WINDFIELD HOLDINGS PTY LTD

ABN: 60 160 456 164

Annual Report

31 December 2022

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

Directors' Report

The Directors present their report on the consolidated entity consisting of Windfield Holdings Pty Ltd ("Windfield" or the "Company"), the entities it controlled (together referred to as the "Group") and the Group's interest in jointly controlled entities for the financial year ended 31 December 2022 and the independent auditor's report thereon. Windfield is a company domiciled in Australia. The address of the Company's registered office is Level 15, 216 St Georges Terrace, Perth WA 6000.

Directors

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

Yan Dong (Chair)	- appointed 15 September 2020, resigned 4 April 2022
William Zhang (Chair)	- appointed 4 April 2022
Karen Narwold	- appointed 25 June 2018, resigned 18 January 2023
Mark Mummert	- appointed 9 April 2021
Peter Bradford	- appointed 30 June 2021, resigned 15 October 2022
Matthew Dusci	- appointed 26 October 2022
Samantha Giannasi	- appointed 18 January 2023

Principal activities

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

Significant changes

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

Operating and Financial Review

Results of the Group

	2022		2021	
Consolidated	**Adjusted EBITDA(1) (unaudited) A$'000**	**Profit for the year after tax A$'000**	**Adjusted EBITDA(1) (unaudited) A$'000**	**Profit for the year after tax A$'000**
Results per consolidated statement of profit or loss	4,728,040	3,259,658	394,850	224,924

Adjusted EBITDA Reconciliation	**2022 A$'000**	**2021 A$'000**
Profit after income tax	3,259,658	224,924
Add: Income tax expense	1,403,481	90,716
Profit before income tax	4,663,139	315,640
Less/Add: Net finance (income)/expense	(32,479)	38,277
Add: Depreciation and amortisation	97,380	53,688
EBITDA	4,728,040	407,605
Less: reversal of impairment loss	-	(12,755)
Adjusted EBITDA	**4,728,040**	**394,850**

(1) Refer to Note 2(e) for an explanation of adjusted EBITDA.

Review of operations

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

Windfield continued the significant expansion of its operations in Greenbushes during the year.

Environmental regulation

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

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

Events subsequent to reporting date

On 30 January 2023, a fully franked dividend of A$351.766 million (US$250.000 million) in total (A$0.42 per share) was declared and paid to shareholders and on 27 February 2023, a fully franked dividend of A$565.013 million (US$385.000 million) in total (A$0.68 per share) was declared and paid to shareholders.

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

Likely developments

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

Indemnification and insurance of officers

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

Auditor’s independence declaration

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

Rounding off

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

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

William Zhang
Director

Perth
Dated: 17 March 2023

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

To the Directors of Windfield Holdings Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Windfield Holdings Pty Ltd for the financial year ended 31 December 2022 there have been:

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

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

KPMG

KPMG

Derek Meates
Partner
Perth
17 March 2023

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

	Note	2022 A$'000	2021 A$'000
Sales revenue		5,574,748	685,248
Operating costs	4(a)	(835,880)	(276,986)
Other income		3,768	3,189
General and administration expenses		(14,596)	(16,601)
Adjusted EBITDA [(1)]		**4,728,040**	**394,850**
Depreciation and amortisation	4(a)	(97,380)	(53,688)
Operating profit		**4,630,660**	**341,162**
Reversal of impairment loss	12	-	12,755
Financial income		55,790	4,127
Financial expenses		(23,311)	(42,404)
Net finance income/(expense)	4(b)	**32,479**	**(38,277)**
Profit before income tax		**4,663,139**	**315,640**
Income tax expense	5(a)	(1,403,481)	(90,716)
Profit after tax		**3,259,658**	**224,924**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		1,536	(1,436)
Other comprehensive income/(loss)for the year		**1,536**	**(1,436)**
Total comprehensive income for the year		**3,261,194**	**223,488**

(1) Adjusted EBITDA – results before depreciation and amortisation, impairment, net finance income/(expense) and income tax expense.

