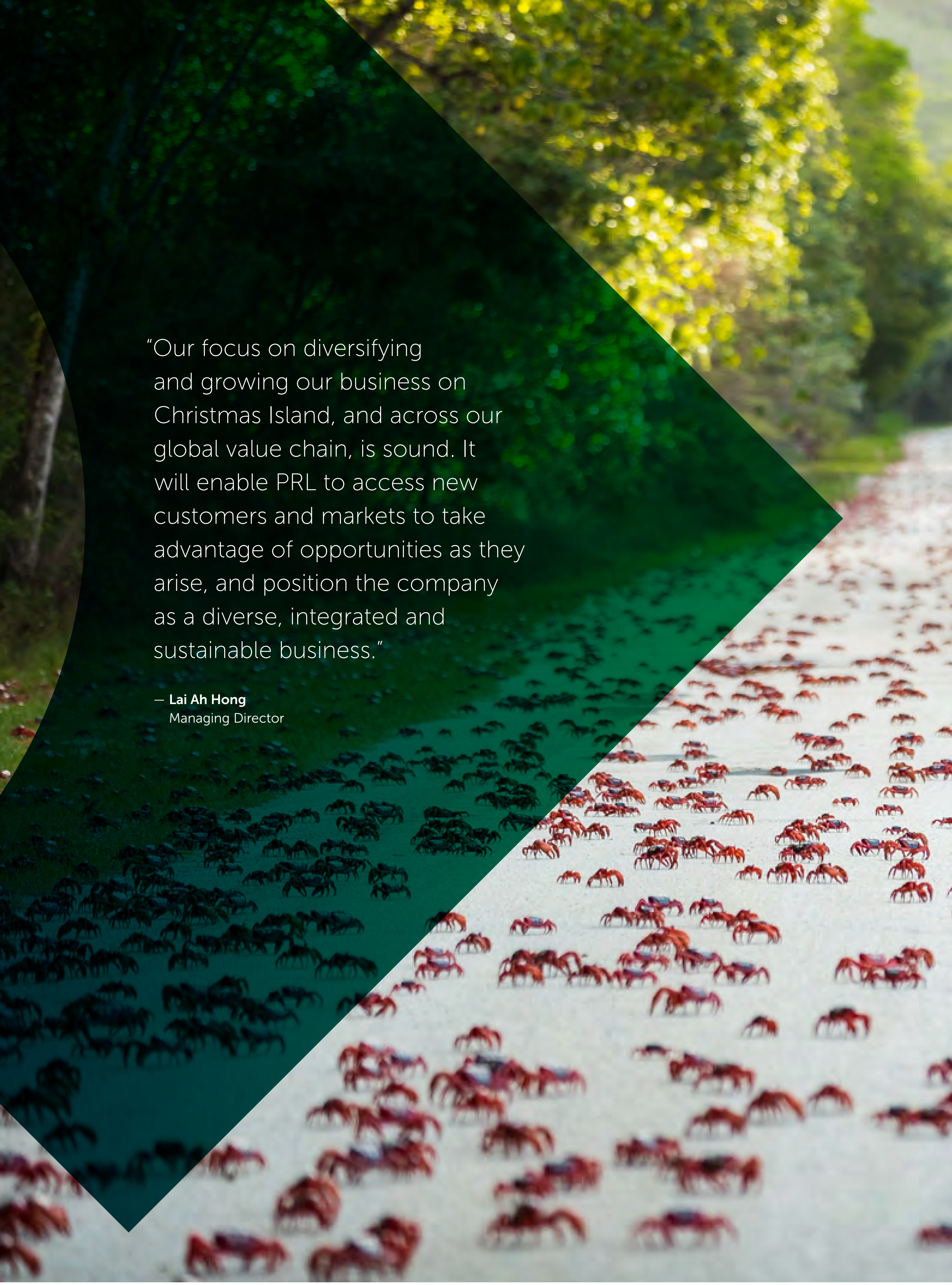
CI RESOURCES

2021 Annual Report

PRL GROUP

Phosphate Resources Ltd

CI RESOURCES



"Our focus on diversifying and growing our business on Christmas Island, and across our global value chain, is sound. It will enable PRL to access new customers and markets to take advantage of opportunities as they arise, and position the company as a diverse, integrated and sustainable business."

— **Lai Ah Hong**
Managing Director

Photographer: Kirsty Faulkner – above and "Crabs" cover image.

Contents

Group Structure

CI RESOURCES

PRL GROUP

Phosphate Resources Ltd

Fertilisers
- Phosphate Resources Malaysia
- Christmas Island Phosphates
- Alphos

Shipping & Logistics*
- PRL Global
- PRL Shipping
- Indian Ocean Stevedores
- Kemoil

Agri-Business
- Pacific Biofert
- Cheekah-Kemayan Plantations Sdn. Bhd.

Island Development†
- Phosphate Resources Properties

Energy‡
- Indian Ocean Oil Co. Pty Ltd
- CI Energy

Services
- CI Maintenance Services

* Shipping & Logistics business unit formed on 1 July 2021 with the acquisition of Kemoil

† Island development initiatives such as tourism and eco-adventure are planned to be separated into a new business unit together with the existing Phosphate Resources Properties entity

‡ Renewable Energy initiatives such as solar are planned to be included into a CI Energy entity

PURPOSE & VALUES

Our purpose is to build a sustainable future

Collaboration
Working together we always thrive

Integrity
Bravely operating with honesty and respect

Customer Excellence
Always over-delivering on expectations

Agility
Dynamic and resourceful at every step

Responsibility
Accountable, trusted and safety-orientated

Empowered Community
Committed to sustainable community outcomes

Performance Highlights

REVENUE

$146.4m

↑ 16.7%

NET PROFIT AFTER TAX

$6.8m

↑ 21,137%

DIVIDENDS & EARNINGS PER SHARE – 2021

EPS 5.88c
DPS 3.0c

↑ 21,137%

SALARIES & JOBS

$24.5m

↑ 38 New Jobs Created

GOVERNMENT CONTRIBUTIONS

$7.8m

COMMUNITY SUPPORT

96%

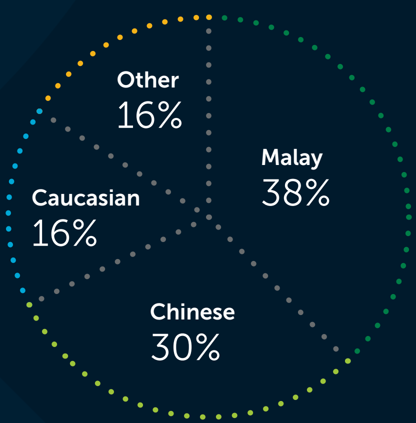
Support for Eco-tourism & Solar Initiatives on Christmas Island

SAFETY

↑ **19%** Hazard Reporting

↑ **15%** Safety-Focused Meetings

DIVERSITY



ENVIRONMENTAL CONTRIBUTIONS

$1.1m

Managing Director's Report

I am delighted to provide my Managing Director's report for CI Resources for the financial year ending 30 June 2021.

I would first like to recognise and thank our dedicated employees across the Company's subsidiaries who have worked hard and safely to meet customer expectations and continued to deliver quality products and services. Also, to our shareholders who have remained committed to the long-term vision of the Company in this our 31st year of operations. Thank you for your support.

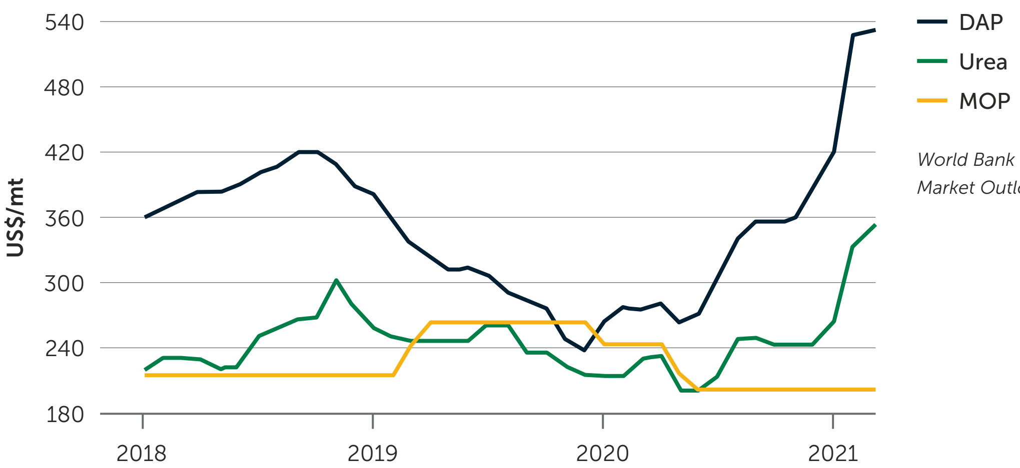
Market Conditions

CI Resources and its core subsidiary Phosphate Resources Ltd (PRL) experienced an improvement in market conditions during the financial year ending 30 June 2021, despite the continuing COVID pandemic impacts on logistics (particularly freight) and labour availability in our key phosphate markets of South East Asia. These green shoots have resulted in an increased demand for our quality fertiliser products.

Our proximity to ports in the region, along with the flexibility afforded by the recently acquired vessel MV Red Titan has also improved our competitive position against suppliers from the Middle East and North Africa. While we welcome these improving conditions, the situation in the region remains unpredictable given the impact of the COVID variant, with shipping costs and availability continuing to put pressure on operations so we need to be cautious.

The outlook for the phosphate and the fertiliser market generally in 2022, as confirmed by the March 2021 World Bank Commodities Market Report, envisages a slight pull back from the recent growth in demand and price across the fertilisers market. Longer term the demand picture remains positive helped by expected growth globally in crop yields to feed the growing global population and the use of biofuels as a sustainable alternative to fossil fuels. The industry also continues to work towards higher standards of sustainability through MSPO (Malaysian Sustainable Palm Oil) and RSPO Certification (Roundtable on Sustainable Palm Oil).

Fertiliser Prices



World Bank Commodities Market Outlook, Mar 2021

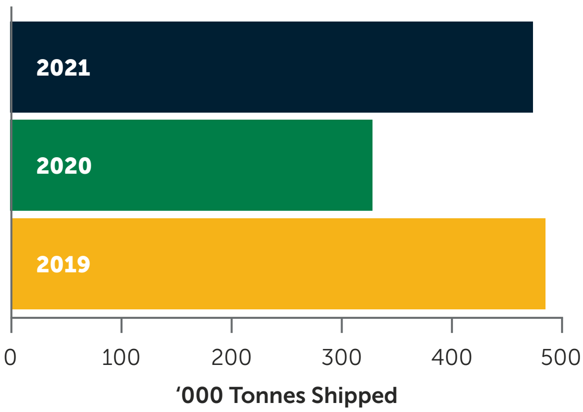
Financial Performance and Production Overview

In the context of these conditions, the consolidated result was an improvement on last year recording a profit before tax for FY 2021 of some $9.5M, compared to the prior year of $0.2M.

Group sales of Phosphate, including external trading, increased to 525,000 tonnes compared to 387,000 in the prior year.

A heavy monsoon season, as a result of La Nina, impacted on our ability to load ships during the traditional Island swell season in early 2021. Nevertheless, there were less shutdowns than experienced in the previous year, mainly due to the lift in customer demand. The significant restructure of the PRL fertiliser operations in 2020 has continued to have a positive impact on our operating cost and flexibility. These measures proved essential in ensuring the operations managed costs despite the difficult operational conditions, and as a result we have seen an increase in profitability at a group level.

Additionally, CI Resources has continued to invest capital to improve systems, infrastructure and training on Christmas Island making improvements in our production processes and pleasingly in our safety statistics. Further, appropriate currency hedging measures have offset currency volatility and provided earning visibility. These measures have enabled the fertiliser operations to continue to reduce its breakeven sales volume as we improve operational efficiencies, increase flexibility and customer responsiveness.



CI Maintenance Services

Christmas Island Maintenance Services (CIMS), a wholly-owned subsidiary, continues to demonstrate the Company's success in executing our long-term diversification strategy.

CIMS has been focused on building its capabilities and service delivery to the Commonwealth in the provision of staff accommodation, concierge and facilities management services for the Commonwealth Detention Centre assets on Christmas Island.

Unfortunately, a recent decision by Department of Home Affairs to reinstate Serco into that role at the NWPIDC, to align with mainland Operational Settings has been disappointing, however this does not impact upon facility management services for other facilities outside of the NWPIDC.

CIMS continues to pursue other opportunities to grow its business in the Indian Ocean Territories and on the mainland.

Diversification Strategy

We have been working hard to further diversify our business, exploring investment opportunities on Christmas Island, in the region and across our global value chain.

Our subsidiaries on Christmas Island including CIMS and Indian Ocean Oil Company, continue to contribute strongly to earnings diversification.

On Christmas Island we are undertaking a due diligence process into an agritourism investment, building upon our earlier investment into Island Fresh joint venture.

We have also completed a process of Master Planning and Pre-Feasibility for a significant tourism development on the Island to position PRL to take advantage of the long-term eco-tourism potential of the Island.

With the support of a grant from the Regional Development Organisation (RDO) we have produced a construction ready design for a 27 km mountain bike track and a feasibility study. We are seeking further support from the Commonwealth through the Building Better Regions Program, for funds to build and operate the track and facilities and create a new tourism product to tap into the exponential growth of this market globally.

In late 2020 we submitted an EOI for a 1-Megawatt Solar Farm Power Purchase Agreement (PPA) to the Commonwealth, to supply renewable energy to the Indian Ocean Territories Power Authority. We are further investigating how we best leverage solar energy for our own purposes. While the process of assessment has been delayed, we expect the RFP to be issued later this year and are committed to a renewable future for Christmas Island.

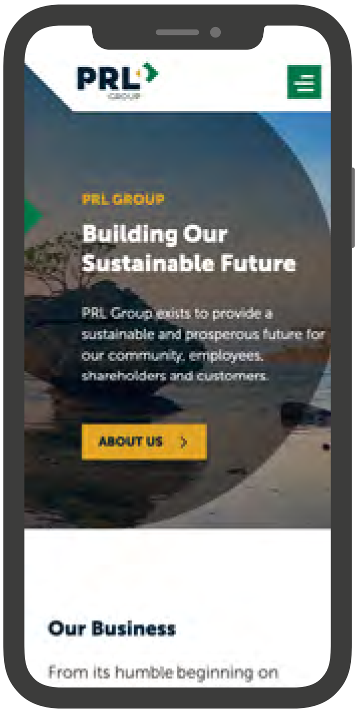
Globally we have continued to build our downstream fertiliser operations in Malaysia with significant investment planned in new fertiliser product manufacture and storage. Further our recently announced controlling stake in Swiss logistics company Kemoil positions the company well to diversify earnings into the high grow West African oil market.

Our Place in the Christmas Island Community

The Company, since its inception in 1990 has been the reliable employer and economic driver for Christmas Island, creating jobs and supporting the Island's rich and diverse cultures as well as providing good returns for shareholders. Several other Island investments and projects have come and gone, however PRL has remained resilient and enduring, and now with our diversification strategy we are helping prepare the way for a more sustainable and diversified economy for the Christmas Island community. The Company has always taken seriously its role as a good corporate citizen and through the 'Our Community, Our Future' program we continue to support the Island's community.

I am proud to release CI Resources' second annual Sustainability Report, now an integral part of our 2021 Annual Report. The report provides insights into some of the key contributions we have made from a sustainability perspective over the past financial year. The report continues to demonstrate our significant contribution to Christmas Island's community, culture, and environment.

We trust you find the report of great interest and I look forward to continuing to work with our community to enable a sustainable Christmas Island into the future.



The Year Ahead

While we have seen some improvement in the past year, the year ahead remains uncertain. The impact of the COVID pandemic and new variants of the disease indicates it is going to be with us for some time. We need to remain vigilant and do what we can to make each other safe, and that means getting vaccinated and minimising risk to our families and communities.

We will continue to build our business through investment in our employees, systems and infrastructure, and ensure we work closely with our customers. Our efforts over the past few years are encouraging and have positioned us well to navigate what is ahead.

Our focus on diversifying and growing our business on Christmas Island, and across our global value chain, is sound. It will enable PRL to access new customers and markets to take advantage of opportunities as they arise, and position the company as a diverse, integrated and sustainable business.

I'm also proud to launch our new website – www.**prl**group.com.au – which better reflects and showcases our diversified business interests, as well as our community and environmental focus areas. We hope you find the content interesting and insightful and look forward to your feedback.

In closing I would thank the Board members, executives, senior managers, shareholders, customers and all employees of our group for their continued efforts and support as we enter our fourth decade of operations.

Lai Ah Hong
Managing Director
30 September 2021

Chairman's Report

It is with pleasure that I present the 2020/21 Annual Report for CI Resources Limited ("the Company").

Wholly owned subsidiary Phosphate Resources Ltd (PRL) in 2020 celebrated the 30th year anniversary of this truly extraordinary company. The Christmas Island community joined together in 1990 in a fight to sustain jobs and a vibrant island community, which it has since delivered, together with excellent returns to its shareholders.

The Company while continuing to be heavily invested in the economic, environmental and social future of Christmas Island, has grown substantially from these humble origins to become an integrated and diversified ASX listed Company with interests across several industries. 2021 marks a further step in that strategic direction.

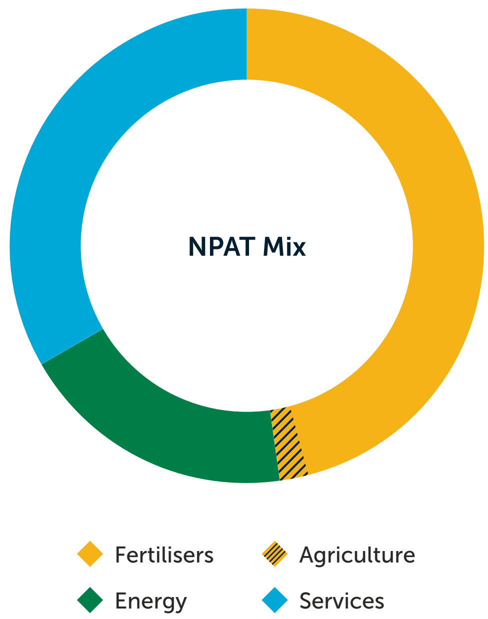
Financial Performance

The year ended 30 June 2021 saw improving market conditions amid the ongoing challenges presented by the COVID-19 pandemic.

The Board and Management have navigated the Company to an underlying net profit after tax of $6.8m with contributions from across the business. Earnings per share for the period equated to 5.88c per share representing a significant increase from the previous period.

Demand globally for fertilisers began to strengthen during this period, buoyed by fertiliser supply and agricultural labour shortages. Conversely, shipping costs and availability presented a significant challenge, cushioned somewhat by owning our own vessel. With Christmas Island's close proximity to our customers and the island's ongoing COVID-19-free status, despite shipping challenges, sales volumes and earnings derived from Christmas Island Rock Phosphate (CIRP) improved significantly from the previous period.

As reported by the Managing Director, the Company's diversified interests beyond phosphate further supported our financial performance with contributions to earnings coming from fertilisers, energy, services and agriculture.



Diversification Strategy

The Company's diversification strategy over the past few years has borne fruit. Our growing assortment of business interests on Christmas Island have been augmented by an increasingly global footprint. As follows I set out some of the more significant investments across our diversified interests.

Phosphate

The Phosphate business incorporates a value chain spanning phosphate operations on Christmas Island through to marketing, sales and fertiliser manufacturing in Malaysia to customers throughout Asia Pacific. The core Phosphate business was a strong contributor to earnings as noted above.

During the period the business placed emphasis on building **Phosphate Resources Malaysia (PRM)** our downstream sales, marketing and manufacturing business in Malaysia. The Company invested in developing a larger array of innovative fertiliser products together with greater capacity to service their needs. PRM are also commenced R&D into Controlled Release Fertilisers which will offer customers high-yield fertiliser customizable to specific plant nutrient requirements, with significantly less applications and related labour required.

Shipping & Logistics

The **PRL Shipping & Logistics** business which comprises bulk shipping and supply chain logistics services, supports the business in linking phosphate and other fertiliser products to customers as well as our internal supply chain. Our bulk commodity ship, the MV Red Titan, provided greater flexibility to service customers in the region and helped alleviate some of the pressure towards the end of the year, posed by the tightening shipping market.

During the period we also executed a significant deal with **Kemoil** (announced to the market in June 2021), to take a 50% controlling stake in the Swiss-based logistics and trading business with significant business interests in the high-growth West African oil market, enabling us to further diversify our earnings base.

Energy

The Energy business underpinned by **Indian Ocean Oil Company (IOOC)** holds a number of substantive contracts in the region to provide reliable and cost-effective energy to the Indian Ocean Territories, Department of Defence, Border Security as well as our own operations. The business continued to perform well while also made some progress in supporting the clean energy transition for the region, developing and proposing to government a Solar Farm concept for Christmas Island. We anticipate progressing this with relevant stakeholders over the course of the next year to assist Christmas Island achieve its ultimate goal of carbon neutrality.

Agri-Business

Our Agri-Business division incorporates farming and food production in Malaysia, and investments into development of a commercial scale agricultural production industry on Christmas Island. During the year we commenced a process to design both this agricultural production systems and a market garden where the community can access fresh produce. We are in the process of finalising the feasibility to commence food production on island in 2022.

