CI RESOURCES

2022 Annual Report

PRL GROUP

Phosphate Resources Ltd

CI RESOURCES

“Our focus on diversifying and growing our business on Christmas Island, and across our global value chain, has already borne fruits and will enable CI Resources to deliver sustainably for our shareholders and broader stakeholders into the future.”

— **Lai Ah Hong**
Managing Director

Photographer: Joeva Dachelet

Contents

Group Structure

CI RESOURCES

PRL GROUP
Phosphate Resources Ltd

Fertilisers	Shipping & Logistics*	Agri-Business	Island Development†	Energy‡	Services
Phosphate Resources Malaysia	PRL Shipping	Pacific Biofert	Phosphate Resources Properties	Indian Ocean Oil Co. Pty Ltd	CI Maintenance Services
Christmas Island Phosphates	Indian Ocean Stevedores	Cheekah-Kemayan Plantations Sdn. Bhd.		PRL Energy	
Alphos	Liven Nutrients				
	Kemoil				

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

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

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

PURPOSE & VALUES

Our purpose is to build a sustainable future

Collaboration
Working together we always thrive

Integrity
Bravely operating with honesty and respect

Customer Excellence
Always over-delivering on expectations

Agility
Dynamic and resourceful at every step

Responsibility
Accountable, trusted and safety-orientated

Empowered Community
Committed to sustainable community outcomes

Photographer: Kirsty Faulkner

Performance Highlights

REVENUE

$538.7m

↑ 368%

NET PROFIT AFTER TAX

$7.6m

↑ 11.6%

EARNINGS & DIVIDENDS PER SHARE

EPS 6.56c
DPS 3.0c

↑ 11.6%

SALARIES & JOBS

$30.0m

↑ 23%

GOVERNMENT CONTRIBUTIONS

$6.0m

COMMUNITY SUPPORT

96%

Support for Eco-tourism & Solar Initiatives on Christmas Island

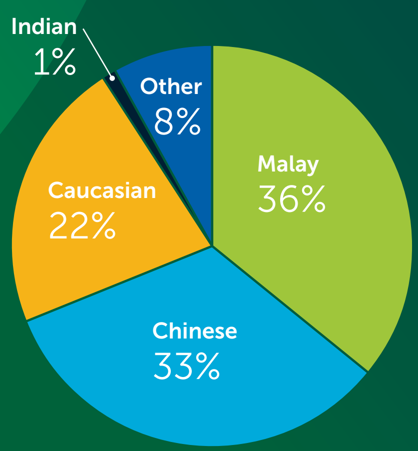
SAFETY

↑ **19%** Hazard Reporting

↓ **44%** Total Recordable Injury Frequency Rates (TRIFR)

↓ **36%** Lost Time Injury Frequency Rates (LTIFR)

DIVERSITY



ENVIRONMENTAL CONTRIBUTIONS

$1.2m

↑ 9%

Managing Director's Report

I am delighted to provide my Managing Director's report for CI Resources for the financial year ending 30 June 2022.

I would first like to recognise and thank our loyal employees across the entire business. We value your dedicated commitment towards making the Group a safe and inclusive place to work, with an unwavering focus on exceeding customer expectations. Also, to our shareholders who have remained committed to the long-term vision of the Company founded 32 years ago. Thank you for your support.

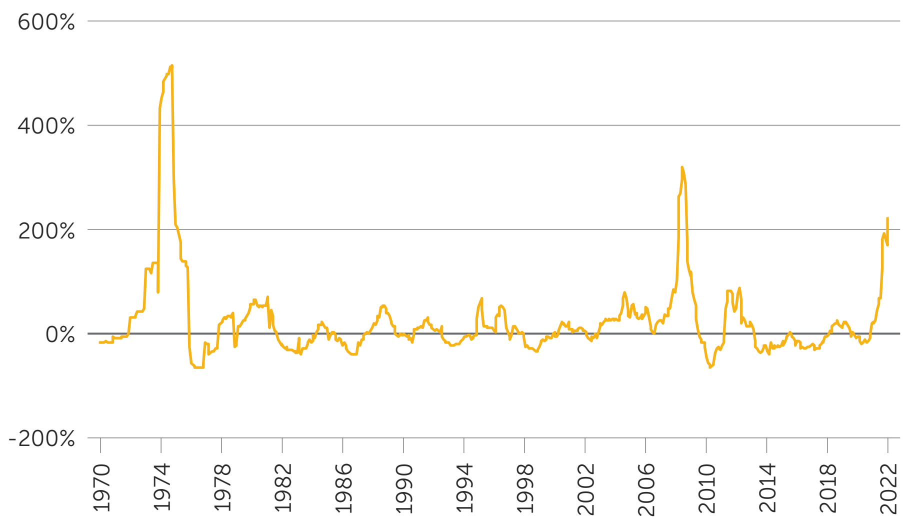
Market Conditions

CI Resources and its core subsidiary Phosphate Resources Ltd (PRL) were subject to several cross currents over the course of the past year. Generally the fertiliser market conditions were positive during the financial year ending 30 June 2022. Demand remained strong throughout the year, with prices tending to strengthen, noting some easing towards the end of the period. The big challenges the Company faced were broadly felt on the supply side with ongoing COVID-19 impacts including tight logistics (particularly shipping) and labour markets and some challenges unique to Christmas Island, most notably an unusually long wet season (lasting until June rather than the usual March), major problems with government port infrastructure and challenges with ramping production to meet demand.

With increased demand for rock phosphate, higher prices have been achieved for our Christmas Island Rock Phosphate (CIRP) product. These prices have been largely offset by the increases in shipping costs and supply costs through the last half.

The outlook for the phosphate and the fertiliser market signals a continuation of high prices by historical standards despite an anticipated pullback from the recent peaks.

Fertiliser Price Growth

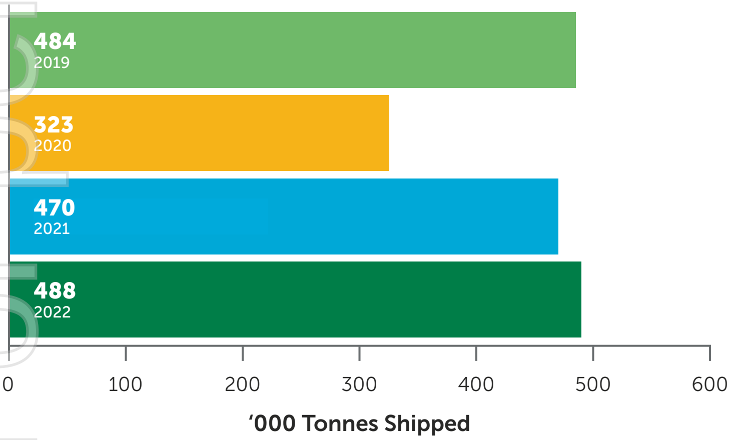


World Bank Commodities Market Outlook, Apr 2022

Financial Performance and Production Overview

With this generally positive market context and outlook, the consolidated result was a further improvement recording a profit before tax for FY 2022 of some $10.6M, compared to the prior year of $9.5M.

Group sales of Phosphate, including external trading, amounted to approximately 523,000 tonnes which was similar to the prior year.



An unseasonably long monsoon season, lasted well into June and impacted the Group's ability to both lift production given the high moisture content of the product as well as load ships given the resulting swell. The situation was compounded when our Red Titan ship experienced mechanical issues requiring dry dock since December 2021, only recently having returned to service, leaving the Company to rely on third-party shippers for all of its supply in 2022, at historically high rates.

Furthermore some key Government port infrastructure (namely buoys) failed during the period, and the delays in resolving proved costly in terms of extra shipping costs and impacts on production. These factors effectively constrained supply at a time of high customer demand, meaning we were unable to fully capitalise on the improved market conditions. The Group has put significant resources into devising strategies to allow production to ramp in 2023 and beyond.

We also did some significant work on our Mine Plan during the year, proving up economic resources – subject to continuance of current market conditions – for the foreseeable future. To enable the business to continue to operate until the end of the current mine lease in 2034 and beyond, will be reliant on the Strategic Assessment process currently underway and due for completion in 2023. We remain optimistic for a constructive outcome to allow the Group's positive economic, social and environmental contribution to the island to continue.

Additionally, CI Resources has continued to invest in our people and infrastructure on Christmas Island making further improvements to help overcome production challenges while striving to continually improve health and safety outcomes. Further our currency hedging measures have offset currency volatility and continued to deliver earning visibility for our US dollar denominated income. These measures have enabled the fertiliser operations to continue to performance and contribute strongly to group earnings as we improve operational efficiencies, increase flexibility and customer responsiveness.

Energy

Wholly-owned energy business Indian Ocean Oil Company (IOOC), under its new brand "PRL Energy" delivered a positive result for the group despite a number of headwinds.

IOOC's core operations were disrupted in November of 2021 (and lasting until close to the end of the financial year) due to failure of Government owned and operated port infrastructure. The main buoy at Smith Point – where fuel is unloaded – failed and has only just recently been repaired. This impacted the capacity of IOOC to unload fuel and provide bunkering services for Border Force and Navy vessels.

Despite these challenges IOOC delivered a positive contribution to group earnings, with potential to grow further in the next period given the restoration of the main buoy at Smith Point.

With the new PRL Energy brand, IOOC also made a concerted effort to transition Christmas Island's energy network to renewables. PRL Energy delivered a fully designed and costed proposal for a 1MW grid-connect solar farm project during the year. The installation has been designed to be highly scalable and flexible, allowing Christmas Island to quickly transition to renewables both for the sake of environmental sustainability and energy security. It also fully remediates an ex-mining lease site, with a vision to transition to a circular economy model underpinned by the solar farm. At the date of writing we are awaiting feedback from the Commonwealth on this proposal.

Services

Christmas Island Maintenance Services (CIMS), a wholly-owned subsidiary, remains as a key part of our long-term diversification strategy. CIMS has already grown to be the largest local services provider in the Indian Ocean Territories.

CIMS has continued to be a key facilities maintenance and asset management delivery partner for the Commonwealth across a number of sites on Christmas Island and notably, this year, on Cocos Islands.

During the year, the Commonwealth confirmed the continued operational status of the North West Point Detention Centre on Christmas Island (NWPIDC) which provided the pathway to return Serco as the primary provider of the facilities management services to NWPIDC. Up until October 2021 CIMS had been providing those services in both operational and non-operational settings, however, Serco holds the primary contract for these services in operational settings.

CIMS experienced a reduction in earnings with regards to this change and has had to restructure its business accordingly. The CIMS business remains a positive contributor to Group earnings and continues to deliver facility management services for several other facilities across Christmas Island.

CIMS has also started to deliver services on Cocos Islands completing minor projects for the Shire of Cocos Islands and winning further facility maintenance contract with the Department of Home Affairs. PRL Group were also selected to design the construction camp and offices for the strategic airport upgrade. This positions CIMS strongly to grow this market into the future.

The segment is well positioned to grow its business given the substantive opportunities which present across the Indian Ocean Territories.

CIMS will continue to be a key service provider to the Commonwealth in the Indian Ocean Territories. Backed by ongoing and significant contracts, CIMS is focusing on expanding its footprint and leveraging its local presence to drive business growth.

Logistics

Starting on 1 July 2021, CI Resources took a controlling 50% stake in Swiss-based Kemoil SA (Kemoil).

Based in Geneva, Switzerland, Kemoil operates a supply chain logistics business, enabling the efficient flow of commodities – particularly refined oils – between major producers and large customers throughout West Africa. Kemoil has expanded rapidly in this developing growth market.

Kemoil presents as a clear diversification opportunity with exposure to West Africa's exciting growing energy and logistic market.

Since our acquisition the business recorded about $375 million in revenue in the Financial Year ending 30 June 2022, a Gross Margin of $5.3m and net contribution to CI Resources net profit after tax of almost $1m.

Furthermore during the year we announced a deal to acquire a 60% stake in Singapore-based Fertiliser trading and logistics business Liven Nutrients with a 40% stake held by Liven Agrichem. The Liven business was founded in 2000 and continues to be led by well-known fertiliser trader, James Lee, and operates a significant and growing fertiliser and nutrient trading business, enabling the efficient flow of fertilisers across the Asia-Pacific.

While the acquisition only completed post-year-end, Liven Nutrients presents as another diversified source of future earnings tapping into the high-growth fertiliser market across Asia, while presenting clear synergies with our fertiliser business.

Island Development

On Christmas Island we have committed significant resources to developing sustainable new industries providing benefits for the community, the environment as well as the economy. This includes investing in long-term planning for future industries on the island, with real focus on tourism, agriculture and renewables.

In this island development context we oversaw some significant developments which are outlined in the 2022 Sustainability Report. These include:

- Purchased tourism accommodation on both Christmas Island and Cocos Islands which creates a footprint for tourism, while doubling as much-needed additional short-stay capacity for contractors and other guests we bring to the region.
- Further developing the designs for the circular economy site including a highly integrated mix of solar, agriculture, housing and adventure tourism.
- Submitting an application for grant funding to support phase 1 of the boutique sustainable eco-resort on our stunning clifftop site.
- Successfully lobbying for the inclusion of the Indian Ocean Territories in the Northern Australian Infrastructure Facility (NAIF) approved regions, opening up future financing options.
- Submitted an RFP for a scalable 1MW grid connect solar farm (as noted above) including re-using ex-mining lease land for solar and circular economy purpose.
- Commencing the feasibility process for adventure, agricultural and eco-tourism sites.
- Planning an agricultural pilot drawing on circular economy, agri-tech and controlled production system models to help improve the quality and availability of fresh produce for Christmas Island and the region, and reduce the reliance on highly carbon-intensive expensive imports.
- Completed a feasibility and winning grant funding to commence work on a Mountain Biking track together with the community and the Christmas Island Mountain Biking Association (CIMBA).

The year ahead will be focused on continuing to develop these initiatives, understanding they are typically long-term and island-building in nature, hence a pilot-test-refine model will be used to enhance the prospects of scalability and sustainability over the long term. A key factor contributing both to our Group's appetite to invest and the resulting success of any of these significant island development initiatives will be policy alignment and support from the Federal Government. Unlocking the potential of Christmas Island and the region can only be achieved in partnership on both policy and financial fronts, to help overcome the core issues of Christmas Island's remoteness and its deficit of core public infrastructure required to sustain significant new industries.

Phosphate Resources Malaysia

We have continued to build our downstream fertiliser operations in Malaysia with significant development undertaken along with new investment planned for diversified fertiliser product manufacture and storage.

The year ahead will see a doubling in the capacity of our Port Klang Warehousing operations in KL to accommodate new product lines and some further research and development into new innovative product offerings.

PRM's growth strategy allows the business to deliver more fertiliser products to more customers and provide a more bespoke service with a greater array of fertiliser offerings.

Our Place in the Christmas Island Community

Since the community banded together to form Phosphate Resources Ltd (PRL) in 1990, the Company has remained as the reliable employer and economic driver for Christmas Island, creating jobs and supporting the Island's rich and diverse cultures as well as providing good returns for shareholders. While many investment ideas in the region have been put forward but ultimately waned, PRL has endured as the most significant private economic presence, all the time remaining a responsible corporate citizen. Through the 'Our Community, Our Future' program we continue to support the Island's community. Now with our Island Development strategy we are helping lead the way to a more sustainable and diversified economy and environment for the Christmas Island community.

I am proud to release CI Resources' third annual Sustainability Report, which continues as an integral part of our 2022 Annual Report. The report provides insights into some of the key contributions we have made from a sustainability perspective over the past financial year. The report continues to demonstrate our significant contribution to Christmas Island's community, culture, and environment.

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

The Year Ahead

The year ahead presents significant opportunities while we continue to manage and mitigate risks. Opportunities lie in the firm fertiliser market and our capacity to ramp production to ensure we meet our customers' demand, along with the potential to tap into our diversified earnings base, with contributions anticipated both on Christmas Island from our subsidiaries, along with PRM as it grows its fertiliser strategy and with both Kemoil and Liven in terms of trading logistics earnings.

The Group also sees great opportunity in our Human Resource assets. We will continue to invest in leadership programs, apprentices and training for the next generation of Christmas Islanders and across our broader operations, to support our sustainable future. In conjunction we will continue to invest in our systems and infrastructure, while gearing ourselves to better service our customers.

The Group have worked assiduously with government to improve and maintain government infrastructure assets, helping to mitigate operational risks. We also continue to monitor the global geo-political environment having unknown impacts on international trade and demand for commodities including fertilisers.

We have taken several measures to keep our people safe, with a focus on vaccinations and good hygiene to minimise risk to our people and their families and the community at large.

Our focus on diversifying and growing our business on Christmas Island, and across our global value chain, has already borne fruits and will enable CI Resources to deliver sustainably for our shareholders and broader stakeholders into the future.

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

Lai Ah Hong
Managing Director
30 September 2022

Chairman's Report

It is with pleasure that I present the 2021/22 Annual Report for CI Resources Limited ("the Company" or "the Group").

As a diversified industrial ASX listed company with interests across several industries, the Group has worked diligently to deliver a positive financial result for shareholders, while delivering economic, environmental and social outcomes to Christmas Island and our broader stakeholders.

Financial Performance

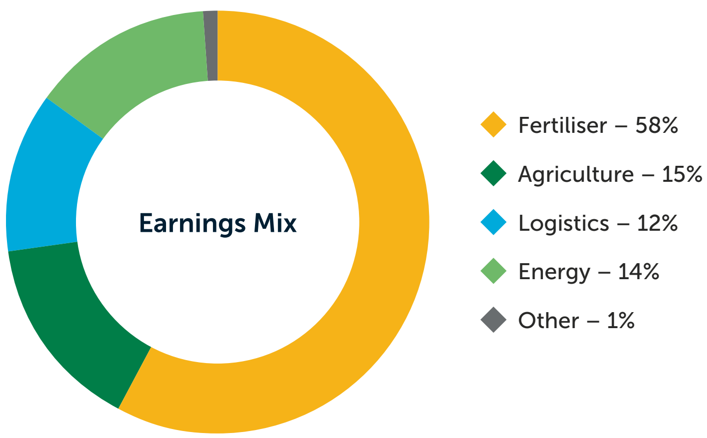
For the year ended 30 June 2022, the Company delivered another positive result despite the significant challenges faced including government infrastructure failures, enduring inclement unseasonal weather and shipping and supply chain issues, the profits achieved testament to our diversified earnings base.

