



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholder and the Board of Directors of Cobar Management Pty Limited.

Opinion on the Financial Statements

We have audited the accompanying statement of financial position of Cobar Management Pty Limited (the "Company") as of December 31, 2021, December 31, 2020 and January 1, 2020, the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the two years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, December 31, 2020 and January 1, 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

A handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu".

Deloitte Touche Tohmatsu

Paramatta, Australia
March 17, 2023

We have served as the Company's auditor since 2022.

COBAR MANAGEMENT PTY LIMITED

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2021

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Statement of profit or loss and other comprehensive income

For the years ended December 31, 2020 and December 31, 2021

US\$ thousand	Notes	2021	2020
Revenue from related party	5	273,380	202,183
Cost of goods sold		(190,150)	(181,093)
Gross profit		83,230	21,090
Distribution and selling expenses		(15,195)	(12,846)
Administrative expenses		(1,473)	(3,909)
Operating income		66,562	4,335
Net foreign exchange gains/(losses)		401	(1,647)
Finance income	8	3	9
Finance costs	8	(530)	(793)
Profit before income taxes		66,436	1,904
Income tax benefit/(expense)	9	100,059	(31,041)
Profit/(loss) for the year		166,495	(29,137)
Other comprehensive income		-	-
Total comprehensive income/(loss)		166,495	(29,137)
Earnings/(loss) per share			
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	25	1	1
Basic	25	166,495	(29,137)
Diluted	25	166,495	(29,137)

The accompanying notes are an integral part of the financial statements.

Statement of financial position

As at January 1, 2020, December 31, 2020 and December 31, 2021

US\$ thousand	Notes	2021	2020	January 1, 2020
Assets				
Current assets				
Cash and cash equivalents		79	110	264
Trade receivables from related parties	10	2,551	8,861	6,718
Other receivables	10	3,747	2,648	2,999
Inventories	11	24,854	16,589	14,601
Prepaid expenses		9,373	1,205	-
		40,604	29,413	24,582
Non-current assets				
Property, plant and equipment, net	12	398,171	395,157	397,695
Intangible assets, net	13	947	100	-
Inventories	11	431	565	518
Other assets		49	138	358
		399,598	395,960	398,571
Total assets		440,202	425,373	423,153
Liabilities				
Current liabilities				
Trade payables	14	9,482	8,656	5,688
Trade payables to related parties	14	652	-	481
Other payables	14	8,455	13,263	19,454
Lease liabilities	15	1,047	105	3,054
Provisions	16	15,725	14,914	9,550
		35,361	36,938	38,227
Non-current liabilities				
Lease liabilities	15	226	27	1,832
Provisions	16	44,896	20,507	23,499
Deferred tax liabilities	9	14,059	14,535	20,114
		59,181	35,069	45,445
Total liabilities		94,542	72,007	83,672
Net assets		345,660	353,366	339,481
Equity				
Share capital	23	-	-	-
Retained earnings		209,863	43,368	72,505
Parent net investment	22	135,797	309,998	266,976
Total equity		345,660	353,366	339,481

The accompanying notes are an integral part of the financial statements.

Statement of changes in equity

For the years December 31, 2020 and December 31, 2021

US\$ thousand	Notes	Share capital		Retained earnings	Parent net investment	Total equity
		Number of shares	Amount			
As at January 1, 2020		1	-	72,505	266,976	339,481
Loss for the year		-	-	(29,137)	-	(29,137)
Net changes in parent net investment	22	-	-	-	43,022	43,022
As at December 31, 2020		1	-	43,368	309,998	353,366
As at January 1, 2021		1	-	43,368	309,998	353,366
Profit for the year		-	-	166,495	-	166,495
Net changes in parent net investment	22	-	-	-	(174,201)	(174,201)
As at December 31, 2021		1	-	209,863	135,797	345,660

The accompanying notes are an integral part of the financial statements.

Statement of cash flows

For the years ended December 31, 2020 and December 31, 2021

US\$ thousand	Notes	2021	2020
Operating activities			
Profit before income taxes		66,436	1,904
Adjustments for:			
Depreciation and amortization	6	52,321	55,433
Net foreign exchange (gains)/losses		(401)	1,647
Finance income	8	(3)	(9)
Finance costs	8	530	793
Movement in provisions		1,746	1,473
Other non-cash		1,507	(64)
		122,136	61,177
Decrease in trade receivables from related parties		6,310	351
Increase in other receivables		(961)	(1,922)
Increase in prepaid expenses		(8,217)	(1,204)
Increase in inventories		(8,131)	(2,035)
Increase/(decrease) in trade payables to related parties		652	(481)
Increase in trade payables		826	2,968
Decrease in other payables		(4,808)	(6,191)
Cash generated by operations		107,807	52,663
Income taxes paid by related party ¹	9	(19,461)	(7,908)
Interest received	8	3	9
Interest paid	8	(530)	(793)
Net cash generated by operating activities		87,819	43,971
Investing activities			
Purchase of property, plant, and equipment and intangibles	12	(32,068)	(55,763)
Net cash used in investing activities		(32,068)	(55,763)
Financing activities			
Payment of lease liabilities		(781)	(2,718)
Transfers (to)/from Parent		(55,158)	14,310
Net cash (used in)/generated by financing activities		(55,939)	11,592
Decrease in cash and cash equivalents		(188)	(200)
Cash and cash equivalents at the beginning of the year		110	264
Net foreign exchange difference		157	46
Cash and cash equivalents at the end of the year		79	110

¹ The Company is part of a tax consolidated group under Australian taxation law, of which Glencore Investment Pty Limited ("Glencore Investment"), a related party of the Company, is the head entity. Tax payments from companies within the Glencore Investment tax consolidated group are made by Glencore Investment in accordance with the tax sharing and tax funding agreements entered into by those entities and settled through intercompany loans via parent net investment (see notes 2.16 and 22).

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements

1. Corporate information

Cobar Management Pty Limited ("Cobar" or the "Company") is a proprietary company incorporated in Australia. Its parent entity, is Glencore Operations Australia Pty Limited ("Glencore Operations Australia"). Its ultimate parent entity is Glencore plc (the "Parent").

The financial statements of the Company for the years ended December 31, 2020 and 2021 were authorised for issue in accordance with a resolution of the Directors on March 17, 2023.

Cobar is primarily engaged in the operation of Cornish, Scottish and Australian underground copper mine ("CSA mine") in Australia. CSA mine was transferred to the Company on November 29, 2021 as part of the Reorganization (as described below). Prior to November 29, 2021, the Company was a shell company with no active trade or business.

From January 1, 2019 to November 28, 2021 Acelight Pty Limited ("Acelight") and Isokind Pty Limited ("Isokind") owned the assets in the CSA mine in a 40/60 split respectively, pursuant to an unincorporated joint arrangement. Whilst Acelight, Isokind, and Cobar each have a different immediate parent, all of them are indirectly 100% owned and controlled by their ultimate parent entity, Glencore plc, for all periods presented in the financial statements.

On November 29, 2021, all assets, tenements and residual interests held by Acelight and Isokind for the operation of the CSA mine were transferred to Cobar (the "Reorganization"). The consideration was settled by related party loans. As this was a transaction between entities under common control, the book value basis of accounting, utilising the book values of the Parent, was used to record the assets and liabilities contributed to Cobar. Further, the financial statements report the results of the CSA mine operations as though the transfer of net assets occurred at the beginning of the period and the comparative financial information has been adjusted accordingly as well.

On March 17, 2022, Glencore Operations Australia entered a binding agreement with Metals Acquisition Corp ("MAC") for the sale and purchase of Cobar. MAC will assume ownership and full operational control of the Company and will enter into an offtake agreement with the Parent for 100% of the copper concentrate produced at the CSA mine in return for consideration of \$1.05 billion in cash, \$50 million equity stake in MAC and 1.5% copper only net smelter return life of mine royalty upon completion of the transaction. On November 22, 2022, Glencore Operations Australia entered a binding deed of amendment with MAC in respect of the March 17, 2022, agreement, for the sale and purchase of Cobar. The deed of amendment provides consent to the re-domiciliation of MAC and amends consideration to \$775 million in cash (with the ability to scale up to \$875 million cash depending on PIPE demand), up to \$100 million equity stake in MAC, \$75 million deferred to be paid out of half the proceeds of any future equity raise, \$75 million contingent payment payable when copper averages greater than \$4.25/lb for 18 continuous months over the life of mine ("LOM"), \$75 million contingent payment payable when copper averages greater than \$4.50/lb for 24 continuous months over the LOM, and 1.5% copper only net smelter return life of mine royalty upon completion of the transaction. The transaction, expected to be completed in 2023, is subject to the approval of MAC's shareholders and other customary closing conditions, including regulatory approvals.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements are general purpose financial statements, which have been prepared on a stand-alone basis and are derived from Glencore plc's consolidated financial statements and accounting records in which the Company was consolidated. Glencore plc's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and based on Glencore plc's transition to IFRS which had occurred prior to its initial public offering in 2011.