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

Consolidated statement of financial position
As at 31 December

	Note	2022 A$'000	2021 A$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	54,884	15,234
Trade and other receivables	7	2,281,503	233,943
Inventories	8	120,802	84,672
Total current assets		2,457,189	333,849
Non-current assets			
Property, plant and equipment	9	1,889,492	1,641,572
Exploration and evaluation assets	10	3,358	4,747
Intangible assets	11	2,721	1,677
Equity accounted investment	12	26,186	24,407
Total non-current assets		1,921,757	1,672,403
Total assets		4,378,946	2,006,252
LIABILITIES			
Current liabilities			
Trade and other payables	14	421,241	112,685
Interest-bearing liabilities	15	6,303	9,354
Tax payable		481,407	10,440
Provisions	16	8,820	6,487
Other liabilities		164	1,665
Total current liabilities		917,935	140,631
Non-current liabilities			
Interest-bearing liabilities	15	1,389,915	669,988
Provisions	16	48,782	56,325
Deferred tax liabilities	13	193,977	164,537
Other liabilities		2,666	2,830
Total non-current liabilities		1,635,340	893,680
Total liabilities		2,553,275	1,034,311
Net assets		**1,825,671**	**971,941**
EQUITY			
Share capital	17	433,167	433,167
Reserves		(2,149)	(3,685)
Retained earnings		1,394,653	542,459
Total equity		**1,825,671**	**971,941**

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

Consolidated statement of changes in equity
For the year ended 31 December

	Note	Share capital A$'000	Translation reserve A$'000	Retained earnings A$'000	Total equity A$'000
Balance as at 1 January 2022		433,167	(3,685)	542,459	971,941
Total comprehensive income for the year					
Profit for the year		-	-	3,259,658	3,259,658
Foreign currency translation		-	1,536	-	1,536
Total comprehensive income for the year		-	1,536	3,259,658	3,261,194
Transactions with equity holders					
Dividend	17	-	-	(2,407,464)	(2,407,464)
Total transactions with equity holders		-	-	(2,407,464)	(2,407,464)
Balance as at 31 December 2022		**433,167**	**(2,149)**	**1,394,653**	**1,825,671**
Balance as at 1 January 2021		433,167	(2,249)	507,046	937,964
Total comprehensive income/(expense) for the year					
Profit for the year		-	-	224,924	224,924
Foreign currency translation		-	(1,436)	-	(1,436)
Total comprehensive income/(expense) for the year		-	(1,436)	224,924	223,488
Transactions with equity holders					
Dividend	17	-	-	(189,511)	(189,511)
Total transactions with equity holders		-	-	(189,511)	(189,511)
Balance as at 31 December 2021		**433,167**	**(3,685)**	**542,459**	**971,941**

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

	Note	2022 A$'000	2021 A$'000
Cash flows from operating activities			
Cash receipts from customers		3,588,772	568,682
Cash paid to suppliers and employees		(349,519)	(192,740)
Interest paid		(18,769)	(12,620)
Interest received		1,369	206
Other income		3,793	3,161
Royalties paid		(263,566)	(27,883)
Income tax paid		(903,074)	(63,868)
Net cash inflow from operating activities	23	2,059,006	274,938
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	2
Payments for property, plant and equipment		(301,171)	(126,445)
Interest paid during development		(12,435)	(8,682)
Payments for intangibles		(1,087)	(2,610)
Payments for exploration expenditure		(255)	(467)
Net cash outflow from investing activities		(314,948)	(138,202)
Cash flows from financing activities			
Payment of dividend		(2,407,464)	(189,511)
Proceeds from borrowings		2,043,325	144,069
Repayment of borrowings		(1,345,965)	(166,322)
Payments for lease liabilities		(12,768)	(9,958)
Net cash (outflow)/inflow from financing activities		(1,722,872)	(221,722)
Net increase/(decrease) in cash and cash equivalents		21,186	(84,986)
Cash and cash equivalents at beginning of the year		15,234	100,464
Effects of exchange rate fluctuation on cash held		18,464	(244)
Cash and cash equivalents at 31 December		**54,884**	**15,234**

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

1 Reporting Entity

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

The consolidated financial report of the Company as at and for the year ended 31 December 2022 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities. The Group is primarily involved in the mining, development and exploration of mineral properties in Australia and exploration of mineral properties in Chile.

2 Basis of preparation

(a) Statement of compliance

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

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

The consolidated financial statements were authorised for issue by the Board of Directors on 17 March 2023.

Details of the Group's accounting policies, including changes during the period, are included in Note 28 and Note 29.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 30.

(e) Non-IFRS performance measures

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

3 Segment Reporting

(a) Reportable segments

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

Australia

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

Chile

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

(b) Information about reportable segments

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

	2022 A$'000	2021 A$'000
Profit or loss		
Australia	4,663,139	315,640
Chile	-	-
Consolidated profit before tax	**4,663,139**	**315,640**
Assets		
Australia	4,352,760	1,981,695
Chile	26,186	24,557
Consolidated total assets	**4,378,946**	**2,006,252**
Liabilities		
Australia	2,553,208	1,034,248
Chile	67	63
Consolidated total liabilities	**2,553,275**	**1,034,311**

The Chilean operation did not earn revenue during the year ended 31 December 2022 (2021: nil).