The Board and Management have navigated the Company to an underlying net profit after tax of $7.58m with contributions from across the business. Earnings per share for the period equated to 6.56c per share representing a 12% increase from the previous period.

Demand globally for fertilisers continued to strengthen during this period, buoyed by strong fertiliser demand and increases in pricing for fresh produce. Conversely, shipping costs and supply chain issues continued to present a significant challenge, further compounded by our own vessel – the Red Titan – being out of service for the second half of the year.

As reported by the Managing Director, Christmas Island Rock Phosphate (CIRP) continued to be a significant contributor to earnings further enhanced by our Malaysian fertiliser sales and manufacturing operations.

We also saw positive performance from our Energy and Agricultural segments, while our new Logistics segment (through our acquisition of Kemoil) pleasingly delivered a positive earnings contribution to the Group.



CHAIRMAN'S REPORT CONTINUED

Business Segments

The Company's successful pursuit of its diversification strategy is evidenced by the business segment analysis below. While Christmas Island remains an important cornerstone for the company in terms of current earnings and future growth, this has been augmented by an increasingly global footprint thanks to PRM, Kemoil, and most recently Liven Nutrients. As follows I summarise our current performance by business segment:

Fertilisers

The Fertiliser business incorporates a value chain spanning a phosphate operation on Christmas Island through to downstream fertiliser sales and manufacturing in Malaysia to customers throughout Asia Pacific.

The Fertiliser operations delivered positive earnings contributions to the Group of $4.4m, despite weather and government-infrastructure related challenges impacting production and increased shipping costs hitting margins.

PRM are also investing in increasing capacity to deliver customised fertiliser products to customers.

Liven Nutrients (joining the logistics segment after the period) provides Fertilisers with strategic access and reach going forward.

Logistics

Logistics is a key supply chain industry supporting the movement of products between suppliers and customers. This is a key growth segment for the Group

As previously reported, Swiss based refined oil logistics trading business Kemoil joined the group during the period. Being a trading business, it generated significant revenue ($375m) on an anticipated slim margin, yet still delivered almost $1m in earnings after tax, and a positive outlook for the West African oil market.

We also welcomed Liven Nutrients into the Group shortly after the end of period. Liven is a large fertiliser trading business based in Singapore, providing logistics support for a large range of bulk nutrients to the fertiliser industry in the Asian region. We look forward to Liven's contributions going forward.

Agri-Business

Our Agri-business division incorporates farming and food production in Malaysia, and investments into development of a commercial scale agricultural production industry on Christmas Island.

During the year we further developed our plans and a feasibility for the agricultural production systems and a market garden where the community can access fresh produce. We also submitted a grant application to support the pilot stage and were delighted to be informed in September 2022 of the application's success. The funding together with our internal funding, totaling almost half a million dollars, will enable us to commence food production on island over the next period.

Our Malaysian farming operations also contributed positively to earnings with $1.1 net profit after tax.

Island Development

The Group has established a segment dedicated to overseeing Island Development initiatives relating to Christmas Island and the Indian Ocean Territories. These span tourism, renewables, property, training, research and development among other new industries to unlock the region's potential and provide long-term opportunity for the community.

During the year, the Company submitted a Northern Australian Development Grant application to subsidise $10m of a proposed $27m stage 1 investment into the luxury boutique Eco-Resort proposed in our Masterplan. While initially unsuccessful the Company is now investigating other avenues to gain government funding and support for the key public infrastructure required to make a significant tourism investment in the region economic.

Energy

The Energy segment, underpinned by Indian Ocean Oil Company (IOOC), is they key provider of reliable and cost-effective energy to the Indian Ocean Territories, Department of Defence, Border Security as well as our own operations.

Energy continued to perform positively despite the government's mooring system for fuel shipments failing.

The segment also made progress in supporting the clean energy transition for the region. The Group established the PRL Energy brand for its clean energy assets, and conducted detailed design and feasibility for a scalable 1MW + solar farm on remediated ex-mining lease land. The proposal, if accepted by government will quickly tip the island's balance of energy in favour of renewables and move towards carbon neutrality.

Services

The Services segment is underpinned by CI Maintenance Services (CIMS) the largest service-based operation located in the Indian Ocean Territories, providing a full range of technical, facilities, building and project management services to the region.

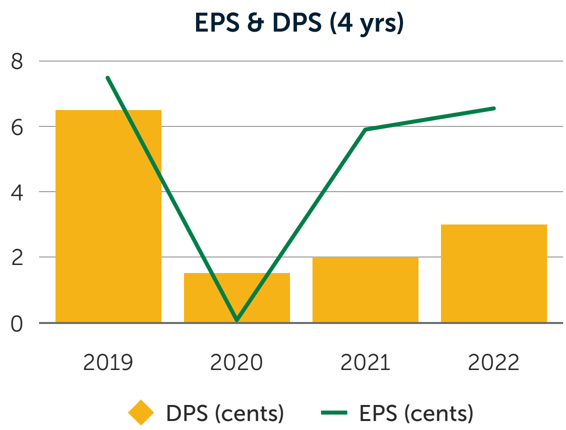
In recent years the Services business has grown significantly. The loss, in October 2021, of a significant part of a government contract at the Immigration Detention Facility at North West Point, has impacted segment earnings this year, noting that the business nevertheless remained profitable.

Of particular note are significant opportunities to grow on Cocos Island. CIMS won two significant contracts on Cocos – one supporting the major airport upgrade and the other managing a significant government asset. Going forward these provide CIMS significant headroom to grow services on Cocos.

Dividends

CI Resources has sought to maintain a policy of providing consistent dividends supported by earnings which we have delivered on over the past several years. Whilst applying conservatism over recent challenging years, the Board expects continuing solid diversified earnings performance, which will underpin this dividend policy going forward.

In the Half Year Report ended 31 December the Company issued a 2.0c dividend, and I am pleased to report a further 1.0c dividend for Shareholders relating to the period ending 30 June 2022.



Sustainability

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

In terms of earnings sustainability the fertiliser market has strengthened over the past year, and the outlook remains positive, while our increasingly diversified interests both on Christmas Island and abroad positions the company well. As noted by the Managing Director, based on our current mine plan and ongoing estimation and review of indicated and inferred resources available to the Company, and with our best judgements on current commercial parameters, it is reasonable to expect we can sustain viable phosphate operations on Christmas Island for the foreseeable future.

Further our diversified operations are creating new jobs in new industries for new generations of workers both on Christmas Island and across our other operations globally. Indeed, we created more new jobs on Christmas Island in the 2022 financial year and our future plans should create many more.

Our capacity to sustain and grow earnings is key to our ongoing capacity to support the other key sustainability drivers – social and environmental. Sustainable earnings allow us to invest more heavily in supporting a thriving community and environment for this and future generations. We have set out our updated Sustainability Roadmap in our Sustainability Report published later in this report establishing some clear goals and timeframes around specific program areas covering economic, social and environmental development.

Future

The Board of CI Resources is of the view that the Company is well positioned to leverage a positive fertiliser market through improved production volumes and product pricing, while further diversifying earnings in the period ahead. The return of our ship the Red Titan into service will also assist us to deliver products to our customer on a timely and cost-effective basis.

Our skilled team is well positioned to navigate the Company through the challenges and opportunities which lie ahead and continue to deliver on our growth and diversification strategy and in turn create sustainable and long-term value for our shareholders.

I finally take this opportunity on behalf of the Board to thank our shareholders, employees, managers and executives for their important contributions to achieving a positive result for the Group.

David Somerville
Chairman
30 September 2022

PRL GROUP

Sustainability Report 2022

MANAGING DIRECTOR'S MESSAGE

I am proud to issue Phosphate Resources Ltd (wholly owned entity of CI Resources) third annual Sustainability Report. This is integrated into our annual report which signifies its importance to our business, employees, customers, and community. Sustainability is integral to our values and ethics and drives how we operate, manage our environmental impact, engage with the community, and financial governance.

In this report we review the sustainability road map, explore the United Nations Sustainability Goals, and report on our major programs, initiatives, and outcomes achieved in the past year, ending 30th June 2022.

Photographer: Joeva Dachelet

PRL Sustainability Road Map

Sustainability Goal

Growing our Business / Sustaining our Community / Protecting our Environment

Road Map & Principles

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

Scorecard

Build
Education & Training
Environment
Community Development

Accelerate
Economic Diversification
Renewable Energy
Emissions Reduction

Maintain & Evolve
Safety, Health and Wellbeing
Diversity and Inclusion
Values and Culture

Sustainability

Initiatives & Plans

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

Growing our Business

Economic Diversification

CI Resources Ltd (CIRL) and its wholly owned subsidiary Phosphate Resources Ltd (PRL) have been actively diversifying since we were created in 1990. Through our commitment to Christmas Island, we maintain a residential-based workforce. As the largest private employer with multiple businesses, we seek to ensure there are ongoing jobs and opportunities for the community and a sustainable Island economy.

The subsidiaries of PRL include:

- CI Maintenance Services Pty Ltd (CIMS) – CIMS provides asset management services to the Department of Home Affairs, to support the Christmas Island Detention Centres, along with providing other general on-island maintenance services, including for PRL.
- Indian Ocean Oil Company Pty Ltd (IOOC) – IOOC is the sole supplier of petrol, diesel burner fuel, and future Solar Energy on the Island and is contracted by the Federal Government to supply diesel to the Navy, Australian Border Force and Power Station.
- Indian Ocean Stevedores Pty Ltd (IOS) – IOS provides pilotage, agency, survey and consulting services to vessels calling in at Christmas Island. This service is largely underwritten by PRL.
- Joint venture in a biological fertiliser company in New Zealand, Pacific Biofert Fertilisers.
- PRL Shipping (PRLS) – Owns a vessel, the Red Titan, a freight and Phosphate Bulk carrier vessel. The operation of PRLS has been able provide much needed competition and reduce the cost of freight to the Island by bringing freight in, and backloading phosphate out.

This year we have invested in new business opportunities on and off Christmas Island, we have:

- Purchased the Christmas Island Lodge providing 31 units and common areas for worker and budget tourism accommodation.
- Partnered with the Bike Kiosk, to provide a mountain bike hire service to the community and tourists as an early step in building adventure tourism on Christmas Island.
- Commenced a new Logistics and Trading segment underpinned by new investments 'Kemoil' and 'Liven Nutrients' to advance our fertiliser and energy value chains

PRL are continuing work in developing tourism, infrastructure and agricultural projects, including a solar farm, trialling containerised agriculture and agri-tourism ventures, an Eco-Resort Development and a Mountain Bike facility to help create new and exciting tourism products for the Island. These projects are part of a business strategy to accelerate diversification of the Christmas Island economy away from one largely dependent on mining.

Christmas Island Tourism Master Planning

Following on from the significant commitment the Company made in 2021 to the completion of a Master Planning and Pre-Feasibility study into a substantial tourism development on Christmas Island, this year has seen further planning and advocacy on the tourism front.

A major outcome from this year was the inclusion of the Indian Ocean Territories – Christmas Island included – in the areas eligible for funding under Northern Australian Infrastructure Facility (NAIF). PRL have been lobbying for to IOTs inclusion for some time, as the NAIF funding provides long-term lower cost finance for the establishment of substantive infrastructure that produce benefits for the broader benefits for the local economy and community.

During the year we conducted initial feasibility work on phase 1 of an eco-tourism boutique clifftop resort development identified under the initial Tourism Masterplan.

PRL applied for a Northern Australian Development Grant fund to provide infrastructure headworks and utilities funding required for the site, with a planned co-investment from PRL. While the grant application was unsuccessful, we continue to engage with the Federal Government on ways to bring our tourism masterplan to reality and make the projects viable given the highly remote and undeveloped nature of the island and its key tourism assets.

With support from government and the community, we will be aiming to move to a bankable feasibility on a stage 1 development including the potential for the reuse of an existing mining field for renewable energy, agricultural and adventure-tourism destination.

This development and eco-tourism agenda is critical for Christmas Island to:

- Provide future economic and employment opportunities for the Christmas Island community
- Display and preserve the environment and values of the Island with ecologically sound developments
- Provide additional tax revenue which can be directed to protecting and enhancing the Christmas Island environment.

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

Christmas Island Agricultural Production

PRL has continued its work to develop and improve the quality and availability of fresh produce for Christmas Island and the region. This is driven by one primary driver – ensuring the community get access to fresh, sustainable produce. Currently the bulk of the Island's fresh produce comes by ship or air. This is not sustainable for several reasons:

- Cost of fresh produce is multiples of that seen on the mainland
- Extra shipping time means freshness of produce suffers
- Increased carbon footprint caused by produce being transported great distances.

PRL's vision is that the community has access to the bulk of its fresh produce from farmgate to table within walking distance rather than coming from thousands of miles away.

In recent years the Company has supported significant agricultural research studies, while also investing in the Island Fresh joint venture. A key learning from our agricultural experience is that growing fresh produce in open-field environments is challenging given Christmas Island's unique combination of soil, weather and ecology. Further, that controlled environment agricultural production systems would be needed to produce at a community-scale.

After having completed feasibility for a significant new agricultural production business, we have submitted and were recently informed of our success on an agricultural grant application with the Federal Government (33% initial subsidy) for a pilot-stage roll-out. This exciting new project will encompass growing fresh produce using sophisticated controlled systems including greenhouses and hydroponics. The project plans to identify the types of produce which can be successfully grown and delivered on a community scale, while also testing the demand for the produce.

We have been delighted by this recent announcement, and would like to extend our sincere thanks to the Federal Government for this targeted and critical grant funding. Following the pilot we intend to scale to a larger level of production to help meet community and growing tourism industry demand over time.

Over the next 24 month, this project should help expedite the development of critical food infrastructure for Christmas Island. This will enhance food security, unlock agritourism as a new tourism offering, and provide opportunities for research, thus helping to further drive economic diversity in the IOTs.

Christmas Island Renewables

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

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

PRL have been actively advocating with government to pursue sustainable renewable energy solutions for the Island's power generation. As a result of our efforts, the Commonwealth commenced an Expression of Interest (EOI) followed by a Request for Proposal (RFP), for a Public Private Agreement (PPA) for a 1MW solar farm. PRL were selected during the EOI, and have subsequently tendered for this initial renewables opportunity noting it is a foundational starting point for a much larger scalable system which PRL have plans to build to support both the Community and future growth initiatives for the island.

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

Our vision for Christmas Island is to assist it to build a clean and green brand as it transitions to being an Eco-hub powered by clean energy. This will also assist the sustainability of both tourism and agribusiness developments – notably the controlled environments which require significant energy to operate, making renewables a key priority. Further this is a key growth industry and provides opportunities to train and upskill the local community for the jobs of the future.

Additionally, PRL is already leveraging solar for its business operations, buildings and housing, as part of our commitment to a more sustainable Christmas Island. We are investigating ways to increase the use of renewables to power our operations going forward.

Establish Christmas Island as an "eco-hub", powered by clean energy and with a burgeoning eco and adventure tourism industry (which the PRL Group is separately developing under its "Ecotourism Masterplan"), together leveraging the natural wonders offered by the island to create an iconic "green brand" for the Island, in order to attract sustainably-minded tourists.

Enable agribusiness developments (which PRL Group is also separately developing), also powered by renewable energy, and allow Christmas Island to unlock its self-sustainability potential, which is a current barrier to tourism and population growth.

Provide training opportunities for the local workforce (starting with PRL Group's own workforce) in renewables design, planning, deployment and operations and enable up-skilling and retraining for Christmas Islanders in emergent and future-focused new industries.

Christmas Island's unique natural beauty and rich cultural history combine to provide a perfect setting for mountain bike riding.

Christmas Island Mountain Bike Project

PRL has continued its work in developing in developing a new adventure tourism product for Christmas Island. In partnership with Adventure Freak, the Christmas Island Mountain Bike Association (CIMBA) and Bike Kiosk, for the first-time mountain bikes can be hired on Christmas Island. We have in total 23 mountain bikes, made up of 13 standard, 8 Ebikes and 2 BMX. The project builds on the exponential growth of mountain biking in Australia and throughout the world.

We have also completed Stage 1 of the Christmas Island Mountain Bike Trails project. It involves the design of a 29 km long world class, eco-friendly mountain bike trail, which will serve as the main feeder path to another 70 kms of proposed looping trails around the island, thanks to a grant from the IOT Regional Development Organisation.

The spectacular track, meandering through tropical rainforests, dramatic cliffs and diverse wildlife, will be a tourist magnet for everyone, from international adventurists to local families. Approvals for the track are well advanced and we are awaiting the outcome of a Building Better Regions Fund (BBRF) grant application to commence construction. Should we not be successful in gaining funding we have a 'Plan B' to create a smaller track including a pump track to get the adrenalin going. The projects will also support the Christmas Island economy, creating jobs, boosting community recreation offerings and allow the CIMBA to attract world class events and a new cohort of adventure-seeking tourists.

Our Community
Our Future

Sustaining Our Community

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

The program has four streams;

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

Community Development Committee

Senior's Week

Territory Week – Family Day

Wellness Committee

Over $175,000 in funding was allocated to the Sponsorship and Donations, Community Programs and Community Care streams for the 2021–22 financial year. Below is a summary of the initiatives we have supported over the past year.

