Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd

ABN 15 164 171 448

Annual report
for the financial year ended
31 March 2023

Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd
Annual report - 31 March 2023

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Directors' report

The directors present their report on Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd (the "Company") for the year ended 31 March 2023. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The following persons held office as directors of the Company during the financial year and up to the date of this report:

Motoi Yamamoto
Toru Kojima (resigned 31 May 2023)
Hideaki Kusaka (appointed 1 June 2023)
Takeo Okubo
Gavin Patterson (alternate director for Motoi Yamamoto)
Daizo Ishii (alternate director for Toru Kojima) (resigned 31 May 2023)
Isao Sato (alternate director for Hideaki Kusaka) (appointed 1 June 2023)
Shintaro Sato (alternate director for Takeo Okubo)

Principal activities

During the year the principal continuing activity of the Company consisted of holding a 7% interest in A Class Shares of BHP Iron Ore (Jimblebar) Pty Ltd (BIOJ), an incorporated joint venture engaged in the mining of iron ore in Western Australia.

Dividends

No dividends have been declared or paid during the financial year.

Review of operations

Revenue and other income for the financial year ended 31 March 2023 was $227,149,000 (2022: $303,419,000). The net profit after tax was $210,315,000 (2022: $305,097,000). This is mainly driven by a decrease in dividends received from BIOJ.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments and expected results of operations

Disclosure of information on likely developments in the operations of the Company and the expected results of operations have not been included in this annual report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

The Company has exposures to environmental regulations through participation in various BHP joint ventures in respect of exploration, mining, transport and power generation activities in the Pilbara region of Western Australia. Licenses to explore and mine are issued under the *Mining Act 1978* with activities also subject to regulations under *Environmental Protection Act 1986*. The Manager of the joint venture (BHP) is responsible for ongoing compliance with environmental regulations and guidelines. The directors have not been advised by the Manager of the joint venture of any significant noncompliance during the year.

Indemnification of officers and auditors

During the financial year, a related company of the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the company secretaries, its officers and of any related body corporate against a liability incurred as such a director, secretary or officer to the extent permitted by the Corporation Act. The contract of the insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the Company or of any related body corporate against a liability incurred as such an auditor.

Proceedings on behalf of the Company

There are no persons applying for leave under s.237 of the *Corporations Act 2001* to bring, or intervene in proceedings on behalf of the Company.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 5.

This report is signed in accordance with a resolution of the directors pursuant to section 298(2) of the *Corporations Act 2001*.

Motoi Yamamoto

Motoi Yamamoto
President and Managing Director
Place: Perth
Date: 26th July 2023

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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26 July 2023

The Board of Directors
Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd
Level 25 Exchange Tower
2 The Esplanade
PERTH WA 6000

Dear Board Members

Auditor's Independence Declaration to Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd.

As lead audit partner for the audit of the financial report of Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd for the year ended 31 March 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D K Andrews
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd

Opinion

We have audited the financial report of Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd (the "Company") which comprises the statement of financial position as at 31 March 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Company's financial position as at 31 March 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001.*

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 March 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D K Andrews
Partner
Chartered Accountants
Perth, 26 July 2023

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

This declaration is signed in accordance with a resolution of the directors made pursuant to S.295(5) of the *Corporations Act 2001*.

On behalf of the directors.

Motoi Yamamoto

Motoi Yamamoto
President and Managing Director
Place: Perth
Date: 26th July 2023

Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd
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	Notes	2023 $'000	2022 $'000
Revenue	2(a)	**214,200**	302,400
Other income	2(b)	**12,949**	1,019
Service fees	19	**(258)**	(459)
Finance costs	3	**(10,276)**	(1,052)
Other expenses	3	**(1,541)**	(1,144)
Expensed Western Ridge due diligence costs		**-**	1,327
Profit before income tax		**215,074**	302,091
Income tax (expense) / benefit	4	**(4,759)**	3,006
Profit for the year		**210,315**	305,097
Other comprehensive (loss) / income			
Items that will not be classified to profit or loss			
*Changes in the cash flow hedge at FVOCI**	17(a)	**-**	(2,046)
Changes in the fair value of equity investment at FVOCI*	17(a)	**(154,054)**	127,103
Income tax benefit / (expense) relating to changes in the fair value of equity investment at FVOCI*	17(a)	**30,501**	(40,926)
Other comprehensive (loss) / income for the year, net of tax		**(123,553)**	84,131
Total comprehensive income for the year		**86,762**	389,228

