

**Grange Resources Limited**  
**ABN 80 009 132 405**



**GRANGE**  
RESOURCES

**Australia's most experienced magnetite producer**

**Financial Report - 31 December 2023**

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**Grange Resources Limited**  
**Contents**  
**31 December 2023**

Directors' report	3
Auditor's independence declaration	24
Consolidated statement of comprehensive income	25
Consolidated statement of financial position	26
Consolidated statement of changes in equity	27
Consolidated statement of cash flows	28
Notes to the consolidated financial statements	29
Directors' declaration	67
Independent auditor's report to the members of Grange Resources Limited	68

**General information**

The financial statements cover Grange Resources Limited as a Group consisting of Grange Resources Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Grange Resources Limited's functional and presentation currency.

Grange Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

34a Alexander Street, Burnie, Tasmania, 7320

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2024. The directors have the power to amend and reissue the financial statements.

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**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

The directors present their report, together with the financial statements, 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 year ended 31 December 2023.

**Directors**

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

Michelle Li	Chairperson
Yan Jia	Non-Executive Director, Deputy Chairperson (resigned on 6 September 2023)
Honglin Zhao	Managing Director
Chongtao Xu	Executive Director (appointed on 1 March 2023)
Michael Dontschuk	Non-Executive Director
Ajanth Saverimutto	Non-Executive Director
Tianxiao Shen	Non-Executive Director (appointed on 21 December 2023)

**Information on directors**

**Michelle Li, PhD, GAICD**

Independent Non-executive Chairperson, Member of the Audit and Risk Committee, Member of the Remuneration and Nomination Committee.

Dr Li has more than 30 years of international mining experience, including senior executive roles with mining companies such as Citic Pacific, Rio Tinto and Iluka Resources.

Dr Li has a PhD from the University of Queensland and was previously a non-executive Director of Ardiden Limited, Orion Metals Limited and Sherwin Iron Limited.

**Yan Jia, GAICD**

Non-executive Deputy Chairperson

Ms Jia is currently employed by Jiangsu Huanyu Data Holdings Co. Ltd.

Ms Jia is a former Director of the Administration Department of Jiangsu Shagang International Trade Co Ltd, a subsidiary of Jiangsu Shagang Group, China's largest private steel company. Ms Jia has over ten years' experience of managerial, human resources, intellectual property and commercial experience in the steel industry and bulk raw material transaction sector.

Ms Jia resigned from the Board on 6 September 2023.

**Honglin Zhao**

Managing Director, Chief Executive Officer

Mr Zhao is a former Director of Shagang International (Australia) Pty Ltd, former Director and General Manager of Shagang (Australia) Pty Ltd, and former Director of Jiangsu Shagang Group, ultimate shareholder of Shagang International Holdings Limited and China's largest private steel company.

Mr Zhao has over 40 years' experience in the industry and was previously the Commander of Project Development Headquarters with Shagang. Mr Zhao has extensive project management and implementation experience and expertise.

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

**Michael Dontschuk** BSc (Hons), FFTP, GAICD

Independent Non-executive Director, Chairperson of the Audit and Risk Committee, Chairperson of the Remuneration and Nomination Committee

Mr Dontschuk is a finance professional with over 35 years' experience in investment, finance, treasury and financial risk management. He currently is a professional NED and sits on a number of company boards including Public Trustee (Tasmania) and Australia Ratings.

Previously Mr Dontschuk has been Group Treasurer of Grange Resources, Group Treasurer of ANZ Bank, Managing Director of Treasury Corporation Victoria, President and Director of the Finance and Treasury Association of Australia and has worked extensively in corporate financial advisory and investment banking including with Oakvale Capital and Bankers Trust.

**Ajanth Saverimutto**, BEng (Mining) Hons, BBus (Accounting)

Independent Non-executive Director and Member of the Audit and Risk Committee

Mr Saverimutto is a Mining Engineer and Accountant with over 25 years' experience in the resources industry. Mr Saverimutto has extensive Corporate and Senior Management experience in a number of ASX-listed and private companies. Currently Mr Saverimutto is Managing Director of ASX listed Wildcat Resources, a mineral exploration company. Mr Saverimutto's previous positions include President and Director of privately held Black Mountain Metals, Managing Director of ASX listed Venturix Resources, Managing Director and Founder of privately held Australian company Salt Lake Mining.

Mr Saverimutto has held senior operational roles including Mining Manager for leading international copper producer Freeport McMoRan (NYSE: FCX), Chief Operating Officer of ASX listed gold miner Unity Mining and Mining Manager for BHP Billiton Stainless Steel Materials.

**Chongtao Xu**

Executive Director

Mr Xu is a former head of steel merger & acquisition division of Shagang Investment Holding Co Ltd, the investment arm of China's largest private steel company. Mr Xu specialises in investment of upstream and downstream processes for steel producers.

Mr Xu has extensive management experience in private equity projects. Mr Xu managed a portfolio with the marketable value of over four billion Australian dollars. Mr Xu holds a Master of Science (Hons) from University College London.

Mr Xu was appointed to the Board on 1 March 2023.

**Tianxiao Shen**

Non-executive Director, Member of the Remuneration and Nomination Committee.

Tianxiao Shen is currently the deputy general manager of Shagang International (Singapore) Pte. Ltd., a subsidiary of Jiangsu Shagang Group, China's largest private-owned steel conglomerate. Ms. Shen has extensive experience in raw material procurement and trade, company management, and supply chain operation management, investment planning.

Ms Shen was appointed to the Board on 21 December 2023.

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

**Company Secretary**

**Mr Piers Lewis**, BComm, CA, AGIA

Mr Lewis has more than 25 years' global corporate experience. Mr Lewis is currently company secretary of Almonty Industries Inc. and serves as chairman of Aurumin Limited and on the Board of Noronex Limited.

In 2001 Mr Lewis qualified as a Chartered Accountant with Deloitte (Perth) he has extensive and diverse financial and corporate experience from previous senior management roles with Credit Suisse (London), Mizuho International and NAB Capital. Mr Lewis is also a Chartered Company Secretary.

**Principal activities**

During the period, the principal continuing activities of the Group consisted of the mining, processing and sale of iron ore; and the ongoing exploration, evaluation and development of mineral resources.

**Dividends**

Dividends paid during the financial year were as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Fully franked final dividend for the year ended 31 December 2022 - 2.0 cents per share	23,147	-
Fully franked interim dividend for half year ended 30 June 2022 - 2.0 cents per share	-	23,147
Fully franked final dividend for the year ended 31 December 2021 - 10.0 cents per share	-	115,734
	<b>23,147</b>	<b>138,881</b>

Since the end of the financial year the directors have recommended the payment of a 2.0 cent final dividend of \$23.1 million. The final dividend was declared NIL conduit foreign income and will be paid on 28 March 2024.

**Operating and Financial Review**

*Key Highlights*

**Mining operations**

- Pellet production of 2.34 million tonnes for the year compared to 2.52 million tonnes for the prior year.
- Total iron ore product sales of 2.64 million tonnes for the year compared to 2.57 million tonnes for the prior year.
- Profit after tax of \$150.1 million for the year compared to \$171.7 million for the prior year, on revenues from operations of \$614.7 million compared to \$594.6 million for the prior year.
- Average realised product price (FOB Port Latta) of A\$212.83 per tonne for the year compared to A\$203.18 per tonne for the prior year.
- Unit C1 cash operating costs of \$136.65 per tonne for the year compared to \$120.64 for the prior year.
- Cash and liquid investments of \$282.6 million at the end of year compared to \$298.6 million at the end of the prior year.

*Safety performance*

A focus on safety has been maintained across the business with over 236 days Lost Time Injury Free achieved.

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

*Key Metrics*

Key revenue metrics for the year ended 31 December 2023 and the preceding 2022 year were as follows:

	<b>2023</b>	<b>2022</b>
Iron Ore Pellet Sales (dmt)	2,503,588	2,429,700
Iron Ore Concentrate Sales (dmt)	24	1,853
Iron Ore Chip Sales (dmt)	139,010	136,760
<b>Total Iron Ore Product Sales (dmt)</b>	<b>2,642,622</b>	<b>2,568,313</b>
Average Realised Product Price (US\$/t FOB Port Latta)*	142.06	141.28
Average Realised Exchange Rate (AUD:USD)	0.6675	0.6953
Average Realised Product Price (A\$/t FOB Port Latta)	212.83	203.18

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

Key operating metrics for the year ended 31 December 2023 and the preceding 2022 year were as follows:

	<b>2023</b>	<b>2022</b>
Total BCM Mined	17,529,864	15,466,534
Total Ore BCM	1,033,932	1,280,501
Concentrate Produced (t)	2,589,144	2,624,865
Weight Recovery (%)	44.4	45.2
Pellets Produced (t)	2,341,654	2,518,232
Pellets Stockpile (t)	136,791	298,725
"C1" Operating Cost (A\$/t Concentrate Produced)	136.65	120.64

Note: "C1" costs are the cash costs associated with producing iron ore products without allowance for mine development, deferred stripping and stockpile movements, and also excludes royalties, sustaining capital, depreciation and amortisation costs.

Mining activities have continued to focus on the cutbacks in both North Pit and Centre Pit. Ore from the main ore zone in Centre Pit has been delivered throughout the year. This has been blended with existing stockpiles to sustain production and yield high quality pellets. The cutback on the east wall of North Pit continues with the implementation of the refined pit design. The current mining of ore in Centre Pit and waste removal in North Pit will progress further in 2024.

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**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

### **North Pit Underground Development Project**

The Definitive Feasibility Study into underground mining in North Pit has been completed and integrated into the operational life of mine plan. The study included a detailed assessment of risk and confirms the technical and economic viability of underground block cave mining at Savage River. In February 2024, the Board approved the plan to transition the current North Pit open cut mine to an underground block cave mine.

The integration will see the current North Pit open pit mining transition to an underground sub-level and block cave mine over the next five years. The feasibility study forecasts production of approximately 64 million tonnes of ore, producing 28 million tonnes of concentrate at iron grade of more than 66 per cent supporting the mine life at Savage River beyond 2037.

The feasibility confirmed a reduction in the long-term unit operating costs of more than 30 per cent in line with the PFS findings. The study also confirmed a significant (80 per cent) reduction in carbon emissions at the Savage River Mine can be achieved in accordance with Grange's decarbonisation plan.

Based on the progression of the study, Grange has entered a contract to extend the current exploration decline by 1,500m in 2024. The underground development has been awarded to mining contractor PYBAR Mining Services who have already commenced mobilisation to site. The extension to the decline will provide access to the extraction level horizon and provide essential data to finalise mine designs to a construction ready stage. The extension will also provide new underground drill platforms that Grange plans to utilise for further underground exploration with a view to enhance the long-term underground mining opportunities.

### **Port Latta Improvement Projects**

The High Efficiency Mixer was safely and successfully commissioned in the pellet plant at Port Latta. This installation will enable the delivery of more homogeneous blending of bentonite and concentrate equally across all furnace lines. This in turn will serve to improve our control and final pellet consistency.

Optimisation of the Intermediate Air System continued during the quarter, balancing air from the Intermediate Air and the Main Blower System. Furnace stability has significantly improved, and Furnace 4 is now running consistently and delivering high rates and quality. Work continues on embedding system changes and undertaking the engineering study to apply modifications to the other furnace lines.

Furnace 4 has been operating without the addition of anthracite. This has seen a reduction in our coal use at Port Latta and consequently a reduction in CO<sub>2</sub>-e emissions associated with the combustion of coal. This is an excellent result and is in accord with Grange's decarbonisation plan to phase out the use of coal over the next three years as other furnaces are upgraded.

### *Financial Position*

Grange's net assets increased during the year to \$1,031.3 million (31 December 2022: \$904.01 million). The key movements in net assets during the year are a result of the following:

- An increase in property plant and equipment and mine properties and development of \$50.6 million and \$82.1 million respectively.
- An increase in inventories of \$16.9m
- An increase in trade receivables by \$16.2 million
- A decrease in trade and other payable \$17.3 million
- A decrease in financial assets by \$17.4 million
- An increase in deferred tax liability by \$36.4 million.

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

*Statement of Cash Flows*

*Net cash flows from operating activities*

Net cash inflows from operating activities for the year were \$267.1 million (2022: inflows \$196.9 million), increased compared to prior year mainly due to higher quantities sold and higher prices achieved compared to previous year.

*Net cash flows from investing activities*

Net cash outflows from investing activities for the period were \$241.9 million (2022: outflows \$396.2 million), principally related to expenditures for mine properties and development (\$104.4 million), property, plant and equipment of (\$153.8 million) and proceeds from term deposits \$16.3 million.

*Net cash flows from financing activities*

Net cash outflows from financing activities for the period were \$25.2 million (2022 outflow: \$145.6 million), principally related to the payment of 2023 final dividend (\$23.1 million) and repayment of lease liabilities (\$2.0 million).

**ESG Reporting and Initiatives**

Grange published its baseline Environmental, Social, and Governance (ESG) report with disclosures on 21 core metrics set by the World Economic Forum (WEF) in its standardised and globally recognised Stakeholder Capitalism Metrics ESG framework.

This new global environment is challenging the traditional expectations of corporations and redirecting investment capital. Grange is committed to aligning the business, where applicable, to the sustainable development goals that provide a roadmap to sustainability and resilience.

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

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

The Board has endorsed the pursuit of decarbonisation of Grange's Business with specific targets for CO<sub>2</sub>-e reduction including:

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

**Southdown Magnetite Project**

The Southdown Magnetite Project, situated 90km from the city of Albany in Western Australia, is an advanced project with over 1.2 billion tonnes of high quality resource and access to established infrastructure.

During the year, the Company completed the reacquisition of SRT's 30% interest in the Project. Grange now holds 100 per cent ownership in the Project.

Progress of the definitive feasibility study on a 5 Mtpa development case is under review.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Group during the financial year.



**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

**Matters subsequent to the end of the financial year**

Since the end of the financial year the directors have recommended the payment of a 2.0 cent per share final dividend of \$23.1 million.

On 19 February 2024, the Board approved the plan to transition from North Pit open pit to underground mining over the next five years.