The financial statements include the historical results of operations, financial position and cash flows of the Company for the periods presented and have been prepared in accordance with the IFRS as issued by the IASB. The Company's financial information is presented using the historical results of operations and the historical bases of assets and liabilities of the Parent.

The business of the Company is the operation of the CSA copper mine in New South Wales Australia. Management of the Company believes assumptions underlying the financial statements are reasonable. However, the financial statements may not be indicative of the financial position, results of operations, and cash flows of the Company in the future or if it had operated independently of the Parent. Actual costs that would have been incurred if the Company had operated as a standalone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, primarily including, technical services, engineering, finance, and other general corporate and administrative costs, such as treasury, human resources, legal and others.

Notes to the financial statements

continued

2. Significant accounting policies continued

2.1 Basis of preparation continued

The statement of profit or loss and other comprehensive income include all revenues and costs directly attributable the Company as well as an allocation of corporate expenses from the Parent that provide support to the Company related to general and administrative expenses. These corporate expenses have been allocated to the Company based on direct usage or benefit, where identifiable, with the remainder allocated based on headcount or capital employed. The Parent allocates these costs to the Company using methodologies that management believes are appropriate and reasonable.

Treasury and net funding activities, and tax transactions between the Parent and the Company are accounted through Parent net investment in the Company. These transactions between Parent and Company are deemed to have been settled immediately through Parent net investment and are shown as a net change in this account (see note 22 for additional information). As all transactions are long-term funding related, these have been accounted for as movements within the Parent net investment balance.

The Company is part of a tax consolidated group under Australian taxation law, of which Glencore Investment, a subsidiary of the Parent, is the head entity. See note 2.16 'Income taxes' for more information.

The financial statements have been prepared on an accruals basis and are based on historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

All amounts are presented in United States dollars (US\$) and all values are rounded to the nearest thousand unless otherwise indicated.

Going concern

Based upon an assessment of Cobar's forecast financial position and performance, management have determined that they have, at the time of approving the financial statements, a reasonable expectation that the Company has access to adequate resources to continue to pay debts as and when they are due and payable for the 12 months from the date of approval of these financial statements, whilst a 100% wholly owned subsidiary of the Parent. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

2.2 First time adoption of International Financial Reporting Standards

The financial statements, for the year ended December 31, 2020, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended December 31, 2019, the Company did not prepare financial statements as the entities that collectively are the Company were each individually members of the Glencore Investment Deed of Cross Guarantee and therefore individually qualify for relief from lodging a financial report with the Australian Security & Investments Commission.

Notes to the financial statements

continued

2. Significant accounting policies continued

2.2 First time adoption of International Financial Reporting Standards continued

The financial statements presented in this report comply with IFRS applicable as at December 31, 2021. In preparing the financial statements, the Company's opening statement of financial position was prepared as at January 1, 2020, the Company's date of transition to IFRS.

The Company prepared its financial statements in accordance with the recognition and measurement principles of IFRS, the application of IFRS 1 *First-time Adoption of International Financial Reporting Standard* has not resulted in any material impact on the amounts reported from the date of transition on January 1, 2020 to December 31, 2021.

Exemption applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Company has applied the exemption in relation to cumulative translation differences that existed at the date of transition to IFRS. A cumulative translation adjustment of \$35,540 thousand existed as a result of the change in presentational currency of Acelight Pty Limited and Isokind Pty Limited from AUD to USD presentational currency in 2014. The Company has applied the exemption under IFRS 1 whereby this cumulative translation difference is deemed to be zero at the date of transition to IFRS.

As this is the first financial statements the Company has prepared which are general-purpose financial statements, summarised below is an overview of the significant accounting policies adopted in the preparation and presentation of the financial statements. These accounting policies are consistent with IFRS and other than the exemption noted above no adjustments were taken. The accounting policies set out below have been consistently applied from the date of transition on January 1, 2020.

2.3 COVID-19

The Company is aware that COVID-19 has the capacity to adversely affect the future financial performance of the Company in a variety of ways, including: significant COVID-19 specific costs, disruptions to supply chain (including purchasing, production, and transportation) and volatility in the price for copper. Depending on the duration and extent of the impact of COVID-19 and if any of the aforementioned risks materialise, it may become necessary to reassess certain accounting conclusions and disclosures including the valuation of inventories, fair value measurements, the impairment of non-financial assets, adequacy of provisions, expected credit loss assumptions, and the extent of the impact on the results of operations and cash flows.

2.4 Application of new and revised accounting standards

Adoption of new and revised standards

As these financial statements are the first prepared for the Company all new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") have been adopted.

New and revised standards not yet effective

IFRS Standards and Interpretations that are issued, but are not yet effective, up to the date of issuance of the financial statements, which are applicable to the Company, are disclosed below. The Company will apply these amendments, as applicable, when they become effective.

Annual Improvements 2018-2020 and Other Amendments – effective for year ends beginning on or after January 1, 2022

The amendments clarify certain requirements in:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards*;
- IFRS 3 *Business Combinations*;
- IFRS 9 *Financial Instruments*;
- IFRS 16 *Property, Plant and Equipment*; and
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Notes to the financial statements

continued

2. Significant accounting policies continued

2.4 Application of new and revised accounting standards continued

Amendments to IFRS 16 – Proceeds before intended use – effective for year ends beginning on or after January 1, 2022

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The Company has assessed the potential impact of the amendment on these financial statements and does not expect a material impact.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current – effective for year ends beginning on or after January 1, 2023

The amendments clarify the requirements for the presentation of liabilities in the statement of financial position as current or non-current in IAS 1 *Presentation of Financial Statements*.

Amendments to IAS 8 - Definition of Accounting Estimates– effective for year ends beginning on or after January 1, 2023

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.

Amendments to IAS 1 - Disclosure of Accounting Policies – effective for year ends beginning on or after January 1, 2023

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction – effective for year ends beginning on or after January 1, 2023

The amendments introduce a further exception from the initial recognition exemption under IAS 12. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The Company is assessing the potential impact of the amendments on these financial statements.

2.5 Revenue recognition

Revenue is derived principally from the sale of goods and recognized when the performance obligations have been satisfied upon transfer of control of the goods from the Company to the customer. Revenue is measured based on consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties.

Revenue related to the sale of goods is recognized when the product is delivered to the destination specified by the customer, which is typically the vessel on which it is shipped, the destination port or the customer's premises and the customer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset. The sales price is determined on a provisional basis at the date of sale as the final selling price is subject to movements in market prices up to the date of final pricing, normally ranging from 30 to 90 days after initial booking (provisionally priced sales). As the pricing only varies based on future market prices after the performance obligation has been satisfied, this is not considered to be variable consideration. The Company's right to the consideration is unconditional as only the passage of time is required before payment is due and, therefore, the Company accounts for the receivable under IFRS 9. Revenue on provisionally priced sales is recognized based on the estimated fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative.

Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognized as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

The principal risks associated with recognition of sales on a provisional basis include commodity price fluctuations between the date the sale is recorded and the date of final settlement. If a significant decline in commodity prices occurs, it is reasonably possible the Company could be required to pay the difference between the provisional price and final selling price.

Revenues from the sale of silver, a by-product in the production of copper concentrate, are included within revenue from the sale of concentrate, which includes copper and silver.

2. Significant accounting policies continued

2.5 Revenue recognition continued

The Company is responsible for providing certain shipping and insurance services to the customer, which is generally before the date at which the Company has transferred control of the goods. These services are not distinct within the context of the contract, and they are not separately identifiable from other promises within the contract. Accordingly, shipping and insurance services are not considered separate performance obligations and are treated as costs to fulfill the promise to transfer the related products. Any customer payments of shipping and handling costs are recorded within revenue. While the Company's customer has an option to take deliveries of the goods on Cost and Freight ("CFR") and Cost, Insurance and Freight ("CIF") basis, the

Notes to the financial statements

continued

customer generally opts for Free on Board ("FOB") based delivery where the Company is responsible for loading the purchased goods onto the ship, and all costs associated up to that point.