(c) Capital expenditure

During the year ended 31 December 2022, capital expenditure in relation to Australian operations totaled $344,597 million (2021: $146.917 million) while capital expenditure in relation to Chilean operations totaled $0.255 million (2021: $0.209 million).

(d) Major customers

Revenues from transactions with 2 single customers each amounted to more than 10 per cent of the entity's revenues. Revenues from the 2 major customers represented $2,798.506 million (2021: $404.971 million) and $2,776.212 million (2021: $280.243 million) of the Group's total revenues, respectively (refer Note 18).

4 Income and expense

(a) Cost of sales

A reconciliation of operating costs to cost of sales follows:

	2022 A$'000	2021 A$'000
Operating costs	318,241	196,389
Royalties	517,639	80,597
Depreciation and amortisation	96,047	53,010
Cost of sales	**931,927**	**329,996**

(b) Finance income and expense

	2022 A$'000	2021 A$'000
Interest income	1,752	313
Net change in fair value of derivatives through profit and loss	1,501	3,814
Foreign exchange gain	52,537	-
Finance income	**55,790**	**4,127**
Interest expense on financial liabilities measured at amortised cost	(21,841)	(12,874)
Unwind of discount on rehabilitation provision	(1,470)	(841)
Foreign exchange loss	-	(28,689)
Finance expense	**(23,311)**	**(42,404)**
Net finance income/(expense)	**32,479**	**(38,277)**

5 Income tax

(a) Income tax expense

	2022 A$'000	2021 A$'000
Current tax expense	1,374,696	73,815
Deferred tax expense relating to the origination and reversal of temporary differences	28,785	16,901
Total income tax expense in profit or loss	**1,403,481**	**90,716**

(b) Income tax recognised in other comprehensive income

	2022			2021		
	A$'000 Before tax	A$'000 Tax expense	A$'000 Net of tax	A$'000 Before tax	A$'000 Tax expense	A$'000 Net of tax
Foreign currency translation differences for foreign operations	1,536	-	1,536	(1,436)	-	(1,436)

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

	2022 A$'000	2021 A$'000
Profit before tax	4,663,139	315,640
Income tax expense using the domestic corporation tax rate of 30%	1,398,942	94,692
Increase in income tax expense due to:		
Non-deductible/(deductible) items	6	(150)
Reversal of impairment loss	-	(3,826)
Recognition of deferred tax liabilities on equity accounted investment	5,832	-
Changes in estimates related to prior years	(1,299)	-
Income tax expense on profit before tax	**1,403,481**	**90,716**

6 Cash and cash equivalents

	2022 A$'000	2021 A$'000
Bank balances	54,884	15,234
	54,884	**15,234**

7 Trade and other receivables

	2022 A$'000	2021 A$'000
Current		
Trade receivables	2,250,130	216,521
Other receivables	26,617	16,387
Prepayments	4,756	1,035
	2,281,503	**233,943**

The Group's exposure to credit risk is disclosed in Note 20.

8 Inventories

	2022 A$'000	2021 A$'000
Current		
Consumable stores – at cost	33,703	20,860
Work in progress – at cost	69,154	50,728
Finished goods – at cost	17,945	13,084
	120,802	**84,672**

9 Property, plant and equipment

	Land and buildings A$'000	Plant and equipment A$'000	Mine properties and development A$'000	Capital works in progress A$'000	Total A$'000
Year ended 31 December 2022					
Opening written down value	295,450	420,945	605,445	319,732	1,641,572
Additions	-	-	98,102	213,114	311,216
Additions – Right of use assets	9,429	1,803	-	-	11,232
Deferred waste mining costs	-	-	31,886	-	31,886
Depreciation/amortisation expense	(26,871)	(41,787)	(28,174)	-	(96,832)
Decrease in rehabilitation asset	-	-	(10,973)	-	(10,973)
Transfers/reclassifications	77,119	95,660	1,391	(172,779)	1,391
Closing written down value	**355,127**	**476,621**	**697,677**	**360,067**	**1,889,492**
At 31 December 2022					
Cost	404,848	598,353	820,669	360,067	2,183,937
Accumulated depreciation/amortisation	(49,721)	(121,732)	(122,992)	-	(294,445)
Net written down value	**355,127**	**476,621**	**697,677**	**360,067**	**1,889,492**

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

(i) Right of use assets

At 31 December 2022, the net carrying value of right of use assets comprising plant & equipment and land and buildings was $3.110 million (2021: $9.471 million) and $12.974 million (2021: $6.617 million) respectively (refer Note 29).

