ADANI MINING PTY LTD

A.C.N. 145 455 205

CONSOLIDATED FINANCIAL REPORT
complying with
Australian Accounting Standards - Simplified Disclosures

FOR THE YEAR ENDED
31 MARCH 2022

Adani Mining Pty Ltd

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Adani Mining Pty Ltd
Directors' report
Year ended 31 March 2022

Your directors submit their report on the consolidated entity comprising Adani Mining Pty Ltd (the "Company") and the entities it controlled at the end of, or during the year ended 31 March 2022. Throughout the report, the consolidated entity is referred to as the "Group".

DIRECTORS
The names of the directors of Adani Mining Pty Ltd in office during the year and up to the date of this report are:

Jeyakumar Janakaraj (resigned 9 February 2021)
Samir Vora
Douglas Ritchie
Shaun Treacy (appointed 1 September 2021)

COMPANY SECRETARY
The Company Secretary of Adani Mining Pty Ltd during the year and up to the date of this report is:

Rajesh Gupta

CORPORATE INFORMATION
Adani Mining Pty Ltd is a company limited by shares that is incorporated and domiciled in Australia.

The registered office of Adani Mining Pty Ltd is located at:
Level 9, 120 Edward Street
Brisbane, Queensland, Australia.

PRINCIPAL ACTIVITIES
The principal activity of the Group during the year was the development, construction and operation of a coal mine in Queensland, Australia. The Group's trading name is Bravus Mining and Resources.

REVIEW OF OPERATIONS
During the year ended 31 March 2022, the Group has been working on the development, construction and operation of the coal mine.

The loss after tax for the Group for the year ended 31 March 2022 was $104.528 million (2021: profit $388.402 million).

Excluding the net foreign exchange movement results in a loss of $76.341 million (2021: loss $36.395 million).

DIVIDENDS
No dividend has been paid or recommended during the financial year (2021: $nil).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS
Other than the matters detailed as part of our review of the Group’s operation for the year ended 31 March 2022, there were no significant changes in the state of affairs of the Group during the current financial year.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD
There have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect the Group’s operations, the results of those operations or the Group’s state of affairs in financial years after the financial year ended 31 March 2022.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS
Likely developments in the Group’s operations and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to State and Federal Environmental Legislative requirements. There were no material breaches with these requirements during the financial year ended 31 March 2022 and up to the date of this report.

INSURANCE OF DIRECTORS AND INDEMNITIES

During the financial year, the Company paid premiums in respect of Directors' and Officers' Liability Insurance contract. The insurance contracts insure against certain liabilities (subject to exclusions) for persons who are or have been directors or officers of the Group. A condition of the contract is that the nature of the liabilities indemnified and the premium payable shall not be disclosed.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year ended 31 March 2022.

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.

ROUNDING

The amounts contained in the directors' report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($000) under the option available to the Group as provided in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* . The Group is an entity to which this legislative instrument applies.

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

On behalf of the Board of Directors



Samir Vora
Director

Brisbane, 29 April 2022

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Auditor's independence declaration to the directors of Adani Mining Pty Ltd

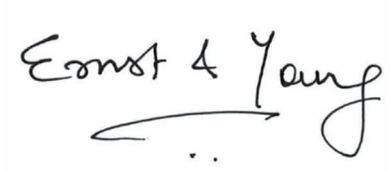
As lead auditor for the audit of the financial report of Adani Mining Pty Ltd for the financial year ended 31 March 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Adani Mining Pty Ltd and the entities it controlled during the financial year.



Ernst & Young



Madhu Nair
Partner
29 April 2022

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Adani Mining Pty Ltd

Consolidated statement of comprehensive income

For the year ended 31 March 2022

	Notes	Year ended 31 March 2022 $'000	Year ended 31 March 2021 $'000
Revenue from contracts with customers	4(a)	32,545	-
Cost of sales		(25,439)	-
Gross profit		**7,106**	**-**
Other operating income	4(b)	2,038	2,459
General and administration expenses	5	(55,289)	(43,593)
Selling expenses		(3,098)	-
Logistics expenses - related party		(15,734)	-
Depreciation and amortisation		(856)	-
Government royalties		(1,792)	-
Foreign exchange (loss)/gain, net		(28,187)	424,797
Operating (loss)/profit		**(102,919)**	**383,663**
Finance income		450	5,670
Finance costs	6	(9,166)	(931)
(Loss)/profit before tax		**(104,529)**	**388,402**
Income tax expense	7(a)	-	-
(Loss)/profit for the year from continuing operations		**(104,529)**	**388,402**
Atrributable to:			
Equity holders of the parent		(104,528)	388,403
Non-controlling interest		(1)	(1)
		(104,529)	**388,402**
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		**(104,529)**	**388,402**
Attributable to:			
Equity holders of the parent		(104,528)	388,403
Non-controlling interest	22(b)	(1)	(1)
		(104,529)	**388,402**

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

Adani Mining Pty Ltd

Consolidated statement of financial position

As at 31 March 2022

	Notes	31 March 2022 $'000	31 March 2021 $'000
Assets			
Current assets			
Cash on hand and at bank	8	1,050	13,876
Restricted bank deposits	8	15,860	4,352
Trade and other receivables	9	67,890	32,480
Due from related parties	10	5,355	4,477
Inventories	11	121,320	-
Total current assets		**211,475**	**55,185**
Non-current assets			
Due from related parties	10	69,302	342,868
Property, plant and equipment	12	277,344	161,950
Other receivables	13	199,686	193,854
Mineral reserves and mine development	14	1,727,519	1,363,321
Total non-current assets		**2,273,851**	**2,061,993**
Total assets		**2,485,326**	**2,117,178**
Liabilities			
Current liabilities			
Trade and other payables	15	112,598	78,362
Non-interest bearing liabilities	16	2,219,146	1,841,288
Interest-bearing liabilities	16	14,965	4,292
Customer advances	17	294,975	408,577
Lease liability	20	1,671	-
Total current liabilities		**2,643,355**	**2,332,519**
Non-current liabilities			
Interest-bearing liabilities	16	172,523	26,659
Other liabilities	18	138,240	138,263
Provision for rehabilitation	19	23,884	17,731
Lease liability	20	9,848	-
Total non-current liabilities		**344,495**	**182,653**
Total liabilities		**2,987,849**	**2,515,172**
Net liabilities		**(502,523)**	**(397,994)**
Equity			
Contributed equity	21	8,694	8,694
Accumulated losses		(511,320)	(406,792)
Capital deficiency attributable to equity holders of the parent entity		**(502,626)**	**(398,098)**
Minority interest	22(b)	103	104
Total capital deficiency		**(502,523)**	**(397,994)**