2.6 Foreign currency translation

The Company's reporting currency and the functional currency of each of the entities collectively forming the Company is the U.S. dollar as this is assessed to be the principal currency of the economic environment in which it operates. All operating revenue generated by Cobar is in the U.S. dollar and all the funding arrangements through Parent net investment (see note 22) are denominated in the U.S. dollar.

Foreign currency transactions

Transactions in foreign currencies are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities outstanding at year end are converted at year-end rates. The resulting exchange differences are recorded in the statement of profit or loss and other comprehensive income.

The average and closing AUD/USD foreign currency exchange rates at 2020 and 2021 are listed below:

	Average FX rate	Closing FX rate
2020	0.6884	0.7706
2021	0.7512	0.7272

2.7 Property, plant and equipment

Property, plant and equipment are initially recognized at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned, or the estimated remaining life of mine ("LOM"), field or lease.

Depreciation commences when the asset is available for use. The major categories of property, plant and equipment are depreciated/amortized on a units of production ("UOP") and/or straight-line basis. Depreciation of property, plant and equipment using UOP method over the LOM is based on estimated production units including commercially recoverable reserves (proven and probable reserves) and a portion of mineral resources (measured, indicated and inferred resources). The portion of mineral resources are included in depreciation calculations where they are expected to be classified as mineral reserves based on high degree of confidence that they will be extracted in an economic manner.

Assets under construction are included in Plant and equipment and since the assets are not yet available for use, are not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	10-45 years/Straight-line
Freehold land	Not depreciated
Plant and equipment	3 – 30 years/UOP
Right-of-use assets	2 – 30 years
Mine development	UOP

Notes to the financial statements

continued

2. Significant accounting policies continued

2.7 Property, plant and equipment continued

Mine development

Mine development costs include costs incurred resulting from mine pre-production activities undertaken to gain access to proven and probable mineral reserves, including shafts, adits, drifts, ramps, permanent excavations, and infrastructure. Costs incurred before mineral resources are classified as proven and probable reserves are expensed as incurred. Capitalization of mine development project costs that meet the definition of an asset begins once mineral resources are classified as proven and probable reserves and such proposed development receives the appropriate approvals. All subsequent development expenditure is similarly capitalized, provided commercial viability conditions continue to be satisfied. Proceeds from the sale of product extracted during the development phase are netted against development expenditure. Upon completion of development and commencement of production, capitalized development costs are transferred, as required, to the appropriate plant and equipment asset category.

Depreciation for mine development costs is determined using the UOP method based on estimated production units including commercially recoverable reserves (proven and probable reserves) and a portion of mineral resources (measured, indicated and inferred resources). Depreciation, depletion and amortization using the UOP method is recorded upon production of finished goods, at which time it is allocated to inventory cost and then included as a component of cost of goods sold. Other assets are depreciated on a straight-line basis over estimated useful lives for the related assets.

2.8 Leases

As lessee, the Company assesses whether a contract contains a lease at inception of a contract. The Company recognizes a right-of-use asset and corresponding lease liability in the statement of financial position for all lease arrangements in which it is the lessee, except for short-term leases with a term of twelve months or less and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the future lease payments from the commencement date of the lease. The lease payments are discounted using the asset and company specific incremental borrowing rates. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability, with a corresponding adjustment to the related right-of-use assets, whenever:

- The lease term changes or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to the changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate;
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

The right-of-use assets are initially recognized in the statement of financial position at cost, which comprises the amount of the initial measurement of the corresponding lease liability, adjusted for any lease payments made at or prior to the commencement date of the lease, any lease incentive received and any initial direct costs incurred, and expected costs for obligations to dismantle and remove right-of-use assets when they are no longer used. Right-of-use assets are recognized within property, plant and equipment in the statement of financial position. Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term.

Notes to the financial statements

continued

2. Significant accounting policies continued

2.9 Restoration, rehabilitation and decommissioning

Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted using a risk free discount rate to their net present value, are provided for and capitalized at the time such an obligation arises. The costs are charged to the statement of profit or loss and other comprehensive income over the life of the operation through depreciation of the asset and the accretion expense of the discount on the provision.

Costs for restoration of subsequent site disturbance, which is created on an ongoing basis during production, are provided for at their net present values and charged to the statement of profit or loss and other comprehensive income as extraction progresses.

Changes in the estimated timing of the rehabilitation or changes to the estimated future costs are accounted for prospectively by recognizing an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, provided the reduction in the provision is not greater than the depreciated capitalized cost of the related asset, in which case the capitalized cost is reduced to nil and the remaining adjustment recognized in the statement of profit or loss and other comprehensive income. In the case of closed sites, changes to estimated costs are recognized immediately in the statement of profit or loss and other comprehensive income.

2.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

The major categories of intangibles are amortized on a straight-line basis as follows:

Licences and software	3 - 9 years
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2.11 Impairment or impairment reversals

The Company conducts, at least annually, an internal review of asset values which is used as a source of information to assess for any indications of impairment. Formal impairment tests are carried out when events or changes in circumstances indicate the carrying value may not be recoverable.

A formal impairment test involves determining whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs of disposal and its value in use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken at the CGU level.

If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded in the statement of profit or loss and other comprehensive income to reflect the asset at the lower amount.

For those assets which were impaired in prior periods, if their recoverable amount exceeds their carrying amount, an impairment reversal is recorded in the statement of profit or loss and other comprehensive income to reflect the asset at the higher amount to the extent the increased carrying amount does not exceed the carrying value of the asset that would have been determined had no impairment previously been recognized. Goodwill impairments cannot be subsequently reversed.

2.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources embodying economic benefits that can be reliably estimated will be required to settle the liability.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Notes to the financial statements

continued

2. Significant accounting policies continued

2.13 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first-in-first-out ("FIFO") or the weighted average method and comprises material costs, labour costs, allocated production related overhead costs and includes treatment and refining cost. Raw materials and consumables are measured using the FIFO method and work in progress inventories using the weighted average method. Financing and storage costs related to inventory are expensed as incurred.

2.14 Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are classified as either financial assets at amortized cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVTPL") depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset. Financial assets are initially recognized at fair value on the trade date, including, in the case of instruments not subsequently measured at fair value through profit or loss, directly attributable transaction costs. Trade receivables with no provisional price features and where there is no significant financing component, are initially recognized at their transaction price. Subsequently, other investments, provisionally priced trade receivables and derivatives are carried at fair value and trade receivables that do not contain provisional price features, loans and other receivables are carried at amortized cost.

Financial liabilities, other than derivatives and those containing provisional price features, are initially recognized at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortized cost. Financial liabilities that contain provisional pricing features and derivatives are carried at FVTPL.

Impairment of financial assets

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL and equity instruments at FVOCI, at the end of each reporting period. The expected credit loss recognized represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company applies the simplified approach to measure the loss allowance for trade receivables classified at amortized cost, using the lifetime expected loss provision. The expected credit losses on these financial assets is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information.

For all other financial assets at amortized cost, the Company recognizes lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

- A review of overdue amounts
- Comparing the risk of default at the reporting date and at the date of initial recognition
- An assessment of relevant historical and forward-looking quantitative and qualitative information.

For those balances that are beyond 30 days overdue it is presumed to be an indicator of a significant increase in credit risk.

If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

The Company considers an event of default has materialised and the financial asset is credit impaired when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Company without taking into account any collateral held by the Company or if the financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Notes to the financial statements

continued

2. Significant accounting policies continued

2.14 Financial instruments continued

Derecognition of financial assets and financial liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or have expired.

On derecognition of a financial asset/financial liability in its entirety, the difference between the carrying amount of the financial asset/financial liability and the sum of the consideration received and receivable/paid and payable is recognized in profit and loss.

On derecognition of equity investments designated and measured at FVTOCI, the cumulative gain or loss recognized in other comprehensive income is reclassified directly to retained earnings.

2.15 Goods and services tax

Revenues, expenses and assets are recognized net of the amount of goods and services tax ("GST"), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognized as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognized inclusive of GST.