**Likely developments and expected results of operations**

Grange's strategic focus is to generate shareholder value by safely producing high quality iron ore products from its Savage River and Port Latta operations in Tasmania and continuing to assess the feasibility of a major iron ore development project at Southdown, near Albany in Western Australia. The Group's current strategic priorities include:

*Savage River and Port Latta Operations*

- Optimising the integration and transition of the Life of Mine Plan from open cut to underground.
- Producing high grade ore from Centre Pit
- Delivering on secured off take agreements
- Maintaining access to ore with continuing investment in mine development
- Maintaining critical process infrastructure
- Continuing focus on improving productivity and implementing cost control projects

*Southdown Magnetite Project*

- Completing feasibility study on a 5 Mtpa development case with new technology and additional testwork
- Ensuring that all tenements, permits and project assets remain in good standing

*Risk Management*

The Group continues to assess and manage various business risks that could impact the Group's operating and financial performance and its ability to successfully deliver strategic priorities including:

- Fluctuations in iron ore market and movements in foreign exchange rates
- Volatility in the energy prices and availability
- Geotechnical risks including wall stability
- Production risks and costs associated with aging infrastructure
- Project evaluation and development
- Health, safety and environment
- Impacts of climate change on our business
- Risks associated with underground mining

Risk mitigation strategies include the following:

- Optimise timing of sales to the fluctuations in iron ore prices and demands from different markets
- Focussed program of geotechnical wall monitoring, modelling and redesign work to mitigate potential stability issues
- Continue disciplined and rigorous review process regarding budget development and cost control to ensure investment directed to highest priority areas while reducing overall operating costs
- Hedging strategies for key energy exposures
- A well developed tool kit to ensure projects are adequately planned and peer reviewed prior to commitment and execution
- Outstanding safety record is supported by comprehensive safety system that enables management to develop a resilient safety culture and ensure our stewardship over the environment
- Initiatives to progressively decarbonise the operation

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**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

## **Environmental regulation**

The mining and exploration tenements held by the Group contain environmental requirements and conditions that the Group must comply with in the course of normal operations. These conditions and regulations cover environmental aspects such as acid mine drainage management, river water quality, the management of the storage of hazardous materials and rehabilitation of mine sites, etc.

The Group is subject to significant environmental legislation and regulation in respect of its mining, processing and exploration activities as set out below:

### *Savage River and Port Latta Operations*

The Group obtained approvals to operate in 1996 and 1997 under the *Land Use Planning and Approvals Act 1993* (LUPA) and the *Environmental Management and Pollution Control Act 1994* (EMPCA) as well as the *Goldamere Agreement Act 1996* and *Mineral Resources Development Act 1995*. The original land use permit conditions for Savage River and Port Latta are contained in Environmental Protection Notices 248/2 and 302/2 respectively. The currently approved Environmental Management Plans were submitted for Savage River and Port Latta on 21 December 2010. The extension of the project's life was approved by the Department of Tourism, Arts and the Environment on 12 March 2007 and together with the *Goldamere Agreement Act 1996* and the Environmental Protection Notices, is the basis for the management of all environmental aspects of the mining leases. The Group has been relieved of any environmental obligation in relation to contamination, pollutants or pollution caused by operations prior to the date of the *Goldamere Agreement Act* (Royal Assent received 16<sup>th</sup>) December 1996). Grange received planning approval from the Waratah Wynyard Council and the Tasmanian Environment Protection Authority for the construction of South Deposit Tailings Storage Facility in March 2014 under PCE 8808, as well as federal approval under the *Environment Protection and Biodiversity Conservation Act 1999* in April 2014 under EPBC approval 6393. South Deposit cutback was approved in August 2014 but is now largely regulated under the Centre Pit Expansion and South Deposit Backfill Dump through DA 216/2021 and Permit Conditions-Environmental No. 10995. In January 2020, approval was granted under Environment Protection Notice 10006/2 for the North Pit Underground exploration decline.

### *Southdown Magnetite Project*

The Southdown Magnetite Project has not been responsible for any activities which would cause a breach of environmental legislation.

### *Mount Windsor Joint Venture*

Grange is a minority partner (30%) in the Mt Windsor project in North Queensland which is now being rehabilitated for future lease relinquishment. An ongoing Transitional Environment Program has been entered into voluntarily to identify and remediate various sources of pollution on site. A comprehensive plan has been developed and instigated to manage the leases with relinquishment expected in 2045.

During the financial year there were no breaches of licence conditions.

### *National Greenhouse and Energy Reporting Act 2007*

The National Greenhouse and Energy Reporting Act 2007 requires the Group to report its annual greenhouse gas emissions and energy use by 31 October each year. The Group has implemented systems and processes for the collection and calculation of the data required and has submitted its annual reports through the Emissions and Energy Reporting System (EERS) by 31 October each year.

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

*National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015*

The Safeguard Mechanism applies to designated large facilities and is triggered when the facility exceeds 100,000 t CO<sub>2</sub>-e as per Division 8 of NEGR (Safeguard Mechanism) Rule 2015. The entity with operational control of a designated large facility is responsible for meeting safeguard requirements, including that the facility must keep net emissions at or below baseline emission levels. Grange has two facilities which trigger the Safeguard Mechanism. The Port Latta Pelletising Plant has moved to a Production Adjusted Baseline and the Savage River Mine Site has moved to a Transitional Calculated Baseline.

*Renewable Energy (Electricity) Act 2000*

In recognition that the Renewable Energy Targets scheme may increase costs to Companies that carry on Emissions Intensive Trade Exposed (EITE) activities, the exemption provisions under the Renewable Energy (Electricity) Act 2000 as amended allow a prescribed person to apply for an exemption certificate in relation to the electricity supplied to an EITE activity carried on at a site. Subject to agreement from the prescribed person an exemption certificate may be traded to the liable entity for the electricity supplied, and provides the liable entity with exemption from liability for a certain amount of megawatt-hours of electricity in the given calendar year. Grange has received exemption certificates under this scheme.

**Climate Change Risk and Opportunities**

Physical Risks

- Concentrated rainfall event causing flooding
- Rising sea levels and reduced rainfall causing groundwater scarcity

Risk related to transition to a low carbon economy

- Policy and legal risks as a result of government regulation of carbon emissions, resulting in higher energy prices and other production costs or restricted energy availability.
- Technology, market and reputation risk as a result of change in consumer expectations and demand for low carbon goods and services.

The Group identifies and monitors these risks through the enterprise risk assessment process and continues to identify opportunities for improvement. The Group acknowledges that the world is moving to a low-carbon future. As part of the Group's strategy to reduce carbon emissions across our operations, Grange will reduce the tonnes of CO<sub>2</sub>/t of pellet produced. With the decarbonization of the steel industry and evolution of the "Green Steel" market, this will position Grange with an opportunity to obtain a potential "Green Premium" for our low CO<sub>2</sub> high quality products. Whilst this is yet to be confirmed, we expect that the industry will evolve and with the planned reduction of our emissions, Grange will be well positioned to take advantage of any new "Green" premiums as they evolve. The Group will continue to explore opportunities to reduce carbon emissions in its production processes.

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2023, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
M Li	7	7	5	5	7	7
Y Jia	4	4	-	-	-	-
H Zhao	7	7	-	-	-	-
M Dontschuk	7	7	5	5	7	7
A Saverimutto	7	7	-	-	7	7
C Xu	6	6	-	-	-	-
T Shen	1	1	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

**Remuneration Report**

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

*(i) Key management personnel disclosed in this report* (please refer to pages 3 to 4 for details about each director)

**Non-executive directors**

Michelle Li  
Yan Jia (resigned on 6 September 2023)  
Michael Dontschuk  
Ajanth Saverimutto  
Tianxiao Shen (appointed 21 December 2023)

**Executive directors**

Honglin Zhao  
Chongtao Xu (appointed 1 March 2023)

**Position**

Managing Director  
Chief Executive Officer  
Executive Director

**Other key management personnel**

Steven Phan  
Ben Maynard

**Position**

Chief Financial Officer  
Chief Operating Officer

**(ii) Remuneration governance**

The Board has an established Remuneration and Nomination Committee to assist in overseeing the development of policies and practices which enable the Company to attract and retain capable Directors and employees, reward employees fairly and responsibly and meet the Board's oversight responsibilities in relation to corporate governance practices.

The Remuneration and Nomination Committee is composed of Mr Michael Dontschuk (Independent Non-executive Director and Committee Chairperson), Dr Michelle Li (Independent Non-executive Chairperson) and Ms Tianxiao Shen (Non-executive Director).

The responsibilities and functions for the Remuneration and Nomination Committee include reviewing and making recommendations on the following:

- Equity based executive and employee incentive plans;
- Recruitment, retention, succession planning, performance measurement and termination policies and procedures for Non-executive Directors, Executive Directors and Key Management Personnel;
- The remuneration of the Chief Executive Officer, Chief Financial Officer and the Chief Operating Officer;
- Periodically assessing the skills required by the Board;
- Recommend processes to evaluate the performance of the Board, its Committees and individual Directors; and
- Reviewing governance arrangements pertaining to remuneration matters.

The Charter is reviewed annually, and remuneration strategies are reviewed regularly.

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

***(iii) Executive remuneration philosophy and framework***

It is the Company's objective to provide maximum stakeholder benefit from the retention of a small high-quality executive team by remunerating Executive Directors and executives fairly and appropriately with reference to relevant market conditions. To assist in achieving this objective, the Board attempts to link the nature and amount of executives' emoluments to the Company's performance. The remuneration framework aims to ensure that remuneration practices are:

- acceptable to shareholders, transparent and easily understood;
- competitive and reasonable, enabling the company to attract and retain key talents who share the same values with Grange Resources; and
- aligned to the Company's strategic and business objectives and the creation of shareholder value.

Using external remuneration sector comparative data, the Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. The framework is reviewed regularly along with the remuneration strategy review.

The framework provides a mix of fixed and variable pay, and a blend of short and long term incentives detailed as follows:

Fixed Remuneration

Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee. The process consists of a review of Group and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen is optimal for the recipient without creating any undue cost for the Group.

There are no guaranteed fixed pay increases included in any executives' contracts.

Variable Remuneration – Short Term Incentive (“STI”)

The objective of the STI is to link the achievement of the Company's annual operational targets (usually reflected in the approved budgets) and an individual's personal targets with the remuneration received by selected executive directors and senior employees responsible for meeting those targets. Payments are made as a cash incentive payable after the financial statements have been audited and released to the Australian Securities Exchange (“ASX”). 50% of the STI relates to the achievement of company performance goals and 50% relates to the attainment of agreed personal performance goals.

Variable Remuneration - Long Term Incentive (“LTI”)

a) Deferred Cash

A 3 year deferred cash long term incentive program applicable to H Zhao, S Phan and B Maynard commenced in 2019 with the final tranche to be paid in 2024. This long-term incentive program was replaced by a share-based payment scheme in 2022.

A 3 year deferred cash long term incentive started in 2023 for C Xu.

The deferred cash scheme is to reward selected executive directors and senior employees with a cash payment which is linked to the Company satisfying performance hurdles and subject to ongoing employment with Grange. The deferred cash component is determined by measuring the Company's progress made on:

- Development of mineral assets (weighting 35%)
- Mine development (weighting 20%)
- Downstream process improvement (weighting 15%)
- Financial returns (weighting 20%)
- Safety and sustainability (weighting 10%)

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

The deferred cash component is determined based on the Company's performance for the year ended 31 December, with 33.3% payable on 31 December the first following year, 33.3% payable on 31 December the second following year, and the balance payable on the following 31 December (i.e. 3 years after the relevant calculation date). Payment of deferred cash is subject to continuing employment with Grange at the scheduled date of the payment.

b) Rights to Grange Shares

The Company granted performance rights in 2022 and 2023 in three tranches to be settled by issuance of shares to three key management personnel. Each right is entitled to one equity share with a vesting date of 31 December 2024 for performance rights granted in 2022 and vesting date of 31 December 2025 for performance rights granted in 2023.

Tranche 1 (with a weighting of 35%), has a total shareholder return (TSR) hurdle, tranche 2 (35% weighting) has a return on equity (ROE) hurdle and tranche 3 (30% weighting) has hurdles relating to non-market business objectives.

**(iv) Relationship between remuneration and Grange Resources performance**

The table below shows key performance indicators of Company performance over the past five years.

		2019	2020	2021	2022	2023
Revenue from Operations	\$ million	368.6	526.3	781.7	594.6	614.7
Net profit after tax	\$ million	77.3	203.2	321.6	171.7	150.1
Basic earnings per share	Cents	6.71	17.64	27.84	14.84	12.97
Dividend payments	\$ million	23.1	23.1	162.0	138.9	23.1
Share price (last trade day of financial year)	Cents	25.0	29.5	75.5	84.5	46.5

**(v) Non-executive director remuneration policy**

Fees and payments to Non-executive Directors reflect the responsibilities and demands made on them. Non-executive Directors' fees and payments are reviewed periodically by the Board. The Board also considers comparative market data and if required the advice of independent remuneration consultants to ensure Non-executive Directors' fees and payments are appropriate and in line with the market. The Chairperson's fees are determined independently to the fees of Non-executive Directors based on comparative roles in the external market.

The Chairperson's remuneration is inclusive of committee fees while other Non-executive Directors who chair a Committee receive additional yearly fees. The Deputy Chairperson is also entitled to receive an additional yearly fee. The current base fees were reviewed with effect from 1 June 2021.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically reviewed for adequacy. Any increase to the aggregate Directors' fee pool is submitted to shareholders for approval. The maximum currently stands at \$800,000 per annum and was approved by shareholders at the Annual General Meeting on 26 November 2010. Non-executive Directors do not receive performance-based pay.

*Board of Directors*

Chairperson <sup>(1)</sup>	\$210,000
Deputy Chairperson	\$92,000
Non-executive Director	\$81,000

*Audit and Risk Committee*

Chairperson	\$15,750
Committee Member	\$10,500

*Remuneration and Nomination Committee*

Chairperson	\$15,750
Committee Member	\$7,500

<sup>(1)</sup> The Chairperson is not paid any additional amounts for Committee membership.

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

**(vi) Details of remuneration**

Details of the remuneration of the key management personnel of the Group are set out in the following tables.