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

Adani Mining Pty Ltd

Consolidated statement of changes in equity

For the year ended 31 March 2022

	Attributable to the equity holders of the parent					
	Contributed equity	Acquistion reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
	Note 21	*Note 22(b)*			*Note 21(b)*	
For the year ended 31 March 2022						
At 1 April 2021	8,694	-	(406,792)	(398,098)	104	(397,994)
Loss for the year	-	-	(104,528)	(104,528)	(1)	(104,529)
Total comprehensive loss for the year	**-**	**-**	**(104,528)**	**(104,528)**	**(1)**	(104,529)
At 31 March 2022	**8,694**	**-**	**(511,320)**	**(502,626)**	**103**	**(502,523)**
For the year ended 31 March 2021						
At 1 April 2020	8,694	-	(794,789)	(786,095)	-	(786,095)
Acquisition of a common control subsidiary - Adani Minerals Pty Ltd*	-	(406)	-	(406)	(45)	(451)
Transfer to accumulated losses*	-	406	(406)	-	-	-
Acquisition of a non-controlling interest - Adani Minerals Pty Ltd	-	-	-	-	150	150
Profit for the year	-	-	388,403	388,403	(1)	388,402
Total comprehensive loss for the year	**-**	**-**	**387,997**	**387,997**	**(1)**	**388,402**
At 31 March 2021	**8,694**	**-**	**(406,792)**	**(398,098)**	**104**	**(397,994)**

** In the prior year, the Group's acquisition of a 90% controlling interest in the accumulated losses of Adani Minerals Pty Ltd was included in the acquisition reserve (using the pooling of interest method) and then transferred to the Group's accumulated losses (refer Note 20(b)).*

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

Adani Mining Pty Ltd

Consolidated statement of cash flows

For the year ended 31 March 2022

	Notes	Year ended 31 March 2022 $'000	Year ended 31 March 2021 $'000
Cash flows used in operating activities			
Receipts from customers, other income and cost reimbursements		23,350	2,286
Payments to suppliers and employees		(125,165)	(44,268)
Interest received		2,581	41
Borrowing costs		(11,225)	(931)
Net cash used in operating activities		**(110,459)**	**(42,872)**
Cash flows used in investing activities			
Payments for property, plant and equipment		(122,454)	(94,559)
Payments for mineral reserves and mine development		(433,254)	(230,527)
Movement in restricted bank account		(11,508)	(358)
Acquistion of a subsidiary's cash at bank		-	1
Advances to related parties		(11,154)	(250,249)
Repayments of advances from related parties		288,997	38,466
Proceeds on disposal of assets		-	103
Security deposits paid		(4,857)	(8,683)
Net cash used in investing activities		**(294,230)**	**(545,806)**
Cash flows from financing activities			
Proceeds from borrowings - related parties		836,355	604,141
Repayment of borrowings - related parties		(564,123)	(18,745)
Borrowing from other parties		133,325	12,393
Repayment of advances from other parties		(14,527)	-
Lease principal paid		(986)	-
Net cash from financing activities		**390,044**	**597,789**
Net (decrease)/increase in cash at bank and on hand		(14,645)	9,111
Foreign exchange difference		1,819	-
Cash at bank and on hand at beginning of the year		13,876	4,765
Cash at bank and on hand at end of the year	8	**1,050**	**13,876**

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

1 CORPORATE INFORMATION

The consolidated financial statements of Adani Mining Pty Ltd (the “Company”) and its subsidiaries (collectively, the "Group") for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Directors on 26 April 2022.

Adani Mining Pty Ltd is a company limited by shares and is incorporated in Australia. Parent entity details are disclosed in Note 23(a). The Group's principal place of business is Level 9, 120 Edward Street, Brisbane, Queensland, Australia.

The Group is principally engaged in project development activities on coal mining tenements in Queensland, Australia. The Group's trading name is Bravus Mining and Resources.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Statement of compliance

These general purpose financial statements have been prepared in compliance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standards – Simplified Disclosures*. The Group is a for-profit, private sector entity which is not publicly accountable for the purposes of preparing these consolidated financial statements.

In the prior year, the Group opted to adopt AASB 1060 *General Purpose Financial Statements - Simplified disclosures for For-Profit and Not-for-profit Tier 2 Entities* ahead of its mandatory effective date of 1 April 2022. Other than the change in disclosure requirements, the adoption of AASB 1060 had no significant impact on the consolidated financial statements because the Group’s previous consolidated financial statements were prepared in full compliance with the recognition and measurement requirements of Australian Accounting Standards.

The financial report has been prepared on a historical cost basis, except as otherwise stated, and is presented in Australian dollars. All values are rounded to the nearest thousand ($000), except when otherwise indicated under the option available to the Group as provided in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191. The Group is an entity to which this legislative instrument applies.

(ii) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity in the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year ended 31 March 2022, the Group incurred a loss of $104.5 million (2021: profit $388.4 million). Excluding the net foreign exchange movement from the Group's loss results in a loss of $76.3 million (2021: $36.4 million).

As at 31 March 2022, the Group had current liabilities exceeding its current assets by $2,431.9 million (2021: $2,277.3 million). This is mainly due to the classification as current liabilities of the Group’s related party borrowings (refer to Note 16) and the foreign exchange losses on those loans.

