11,725	85,206	825	97,756
Additions	2,273	16,821	360	19,454
Disposals - net book value	-	(1)	-	(1)
Depreciation charge	(360)	(9,145)	(207)	(9,712)
Transfer to MP&D	-	(2,409)	-	(2,409)
<b>Closing net book amount</b>	<b>13,638</b>	<b>90,472</b>	<b>978</b>	<b>105,088</b>
<b>At 30 June 2020</b>				
Cost	52,091	448,798	9,445	510,334
Accumulated depreciation and impairment	(38,453)	(358,326)	(8,467)	(405,246)
<b>Net book amount</b>	<b>13,638</b>	<b>90,472</b>	<b>978</b>	<b>105,088</b>

**a) Assets under construction**

The carrying amounts of the assets disclosed includes expenditure of \$30.35 million (December 2019: \$23.78 million) recognised in relation to property, plant and equipment which is in the course of construction.

**NOTE 14. RIGHT OF USE ASSETS**

	<i>Land and buildings</i>	<i>Plant and equipment</i>	<i>Total</i>
	\$'000	\$'000	\$'000
<b>As at 1 January 2020</b>			
Cost	597	2,821	3,418
Accumulated depreciation	(193)	(342)	(535)
<b>Net book amount</b>	<b>404</b>	<b>2,479</b>	<b>2,883</b>
<b>Half year ended 30 June 2020</b>			
Opening net book amount	404	2,479	2,883
Additions	-	-	-
Disposals - net book value	-	-	-
Depreciation charge	(37)	(417)	(454)
<b>Closing net book amount</b>	<b>367</b>	<b>2,062</b>	<b>2,429</b>

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**NOTE 15. MINE PROPERTIES AND DEVELOPMENT**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Mine properties and development (at cost)	634,435	620,559
Accumulated amortisation and impairment	(477,334)	(474,144)
Net book amount	157,101	146,415
Deferred stripping costs (net book amount)	102,891	59,906
<b>Total mine properties and development</b>	<b>259,992</b>	<b>206,321</b>

Movements in mine properties and development are set out below:

***Mine properties and development***

Opening net book amount	146,415	101,553
Current year expenditure capitalised	9,167	46,985
Change in rehabilitation estimate	2,300	4,536
Transfer from PPE	2,409	-
Amortisation expense	(3,190)	(6,659)
<b>Closing net book amount</b>	<b>157,101</b>	<b>146,415</b>

***Deferred stripping costs***

Opening net book amount	59,906	91,749
Current year expenditure capitalised	50,052	3,989
Amortisation expense	(7,067)	(35,832)
<b>Closing net book amount</b>	<b>102,891</b>	<b>59,906</b>

**NOTE 16. DEFERRED TAX ASSETS**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>The balance comprises temporary differences attributable to:</b>		
Property, plant and equipment	9,517	10,335
Mine properties and development	10,571	16,828
Trade and other payables	19	16
Employee benefits	2,313	2,354
Decommissioning and restoration	7,041	6,591
Tax losses	565	565
Derivatives	1,755	-
Foreign exchange	-	397
<b>Total deferred tax assets</b>	<b>31,781</b>	<b>37,086</b>
<b>Deferred Tax Liabilities</b>		
Inventory	(4,812)	(4,204)
Foreign exchange	(444)	-
Prepayments	(25)	(27)
<b>Total deferred tax liabilities</b>	<b>(5,281)</b>	<b>(4,231)</b>
<b>Total net deferred tax assets</b>	<b>26,500</b>	<b>32,855</b>

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**NOTE 17. TRADE AND OTHER PAYABLES**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables and accruals	23,403	25,048
Unearned revenue	2,701	5,278
Contract liabilities	284	316
Current tax payable	-	19,274
Other payables	522	1,342
	<b>26,910</b>	<b>51,258</b>

Unearned revenue represents deposits on pre-sales of units currently being constructed, held in our solicitor's Trust Account. Refer note 24.

**NOTE 18. BORROWINGS (CURRENT)**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Other borrowings <sup>(1)</sup>	13,142	16,755
	<b>13,142</b>	<b>16,755</b>

<sup>(1)</sup> Other borrowing are loans payable to the other partner in the arrangement of \$13.1 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)**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Leave obligations	14,610	13,290
Employee benefits	1,352	2,186
Decommissioning and restoration	7,379	7,378
	<b>23,341</b>	<b>22,854</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Current leave obligations expected to be settled after 12 months	11,569	6,780
<b>Movements in provision for decommissioning and restoration are set out below:</b>		
Balance at beginning of the year	7,378	5,506
Payments	(145)	(189)
Transfers from non-current provisions	146	2,061
Balance at the end of reporting period	<b>7,379</b>	<b>7,378</b>

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**NOTE 20. PROVISIONS NON-CURRENT**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Leave obligations	3,803	3,621
Employee benefits	350	102
Decommissioning and restoration	61,270	58,311
	<b>65,423</b>	<b>62,034</b>

Movements in provision for decommissioning and restoration are set out below

Balance at beginning of the year	58,311	54,564
Change in estimate	2,744	4,966
Unwinding of discount	361	842
Transfers to current provisions	(146)	(2,061)
Balance at the end of the year	<b>61,270</b>	<b>58,311</b>

