WINDFIELD HOLDINGS PTY LTD

ABN: 60 160 456 164

Annual Report

31 December 2021

Expressed in thousands of Australian dollars (A$000) unless otherwise stated

Directors' Report

The Directors present their report on the consolidated entity consisting of Windfield Holdings Pty Ltd ("Windfield" or the "Company"), the entities it controlled (together referred to as the "Group") and the Group's interest in jointly controlled entities for the financial year ended 31 December 2021 and the independent auditor's report thereon. Windfield is a company domiciled in Australia. The address of the Company's registered office is Level 15, 216 St Georges Terrace, Perth WA 6000.

Directors

The Directors of the Company at any time during or since the end of the period were:

Yan Dong (Chair)	- appointed 15 September 2020
Peter Oliver	- appointed 4 April 2013, resigned 30 June 2021
David Klanecky	- appointed 19 September 2017, resigned 9 April 2021
Karen Narwold	- appointed 25 June 2018
Mark Mummert	- appointed 9 April 2021
Peter Bradford	- appointed 30 June 2021

Principal activities

The Group is primarily involved in the mining, development and exploration of mineral properties in Australia and exploration of mineral properties in Chile.

Significant changes

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

Operating and Financial Review

Results of the Group

	2021		2020	
Consolidated	**Adjusted EBITDA[1] (unaudited) A$'000**	**Profit for the year after tax A$'000**	**Adjusted EBITDA[1] (unaudited) A$'000**	**Profit for the year after tax A$'000**
Results per consolidated statement of profit or loss	394,850	224,924	268,980	197,768

Adjusted EBITDA Reconciliation	**2021 A$'000**	**2020 A$'000**
Profit after income tax	224,924	197,768
Add: Income tax expense	90,716	84,771
Profit before income tax	315,640	282,539
Less/Add: Net finance (income)/expense	38,277	(49,336)
Add: Depreciation and amortisation	53,688	32,218
EBITDA	407,605	265,421
Add: Loss on sale of fixed assets	-	3,559
Less: reversal of impairment loss	(12,755)	-
Adjusted EBITDA	**394,850**	**268,980**

(1) Refer to Note 1(e) for an explanation of adjusted EBITDA

Review of operations

Windfield continued to mine and process the lithium bearing mineral spodumene at its operations in Greenbushes, Western Australia (the "Greenbushes Lithium Operations"), located approximately 250 kilometres from Perth.

Windfield continued the significant expansion of its operations in Greenbushes during the year. The Group has worked extensively to adapt its practices in order to mitigate the impact of the COVID-19 pandemic and remains ready to act in in accordance with Government recommendations and health advice. Given the industry framework in which Windfield operates and the Company's strong balance sheet, Windfield will continue to actively pursue exploration, production and growth objectives, subject to the evolving and unforeseen impacts of COVID-19.

Environmental regulation

The Company's operations are subject to various laws governing the protection of the environment in areas such as air and water quality, waste emission and disposal, environmental impact assessments and mine rehabilitation.

So far as the Directors are aware, there have been no material breaches of the Company's licenses and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

Events subsequent to reporting date

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments

Information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Indemnification and insurance of officers

The Company indemnifies all Directors of the Company named in this report and current and former executive officers of the Company and its controlled entities against all liabilities to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as Director or Executive Officer unless the liability relates to conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage. The Company also has a policy to indemnify the Directors and Executive Officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments. During the year the Company paid a premium in respect of Directors' and Executive Officers' insurance.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5, and forms part of this report.

Rounding off

The Company is of a kind referred to in instrument 2016/191 issued by ASIC whereby amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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

Yan Dong
Director

Perth
Dated: 17 March 2022

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Windfield Holdings Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Windfield Holdings Pty Ltd for the financial year ended 31 December 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Derek Meates
Partner

Perth

17 March 2022

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December

	Note	2021 A$'000	2020 A$'000
Sales revenue		685,248	402,925
Operating costs	4(b)	(276,986)	(135,318)
Other income	4(a)	3,189	9,506
General and administration expenses		(16,601)	(8,133)
Adjusted EBITDA (1)		**394,850**	**268,980**
Depreciation and amortisation	4(b)	(53,688)	(32,218)
Operating profit		**341,162**	**236,762**
Loss on sale of fixed assets		-	(3,559)
Reversal of impairment loss	12	12,755	-
Financial income		4,127	82,366
Financial expenses		(42,404)	(33,030)
Net finance income/(expense)	4(c)	**(38,277)**	**49,336**
Profit before income tax		**315,640**	**282,539**
Income tax expense	5(a)	(90,716)	(84,771)
Profit after tax		**224,924**	**197,768**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(1,436)	(714)
Other comprehensive loss for the year		**(1,436)**	**(714)**
Total comprehensive income for the year		**223,488**	**197,054**

(1) Adjusted EBITDA – results before depreciation and amortisation, impairment, loss on sale of fixed assets, net finance income/(expense) and income tax expense.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position
As at 31 December

	Note	2021 A$'000	2020 A$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	15,234	100,464
Trade and other receivables	7	233,943	102,507
Inventories	8	84,672	88,515
Total current assets		333,849	291,486
Non-current assets			
Property, plant and equipment	9	1,641,572	1,544,759
Exploration and evaluation assets	10	4,747	9,056
Intangible assets	11	1,677	1,597
Equity accounted investment	12	24,407	12,865
Total non-current assets		1,672,403	1,568,277
Total assets		2,006,252	1,859,763
LIABILITIES			
Current liabilities			
Trade and other payables	14	112,685	36,431
Interest-bearing liabilities	16	9,354	7,876
Tax payable		10,440	493
Provisions	17	6,487	5,218
Other liabilities	15	1,665	3,252
Total current liabilities		140,631	53,270
Non-current liabilities			
Interest-bearing liabilities	16	669,988	657,675
Provisions	17	56,325	57,996
Deferred tax liabilities	13	164,537	147,636
Other liabilities	15	2,830	5,222
Total non-current liabilities		893,680	868,529
Total liabilities		1,034,311	921,799
Net assets		**971,941**	**937,964**
EQUITY			
Share capital	18	433,167	433,167
Reserves		(3,685)	(2,249)
Retained earnings		542,459	507,046
Total equity		**971,941**	**937,964**

