



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	986 665 943
Organisasjonsform:	Norskreg. utenlandsk foretak
Foretaksnavn:	SINOMINE SPECIALTY FLUIDS LIMITED NUF
Forretningsadresse:	Tranesvegen 29 5347 ÅGOTNES

### Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
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### Konsern

Morselskap i konsern:	Nei
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### Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Christian Busengdal
Dato for fastsettelse av årsregnskapet:	13.06.2022

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 26.05.2026



## Resultatregnskap

Beløp i: USD	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Turnover		66 480 000	34 506 000
<b>Sum inntekter</b>		<b>66 480 000</b>	<b>34 506 000</b>
<b>Kostnader</b>			
Cost of goods sold		23 730 000	18 661 000
Distribution cost		1 581 000	2 066 000
Net operating expense		3 423 000	2 939 000
Other operating income/(expense)		-6 000	-189 000
Exceptional items		26 000	-144 000
<b>Sum kostnader</b>		<b>28 754 000</b>	<b>23 333 000</b>
<b>Driftsresultat</b>		<b>37 726 000</b>	<b>11 173 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		0	207 000
<b>Sum finansinntekter</b>		<b>0</b>	<b>207 000</b>
<b>Netto finans</b>		<b>0</b>	<b>207 000</b>
<b>Resultat før skattekostnad</b>		<b>37 726 000</b>	<b>11 380 000</b>
Skattekostnad		10 715 000	1 949 000
<b>Årsresultat</b>		<b>27 011 000</b>	<b>9 431 000</b>



### Balanse

Beløp i: USD	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Tangible assets		114 240 000	126 392 000
<b>Sum varige driftsmidler</b>		<b>114 240 000</b>	<b>126 392 000</b>
<b>Sum anleggsmidler</b>		<b>114 240 000</b>	<b>126 392 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Stocks		4 437 000	5 431 000
<b>Sum varer</b>		<b>4 437 000</b>	<b>5 431 000</b>
<b>Fordringer</b>			
Debtors		15 993 000	15 855 000
<b>Sum fordringer</b>		<b>15 993 000</b>	<b>15 855 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash at bank and in hand		5 573 000	631 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>5 573 000</b>	<b>631 000</b>
<b>Sum omløpsmidler</b>		<b>26 003 000</b>	<b>21 917 000</b>
<b>SUM EIENDELER</b>		<b>140 243 000</b>	<b>148 309 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
<b>Opptjent egenkapital</b>			
Profit and loss reserve		106 463 000	129 452 000
<b>Sum opptjent egenkapital</b>		<b>106 463 000</b>	<b>129 452 000</b>



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Sum egenkapital</b>		<b>106 463 000</b>	<b>129 452 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Creditors: amounts falling due within one year		22 327 000	10 518 000
Provisions for liabilities		11 453 000	8 339 000
<b>Sum kortsiktig gjeld</b>		<b>33 780 000</b>	<b>18 857 000</b>
<b>Sum gjeld</b>		<b>33 780 000</b>	<b>18 857 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>140 243 000</b>	<b>148 309 000</b>



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## Sinomine Specialty Fluids Limited

Annual report and financial statements  
for the year ended 31 December 2021

**Registered Number SC253611**



## Sinomine Specialty Fluids Limited

### Annual report and financial statements for the year ended 31 December 2021

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## **Sinomine Specialty Fluids Limited**

### **Officers and professional advisers**

#### **Directors**

Christian Magne Busengdal  
Pingwei Wang  
Zhiwei Wang  
Xiangyang Zeng

#### **Registered Office**

Sinomine Specialty Fluids Limited  
Ocean House  
Harness Circle  
Altens Industrial Estate  
Aberdeen  
AB12 3LY

#### **Auditor**

Grant Thornton UK LLP  
110 Queen Street  
Glasgow  
G1 3BX

#### **Bankers**

HSBC UK Bank Plc  
1 Centenary Square  
Birmingham  
B1 1HQ



## Sinomine Specialty Fluids Limited

### Strategic report

The directors, in preparing this Strategic report and the directors' report have complied with s414C of the Companies Act 2006.

#### Review of activities and business developments

In 2021 commercial activity has been predominantly in the Norwegian continental shelf. A program of wells requiring high density fluid was successfully completed with a key customer. In 2021 the business operated under a 'new normal' adapting to restriction/requirements relating to the global COVID-19 pandemic.