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

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

2.16 Income tax

Tax Consolidation

The Company is part of a tax consolidated group under Australian taxation law, of which Glencore Investment is the head entity. As a result, the Company is subject to income tax through its membership of this tax consolidated group. Entities within the tax consolidated group have entered into a tax funding agreement and a tax sharing agreement with the head entity.

The current and deferred tax amounts for the tax consolidated group are allocated to the members of the tax consolidated group (including the Company) using the 'separate taxpayer within group' approach. This method requires tax to be calculated for each member with adjustments for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the group or that have a different tax consequence at the level of the group. Accordingly, the Company recognizes an allocation of income taxes in the financial statements as if it calculated and filed a separate income tax return for Cobar, Acelight and Isokind. Deferred taxes are allocated by reference to the carrying amounts in the financial statements of the Company and the tax values applying under tax consolidation. Current tax liabilities arising from this process are accounted for as being assumed by the head entity, as under Australian taxation law the head entity has the legal obligation for (or right to) these amounts. Such amounts are reflected in amounts receivable from or payable to the head entity via Parent net investment, see movement to "Glencore Investment tax loan" in note 22.

Income tax consists of current and deferred income taxes.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Adjustments are made for transactions and events occurring within the tax consolidated group that do not give rise to a tax consequence for the Company or that have different tax consequences at the level of the Company.

Notes to the financial statements

continued

2. Significant accounting policies continued

2.16 Income tax continued

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Company or that have different tax consequences at the level of the Company.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis.

The Company assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. For those matters where it is probable that an adjustment will be made, the Company records its best estimate of these tax liabilities, including related interest charges, taking into account the range of possible outcomes.

Tax payments

Tax payments from companies within the Glencore Investment tax consolidated group are made by Glencore Investment in accordance with the tax sharing and tax funding agreements entered into by those entities and settled through intercompany loans via parent net investment (see note 22). Tax payments are disclosed within cash flows from operating activities in the statement of cash flows.

2.17 Employee and retirement benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognized in respect of short-term employee benefits, are measured at their face value without the effect of discounting using the remuneration rate expected to apply at the time of settlement. Liabilities recognized in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common, industry standard modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company has identified the following areas as being critical to understanding the Company's financial position as they require management to make complex and/or subjective judgements, estimates and assumptions about matters that are inherently uncertain:

Notes to the financial statements

continued

3. Critical accounting judgments and key sources of estimation uncertainty continued

Critical accounting judgements

In the process of applying the Company's accounting policies, management has made judgements based on the relevant facts and circumstances including macro-economic circumstances and, where applicable, interpretation of underlying agreements, which have the most significant effect on the amounts recognized in the financial statements.

Key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made key estimates and assumptions concerning the future and other key sources of estimation uncertainty. The key assumptions and estimates at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Restoration, rehabilitation and decommissioning (note 16)

A provision for future restoration, rehabilitation and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. Most of these rehabilitation and decommissioning events are expected to take place many years in the future and the currently estimated requirements and costs that will have to be met when the restoration event occurs are inherently uncertain and could materially change over time.

In calculating the appropriate provision for the expected restoration, rehabilitation or decommissioning obligations, cost estimates of the future potential cash outflows based on current studies of the expected rehabilitation activities and timing thereof, are prepared. These forecasts are then discounted to their present value using a risk free rate specific to the liability and the currency in which they are denominated.

Any changes in the expected future costs are initially reflected in both the provision and the asset (included within plant and equipment classification) and subsequently in the statement of profit or loss and other comprehensive income over the remaining economic life of the asset. As the actual future costs can differ from the estimates due to changes in laws, regulations, technology, costs and timing, the provisions including the estimates and assumptions contained therein are reviewed regularly by management. The aggregate effect of changes within 12 months as a result of revisions to cost and timing assumptions is not expected to be material.

Depreciation based on a UOP basis (note 12)

Assets depreciated on a UOP basis rely heavily on estimated production units. In calculating the appropriate production level, management rely on life of mine plans containing production levels and costs. Estimated production units include commercially recoverable reserves (proven and probable reserves) and other mineral resources (measured, indicated and inferred resources) that can be economically and legally extracted from the CSA mine. Other mineral resources have been included in estimated production units (beyond just the proven and probable reserves) when management has sufficient confidence, for the purpose of determining economic life of certain assets, that these resources will be converted into proven and probable reserves. This determination is based on proven historical conversion rates through further drilling and a historical track record of life of mine extensions and replenishment of reserves.

The estimation of production units requires significant subjective assumptions that arise from the evaluation of geological, geophysical, engineering and economic data based on the size, depth and shape of an ore body, and requires complex geological assessments to interpret that data. Furthermore, in order to determine the production units, estimates and assumptions are also required about a range of technical and economic factors such as estimates of commodity prices, future capital requirements, quantities, grades, production techniques, recovery and conversion rates, production costs, etc. Therefore, the Company uses both internal and external technical experts to estimate the production units from CSA mine.

This data could change over time as a result of numerous factors, including new information gained from development activities, evolving production history and a reassessment of the viability of production under different economic conditions. As such changes in production units may affect the life of mine and depreciation rates thereby impacting the Company's financial results and financial position for future periods.

The estimates and assumptions contained within the life of mine plans are reviewed regularly by management. Any changes in the life of mine plans are reflected in the depreciation rates and subsequent asset book values on a prospective basis.

Notes to the financial statements

continued

3. Critical accounting judgments and key sources of estimation uncertainty continued

Recognition and measurement of uncertain tax positions (note 9)

The Company is subject to taxes with often complex legal and tax regulatory environments. Some estimation is required in determining the accrual for income taxes. The income tax positions taken are considered by the Company to be supportable and are intended to withstand challenge from tax authorities. However, it is acknowledged that some of the positions are uncertain and include interpretations of complex tax laws as well as transfer pricing considerations which could be disputed by tax authorities. The Company judges these positions on their technical merits on a regular basis using all the information available (legislation, case law, regulations, established practice, authoritative doctrine as well as the current state of discussions with tax authorities, where appropriate). A liability is recorded for each item that is not probable of being sustained on examination by the tax authorities, based on all relevant information. The liability is calculated taking into account the most likely outcome or the expected value, depending on which is thought to give a better prediction of the resolution of each uncertain tax position in view of reflecting the likelihood of an adjustment being recognized upon examination. These estimates are based on facts and circumstances existing at the end of the reporting period. The tax liability and income tax expense include expected penalties and late payment interest arising from tax disputes.

Where the final income tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax expense and deferred income tax assets and liabilities in the period in which such determination is made. Details of taxation can be found in note 9.

Notes to the financial statements

continued

4. Segment information

The chief operating decision maker has been identified as the General Manager for the CSA mine. The General Manager makes decisions with respect to allocation of resources and assesses performance of the Company. The Company is organised and operates in one single business segment focused on the mining and production of copper and silver from the CSA mine. The performance of the Company, being CSA mine operation, is assessed and managed in totality.

All sales are made to its single client Glencore International AG in Switzerland and all assets are held in one geographical location, being the CSA mine site in Australia. Since the Company operates in one segment, all financial information required by "Segment Reporting" such as major customers, and the countries in which the entity holds material assets and reports revenue can be found in the accompanying financial statements.

5. Revenue

US\$ thousand	2021	2020
Sale of commodities – Copper	260,673	192,008
Sale of by product - Silver	12,707	10,175
Total	273,380	202,183

Revenue is derived principally from the sale of commodities, recognized once the control of the goods has transferred from the Company to the customer. The Company sells copper concentrate (which includes silver) produced exclusively to Glencore International AG (refer to note 22 on Related Parties).

Products of the Company may be provisionally priced at the date revenue is recognized. The impact on revenue recognized due to the changes in pricing of copper is an increase of \$2,441 thousand and decrease of \$2,364 thousand for the years ended December 31, 2021 and 2020 respectively, accounted for under IFRS 9. Final settlements are recognized within revenue.

At December 31, 2021, the Company had 37,012 thousand pounds of provisionally priced copper sales subject to final pricing over the next several months. The average provisional price per pound of these provisionally priced sales subject to final pricing is \$4.34.