(ii) Leased plant and machinery

The Group leases plant and machinery under a number of lease agreements. At 31 December 2022, the net carrying amount of leased plant and machinery was $4.328 million (2021: $3.707 million).

(iii) Security

As per Note 15, assets with a carrying amount of $4.328 million (2021: $3.707 million) have been pledged as security for lease finance provided to the Group. All other Australian plant and machinery with a carrying amount of $1,869.081 million (2021: $1,622.776 million) have been pledged as security for the Group's corporate revolving facility disclosed in Note 1518.

10 Exploration and evaluation assets

	Exploration A$'000
Year ended 31 December 2022	
Opening written down value	4,747
Additions	2
Transfer to mine properties and development	(1,391)
Closing written down value	**3,358**
At 31 December 2022	
Cost	3,358
Net written down value	**3,358**

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

11 Intangible assets

	Software A$'000
Year ended 31 December 2022	
Opening written down value	1,677
Additions	1,592
Accumulated amortization	(548)
Closing written down value	**2,721**
At 31 December 2022	
Cost	5,409
Accumulated amortization	(2,688)
Net written down value	**2,721**
Year ended 31 December 2021	
Opening written down value	1,597
Additions	429
Accumulated amortization	(349)
Closing written down value	**1,677**
At 31 December 2021	
Cost	3,817
Accumulated amortisation	(2,140)
Net written down value	**1,677**

12 Equity accounted investment in joint venture

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

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

	2022 A$'000	2021 A$'000
Balance at the beginning of the year	24,407	12,865
Exploration expenditure incurred during the period	255	209
Effect of movements in foreign exchange	1,524	(1,422)
Reversal of impairment of equity accounted investment in joint venture	-	12,755
Carrying amount at end of the year	**26,186**	**24,407**

The Company performed an annual assessment of impairment indicators in relation to the Salares 7 Project held by SALA and concluded that no indicators of impairment were present at 31 December 2022. In 2021, an independent valuation of the Salares 7 Project was obtained to assess the fair value less costs of disposal and based on this valuation a partial reversal of an impairment loss recognized in 2019 ($15.022 million) was effected during the year ended 31 December 2021 to increase the carrying amount of the Company's interest in SALA to an amount equivalent to its recoverable amount.

13 Deferred tax liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2022 A$'000	2021 A$'000
Trade and other receivables	15,551	(207)
Inventories	(10,111)	(6,259)
Property, plant and equipment	(200,151)	(173,427)
Intangibles	(162)	(193)
Trade and other payables	287	179
Interest-bearing liabilities	(18,037)	(5,009)
Provisions	17,797	19,030
Deferred income	849	500
Derivatives	-	849
Net deferred tax liability	**(193,977)**	**(164,537)**

14 Trade and other payables

	2022 A$'000	2021 A$'000
Royalty payable	314,274	60,201
Trade payables	60,314	34,955
Accrued expenses	46,653	17,529
	421,241	**112,685**

The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 20.

15 Interest-bearing liabilities

	Note	2022 A$'000	2021 A$'000
Current			
Lease liabilities	*(i)*	6,303	9,354
Non-current			
Lease liabilities	*(i)*	14,407	9,589
Revolving corporate loan	*(ii)*	1,393,358	667,034
Deferred debt issuance costs		(17,850)	(6,635)
		1,389,915	**669,988**

The Group's exposure to interest rate and liquidity risk relating to interest bearing liabilities is disclosed in Note 20.

(i) **Lease liabilities**

The Group's lease liabilities are secured by leased assets with a carrying value of $4.328 million (2021: $3.707 million), and in the event of default, the relevant leased assets revert to the lessor. Interest on lease liabilities totaled $0.839 million (2021: $0.603 million).

Payments made during the year under lease arrangements qualifying under AASB 16, but that were variable by nature and therefore not included in the minimum lease payments used to calculate lease liabilities, totaled $134.142 million (2021: $74.929 million). These include payments for services, including labour charges, under those contracts that contained payments for the right-of-use of assets.

(ii) **Revolving corporate loan**

On 7 October 2022 the Group replaced the existing US$630 million facility with a new US$1,000 million facility.

At 31 December 2022, US$1,000.000 million (A$1,476.015 million) (2021: US$563.000 million (A$775.910 million)) of the facility was available and US$944.000 million (A$1,393.358 million) (2021: US$484.000 million (A$667.034 million)) of the facility was drawn.

