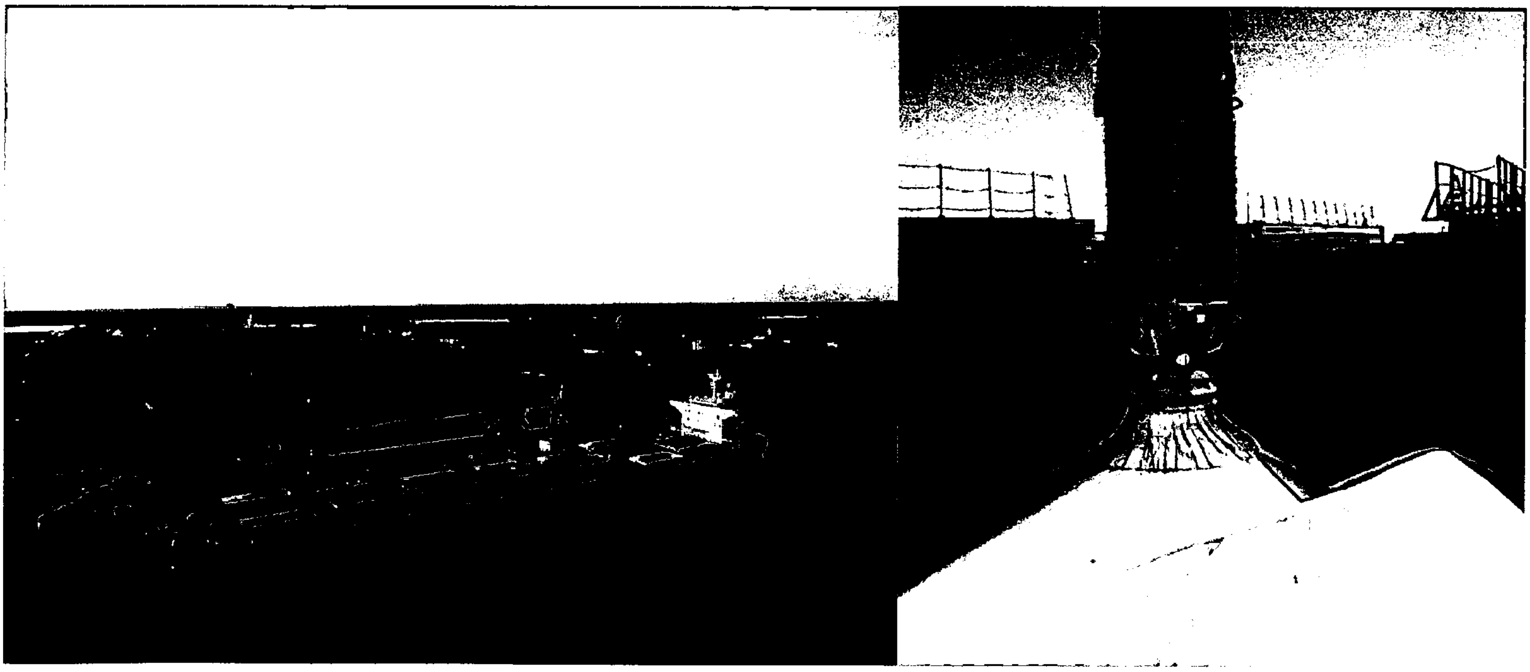
CONCORD

Annual Report 2021

Concord Resources International Minerals Limited



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Strategic report

The Strategic Report, Directors' Report and financial statements are presented for the period from 24 June 2021 to 31 December 2021.

Business Review

Concord Resources International Minerals Limited ("**CRIML**" or the "**Company**") was incorporated on 24 June 2021 as a holding company to the Atlantic Alumina and Niche Europe businesses. CRIML is the majority owner of Atlantic Alumina Company LLC ("**ATALCO**"), which operates the Gramercy alumina refinery in Louisiana, USA ("**Gramercy**"), and the Discovery Bauxite Partners mines in Jamaica, St. Ann ("**St. Ann**"). CRIML's ultimate parent company is Concord Resources Holdings Limited ("**CRHL**" or "**Concord**").

On 30 June 2021, CRIML acquired a controlling interest in ATALCO and its subsidiaries. CRIML has further equity investments in Niche European Holdings LLC which owns specialty minerals businesses Niche Fused Alumina in La Bâthie, France and Niche Fused Magnesia in Hull, England.

Performance

CRIML had revenues of US$192.3 million (m) and a gross profit of US$9.8m from business activities in the period to 31 December 2021. This represents a gross profit margin of 5.1% with reported profit before tax of US$17.1m.

Operationally, the last 6 months of 2021 was a challenging period for the Gramercy alumina refinery as the region was hit by Hurricane Ida, the strongest hurricane on record making direct landfall in Louisiana, causing production interruptions and additional maintenance requirements. Further equity injections were made by CRIML into ATALCO during the six months to December 31, 2021, to support the ongoing operations due to losses incurred and additional maintenance required as a result of the hurricane. The balance sheet ended 2021 with US$673.8m of assets and US$99.3m of net assets (including non-controlling interest of US$62.7m).

During 2021 the global metals markets benefitted from continued improvements in the global economy. As the world moved through the Coronavirus pandemic, continued government stimulus, historically low interest rates, and pent-up demand all played a part in driving a robust recovery in commodity demand. Meeting this demand was at times challenging for commodity markets that have been underinvested for many years and not prepared for a sharp acceleration in demand. Inventories for many critical metal products declined steadily throughout the period as producers struggled to meet market demand in excess of expectations. These positive market dynamics were best reflected in metal premiums for prompt delivery of aluminium, which reached record highs in 2021. Towards the end of 2021 it became clearer that the often steady and pleasant economic sentiment that grew over the year was giving way to inflationary pressures and geopolitical situations that were not pleasant. Cost pressures on logistics, renewed concerns on Coronavirus variants, and a rapidly worsening energy security situation in Europe ended 2021 on a note of clearly rising risk. The evident inflationary pressures building in 2021 presented opportunities, because of higher commodity prices and volatility, but also risks, in the form of interest rate increases, cost increases and bottlenecks for certain operations.

Sustainability

In 2021, our focus was to create an achievable and meaningful roadmap for a proactive Environmental, Social and Governance ("**ESG**") program whilst building on our previous year's commitments. Concord recognised that it would increasingly be held accountable for various ESG regulatory initiatives, carbon footprint tracking, emissions, and new mandatory reporting. Our efforts this year were to build upon our existing framework whilst maintaining our forward-looking strategy in ESG. Concord is well positioned to serve our customers and plays an active role in transitioning to the green economy by trading products that are supported by the demand for renewable projects, and government proposals.

In June 2021, Concord published its first 'Sustainability Statement' which articulated its commitment to ESG matters and demonstrates its adherence to certain ESG standards and principles that it values and wants to promote through its culture and actions. Concord adheres to all mandatory reporting requirements but also seeks to adopt any non-mandatory reporting where relevant and feasible. This Sustainability Statement keeps our stakeholders informed on our annual progress and provides accountability to our ESG promises. It is anticipated that it will be updated each year, continuously striving for 'greener' results year on year.

In August 2021, Concord engaged Ecovadis to provide a Corporate Social Responsibility (CSR) rating. Concord was proud to be awarded the silver rating in its first submission and aims to maintain and improve this standard in 2022.

Strategic report *(continued)*

Sustainability *(continued)*

Through our social corporate responsibility program, Concord provided support to the Gramercy refinery, following the damage by hurricane Ida in August which affected many of the refinery's employees' homes. This support included food and water, car leases, fuel oil for heating homes, essential home goods and hotel stays for the employees and their families affected by this event.

In November 2021, Concord engaged an external consulting firm to undertake a materiality risk assessment of Concord's business strategy and portfolio to provide a roadmap for ESG reporting. This included reviewing the areas of the business where risks and opportunities may arise driven by the changing ESG landscape and conducting a series of one-to-one interviews with key employees in all areas of the business (Treasury, Operations, Trading, Finance, Legal Risk, Compliance and Business Development).

It also involved the facilitation of a workshop with senior management to set out the ambitions and the appetite for ESG implementation to be successful in the year ahead. This was both a top-down and bottom-up exercise to ensure all our targets were realistic and achievable.

The roadmap will be completed early 2022 and will map out the ambitions and timelines for our 2022 ESG reporting targets and beyond. Concord also established an ESG working group this year to facilitate internal communication on various ESG topics and to ensure all the ESG initiatives being undertaken are accounted for. The ESG working group is ultimately responsible for monitoring and delivering the initiatives set out in the roadmap.

During 2021, Concord demonstrated that it continued to work closely with our stakeholders, financial institutions, and third parties to ensure we meet their ESG standards and continue to explore initiatives that can take the company beyond the expectations in our industry.

For SECR reporting purposes, CRIML is deemed to be a low energy user and no further disclosure is required.

Principal Risks and Uncertainties

As a global commodity producer, CRIML is exposed to various risks relating to Health, Safety, Environmental and Compliance ("**HSEC**"), commodity price fluctuations, operational, as well as macro, credit and political risks. Key areas of risk covered by governance and management processes include the following:

HSEC

Industrial asset operations present significant HSEC risks that require identification, mitigation, and prevention. Business success is founded upon a safe and sustainable operating environment for employees, local communities, and the broader environment. We ensure health, safety, environmental and community policies and standards are in place to protect our people, communities, and the environment, and to also ensure we comply with all laws and external regulations. Total recorded incident rate ("**TRIR**") at Atlantic Alumina Company LLC and Discovery Bauxite was 2.7 for the year ended 31 December 2021.

Commodity and Raw Material Price Risk

Price risk on sales contracts is continuously monitored by Concord management and is mitigated by offsetting physical contracts with over-the-counter derivatives where price correlation is high.

Atlantic Alumina Company is exposed to additional price risk for production input costs associated with our alumina refinery and bauxite mining operations, with natural gas prices, caustic soda and fuel oil prices comprising the more material components of our cost of goods sold. A portion of the risk is managed using financial derivatives or pricing formulas on purchase contracts linked to alumina pricing.

Currency Risk

CRIML's functional currency is United States Dollars ("**USD**") and transactions denominated in currencies other than USD may be actively hedged using foreign exchange ("**FX**") forward and swap contracts to mitigate the risk of loss from movement in exchange rates. Debt financing transactions are predominately denominated in USD.

Credit Risk

Credit risk is managed and reviewed on an ongoing basis for both trading counterparties and institutional counterparties using an internal proprietary credit scoring process which utilises public information, and where applicable, information provided by the credit counterparty. Financial assets which expose CRIML to credit risk include cash and cash equivalents, receivables, prepayments and derivative instruments.

Strategic report *(continued)*

Principal Risks and Uncertainties *(continued)*

Credit Risk *(continued)*

Cash and cash equivalents are placed on overnight deposit and are held with a group of highly credit rated financial institutions. Receivables and prepayment credit risk is mitigated through a conservative risk management policy that limits exposure to lower rated counterparties. CRIML's policy is to reduce credit exposure through insurance agreements, where applicable.

Interest Rate Risk

The risks associated with market interest rate movements are currently related to secured financing facilities. These floating rate debt facilities include a margin linked to LIBOR plus a fixed premium. Interest rate risk can be hedged using interest rate swaps where appropriate.

Liquidity Risk

A conservative liquidity risk management policy ensures that CRIML has adequate cash and cash equivalents to meet payments when due and can finance ongoing and potential commitments through secured debt funding as required. A minimum liquidity level is maintained at each monthly reporting date.