**Table 1: Remuneration for the year ended 31 December 2023**

	Fixed Remunerations					Variable Remunerations				Total \$	Performance Related %
	Salary & Fees *	Non- monetary benefits *	Annual leave ^	Long Service Leave **	Super annuation ***	STI *	LTI Cash **	LTI Rights ****			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-Executive Directors</b>											
M Li	210,000	-	-	-	-	-	-	-	210,000	-	-
Y Jia <sup>(1)</sup>	67,864	-	-	-	-	-	-	-	67,864	-	-
M Dontschuk	101,349	-	-	-	10,895	-	-	-	112,244	-	-
A Saverimutto	91,500	-	-	-	-	-	-	-	91,500	-	-
T Shen <sup>(2)</sup>	2,617	-	-	-	-	-	-	-	2,617	-	-
<b>Sub-total Non-Executive Directors</b>	<b>473,330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,895</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>484,225</b>		
<b>Executive Directors</b>											
H Zhao <sup>(4)</sup>	591,107	121,927	(19,263)	(94,575)	63,579	111,654	33,072	104,005	911,506	27%	
C Xu <sup>(3)</sup>	193,996	11,767	10,712	1,872	20,893	34,619	6,403	-	280,262	15%	
<b>Key Management Personnel</b>											
S Phan	382,080	-	11,035	14,416	41,096	72,206	17,101	66,769	604,703	26%	
Ben Maynard	424,765	5,538	7,161	20,136	45,687	78,999	19,012	71,428	672,726	25%	
<b>Sub-total Key Management Personnel</b>	<b>1,591,948</b>	<b>139,232</b>	<b>9,645</b>	<b>(58,151)</b>	<b>171,255</b>	<b>297,478</b>	<b>75,588</b>	<b>242,202</b>	<b>2,469,197</b>	<b>25%</b>	
<b>TOTAL</b>	<b>2,065,278</b>	<b>139,232</b>	<b>9,645</b>	<b>(58,151)</b>	<b>182,150</b>	<b>297,478</b>	<b>75,588</b>	<b>242,202</b>	<b>2,953,422</b>	<b>21%</b>	

<sup>(1)</sup> Y Jia resigned on 6 September 2023

<sup>(2)</sup> T Shen was appointed to executive director on 21 December 2023

<sup>(3)</sup> C Xu was appointed to non executive director on 1 March 2023. The amounts are inclusive of remuneration earned in the current year prior to this appointment which totalled \$32,826

<sup>(4)</sup> Granting of 2023 performance rights to H Zhao to be approved in the upcoming annual general meeting.

\* Short-term benefits as per Corporation Regulations 2M.3.03 (1) Item 6

\*\* Other long-term benefits as per Corporation Regulation 2M.3.03 (1) Item 8.

\*\*\* Post-employment benefits

\*\*\*\* Equity-settled share-based payments as per Corporation Regulations 2M.3.03(1) Item 11.

^ Annual leave liability is expected to be fully settled within one year.

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

**Table 2: Remuneration for the year ended 31 December 2022**

	Fixed Remunerations					Variable Remunerations				Total	Performance Related %
	Salary and Fee *	Non-monetary benefits *	Annual Leave *^	Long Service Leave **	Super annuation ***	STI *	LTI Cash **	LTI Rights ****			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-Executive Directors</b>											
M Li	210,000	-	-	-	-	-	-	-	-	210,000	-
Y Jia	99,499	-	-	-	-	-	-	-	-	99,499	-
M Dontschuk	105,291	-	-	-	8,778	-	-	-	-	114,069	-
A Saverimutto	91,671	-	-	-	-	-	-	-	-	91,671	-
<b>Sub-total Non-Executive Directors</b>	<b>506,461</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,778</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>515,239</b>	
<b>Executive Directors</b>											
H Zhao	557,648	53,506	23,208	22,112	57,159	113,923	71,410	21,561		920,527	22%
<b>Key Management Personnel</b>											
S Phan	360,454	-	12,732	12,611	36,947	70,397	36,927	15,490		545,558	23%
B Maynard <sup>(1)</sup>	400,722	5,167	(3,865)	17,868	41,074	78,261	41,129	16,353		596,709	23%
<b>Sub-total Key Management Personnel</b>	<b>1,318,824</b>	<b>58,673</b>	<b>32,075</b>	<b>52,591</b>	<b>135,180</b>	<b>262,581</b>	<b>149,466</b>	<b>53,404</b>		<b>2,062,794</b>	<b>23%</b>
<b>TOTAL</b>	<b>1,825,285</b>	<b>58,673</b>	<b>32,075</b>	<b>52,591</b>	<b>143,958</b>	<b>262,581</b>	<b>149,466</b>	<b>53,404</b>		<b>2,578,033</b>	<b>18%</b>

<sup>(1)</sup> FY 2022 Remuneration table has been adjusted to include non-monetary benefits for B Maynard  
Refer to 2023 remuneration table for other footnote references

**Table 3: Relative proportions linked to performance**

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	Dec-23	Dec-22	Dec-23	Dec-22	Dec-23	Dec-22
<b>Executive Directors</b>						
H Zhao	73%	78%	12%	12%	15%	10%
C Xu	85%	-	12%	-	3%	-
<b>Key Management Personnel</b>						
S Phan	74%	77%	12%	13%	14%	10%
B Maynard	75%	77%	12%	13%	13%	10%



**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

**(vii) Contractual arrangements with executive KMPs**

Components	CEO description	Senior executive description
Fixed remuneration	\$656,000	Range between \$227,500 and \$472,000
Contract duration	Ongoing contract	Ongoing contract
Notice by the individual/company	3 months	1 to 3 months
Termination of employment (without cause)	Entitlement to pro-rata STI for the year. Unvested LTI will remain on foot subject to achievement of the performance hurdles at the original date of testing.	Entitlement to pro-rata STI for the year. Unvested LTI will remain on foot subject to achievement of the performance hurdles at the original date of testing.
	The board has discretion to award a greater or lower amount.	The board has discretion to award a greater or lower amount.
Termination of employment (with cause) or by the individual	All discretionary incentives not payable and all unvested LTI will lapse.	All discretionary incentives not payable and all unvested LTI will lapse.
	Vested and unexercised LTI can be exercised within a period of 30 days from termination.	Vested and unexercised LTI can be exercised within a period of 30 days from termination.

**(viii) Service agreements**

On appointment to the Board, all Non-executive Directors sign a letter of appointment with the Company. The document details the term of appointment, the role, duties and obligations of the Directors as well as the likely time commitment and performance expectations and review arrangements and circumstances relating to the vacation of office. In addition, it also summarises the major Board policies and terms, including compensation, relevant to the office of Director.

Remuneration and other terms of employment for the executives are formalised in service agreements. Each of the agreements provides for the provision of fixed pay, performance related variable remuneration and other benefits. The agreements with executives are ongoing and provide for termination of employment at any time by giving three months' notice or by the Company paying an amount equivalent to three months remuneration in lieu of notice.

**(viii) Details of STI and LTI (share-based payment) held by key management personnel**

Performance based remuneration granted and forfeited during the year.

Short Term Incentive	Total STI Bonus (Cash) Maximum Opportunity \$	% of Target STI Awarded %	% of Maximum STI Awarded %	% Maximum STI Forfeited %	Total STI Awarded \$
2023					
H Zhao	157,471	85%	71%	29%	111,654
C Xu	43,690	95%	79%	21%	34,619
S Phan	91,608	95%	79%	21%	72,206
B Maynard	101,842	93%	78%	22%	78,999
	<b>394,611</b>				<b>297,478</b>

STI amounts are inclusive of superannuation.

**Grange Resources Limited  
Directors' report  
31 December 2023**

Long Term Incentive 2023	Total LTI Bonus (Cash)			Share-based Payment rights	
	Maximum Opportunity	Awarded	Awarded	Value Granted	Awarded
	\$	%	\$	\$	%
H Zhao	-	-	-	208,340	-
C Xu	18,204	97%	17,731	-	-
B Maynard	-	-	-	120,033	-
S Phan	-	-	-	107,972	-
	<b>18,204</b>		<b>17,731</b>	<b>436,345</b>	

**Share-based compensation**

In May 2022 and December 2023 Grange Resources Limited (Parent Company) granted performance rights in three tranches to be settled by issuance of shares to three key management personnel. Each right is entitled to one equity share with a vesting of 31 December 2024 for those granted in May 2022 and vesting date of 31 December 2025 for those granted in November 2023.

Executive KMP participate, at the board's discretion, in the LTIP comprising annual grants of rights which are subject to TSR hurdles (tranche 1) and series of non-market based business objectives (tranche 2 and 3). Executive KMP is required to have continued service at a minimum of one year to become eligible for any performance rights.

Feature	Description
Opportunity/Allocation	CEO - 50% of Fixed Remuneration; Other Key Management Personnel - 40% of fixed remuneration.
Performance Hurdles	Tranche 1 performance rights is subject to a TSR performance vesting conditions.  Tranche 2 and 3 performance rights are not subject to a TSR Hurdle and require a series of non-market based business objectives to be met for the rights to be exercised.
Exercise Price	\$ Nil
Forfeiture and Termination	In the event of a termination of employment by the Company for cause, all unvested rights will be forfeited unless otherwise determined by the Board.  Cessation of employment in other cases will generally result in pro-rate forfeiture of the rights.
Measurement Period	Performance rights granted in May 2022 - 22 February 2022 to 30 December 2024 Performance rights granted in December 2023 - 1 January 2023 to 30 December 2025
Fair value Measurement at Grant Date	Tranche 1 is estimated using a Monte Carlo Model and Tranche 2 and 3 using black Scholes Option pricing

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

*Performance conditions for each 2022 and 2023 tranche are as follows:*

<b>Tranche 1</b> <b>Performance Level</b>	<b>Annualised Grange TSR Compared to TSR of the ASX 300 Metals and Mining TR Index</b>	<b>% of Tranche Vesting</b>
Stretch	≥ Index TSR + 9% TSR CAGR	100%
Between Target and Stretch	> Index TSR + 2% TSR CAGR & "Index TSR + 9% TSR CAGR	Pro-rata
Target	Index TSR + 2% TSR CAGR	50%
Between Threshold and Target	> Index TSR & Index TSR + 2% TSR CAGR	Pro-rata
Threshold	= Index TSR	25%
Below Threshold	< Index TSR	0%

Note: a Gate TSR being positive applies to this metric (will not pay out if TSR is not >0%)

**Tranche 2**

<b>Performance conditions</b>	<b>Return on Equity</b>	<b>% of Tranche Vesting</b>
Stretch	≥ 15% ROE	100%
Between Target and Stretch	> 8% ROE & 15% ROE	Pro-rata
Target	8% ROE (Cost of Equity)	50%
Between Threshold and Target	> 6% ROE & 8% ROE	Pro-rata
Threshold	= 6% ROE	25%
Below Threshold	< 6% ROE	0%

**Tranche 3**

<b>Strategic Area</b>	<b>Milestone</b>	<b>% of Tranche Vesting</b>
Southdown Project	Complete DFS	16.67%
Southdown Project	Complete Executable Finance Plan	16.67%
Capital Management	Implement the plan to systematically identify the best use of capital with rigorous investment decision framework, including dividend policy.	33.33%
Future Development	Provide 3 major projects for board review for potential purchase	33.33%

*The terms and condition of each grant of performance rights are as follows:*

<b>Grant Date</b>	<b>Vesting and Exercise Date</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Value per Rights at Grant Date</b>	<b>Performance Achieved</b>	<b>Vesting %</b>
<b>Tranche 1</b> 19 December 2023	31 December 2025	15 years from grant	Nil	\$64,988	To be determined	-
<b>Tranche 2</b> 19 December 2023	31 December 2025	15 years from grant	Nil	\$259,950	To be determined	-
<b>Tranche 3</b> 19 December 2023	31 December 2025	15 years from grant	Nil	\$111,407	To be determined	-

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

Grant Date	Vesting and Exercise Date	Expiry Date	Exercise Price	Value per Rights at Grant Date	Performance Achieved	Vested %
<b>Tranche 1</b>						
11 May 2022	31 December 2024	24 May 2037	Nil	\$51,374	To be determined	-
27 May 2022	31 December 2024	24 May 2037	Nil	\$40,231	To be determined	-
30 May 2022	31 December 2024	24 May 2037	Nil	\$36,726	To be determined	-
<b>Tranche 2</b>						
11 May 2022	31 December 2024	24 May 2037	Nil	\$64,723	To be determined	-
27 May 2022	31 December 2024	24 May 2037	Nil	\$48,204	To be determined	-
30 May 2022	31 December 2024	24 May 2037	Nil	\$44,406	To be determined	-
<b>Tranche 3</b>						
11 May 2022	31 December 2024	24 May 2037	Nil	\$27,738	To be determined	-
27 May 2022	31 December 2024	24 May 2037	Nil	\$20,659	To be determined	-
30 May 2022	31 December 2024	24 May 2037	Nil	\$22,202	To be determined	-

*Reconciliation of performance rights held by each key management personnel*

2023 Name and Grant Date	Balance at the Start of the year Unvested	Performance rights granted in 2023	Vested Number	Vested %	Exercised Number	Balance at the end of the year Vested	Balance at the end of the year Unvested	Maximum value yet to vest \$
H Zhao	140,342	828,099	-	-	-	-	968,441	130,251
B Maynard	80,680	477,102	-	-	-	-	557,782	84,237
S Phan	74,707	429,160	-	-	-	-	503,867	77,596

*Shareholdings*

The number of shares in the Company held during the period by each Director of Grange Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below:

31 December 2023	Balance 1 January 2023	On vesting rights	On market purchases	On market disposals	Other	Balance 31 December 2023
<b>Director of Grange Resources Limited</b>						
M Li	13,507	-	-	-	-	13,507
M Dontschuk	13,000	-	10,000	-	-	23,000
H Zhao	1,727,702	-	-	-	-	1,727,702
Y Jia	-	-	-	-	-	-
A Saverimutto	-	-	-	-	-	-
C Xu	-	-	-	-	-	-
T Shen	-	-	-	-	-	-
Key Management Personnel	-	-	-	-	-	-
B Maynard	68,122	-	-	-	-	68,122
S Phan	-	-	-	-	-	-
	<b>1,822,331</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>1,832,331</b>

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

**(ix) Loans to key management personnel**

There were no loans to key management personnel during the year.