Services

The Services business is underpinned by **CI Maintenance Services (CIMS)** the largest service-based operation located in the Indian Ocean Territories, providing a full range of technical, facilities, building and project management services to new and emerging industries in the region. In recent years the Services business has grown significantly and contributes strongly to the Company's earnings, despite the recent loss of part of a government contract at the Immigration Detention Facility at North West Point.

Island Development

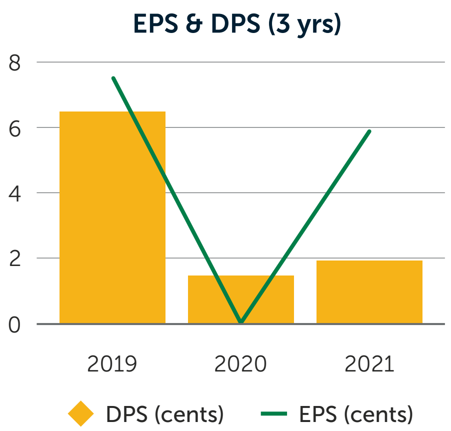
CI Resources is also currently investing in a number of Island Development initiatives relating to Christmas Island and the Indian Ocean Territories. These span tourism, property, hospitality, eco-adventure, training, research and development among other new industries to help sustain the long-term future of the region and its community.

Of particular note, during the year, the Company conducted a pre-feasibility and Masterplan for Tourism on Christmas Island. The focus was on developing larger-scale eco-tourism, with a view to unlocking the island's significant potential and unique attributes. The report had just been completed at the conclusion of the period and the team are now progressing the next steps focused on stage 1 of the tourism roll out.

Dividends

CI Resources has maintained a dividend policy of providing consistent dividends over the past 6 years, and with the brief exception of 2020 when Dividends were suspended, we continued to deliver on our dividend policy during 2021 in view of the recovery in the phosphate market and solid diversified earnings performance.

In the Half Year Report ended 31 December the Company issued a 2.0c dividend, and I am pleased to report a further 1.0c dividend for Shareholders relating to the period ending 30 June 2021.



Sustainability

Sustainability is a key concept for the Company in many forms – earnings and growth, operations and workers' jobs, a vibrant community and the environment which supports all these things.

On the financial front the fertiliser market looks positive over the medium to long term, while our increasingly diversified interests both on Christmas Island and abroad positions the company well. Reiterating my comment in last year's report, based upon our ongoing estimation and review of indicated and inferred resources available to the Company and with our best judgements on current commercial parameters it is reasonable to expect we can sustain viable phosphate operations on Christmas Island for the foreseeable future.

Further our diversified operations are creating new jobs in new industries for new generations of workers both on Christmas Island and across our other operations globally. We actually created 38 new jobs on Christmas Island in the 2021 financial year and our future plans should create many more.

While economically we are a major driver of activity on the island, we also are fully invested in supporting a thriving community and environment for this and future generations. We have set out a Sustainability Roadmap in our Sustainability Report published later in this report establishing some clear goals and timeframes around specific program areas covering economic, social and environmental development.

Future

The Board of CI Resources is of the view that the Company is well positioned to leverage an improving fertiliser market, deliver savings from internal efficiencies, and further diversify earnings in the period ahead, while continuing to deliver for our customers.

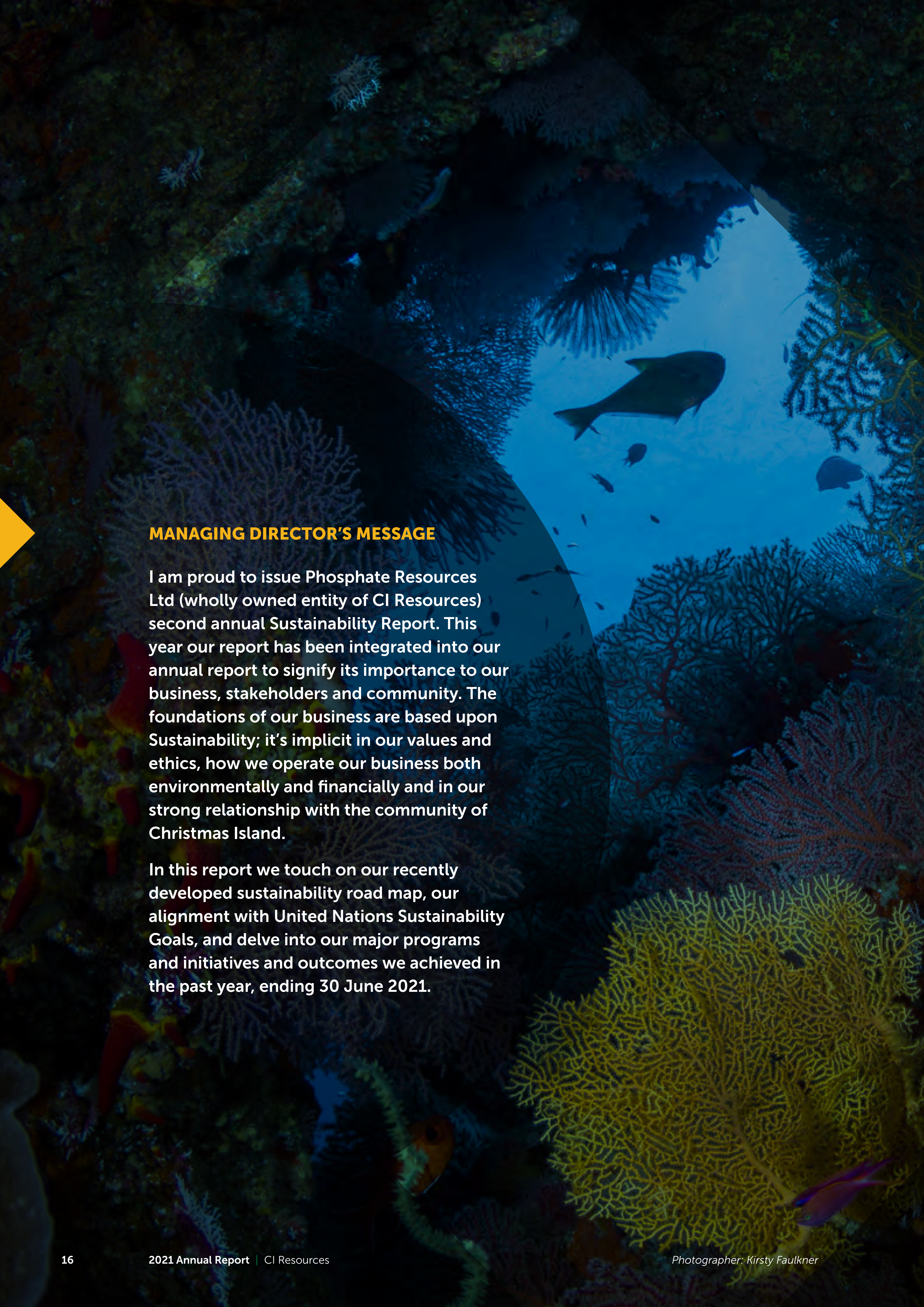
We retain full confidence in our Leadership team, to navigate the Company through the challenges and opportunities which lie ahead and continue to deliver on our growth and diversification strategy and in turn create sustainable and long-term value for our shareholders.

I finally take this opportunity on behalf of the Board to thank our shareholders, employees, managers and executives for their contributions to a successful outcome in challenging circumstances.

David Somerville
Chairman
30 September 2021

PRL GROUP

Sustainability Report 2021



MANAGING DIRECTOR'S MESSAGE

I am proud to issue Phosphate Resources Ltd (wholly owned entity of CI Resources) second annual Sustainability Report. This year our report has been integrated into our annual report to signify its importance to our business, stakeholders and community. The foundations of our business are based upon Sustainability; it's implicit in our values and ethics, how we operate our business both environmentally and financially and in our strong relationship with the community of Christmas Island.

In this report we touch on our recently developed sustainability road map, our alignment with United Nations Sustainability Goals, and delve into our major programs and initiatives and outcomes we achieved in the past year, ending 30 June 2021.

Photographer: Kirsty Faulkner

PRL Sustainability Road Map

Sustainability Goal

Growing our Business / Sustaining our Community / Protecting our Environment

Road Map & Principles

- Focus on our strengths and economic viability
- Engage, listen and collaborate with our key stakeholders
- Achieve meaningful, measurable and impactful outcomes
- Be aware of and well positioned to respond to emerging issues
- 'We own it and show it' approach with disclosure & transparency

Scorecard

Build

- Education & Training
- Environment
- Community Development

Accelerate

- Economic Diversification
- Renewable Energy
- Emissions Reduction

Maintain & Evolve

- Safety, Health and Wellbeing
- Diversity and Inclusion
- Values and Culture

Sustainability

Initiatives and plans

- Stakeholder Engagement
- Identify New Business Opportunities
- Data Collection, Evaluation, Monitoring and Measurement
- Change Management
- Skill Development
- Employee Communication

Growing Our Business

Economic Diversification

CI Resources Ltd (CIRL) and its wholly owned subsidiary Phosphate Resources Ltd (PRL) have a deep commitment to Christmas Island. We have a residential-based workforce and as the enduring and largest private employer with diversified interests on the island, we are seeking to ensure ongoing jobs and opportunities for the community and a thriving local economy into the future.

The Company has since its inception been actively pursuing a diversification strategy investing several million dollars into the Christmas Island economy; subsidiaries of PRL include:

- CI Maintenance Services Pty Ltd (CIMS) – CIMS provides asset management services to the Department of Home Affairs, to support the Christmas Island Detention Centres, along with providing other general on-island maintenance services, including for PRL.
- Indian Ocean Oil Company Pty Ltd (IOOC) – IOOC is the sole supplier of petrol, diesel burner fuel, and future Solar Energy on the Island and is contracted by the Federal Government to supply diesel to the Navy, Australian Border Force and Power Station.
- Indian Ocean Stevedores Pty Ltd (IOS) – IOS provides pilotage, agency, survey and consulting services to vessels calling in at Christmas Island. This service is largely underwritten by PRL.

OUR PURPOSE IS TO:

Build a sustainable future

- Joint venture in a biological fertiliser company in New Zealand, Pacific Biofert Fertilisers.
- PRL Shipping (PRLS) – Owns a vessel, the Red Titan, a freight and Phosphate Bulk carrier vessel. The operation of PRLS has been able provide much needed competition and reduce the cost of freight to the Island by bringing freight in, and backloading phosphate out.

PRL are pursuing further diversification, through a new phase of tourism, infrastructure and agricultural projects, including a solar farm, agri-tourism and market garden offerings, an Eco-Resort Development and a Mountain Bike facility to help create new and exciting tourism products for the Island. These projects are future looking activities, part of a business strategy to accelerate diversification of the Christmas Island economy away from one largely dependent on mining.

Christmas Island Tourism Master Planning

The Company has committed to a significant new step in diversification with the completion of a Master Planning and Pre-Feasibility study into a substantial tourism development on Christmas Island. The project was led by highly credentialed remote island tourism development consultants from Dubai in conjunction with Australian-based remote-island specialists TOPO.

The work included detailed on-the-ground assessment of the natural assets offered by the land being considered along with Christmas Island in general. From this a grand vision was captured in a Tourism Masterplan for Christmas Island, and then divided into a scalable roll-out phases to allow sustainable tourism development.

A bankable feasibility on the proposed development will be progressed over the next two years. Subject to support from Government, community and financial stakeholders the full Masterplan phased rollout is planned over a 10-year period. The developments include a 3-to-4-star eco-lodge/chalets, and a cliff-top luxury eco-resort on leased land to the northeast of Christmas Island.

This project is a central aspect of the Company's Diversification agenda providing an opportunity to unlock the enormous eco-tourism potential of Christmas Island, bringing in new cohorts of guests to enjoy the natural wonders on offer. Equally importantly, this development offers future economic and employment opportunities for the Christmas Island community. It will also help to preserve the environment with ecologically sound developments and increased tax revenue which can be directed to protecting and enhancing the Christmas Island environment.

The projects will complement our work in developing new tourism products for the Island, such as mountain biking, fresh food production, agritourism and renewable energy.

Christmas Island Agricultural Production

The Company has developed a clear vision to improve the quality and availability of fresh produce for Christmas Island and the region. This is driven by the fact that the community currently gets the bulk of its fresh produce by ship or air, with resulting negative impacts on cost, freshness and increased carbon footprint caused by produce being transported great distances.

In recent years the Company has invested in agricultural research via the MINTOPE Program in partnership with Murdoch University and the Federal Government. We have also entered into the Island Fresh joint venture with community-supported Hidden Garden Organic Farms. A key learning from our agricultural experience is that growing fresh produce in open-field environments is challenging given Christmas Island's unique combination of soil, weather and ecology. Further, that controlled environment agricultural production systems would be needed to produce at a community-scale.

We recently completed a feasibility for a significant new agricultural production business which will encompass growing fresh produce both in open fields and within more sophisticated controlled systems including greenhouses and hydroponics. This also includes some agri-tourism offerings including a harvest café offering a farm-to-table experience, open fields for picnics and concerts and market gardens with fresh produce available for the community and visitors to Christmas Island.

From this feasibility we are planning to invest in agriculture over the next 24 months to help expedite the development of critical food infrastructure for Christmas Island. This will enhance food security, unlock agritourism as a new tourism offering, and provide opportunities for research, thus helping to further drive economic diversity in the IOTs.

- **Technically Advanced PV Solution**
- **Robust Design for Local Conditions**
- **Meet Strategic Plan Carbon Reduction Targets**
- **Reduce cost of Energy for Consumers**
- **Long-term commitment to IOT and ability to deliver**

Christmas Island Solar Energy Project

PRL is strong supporter of the Australian Government's renewable energy and climate change agendas. On Christmas Island power generation is primarily provided by diesel fuel. Further the Christmas Island Strategic Plan 2030 which was published in 2020, ambitious targets of 20% of all energy coming from renewables by 2024 and 60% by 2030, off a near-zero base.

Given the Island's location and climate it is ideally suited to renewable energy, particularly solar, noting that due to the Island's unique flora and fauna and abundant birdlife, wind-based energy generation on a large scale is problematic.

PRL have been actively advocating with government to pursue sustainable renewable energy solutions for the Island's power generation. As a result of our efforts, the Commonwealth, last year announced an Expression of Interest (EOI), for a Public Private Agreement (PPA) for a 1MW solar farm. PRL responded successfully and are awaiting the launch of the Request for Tender (RFT) process, planned to be released before the end of 2021.

Our proposed solution is technologically advanced and configured for the existing grid, robustly designed for Christmas Island's challenging environment and highly scalable to cater to future growth in energy demand and share of energy provided by renewables. This is designed to significantly reduce Christmas Island's carbon footprint together with energy costs for the Commonwealth, business and the community, which we are committed to supporting.

Additionally, PRL is already adopting the use of roof top solar for its business operations, buildings and housing as part of our commitment to a more sustainable Christmas Island. These strategies once fully implemented will result in significant wins for the environment, for government and the community.

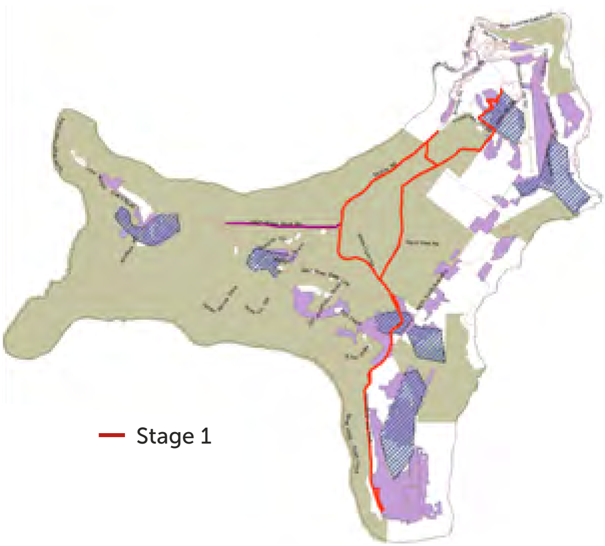
Christmas Island's stunning natural beauty and rich cultural history combine to provide a perfect setting for mountain bike riding. Mountain biking is a major eco-tourism opportunity for Christmas Island, and is particularly attractive for Australian adventurers in a COVID stretched economic reality.

Christmas Island Mountain Bike Project

PRL over the past 18 months has invested approximately $200,000 into developing a new adventure tourism product for Christmas Island. In partnership with Adventure Freak and the recently formed Christmas Island Mountain Bike Association (CIMBA). The project builds on the exponential growth of mountain biking throughout the world. The project will also support the Christmas Island economy, employing locally during and after its completion, boost community recreation offerings and allow the CIMBA to attract world class events and a new cohort of adventure-seeking tourists.

Stage 1 of the Christmas Island Mountain Bike Trails project involves the construction of a 29 km long world class, eco-friendly mountain bike trail, which will serve as the main feeder path to another 70 kms of proposed looping trails around the island. The spectacular track, meandering through tropical rainforests, dramatic cliffs and diverse wildlife, will be a tourist magnet for everyone, from international adventurists, to local families.

PRL, CIMBA and Adventure Freak, supported by the grant from the Regional Development Organisation (RDO) and the Assistant Minister for Regional



Development and Territories has contracted with Three Chillies, a prominent West Australian track construction company, to complete a construction ready design. The work has been completed for the creation of 29 kilometres of trails, targeted at the beginner and progressing rider. CIMBA is currently seeking further support via the Building Better Regions Program (BBRF) for funding to construct the track.

Our Community
Our Future

Sustaining Our Community

'Our Community, Our Future' is dedicated to a sustainable Christmas Island. Through our flagship community development program, we continue our efforts to help maintain a strong and stable community into the future.

The program has four streams:

- Sponsorship and Donations; focussed on sporting clubs and events, history, art and culture.
- Community Programs; supporting seniors, education, youth and the environment.
- Community Care; arising from the COVID-19 pandemic we have developed a Community Care stream which provides support for seniors and vulnerable residents, small business and tourism.
- Community Futures; designed to support economic sustainability.

Community Woodworking Classes

PRL 30th Anniversary – Chinese Drumming

Seniors Week Activities

Territory Week – Family Day

Over $200,000 in funding was allocated to the Sponsorship and Donations, Community Programs and Community Care streams for the 2020-21 financial year. Below is a snap shot of the initiatives we have supported over the past year.

Suzane Chan Chinese Dance Group Dance Clothing/accessories	**Waterfall Ma Chor Nui Nui Templ** Ma Chor Nui Nui Goddess Birthday
CI Catholic Church Committee Easter Celebration 2021	**Poon Saan Kuan Yin Temple** Kuan Yin Goddess Birthday
CI Golf Club 2021 CIP Golf Club Championship	**Hidden Garden Sustainable Farms** CI Best Garden Competition
Australian Federal Police CI Youth Forum	**CI Golf Club** CIMS Monthly Medal
CI District High School CI Community Woodwork Lessons	**CLA** Chap Goh Meh
CI Badminton Community Badminton Competition	**Indian Ocean Territories Health Service** R U OK? Program
Poon Saan Club Inc. 2021 Club Programs – Mandarin Class, Celebrations	**JOM Ho-Ho-Holiday** Christmas Gifts from IOOC and CIMS
CI Robbers Rugby League Club Junior League Program – Partnership	**CI District High School** Country Week 2021
Drumsite Old Dryers Tai Pak Kong Temple Tai Pak Kong God's Birthday Celebration	**CI Stories** Community Stories
Sheng Wong Temple Sheng Wong God's Birthday	

Funding Area Breakdown

Financial Year July 2020 – June 2021

Community	15%	Culture	10%
Arts	10%	Sports	10%
Education	10%	Legacy	25%
Religious	7.5%	History	12.5%

Community Feedback Survey

PRL Community Perceptions Reporting

In 2020, a community survey and consultation opportunities were completed to determine the Christmas Island community's understanding and views on mining and an array of diversification opportunities proposed by PRL. In addition, questions regarding the community's understanding of PRL's community well-being initiatives were also asked. The following provides an overall summary of key findings.

KEY STATISTICS

194
Completed community surveys

65%
Respondents independent of PRL

All industry sectors
represented by respondents

PRL's Diversification Opportunities

PRL is dedicated to supporting the long term economic and social future of Christmas Island. In order to support the future, in line with the Our Christmas Island 2030 Strategic Plan, three diversification projects are being investigated. This includes:

- A proposed eco-tourism resort and solar farm;
- Mountain bike tracks and support facilities across the Island; and,
- Access to small areas of unallocated crown land for mining, under the CI Strategic Assessment.

KEY STATISTICS

86%
aware that PRL investigating projects

66%
aware of eco-tourism resort proposal

71%
aware of mountain bike track and facilities

55%
aware of mining leases proposed

Proportion of respondents who strongly support, support or are neutral to diversification projects

96%
Eco-tourism resort and solar farm
(4% not supportive)

93%
Mountain bike tracks and support facilities
(7% not supportive)

78%
Access to 3 small areas of unallocated crown land for mining
(22% not supportive)

Photographer: Kirsty Faulkner

Sabina Loh, Scott de Kruijff CIP Resident Manager, Nuri Mohd Fauzi, Leanne Yan, Pei Wan Tan.

Education and Training

PRL Bursary and Achievement Awards, in partnership with Christmas Island District High School, has provided financial support or scholarships and bursary awards for promising students. In 2020 for years 10 to 12, we provided an opportunity for students to apply for Bursary Awards. A total of $8,000 is available to be shared amongst the successful candidates.

The students are required to submit an application in either a written, audio or video form explaining what they aspire to through education and how the award can assist them.