The ability of the Group to continue as a going concern is dependent upon the ongoing support of its shareholder. The ultimate parent company, Adani Enterprises Ltd, has agreed to not call on the Group to repay any loans or other amounts owing to it or entities under its control if, after payment of the loans or the other amounts, the Group would not be able to meet its debts as and when they fall due for a period not less than twelve months from the date of these consolidated financial statements. Additionally, Adani Enterprises Ltd, in its own capacity or through entities under its control, has agreed to provide financial support to the Group for a period at least twelve months from the date of these consolidated financial statements.

Based on the letter of support received, the Directors of the Company are satisfied funds will be available to meet the planned activities and contractual commitments for at least 12 months from the date of the authorisation of these consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Principles of consolidation

Subsidiaries

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

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

(c) Foreign currency translation

The Group's functional currency is the Australian dollar, being the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars.

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the appropriate exchange rates ruling at that date. Exchange differences are dealt with in the profit or loss.

(d) Revenue from contracts with customers

The Group is principally engaged in the business of producing thermal coal. The Group recognises sales revenue related to the transfer of promised goods or services when control of the goods or services is transferred to the customer. The amount of revenue recognised reflects the consideration to which the Group is or expects to be entitled to in exchange for those goods or services.

Sales revenue is recognised on individual sales when control transfers to the customer. The title, risks and rewards, and fulfilment of performance obligation occurs when the product is loaded onto the vessel for delivery to the customer.

Pre-Production Sales and related costs

All revenue for the year ended 31 March 2022 represents test production revenue generated prior to the commencement of commercial production of the mine. The income and related expenses related to these sales are recognised in profit or loss and included in their respective classifications of income and expense.

An amount equivalent to the revenues less related sellling costs was charged to cost of sales and credited against the mineral reserves and mine development costs to record a zero net impact on the profit and loss on such production.

Government royalties

Government royalties are determined on an ad valorem basis by reference to the value of the coal sold.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Other income recognition

Interest

Interest income is recognised as the interest accrues using the effective interest rate ("EIR") method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Agistment income

Agistment income from granting a license to an external party for grazing and de-pasturing livestock in Moray Downs is recognised over the year.

Management fee

Management fee income is recognised over the year in which the service is provided.

(f) Income taxes

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is provided for all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount for financial purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Consolidated Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Cash at bank and on hand

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flows, cash at bank and on hand includes deposits at call which are readily convertible to cash on hand, which are as defined above, net of outstanding bank overdrafts.

(i) Trade and other receivables

Trade receivables are recognised when an amount of consideration that is unconditional is due from the customer, i.e. only the passage of time is required before payment of the consideration is due. Refer to accounting policies in note 2(k) Financial Instruments (i) Financial assets - initial recognition and measurement; and (ii) Financial assets - subsequent measurement.

Trade receivables are non-interest-bearing and are generally on terms of 30 to 90 days.

(j) Inventories

Coal stocks are physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

If the coal stockpile is not expected to be processed in 12 months after the reporting date, it is included in non-current assets and the net realisable value is calculated on a discounted cash flow basis. Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile. Stockpile tonnages are verified by periodic surveys.

Spares and stores are valued at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

(k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets - initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(ii) Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

► Financial assets at amortised cost (debt instruments)

► Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

► The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

► The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(iii) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

► The rights to receive cash flows from the asset have expired; or

► The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iv) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECL's) for all debt instruments not held at fair value through profit or loss. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For other receivables and contract assets, the Group applies a simplified approach in calculating ECL's. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL's at each reporting date.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements help by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(v) Financial liabilities - initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or trade and other payables as appropriate.

All financial liabilities are recognised initially at net of directly attributable transactions costs.

The Group's financial liabilities include trade and other payables and interest and non-interest bearing loans.

(vi) Financial liabilities - subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below.

Loans and borrowings and trade and other payables

This category is the most relevant to the Group. After initial recognition, interest bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(vii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(viii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(l) Mineral reserves and mine development

Exploration and evaluation expenditure comprises costs that are directly attributable to:

- ► Cost of acquiring mining and exploration tenements;
- ► Researching and analysing historical exploration data;
- ► Conducting topographical, geochemical and geophysical studies;
- ► Conducting exploratory drilling, trenching and sampling;
- ► Examining and testing extraction and treatment methods; and/or
- ► Compiling prefeasibility and feasibility studies.

Exploration expenditure relates to the initial search for mineral deposits with economic potential. Evaluation expenditure arises from detailed assessment of deposits or other projects that have been identified as having economic potential.

Exploration and evaluation expenditure is charged to the profit or loss as incurred unless the directors are confident of the project's technical and commercial feasibility and hence it is probable economic benefits will flow to the Group, in which case expenditure may be capitalised. Capitalised exploration and evaluation expenditure is treated as a tangible asset and is recorded at cost less any accumulated impairment charges. No amortisation is charged during the exploration and evaluation phase as the asset is not available for use.

Once development of a mining tenement is sanctioned, all capitalised exploration and evaluation costs in respect of the mining tenement are transferred to "Mineral Reserves and Mine Development". All subsequent expenditure on construction, installation or completion of infrastructure facilities are capitalised within "Mineral Reserves and Mine Development". Development expenditure is net of proceeds from all but the incidental sale of minerals and ore extracted as part of the development phase.

(m) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Consolidated Statement of Comprehensive Income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

► Buildings	10 to 15 years
► Plant and machinery	3 to 15 years
► Furniture, fittings and equipment	3 to 20 years
► Vehicles	5 to 10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Goup recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

(p) Trade and other payables

Trade and other payables are carried at amortised cost. Due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the reporting date that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Non-interest bearing loans

The Group's loan with related parties is carried at amortised cost using the EIR method. The loan is for a period of five years but on issuing notice to the Group, the lender can require the Group to repay the loan on demand.