Operational risk

Operational risks related to carrying out physical operations and inadequate internal processes and systems is assessed in Concord's business processes. Operational risk management includes, amongst others, industrial assets and resource risks, health & safety, political and geographic risk management, insurance management, and the assessment of third-party service providers, including ocean carriers, warehouse operators, logistics providers and suppliers, by designated executives of the Concord group. Industrial asset and resource risk includes delivering value from the potential of the resources and reserves we are committed to develop and ensuring we build sustainability and reliability into our business operations by ensuring our people operate in a safe environment, meeting our regulatory, social and environmental obligations, managing inflationary pressures and consistently delivering quality products to our customer base. CRIML conducts regular reviews of its service providers and actively avoids doing business with companies or service providers that are believed not to meet certain standards. CRIML assesses the level of operational risks and has implemented operational risk management practices and policies to manage and mitigate risks and to prevent the occurrence of operational errors.

Other key risk areas covered by governance and management processes include legal, compliance, regulatory, anti-bribery and corruption. Concord is a proud signatory to the UN Global Compact and is committed to acting ethically and with integrity in its business dealings and relationships throughout the world and to implementing controls to safeguard against conduct that is contrary to the tenets of the UN Global Compact, whether taking place within the business or in any of our supply chains. The Code of Conduct (which is displayed on the Concord's website) sets out some of the key standards and principles by which CRIML conducts itself and expects its counterparties to conduct themselves. It is considered a robust standard by many counterparties, and it is key to our culture that we hold ourselves to a high standard and we expect our counterparties to meet those standards as well.

In addition to its Code of Conduct, Concord has a detailed and robust set of governance and compliance policies and procedures which set out the enduring ethics and principles which all directors, staff, agents and consultants are required to observe. Our business touches many stakeholders - our success and reputation are founded on the trust and confidence that our actions generate in those we have dealings with. Earning and maintaining that trust is not taken lightly and working responsibly and engaging openly is fundamental to our future success.

CRIML is operating in a world of over-lapping legal, regulatory and compliance regimes. We continue to monitor and address these challenges by assessing and updating our policies and procedures and with bespoke staff training. We are aware that the world is in a transitional phase, both as it adjusts to a "new normal" following the Covid-19 pandemic but also as it looks to achieve a more sustainable energy mix with a greater emphasis and importance attributed to ESG efforts and standards. We believe that CRIML is well placed to play its part in efficiently and responsibly supplying the vital commodities that will be required for this transition. Environmental, social and corporate governance considerations are high on the agenda for our stakeholders and, as has been elaborated on in more detail in previous sections, CRIML is actively focused on assessing how we can deliver on these matters.

Strategic report *(continued)*

Section 172 Statement

Under the section 172 of the Companies Act 2006, directors' duties are to promote the success of the company. The company directors are aware that this duty extends to all the stakeholders of the company and how the consequences of any decisions they make could impact the members of the company in the long term.

In this statement, we will explore the key areas identified under section 172 of the Companies Act 2006 and how the CRIML directors have endeavoured to ensure success is shared amongst our shareholders, our employees, our stakeholders and actively considers the impact of the company's operations on the community and environment.

1. Our Shareholders

Concord's management frequently engage with the shareholders of the company's parent entity, CRHL. Each month, the shareholders are sent the CRHL's shareholder report, disclosing the monthly results, a detailed commentary from the CEO of business advances and any meaningful developments in the industry which can impact the company. In this monthly email, the shareholders are invited to raise any questions or concerns they may have with the Management team. Every quarter, certain shareholders are sent the quarterly financial results and every year all shareholders receive the audited annual report. Concord holds quarterly board meetings in which the board members are reminded of their duties under Section 172. It is also important to note that the majority of board members of CRHL are themselves shareholders with greater than 70% of shareholder representation on the board of directors.

Annual General Meeting

The AGM is part of effective communication with shareholders of CRHL for corporate matters. All shareholders had the opportunity to ask questions at the AGM, held on 31 March 2022 Our Board welcomes the opportunity for communication and all shareholders to participate and ask questions during the meeting.

2. Our Employees

Employee welfare is central to the directors' day to day management and decision making. Concord recognises that its team members play a critical role in executing our strategy and delivering value to stakeholders. To promote a safe working environment, all employees are encouraged to communicate any concerns or issues they have to their line managers on a regular basis and through the annual review process. This will also include a salary review and incentive compensation rewarded to ensure employees participate in the group's performance. Each week, all the employees of the company are invited to dial into a 'Business Update' call. This allows all the regions and business lines to share updates and developments on a weekly basis and to raise any questions or concerns. As a testament to Concord's approach to employee welfare, low levels of staff turnover have been maintained since the inception of the company.

3. Our Stakeholders

Concord has preserved strong relationships with its stakeholders and built a reputation of trust amongst its banking partners, customers and suppliers. Each year, a significant percentage of repeat business is awarded to the marketing team as a testament to the leading business relationships it has created. Where required, Concord aims to offer its customers financial support with reasonable payment terms. With regards to its suppliers, Concord closely monitors its payment practices with bi-yearly reviews and always aims to pay its suppliers in a timely way in the regular course of business.

Maintaining constructive relationships and dialogue with governments and regulators is an important part of Concord's business approach. Concord's Code of Conduct is built on company values and provides a framework for what Concord considers reliable conduct. Management proactively and responsibly engages with all tax authorities in the jurisdictions in which we operate, and our tax policy can be accessed on our company website.

4. Sustainability

In 2021, sustainability including corporate social responsibility and the environment formed a key part of the strategic business agenda. For further information on ESG initiatives and developments, please refer to the strategic report section.

By order of the board

Mark Hansen
CEO & Executive Director

12 August 2023

Directors' report

Directors' liabilities and indemnities

Directors and officers of Concord Resources International Minerals Limited and its subsidiaries are covered by directors & officer's liability insurance.

Capital distributions

There were no capital distributions during the period 24 June 2021 to 31 December 2021.

Directors

The directors who were appointed on 24 June 2021 and held office at 31 December 2021 were as follows:

Mark Hansen
Andreas Peter Josef Schmitz
Andrew William Reid

Going Concern

Notwithstanding the group's net current liabilities of US$234.8m (which includes current liabilities of US$202.0m to Group Companies) at 31 December 2021 the financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

Since acquiring Gramercy, the refinery has been undergoing an extensive turnaround program which has required significant investment. This process was completed in May 2023. A power outage occurred in the Gramercy Refinery during late June 2023 which has resulted in lower production levels but which is covered by insurance, with the final claim amount to be determined. Management expects that budgeted production targets will return before the end of Q3 2023.

The Company is financially supported by a term loan (see note 22) and an asset backed ("**ABL**") facility. In Q4 2022, the covenants attached to the term loan were breached due to the production loss caused by the extensive turnaround program. The breach has not been remedied at the date of approval of the financial statements. However, the directors are in active dialogue with the lender to waive the covenant breaches, but as of the date of approval of the financial statements this had no effect on the facility itself and no accelerated or early repayment within 2023 has been requested.

In June 2023, the original tenor of the ABL facility expired and the Group fully repaid its ABL facility and any liens have been released. The Group is currently seeking an ABL facility with a new lender for US$30m and the Directors are confident that such a refinancing will be successful, which would add additional liquidity to the business. The directors believe there is no refinancing risk for the ABL facility as it has been fully repaid already.

The Group is also in discussion with alternative lenders to replace the existing term loan, as an alternative option to the waiver process. At the date of approving these financial statements, asset backed funding from a new lender of US$15m in the form of equipment leases has already been secured and can be drawn any time. A balance of US$25m is currently in the final approval stages. Including the already committed equipment financing facility as well as restricted cash held in favour of the term loan lender, the net refinancing risk is currently US$19m which represents US$34m of outstanding less the US$15m committed asset backed financing.

The directors have prepared cash flow forecasts for the period to 31 August 2024 and performed a going concern assessment which indicates that, in the base case and reasonably possible downsides, the company will require significant additional funds, through funding from the shareholders of its ultimate parent company, Concord Resources Holdings Limited, and through the refinancing of the ABL facility and the term loan, to meet its liabilities as they fall due during the 12-month period ending 31 August 2024.

The directors have not included the repayment of the term loan in the base case forecasts as they either expect to receive a waiver from the term loan lender or be able to refinance this facility. Based on discussions with the term loan lender, the commitment of the equipment lease facility, as well as status of both the new ABL and term loan facilities, the Directors are confident that either a waiver or a refinancing will be successful. However, at the date of approving these financial statements no waiver or binding agreement under the new ABL or term loan is in place.

Directors' report *(continued)*

Going Concern *(continued)*

In both the base and reasonably possible downsides, where the term loan is not waived or replaced, the Group and Company may require further support from its shareholders. The ultimate parent, Concord Resources Holdings Limited, is primarily owned by a small group of institutional investors ("**the shareholders**"), who have indicated their intention to continue to make available such funds as are needed by the Group and Company. In addition, Concord Resources Holdings Limited does not intend to seek repayment of the amounts currently due to it from the Group, which at 31 December 2022 amounted to US$98.7m.

As with any group and company placing reliance on other group entities and their shareholder for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However, the ability and intent of the shareholders to continue to provide this support is at the discretion of the shareholders as there are no legally binding commitments in place.

Based on the shareholder's non-legally binding commitment to continue to support the Group and Company, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

However, these matters indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, that the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the group's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP were appointed as auditor to the Company. In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Mark Hansen
CEO & Executive Director

12 August 2023

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditors report to the Members of Concord Resources International Minerals Limited

Opinion

We have audited the financial statements of Concord Resources International Minerals Limited ("the Company") for the period ended 31 December 2021 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated and Parent Company Balance, Consolidated Statement of Changes in Equity for the Group, Consolidated Statement of Changes in Equity for the Company, Consolidated and Parent Company Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 to the financial statements which indicates that the Group and Company will require significant additional funds, through funding from the shareholders of its ultimate parent company, Concord Resources Holdings Limited, and through the refinancing of an asset-backed facility and a term loan, to meet their liabilities as they fall due during the 12-month period ending August 2024, the going concern assessment period. These events and conditions, along with the other matters explained in note 1.2, constitute a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and Group's internal and external legal counsels, and inspection of policy documentation as to the Group's high level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud
- Reading Board meeting minutes
- Consultation with our own forensic professionals regarding the identified fraud risks and the design of the audit procedures planned in response to these. This involved discussion between the engagement partner and the forensic professionals

Independent auditors report to the Members of Concord Resources International Minerals Limited *(continued)*

- Considering remuneration incentive schemes and performance targets for management and directors the annual performance bonus for management, which is dependent on a number of key metrics, some of which are non-GAAP measures such as adjusted earnings before tax, depreciation and amortisation (EBTDA).
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as in the valuation of derivatives arising from long term contracts and the valuation of unlisted equity securities. On this audit we do not believe there is a fraud risk related to revenue recognition because the accounting for the majority of the Group's revenue is non-complex and subject to limited levels of judgment with limited opportunities for manual intervention in the sales process to fraudulently manipulate revenue.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted to unusual accounts related to revenue, cash and borrowings.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from obtaining legal letters from the Group's external legal counsels and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent auditors report to the Members of Concord Resources International Minerals Limited *(continued)*

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors report to the Members of Concord Resources International Minerals Limited *(continued)*

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Adrian Wilcox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
Canary Wharf,
London,
E14 5GL