During the 2020 Year 12 Graduation, the Bursary Awards were presented to Leann Yan, Nuri Mohd Fauzi, Sabrina Loh and Pei Wan (Natasha) Tan for their outstanding submissions.

The following are some extracts from their successful submissions; PRL wishes them great success with their studies.

Sabrina Loh

I am a year 12 graduate of 2020 from CIDHS and am applying for the CIP Bursary Award Program to help fund my Bachelor of Biomedical Science degree at The University of Notre Dame in Perth in 2021. I am enrolled in Biomedical Science because it explores a wide range of science coursework that will enable me to develop diverse skills and experience. Furthermore, completing this degree will be a launching point for me to commit to further studies, whether that is undertaking medicine or expanding my knowledge with commencing a long-term research project. As well as completing this degree, I intend to complete a Pre-Medicine Certificate that Notre Dame offers.

My experience of the culture on Christmas Island has been all about looking out for each other and so I am passionate about helping others. Growing up in this small community has immensely influenced my decision to work in a field that has potential to solve problems that people have created. I aspire to pursue a STEM (science, technology, engineering and mathematics) career, particularly having an aspiration to work in the medical science field, as I wish to help underprivileged people in poorer countries to have better access to essential needs, whether that is developing new medicine or working with a group of people to come up with inexpensive innovations that will be sustainable in the long term. This further inspires me to undertake the Biomedical Science degree as I will have the chance to make a difference in the scientific community early on in my career.

Photographer: Kirsty Faulkner

Leann Yan

The fact that next year in 2021, I will be moving to Perth to commence a double degree in Environmental Biology and International Relations at Curtin University, has only started to dawn on me. I will be leaving my home of 18 years and embarking on an exciting new journey.

I can proudly say from experience that Christmas Island is one of the most multicultural regions of the world. This is evident in the island's public holidays for the celebrations of Chinese New Year, Australia Day and Hari Raya, which are what I always look forward to. The intermingling of the island's multitude of cultures during these joyous events is what I truly believe embodies the concept of multiculturalism; this is what I aspire to promote to the world. Now that the time for me to leave the island is nearing, I have realised that I have taken for granted the cultural acceptance that flows so naturally within our community.

Through the study of a degree in international relations at Curtin University, I hope that I will be able to gain more insight into global diplomatic relations in order to encourage greater cultural acceptance worldwide. This will challenge me to be flexible and adaptable in tackling the issue of cultural intolerance in changing environments. The study of Environmental Biology will fuel my love for both the terrestrial and marine environments; I will gain a deeper understanding into the interconnectedness of different environments in order take action into preserving our precious wildlife.

Nuri Mohd Fauzi

Christmas Island has been my home for 17 years and I believe it will always be my home no matter where, or how far away, I decide to go. Growing up, my grandma would always tell me stories of her time on Christmas Island, as well as its rich history. She is one of many seniors that live on the Island and carry this history with them. However, because of their age, these people are the most vulnerable and require immediate attention if they feel unwell. In the past few years, my grandma has had to take frequent trips to Perth to do check-ups and undergo several treatments for her diabetes and other health conditions. Because Christmas Island and its people have contributed so much to the person I have become, I want to repay this debt by studying at university in hopes of researching way in which I can help improve health services for remote locations including Christmas Island.

Receiving this bursary will add to the countless ways in which the Christmas Island has supported me and it will further assist me on my journey to study Medical Radiation Science at Curtin University. This bursary will provide me with the funds necessary for this course, as well as other resources that I will require when endeavouring to achieve my goal. By enhancing my understanding of these processes, I will become well educated in ways I can play my part in helping this beautiful community. Giving back to the island, and the people that have helped make it the place that it is today, is one of my goals as it has been the greatest privilege of my life to live here.

CIDHA/PRL Inaugural Alumni Event at Optus Stadium

Christmas Island District High School Alumni

This year PRL has been supporting CIDHS in its efforts to establish an Alumni Association which brings together ex-students and teachers. This year we held the inaugural Alumni event at Optus Stadium. Despite the challenges of COVID-19 and bad weather impacting on flights, preventing travel from the Island, we were able to get together a group of ex-students and teachers who shared their experiences and wonderful memories. There was also a strong commitment to support the Alumni Association and a build a support network for the school.

Training and Apprenticeships

The Company has an ongoing commitment to training and development of our workforce and community.

Since 2007 we have provided 39 apprenticeship and traineeship opportunities to locals with 13 graduates still currently working in the group. Some highlights include:

- Currently we have 7 active apprentices and 1 Trainee , including 1 Mechanical Fitter, 1 Boilermaker, 2 Electricians, 2 Heavy Diesel Fitters, 1 Auto Electrician and 1 OHS Trainee.
- The Company is planning a further intake in 2021/22.
- Ongoing leadership development training, OHS and technical training is provided to both management and employees.

Diversity

Workplace diversity is not simply acknowledging differences such as age, disability, ethnicity, gender or expression of religion and sexual orientation. It involves positively creating an environment that embraces and values differences, as a business's core competitive advantage and promoting inclusiveness. Its advantages are many;

Individuals from diverse backgrounds can offer a selection of different talents, skills, and experiences, that may be of benefit to the organization and their work performance.

By working alongside people of different backgrounds, experiences and working styles, creative concepts can be born from bouncing ideas off of each other and offering feedback and suggestions.

Language barriers and cultural differences can often act as a bit of an obstacle for a company who want to expand their business overseas; however, by hiring employees who speak different languages and from different cultures it can make it possible for a company to work on a global basis and interact with a broader client base.

A company who embraces diversity will attract a wider range of candidates to their vacancies, as it will be viewed as a more progressive organization and will appeal to individuals from all walks of life.

Employees are more likely to feel comfortable and happy in an environment where inclusivity is a priority. Equality in the workplace is important for encouraging workers from all backgrounds to feel confident in their ability and achieve their best.

With PRL's operational base on Christmas Island and Malaysia and with an administrative and corporate presence in Perth and Singapore, we have a strong ethnic diversity base (refer to Fig. 1). However, we do have some way to go in the representation of women in the management and senior levels of the organisation (refer to Fig. 2), which is an area we intend to focus on in the future.

Fig. 1 – Staff Ethnicity Mix

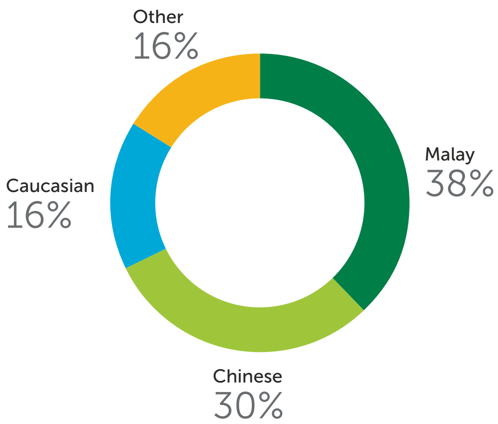
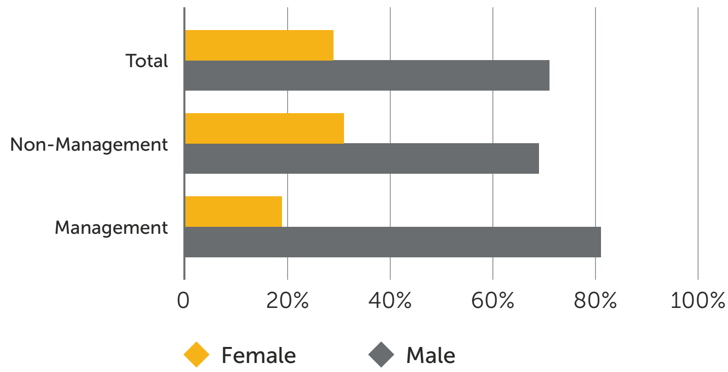


Fig. 2 – Staff Gender Mix



↑ 19.5%
HAZARDS REPORTED

↑ 200%
NEAR MISSES REPORTED

↑ 15%
SAFETY-FOCUSED MEETINGS

Occupational Health and Safety

Phosphate Resources Limited, continues to move forward with our rigorous and collaborative approach to safety. Joint safety focus includes:

- Building our new PRL information management system for Quality, Environment and Safety, which will allow continuity in safety management across the group.
- Investing in strong leaders with the leadership program.
- The review of the Information Management Systems and the development of the PRL Strategic Plan, that will allow us to identify the challenges and opportunities for the group.

The Company remains committed to a focus on safety with improvements to plant, processes and structures being ongoing and iterative.

While the Total Recordable Injury Frequency Rate remains high at 24.26 this is a decrease of 17%, from last financial year. Lost Time Injury Frequency Rate remains similar to previous years at 16.17 although time off given by medical practitioners was minimal as injuries were minor with only one workers compensation claim.

Highlights

- The introduction of the Seven Golden Rules of Safety: the branding, visual impact and clear wording allows focus on the critical risks and behaviours that are expected (refer to next page).
- Increased Reporting: In conjunction with the number of hazards reported increasing by 19.5% the increase of over 200% in the number of reported near misses indicates we are well on the path towards a proactive safety culture.
- More OHS Meetings: Our suite of safety focused meetings have increased by 15% with the introduction of a quarterly contractors WHS meeting and the increased frequency of health and safety representatives meetings.
- Visual Leadership: which is an important focus for a safe work environment and documented interactions which now average forty per month representing a significant increase.
- Increased Communications: which includes a daily report from the managers meeting that is communicated at department pre-starts, information reported includes statistics from the previous day and a weekly safety focus.


PRL GROUP
Our 7 Golden Rules of Safety
I will isolate when required to do so
I will protect myself from falls when working at heights
I will not place myself under a suspended load
I will only operate machinery with the correct authorisation, licensing and competency
I will work with a valid work permit when required
I will not enter a delineated hazardous area without authorisation
I will follow all confined space protocols before entering
CHRISTMAS ISLAND PHOSPHATES


PRL GROUP
7 Peraturan Penting Keselamatan


PRL GROUP
七项黄金安全准则

Photographer: Kirsty Faulkner

Protecting Our Environment

$1.1m
TOTAL SPEND

Conservation Levy

Rehabilitation Trials

Feral Cat Eradication Project

Nest Box Project

Conservation Levy

The Company as part of our mining lease requirement pays a significant conservation levy, based on each tonne of exported rock phosphate, to support conservation activities on Christmas Island. The funding is mostly deployed on the Christmas Island Forest Rehabilitation Program for benefit of the Island's natural environment.



Nick Gan, COO, and consultant, Peter Skinner, checking progress on the trial sites

Rehabilitation Trials

The pictures below illustrate trials carried out at Field 17, there are 2 distinct methods being employed. The "Habitat Node" method is applied where there are lots of surface rocks and these are raked into piles creating trafficable areas around them. Seeds of endemic plants are simply broadcast on and around the mounds.

The other method is where surface rocks are not such an issue. Here, rip lines are created with a dozer at certain intervals but following the contour line. Seed is spread along the rip lines.

Both methods establish shelter for migratory crabs, collect rainfall and provide habitat for other endemic fauna, enabling attractive and ecologically sustainable regrowth. The areas in the photographs range between from between 18 to 24 months.

Feral Cat Eradication Program

Feral cats are a major threat to Christmas Island's wildlife and are implicated in the decline of the island's native birds and reptiles. There are estimated to be hundreds of feral cats on the island, and they combine with other invasive predators such as rats, crazy ants, wolf snakes and giant centipedes to present a fearsome threat to native species.

The eradication plan is underpinned by an enduring cat-control partnership between the Australian Government, the local community, biodiversity experts and major on-island organisations including PRL. While PRL provided $1.35 M for the first 3 years of the program. This year PRL provided a further $60,000 to support the program.

Nest Box Project

In 2017, CIP initiated a project to evaluate the potential conservation value of artificial nest-boxes on Christmas Island. Our key focus was to determine whether Christmas Island Hawk-owls or other Island species would use artificial hollows, and whether this use was influenced by factors such as location, habitat type, tree height, and nest-box design.

The Christmas Island Hawk-owl (Ninox natalis) – Christmas Island's only owl species – is restricted to the Island, and is one of 11 owls found in Australia. Environmental consultants Range to Reef designed the nest-boxes, with input from Parks Australia staff and ornithologists with experience working on the hawk-owl or on nest-box projects. With the assistance and hard work of the Christmas Island District High School students and teachers, 30 nest boxes were constructed as part of their Technology Education curriculum. The boxes are regularly monitored and some have cameras to monitor activity at the site.

Worker conducting broadcasting manuring activity

External Auditors interviewing the Manuring workers

MSPO/RSPO Update

The Malaysian Sustainable Palm Oil (MSPO) Certification Scheme is the national scheme in Malaysia for oil palm plantations, independent and organised smallholdings, and palm oil processing facilities to be certified against the requirements of the MSPO Standards. MSPO aspires to provide a credible and internationally recognised national palm oil certification scheme towards promoting sustainable management of oil palm in Malaysia.

The Responsible Sustainable Palm Oil (RSPO) has developed a set of environmental and social criteria which companies that produce Certified Sustainable Palm Oil (CSPO) must meet. These criteria can help to minimize the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions. The World Wildlife Fund (WWF) have been active along with the industry in the establishment of RSPO.

One of the most important RSPO criteria states no primary forests or areas which contain significant concentrations of biodiversity (e.g. endangered species) or fragile ecosystems, or areas which are fundamental to meeting basic or traditional cultural needs of local communities (high conservation value areas), can be cleared.

Other RSPO principles stipulate a significantly reduced use of pesticides and fires; fair treatment of workers according to local and international labour rights standards, and the need to inform and consult with local communities before the development of new plantations on their land.

Only by being RSPO-certified by an independent auditor approved by the RSPO can producers claim that they produce, use and/or sell sustainable palm oil.

PRL's plantation assets in Malaysia fully comply with MSPO. Recently the PRL board made a significant commitment to pursue RSPO accreditation for its Palm Oil assets. As we set out in the 2020 Sustainability Report the Company set a target date of achieving RSPO by 2025. We are currently tracking well ahead of this target and will continue to provide updates noting that due to the onerous nature of this certification, only a small minority of plantations currently meet this standard.

The Need For Sustainable Palm Oil

Fulfils increasing global food demand

Supports affordable food prices

Support poverty reduction

Safeguards social interests, communities and workers

Protects the environment and wildlife

Sustainability Metrics

PRL is keenly focussed on applying the principle of continuous improvement, through the adoption of key metrics, to support our efforts in sustainability.

Sustainability Area	Sustainability Target	Timing
Mine-site Remediation and Rehabilitation	Pending the release of the Commonwealth Governments review of the CI Rainforest Rehabilitation Program. PRL is committed to working with the Commonwealth and the National Park in the establishment of an outcome focused and cost-effective program which can achieve a better more sustainable environmental outcome for the Island.	Jun 2022
Environmental Management	Meet all Action Plan requirements by Dec 2020 to achieve full compliance with our Environmental Management Plan	Jun 2022
Hawk Owl Nest Box Project	Expand the project in partnership with the Christmas Island High School to provide environmental skills development opportunities for students	Jun 2022
Roundtable on Sustainable Palm Oil (RSPO)	Achieve RSPO Accreditation for all of our Malaysian plantations by December 2025 – Status – On Target	Dec 2025
Community Development	Complete a community survey of the 'Our Community, Future program in the next 6 months and implement recommendations. – Completed – Included in 2021-22 Report	Apr 2021
Diversity	1. Implement a program to attract and employ and train women in Trade and Skilled areas within the PRL Group	Jun 2022
	2. Increase the percentage of women employed in in the PRL group to 30% by Dec 2025 – On target	Dec 2025
	3. Increase the percentage of women employed in the PRL group management team to 30% by Dec 2025 – On target	Dec 2025
Occupational Health & Safety	Reduce the Total Reportable Lost Time Frequency Rate by 10%	Jun 2022

Photographer: Kirsty Faulkner

Reports & Governance

Corporate Directory

Directors

Mr David Somerville – Chairman
Mr Lai Ah Hong
Dato' Sri Tee Lip Sin
Mr Tee Lip Jen
Mr Adrian Gurgone
Dato' Sri Kamaruddin bin Mohammed

Share Register

Computershare Investor Services Pty Ltd
Level 2 Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

T +61 8 9323 2000
F +61 8 9323 2033

Auditor

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Stock Exchange Listings

CI Resources Limited shares are listed on the Australian Securities Exchange

Ordinary fully paid shares (ASX code: CII)

Principal Registered Office in Australia

6 Thorogood Street, Burswood
Western Australia 6100

T +61 8 6250 4900
E info@ciresources.com.au
www.ciresources.com.au

Bankers

Westpac Banking Corporation
109 St George's Terrace
Perth, Western Australia 6000

Solicitors

Steinepreis Paganin Lawyers
Level 4 Next Building
16 Milligan Street
Perth WA 6000

Directors' Report

The Directors of CI Resources Limited (the Company) present their report together with the financial statements of the Group comprising of the Company and its subsidiaries (together referred to as the Group or CI Resources) for the financial year ended 30 June 2021 and the auditor's report thereon.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated. Where applicable, all directorships held in listed public companies over the last three years have been detailed below.

Names, qualification, experience and special responsibilities

David Somerville

Chairman – Non-Executive (Appointed 28 November 2008)

Experience & Expertise

Mr. David Somerville holds a Bachelor of Business degree from Curtin University and a Master of Business Administration from Deakin University. He is an Associate member of CPA Australia and a Fellow of the Australian Institute of Management.

Mr. Somerville has an accounting background having been a senior partner in a large Western Australian accounting practice, before establishing a financial services company which listed on the Australian Securities Exchange in 2007. He has over 31 years experience in a corporate capacity across a number of companies and a number of industry sectors including financial, resources and property development.

Mr. Somerville is the Chairman of the Investment Committee and a member of the Audit & Risk Management Committee.

Other Directorships

David Somerville currently holds no other directorships of ASX Listed companies. He was Chairman of ASX Listed Questus until 11 May 2021.

Lai Ah Hong

Managing Director (Appointed 9 March 2015)

Experience & Expertise

Mr. Lai Ah Hong has been a driving force in the growth and success of Phosphate Resources Limited, from its humble beginnings 30 years ago. Lai came to Christmas Island from Malaysia in 1978, working in a range of roles at the British Phosphate Commission (BPC) and Phosphate Mining Christmas Island (PMCI), as well as successfully starting his own business in retail and trading.

He played a leading role when the Christmas Island community came together to form PRL, investing their hard-earned savings and reopening the mine in 1990. Lai was a founding director of the newly formed entity. He is a passionate advocate for the Christmas Island community and building a diverse and sustainable economy that can support future generations of Islanders.

Under his leadership the Company has been transformed into an integrated and diversified business with interests in mining, agribusiness, energy, asset management, maintenance, transport and logistics. Lai is by nature, an entrepreneur with a keen eye for unlocking business opportunities. He has extensive experience in the phosphate mining and fertiliser industries in Australia and South East Asia.

Mr Lai is a member of the Investment Committee.

Other Directorships

Mr. Lai held no other directorships of ASX listed companies during the last three years.

Dato' Sri Tee Lip Sin

Director – Executive Director (Appointed 1 September 2015)

Experience & Expertise

Dato' Sri Tee Lip Sin holds a Bachelor of Arts in Business Administration (Human Resources Management) from the University of Wales, an Associate Diploma in Commerce from Curtin University Australia and an Executive Diploma in Plantation Management from the University Malaya.

He has been involved in palm oil milling and management of palm oil plantations since 1995. Currently, he sits on the board of a number of private companies and is also the Executive Director for the Prosper Group of Companies which holds seven palm oil mills and 60,000 acres of palm oil plantations. He also has experience in operating 35,000 acres of plantation in Indonesia. Dato' Sri Tee Lip Sin was appointed Executive Director of Phosphate Resources (Malaysia) Sdn Bhd and Phosphate Resources (Singapore) Pte Ltd, both wholly owned subsidiaries of CI Resources, effective from 1 July 2015.

Dato' Sri Tee Lip Sin is a member of the Investment Committee.

Other Directorships

Dato' Sri Tee Lip Sin held no other directorships of ASX listed companies during the last three years. He is a Director of United Malacca Berhad, a Malaysian Company that is listed on the Main Board of Bursa Malaysia Securities Berhad.

Tee Lip Jen Director

Non-Executive (Appointed 18 March 2011)

Experience & Expertise

Mr. Tee Lip Jen holds a Bachelor of Mechanical Engineering from the Royal Melbourne Institute of Technology (RMIT). Since graduating from Australia, Lip Jen started his career as a Process Engineer in the manufacturing industry for 2 years before expanding his experience as a Project Engineer in a refinery plant specialising in producing downstream palm oil products.

He is currently the Assistant Chief Engineer in charge of overseeing engineering and production activities in ten palm oil mills with an estimated production output of 410,000 metric tonnes of crude palm oil per year. Apart from managing the daily activities in palm oil mills, he is also in charge of overseeing three palm oil plantation estates located in Negeri Sembilan, Malaysia with an estimated acreage of 3,400 acres.

Mr. Tee Lip Jen is a member of the Audit & Risk Management Committee, Investment Committee and Remuneration & Nominations Committee.

Other Directorships

Mr. Tee Lip Jen held no other directorships of ASX listed companies during the last three years.

Adrian Gurgone Director

Non-Executive (Appointed 18 March 2011)

Experience & Expertise

Mr. Adrian Gurgone is an experienced Chartered Accountant and MBA with significant investment, board and business leadership experience. He held senior roles with Deloitte Consulting along with a UK top-tier consulting firm, prior to establishing a successful boutique management consultancy and investment firm in 2007, advising multinational and mid-cap organisations globally.