Shire of Christmas Island
Territory Week Historical Exhibition – Lost Faded & Forgotten

Christmas Island Business Association Inc.
Establishment

Christmas Island Catholic Church
Christmas Celebration

Poon Saan Club Inc.
Hungry Ghost Festival
Mooncake Festival

Suzane Chan Chinese Dance Group
Chinese Culture Carnival Fundraiser

Sheng Wong Temple
Ghost Festival

South Point Soon Tian Kong Temple
Kang Tian Tai Ti Gods Birthday

Settlement Tai Pak Kong Temple
Tai Pak Kong Gods Birthday

Grants Well Guan Di Temple
Guan Di Gods Birthday

Chinese Literary Association
Mooncake Festival
Chung Yuan Ghost Festival

Rock Riders Christmas Island
Lollie Run

Christmas Island District High School
Creative Edge

Drumsite Old Dryers Tak Pak Kong Temple
Ghost Festival

Christmas Island Freedivers Club
Pool Challenge

Christmas Island Cricket and Sporting Club
Country Week Cricket

Christmas Island Adventurers
Safety Kits

Christmas Island Robbers Rugby League Club
Harmony 9s

CI National Parks
Crab Cadet and Junior Ranger Programs

Malay Association of Christmas Island
Hari Raya Concert 2021

Christmas Island Phosphates
Territory Week – CIP Raft Regatta
Academic Awards and Bursary Awards

Eco Crab Industries
Granulator Machine

Wendy Wong and volunteers
2 South Point Temples

CI Golf Club
CIMS Monthly Medal
CIP Club Championship
Gazebo

Drumsite Temple
Gods Birthday

Sheng Wong Temple
Gods Birthday

Islamic Council
Youth Teachers

Kumpulan Ezhar
Drums and Uniform

Lesli Bell
Edulis Natalis

Malay Association
Hari Raya Celebration 2022

Poon Saan Goddess of Mercy Temple
Goddess of Mercy Birthday

Sarah Kentwell
Golf Day for Kids Cancer Support Group

Shire of CI
CI Marathon

Union of CI Workers
Union Day Celebration 2022

Waterfall Nui Nui Temple
Goddess Birthday

Chinese Literary Association
CLA Chinese New Year Chap Goh Meh 2022

Suzane Chan
Chinese Culture Carnival Fundraiser 2022

Funding Area Breakdown

Financial Year July 2021 – June 2022

Community	6.8%	Culture	25.2%
Arts	4.3%	Sports	22.7%
Education	13.6%	Legacy	12.3%
Religious	12.3%	History	2.8%

Education and Training

PRL Bursary and Achievement Awards, in partnership with Christmas Island District High School (CIDHS) provides financial support, scholarships and bursary awards for promising students. In 2021/22 for years 10 to 12 a total of $8,000 is available to be shared amongst the successful candidates.

The students are required to apply in either a written, audio or video form explaining what they aspire to through education and how the award can assist them. This years Bursary Awards were presented to Amber Tassone, Jaharah Sujangi, Bethany Tan and Hazira Hamadan for their outstanding submissions.

Below are some extracts from their successful submissions:

Amber Tassone

I am applying for the Christmas Island Phosphate Bursary award to assist me when I move to Perth to complete my Bachelor of Nursing at Notre Dame. I applied for this nursing degree due to my experience as a lifeguard at the Christmas Island Recreation Centre and helping with emergencies. This has made me passionate about helping people. After my nursing degree I want to pursue a degree in Paramedicine.

The nursing degree will give me the life experience and qualifications to be able to manage emergency situations with wisdom, confidence and experience, and to be able to return home to work in my community. I have lived on Christmas Island my whole life and have been privileged to attend school at Christmas Island District High School. I have been an active volunteer in the community supporting many events and fundraisers in any way I can, such as providing entertainment in a band, serving food and water safety as a surf life saver. I have also been involved in many extra curricula school activities, including as a Student Councillor in Year eight (2017) and Year eleven (2020), Blue Faction Captain, school trips, going to France and Belgium ANZAC tour (2019) and Opti minds in Year Six (2015).

Jaharah Sujangi

I am applying to the CIP Bursary Award program to help support my future studying nursing at Notre Dame University and hopefully a future in paramedical science.

I have been an active leader within my school and community throughout my years on the island. I've been part of the student council and was selected to be head girl, green faction captain and the girls' volleyball captain. These opportunities didn't only allow me to practice leadership but to represent my peers in multiple events such as country week and the ANZAC dawn service. I've also spent time working with communities outside of Christmas Island and am hoping to further build connections so that I can excel in the medical field. I received a certificate in suicidal awareness through SafeTalk when I was chosen to attend Camp Zero2Hero in 2019. I also received the opportunity to further my leadership skills at UWA's Fogarty Futures Conference where I grew relationships with other young leaders from Western Australia and met several WA politicians. I have work experience at the food truck and as a lifeguard in the community swimming pool which has helped me develop my socialising skills. I can easily greet customers with a big smile and make others feel comfortable, which is an essential skill in the nursing field.

I was inspired to study in the medical field after seeing the impact hospital workers can have during the COVID-19 pandemic. I believe that I will enjoy the nursing course however, my long-term goal is to become a paramedic.

Bethany Tan

I am a year 12 ATAR student applying for the CIP Bursary Award Program. My plan for 2022 is to move to Perth to pursue my education in Graphic Design at Curtin University.

The Graphic Design field is one I am deeply connected to, and I am passionate and confident in my ability to create visual designs for the purpose of enhancing communication between people. I have always been interested in finding new ways and forms to connect and communicate with others to ensure their voices (especially those within the minority) are heard, projected and respected. This interest has been supported through my active involvement in multiple school activities.

I have been chosen to compete for C.I.D.H.S' Speech, Debate and Monologue team for four years, having been chosen as team captain in 2019. I am also involved in the school's Student Council as a school captain in 2021, whilst also being this years' Red Faction captain. My participation in the Fogarty Futures Leadership Conference in 2020 has positioned me to uplift myself as well as the people around me through positive means. Furthermore, I have represented this school in multiple international trips to broaden my understanding of culture and communication in other countries.

My participation in the community can be seen through my role as a Master of Ceremony for Christmas Island's 2021 ANZAC Dawn Service and my involvement in multiple island businesses. My role in these jobs have helped me to understand the values, beliefs and principles we as a community uphold, and this in turn, has encouraged me to go into a field that ensures these values are represented.

Hazira Hamdan

Growing up in a tight-knit Island, I always had an inner yearning to make a positive impact on the community. Whether it is promoting for an eco-friendlier and more sustainable environment or advocating on the behalf of people, I was intrinsically drawn to making a difference in the quality of life for another person.

Last year, I became a swim teacher for kids. I taught a range of different students how to swim, including kids from a non-swimming family, neurotypical children and kids with different ethnic backgrounds. Through swim teaching, I was able to get to know new people and understand their challenges. The experience allowed me to gain a deeper insight into the nursing profession. Swim teaching and nursing are both challenging yet rewarding. I have also participated in many school activities, such as Speech, Debate and Monologue (2018-2021), Student Councillor and Blue Faction Captain. For the community, I performed as a Malay Dancer, joined a committee meeting with the Shire for environmental change, participated in ANZAC Dawn Services, the Greta Beach Clean Up and the Digital Art Wall program.

CIDHA/PRL Alumni Event 2022 at Optus Stadium

Achievement Award Winners

- **CIP High Achiever – Bethany Tan**
- **CIP Runner Up High Achiever – Olivia Francis**
- **CIP Best General Studies – Rana Ibrahim**
- **CIP Best VET – Muhammad Beddow**
- **Citizenship Award – Ruby Wildermuth**

Christmas Island District High School Alumni

This year PRL continues its support of the CIDHS in its efforts to establish an Alumni Association. Despite last year's challenges due to COVID 19 and severe weather, this year we were able to get together over 70 supporters. This included 22 students (from years 9 to 12), 5 teachers and forty ex-students and teachers. It was a fabulous evening inspiring the students and reacquainting colleagues and friends of the CIDHS. There was a strong commitment to support the Alumni Association and build a support network for the school.

Training and Apprenticeships

The Company has an ongoing commitment to training and development of our workforce, this year we have increased the number of apprentices and trainees including multiple female apprentices and trainees.

Since 2007 we have provided 54 apprenticeship and traineeship opportunities to locals with 13 graduates still currently working in the group. Some highlights include:

- Currently we have 10 active apprentices and 5 trainees, including 2 female apprentices and 3 female trainees
- The Company is planning a further intake in 2022/23
- Ongoing leadership development training, OHS and technical training is provided to both management and employees.

Diversity

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

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

During the 2022 financial year we implemented our Female Trade and Skilled program for trainees and apprentices. This began to bear immediate fruit with attraction of five new female apprentices and trainees, representing 33% of that cohort and a significant increase in female representation and gender diversity. This was coupled with the appointment of a senior female manager as leader of a key business unit during the year.

Fig. 1 – Staff Ethnicity Mix

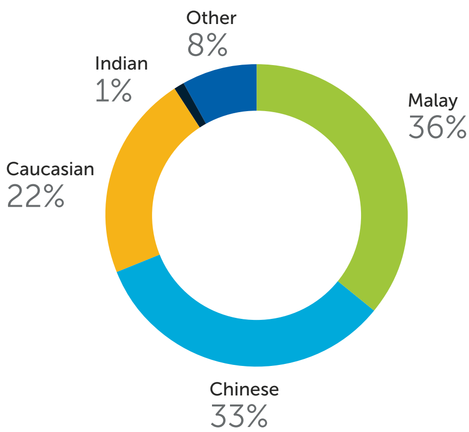
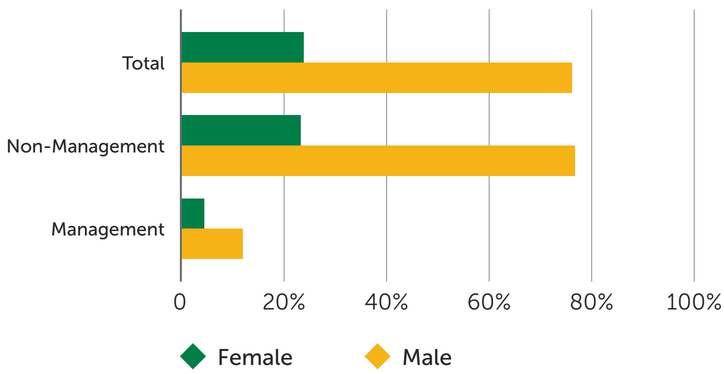


Fig. 2 – Staff Gender Mix



Occupational Health and Safety

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

Systems

- We launched our new Safety Management System Integrum which allows for consistency in safety data management across the PRL Group. It now holds all safety data, for hazards, incidents and investigations and is tracking resulting corrective and preventative actions.
- The Group OHS system is now embedded into Christmas Island Maintenance Services (CIMS), resulting in multiple improvements.
- Where practical existing and new components of an entities safety information system is being identified and upgraded to a group level document

Results

Both the Total Recordable Injury Frequency Rates (TRIFR) and Lost Time Injury Frequency Rates (LTIFR) have dropped significantly. Improvement in rates shown by percentages:

↓ **44%**
TRIFR: 13.38

↓ **36%**
LTIFR: 10.30

Lost time frequencies were reduced with only one incident reflecting an injury which required five days off work.

The number of safety focused meetings held were down due to COVID restrictions, but there was a quick response to re-focus on this now restrictions have been lifted.

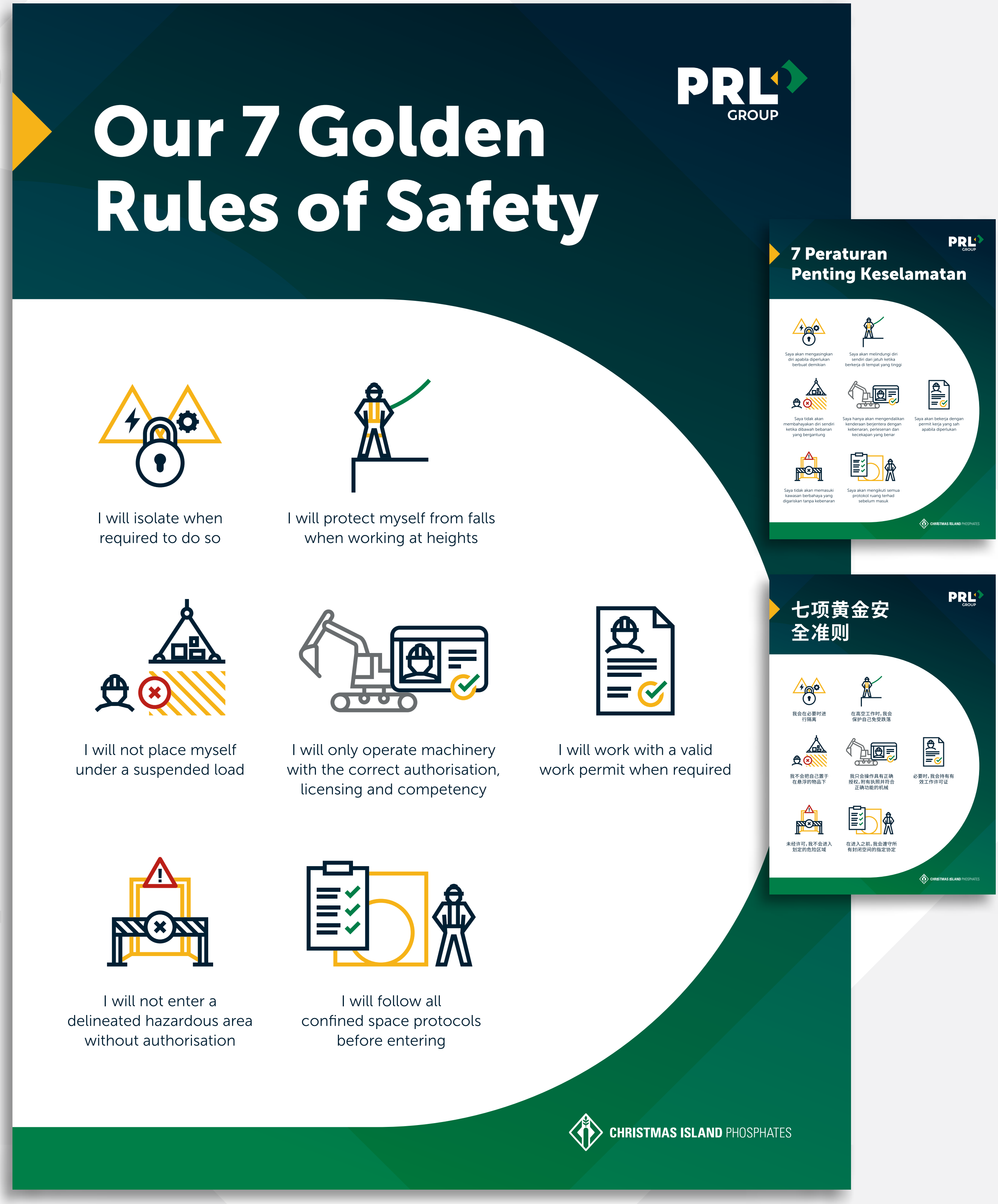
Highlights

- COVID – although COVID did eventually arrive on to the island in 2022 there was very little disruption to operations. The business adapted quickly given our high level of vaccination rates. PRL is considered a leader in the community with our approach and response to safety.
- Even with disruptions from COVID the number of documented visual leadership interactions conducted was up 17.5.% from an average of 40 to 47 for the year.
- Investment in strong leaders training, with first stage of the new leadership program being rolled out.
- Recruitment of quality staff and improvements in our onboarding process. New positions have focused on the selection of quality and experienced staff which helps improve the depth and skills of the management team. The onboarding process includes a primary focus on safety and introductions to our information management systems.
- The total number of incidents recorded is down 9%, however, a high number of near misses are still being reported, making up 33% of all incidents recorded. In conjunction with this, hazard reporting through the Integrum system, over the past 6 months is on average 17 a month, indicating we are well on the way to building a proactive reporting safety culture.

Moving Forward

- With the introduction of the new Workplace Health and Safety Act, we continue to focus on ensuring all teams are progressing towards compliance. Compliance with the new legislation helps us improve our safety systems with an enhanced focus on protecting our people
- Mentoring of our team leaders has begun as we implement the next phase of the leadership program.
- Continuing the build of our Integrum system to capture additional sections of the businesses operations to strengthen and streamline processes.

OH&S Committee


PRL GROUP
Our 7 Golden Rules of Safety
I will isolate when required to do so
I will protect myself from falls when working at heights
I will not place myself under a suspended load
I will only operate machinery with the correct authorisation, licensing and competency
I will work with a valid work permit when required
I will not enter a delineated hazardous area without authorisation
I will follow all confined space protocols before entering
CHRISTMAS ISLAND PHOSPHATES
7 Peraturan Penting Keselamatan
PRL
七项黄金安全准则
PRL

Photographer: Kirsty Faulkner

Protecting Our Environment

$1.2m
TOTAL SPEND
2021/2022

Conservation Levy

Rehabilitation Trials

Nest Box Project

Conservation Levy

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

Native species plot

Rehabilitation Trials

In 2022, PRL have continued trials into different methods of rehabilitating old mine sites with the goal of improving the environmental values of the former mining areas.

These trials are now in their 3rd year and are showing promising results. The trials include testing methods that utilise PRL's heavy machinery to improve the efficiency of site rehabilitation, and other methods such as creating "habitat nodes" to promote areas of habitat vegetation for crabs and giant geckos.

Information is being shared with National Parks in an effort to create more rehabilitation options for both PRL mine sites – including sites left by previous operators along with legacy Commonwealth sites.