* FVOCI refers to fair value through other comprehensive income

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

	Notes	**2023 $'000**	2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	**187,526**	82,025
Trade and other receivables	6	**298,861**	298,517
Intercompany tax receivable		**-**	5,634
Other assets	7	**-**	83
Total current assets		**486,387**	386,259
Non-current assets			
Other receivables	8	**46,348**	46,900
Loan receivables	9	**9,739**	-
Deferred tax assets	4(c)	**23,644**	16,810
Financial assets at FVOCI	10	**1,121,930**	1,275,432
Total non-current assets		**1,201,661**	1,339,142
Total assets		**1,688,048**	1,725,401
LIABILITIES			
Current liabilities			
Trade and other payables	11	**337**	62,877
Intercompany tax payable		**8,904**	-
Provisions	12	**110**	268
Borrowings	13	**23,232**	39,055
Total current liabilities		**32,583**	102,200
Non-current liabilities			
Deferred consideration	14	**26,000**	26,000
Borrowings	15	**274,101**	297,333
Deferred tax liabilities	4(c)	**186,619**	217,885
Total non-current liabilities		**486,720**	541,218
Total liabilities		**519,303**	643,418
Net assets		**1,168,745**	1,081,983
EQUITY			
Issued capital	16	**15,000**	15,000
Other reserves	17(a)	**266,777**	390,330
Retained earnings	17(b)	**886,968**	676,653
Total equity		**1,168,745**	1,081,983

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

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 April 2021	15,000	306,199	371,556	692,755
Profit for the year	-	-	305,097	305,097
Other comprehensive income, net of tax	-	84,131	-	84,131
Total comprehensive income for the year	**-**	**84,131**	**305,097**	**389,228**
Dividends provided for or paid	-	-	-	-
Balance at 31 March 2022	**15,000**	**390,330**	**676,653**	**1,081,983**
Balance at 1 April 2022	15,000	390,330	676,653	1,081,983
Profit for the year	-	-	210,315	210,315
Other comprehensive loss, net of tax	-	(123,553)	-	(123,553)
Total comprehensive income for the year	**-**	**(123,553)**	**210,315**	**86,762**
Dividends provided for or paid	-	-	-	-
Balance at 31 March 2023	**15,000**	**266,777**	**886,968**	**1,168,745**

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

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Dividend income reallocated from financing activities (i)		**214,200**	302,400
Payments to suppliers and employees		**(2,072)**	(886)
Interest paid		**(9,158)**	(254)
Income taxes refunded / (paid)		**1,590**	(8,473)
Interest received		**11,381**	742
Net cash generated from / (used in) operating activities	21	**1,741**	(8,871)
Cash flows from investing activities			
Withdrawal / (Placement) of cash in term deposit greater than 3 months		**1,051**	(298,384)
Payment for acquisition of rights in Western Ridge		**(62,500)**	-
Net cash used in investing activities		**(61,449)**	(298,384)
Cash flows from financing activities			
Dividend income reallocated to operating activities (i)		**(214,200)**	(302,400)
Proceeds from shareholder deposits / loans		**189,224**	252,322
Repayment of borrowings		**(24,015)**	(182,841)
Net cash generated from financing activities		**165,209**	69,481
Net increase / (decrease) in cash and cash equivalents		**105,501**	(237,774)
Cash and cash equivalents at the beginning of the financial year		**82,025**	319,799
Cash and cash equivalents at end of financial year	5	**187,526**	82,025

(i) The statement of cash flows has applied a 'gross' presentation of an operating cash inflow and a financing cash outflow upon a dividend from BHP Iron Ore Jimblebar Pty Ltd (**BIOJ**) being declared and offset against available shareholder deposit at the time or if not available, the creation of a shareholder loan.

The above Statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

1 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) General information

This financial report covers Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd as an individual entity. The financial report is presented in United States dollars.

Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd's registered office and principal place of business is:

Level 25, Exchange Tower
2 The Esplanade
Perth, WA 6000

(b) Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards – Simplified Disclosures for For-Profit Entities, and comply with other requirements of the law.