6. Depreciation and amortization expense

US\$ thousand	Notes	2021	2020
Included in cost of goods sold:			
Depreciation expenses	12	(52,262)	(55,433)
Amortization expenses		(59)	-
Total		(52,321)	(55,433)

7. Employee benefits expense

US\$ thousand	2021	2020
Included in cost of goods sold:		
Wages and salaries	(47,089)	(40,973)
Defined contribution plans	(5,589)	(4,305)
Other employee benefits	(147)	(584)
Total	(52,825)	(45,862)

Notes to the financial statements

continued

8. Finance income and costs

US\$ thousand	Notes	2021	2020
Finance income			
Interest income from banks and other third parties		3	9
Total		3	9
Finance costs			
Interest expense on debts and borrowings		(3)	-
Interest expense on lease liabilities		(62)	(316)
Total interest expense		(65)	(316)
Accretion expense on rehabilitation provision	16	(465)	(477)
Total		(530)	(793)
Finance costs - net		(527)	(784)

9. Income taxes

Income taxes consist of the following:

US\$ thousand	2021	2020
Current income tax benefit/(expense)	100,858	(33,602)
Adjustments in respect of current income tax	(1,275)	(3,018)
Total income tax benefit/(expense)	99,583	(36,620)
Deferred income tax (expense)/benefit	(1,638)	4,318
Adjustments in respect of prior year deferred income tax	2,114	1,261
Total deferred income tax benefit	476	5,579
Total income tax benefit/(expense) reported in the statement of profit or loss	100,059	(31,041)

Reconciliation of income tax benefit/(expense) and the accounting profit multiplied by Australia's domestic tax rate:

US\$ thousand	2021	2020
Profit before income taxes	66,436	1,904
Income tax expense calculated at the Australian income tax rate of 30% (2020: 30%)	(19,931)	(571)
Tax effects of:		
Movement in uncertain tax positions	118,846	(28,712)
Utilization and changes in recognition of tax losses and temporary differences	305	-
Adjustments in respect of prior years	839	(1,758)
Income tax benefit/(expense)	100,059	(31,041)

Notes to the financial statements

continued

9. Income taxes continued

Deferred taxes

Deferred taxes as at December 31, 2021 and 2020 are attributable to the items in the table below:

US\$ thousand	2021	Recognized in profit or loss	2020
Deferred tax liabilities			
Depreciation and amortization	(22,372)	4,039	(26,411)
Provisions and payables	11,648	1,495	10,153
Receivables and consumables	(3,335)	(5,058)	1,723
Total	(14,059)	476	(14,535)
Total deferred tax - net	(14,059)	476	(14,535)

US\$ thousand	2020	Recognized in profit or loss	2019
Deferred tax liabilities			
Depreciation and amortization	(26,411)	4,460	(30,871)
Provisions and payables	10,153	40	10,113
Receivables and consumables	1,723	1,079	644
Total	(14,535)	5,579	(20,114)
Total deferred tax - net	(14,535)	5,579	(20,114)

Income tax judgements and uncertain tax liabilities

The Company assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. For those matters where it is probable that an adjustment will be made, the Company records its reasoned estimate of these tax liabilities, including related penalty and interest charges. The estimate consists of a transfer pricing matter, in respect of the price charged for commodity sales to Glencore International AG (refer to note 5), that has been open for a number of years and may take several more years to resolve. In recognizing a provision for the taxation exposures, consideration was given to the range of possible outcomes to determine the Company's best estimate of the amount to provide. As at December 31, 2021, the Company has recognized \$35,360 thousand (2020: \$154,206 thousand; January 1, 2020: \$125,494 thousand) of uncertain tax liabilities related to possible adverse outcomes of this matter, and income tax payable through a related party loan with Glencore Investment Pty Limited via parent net investment, the head entity of the tax consolidated group (see note 2.16 'Income taxes' and note 22). The reduction in the liability during the year of \$118,846 thousand (2020: increase in liability of \$28,712 thousand) reflects the resolution of the transfer pricing matter in favour of the Company for certain years following court judgements determining that the price the Company received for the sale of copper concentrate was within an arm's length range. The remaining balance has been calculated based on the latest estimate by the Company, relevant court rulings, and other factual developments.

Notes to the financial statements

continued

10. Trade and other receivables

US\$ thousand	Notes	2021	2020	January 1, 2020
Financial assets at fair value through profit or loss				
Trade receivables from related parties containing provisional pricing features	22	2,551	8,861	6,718
Other receivables				
Financial assets at amortized cost				
Other receivables		141	167	1,351
Non-financial instruments				
Indirect tax receivable		3,606	2,481	1,648
Total other receivables		3,747	2,648	2,999

The average credit period on sales of goods on credit is 3 days (2020: 9 days). The carrying value of trade receivables approximates fair value.

The Company determines the expected credit loss on receivables based on different scenarios of probability of default and expected loss applicable to each of the material underlying balances. The Company has determined that the expected credit loss is immaterial as all related party balances are effectively supported by the Parent and no material anticipated losses will occur.

11. Inventories

US\$ thousand	2021	2020	January 1, 2020
Current			
Supplies and consumables ¹	9,593	7,551	5,786
Work in progress	1,013	2,236	3,783
Finished goods	14,248	6,802	5,032
Total current	24,854	16,589	14,601
Non-current			
Supplies and consumables ¹	431	565	518
Total non-current	431	565	518
Total	25,285	17,154	15,119

¹ Net reversal of the write down of inventories for obsolete and slow moving stock of \$165 thousand for the year (2020: write down of \$228 thousand; January 1, 2020: reversal of write down of \$30 thousand).

The cost of inventories recognized as an expense within cost of goods sold during the year was \$34,897 thousand (2020: \$33,356 thousand).

All inventories are valued at the lower of cost or net realizable value. At 2021 all inventory is measured at cost (2020: at cost).

Non-current inventories are not expected to be utilized or sold within 12 months, based on historical usage, and are therefore classified as non-current inventory.

Notes to the financial statements

continued

12. Property, plant and equipment, net

2021

US\$ thousand	Notes	Freehold land and buildings	Plant and equipment	Right-of- use assets	Mine development	Total
Cost						
At January 1, 2021		8,986	444,611	177	443,819	897,593
Additions		-	24,225	1,958	6,663	32,846
Disposals		-	(8,202)	-	-	(8,202)
Other movements ¹		(113)	16,445	-	6,617	22,949
At December 31, 2021		8,873	477,079	2,135	457,099	945,186
Accumulated depreciation and impairment:						
At January 1, 2021		6,394	264,296	65	231,681	502,436
Depreciation	6	703	32,645	821	18,093	52,262
Disposals		-	(8,202)	-	-	(8,202)
Other movements ¹		-	531	-	(12)	519
At December 31, 2021		7,097	289,270	886	249,762	547,015
Net book value at December 31, 2021		1,776	187,809	1,249	207,337	398,171

¹ Primarily consists of increases in rehabilitation costs of \$24,056 thousand (plant and equipment) offset by \$1,107 thousand of other reclassifications within the various property, plant and equipment headings. Expenditure for construction in progress is carried in plant and equipment and is transferred to the respective category when brought in to use.

Plant and equipment include expenditure for construction in progress of \$56,571 thousand (2020: \$21,819 thousand; January 1, 2020: \$21,630 thousand). Included in cost of goods sold, is an estimated amount of \$23,238 thousand (2020: \$11,705 thousand) relating to certain CWIP costs which, due to financial reporting system limitations within the CWIP module and resulting lack of documentation supporting the capitalization of these costs related to production, have been expensed in the respective periods.

Through management's review of internal and external factors, no indicators of impairment existed in 2021 and 2020.

At December 31, 2021, the Company is committed to \$270 thousand (2020: \$863 thousand) of short-term lease payments.

2020

US\$ thousand	Notes	Freehold land and buildings	Plant and equipment	Right-of- use assets	Mine development	Total
Cost						
At January 1, 2020		15,836	402,089	13,395	421,939	853,259
Additions		-	57,004	176	-	57,180
Disposals		(35)	(1,256)	(9,955)	(180)	(11,426)
Other movements ¹		(6,815)	(13,226)	(3,439)	22,060	(1,420)
At December 31, 2020		8,986	444,611	177	443,819	897,593
Accumulated depreciation and impairment:						
At January 1, 2020		11,121	229,019	6,079	209,345	455,564
Depreciation	6	392	30,191	2,335	22,515	55,433
Disposals		(35)	(1,127)	(7,220)	(179)	(8,561)
Other movements ¹		(5,084)	6,213	(1,129)	-	-
At December 31, 2020		6,394	264,296	65	231,681	502,436
Net book value at December 31, 2020		2,592	180,315	112	212,138	395,157

¹ Primarily consists of increases in rehabilitation costs of \$423 thousand (plant and equipment) and reclassifications within the various property, plant and equipment headings.