Gliricidia sepium best performing legume

Nest Box Project

The Christmas Island Hawk-owl (Ninox natalis) – Christmas Island's only owl species – is restricted to the Island, and is one of 11 owls found in Australia. The Hawk Owl Nest Box Project was commenced in 2017, environmental consultants Range to Reef (R2R) designed the nest-boxes, with input from Parks Australia staff and ornithologists with experience working on the hawk-owl or on nest-box projects. With the assistance and hard work of the Christmas Island District High School students and teachers, 31 nest boxes were constructed as part of their Technology Education curriculum. The aim of this project was to establish if artificial nest boxes could be used to supplement natural nesting hollows on Christmas Island. The boxes were in areas which had a degree of previous habitat disturbance, and we used different tree species, heights, aspects and designs (funnel/no funnel). Our key focus was to determine whether Christmas Island Hawk-owls or other Island species would use artificial hollows, and whether this use was influenced by factors such as location, habitat type, tree height, and nest-box design. The boxes are regularly monitored, and some have cameras to monitor activity at the site.

R2R undertook monitoring of the boxes in December 2019 and September 2020. The key outcomes of the project have been;

- Little evidence of use by hawk owls
- Golden Bosuns have used four of the boxes, three of which were in use in both 2019 and 2020 showing a strong affinity for using this design of nest box.
- One box was used for an Australian Kestrel
- The boxes have weathered well, with only one removed due to termite damage. This is a positive in the tropical environment

With the first phase of the project complete a final report is being prepared. Moving forward PRL are looking to fund an extension of this project in 2022/23 and a research project which will fill critical knowledge gaps about Christmas Island Hawk-owl nest site characteristics, by targeted research to locate and identify more natural nests. Information gathered from such research would not only provide management agencies with a greater understanding of natural nest-trees, but data gathered could inform future conservation programs to increase the likelihood that nest-boxes were occupied.

top left: Auditors interviewing the plantation workers
left: Auditors checking the chemical sprayers personal protective equipment
above: Auditors performing field visit and interviewing of manuring workers

Responsible & Sustainable Plantation Update

During the year, PRL's plantation assets in Malaysia achieved certification under Responsible Sustainable Palm Oil (RSPO) – the highest international standard for sustainability in the industry. Achieving this onerous certification was the culmination of the PRL board's significant commitment ensuring sustainability and sustainable operation of our plantation assets.

The plantation assets already complied with the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme, however our aspirations were always on meeting the international standards. As we set out in the 2020 Sustainability Report the Company set a target date of achieving RSPO by 2025, however we achieve this goal several years early thanks to the efforts of our team and the high ethical, social and environmental standards we adhere to.

Only a small minority of plantations globally currently meet the RSPO standard.

What Are the Standards?

RSPO – International Standard

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

MSPO – Local Standard

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

Protecting Biodiversity

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

Fair Treatment of Workers

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

Sustainable Produce

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

The Need For Sustainable Palm Oil

- Fulfils increasing global food demand
- Supports affordable food prices
- Support poverty reduction
- Safeguards social interests, communities and workers
- Protects the environment and wildlife

Sustainability Metrics

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

Sustainability Area	Sustainability Target	Timing
Mine-site Remediation and Rehabilitation	The Commonwealth Government's Christmas Island Mine site to Forest. Rehabilitation program is currently under review. PRL is committed to working with the Commonwealth and the National Park in the establishment of an outcome focused and cost-effective program which can achieve a better more sustainable environmental outcome for the Island.	Commence Discussion Jun 2023
Environmental Management	Our Environmental Management Plan (EMP) is the foundation of PRL's Environmental Management System and provides the framework for managing the environmental aspects of mining and processing operations on Christmas Island. To date we have met 60% of Action Plan requirements. We are on track to achieve full compliance with our EMP over the next 4 years. The EMP is due for review which may result in changes to requirements. These will be assessed once the review is complete.	Jun 2026
Hawk Owl Nest Box Project	Phase 1 of this important environmental project was delivered during the year and the close-out report is being prepared. Phase 2 is on track to be rolled out in the next year focussed on expanding the project to include other bird species and new nest box designed. Implementation of the new program is planned for 2023/24.	Phase 2 Planning Jun 2023 Phase 2 Delivery Jun 2024
Roundtable on Sustainable Palm Oil (RSPO)	Achieve RSPO Accreditation for all of our Malaysian plantations by December 2025 – Status – Completed ahead of Target – just underwent first audit.	Achieved – To Complete Annual Audit
Community Development	Review of 'Our Community, Our Future' has commenced, including a community survey to gain feedback. Also planning to update our Social and Economic Impact Assessment Report to assess social and economic impacts on Christmas Island.	Jun 2023
Diversity	During the 2022 financial year we implemented our Female Trade and Skilled program for trainees and apprentices. This began to bear immediate fruit with attraction of five new female apprentices and trainees, representing 33% of that cohort and a significant increase in female representation and gender diversity. This was coupled with the appointment of a senior female manager as leader of a key business unit during the year.	
	1) Continue to roll out the program to attract and employ and train women in Trade and Skilled areas within the PRL Group	Jun 2023
	2) Increase the percentage of women employed in in the PRL group to 30% by Dec 2025 – On target	Dec 2025
	3) Increase the percentage of women employed in the PRL group management team to 30% by Dec 2025 – On target	Dec 2025
Occupational Health & Safety	The OHS results over the past year exceeded our 10% reduction target with the Total Recordable Injury Frequency Rate (TRIFR) reducing by 44% and Lost Time Injury Frequency (LTIFR) dropping by 36%. This year we are targeting further reduction of both TRIFR and LTIFR by 10%.	Jun 2023
Fresh Produce	Commence targeted pilot of controlled agricultural systems for the production of fresh produce to help improve community access to fresh locally grown foods to assist improving health outcomes.	Jun 2023

Reports & Governance

Photographer: *Joeva Dachelet*

Corporate Directory

Directors

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

Share Register

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

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

Auditor

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Stock Exchange Listings

CI Resources Limited shares are listed on the Australian Securities Exchange

Ordinary fully paid shares (ASX code: CII)

Principal Registered Office in Australia

6 Thorogood Street
Burswood WA 6100

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

Bankers

Westpac Banking Corporation
109 St Georges Terrace
Perth WA 6000

Directors' Report

The Directors of CI Resources Limited (the Company) present their report together with the financial statements of the Group comprising of the Company and its subsidiaries (together referred to as the Group or CI Resources) for the financial year ended 30 June 2022 and the auditor's report thereon.

Directors

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

Names, qualification, experience and special responsibilities

David Somerville

Chairman – Non-Executive
(Appointed 28 November 2008)

Experience & Expertise

Mr. Somerville holds a Bachelor of Business degree from Curtin University and a Master of Business Administration from Deakin University, he is a Fellow of the Australian Institute of Management.

Mr. Somerville has an accounting background having been a senior partner in a large Western Australian accounting practice, before establishing a financial services company which listed on the Australian Securities Exchange in 2007. He has over 32 years' experience in a corporate capacity across a number of companies and a number of industry sectors including financial, resources and property development.

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

Other Directorships

Mr. Somerville is Executive Chairman of Questus Ltd, a public company since 22 October 2007.

Lai Ah Hong

Managing Director
(Appointed 26 June 2007)

Experience & Expertise

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

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

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

Mr. Lai is a member of the Investment Committee.

Other Directorships

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

Dato' Sri Tee Lip Sin

Director – Executive director
(Appointed 26 June 2007)

Experience & Expertise

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

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

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

Other Directorships

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

Tee Lip Jen

Director – Non-executive
(Appointed 18 March 2011)

Experience & Expertise

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

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

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

Other Directorships

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

Adrian Gurgone

Director – Non-executive
(Appointed 18 March 2011; Executive from 1 July 2022)

Experience & Expertise

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

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

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

Other Directorships

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

Dato' Sri Kamaruddin bin Mohammed

Director – Non-executive
(Appointed 17 January 2013)

Experience & Expertise

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

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

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

Other Directorships

Dato' Sri Kamaruddin held no other directorships of ASX listed companies during the last three years. He is a Director of Far East Holdings Berhad, a Malaysian Company that is listed on the Main Board of Bursa Malaysia Securities Berhad.

Directors' interests in shares and options

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

	Ordinary Shares		Options over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
Mr. David Somerville	-	-	-	-
Mr. Lai Ah Hong	-	4,235,442	-	-
Dato' Sri Tee Lip Sin	749,580	30,679,512	-	-
Mr. Tee Lip Jen	1,229,150	-	-	-
Mr. Adrian Gurgone	-	-	-	-
Dato' Sri Kamaruddin bin Mohammed	-	150,000	-	-

Retirement, election and continuation in office of directors

In accordance with the Constitution, Mr. David Somerville and Mr. Tee Lip Jen will retire, in rotation, as directors at the Annual General Meeting to be held in November 2022 and being eligible, will offer themselves for re-election.

Company Secretary

Elizabeth Lee

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

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

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

Principal activities

- The principal activities during the year of entities within the consolidated entity were:
- mining, processing and sale of phosphate rock, phosphate dust and chalk;
- providing earthmoving, fuel pilotage, maintenance and stevedoring services to other Christmas Island organizations;
- operating a palm oil estate, processing and sale of palm oil products; and
- trading, importing and exporting of commodities.

Review and Results of Operations

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

	Results 2022 *$'000s*	Results 2021 *$'000s*
Revenue	538,687	146,424
Profit before income tax expense	10,581	9,471
Income tax expense	(2,078)	(2,675)
Net Profit after income tax expense	8,503	6,796
Net Profit from ordinary activities after tax attributable to members of CI Resources Limited	7,580	6,796

Earnings per share	**2022**	**2021**
	Cents	**Cents**
Basic earnings per share	6.56	5.88

Dividends

Dividends totaling 3.0 cents per share have been paid during the year ended 30 June 2022. The Directors recommend that a final dividend of 1.0 cent per share be paid in respect of the year ended 30 June 2022.

Financial Results

The Company continues to see improving market conditions in the 2022 financial year. Demand for fertilisers remained strong throughout the period with prices strengthening, noting some easing toward the end of the period.

However, supply chain delays, increased shipping costs, breakdown of government infrastructure and unseasonal weather have presented significant challenges which have had a negative impact on our volumes and margins in the year.

Phosphate and fertiliser sales volumes of approximately 545,000 tonnes were achieved for the year, which is similar to the same period last year.

Consistent with the Group's strategic plan, the Company has acquired a Swiss based supply chain logistics business to take advantage of trading opportunities in West Africa. This has contributed about $375 million of Revenue to the Group in the period.

Subsequent to year end the Group acquired a 60% stake in Liven Nutrients, a non-listed company based in Singapore for the purposes of conducting fertiliser trading activities and growing the Group's capacity to supply fertilisers to customers in the Asia Pacific region.

The Group continues to pursue further diversification opportunities on Christmas Island and in Malaysia.

Financial Position

At the end of the financial period the consolidated entity had net cash balances of $37.338 million (2021: $33.804 million) and total assets of $401.056 million (2021: $251.817 million).

Total liabilities amounted to $197.778 million (2021: $59.361 million), being trade and other creditors, provisions and borrowings.

The Group's net assets amounted to $203.278 million (2021: $192.456 million).

Significant Changes in the State of Affairs

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

Significant Events after the Balance Date

Subsequent to year end, CII's wholly owned subsidiary, CI Resources Limited, acquired a 60% stake in Liven Nutrients Pte Ltd, a Singapore-based fertiliser company.

Other than this, no matters or circumstances that have arisen since 30 June 2022 that has significantly affected, or may significantly affect:

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

Likely Developments and Expected Results

Based upon our ongoing estimation and review of indicated and inferred resources available to the Company and with our best judgements on current commercial parameters it is reasonable to expect we can sustain viable mining operations on Christmas Island through to the end of our mining lease in 2034 and that the palm oil business will continue to provide reasonable returns for the foreseeable future.

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

Environmental Regulation and Performance

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

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

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

Shares Options

There were no options over ordinary shares and no ordinary shares of CI Resources Limited issued during the period ended 30 June 2022 on the exercise of options.

Indemnification and Insurance of Directors and Officers

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

Indemnification of Auditors

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

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2021 and the number of meetings attended by each Director were:

	Directors' Meeting		Audit & Risk Management Committee		Investment Committee		Remuneration & Nomination Committee	
	A	*B*	*A*	*B*	*A*	*B*	*A*	*B*
Mr. David Somerville	4	4	4	4	2	2	-	-
Mr. Lai Ah Hong	4	4	-	-	2	2	-	-
Dato' Sri Tee Lip Sin	4	4	-	-	2	2	-	-
Mr. Tee Lip Jen	4	4	4	4	2	2	1	1
Mr. Adrian Gurgone	4	4	4	4	-	-	1	1
Dato' Sri Kamaruddin	4	3	4	3	-	-	1	-

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

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

Audit & Risk Management Committee

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

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

Investment Committee

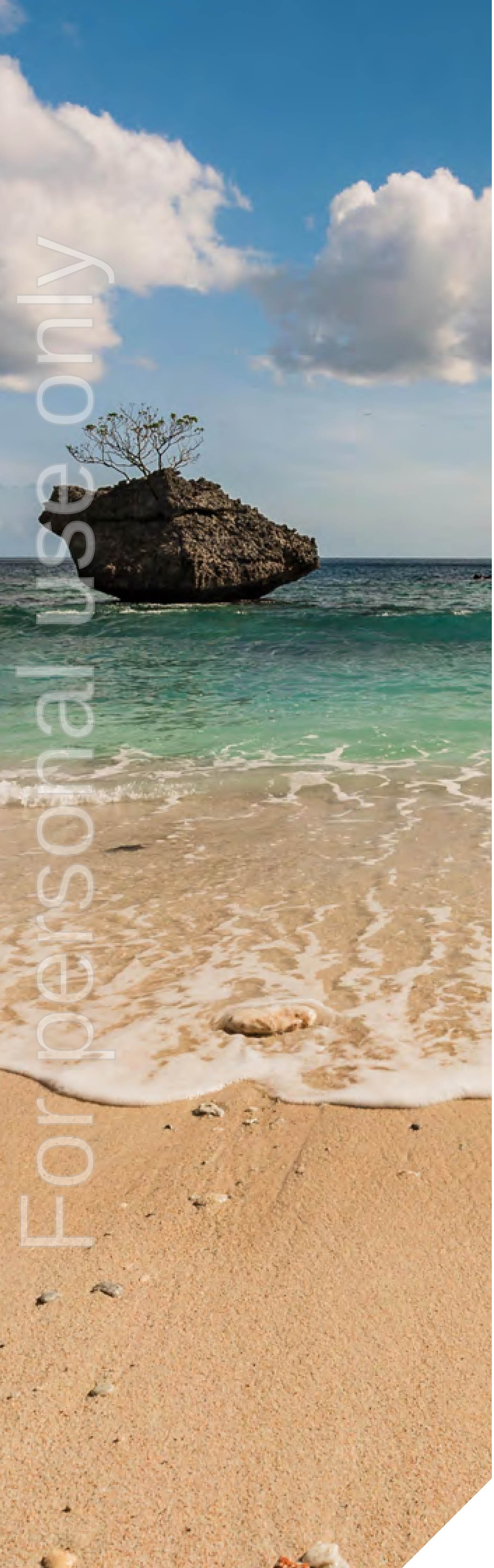
The role of the Investment Committee is to assist the Board in fulfilling its responsibilities in evaluating investment opportunities. In fulfilling this purpose, the Committee will review the investment opportunities and make recommendations to the Board.

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

Remuneration & Nomination Committee

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

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



Photographer: Kirsty Faulkner

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

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

Rounding

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

Non-audit Services

No non-audit services were provided by the Auditors during the year ended 30 June 2022. The Board has considered the Audit & Risk Management Committee's advice, that any non-audit services provided by the auditor is compatible with, and did not compromise, the general standard of auditor independence imposed by the *Corporations Act 2001* for the following reasons:

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

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 52.

Auditor

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

Remuneration Report (Audited)

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

A	Principles used to determine the nature and amount of remuneration
B	Details of remuneration
C	Service agreements
D	Share-based compensation
E	Additional information

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

A Principles used to determine the nature and amount of remuneration

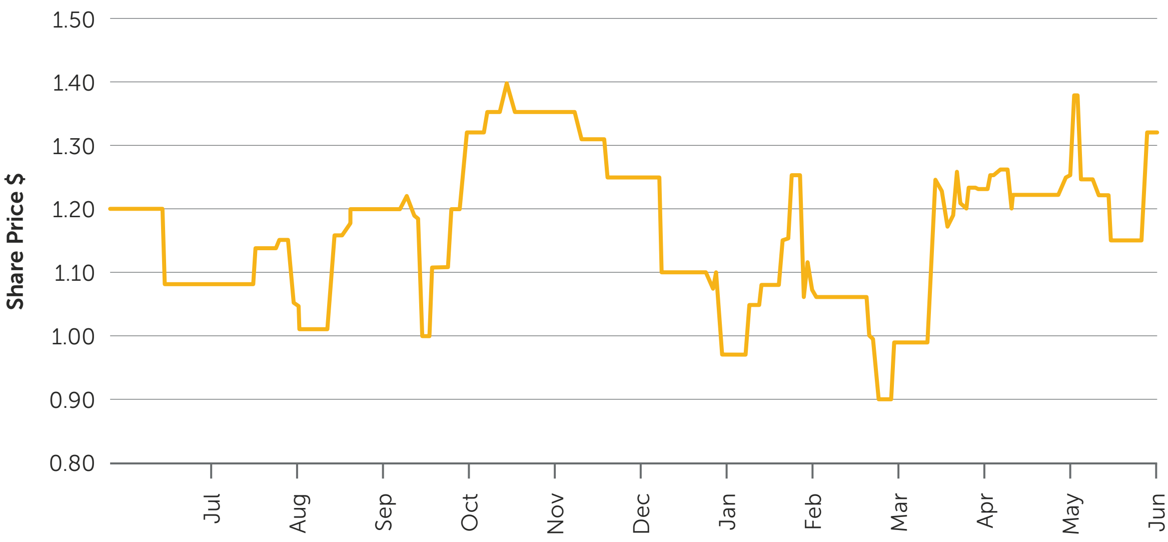
In order to maintain and attract directors to facilitate the efficient and effective management of the Consolidated Entity's operations, the Board established a Remuneration and Nomination Committee on 9 March 2015 which reviews the remuneration of directors on an annual basis and makes recommendations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

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

Below is information on the Consolidated Entity's performance for the previous four financial years and for the current year ended 30 June 2022.