For the purposes of preparing the financial statements, the Company is a for-profit entity.

The financial report was authorised for issue by the directors on 26th July 2023.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain financial instruments and assets. Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise indicated, all amounts are presented in thousand United States dollars.

Rounding of amounts

The Company is of the kind referred to in ASIC Corporations Instrument 2016/191, dated 24 March 2016, and in accordance with the requirements of the legislative corporations instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

1 Summary of significant accounting policies (continued)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company's operations are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(d) Revenue recognition

Revenue is measure based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a production or service to a customer. The Company recognises revenue from the following major sources:

(i) Dividends

Dividend income from investments is recognised when the shareholder’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably). Dividends are included in the ‘revenue’ line item in profit or loss.

(ii) Interest income

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

1 Summary of significant accounting policies (continued)

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

The Company is part of a tax-consolidated group under Australian taxation law. Mitsui & Co (Australia) Limited is the head company in the tax-consolidated group. The implementation date for the tax consolidated group was 1 April 2004.

The current and deferred tax amounts for the tax consolidated group are allocated among entities in the group using a group allocation approach whereby each entity in the tax consolidated group is allocated current and deferred taxes in a systematic manner which is consistent with the broad principles of AASB 112, based on the underlying tax effect of transactions within the members.

In order to determine the allocation of current and deferred tax amounts allocated to each member, each member prepares a stand alone calculation which includes the tax effect of intercompany transactions that are part of the group's normal business activities but excludes intercompany dividends and any capital gain (or loss) arising from the intra group transfer of assets that would occur but for the parties being members of the tax consolidated group.

Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities of the members balance sheet and their tax values applying under tax consolidation.

The tax consolidated group assesses the recovery of the Company's unused tax losses and tax credits only in the period in which they arise, in accordance with AASB 112. The Head Company recognises deferred tax assets arising from unused tax losses and tax credits of the Company to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses or tax credits assumed by the Head Company from the members in the tax consolidated group are recognised in conjunction with any tax funding arrangement amounts.

The members of the tax consolidated group have entered into a tax funding arrangement which sets out the funding obligations of members of the tax consolidated group in respect of tax amounts. The tax funding arrangements generally require payments to/from the Head Company equal to the current tax liability (asset) assumed by the Head Company and any tax loss or tax credit deferred tax asset assumed by the Head Company.

The members of the tax consolidated group have also entered into a valid Tax Sharing Agreement under the tax consolidation legislation which sets out the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations and the treatment of entities leaving the tax consolidated group.

1 Summary of significant accounting policies (continued)

(f) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Receivables

All recognised financial assets (eg: trade receivables) are measured in their entirety at amortised cost given the financial assets are held with the sole objective to hold (rather than sell) in order to collect contractual cash flows that are solely payments of principal and interest (if any) on the principal amount outstanding.

Where required, the Company would recognise a loss allowance for expected credit losses (ECL) on trade receivables, to reflect changes in credit risk of trade receivables. The Company always recognises lifetime ECL for trade receivables. The expected credit losses are estimated using a provision matrix based on the Company's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset (e.g: trade receivable).

The amount of expected credit losses is then updated at each reporting date to reflect, if any, changes in credit risk since the initial recognition of respective trade receivables.

Other receivables are measured at amortised cost using the effective interest method less impairment. Interest receivables are recognised by applying the effective interest rate.

Shareholder loans receivable which have loan terms of more than 12 months from reporting period date and do not have fixed or determinable repayment schedules are classified as Non-current assets - Receivables.

(h) Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

1 Summary of significant accounting policies (continued)

(h) Investments and other financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. All of the Company's debt instruments falls under the following measurement category:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as revenue when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(i) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of forward exchange and interest rate swap contracts are determined using forward exchange market rates and market interest rates respectively at the balance sheet date.

The fair value of the Company's financial assets at fair value through other comprehensive income is determined using a discounted cash flow methodology that is based on production profiles, operating expenditure and capital expenditure forecasts. The modelling also incorporates assumptions readily observable in the market such as foreign exchange rates, iron ore prices and inflation.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Loans payable

Loans payable are initially recognised at fair value (net of transaction costs incurred) and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the net carrying amount on initial recognition.