His experience encompasses investment, strategy, financial and business analysis, risk management and corporate governance across a range of industries including mining and resources. Adrian has held several directorships on private sector and not for profit boards.

Mr. Gurgone is the Chairman of the Audit & Risk Management Committee and is a member of the Remuneration & Nominations Committee.

Other Directorships

Mr. Gurgone held no other directorships of ASX listed companies during the last three years.

Dato' Sri Kamaruddin bin Mohammed

Director – Non-Executive (Appointed 17 January 2013)

Experience & Expertise

Dato' Sri Kamaruddin is a business and finance graduate and a Senior Fellow of Financial Services Institute of Australasia (SF FIN). He has had an extensive business career with Pelaburan Mara Berhad (formerly known as Amanah Saham Mara Berhad) retiring as Group Managing Director in 2008.

He has had considerable experience with the palm oil industry and is currently Group Executive Chairman of the Malaysian listed palm oil group, Far East Holdings Berhad. He is also the Chairman of Pascorp Paper Industries Berhad. He is a Director of Amanah Saham Pahang Berhad. Dato' Sri Kamaruddin was appointed Chairman of Cheekah-Kemayan Plantations Sdn Bhd effective from 1 July 2015.

Dato' Sri Kamaruddin is Chairman of the Remuneration & Nominations Committee and is a member of the Audit & Risk Management Committee.

Other Directorships

Dato' Sri Kamaruddin held no other directorships of ASX listed companies during the last three years.

Directors' interests in shares and options

As at the date of this report the interests of the Directors in the shares and options of the Company were:

	Ordinary Shares		Options over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
Mr David Somerville	-	-	-	-
Mr Lai Ah Hong	-	4,235,442	-	-
Dato' Sri Tee Lip Sin	783,786	33,630,388	-	-
Mr Tee Lip Jen	1,229,150	-	-	-
Mr Adrian Gurgone	-	-	-	-
Dato'Sri Kamaruddin bin Mohammed	-	150,000	-	-

Retirement, election and continuation in office of directors

In accordance with the Constitution, Mr Adrian Gurgone and Dato' Sri Kamaruddin bin Mohamed will retire, in rotation, as directors at the Annual General Meeting to be held in November 2021 and being eligible, will offer themselves for re-election.

Company Secretary

Elizabeth Lee

B Bus, FGIA, Grad. Dip. Corp. Gov. ASX Listed Entities *Company Secretary*

Ms. Lee has over 20 years' experience in the areas of corporate governance and company secretarial functions. Prior to joining CI Resources Limited, Ms. Lee held company secretarial positions for Phosphate Resources Limited, Macmahon Holdings Limited, Corporate Compliance Partners and Lend Lease Primelife Limited. Elizabeth also performed contract company secretarial roles with Macquarie Bank Limited and Austock Group Limited.

Ms. Lee holds a Bachelor of Business majoring in Finance and Business Law from Edith Cowan University, a Graduate Diploma in Corporate Governance from Governance Institute of Australia, a Graduate Diploma in Corporate Governance for ASX Listed Entities from Kaplan Financial Institute and is a Fellow member of the Governance Institute of Australia.

Principal activities

The principal activities during the year of entities within the consolidated entity were:

- mining, processing and sale of phosphate rock, phosphate dust and chalk;
- providing earthmoving, fuel pilotage, maintenance and stevedoring services to other Christmas Island organizations and
- operating a palm oil estate, processing and sale of palm oil products.

Review and Results of Operations

A summary of consolidated revenues and results is set out below:

	Results 2021 $'000s	Results 2020 $'000s
Revenue	146,424	125,516
Profit before income tax expense	9,471	215
Income tax expense	(2,675)	(183)
Net Profit after income tax expense	6,796	32

Earnings per share	**2021**	**2020**
	Cents	**Cents**
Basic earnings per share	5.88	0.03

Dividends

Dividends totaling 2 cent per share have been paid during the year ended 30 June 2021. The Directors recommend that a final dividend of 1.0 cent per share be paid in respect of the year ended 30 June 2021.

Financial Position

At the end of the financial period the consolidated entity had net cash balances of $33.804 million (2020: $44.149 million) and net assets of $192.456 million (2020: $190.210 million).

Total liabilities amounted to $59.361 million (2020: $59.792 million), being trade and other creditors, provisions and borrowings.

Impact of COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. We have seen an impact on our business to date described below. The outbreak and the response of Governments in dealing with the pandemic has affected general activity levels within the economy and the operations of the Group. The scale and duration of these developments remain uncertain as at the date of this report.

The Group has initiated and maintained strict hygiene protocols across our operations and workplaces to minimise the potential transmission of COVID-19 and to ensure the well-being of our people and contractors. Additional risk mitigation strategies enabling the Group to maintain operational production were implemented.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company or its controlled entities during the financial year other than that referred to below and in the financial statements or notes thereto.

Significant Events after the Balance Date

Subsequent to year end, CII's wholly owned subsidiary, PRL Global Pty Ltd, acquired a 50% stake in Kemoil SA, Geneve (Kemoil), a non-listed company based in Switzerland.

Other than this, no matters or circumstances that have arisen since 30 June 2021 that has significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years, or
- the results of those operations in future financial years, or
- the consolidated entity's state of affairs in future financial years.

Likely Developments and Expected Results

Based upon our ongoing estimation and review of indicated and inferred resources available to the Company and with our best judgements on current commercial parameters it is reasonable to expect we can sustain viable mining operations on Christmas Island through to the late 2020's and that the palm oil business will continue to provide reasonable returns for the foreseeable future.

The Company is well positioned to leverage on an improving fertiliser market, deliver savings from internal efficiencies, and further diversify earnings in the period ahead.

Environmental Regulation and Performance

The Consolidated Entity's holds various licenses regulating its mining activities on Christmas Island and also holds environmental licenses from the operation of a palm oil mill issued by Malaysian Government.

Licenses issued by the Commonwealth Government of Australia and Malaysian Government include general environmental conditions, air pollution control conditions and water control conditions. These conditions regulate the management of mining waste and restoration, dust, liquid chemical storage and water monitoring.

There have been no significant known breaches of the Consolidated Entity's licenses.

Shares Options

There were no options over ordinary shares and no ordinary shares of CI Resources Limited issued during the period ended 30 June 2021 on the exercise of options.

Indemnification and Insurance of Directors and Officers

During or since the financial year, the Company has paid premiums in respect of a contract insuring the Directors of the Group, the company secretary and all Executive officers of the Group and of any related body corporate against a liability incurred as such a Director, Secretary or Executive officer to the extent permitted by the *Corporations Act 2001*. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors and officers liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract. The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Group or of any related body corporate against a liability incurred by an officer.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, 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 during or since the financial year.

Meetings of Directors

The number of meetings of the Company's board of directors held during the year ended 30 June 2021 and the number of meetings attended by each director were:

	Directors' Meeting		Audit & Risk Management Committee		Investment Committee		Remuneration & Nomination Committee	
	A	*B*	*A*	*B*	*A*	*B*	*A*	*B*
Mr David Somerville	4	4	4	4	2	2	-	-
Mr Lai Ah Hong	4	4	-	-	2	2	-	-
Dato' Sri Tee Lip Sin	4	4	-	-	2	2	-	-
Mr Tee Lip Jen	4	4	4	4	2	2	2	2
Mr Adrian Gurgone	4	4	4	4	-	-	2	2
Dato' Sri Kamaruddin	4	4	4	4	-	-	2	2

A – Number of meetings held during the time the Director held office during the year.
B – Number of meetings attended.

The CI Resources Board has established an Audit & Risk Management, Remuneration & Nomination and Investment Committees.

Audit & Risk Management Committee

The role of the Audit & Risk Management Committee is to oversee the Group's financial reporting, setting the risk parameters of the Group and overseeing the Group's systems of internal control and its risk management framework.

The members of the Audit & Risk Management Committee are Mr. Adrian Gurgone (Chair), Dato' Sri Kamaruddin, Mr David Somerville and Mr Tee Lip Jen.

Investment Committee

The role of the Investment Committee is to assist the Board in fulfilling its responsibilities in evaluating investment opportunities. In fulfilling this purpose, the Committee will review the investment opportunities and make recommendations to the Board.

The members of the Investment Committee are Mr David Somerville (Chair), Mr Lai Ah Hong, Mr Tee Lip Jen and Dato' Sri Tee Lip Sin.

Remuneration & Nomination Committee

The Board of CI Resources Limited is responsible for ensuring that the remuneration arrangements for the Group are aligned with the overall business strategy and shareholders' interests.

The role of the Remuneration & Nomination Committee is to advise the Board on Directors and Executives remuneration. The Committee makes recommendations to the Board on Executive remuneration arrangements, including where appropriate, all awards under the Long Term Incentive (LTI) plan and approves the targets and level of the Short Term Incentive (STI) pool.

The members of the Remuneration & Nomination Committee are Dato' Sri Kamaruddin (Chair), Mr. Adrian Gurgone and Mr Tee Lip Jen.

A copy of the charter of the Audit & Risk Management, Remuneration & Nomination and Investment Committee are available on the corporate governance page on the Company's website: **www.ciresources.com.au**

Rounding

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

Non-Audit Services

No non-audit services were provided by the Auditors during the year ended 30 June 2021. The Board has considered the Audit & Risk Management Committee's advice, that any non-audit services provided by Ernst & Young, by the auditor is compatible with, and did not compromise, the general standard of auditor independence imposed by the *Corporations Act 2001* for the following reasons:

- any non-audit services provided do not involve reviewing or auditing the auditor's own work or acting in a management or decision-making capacity for the company; and
- any non-audit services are subject to the corporate governance procedures and policies adopted by the company and have been reviewed by the Audit & Risk Management Committee to ensure they do not affect the integrity and objectivity of the auditor; and
- there is no reason to question the veracity of the auditor's independence declaration.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 48.

Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

The information in this section has been audited as required by section 308(3c) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration

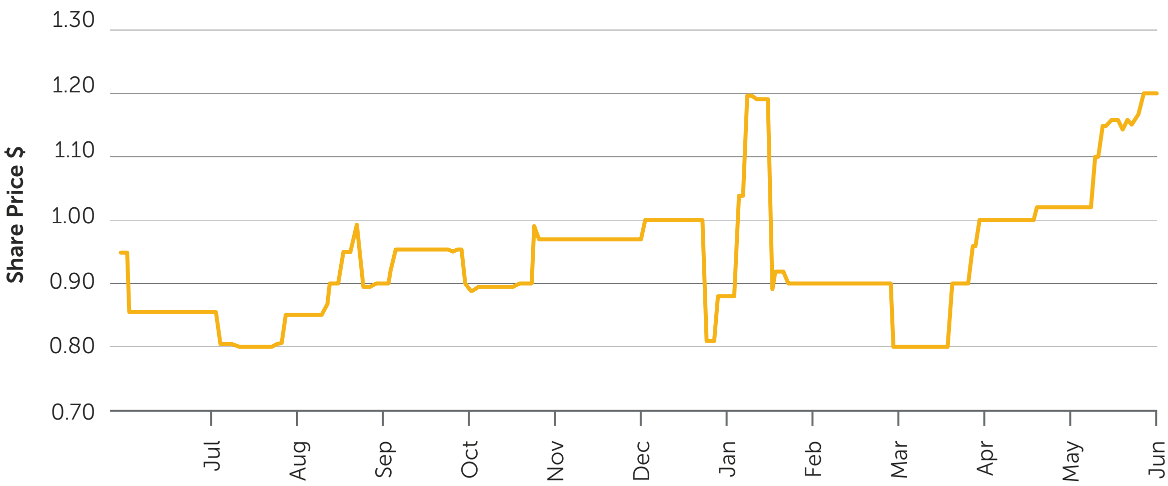
In order to maintain and attract directors to facilitate the efficient and effective management of the Consolidated Entity's operations, the board established a Remuneration and Nominations Committee on 9 March 2015 which reviews the remuneration of directors on an annual basis and makes recommendations to the Board.

The bonus disclosed in the remuneration report is discretionary and takes into account the Company's financial performance and the creation of shareholders' value. During the year, there was no material impact on remuneration due to the impact of COVID-19.

Below is information on the Consolidated Entity's performance for the previous four financial years and for the current year ended 30 June 2021.

	2017	2018	2019	2020	2021
Basic earnings per share (cents)	17.81	18.30	7.50	0.03	5.88
Dividends per share (cents)	11.0	10.0	6.5	1.5	2.0
Share price (cents)	150	175	144	95	120

The Company's share price performance shown in the below graph is a reflection of the Company's performance during the financial year ended 30 June 2021.



Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees and payments are reviewed annually by the Remuneration & Nominations Committee and the Committee makes recommendations to the Board. The Board also ensures Non-Executive directors' fees and payments are appropriate and in line with the market as determined by comparison with companies of a similar size. The Chairman's fees are determined independently to the fees of Non-Executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors' fees

The current base remuneration was last reviewed on 29 June 2021. Directors' remuneration is inclusive of committee fees.

Non-Executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The total maximum currently stands at $880,000.

Remuneration packages may contain the following key elements:

- Director's fees
- Consultancy fees
- Post-employment benefits – superannuation
- Other non-cash benefits

The directors are also remunerated for any additional services they render to the Company and such services are carried out under normal commercial terms and conditions. Engagement and payment for such services are approved by the other directors with no interest in the engagement of such services.

Executive remuneration

The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms with market best practice for delivery of reward.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

The Consolidated Entity has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- focuses on the creation of shareholder value and returns
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution.

The executive pay and reward framework has the following components:

- Fixed remuneration (base salary, superannuation & other non-monetary benefits)
- Variable Remuneration (incentives through participation in bonus arrangements)

The combination of these components comprises the executive's total remuneration.

Fixed Remuneration

Base salary
Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market.

Non-monetary benefits
Executives may receive benefits including memberships, car allowances and reasonable entertainment.

Retirement benefits
Directors and employees are permitted to nominate a superannuation fund of their choice to receive superannuation contributions.

Retirement allowances for directors

There is no provision for retirement allowances for non-executive directors.

Variable Remuneration

Executives are paid a discretionary bonus subsequent to the financial year end based on the profit of the Group for the previous year.

B Details of remuneration

During the financial year to 30 June 2021, the directors and key management personnel of the Company were:

Directors of CI Resources Limited

- Mr David Somerville – Non-Executive Chairman
- Mr Lai Ah Hong – Managing Director
- Dato' Sri Tee Lip Sin – Executive Director
- Mr Tee Lip Jen – Non-Executive Director
- Mr Adrian Gurgone – Non-Executive Director
- Dato' Sri Kamaruddin bin Mohammed – Non-Executive Director

Other key management personnel of CI Resources Limited

- Mr Darren Gold – Group Chief Financial Officer

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

2021	Short-term benefits				Long-term benefits	Post-employment benefits		
Name	Cash fees and consulting $	Bonus* $	Non-monetary benefits $	Annual leave $	Leave and other entitlements $	Superannuation $	Total $	Total Performance related
Directors of CI Resources Limited								
Mr David Somerville	103,139	-	2,213	-	-	11,861	117,213	-
Dato' Sri Tee Lip Sin	99,473	-	-	-	-	-	99,473	-
Mr Tee Lip Jen	74,000	-	-	-	-	-	74,000	-
Mr Adrian Gurgone	75,336	-	-	-	-	8,664	84,000	-
Dato' Sri Kamaruddin bin Mohammed	94,000	-	-	-	-	-	94,000	-
Lai Ah Hong	561,760	27,633	78,552	51,310	14,965	67,780	802,000	3.4%
Other key management personnel								
Darren Gold	308,750	20,000	12,294	27,720	24,744	37,806	431,314	4.6%
Total	**1,316,458**	**47,633**	**93,059**	**79,030**	**39,709**	**126,111**	**1,702,000**	**-**

2020	Short-term benefits				Long-term benefits	Post-employment benefits		
Name	Cash fees and consulting $	Bonus* $	Non-monetary benefits $	Annual leave $	Leave and other entitlements $	Superannuation $	Total $	Total Performance related
Directors of CI Resources Limited								
Mr David Somerville	154,843	-	10,000	-	-	17,807	182,650	-
Dato' Sri Tee Lip Sin	204,649	10,000	-	-	-	-	214,649	4.7%
Mr Tee Lip Jen	114,000	-	-	-	-	-	114,000	-
Mr Adrian Gurgone	112,242	-	-	-	-	12,908	125,150	-
Dato' Sri Kamaruddin bin Mohammed	136,300	-	-	-	-	-	136,300	-
Lai Ah Hong	619,462	110,000	70,169	57,011	51,911	83,888	992,441	11.1%
Clive Brown†	70,487	-	-	-	-	24,804	95,291	-
Other key management personnel								
Darren Gold	308,750	50,000	15,339	27,720	24,890	41,256	467,955	10.7%
Total	**1,720,733**	**170,000**	**95,508**	**84,731**	**76,801**	**180,663**	**2,328,436**	**-**

** Amount paid during the year relating to prior year*
† Resigned on 31 December 2019

Options provided as remuneration and shares issued on exercise of such options

There were no options issued to key management personnel for the financial years ended 30 June 2021 and 30 June 2020.

Option holdings

No key management personnel held options over ordinary shares in the Group during the current year ended 30 June 2021 (2020: Nil)

Shareholdings

The numbers of shares in the Company held during the financial year by each director and the key management personnel of the consolidated entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Terms of Employment

Remuneration and other terms of employment for the non-executive directors are not formalised in service agreements.

Remuneration and other terms of employment for the Managing Director and Chief Financial Officer are formalised in employment contracts: The Company may terminate the executives' employment by paying 12 months salary plus accrued short term and long term benefits. Employment may be terminated immediately for serious misconduct. The executives may terminate their employment by giving 3 months' notice.

2021 Name	Balance at the start of the period	Changes during the period	Balance at the end of the period
Directors of CI Resources Limited			
Mr David Somerville	-	-	-
Dato' Sri Tee Lip Sin	34,414,174	-	34,414,174
Mr Tee Lip Jen	1,229,150	-	1,229,150
Mr Adrian Gurgone	-	-	-
Dato' Sri Kamaruddin bin Mohammed	150,000	-	150,000
Mr Lai Ah Hong	4,235,442	-	4,235,442
Other key management personnel			
Mr Darren Gold	-	2,500	2,500

C Share-Based Compensation

There were no share based payments to directors or other key management personnel during this or the previous financial year.

D Additional Information

Loans to directors and executives

There are no loans to directors or executives.

Other transactions with key management personnel

- Mr Lai Ah Hong is the owner of property MQ 717 on Christmas Island leased to Phosphate Resources Ltd for three years ending 10 April 2023. Mr Lai Ah Hong received a total rent of $26,000 during the year (2020: $26,000).
- Mr Lai Ah Hong is the owner of property 86 Unit B, Block 790 Lam Lok Road, Drumsite, Christmas Island leased to CI Maintenance Services Pty Ltd. Mr Lai Ah Hong received a total rent of $24,000 during the year (2020: $24,398).
- Mr Adrian Gurgone is the director of Ethical Accounts. Ethical Accounts provided consultancy services for the Group totaling $219,587 (2020: $46,200) during the year.

Shares under option

There are no unissued ordinary shares of CI Resources Limited under option at the date of this report.

– End of Audited Remuneration Report –

Proceedings on behalf of the Company

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

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.

David Somerville
Chairman

Lai Ah Hong
Managing Director

Perth, Western Australia
30 September 2021

Auditors Independence Declaration

Ernst & Young
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Perth WA 6000 Australia
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Fax: +61 8 9429 2436
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Auditor's independence declaration to the directors of CI Resources Limited

As lead auditor for the audit of the financial report of CI Resources Limited for the financial year ended 30 June 2021, 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; and

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

This declaration is in respect of CI Resources Limited and the entities it controlled during the financial year.

Ernst & Young

Russell Curtin
Partner
Perth
30 September 2021

RC:TGF:CIR:008

Corporate Governance Disclosures

The Board of CI Resources Limited ("CIR") ("the Company") and the entities it controls is ("the Group") is responsible for the corporate governance of the Group. The Group is committed to protecting and enhancing shareholder value and adopting best practice governance policies and practices. This Corporate Governance Statement dated 30 June 2021 and approved by the board of directors of CIR ("the Board") on 29 August 2021, outlines the key principles and practices of the Group against the ASX Corporate Governance Principles and Recommendations 4th Edition ("the Recommendations"). CIR's Corporate Governance Statement can also be found in the Corporate Governance section of the Company Profile section on its website at: **www.ciresources.com.au**

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Group's practices depart from the Recommendations.

Principle 1 – Lay Solid Foundations for Management and Oversight		
	Recommendation	**CI Resources Limited's Current Practice**
1.1	A listed entity should have and disclose a board charter setting out: a) The respective roles and responsibilities of its board and management; and b) those matters expressly reserved to the board and those delegated to management.	**Adopted.** The Board has adopted a Board Charter which outlines the role and responsibility of the Board and management and the matters reserved to the Board. The Board determines the strategic direction of the Company by regularly monitoring and evaluating the performance and status of each of the Company's projects and activities. The Board has delegated the day-to-day management of the Group and its business to the Managing Director. The Managing Director is supported in this function by Senior Executives with responsibilities as delegated by the Managing Director. A copy of the Board Charter can be found on the Corporate Governance page on CI Resources website. (www.ciresources.com.au)
1.2	A listed entity should: a) undertake appropriate checks before appointing a director or senior executive or putting forward for election as a director; and b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	**Adopted.** Material information in relation to a director up for election or re-election is provided in the Notice of Meeting for each AGM including background, other material directorships, term and the Board's consideration of them as independent director, and the Board statement as to whether it supports the election or re-election of the candidate. Thorough checks are made prior to appointing all senior executives.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	**Adopted.** All directors, including non-executive directors, and senior executives of the Company have a written agreement with the Company setting out the terms of their appointments.