	2018	2019	2020	2021	2022
Basic earnings per share (cents)	18.30	7.50	0.03	5.88	6.56
Dividends per share (cents)	10.0	6.5	1.5	2.0	3.0
Share price (cents)	175	144	95	120	132

The Company's share price performance shown in the below graph is a reflection of the Company's performance during the financial year ended 30 June 2022.



Non-executive directors

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

Directors' Fees

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

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

Remuneration packages may contain the following key elements:

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

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

Executive Remuneration

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

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

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

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

Alignment to shareholders' interests:

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

Alignment to program participants' interests:

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

The executive pay and reward framework has the following components:

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

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

Fixed Remuneration

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

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

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

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

Retirement Allowances for Directors

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

Variable Remuneration

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

B Details of remuneration

During the financial year to 30 June 2022, the directors and key management personnel of the Company were:

Directors of CI Resources Limited

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

Other key management personnel of CI Resources Limited

- Mr Darren Gold – Group Chief Financial Officer

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

2022	Short-term benefits				Long-term benefits	Post-employment benefits		
Name	Salaries and fees $	Bonus* $	Non-monetary benefits $	Annual leave $	Leave and other entitlements $	Superannuation $	Total $	Total Performance related
Directors of CI Resources Limited								
Mr David Somerville	160,750	-	9,523	-	-	18,486	188,759	-
Dato' Sri Tee Lip Sin	169,445	-	-	-	-	-	169,445	-
Mr Tee Lip Jen	111,500	-	-	-	-	-	111,500	-
Mr Adrian Gurgone	110,750	-	-	-	-	12,736	123,486	-
Dato' Sri Kamaruddin bin Mohammed	135,473	-	-	-	-	-	135,473	-
Lai Ah Hong	647,329	66,837	74,881	60,011	15,628	82,129	946,815	7.1%
Other key management personnel								
Darren Gold	321,471	55,000	23,332	28,980	24,963	43,294	497,040	11.1%
Total	**1,656,718**	**121,837**	**107,736**	**88,991**	**40,591**	**156,645**	**2,172,518**	**-**

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

** Amount paid during the year relating to prior year*

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

There were no options issued to key management personnel for the financial years ended 30 June 2022 and 30 June 2021.

Option holdings

No key management personnel held options over ordinary shares in the Group during the current year ended 30 June 2022 (2021: Nil)

Shareholdings

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

2022 Name	Balance at the start of the period	Changes during the period	Balance at the end of the period
Directors of CI Resources Limited			
Mr. David Somerville	-	-	-
Dato' Sri Tee Lip Sin	34,414,174	(2,985,082)	31,429,092
Mr. Tee Lip Jen	1,229,150	-	1,229,150
Mr. Adrian Gurgone	-	-	-
Dato' Sri Kamaruddin bin Mohammed	150,000	-	150,000
Mr. Lai Ah Hong	4,235,442	-	4,235,442
Other key management personnel			
Mr. Darren Gold	2,500	-	2,500

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

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

C Share-Based Compensation

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

D Additional Information

Loans to directors and executives

There are no loans to directors or executives.

Other transactions with key management personnel

i) Mr. Lai Ah Hong is the owner of property MQ 717 on Christmas Island leased to Phosphate Resources Ltd for three years ending 10 April 2023. Mr. Lai Ah Hong received a total rent of $27,300 during the year (2021: $26,000).

ii) Mr. Lai Ah Hong is the owner of property 86 Unit B, Block 790 Lam Lok Road, Drumsite, Christmas Island leased to CI Maintenance Services Pty Ltd until 31 December 2022, with two further terms of one year each. Mr. Lai Ah Hong received a total rent of $24,000 during the year (2021: $24,000).

iii) Mr. Lai Ah Hong is the owner of property 21 Jalan Ketam Merah, Drumsite, Christmas Island leased to CI Phosphates until 31 December 2022. Mr. Lai Ah Hong received a total rent of $22,880 during the year (2021: $8,883).

iv) Mr. Adrian Gurgone is the director of Ethical Accounts. Ethical Accounts provided consultancy services for the Group totaling $299,996 during the year (2021: $219,587).

All the above transactions were at arms-length and in the ordinary course of business.

Shares under option

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

– End of Audited Remuneration Report –

Proceedings on behalf of the Company

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

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

Signed in accordance with a resolution of the directors.

David Somerville
Chairman

Lai Ah Hong
Managing Director

Perth, Western Australia
30 September 2022

Auditors Independence Declaration

Building a better working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the directors of CI Resources Limited

As lead auditor for the audit of the financial report of CI Resources Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

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

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

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

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

Ernst & Young

Russell Curtin
Partner
30 September 2022

Corporate Governance Disclosures

The Board of CI Resources Limited ("CIR") ("the Company') and the entities it controls ("the Group") is responsible for the corporate governance of the Group. The Group is committed to protecting and enhancing shareholder value and adopting best practice governance policies and practices. This Corporate Governance Statement dated 30 June 2022 and approved by the board of directors of CIR ("the Board") on 30 September 2022, outlines the key principles and practices of the Group against the ASX Corporate Governance Principles and Recommendations 4th Edition ("the Recommendations"). CIR's Corporate Governance Statement can also be found in the Corporate Governance section of the Company Profile section on its website at **www.ciresources.com.au**

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

Principle 1 – Lay Solid Foundations for Management and Oversight

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

Principle 1 – Lay Solid Foundations for Management and Oversight

	Recommendation	CI Resources Limited's Current Practice
1.4	The Company Secretary of a listed entity should be accountable directly to the board, through the Chairman, on all matters to do with the proper functioning of the Board.	**Adopted.** The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.
1.5	A listed entity should: a) have and disclose a diversity policy; b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives, and workforce generally; and c) disclose in relation to each reporting period: i) the measurable objectives set for that period to achieve gender diversity; ii) the entity's progress towards achieving those objectives; and iii) either: 1) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or 2) if entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	**Adopted.** The Company recognises the value contributed to the Group by employing people with varying skills, cultural backgrounds, ethnicity and experience. The Group believes its diverse workforce is the key to its continued growth, improved productivity, and performance. We actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated. 69% of the Group's employees are from Chinese and Malay descent. The Board is comprised of six males with a female company secretary. Five senior executives, who report directly to the Managing Director, are male and 21% of the Group's managers are female, compared to 19% in the prior year. We have added two female leaders to our management team during year and the Group has 29% female employees. The Board has set diversity objectives, which are detailed in its Sustainability Report which is available, together with the Diversity Policy, on the Corporate Governance page on CI Resources website. (www.ciresources.com.au)
1.6	A listed entity should: a) have and disclose a process for periodically evaluating the performance of the Board, its committees, and individual directors; and b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process or in respect of that period.	**Adopted.** The Company has a performance evaluation policy which requires the Group to undertake annual performance review measures for the Board, its committees and individual directors. The most recent review was conducted in November 2021 in accordance with that policy. A copy of the Description of the performance evaluation process for the Board and directors can be found on the Corporate Governance page on CI Resources website. (www.ciresources.com.au)
1.7	A listed entity should: a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and b) disclose for each reporting period, whether a performance evaluation had been undertaken in accordance with that process during or in respect of that period.	**Not adopted.** Formal performance evaluation of senior executives is conducted annually, but the process has not been disclosed publicly.

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

	Recommendation	CI Resources Limited's Current Practice
2.1	The board of a listed entity should: a) have a nomination committee which: i) has at least three members, a majority of whom are independent directors; and ii) is chaired by an independent director; and disclose: iii) the charter of the committee; iv) the members of the committee; and v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a nomination committee disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence, and diversity to enable it to discharge its duties and responsibilities effectively.	**Adopted.** The Company has a Remuneration and Nomination Committee which reviews the board composition annually to ensure it continues to have the right balance of skills, experience, independence and knowledge to discharge its responsibilities. The Committee has three members with two being independent directors until 30 June 2022. Mr. Gurgone's status as independent director ceased with his appointment as Executive Director effective 1 July 2022. The Chair of the Committee is an independent director. The Board is satisfied that the current mix of independent and non-independent directors has the appropriate balance of skills, knowledge, experience, independence, and diversity to enable it to discharge its duties and responsibilities effectively. A copy of the Remuneration and Nomination Committee Charter can be found on the Corporate Governance page on CI Resources website. (www.ciresources.com.au) Details of the members of the Committee, the frequency of the meetings and attendees of the meetings of the Committee are provided in the Annual Report.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	**Adopted.** A copy of the skills matrix can be found on the Corporate Governance page on the CI Resources website. (www.ciresources.com.au)
2.3	A listed entity should disclose: a) the names of the directors considered by the board to be independent directors; b) if a director has an interest, position, or relationship of the type as described in Box 2.3 of the Recommendations (Factors relevant to assessing independence) but the board is of the opinion that it does not compromise the independence of the director, nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and c) the length of service of each director.	**Adopted.** a) Mr. Somerville, Dato' Sri Kamaruddin bin Muhammed are considered by the Board to be independent directors. Mr. Gurgone was previously an independent director, which ceased with his appointment as Executive Director effective 1 July 2022. b) Mr. Somerville has been a director for more than 10 years, but the Board is of the opinion that he has maintained sufficient distance from management to be considered independent. Mr. Gurgone was in the reporting period been a director of a professional adviser to the Group, but the Board is of the opinion that he maintained sufficient distance from management to be considered independent until his appointment as an Executive Director. c) Mr. Somerville – 14 years Dato' Sri Tee Lip Sin – 13 years Mr. Tee Lip Jen – 11 years Mr. Gurgone – 11 years Dato' Sri Kamaruddin bin Muhammed – 10 years Mr. Lai – 9 years

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

	Recommendation	CI Resources Limited's Current Practice
2.4	A majority of the Board of a listed entity should be independent directors.	**Not adopted.** Three members of the six-member Board were considered by the Board to be independent until Mr. Gurgone's status as independent director ceased with his appointment as Executive Director effective 1 July 2022. The Board is satisfied that the current mix of independent and non-independent directors is in the best interests of the Company and ensures that the Group has available the requisite levels of skill and experience for a diversified industrial company operating in a number of jurisdictions.
2.5	The Chair of a Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	**Adopted.** Mr. Somerville is the Chairman of the Company and is considered by the Board to be independent. Mr. Lai is the Managing Director of the Company.
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	**Adopted.** The induction of new directors is currently completed by the Company Secretary. All directors have access to professional development opportunities to improve on their skills and knowledge to assist in their roles as directors. A copy of the procedure for the selection and appointment of new directors to the Board can be found on the Corporate Governance page on CI Resources website. (www.ciresources.com.au)

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

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

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

	Recommendation	CI Resources Limited's Current Practice
3.3	A listed entity should: a) have and disclose a Whistleblower policy; and b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	**Adopted.** The Company has a Whistleblower Policy, which can be found on the Corporate Governance page on CI Resources website. (www.ciresources.com.au) The Board is informed of any material incidences under the policy.
3.4	A listed entity should: a) have and disclose an anti-bribery and corruption policy; and b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	**Adopted.** The Company has an anti-bribery and corruption policy which can be found on the Corporate Governance page of the CI Resources website. (www.ciresources.com.au) The Board is informed by management of any material incidences.

Principle 4 – Safeguard Integrity of Corporate Reports

	Recommendation	CI Resources Limited's Current Practice
4.1	The board of a listed entity should: a) have an audit committee which: i) (i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and ii) is chaired by an independent director, who is not the chair of the board; and disclose: iii) the charter of the committee iv) the relevant qualifications and experience of the members of the committee; and v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	**Adopted.** The Board has established an Audit & Risk Management Committee (ARC). The ARC's primary function is to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, including the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The ARC is responsible for the appointment of the external auditors of the Company, and will from time to time review the scope, performance and fees of those external auditors. The Company has retained Ernst & Young as its auditors. The Ernst & Young partner managing the external audit will attend the 2022 AGM and be available to respond to shareholders' questions relating to external audit. The Committee has four members, with three independent directors. Mr. Gurgone's status as independent director ceased with his appointment as Executive Director effective 1 July 2022. The Chair of the Committee until 30 June 2022 was an independent director. The independent Chair of the Board was appointed as the new Chair of the Committee effective from 1 July 2022. The Board is satisfied that the current mix of independent and non-independent directors has the appropriate balance of skills, knowledge, experience and independence to enable it to verify and safeguard the integrity of its corporate reporting. The relevant qualifications and experience of the Committee members, the number of times the Committee met in the reporting period and the individual attendances of the members are detailed in the Annual Report. A copy of the Audit & Risk Management Charter and Information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners can be found on the CI Resources website. (www.ciresources.com.au)

Principle 4 – Safeguard Integrity of Corporate Reports

	Recommendation	CI Resources Limited's Current Practice
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	**Adopted.**
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	**Adopted.** All periodic corporate reports the Company releases to the marker are audited or reviewed by an external auditor.

Principle 5 – Make Timely and Balanced Disclosure

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

Principle 6 – Respect the Rights of Security Holders

	Recommendation	CI Resources Limited's Current Practice
6.1	A listed entity should provide information about itself and its governance to investors via its website.	**Adopted.** Refer to the Company's Corporate Governance page on its website. (www.ciresources.com.au)
6.2	A listed entity should have an investor relations program to facilitate effective two-way communication with investors.	**Adopted.** The Group has a positive strategy to communicate with shareholders and actively promote shareholder involvement in the Company. The Group aims to continue to increase and improve the information available to shareholders on its website.
6.3	A listed entity should disclose that it facilitates and encourages participation at meetings of security holders.	**Adopted.** The Company encourages participation at General Meetings upon the dispatch of its Notice of Meeting and advises security holders that they may submit questions they would like to ask at the meeting to the Board and to the Group's auditors.

Principle 6 – Respect the Rights of Security Holders

	Recommendation	CI Resources Limited's Current Practice
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than a show of hands.	**Adopted.**
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	**Adopted.** Regular notifications are issued to shareholders with options to receive communications electronically. This option is also available to existing shareholders upon contacting the share registry.

Principle 7 – Recognise and Manage Risk

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

Principle 7 – Recognise and Manage Risk

	Recommendation	CI Resources Limited's Current Practice
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	**Adopted.** Since 2020, the Group has been publishing an annual Sustainability Report setting out the sustainability performance of the group across environmental and social risks and an annual Modern Slavery Statement which also addresses social risks. Also, the Christmas Island operations are carried out in an environmentally sensitive area and accordingly operations are carefully monitored to ensure compliance with approved Environmental Management Plans developed in accordance with legislative requirements.

Principle 8 – Remunerate Fairly and Responsibly

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

CI RESOURCES LIMITED

Financial Report

For the financial year ended 30 June 2022

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

6 Thorogood Street
Burswood, Western Australia 6100

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

The financial report was authorised for issue by the directors on 30 September 2022. The consolidated entity has the power to amend and reissue the financial report.