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

	Note	Share capital A$'000	Translation reserve A$'000	Retained earnings A$'000	Total equity A$'000
Balance as at 1 January 2021		433,167	(2,249)	507,046	937,964
Total comprehensive income/(expense) for the year					
Profit for the year		-	-	224,924	224,924
Foreign currency translation		-	(1,436)	-	(1,436)
Total comprehensive income/(expense) for the year		-	(1,436)	224,924	223,488
Transactions with equity holders					
Dividend	18	-	-	(189,511)	(189,511)
Total transactions with equity holders		-	-	(189,511)	(189,511)
Balance as at 31 December 2021		**433,167**	**(3,685)**	**542,459**	**971,941**
Balance as at 1 January 2020		433,167	(1,535)	509,518	941,150
Total comprehensive income/(expense) for the year					
Profit for the year		-	-	197,768	197,768
Foreign currency translation		-	(714)	-	(714)
Total comprehensive income/(expense) for the year		-	(714)	197,768	197,054
Transactions with equity holders					
Dividend	18	-	-	(200,240)	(200,240)
Total transactions with equity holders		-	-	(200,240)	(200,240)
Balance as at 31 December 2020		**433,167**	**(2,249)**	**507,046**	**937,964**

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

Consolidated cash flow statement
For the year ended 31 December

	Note	2021 A$'000	2020 A$'000
Cash flows from operating activities			
Cash receipts from customers		568,682	464,035
Cash paid to suppliers and employees		(220,623)	(178,292)
Interest paid		(12,620)	(11,099)
Interest received		206	3,190
Other income		3,047	1,232
Jobkeeper wage subsidy		114	7,772
Income tax paid		(63,868)	(87,396)
Net cash inflow from operating activities	24	274,938	199,442
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2	17,118
Payments for property, plant and equipment		(126,445)	(139,322)
Interest paid during development		(8,682)	(8,412)
Payments for intangibles		(2,610)	(2,150)
Payments for exploration expenditure		(467)	(275)
Net cash outflow from investing activities		(138,202)	(133,041)
Cash flows from financing activities			
Payment of dividend		(189,511)	(200,240)
Proceeds from borrowings		144,069	154,892
Repayment of borrowings		(166,322)	(9,010)
Payments for lease liabilities		(9,958)	(5,140)
Net cash (outflow)/inflow from financing activities		(221,722)	(59,498)
Net increase in cash and cash equivalents		(84,986)	6,903
Cash and cash equivalents at beginning of the year		100,464	95,849
Effects of exchange rate fluctuation on cash held		(244)	(2,288)
Cash and cash equivalents at 31 December		**15,234**	**100,464**

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 Reporting Entity

Windfield Holdings Pty Ltd (the "Company" or "Windfield") is a for-profit company domiciled in Australia. The address of the Company's registered office is Level 15, 216 St Georges Terrace, Perth, Western Australia 6000.

The consolidated financial report of the Company as at and for the year ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities. The Group is primarily involved in the mining, development and exploration of mineral properties in Australia and exploration of mineral properties in Chile.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standard Board (AASB) and the Corporations Act 2001.

The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 17 March 2022.

Details of the Group's accounting policies, including changes during the period, are included in Note 29 & 30.

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

(c) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Australian operations is Australian dollars ("A$" or "AUD"). The functional currency of the Chilean operations is Chilean Pesos ("CLP"). The consolidated financial statements are presented in A$.

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 31.

(e) Non-IFRS performance measures

The financial statements disclose Adjusted EBITDA. This term is not defined according to IFRS and does not have a standardised meaning prescribed by IFRS. Therefore this measure may not be comparable to a similar measure used by other enterprises. Rather, Adjusted EBITDA is provided as additional information to complement IFRS measures by providing further understanding of the results of operations from management's perspective. Adjusted EBITDA presented in these financial statements has been defined to be the results before impairment, loss on sale of fixed assets, net finance income/expense, income tax expense and depreciation and amortisation.

3 Segment Reporting

(a) Reportable segments

The Company operates in the lithium exploration and production operating segment within the following geographical segments:

Australia

The Group maintains a registered office in Perth and operates the Greenbushes lithium mine.

Chile

The Group conducts exploration of its project in Chile via its equity accounted joint venture (refer to Note 12).

(b) Information about reportable segments

Segment profit or loss for the year ended 31 December and assets and liabilities at 31 December were as follows:

	2021 A$'000	2020 A$'000
Profit or loss		
Australia	315,640	282,539
Chile	-	-
Consolidated profit before tax	**315,640**	**282,539**
Assets		
Australia	1,981,695	1,846,550
Chile	24,557	13,213
Consolidated total assets	**2,006,252**	**1,859,763**
Liabilities		
Australia	1,034,248	921,729
Chile	63	70
Consolidated total liabilities	**1,034,311**	**921,799**

The Chilean operation did not earn revenue during the year ended 31 December 2021 (2020: nil).

(c) Capital expenditure

During the year ended 31 December 2021, capital expenditure in relation to Australian operations totaled $146.917 million (2020: $131.038 million) while capital expenditure in relation to Chilean operations totaled $0.209 million (2020: $0.250 million).

(d) Major customers

Revenues from transactions with 2 single customers each amounted to more than 10 per cent of the entity's revenues. Revenues from the 2 major customers represented $404.971 million (2020: $192.524 million) and $280.243 million (2020: $210.314 million) of the Group's total revenues, respectively.

4 Income and expense

(a) Other Income

	2021 A$'000	2020 A$'000
Jobkeeper wage subsidy	114	7,772
Other	3,075	1,734
Other income	**3,189**	**9,506**

(b) Cost of sales

A reconciliation of operating costs to cost of sales follows:

	2021 A$'000	2020 A$'000
Operating costs	276,986	135,318
Depreciation and amortisation	53,010	31,524
Cost of sales	**329,996**	**166,842**

(c) Finance income and expense

	2021 A$'000	2020 A$'000
Interest income	313	3,320
Net change in fair value of derivatives through profit and loss	3,814	-
Foreign exchange gain	-	66,967
Finance income	**4,127**	**70,287**
Interest expense on financial liabilities measured at amortised cost	(12,874)	(14,942)
Unwind of discount on rehabilitation provision	(841)	(693)
Net change in fair value of derivatives through profit and loss	-	(5,316)
Foreign exchange loss	(28,689)	-
Finance expense	**(42,404)**	**(20,951)**
Net finance (expense)/ income	**(38,277)**	**49,336**

5 Income tax

(a) Income tax expense

	Note	2021 A$'000	2020 A$'000
Current tax expense		73,815	27,144
Deferred tax expense relating to the origination and reversal of temporary differences		16,901	57,627
Total income tax expense in profit or loss		**90,716**	**84,771**