The measurement of an interest-free loan at amortised cost using the EIR method generally results in the carrying value of the loan being lower than its principal amount. Given this loan can be required to be repaid, at any time, at the unilateral demand of the lender, the loan has been classified as a current liability. Due to the ability of the loan to be called at unilateral demand of the lender, the liability has not been discounted.

(r) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for a least 12 months after the reporting date.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction and production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur.

Deferred borrowing costs are amortised over the life of the loan based on the EIR method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Provision for rehabilitation

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of the Group's facilities and mine property. The Group assesses its mine rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining asset to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligation that arises through the production of inventory is recognised as part of the related inventory item. Additional disturbances that arise due to further development/construction at the mine are recognised as additions or charges to the corresponding asset and rehabilitation liability when they occur. Costs related to the restoration of site damage (subsequent to the start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with AASB 116.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. When the mine is mature, if the estimate for the revised mine asset net of rehabilitation provision exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs.

For closed sites, changes to estimated costs are recognised immediately in the Consolidated Statement of Comprehensive Income.

The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

(u) Contributed equity

Ordinary shares and additional capital contributions are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Acquisition reserve

Acquisitions of subsidiaries under common control are accounted for using the pooling of interest method, where any gain or loss on acquisition is initially recorded in the acquisition reserve and then transferred to accumulated losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) New and amended accounting standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. During the current financial year, the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

AASB 2020-1 Amendments to AASs – *Classification of Liabilities as Current or Non-current*

The amendments clarify:

► What is meant by a right to defer settlement

► That a right to defer must exist at the end of the reporting period

► That classification is unaffected by the likelihood that an entity will exercise its deferral right

► That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

AASB 2021-2 AASB 101 and AASB Practice Statement 2 - *Making Materiality Judgements – Disclosure of Accounting Policies*

The amendments to AASB 101 require disclosure of material accounting policy information, instead of significant accounting policies. Unlike 'material', 'significant' was not defined in Australian Accounting Standards. Leveraging the existing definition of material with additional guidance is expected to help preparers make more effective accounting policy disclosures. The guidance illustrates circumstances where an entity is likely to consider accounting policy information to be material. Entity-specific accounting policy information is emphasised as being more useful than generic information or summaries of the requirements of Australian Accounting Standards.

The amendments to AASB Practice Statement 2 supplement the amendments to AASB 101 by illustrating how the four-step materiality process can identify material accounting policy information. Earlier application of the amendments is permitted.

AASB 2020-3 Amendments to AASB 116 – *Property, Plant and Equipment: Proceeds before Intended Use*

The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The Group adopted this amendment in the current financial year and has recognised sales revenue of $32.5 million and cost of sales of $25.4 million in the Statement of Comprehensive Income.

AASB 2020-3 Amendment to AASB 1 – *Subsidiary as a First-time Adopter (Part of Annual Improvements 2018–2020 Cycle)*

A subsidiary that adopts Australian Accounting Standards later than its parent is required to measure cumulative translation differences at its date of transition to Australian Accounting Standards either at zero or on a retrospective basis under AASB 1 First-time Adoption of Australian Accounting Standards. Consequently, the subsidiary might have been required to keep two parallel sets of accounting records for cumulative translation differences based on different dates of transition to Australian Accounting Standards.

Acknowledging that some entities find this requirement burdensome, the AASB simplified the application of AASB 1, permitting a subsidiary to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to Australian Accounting Standards, excluding the impact of any adjustments made for consolidation procedures and for the business combination in which the parent acquired the subsidiary.

This exemption is also available to an associate or joint venture adopting Australian Accounting Standards later than its investor. Earlier application is permitted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) New and amended accounting standards and interpretations (continued)

AASB 2020-3 Amendments to AASB 137 – *Onerous Contracts – Cost of Fulfilling a Contract*

The amendment specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

AASB 2020-3 Amendment to AASB 9 – *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Part of Annual Improvements 2018–2020 Cycle)*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

AASB 2021-2 Amendments to AASB 108 – *Definition of Accounting Estimates*

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

AASB 2021-5 Amendments to AASs – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Deferred taxes representing amounts of income tax payable or recoverable in the future must be recognised on temporary differences unless prohibited by AASB 112 in certain circumstances. One of these circumstances, known as the initial recognition exception, applies when a transaction affects neither accounting profit nor taxable profit, and is not a business combination. Views differ about applying this exception to transactions that, on initial recognition, create both an asset and liability (and could give rise to equal amounts of taxable and deductible temporary differences) such as:

► Recognising a right-of-use asset and a lease liability when commencing a lease
► Recognising decommissioning, restoration and similar liabilities with corresponding amounts included in the cost of the related asset

Some entities have previously recognised deferred tax consequences for these types of transactions, having concluded that they did not qualify for the initial recognition exception. The amendments to AASB 112 clarify that the exception would not normally apply. That is, the scope of this exception has been narrowed such that it no longer applies to transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The amendments apply from the beginning of the earliest comparative period presented to:

► All transactions occurring on or after that date
► Deferred tax balances, arising from leases and decommissioning, restoration and similar liabilities, existing at that date

The cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. Earlier application of the amendments is permitted.

The Company is currently assessing the impact of the new and amended accounting standards to determine the impact these will have on the Company's financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Capitalisation and impairment of mineral reserves and mine development, exploration and evaluation costs and related property, plant and equipment

Mineral reserves and mine development and exploration and evaluation expenditure is charged to the profit or loss as incurred unless the directors are confident of the project's technical and commercial feasibility and hence it is probable economic benefits will flow to the Group, in which case expenditure may be capitalised. Rehabilitation costs are recognised and provided as described in note 2(t).

Assessment of a project's technical and commercial feasibility requires significant judgements and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as conditions impacting mineral prices and costs change. The Group assesses whether there are any indicators of impairment for capitalised mineral reserves and mine development (and exploration and evaluation expenditure) and related property, plant and equipment at the end of each reporting period. When an impairment test is undertaken, management judgement and estimates are required in determining suitable valuation factors as mentioned in the impairment test above.