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

www.ciresources.com.au

For queries in relation to our reporting please contact us:

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

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2022

	Notes	2022 $'000s	2021 $'000s
Revenue	4(a)	538,687	146,424
Cost of sales	4(b)	(516,005)	(124,485)
Gross profit		**22,682**	**21,939**
Other income	4(c)	5,920	1,014
Other expenses	4(d)	(16,641)	(12,027)
Finance costs	4(e)	(1,036)	(1,491)
Change in fair value of biological assets	14(a)	3	29
Share of profit/(loss) in joint ventures	15	(347)	7
Profit before income tax		**10,581**	**9,471**
Income tax expense	5	(2,078)	(2,675)
Profit for the period after income tax		**8,503**	**6,796**
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Net currency translation differences		1,586	(4,064)
Total other comprehensive income/(loss) that may be reclassified subsequently to profit or loss		1,586	(4,064)
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain of defined benefit plan obligation		910	-
Net gain on equity instruments designated at fair value through other comprehensive income		1,805	1,826
Total other comprehensive income that cannot be reclassified subsequently to profit or loss		2,715	1,826
Total other comprehensive income		4,301	(2,238)
Total comprehensive income for the year		**12,804**	**4,558**
Profit is attributable to:			
Members of CI Resources Limited		7,580	6,796
Non-controlling interest		923	-
		8,503	**6,796**
Total comprehensive income for the year is attributable to:			
Members of CI Resources Limited		11,881	4,558
Non-controlling interest		923	-
		12,804	**4,558**
Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share	6	6.56 cents	5.88 cents
Diluted earnings per share	6	6.56 cents	5.88 cents

Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	2022 $'000s	2021 $'000s
Current assets			
Cash and cash equivalents	7	37,338	33,804
Trade and other receivables	8	162,195	36,631
Inventories	9	52,066	27,850
Biological assets	14(a)	257	246
Other financial assets	10	5,692	15,249
Derivatives-forward exchange contracts	29	22	3,795
Prepayments		834	775
Income tax receivable		565	1,401
Total current assets		**258,969**	**119,751**
Non-current assets			
Other financial assets	10	30,411	28,144
Property, plant & equipment	11	92,720	85,343
Goodwill	12	4,057	4,057
Bearer plants	14(b)	3,061	4,025
Investment in joint ventures	15	788	1,332
Deferred tax assets	5	11,050	9,165
Total non-current assets		**142,087**	**132,066**
Total assets		**401,056**	**251,817**
Current liabilities			
Trade and other payables	17	106,394	14,096
Interest bearing loans and borrowings	18	43,158	6,753
Income tax payable		160	-
Provisions	19	5,357	4,683
Total current liabilities		**155,069**	**25,532**
Non-current liabilities			
Interest bearing loans and borrowings	18	17,454	8,580
Deferred tax liabilities	5	7,684	5,758
Provisions	19	17,571	19,491
Total non-current liabilities		**42,709**	**33,829**
Total liabilities		**197,778**	**59,361**
Net assets		**203,278**	**192,456**
Equity			
Contributed equity	20	72,160	72,160
Reserves	21	7,672	3,371
Retained earnings	22	121,038	116,925
Equity attributable to equity holders of the parent		200,870	192,456
Non-controlling interest		2,408	-
Total equity		**203,278**	**192,456**

Consolidated Statements of Changes in Equity

For the financial year ended 30 June 2022

	Notes	Contributed Equity *$'000s*	Foreign Currency Translation Reserve *$'000s*	Other Reserve *$'000s*	Discount on Acquisition of NCI *$'000s*	Retained Earnings *$'000s*	Total Attributable to Equity Holder of the Parent *$'000s*	Non-controlling Interest *$'000s*	Total *$'000s*
1 July 2021		**72,160**	**(743)**	**(4,385)**	**8,499**	**116,925**	**192,456**	**-**	**192,456**
Profit for the year		-	-	-	-	7,580	7,580	923	8,503
Other comprehensive income/(loss) for the year	21	-	1,586	2,715	-	-	4,301	-	4,301
Total comprehensive income/(loss) for the year		**-**	**1,586**	**2,715**	**-**	**7,580**	**11,881**	**923**	**12,804**
Non-controlling interest arising on business combination		-	-	-	-	-	-	1,485	1,485
Transactions with owners in their capacity as owners:									
Dividends paid	22	-	-	-	-	(3,467)	(3,467)	-	(3,467)
30 June 2022		**72,160**	**843**	**(1,670)**	**8,499**	**121,038**	**200,870**	**2,408**	**203,278**
1 July 2020		72,160	3,321	(6,211)	8,499	112,441	190,210	-	190,210
Profit for the year		-	-	-	-	6,796	6,796	-	6,796
Other comprehensive loss for the year	21	-	(4,064)	1,826	-	-	(2,238)	-	(2,238)
Total comprehensive loss for the year		**-**	**(4,064)**	**1,826**	**-**	**6,796**	**4,558**	**-**	**4,558**
Transactions with owners in their capacity as owners:									
Dividends paid	22	-	-	-	-	(2,312)	(2,312)	-	(2,312)
30 June 2021		**72,160**	**(743)**	**(4,385)**	**8,499**	**116,925**	**192,456**	**-**	**192,456**

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2022

	Notes	2022 $'000s	2021 $'000s
Cash flows from operating activities			
Receipts from customers		472,594	137,884
Payments to suppliers and employees (inclusive of goods and services tax)		(529,972)	(125,795)
Interest received		238	327
Interest paid on lease liability		(24)	(30)
Borrowing costs		(1,102)	(597)
Income taxes paid		(2,505)	(3,831)
Net cash flows from operating activities	28	**(60,771)**	**7,958**
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash		31,039	-
Movement in term deposits		1,885	399
Increase in financial assets		(329)	(8,266)
Proceeds from sale of property, plant and equipment		2,750	79
Purchase of property, plant and equipment		(16,601)	(7,050)
Net cash flows used in investing activities		**18,744**	**(14,838)**
Cash flows from financing activities			
Repayment of borrowings		(20,515)	(20,750)
Proceeds of borrowings		64,264	17,773
Payment of principal portion of lease liability		(606)	(542)
Dividends paid		(3,467)	(2,312)
Net cash flows from financing activities		**39,676**	**(5,831)**
Net increase/(decrease) in cash and cash equivalents held		**(2,351)**	**(12,711)**
Cash and cash equivalents at the beginning of the financial year		**33,804**	**44,149**
Impact of foreign exchange		5,885	2,366
Cash and cash equivalents at the end of the financial year	7	**37,338**	**33,804**

Notes to the Financial Statements

For the year ended 30 June 2022

1. Corporate Information

This financial report of CI Resources Limited ("Company") for the year ended 30 June 2022 comprises the Company and its subsidiaries ("Group"). The financial report of CI Resources Limited for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 30 September 2022.

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

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the financial year ended 30 June 2022, unless otherwise stated.

Basis of preparation

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

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

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

a) Compliance with IFRS

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

b) New accounting Standards and Interpretations

i) Changes in accounting policy

The accounting policies adopted in the preparation of the year-end report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021.

Several new and amended Accounting Standards and interpretations apply for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group and hence have not been disclosed.

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

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2022 and are outlined below:

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

Effective for annual reporting periods beginning on or after 1 January 2025

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

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

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

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

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

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

A consequence of the first amendment is that a liability would be classified as current if its repayment conditions failed their test at reporting date, despite those conditions only becoming effective in the 12 months after the end of the reporting period. In response to this possible outcome, the AASB has proposed further amendments:

- Specifying that conditions with which an entity must comply after the reporting period do not affect the classification at the reporting date.
- Adding presentation and disclosure requirements for non-current liabilities subject to conditions in the next 12 months.
- Clarifying specific situations in which an entity does not have a right to defer settlement for at least 12 months after the reporting date.
- Deferring the effective date of the original amendments to no earlier than 1 January 2024.

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

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

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

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

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

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

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

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

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

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

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

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

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

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

c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of CI Resources Limited ("company" or "parent entity") as at 30 June 2022 and the results of its subsidiaries for the financial year then ended.

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

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

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

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

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

d) Income Tax

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

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax is recognised on the recognition of goodwill, except for transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as recognition of an ROU asset and a lease liability.

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

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

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

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

e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventory includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs for mining inventory and on a First-In First-Out (FIFO) basis for fuel inventory.

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

f) Property, plant and equipment

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

Property

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

Plant and equipment

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

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

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

Depreciation

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

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

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

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

g) Mining Tenements and Exploration Expenditure

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

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

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

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

h) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The nature of the Group's leasing activities includes leasehold land and buildings, rental properties, office premises and plant and equipment to support the operations of the Group.

Group as a lessee

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

Right-of-use assets

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

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest-bearing loans and borrowings (Note 18).

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

Short-term leases and leases of low-value assets

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

i) Financial Instruments

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

Financial Assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price.

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

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

Impairment of financial assets

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

- Disclosures for significant assumptions
- Trade receivables

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

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

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

Financial Liabilities

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

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described in the next column:

Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities at amortised cost

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

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

Derecognition

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

j) Impairment of Non-financial Assets

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

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

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

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

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

k) Intangibles and Goodwill

Goodwill

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

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

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

Impairment losses recognised for goodwill are not subsequently reversed.

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

Research and Development

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

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

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

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

l) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transactions and balances

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

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

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

Group companies

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

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

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

m) Cash and Cash Equivalents

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

n) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

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

o) Business Combination

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

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

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

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

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

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

p) Revenue

Revenue from contract with customers

The Group is in the business of:

- Mining, processing and sale of phosphate rock, phosphate dust and chalk;
- Supply of fuel and oil products to other non-related Christmas Island entities;
- Providing maintenance, fuel pilotage and stevedoring services to other non-related Christmas Island entities;
- Operating a palm oil estate, processing and sale of palm oil products in Malaysia; and
- Operating a supply chain logistics business, enabling the efficient flow of refined oils products between major producers and large customers throughout West Africa.

Revenue from phosphate sales

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

For the Group's phosphate sales made on a Cost and Freight basis, the Group is responsible for providing freight/shipping services after the date the Group transfers control of the phosphate to its customer. This is considered as a separate performance obligation which is satisfied at a different point in time from the phosphate sales. The Group, therefore

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

has a separate performance obligation for freight/shipping services which are provided solely to facilitate the sale of the phosphate it produces. Revenue for freight/shipping is recognised over the same time as the shipping occurs.

Revenue from fuel and oil products

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

Revenue from service contracts

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

Revenue from sale of palm oil products

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

Revenue from trading and logistics sales

Revenue from contracts with customers is derived principally from the sale of goods (commodities) in which the Group acts as a principal in the delivery of the commodity to end customers. Revenue related to the sale of goods is recognised 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 buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset. Based on the terms of the contracts, in some circumstances the Group is responsible for providing services (shipping and insurance) to the customer.

Revenue from contracts with customers is measured based on consideration specified in the contract with the customer. For certain contracts, the 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 120 days after initial booking (provisionally priced sales). Revenue from contracts with customers on provisionally priced sales is recognised based on the amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. 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 recognised as an adjustment to other revenue. In all cases, fair value is estimated by reference to forward market prices.

Contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale, or usage requirements falls within the exception from AASB 9, which is known as the 'normal purchase or sale exemption' or the 'own use' scope exception. For these contracts and the host part of the contracts containing embedded derivatives, they are accounted for as executory contracts. These contracts are not derivatives and are treated as executory contracts, which are recognised and measured at cost when the transactions occur. For committed sales contracts that are entered into for own-use, the contracts are not recognised in the financial statements until physical delivery takes place, unless the Group elects to apply, at initial recognition, an irrevocable election to designate the contracts as a financial instrument measured at fair value through profit or loss under AASB 9 to significantly reduce a measurement or recognition inconsistency relating to an accounting mismatch that would otherwise arise in relation to the contracts.

Interest income

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

Dividends

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

q) Government Grants

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

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

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

r) Employee Benefits

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

The defined benefit plan is covered by a fund from a separate legal entity for employees based in Geneva, Switzerland complying with the Swiss legal requirements in which the assets and liabilities are held in a separate insurance Group. The pension plans are funded by payments according to legal and contractual requirements.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

s) Provisions

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

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

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

t) Borrowing Costs

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

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

u) Bearer Plants

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

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

Depreciation

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

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

v) Biological Assets

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

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

w) Term Deposit

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

x) Goods and Services Tax (GST)

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

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

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

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

y) Provision for Dividend

The Group recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per corporate laws in Australia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

z) Investments in joint ventures

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

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

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

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

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

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

aa) Contributed Equity

Ordinary shares are classified as equity.

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

ab) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

ac) Earnings per Share

i) Basic earnings per share

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

ii) Diluted earnings per share

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

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

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

Assessment of mine life on Christmas Island

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

Determination of mine life

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

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

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

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

Provision for expected credit losses of trade receivables

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

Impairment of property, plant and equipment

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

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

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

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

Impairment of Goodwill

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

Provisions for decommissioning costs

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

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

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

Deferred Tax Asset

The deferred tax asset will only be obtained if:

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

4. Revenue & Expenses

	2022 $'000s	2021 $'000s
a) Revenue		
Revenue from contracts with customer		
Phosphate sales	86,312	75,112
Palm oil sales	43,297	35,562
Fuel sales	13,022	12,333
Rendering of services	11,276	16,702
Trading and logistics sales	370,774	-
Other sales	9,274	6,008
Total revenue from contracts with customers	533,955	145,717
Other revenue		
Change in fair value of financial assets	3,985	-
Dividend income	509	380
Interest on cash and term deposits	238	327
Total other revenue	4,732	707
	538,687	**146,424**

Phosphate sales, palm oil sales, fuel sales, trading and logistics sales, and other sales are recognised at the point in time when control of the goods is transferred to the customer. Revenue from rendering of services is recognised over time.

	2022 $'000s	2021 $'000s
b) Cost of sales		
Production costs	471,551	97,838
Shipping costs	35,119	17,847
Depreciation	9,335	8,800
	516,005	**124,485**

Included in cost of sales is $461.631 million (2021: $84.263 million) relating to inventory recognised as an expense.

	2022 $'000s	2021 $'000s
c) Other income		
Net foreign exchange gains	3,829	3
Net gain on disposal of assets	591	-
Government grants	-	992
Other	1,500	19
	5,920	**1,014**

	2022 $'000s	2021 $'000s
d) Other expenses		
Administration	14,906	11,145
Impairment of non-current assets	598	-
Net loss on disposal of assets	-	541
Depreciation[1]	637	645
Expected credit losses	166	2
Redundancy expense	308	(808)
Unrealised loss on capital notes	26	-
Short term and low value leases	-	502
	16,641	**12,027**

[1]Depreciation includes depreciation on right of use assets

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	2022 $'000s	2021 $'000s
e) Finance costs		
Accretion of provisions	(66)	894
Interest expense	1,102	597
	1,036	**1,491**
f) Employee benefits expense		
	30,061	**24,480**

Employee benefits expense comprises salaries and wages, superannuation, employee bonus and travel airfares together with accruals for employee entitlements such as annual leave, long service leave, redundancy and sick leave expensed during the year. Included in employee benefits expense is a superannuation expense of $2,305,000 (2021 $2,039,000).

5. Income Tax

	2022 $'000s	2021 $'000s
The major components of income tax are:		
Statement of Comprehensive Income		
Current income tax		
Current income tax charge	2,195	2,611
Adjustments in respect of current income tax of previous years	(158)	(225)
Deferred income tax		
Relating to origination and reversal of temporary differences	639	867
Adjustments in respect of deferred tax of previous years	(598)	(578)
Income tax expense reported in the Statement of Comprehensive Income	**2,078**	**2,675**

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate Group's applicable income tax rate is as follows:

	2022 $'000s	2021 $'000s
Accounting profit before income tax	10,581	9,471
At the Group's statutory income tax rate of 30% (2021: 30%)	3,174	2,841
Income/expenditure not allowable for income tax purposes:		
Add:		
• Adjustments in respect of previous years	(756)	(803)
• Assessable income for income tax purposes	138	-
• Expenditure not allowable for income tax purposes	274	595
• Deferred tax asset not brought to account	-	81
• Differences due to exchange rates applied to temporary differences and changes in tax rates	47	2
• Difference in global tax rates	(799)	(41)
Aggregate income tax expense	**2,078**	**2,675**

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

5. Income Tax (continued)

	Statement of Financial Position		Statement of Comprehensive Income	
	2022 $'000s	2021 $'000s	2022 $'000s	2021 $'000s
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Inventories	(2,398)	(1,933)	(465)	(185)
Property, plant and equipment	(4,563)	(3,825)	(738)	(168)
Other financial assets	(722)	-	(722)	-
Receivables	(1)	-	(1)	60
Gross deferred income tax liabilities	**(7,684)**	**(5,758)**		
Deferred tax assets				
Other payables and provisions	9,218	9,177	41	91
Property, plant and equipment	404	504	(100)	30
Other financial assets	(2)	(960)	958	(497)
Inventories	151	(243)	394	232
Investments	430	6	424	(6)
Receivables	50	368	(318)	-
Lease liabilities	110	93	17	92
Tax losses	689	220	469	62
Gross deferred income tax assets	**11,050**	**9,165**		
Deferred tax income/(expense)			(41)	(289)

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

6. Earnings per Share

	2022 Cents	2021 Cents
Basic and diluted earnings per share	**6.56**	**5.88**

	2022 Number	2021 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	115,581,107	115,581,107

	2022 $'000s	2021 $'000s
Profit used in calculating basic and diluted losses per share		
Net profit	7,580	6,796

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

7. Cash and Cash Equivalents

	2022 $'000s	2021 $'000s
Cash at bank and on hand	37,338	33,804
	37,338	**33,804**

8. Trade and Other Receivables

	2022 $'000s	2021 $'000s
Trade debtors	159,439	34,096
Allowance for expected credit losses	(166)	(2)
	159,273	34,094
Other receivables	2,922	2,537
	162,195	**36,631**

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

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience for customer groups, adjusted for forward-looking factors specific to the debtors, industry payment profiles and the economic environment. As at 30 June 2022, an ECL of $0.166 million was recognised (2021: $0.002 million). Subsequent to year end $34.850 million relating to past due but not impaired balances have been collected.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables disclosed in this note. No additional impairment was identified on trade debtors through the COVID-19 pandemic. Trade debtor have increased with the Kemoil acquisition. Demand and production variation recoverability continued to be in line with credit terms provided to major customers.

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

		Current	Days past due			
	Total		< 30 days	30–60 days	61–90 days	> 91 days
	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
2022	159,273	117,868	28,659	10,431	2,017	298
2021	34,094	25,758	4,939	2,566	138	693

9. Inventories

	2022 $'000s	2021 $'000s
Consumable materials and stores	8,658	6,890
Goods in transit	8,512	928
Finished goods	34,896	20,032
	52,066	**27,850**

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

10. Other Financial Assets

	2022 $'000s	2021 $'000s
Current		
Capital notes measured at FVTPL	373	187
Financial assets measured at FVTPL (i)	202	-
Term deposits	5,117	6,806
Amount held in escrow account for Kemoil acquisition	-	8,256
	5,692	**15,249**
Non-Current		
Trust fund term deposit-measured at amortised cost (ii)	6,099	6,295
Prepayment of insurance	329	-
Capital notes measured at FVTPL	393	789
Listed shares measured at FVOCI	23,590	21,060
	30,411	**28,144**

i) This relates to the committed sales and purchase contracts at year-end for Kemoil which are recognised at fair value through income statement at reporting date. Refer to Note 29 for further details on financial instruments.

ii) Under the terms of the current Workplace Agreement between the Union of Christmas Island Workers and Phosphate Resources Limited a trust fund term deposit to meet employee entitlements is maintained. This trust fund may only be used to meet employee entitlements but may be drawn down as they arise. The trust fund term deposit currently stands at $3,760,000 (2021: $3,956,000). The interest earned on the term deposit of $6,584 (2021: $11,890) has been added to the term deposit. Refer to Note 29 for further details on financial instruments.