16 August 2023

Consolidated Statement of Profit and Loss and Other Comprehensive Income

for the period 24 June 2021 to 31 December 2021

	Note	Group 2021 $000
Revenue	5	**192,348**
Cost of sales		(182,514)
Gross profit		**9,834**
Other income	6	31,407
Selling, general & administrative expenses	7,8	(16,512)
Operating profit		**24,729**
Interest income	9	4,171
Interest expense	9	(11,597)
Share of loss of equity-accounted investees	15	(166)
Profit/(loss) before tax		**17,137**
Income tax credit	10	1,195
Profit for the period		**18,332**
Profit is attributable to:		
Owners of Concord Resources International Minerals Limited		26,314
Non-controlling interests		(7,982)
Profit for the period		**18,332**
Other comprehensive income/(loss)		
Items that are or may be reclassified to profit and loss:		
Share of other comprehensive loss from associates	15	(39)
Gains on cash flow hedges		420
Income tax relating to these items	10	(109)
Items that will not be reclassified to profit and loss:		
Remeasurements of post-employment benefit obligations	21	2,235
Other comprehensive income/ (loss) for the period net of tax		**2,506**
Other comprehensive income/(loss) is attributable to:		
Owners of Concord Resources International Minerals Limited		2,257
Non-controlling interests		250
Total comprehensive income/(loss) for the period		**20,839**

Consolidated Statement of Profit and Loss and Other Comprehensive Income
(continued)

	Note	Group 2021 $000
Total comprehensive income is attributable to:		
Owners of Concord Resources International Minerals Limited		28,571
Non-controlling interests		(7,732)
Total comprehensive income for the period		**20,839**

Consolidated and Parent Company Balance Sheet
as at 31 December 2021

	Note	Group 2021 $000	Company 2021 $000
Non-current assets			
Property, plant and equipment	11	395,766	-
Right-of-use assets	12	4,935	-
Intangible assets	13	52,053	-
Investments in subsidiaries	16	-	21,473
Investments in associates	15	1,589	1,589
Post-employment benefit assets	21	4,797	-
Other financial assets	18	4,103	-
Other receivables - amounts due from group companies		103,296	-
Other assets	17	9,730	-
Deferred tax assets	27	-	6,365
		576,270	**29,427**
Current assets			
Inventories	14	70,519	-
Trade and other receivables	19	22,619	-
Cash and cash equivalents	20	4,380	-
		97,518	-
Total assets		**673,788**	**29,427**
Non-current liabilities			
Borrowings	22	46,096	-
Preference share liabilities	33	103,400	-
Other financial liabilities	26	19,596	-
Deferred tax liabilities	27	18,924	-
Lease liabilities	12	2,636	-
Post-employment benefit obligations	21	16,793	-
Provisions	24	22,991	-
Other non-current liabilities	25	11,713	-
		242,149	-
Current liabilities			
Borrowings	22	206,917	23,267
Trade and other payables	23	104,449	-
Lease liabilities	12	2,375	-
Post-employment benefit obligations	21	966	-
Other financial liabilities	26	17,647	-
		332,354	**23,267**
Total liabilities		**574,503**	**23,267**
Net assets		**99,285**	**6,160**

Consolidated and Parent Company Balance Sheet *(continued)*
as at 31 December 2021

	Note	Group 2021 $000	Company 2021 $000
Share capital	28	-	-
Other reserves	28	2,296	(109)
Retained earnings		34,279	6,269
Equity attributable to the owners of Concord Resources International Minerals Limited		**36,575**	**6,160**
Non-controlling interests	29	62,710	-
Total equity		**99,285**	**6,160**

These financial statements were approved by the board of directors on 12 August 2023 and were signed on its behalf by:

Mark Hansen
CEO & Executive Director

Consolidated Statement of Changes in Equity

	Retained earnings $000	Other reserves $000	Total $000	Non-controlling interests $000	Total equity $000
Balance at 24 June 2021	-	-	-	-	-
Total comprehensive income for the year					
Profit or loss	26,314	-	26,314	(7,982)	18,332
Other comprehensive income	(39)	2,296	2,257	250	2,507
Total comprehensive income for the year	26,275	2,296	28,571	(7,732)	20,839
Transactions with owners, recorded directly in equity					
Acquisition of non-controlling interest (see note 29)	8,004	-	8,004	70,442	78,446
Balance at 31 December 2021	**34,279**	**2,296**	**36,575**	**62,710**	**99,285**

Consolidated and Company Cash Flow Statement

for the year ended 31 December 2021

	Note	Group 2021 $000	Company 2021 $000
Cash flows from operating activities			
Profit for the year		18,332	6,308
Adjustments for:			
Depreciation, amortisation and impairment	7	23,074	-
Interest income	9	(4,171)	-
Interest expense	9	11,597	-
Gain on bargain purchase	6	(31,407)	-
Share of loss of equity-accounted investees	15	166	166
Tax	10	(1,195)	(6,474)
		16,396	-
Increase in trade and other receivables	18,19	(88,692)	-
Increase in inventories	14	(6,284)	-
Increase in trade and other payables	19,24	118,724	1,794
		40,144	**1,794**
Interest paid		(4,730)	
Net cash from operating activities		**35,414**	**1,794**
Cash flows from investing activities			
Purchase of investments in associates	15	(1,794)	(1,794)
Acquisition of property, plant and equipment	11	(9,883)	-
Acquisition of investment in subsidiaries, net of cash	4	1,105	-
Net cash from investing activities		**(10,572)**	**(1,794)**
Cash flows from financing activities			
Net payments from borrowings	22	(20,462)	-
Net cash from financing activities		**(20,462)**	-
Net increase in cash and cash equivalents		4,380	-
Cash and cash equivalents at the start of the period		-	-
Cash and cash equivalents at 31 December 2021	20	**4,380**	-

The notes on pages 18 to 54 form part of these financial statements.

Notes to the consolidated financial statements

1 Significant accounting policies

CRIML is a private company incorporated, domiciled and registered in England and Wales, United Kingdom. The registered number is 13474363 and the registered address is 8th Floor 3 St James's Square, London, SW1Y 4JU. The Company was incorporated on 24 June 2021.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "**Group**") and equity account the Group's interest in associates.

This consolidated financial information has been prepared following the acquisition of Atlantic Alumina Company LLC and its subsidiaries. On 30 June 2021, the Group purchased a 73.2% equity holding in ATALCO. Further equity injections and the transfer of the existing stake in Concord Resources Limited during the year resulted in the Group holding 92.3% as at 31 December 2021.

The consolidated financial statements for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 12 August 2023.

Note that Company only amounts have not been presented in the notes to the financial statements where these are US$nil or equal that of the Group.

1.1 Basis of preparation

1.1.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards and applicable law.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Group and Company functional and presentation currency is United States Dollars (USD).

1.1.2 Basis of measurement

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: defined benefit plans, derivative financial instruments and financial instruments classified as fair value through the profit or loss.

1.2 Going concern

Notwithstanding the group's net current liabilities of US$234.8m (which includes current liabilities of US$202.0m to Group Companies) at 31 December 2021 the financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

Since acquiring Gramercy, the refinery has been undergoing an extensive turnaround program which has required significant investment. This process was completed in May 2023. A power outage occurred in the Gramercy Refinery during late June 2023 which has resulted in lower production levels and is covered by insurance. Management expect that budgeted production targets will return before the end of Q3 2023.

The Company is financially supported by a term loan (see note 22) and an ABL facility. In Q4 2022, the covenants attached to the term loan were breached due to the production loss caused by the extensive turnaround program. The breach has not been remedied at the date of approval of the financial statements. However, the directors are in active dialogue with the lender to waive the covenant breaches, but as of the date of approval of the financial statements this had no effect on the facility itself and no accelerated or early repayment within 2023 has been requested.

In June 2023, the original tenor of the ABL facility expired and the group fully repaid its ABL facility, and any liens have been released. The group is currently seeking an ABL facility with a new lender for US$30m and the Directors are confident that such a refinancing will be successful, which would add additional liquidity to the business. The directors believe there is no refinancing risk for the ABL facility as it has been fully repaid already.

Notes to the consolidated financial statements *(continued)*

1 Significant accounting policies *(continued)*

1.2 Going concern (continued)

The Group is also in discussion with alternative lenders to replace the existing term loan, as an alternative option to the waiver process. At the date of approving these financial statements, asset backed funding from a new lender of US$15m in the form of equipment leases has already been secured and can be drawn any time. A balance of US$25m is currently in the final approval stages. Including the already committed equipment financing facility as well as restricted cash held in favour of the term loan lender, the net refinancing risk is currently US$19m which represents US$34m of outstanding less the US$15m committed asset backed financing.

The directors have prepared cash flow forecasts for the period to 31 August 2024 and performed a going concern assessment which indicates that, in the base case and reasonably possible downsides, the Company will require significant additional funds, through funding from the shareholders of its ultimate parent company, Concord Resources Holdings Limited, and through the refinancing of the ABL facility and the term loan, to meet its liabilities as they fall due during the 12-month period ending 31 August 2024,.

The directors have not included the repayment of the term loan in the base case forecasts as they either expect to receive a waiver from the term loan lender or be able to refinance this facility. Based on discussions with the term loan lender, the commitment of the equipment lease facility, as well as status of both the new ABL and term loan facilities, the Directors are confident that either a waiver or a refinancing will be successful. However, at the date of approving these financial statements no waiver or binding agreement under the new ABL or term loan is in place.

In both the base and reasonably possible downsides, where the term loan is not waived or replaced, the Group and Company may require further support from its shareholders. The ultimate parent, Concord Resources Holdings Limited, is owned by the shareholders, who have indicated their intention to continue to make available such funds as are needed by the group and company. In addition, Concord Resources Holdings Limited does not intend to seek repayment of the amounts currently due to it from the Group, which at 31 December 2022 amounted to US$98.7m.

As with any group and company placing reliance on other group entities and their shareholder for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However, the ability and intent of the shareholders to continue to provide this support is at the discretion of the shareholders as there are no legally binding commitments in place.

Based on the shareholder's non-legally binding commitment to continue to support the Group and Company, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

However, these matters indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, that the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.3 Basis of consolidation

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. In assessing control, the Group takes into consideration potential voting rights. 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. The acquisition date is the date on which control is transferred to the acquirer. The assets, liabilities and results of operations of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group (refer to note 4).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset.

Notes to the consolidated financial statements *(continued)*

1 Significant accounting policies *(continued)*

***1.3 Basis of consolidation** (continued)*

Non-controlling interest

Non-controlling interests in subsidiaries are identified separately from the Company's equity and are initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance. See note 29 for additional considerations related to the Discovery Bauxite Partners non-controlling interest.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not the ability to control them. A holding of between 20% and 50% of the voting power will usually indicate significant influence unless proven otherwise. Where the holding is less than 20% significant influence can be evidenced by representation on the board of directors, material transactions between both parties, participation in the policy making, interchange of management personnel or provision of essential technical information. Any related party transaction with an associate will result in unrealised profits and losses eliminated to the extent of the Group's interest in that associate.

Application of the equity method to associates

Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. Where the Group's share of losses equals or exceeds its interest in an equity accounted investee, including any other unsecured long-term receivables, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities, unless the sale or contribution of assets constitute a business in which case the gains and losses are recognised in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 1.16.

Changes in the Group's interest in associates are accounted for as a gain or loss on disposal with any differences between the amount by which the carrying amount of the associate is adjusted and the fair value of the consideration received being recognised directly in the consolidated statement of profit and loss and other comprehensive income.