The key terms and conditions are as follows:

a. The facility is provided by a syndicate of commercial banks.
b. A commercial interest rate of SOFR plus a margin of 1.65% to 2.1% applies to the facility.
c. Loan covenants typical of this type of facility apply.
d. The facility expires on 6 October 2027.
e. The facility is fully secured over the Australian assets of the Group.

(iii) **Bank guarantees**

HSBC has issued unsecured bank guarantees on the Group's behalf totaling $9.056 million (2021: $0.061 million) in respect of certain supplier and government agency requirements.

16 Provisions

	Note	2022 A$'000	2021 A$'000
Current			
Employee entitlements		8,820	6,487
Non-current			
Employee entitlements		9,035	7,075
Rehabilitation	*(i)*	39,747	49,250
		48,782	**56,325**

(i) **Rehabilitation**

The movements in the rehabilitation provision are set out below:

	2022 A$'000	2021 A$'000
Non-current		
Carrying amount at start of the period	49,250	52,318
Reduction in provision	(10,973)	(3,909)
Rehabilitation and restoration accretion expense	1,470	841
Balance at 31 December	**39,747**	**49,250**

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

17 Share capital and reserves

(a) Movements in share capital

Date	Description	Number of shares	Total A$'000
1 Jan 2021	Opening balance	835,382,513	433,167
31 Dec 2021	Closing balance	835,382,513	433,167
1 Jan 2022	Opening balance	835,382,513	433,167
31 Dec 2022	Closing balance	835,382,513	433,167

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

(b) Dividends

During the year ended 31 December 2022, fully franked dividends of A$2,407.464 million (US$1,605.000 million) in total (A$2.8819 per share) were declared and paid to shareholders. During the prior year ended 31 December 2021, fully franked dividends of A$189.511 million (US$140.000 million) in total (A$0.2269 per share) were declared and paid to shareholders.

(c) Translation reserve

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

18 Related parties

(a) Remuneration of Directors and Key Management Personnel

Director and key management personnel compensation comprised the following:

	2022 A$'000	2021 A$'000
Short-term employee benefits	2,937	2,500
Post-employment benefits	187	112
Other long-term employee benefits	536	299
	3,660	**2,911**

(b) Other related party transactions

During the year ended 31 December 2022, the Company recognised revenue of $2,798.506 million (2021: $404.971 million) from the sale of goods to its shareholder, Tianqi Lithium Energy Australia Pty Ltd (formerly Tianqi UK Limited) and its related entities. At 31 December 2022, $1,118.888 million (2021: $127.215 million) was owed by Tianqi Lithium Energy Australia Pty Ltd and its related entities to the Company.

During the year ended 31 December 2022, the Company recognised revenue of $2,776.212 million (2021: $280.243 million) from the sale of goods to its other shareholder, RT Lithium Limited and its related entities. At 31 December 2022, $1,147.491 million (2021: $98.048 million) was owed by RT Lithium Limited and its related entities to the Company.

All transactions with related parties are priced on an arm's length basis and are to be settled within 90 days (2021: 90 days) of the date of the transaction. No expense has been recognised for bad or doubtful debts in respect of amounts owed by related parties.

19 Financial risk management

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

- credit risk
- liquidity risk
- market risk

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

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

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

(a) Credit risk

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

(i) Cash and cash equivalents

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

(ii) Trade and other receivables

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

(b) Liquidity risk

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

(c) Market risk

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

(i) Currency risk

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

(ii) Interest rate risk

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

(iii) Other market price risk

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

(d) Capital management

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

The capital base is considered to include the total equity plus borrowings of the Group, which at 31 December 2022 was A$3,221.888 million (2021: A$1,651.283 million). In determining the funding mix of debt and equity (total borrowings:total equity), consideration is given to the relative impact of the gearing ratio on: the ability of the Group to service loan interest and repayment schedules; lending facility compliance ratios; and the ability of the Group to generate adequate free cash for corporate, expansion and exploration activities.

As set out in Note 17, fully franked dividends of A$2,407.464 million (US$1,605.000 million) in total (A$2.8819 per share) were declared and paid to shareholders during the year ended 31 December 2022. During the prior year ended 31 December 2021, fully franked dividends of A$189.511 million (US$140.000 million) in total (A$0.2269 per share) were declared and paid to shareholders.

20 Financial Instruments

(a) Credit risk exposures

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

(i) Profile

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

	Note	2022 A$'000	2021 A$'000
Financial assets			
Cash and cash equivalents	6	54,884	15,234
Trade and other receivables	7	2,281,503	233,943
		2,336,387	**249,177**

No provision for impairment is recognised at 31 December 2022 (2021: nil) on the basis that all trade and other receivables are considered recoverable at the amounts stated.