11. Property, Plant & Equipment

	2022 $'000s	2021 $'000s
Right of Use (ROU) Asset		
Leasehold Land		
At cost	36,336	35,329
Accumulated depreciation	(6,140)	(5,374)
	30,196	**29,955**
Leasehold buildings		
At cost	10,206	9,787
Accumulated depreciation	(2,238)	(1,839)
	7,968	**7,948**
Leased rental properties and office premises		
At cost	2,249	1,526
Accumulated depreciation	(1,026)	(899)
	1,223	**627**
Plant and equipment under lease		
At cost	496	458
Accumulated depreciation	(459)	(414)
	37	**44**
Total Right of Use Asset		
At cost	49,287	47,100
Accumulated depreciation and impairment	(9,863)	(8,526)
	39,424	**38,574**

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	2022 $'000s	2021 $'000s
Property, Plant & Equipment		
Land and buildings		
At cost	21,685	16,773
Accumulated depreciation	(7,017)	(5,971)
	14,668	**10,802**
Strata title properties		
At cost	-	1,580
Accumulated depreciation	-	(444)
	-	**1,136**
Plant and equipment		
At cost	110,010	105,804
Accumulated depreciation and impairment	(80,315)	(73,820)
	29,695	**31,984**
Construction in progress	8,933	2,847
Total property, plant and equipment		
At cost	140,628	127,004
Accumulated depreciation and impairment	(87,332)	(80,235)
	53,296	**46,769**
Net carrying amount	**92,720**	**85,343**

Reconciliations

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

	2022 $'000s	2021 $'000s
Right of use (ROU) Asset		
Leasehold Land		
Carrying amount at beginning	29,955	28,298
Transfer from construction in progress	-	3,743
Additions	-	145
Depreciation expense	(606)	(567)
Foreign exchange difference	847	(1,664)
	30,196	**29,955**
Leasehold buildings		
Carrying amount at beginning	7,948	8,689
Transfer from construction in progress	-	15
Additions	140	88
Disposals	-	-
Depreciation expense	(342)	(338)
Foreign exchange difference	222	(506)
	7,968	**7,948**

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	2022 $'000s	2021 $'000s
Leased rental properties and office premises		
Carrying amount at the beginning	627	916
Additions	1,147	271
Depreciation expense	(559)	(522)
Impact of foreign exchange translation	8	(38)
	1,223	**627**
Plant and equipment under lease		
Carrying amount at beginning	44	83
Additions	24	-
Depreciation expense	(33)	(25)
Foreign exchange difference	2	(14)
	37	**44**
Property, Plant and Equipment		
Land and buildings		
Carrying amount at beginning	10,802	10,355
Transfer from construction in progress	4,913	1,371
Disposals	-	-
Depreciation expense	(1,047)	(924)
	14,668	**10,802**
Strata title properties		
Carrying amount at beginning	1,136	1,266
Disposals	(1,236)	-
Depreciation expense	(9)	(18)
Foreign exchange difference	109	(112)
	-	**1,136**
Plant and equipment		
Carrying amount at beginning	31,984	34,849
Transfer from construction in progress	4,034	2,914
Additions	270	1,557
Disposals	(923)	(620)
Depreciation expense	(6,310)	(5,989)
Foreign exchange difference	640	(727)
	29,695	**31,984**
Construction in progress		
Carrying amount at beginning	2,847	2,303
Additions	15,036	8,456
Disposals	(16)	-
Transfers	(8,948)	(8,043)
Foreign exchange difference	14	131
	8,933	**2,847**

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	2022 $'000s	2021 $'000s
In relation to the right-of-use assets and lease liabilities the following amounts were recognised in profit or loss:		
Depreciation expense of right of use asset	1,540	1,452
Interest expense on lease liabilities	24	30
Expense relating to short-term and low value leases (included in administrative expenses)	144	542
Total amount recognised in profit or loss	**1,708**	**2,024**

Impairment

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

12. Goodwill

	2022 $'000s	2021 $'000s
Carrying amount at the beginning of the year	4,057	4,057
Impairment	-	-
	4,057	**4,057**

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

13. Impairment of Non-Financial Assets

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

	2022	2021
Crude Palm Oil (RM/tonne)	3,000–5,313	2,775–3,333
Extraction rates	18.78%	18.75%
Discount rate (post-tax)	10.00%	9.50%
Inflation rate	2.25%–2.77%	1.85%–2.25%
Growth rate	2.25%–2.77%	1.85%–2.25%
Headroom as a percentage of the CGU's net carrying value	6.3%	6.0%

The recoverable amount of the Farming CGU has been determined using a value in use calculation using cash flow projections. The post-tax discount rates applied to cash flow projections is 10.00% (2021: 9.50%) and the cash flows are based on the financial budget approved by management for the upcoming year and for the following 4 years and a terminal value.

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

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

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

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

Growth rate estimates
Rates are based on published industry research.

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

14. Biological Assets and Bearer Plants

The Group grows oil palm plants to produce palm oil. The plantation is located in Malaysia. The Group is exposed to risks in respect of agricultural activity. During the year a total of 17,568 metric tonnes (2021: 22,875 metric tonnes) of fruit was produced.

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

a) Biological Assets

	2022 $'000s	2021 $'000s
Carrying amount at beginning of period	246	231
Production costs	1,968	1,741
Harvested during the period	(2,012)	(1,636)
Fair value adjustment	3	29
Effect of foreign exchange	52	(119)
Carrying amount at end of period	**257**	**246**

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

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

	2022	2021
FFB Price (RM[1] per tonne)	599	656
Extraction rate (CPO)	19.00%	19.00%
Extraction rate (PK)	6.00%	6.00%

[1] Malaysian Ringgit

The estimated metric tonnes of fruit on trees at balance sheet date, being 2,446 tonnes (2021: 1,750 tonnes), and the oil content was based on actual harvests post reporting date.

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

b) Bearer Plants

	2022 $'000s	2021 $'000s
At cost	8,565	8,328
Accumulated depreciation	(5,504)	(4,303)
	3,061	**4,025**
Carrying amount at beginning of period	4,025	5,391
Depreciation	(1,066)	(1,062)
Effect of foreign exchange	102	(304)
Carrying amount at end of period	**3,061**	**4,025**

15. Investments in Joint Ventures

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

	2022 $'000s	2021 $'000s
Investments in joint ventures at cost	1,332	1,315
Addition/transfer during the year	351	10
Share of joint venture profit/(losses)	(347)	7
Impairment of joint ventures	(548)	-
Carrying amount of investments in joint ventures	**788**	**1,332**

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

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

	2022 $'000s	2021 $'000s
Summarised statement of financial position		
Current assets	763	878
Non-current assets	360	404
Current liabilities	(672)	(446)
Non-current liabilities	(450)	(60)
Net assets/(liabilities)	**1**	**776**
Group's of equity	1	388
Goodwill	577	539
Group's carrying amount of investment in PBF	**578**	**927**
Summarised statement of comprehensive income		
Revenue	3,898	3,104
Expenses	(4,602)	(3,090)
Profit/(loss) attributable to the members of PBF	**(704)**	**14**
Group's share of profit/(loss) for the period	**(352)**	**7**

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

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

16. Investments in Controlled Entities

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

a) Information relating to subsidiaries

Information relating to controlled entities is set out below:

Name	Principal Activities	Country of Incorporation	% Equity Interest 2022	% Equity Interest 2021
Phosphate Resources Ltd	Mining	Australia	100	100
PRL Global Pty Ltd	Investment	Australia	100	100
CI Maintenance Services Pty Ltd (i)	Maintenance Services	Australia	100	100
Phosphate Resources Properties Pty Ltd (i)	Properties	Australia	100	100
Indian Ocean Oil Company Pty Ltd (i)	Fuel Services	Australia	100	100
Indian Ocean Stevedores Pty Ltd (i)	Stevedoring Services	Australia	100	100
Phosphate Resources (Singapore) Pte Ltd (i)	Shipping Services	Singapore	100	100
PRL Shipping Pte Ltd (i)	Dormant	Singapore	100	-
Phosphate Resources Laos Pty Ltd (i)	Dormant	Australia	100	100
Phosphate Resources Plantations Pty Ltd (i)	Dormant	Australia	100	100
Phosphate Resources (Malaysia) Sdn Bhd (i)	Marketing Services	Malaysia	100	100
Cheekah-Kemayan Plantation Sdn Bhd (i)	Palm Oil Estate, Milling and Sales	Malaysia	100	100
Indian Ocean Trade Services Pty Ltd (ii)	Maintenance Services	Australia	100	-
Kemoil SA (iii)	Trading and Logistics	Switzerland	50	-

(i) These companies are wholly owned subsidiaries of Phosphate Resources Limited
(ii) This is a newly incorporated company and a wholly owned subsidiary of CI Maintenance Services Pty Ltd
(iii) Refer Note 34 business combination for details.

17. Trade and Other Payables

	2022 $'000s	2021 $'000s
Trade payables	**106,394**	**14,096**

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

18. Interest Bearing Loans and Borrowings

	2022 $'000s	2021 $'000s
Current		
Lease liabilities	607	444
Bank borrowings	42,551	6,309
	43,158	**6,753**
Non-current		
Lease liabilities	602	209
Bank borrowings	9,594	8,371
Subordinated loan	7,258	-
	17,454	**8,580**
Movement of lease liabilities		
As at 1 July 2020/2021	653	950
Additions	1,128	272
Disposals	-	-
Accretion of interest	24	30
Payments	(606)	(557)
Impact of foreign exchange translation	10	(42)
As at 30 June 2021/2022	**1,209**	**653**
Movement of bank borrowings		
As at 1 July 2020/2021	14,680	18,730
Additions	57,582	17,773
Payments	(20,515)	(20,750)
Impact of foreign exchange translation	398	(1,073)
As at 30 June 2021/2022	**52,145**	**14,680**
Movement of subordinated loan		
As at 1 July 2020/2021	-	-
Additions	6,682	-
Payments	-	-
Impact of foreign exchange translation	576	-
As at 30 June 2021/2022	**7,258**	**-**

a) Fair value

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

b) Bank borrowings

One of the bank borrowings relates to a 5 year term loan which is secured by an all monies security held over properties in Cheekah Kemayan Plantations Sdn Bhd. Interest is payable at a rate of 1% per annum above the bank's cost of funds. The term loan is repayable in 60 monthly instalments. As at 30 June 2022 $8.62 million remained outstanding (2021: $10.65 million). Refer to Note 30 for details on liquidity risk.

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

Kemoil bank borrowings are secured by the pledge of Kemoil trade receivables with financial institutions. The interest rates bear market interest rate of 2.25% to 3.9% (2021:2.25% to 3.9%) per annum.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

c) Financing facilities available

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

	2022 $'000s	2021 $'000s
Total facilities	192,941	34,986
Facilities utilised at reporting date	52,145	17,801
Facilities unused at reporting date	**140,796**	**17,185**

d) Lease liabilities

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

e) Subordinated loan

This loan is subordinated to the senior debts, defined as the debt towards the banks. However, and despite this subordination clause, the loan is partially or totally repayable provided that following reimbursement, the sum of the subordinated amount and equity is at least US$12 million.

19. Provisions

		2022 $'000s	2021 $'000s
Current			
Employee entitlements		5,357	4,683
		5,357	**4,683**
Non-current			
Employee entitlements			
• Redundancy	(a)	5,272	5,325
• Long service leave		1,108	961
• Defined benefits plan	(b)	620	-
		7,000	6,286
Decommissioning	(c)	10,571	13,205
		17,571	**19,491**

a) Provision for redundancy

The amounts employees are entitled to receive in accordance with their employment agreements are recognised and measured in accordance with the employee benefits accounting policy. The redundancy provision decreased by a net amount of $53,000 during the year ended 30 June 2022 (2021: decrease $723,000).

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

b) Defined benefit plan

	30 June 2022 $'000s
Projected defined benefit obligations	4,099
Fair value of defined benefit plan assets	(3,479)
Liability recognised in the statement of financial position	620
Reconciliation of defined benefit plan	
Liability/(asset) at the beginning of the period	-
Acquired during the year	1,518
Company's service cost	322
Net interest	6
Employer contributions	(208)
Actuarial loss/(gain) due to experience adjustments	136
Loss/(gain) on return asset excluding discount rate	(86)
Loss/(gain) on assumption changes	(1,117)
Foreign exchange	49
Liability/(asset) at the end of the period	620
Reconciliation of the present value of the defined benefit obligation is as follows:	
Balance at the beginning of the period	-
Acquired during the year	4,578
Company's service cost	322
Net interest	17
Employee contribution	208
Benefit paid/(received)	(212)
Net insurance premium and expenses	(57)
Actuarial loss/(gain)	(981)
Exchange difference	224
Balance at the end of the period	4,099
Reconciliation of the fair value of plan assets/(liabilities) is as follows:	
Balance at the beginning of the period	-
Acquired during the year	3,060
Employer contributions	208
Interest on assets	11
Employee contributions	208
Benefit paid/(received)	(212)
Net insurance premium and expenses	(57)
Actuarial gain/(loss)	86
Exchange difference	175
Balance at the end of the period	3,479
The amount recognised in the statement of comprehensive income is as follows:	
Actuarial loss/(gain) due to experience adjustments	136
Loss/(gain) on return asset excluding discount rate	(86)
Loss/(gain) on assumption changes	(1,117)
Deferred tax	157
	(910)
The significant actuarial assumptions were as follows:	
Discount rate	2.25%
Expected rate of salary increase	1.00%
Expected rate of pension increase	0.00%
Termination rate	LPP 2020
Mortality and disability rate	LPP 2020

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

c) Provision for decommissioning

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

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

The assumptions used to calculate this provide include:

- Inflation rate – 3.0% (2021:2.5%)
- Discount rate – 3.66% (2021:1.49%)
- Term – End of lease

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

d) Movement in provisions

	2022 $'000s	2021 $'000s
Provision for decommissioning:		
Carrying amount at the beginning of the financial year	13,205	12,545
Increase/(Decrease) in provision	43	(104)
Change in net present value of provision:		
• (Credited)/Debited to profit or loss	(2,677)	764
Carrying amount at the end of the financial year	**10,571**	**13,205**

20. Contributed Equity

a) Share capital

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

Movements in ordinary share capital

Date	Details	Number of shares	$'000s
1 July 2021	Opening balance	115,581,107	72,160
	Movement	-	-
30 June 2021/1 July 2021	Closing balance/Opening balance	115,581,107	72,160
	Movement	-	-
30 June 2022	**Closing balance**	**115,581,107**	**72,160**

Ordinary shares

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

21. Reserves

	2022 $'000s	2021 $'000s
Foreign exchange translation reserve	843	(743)
Other reserve	(1,670)	(4,385)
Acquisition reserve	8,499	8,499
	7,672	**3,371**

Foreign currency translation reserve

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

Other reserve

This relates to fair value differences arising from financial instruments classified as Fair Value through Other Comprehensive Income (FVOCI) under AASB 9 and the remeasurement of defined benefit plan obligations. Gains and losses are presented in OCI and there is no subsequent reclassification of fair value gains and losses to profit and loss on the derecognition.

Acquisition reserve

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

Movements in reserves

	2022 $'000s	2021 $'000s
Foreign exchange translation reserve		
Balance at the beginning of the year	(743)	3,321
Foreign exchange on translation of financial report	1,586	(4,064)
Balance at the end of the period	**843**	**(743)**
Fair value reserve		
Balance at the beginning of the year	(4,385)	(6,211)
Movement for the year	2,715	1,826
Balance at the end of the period	**(1,670)**	**(4,385)**
Non-controlling interest acquisition reserve		
Balance at the beginning of the year	8,499	8,499
Movement for the year	-	-
Balance at the end of the period	**8,499**	**8,499**

22. Retained Earnings

	2022 $'000s	2021 $'000s
Accumulated profit at the beginning of the year	116,925	112,441
Net profit attributable to members of CI Resources Limited	7,580	6,796
Dividends paid	(3,467)	(2,312)
Accumulated profit at the end of the financial year	**121,038**	**116,925**

Dividends

Dividends totaling 3.0 cents per share (2021: 2.0 cents per share) have been paid during the year.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

23. Key Management Personnel Disclosures

a) Key management personnel compensation

	2022 $'000s	2021 $'000s
Short term employee benefits	1,975	1,536
Long term benefits	41	40
Post employment benefits	157	126
	2,173	**1,702**

b) Loans to key management personnel

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

c) Other transactions with key management personnel

i) Mr. Lai Ah Hong is the owner of property MQ 717 on Christmas Island leased to Phosphate Resources Ltd for three years ending 10 April 2023. Mr. Lai Ah Hong received a total rent of $27,300 during the year (2021: $26,000).

ii) Mr. Lai Ah Hong is the owner of property 86 Unit B, Block 790 Lam Lok Road, Drumsite, Christmas Island leased to CI Maintenance Services Pty Ltd until 31 December 2022, with two further terms of one year each. Mr. Lai Ah Hong received a total rent of $24,000 during the year (2021: $24,000).

iii) Mr. Lai Ah Hong is the owner of property 21 Jalan Ketam Merah, Drumsite, Christmas Island leased to PRL until 31 December 2022. Mr. Lai Ah Hong received a total rent of $22,880 during the year (2021: $8,883).

iv) Mr. Adrian Gurgone is the director of Ethical Accounts. Ethical Accounts provided consultancy services for the Group totaling $299,996 during the year (2021: $219,587).

All the above transactions were at arms-length and in the ordinary course of business.