1.4 Business combinations

The Company accounts for its business combinations under the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. 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. Transaction costs, other than those associated with the issue of debt or equity securities, which the Group incurs in connection with a business combination are expensed as incurred. If a business combination results in a negative goodwill, the Group reassesses whether it has correctly identified and measured all assets acquired and all liabilities assumed. If the negative goodwill remains after the reassessment, it is recognised as a gain in the consolidated statement of profit and loss.

Notes to the consolidated financial statements *(continued)*

1 Significant accounting policies *(continued)*

1.5 Foreign currency

Subsidiaries, joint ventures and equity-accounted investees record transactions in the functional currency of the economic environment in which they operate. Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, the United States Dollar, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the currency translation reserve, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to profit or loss.

1.6 Financial assets

Financial assets are classified into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Fair value through profit and loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (see Financial Liabilities section for out-of-money derivatives classified as liabilities). They are carried in the balance sheet at fair value with changes in fair value recognised in the consolidated statement of profit and loss.

Amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

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

Financial assets at amortised cost include loans receivable, trade and other receivables, and other financial assets that are held with the objective of collecting contractual cash flows. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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 effective interest rate. The effective interest rate amortisation and losses arising from impairment are recognised in profit and loss.

Notes to the consolidated financial statements *(continued)*

1 Significant accounting policies *(continued)*

1.7 Trade and other receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Provisions for expected credit losses are calculated by considering the historical loss profile across the receivables portfolio whilst taking into consideration relevant forward macroeconomic information. In addition, receivables or prepayments more than 30 days overdue represent a material increase in credit risk and if any additional information is provided that would support an increase in the credit risk profile or potential default. Provisions for expected credit losses associated with defaults are calculated based on the individual credit exposure at the point of default and considering the probability of future recovery either during the next 12 months or during the timeline of the contractual obligation.

Trade receivables are written off (impaired) when objective evidence indicates that there is no reasonable expectation of recovery. This is based on an individual review for impairment due to an increase of the credit risk of the customer, past due amounts and taking into account any retention right on product stored for this customer.

1.8 Trade and other payables

Trade and other payables represent liabilities for goods and services provided by suppliers to the Group prior to the end of the financial year that are unpaid. They are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. Accrued cost and expenses relate to purchases and expenses made before the year end that have not been invoiced at the balance sheet date.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash held at bank. Cash and cash equivalents are maintained at financial institutions, and at times balances may exceed federally insured limits. The carrying amount of these assets approximates their fair value.

1.10 Loans and borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The interest on these preference shares are recognised in profit or loss as finance costs.

1.11 Derivative financial instruments

Derivative instruments, such as physical contracts to sell or purchase commodities that do not meet the own use exemption, are initially recognised at fair value when the Group becomes a party to the contractual provisions of the instrument and are subsequently remeasured at fair value at the end of each reporting period. Any attributable transaction costs are recognised in profit and loss as incurred. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The Group designates certain derivatives as cash flow hedges and are recorded at fair value using mark-to-market accounting. Derivatives designated as cash flow hedges relate to alumina and oil hedges and the interest rate swap hedge. Derivative and hedging instruments are recorded in other financial assets and liabilities in the consolidated balance sheet at fair value. Derivative and hedging instruments are valued using quoted market prices and other significant observable inputs. Changes in fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income until the cash flow hedge is settled. At that time any unrealised gain or loss is reclassified to earnings.

Notes to the consolidated financial statements *(continued)*

1 Significant accounting policies *(continued)*

1.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The costs of major repairs and maintenance are capitalised and depreciated over their useful life while maintenance and repairs, which do not improve or extend the lives of assets, are expensed as incurred.

Assets in the course of construction are capitalised as a separate component of property, plant and equipment. Upon completion, the cost of construction is transferred to the appropriate category.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- buildings and improvements: 21-50 years
- machinery and equipment: 5-35 years
- furniture, fixtures and other: 3-10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Land and assets under construction are not depreciated.

Upon retirement or disposition of property, plant and equipment, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in operating income for that period.

1.13 Leases

At the inception of a contract, the Group assesses whether a contract 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 of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Group accounts for each lease component separately from the non-lease components.

The Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components. All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets.
- Leases with a duration of 12 months or less.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the consolidated financial statements *(continued)*

1 Significant accounting policies *(continued)*

1.13 Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest method, and the rights-of-use asset is depreciated on a straight-line basis, from the commencement date to the earlier of the end of the useful life of the right-of-use asset, or the end of the lease term.

The lease liability is remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that were not part of the original term.

The lease liability is remeasured with a corresponding adjustment to the rights-of-use asset, or is recorded in profit or loss if the carrying amount of the rights-of-use asset has been reduced to zero.

Depreciation of right-of-use assets is calculated over the shorter of the lease term or the estimated useful life of the asset.

Leases acquired in a business combination

For leases acquired in a business combination, the Group measures the acquired lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The right-of-use asset is measured at acquisition at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Lease liability and associated right-of-use assets acquired in a business combination for which the lease term ends within 12 months of the acquisition date or, leases for which the underlying asset value is low, are not recognised.

1.14 Intangible assets

Intangible assets include certain long-term rights related to mining of commodities. An intangible asset acquired as part of a business combination is measured at fair value at the date of acquisition and is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights. Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Mining licence: 18 years (remaining useful life)

1.15 Inventories

Inventories, including work-in-progress, are measured at the lower of cost or net realisable value. Inventories at Gramercy and St. Ann, are primarily valued at weighted-average cost. The remaining inventories (principally supplies) are stated at cost using the first-in, first-out (FIFO) method. Bauxite inventory at St. Ann, and alumina and bauxite inventories at Gramercy are valued using a standard costing system, which gives rise to cost variances. Variances are capitalised to inventory in proportion to the quantity of inventory remaining at period end to quantities produced during the period. Variances are recorded such that ending inventory reflects actual costs based on the normal capacity of the production facilities, excluding abnormal amounts of idle facility expense, freight, handling, and spoilage.

Notes to the consolidated financial statements *(continued)*

1 Significant accounting policies *(continued)*

1.16 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories 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. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit 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**" or "**CGU**"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated 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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.17 Employee benefits

Short-term employment benefit

Wages, salaries, social security contributions, annual leave and sickness absenteeism, incentives and non-monetary benefits are recognised in the year in which the associated services are rendered by employees.

Notes to the consolidated financial statements *(continued)*

1 Significant accounting policies *(continued)*

1.17 Employee benefits (continued)

Post-employment benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans other post-retirement benefits ("**OPEB**") plans for which expenses, assets and liabilities are recognised based on actuarial assumptions regarding the valuation of benefit obligations and the future performance of plan assets.

Defined benefit plan and OPEB surpluses and deficits are measured at:

- the fair value of plan assets at the reporting date; less
- plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities and are denominated in the same currency as the post-employment benefit obligations; less
- the effect of minimum funding requirements agreed with plan trustees.

Remeasurements of the net defined obligation and the OPEB obligation are recognised directly within equity. The remeasurements include:

- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in profit or loss and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) and the OPEB obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset) and OPEB obligation (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to plan benefits or plan curtailment are recognised immediately in profit or loss.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

Defined contribution plans

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

Other post-employment obligations

The Group provides certain benefits to former or inactive employees after employment but before retirement and accrues for the related cost over the service lives of the employees. These benefits include, among others, severance, post-employment life insurance and medical reimbursement. The Group is self-insured for these liabilities.

1.18 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, 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 risks specific to the liability.

Asset Retirement Obligations

The Group is subject to environmental regulations which may create legal obligations related to the disposal of certain assets at the end of their lives. The Group recognises liabilities at fair value for existing legal asset retirement obligations, which are based on estimated cash flows discounted at a credit-adjusted, risk-free rate. These liabilities are adjusted for accretion costs and revisions in estimated cash flows.

Notes to the consolidated financial statements *(continued)*

1 Significant accounting policies *(continued)*

1.18 Provisions (continued)

The related asset retirement costs are capitalised as increases to the carrying amount of the associated long-lived assets, and depreciation expense on these capitalised costs is recognised over the remaining life of the associated asset.

Environmental liabilities

The Group is subject to environmental regulations which may create legal obligations to remediate or monitor certain environmental conditions present at its facilities. The measurement of environmental liabilities is based on an evaluation of currently available information with respect to each individual site and considers factors such as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. An environmental liability related to clean-up of a contaminated site might include, for example, an accrual for one or more of the following types of costs: site investigation and testing, clean-up, soil and water contamination, post-remediation monitoring, and outside legal fees.

As assessments and remediation progress at individual sites, the amount of projected cost is reviewed periodically, and the liability is adjusted to reflect additional technical and legal information that becomes available. Actual costs to be incurred at identified sites in future periods may vary from the estimates, given inherent uncertainties in evaluating environmental exposures.

Environmental remediation costs

Costs incurred to improve the property as compared to the condition of the property when originally acquired, or to prevent environmental contamination from future operations, are capitalised as incurred. The Group expenses environmental costs related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible.

Reclamation obligations

St. Ann has obligations to rehabilitate land disturbed by St. Ann's bauxite mining operations. The reclamation process is governed by the Government of Jamaica ("**GOJ**") regulations and includes filling the open mining pits and planting vegetation. GOJ regulations require the reclamation process to be completed within a certain period from the date a mining pit is mined-out, generally three years but subject to extension. Liabilities for reclamation are accrued as lands are disturbed and are based on the approximate number of hectares to be rehabilitated and the average expected cost per hectare.

Land obligations

Pursuant to St. Ann's rights and obligations under Jamaica's Mining Act, St. Ann is required to pay, on demand of the affected landowner or occupier, fair compensation for the disturbance of surface rights and any damage to land and buildings caused by its mining operations. Compensation is typically in the form of cash, a commitment to relocate the residents to another area, or a combination of these two options ("**St. Ann Land Obligations**"). The Group accounts for the costs associated with fulfilling the St. Ann Land Obligations by recording an asset (included in other assets in the consolidated balance sheet) for the estimated cost of the consideration, with a corresponding liability (included in accrued liabilities and other long-term liabilities in the consolidated balance sheet).

These costs are amortised over a three-year period, representing the approximate time the land is used for mining purposes, including reclamation (the "**Mining Period**"). For the St. Ann Land Obligations, the Group records the costs to acquire and develop the assets to be used to satisfy the obligations, such as land and land improvements, as property, plant, and equipment in the consolidated balance sheets. As cash is paid or title to land and land improvements are transferred, both the asset and the corresponding land obligations are reduced.

Relocating residents often occurs over several years, requiring management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated group reporting package. Actual results could differ from these estimates; therefore, further adjustments to the St. Ann Land Obligations may be necessary. Adjustments to the liabilities are amortised prospectively over the remaining amortisation period in cases where the Mining Period has not been completed. As revisions are made in cases where the Mining Period is complete, additional expense is recorded in the period of revision.

Notes to the consolidated financial statements *(continued)*

1 Significant accounting policies *(continued)*

1.19 Revenue

Concord's revenue is generated from the sale of physical commodities. Concord acts as principal in all transactions it is involved in. Revenue is recognised when the customer obtains control of the goods sold. Revenue excludes any applicable sales taxes and is recognised at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to Concord and the revenues and costs can be reliably measured.

1.20 Financing income and expenses

Financing expenses

Financing expenses comprise interest payable and finance charges on leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Financing income

Financing income comprise interest receivable on funds invested, interest income on loans and prepayments to suppliers, dividend income, and net foreign exchange gains.