Principle 1 – Lay Solid Foundations for Management and Oversight

	Recommendation	CI Resources Limited's Current Practice
1.4	The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.	**Adopted.** The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.
1.5	A listed entity should: a) have and disclose a diversity policy; b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives, and workforce generally; and c) disclose in relation to each reporting period: i) the measurable objectives set for that period to achieve gender diversity; ii) the entity's progress towards achieving those objectives; and iii) either: 1) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or 2) if entity is a ''relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	**Adopted.** The Company recognises the value contributed to the Group by employing people with varying skills, cultural backgrounds, ethnicity and experience. The Group believes its diverse workforce is the key to its continued growth, improved productivity, and performance. We actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated. 68% of the Group's employees are from Chinese and Malay descent. The Board is comprised of six males with a female company secretary. Five senior executives, who report directly to the Managing Director, are male and 19% of the Group's managers are female. The Group has 29% female employees, which has increased by 5% in the past year. The Board has set diversity objectives, which are detailed in its Sustainability Report which is available, together with the Diversity Policy, on the Corporate Governance page on CI Resources website. (www.ciresources.com.au)
1.6	A listed entity should: a) have and disclose a process for periodically evaluating the performance of the Board, its committees, and individual directors; and b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process or in respect of that period.	**Adopted.** The Company has a performance evaluation policy which requires the Group to undertake annual performance review measures for the Board, its committees and individual directors. The most recent review was conducted in November 2020 in accordance with that policy. A copy of the Description of the performance evaluation process for the Board and directors can be found on the Corporate Governance page on CI Resources website. (www.ciresources.com.au)
1.7	A listed entity should: a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and b) (disclose for each reporting period, whether a performance evaluation had been undertaken in accordance with that process during or in respect of that period.	**Not adopted.** Formal performance evaluation of senior executives is conducted annually, but the process has not been disclosed publicly.

Principle 2 – Structure the Board to be Effective and Add Value

	Recommendation	CI Resources Limited's Current Practice
2.1	The board of a listed entity should: a) have a nomination committee which: i) has at least three members, a majority of whom are independent directors; and ii) is chaired by an independent director; and disclose: iii) the charter of the committee; iv) the members of the committee; and v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a nomination committee disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge experience, independence, and diversity to enable it to discharge its duties and responsibilities effectively.	**Adopted.** The Company has a Remuneration and Nomination Committee which reviews the board composition annually to ensure it continues to have the right balance of skills, experience, independence and knowledge to discharge its responsibilities. The Committee has three members with two being independent directors. The chair of the Committee is an independent director. A copy of the Remuneration and Nomination Committee Charter can be found on the Corporate Governance page on CI Resources website. (www.ciresources.com.au) Details of the members of the Committee, the frequency of the meetings and attendees of the meetings of the Committee are provided in the Annual Report.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	**Adopted.** A copy of the skills matrix can be found on the Corporate Governance page on CI Resources website. (www.ciresources.com.au)
2.3	A listed entity should disclose: a) the names of the directors considered by the board to be independent directors; b) if a director has an interest, position, or relationship of the type as described in Box 2.3 of the Recommendations (Factors relevant to assessing independence) but the board is of the opinion that it does not compromise the independence of the director, nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and c) the length of service of each director.	**Adopted.** a) David Somerville, Dato' Sri Kamaruddin bin Muhammed and Adrian Gurgone are considered by the Board to be independent directors. b) Mr Somerville has been a director for more than 10 years, but the Board is of the opinion that he has maintained sufficient distance from management to be considered independent. Mr Gurgone has in the reporting period been a director of a professional adviser to the Group, but the Board is of the opinion that he has maintained sufficient distance from management to be considered independent. c) David Somerville – 13 years Dato' Sri Tee Lip Sin – 12 years Tee Lip Jen – 10 years Adrian Gurgone –10 years Dato' Sri Kamaruddin bin Muhammed – 9 years Lai Ah Hong – 8 years
2.4	A majority of the Board of a listed entity should be independent directors.	**Not adopted.** Three members of the six member Board are considered by the Board to be independent. The Board is satisfied that the current mix of independent and non-independent directors is in the best interests of the Company and ensures that the Group has available the requisite levels of skill and experience for a diversified industrial company operating in a number of jurisdictions.

Principle 2 – Structure the Board to be Effective and Add Value

	Recommendation	CI Resources Limited's Current Practice
2.5	The Chair of a Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	**Adopted.** David Somerville is the Chairman of the Company and is considered by the Board to be independent. Lai Ah Hong is the Managing Director of the Company.
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	**Adopted.** The induction of new directors is currently completed by the Company Secretary. All directors have access to professional development opportunities to improve on their skills and knowledge to assist in their roles as directors. A copy of the procedure for the selection and appointment of new directors to the Board can be found on the Corporate Governance page on CI Resources website. (www.ciresources.com.au)

Principle 3 – Instil a Culture of Acting Lawfully, Ethically and Responsibly

	Recommendation	CI Resources Limited's Current Practice
3.1	A listed entity should articulate and disclose its values.	**Adopted.** In the current reporting period, the Company has adopted the following statement of values: • Collaboration – We thrive by working together • Integrity – We are honest and respectful • Customer Excellence – Meeting and Exceeding Customer Expectations • Agility – Dynamic and resourceful at every step • Responsibility – Accountable, trusted and safety-orientated • Empowered Community – Committed to sustainable community outcomes A copy of the values of the Company can be found on the Corporate Governance page on CI Resources website. (www.ciresources.com.au)
3.2	A listed entity should: a) have and disclose a code of conduct for its directors, senior executives, and employees; and b) ensure that the board or a committee of the board is informed of any material breaches of that code.	**Adopted.** The Company has a Code of Conduct, which can be found on the Corporate Governance page on CI Resources website. (www.ciresources.com.au) The Board is informed of any material incidences under the Code of Conduct.
3.3	A listed entity should: a) have and disclose a Whistleblower policy; and b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	**Adopted.** The Company has a Whistleblower Policy, which can be foundb on the Corporate Governance page on CI Resources website. (www.ciresources.com.au) The Board is informed of any material incidences under the policy.

Principle 3 – Instil a Culture of Acting Lawfully, Ethically and Responsibly

	Recommendation	CI Resources Limited's Current Practice
3.4	A listed entity should: a) have and disclose an anti-bribery and corruption policy; and b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	**Not adopted.** The Company does not at present have an anti-bribery and corruption policy, but one is in the process of being developed to cover the Group activities over a number of jurisdictions. The Board is informed by management of any material incidences.

Principle 4 – Safeguard Integrity of Corporate Reports

	Recommendation	CI Resources Limited's Current Practice
4.1	The board of a listed entity should: a) have an audit committee which: i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and ii) is chaired by an independent director, who is not the chair of the board; and disclose: iii) the charter of the committee iv) the relevant qualifications and experience of the members of the committee; and v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the member at those meetings; or b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	**Adopted.** The Board has established an Audit & Risk Management Committee (ARC). The ARC's primary function is to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, including the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The ARC is responsible for the appointment of the external auditors of the Company, and will time to time review the scope, performance and fees of those external auditors. The Company has retained Ernst & Young as its auditors. The Ernst & Young partner managing the external audit will attend the 2021 AGM and be available to respond to shareholder's questions relating to external audit. The Committee has four members, s with two independent directors. The Chair of the Committee is an independent director and is not be the Chair of the Committee. The relevant qualifications and experience of the Committee members, the number of times the Committee met in the reporting period and the individual attendances of the members are detailed in the Annual Report. A copy of the Audit & Risk Management Charter and Information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners can be found on the CI Resources website. (www.ciresources.com.au)
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	**Adopted.**

Principle 4 – Safeguard Integrity of Corporate Reports

	Recommendation	CI Resources Limited's Current Practice
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	**Adopted.** All periodic corporate reports the Company releases to the marker are audited or reviewed by an external auditor.

Principle 5 – Make Timely and Balanced Disclosure

	Recommendation	CI Resources Limited's Current Practice
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under the listing rule 3.1.	**Adopted.** The Company has a Continuous Disclosure Policy can be found on the Corporate Governance page on CI Resources website. (www.ciresources.com.au)
5.2	A listed entity should ensure that its board receives a copy of all material market announcements promptly after they have been made.	**Adopted.**
5.3	A listed entity that gives new substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	**Adopted.**

Principle 6 – Respect the Rights of Security Holders

	Recommendation	CI Resources Limited's Current Practice
6.1	A listed entity should provide information about itself and its governance to investors via its website.	**Adopted.** Refer to the Company's Corporate Governance page on its website www.ciresources.com.au
6.2	A listed entity should have an investor relations program to facilitate effective two-way communication with investors.	**Adopted.** The Group has a positive strategy to communicate with shareholders and actively promote shareholder involvement in the Company. It aims to continue to increase and improve the information available to shareholders on its website.
6.3	A listed entity should disclose that it facilitates and encourages participation at meetings of security holders.	**Adopted.** The Company encourages participation at General Meetings upon the dispatch of its Notice of Meeting and advises security holders that they may submit questions they would like to be asked at the meeting to the Board and to the Group's auditors.
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than a show of hands.	**Adopted.**
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	**Adopted.** Regular notifications are issued to shareholders with options to receive communications electronically. This option is also available to existing shareholders upon contacting the share registry.

Principle 7 – Recognise and Manage Risk

	Recommendation	CI Resources Limited's Current Practice
7.1	The board of a listed entity should: a) have a committee or committees to oversee risk, each of which: i) has at least three members, a majority of whom are independent directors; and ii) is chaired by an independent director, and disclose: iii) the charter of the committee; iv) the members of the committee; and v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	**Adopted.** Please refer to details of the Audit & Risk Management Committee under Principle 4.
7.2	The board or a committee of the board should: a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and that the entity is operating with due regard to the risk appetite set by the board; and b) disclose, in relation to each reporting period, whether such a review has taken place.	**Adopted.** The Audit & Risk Management Committee oversees the establishment, implementation and ongoing review of the Company's risk management and internal control system. The Group maintains and reviews annually comprehensive Public Liability and "All Risks" insurance policies for all its business and operational activities. The Group reviews risks on a regular basis and the review has taken place in this reporting period.
7.3	A listed entity should disclose: a) if it has an internal audit function, how the function is structured and what role it performs; or b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	**Adopted.** The Audit & Risk Committee is responsible for engaging independent audit consultants to carry out an internal audit program across designated operational functions. Internal controls are reviewed on an annual basis. A copy of the Risk Management Policy for Internal compliance and control system can be found on the Corporate Governance page on CI Resources website. (www.ciresources.com.au)
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	**Adopted.** Since 2020, the Group has been publishing an annual Sustainability Report setting out the sustainability performance of the group across environmental and social risks and an annual Modern Slavery Statement which also addresses social risks. Also, the Christmas Island operations are carried in an environmentally sensitive area and accordingly operations are carefully monitored to ensure compliance with approved Environmental Management Plans developed in accordance with legislative requirements.

Principle 8 – Remunerate Fairly and Responsibly

	Recommendation	CI Resources Limited's Current Practice
8.1	The board of a listed entity should: a) have a remuneration committee which: i) has at least three members, a majority of whom are independent directors; and ii) is chaired by an independent director, and disclose: iii) the charter of the committee; iv) the members of the committee; and v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	**Adopted.** Please refer to details of the Remuneration & Nomination Committee (RNC) under Principle 2.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	**Adopted.** This information is contained within the Remuneration Report of the Annual Report. Setting remuneration for executives is set out in the Remuneration Committee Charter.
8.3	A listed entity which has an equity-based remuneration scheme should: a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and b) disclose that policy or a summary of it.	**Not applicable.**

Photographer: Kirsty Faulkner

CI RESOURCES LIMITED

Financial Report

For the financial year ended 30 June 2021

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

6 Thorogood Street
Burswood, Western Australia 6100

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 30 September 2021. The consolidated entity has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the consolidated entity. All press releases, financial reports and other information are available on our website:

www.ciresources.com.au

For queries in relation to our reporting please contact us:

T +61 8 6250 4900
E info@ciresources.com.au

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2021

	Notes	2021 $'000s	2020 $'000s
Revenue	4(a)	146,424	125,516
Cost of sales	4(b)	(124,485)	(108,249)
Gross profit		**21,939**	**17,267**
Other income	4(c)	1,014	867
Other expenses	4(d)	(12,027)	(12,946)
Finance costs	4(e)	(1,491)	(1,947)
Impairment of non-financial asset	12,13	-	(3,101)
Change in fair value of biological asset	14(a)	29	112
Share of profit/(loss) in joint ventures	15	7	(37)
Profit before income tax		**9,471**	**215**
Income tax expense	5	(2,675)	(183)
Profit for the period after income tax		**6,796**	**32**
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Net currency translation differences		(4,064)	(1,134)
Total other comprehensive (loss)/income that may be reclassified subsequently to profit or loss		(4,064)	(1,134)
Items that will not be reclassified to profit or loss in subsequent periods:			
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		1,826	(2,260)
Total other comprehensive (loss)/income that cannot be reclassified subsequently to profit or loss		1,826	(2,260)
Total comprehensive (loss)/income for the year		**4,558**	**(3,362)**
Profit is attributable to:			
Members of CI Resources Limited		6,796	32
		6,796	**32**
Total comprehensive (loss)/income for the year is attributable to:			
Members of CI Resources Limited		4,558	(3,362)
		4,558	**(3,362)**
Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share	6	5.88 cents	0.03 cents
Diluted earnings per share	6	5.88 cents	0.03 cents

Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	2021 $'000s	2020 $'000s
Current assets			
Cash and cash equivalents	7	33,804	44,149
Trade and other receivables	8	36,631	28,418
Inventories	9	27,850	32,490
Biological assets	14(a)	246	231
Other financial assets	10	15,249	6,877
Derivatives-forward exchange contracts	29	3,795	1,363
Prepayments		775	835
Income tax receivable		1,401	546
Total current assets		**119,751**	**114,909**
Non-current assets			
Other financial assets	10	28,144	28,410
Property, plant & equipment	11	85,343	86,759
Goodwill	12	4,057	4,057
Bearer plants	14(b)	4,025	5,391
Investment in joint ventures	15	1,332	1,315
Deferred tax assets	5	9,165	9,161
Total non-current assets		**132,066**	**135,093**
Total assets		**251,817**	**250,002**
Current liabilities			
Trade and other payables	17	14,096	11,101
Interest bearing loans and borrowings	18	6,753	8,885
Provisions	19	4,683	3,802
Total current liabilities		**25,532**	**23,788**
Non-current liabilities			
Interest bearing loans and borrowings	18	8,580	10,795
Deferred tax liabilities	5	5,758	5,465
Provisions	19	19,491	19,744
Total non-current liabilities		**33,829**	**36,004**
Total liabilities		**59,361**	**59,792**
Net assets		**192,456**	**190,210**
Equity			
Contributed equity	20	72,160	72,160
Reserves	21	3,371	5,609
Retained earnings	22	116,925	112,441
Total equity		**192,456**	**190,210**

Consolidated Statements of Changes in Equity

For the financial year ended 30 June 2021

	Notes	Contributed Equity $'000s	Foreign Currency Translation Reserve $'000s	Fair Value Reserve $'000s	Discount on Acquisition of NCI $'000s	Retained Earnings $'000s	Total $'000s
1 July 2020		72,160	3,321	(6,211)	8,499	112,441	190,210
Profit for the year		-	-	-	-	6,796	6,796
Other comprehensive income/ (loss) for the year	21	-	(4,064)	1,826	-	-	(2,238)
Total comprehensive income/ (loss) for the year		-	(4,064)	1,826	-	6,796	4,558
Transactions with owners in their capacity as owners:							
Dividends paid	22	-	-	-	-	(2,312)	(2,312)
30 June 2021		**72,160**	**(743)**	**(4,385)**	**8,499**	**116,925**	**192,456**
1 July 2019		72,160	4,455	(3,951)	8,499	114,143	195,306
Profit for the year		-	-	-	-	32	32
Other comprehensive loss for the year	21	-	(1,134)	(2,260)	-	-	(3,394)
Total comprehensive loss for the year		-	(1,134)	(2,260)	-	32	(3,362)
Transactions with owners in their capacity as owners:							
Dividends paid	22	-	-	-	-	(1,734)	(1,734)
30 June 2020		**72,160**	**3,321**	**(6,211)**	**8,499**	**112,441**	**190,210**

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2021

	Notes	2021 $'000s	2020 $'000s
Cash flows from operating activities			
Receipts from customers		137,884	125,006
Payments to suppliers and employees (inclusive of goods and services tax)		(125,795)	(113,454)
Interest received		327	678
Interest paid on lease liability		(30)	(25)
Borrowing costs		(597)	(794)
Income taxes paid		(3,831)	(2,216)
Net cash flows from operating activities	28	**7,958**	**9,195**
Cash flows from investing activities			
Movement in term deposits		399	1,598
Increase in financial assets		(8,266)	(1,153)
Proceeds from sale of property, plant and equipment		79	168
Purchase of property, plant and equipment		(7,050)	(9,059)
Net cash flows used in investing activities		**(14,838)**	**(8,446)**
Cash flows from financing activities			
Repayment of borrowings		(20,750)	(12,958)
Proceeds of borrowings		17,773	18,636
Payment of principal portion of lease liability		(542)	(399)
Dividends paid		(2,312)	(1,734)
Net cash flows from financing activities		**(5,831)**	**3,545**
Net increase/(decrease) in cash and cash equivalents held		**(12,711)**	**4,294**
Cash and cash equivalents at the beginning of the financial year		**44,149**	**39,726**
Impact of foreign exchange		2,366	129
Cash and cash equivalents at the end of the financial year	7	**33,804**	**44,149**

Notes to the Financial Statements

For the year ended 30 June 2021

1. Corporate Information

This financial report of CI Resources Limited ("Company") for the year ended 30 June 2021 comprises the Company and its subsidiaries ("Group"). The financial report of CI Resources Limited for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 30 September 2021.

CI Resources Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the financial year ended 30 June 2021, unless otherwise stated.

Basis of preparation

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). The financial report has been prepared on a historical cost basis except for biological assets and certain financial instruments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000), unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

The financial report covers the Consolidated Entity of CI Resources Limited and its controlled entities and has been prepared on an accruals basis.

a) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

b) New accounting Standards and Interpretations

i) Changes in accounting policy

The accounting policies adopted in the preparation of the year-end report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020.

Several new and amended Accounting Standards and interpretations apply for the first time in 2021, but do not have an impact on the consolidated financial statements of the Group and hence have not been disclosed.

ii) New and amended Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2021 are outlined below:

AASB 2020-8 Amendments to AASs – Interest Rate Benchmark Reform – Phase 2

Effective for annual reporting periods beginning on or after 1 January 2021

The second phase of the project in addressing the financial reporting effects of IBOR reform has been recently completed. This phase focuses on issues that might affect financial reporting upon replacement of existing interest rate benchmarks, and amends the requirements in AASB 9, AASB 139, AASB 7, AASB 4 Insurance Contracts and AASB 16 Leases.

The objective of the amendments is to minimise financial reporting consequences of a change in benchmark interest rates that Australian Accounting Standards may otherwise require, such as the derecognition or remeasurement of financial instruments, and the discontinuation of hedge accounting.

Provided that the contractual interest rate will be substantially similar before and after the replacement, the amendments:

- Require changes to future cash flows that are directly required by the IBOR reform to be treated as if they were changes to a floating interest rate. Applying this expedient would not affect the carrying amount of the financial instrument. It also relieves entities of the need to assess whether modification or derecognition accounting applies under AASB 9 and AASB 139.
- Require changes to lease payments that are directly caused by the IBOR reform to be accounted for as a remeasurement of the lease liability using a revised discount rate – being the original discount rate adjusted only for changes caused by the IBOR reform. A corresponding adjustment to the right-of-use-asset follows. This expedient exempts entities from remeasuring the lease liability using a newly determined discount rate otherwise required for lease modifications.

Entities would not have to discontinue hedge accounting due to IBOR reform, provided that the hedge continues to meet other hedge accounting criteria.

Insurers who are still applying AASB 139 would also be subject to the same mandatory reliefs.

Entities are required to provide disclosures that help readers understand the effect of the IBOR reform on the financial statements and risk management strategies, including the progress in completing the transition to alternative benchmark rates and how such transition is being managed.

These amendments apply retrospectively. However, restatement of prior periods is not required but permitted only if such restatement is possible without the use of hindsight.

The amendment is not expected to have a material impact on the Group.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

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)

Effective for annual reporting periods beginning on or after 1 January 2022

Under AASB 9, an existing financial liability that has been modified or exchanged is considered extinguished when the contractual terms of the new liability are substantially different, measured by the "10 per cent" test. That is, when the present value of the cash flows under the new terms, including any fees paid or received, is at least 10 per cent different from the present value of the remaining cash flows of the original financial liability.

The amendment to AASB 9 clarifies that fees included in the 10 per cent test are limited to fees paid or received between the borrower and the lender, including amounts paid or received by them on the other's behalf. When assessing the significance of any difference between the new and old contractual terms, only the changes in contractual cash flows between the lender and borrower are relevant. Consequently, fees incurred on the modification or exchange of a financial liability paid to third parties are excluded from the 10 per cent test.

