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## MEDIA RELEASE

### Grange Re-acquires Joint Venture Partner's Interest in the Southdown Magnetite Project

**Grange Resources Limited (ASX: GRR)** is pleased to announce that it has entered into a binding agreement with its joint venture partner, SRT Australia Pty Ltd ("SRT"), to re-acquire SRT's 30 per cent interest in the Southdown Magnetite Project ("Southdown Project" or "Project"). Upon completion of the transaction, Grange will hold 100 per cent ownership in the Southdown Project.

#### Highlights:

- Binding agreement signed whereby Grange acquires SRT's 30 per cent interest in the Project.
- Grange provides SRT with a cash amount, right to future off-take and cancellation of future royalty obligations.
- Grange has also entered into an off-take rights agreement with Sojitz Corporation ("Sojitz") providing Sojitz with rights to acquire up to 30 per cent of future Southdown Project production at market prices for a period of 20 years plus options for additional 20 years.
- Sojitz has agreed to provide confirmation of its intention to purchase products from the Southdown Project to support financing for its development.
- Transaction is conditional on Australian Foreign Investment Review Board ("FIRB") approval.

Key terms of the material transaction agreements are set out in **Appendix A**.

Grange believes that Southdown remains a world-class project, with the ability to contribute to a less CO<sub>2</sub> intensive steel manufacturing industry. Grange's current intention is to develop the Project and target the earliest delivery of the product to market. One hundred per cent ownership of 1.2 billion tonnes of high-quality mineral resources, including ore reserves of 388 million tonnes is in keeping with our plan to grow and diversify our operations into a multi-asset business.

"Grange's re-acquisition of SRT's interest in the Southdown Project is the beginning of a new chapter for the project as well as for Grange. Southdown is a world-class magnetite deposit with the potential to deliver high-grade concentrate with low impurities, which would make the product suitable for Direct Reduction (DR) grade iron ore pellets. These attributes and specifications are expected to be in strong demand as the product can greatly contribute to the reduction of carbon emissions in the steel manufacturing process and provide an important ingredient in the production of green steel.



“Grange is currently undertaking a definitive feasibility study which is scheduled for completion at the end of quarter one, 2023. We look forward to realising the value of the project for the benefit of all stakeholders involved, including our shareholders, employees and community at large in the Albany, Western Australia region.” commented Mr Honglin Zhao, CEO.

### **About the Southdown Magnetite Project**

The Southdown Magnetite Project is situated 90km from the city of Albany in Western Australia. It is an advanced project with more than 1.2 billion tonnes of high-quality mineral resources, including ore reserves of 388 million tonnes (“Mt”).

A prefeasibility study completed in the first quarter of 2022 (See ASX announced on 22 March 2022) has optimised the project to identify a reduced-capital development option. This involves a smaller 5mtpa concentrate production operation within the constraints of existing mineral resources and ore reserves. This alternative case extends the life of mine from 14 years to 28 years for the western zone, and potentially more than 50 years for the total resource. The definitive feasibility study is further progressing designs for optimising site layout, metallurgical test work and pilot plant trials utilising dry grinding techniques, and port marine operations and transshipping methodology. This work is scheduled for completion in quarter one, 2023.

### **About Grange Resources**

Grange Resources Limited (“Grange” or “the Company”), ASX Code: GRR, is Australia’s most experienced magnetite producer with more than 55 years of mining and production from its Savage River mine and has a projected mine life beyond 2040. Grange produces high-quality iron ore pellets with low levels of impurities that support reduced environmental impacts for end users.

Grange’s operations consist principally of owning and operating the Savage River integrated iron ore mining and pellet production business located in the north-west region of Tasmania. The Savage River magnetite iron ore mine is a long-life mining asset. At Port Latta, on the north-west coast of Tasmania, Grange owns a downstream pellet plant and port facility producing more than 2.5 million tonnes of premium quality iron ore pellets annually.

Grange has a combination of spot and contracted sales arrangements in place to deliver its pellets to customers throughout the Asia Pacific region.

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## Appendix A Key terms of material transaction agreements

### Sale and Purchase Agreement (“SPA”)

- **Transaction:** the acquisition by Grange of SRT’s 30% interest in the Southdown Project.
- **Conditions precedent:** include FIRB approval, Ministerial consent, and no breach of Seller warranty.
- **Cut-off date for satisfaction of conditions precedent:** 180 days of the date of the agreement (“Cut-off Date”). SRT can extend Cut-off Date for FIRB approval condition by a further 180 days.
- **Grange provides SRT** with a cash amount, right to future off-take and cancellation of future royalty obligations.
- **Termination:** subject to SRT’s right to extend the Cut-off Date for FIRB approval condition by a further 180 days, either party may terminate the SPA if a condition precedent has not been satisfied or waived by the Cut-off Date. Either party can also terminate the SPA if the other party suffers an insolvency event prior to completion.
- **Warranties and liability limitations:** the SPA contains warranties and liability limitations customary for transactions of this nature.

### Offtake Rights Agreement (“ORA”)

- **Purpose:** to record the binding agreement between the Seller and Buyer with respect to the process for finalising binding offtake agreements for the sale of the product.
- **ORA Term:** 20 years from the date that the Project reaches practical completion. The Buyer has an option to extend for two further periods of 10 years each.
- **Offtake Periods:** initial offtake agreement entered into in accordance with the ORA will run for 3 years. Subsequent offtake agreements will run for 5 years.
- **Offtake Right:** the Buyer has the right, but not the obligation, to acquire up to 30% of the total product produced at the Project during each contract year (“Maximum Offtake Quantity”).
- **Termination:** by either party at any time in the event of material breach or the occurrence of an insolvency event. ORA will automatically terminate if the Seller makes a final decision not to develop the Project.
- **Disposal of Project interest by Grange:** if Grange disposes of an interest in the Project, ORA treatment varies depending on the size of the disposal, acquirer of the interest, and whether there has been a final investment decision in respect of the Project. Some disposals require Grange to novate the ORA or procure the acquirer to become party to the ORA to preserve Buyer’s Offtake Right.
- **Offtake agreements:** Offtake agreements entered into in accordance with the ORA will be on customary terms, including the following:
  - Quantity: up to Maximum Offtake Quantity;
  - Price: market price, based on a formula.