**(x) Other transactions with Directors and key management personnel**

Y Jia is an employee of Jiangsu Huanyu Data Holdings Co. Ltd and T Shen is an employee of Shagang International (Singapore) Pte. Ltd. These are subsidiaries of Jiangsu Shagang Group (Shagang) to which sales of iron ore products are made under long-term off-take agreements. Transactions between Shagang and Grange must be approved by non-associated shareholders or approved by the Grange independent directors.

Aggregate amounts of each of the above types of other transactions:

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Sales of Iron Ore Products</b>		
Pellets	220,269,938	211,922,470

The following balances are outstanding at the end of the reporting period in relation to the above transactions:

	<b>2023</b>	<b>2022</b>
	\$	\$
Trade receivables (sales of iron ore products)		
Pellets	7,769,554	15,241,644

**Indemnity and insurance of officers**

During the financial period, the Company has paid premiums in respect of Directors' and Officers' Liability Insurance and Company Reimbursement policies, which cover all Directors and Officers of the Group to the extent permitted under the Corporations Act 2001. The policy conditions preclude the Group from any detailed disclosures.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

**Indemnity and insurance of auditor**

The Company has entered into an agreement to indemnify its auditor, PwC, against any claims or liabilities (including legal costs) asserted by third parties arising out of their services as auditor of the Company, where the liabilities arise as a direct result of the Company's breach of its obligations to the Auditors, unless prohibited by the Corporations Act 2001.

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

**Audit and Non-audit services**

The Board of Directors has considered the position and, in accordance with advice received from the Company's Audit and Risk Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Assurance Services</b>		
<b>PwC Australia</b>		
Audit and review of financial reports	267,950	238,750
Other assurance services	11,000	26,650
Network firms of PwC Australia	22,786	18,147
<b>Total assurance services</b>	<b>301,736</b>	<b>283,547</b>
<b>Non-Assurance Services</b>		
<b>PwC Australia</b>		
Taxation compliance services	18,797	-
<b>Total remuneration paid</b>	<b>320,533</b>	<b>283,547</b>

It is the Group's policy to employ PwC on assignments additional to their statutory audit duties where PwC's expertise and experience with the Group are important. These assignments are principally tax consulting and advice or where PwC is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders on all major consulting assignments.

**Officers of the company who are former partners of PricewaterhouseCoopers**

There are no officers of the company who are former partners of PricewaterhouseCoopers.

**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Auditor's independence declaration**

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

**Grange Resources Limited**  
**Directors' report**  
**31 December 2023**

**CORPORATE GOVERNANCE STATEMENT**

Grange is committed to creating and building sustainable value for shareholders and protecting stakeholder interests. The Company recognises that high standards of corporate governance are essential to achieving that objective.

The Board has the responsibility for ensuring Grange is properly managed so as to protect and enhance shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to all stakeholders. For this reason, the Board is committed to applying appropriate standards of corporate governance across the organisation.

As part of its commitment to enhancing its corporate governance, and as a listed company, the Board has adopted relevant practices which are consistent with the Australian Securities Exchange ("ASX") Corporate Governance Principles. The 2023 corporate governance statement was approved by the Board on 20 February 2024.

Details of the Company's corporate governance practices are included in the Corporate Governance Statement and Appendix 4G which have been announced on the ASX and can be located on our Company's website [www.grangeresources.com.au](http://www.grangeresources.com.au) in the Corporate Governance and Policies section in the About Us area. This facilitates transparency about Grange's corporate governance practices and assists shareholders and other stakeholders make informed judgments.

**ASX Best Practice Recommendations**

The following table lists the departures from the ASX Best Practice Recommendations applicable to the Company as at the date of its financial year end, being 31 December 2023. Where the Company considers that it is divergent from these recommendations, or that it is not practical to comply, there is an explanation of the Company's reasons set out in the following table.

Principles and Recommendations Reference	Departure	Explanation
2.4	A majority of the Directors are not independent directors.	The Board is currently comprised of four non-executive Directors, and two executive Directors, three are independent. Accordingly, a majority of Directors are not independent.
7.3(a)	A separate internal audit function has not been formed.	<p>The Board monitors the need for an internal audit function. The Company has not had an internal audit function for the past financial year. Due to the size of the Company, the Board does not consider it necessary to have an internal audit function.</p> <p>The Company is currently reviewing the possibility of an internal audit function.</p> <p>The Company's Management periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement these systems are developed. The Board also considers external reviews of specific areas and monitors the implementation of system improvements.</p>

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Michelle Li  
Chairperson of the Board of Directors

28 February 2024



## Auditor's Independence Declaration

As lead auditor for the audit of Grange Resources Limited for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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 'Chris Dodd', is written over a faint circular watermark.

Chris Dodd  
Partner  
PricewaterhouseCoopers

Melbourne  
28 February 2024



**Grange Resources Limited**  
**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2023**

	Note	2023 \$'000	2022 \$'000
<b>Consolidated</b>			
Revenue from Operations	4,5	614,744	594,555
Cost of Sales	6	(394,690)	(334,027)
<b>Gross profit from operations</b>		<b>220,054</b>	<b>260,528</b>
Administrative Expenses	7	(5,053)	(4,634)
Exploration and Evaluation Expenditures		(15,570)	(20,930)
Other Income (Expense)	8	3,870	(4,480)
<b>Operating profit before finance costs</b>		<b>203,301</b>	<b>230,484</b>
Finance Income	9	15,915	21,784
Finance Expenses	10	(4,121)	(3,442)
<b>Profit before income tax expense</b>		<b>215,095</b>	<b>248,826</b>
Income tax expense	11	(64,991)	(77,091)
<b>Profit after income tax expense for the year</b>	24	<b>150,104</b>	<b>171,735</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>150,104</b>	<b>171,735</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	32	12.97	14.84
Diluted earnings per share	32	12.96	14.84

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

**Grange Resources Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2023**

	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12,2	109,706	108,411
Trade and other receivables	13	74,612	58,421
Inventories	14	179,816	162,904
Other financial assets	2	175,030	192,177
<b>Total current assets</b>		<b>539,164</b>	<b>521,913</b>
<b>Non-current assets</b>			
Other financial assets	2	1,363	1,584
Property, plant and equipment	16	248,475	197,829
Right-of-use assets	17	2,096	6,953
Mine properties and development	18	443,038	360,952
Receivables	15	10,009	8,988
<b>Total non-current assets</b>		<b>704,981</b>	<b>576,306</b>
<b>Total assets</b>		<b>1,244,145</b>	<b>1,098,219</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19,2	50,380	67,723
Lease liability	17	1,442	4,284
Provisions	20	25,560	22,007
<b>Total current liabilities</b>		<b>77,382</b>	<b>94,014</b>
<b>Non-current liabilities</b>			
Lease liability	17	773	2,198
Deferred tax liabilities	21	53,938	17,516
Provisions	20	80,726	80,365
<b>Total non-current liabilities</b>		<b>135,437</b>	<b>100,079</b>
<b>Total liabilities</b>		<b>212,819</b>	<b>194,093</b>
<b>Net assets</b>		<b>1,031,326</b>	<b>904,126</b>
<b>Equity</b>			
Contributed Equity	23	331,513	331,513
Reserves		(1,977)	(2,220)
Retained earnings	24	701,790	574,833
<b>Total equity</b>		<b>1,031,326</b>	<b>904,126</b>

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

**Grange Resources Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 31 December 2023**

	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 January 2022</b>	<b>331,513</b>	<b>(2,273)</b>	<b>541,979</b>	<b>871,219</b>
Profit after income tax expense for the year	-	-	171,735	171,735
Other comprehensive income for the year, net of tax	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>171,735</b>	<b>171,735</b>
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	53	-	53
Dividends paid (note 25)	-	-	(138,881)	(138,881)
<b>Balance at 31 December 2022</b>	<b>331,513</b>	<b>(2,220)</b>	<b>574,833</b>	<b>904,126</b>

	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 January 2023</b>	<b>331,513</b>	<b>(2,220)</b>	<b>574,833</b>	<b>904,126</b>
Profit after income tax expense for the year	-	-	150,104	150,104
Other comprehensive income for the year, net of tax	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>150,104</b>	<b>150,104</b>
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 22)	-	243	-	243
Dividends paid (note 25)	-	-	(23,147)	(23,147)
<b>Balance at 31 December 2023</b>	<b>331,513</b>	<b>(1,977)</b>	<b>701,790</b>	<b>1,031,326</b>

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

**Grange Resources Limited**  
**Consolidated statement of cash flows**  
**For the year ended 31 December 2023**

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers and other debtors (inclusive of goods and services tax)		611,719	561,485
Payments to suppliers and employees (inclusive of goods and services tax)		(312,843)	(291,866)
		<b>298,876</b>	<b>269,619</b>
Interest received		13,830	7,528
Interest and other finance costs paid		(257)	(1,047)
Income taxes paid		(45,341)	(101,777)
Tax refund on capitalised mining costs in South Deposit Tailing Storage Facility		-	22,622
<b>Net cash inflow from operating activities</b>	<b>31</b>	<b>267,108</b>	<b>196,945</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	16	(104,401)	(87,733)
Payments for mine properties and development	18	(153,791)	(136,846)
Proceeds from sale of property, plant and equipment		11	1
Proceeds from managed funds		-	19,493
Proceeds (payments) for term and security deposits		16,281	(191,159)
<b>Net cash outflow from investing activities</b>		<b>(241,900)</b>	<b>(396,244)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders	25	(23,147)	(138,881)
Repayment of lease liabilities		(2,040)	(6,670)
<b>Net cash outflow from financing activities</b>		<b>(25,187)</b>	<b>(145,551)</b>
Net increase/(decrease) in cash and cash equivalents		<b>21</b>	<b>(344,850)</b>
Cash and cash equivalents at the beginning of the financial year		108,411	443,890
Effects of exchange rate changes on cash and cash equivalents		1,274	9,371
<b>Cash and cash equivalents at the end of the financial year</b>	<b>12</b>	<b>109,706</b>	<b>108,411</b>

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

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. Summary of Material Accounting Policies**

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

**a) Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Grange Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

*Compliance with IFRS*

The consolidated financial statements of the Grange Resources Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

*Historical cost convention*

These financial statements have been prepared under the historical costs convention, except for certain assets which, as noted, are at fair value.

*New and amended standards adopted by the group*

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- AASB 2023-2 Amendments to Australian Accounting Standards – Definition of Accounting Estimates International Tax Reform – Pillar Two Model Rules [AASB 112].
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112]
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

*New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

*Comparative figures*

Where necessary, comparative figures have been adjusted to conform to changes in the presentation in the current period.

*Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. Summary of Material Accounting Policies (continued)**

**(b) Principles of consolidation**

*(i) Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Grange Resources Limited as at 31 December 2023 and the results of all subsidiaries for the year then ended. Grange Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Details of subsidiaries are set out in note 29.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(e)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

*(ii) Joint arrangements*

Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in note 30.

**(c) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

Refer to note 4 for further information on segment descriptions.

**(d) Foreign currency translation**

*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Grange Resources Limited's functional and presentation currency.

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. Summary of Material Accounting Policies (continued)**

*(ii) Transactions and balances*

All foreign currency transactions during the financial period are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

*(iii) Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet, income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are reclassified to the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

**(e) Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in subsidiary

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the

- Consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. Summary of Material Accounting Policies (continued)**

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

**(f) Revenue recognition and other income**

Revenue is recognised for the major business transactions as follows:

*Sale of ore and the related freight revenue*

Sales revenue is recognised on individual sales when control transfers to the customer. In most instances, control passes and sales revenue is recognised when the product is delivered to the vessel on which it will be transported. There may be circumstances when judgment is required when recognising revenue based on the five-step model below:

- (i) Identify the contract(s) with a customer
- (ii) Identify the performance obligations in the contract
- (iii) Determine the transaction price
- (iv) Allocate the transaction price to the performance of obligations in the contract.
- (v) Recognise revenue when (or as) the entity satisfies the performance obligation.

The Group sells a portion of its product on Cost and Freight (CFR). For CFR contracts control passes and sales revenue is recognised when the product is delivered to the vessel on which it will be transported. Using the 5-step model above, the Group has determined that freight services is a separate performance obligation. Therefore, the revenue for shipping services is recognised as the Group satisfies the performance obligation over time rather than at point when product is transferred to the vessel on which the product will be shipped.

Typically, the Group has a right to payment at the point that control of the goods passes including a right, where applicable, to payment for provisionally priced products and unperformed freight services. Cash received before control passes is recognised as a contract liability. The amount of consideration does not contain a significant financing component as payment terms are less than one year.

*Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

*Distribution Income*

Distribution income from short term managed funds is recognised when the right to receive the income has been established.



**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. Summary of Material Accounting Policies (continued)**

**(g) Leases**

The group leases office spaces, mobile radars, forklifts, and motor vehicles with lease terms between 1 to 5 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is discounted using the Group's incremental borrowing rate and is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period as to produce a constant periodic rate of interest on the remaining balance of the liability for each period – refer to Note 10. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease payments included in the measure of the lease liability comprise:

- fixed payments less any lease incentives
- variable lease payments that are based on an index or rate
- amounts expected to be payable under residual value guarantees

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**(i) Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

As permitted by AASB 9, the Group applies the 'simplified approach' to trade receivable balances and the 'general approach' to all other financial assets. The simplified approach requires expected lifetime credit losses to be recognised from initial recognition of the receivables. The general approach incorporates a review for any significant increase in counterparty credit risk since inception.

The expected credit losses (ECL) review include assumptions about the risk of default and expected credit loss rates. In determining the recoverability of a trade or other receivable using the ECL model, the Group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

**(j) Inventories**

Raw materials and stores, ore stockpiles, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined primarily on the basis of weighted average costs and comprises of the cost of direct materials and the costs of production which include:

- labour costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- depreciation of property, plant and equipment used in the extraction and processing of ore; and
- production overheads directly attributable to the extraction and processing of ore

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. Summary of Material Accounting Policies (continued)**

Stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of the ore can be predicted with confidence because it exceeds the mine's cut-off grade, it is valued at the lower of cost and net realisable value. Work in progress inventory includes partly processed material. Quantities are assessed primarily through surveys and assays.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**(k) Income tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses, only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and the tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Grange Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, Grange Resources Limited and its subsidiaries are taxed as a single entity and the deferred tax assets and liabilities of the Group are set off in the consolidated financial statements.