(ii) Trade & other receivables by geographic region

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

	2022 A$'000	2021 A$'000
Australia	1,109,626	123,058
America	1,024,651	61,844
Europe	81,934	31,159
China (including Hong Kong)	64,877	7,562
Other regions	415	10,320
	2,281,503	**233,943**

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

	2022 A$'000	2021 A$'000
Neither past due or impaired	2,194,091	233,943
Past due 1-90 days but not impaired	87,412	-
	2,281,503	**233,943**

(b) Liquidity risk exposures

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

	Carrying amount A$'000	Contractual cash flows A$'000	6mths or less A$'000	6-12 months A$'000	1-2 years A$'000	2-5 years A$'000	5+ years A$'000
2022							
Trade and other payables	421,241	421,241	421,241	-	-	-	-
Lease liabilities	20,710	23,623	4,177	2,350	3,383	6,811	6,902
Revolving corporate loan	1,393,358	1,701,273	20,925	41,992	83,984	1,554,372	-
	1,835,309	**2,146,137**	**446,343**	**44,342**	**87,367**	**1,561,183**	**6,902**
2021							
Trade and other payables	112,684	112,684	112,684	-	-	-	-
Lease liabilities	18,943	21,580	4,964	4,809	3,812	2,368	5,627
Revolving corporate loan	667,034	690,528	8,267	7,854	674,407	-	-
	798,661	**824,792**	**125,915**	**12,663**	**678,219**	**2,368**	**5,627**

(c) Interest rate risk exposures

(i) Profile

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

	2022 A$'000	2021 A$'000
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(3,816)	(2,388)
	(3,816)	**(2,388)**
Variable rate instruments		
Financial assets	54,884	15,234
Financial liabilities	(1,393,358)	(667,034)
	(1,338,474)	**(651,800)**

(ii) Cash flow sensitivity analysis for variable rate instruments

An increase/decrease of 100 basis points in interest rates at the reporting date would have decreased/increased profit and loss after tax for the reporting period by $9.369 million (2021: decreased/increased $4.563 million). This analysis assumes that all other variables remain constant.

(iii) Fair value sensitivity analysis for fixed rate instruments

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

(d) Currency risk exposures

(i) Profile

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

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

	2022 A$'000	2021 A$'000
Cash and cash equivalents	48,172	2,546
Trade receivables	2,266,379	225,263
Interest bearing liabilities	(1,393,358)	(667,034)
Net statement of financial position exposure	**921,193**	**(439,225)**

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

	2022	2021
Reporting date spot	0.6775	0.7256
Average rate	0.6947	0.7513

(ii) Fair value sensitivity analysis

A 10 percent strengthening/weakening of the AUD against the USD at 31 December would have increased/decreased profit and loss after tax by AUD$63.992 million (2021: increased/decreased by $32.997 million) and would have had no impact on other comprehensive income (2021: nil). This analysis assumes that all other variables remain constant.

(e) Fair values

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

	Carrying amount 2022 $'000	Fair value 2022 $'000	Carrying amount 2021 $'000	Fair value 2021 $'000
Cash and cash equivalents	54,884	54,884	15,234	15,234
Trade and other receivables	2,281,503	2,281,503	233,943	233,943
Trade and other payables	(421,241)	(421,241)	(112,684)	(112,684)
Lease liabilities	(20,710)	(20,710)	(18,943)	(18,943)
Revolving corporate loan	(1,375,508)	(1,393,358)	(660,399)	(667,034)
	518,928	**501,078**	**(542,849)**	**(549,484)**

21 Remuneration of auditors

	2022 A$	2021 A$
Audit services		
Auditors of the Group		
KPMG Australia		
Audit and review of financial reports	147,000	130,800
Other services		
Auditors of the Group		
KPMG Australia		
Debt advisory services	430,560	-
Taxation services	151,568	257,629
Total Remuneration	**729,128**	**388,429**

22 Commitments

(a) Mining tenement expenditure commitments

	2022 A$'000	2021 A$'000
Contracted but not provided for and payable:		
Within one year	1,171	1,184
One year or later and no later than five years	3,531	4,727
Later than five years	143	170
	4,845	**6,081**

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

(b) Capital expenditure commitments

	2022 A$'000	2021 A$'000
Contracted but not provided for and payable:		
Within one year	186,658	45,354
One year or later and no later than five years	-	-
	186,658	**45,354**