In accordance with its accounting policies and processes, each asset or CGU is evaluated annually to determine whether there are any indications of impairment. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed. Due to their interdependency, the mine and rail projects together constitute a single CGU.

In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal (FVLCD) and value in use (VIU). Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the FVLCD for each CGU is estimated based on discounted future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the CGUs using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, including any expansion projects, and its eventual disposal, based on the CGU five-year plans and latest life of mine (LOM) plans. These cash flows are discounted using a real post-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the CGU.

Estimates included in assessing the CGU's recoverable amount including quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the planning process including LOM plans, five-year plans, one-year budgets and CGU-specific studies. The determinations of FVLCD for each CGU are considered to be Level 3 fair value measurements in both years, as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Impairment assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. In such circumstances, some or all of the carrying amount of the assets/CGUs may be further impaired or the impairment charge reduced with the impact recognised in the Consolidated Statement of Comprehensive Income.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile. Stockpile tonnages are verified by periodic surveys.

Deferred tax asset

A deferred tax asset is recognised for all temporary differences (including unused tax losses) to the extent it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Production start date

The Group assesses the stage of the mine under development/construction to determine when it will move into the production phase, being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of the mine development/construction project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from 'Mines under construction' to 'Producing mines' and/or 'Property, plant and equipment'. Some of the criteria used to identify the production start date include, but are not limited to:

- ► Level of capital expenditure incurred compared with the original construction cost estimate
- ► Majority of the assets making up the mining project are substantially complete and ready for use
- ► Completion of a reasonable period of testing of the mine plant and equipment
- ► A specified percentage of design capacity for the mine and rail project has been achieved
- ► Receipt of regulatory clearance and licence as applicable, to operate the mine and rail.

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements. It is also at this point that depreciation/amortisation commences.

At 31 March 2022, the Group assessed that it had not met the criteria above and therefore the mine remained in the development phase as at year end.

Mine rehabilitation

Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions at balance date represent management's best estimate of the present value of the future rehabilitation costs required.

		Year ended 31 March 2022	Year ended 31 March 2021
		$'000	$'000
4	**REVENUE AND OTHER INCOME**		
(a)	**Revenue from contracts with customers**		
	Coal sold	**32,545**	**-**
(b)	**Other income**		
	Recovery of costs from related parties	-	175
	Management fee from related parties	967	1,061
	Miscellaneous income	1,071	1,223
		2,038	**2,459**
5	**GENERAL AND ADMINISTRATION EXPENSES**		
	Employee costs	14,340	6,345
	Legal fees	5,828	5,534
	Insurance	12,602	5,922
	Consultancy and professional fees	7,004	14,520
	Other	15,515	11,272
		55,289	**43,593**
6	**FINANCE COSTS**		
	Interest on loans	4,232	803
	Bank charges	129	100
	Other finance costs	4,805	28
		9,166	**931**
7	**INCOME TAX**		
(a)	**Numerical reconciliation of income tax expense to prima facie tax payable**		
	Accounting (loss)/profit before income tax	**(104,529)**	**388,402**
	At Australia's statutory income tax rate of 30% (2021: 30%)	(31,359)	116,521
	Non-deductible expenditure	14	17
	Prior year adjustment	(1,257)	1,472
	Non-recognition/(recognition) of the tax benefit of tax losses and temporary differences	32,602	(118,010)
		-	**-**
		$	**$**
(b)	**Tax losses**		
	Unused tax losses for which no deferred tax asset has been recognised	**1,359,455**	**1,320,918**
	Potential tax benefit @ 30%	**407,837**	**396,275**

The unused tax losses were incurred but it is not likely that taxable income will be earned in the foreseeable future.

		31 March 2022	31 March 2021
		$'000	$'000
8	**CASH AT BANK AND RESTRICTED BANK DEPOSITS**		
	Cash at bank and on hand	1,050	13,876
	Restricted bank deposits*	15,860	4,352
		16,910	**18,228**

* Restricted Cash at bank represents bank deposits towards issue of bank guarantees (refer note 27(c)).

9	**TRADE AND OTHER RECEIVABLES - Current**		
	Trade receivables	18,335	-
	Advances paid and deposits	7,941	5,803
	Interest accrued - related parties*	18,828	20,959
	Other receivables	8	605
	GST receivables	7,763	3,360
	Prepaid expenses	15,015	1,753
		67,890	**32,480**

* Relates to loans advanced which were partly repaid during the year.

10	**DUE FROM RELATED PARTIES**		
	Current		
	Other related party receivables - repayable on demand	**5,355**	**4,477**
	Non-current		
	Non-interest bearing amounts due from related parties	69,302	337,035
	Interest-bearing amount due from related party	-	5,833
		69,302	**342,868**

Non-interest bearing loans include $25,195,663 (US$18,273,618) (2021: $10,907,040 (US$8,291,532)).

11	**INVENTORIES**		
	Coal stocks	116,872	-
	Spares, stores and consumables	4,448	-
		121,320	**-**