Notes to the financial statements

continued

13. Intangible assets, net

Licences and software

The Company has immaterial intangible assets with a net book value at December 31, 2021 of \$947 thousand (2020: \$100 thousand; January 1, 2020: nil).

These intangible assets include licences and ERP software with the IP rights being held by the Parent, and the Company paying for the use of its own instance of the software.

14. Trade and other payables

US\$ thousand	Notes	2021	2020	January 1, 2020
Financial liabilities at amortized cost				
Trade payables due to third parties		9,482	8,656	5,688
Trade payables due to related parties	22	652	-	481
Other payables				
Financial liabilities at amortized cost				
Mining royalty payable		2,617	2,119	-
Accrued expenses		5,838	11,144	19,454
Total other payables		8,455	13,263	19,454

Trade payables are obligations to pay for goods and services. Trade payables have an average payment period of 25 days depending on the type of goods and services and the geographic area in which the purchase transaction occurs and the agreed terms. The carrying value of trade payables approximates fair value.

Notes to the financial statements

continued

15. Leases

Lease liabilities

US\$ thousand	2021	2020	January 1, 2020
Current			
Lease liabilities	1,047	105	3,054
Total current	1,047	105	3,054
Non-current			
Lease liabilities	226	27	1,832
Total non-current	226	27	1,832
Total	1,273	132	4,886

Reconciliation of cash flow to movement in lease liabilities

US\$ thousand	2021	2020
Cash related movements in leases liabilities¹		
Payment of lease liabilities	(781)	(2,718)
Non-cash related movements in lease liabilities		
Foreign exchange movements	(98)	344
Change in lease liabilities ²	2,020	(2,380)
	1,922	(2,036)
Increase/(decrease) in lease liabilities for the year	1,141	(4,754)
Total lease liabilities - opening	132	4,886
Total lease liabilities - closing	1,273	132

¹ See statement of cash flows.

² In 2021 this relates to new leases (2020: lease buy out).

Right-of-use assets

The Company leases several assets including buildings and plant and equipment. As at December 31, 2021, the net book value of recognized right-of-use assets relating to buildings was \$133 thousand (2020: \$112 thousand; January 1, 2020: \$63 thousand) and plant and equipment \$1,116 thousand (2020: \$nil; January 1, 2020: \$7,253 thousand). The depreciation charge for the year related to those assets was \$90 thousand (2020: \$128 thousand) and \$731 thousand (2020: \$2,207 thousand).

Disclosure of amounts recognized as right-of-use assets in the statement of financial position are included within note 12.

Amounts recognized in the statement of profit or loss and other comprehensive income are detailed below:

US\$ thousand	2021	2020
Depreciation on right-of-use assets	(821)	(2,335)
Interest expense on lease liabilities	(62)	(316)
Expense relating to short-term leases	(2,257)	(953)
Expense relating to low-value leases	(5)	-
Total	(3,145)	(3,604)

Notes to the financial statements

continued

16. Provisions

US\$ thousand	Employee entitlements	Rehabilitation costs	Other	Total
January 1, 2021	15,220	19,637	564	35,421
Utilized	(1,497)	(135)	(162)	(1,794)
Accretion	-	465	-	465
Additions	2,006	24,056	99	26,161
Effect of foreign currency exchange movements	388	-	(20)	368
Net book value December 31, 2021	16,117	44,023	481	60,621
Current	15,190	54	481	15,725
Non-current	927	43,969	-	44,896
Net book value December 31, 2021	16,117	44,023	481	60,621
January 1, 2020	13,907	19,142	-	33,049
Utilized	(613)	(405)	(223)	(1,241)
Accretion	-	477	-	477
Additions	612	423	787	1,822
Effect of foreign currency exchange movements	1,314	-	-	1,314
Net book value December 31, 2020	15,220	19,637	564	35,421
Current	14,252	98	564	14,914
Non-current	968	19,539	-	20,507
Net book value December 31, 2020	15,220	19,637	564	35,421

Employee entitlements

The employee entitlements provision represents the value of annual leave and long service leave entitlements accrued. The associated expenditure will occur in a pattern consistent with when employees choose to exercise their entitlements with timing of leave taken up to the discretion of the employees.

Rehabilitation costs

Cobar mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. Cobar conducts its operations to protect public health and the environment and believes its operations are in compliance with applicable laws and regulations in all material respects. As part of the mine closure plans, Cobar is required to provide annual guarantees over the estimated life of the mines, based on a present value approach, and to furnish the funds for the rehabilitation provision. This law requires a review of closing plans every three years.

Rehabilitation provision represents the accrued cost required to provide adequate rehabilitation and manage the site during a post-closure phase until surrender of the Mining Lease and sign off by the Environmental Authority. The majority of these costs provide for reshaping and covering waste rock emplacements – generally ensuring the site is left in a safe, stable and non-polluting condition – as well as property holding costs (e.g. Mining Lease rental and Council rates) during the post-closure phase.

The bulk of these amounts will be settled when rehabilitation is undertaken over a 3 year period (currently assumed to be started in 2031), with a tail of property holding costs over an approximate 10 year post-closure period.

As at December 31, 2021, the discount rate applied in calculating the restoration and rehabilitation provision is a pre-tax risk free rate specific to the liability and the currency in which they are denominated as follows: Australian dollar 2.0% (2020: 2.3%). The Company's own credit risk was not included and no adjustment has been made. The effect of decreasing the discount rates used by 0.5% would result in an increase in the overall rehabilitation provision by \$2,438 thousand, with a resulting movement in property, plant and equipment. In the following year, the depreciation expense would increase by some \$203 thousand, with an opposite direction interest expense adjustment of \$165 thousand. The resulting net impact in the statement of profit or loss and other comprehensive income would be a decrease of \$38 thousand, eventually netting to \$nil over the settlement date of the provision.

Notes to the financial statements

continued

16. Provisions continued

Additions to rehabilitation provision relate to changes in estimates. In 2021, rehabilitation provision estimate changes were primarily comprised of \$23,388 thousand related to change in cost estimate for increased amount of work required to be completed in tailings dam and storage facilities and other movements for accretion expense of the initial discounting that was applied to the rehabilitation provision to reflect the timing of future retirement cash flows. In 2020, these changes in estimates were made up of changes due to increased disturbance.

Other

Other comprises provisions for possible legal and other consulting related claims.

17. Financial and capital risk management

Financial risk management

Financial risks arising in the normal course of business from the Company's operations comprise market risk (including commodity price risk and currency risk), credit risk and liquidity risk. It is the Company's policy and practice to identify and, where appropriate and practical, actively manage such risks to support its objectives in managing its capital and future financial security and flexibility. The Company's finance and risk professionals, working in coordination with the commodity departments and Glencore plc, monitor, manage and report regularly to senior management on the approach and effectiveness in managing financial risks along with the financial exposures facing the Company.

Risk Factors

The key financial risk factors that arise from the Company's activities, including the Company's policies for managing these risks, are outlined below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: commodity price risk and currency risk.

Commodity price risk

The Company is exposed to price movements for the inventory it holds and the products it produces which are not held to meet priced forward contract obligations and forward priced sale contracts.

The Company has chosen not to hedge against the movement in commodity prices.

Sensitivity analysis

At December 31, 2021, the Company has provisionally priced sales. If the commodity prices on provisionally priced sales had been 10% higher/lower and all other variables held constant, the Company's profit after tax for the year ended December 31, 2021 would increase/decrease by \$268 thousand (2020: \$1,148 thousand).

Currency risk

The U.S. dollar is the functional currency of the entities collectively forming the Company. Currency risk is the risk of loss from movements in exchange rates related to transactions and balances in currencies other than the U.S. dollar. Such transactions include operating expenditure, capital expenditure and to a lesser extent purchases in currencies other than the functional currency.

The Company's operations are located in Australia, therefore operating expenses are incurred predominantly in Australian dollar and U.S. dollar currencies. These transactions are not generally hedged. A weakening of the U.S. dollar against these currencies has a material adverse impact on earnings and cash flow settlement. The Company buys foreign currencies at spot rates to settle local currency operating expenditure and is therefore largely exposed to volatility in exchange rates.

The Company's debt related payments are primarily denominated in U.S. dollars.