Interest income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to Concord and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable interest rate.

1.21 Income taxes

Tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in the consolidated statement of profit and loss, except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the consolidated financial statements *(continued)*

2 Adoption of new and revised standards

No new and amended standards or interpretations have been adopted in the current year by CRIML.

At the date of the authorisation of these consolidated financial statements, the following revised IFRS standards, which are applicable to Concord, were issued but not yet effective:

- *Amendments to IAS 1 – Presentation of financial statements – Classification of liabilities* - Effective 1 January 2022. The amendment to IAS 1 determining whether a liability should be classified as current or non-current.
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* – Effective 1 January 2023. The amendments specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations and clarify that the initial recognition exception does not apply to transactions where both an asset and a liability are recognised in a single transaction.
- *Definition of Accounting Estimates (Amendments to IAS 8)* – The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.
- *Materiality of Accounting Policy Disclosure (Amendments to IAS 1)* – The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

No significant changes to presentation or disclosures within these financial statements are expected following the adoption of these amendments.

3 Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amount of the asset or liability affected. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected. Key sources of estimation uncertainty and areas where significant judgments by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the year are discussed below:

During the year Concord acquired ATALCO, where judgement was required in determining when Concord has established control in line with the basis of consolidation (see note 1.3). The fair value of the business acquired, and the estimates used have been discussed in Note 4 – Business Combinations.

Concord's business model exposes it to credit and contract performance risk from counterparties who operate in competitive markets with price volatility and are susceptible to weak macro-economic environments. Judgement is required to decide whether receivables and contracted deliveries will be received and may impact current assets recognised in the statement of financial position.

Derivative instruments are measured at fair value and Concord classifies the quality and reliability of assumptions used to measure fair value in three hierarchy levels as required by IFRS 13 Fair Value Measurement. Current fair value positions are measured using level 1, level 2 and level 3 inputs as described in note 30. These fair value measurements are estimated based on the amounts for which the assets and liabilities would be settled or exchanged at the specific transaction date or reporting date and can differ from the cash flow on settlement. Concord uses valuation techniques that are appropriate for the respective derivative instruments and uses a discounted cash flow valuation technique where unobservable inputs are significant to the overall valuation.

Notes to the consolidated financial statements *(continued)*

4 Business combinations

Acquisition of Atlantic Alumina Company LLC and its subsidiaries

On 30 June 2021, the Group acquired control over Atlantic Alumina Company LLC (referred to as "ATALCO", previously called "New Day Aluminium Holdings LLC") a non-listed company incorporated in Delaware (USA). On this date the Group obtained a controlling stake of 73.2% through the issuance of irredeemable preference shares by ATALCO. ATALCO, through its subsidiaries, operates an alumina refinery in Gramercy, Louisiana and a bauxite mining operation in St. Ann.

The Group acquired ATALCO to vertically integrate its market leading alumina marketing business by purchasing a controlling equity interest in the Gramercy alumina refinery in Louisiana, USA and the Discovery Bay bauxite mines and port in Jamaica. The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets. Prior to the acquisition, ATALCO decided to undertake restructuring by distributing certain subsidiaries ("**Niche Europe business**") out of the ATALCO structure.

Purchase Consideration

The purchase consideration included the following:	**2021** **$000**
Issuance of vendor irredeemable preference share, at fair value	105,349
Embedded call option in the preference shares, at fair value	(105)
Reimbursement of the sellers' expenses	4,613
Total purchase consideration	**109,857**

The consideration for the acquisition of interest in ATALCO is partially in the form of preference shares issued by ATALCO. The preference shares carry monthly cash distribution rights over a 15-year term (which may be accelerated) and are subject to an unconditional and irrecoverable guarantee entered into by CRHL, which remains in place until all the guaranteed amounts have been paid. The preference shares have been classified as debt and give rise to financial liability in the Group financial statements.

A call option embedded in the preference shares allows the Group to redeem the preference shares early at a discount if the redemption takes place in certain periods in accordance with the preference shares terms. The fair value of the embedded call option was calculated using the Black-Dermon Toy model which is used in the pricing of bond options and other interest rate derivatives.

The fair value of the preference shares was calculated using a discounted cash flow approach utilising an appropriate market rate of interest for the Group.

Notes to the consolidated financial statements *(continued)*

4 Business combinations *(continued)*

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of Atlantic Alumina Company LLC as at 30 June 2021 were:

	Fair value recognised on acquisition 2021 $000
Assets	
Property, plant and equipment	403,689
Right-of-use assets	6,401
Intangible assets	53,541
Post-employment benefit assets	4,003
Other financial assets	153
Other assets	10,222
Total non-current assets	**478,009**
Cash and cash equivalents	1,105
Trade and other receivables	35,663
Inventories	64,236
Total current assets	**101,004**
Liabilities	
Borrowings	(78,270)
Post-employment benefit obligations	(19,094)
Provisions	(26,744)
Deferred tax liabilities	(10,204)
Other financial liabilities	(1,150)
Lease liabilities	(3,776)
Other non-current liabilities	(10,995)
Total non-current liabilities	**(150,233)**
Trade payables	(73,403)
Lease liabilities	(2,624)
Borrowings	(6,327)
Other financial liabilities	(34,114)
Total current liabilities	**(116,468)**
Total net identifiable assets at fair value	**312,312**
Liability recognised at acquisition	(61,318)
Non-controlling interest measured at proportionate share of net assets	(99,919)
Total identifiable net assets at fair value attributable to equity holders	**151,075**
Deferred taxation on recognition of gain on bargain purchase	(9,807)
Gain on bargain purchase arising on acquisition (note 6)	**31,407**

Notes to the consolidated financial statements *(continued)*

4 Business combinations *(continued)*

The gain on the bargain purchase is due to the movement in market prices from the agreed purchase price and the acquisition date. Please refer to note 29 for further information on the 51% interest that is owned by the GOJ which makes up the majority of the non-controlling interest of US$44.7m. The remaining 26.8% and 10% non-controlling interest in ATALCO at 30 June 2021 and 31 December 2021 was US$55.2m and US$18.0m respectively.

The fair value of the trade receivables amounts to US$35.7m. and it is expected that the full contractual amounts can be collected.

The net assets recognised in the 31 December 2021 financial statements were based on an independent valuation performed for the land and buildings owned by ATALCO. The acquisition date fair value of the land and buildings amounted to US$155.6m.

The Group measured the acquired lease liabilities amounting to US$6.4m using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets and the remeasurement of pension assets and liabilities.

From the date of acquisition, ATALCO contributed US$192.3m of revenue and a loss of US$43.7m to profit before tax from continuing operations of the Group with earnings impacted by Hurricane Ida that required a controlled shut down of the operation in the third quarter. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been US$411.1m and loss before tax from continuing operations for the Group would have been US$59.5m.

Acquisition of additional interest in ATALCO

During the financial year ending 31 December 2021, the Group acquired an additional 2.31% via cash contribution and 16.8% via the transfer of Concord Resources Limited's stake in ATALCO, increasing its ownership interest to 92.31%. No cash consideration was paid to the non-controlling shareholders and an amount was recognised in retained earnings is equal to the carrying value of the additional interest in ATALCO. Subsequent to the financial year end, the Group continued to purchase additional shares in ATALCO increasing its ownership to 100% at 31 December 2022.

5 Revenue

All revenue is earned from the sale of goods in the Americas geographical region.

	2021
	$000
Sale of goods	192,348
	192,348

6 Other income

	2021
	$000
Gain on bargain purchase	31,407
	31,407

Notes to the consolidated financial statements *(continued)*

7 Expenses and auditors' remuneration

Included in profit/loss are the following:	**2021** **$000**
Depreciation and amortisation:	
- Depreciation on property, plant and equipment	17,744
- Depreciation on right-of-use assets	1,466
- Amortisation of intangible assets	1,488
- Amortisation of other assets	1,765
- Amortisation of land obligations	612
Total depreciation and amortisation recognised in profit and loss	**23,074**

Auditor's remuneration:
During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

	2021 **$000**
Fees payable to the Company's auditors and its associates for the audit of parent company and consolidated financial statements	179
	179

8 Staff numbers and costs

The average number of persons employed by Concord (excluding non-executive directors) during the year was as follows:

	2021
Employees	811
	811

The aggregate payroll costs of these persons were as follows:	**2021** **$000**
Wages and salaries	35,104
Social security costs	1,800
Contributions to defined benefit plans	1,573
Contributions to defined contribution plans	797
	39,274

9 Interest income and expense

	2021 **$000**
Interest income on loans with parent company	4,171
Interest expense on financial liabilities measured at amortised cost	(11,597)
Net interest expense	**(7,426)**

Notes to the consolidated financial statements *(continued)*

10 Taxation

The majority of the Group's business is taxable in the US and the disclosures below have been presented on this basis.

Recognised in the income statement	**Group 2021 $000**
US federal income tax	-
Current tax expense	**-**
Deferred tax in current year	(1,195)
Deferred tax (income) / expense	**(1,195)**
Total tax expense in income statement	**(1,195)**

Amounts recognised directly in equity	**Group 2021 $000**
Net change in cash flow hedge	109
Total tax expense recognised in other comprehensive income	**109**

Reconciliation of effective tax rate	**Group 2021 $000**
Profit for the year	18,332
Total tax expense	(1,195)
Profit excluding taxation	**17,137**
Tax using the US corporation tax rate of 26 %	4,456
Non-deductible expenses	1,310
Overseas tax rate differences	195
Income not taxable	(8,166)
Loss attributable to non-controlling interest	1,010
Total tax expense	**(1,195)**

Notes to the consolidated financial statements *(continued)*

11 Property, plant and equipment

	Land $000	Buildings and improvements $000	Machinery and equipment $000	Furniture, fixtures and other $000	Assets under construction $000	Total $000
Cost						
Balance at 24 June 2021	-	-	-	-	-	-
Acquired in business combination	105,736	49,859	220,681	1,187	26,226	403,689
Transfers from assets under construction	16	6,835	19,745	-	(26,596)	-
Additions	-	-	-	-	9,883	9,883
Disposals	-	(42)	(21)	-	-	(63)
Balance at 31 December 2021	**105,752**	**56,652**	**240,405**	**1,187**	**9,513**	**413,509**
Depreciation						
Balance at 24 June 2021	-	-	-	-	-	-
Depreciation charge for the year	-	5,647	11,558	539	-	17,744
Disposals	-	(1)	-	-	-	(1)
Balance at 31 December 2021	-	**5,646**	**11,558**	**539**	-	**17,743**
Net book value at 31 December 2021	**105,752**	**51,006**	**228,847**	**648**	**9,513**	**395,766**

Bank borrowings are secured on the Group's land and buildings and improvements.

Notes to the consolidated financial statements *(continued)*

12 Leases

The Group leases certain items of machinery and equipment. In some contracts for services with distributors, those contracts contain a lease of vehicles. Leases of machinery, equipment and vehicles comprise only fixed payments over the lease terms.

Right-of-use assets

	Leasehold machinery and equipment $000	Total $000
Cost		
Balance at 24 June 2021	-	-
Acquired in business combination	6,401	6,401
Balance at 31 December 2021	**6,401**	**6,401**
Depreciation		
Balance at 24 June 2021	-	-
Depreciation charge for the year	1,466	1,466
Balance at 31 December 2021	**1,466**	**1,466**
Net book value at 31 December 2021	**4,935**	**4,935**

Lease liabilities

The following table sets out the movements in the lease liabilities during the year:

	2021 $000
Balance at 24 June 2021	-
Acquired in business combination	6,401
Interest expense on lease liabilities	25
Cash payments	(1,415)
Balance at 31 December 2021	**5,011**
Current	2,375
Non-current	2,636
Total lease liabilities at 31 December 2021	**5,011**

On 30 June 2021, Concord acquired US$6.4m in lease assets and liabilities through the business combination. Short-term lease payments of US$3.1m in relation to machinery and equipment have been recognised directly in the income statement in accordance with IFRS 16 paragraph 6.