(b) Income tax recognised in other comprehensive income

	2021			2020		
	Before tax	**Tax expense**	**Net of tax**	**Before tax**	**Tax expense**	**Net of tax**
Foreign currency translation differences for foreign operations	(1,436)	-	(1,436)	(714)	-	(714)

(c) Reconciliation of income tax expense to prima facie tax payable

	2021 A$'000	2020 A$'000
Profit before tax	315,640	282,539
Income tax expense using the domestic corporation tax rate of 30%	94,692	84,761
Increase in income tax expense due to:		
(Deductible)/non-deductible items	(150)	10
Reversal of impairment loss	(3,826)	-
Income tax expense on profit before tax	**90,716**	**84,771**

6 Cash and cash equivalents

	2021 A$’000	2020 A$’000
Bank balances	15,234	20,462
Term deposits	-	80,002
	15,234	**100,464**

7 Trade and other receivables

	2021 A$'000	2020 A$'000
Current		
Trade receivables	216,521	92,109
Other receivables	16,387	9,427
Prepayments	1,035	971
	233,943	**102,507**

The Group's exposure to credit risk is disclosed in Note 21.

8 Inventories

	2021 A$'000	2020 A$'000
Current		
Consumable stores – at cost	20,860	20,399
Work in progress – at cost	50,728	48,104
Finished goods – at cost	13,084	20,012
	84,672	**88,515**

9 Property, plant and equipment

	Land and buildings A$'000	Plant and equipment A$'000	Mine properties and development A$'000	Capital works in progress A$'000	Total A$'000
Year ended 31 December 2021					
Opening written down value	299,371	378,414	589,877	277,097	1,544,759
Additions	-	-	12,402	112,430	124,832
Additions – Right of use assets	-	3,316	-	-	3,316
Deferred waste mining costs	-	-	19,752	-	19,752
Disposals – cost	-	(182)	-	-	(182)
Disposals – accumulated depreciation	-	129	-	-	129
Depreciation/amortisation expense	(11,022)	(23,426)	(18,890)	-	(53,338)
Decrease in rehabilitation asset	-	-	(3,909)	-	(3,909)
Transfers/reclassifications	7,101	62,694	6,213	(69,795)	6,213
Closing written down value	**295,450**	**420,945**	**605,445**	**319,732**	**1,641,572**
At 31 December 2021					
Cost	318,300	500,889	700,264	319,732	1,839,185
Accumulated depreciation/amortisation	(22,850)	(79,944)	(94,819)	-	(197,613)
Net written down value	**295,450**	**420,945**	**605,445**	**319,732**	**1,641,572**

	Land and buildings A$'000	Plant and equipment A$'000	Mine properties and development A$'000	Capital works in progress A$'000	Total A$'000
Year ended 31 December 2020					
Opening written down value	262,851	377,898	566,214	233,510	1,440,473
Additions	-	-	5,307	102,603	107,910
Additions – Right of use assets	1,686	17,192	-	-	18,878
Deferred waste mining costs	-	-	22,919	-	22,919
Disposals – cost	-	(21,006)	-	-	(21,006)
Disposals – accumulated depreciation	-	665	-	-	665
Depreciation/amortisation expense	(6,580)	(13,937)	(11,390)	-	(31,907)
Increase in rehabilitation asset	-	-	6,827	-	6,827
Transfers/reclassifications	41,414	17,602	-	(59,016)	-
Closing written down value	**299,371**	**378,414**	**589,877**	**277,097**	**1,544,759**
At 31 December 2020					
Cost	311,199	435,061	665,805	277,097	1,689,162
Accumulated depreciation/amortisation	(11,828)	(56,647)	(75,928)	-	(144,403)
Net written down value	**299,371**	**378,414**	**589,877**	**277,097**	**1,544,759**

(i) Right of use assets

At 31 December 2021, the net carrying value of right of use assets comprising plant & equipment and land and buildings was $9.471 million (2020: $13.653 million) and $6.617 million (2020: $7.668 million) respectively (refer Note 30).

(ii) Leased plant and machinery

The Group leases plant and machinery under a number of lease agreements. At 31 December 2021, the net carrying amount of leased plant and machinery was $3.707 million (2020: $2.946 million).

(iii) Security

As per Note 16, assets with a carrying amount of $3.707 million (2020: $2.946 million) have been pledged as security for lease finance provided to the Group. All other Australian plant and machinery with a carrying amount of $1.622 billion (2020: $1.520 billion) have been pledged as security for the Group's corporate revolving facility disclosed in Note 16.

10 Exploration and evaluation assets

	Exploration A$'000
Year ended 31 December 2021	
Opening written down value	9,056
Additions	1,904
Transfer to mine properties and development	(6,213)
Closing written down value	**4,747**
At 31 December 2021	
Cost	4,747
Net written down value	**4,747**

	Exploration A$'000
Year ended 31 December 2020	
Opening written down value	7,436
Additions	1,620
Closing written down value	**9,056**
At 31 December 2020	
Cost	9,056
Net written down value	**9,056**

11 Intangible assets

	Software A$'000
Year ended 31 December 2021	
Opening written down value	1,597
Additions	429
Accumulated amortisation	(349)
Closing written down value	**1,677**
At 31 December 2021	
Cost	3,817
Accumulated amortization	(2,140)
Net written down value	**1,677**
Year ended 31 December 2020	
Opening written down value	1,734
Additions	174
Accumulated amortization	(311)
Closing written down value	**1,597**
At 31 December 2020	
Cost	3,387
Accumulated amortisation	(1,790)
Net written down value	**1,597**

12 Equity accounted investment in joint venture

The Group has a 50% interest in Salares de Atacama Sociedad Contractual Minera ("SALA"), a company that holds a group of concessions in Region III, Chile. SALA has no liabilities and its only significant asset, after fair value adjustments, is an exploration and evaluation asset. The parties to the joint venture equally bear the costs of maintaining the concessions SALA holds. The Group considers that it has joint control of SALA and that SALA is a joint venture under IFRS 11 Joint Arrangements. The Group's investment in SALA is measured using the equity method.

The movement in the equity accounted investment is attributable to the following:

	2021 A$'000	2020 A$'000
Balance at the beginning of the year	12,865	13,300
Exploration expenditure incurred during the period	209	250
Effect of movements in foreign exchange	(1,422)	(685)
Reversal of impairment of equity accounted investment in joint venture	12,755	-
Carrying amount at end of the year	**24,407**	**12,865**

The Company performed an annual assessment of impairment indicators in relation to the Salares 7 Project held by SALA and concluded that no indicators of impairment were present at 31 December 2021. An independent valuation of the Salares 7 Project was obtained to assess the fair value less costs of disposal and based on this valuation a partial reversal of an impairment loss recognized in 2019 ($15.022 million) was effected during the year ended 31 December 2021 to increase the carrying amount of the Company's interest in SALA to an amount equivalent to its recoverable amount.