Notes to the financial statements

continued

17. Financial and capital risk management continued

Sensitivity analysis

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

2021

US\$ thousand	Notes	U.S. dollar	Australian dollar	Other	Total
Cash and cash equivalents		30	49	-	79
Trade receivables from related parties	10	2,551	-	-	2,551
Other receivables	10	-	3,747	-	3,747
Trade payables	14	(100)	(9,295)	(87)	(9,482)
Trade payables to related parties	14	(652)	-	-	(652)
Other payables	14	(248)	(8,207)	-	(8,455)
Lease liabilities	15	-	(1,273)	-	(1,273)
Net debt		1,581	(14,979)	(87)	(13,485)

2020

US\$ thousand		U.S. dollar	Australian dollar	Other	Total
Cash and cash equivalents		30	80	-	110
Trade receivables from related parties	10	8,861	-	-	8,861
Other receivables	10	-	2,648	-	2,648
Trade payables	14	-	(8,656)	-	(8,656)
Other payables	14	-	(13,263)	-	(13,263)
Lease liabilities	15	-	(132)	-	(132)
Net debt		8,891	(19,323)	-	(10,432)

January 1, 2020

US\$ thousand		U.S. dollar	Australian dollar	Other	Total
Cash and cash equivalents		30	234	-	264
Trade receivables from related parties	10	6,718	-	-	6,718
Other receivables	10	-	2,999	-	2,999
Trade payables	14	(512)	(5,176)	-	(5,688)
Trade payables to related parties	14	(481)	-	-	(481)
Other payables	14	(1,751)	(17,703)	-	(19,454)
Lease liabilities	15	-	(4,886)	-	(4,886)
Net debt		4,004	(24,532)	-	(20,528)

The following table details the Company's sensitivity to a 10% increase and decrease in the U.S. dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates.

A positive number below indicates an increase in profit and other equity where the U.S. dollar strengthens 10% against the relevant currency. For a 10% weakening of the U.S. dollar against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

Notes to the financial statements

continued

17. Financial and capital risk management continued

2021

US\$ thousand	Profit or loss	Other equity
Australian dollar	1,498	1,498
Other	9	9
Total	1,507	1,507

2020

US\$ thousand	Profit or loss	Other equity
Australian dollar	1,932	1,932
Total	1,932	1,932

January 1, 2020

US\$ thousand	Profit or loss	Other equity
Australian dollar	2,453	2,453
Total	2,453	2,453

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Credit risk

Credit risk arises from the possibility that counterparties may not be able to settle obligations due to the Company within their agreed payment terms. Financial assets which potentially expose the Company to credit risk consist principally of cash and cash equivalents and receivables.

The Company invests or maintains available cash domestically with the Commonwealth Bank of Australia. As part of its cash management process, the Company regularly monitors the relative credit standing of this institution. See above currency risk for currency split of cash and cash equivalents.

During the normal course of business, the Company provides credit to its customer. Although the receivables resulting from these transactions are not collateralised, the Company has not experienced significant problems with the collection of receivables given the Company's only customer is a related party entity in Switzerland.

The Company has only one customer, Glencore International AG, in one country, Switzerland, which represents 100% of trade receivable and total sales.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and availability of adequate committed funding facilities. The Company has available committed funding sources from other financing entities within the Glencore plc group (see note 22). The Company's credit profile and funding sources ensure that sufficient liquid funds are maintained to meet its liquidity requirements. As part of its liquidity management, the Company closely monitors and plans for its future capital expenditure well ahead of time.

As at December 31, 2021, the Company had available cash amounting to \$79 thousand (2020: \$110 thousand; January 1, 2020: \$264 thousand).

Notes to the financial statements

continued

17. Financial and capital risk management continued

The maturity profile of the Company's financial liabilities based on the contractual terms, and associated current financial assets, are as follows:

2021

US\$ thousand	Notes	After 2 years	Due 1-2 years	Due 0-1 year	Total
Expected future interest payments		-	2	37	39
Lease liabilities - undiscounted		-	228	1,084	1,312
Trade and other payables	14	-	-	18,589	18,589
Total		-	230	19,710	19,940
Current financial assets				2,771	2,771

2020

US\$ thousand	Notes	After 2 years	Due 1-2 years	Due 0-1 year	Total
Expected future interest payments		-	2	5	7
Lease liabilities - undiscounted		-	29	110	139
Trade and other payables	14	-	-	21,919	21,919
Total		-	31	22,034	22,065
Current financial assets				9,138	9,138

January 1, 2020

US\$ thousand	Notes	After 2 years	Due 1-2 years	Due 0-1 year	Total
Expected future interest payments		-	348	523	871
Lease liabilities - undiscounted		-	2,180	3,577	5,757
Trade and other payables	14	-	-	25,623	25,623
Total		-	2,528	29,723	32,251
Current financial assets				8,333	8,333

Capital risk management

The Company's capital risk is managed by Glencore Operations Australia Pty Limited as it sits within the Parent's Australian operations. Movements to the parent net investment are treated as capital investments or contributions made by the Parent.

18. Financial instruments

Fair value of financial instruments

The following tables present the carrying values and fair values of the Company's financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions. Where available market rates have been used to determine fair values. When market values are not available, fair values have been calculated by discounting expected cash flows at prevailing market interest and exchange rates. The estimated fair values have been determined using market information and appropriate valuation methodologies but are not necessarily indicative of the amounts that the Company could realize in the normal course of business.

Notes to the financial statements

continued

18. Financial instruments continued

The financial assets and liabilities are presented by class in the tables below at their carrying values, which generally approximate the fair values.

2021

US\$ thousand	Notes	Amortized cost	FVTPL ¹	Total
Assets				
Cash and cash equivalents		79	-	79
Trade receivables from related parties	10	-	2,551	2,551
Other receivables	10	141	-	141
Total financial assets		220	2,551	2,771
Liabilities				
Trade payables	14	9,482	-	9,482
Trade payables to related parties	14	652	-	652
Other payables	14	8,455	-	8,455
Lease liabilities	15	1,273	-	1,273
Total financial liabilities		19,862	-	19,862

1 FVTPL - Fair value through profit or loss.

2020

US\$ thousand	Notes	Amortized cost	FVTPL ¹	Total
Assets				
Cash and cash equivalents		110	-	110
Trade receivables from related parties	10	-	8,861	8,861
Other receivables	10	167	-	167
Total financial assets		277	8,861	9,138
Liabilities				
Trade payables	14	8,656	-	8,656
Other payables	14	13,263	-	13,263
Lease liabilities	15	132	-	132
Total financial liabilities		22,051	-	22,051

1 FVTPL - Fair value through profit or loss.

January 1, 2020

US\$ thousand	Notes	Amortized cost	FVTPL ¹	Total
Assets				
Cash and cash equivalents		264	-	264
Trade receivables from related parties	10	-	6,718	6,718
Other receivables	10	1,351	-	1,351
Total financial assets		1,615	6,718	8,333
Liabilities				
Trade payables	14	5,688	-	5,688
Trade payables to related parties	14	481	-	481
Other payables	14	19,454	-	19,454
Lease liabilities	15	4,886	-	4,886
Total financial liabilities		30,509	-	30,509

1 FVTPL - Fair value through profit or loss.

Notes to the financial statements

continued

19. Fair value measurements

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows.

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

The below tables show the fair values of assets measured at fair value on a recurring basis:

2021

US\$ thousand	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	79	-	-	79
Trade receivables	-	2,551	-	2,551
Total	79	2,551	-	2,630

2020

US\$ thousand	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	110	-	-	110
Trade receivables	-	8,861	-	8,861
Total	110	8,861	-	8,971

January 1, 2020

US\$ thousand	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	264	-	-	264
Trade receivables	-	6,718	-	6,718
Total	264	6,718	-	6,982

During the year no amounts were transferred between Level 1 and Level 2 of the fair value hierarchy and no amounts were transferred into or out of Level 3 of the fair value hierarchy for either other financial assets or other financial liabilities.

20. Commitments

Capital commitments

Capital expenditure for the acquisition of property, plant and equipment is generally funded through the cash flow generated by the business. As at December 31, 2021, \$44,315 thousand (2020: \$2,448 thousand), of which 17% (2020: 60%) relates to expenditure to be incurred over the next year, was contractually committed for the acquisition of plant and equipment. This capital expenditure primarily relates to the underground mining fleet.