1 Summary of significant accounting policies (continued)

(l) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. The increase in the provisions due to the passage of time is recognised as finance cost.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(m) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including monetary benefits such as accumulating annual leave expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(n) Issued capital

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1 Summary of significant accounting policies (continued)

(p) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised, on or before the end of the reporting period but not distributed at the end of the reporting period.

(q) Goods and Services Tax (GST)

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

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

Cash flows are presented on a net basis.

(r) Critical accounting judgements and key sources of estimation uncertainty in applying the Company's accounting policies

In the application of the Company's accounting policies management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company has identified the following critical accounting policies under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Valuation of financial assets at fair value through other comprehensive income

The Company's accounting policy requires management to make estimates and assumptions about technical and economic factors such as quantities, grades, production costs, commodity demand, commodity prices, and exchange rates when conducting its discounted cash flow analysis over the value of A Class Shares in BIOJ. As economic assumptions may change from period to period, the valuation of the shares may also change from period to period. Such movements in the valuation of the shares have been irrevocably elected to be presented in Other Comprehensive Income in accordance with AASB 9 *Financial Instruments*.

1 Summary of significant accounting policies (continued)

(s) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

There are new and revised Standards and Interpretations adopted in these financial statements affecting the amounts disclosed in the current period (and/or prior periods).

(t) Application of new and revised Australian Accounting Standards

Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2022.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities*
- AASB 2020-7 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures*
- AASB 2020-9 *Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*

In the current year, the Company has applied a number of amendments to Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the Board) that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

1 Summary of significant accounting policies (continued)

(t) Application of new and revised Australian Accounting Standards (continued)

AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*
Makes amendments to the following Standards:

- Annual improvements:
  - AASB 9 *Financial Instruments* to clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of AASB 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity (the borrower) and the lender, including fees.
  - AASB 16 *Leases* to amend Illustrative Example 13 to remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- AASB 116 *Property, Plant and Equipment* to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* to specify that the 'cost of fulfilling' an onerous contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*
A separate disclosure Standard applied in the preparation of general purpose financial statements prepared in accordance with 'Tier 2' of the differential reporting framework in AASB 1053 *Application of Tiers of Australian Accounting Standards*. Entities preparing general purpose financial statements in accordance with this Standard are not required to comply with the disclosure requirements of other Australian Accounting Standards. However, the recognition and measurement requirements of all Australian Accounting Standards must be applied. The disclosure requirements in AASB 1060 replace those required under 'Reduced Disclosure Requirements' (RDR) which shaded those disclosure requirements of Australian Accounting Standards that were not applicable to Tier 2 entities. The number of disclosures required by this Standard are generally less than RDR.

AASB 2020-7 *Amendments to Australian Accounting Standards – COVID-19-Related Rental Concessions Tier 2 Disclosures*
Adds disclosure requirements for entities applying AASB 1060 that have applied the practical expedient in AASB 16 for the accounting for COVID-19-related rent concessions.

AASB *2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
Amends the Tier 2 (Simplified Disclosures) requirements in AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* to provide relief for entities applying AASB 1060 from disclosing the financial effects of changing accounting policies in response to interest rate benchmark reform. The interest rate benchmark reform amendments (issued in September 2020) were addressed in AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*.

1 Summary of significant accounting policies (continued)

(u) New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

At the date of authorisation of the financial statements, the Company has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128],* AASB 2015-*10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128* and AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections,* AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 April 2023 and 1 April 2025
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* and *AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*	1 April 2024
AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 April 2023
AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 April 2023
AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*	1 April 2023

2 Revenue and other income

	2023 $'000	2022 $'000
(a) Revenue		
From continuing operations:		
Dividend income	**214,200**	302,400

	2023 $'000	2022 $'000
(b) Other income		
Interest	**12,949**	816
Foreign exchange gain (net)	**-**	203
	12,949	1,019
Total revenue and other income	**227,149**	**303,419**

3 Expenses

	2023 $'000	2022 $'000
Profit before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable for financial liabilities	**9,638**	254
Guarantee fee	**638**	798
	10,276	1,052
Other expenses		
Administration costs	**970**	1,144
Foreign exchange loss (net)	**571**	-
	1,541	1,144