13 Deferred tax assets / (liabilities)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2021 A$'000	2020 A$'000
Trade and other receivables	(207)	1,091
Inventories	(6,259)	(6,120)
Property, plant and equipment	(173,427)	(150,275)
Intangibles	(193)	56
Trade and other payables	179	138
Interest-bearing liabilities	(5,009)	(14,040)
Provisions	19,030	18,972
Deferred income	500	976
Derivatives	849	1,566
Net deferred tax liability	**(164,537)**	**(147,636)**

14 Trade and other payables

	2021 A$'000	2020 A$'000
Trade payables	34,955	15,118
Accrued expenses	77,730	21,313
	112,685	**36,431**

The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 21.

15 Other liabilities

	2021 A$'000	2020 A$'000
Current		
Deferred Income	164	164
Derivatives	1,501	3,088
Other liabilities	**1,665**	**3,252**
Non-current		
Deferred Income	2,830	2,994
Derivatives	-	2,228
Other liabilities	**2,830**	**5,222**

16 Interest-bearing liabilities

	Note	2021 A$'000	2020 A$'000
Current			
Lease liabilities	*(i)*	9,354	7,876
Non-current			
Lease liabilities	*(i)*	9,589	15,752
Revolving corporate loan	*(ii)*	667,034	653,077
Deferred debt issuance costs		(6,635)	(11,154)
		669,988	**657,675**

The Group's exposure to interest rate and liquidity risk relating to interest bearing liabilities is disclosed in Note 21.

(i) **Lease liabilities**

The Group's lease liabilities are secured by leased assets with a carrying value of $3.707 million (2020: $2.946 million), and in the event of default, the relevant leased assets revert to the lessor. Interest on lease liabilities totaled $0.603 million (2020: $0.561 million).

Payments made during the year under lease arrangements qualifying under AASB 16, but that were variable by nature and therefore not included in the minimum lease payments used to calculate lease liabilities, totaled $74.929 million (2020: $60.780 million). These include payments for services, including labour charges, under those contracts that contained payments for the right-of-use of assets.

(ii) **Revolving corporate loan**

At 31 December 2021, US$563.000 million (A$775.910 million) (2020: US$504.000 million (A$654.375 million)) of the facility was available and US$484.000 million (A$667.034 million) (2020: US$503.000 million (A$653.077 million)) of the facility was drawn.

The key terms and conditions are as follows:-

a. Subject to certain milestones being achieved, the facility will increase to a total of US$630 million and is repayable in US dollars.
b. The facility is provided by a syndicate of commercial banks.
c. A commercial rate of interest applies to the facility.
d. Loan covenants typical of this type of facility apply.
e. The facility expires on 21 June 2023.
f. The facility calls for reductions to the US$630 million facility total of US$13 million on 30 September 2022, US$39 million on 31 December 2022, US$38 million on 31 March 2023 and a final payment of US$540 million on expiry.
g. The facility is fully secured over the Australian assets of the Group.

(iii) **Bank guarantees**

HSBC has issued unsecured bank guarantees on the Group's behalf totaling $0.061 million (2020: $0.061 million) in respect of certain supplier requirements.

17 Provisions

	Note	2021 A$'000	2020 A$'000
Current			
Employee entitlements		6,487	5,218
Non-current			
Employee entitlements		7,075	5,678
Rehabilitation	*(i)*	49,250	52,318
		56,325	**57,996**

(i) **Rehabilitation**

The movements in the rehabilitation provision are set out below:

	2021 A$'000	2020 A$'000
Non-current		
Carrying amount at start of the period	52,318	44,799
Addition/(reduction) in provision	(3,909)	6,827
Rehabilitation and restoration accretion expense	841	692
Balance at 31 December	**49,250**	**52,318**

The rehabilitation provision is an estimate of the value of future costs for dismantling and removing items from, and restoring and rehabilitating, the Greenbushes mine site.

18 Share capital and reserves

(a) Movements in share capital

Date	Description	Number of shares	Total A$'000
1 Jan 2020	Opening balance	835,382,513	433,167
31 Dec 2020	Closing balance	835,382,513	433,167
1 Jan 2021	Opening balance	835,382,513	433,167
31 Dec 2021	Closing balance	835,382,513	433,167

Ordinary shares have no par value and are fully paid ordinary shares. They entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held and to one vote per share at general meetings of the Company.

(b) Dividends

On 11 June 2021, a fully franked dividend of $58.035 million (US$45.000 million) in total ($0.0695 per share) was declared and paid to shareholders, on 15 September 2021, a fully franked dividend of $40.872 million (US$30.000 million) in total ($0.0489 per share) was declared and paid to shareholders and on 10 December 2021, a fully franked dividend of $90.605 million

(US$65.000 million) in total ($0.1085 per share) was declared and paid to shareholders (2020: On 3 July 2020, a fully franked dividend of $136.680 million (US$95.000 million) in total ($0.1636 per share) was declared and paid to shareholders and on 23 December 2020, a fully franked dividend of $63.560 million (US$48.000 million) in total ($0.0761 per share) was declared and paid to shareholders).

(c) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

19 Related parties

(a) Remuneration of Directors and Key Management Personnel

Director and key management personnel compensation comprised the following:

	2021 A$'000	2020 A$'000
Short-term employee benefits	2,500	2,008
Post-employment benefits	112	94
Other long-term employee benefits	299	22
	2,911	**2,124**

(b) Other related party transactions

During the year ended 31 December 2021, the Company recognised revenue of $404.971 million (2020: $192.524 million) from the sale of goods to its shareholder, Tianqi Lithium Energy Australia Pty Ltd (formerly Tianqi UK Limited) and its related entities. At 31 December 2021, $127.215 million (2020: $59.595 million) was owed by Tianqi Lithium Energy Australia Pty Ltd and its related entities to the Company.

During the year ended 31 December 2021, the Company recognised revenue of $280.243 million (2020: $210.314 million) from the sale of goods to its other shareholder, RT Lithium Limited and its related entities. At 31 December 2021, $98.048 million (2020: $37.782 million) was owed by RT Lithium Limited and its related entities to the Company.