**(l) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- when GST incurred on a purchase of goods and services is not recoverable from taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. Summary of Material Accounting Policies (continued)**

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Commitments and contingencies are presented net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Commitments and contingencies are presented net of the amount of GST recoverable from, or payable to, the taxation authority.

**(m) Property, plant and equipment**

Land and buildings and plant and equipment are measured at cost less, where applicable, any accumulated depreciation, amortisation or impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Land is not depreciated. Assets under construction are measured at cost and are not depreciated until they are ready and available for use. Depreciation on assets is calculated using either a straight-line or diminishing value method to allocate the cost, net of their residual values, over the estimated useful lives or the life of the mine, whichever is shorter. Leasehold improvements and certain leased plant and equipment are depreciated over the shorter lease term.

Other non-mine plant and equipment typically has the following estimated useful lives:

Buildings	10 to 17 years
Plant and Equipment	4 to 17 years
Computer Equipment	3 to 5 years

The assets residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, at each financial period end.

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period the asset is derecognised.

The carrying value of property, plant and equipment is assessed annually for impairment in accordance with note 1(q).

**(n) Exploration and evaluation**

Exploration and evaluation expenditure comprise costs which are directly attributable to:

- research and analysing exploration data
- conducting geological studies, exploratory drilling and sampling
- examining and testing extraction and treatment methods
- compiling pre-feasibility and definitive feasibility studies

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. Summary of Material Accounting Policies (continued)**

Exploration and evaluation expenditure also include the costs incurred in acquiring rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Exploration and evaluation expenditure is charged against profit and loss as incurred; except for expenditure incurred after a decision to proceed to development is made, in which case the expenditure is capitalised as an asset.

**(o) Mine properties and development**

Mine properties and development represent the accumulation of all exploration, evaluation and development expenditure incurred by, not on behalf of, the entity in relation to areas of interest in which mining of a mineral resource has commenced.

Where further development expenditure is incurred in respect of a production property after the commencement of production, such expenditure is carried forward as part of the cost of that production property only when substantial future economic benefits arise, otherwise such expenditure is classified as part of the cost of production.

Costs on production properties in which the Group has an interest are amortised over the life of the area of interest to which such costs relate on the production output basis. Changes to the life of the area of interest are accounted for prospectively.

The carrying value of each mine property and development are assessed annually for impairment in accordance with note 1(q).

**(p) Deferred stripping costs**

Stripping (i.e. overburden and other waste removal) costs incurred in the production phase of a surface mine are capitalised to the extent that they improve access to an identified component of the ore body and are subsequently amortised on a systematic basis over the expected useful life of the identified component of the ore body. Capitalised stripping costs are disclosed as a component of Mine Properties and Development.

Components of an ore body are determined with reference to life of mine plans and take account of factors such as the geographical separation of mining locations and/or the economic status of mine development decisions.

Capitalised stripping costs are initially measured at cost and represent an accumulation of costs directly incurred in performing the stripping activity that improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs. The amount of stripping costs deferred is based on a relevant production measure which uses a ratio obtained by dividing the tonnage of waste mined by the quantity of ore mined for an identified component of the ore body. Stripping costs incurred in the period for an identified component of the ore body are deferred to the extent that the current period ratio exceeds the expected ratio for the life of the identified component of the ore body. Such deferred costs are then charged against the income statement on a systematic units of production basis over the expected useful life of an identified component of the ore body.

Changes to the life of mine plan, identified components of an ore body, stripping ratios, units of production and expected useful life are accounted for prospectively.

Deferred stripping costs form part of the total investment in a cash generating unit, which is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. Summary of Material Accounting Policies (continued)**

**(q) Impairment of assets**

At each reporting date, the Group assesses whether there is any indication that an asset, including capitalised development expenditure, may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

Recoverable amount is the greater of fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

Where there is no binding sale agreement or active market, fair value less costs of disposal is based on the best information available to reflect the amount the Group could receive for the cash generating unit in an arm's length transaction. In assessing fair value, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the pre-impairment value, adjusted for any depreciation that would have been recognised on the asset had the initial impairment loss not occurred. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group assesses where climate risks could have a significant impact, such as the introduction of emission reduction legislation that may increase mining and production costs. At present, albeit climate-related risks should be factored into the commodity price, this has no direct impact on the Group's asset recoverable value.

**(r) Investments and other financial assets**

The Group's other financial assets consist of:

- Term deposits with maturity of over three months from the date of acquisition.
- Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. Summary of Material Accounting Policies (continued)**

**(s) Ore reserves**

The Company estimates its mineral resources and ore reserves based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2012 (the JORC 2012 code). Reserves, and certain mineral resources determined in this way, are used in the calculation of depreciation, amortisation and impairment charges, the assessment of life of mine stripping ratios and for forecasting the timing of the payment of close down and restoration costs.

In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction.

**(t) Trade and other payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid. Trade payables and other payables arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(u) Borrowings**

All borrowings are initially recognised at the fair value of the consideration received, less transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

*Borrowing costs*

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

**(v) Provisions**

Provisions are recognised when the Group has a present obligation, it is probable that there will be a future sacrifice of economic benefits and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be recovered from a third party, for example under an insurance contract, the receivable is recognised as a separate asset but only when the reimbursement is virtually certain, and it can be measured reliably. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the current market assessment of the time value of money. Where this is the case, its carrying amount is the present value of these estimated future cash flows. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The impact of climate-related matters on remediation of sites is considered with determining the decommissioning liability. The Group also constantly monitors new government legislation in relation to climate-related matters. At the current time, no climate related matters and legislation that expected to have a material impact on the Group's decommissioning liability.

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. Summary of Material Accounting Policies (continued)**

*Decommissioning and restoration*

Decommissioning and restoration provisions include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. The provision is recognised in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments and are subject to formal review at regular intervals.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period. The amortisation of the discount is shown as a financing cost, rather than as an operating cost. Other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the lives of operations and revisions to discount rates are capitalised within mine properties and development, to the extent that any amount of deduction does not exceed the carrying amount of the asset. Any deduction in excess of the carrying amount is recognised in the income statement immediately. If an adjustment results in an addition to the cost of the related asset, consideration will be given to whether an indication of impairment exists, and the impairment policy will apply. These costs are then depreciated over the life of the area of interest to which they relate.

**(w) Employee entitlements**

*Wages, salaries and sick leave*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Annual leave*

Liabilities for annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation funds Contributions to defined contribution funds are recognised as an expense in the income statement as they become payable.

*Share-based payments*

Senior Executives of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (equity-settled transactions).

The fair value of performance rights granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions
- Including the impact of any non-vesting conditions

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. Summary of Material Accounting Policies (continued)**

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of performance rights that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The dilutive effect of outstanding performance rights is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note (32)).

**(x) Contributed equity**

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction, net of tax, of the share proceeds received.

**(y) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial period but not distributed at balance date.

**(z) Earnings per share (EPS)**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares; by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

**(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

the after-income tax effect of interest and other financing costs associated with the dilutive potential ordinary shares; and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**(aa) Parent entity financial information**

The financial information for the parent entity, Grange Resources Limited, disclosed in note 33 has been prepared on the same basis as the consolidated financial statements, except as set out below.

*Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries and joint venture entities are accounted for at cost in the financial statements of Grange Resources Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

*Financial guarantees*

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.



**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 1. Summary of Material Accounting Policies (continued)**

**(ab) Rounding of amounts**

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

**Note 2. Financial Risk Management**

**Financial risk management objectives**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group has used derivative financial instruments such as foreign exchange contracts and forward commodity contracts to manage certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and commodity price risks and aging analysis for credit risk.

Risk management is carried out by the management team following guidance received from the Audit and Risk Committee.

No events occurred in the current and prior periods that give rise to material items of income or expense as a result of climate.

The Group holds the following financial instruments

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>		
Cash and Cash Equivalent	109,706	108,411
Trade and other receivables	82,956	66,159
Other financial assets	176,393	193,761
	<b>369,055</b>	<b>368,331</b>
<b>Financial Liabilities</b>		
Trade and other payables	50,380	67,723
	<b>50,380</b>	<b>67,723</b>
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Other financial assets (current)</b>		
Term deposits	172,900	190,200
Derivatives	2,130	1,977
	<b>175,030</b>	<b>192,177</b>
<b>Other financial assets (non-current)</b>		
Derivatives	<b>1,363</b>	<b>1,584</b>

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**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 2. Financial Risk Management (continued)**

**Net debt reconciliation**

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net debt reconciliation</b>		
Cash and cash equivalents	109,706	108,411
Liquid investments	172,900	190,200
Lease liability	(2,215)	(6,482)
<b>Net cash, cash equivalent and liquid investments/ (debt)</b>	<b>280,391</b>	<b>292,129</b>

**Financial assets/(liabilities) at fair value through profit or loss (FVPL)**

The group classifies the following financial assets at fair value through profit or loss (FVPL)

**Amounts recognised in profit or loss**

During the year, the following gains/(losses) were recognised in profit or loss:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Fair value loss on short term managed funds held at FVPL recognised		
in gain/(loss) on financial instruments	-	(98)
Fair value gain on derivative financial instrument at FVPL recognised		
in gain/loss on financial instruments	(68)	2,353
	<b>(68)</b>	<b>2,255</b>

**(a) Market Risk**

**(i) Foreign exchange risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from commercial transactions, given that the Group's sales revenues are denominated in US dollars and the majority of its operating costs are denominated in Australian dollars, and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The risk is measured using sensitivity analysis and cash flow forecasting. The Group's exposure to US dollar denominated foreign currency risk at the reporting date, expressed in Australian dollars, was as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	85,078	59,461
Trade and other receivables	57,728	48,293
Trade and other payables	(119)	(773)
<b>Net US dollar surplus</b>	<b>142,687</b>	<b>106,981</b>

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 2. Financial Risk Management (continued)**

*Group sensitivity*

Based on the financial instruments held at 31 December 2023, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post tax profit for the financial period would have been \$9.1 million higher / \$11.1 million lower (2022: \$6.8 million higher / \$8.3 million lower), mainly as a result of foreign exchange gains/losses on US dollar denominated cash and cash equivalents, term deposits and receivables as detailed in the above table

(ii) Price risk

The Group is exposed to commodity price risk. During current and prior years, the price of iron ore pellets is based on a price index used in the market. At this time, the Group does not manage its iron ore price risk with financial instruments.

Going forward, the Group may consider using financial instruments to manage commodity price risk given exposures to market prices arising from the adoption of index based market pricing mechanisms.

Short term managed funds are exposed to price risk arising from investments held by the fund for which the future prices are uncertain. The investment manager moderates this risk through a careful selection of securities within specified limits. The fund actively maintains a high level of diversification in its holdings, thus potentially reducing the amount of risk in the fund.

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from cash and cash equivalents, term deposits and short term managed funds.

For short term managed funds, the interest-bearing financial assets in each of the Funds expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The main interest rate risk arises from the Fund's investments in bonds.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. No financial instruments are used to manage interest rate risk.

**(b) Credit Risk**

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group is exposed to a concentration of risk with sales of iron ore being made to a limited number of customers. The maximum exposure to credit risk at the reporting date is limited to the carrying value of trade receivables, cash and cash equivalents and deposits with banks and financial institutions. As at 31 December 2023, there are \$0.18 million in trade receivables (2022 \$0.18 million) that are past due. The other classes within trade and other receivables do not contain impaired assets and are not past due.

**(c) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 2. Financial Risk Management (continued)**

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<b>2023 - Consolidated</b>	<b>Less than 6 months \$'000</b>	<b>6-12 months \$'000</b>	<b>Between 1 and 2 years \$'000</b>	<b>Between 2 and 5 years \$'000</b>	<b>Over 5 years \$'000</b>	<b>Total contractual cash flows \$'000</b>	<b>Carrying amount liabilities \$'000</b>
Trade and other payables	50,380	-	-	-	-	50,380	50,380
Lease liabilities	951	525	714	100	-	2,290	2,215
	<b>51,331</b>	<b>525</b>	<b>714</b>	<b>100</b>	<b>-</b>	<b>52,670</b>	<b>52,595</b>
<b>2022 - Consolidated</b>	<b>Less than 6 months \$'000</b>	<b>6-12 months \$'000</b>	<b>Between 1 and 2 years \$'000</b>	<b>Between 2 and 5 years \$'000</b>	<b>Over 5 years \$'000</b>	<b>Total contractual cash flows \$'000</b>	<b>Carrying amount liabilities \$'000</b>
Trade and other payables	67,723	-	-	-	-	67,723	67,723
Lease liabilities	3,493	940	1,459	814	-	6,706	6,482
	<b>71,216</b>	<b>940</b>	<b>1,459</b>	<b>814</b>	<b>-</b>	<b>74,429</b>	<b>74,205</b>

**(d) Capital Risk Management**

When managing capital, the Group's objective is to safeguard the ability to continue as a going concern so that the Group continues to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

Management is constantly reviewing and adjusting, where necessary, the capital structure. This involves the use of corporate forecasting models which enable analysis of the Group's financial position including cash flow forecasts to determine future capital management requirements. To ensure sufficient funding, a range of assumptions are modelled.

**(e) Derivatives**

The Group uses derivative financial instruments, such as foreign currency and commodity options to hedge its foreign currency risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value using valuation techniques which employs the use of market observable inputs. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss. 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.

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 2. Financial Risk Management (continued)**

The Group has the following derivative financial instruments:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Electricity fixed forward	3,233	3,548
Diesel commodity swap	185	-
Foreign currency options	75	13
	<b>3,493</b>	<b>3,561</b>
Derivatives (current)	2,130	1,977
Derivatives (non-current)	1,363	1,584
	<b>3,493</b>	<b>3,561</b>

**(f) Recognised fair value measurements**

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 assets and liabilities measured and recognised at fair value at 31 December 2023 and 31 December 2022.