Expenses relating to leases of low-value assets that are not shown as short-term leases (included in Selling, General and Administrative expenses) amount to US$1,000.

Notes to the consolidated financial statements *(continued)*

13 Intangible assets

	Mining Licence $000	Total $000
Cost		
Balance at 24 June 2021	-	-
Acquired in business combination	53,541	53,541
Balance at 31 December 2021	**53,541**	**53,541**
Amortisation and impairment		
Balance at 24 June 2021	-	-
Amortisation for the year	1,488	1,488
Balance at 31 December 2021	**1,488**	**1,488**
Net book value at 31 December 2021	**52,053**	**52,053**

The amortisation and impairment charge is recognised in the cost of goods sold line in the income statement.

14 Inventories

Inventories consisted of the following:

	2021 $000
Raw materials	45,272
Work-in-progress	7,696
Finished goods	1,498
Supplies	16,053
Total inventories	**70,519**

Work-in-progress and finished goods inventories consist of the cost of materials, labour, and production overhead costs. Supplies inventory consists primarily of maintenance supplies expected to be used within the next 12 months.

15 Investments in associates

Carrying amount for equity accounted investees	2021 $000
At 24 June 2021	-
Additions	1,794
Share of loss from associates	(166)
Share of other comprehensive loss from associates	(39)
At 31 December 2021	**1,589**

As at 31 December 2021, the total carrying value of associate investments is US$1.6m comprising Niche European Holdings LLC of which CRIML holds 16.77%.

Notes to the consolidated financial statements *(continued)*

16 Investments in subsidiaries

As at 31 December 2021, the Group has the following investments in subsidiaries:

Name of Entity	Registered office address	Class of shares held	Ownership 2021
Concord Gramercy LLC	251 Little Falls Drive, Wilmington, Delaware, United States	Ordinary	100%
Concord Gramercy LP	251 Little Falls Drive, Wilmington, Delaware, United States	Ordinary	100%
Atlantic Alumina Company LLC	251 Little Falls Drive, Wilmington, Delaware, United States	Ordinary	92.31%
Atalco LLC	251 Little Falls Drive, Wilmington, Delaware, United States	Ordinary	92.31%
Atalco Gramercy LLC	251 Little Falls Drive, Wilmington, Delaware, United States	Ordinary	92.31%
Atlantic Alumina & Bauxite LLC	251 Little Falls Drive, Wilmington, Delaware, United States	Ordinary	92.31%
Niche Chemical LLC	1111 E Airline Highway, Gramercy Louisiana, United States	Ordinary	92.31%
Discovery Bauxite Operations Limited	83 Hope Road, Temple Court, Kingston 6, Saint Andrew, Jamaica	Ordinary	92.31%
Noranda Bauxite Limited	83 Hope Road, Temple Court, Kingston 6, Saint Andrew, Jamaica	Ordinary	92.29%
Discovery Bauxite Partners	Port Rhoades, Discovery Bay, P.O. St. Ann, Jamaica	Ordinary	49%

Notes to the consolidated financial statements *(continued)*

17 Other assets

	2021 $000
Deposits	853
Haul roads	5,280
Mining land	3,597
	9,730

18 Other financial assets

	2021 $000
Derivatives – non-current	4,103
	4,103

19 Trade and other receivables

	2021 $000
Trade receivables due from third parties	18,686
Prepayments	3,493
Receivables from employees	440
	22,619

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

Trade receivables amounting to US$18.1m were pledged as collateral to secure the line of credit drawdown of $8.5m. The facility has a cap of $35.0m. See note 22 for further information on the revolving credit facility.

20 Cash and cash equivalents

	2021 $000
Cash at bank	4,380
Cash and cash equivalents	**4,380**

Notes to the consolidated financial statements *(continued)*

21 Employee benefit plans

Pension and Other Post-Retirement Benefits

The Group maintains defined benefit pension plans for hourly union employees at Gramercy and hourly and salaried employees at St. Ann. The plans provide certain levels of benefits based on years of service and wage levels.

The Group also sponsors OPEB plans for all salaried employees at Gramercy and hourly and salaried employees at St. Ann. These benefits include health insurance and retiree life insurance. The disclosures for the St. Ann pension and OPEB plans are shown separately from Gramercy because the assumptions for the St. Ann plans are significantly different than those of Gramercy.

The plans are exposed to a number of risks, including:

- *Investment risk*: movement of discount rate used against the return from plan assets
- *Interest rate risk*: decreases/increases in the discount rate used will increase/decrease the defined benefit obligation
- *Longevity risk*: changes in the estimation of mortality rates of current and former employees.
- *Salary risk*: increases in future salaries increase the gross defined benefit obligation.

The funding policy for the Gramercy plans is to contribute amounts necessary to meet minimum funding requirements of the Employee Retirement Income Security Act for the defined benefit plans but not to exceed the maximum deductible amount allowed by the Internal Revenue Code in United States of America. The Group contributed US$2.4m in 2021 to the Gramercy plans. The St. Ann pension plan is funded by employee and employer contributions. Employer contributions are made at a rate periodically determined by management, which is based, in part, on employee contributions. The pension funding policy is to contribute annually an amount based on actuarial and economic assumptions designed to achieve adequate funding of the projected benefit obligations and to meet the funding requirements of the plan. The Group contributed US$0.1m in 2021 to the St. Ann plan.

Expected contributions to the Gramercy pension plan for 2022 are US$1.3m of regular contributions. The Group is expected to make US$0.2m of contributions in 2022 to the St. Ann pension plan.

Expected contributions to the Gramercy OPEB plan for 2022 are US$0.3m of regular contributions.

The Group seeks a balanced return on plan assets through a diversified investment strategy. Gramercy pension plan assets consist principally of equities and fixed income accounts while St. Ann pension plan assets include principally equities, fixed income, and real estate holdings. The Group establishes its estimated long-term return on plan assets considering various factors, which include the targeted asset allocation percentages, historic returns, and expected future returns along with long-term inflation assumptions. See note 31 for additional detail on fair value of pension plan assets.

The pension investment policy and actual asset allocations by asset category are as follows:

31 December 2021 - Actual Asset Allocation

	Gramercy (%)	St. Ann (%)
Cash and cash equivalents	7.2	-
Equity	69.8	44.4
Fixed income	23.0	14.8
Foreign currency fund	-	18.7
Mortgage and Real Estate Fund	-	12.8
Other, including money market funds	-	9.3

Notes to the consolidated financial statements *(continued)*

21 Employee benefit plans *(continued)*

The change in benefit obligations and change in plan assets for the pension and OPEB plans at 31 December 2021 were as follows:

	Defined Benefit plans		OPEB plans	
	Gramercy $000	St. Ann $000	Gramercy $000	St. Ann $000
Change in benefit obligations				
Balance at 1 January 2021	34,593	34,996	3,433	6,297
Service costs	790	340	155	88
Interest costs	489	1,520	44	280
Actuarial (gain)/loss	(93)	1,598	(413)	91
Contribution by plan participants	-	527	-	(136)
Foreign currency changes	-	(1,638)	-	(294)
Benefits paid	(489)	(865)	(32)	-
Balance at 31 December 2021	**35,290**	**36,478**	**3,187**	**6,326**
Change in plan assets				
Balance at 1 January 2021	25,023	53,275	-	-
Administrative expenses included in net benefit	(200)	-	-	-
Employer contributions	2,365	92	70	-
Contribution by plan participants	-	527	-	-
Foreign currency changes	-	(2,493)	-	-
Interest income	366	2,356	-	-
Benefits paid	(489)	(865)	(32)	-
Actual return on assets	677	(1,161)	-	-
Balance at 31 December 2021	**27,742**	**51,731**	**38**	-
Effect of Asset Ceiling	-	**10,456**	-	-
Net employee benefit liability/(asset)	**7,548**	**(4,797)**	**3,149**	**6,326**

Due to the effect of the asset ceiling under IFRS, the pension assets decreased by US$10.5m from US$15.3m.

Reconciliation to consolidated balance sheet:	**2021 $000**
Employee benefit asset:	
St. Ann Defined Benefit Plan (see detail above)	4,797
Post-employment benefit assets	**4,797**
Employee benefit liabilities:	
Gramercy Defined Benefit Plan (see detail above)	7,548
Gramercy OPEB plan (see detail above)	3,149
St. Ann OPEB plan (see detail above)	6,326
Post-Employee benefits for COBRA related employees	736
Total Post-employment benefit obligations	**17,759**
Current	966
Non-current	16,793
	17,759

Notes to the consolidated financial statements *(continued)*

21 Employee benefit plans *(continued)*

The weighted average assumptions for each of the benefit plans have been detailed below:

	Pension Benefits		OPEB	
	Gramercy (%)	St. Ann (%)	Gramercy (%)	St. Ann (%)
Weighted-average assumptions:				
Discount rate*	2.88	5.5	2.59	5.5
Rate of compensation increase**	n/a	7.0	4.00	7.0

*Discount rate shown for Gramercy OPEB in table above is for medical plans. Discount rate for life insurance is 2.91%.

**Rate of compensation increase shown for Gramercy OPEB in table above is for life insurance plans only and is not applicable for medical plans.

Sensitivity analysis

The impact to the value of the defined benefit or OPEB obligations of a reasonably possible change to one actuarial assumptions (pension plans) or valuation assumptions (for OPEB plans), holding all other assumption constant, is presented in the table below:

Actuarial assumption	Reasonably possible change	Pension Benefits		OPEB	
		Gramercy	St. Ann	Gramercy	St. Ann
Weighted-average assumptions:					
Discount rate*	+ 0.5%	(32,521)	n/a	-	n/a
Discount rate*	- 0.5%	38,445	n/a	-	n/a
Discount rate*	+ 1.0%	n/a	(2,881)	-	(704)
Discount rate*	- 1.0%	n/a	3,585	-	872
Health care cost trend rate	+ 1.0%	-	-	3,866	855
Health care cost trend rate	- 1.0%	-	-	(4,758)	(700)

The net assets and net liabilities for the pension and OPEB plans that were recorded in the consolidated balance sheets at 31 December 2021 were as follows:

	Pension Benefits		OPEB	
	Gramercy	St. Ann	Gramercy	St. Ann
	$000	$000	$000	$000
Non-current assets	-	4,797	-	-
Current liabilities	-	-	301	-
Non-current liabilities	7,548	-	2,886	6,326

Amounts related to the pension and OPEB plans recorded in accumulated other comprehensive income in the consolidated balance sheet at 31 December 2021 were as follows:

	Pension Benefits		OPEB	
	Gramercy	St. Ann	Gramercy	St. Ann
	$000	$000	$000	$000
Net actuarial gain	770	848	413	203

Notes to the consolidated financial statements *(continued)*

21 Employee benefit plans *(continued)*

Net periodic benefit costs related to the pension and OPEB plans included the following:

	Pension Benefits		OPEB	
	Gramercy	St. Ann	Gramercy	St. Ann
	$000	$000	$000	$000
Service costs including administrative expenses	990	340	155	88
Interest costs	489	1,520	44	280
Interest Income	(366)	(2,356)	-	-
Interest effect of the Asset Ceiling	-	642	-	-
Net Periodic Benefit Cost	**1,113**	**146**	**199**	**368**

The weighted-average duration of the St. Ann's defined benefit obligation at 31 December 2021 was 9 years.