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**

	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Shares	1,157,338,698	1,157,338,698	331,513	331,513
	<b>1,157,338,698</b>	<b>1,157,338,698</b>	<b>331,513</b>	<b>331,513</b>

	<b>Number of</b>	<b>\$'000</b>
	<b>shares</b>	
<b>(a) Movements in ordinary share capital</b>		
<b>1 January 2020 - Opening</b>		
<b>Balance</b>	<b>1,157,338,698</b>	<b>331,513</b>
Issue of shares under long term incentive plan	-	-
<b>Closing balance at 30 June</b>		
<b>2020</b>	<b>1,157,338,698</b>	<b>331,513</b>

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**NOTE 22. RETAINED PROFITS ATTRIBUTABLE TO OWNERS OF GRANGE RESOURCES**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Retained profits</b>		
Movements in retained profits were as follows:		
Balance at the beginning of the year	<b>200,716</b>	<b>146,243</b>
Change in accounting policy	-	(40)
Restated Opening Retained Earnings	<b>200,716</b>	<b>146,203</b>
Profit for the year	67,003	77,661
Dividends paid	(11,573)	(23,148)
Balance at the end of reporting period	<b>256,146</b>	<b>200,716</b>

**NOTE 23. DIVIDENDS**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Fully franked final dividend for the year ended 31 December 2019 – 1.0 cents per share	11,573	
Fully franked interim dividend for the year ended 30 June 2019 – 1.0 cents per share		11,574
Fully franked final dividend for the year ended 31 December 2018 – 1.0 cents per share		11,574
	<b>11,573</b>	<b>23,148</b>

Since the end of the half-year, the Board of Directors have recommended the payment of a fully franked dividend of 1.0 cents per share or \$11.574 million. The interim dividend was declared NIL conduit foreign income and will be paid on 30 September 2020.

**Franked Dividends**

The interim dividends recommended after 30 June 2020 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 2020.

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Franking credits available for subsequent reporting periods		
Based on a tax rate of 30% (2019 – 30%)	61,111	36,434

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.

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**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.

In the first half of 2020, the Joint Venture have successfully completed the construction and settlement of sales of all five units for the first project in Lumley Park. In July 2020, the second project in Carter Toorak has completed construction, attained the occupancy permits for all eight units with two of the units successfully completed settlement of sales at higher than budgeted prices. The Joint Venture is currently focused on undertaking sales campaigns to sell the remaining unsold units at the Carter Toorak project and the land at the Brookville project.

Due to the significant impact of the COVID-19 pandemic on the residential property market, particularly in Melbourne, the Joint Venture engaged an independent third party to conduct a valuation of the remaining unsold units in Carter Toorak and the Brookville land as at 30 June 2020. The valuations were based on direct comparisons to sales of similar properties in adjoining localities. Whilst sales evidence of direct comparability is limited during the current Covid-19 environment, the evidence available indicated a decline in values relevant to late last year. With considerable market uncertainty in the current environment, there is also significant uncertainty in the valuation. As a result of the valuation, the Joint Venture have recognised an inventory provision of \$3.24 million (Note 4 Cost of Sales and Note 11 Inventories) of which \$0.95 million relates to the Carter Toorak project and \$2.29 million relates to the Brookville project. As a result of the inventory provision in the joint venture, the Company assessed the recoverability of its loans receivable from the joint venture and applied expected credit losses in the amount of \$1.86 million (Note 7 Finance Expense and Note 10 Other Receivables).

**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.



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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 25. FAIR VALUE MEASUREMENT Continued**

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2020 and 31 December 2019 on a recurring basis:

<b>Fair Value Hierarchy</b>				
<b>At 30 June 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Other Financial Assets</b>				
Short Term Managed Funds	632	15,730	2,876	19,238
<b>Total Financial Assets</b>	<b>632</b>	<b>15,730</b>	<b>2,876</b>	<b>19,238</b>
<b>Other financial liabilities</b>				
Derivative financial instruments	-	(14,620)	-	(14,620)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(14,620)</b>	<b>-</b>	<b>(14,620)</b>
<b>At 31 December 2019</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>				
Short Term Managed Funds	202	17,272	2,309	19,783
<b>Total Financial Assets</b>	<b>202</b>	<b>17,272</b>	<b>2,309</b>	<b>19,783</b>
<b>Other financial liabilities</b>				
Derivative financial instruments	-	(944)	-	(944)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(944)</b>	<b>-</b>	<b>(944)</b>

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

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency contracts	148	(18)
Electricity fixed forward	(5,873)	(1,554)
Diesel commodity swap	(8,895)	628
Derivative financial instruments	(14,620)	(944)

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. There was a significant drop in energy and fuel prices due to Covid-19.

(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.

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**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 2020.

**NOTE 27. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

No other matter or circumstance has arisen since 30 June 2020 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.

**GRANGE RESOURCES LIMITED**  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**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 2020 and of its performance for the half-year ended on that date,
  - (i) 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 2020 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  
28 August 2020



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

### ***Report on the half-year financial report***

We have reviewed the accompanying 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 2020, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

### ***Directors' responsibility 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 responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 2020 and 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*. As the auditor of Grange Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### ***Conclusion***

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

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1. giving a true and fair view of the Group's financial position as at 30 June 2020 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*.

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A handwritten signature in black ink, appearing to read 'Amanda Campbell', written in a cursive style.

Amanda Campbell  
Partner

Melbourne  
28 August 2020