<b>2023</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>				
Derivative financial Instruments	-	3,493	-	<b>3,493</b>
Trade receivables - embedded derivatives	-	15,799	-	<b>15,799</b>
	-	<b>19,292</b>	-	<b>19,292</b>
<b>2022</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>				
Derivative financial instruments	-	3,561	-	<b>3,561</b>
Trade receivables - embedded derivatives	-	7,698	-	<b>7,698</b>
	-	<b>11,259</b>	-	<b>11,259</b>

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 3. Critical Accounting Estimates and Judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Net realisable value of inventories**

The Group reviews the carrying value of its inventories at each reporting date to ensure that the cost does not exceed net realisable value. Estimates of net realisable value include a number of assumptions, including commodity price expectations, foreign exchange rates and costs to complete inventories to a saleable product. As at 31 December 2023 the net realisable value exceeded cost for all significant inventory balances.

**(b) Transition to Underground Mining**

With the approved plan to transition from open pit to underground mining in 2027, the Group has completed a formal estimate of the recoverable amount of the Group's Savage River cash generating unit (CGU).

Significant judgements and assumptions are required in making estimates of fair value. The CGU valuations are subject to variability in key assumptions including, but not limited to, long-term iron ore pellet prices, currency exchange rates, and discount rates and capital expenditures. An adverse change in one or more of the assumptions used to estimate fair value could result in a reduction in a CGU's recoverable value. This could lead to the recognition of impairment losses in the future.

**Assessment of CGU Recoverable Value**

**(i) Methodology**

The recoverable amount of each CGU has been estimated using a fair value less costs of disposal basis. The costs of disposal have been estimated by management based on prevailing market conditions. The fair value assessment is categorised within level 3 in the fair value hierarchy. An impairment loss is recognised for a CGU when the recoverable amount is less than the carrying amount.

Fair value is estimated based on the net present value of estimated future cash flows for a CGU. Future cash flows are based on a number of assumptions, including commodity price expectations, foreign exchange rates, reserves and resources and expectations regarding future operating performance and capital requirements which are subject to risk and uncertainty. An adverse change in one or more of the assumptions used to estimate fair value could result in a reduction of the CGU's fair value.

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 3. Critical Accounting Estimates and Judgements (continued)**

**(ii) Key assumptions**

The key assumptions which are used by the Directors in determining the recoverable amount for the Group's Savage River CGU were in the following ranges at 31 December 2023:

<b>Assumptions</b>	<b>2024</b>	<b>as at 31 December 2023 2025 - 2029</b>	<b>Long Term 2030+</b>
Iron ore pellets (FOB Port Latta) (US\$ per DMT)	US\$147.54	US\$110.12 -US\$143.57	US\$116.41 -US\$123.86
AUD:USD exchange rate	\$0.6819	\$0.7038	\$0.6950
Post-tax real discount rate		8.29%	

**Commodity prices and foreign exchange rates**

Commodity prices and foreign exchange rates are estimated with reference to analysis performed by an external party and are updated at least once every six months, in-line with the Group's reporting dates. The iron ore pellet price assumptions are based market indices adjusted for premiums supported by sales arrangements achieved by the Group, net of freight.

**Operating performance (production, operating costs and capital costs)**

Life of mine production, operating cost and capital cost assumptions are based on the Group's most recent life of mine plan approved by the Board. The underground mine will transition the current North Pit open cut mining to an underground block cave and sub-level cave mine over the next 5 years. The transition to underground mining has been integrated with the current open cut mining operations. Total capital investment in the underground mine is expected to be approximately \$891 million over several years with the majority of the investment expected to be made between 2025 to 2029. The underground mine is expected to deliver a substantial reduction in life-of-mine operating costs of 30%. Once in production, the underground mine will reduce carbon emissions by 80% at the Savage River Mine in line with the Company's environment, social and governance (ESG) initiatives to develop Green Pellet Production. Mineral resources and ore reserves not in the most recent life of mine plan are not included in the determination of recoverable amount.

While the Group acknowledges that factors such as future changes to the regulatory framework in response to climate change could impact future recoverability, these factors have not been included in our assumptions. While the Group acknowledges that the world is moving to a low-carbon future and it must address the risks and opportunities that climate change may bring, the Group has not identified any immediate financial impacts of climate change risk in the short term.

**Discount rate**

To determine the recoverable amount, the estimated future cash flows have been discounted to their present value using a post-tax real discount rate that reflects a current market assessment of the time value of money and risks specific to the asset.

**(iii) Impacts**

The Group has not identified any impairment to its net assets carrying value as at 31 December 2023.

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**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 3. Critical Accounting Estimates and Judgements (continued)**

**(iv) Sensitivity analysis**

It is estimated that changes in the following key assumptions would have the following approximate impact on the fair value of the Savage River CGU as at 31 December 2023:

Decrease in fair value resulting from:

US\$1 per dmt decrease in iron ore pellet prices (FOB Port Latta)	\$20.68 million
\$0.01 increase in the AUD:USD exchange rate	\$42.10 million
1% increase in estimated operating costs	\$15.71 million
25 bps increase in the discount rate	\$17.96 million

**(c) Stripping costs in the production phase of a surface mine (Interpretation 20)**

The application of Interpretation 20 requires management judgement in determining whether a surface mine is in the production phase and whether the benefits of production stripping activities will be realised in the form of inventory produced through improved access to ore.

Judgement is also applied in identifying the component of the ore body and the manner in which stripping costs are capitalised and amortised. There are a number of uncertainties inherent in identifying components of the ore body and the inputs to the relevant production methods for capitalising and amortising stripping costs and these assumptions may change significantly when new information becomes available. Such changes could impact on capitalisation and amortisation rates for capitalised stripping costs and deferred stripping asset values.

**(d) Determination of mineral resources and ore reserves**

Mineral resources and ore reserves are based on information compiled by a Competent Person as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC 2012 code). There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of ore reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for rehabilitation.

**(e) Provision for decommissioning and restoration costs**

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation, with reference to analysis performed by internal and external experts.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, changes to mine plan, and the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Certain rehabilitation activities are undertaken as part of the mining operations included in the life of mine plan. Should the life of mine plan be amended in the future to exclude these activities, the provision for rehabilitation would increase correspondingly.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results. These estimates are reviewed annually and adjusted where necessary to ensure that the most up to date data is used.



**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 4. Segment Information**

**(a) Description of segments**

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

The Group has one reportable segment, being the exploration, evaluation and development of mineral resources and iron ore mining operations. The Chief Executive Officer allocates resources and assesses performance, in terms of revenues earned, expenses incurred and assets employed, on a consolidated basis in a manner consistent with that of the measurement and presentation in the financial statements.

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.

	2023 \$'000	Ore Mining 2022 \$'000	Property Development 2023 \$'000	Property Development 2022 \$'000	Total 2023 \$'000	Total 2022 \$'000
<b>Revenue from external customers</b>	<b>614,744</b>	<b>580,294</b>	-	<b>14,261</b>	<b>614,744</b>	<b>594,555</b>
<b>Timing of Revenue Recognition</b>						
At a point in time - pellets	562,416	521,839	-	14,261	562,416	536,100
Over time - freight	52,328	58,455	-	-	52,328	58,455

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

**Segment revenues from sale to external customers**

	2023 \$'000	2022 \$'000
<b>Ore Mining</b>		
Australia	36,078	38,520
China	261,251	355,369
South Korea	257,940	167,294
Indonesia	59,695	-
Malaysia	1,199	4,893
Turkey	(1,419)	14,218
	<b>614,744</b>	<b>580,294</b>
<b>Property Development</b>		
Australia	-	14,261
<b>Total Revenue</b>	<b>614,744</b>	<b>594,555</b>

Sales of iron ore products to Jiangsu Shagang International Trade Co., Ltd, a wholly owned subsidiary of Jiangsu Shagang Group, under long-term off-take agreements amounted to \$220.3 million / 35.8% of mining revenue (2022: \$211.9 million / 36.5%).

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 31 December 2023 and 31 December 2022. The total costs incurred during the current and comparative periods to acquire segment assets were also predominately incurred in Australia.

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 5. Revenue from Operations**

	2023			2022		
	Revenue from Contracts with Customers	Other Revenue/ (Loss)	Total Revenues	Revenue from Contracts with Customers	Other Revenue/ (Loss)	Total Revenues
<b>From mining operations</b>						
Sales of iron ore	603,759	10,985	614,744	609,515	(29,221)	580,294
From property development						
Sales of property	-	-	-	14,261	-	14,261
	<b>603,759</b>	<b>10,985</b>	<b>614,744</b>	<b>623,776</b>	<b>(29,221)</b>	<b>594,555</b>

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

**Note 6. Cost of Sales**

	2023 \$'000	2022 \$'000
Mining Costs	204,807	180,339
Production costs	150,989	141,710
Changes in Inventories	(5,064)	(448)
Freight costs	52,328	58,455
Government royalties	23,150	19,464
Depreciation and amortisation expense	55,474	25,463
Mine properties and development		
Amortisation expense	9,414	8,982
Deferred Stripping		
Amounts capitalised during the year	(152,223)	(136,222)
Amortisation expense	57,332	21,133
Foreign exchange gain/(loss)	(1,517)	2,535
Property costs	-	12,616
	<b>394,690</b>	<b>334,027</b>
<b>Depreciation and amortisation expense</b>		
Land and buildings	1,655	1,481
Plant and equipment (including right of use of assets)	48,815	23,473
Computer equipment	5,004	509
	<b>55,474</b>	<b>25,463</b>

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 7. Administrative Expenses**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries	3,600	2,881
Consultancy Fee	1,444	1,208
Others	9	545
	<b>5,053</b>	<b>4,634</b>

**Note 8. Other Income (Expense)**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Income from sale of royalty tenements	8,000	-
Rent Income	191	161
Other income	440	163
Loss on the disposal of property, plant and equipment and mine properties and development	(3,558)	(17)
Loss on derecognition of right of use of assets	(810)	(4,030)
Provision for rehabilitation - change in estimate	(393)	(757)
	<b>3,870</b>	<b>(4,480)</b>

On 28 July 2023, several royalties on tenements in Grange Resources Limited, Barrack Mines Pty Ltd, Horseshoe Gold Pty Ltd and Grange Administrative Services Pty Ltd were sold for cash consideration of \$8,000,000.

**Note 9. Finance Income**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income received or receivable	14,638	9,729
Exchange gains on foreign currency deposit	1,277	9,371
Gain on financial instruments	-	2,255
Distribution income	-	429
	<b>15,915</b>	<b>21,784</b>

**Note 10. Finance Expenses**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Provisions: unwinding of discounts		
- Decommissioning and Restorations	2,981	1,911
Interest charges on lease liabilities	160	1,047
Other interest charges	912	484
Loss on financial instruments	68	-
	<b>4,121</b>	<b>3,442</b>

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 11. Income Tax Expense**

	2023 \$'000	2022 \$'000
<b>(a) Income tax expense</b>		
Current tax	35,478	38,961
Tax refund on capitalised mining costs - Tailing Storage Facility	-	(22,622)
Tax refund receivable on North Pit Underground Decline	(6,812)	-
<b>Total current tax expense</b>	<b>28,666</b>	<b>16,339</b>
<b>Deferred income tax</b>		
Increase in net deferred tax liability	36,422	60,861
Movements in unrecognised deferred tax	(97)	(109)
<b>Total deferred tax expense</b>	<b>36,325</b>	<b>60,752</b>
<b>Total income tax expense</b>	<b>64,991</b>	<b>77,091</b>
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit from continuing operations before income tax expense	215,095	248,826
Tax expense at the Australian tax rate of 30% (2022: 30%)	64,528	74,648
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Sundry Items	312	536
	<b>64,840</b>	<b>75,184</b>
Movement in unrecognised deferred tax assets relating to temporary differences	(97)	(109)
Adjustment to tax of prior period	248	2,016
	<b>151</b>	<b>1,907</b>
<b>Total income tax expense</b>	<b>64,991</b>	<b>77,091</b>
<b>(c) Taxation Losses</b>		
Unused taxation losses for which no deferred tax asset has been recognised	5,429	5,246
<b>Potential tax benefit @ 30%</b>	<b>1,629</b>	<b>1,574</b>

**Note 12. Cash and cash equivalents**

	2023 \$'000	2022 \$'000
Cash at bank and in hand	3,303	9,074
Short-term deposits	106,403	99,337
<b>Cash and Cash Equivalents</b>	<b>109,706</b>	<b>108,411</b>
<b>Cash and cash equivalents as per statement of cash flows</b>	<b>109,706</b>	<b>108,411</b>

Total cash is held in trading accounts or term deposits with major financial institutions under normal terms and conditions appropriate to the operation of the accounts. These deposits earn interest at rates set by these institutions. As at 31 December 2023 the weighted average interest rate on the Australian dollar accounts was 5.17% (31 December 2022: 3.39%) and the weighted average interest rate on the United States dollar accounts was 8.15% (31 December 2022: 5.78%).

**(a) Risk exposure**

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 13. Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	57,729	48,727
Security deposits	323	325
Other receivables	14,895	8,120
Prepayments	1,665	1,249
	<b>74,612</b>	<b>58,421</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 5 – Revenue). The quotation period exposure is considered to be an embedded derivative and not separated from the entire balance. The entire balance is accounted for as one instrument and measured at fair value.

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

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

**(a) Impaired trade receivables**

Information regarding the impairment of trade and other receivables is provided in note 2.

**(b) Foreign exchange and interest rate risk**

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

**(c) Fair value and credit risk**

Due to the short-term nature of these receivables, their carrying amount is assumed to be their fair value. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the credit quality of the Group's trade and other receivables.

**Note 14. Inventories**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Stores and spares	59,504	47,656
Ore stockpiles	84,528	83,155
Work in progress	11,591	2,848
Finished goods (at lower of cost and net realisable value)	24,193	29,245
	<b>179,816</b>	<b>162,904</b>

Ore stockpiles, work in progress, finished goods and stores and spares are valued at the lower of weighted average cost and estimated net realisable value. A credit of \$5.06 million in 2023 and a credit of \$0.4 million in 2022 were recognised for the movements in inventories (note 6).