All transactions with related parties are priced on an arm's length basis and are to be settled within 90 days (2020: 90 days) of the date of the transaction. No expense has been recognised for bad or doubtful debts in respect of amounts owed by related parties.

20 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the risk management framework and for developing and monitoring risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash on deposit with financial institutions and receivables from customers.

(i) Cash and cash equivalents

The Group places cash on deposit with recognised financial institutions in order to reduce the risk of default. As the institutions have a Moody's rating of P-1, the credit risk of default of the counterparties is considered low.

(ii) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the country in which customers operate. A significant proportion of the Group's revenue is attributable to: sales transactions with two related party customers; and sales transactions with customers in China.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

(i) Currency risk

The Group is exposed to currency risk on sales, purchases, interest and loan repayments which are denominated in US Dollars ("USD"), whilst its functional currency is AUD.

The Group considers its USD purchases, interest and loan repayments as providing a natural hedge of between 10% and 20% of its USD sales.

(ii) Interest rate risk

A variable rate of interest is charged on the Group's revolving corporate loan facility. The Group does not enter into contracts to mitigate the interest rate risk.

(iii) Other market price risk

The Group does not enter into contracts to mitigate commodity price risk other than to meet its expected usage requirements.

(d) Capital management

The Board's policy in managing capital is to ensure that the Group continues as a going concern, and that its capital base is sufficiently strong so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The capital base is considered to include the total equity plus borrowings of the Group, which at 31 December 2021 was A$1,638.528 million (2020: A$1,603.516 million). In determining the funding mix of debt and equity (total borrowings:total equity), consideration is given to the relative impact of the gearing ratio on: the ability of the Group to service loan interest and repayment schedules; lending facility compliance ratios; and the ability of the Group to generate adequate free cash for corporate, expansion and exploration activities.

As set out in Note 18, on 11 June 2021, 15 September 2021 and 10 December 2021, the Group paid fully franked dividends of $58.035 million ($0.0695 per share), $40.872 million ($0.0489 per share) and $90.605 million ($0.1085 per share), respectively (2020: on 3 July 2020 and 23 December 2020, the Group paid fully franked dividends of $136.680 million ($0.1636 per share) and $63.560 million ($0.0761 per share), respectively). The payment of dividends is at the discretion of the Board of Directors.

21 Financial Instruments

(a) Credit risk exposures

Credit risk represents the loss that would be recognised if a customer or counterparty fails to meet their contracted obligations.

(i) Profile

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	2021 A$'000	2020 A$'000
Financial assets			
Cash and cash equivalents	6	15,234	100,464
Trade and other receivables	7	233,943	102,507
		249,177	**202,971**

No provision for impairment is recognised at 31 December 2021 (2020: nil) on the basis that all trade and other receivables are considered recoverable at the amounts stated.

(ii) Trade receivables by geographic region

The Group's maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

	2021 A$'000	2020 A$'000
China (including Hong Kong)	7,562	59,595
America	61,844	35,410
Australia	123,058	5,130
Europe	31,159	2,224
Other regions	10,320	148
	233,943	**102,507**

At 31 December, the ageing of trade and other receivables was as follows. No receivables were considered impaired.

	2021 A$'000	2020 A$'000
Neither past due or impaired	233,943	102,464
Past due 1-90 days but not impaired	-	43
	233,943	**102,507**

(b) Liquidity risk exposures

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount A$'000	Contractual cash flows A$'000	6mths or less A$'000	6-12 months A$'000	1-2 years A$'000	2-5 years A$'000	5+ years A$'000
2021							
Trade and other payables	112,684	112,684	112,684	-	-	-	-
Lease liabilities	18,943	21,580	4,964	4,809	3,812	2,368	5,627
Revolving corporate loan	667,034	690,528	8,267	7,854	674,407	-	-
	798,661	**824,792**	**125,915**	**12,663**	**678,219**	**2,368**	**5,627**
2020							
Trade and other payables	36,431	36,431	36,431	-	-	-	-
Lease liabilities	23,628	26,730	4,230	4,203	8,121	4,140	6,036
Revolving corporate loan	653,077	693,033	8,471	8,479	15,800	660,283	-
	713,136	**756,194**	**49,132**	**12,682**	**23,921**	**664,423**	**6,036**

(c) Interest rate risk exposures

(i) Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2021 A$'000	2020 A$'000
Fixed rate instruments		
Financial assets	-	80,002
Financial liabilities	(2,388)	(2,009)
	(2,388)	**77,993**
Variable rate instruments		
Financial assets	15,234	20,462
Financial liabilities	(667,034)	(653,077)
	(651,800)	**(632,615)**

(ii) Cash flow sensitivity analysis for variable rate instruments

An increase/decrease of 100 basis points in interest rates at the reporting date would have decreased/increased profit and loss after tax for the reporting period by $4.563 million (2020: decreased/increased $4.428 million). This analysis assumes that all other variables remain constant.

(iii) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss.

(d) Currency risk exposures

(i) Profile

Sales revenue and interest-bearing liabilities of the Group are mainly denominated in US dollars. Given the predominately Australian dollar cost base of the business and a functional currency of Australian dollars, these US dollar sales and interest-bearing liabilities create a foreign exchange exposure in terms of earnings and cash flow.

The Group's exposure to USD foreign exchange risk at reporting date and for the 12 months from reporting date was as follows, based on notional amounts:

	2021 A$'000	2020 A$'000
Cash and cash equivalents	2,546	79
Trade receivables	225,263	97,377
Interest bearing liabilities	(667,034)	(653,077)
Net statement of financial position exposure	**(439,225)**	**(555,621)**
Estimated forecast receipts	2,805,903	404,279
Estimated forecast payments	(253,511)	(69,179)
Net forecast transaction exposure	**2,552,392**	**335,100**

The following significant AUD/USD exchange rates applied during the period:

	2021	2020
Reporting date spot	0.7256	0.7702
Average rate	0.7513	0.6909

(ii) Fair value sensitivity analysis

A 10 percent strengthening/weakening of the AUD against the USD at 31 December would have increased/decreased profit and loss after tax by AUD$32.997 million (2020: increased/decreased by $38.389 million) and would have had no impact on other comprehensive income (2020: nil). This analysis assumes that all other variables remain constant.