		31 March 2022	31 March 2021
12	**PROPERTY, PLANT AND EQUIPMENT**	**$'000**	**$'000**
	Land		
	At cost	**68,641**	**68,641**
	Buildings		
	At cost	18,039	18,039
	Accumulated depreciation	(15,029)	(13,263)
	Net carrying amount	**3,010**	**4,776**
	Plant and machinery		
	At cost	216,513	94,420
	Accumulated depreciation	(22,541)	(5,965)
	Net carrying amount	**193,972**	**88,455**
	Furniture, fittings and equipment		
	At cost	389	804
	Accumulated depreciation	(317)	(726)
	Net carrying amount	**72**	**78**
	Vehicles		
	At cost	56	56
	Accumulated depreciation	(56)	(56)
	Net carrying amount	**-**	**-**
	Right of use asset		
	At cost	12,505	-
	Accumulated depreciation	(856)	-
	Net carrying amount	**11,649**	**-**
	Total property, plant and equipment		
	At cost	316,143	181,960
	Accumulated depreciation	(38,799)	(20,010)
	Net carrying amount	**277,344**	**161,950**
(a)	**Reconciliation of carrying amounts at the beginning and end of the year**		
	Land		
	Balance at the beginning of the year	68,641	68,641
	Balance at the end of the year - Net carrying amount	**68,641**	**68,641**
	Buildings		
	Balance at the beginning of the year	4,776	6,542
	Depreciation charge for the year	(1,766)	(1,766)
	Balance at the end of the year - Net carrying amount	**3,010**	**4,776**
	Plant and machinery		
	Balance at the beginning of the year	88,455	138
	Additions during the year	122,447	93,478
	Depreciation charge for the year	(16,930)	(5,161)
	Balance at the end of the year - Net carrying amount	**193,972**	**88,455**
	Furniture, fittings and equipment		
	Balance at the beginning of the year	78	91
	Additions during the year	6	-
	Depreciation charge for the year	(12)	(13)
	Balance at the end of the year - Net carrying amount	**72**	**78**
	Right of use asset		
	Additions during the year	12,505	-
	Depreciation charge for the year	(856)	-
	Balance at the end of the year - Net carrying amount	**11,649**	**-**

		31 March 2022	31 March 2021
		$'000	$'000
(b)	***Total Property, plant and equipment***		
	Balance at the beginning of the year		
	Net carrying amount	161,950	75,412
	Additions during the year	134,958	93,478
	Depreciation charge for the year	(19,564)	(6,940)
	Balance at the end of the year - Net carrying amount	**277,344**	**161,950**

13	**OTHER RECEIVABLES - non-current**		
	Security deposit paid to a related party (Refer to Note 18)	138,000	138,000
	Other security deposits	57,786	52,928
	Deferred borrowing costs	1,407	-
	Prepaid expenses	2,493	2,926
		199,686	**193,854**

14 MINERAL RESERVES AND MINE DEVELOPMENT

(a) This balance relates to capitalised exploration and evaluation and mineral reserves and mine development of ML70441 (formerly EPC1690), ML505 and ML506 (formerly EPC 1080). Consistent with Note 2(l), no amortisation is charged during the exploration and evaluation or mineral reserves and mine development phases as the asset is not available for use.

(b) Reconciliation of carrying amounts from the beginning and end of the year:

Mineral reserves and mine development		
At the beginning of the year	1,363,321	1,068,058
Costs incurred during the year	357,114	277,031
Capitalised interest	931	501
Rehabilitation costs (refer note 19)	6,153	17,731
At the end of the year*	**1,727,519**	**1,363,321**

*Net of accumulated impairment provision of $145,967,000.

The Carmichael project is a very large scale project which is unique in nature and involves developing a frontier basin (the Galilee Basin).

The recoverable amount of the project CGU, which includes mine and rail, is based on an independent valuation management's estimate of fair value less cost to disposal (FVLCD) as at 31 March 2022. Given the unique and undeveloped nature of the project CGU, its recoverable amount is highly sensitive variations in key valuation inputs. FVLCD is most sensitive to the following key assumptions:

► Long term coal prices
► Discount rates

In calculating FVLCD:

► The long term coal prices forecast used by the independent valuer is based on external third party forward curves (broker consensus estimates). The coal prices were adjusted, based on independent technical consultant analysis of forecast coal quality, to arrive at appropriate coal price assumptions for the Group's product quality
► The independent valuer applied a post-tax discount rate range of 11.5% to 13% to the post tax cash flows. The discount rate is derived by taking into consideration the industry risk and the expected return on investment by a market participant.
► The Carmichael project is developed in accordance to management's current timetable and first coal.

The valuation undertaken by the independent valuer concluded the carrying amount the assets of the project CGU were within a range of outcomes supported by their valuation. The valuation is highly sensitivity to reasonably possible changes in key valuation inputs and such changes could lead to further impairment. At 31 March 2022, management concluded the carrying amount of the project CGU (net of impairment losses recognised in previous years) approximated its FVLCD and no further impairment or impairment reversal was required at that time.

Sensitivity analysis performed by the independent valuer indicated:

► A reduction in the coal price of 10% would decrease the FVLCD by approximately $1.4 billion.
► An increase in the discount rate of 1% would decrease the FVLCD by approximately $0.3 billion.

		31 March 2022	31 March 2021
		$'000	$'000
15	**TRADE AND OTHER PAYABLES**		
	Trade creditors and accruals	12,827	6,973
	Amounts due to related parties (non-interest bearing and repayable on demand)	3,857	1,354
	Accrued interest due to related party	10,723	10,125
	Accrued interest due to third parties	913	100
	Other payables and accruals	84,278	59,810
		112,598	**78,362**
16	**BORROWINGS**		
(a)	**Non-interest bearing liabilities - current**		
	Loans due to related parties (repayable on demand)	**2,219,146**	**1,841,288**
(b)	**Interest-bearing liabilities**		
(i)	**Current**		
	Equipment financing*	15,671	4,671
	Less deferred borrowing costs	(706)	(379)
	Total current interest-bearing liabilities	14,965	4,292
(ii)	**Non-current**		
	Loan due to a related party**	53,456	-
	Loans due to third parties***	29,768	-
	Equipment financing*	91,313	27,867
	Less deferred borrowing costs	(2,014)	(1,208)
	Total non-current interest-bearing liabilities	172,523	26,659
	Total interest-bearing liabilities	**187,488**	**30,951**

* The Group has signed a Lease-Purchase Agreement denominated in US dollars for the total value of US$211.5 million (2021: US$96 million) to finance the plant and equipment used in the construction and operations of the Carmichael Mine Project. During the year, 23 trucks (2021: 7 trucks) were refinanced under this arrangement, with repayments over 60 months. The facility carries interest at commercial rates.

** Represents a loan from a related party carrying interest at 6 months LIBOR plus a margin of 6.5% per annum. The loan is repayable in September 2026.

*** In November 2021, the Group entered into a facility agreement to refinance an excavator. As at 31 March 2022, the balance of the facility was $10.4 million (2021: $Nil). The facility carries interest at commercial rates.