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 15. Receivables**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Security deposits	10,009	8,988

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

**(a) Risk exposure**

Information about the Group's exposure to credit risk, foreign exchange risk and interest rate risk in relation to security deposits is provided in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

**Note 16. Property, plant and equipment**

	<b>Land and Building</b>	<b>Plant and Equipment</b>	<b>Computer Equipment</b>	<b>Assets Under Construction</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 January 2023					
Cost	50,584	406,836	10,056	104,081	571,557
Accumulated depreciation and impairment	(33,948)	(330,425)	(9,355)	-	(373,728)
<b>Net book amount</b>	<b>16,636</b>	<b>76,411</b>	<b>701</b>	<b>104,081</b>	<b>197,829</b>
Year ended 31 December 2023					
Opening net book amount	16,636	76,411	701	104,081	197,829
Additions	-	-	-	91,510	91,510
Acquisition of remaining interest in Southdown (note 30)	15,737	2	1	-	15,740
Disposal- net book value	-	(12)	-	-	(12)
Depreciation charge	(1,656)	(47,080)	(5,007)	-	(53,743)
Transfer from assets under construction	2,474	137,166	6,290	(145,930)	-
Transfer to mine properties and development	-	-	-	(356)	(356)
Other transfers	-	-	-	(2,493)	(2,493)
<b>Closing net book amount</b>	<b>33,191</b>	<b>166,487</b>	<b>1,985</b>	<b>46,812</b>	<b>248,475</b>
At 31 December 2023					
Cost	68,804	528,880	15,879	46,812	660,375
Accumulated depreciation and impairment	(35,613)	(362,393)	(13,894)	-	(411,900)
<b>Net book amount</b>	<b>33,191</b>	<b>166,487</b>	<b>1,985</b>	<b>46,812</b>	<b>248,475</b>

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**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 16. Property, plant and equipment (continued)**

	Land and Buildings \$'000	Plant and equipment \$'000	Computer Equipment \$'000	Assets Under Construction \$'000	Total \$'000
<b>At 1 January 2022</b>					
Cost	54,929	364,749	9,702	68,194	497,574
Accumulated depreciation and impairment	(40,004)	(311,398)	(8,992)	-	(360,394)
<b>Net book amount</b>	<b>14,925</b>	<b>53,351</b>	<b>710</b>	<b>68,194</b>	<b>137,180</b>
<b>Year ended 31 December 2022</b>					
Opening net book amount	14,925	53,351	710	68,194	137,180
Additions	-	-	-	85,588	85,588
Disposals - net book value	-	-	(17)	-	(17)
Depreciation charge	(1,485)	(20,281)	(513)	-	(22,279)
Transfer from assets under construction	3,211	44,307	521	(48,039)	-
Transfer to MP&D	(15)	(966)	-	(623)	(1,604)
Other transfers	-	-	-	(1,039)	(1,039)
<b>Closing net book amount</b>	<b>16,636</b>	<b>76,411</b>	<b>701</b>	<b>104,081</b>	<b>197,829</b>
<b>At 31 December 2022</b>					
Cost	50,584	406,836	10,056	104,081	571,557
Accumulated depreciation and impairment	(33,948)	(330,425)	(9,355)	-	(373,728)
<b>Net book amount</b>	<b>16,636</b>	<b>76,411</b>	<b>701</b>	<b>104,081</b>	<b>197,829</b>

Prior year costs and accumulated depreciation were amended to reflect the impact of assets disposal at gross and movements of assets under construction account. No impact on the net book value.

**Note 17. Right-of-use assets**

This 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:

	2023 \$'000	2022 \$'000
Right-of-use assets		
Land and buildings	117	189
Plant and equipment	1,979	6,764
	<b>2,096</b>	<b>6,953</b>
<b>Lease liabilities</b>		
Current	1,442	4,284
Non-current	773	2,198
<b>Total lease liabilities</b>	<b>2,215</b>	<b>6,482</b>

Additions to the right-of-use assets during the 2023 financial year were Nil (2022 - \$5.90 million)

The total cash outflow from repayment of leases in 2023 excluding interest repayment was \$2.04 million (2022 - \$6.67 million).

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 17. Right-of-use assets (continued)**

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

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

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Depreciation charge of right of use assets</b>		
Land and buildings	(73)	(60)
Plant and equipment	(1,736)	(3,193)
	<b>(1,809)</b>	<b>(3,253)</b>
Interest expense (included in finance cost)	160	1,047
Expense relating to short-term leases (included in cost of sales)	302	297

**Note 18. Mine properties and development**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Mine properties and development (at cost)	659,205	664,105
Accumulated amortisation and impairment	(508,902)	(500,997)
Net book amount	<b>150,303</b>	<b>163,108</b>

Deferred stripping costs (net book amount)	292,735	197,844
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Total mine properties and developments	<b>443,038</b>	<b>360,952</b>
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	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>

Movements in mine properties and development are set out below:

**Mine properties and development**

Opening net book amount	163,108	179,622
Current year expenditure capitalised	356	623
Change in rehabilitation estimate	39	16,994
Change in discount rate	(178)	(26,132)
Amortisation Expense	(9,414)	(8,982)
Transfer to PPE	(61)	983
Disposal	(3,547)	-
Closing net book amount	<b>150,303</b>	<b>163,108</b>

**Deferred stripping costs**

Opening net book amount	197,844	82,755
Current year expenditure capitalised	152,223	136,222
Amortisation expense	(57,332)	(21,133)
Closing net book amount	<b>292,735</b>	<b>197,844</b>

**Note 19. Trade and other payables**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	38,249	45,003
Contract Liabilities	2,662	2,662
Tax payable	6,224	16,184
Other payables	3,245	3,874
	<b>50,380</b>	<b>67,723</b>



**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 19. Trade and other payables (continued)**

**(a) Risk exposure**

Trade payables are non-interest bearing and are normally settled on repayment terms between 7 and 30 days. Information about the Group's exposure to foreign exchange risk is provided in note 2.

**Note 20. Provisions**

<b>Provisions (Current)</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Leave Obligations	19,131	17,793
Employee benefits	3,299	2,891
Decommissioning and restoration	3,130	1,323
	<b>25,560</b>	<b>22,007</b>

The leave obligations cover the group's liabilities for long service leave and annual leave which are classified as either current or non-current benefits. The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$19.1 million (2022 \$17.8 million) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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

	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Current leave obligations expected to be settled after 12 months	9,581	8,894

Movements in provision for decommissioning and restoration (current) are set out below

	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Balance at beginning of year	1,323	1,487
Payments	(342)	(138)
Transfers from non-current provisions	2,149	(26)
Balance at the end of the year	<b>3,130</b>	<b>1,323</b>

<b>Provisions (Non-Current)</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Leave obligations	2,864	2,598
Employee benefits	98	181
Decommissioning and restoration	77,764	77,586
	<b>80,726</b>	<b>80,365</b>

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**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 20. Provisions (continued)**

Movements in provision for decommissioning and restoration are set out below

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of the year	77,586	85,235
Change in estimate	1,068	(8,630)
Unwinding of discount	2,981	1,911
Transfers to current provisions	(2,149)	26
Rehabilitation work completed	(1,722)	(956)
	<b>77,764</b>	<b>77,586</b>

The main component of the provision for decommissioning and restoration costs is for the Group's obligation to rehabilitate the Savage River and Port Latta sites for the disturbance caused by its operations. The rehabilitation provision also includes an obligation under the Tasmanian Goldamere Pty Ltd Act 1996 to repay the Tasmanian Government for part of the purchase of the mine through expenditure on remediation.

**Note 21. Deferred tax assets (liabilities)**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>The balance comprises temporary differences attributable to:</b>		
<b>Deferred Tax Assets</b>		
Property, plant and equipment	15,150	16,572
Decommissioning and restoration	22,396	21,954
Employee benefits	7,617	7,039
Foreign exchange	-	353
Trade Receivables	56	56
Trade payable	14	-
<b>Total deferred tax assets</b>	<b>45,233</b>	<b>45,974</b>
<b>Deferred tax liabilities</b>		
Mine properties and development	(91,013)	(55,912)
Foreign exchange	(270)	-
Inventory	(6,838)	(6,368)
Derivatives	(1,048)	(1,068)
Trade Payables	-	(141)
Prepayments	(2)	(1)
<b>Total deferred tax liabilities</b>	<b>(99,171)</b>	<b>(63,490)</b>
<b>Total net deferred tax assets (liabilities)</b>	<b>(53,938)</b>	<b>(17,516)</b>

**Note 22. Share-based payment**

In May 2022 and December 2023, Grange Resources Limited (Parent Company) granted performance rights in three tranches and to be settled by issuance of shares to three key management personnel. Each right is entitled to one equity share with a vesting date of 31 December 2024 and 31 December 2025.

Tranche 1 requires a total share return (TSR) hurdle while Tranche 2 and Tranche 3 requires a series of non-market-based business objectives.

The performance rights granted were determined to be an equity settled shared-based payment transaction. The fair value at grant date for tranche 1 is estimated using a Monte Carlo model, adjusted to take account of the Shareholder Return ("TSR") target required for the Performance Rights to vest while for tranche 2 and 3 using a Black Scholes Option Pricing. The fair value at the grant date was estimated using the following assumptions:

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 22. Share-based payment (continued)**

2023 Performance Rights	Tranche 1	Tranche 2	Tranche 3
Grant Date	19 December 2023	19 December 2023	19 December 2023
The life of performance rights (years)	2	2	2
Share price at grant dates	\$0.435	\$0.435	\$0.435
Expected volatility	60%	60%	60%
Dividend yield	9.2%	9.2%	9.2%
Risk free interest rates	3.8%	3.8%	3.8%
TSR at measurement dates (tranche 1 only relative to index)	-46.2	N/A	N/A
The assessed fair value at grant date of options granted in 2023	\$0.091	\$0.364	\$0.364

2022 Performance Rights	Tranche 1A	Tranche 2A	Tranche 1B	Tranche 2 B	Tranche 1C	Tranche 2C
Grant Date	10 May 2022	10 May 2022	27 May 2022	27 May 2022	30 May 2022	30 May 2022
The life of performance rights (years)	2.6	2.6	2.6	2.6	2.6	2.6
Share price at grant dates	\$1.220	\$1.220	\$1.550	\$1.550	1.585	1.585
Expected volatility	55%	55%	55%	55%	55%	55%
Dividend yield	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Risk free interest rates	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
TSR at measurement dates (tranche 1 only relative to index)	61.6%	N/A	96.7%	N/A	98.8%	N/A
The assessed fair value at grant date of options granted in 2022	\$0.889	\$1.120	\$1.211	\$1.451	\$1.229	\$1.486

The fair values of the performance rights at grant date are expensed over the vesting period taking into account the vesting probability. The Group has recognised employee benefits expense of \$242,202 (2022: \$53,404).

**Note 23. Contributed equity**

**Ordinary shares**

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

(a) Movements in ordinary share capital	Number of Shares	\$'000
Balance at 1 Jan 2023 / 31 Dec 2023	1,157,338,698	331,513

**Note 24. Retained earnings**

Retained earnings attributable to owners of Grange Resources

	2023 \$'000	2022 \$'000
<b>Retained earnings</b>		
<b>Movements in retained earnings were as follows</b>		
Balance at the beginning of the year	574,833	541,979
Profit for the year	150,104	171,735
Dividends paid	(23,147)	(138,881)
<b>Balance at the end of the year</b>	<b>701,790</b>	<b>574,833</b>

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 25. Dividends**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Fully franked final dividend for the year ended 31 December 2022 - 2.0 cents per share	23,147	-
Fully franked interim dividend for half year ended 30 June 2022 - 2.0 cents per share	-	23,147
Fully franked final dividend for the year ended 31 December 2021 - 10.0 cents per share	-	115,734
	<b>23,147</b>	<b>138,881</b>

Since the end of the financial year the directors have recommended the payment of a 2.0 cent final dividend of \$23.1 million. The final dividend was declared NIL conduit foreign income and will be paid on 28 March 2024.

**Franked Dividends**

The final dividends recommended after 31 December 2023 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 2023.

	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Franking credits available for subsequent reporting periods		
Based on a tax rate of 30% (2022 - 30%)	<b>103,818</b>	<b>87,262</b>

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 26. Remuneration of auditors**

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Assurance Services</b>		
<b>PwC Australia</b>		
Audit and review of financial reports	267,950	238,750
Other assurance services	11,000	26,650
Network firms of PwC Australia	22,786	18,147
	<b>301,736</b>	<b>283,547</b>
<b>Non-Assurance Services</b>		
<b>PwC Australia</b>		
Taxation compliance services	18,797	-
	<b>320,533</b>	<b>283,547</b>

**Note 27. Commitments and Contingencies**

**(a) Tenement expenditure commitments**

In order to maintain the mining and exploration tenements in which the Group is involved, the Group is committed to meet conditions under which the tenements were granted. If the Group continues to hold those tenements, the minimum expenditure requirements (including interests in joint venture arrangements) will be approximately:

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 27. Commitments and Contingencies (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	514	386
Less than one year but not later than 5 years	1,671	1,584
Later than 5 years	1,696	2,482
	<b>3,881</b>	<b>4,452</b>

**(b) Capital expenditure commitments**

Capital expenditure obligations at the end of the reporting period but not recognised as liabilities are as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	9,642	46,967

**(c) Contractual operating expenditure commitments**

Obligations to external parties which arise with respect to legal supply contracts made by the company (other than lease agreements).

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	26,897	55,353
After one year but not more than 5 years	6,936	15,690
	<b>33,833</b>	<b>71,043</b>

**(d) Bank Guarantees**

Bank guarantees have been provided on the Group's behalf to secure, on demand by the Minister for Mines and Energy for the State of Queensland, any sum to a maximum aggregate amount of \$2,012,963 (2022: \$2,012,963), in relation to the rehabilitation of the Highway Reward project.

A Bank guarantee has been provided by Grange Resources (Tasmania) Pty Ltd, held by the Tasmanian Government, as required under Environmental Management and Pollution Control Act 1994 (EMPCA) for the amount of \$3,268,311 (2022: \$3,174,542)

A Bank guarantee has been provided by Grange Resources (Tasmania) Pty Ltd, held by the National Australia Bank, as required under the Goldamere Agreement and applicable Deeds of Variation, for the amount of \$2,800,000 (2022: \$2,800,000). This amount is a guarantee against the purchase price outstanding with the Tasmanian government as specified in the Goldamere Agreement.

A Bank guarantee has been provided by Grange Resources Limited, held by the National Australia Bank, as required under the Capacity Auction Agreement governed by the Australian Energy Market Operator Limited (AEMO) for the amount of \$1,000,000 (2022: \$1,000,000).