23 Reconciliation of cash flows from operating activities

	2022 A$'000	2021 A$'000
Cash flows from operating activities		
Profit after tax	3,259,658	224,924
Adjustments for:		
Depreciation and amortisation	97,380	53,688
Net loss on the disposal of property, plant and equipment	-	51
Deferred Income	(164)	(164)
Unwind of discount on rehabilitation provision	1,470	841
Amortisation of debt issuance costs	1,028	1,275
Reversal of impairment loss	-	(12,755)
Net change in fair value of derivatives through profit and loss	(1,501)	(3,814)
Net realised foreign exchange loss on non-operating items	35,682	1,273
Net unrealised foreign exchange (gain)/loss on non-operating items	(40,736)	35,167
Income tax expense	1,403,481	90,716
	4,756,298	391,202
Increase in trade and other receivables	(2,047,549)	(131,436)
(Increase)/decrease in inventories	(36,130)	3,843
Increase in trade and other payables	285,168	72,531
Increase in employee provisions	4,293	2,666
Income tax paid	(903,074)	(63,868)
Net cash inflow from operating activities	**2,059,006**	**274,938**

24 Deed of cross guarantee

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

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

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

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

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

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

Statement of comprehensive income and retained earnings	**2022** **A$'000**	**2021** **A$'000**
Sales revenue	5,574,748	685,248
Cost of sales	(933,260)	(329,996)
Other income	3,768	3,189
General and administration expenses	(14,611)	(17,312)
Operating profit	**4,630,645**	**341,129**
Reversal of impairment loss	-	12,755
Financial income	69,034	4,127
Financial expenses	(36,556)	(42,403)
Net finance income	**32,478**	**(38,276)**
Profit before income tax	**4,663,123**	**315,608**
Income tax expense	(1,397,648)	(90,716)
Profit for the year	**3,265,475**	**224,892**
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	22	96
Other comprehensive income/(loss) for the year	22	96
Total comprehensive income for the year	**3,265,497**	**224,988**
Profit for the year	3,265,475	224,892
Retained profits at the beginning of the year	539,344	503,963
Dividend paid	(2,407,464)	(189,511)
Retained profits at the end of the year	**1,397,355**	**539,344**

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

Statement of financial position	2022 A$'000	2021 A$'000
ASSETS		
Current assets		
Cash and cash equivalents	54,877	15,126
Trade and other receivables	2,281,458	233,901
Inventories	120,802	84,672
Total current assets	2,457,137	333,699
Non-current assets		
Loans to subsidiaries	1,826	1,646
Investment in subsidiaries	22,514	22,385
Property, plant and equipment	1,889,469	1,641,559
Exploration and evaluation assets	3,358	4,747
Intangibles	2,721	1,677
Total non-current assets	1,919,888	1,672,014
Total assets	**4,377,025**	**2,005,713**
LIABILITIES		
Current liabilities		
Trade and other payables	421,176	112,620
Interest-bearing liabilities	6,303	9,354
Tax payable	481,407	10,440
Provisions	8,820	6,487
Other liabilities	164	1,665
Total current liabilities	917,870	140,566
Non-current liabilities		
Interest-bearing liabilities	1,389,915	669,988
Provisions	48,781	56,325
Deferred tax liability	187,153	163,397
Other liabilities	2,666	2,830
Total non-current liabilities	1,628,515	892,540
Total liabilities	2,546,385	1,033,106
Net assets	**1,830,640**	**972,607**
EQUITY		
Share capital	433,167	433,167
Reserves	118	96
Retained profits	1,397,355	539,344
Total equity	**1,830,640**	**972,607**

25 Group entities

Significant subsidiaries

	Note	Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Windfield Finco Pty Ltd		Australia	100	100
Talison Lithium Pty Ltd		Australia	100	100
Talison Minerals Pty Ltd		Australia	100	100
Talison Services Pty Ltd		Australia	100	100
Talison Long Term Incentive Plan Trust	*(i)*	Australia	-	-
Talison Lithium Australia Pty Ltd		Australia	100	100
Talison Lithium (MCP) Pty Ltd		Australia	100	100
Talison Lithium (Canada) Inc		Canada	100	100
Inversiones SLI Chile Limitada		Chile	100	100

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

26 Parent entity disclosures

As at and throughout the year ended 31 December 2022 the parent entity of the Group was Windfield Holdings Pty Ltd.