The following table sets forth benefit payments expected to be paid in the period indicated:

	Gramercy Plans	
	Pension	OPEB
	$000	$000
2022	1,078	301

The St. Ann plan benefit payments for 2022 was $1.9m for the pension plan and $0.3m for OPEB plan.

Defined Contribution Plans

The Group also maintains defined contribution plans for its eligible employees. Contributions to defined contribution pension schemes are charged to the consolidated statement of profit and loss and other comprehensive income in the period to which they relate.

22 Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 31.

	Group 2021 $000	Company 2021 $000
Non-current liabilities		
Secured note payable	39,938	-
Deferred financing costs	(1,568)	-
Revolving credit facility	7,726	-
	46,096	-
Current liabilities		
Secured note payable	3,755	-
Premium financing payable	1,185	-
Loans from group companies	201,977	23,267
	206,917	**23,267**

Notes to the consolidated financial statements *(continued)*

22 Borrowings *(continued)*

Secured Notes

During the third quarter of 2018 Atlantic Alumina Company LLC entered into a term loan at a face value of US$75.0m which bears interest at the Libor Index rate set two business days prior to the first calendar day of the month plus an applicable margin from 8% to 9.5% depending on consolidated fixed charge coverage ratios and consolidated leverage ratios. The effective rate as of 31 December 2021 was 10% and interest is due on the first business day of each month. There are quarterly principal payments of US$0.9m for the first year, US$1.4m for the second year and US$1.9m thereafter until the maturity date. These notes also provide for principal payments of 50% of the excess cash flow either annually or in the case of 2018, from the first full month following the closing date. Deferred financing costs incurred were US$2.4m in 2021. The notes mature on 13 July 2024 with a value of $43.3m outstanding at 31 December 2021.

Substantially all of ATALCO's assets are pledged as collateral for these notes. ATALCO is limited with regard to investments, further indebtedness, and distributions per the terms of the covenants. There are also financial covenants requiring ATALCO to maintain a minimum consolidated fixed charge coverage ratio, maximum capital expenditures, a maximum consolidated leverage ratio and minimum liquidity. Effective 13 July 2021, the lenders waived the existing defaults of covenants and amended the notes to establish replacement covenants.

Revolving credit facility

In the third quarter of 2018, in conjunction with the secured notes, ATALCO entered into an asset based revolving loan (the "**ABL Facility**") with an initial facility commitment of US$35.0m subject to borrowing base limitations, subsequently expanded to US$50.0m under certain conditions approved by the lenders. Interest accrues daily on borrowings under the ABL Facility at the higher of the bank's prime rate, the Federal Funds rate plus 0.50% or the Libor Rate for a one-month interest period plus 1.00% as base rate plus applicable margin, initially set at 5.5%. The blended effective rates as of 31 December 2021 was 4.5%. The ABL Facility matures on 29 June 2023.

Deferred financing costs incurred were US$0.4m in 2021.

Premium Financing Payable

Effective October 26, 2021, ATALCO entered into a financing agreement for insurance in the amount of US$1.2m where US$0.8m was paid upfront and US$0.9m was financed. Interest is charged at a rate of 3.4% over a term of nine months. ATALCO had US$0.7m of borrowings outstanding under this agreement as of 31 December 2021. Interest is charged at a rate of 2.5% over a term of nine months. The Company had US$0.5m of borrowings outstanding under this agreement as of 31 December 2021.

Terms and debt repayment schedule – current liabilities

	Currency	Nominal interest rate	Year of maturity	Carrying amount 2021 $000
Uncommitted unsecured revolving credit facilities	USD	US$LIBOR + 235-250bps	< 1 year	7,726
Current portion of secured note payable	USD	US$LIBOR + 800bps-950bps	< 1 year	3,755
Premium financing payable	USD	250bps-340bps	< 1 year	1,185
				12,666

Notes to the consolidated financial statements *(continued)*

22 Borrowings *(continued)*

Terms and debt repayment schedule – non-current liabilities

	Currency	Nominal interest rate	Year of maturity	Carrying amount 2021 $000
Secured note payable	USD	US$LIBOR + 800bps-950bps	2023	3,375
Secured note payable	USD	US$LIBOR + 800bps-950bps	2024	36,563
				39,938

23 Trade and other payables

	2021 $000
Trade payables due to third parties	58,880
Reclamation obligations - current portion	3,480
Non-trade payables and accrued expenses	2,478
Indirect tax payable	434
Cash advances from customers	12,909
Levy and royalties	21,930
Accrued compensation	4,339
	104,449

24 Provisions

Provisions held on the balance sheet at 31 December 2021 relate to those acquired as part of the business combination. The movement in the provisions for the year is as follows:

	Reclamation Obligations $000	Land Obligations $000	Asset Retirement Obligations $000	Environmental Remediation Obligations $000	Total $000
Acquired in business combination	10,531	12,254	266	3,693	26,744
Charged to the profit or loss	2,740	83	10	-	2,833
Utilised in the year	-	-	-	-	-
Released in the year	(2,172)	(934)	-	-	(3,106)
At 31 December 2021	**11,099**	**11,403**	**276**	**3,693**	**26,471**

	2021 $000
Amount recognised within provisions: non-current portion	22,991
Amount recognised within trade and other payables: current portion	3,480
	26,471

Notes to the consolidated financial statements *(continued)*

25 Other non-current liabilities

	2021 $000
Government levy	2,175
Long-term employee liabilities	738
Other non-current liabilities held at amortised cost	8,800
	11,713

26 Other financial liabilities

	2021 $000
Derivatives – current	17,647
Derivatives – non-current	19,596
	37,243

27 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group Assets 2021 $000	Company Assets 2021 $000	Group Liabilities 2021 $000	Company Liabilities 2021 $000	Group Net 2021 $000	Company Net 2021 $000
Property, plant and equipment	227	-	(3,114)	(3,114)	(2,887)	(3,114)
Intangible assets	-	-	(12,538)	-	(12,538)	-
Business combinations	-	1,265	(14,677)	-	(14,677)	1,264
Tax losses carried forward	11,178	8,214	-	-	11,178	8,214
Tax assets/(liabilities)	11,405	9,479	(30,329)	(3,114)	(18,924)	6,365
Net of tax assets/(liabilities)	(11,405)	(3,114)	11,405	3,114	-	-
Net tax assets/(liabilities)	-	**6,365**	**(18,924)**	-	**(18,924)**	**6,365**

Movement in deferred tax during the year	Group 2021 $000	Company 2021 $000
Opening deferred tax liability	-	-
Credit to profit and loss account	1,195	6,474
Recognised in equity	(109)	(109)
Arising on business combination	(20,010)	-
Closing deferred tax assets/(liability)	**(18,924)**	**6,365**

Notes to the consolidated financial statements *(continued)*

28 Share capital and reserves

Share capital

The Company allotted 1 share which was fully paid up at US$1 on 24 June 2021.

Other reserves

Other reserves are comprised of cash flow hedge reserves of US$0.4m and defined benefit pension reserves of US$2.2m.

29 Non-controlling interest

On 30 June 2021, through the acquisition of Atlantic Alumina Company LLC, the Group effectively obtained control over Discovery Bauxite Partners ("**DBP**"), an entity in which Discovery Bauxite Operations Limited ("**DBOL**") owns a 49% interest and the remaining 51% interest is owned by the GOJ. Although DBOL and the GOJ have equal voting rights in DBP's executive committee, DBOL manages the mining operations under a management agreement and absorbs the profits and losses associated with the partnership. The Group has therefore determined that DBP is controlled by the Group, since it is able to use its power over DBP in the form of voting rights and controlling the day-to-day operations of DBP, to affect the amount of returns it receives.

DBOL pays the GOJ a return on its investment in DBP through fees paid by itself pursuant to an establishment agreement that defines the negotiated fiscal regime (royalties, production levy and asset usage fees). As of 31 December 2021, the Group recorded accrued liabilities of US$24.1m for these fees.

Set out below is summarised financial information for DBP that has non-controlling interests that are material to the Group. The amounts disclosed for are before inter-company eliminations:

	Discovery Bauxite Partners 2021 $000
Summarised statement of profit and loss and other comprehensive income:	
Revenue	37,375
Cost of sales	(37,375)
Profit before and after tax	-
Summarised cash flow statement:	
Cash flows from operating activities	2,286
Cash flows from investing activities	(2,276)
Net cash inflows	**10**
Summarised balance sheet as at 31 December 2021:	
Cash and cash equivalents	19
Accounts receivable, net	464
Inventories	30,954
Prepaid and other current assets	101
Property, plant and equipment, net	72,101
Other assets	5,341
Accounts payable	(8,765)
Other current liabilities	(3,482)
Reclamation and remediation liabilities	(7,619)
Other non-current liabilities	(2,769)
Non-controlling interest	(44,685)
Net investment in DBP	**41,660**
Accumulated non-controlling interests	**44,685**

Notes to the consolidated financial statements *(continued)*

29 Non-controlling interest *(continued)*

On 13 July 2021, 28 August 2021, 11 September 2021, 1 October 2021 and 31 December 2021, the Group injected US$17.5m, US$5.0m, US$8.0m, US$6.0m and US$2.0m, respectively into the ATALCO subsidiaries. The Group recognised a decrease in non-controlling interest and an increase in equity attributable to the owners of the Company of US$7.7m as a result of these equity injections.

On 1 December 2021, Concord Resources Limited transferred its equity ownership of 16.77% in ATALCO to the Group. The Group recognised a further decrease in non-controlling interest of US$14.3m.

30 Financial instruments

Fair values are determined using quoted market prices and observable inputs and are classified into a fair value hierarchy based on the valuation technique and observability of inputs used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs) and are significant for the fair value measurement

Fair values of financial instruments

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

	Fair value 2021 $000	Level 1 2021 $000	Level 2 2021 $000	Level 3 2021 $000
Options	105	-	105	-
Physical forwards	3,998	-	3,998	-
Total financial assets designated at fair value through profit or loss at 31 December 2021	**4,103**	-	**4,103**	-

	Fair value 2021 $000	Carrying amount 2021 $000
Cash and cash equivalents	4,380	4,380
Trade and other receivables	22,619	22,619
Post-employment benefit assets	4,797	4,797
Other receivables -non-current	103,296	103,296
Other assets	9,730	9,730
Total loans and receivables	**144,822**	**144,822**

	Fair value 2021 $000	Level 1 2021 $000	Level 2 2021 $000	Level 3 2021 $000
Physical forwards	35,752	-	-	35,752
Interest rate swaps	1,491	-	1,491	-
Total financial liabilities designated at fair value through profit or loss at 31 December 2021	**37,243**	-	**1,491**	**35,752**

Notes to the consolidated financial statements *(continued)*

30 Financial instruments *(continued)*

Fair values of financial instruments (continued)

	Fair value 2021 $000	Carrying amount 2021 $000
Borrowings	253,013	149,717
Lease obligations	5,011	5,011
Trade and other payables	104,449	104,449
Preference share liability	103,400	103,400
Post-employment benefit obligations	17,759	17,759
Provisions	22,991	22,991
Other non-current liabilities	11,713	11,713
Total financial liabilities measured at amortised cost	**518,336**	**415,040**

There were no transfers during the year.