The amendment is not expected to have a material impact on the Group.

AASB 2014-10 Amendments to AASs – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Effective for annual reporting periods beginning on or after 1 January 2022

The amendments to AASB 10 Consolidated Financial Statements and AASB 128 clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendment is not expected to have a material impact on the Group.

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

Effective for annual reporting periods beginning on or after 1 January 2023

AASB 112 Income Taxes requires entities to account for income tax consequences when economic transactions take place, and not at the time when income tax payments or recoveries are made. Accounting for such tax consequences, means entities need to consider the differences between the tax rules and the accounting standards. These differences could either be:

- Permanent – e.g., when tax rules do not allow a certain expense to ever be deducted; or
- Temporary – e.g., when tax rules treat an item of income as taxable in a period later than when included in the accounting profit.

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 to AASB 112:

- Apply to transactions that occur on or after the beginning of the earliest comparative period presented; and
- Require entities to also recognise deferred tax for all temporary differences related to leases, decommissioning, restoration and similar liabilities at the beginning of the earliest comparative period presented.

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.

AASB 1 First-time Adoption of Australian Accounting Standards was amended to require deferred tax related to leases and decommissioning, restoration and similar obligations to be recognised by first-time adopters at the date of transition to Australian Accounting Standards, despite the exception set out in AASB 112.

The amendment is not expected to have a material impact on the Group.

AASB 2021-3 Amendments to AASs – COVID-19-Related Rent Concessions beyond 30 June 2021

Effective for annual reporting periods beginning on or after 1 April 2021

In light of many other challenges, lessees faced during the COVID-19 pandemic, AASB 16 was amended to extend the availability of the practical expedient to not account for COVID-19 related rent concessions as lease modifications by one year. Provided all other conditions are met, this expedient can be applied to rent concessions that reduce only lease payments originally due on or before 30 June 2022.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

A lessee that has previously established an accounting policy that applied such practical expedient would be required to apply the extended scope of the practical expedient to eligible contracts with similar characteristics and in similar circumstances.

A lessee that has not done so previously can still decide whether to apply the practical expedient or not.

The amendment to AASB 16 is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the beginning of the annual reporting period in which the lessee first applies the amendment. Earlier application of the amendments is permitted.

The amendment is not expected to have a material impact on the Group

AASB 2020-3 Amendments to AASB 3 – Reference to the Conceptual Framework

Effective for annual reporting periods beginning on or after 1 January 2022

The IASB's assessment of applying the revised definitions of assets and liabilities in the Conceptual Framework to business combinations showed that the problem of day 2 gains or losses would be significant only for liabilities that an acquirer accounts for after the acquisition date by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies. The Board updated IFRS 3 in May 2020 for the revised definitions of an asset and a liability and excluded the application of the Conceptual Framework to liabilities and contingent liabilities within the scope of IAS 37 or IFRIC 21.

The AASB released the equivalent amendments to AASB 3 in June 2020.

The amendment is not expected to have a material impact on the Group.

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

Effective for annual reporting periods beginning on or after 1 January 2023

A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The AASB recently issued amendments to AASB 101 to clarify the requirements for classifying liabilities as current or non-current. Specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management intention or expectation does not affect classification of liabilities.
- In cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current.

The amendment is not expected to have a material impact on the Group.

AASB 2021-2 Amendments to AASB 7, AASB 101, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements9 – Disclosure of Accounting Policies

Effective for annual reporting periods beginning on or after 1 January 2023

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.

The amendment is not expected to have a material impact on the Group.

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

Effective for annual reporting periods beginning on or after 1 January 2022

Under AASB 116 Property, Plant and Equipment, net proceeds from selling items produced while constructing an item of property, plant and equipment are deducted from the cost of the asset. The IASB's research indicated practical diversity in interpreting this requirement. As a result, AASB 116 was amended to prohibit an entity from deducting from the cost of an item of property, plant and equipment, the proceeds from selling items produced before that asset is available for use. An entity is also required to measure production costs of the sold items by applying AASB 112 Inventories. Proceeds from selling any such items, and the cost of those items, are recognised in profit or loss in accordance with applicable standards.

These amendments are applied retrospectively, but only to items of property, plant and equipment that are 'ready to use' on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments — 'ready to use' meaning the asset is in the location and condition necessary to be capable of operating in the manner intended by management. Earlier application is permitted.

The amendment is not expected to have a material impact on the Group.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

AASB 2020-3 Amendment to AASB 141 – Taxation in Fair Value Measurements (Part of Annual Improvements 2018–2020 Cycle)

Effective for annual reporting periods beginning on or after 1 January 2022

When using a present value technique to measure fair values of assets within the scope of AASB 141 Agriculture, taxation cash flows are not included. While AASB 13 Fair Value Measurement does not prescribe an entity to use a particular present value techniques to measure fair value, it requires assumptions about cash flows and discount rates to be internally consistent. Depending on facts and circumstances, an entity applying a present value technique might measure fair value by discounting after-tax cash flows using an after-tax discount rate or pre-tax cash flows at a pre-tax discount rate.

The AASB has removed from AASB 141 the requirement to exclude taxation cash flows when measuring fair value. Such removal aligns with the principles of fair value measurement in AASB 13.

The amendment is not expected to have a material impact on the Group.

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

Effective for annual reporting periods beginning on or after 1 January 2022

AASB 137 defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Unavoidable cost is the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it .

AASB 137 does not specify which costs to include in determining the cost of fulfilling a contract. Consequently, AASB 137 was amended to clarify that when assessing whether a contract is onerous, the cost of fulfilling the contract comprises all costs that relate directly to the contract, which includes both the:

- Incremental costs of fulfilling that contract (e.g., materials and labour); and
- An allocation of other costs that relate directly to fulfilling contracts (e.g., depreciation of property, plant and equipment)

An entity shall 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 (the date of initial application). Comparative information is not restated. Instead, the cumulative effect of initially applying the amendments is recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. Earlier application of the amendments is permitted.

The amendment is not expected to have a material impact on the Group.

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

Effective for annual reporting periods beginning on or after 1 January 2023

An accounting policy may require items in the financial statements to be measured using information that is either directly observable,or estimated. Accounting estimates use inputs and measurement techniques that require judgements and assumptions based on the latest available, reliable information.

The amendments to AASB 108 clarify the definition of an accounting estimate, making it easier to differentiate it from an accounting policy. The distinction is necessary as their treatment and disclosure requirements are different. Critically, a change in an accounting estimate is applied prospectively whereas a change in an accounting policy is generally applied retrospectively.

The new definition provides that 'Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.' The amendments explain that a change in an input or a measurement technique used to develop an accounting estimate is considered a change in an accounting estimate unless it is correcting a prior period error.

- For example, a change in a valuation technique used to measure the fair value of an investment property from market approach to income approach would be treated as a change in estimate rather than a change in accounting policy.
- In contrast, a change in an underlying measurement objective, such as changing the measurement basis of investment property from cost to fair value, would be treated as a change in accounting policy.

The amendments did not change the existing treatment for a situation where it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate. In such a case, the change is accounted for as a change in an accounting estimate.

The amendment is not expected to have a material impact on the Group.

c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of CI Resources Limited ("company" or "parent entity") as at 30 June 2021 and the results of its subsidiaries for the financial year then ended.

CI Resources Limited and its subsidiaries together are referred to in this financial report as the Group or Consolidated Entity. Subsidiaries are all those entities over which CI Resources Limited has control.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
  - The contractual arrangement(s) with the other vote holders of the investee
  - Rights arising from other contractual arrangements
  - The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Investments in subsidiaries held by CI Resources Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

d) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax is recognised on the recognition of goodwill.

Deferred tax assets or liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items that may be recognised directly in equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities. Overheads are applied on the basis

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

of normal operating capacity. Costs are assigned on the basis of weighted average costs.

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

f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property

Freehold land and buildings are measured at cost less accumulated depreciation on buildings.

Plant and Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and any impairment losses. Included under plant and equipment is fixed and mobile plant and equipment, machinery, vehicles, office equipment and furniture which are used in the business operations.

The cost of property, plant and equipment constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Construction in progress is stated at cost, net of accumulated impairment losses, if any.

Depreciation

The depreciable amount of all fixed assets including building, but excluding freehold land are depreciated on a straight line or diminishing balance basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciation assets are:

Class of Property, Plant and Equipment	Depreciation Rate
Strata title properties	2%
Buildings	5–8%
Plant and equipment	5–40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

g) Mining Tenements and Exploration Expenditure

Costs incurred during exploration and evaluation activities related to an area of interest are accumulated at cost.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest, or alternatively its sale, or where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing.

Accumulated costs in relation to abandoned areas of interest are written off in full in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

h) 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. The nature of the Group's leasing activities includes leasehold land and buildings, rental properties, office premises and plant and equipment to support the operations of the Group.

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 Group 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

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.

	Depreciation Rate
Leasehold land and buildings	Shorter of the lease and 2%
Rental properties and office premises	Period of the lease
Plant and equipment under lease: • the shorter of the lease term and life span	20–30%

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 in substance 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. The Group's lease liabilities are included in Interest-bearing loans and borrowings (note 18).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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.

i) 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.

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. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price.

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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity 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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

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 effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, term deposits and cash and cash equivalents.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under *IAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investment under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes forward currency contracts and capital notes which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) 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
- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions
- Trade receivables

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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 held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The Group has no financial liabilities held for trading.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and 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 an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

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 the statement of profit or loss.

j) Impairment of Non-financial Assets

At each reporting date, the company assesses whether there is any indication that an asset may be impaired.

Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows based on management's forecasts are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

For non-financial assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's ("CGU's") recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

k) Intangibles and Goodwill

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to the identifiable net assets at the date of acquisition. The groups goodwill, which is classified as technical goodwill, arose on 1 May 2011 on the acquisition of the 100% interest in Cheekah-Kemayan Plantations Sdn. Bhd. Technical goodwill describes a category of goodwill arising as an offsetting account to deferred tax recognized in business combinations.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group has applied the general guidelines for allocating goodwill for the purpose of impairment testing. When performing the annual impairment test for goodwill, the deferred tax liability which gave rise to the technical goodwill in a business combination reduces the net carrying value prior to the eventual impairment charges. This is done in order to avoid an immediate impairment of all technical goodwill. When deferred tax from the initial recognition decreases, more core goodwill is exposed for impairment.

Impairment losses recognised for goodwill are not subsequently reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred.

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

l) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each entity in the Group is determined by reference to the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet. The carrying values of term deposits represent the fair values.

n) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. There is no aggregation of operating segments.

o) Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Any goodwill arising from the business combination is accounted for under Intangibles and Goodwill accounting policy.

p) Revenue

Revenue from contract with customers

The Group is in the business of:

- Mining, processing and sale of phosphate rock, phosphate dust and chalk;
- Supply of fuel and oil products to other Christmas Island entities;
- Providing maintenance, fuel pilotage and stevedoring services to other Christmas Island entities; and
- Operating a palm oil estate, processing and sale of palm oil products in Malaysia

Revenue from phosphate sales

Each phosphate shipment is governed by a sales contract with a customer, including spot sales and medium term supply agreements with the transaction price on a per tonne basis. Revenue from the sale of phosphate is recognised at a point in time when the control of the asset is transferred to the customer which is typically upon completion of the loading of the product.

For the Group's phosphate sales made on a Cost and Freight basis, the Group is responsible for providing freight/shipping services after the date the Group transfers control of the phosphate to its customer. This is considered as a separate performance obligation which is satisfied at a different point in time from the phosphate sales. The Group, therefore has a separate performance obligation for freight/shipping services which are provided solely to facilitate the sale of the phosphate it produces. Revenue for freight/shipping is recognised over the same time as the shipping occurs.

Revenue from sale of palm oil products

Each palm oil sale is governed by a sales contract with a customer. Revenue from the sale of palm oil products is recognised at a point in time when the control of the asset is transferred to the customer which is typically upon completion of the loading of the product.

Revenue from fuel and oil products

Each fuel oil sale is governed by a sales contract with a customer, including long term supply arrangements and point of sale bowser sales. Revenue from the sale of fuel products is recognised at a point in time when the control of the asset is transferred to the customer which is typically upon completion of the loading of the product.

Revenue from service contracts

Revenue from services contracts is governed by a long term contract with a customer. These activities tend to be substantially the same with the same pattern of transfer to the customer. Where this is the case, which is the majority of the services contracts, these services are taken to be one performance obligation and the total transaction price is allocated to the performance obligation identified. Revenue for services performed is recognised at a point in time based on the invoiced value to the customer based of the entity's performance each month.

Interest income

Revenue is recognised as the interest accrues using the effective interest rate method (which was the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset).

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Dividends

Revenue is recognised when the right to receive a dividend has been established.

q) Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual installments.

r) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees up until balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Long term employee benefits have been measured using the projected unit credit method taking into account the relevant assumptions.

s) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs. The amortisation or 'unwinding' of the discount applied in establishing the net present value of provision is charged to the income statement in each accounting period, and is disclosed as a financing costs.

Other changes in the measurement of an existing obligation that result from changes in the estimated timing or amount of future costs, or a change in the discount rate, are recognised as an adjustment to the related asset or if not related to a specific asset expensed.

t) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are expensed during the period in which they are incurred.

u) Bearer Plants

Bearer plants are measured at cost, less any subsequent accumulated depreciation and impairment.

Prior to maturity, the costs of bearer plants include the cost of direct materials, direct labour and other costs directly attributable to the bearer plants reaching maturity. Post maturity, maintenance costs on bearer plants are expensed as incurred.

Depreciation

Mature bearer plants are subject to depreciation on a straight line basis over their estimated useful lives. The useful life of a bearer plant is estimated at 25 to 30 years.

The carrying amount of bearer plants is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets.

v) Biological Assets

Biological assets consist of agricultural produce growing on bearer plants at reporting date.

Biological assets are measured at their fair value less estimated point of sale costs at the point of harvest. The movement in fair value less estimated point of sale costs of biological assets are included in the statement of comprehensive income in the year they arise.

w) Term Deposit

Term deposits which have a maturity of less than twelve months are shown in current assets. Term deposits which are held to fund employee benefits stated and demolition costs are shown in non current assets.

x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flow.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australia Taxation Office.

y) Provision for Dividend

The Group recognises a liability to pay a dividend when the distribution

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

is authorised and the distribution is no longer at the discretion of the Group. As per corporate laws in Australia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

z) Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of comprehensive income.

aa) Contributed Equity

Ordinary shares 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.

ab) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year. Within the consolidated statement of financial position the following has been reclassified at 30 June 2021:

- "Term deposits" was reclassified as "other financial assets" due to the company having additional other financial assets at year-end;
- "Right-of-Use Asset" was reclassified to "Property, plant and equipment" to consolidate the group's disclosure for ROU Asset and Property, plant and equipment.

ac) Earnings per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the consolidated entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

a) In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Impact of COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

the Group. The scale and duration of these developments remain uncertain as at the date of this report. The Group has considered the potential impact of the COVID-19 pandemic in the significant accounting judgements, estimates and assumptions. However, as these are subject to increased uncertainty the actual outcomes may differ from the estimates.

Assessment of mine life on Christmas Island

The financial statements have been prepared on the basis that the resource supports continued operations based on the current market parameters and expectations.

Determination of mine life

The Group's estimation of its mineral resources was prepared by or under the supervision of Competent Persons as defined in the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the "JORC code").

There are numerous uncertainties inherent in estimating mineral resources and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates or production costs may change the economic status of resources and may, ultimately, result in the resources being restated. Such changes in resources could impact on depreciation and amortisation rates, asset carrying values and provisions for decommissioning.

b) The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Provision for expected credit losses of trade receivables

For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience which are based on days past due, adjusted for forward-looking factors specific to the debtors and the economic environment. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate.

Impairment of Property, Plant and Equipment

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. During the year, an impairment indicator was identified for the Fertiliser CGU (Net Asset Value in excess of market capitalisation). As a result an impairment test was performed. The recoverable amount was assessed by reference to a 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit).

In determining value in use, future cash flows are based on:

- Estimates of the quantities of ore reserves and mineral resources;
- Future production levels;
- Future commodity prices and foreign exchange rates; and
- Future cash costs of production and capital expenditure.

The recoverable value was in excess of the carrying value and no impairment was recognised.

Impairment of Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Assumptions are made regarding post tax discount rates applied to cash flow projections. The cash flows are based on the financial budget approved by management for the upcoming year and assumptions are made regarding the inflation rates for the following 4 years and a terminal value.

Provisions for Decommissioning Costs

Decommissioning costs are a normal consequence of mining and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), the appropriateness of the discount rate and the estimated future level of inflation. Refer to Note 19.

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

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Deferred Tax Asset

The deferred tax asset will only be obtained if:

a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
c) no changes in tax legislation adversely affect the consolidation entity in realising the benefit.

The deferred tax assets are considered to be probable of being fully recovered, as it is believed that the entity will have future taxable income to fully utilise the tax benefit. Refer note 5.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

4. Revenue & Expenses

	2021 $'000s	2020 $'000s
a) Revenue		
Revenue from contracts with customer		
Phosphate sales	75,112	62,570
Palm oil sales	35,562	29,597
Fuel sales	12,333	14,323
Rendering of services	16,702	12,009
Other sales	6,008	5,970
Total revenue from contracts with customers	145,717	124,469
Other revenue		
Dividend income	380	369
Interest on cash and term deposits	327	678
Total other revenue	707	1,047
	146,424	**125,516**

Phosphate sales, palm oil sales, fuel and other sales are recognised at the point in time when control of the goods is transferred to the customer.

Revenue from rendering of services is recognised over time.

	2021 $'000s	2020 $'000s
b) Cost of sales		
Production costs	97,838	87,112
Shipping costs	17,847	13,008
Depreciation	8,800	8,129
	124,485	**108,249**

Included in cost of sales is $84.263 million (2020: $75.139 million) relating to inventory recognised as an expense

	2021 $'000s	2020 $'000s
c) Other income		
Net foreign exchange gains	3	285
Government grants	992	582
Other	19	-
	1,014	**867**
d) Other expenses		
Administration	11,145	11,072
Net loss on disposal of assets	541	311
Expected credit loss	2	292
Unrealised loss on capital notes	-	36
Redundancy expense	(808)	330
Short term and low value leases	502	399
Depreciation[1]	645	506
	12,027	**12,946**

[1]Depreciation includes depreciation on right of use assets

	2021 $'000s	2020 $'000s
e) Finance costs		
Accretion of provisions	894	1,153
Interest expense	597	794
	1,491	**1,947**

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

	2021 $'000s	2020 $'000s
f) Employee benefits expense		
	24,480	**23,307**

Employee benefits expense comprises salaries and wages, superannuation, employee bonus and travel airfares together with accruals for employee entitlements such as annual leave, long service leave, redundancy and sick leave expensed during the year. Included in employee benefits expense is a superannuation expense of $2,039,000 (2020: $1,933,000).

5. Income Tax

	2021 $'000s	2020 $'000s
The major components of income tax are:		
Statement of Comprehensive Income		
Current income tax		
Current income tax charge	2,611	1,359
Adjustments in respect of current income tax of previous years	(225)	(16)
Deferred income tax		
Relating to origination and reversal of temporary differences	867	(401)
Adjustments in respect of deferred tax of previous years	(578)	(759)
Income tax expense reported in the Statement of Comprehensive Income	**2,675**	**183**
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before income tax	9,471	215
At the Group's statutory income tax rate of 30% (2020: 30%)	2,841	65
Income/expenditure not allowable for income tax purposes:		
Add:		
• Adjustments in respect of previous years	(803)	(775)
• Impairment of goodwill	-	930
• Assessable income for income tax purposes	-	8
• Expenditure not allowable for income tax purposes	595	280
• Deferred tax asset not bought to account	81	-
• Recoupment of previously unrecognised deferred tax asset	-	(45)
• Differences due to exchange rates applied to temporary differences and changes in tax rates	2	(19)
• Difference in global tax rates	(41)	(261)
Aggregate income tax expense	**2,675**	**183**

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

	Statement of Financial Position		Statement of Comprehensive Income	
	2021 $'000s	2020 $'000s	2021 $'000s	2020 $'000s
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Inventories	(1,933)	(1,748)	(185)	117
Property, plant and equipment	(3,825)	(3,657)	(168)	1,879
Receivables	-	(60)	60	(45)
Gross deferred income tax liabilities	**(5,758)**	**(5,465)**		
Deferred tax assets				
Other payables and provisions	9,177	9,086	91	(129)
Property, plant and equipment	504	474	30	(8)
Other financial assets	(960)	(463)	(497)	(113)
Inventories	(243)	(475)	232	(678)
Investments	6	12	(6)	11
Receivables	368	368	-	51
Lease liabilities	93	1	92	1
Tax losses	220	158	62	74
Gross deferred income tax assets	**9,165**	**9,161**		
Deferred tax income/(expense)			(289)	1,160

CI Resources Limited and its wholly owned Australian entities are not in a tax consolidation Group.