	2022 A$'000	2021 A$'000
Result of the parent entity		
Profit for the period	2,436,300	154,256
Other comprehensive income	-	-
Total comprehensive profit for the year	**2,436,300**	**154,256**
Financial position of parent entity at year end		
Current assets	-	-
Total assets	2,332,374	1,097,596
Current liabilities	485,580	10,773
Total liabilities	1,886,903	680,960
Total equity of the parent entity comprising of:		
Share capital	433,167	433,167
Accumulated profit/(losses)	12,305	(16,531)
Total equity	**445,472**	**416,636**

Parent entity guarantees in respect of the debts of its subsidiaries

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

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 24.

27 Events occurring after the balance sheet date

On 30 January 2023, a fully franked dividend of A$351.766 million (US$250.000 million) in total (A$0.42 per share) was declared and paid to shareholders and on 27 February 2023, a fully franked dividend of A$565.013 million (US$385.000 million) in total (A$0.68 per share) was declared and paid to shareholders.

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

28 Changes in accounting policies

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

29 Significant Accounting Policies

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

(a) Basis of consolidation

(i) Business combinations

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

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

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Interests in equity-accounted investees

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

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

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

(iv) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions and balances

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

(ii) Foreign operations

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

(c) Revenue recognition

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

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

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

(d) Financial income and expense

The Group's financial income and expense includes:

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

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

(e) Income tax

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

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

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

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

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

Tax consolidation

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

Nature of tax funding arrangement and tax sharing agreements

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

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

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

(f) Goods and services tax

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

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

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

(g) Cash and cash equivalents

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

(h) Inventories

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

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

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

Consumable stores are valued at weighted average cost.

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

(i) Property, plant and equipment

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

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

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

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

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

The Group applies the units of production method for amortisation of its mine property and development and deferred waste, which results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves outlined in Note 30.

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

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

(i) Commercial production

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

(j) Intangible assets

(i) Research and development

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortisation

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

The estimated useful lives are as follows:

- Software 10 years

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

(k) Exploration and evaluation expenditure

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

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

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

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

All of the above expenditure is carried forward up to commencement of operations at which time it is amortised in accordance with the policy stated in Note 29(i).

(l) Financial instruments

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

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

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

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

(ii) Non-derivative financial assets – measurement

Receivables

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

(iii) Non-derivative financial liabilities – measurement

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

(m) Share Capital

Ordinary shares

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

(n) Impairment

(i) Financial assets

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

(ii) Non-financial assets

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

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

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

(iii) Exploration and evaluation assets

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

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

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

(o) Provisions

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

(p) Employee benefits

(i) Short-term employee benefits

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

(ii) Long-term employee benefits

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. A liability is recognised for the amount expected to be paid under a long-term incentive scheme if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

(iii) Defined contribution plans

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

(q) Rehabilitation and mine closure costs

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

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

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

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

Estimates are required to determine the level of undiscounted rehabilitation and closure costs for the Group. In addition, an estimate of the life of mine is required to determine the period over which the undiscounted costs are required to be discounted. The life of mine has been estimated to be approximately 21 years as at 31 December 2022 based on the estimate of mineable reserves updated as at 9 December 2021 and the anticipated rate of production. This is the period over which the rehabilitation and closure provision is discounted. The life of mine is subject to change should the mineable reserves, ore inventory and the anticipated rate of production change in the future.

(r) Deferred waste mining costs

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

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

The deferred waste mining costs are amortised in accordance with the policy stated in Note 29(i). Changes in estimates of average life of mine strip ratios are accounted for prospectively. For the purpose of assessing impairment, deferred waste mining is grouped with other assets of the relevant cash generating unit.

(s) Leases

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

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

i) As a lessee

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

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

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

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

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

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

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

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

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

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

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

(t) Maintenance and repairs

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

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

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

Costs incurred during a major cyclical overhaul which do not constitute (i) or (ii) above, are written off as repairs and maintenance as incurred. Costs qualifying for capitalisation under (i) or (ii) above are subsequently depreciated in accordance with Note 29(i). General repairs and maintenance which are not characterised as part of a major cyclical overhaul are expensed as incurred.

(u) Deferred income

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

(v) Rounding of amounts

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

30 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the same as those applied by the Group in its consolidated financial statements.

(a) Reserves

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

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

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

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

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

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

Directors' declaration

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

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

(i) give a true and fair view of the Group’s financial position as at 31 December 2022 and of its performance for the year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 2; and

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

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

2 There are reasonable grounds to believe that the Company and the group entities identified in Note 24 will be able to meet any of the obligations or liabilities to which they are or may become subject to by the virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

Signed in accordance with a resolution of the directors:

Wenyu ZHANG

William Zhang
Director

Perth
Dated: 17 March 2023