4 Income tax

(a) The major components of income tax expense are:

	2023 $'000	2022 $'000
Current tax		
Current income tax expense / (benefit) in respect of current year	**12,354**	(3,513)
Under income tax provision in prior years	**3**	39
	12,357	(3,474)
Deferred tax		
Deferred income tax (benefit) / expense recognised in the current year	**(7,598)**	468
	(7,598)	468
Total income tax expense / (benefit) recognised in the current year	**4,759**	(3,006)
Deferred tax through other comprehensive income		
Deferred income tax (benefit) / expense recognised in the current year	**(30,501)**	40,926
Deferred income tax is comprised of:		
(Increase) / Decrease in deferred tax assets	**(6,834)**	308
(Decrease) / Increase in deferred tax liabilities	**(31,266)**	41,087
	(38,100)	41,395

(b) Numerical reconciliation of income tax benefit to prima facie tax payable / (receivable)

	2023 $'000	2022 $'000
Accounting profit before income tax	**215,074**	302,091
Income tax expense calculated at rate of 30%	**64,522**	90,627
Tax effect of current year permanent adjustments	**(59,766)**	(93,672)
Under income tax provision in prior years	**3**	39
Income tax expense / (benefit) reported in the statement of profit or loss	**4,759**	(3,006)

(c) Deferred tax assets/liabilities

	2023 $'000	2022 $'000
Deferred tax assets expected to be recovered within 12 months	**2,333**	1,274
Deferred tax assets expected to be recovered after more than 12 months	**21,311**	15,536
	23,644	16,810
Deferred tax liabilities expected to be settled within 12 months	**8**	823
Deferred tax liabilities expected to be settled after more than 12 months	**186,611**	217,062
	186,619	217,885
Total net deferred tax liabilities	**162,975**	201,075

4 Income tax (continued)

(d) Temporary differences

Deferred tax balances are presented in the statement of financial position as follows:

Balance at 31 March 2023	Opening balance	Recognised in profit or loss	Closing balance
	$'000	$'000	$'000
Cash and cash equivalents	(119)	(240)	(358)
Trade and other receivables	(523)	1,348	825
Loan receivables	-	(50)	(50)
Trade and other payables	21	(2)	19
Provisions	32	1	33
Borrowings	16,576	6,541	23,117
Financial assets	(217,062)	30,501	(186,561)
Total temporary differences	**(201,075)**	**38,100**	**(162,975)**

Balance at 31 March 2022	Opening balance	Recognised in profit or loss	Closing balance
	$'000	$'000	$'000
Cash and cash equivalents	(609)	491	(119)
Trade and other receivables	53	(576)	(523)
Trade and other payables	17	4	21
Provisions	47	(15)	32
Borrowings	17,001	(425)	16,576
Financial assets	(176,189)	(40,874)	(217,062)
Total temporary differences	**(159,680)**	**(41,395)**	**(201,075)**

The tax rate used in the above reconciliation of 30% is that applied to resident companies pursuant to the income tax statues of Australia as at the reporting date.

5 Current assets – Cash and cash equivalents

	2023 $'000	2022 $'000
Cash at bank and on hand	**187,526**	82,025

6 Current assets – Trade and other receivables

	2023 $'000	2022 $'000
Net other receivables		
Term deposits (Greater than 3 months term)	**297,333**	298,384
Interest receivables	**1,499**	93
Other receivables	**29**	40
	298,861	298,517

7 Current assets - Other assets

	2023 $'000	2022 $'000
Other assets	**-**	83

8 Non-current assets - Other receivables

	2023 $'000	2022 $'000
Other receivables	**46,348**	46,900

9 Non-current assets – Loan receivables

	2023 $'000	2022 $'000
Loans to related parties		
Shareholder loan to BIOJ	**9,739**	-

10 Non-current assets – Financial assets at FVOCI

	2023 $'000	2022 $'000
Investment in BIOJ	**1,121,930**	1,275,432

11 Current liabilities – Trade and other payables

	2023 $'000	2022 $'000
Other payables	**51**	62,712
Accrued expenses	**286**	165
	337	62,877