(e) Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying amount 2021 $'000	Fair value 2021 $'000	Carrying amount 2020 $'000	Fair value 2020 $'000
Cash and cash equivalents	15,234	15,234	100,464	100,464
Trade and other receivables	233,943	233,943	102,507	102,508
Trade and other payables	(112,684)	(112,684)	(36,431)	(36,431)
Lease liabilities	(18,943)	(18,943)	(23,628)	(23,528)
Revolving corporate loan	(660,399)	(667,034)	(641,923)	(653,077)
	(542,849)	**(549,484)**	**(499,011)**	**(510,064)**

22 Remuneration of auditors

	2021 A$	2020 A$
Audit services		
Auditors of the Group		
KPMG Australia		
Audit and review of financial reports	130,800	123,000
Other services		
Auditors of the Group		
KPMG Australia		
Taxation services	257,629	245,089
Total Remuneration	**388,429**	**368,089**

23 Commitments

(a) Mining tenement expenditure commitments

	2021 A$'000	2020 A$'000
Contracted but not provided for and payable:		
Within one year	1,184	1,184
One year or later and no later than five years	4,727	4,738
Later than five years	170	1,668
	6,081	**7,590**

The Group has certain statutory obligations to undertake a minimum level of expenditure in order to maintain rights of tenure to its mining licenses. These obligations are expected to be fulfilled in the normal course of operations of the Group to avoid forfeiture of any tenement.

(b) Capital expenditure commitments

	2021 A$'000	2020 A$'000
Contracted but not provided for and payable:		
Within one year	45,354	6,589
One year or later and no later than five years	-	-
	45,354	**6,589**

24 Reconciliation of cash flows from operating activities

	2021 A$'000	2020 A$'000
Cash flows from operating activities		
Profit after tax	224,924	197,768
Adjustments for:		
Depreciation and amortisation	53,688	32,218
Net loss on the disposal of property, plant and equipment	51	3,223
Deferred Income	(164)	(287)
Unwind of discount on rehabilitation provision	841	693
Amortisation of debt issuance costs	1,275	1,278
Reversal of impairment loss	(12,755)	-
Net change in fair value of derivatives through profit and loss	(3,814)	5,316
Net realised foreign exchange loss on non-operating items	1,273	3,955
Net unrealised foreign exchange (gain)/loss on non-operating items	35,167	(79,147)
Income tax expense	90,716	84,771
	391,202	249,788
(Increase)/Decrease in trade and other receivables	(131,436)	72,257
Decrease/(Increase) in inventories	3,843	(16,692)
Increase/(Decrease) in trade and other payables	72,531	(18,308)
Increase/(Decrease) in employee provisions	2,666	(207)
Income tax paid	(63,868)	(87,396)
Net cash inflow from operating activities	**274,938**	**199,442**

25 Deed of cross guarantee

Pursuant to an election made under the Corporations Act 2001 (Commonwealth of Australia) (the "Corporation Act"), the wholly-owned controlled entities of Windfield listed below were relieved from the Corporations Act requirements for preparation, audit and lodgement of financial reports, and directors' report.

It is a condition of the election made under of the Corporations Act that Windfield and each of the controlled entities entered into a Deed of Cross Guarantee ("Deed"). The effect of the Deed is that Windfield guarantees to each creditor payment in full of any debt in the event of winding up of any of these entities under certain provisions of the Corporations Act. If a winding up occurs under other provisions of the Corporations Act, Windfield will only be liable in the event that after six months any creditor has not been paid in full.

The entities subject to the Deed with Windfield Holdings Pty Ltd are:

- Talison Lithium Pty Ltd
- Talison Minerals Pty Ltd
- Talison Lithium Australia Pty Ltd
- Talison Services Pty Ltd

All entities became a party to the Deed on 9 May 2013.

A consolidated statement of comprehensive income, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed, for the year ended 31 December is set out as follows:

Statement of comprehensive income and retained earnings	2021 A$'000	2020 A$'000
Sales revenue	685,248	402,925
Cost of sales	(329,996)	(167,536)
Other income	3,189	9,506
General and administration expenses	(17,312)	(8,162)
Operating profit	**341,129**	**236,733**
Reversal of impairment loss	12,755	-
Non-recurring asset realisation	-	(3,559)
Financial income	4,127	82,336
Financial expenses	(42,403)	(33,030)
Net finance income	**(38,276)**	**49,306**
Profit before income tax	**315,608**	**282,480**
Income tax expense	(90,716)	(84,771)
Profit for the year	**224,892**	**197,709**
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	96	(114)
Other comprehensive income/(loss) for the year	96	(114)
Total comprehensive income for the year	224,988	197,595
Profit for the year	224,892	197,709
Retained profits at the beginning of the year	503,963	506,494
Dividend paid	(189,511)	(200,240)
Retained profits at the end of the year	**539,344**	**503,963**

A consolidated statement of financial position, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed, as at 31 December is set out as follows:

Statement of financial position	2021 A$'000	2020 A$'000
ASSETS		
Current assets		
Cash and cash equivalents	15,126	100,163
Trade and other receivables	233,901	102,460
Inventories	84,672	88,515
Total current assets	333,699	291,138
Non-current assets		
Loans to subsidiaries	1,646	1,542
Investment in subsidiaries	22,385	9,630
Property, plant and equipment	1,641,559	1,544,758
Exploration and evaluation assets	4,747	9,056
Intangibles	1,677	1,597
Total non-current assets	1,672,014	1,566,583
Total assets	**2,005,713**	**1,857,721**
LIABILITIES		
Current liabilities		
Trade and other payables	112,620	36,361
Interest-bearing liabilities	9,354	7,876
Tax payable	10,440	493
Provisions	6,487	5,218
Other liabilities	1,665	3,252
Total current liabilities	140,566	53,200
Non-current liabilities		
Interest-bearing liabilities	669,988	657,675
Provisions	56,325	57,996
Deferred tax liability	163,397	146,497
Other liabilities	2,830	5,222
Total non-current liabilities	892,540	867,390
Total liabilities	1,033,106	920,590
Net assets	**972,607**	**937,131**
EQUITY		
Share capital	433,167	433,167
Reserves	96	1
Retained profits	539,344	503,963
Total equity	**972,607**	**937,131**

26 Group entities

Significant subsidiaries

	Note	Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Windfield Finco Pty Ltd		Australia	100	100
Talison Lithium Pty Ltd		Australia	100	100
Talison Minerals Pty Ltd		Australia	100	100
Talison Services Pty Ltd		Australia	100	100
Talison Long Term Incentive Plan Trust	*(i)*	Australia	-	-
Talison Lithium Australia Pty Ltd		Australia	100	100
Talison Lithium (MCP) Pty Ltd		Australia	100	100
Talison Lithium (Canada) Inc		Canada	100	100
Inversiones SLI Chile Limitada		Chile	100	100

(i) Although the Company does not hold any ownership interest in the Talison Long Term Incentive Plan Trust, it does have control over the trust in accordance with the trust deed.