A Bank guarantee has been provided by Grange Resources Limited for the lease of office in Perth, Western Australia for \$39,182 (2022: \$39,182)

No material losses are anticipated in respect to the above bank guarantees and the rehabilitation provisions include these amounts.

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 27. Commitments and Contingencies (continued)**

**(e) Contingent Assets and Liabilities**

The Group did not have any material contingent assets or liabilities at the Balance Sheet Date.

**Note 28. Related party transactions**

**(a) Ultimate Parent**

Grange Resources Limited (Grange) is the ultimate Australian parent company.

**(b) Subsidiaries**

Interests in subsidiaries are set out in note 29.

**(c) Key management personnel compensation**

	<b>2023</b>	<b>2022</b>
	\$	\$
Short term employee benefits	2,038,303	1,672,153
Post-employment benefits	171,255	135,180
Long-term benefits	(58,151)	52,591
Long-term incentives	317,790	202,870
	<b>2,469,197</b>	<b>2,062,794</b>

FY2022 key management compensation has been adjusted to include non-monetary benefits for B Maynard

**(d) Transactions with related parties**

During the year the following transactions occurred with related parties:

	<b>2023</b>	<b>2022</b>
	\$	\$
Sales of iron ore products	220,269,938	211,922,470

Sales of iron ore products to Jiangsu Shagang International Trade Co., Ltd, a wholly owned subsidiary of Jiangsu Shagang Group, under long-term off-take agreements.

During the year, 1,033,515 dry metric tonnes of iron ore products were sold to Shagang in accordance with the terms of the long term off-take agreements (2023 Contract Year (1 April 2022 to 31 March 2023): 1,027,521) (2022 contract year (1 April 2021 to 31 March 2022): 707,049 dmt).

**(e) Outstanding balances arising from transactions with related parties**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Trade receivables (sales of iron ore products)</b>		
Pellets	7,769,554	15,241,644

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 28. Related party transactions (continued)**

Amounts outstanding under the long term off-take agreement with Shagang are unsecured whereas amounts outstanding in respect of spot sales are secured against an irrevocable letter of credit. All outstanding balances will be settled in cash. The credit balance of the receivables in the current year represents the final price adjustments due to the quotation periods and final discharge port results.

There is no allowance account for impaired receivables in relation to any outstanding balances with related parties, and no expense has been recognised during the year in respect of impaired receivables due from related parties (2022: Nil).

**Long term off-take agreement**

Grange Resources (Tasmania) Pty Ltd (Grange Tasmania) is party to a long term off-take agreement (Pellets and Chips) with Jiangsu Shagang International Trade Co. Ltd (Shagang), a wholly owned subsidiary of Jiangsu Shagang Group Co. Ltd, who, as at 28 February 2024, holds 47.93% (26 February 2022: 47.93%) of the issued ordinary shares of Grange.

**Pellets**

The key terms of the agreement with Shagang, as advised to the ASX on 23 April 2021, are as follows:

- (i) The sale of 1 million dry metric tonnes of iron ore pellets per annum until 2032.
- (ii) The price for the iron ore pellets will be based on a price index used by other market participants as agreed by the parties having regard to:
  - a) seaborne iron ore supply and demand conditions
  - b) available published price benchmarks for iron ore; and
  - c) product quality differentials.

Transactions between Shagang and Grange must be approved by non-associated shareholders of Grange, or approved by the Grange independent directors.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

**Note 29. Subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

Name	Percentage of equity interest held by the Group	
	2023 %	2022 %
Ever Green Resources Co., Limited <sup>(1)</sup>	100	100
Grange Tasmania Holdings Pty Ltd <sup>(2)</sup>	100	100
Beviron Pty Ltd <sup>(2)</sup>	100	100
Grange Resources (Tasmania) Pty Ltd	100	100
Grange Capital Pty Ltd	100	100
Grange Administrative Services Pty Ltd	100	100
Barrack Mines Pty Ltd	100	100
Bamine Pty Ltd	100	100
BML Holdings Pty Ltd	100	100
Horseshoe Gold Mine Pty Ltd	100	100
Grange Resources (Southdown) Pty Ltd	100	100
Southdown Project Management Company Pty Ltd	100	100
Grange Resources Investments Pty Ltd	100	100

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 29. Subsidiaries (continued)**

(1) Ever Green Resources Co., Limited is incorporated in Hong Kong, and registered as a foreign company under the Corporations Act 2001.

(2) Deregistration applications for Beviron Pty Ltd and Grange Tasmania Holding Pty Ltd were lodged with Australian Securities Investment Commission.

Grange Resources is in the process of simplifying its organisational structure by deregistration of three entities which are:

- Ever Green Resources Co. Limited (EVG) – a Hong Kong incorporated holding entity which is a 100% subsidiary of Grange Resources Limited (GRL)
- Grange Tasmania Holdings Pty Ltd (GTH), a company incorporated in Australia. 90% of the issued ordinary shares in GTH are held by Ever Green with the remaining 10% held by GRL;
- Beviron Pty Ltd (Beviron) – a company incorporated in Australia which is a 100% subsidiary of GTH.

The organisational restructuring involved the transfer of ordinary issued shares in Grange Resources (Tasmania) Pty Ltd to Grange Resources Limited and the deregistration of Ever Green Resources Co. Limited, Grange Tasmania Holdings Pty Limited and Beviron Pty Ltd.

**Note 30. Interest in Joint Operations**

Name of Joint Operation	2023	% Interest 2022
Southdown Magnetite and Associated Pellet Project(s) – Iron Ore	100.00	70.00
Reward - Copper / Gold	31.15	31.15
Highway – Copper	30.00	30.00
Reward Deeps / Conviction - Copper	30.00	30.00
Mt Windsor Exploration - Gold / Base Metals	30.00	30.00
Durack / Wembley – Exploration Gold	15.00	15.00

The joint operations are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not in themselves generate revenue and profit.

Mt Windsor Exploration is a joint venture between BML Holdings Pty Limited, a subsidiary of Grange Resources Limited, and Thalanga Copper Mines Pty Ltd. The joint venture was engaged in ore mining and is now being rehabilitated for future lease relinquishment. The principal place of business of the joint venture is at Norton Rose Fullbright, Level 6, 60 Martin Place, Sydney, New South Wales, 2000.

The Southdown Magnetite Project, situated 90km from the city of Albany in Western Australia, is an advanced project with over 1.2 billion tonnes of high quality resource and access to established infrastructure. Progress of the definitive feasibility study on a 5 Mtpa development case is under review.

During the year, the Company completed the reacquisition of 30% interest in the Project. Grange Resources Limited now holds 100 per cent ownership in the Project. The reacquisition was as an acquisition of asset and the consideration paid of \$15.1 million and transfer duty \$0.8 million of were allocated to identifiable assets and liabilities as follows:

	2023 \$'000
Property, plant and equipment	15,740
Other assets	139
Liabilities	(16)
<b>Total acquisition costs</b>	<b>15,863</b>



**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 31. Reconciliation of profit after income tax to net cash inflow from operating activities**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	150,104	171,735
Unwinding of discount	2,981	1,911
Depreciation and amortisation	55,552	25,532
Mine properties and development amortisation	66,746	30,115
Other non-cash income	(145)	(1,022)
Interest expense	815	484
Proceeds from sale of property, plant and equipment	(11)	1
Loss on disposal of property plant and equipment	3,558	18
Loss on derecognition of right of use assets	810	4,030
Loss (gain) on financial instruments	68	(2,255)
Net unrealised foreign exchange gain	(1,274)	(9,371)
<b>Change in operating assets and liabilities</b>		
(Increase) decrease in trade and other receivables	(16,191)	(34,347)
Increase in inventories	(16,912)	(903)
Decrease in deferred tax assets	36,422	60,861
Increase in trade and other payables (excluding tax payable)	(7,383)	13,622
(Decrease) increase in other provisions	1,928	(540)
(Decrease) increase in provision for income tax payable	(9,960)	(62,926)
<b>Net cash inflow from operating activities</b>	<b>267,108</b>	<b>196,945</b>

**Note 32. Earnings per share**

	<b>2023</b>	<b>2022</b>
	<b>Cents</b>	<b>Cents</b>
<b>Basic earnings per share</b>		
From continuing operations attributable to the ordinary equity holders of the Company	12.97	14.84
<b>Diluted earnings per share</b>		
From continuing operations attributable to the ordinary equity holders of the Company	12.96	14.84

**(a) Reconciliations of earnings used in calculating earnings per share**

	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
<b>Basic earnings per share</b>		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share from continuing operations	150,104	171,735
<b>Diluted earnings per share</b>		
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share from continuing operations	150,104	171,735

**Grange Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 32. Earnings per share (continued)**

**(b) Weighted average number of shares used as the denominator**

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,157,338,698	1,157,338,698
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	1,158,380,716	1,157,486,563

Weighted average number of ordinary shares in calculating diluted earnings per shares includes options of 1,042,018 over ordinary shares.

**Note 33. Parent entity information**

**(a) Summary financial information**

The individual financial statements for the parent entity show the following aggregate amounts:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance Sheet</b>		
Current Assets	8,090	1,514
Total Assets	860,602	1,074,811
Current liabilities	7,588	20,351
Total liabilities	38,988	52,023
Shareholders' equity		
Contributed equity	392,475	392,475
Reserves	31,434	31,244
Retained profits	397,705	599,069
	<b>821,614</b>	<b>1,022,788</b>
Profit (loss) for the year	(178,650)	787,207
Total comprehensive income for the year	<b>(178,650)</b>	<b>787,207</b>

**(b) Contingent liabilities of the parent entity**

**Other contingent liabilities**

Pursuant to the terms of an agreement dated 21 November 2003, under which the Company purchased certain tenements comprising the Southdown project, the Company is required to make a further payment of \$1,000,000 to MedAire, Inc upon commencement of commercial mining operations from those tenements.

**Note 34. Events occurring after the reporting period**

On 19 February 2024, the Board approved the plan to transition from North Pit open pit to underground mining over the next five years.

**Grange Resources Limited**  
**Directors' declaration**  
**31 December 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Michelle Li  
Chairperson of the Board of Directors

28 February 2024

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## Independent auditor's report

To the members of Grange Resources Limited

Report on the audit of the financial report

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### Our opinion

In our opinion:

The accompanying financial report of Grange Resources Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *What we have audited*

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

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### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

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individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit scope	Key audit matters
<ul style="list-style-type: none"> <li>Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</li> </ul>	<ul style="list-style-type: none"> <li>Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee:               <ul style="list-style-type: none"> <li>Carrying value assessment for the Savage River cash generating unit (CGU)</li> <li>Accounting for the cost of rehabilitation</li> </ul> </li> <li>These are further described in the <i>Key audit matters</i> section of our report.</li> </ul>

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
<p><b>Carrying value assessment for the Savage River cash generating unit (CGU)</b> (Refer to note 3(b))</p> <p>The carrying value assessment of the Savage River CGU, which consists of the mine and pelletising plant, was a key audit matter given the significance of the carrying amount to the consolidated statement of financial position and the significant judgements and assumptions required in estimating the fair value associated with the approved plan to transition from open pit to underground mining in 2027.</p> <p>There were a number of factors in the assessment requiring judgement by the Group including:</p> <ul style="list-style-type: none"> <li>the pellet (final product) price and the AUD/USD exchange rates</li> <li>the discount rate</li> <li>estimation uncertainty associated with forecast of</li> </ul>	<p>We developed our understanding of the process by which the cash flow forecasts were prepared, tested the mathematical accuracy of the discounted cash flow model, and assessed that the methodology utilised to determine the recoverable amount was consistent with Australian Accounting Standards.</p> <p>We satisfied ourselves that the operating and capital expenditure forecasts were consistent with the board approved life of mine plan</p> <p>We assessed:</p> <ul style="list-style-type: none"> <li>the long term pellet price and AUD/USD exchange rate assumptions by agreeing them to analysis performed by external parties and comparing them to economic and industry forecasts</li> <li>the discount rate by assessing the cost of capital for the Group, assisted by PwC valuation experts, and comparing the rate to market data</li> </ul>

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<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p>operating and capital expenditure</p> <p>The Group prepared a discounted cash flow model ('the model') to determine the recoverable amount of the Savage River CGU balance, which requires a number of assumptions as described in Note 3b.</p>	<ul style="list-style-type: none"><li>• the reasonableness of disclosures made in the financial report in line with requirements of Australian Accounting Standards</li></ul>
<p><b>Accounting for the cost of rehabilitation</b> <i>(Refer to note 20)</i></p> <p>The main component of the provision for decommissioning and restoration costs is for the Group's obligation to rehabilitate the Savage River and Port Latta sites for the disturbance caused by its operations. The rehabilitation provision also includes an obligation under the Tasmanian Goldamere Pty Ltd Act 1996 to repay the Tasmanian Government for part of the purchase of the mine through expenditure on remediation.</p> <p>The net present value of the cost of rehabilitation is recorded as a provision of \$77.8 million (non-current) and \$3.1 million (current), for a total of \$80.9 million.</p> <p>Given the financial significance of this balance and the judgments involved in accounting for the cost of rehabilitation, this was a key audit matter.</p>	<p>To assess the accounting for the cost of rehabilitation, we performed the following procedures, amongst others:</p> <ul style="list-style-type: none"><li>• Obtained the Group's calculation of the rehabilitation provision. We checked the mathematical accuracy on a sample of calculations and whether the timing of the cash flows in the rehabilitation models was consistent with the latest life of mine plan.</li><li>• Assessed whether the discount rates used in the rehabilitation models were reasonable by comparing them to market data.</li><li>• Where external and internal experts were used by the Group to estimate remediation costs, we assessed our ability to use their estimates, considering their objectivity, competency and capability and assessing that the scope of work they performed was appropriate for the purposes of the estimate.</li><li>• We compared the Group's significant assumptions on rehabilitation costs to other similar costs in the business or external data where appropriate.</li></ul>

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' Report, Corporate Governance Statement. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

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### **Responsibilities of the directors for the financial report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.

Report on the remuneration report

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### **Our opinion on the remuneration report**

We have audited the remuneration report included in the directors' report for the year ended 31 December 2023.



In our opinion, the remuneration report of Grange Resources Limited for the year ended 31 December 2023 complies with section 300A of the *Corporations Act 2001*.

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### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Chris Dodd'.

Chris Dodd  
Partner

Melbourne  
28 February 2024

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