12 Current liabilities – Provisions

	2023 $'000	2022 $'000
Employee benefits	**80**	106
Other provisions	**30**	162
	110	268

13 Current liabilities – Borrowings

	2023 $'000	2022 $'000
Loans from related parties		
Shareholder deposits from BIOJ	**-**	15,040
Secured		
External bank loans (Japan Bank for International Cooperation)	**23,232**	24,015
	23,232	39,055

14 Non-current liabilities – Deferred consideration

	2023 $'000	2022 $'000
Deferred consideration for Western Ridge investment	**26,000**	26,000

15 Non-current liabilities – Borrowings

	2023 $'000	2022 $'000
Secured		
External bank loans (Japan Bank for International Cooperation)	**274,101**	297,333

16 Issued capital

Share Capital

	2023 $'000	2022 $'000
Fully paid ordinary shares (15,000,000 shares)	**15,000**	15,000
Total contributed equity	**15,000**	15,000

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

17 Other reserves and retained earnings

	2023 $'000	2022 $'000
(a) Other reserves		
Movements:		
Opening balance 1 April	**390,330**	306,199
Cash flow hedge	**-**	(2,046)
Revaluation of financial assets at FVOCI	**(154,054)**	127,103
Related income tax	**30,501**	(40,926)
Closing balance 31 March	**266,777**	390,330

Financial assets at fair value through other comprehensive income are subsequently carried at fair value. Changes in the fair value and exchange differences arising on translation of investments are presented as financial assets at fair value through other comprehensive income and is recognised in other comprehensive income and accumulated in a separate reserve within equity.

	2023 $'000	2022 $'000
(b) Retained earnings		
Movements:		
Opening balance 1 April	**676,653**	371,556
Net Profit for the year	**210,315**	305,097
Closing balance 31 March	**886,968**	676,653

18 Contingencies

The Company had no contingent liabilities at 31 March 2023 (2022: $nil).

19 Related party transactions

Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd is a proprietary company, incorporated and operating in Australia. The ultimate parent entity is Mitsui & Co., Ltd which is incorporated in Japan.

During the year, the Company entered into the following transactions with related parties:

	Service Fees		Guarantee Fees	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Mitsui & Co., Ltd	**181**	322	**510**	638
Mitsui & Co. (Australia) Ltd	**77**	137	**128**	160
	258	459	**638**	798

20 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the Company.

Audit services

	2023	2022
	$	$
Deloitte Touche Tohmatsu Australian firm		
Audit and review of financial reports under the Corporations Act 2001 and other audit work	**84,287**	88,822
Other assurance services		
Other audit services	**38,709**	39,778
Total remuneration for audit services	**122,996**	128,600

Other audit services relates to assessment performed on the Company's Japanese-SOX internal control environment and clearance report prepared for the Company's principal auditors based in Japan.

AUD amount converted at average FY USD rate.

21 Reconciliation of profit after income tax to net cash generated from / (used in) operating activities

	2023 $'000	2022 $'000
Profit for the year	**210,315**	305,097
Accrued interest on shareholder loan	**(162)**	-
Accrued interest expense on shareholder deposits	**359**	-
Other income	**-**	69
Other expenses	**975**	-
Dividend income	**(214,200)**	(302,400)
Movement in deferred tax	**(7,599)**	(905)
Change in operating assets and liabilities:		
(Increase) in receivables	**(1,395)**	(101)
Increase / (Decrease) in intercompany tax position	**13,767**	(10,574)
(Decrease) in payables	**(161)**	(57)
(Decrease) in provision	**(158)**	-
Net cash generated from / (used in) operating activities	**1,741**	(8,871)

22 Financial Instruments

	2023 $'000	2022 $'000
Cash at bank and on hand	**187,526**	82,025
Term deposits	**297,333**	298,384
Shareholder Loan to BIOJ	**9,739**	-
Investment at FVOCI	**1,121,930**	1,275,432
Shareholder Deposits from BIOJ	**-**	(15,040)
Borrowings	**(297,333)**	(321,348)
	1,319,195	1,319,453

23 Key management personnel remuneration

	2023 $'000	2022 $'000
Key management employee remuneration - salary	**487**	435
	487	435

24 Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

25 Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 26th July 2023.