In December 2021, the Group also entered into a secured loan facility to finance two excavators. As at 31 March 2022, the balance of the facility was $19.4 million (2021: $Nil). The loan carries interest at commercial rates.

17	**CUSTOMER ADVANCES**		
	Amounts due to related party	267,308	394,633
	Amounts due to external parties	27,667	13,944
		294,975	**408,577**

		31 March 2022	31 March 2021
		$'000	$'000
18	**OTHER LIABILITIES**		
	Deferred reimbursement of costs*	138,000	138,000
	Provision for long service leave	240	263
		138,240	**138,263**

*On 31 October 2016, the Company entered into a Deed of Novation (Deed) with North Queensland Export Terminal Pty Ltd (NQXT) (previously Adani Abbot Point Terminal Pty Ltd) and Queensland Coal Pty Ltd (QCPL),whereby QCPL agreed to assign its port capacity under a user agreement with NQXT to the Company for a consideration of $138 million (plus GST). Total consideration received from QCPL in exchange for the Company assuming QCPL's obligation to NQXT under its user agreement has been recorded as a non-current liability, under deferred reimbursement of costs.

In a separate arrangement with NQXT, the Company agreed to make a payment of $138 million as a security deposit towards the performance of its obligation under the user agreement. The security deposit is included in Other receivables - non-current (refer to Note 13).

19	**PROVISION FOR REHABILITATION**		
	Balance at the beginning of the year	17,731	-
	Additional charge for the year	6,153	17,731
	Balance at end of the year	**23,884**	**17,731**

The Group makes full provision for the future cost of rehabilitating the mine site and related production facilities on a discounted basis at the time of developing the mine and installing and using those facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to the mine site, which are expected to be incurred up to 2046, which is when the current producing mine property is expected to cease operations. The provision has been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future coal prices, which are inherently uncertain.

The discount rate used in the calculation of the provision as at 31 March 2022 is 2.74% (2021: 2.14%).

		31 March 2022 $'000	31 March 2021 $'000
20	**LEASES**		
	The Group has a lease contract for an excavator with a 5 year term. The Group's obligations under the lease are secured by the lessor's title to the leased asset.		
(a)	**Carrying amount of right of use asset recognised and the movement:**		
	Additions during the year	12,505	-
	Depreciation expense	(856)	-
	Balance at the end of the year	**11,649**	**-**
(b)	**Carrying amount of lease liability and the movements during the year:**		
	Commencement of the lease	12,504	-
	Accretion of interest	142	-
	Payments	(577)	-
	Foreign currency exchange rate adjustment	(550)	
	Balance at the end of the year	**11,519**	**-**
	Current	**1,671**	**-**
	Non-current	**9,848**	**-**
(c)	**The following are the amounts recognised in profit or loss during the year:**		
	Depreciation expense of right of use asset	856	-
	Interest expense on lease liability*	142	-
	Total amount recognised in profit or loss	**998**	**-**
	* included in Finance costs.		
	Total cash outflows for the lease during the year	**577**	**-**
(d)	**Maturity analysis of future lease payments**		
	Not later than one year	2,218	-
	Later than one year and not later than five years	11,897	-
		14,115	**-**
21	**CONTRIBUTED EQUITY**		
	Issued and paid up capital		
	8,693,556 ordinary shares of $1 each fully paid	8,694	8,694
	Settlor's funds*	-	-
		8,694	**8,694**

*Settlor's funds comprise $10 held by Galilee Transmission Pty Ltd as trustee for Galilee Transmission Holdings Trust.

There were no movements in ordinary shares on issue during the year (2021: nil).

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

22 INTERESTS IN OTHER ENTITIES

(a) Subsidiaries

The Group's subsidiaries at 31 March 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business / country of incorporation	Principal activities	Ownership interest held by the Group	
			31 March 2022	31 March 2021
Galilee Transmission Holdings Pty Ltd	Australia	To act as a holding company	100%	100%
Galilee Transmission Pty Ltd	Australia	To act as a trustee entity	100%	100%
Galilee Transmission Holdings Trust	Australia	To develop transmission infrastructure	100%	100%
Galilee Biodiversity Company Pty Ltd	Australia	To act as a trustee entity	100%	100%
The Galilee Basin Conservation & Research Fund	Australia	To fund conservation and research activities	100%	100%
Adani Minerals Pty Ltd	Australia	To provide services for resource development projects	90%	90%

On 18 June 2020, the Group acquired 1,350,000 shares of $1 each in Adani Minerals Pty Ltd, representing a 90% controlling interest in the company (refer note 22(b)). On acquisition, the Group's controlling interest in the subsidiary's accumulated losses were recorded in the acquisition reserve, and then transferred to the Group's accumulated losses.

(b) Minority interest

	31 March 2022	31 March 2021
	$'000	$'000
Adani Minerals Pty Ltd (refer note 22(a))	**103**	**104**

On acquisition - 18 June 2020	Group's controlling interest at 90% $'000	Minority interest at 10% $'000	Adani Minerals Pty Ltd $'000
Total assets			1,075
Total liabilities			(26)
Net assets			**1,049**
represented by:			
Contributed equity	1,350	150	1,500
Accumulated losses	(406)	(45)	(451)
Total equity on acquisition	**944**	**105**	**1,049**
Post acquisition			
Total comprehensive loss for subsequent years		(2)	
Total equity at the end of the year - minority interest		**103**	

23 RELATED PARTY DISCLOSURES

(a) Parent entities

The Group is controlled by the following entities:

Name	Type	Ownership interest 31 March 2022	Ownership interest 31 March 2021
Adani Global Pte Ltd	Immediate parent entity	100%	100%
Adani Enterprises Ltd	Ultimate parent entity and controlling party	100%	100%

	Year ended 31 March 2022 $'000	Year ended 31 March 2021 $'000
Transactions between the Group and parent entities		
On-charge of financing costs by the ultimate parent entity	**1,407**	**-**

(b) Subsidiaries

Interests in subsidiaries are set out in Note 22(a).