The following table shows the valuation techniques and inputs used to determine fair value for financial instruments.

Financial instruments measured at fair value	Valuation technique and inputs	2021 Assets $000	2021 Liabilities $000
Options (Level 2)	Black-Dermon Toy model where appropriate, which is used in the pricing of bond options and other interest rate derivatives. Observable quoted prices sourced from both exchanges or traded references in active markets for both assets and liabilities. Prices are adjusted for discount rates which captures the time value of money and counterparty credit risk where appropriate.	105	-
Physical forwards (Level 2)	Discounted cash flow model where appropriate. Observable quoted prices sourced from both exchanges or traded references in active markets for both assets and liabilities. Prices on occasion are adjusted for location, grade differentials and discount rates which captures the time value of money and counterparty credit risk.	3,998	-
Physical forwards (Level 3)	The fair value of the level 3 contracts has been calculated using discounted cash flow models supported by @Risk modelling to stress test valuations (similar to Monte Carlo simulation). Prices on occasion are adjusted for location, grade differentials and discount rates which captures the time value of money and counterparty credit risk. Significant unobservable inputs consist of the longer dated points on forward price curves. A +/-1% movement in the historical 1-2 year moving monthly average alumina to LME aluminium price ratio would result in a -/+ US$16.3m movement in the net NPV value of the contracts. A +/- 1% change in the discount rate would result in a -/+ US$0.1m movement in the net NPV value of the contracts.	-	35,752
Interest rate swaps (Level 2)	Observable direct and indirect inputs provided by the counterparty to the instruments.	-	1,491

Notes to the consolidated financial statements *(continued)*

30 Financial instruments *(continued)*

Fair values of financial instruments (continued)

The following table provides information on assets and liabilities measured at fair value on a recurring basis related to employee benefits as at 31 December 2021:

	Fair value	Level 1	Level 2	Level 3
Pension plan assets – Gramercy:				
Equity securities	19,357	-	19,357	-
Fixed income bond and mutual funds	6,374	-	6,374	-
Cash, cash equivalents, and other	2,011	2,011	-	-
Total Gramercy Pension Plan Assets	**27,742**	**2,011**	**25,731**	-
Pension plan assets - St. Ann:				
Equity securities	22,611	22,611	-	-
Fixed income bond and mutual funds	7,521	7,521	-	-
Mortgage and real estate funds	6,510	6,510	-	-
Other, including money market funds	15,089	14,207	882	-
Total St. Ann Pension Plan Assets	**51,731**	**50,849**	**882**	-
Total	**79,473**	**52,860**	**26,613**	-

The Group values pension plan assets based upon the fair market value of the underlying investments. Plan assets directly invested in active exchange-traded equity securities were classified within Level 1. Investments are classified as Level 2 that represent investments in pooled equity and fixed income investment funds with observable market-based values. The Level 2 investments are valued based on the unit prices quoted by the funds, representing the fair value of underlying investments. There are no pension plan assets with underlying investments for which there are significant unobservable inputs.

Additional Level 2 instruments include derivatives valued using market quotations from independent price reporting agencies, third-party brokers and commodity exchange price curves that are corroborated with market data. There were no transfers between levels during the period.

31 Financial risk and capital management

Financial risks arising in the normal course of business from Concord's activities comprise market risk (including commodity price risk), interest rate risk, currency risk, credit risk (including contract performance risk) and liquidity risk. Concord's risk management policies and procedures have been outlined in the strategic report.

31(a) Credit risk

Credit risk is the risk of financial loss to Concord if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Concord's receivables from customers, cash and cash equivalents, prepayments and derivative instruments.

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	2021 $000
Trade receivables	18,686
Prepayments	3,492
Cash and cash equivalents	4,380
	26,558

Notes to the consolidated financial statements *(continued)*

31 Financial risk and capital management *(continued)*

31(a) Credit risk (continued)

The credit risk for all trade receivables at balance sheet date is concentrated in the Americas geographic region and to the Consumer counterparty type.

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	2021 $000
Not past due	14,731
Past due 0-30 days	3,127
Past due 31-120 days	378
More than 120 days	450
	18,686

31 (b) Liquidity risk

Liquidity risk is the risk that Concord will not be able to meet its financial obligations as they fall due. Conservative liquidity management requires sufficient cash and cash equivalents to meet future financial obligations. Concord manages liquidity to an internal limit which is required to be met at all times.

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

	Due after 5 years $000	**Due 2 - 5 years $000**	**Due 1 – 2 years $000**	**Due 0 – 1 year $000**	**Total $000**
Borrowings	-	-	55,485	107,594	**163,079**
Lease obligations	-	57	2,579	2,375	**5,011**
Trade payables	-	-	-	104,449	**104,449**
Other financial liabilities	-	9,583	10,013	17,647	**37,243**
Other non-current liabilities	-	2,875	4,811	-	**7,686**
Preference share liability	85,757	8,989	2,447	2,215	**99,408**
Total at 31 December 2021	**85,757**	**21,504**	**75,335**	**234,280**	**416,876**

The carrying value of financial liabilities is equal to the contractual cash flows shown above, with the exceptions of:

- secured note payable included in borrowings which has a carrying value of US$43.1m and contractual cashflows of US$54.4m.
- revolving credit facility included in borrowings, which has a carrying value of US$7.7m and contractual cashflows of US$8.8m.

Notes to the consolidated financial statements *(continued)*

31 Financial risk and capital management *(continued)*

31 (c) Currency risk

The Group's functional currency is United States Dollars (USD) and transactions denominated in currencies other than USD. The Group is predominantly exposed to currency risk on purchases made from the operations in Jamaica with exposure to the Jamaican Dollar.

The average exchange rates against USD in the year were JMD/USD 0.0066. The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

	Total US\$000
Trade receivables	178
Trade payables	(523)
Prepayments	46
Net short exposure at 31 December 2021	**(299)**

31 (d) Interest rate risk

Concord is exposed to different risks with regards to fluctuations in market interest rates for both assets and liabilities. Borrowings are made through a mixture of fixed and variable rate financing arrangements; and the Group is exposed to cash flow interest rate risk from long-term borrowings at variable rates. The Group makes use of interest rate swaps to mitigate interest rate risk.

Sensitivity analysis

A sensitivity analysis can be performed by applying a simulation technique to the liabilities that represent major interest-bearing positions. Based on the simulations performed, the impact on profit or loss and net assets of a 100 basis-point shift would be an increase/decrease of US\$0.02m, this is due to the use of LIBOR interest rate swaps to effectively mitigate the risk exposure.

31 (e) Capital management

Concord actively manages its capital structure to ensure that a robust position is maintained to support future business requirements and developments for the benefit all stakeholders. The approach to capital management requires strict management and adherence to financial covenants whilst maintaining financial flexibility and a competitive cost of capital. Distribution of cash to shareholders is subject to the Shareholder Agreement and Board discussion.

32 Commitments

Labour commitments

The Group is a party to four collective bargaining agreements with four different unions. In Gramercy there is an agreement with the United Steelworkers of America (USWA) that extends to October 2024.

At St. Ann, the agreements are with the University and Allied Workers Union (UAWU); the Union of Technical, Administrative and Supervisory Personnel (UTASP); and the Bustamante Industrial Trade Union (BITU). The agreement with BITU expired in December 2021 and the UTASP agreement expired in December 2022. Negotiations are ongoing to agree to a new deal, which has not been finalised.

Notes to the consolidated financial statements *(continued)*

32 Commitments *(continued)*

Jamaica Mining Lease Agreement

As a result of unique customs in the Jamaican bauxite industry and the relationship between Discovery Bauxite Partners and the GOJ, the GOJ receives either a minimum levy for each ton of bauxite mined and shipped or a share in the profits of the St. Ann operations and Gramercy refinery operations.

An amount of US$12.6m in back levy amounts that the GOJ could not recover from the former operator of the business has been agreed to be paid to the GOJ. An additional US$6.4m has been agreed to be paid to ex-employees and contractors that the former operator owed. Through 31 December 2021 the remaining obligations are US$2.2m in back levy. The amounts are included in other non-current liabilities on the accompanying consolidated balance sheet, are payable in agreed amounts over three years and are non-interest bearing. At 31 December 2022, this back levy has been paid.

Financial Assurance Obligations - State of Louisiana Bauxite Residue Deposit Closure

In accordance with regulations of the Louisiana Department of Environmental Quality (LDEQ), Atlantic Alumina Company LLC, obtained an insurance policy as security for the payment of potential bauxite residue deposit closure obligations that may arise under state environmental laws if it were to cease operations at the Gramercy facility. The insurance policy issued by Great America E&S Insurance Company was renewed in 2021 for US$14.0m, amounts which were dictated by LDEQ.

33 Contingent liabilities

There are currently no corporate guarantees in place or litigation claims pending against the Company.

Concord reviews its liabilities for all assessable tax years open to audit using the latest information available. Concord records the best estimate of the tax liabilities for all jurisdictions where it is deemed to have a permanent establishment. Uncertainty is present when estimating tax liabilities due to the complexity of international tax legislation and the subsequent interpretation required. Future results may be impacted by favourable or unfavourable adjustments in periods of resolution of assessments.

34 Related parties

Long term purchase contracts (expiring in December 2024) and short-term contracts with Concord Resources Limited, a subsidiary of CRHL, exist. For the six months ended 31 December 2021, the Group had sales of US$117.8m to Concord Resources Limited. Receivables of US$1.0m remain outstanding at year end in relation to these sales.

As at 31 December, 2021, the Group had loan payables of US$48.3m and US$148.3m due to Concord Resources Limited and CRHL respectively. At 31 December 2021, a receivable of $103.3m was due from CRHL. Interest expense of US$0.7m was incurred in relation to a loan facility bearing interest at 6% effective interest. Interest income of US$4.2m in relation to the preference share loan guarantee. All other loans were interest free.

Parent and ultimate controlling party

The immediate parent and ultimate controlling party of CRIML is CRHL, a company incorporated in Bermuda with registered number 54995 and registered address of Park Place, 55 Par La Ville Road, Hamilton, Bermuda HM11. The financial statements of CRHL are not made available for public use and therefore the group for which consolidated financial statements are prepared for public use are the accounts of CRIML.

Remuneration of key management personnel

The directors who held office during the year received no remuneration in respect of their services as directors to the Company. The directors are employed by other group companies within the Concord Group and their employment remuneration is borne by those companies. The directors have determined that the notional allocation of directors remuneration in relation to services to the Company is US$nil as the director's responsibilities to the Company are incidental to their overall responsibilities to the Concord Group and the directors do not receive remuneration in respect of their services as directors to the Company.

Notes to the consolidated financial statements *(continued)*

35 Subsequent events

Following the acquisition of ATALCO in July 2021, it became clear that there were a number of practical operational issues at Gramercy and Discovery Bauxite. As is custom with acquisitions of businesses, the Group had a one-year period to re-assess the acquisition price if matters come to light which are inconsistent with information provided as part of the due diligence process pre-acquisition. In this instance, there was a two-year window to bring a claim against the vendors which expired in June 2023. Discussions started in early 2022 to reach a resolution. This was a significant and material post balance sheet event for the business.

Additionally, in 2022 the Group and Company realised a gain on sale of the associate investment in Niche European Holdings LLC of US$8.7m. The consideration received by the wider Concord Group for the disposal of this investment was in the form of a proportion of additional 6.4% shareholding in ATALCO as well as a reduction in the preference share liability arising from the acquisition of ATALCO.