6. Earnings per Share

	2021 Cents	2020 Cents
Basic and diluted earnings per share	**5.88**	**0.03**

	2021 Number	2020 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	115,581,107	115,581,107

	2021 $'000s	2020 $'000s
Profit used in calculating basic and diluted losses per share		
Net profit	6,796	32

There are no instruments (e.g. share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

7. Cash and Cash Equivalents

	2021 $'000s	2020 $'000s
Cash at bank and on hand	33,804	44,149
	33,804	**44,149**

8. Trade and Other Receivables

	2021 $'000s	2020 $'000s
Trade debtors	34,094	26,652
Other receivables	2,537	1,766
	36,631	**28,418**

Trade debtors are non-interest bearing and are generally on 30-150 day terms.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience for customer groups, adjusted for forward-looking factors specific to the debtors, industry payment profiles and the economic environment. As at 30 June 2021, an ECL of $0.002 million was recognised (2020: $0.124 million). Subsequent to year end $5.535 million relating to past due but not impaired balances have been collected.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables disclosed in this note. No additional impairment was identified on trade debtors through the COVID-19 pandemic. Trade debtor composition across the Group remained consistent, and notwithstanding demand and production variation recoverability continued to be in line with credit terms provided to major customers.

As at 30 June, the ageing analysis of trade receivables is, as follows:

		Current	Days past due			
	Total		< 30 days	30–60 days	61–90 days	> 91 days
	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
2021	34,094	25,758	4,939	2,566	138	693
2020	26,652	22,614	2,290	409	338	1,001

9. Inventories

	2021 $'000s	2020 $'000s
Consumable materials and stores	6,890	5,799
Goods in transit	928	3,334
Finished goods	20,032	23,357
	27,850	**32,490**

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

10. Other Financial Assets

	2021 $'000s	2020 $'000s
Current		
Capital notes-measured at FVTPL	187	-
Term deposits	6,806	6,877
Amount held in escrow account for Kemoil acquisition	8,256	-
	15,249	**6,877**
Non-Current		
Trust fund term deposit-measures at amortised cost	6,295	6,623
Capital notes-measured at FVTPL	789	956
Listed shares-measured at FVOCI	21,060	20,831
	28,144	**28,410**

Under the terms of the current Workplace Agreement between the Union of Christmas Island Workers and Phosphate Resources Limited a trust fund term deposit to meet employee entitlements is maintained. This trust fund may only be used to meet employee entitlements but may be drawn down as they arise. The trust fund term deposit currently stands at $3,956,000 (2020: $4,260,000). The interest earned on the term deposit of $11,890 (2020: $101,486) has been added to the term deposit. Refer to note 29 for further details on financial instruments.

11. Property, Plant & Equipment

	2021 $'000s	2020 $'000s
Right of Use (ROU) Asset		
Leasehold Land		
At cost	35,329	33,415
Accumulated depreciation	(5,374)	(5,117)
	29,955	**28,298**
Leasehold buildings		
At cost	9,787	10,292
Accumulated depreciation	(1,839)	(1,603)
	7,948	**8,689**
Leased rental properties and office premises		
At cost	1,526	1,304
Accumulated depreciation	(899)	(388)
	627	**916**
Plant and equipment under lease		
At cost	458	487
Accumulated depreciation	(414)	(404)
	44	**83**
Total Right of Use Asset		
At cost	47,100	45,498
Accumulated depreciation and impairment	(8,526)	(7,512)
	38,574	**37,986**

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

	2021 $'000s	2020 $'000s
Property, Plant & Equipment		
Land and buildings		
At cost	16,773	15,400
Accumulated depreciation	(5,971)	(5,045)
	10,802	**10,355**
Strata title properties		
At cost	1,580	1,732
Accumulated depreciation	(444)	(466)
	1,136	**1,266**
Plant and equipment		
At cost	105,804	104,058
Accumulated depreciation and impairment	(73,820)	(69,209)
	31,984	**34,849**
Construction in progress	2,847	2,303
Total property, plant and equipment		
At cost	127,004	123,493
Accumulated depreciation and impairment	(80,235)	(74,720)
	46,769	**48,773**
Net carrying amount	**85,343**	**86,759**

Reconciliations

Reconciliations of the carrying amounts of the right of use assets, property, plant and equipment at the beginning and end of the current financial year.

	2021 $'000s	2020 $'000s
Leasehold Land		
Carrying amount at beginning	28,298	29,213
Transfer from construction in progress	3,743	-
Additions	145	-
Depreciation expense	(567)	(606)
Foreign exchange difference	(1,664)	(309)
	29,955	**28,298**
Leasehold buildings		
Carrying amount at beginning	8,689	9,011
Transfer from construction in progress	15	91
Additions	88	42
Disposals	-	-
Depreciation expense	(338)	(364)
Foreign exchange difference	(506)	(91)
	7,948	**8,689**

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

	2021 $'000s	2020 $'000s
Leased rental properties and office premises		
Carrying amount at the beginning	916	534
Additions	271	765
Depreciation expense	(522)	(388)
Impact of foreign exchange translation	(38)	5
	627	**916**
Land and buildings		
Carrying amount at beginning	10,355	10,805
Transfer from construction in progress	1,371	313
Disposals	-	-
Depreciation expense	(924)	(763)
	10,802	**10,355**
Strata title properties		
Carrying amount at beginning	1,266	1,256
Depreciation expense	(18)	(19)
Foreign exchange difference	(112)	29
	1,136	**1,266**
Plant and equipment		
Carrying amount at beginning	34,849	30,638
Transfer from construction in progress	2,914	3,712
Additions	1,557	6,728
Disposals	(620)	(479)
Depreciation expense	(5,989)	(5,737)
Foreign exchange difference	(727)	(13)
	31,984	**34,849**
Plant and equipment under lease		
Carrying amount at beginning	83	121
Additions	-	-
Depreciation expense	(25)	(38)
Foreign exchange difference	(14)	-
	44	**83**
Construction in progress		
Carrying amount at beginning	2,303	4,191
Additions	8,456	2,289
Disposal	-	-
Transfers	(8,043)	(4,116)
Foreign exchange difference	131	(61)
	2,847	**2,303**

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

	2021 $'000s	2020 $'000s
In relation to the right-of-use assets and lease liabilities the following amounts were recognised in profit or loss:		
Depreciation expense of right of use asset	1,452	1,396
Interest expense on lease liabilities	30	25
Expense relating to short-term and low value leases (included in administrative expenses)	542	399
Total amount recognised in profit or loss	**2,024**	**1,820**

Impairment

There was no impairment expense recognised during the year. Refer to Note 3(b) for details of the impairment assessment.

12. Goodwill

	2021 $'000s	2020 $'000s
Carrying amount at the beginning of the year	4,057	7,158
Impairment	-	(3,101)
	4,057	**4,057**

Goodwill acquired through business combination has been allocated to the Farming CGU, which is also a reporting and operating segment for impairment testing.

13. Impairment of Non-Financial Assets

The key assumptions used for assessing the recoverable amount of the Farming CGU are set out below. The recoverable value has been determined using the VIU methodology. There was no impairment recognised for the Farming CGU during the year. The post-tax discount rates incorporate a risk-adjustment relative to the risks associated with the net post-tax cash flows being achieved, while the growth rate is based on market estimates of the long-term average industry growth rate.

	2021	2020
Crude Palm Oil (RM/tonne)	2,775–3,333	2,400–2,593
Extraction Rates	18.75%	18.80%
Discount rate (post-tax)	9.50%	8.75%
Inflation rate	1.85%–2.25%	2.3%
Growth rate	1.85%–2.25%	2.3%
Headroom as a percentage of the CGU's net carrying value	6.0%	-

The recoverable amount of the Farming CGU has been determined using a value in use calculation using cash flow projections. The post-tax discount rates applied to cash flow projections is 9.50% (2020: 8.75%) and the cash flows are based on the financial budget approved by management for the upcoming year and for the following 4 years and a terminal value.

The calculation of value in use for the Farming CGU is most sensitive to the following assumptions:

- Crude Palm Oil ("CPO") short term and long term pricing forecasts
- Discount rate
- Extraction rate assumptions of CPO and Palm Kernel (PK)
- Growth rate estimates

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

CPO short term and long term pricing forecasts
Forecast pricing is based on published industry research.

Discount rate
Discount rates represent the current market assessment of the risks specific the Farming CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

Extraction rate assumptions of CPO and PK
Extraction rates are based on average values achieved in the five years preceding the beginning of the budget period.

Growth rate estimates
Rates are based on published industry research.

The Group has assessed the recoverable amounts of the CGU using a VIU calculation and considered potential downside scenarios in respect of the impact of the COVID-19 pandemic. There are no reasonably possible changes in key assumptions for the Farming CGU impairment test which would result in an impairment in the current financial year.

14. Biological Assets and Bearer Plants

The Group grows oil palm plants to produce palm oil. The plantation is located in Malaysia. The Group is exposed to risks in respect of agricultural activity. During the year a total of 22,875 metric tonnes of fruit was produced.

The primary risk associated with this activity occurs due to the length of time between expending cash on planting and trees reaching production so that cash can be received from the sale of palm oil to third parties. The Group's strategy to manage this risk is to stage the replanting (20-30 year replanting cycle) to reduce the effect on the cash flow.

a) Biological Assets

	2021 $'000s	2020 $'000s
Carrying amount at beginning of period	231	125
Production costs	1,741	1,881
Harvested during the period	(1,636)	(1,863)
Fair value adjustment	29	112
Effect of foreign exchange	(119)	(24)
Carrying amount at end of period	**246**	**231**

Biological assets consist of agricultural produce growing on bearer plants at reporting date. The fair value of biological assets, being the agricultural produce growing on bearer plants at reporting date are measured at their fair value less estimated point of sale costs at the point of harvest.

In determining the fair value at reporting date the following judgements were applied:

	2021	2020
FFB Price (RM per tonne)	656	339
Extraction rate (CPO)	19.00%	19.00%
Extraction rate (PK)	6.00%	6.00%

1. Malaysian Ringgit

The estimated metric tonnes of fruit on trees at balance sheet date, being 1,750 tonnes (2020: 2,973 tonnes), and the oil content was based on actual harvests post reporting date.

With regard to the estimation of the fair value of the biological asset, it has been classified as a level 3 in the fair value hierarchy being based on certain inputs that are not based on observable data. Management believes that no reasonably possible change in any of the above key assumptions would cause a material change in the fair value of the biological assets at the balance sheet date.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

b) Bearer Plants

	2021 $'000s	2020 $'000s
At cost	8,328	8,328
Accumulated depreciation	(4,303)	(2,937)
	4,025	**5,391**
Carrying amount at beginning of period	5,391	6,153
Depreciation	(1,062)	(720)
Effect of foreign exchange	(304)	(42)
Carrying amount at end of period	**4,025**	**5,391**

15. Investments in Joint Ventures

The Group's interest in joint ventures are accounted for using the equity method in consolidated financial statements.

	2021 $'000s	2020 $'000s
Investments in joint ventures at cost	1,315	1,352
Addition during the year	10	-
Share of joint venture profit/(losses)	7	(37)
Share of reserves of joint ventures	-	-
Carrying amount of investments in joint ventures	**1,332**	**1,315**

The Group has 50% interest in Pacific Biofert Limited ("PBF"), a Biological Fertiliser company based in New Zealand. PBF manufacture and distribute a product that enhances phosphate solubility. The investment represents a further diversification into value added and technically advanced phosphate products.

Below summarises the financial information of the Group's investment in Pacific Biofert Limited.

	2021 $'000s	2020 $'000s
Summarised statement of financial position		
Current assets	878	912
Non-current assets	404	338
Current liabilities	(446)	(1,397)
Non-current liabilities	(60)	(22)
Net assets/(liabilities)	**776**	**(169)**
Group's of equity	388	(85)
Goodwill	539	1,005
Group's carrying amount of investment in PBF	**927**	**920**
Summarised statement of comprehensive income		
Revenue	3,104	2,750
Expenses	(3,090)	(2,816)
Profit/(loss) attributable to the members of PBF	**14**	**(66)**
Group's share of profit/(loss) for the period	**7**	**(33)**

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

The Group also has a 49% interest in Goshawk Services Pty Ltd (a company incorporated in Australia), a 40% interest in Island Fresh Pty Ltd (a company incorporated in Australia), a 50% interest in Christmas Island Development Australia Pty Ltd (a company incorporated in Australia) and a 30% interest in Phosphate Resources Marketing Sdn Bhd (a company incorporated in Malaysia) which are individually and in aggregate immaterial.

16. Investments in Controlled Entities

CI Resources Limited owns 100% of Phosphate Resources Limited which is incorporated in Australia.

a) Information relating to subsidiaries

Information relating to controlled entities is set out below:

Name	Principal Activities	Country of Incorporation	% Equity Interest	
			2021	2020
Phosphate Resources Ltd	Mining	Australia	100	100
PRL Global Pty Ltd	Investment	Australia	100	-
CI Maintenance Services Pty Ltd (i)	Maintenance Services	Australia	100	100
Phosphate Resources Properties Pty Ltd (i)	Properties	Australia	100	100
Indian Ocean Stevedores Pty Ltd (i)	Stevedoring Services	Australia	100	100
Phosphate Resources (Singapore) Pte Ltd (i)	Shipping Services	Singapore	100	100
Indian Ocean Oil Company Pty Ltd (i)	Fuel Services	Australia	100	100
Phosphate Resources Laos Pty Ltd (i)	Dormant	Australia	100	100
Phosphate Resources Plantations Pty Ltd (i)	Dormant	Australia	100	100
Phosphate Resources (Malaysia) Sdn Bhd (i)	Marketing Services	Malaysia	100	100
Cheekah-Kemayan Plantation Sdn Bhd (i)	Palm Oil Estate, Milling and Sales	Malaysia	100	100

(i) These companies are wholly owned subsidiaries of Phosphate Resources Limited

17. Trade and Other Payables

	2021 *$'000s*	2020 *$'000s*
Trade payables	**14,096**	**11,101**

Trade creditors are non-interest bearing and are normally settled on 30-60 days terms. The carrying value of trade and other payables approximates the fair value thereof.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

18. Interest Bearing Loans and Borrowings

	2021 $'000s	2020 $'000s
Current		
Lease liabilities	444	455
Bank borrowings	6,309	8,430
	6,753	**8,885**
Non-current		
Lease liabilities	209	495
Bank borrowings	8,371	10,300
	8,580	**10,795**
Movement of lease liabilities		
As at 1 July 2019/2020	950	563
Additions	272	765
Disposal	-	-
Accretion of interest	30	25
Payments	(557)	(399)
Impact of foreign exchange translation	(42)	(4)
As at 30 June 2020/2021	**653**	**950**
Movement of bank borrowings		
As at 1 July 2019/2020	18,730	13,228
Additions	17,773	18,636
Payments	(20,750)	(12,958)
Impact of foreign exchange translation	(1,073)	(176)
As at 30 June 2020/2021	**14,680**	**18,730**

a) Fair value

The carrying amount of the borrowings approximates their fair value as the borrowings are at floating interest rates which move in accordance with market rates. Details regarding interest rate risk and liquidity risk are disclosed in Note 30.

b) Bank borrowings

One of the bank borrowings relates to a 5 year term loan which is secured by an all monies security held over properties in Cheekah Kemayan Plantations Sdn Bhd. Interest is payable at a rate of 1% per annum above the bank's cost of funds. The term loan is repayable in 60 monthly instalments. As at 30 June 2021 $10.65 million remained outstanding (2020:$11.69 million). Refer to Note 30 for details on liquidity risk.

Other borrowings relate to the working capital loan and foreign currency trade loan in Phosphate Resources (Malaysia) Sdn Bhd. The loans are secured by fixed and floating charge over the assets of the borrower and a corporate guarantee from the ultimate holding company. The working capital loan and foreign currency trade loan interest is payable at a rate of 1% per annum and 0.75% per annum above the bank's cost of funds respectively.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

c) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	2021 $'000s	2020 $'000s
Total facilities	34,986	36,554
Facilities utilised at reporting date	17,801	20,719
Facilities unused at reporting date	**17,185**	**15,835**

d) Lease liabilities

The group does not consider it is exposed to any future cash outflows that are not reflected in the measurement of the lease liabilities.

19. Provisions

		2021 $'000s	2020 $'000s
Current			
Employee entitlements		4,683	3,802
		4,683	**3,802**
Non-current			
Employee entitlements			
• Redundancy	(a)	5,325	6,048
• Long service leave		961	1,151
		6,286	7,199
Decommissioning	(b)	13,205	12,545
		19,491	**19,744**

a) Provision for redundancy

The amounts employees are entitled to receive in accordance with their employment agreements are recognised and measured in accordance with the employee benefits accounting policy. The redundancy provision decreased by a net amount of $723,000 during the year ended 30 June 2021 (2020: decrease $278,000).

b) Provision for decommissioning

Based on the Mining Lease Agreement between the Commonwealth Government and Phosphate Resources Limited a provision for decommissioning has been recognised for costs associated with:

- Demolition of all improvements specified for the removal of all debris resulting from demolition, removal of plant and equipment and leaving the mine sites in a safe, clean and tidy condition at the expiry of the lease.

The assumptions used to calculate this provide include:

- Inflation rate – 2.5%
- Discount rate – 1.49%
- Term – End of lease

Estimates of the decommissioning obligations are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. In determining the decommissioning provision, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to demolition of such mines in the future.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

c) Movement in provisions

	2021 $'000s	2020 $'000s
Provision for decommissioning:		
Carrying amount at the beginning of the financial year	12,545	11,306
Increase/(Decrease) in provision	(104)	374
Change in net present value of provision:		
• (Credited)/Debited to profit or loss	764	865
Carrying amount at the end of the financial year	**13,205**	**12,545**

20. Contributed Equity

a) Share capital	Number of shares	$'000s
Ordinary shares – fully paid	**115,581,107**	**72,160**

Movements in ordinary share capital

Date	Details	Number of shares	$'000s
1 July 2020	Opening balance	115,581,107	72,160
	Movement	-	-
30 June 2020/1 July 2020	Closing balance/Opening balance	115,581,107	72,160
	Movement	-	-
30 June 2021	**Closing balance**	**115,581,107**	**72,160**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

21. Reserves

	2021 $'000s	2020 $'000s
Foreign exchange translation reserve	(743)	3,321
Fair value reserve	(4,385)	(6,211)
Acquisition reserve	8,499	8,499
	3,371	**5,609**

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

Fair value reserve

Fair value differences arising from financial instruments classified as Fair Value through Other Comprehensive Income (FVOCI) under AASB 9 are taken to this reserve. Fair value gains and losses are presented in OCI and there is no subsequent reclassification of fair value gains and losses to profit and loss on the derecognition.

Acquisition reserve

Any gain or loss arising on acquisition of non-controlling interest of subsidiaries is recognized in this reserve.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Movements in reserves

	2021 $'000s	2020 $'000s
Foreign exchange translation reserve		
Balance at the beginning of the year	3,321	4,455
Foreign exchange on translation of financial report	(4,064)	(1,134)
Balance at the end of the period	**(743)**	**3,321**
Fair value reserve		
Balance at the beginning of the year	(6,211)	(3,951)
Movement for the year	1,826	(2,260)
Balance at the end of the period	**(4,385)**	**(6,211)**
Non-controlling interest acquisition reserve		
Balance at the beginning of the year	8,499	8,499
Movement for the year	-	-
Balance at the end of the period	**8,499**	**8,499**

22. Retained Earnings

	2021 $'000s	2020 $'000s
Accumulated profit at the beginning of the year	112,441	114,143
Net profit attributable to members of CI Resources Limited	6,796	32
Dividends paid	(2,312)	(1,734)
Accumulated profit at the end of the financial year	**116,925**	**112,441**

Dividends

Dividends totaling 2.0 cents per share (2020: 1.5 cents per share) have been paid during the year.

23. Key Management Personnel Disclosures

a) Key management personnel compensation

	2021 $'000s	2020 $'000s
Short term employee benefits	1,536	2,070
Long term benefits	40	77
Post employment benefits	126	181
	1,702	**2,328**

b) Loans to key management personnel

There are no loans made to directors or other key management personnel of CI Resources Limited.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

c) Other transactions with key management personnel

i) Mr Lai Ah Hong is the owner of property MQ 717 on Christmas Island leased to Phosphate Resources Ltd for three years ending 10 April 2023. Mr Lai Ah Hong received a total rent of $26,000 during the year (2020: $26,000).

ii) Mr Lai Ah Hong is the owner of property 86 Unit B, Block 790 Lam Lok Road, Drumsite, Christmas Island leased to CI Maintenance Services Pty Ltd. Mr Lai Ah Hong received a total rent of $24,000 during the year (2020: $24,398).

iii) Mr Adrian Gurgone is the director of Ethical Accounts. Ethical Accounts provided consultancy services for the Group totaling $219,587 (2020: $46,200) during the year.

24. Remuneration of Auditors

	2021 $'000s	2020 $'000s
Amounts received or due and receivable by EY (Australia) for:		
• audit of the financial report of the parent entity and the consolidated entity	131	125
• review of the half year financial report of the consolidated entity	53	60
	184	185
Amounts received or due and receivable by related practices of EY (Australia) for the audit of the financial statements	77	90
	77	90
Amounts received or due and receivable by auditors other than EY for:		
– an audit or review of the financial report of a controlled entity	-	-
	261	**275**

25. Contingent Liabilities

There are no contingent assets or liabilities as at the date of this report.

26. Commitments for Expenditure

a) Short term lease contracts amounting to $125,076 have not been recognised on balance sheet due to their short term nature.

b) The Company provides a guarantee and indemnity to the Commonwealth Government of Australia (Commonwealth) to ensure the performance of Indian Ocean Oil Company Pty Ltd's obligations under the terms of a 20 year fuel lease arrangement. The fair value associated with the guarantee and indemnity at 30 June 2021 is $nil (2020: $nil).

c) The Company has plans to undertake various environmental management targets and objectives as detailed in the Christmas Island Phosphates Environmental Management Plan. As at 30 June 2021 there are no present financial commitments.

d) The Company has provided a bank guarantee of $2 million to the Commonwealth Government under the terms of the Mining Lease Agreement.

e) The Company has capital commitments of $0.056 million (2020: $0.145 million) for items of plant on order but not yet delivered.