(c) Key management personnel compensation

Total compensation	**6,303**	**5,069**

The amounts disclosed in the table are the amounts recognised as an expense or included in mineral reserves and mine development during the reporting period related to key management personnel.

(d) Transactions with other related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Recharge of expenses - expensed or capitalised	**14,716**	**11,982**
Recovery of costs and management fees	**967**	**1,236**

Terms and conditions of transactions with related parties

► Recharges are based on agreements between parties.

(e) Outstanding balances arising from sales/purchases of goods and services

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

Current receivables		
Other related parties - refer to Notes 9 and 10 for terms and conditions	**24,183**	**25,436**
Current payables		
Other related parties - refer to Note 15 for terms and conditions	**14,580**	**11,579**
Customer advances		
Other related parties - refer to Note 17 for terms and conditions	**267,308**	**394,633**

	31 March 2022 $'000	31 March 2021 $'000
23 RELATED PARTY DISCLOSURES (continued)		
(f) Loans to/from related parties		
(i) Loans to other Key Management Personnel		
Beginning of the year	-	375
Payment received	-	(375)
Closing balance	**-**	**-**
(ii) Loans to other related parties		
Beginning of the year	342,868	139,232
Loans advanced	13,894	250,250
Amounts settled	(286,793)	(30,831)
Movements in foreign exchange rates	(667)	(15,783)
Closing balance	**69,302**	**342,868**
(iii) Loans from other related parties		
Beginning of the year	721,166	891,099
Loans advanced	836,355	16,279
Amounts settled	(61,276)	(24,329)
Movements in foreign exchange rates	7,155	(161,883)
Closing balance	**1,503,400**	**721,166**
(iv) Loans from Adani Global Pte Ltd (immediate parent entity)		
Beginning of the year	1,120,122	1,241,040
Loans advanced	-	122,918
Amounts settled	(397,564)	-
Movements in foreign exchange rates	46,644	(243,836)
Closing balance	**769,202**	**1,120,122**
***(g)* Security Deposit paid**		
Beginning of the year and closing balance	**138,000**	**138,000**
24 PARENT ENTITY FINANCIAL INFORMATION		
The individual financial statements for the parent entity show the following aggregate amounts:		
Statement of Financial Position		
Current assets	211,328	55,089
Total assets	2,486,832	2,118,648
Current liabilities	2,644,264	2,333,550
Total liabilities	2,988,759	2,516,203
Owners' equity		
Contributed equity	8,694	8,694
Accumulated losses	(510,621)	(406,248)
(Loss)/profit for the year	(104,924)	388,437
Total comprehensive (loss)/income	**(104,924)**	**388,437**

	31 March 2022 $'000	31 March 2021 $'000

25 AUDITOR'S REMUNERATION

The auditor of Adani Mining Pty Ltd is Ernst & Young Australia.

Amounts received or due and receivable by Ernst & Young Australia for an audit or review of the financial report of the entity and any other entity in the consolidated group	**132**	**156**

26 CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date but not provided for:

Capital expenditure	205,072	248,584
Land	-	20,000
Total capital expenditure commitments	**205,072**	**268,584**

27 CONTINGENT LIABILITIES

(a) EPC 1080 Royalty

On 29 November 2011, the Company entered into a Royalty Deed (“the Deed”) with Mineralogy Pty Ltd (“MPL”) pursuant to entry of EPC 1080 Eastern Area deed. Inter alia, the Deed requires the Company to pay MPL for coal mined from the eastern area of EPC 1080 (as defined in the Deed).

(b) EPC 1690 Royalty

On 10 August 2010, as part of the Company’s acquisition of EPC 1690 (the “burdened tenement”), the Company entered into an Overriding Royalty Deed (“the Deed”) with Linc Energy Limited (“Linc”). Inter alia, the Deed requires the Company to pay Linc royalty for coal extracted from the burdened tenement, with the exception of the first 400,000 tonnes mined in any one production year. Under the Deed, there is no minimum royalty payable to Linc and the royalty only becomes payable as and when coal is despatched from the burdened tenement. The Royalty is payable for a period of 20 years from the production date. During the year ended 31 March 2016, the Deed was assigned by Linc to Carmichael Rail Network Pty Ltd as trustee for Carmichael Rail Network Trust (CRNT). In May 2019, CRNT entered into a Royalty Income Purchase Agreement ("Agreement") with Queensland RIPA Pty Ltd as trustee for Queensland RIPA Trust (QRIPA) wherein CRNT has agreed to pay royalty income payments to QRIPA.

(c) Bank Guarantees

Guarantees issued by the banks on behalf of Adani Mining Pty Ltd	**14,605**	**5,939**

28 SUBSEQUENT EVENTS

There have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect the Company’s operations, the results of those operations or the Company’s state of affairs in financial years after the year ended 31 March 2022.

Adani Mining Pty Ltd
Directors' declaration

In the directors' opinion:

(a) The financial statements and notes of Adani Mining Pty Ltd and its subsidiaries (collectively the Group) for the financial year ended 31 March 2022 are in accordance with the

  (i) giving a true and fair view of the Group's financial position as at 31 March 2022 and of its performance for the year then ended on that date; and

  (ii) complying with *Australian Accounting Standards - Simplified Disclosures* and the *Corporations Regulations 2001* .

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

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

On behalf of the Board of Directors



Samir Vora
Director

Brisbane, 29 April 2022

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Independent auditor's report to the member of Adani Mining Pty Ltd

Opinion

We have audited the financial report of Adani Mining Pty Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 March 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 March 2022 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

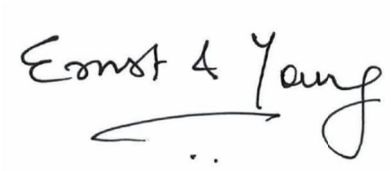
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young



Madhu Nair
Partner
Brisbane
29 April 2022