24. Remuneration of Auditors

	2022 $'000s	2021 $'000s
Amounts received or due and receivable by EY (Australia) for:		
• audit of the financial report of the parent entity and the consolidated entity	276	189
• review of the half year financial report of the consolidated entity	83	83
	359	272
Amounts received or due and receivable by related practices of EY (Australia) for the audit of the financial statements	91	83
	91	83
Amounts received or due and receivable by auditors other than EY for:		
• an audit or review of the financial report of a controlled entity	94	-
	544	**355**

25. Contingent Liabilities

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

26. Commitments for Expenditure

a) Short term lease contracts amounting to $14,358 (2021: $125,076) have not been recognised on balance sheet due to their short term nature.
b) The Company provides a guarantee and indemnity to the Commonwealth Government of Australia (Commonwealth) to ensure the performance of Indian Ocean Oil Company Pty Ltd's obligations under the terms of a 20 year fuel lease arrangement. The fair value associated with the guarantee and indemnity at 30 June 2022 is $nil (2021: $nil).
c) The Company has plans to undertake various environmental management targets and objectives as detailed in the Christmas Island Phosphates Environmental Management Plan. As at 30 June 2022 there are no present financial commitments (2021: Nil).
d) The Company has provided a bank guarantee of $2 million (2021: $2 million) to the Commonwealth Government under the terms of the Mining Lease Agreement.
e) The Company has capital commitments of $1.254 million (2021: $0.056 million) for items of plant on order but not yet delivered.

27. Related Party Transactions

Directors and other key management personnel

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

Controlling entities

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

Ownership interests in related parties

Interests held in related parties are set out in Note 15 and Note 16.

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

	2022 $'000s	2021 $'000s
Operating profit after income tax	8,503	6,796
Adjustment for non-cash items		
Change in decommissioning provision	(2,634)	660
Net loss/(gain) on disposal of assets	(591)	541
Change in fair value of biological assets	(3)	(29)
Share of (profit)/loss from joint ventures	347	(7)
Expected credit loss	106	2
(Increase)/decrease in value of financial assets	(2,851)	(62)
Impairment of non-current assets	598	-
Depreciation and amortisation	9,972	9,445
Unrealised foreign exchange (gain)/loss	(2,094)	(5,840)
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(61,119)	(10,645)
Movement in deferred tax balances	41	289
(Increase)/decrease in inventories	(24,216)	4,640
Increase/(decrease) in trade creditors and accruals	12,523	2,995
Increase/(decrease) in provisions	(130)	(32)
(Increase)/decrease in prepayments	(59)	60
(Increase)/decrease in tax receivable	836	(855)
Net cash inflow from operating activities	**(60,771)**	**7,958**

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

29. Financial Instruments and Fair Values

a) Financial assets at fair value through profit or loss

Forward currency contracts

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

	Notional amounts – $AUD		Average exchange rate	
	30 June 2022 $'000s	**30 June 2021 $'000s**	**30 June 2022**	**30 June 2021**
Sell US$/buy Australian $				
Consolidated				
Sell US$ maturity 0 to 12 months	**39,477**	30,726	**0.6966**	0.6705
Sell US$ maturity 12 to 24 months	**1,445**	3,306	**0.6921**	0.6049
Sell EUR/buy US $				
Sell EUR maturity 0 to 12 months	**23,766**	-	**0.9395**	-

These contracts are fair valued by comparing the contracted rate to the forward market rates for contracts with the same remaining term, discounted at a market interest rate. All movements in fair value are recognised in profit or loss in the period they occur. The net fair value gain on foreign currency derivatives during the year was $2.323 million for the Group (2021: net gain of $3.808 million).

	Fair Value $ AUD	
	30 June 2022 $'000s	**30 June 2021 $'000s**
Forward currency contract	**22**	3,795
Forward commodity contract	**202**	-
Capital notes	**766**	976

Forward commodity contracts

Forward commodity contracts are defined as contract to buy and sell commodities signed in current year and executed after year end.

Capital notes

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

Initial measurement of these financial assets comprises fair value and subsequent measurement at fair value. The movement in fair value in each period is recognised in profit or loss. The net fair value loss on capital notes during the financial year were $26,000 (2021: gain of $19,000) for the Group.

b) Listed Shares – Fair value through Other Comprehensive Income

During the period, the Group had a total of 13,018,700 ordinary shares in United Malacca Bhd (2021: 13,018,700), a publicly listed company in Malaysia. United Malacca Bhd is a Malaysian based palm oil company involved in both the cultivation of oil palms and palm oil milling operations. The Group has elected to account for the instruments under the fair value through other comprehensive income method due to the Group's long term strategic plan.

	Fair Value $ AUD	
	30 June 2022 $'000s	**30 June 2021 $'000s**
Listed shares		
Malaysian listed shares	**23,590**	21,060

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

c) Fair value measurement and disclosure

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

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

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

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

30 June 2022	Level 1 *$'000s*	Level 2 *$'000s*	Level 3 *$'000s*	Total *$'000s*
Forward currency contracts – classified as FVTPL	-	22	-	22
Capital notes – classified as FVTPL	766	-	-	766
Forward commodity contracts-classified as FVTPL	-	202	-	202
Listed shares – classified as FVOCI	23,590	-	-	23,590
Biological assets	-	-	257	257
	24,356	**224**	**257**	**24,837**

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

Transfer between categories:

There were no transfers between levels during the year.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

30. Financial Risk Management Objectives and Policies

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

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

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

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

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

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

i) Interest rate risk

Interest rate risk on cash and term deposits is not considered to be a material risk due to the short term nature of these financial instruments. The interest rates for borrowings are variable.

At 30 June 2022, had the interest rate moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post tax profit and equity Higher/(Lower)	
Judgments of reasonably possible movements:	30 June 2022 $'000s	30 June 2021 $'000s
Consolidated		
Interest rate + 10%	31	32
Interest rate – 10%	(31)	(32)

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

ii) Liquidity Risk

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

Management monitors the Group's liquidity reserve on the basis of expected cash flow. The table below reflects a balanced view of cash inflows and outflows and shows the implied risk based on those values.

Trade payables and other financial liabilities originate from the financing of assets used in the Group's ongoing operations. These assets are considered in the Group's overall liquidity risk.

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

Maturity analysis of financial liabilities based on contractual maturity

Consolidated **Year ended 30 June 2022**	**≤6 months** ***$'000s***	***6-12 months*** ***$'000s***	**1-5 years** ***$'000s***	**>5 years** ***$'000s***	**Total** ***$'000s***
Inflow	49,032	14,211	1,445	-	64,688
(Outflow)	(48,716)	(14,498)	(1,452)	-	(64,666)
Net foreign exchange contracts	316	(287)	(7)	-	22
Financial liabilities					
Trade and other payables	106,394	-	-	-	106,394
Interest bearing loans and borrowings	41,643	908	9,594	-	52,145
Lease liabilities	304	303	602	-	1,209

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

iii) Credit risk

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

Financial instruments that potentially subject the consolidated entity to concentrations of credit risk consist principally of cash deposits, receivables and various other investments. The Group minimises its exposure to credit risk by placing its cash deposits and derivatives with high credit-quality financial institutions where possible. Term deposits typically have an original maturity of three months or less and other bank deposits are on call. These financial assets are considered to have low credit risk. Receivables balances are monitored on an ongoing basis. At reporting date there were debtors amounting to $41.4 million (2021: $8.2 million) that were past due, but not considered impaired (Refer to Note 8). Based on the Group's assessment the exposure to future credit loss is not significant based on the ECL procedures performed by the Group.

The credit risk of Kemoil arises from the quality of the trading counterparties. The Company's credit management policy requires trades to be entered into with recognised and creditworthy third parties. It is the Company's credit risk management policy that all customers who wish to trade on credit terms are subjected to stringent credit verifications and reviews. A credit insurance contract is also concluded for open terms sales, which cover a number of customers for specific amounts by customer granted by the insurance underwriter.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

iv) Derivative instruments and foreign currency risk

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

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

At 30 June 2022, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post tax profit and equity Higher/(Lower)	
Judgments of reasonably possible movements:	2022 $'000s	2021 $'000s
Consolidated		
AUD/USD + 10%	(3,720)	(3,079)
AUD/USD – 10%	4,547	3,763

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

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

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

Capital risk management

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

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

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

Security price risk

The Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions. At 30 June 2022, had the security price moved, as illustrated in the table below, with all other variables held constant, equity would have been affected as follows:

	Equity Higher/(Lower)	
Judgments of reasonably possible movements:	2022 $'000s	2021 $'000s
Consolidated		
Security price + 10%	2,359	2,106
Security price – 10%	(2,359)	(2,106)

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

31. Parent Entity Information

	2022 $'000s	2021 $'000s
Current assets	19,496	19,424
Total assets	87,135	86,387
Current liabilities	79	43
Total liabilities	79	43
Issued capital	72,160	72,160
Retained earnings	14,896	14,184
Total shareholders' equity	87,056	86,344
Profit of the parent entity	4,042	4,723
Total comprehensive income	4,042	4,723

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

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

The parent entity has no contractual commitments for the acquisition of property, plant or equipment.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

32. Segment Reporting

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

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

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

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

The Logistics operating segment primarily involves trading, importing and exporting of commodities.

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

Year ended 30 June 2022	Fertiliser *$'000s*	Farming *$'000s*	*Logistics* *$'000s*	Unalloc./ Elimination *$'000s*	Total *$'000s*
Revenue					
Phosphate sales	86,312	-	-	-	86,312
Palm oil sales	-	43,297	-	-	43,297
Trading and logistics sales	-	-	374,759	-	374,759
Other sales	9,274	-	-	-	9,274
Interest income	64	123	-	51	238
Dividend income	-	509	-	-	509
Rendering of services	666	-	-	10,610[1]	11,276
Fuel sales	-	-	-	13,022[2]	13,022
Total segment revenue	96,316	43,929	374,759	23,683	538,687
Result					
Segment net operating profit/(loss) after tax (attributable to parent)	4,374	1,112	924	1,170	7,580
Depreciation and amortisation	5,982	2,654	-	1,336	9,972
Finance cost	216	388	477	(45)	1,036
Income tax expense	864	511	182	521	2,078
Assets and Liabilities					
Segment assets	163,755	61,875	133,112	42,314	401,056
Segment liabilities	47,605	15,167	127,373	7,633	197,778
Other disclosure					
Capital expenditure	8,815	1,013	13	6,760	16,601

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

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

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

Revenue from external customers by geographical locations is detailed below:

	2022 $'000s	2021 $'000s
Australia	67,677	82,102
Malaysia	51,287	64,127
Singapore	7,659	195
Indonesia	37,305	-
West Africa	374,759	-
	538,687	**146,424**

Major customers

The Group has a number of customers to which it sells. 2 customers had sales exceeding 10% of revenue.

	2022 $'000s	2021 $'000s
Non-Current Assets by geographical regions		
Australia	60,928	56,209
Malaysia	71,398	68,328
Singapore	8,910	7,529
Switzerland	851	-
	142,087	**132,066**

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

33. Changes in composition of the entity

There has been material change in the composition and nature of the Group during the year with the acquisition of a non-listed subsidiary based in Switzerland as disclosed in Note 34.

34. Business combination

Acquisition of Subsidiary

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

- The payment to Mekatrade of CHF 1,033,574 (AUD$6,681,812)
- The provision of a loan of US$5,000,000 (AUD$1,491,664) to Kemoil for working capital and security for its banking lines of credit

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

Completion of this acquisition occurred on 1 July 2021 in Geneva, Switzerland, which immediately preceded the appointment by CII of a majority of directors to the Kemoil Board, including the Chair, giving CI Resources control of the entity for accounting purposes.

Assets acquired and liabilities assumed

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

	$'000s
Assets	
Property, plant and equipment	823
Deferred tax asset	214
Cash and cash equivalents	39,295
Financial assets at FVTPL	1,028
Trade and other receivables	59,709
	101,069
Liabilities	
Trade payables	79,775
Lease liabilities	821
Shareholder loans	15,920
Derivative financial liabilities	65
Provision for employee benefits	1,518
	98,099
Total identifiable net assets at fair value	2,970
50% non-controlling interest measured at proportionate share of net assets	1,485
Goodwill arising on acquisition	-
Purchase consideration transferred	1,485
Purchase consideration	
Cash	1,485
Cash flow on acquisition	
Cash acquired with the subsidiary	39,295
Cash consideration paid	(1,366)
Provision of loan	(6,890)
Net cash acquired with the subsidiary	31,039

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

Financial performance since acquisition date

Since acquisition on 1 July 2021, Kemoil has contributed revenue totaling $374.8 million and profit after tax of $0.9 million to the Group. As at 30 June 2022, the consolidated entity's revenue and net profit after tax amounted to $538.7 million and $8.5 million respectively.

35. Subsequent Events

Subsequent to year end, the Company acquired a 60% stake in Liven Nutrients Pte Ltd, a non-listed company based in Singapore as disclosed below. Other than this, no matter or circumstance has arisen that has significantly affected, or may significantly affect, the operations of the consolidated entity and its controlled entities, the results of those operations or the state of affairs of the consolidated entity and its controlled entities in subsequent years that is not otherwise disclosed in this report or the consolidated financial statements.

Acquisition of Subsidiary

On 4 July 2022, the Company acquired 3,000,000 ordinary shares in Liven Nutrients Pte Ltd ("Liven"), for US$3.0M which represent a 60% interest in the newly incorporated entity .

Liven was established as a non-listed company based in Singapore for the purposes of conducting fertiliser trading activities and growing the Group's capacity to supply fertiliser to customers in the Asia Pacific region.

Assets acquired and liabilities assumed

Other than the original US$100 of equity in the entity, there were no other identifiable assets or liabilities of Liven as at the date of acquisition.

Photographer: Kirsty Faulkner

Directors' Declaration

For the year ended 30 June 2022

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

1. In the opinion of the directors:
   a) The financial statements and notes of CI Resources Limited for the year ended 30 June 2022 are in accordance with the *Corporations Act 2001*, including:
      i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance, for the year ended on that date; and
      ii) complying with Accounting Standards and *Corporations Regulations 2001*;
   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and
   c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. This declaration has been made after receiving the declarations required to be made to the directors by the Managing Director and the Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022

On behalf of the board

David Somerville
Chairman

Lai Ah Hong
Managing Director

Perth, Western Australia
30 September 2022

Independent Audit Report to the Members

Building a better working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

Report on the audit of the financial report

Opinion

We have audited the financial report of CI Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

Building a better working world

Kemoil SA – revenue recognition

Why significant	How our audit addressed the key audit matter
As outlined in note 34 of the financial statements, the group acquired a 50% controlling interest in Kemoil SA, Geneve (Kemoil) on 1 July 2021. As a result of the acquisition, the Group has consolidated the financial performance of Kemoil SA from 1 July 2021, which includes revenue from the acquired trading and logistics business of $375 million for the year ended 30 June 2022. This revenue has been recognised in accordance with the accounting policies described in Note 1(p) of the financial report. Judgement is involved in relation to the recognition of this revenue, in particular whether the contracts entered into fall within the "own-use" exception within AASB 9, and whether the entity is acting as a principal or agent. Due to the quantum of revenue relating to the trading and logistics business relative to total revenue for the year ended 30 June 2022 and the judgments described above, we considered revenue recognition in relation to the trading and logistics business to be a key audit matter.	The audit procedures we performed included the following: ► assessed management's application of the own-use exception within AASB 9 ► assessed the appropriateness of management's revenue recognition accounting under AASB 15 Revenue from Contracts with Customers including reviewing the contractual terms of a number of contracts ► selected a sample of revenue contracts, including a sample of contracts at or near period end and assessed whether the revenue recognition was appropriate, and ► assessed the adequacy of the disclosures included in the financial statements.

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

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report, but does not include the financial report and our auditor's report thereon.

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

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

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

Building a better working world

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

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

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

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

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

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 47 to 50 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of CI Resources Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

Russell Curtin
Partner
Perth
30 September 2022


PRL
IMO 9210268
RED TITAN
PANAMA

ASX Additional Information

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

Shareholdings

Substantial shareholders

The following substantial shareholders have lodged notices with the Company as at 13 September 2022:

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

Class of shares and voting rights

At 13 September 2022 there were 436 holders of ordinary shares of the Company. The voting rights attaching to the ordinary shares are:

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

Distribution of share holders

Category	Ordinary shares
1 - 1,000	104
1,001 - 5,000	65
5,001 - 10,000	91
10,001 - 100,000	64
100,001 - and over	112
	436

There were 88 holders of less than a marketable parcel of ordinary shares.

On-market buy back

There is no current on-market buy back.

Restricted securities

The Company does not have any restricted securities.

Unquoted securities

The Company does not have any unquoted securities.

Twenty largest holders of ordinary shares (as at 13 September 2022)

Holder name	Ordinary Shares Number	%
Citicorp Nominees Pty Ltd	35,228,134	30.48
Keen Strategy Sdn Bhd	12,600,000	10.90
Prosper Trading Sdn Bhd	11,616,000	10.05
Mr Teo See Khiang Willy	3,565,681	3.09
Kim Tee Tee	3,163,550	2.74
Mr Thebban Ramanathan	2,520,933	2.18
Hafiz Masli	2,015,000	1.74
Kluang Pty Ltd	1,683,988	1.46
Ms Mee Yuen Yong	1,641,572	1.42
Lip Hian Tee	1,410,500	1.22
Hendry Lee	1,350,050	1.17
Chee Eng Lim	1,249,300	1.08
Yan Pey Tan	1,249,300	1.08
Lip Jen Tee	1,229,150	1.06
Mr Ramanathan E S Krishnan	1,200,777	1.04
Mr Ah Hong Lai + Ms Wai Ching Lee <The Lai Super Fund A/C>	1,013,989	0.88
Ms Wai Fun Lee	915,554	0.79
C & H Lai Super Pty Ltd <Lai Superannuation Fund A/C>	870,875	0.75
Chain Yee Tee	826,150	0.71
Chin Eng Lim	806,000	0.70
Siti Zabedah Madross	806,000	0.70
	86,962,503	**75.24**

Other Information

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

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


Made and packed in Christmas Island
50 Kilo Nett
CIRP
31% P2O5

For personal use only

CI RESOURCES

CI Resources Limited

6 Thorogood Street
Burswood WA 6100

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

www.ciresources.com.au
www.prlgroup.com.au

PRL GROUP

Phosphate Resources Ltd