27. Related Party Transactions

Directors and other key management personnel

Disclosures relating to directors and other key management personnel are set out in note 23.

Controlling entities

The ultimate parent entity in the group is CI Resources Limited.

Ownership interests in related parties

Interests held in related parties are set out in note 15.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

28. Reconciliation of profit after income tax to net cash flows from operating activities

	2021 $'000s	2020 $'000s
Operating profit after income tax	6,796	32
Adjustment for non-cash items		
Accretion of decommissioning provision	660	1,153
Net loss/(gain) on disposal of assets	541	311
Change in fair value of biological assets	(29)	(112)
Share of (profit)/loss from joint ventures	(7)	37
Expected credit loss	2	292
(Increase)/Decrease in value of financial assets	(62)	36
Impairment of goodwill	-	3,101
Depreciation	9,445	8,635
Unrealised foreign exchange (gain) / loss	(5,840)	(2,249)
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(10,645)	168
Movement in deferred tax balances	289	(1,160)
(Increase)/decrease in inventories	4,640	3,743
(Increase/(decrease) in trade creditors and accruals	2,995	(2,188)
Increase/(decrease) in provisions	(32)	(1,328)
(Increase)/decrease in prepayments	60	(733)
(Increase)/decrease in tax receivable	(855)	(543)
Net cash inflow from operating activities	**7,958**	**9,195**

29. Financial Instruments and Fair Values

a) Forward currency contracts – Financial assets at fair value through profit or loss

The Group has entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting.

	Notional amounts – $AUD		Average exchange rate	
	30 June 2021 $'000s	*30 June 2020 $'000s*	30 June 2021	*30 June 2020*
Sell US$/buy Australian $				
Consolidated				
Sell US$ maturity 0 to 12 months	**30,726**	27,138	**0.6705**	0.6817
Sell US$ maturity 12 to 24 months	**3,306**	17,264	**0.6049**	0.6372

These contracts are fair valued by comparing the contracted rate to the forward market rates for contracts with the same remaining term, discounted at a market interest rate. All movements in fair value are recognised in profit or loss in the period they occur. The net fair value gain on foreign currency derivatives during the year was $3.808 million for the Group (2020: net loss of $0.491 million).

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

b) Capital notes – Financial assets at fair value through profit or loss

During the period, the Group has invested in capital notes with various institutions measured at fair value through profit or loss financial assets.

	Fair Value $ AUD	
	30 June 2021 $'000s	*30 June 2020 $'000s*
Capital notes		
Australian capital notes	976	956

Initial measurement of these financial assets comprises fair value and subsequent measurement at fair value. The movement in fair value in each period is recognised in profit or loss. The net fair value gain on capital notes during the financial year were $19,000 (2020: loss of $36,000) for the Group.

c) Listed Shares – Fair value through Other Comprehensive Income

During the period, the Group had a total of 13,018,700 ordinary shares in United Malacca Bhd, a publicly listed company in Malaysia. United Malacca Bhd is a Malaysian based palm oil company involved in both the cultivation of oil palms and palm oil milling operations. The Group has elected to account for the instruments under the fair value through other comprehensive income method due to the Group's long term strategic plan.

	Fair Value $ AUD	
	30 June 2021 $'000s	*30 June 2020 $'000s*
Listed shares		
Malaysian listed shares	21,060	20,831

d) Fair value measurement and disclosure

The Directors have concluded that the fair value of financial assets and financial liabilities are not materially different to carrying values. The methods and assumptions used to estimate the fair value of financial instruments were:

- Receivables/payables – Due to the short term nature of these financial rights and obligations, and/or market interest received/paid, their carrying values are estimated to represent their fair values.
- Derivatives – The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
- Bank loan – All the bank loans of the Group are interest bearing with floating interest rates which move in accordance with the market interest rates. Therefore the fair value of the bank loans approximates their carrying value.
- Term deposits – The carrying values of term deposits represent the fair values.
- Capital notes – These investments are fair valued by reference to published bid prices.
- Listed shares – These investments are designated at fair value through OCI and fair valued by reference to the published bid prices.

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

30 June 2021	Level 1 $'000s	Level 2 $'000s	Level 3 $'000s	Total $'000s
Forward currency contracts – classified as FVTPL	-	3,795	-	3,795
Capital notes – classified as FVTPL	976	-	-	976
Listed shares – classified as FVOCI	21,060	-	-	21,060
Biological assets	-	-	246	246
	22,036	**3,795**	**246**	**26,077**

30 June 2020	Level 1 $'000s	Level 2 $'000s	Level 3 $'000s	Total $'000s
Forward currency contracts – classified as FVTPL	-	1,363	-	1,363
Capital notes – classified as FVTPL	956	-	-	956
Listed shares – classified as FVOCI	20,831	-	-	20,831
Biological assets	-	-	231	231
	21,787	**1,363**	**231**	**23,381**

Transfer between categories:

There were no transfers between levels during the year.

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, leases, cash and short-term deposits, long-term deposits, interest bearing loans and borrowings, foreign exchange derivatives, capital notes and listed equity investments.

Market (including foreign exchange, commodity price and interest rate risk), liquidity and credit risk (including foreign exchange, commodity price and interest rate risk) arise in the normal course of the Group's business.

The Group manages its exposure to key financial risks, including interest rate, currency and commodity risk in accordance with the Group's risk management procedures. The overall objective of these procedures is to:

- Ensure that net cash flows are sufficient to meet all financial commitments as and when they fall due.
- Support the delivery of the Group's financial targets whilst protecting future financial security.
- Minimise the potential adverse effects resulting from volatility on financial markets.

The Group continually monitors its forecast financial position against these criteria.

It is, and has been throughout the period under review, Group policy that no speculative trading in financial instruments be undertaken.

i) Interest rate risk

Interest rate risk on cash and term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

The interest rates for borrowings are variable.

At 30 June 2021, had the interest rate moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post tax profit and equity Higher/(Lower)	
	30 June 2021 $'000s	***30 June 2020 $'000s***
Consolidated		
Interest rate + 10%	32	10
Interest rate – 10%	(32)	(10)

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

ii) Liquidity Risk

The Group's liquidity position is managed to ensure that sufficient funds are available to meet its financial commitments in a timely and cost effective manner.

Management monitors the Group's liquidity reserve on the basis of expected cash flow. The table below reflects a balanced view of cash inflows and outflows and shows the implied risk based on those values. Trade payables and other financial liabilities originate from the financing of assets used in the Group's ongoing operations. These assets are considered in the Group's overall liquidity risk.

Management continually reviews the Group liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

Maturity analysis of financial liabilities based on contractual maturity

Consolidated **Year ended 30 June 2021**	**≤6 months $'000s**	***6-12 months $'000s***	**1-5 years $'000s**	***>5 years $'000s***	***Total $'000s***
Inflow	20,019	10,707	3,306	-	34,032
(Outflow)	(18,278)	(9,301)	(2,658)	-	(30,237)
Net foreign exchange contracts	1,741	1,406	648	-	3,795
Financial liabilities					
Trade and other payables	14,096	-	-	-	14,096
Interest bearing loans and borrowings	5,644	665	8,371	-	14,680
Lease liabilities	222	222	209	-	653

Year ended 30 June 2020	**≤6 months $'000s**	***6-12 months $'000s***	**1-5 years $'000s**	***>5 years $'000s***	***Total $'000s***
Foreign exchange contract (gross settled)					
Inflow	9,442	17,696	17,264	-	44,402
(Outflow)	(9,470)	(17,496)	(16,073)	-	(43,039)
Net foreign exchange contracts	(28)	200	1,191	-	1,363
Financial liabilities					
Trade and other payables	11,101	-	-	-	11,101
Interest bearing loans and borrowings	7,742	688	10,300	-	18,730
Lease liabilities	227	228	495	-	950

iii) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure.

Financial instruments that potentially subject the consolidated entity to concentrations of credit risk consist principally of cash deposits and receivables. The Group minimizes its exposure to credit risk by placing its cash deposits and derivatives with high credit-quality financial institutions where possible. Term deposits typically have an original maturity of three months or less and other bank deposits are on call. These financial assets are considered to have low credit risk. Receivables balances are monitored on an ongoing basis. At reporting date there were debtors amounting to $8.2 million (2020: $4.0million) that were past due, but not considered impaired (Refer to Note 8). Based on the Group's assessment the exposure to future credit loss is not significant based on the ECL procedures performed by the Group.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

iv) Derivative instruments and foreign currency risk

The Group's future revenues are exposed to movements in foreign exchange rates, particularly the US dollar/Australian dollar rate. The Group may from time to time enter into foreign exchange derivative instruments to manage this exposure.

The Group has, as outlined in note 29, forward currency contracts designated as held for trading that are subject to fair value movements through profit or loss as foreign exchange rates move.

At 30 June 2021, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post tax profit and equity Higher/(Lower)	
	2021 $'000s	***2020 $'000s***
Consolidated		
AUD/USD + 10%	(3,079)	(4,037)
AUD/USD – 10%	3,763	4,934

Management believes the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years historical movements.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide shareholders and stakeholders in the future and to maintain an optimal capital structure to reduce the cost of capital.

Management are constantly adjusting the capital structure as suitable. As the market is constantly changing, management may change the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Management have no current plans to issue further shares on the market.

Security price risk

The Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions. At 30 June 2021, had the security price moved, as illustrated in the table below, with all other variables held constant, equity would have been affected as follows:

Judgments of reasonably possible movements:

	Equity Higher/(Lower)	
	2021 $'000s	***2020 $'000s***
Consolidated		
Security price + 10%	2,106	2,083
Security price – 10%	(2,106)	(2,083)

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

31. Parent Entity Information

	2021 $'000s	2020 $'000s
Current assets	19,424	17,055
Total assets	86,387	84,034
Current liabilities	43	101
Total liabilities	43	101
Issued capital	72,160	72,160
Retained earnings	14,184	11,773
Total shareholders' equity	86,344	83,933
Profit of the parent entity	4,723	4,644
Total comprehensive income	4,723	4,644

The parent entity has provided guarantees in relation to the debts of certain of its subsidiaries.

The parent has no contingent liabilities as at date of this report.

The Parent Entity has no contractual commitments for the acquisition of property, plant or equipment.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

32. Segment Reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operation decision makers) in assessing performance and in determining the allocation of resource.

The Group has identified its operating segments to be Fertiliser and Farming based on the different operating businesses within the Group. Discrete financial information about each of these operating segments is reported to the chief operation decision makers on a monthly basis.

The Fertiliser operating segment primarily involves mining, processing and sale of phosphate rock, phosphate dust and chalk.

The Farming operating segment primarily involves oil palm cultivation and palm oil processing.

The accounting policy used by the Group in reporting segments internally is the same as those contained in Note 2 to the accounts.

Year ended 30 June 2021	Fertiliser $'000s	Farming $'000s	Unalloc./ Elimination $'000s	Total $'000s
Revenue				
Phosphate sales	75,112	-	-	75,112
Palm oil sales	-	35,562	-	35,562
Other sales	6,008	-	-	6,008
Interest income	127	125	75	327
Dividend income	-	380	-	380
Rendering of services	420	-	16,282[1]	16,702
Fuel sales	-	-	12,333[2]	12,333
Total segment revenue	81,667	36,067	28,690	146,424
Result				
Segment net operating profit/(loss) after tax (attributable to parent)	3,306	(121)	3,611	6,796
Depreciation and amortisation	5,564	2,556	1,325	9,445
Finance cost	1,023	445	23	1,491
Income tax expense	518	696	1,461	2,675
Assets and Liabilities				
Segment assets	158,315	57,078	36,424	251,817
Segment liabilities	39,081	15,084	5,196	59,361
Other Disclosure				
Capital expenditure	4,418	1,850	782	7,050

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Year ended 30 June 2020	Fertiliser $'000s	Farming $'000s	Unalloc./ Elimination $'000s	Total $'000s
Revenue				
Phosphate sales	62,570	-	-	62,570
Palm oil sales	-	29,597	-	29,597
Other sales	5,970	-	-	5,970
Interest income	292	245	141	678
Dividend income	-	369	-	369
Rendering of services	65	-	11,944[1]	12,009
Fuel sales	-	-	14,323[2]	14,323
Total segment revenue	68,897	30,211	26,408	125,516
Result				
Segment net operating profit/(loss) after tax (attributable to parent)	(668)	(497)	1,197	32
Depreciation and amortisation	5,089	2,210	1,336	8,635
Finance cost	1,285	644	18	1,947
Impairment of non-financial assets	-	3,101	-	3,101
Income tax expense	(921)	616	488	183
Assets and Liabilities				
Segment assets	155,206	61,212	33,584	250,002
Segment liabilities	39,535	17,595	2,662	59,792
Other disclosure				
Capital expenditure	7,260	1,300	499	9,059

1 Relates to the services income derived by a wholly-owned subsidiary CI Maintenance Services Pty Ltd.
2 Relates to fuel and oil sales derived by a wholly-owned subsidiary Indian Ocean Oil Company Pty Ltd.

Revenue from external customers by geographical locations is detailed below:

	2021 $'000s	2020 $'000s
Australia	82,102	73,952
Malaysia	64,127	51,369
Singapore	195	195
	146,424	**125,516**

Major customers

The Group has a number of customers to which it provides the products. No single customers had sales exceeding 10% of revenue.

	2021 $'000s	2020 $'000s
Non-Current Assets by geographical regions		
Australia	56,209	58,189
Malaysia	68,328	69,322
Singapore	7,529	7,582
	132,066	**135,093**

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

33. Subsequent Events

Subsequent to year end, CII's wholly owned subsidiary, PRL Global Pty Ltd, acquired a 50% stake in Kemoil SA, Geneve (Kemoil), a non-listed company based in Switzerland as disclose below. Other than this, no matter or circumstance has arisen that has significantly affected, or may significantly affect, the operations of the consolidated entity and its controlled entities, the results of those operations or the state of affairs of the consolidated entity and its controlled entities in subsequent years that is not otherwise disclosed in this report or the consolidated financial statements.

Acquisition of Subsidiary

On 1 July 2021, CII's wholly owned subsidiary, PRL Global Pty Ltd, acquired a 50% stake in Kemoil SA, Geneve (Kemoil) totaling 5,000 ordinary shares for approximately AU$8.1M funded out of cash reserves and comprising of:

- The payment to Mekatrade of CHF 1,033,574
- The provision of a loan of US$5,000,000 to Kemoil for working capital and security for its banking lines of credit

Kemoil is a non-listed company based in Switzerland and operates a supply chain logistics business, enabling the efficient flow of commodities – particularly refined oils – between major producers and large customers throughout West Africa. The Group acquired Kemoil to diversify our revenue mix and bolster our supply chain logistics capability beyond our existing shipping logistics business servicing Asia Pacific.

Assets acquired and liabilities assumed

The provisional fair values of the identifiable assets and liabilities of Kemoil as at the date of acquisition were:

	$'000s
Assets	
Non-current assets	1,037
Cash and cash equivalents	39,295
Financial assets at FVTPL	1,028
Trade and other receivables	59,709
	101,069
Liabilities	
Trade payables	79,775
Lease liabilities	821
Shareholder loans	15,920
Derivative financial liabilities	65
Provision for employee benefits	1,518
	98,099
Total identifiable net assets at fair value	2,970
50% controlling interest measured at fair value	1,485
Provisional goodwill arising on acquisition	-
Purchase consideration transferred	1,485
Purchase consideration	
Cash	1,485

The allocation of consideration to identifiable assets and liabilities of Kemoil remains in progress at the date of this report.

Directors' Declaration

For the year ended 30 June 2021

In accordance with a resolution of the Directors of CI Resources Limited, I state that:

1. In the opinion of the directors:
   a) The financial statements and notes of CI Resources Limited for the year ended 30 June 2021 are in accordance with the *Corporations Act 2001*, including:
      i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance, for the year ended on that date; and
      ii) complying with Accounting Standards and *Corporations Regulations 2001*;
   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and
   c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and the chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

On behalf of the board

David Somerville
Chairman

Lai Ah Hong
Managing Director

Perth, Western Australia
30 September 2021

Independent Audit Report to the Members

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Independent auditor's report to the members of CI Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of CI Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the

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procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Impairment Assessment – Farming and Fertiliser Cash Generating Unit

Why significant	How our audit addressed the key audit matter
As required by Australian Accounting Standards, the Group assesses, at the end of each reporting period, whether there are any triggers indicating that an asset may be impaired or that any previously recognised impairment should be reversed. Goodwill is assessed for impairment at least annually. At 30 June 2021, the Group identified a trigger for impairment for the Fertiliser CGU and performed an impairment assessment for that CGU. In addition, an annual impairment assessment of the goodwill included in the Farming CGU was performed. The impairment assessments of these CGUs was considered a key audit matter given the significance of the non-current assets and the goodwill included within CGUs. The recoverable amounts have been determined using a value in use (VIU) calculation using cash flow projections, which required the Group to exercise judgement in determining the key assumptions as outlined in Notes 3b and 13 of the financial report. No impairment or reversal was recognised by the Group for the year ended 30 June 2021.	Our audit procedures included evaluating and assessing the assumptions and methodologies used by the Group in the calculation of the recoverable amount of both CGUs using the VIU model. We involved our valuation specialists to evaluate and assess key assumptions and methodologies used by the Group. This included comparing the Group's assumptions to our own assessments, and externally derived data, of key inputs such as production volumes, projected growth, selling price, production costs, inflation and discount rates. We assessed the Group's sensitivity analysis, which included considering the impact of reasonably possible changes in assumptions on the determination of the recoverable amount of the CGUs. We assessed the adequacy of the disclosures concerning impairment of the Fertiliser CGU and the Farming CGU as described in Notes 3b and 13, respectively.

Recoverability of Debtors

Why significant	How our audit addressed the key audit matter
At outlined in Note 8 of the financial report, at 30 June 2021 the Group had trade debtors totalling $34.1 million, including $8.3 million that were past due, but not considered impaired. The recoverability of these debtors was considered a key audit matter given their value and the degree of judgement required by management in assessing the recoverability of past due debtors.	Our audit procedures included an assessment of the Group's evaluation of recoverability of the debtors, including: ▸ consideration of the contractual terms of the debts ▸ the past payment practices of those debtors and consideration of the creditworthiness of counterparties and any payments received subsequent to year end. ▸ the receipt of confirmations from debtors as to the amounts owed to the Group ▸ assessed the adequacy of the ECL provision recognised as at the reporting date

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Why significant	How our audit addressed the key audit matter
	We assessed the adequacy of the disclosures and the ECL provision concerning trade debtors as described in Note 8 to the Group financial statements.

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

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the 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.

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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.
- 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter

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should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 43 to 46 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of CI Resources Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

Russell Curtin
Partner
Perth
30 September 2021

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings

Substantial shareholders

The following substantial shareholders have lodged notices with the Company as at 28 September 2021:

Holder	Ordinary shares
Keen Strategy Sdn Bhd	12,600,000
Prosper Trading Sdn Bhd	11,616,000
Destinasi Emas Sdn Bhd	7,437,410

Class of shares and voting rights

At 28 September 2021 there were 436 holders of ordinary shares on the Company. The voting rights attaching to the ordinary shares are:

On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. The fraction shall be equivalent to the proportion which the amount paid is of the total amounts paid and payable, excluding amounts credited, provided that the amounts paid in advance of a call are ignored when calculating a true portion.

Distribution of share holders

Category	Ordinary shares
1 - 1,000	97
1,001 - 5,000	68
5,001 - 10,000	91
10,001 - 100,000	67
100,001 - and over	113
	436

There were 79 holders of less than a marketable parcel of ordinary shares.

On-market buy back

There is no current on-market buy back.

Restricted securities

The Company does not have any restricted securities.

Unquoted securities

The Company does not have any unquoted securities

Twenty largest holders of ordinary shares (as at 28 September 2021)

	Ordinary Shares	
Holder name	**Number**	**%**
Citicorp Nominees Pty Ltd	35,178,509	30.44
Keen Strategy Sdn Bhd	12,600,000	10.90
Prosper Trading Sdn Bhd	11,616,000	10.05
Mr Teo See Khiang Willy	3,565,681	3.09
Kim Tee Tee	3,163,550	2.74
Mr Thebban Ramanathan	2,520,933	2.18
Hafiz Masli	2,015,000	1.74
Kluang Pty Ltd	1,683,988	1.46
Ms Mee Yuen Yong	1,641,572	1.42
Lip Hian Tee	1,410,500	1.22
Hendry Lee	1,350,050	1.17
Chee Eng Lim	1,249,300	1.08
Yan Pey Tan	1,249,300	1.08
Lip Jen Tee	1,229,150	1.06
Mr Ramanathan E S Krishnan	1,136,543	0.98
Mr Ah Hong Lai + Ms Wai Ching Lee <The Lai Super Fund A/C>	1,013,989	0.88
Ms Wai Fun Lee	905,527	0.78
C & H Lai Super Pty Ltd <Lai Superannuation Fund A/C>	870,875	0.75
Chain Yee Tee	826,150	0.71
Chin Eng Lim	806,000	0.70
	86,032,617	**74.44**

Other Information

CI Resources Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

The Company's shares are quoted on the Australian Securities Exchange.


Photographer: Kirsty Faulkner

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