Notes to the financial statements

continued

21. Contingent liabilities

The Company is subject to various claims which arise in the ordinary course of business as detailed below. These contingent liabilities are reviewed on a regular basis and where practical an estimate is made of the potential financial impact on the Company.

Environmental contingencies

The Company's operations are subject to various environmental laws and regulations. The Company is in material compliance with those laws and regulations. The Company accrues for environmental contingencies when such contingencies are probable and reasonably estimable. Such accruals are adjusted as new information develops or circumstances change. Recoveries of environmental remediation costs from insurance companies and other parties are recorded as assets when the recoveries are virtually certain. At this time, the Company is unaware of any material environmental incidents at its CSA mine. Any potential liability arising from the above is not expected to have a material adverse effect on its combined income, financial position or cash flows.

Bank payment guarantees for rehabilitation

The Company has entered into various bank and performance guarantees equivalent to the estimated total amount required to fulfil any rehabilitation costs associated with mining activities. These are in the ordinary course of business. As at December 31, 2021 the total value of the guarantees is AU\$36,903 thousand (2020: AU\$36,913 thousand). The obligations, to which the guarantees relate, have been provided for on the balance sheet under provisions (see note 16).

22. Relationship with Parent and related entities

Allocation of general corporate expenses

Historically, the Company has been managed and operated with the assistance of personnel employed by Glencore Australia Holdings Pty Limited ("Glencore Australia Holdings"), a wholly owned subsidiary of the Parent. Accordingly, certain shared costs have been recharged to the Company and reflected as expenses in the financial statements. Management believes the allocation methodologies are a reasonable reflection of the utilization of services provided to or the benefits received by the Company during the periods presented. The expenses reflected in the statement of profit or loss and other comprehensive income may not be indicative of expenses that will be incurred by the Company in the future.

Glencore Australia Holdings provides certain services, which include, but are not limited to, executive oversight, treasury, finance, legal, human resources, tax planning, internal audit, financial reporting, information technology, and other corporate departments.

Centralized cash management

Glencore Australia Holdings has a centralized cash management arrangement where, on a periodic basis, excess cash balances with certain affiliated entities including Cobar are swept to Glencore Australia Holdings and mixed with cash from other affiliated entities. Cobar also participates in Glencore Australia Holdings notional cash pooling arrangements with Commonwealth Bank of Australia (the Group Limit Facility). This permits individual bank accounts participating in the Group Limit Facility to be overdrawn as long as consolidated funds across the entire Group Limit Facility is net positive. For purpose of the financial statements, cash only included dedicated bank accounts in the legal name of Cobar, Acelight and Isokind.

Loans with related parties

All transactions and balances between Cobar and the Parent during the period prior to the carve-out, which were not historically settled in cash, were considered to be effectively settled in cash in the financial statements at the time the transaction was recorded. The total net effect of the settlement of these transactions between Cobar and the Parent were reflected in the statement of cash flows as "Net transactions with the Parent" as financing activity and in the statement of financial position and the statement of changes in equity as "Parent net investment".

Cobar's equity balance represents share capital, retained earnings and Parent net investment. Parent net investment represents the cumulative investment by the Parent in Cobar through the transaction date. Subsequent movements in the Glencore Investment tax loan and Glencore Australia Holdings working capital loan have been included within Parent net investment.

Sales to Glencore International AG

The Company sells copper concentrate (which includes silver) produced exclusively to Glencore International AG, the revenue and cost of goods sold in the statement of profit or loss and other comprehensive income reflect the sale of this copper concentrate with Glencore International AG. These are recognized within trade receivables from related entities in the statement of financial position.

Notes to the financial statements

continued

22. Relationship with Parent and related entities continued

Parent net investment

As discussed in the basis of preparation in note 2, Parent net investment is primarily impacted by contributions from Glencore Australia Holdings as a result of treasury activities and net funding provided by or distributed to Glencore Australia Holdings. The Parent net investment is not distributable. All significant intercompany transactions between the Company and the Parent have been considered to be forgiven at the time the purchase and sale of Cobar is completed and are recorded and reflected as a net (decrease)/increase in Parent net investment. The components of Parent net investment include movements to net transactions with the Parent as detailed below:

US\$ thousand	2021	2020
Parent net investment		
At January 1	309,998	266,976
Glencore Investment tax loan	19,461	7,908
Glencore Australia Holdings working capital	(74,816)	6,402
Uncertain tax position	(118,846)	28,712
Net transactions with Parent	(174,201)	43,022
At December 31	135,797	309,998

Glencore Investment tax loan

The Company is part of a tax consolidated group under Australian taxation law, of which Glencore Investment, a subsidiary of the Parent, is the head company (see note 2.16). Tax payments from companies within tax consolidated group, including the Company, are made by Glencore Investment and settled through intercompany loans.

Glencore Australia Holdings working capital

The Company is party to an intercompany facility agreement with Glencore Australia Holdings which provides liquidity and cash management to the Company on an as needed basis.

Uncertain tax position

As noted above, the Company is part of the Glencore Investment tax consolidated group and the uncertain tax provision movements are booked through intercompany loans. The movements in the uncertain tax provision are non-cash. See note 10 for details on uncertain tax position movements. The loans are booked through Parent net investment as they form part of the capital structure of the Company as they represent an investment into the business by the Parent and related parties of the Company.

Related party transactions

US\$ thousand		Sales of goods and services	Purchases of goods and services	Trade receivables due from related parties	Trade payables due to related parties
Glencore International AG					
	2021	273,380	-	2,551	-
	2020	202,183	-	8,861	-
	January 1, 2020			6,718	-
Glencore Australia Oil Pty Limited					
	2021	-	(4,349)	-	(421)
	2020	-	(5,969)	-	-
	January 1, 2020			-	-
Glencore Australia Holdings Pty Limited					
	2021	-	(1,443)	-	-
	2020	-	(2,768)	-	-
	January 1, 2020			-	-
Other related parties					
	2021	-	(1,326)	-	(231)
	2020	-	(1,017)	-	-
	January 1, 2020			-	(481)

Notes to the financial statements

continued

22. Relationship with Parent and related entities continued

In the normal course of business, the Company enters into various arm's length transactions with related parties including fixed and floating price commitments to sell and to purchase commodities, forward sale and purchase contracts.

Remuneration of key management personnel

Glencore Australia Holdings provides key management personnel services to the Company. The Company has not had a separate management team during the years ended December 31, 2021 and 2020. Key management personnel include the General Manager of the CSA mine.

The Company pays a portion of overheads and key management personnel fees to Glencore Australia Holdings (see allocation of general corporate overheads above).

23. Share capital

<i>Issued shares</i>	2021	2020	January 1, 2020
Ordinary shares fully paid	1	1	1
	1	1	1

Ordinary shares are fully paid and have no par value, carry one vote per share, and receive dividends at the discretion of the Company.

Ordinary shares issued and fully paid

	Number of shares	Share capital US\$ thousand
Balance at January 1, 2020 and December 31, 2020	1	-
Balance at December 31, 2021	1	-

24. Deed of cross guarantee

The entities that collectively are the Company have entered into a Deed of Cross-Guarantee (the "Deed") with Glencore Investment on December 4, 2018. Pursuant to the Deed, in the event of any member of the Closed Group, being the holding entity Glencore Investment and its wholly-owned entities, being wound up, each party to the Deed guarantees to each creditor of the member being wound up, payment in full of that member's debt. As at December 31, 2021 and 2020 no amounts were recognized in respect of the Deed.

25. Earnings per share

US\$ thousand	2021	2020
Profit/(loss) for the purpose of basic earnings per share being net profit attributable to owners of the Company	166,495	(29,137)
Weighted average number of ordinary shares for the purposes of basic earnings per share	1	1
Profit/(loss) for the purpose of diluted earnings per share	166,495	(29,137)
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1	1
Basic earnings/(loss) per share	166,495	(29,137)
Diluted earnings/(loss) per share	166,495	(29,137)

Notes to the financial statements

continued

26. Subsequent events

On March 17, 2022, Glencore Operations Australia Pty Limited, entered into an Agreement with Metals Acquisition Corp ("MAC") for the sale of Cobar Management Pty Limited for \$1.05 billion in cash and \$50 million equity stake in MAC and a 1.5% copper only net smelter return life of mine royalty upon completion of the transaction. On November 22, 2022, Glencore Operations Australia entered a binding deed of amendment with MAC in respect of the March 17, 2022 agreement. Refer to note 1 for details.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of the Company in subsequent financial years.

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