27 Parent entity disclosures

As at and throughout the year ended 31 December 2021 the parent entity of the Group was Windfield Holdings Pty Ltd.

	2021 A$'000	2020 A$'000
Result of the parent entity		
Profit for the period	154,256	185,205
Other comprehensive income	-	-
Total comprehensive profit for the year	**154,256**	**185,205**
Financial position of parent entity at year end		
Current assets	-	-
Total assets	1,097,596	1,117,382
Current liabilities	10,773	3,041
Total liabilities	680,960	665,490
Total equity of the parent entity comprising of:		
Share capital	433,167	433,167
Accumulated profit/(losses)	(16,531)	18,725
Total equity	**416,636**	**451,892**

Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 25.

28 Events occurring after the balance sheet date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

29 Changes in accounting policies

The Group has adopted all of the new or amended Accounting Standards and Interpretations issues by the Accounting Standards Board (AASB) that are mandatory for the current reporting period. The Group has not elected to early adopt any new standards or amendments during the current financial year.

30 Significant Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Interests in equity-accounted investees

The Groups' interest in equity accounted investees comprises an interest in a joint venture. A joint venture is an arrangement in which the Group has joint control and the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in jointly controlled entities are accounted for under the equity method and are initially recognised at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted interests from the date joint control commences until the date that joint control ceases.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to A$ at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and trade allowances.

Amounts are recognised as sales revenue when the customer obtains control of the product, and:

- the product is in a form suitable for delivery and no further processing is required by, or on behalf of, the Group;
- the quantity, quality and selling price of the product can be determined with reasonable accuracy; and
- the product has been dispatched to the customer and is no longer under the physical control of the Group or the customer has formally acknowledged legal ownership of the product including all inherent risks, albeit that the product may be stored in facilities the Group controls.

(d) Financial income and expense

The Group's financial income and expense includes:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and liabilities;
- the net change in fair value of derivatives; and
- unwind of discount of rehabilitation and restoration provision.

Interest income or expense is recognised in profit or loss using the effective interest method.

(e) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Windfield Holdings Pty Ltd.

Nature of tax funding arrangement and tax sharing agreements

The Company, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/ from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity. The inter-entity payable (receivable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The Company, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(f) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office ("ATO") is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a net basis.

(g) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Inventories

Finished goods and work in progress inventories are valued at the lower of cost and net realisable value.

Costs represent weighted average cost and include direct costs and an appropriate portion of fixed and variable overhead expenditure, including depreciation and amortisation.

Net realisable value is the amount estimated to be obtained from the sale of the item of inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale.

Consumable stores are valued at weighted average cost.

Obsolete or damaged inventories are valued at net realisable value. A regular and ongoing review is undertaken to establish the extent of surplus items, and a provision is made for any potential loss on their disposal.

(i) Property, plant and equipment

Land is shown at historical cost and is not depreciated. All other property, plant and equipment are stated at historical cost, which includes capitalised borrowing costs, less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Mine specific property, plant, machinery and equipment refers to plant, machinery and equipment for which the economic useful life cannot extend beyond the life of its host mine.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of non-mine specific property, plant and equipment. Mine specific plant, machinery and equipment are depreciated over the lesser of the life of the economically recoverable reserves for the whole of the mine (using the units of production method) and twenty years. Mining property and development assets are depreciated over the life of economically recoverable reserves for the whole of the mine. Deferred waste is amortised over the life of economically recoverable reserves for the relevant component of the ore body. The estimated useful lives in the current period are as follows:

		Depreciation Percentage
• Mine specific property, plant, machinery and equipment	the shorter of the applicable mine or asset life to a maximum of twenty years	5.0%
• Other non-mine specific plant and equipment	the asset life	15.0% to 37.5%

The Group applies the units of production method for amortisation of its mine property and development and deferred waste, which results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves outlined in Note 31.

Each item's economic life has due regard both to its own physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the item is located, and to possible future variations in those assessments.

The reserves, life of mine and the remaining useful life of each class of asset are reassessed at regular intervals and the depreciation/amortisation rates adjusted accordingly.

(i) Commercial production

Commercial production commences when the Group determines that assets are capable of being operated in a manner intended by management. Prior to commercial production, pre-production income and an equivalent amount of operating cost is recognised in the income statement and any incremental cost is capitalized to property, plant and equipment.

(j) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss.

The estimated useful lives are as follows:

• Software	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Exploration and evaluation expenditure

Exploration and evaluation expenditure is accumulated separately for each area of interest in accordance with IFRS 6 *Exploration and Evaluation of Mineral Resources*. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure.

Expenditure is carried forward when incurred in areas for which the Group has rights of tenure and where economic mineralisation is indicated, but activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing. Each such project is regularly reviewed. If the project is abandoned or if it is considered unlikely the project will proceed to development, accumulated costs to that point are written off immediately.

Identifiable exploration assets acquired from another mining company are recognised as assets at their cost of acquisition, as determined by the requirements of IFRS 3 *Business Combinations*.

Projects are advanced to development status when it is expected that accumulated and future expenditure can be recouped through project development or sale.

All of the above expenditure is carried forward up to commencement of operations at which time it is amortised in accordance with the policy stated in Note 30(i).

(l) Financial instruments

(i) Non-derivative financial assets and liabilities – recognition and derecognition

The Group initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

(m) Share Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(n) Impairment

(i) Financial assets

The carrying amounts of the Company's financial assets measured at amortised cost are reviewed at each reporting date to determine whether a loss allowance should be recognised under the 'expected credit loss' model.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, exploration and evaluation assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

(iii) Exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, for example:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment of recoverable amount is performed for each CGU which is no larger than the area of interest. The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of a CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(p) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in current liabilities. A liability is recognised for the amount expected to be paid under a short-term incentive scheme if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

(ii) Long-term employee benefits

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. 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 government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. A liability is recognised for the amount expected to be paid under a long-term incentive scheme if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays contributions into a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by the employees.

(q) Rehabilitation and mine closure costs

The Group has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment.

Under AASB 116 *Property, Plant and Equipment*, the cost of an asset must include any estimated costs of dismantling and removing the asset and restoring the site on which it is located. The capitalised rehabilitation and mine closure costs are depreciated (along with the other costs included in the asset) over the asset's useful life. The depreciation expense is included in the cost of sales of goods.

AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* requires a provision to be raised for the present value of the estimated cost of settling the rehabilitation and restoration obligations existing at balance date. Those costs that relate to rehabilitation and restoration obligations arising from the production process are recognised in production costs. The estimated costs are discounted using a pre-tax discount rate that reflects the time value of money. The discount rate must not reflect risks for which future cash flow estimates have been adjusted.

As the value of the provision represents the discounted value of the present obligation to restore, dismantle and rehabilitate, the increase in the provision due to the passage of time is recognised within borrowing costs. This borrowing cost is excluded from the cost of sales of goods.

Estimates are required to determine the level of undiscounted rehabilitation and closure costs for the Group. In addition, an estimate of the life of mine is required to determine the period over which the undiscounted costs are required to be discounted. The life of mine has been estimated to be approximately 19 years as at 31 December 2021 based on the estimate of mineable reserves updated as at 9 December 2021 and the anticipated rate of production. This is the period over which the rehabilitation and closure provision is discounted. The life of mine is subject to change should the mineable reserves, ore inventory and the anticipated rate of production change in the future.

(r) Deferred waste mining costs

In accordance with IFRIC 20, expenditure incurred to remove overburden or waste material in an open pit mine, that is mined in a period at a rate that is in excess of the life of mine strip ratio for the particular open pit ore body component is recognised as a non-current asset within Property, Plant and Equipment where the following criteria are met:

- it is probable that the future economic benefit (improved access to the ore body component) associated with the stripping activity will flow to the entity;
- the Group can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

The deferred waste mining costs are amortised in accordance with the policy stated in Note 30(i). Changes in estimates of average life of mine strip ratios are accounted for prospectively. For the purpose of assessing impairment, deferred waste mining is grouped with other assets of the relevant cash generating unit.

(s) Leases

At inception of a contract, the Group determines whether the arrangement is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into on or after 1 January 2019.

i) As a lessee

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

(ii) Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(t) Maintenance and repairs

Certain items of plant used in the primary extraction, separation and secondary processing of the extracted minerals are subject to major overhaul on a cyclical basis. Costs incurred during such overhauls are characterised as either in the nature of capital or in the nature of repairs and maintenance. Work performed may involve:

i) the replacement of a discrete sub-component asset, in which case an asset addition is recognised and the book value of the replaced item is written off; and

ii) demonstrably extending the useful life or functionality of an existing asset, in which case the relevant cost is added to the capitalised cost of the asset in question.

Costs incurred during a major cyclical overhaul which do not constitute (i) or (ii) above, are written off as repairs and maintenance as incurred. Costs qualifying for capitalisation under (i) or (ii) above are subsequently depreciated in accordance with Note 30(i). General repairs and maintenance which are not characterised as part of a major cyclical overhaul are expensed as incurred.

(u) Deferred income

The Group recognises deferred income in the statement of financial position in relation to contracts where the Group has provided consideration in return for future income. The deferred income is released to the income statement over time as the income is earned.

(v) Rounding of amounts

The Group is of a kind referred to in instrument 2017/191 issued by ASIC in accordance with that instrument, all financial information presented in Australian dollars has been rounded off to the nearest thousand dollars, unless otherwise stated.

31 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events 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 the same as those applied by the Group in its consolidated financial statements.

(a) Deferred waste mining costs

As set out in Note 30(r), the Group capitalises the costs associated with the removal of waste rock using a life of mine waste-to-ore strip ratio for the relevant component of the ore body. The mine's ore body consists of various components which are reviewed and updated for appropriateness as the mine progresses over time. Costs of mining of waste rock, in excess of the life of mine waste-to-ore strip ratio for the relevant component of the ore body, are accumulated and classified as property, plant and equipment. Significant judgement is required in determining the life of mine strip ratio. Factors that will affect this ratio include future changes in pit design, cost structures, product price changes and grade recoveries against modelled grades. When these factors change or become known in the future, such differences will impact the deferred stripping costs in property, plant and equipment in the period in which they change or become known.

(b) Rehabilitation and mine closure provisions

As set out in Note 30(q), these provisions represent the discounted value of the present obligation to restore, dismantle and rehabilitate certain items of property, plant and equipment. The discounted value reflects a combination of the Group's assessment of the cost of performing the work required, the timing of the cash flows and the discount rate. A change in any, or a combination, of the three key assumptions used to determine the provisions could have a material impact to the carrying value of the provision.

In the case of provisions for assets which remain in use, adjustments to the carrying value of the provision are offset by a change in the carrying value of the related asset. Where the provisions are for assets no longer in use or for obligations arising from the production process, the adjustment is reflected directly in the Consolidated Statement of Profit or Loss.

(c) Reserves

Reserves are estimates of the amount of mineral product that can be economically extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, future capital requirements, short and long term commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies to be determined by analysing geological data. This process may require complex and difficult geological judgements and calculations to interpret the data.

The Group determines and reports ore reserves under the Australian Code for Reporting of Mineral Resource and Ore Reserves December 2012, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves.

Due to the fact that economic assumptions used to estimate reserves change from period to period, and geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

- Asset carrying values may be impacted due to changes in estimated future cash flows;
- Depreciation and amortisation charged in the income statement may change where such charges are calculated using the units of production basis; and
- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves alter expectations about the timing or cost of these activities.

Depreciation and amortisation of mining assets is prospectively adjusted, based on these changes.

Directors' declaration

1 In the opinion of the directors of Windfield Holdings Pty Ltd (‘the Company’):

(a) the financial statements and notes set out on pages 6 to 38 are in accordance with the Corporations Act 2001, hereof:

(i) give a true and fair view of the Group’s financial position as at 31 December 2021 and of its performance for the year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 2; and

(ii) comply with Australian Accounting Standards (including the Australian Accounting Interpretation) and the Corporations Regulations 2001;

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

2 There are reasonable grounds to believe that the Company and the group entities identified in Note 25 will be able to meet any of the obligations or liabilities to which they are or may become subject to by the virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

Signed in accordance with a resolution of the directors:

Dong Yan

Yan Dong
Director

Perth
Dated: 17 March 2022

Independent Auditor's Report

To the Directors of Windfield Holdings Pty Ltd

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Windfield Holdings Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2021.
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated cash flow statement for the year then ended.
- Notes including a summary of significant accounting policies.
- Directors' Declaration.

The ***Group*** consists of Windfield Holdings Pty Ltd (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and 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 fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Windfield Holdings Pty Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Management for the Financial Report

Management are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001.*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Derek Meates
Partner

Perth

17 March 2022