Late in 2021 the business focused on preparation of fluids and personnel for a new multi-well contract in Asia where operations are expected to commence in summer 2022.

#### Key performance indicators ("KPIs")

In the period revenue increased: 2021 \$66m; (2020 \$34m). In 2021 revenue activity in Norway increased in comparison with the prior year as planned projects came to fruition. The company's commercial team continues to pursue worldwide opportunities where cesium formate brine will bring optimal performance and value for customers. Gross margin has increased due to more revenue activity and focus on cost control, 2021 64% (2020 46%).

The net asset position has decreased: 2021 \$106m, (2020 \$129m) - this is related to activity with customers in 2021 as fluid consumed on customer projects is deducted from the asset balance. The tangible asset balance has decreased due to cesium and potassium formate utilised for customer jobs or sold as direct sales, there were no purchases of cesium formate in 2021. Supply of cesium formate from the Tantalum mine in Canada (related party) paused in September 2019 as management considered there to be sufficient formate brine assets to meet customer demand. Demand and opportunities are continually under review by management to assess the requirements of the business.

#### Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements. This is discussed in more detail in the accounting policies on page 15.

#### Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes on price risk, credit risk, and liquidity risk. Regular analysis is prepared for management to assess the asset value and liquidity position.

The company continually monitors the activity levels of the oil and gas industry in the areas that the company is actively engaged in. Through continued commitment to research and development projects the company strives to identify additional applications of cesium formate, to increase its exposure within the oil and gas sector.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. There were no financial instruments issued as at the end of the current and prior financial periods.

#### Price risk

The company is exposed to commodity price risk as a result of its operations. However, considering the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors monitor the increase in the level of the company's operations compared to prior financial periods and will continue to revisit the appropriateness of this policy should the company's operations continue to change in size or nature. There have been no such changes in the 2021 period.



## Sinomine Specialty Fluids Limited

### Strategic report

#### Credit risk

Sales are predominately contracted directly to major international oil companies or through two major oilfield service companies on behalf of international oil companies. Direct sales of cesium, potassium, and fine cesium chemicals to smaller customers account for approx. 5% of total revenues in 2021. Appropriate credit checks in accordance with company policy are completed on all potential customers before any sale agreements are implemented.

#### Liquidity risk

The company is principally financed from cash flows from operating activities. Funding can be requested from the immediate parent if required.

#### Covid-19 Pandemic

The business has adapted to operating in a global environment where the COVID-19 pandemic is present. The management are focused on planning and prepare contingency plans for different scenarios to avoid operational impact. During 2021 the business operated globally under a 'new normal' where a hybrid working pattern was introduced at sites to manage risk and to provide flexibility.

The business is poised to adjust as required in the changing environment, planning and contingencies are key to being prepared. Most regulatory restrictions in relation to the pandemic are concluded, however management monitor the situation in the global environments that the business operates. Compliance with client requirements relating to COVID-19 (such as testing and quarantine) is a key priority. The business and management are focussed on safety of its employees, customers, suppliers, and all stakeholders.

Approved by the board of directors and signed on its behalf by Xiangyang Zeng.

13/6/2022



## Sinomine Specialty Fluids Limited

### Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2021.

Going concern and financial risks are discussed in the strategic report.

#### Principal activity

The primary activity of the company is to lease and sell formate fluids to the oil and gas industry. The company operates in Norway (through an overseas branch), and global operations are supported from the UK facility in Aberdeen. Activity in the North Sea and Asia continues to be the key focus for future growth.

#### Research and development

The company invests in research and development to enhance the marketability of its products and to improve operational processes. The company strives for continual improvements in processes to remove contaminants from products for reuse. Cesium is a finite resource and the business is always seeking to minimise losses so that the product life is prolonged and wastage is minimal. The directors' note that the Oil & Gas sector is focussed on operational efficiency – this too is the focus for the company. Improving the operational processes and minimising waste/losses is key to ensure the future of the business.

#### SECR Reporting

The Directors are focused on Environmental reporting to identify areas that can be improved in terms of usage and carbon footprint. Tracking of the key usage areas below provokes discussion on improvement.

##### - Greenhouse gas emissions

The company is reporting greenhouse gas emissions for the 2021 in line with the requirements of the companies Act 2006 and its applicable provisions. There are not comparable figures available for 2020 as 2021 is the first reported year. The total emissions are reported in kilogrammes of CO<sub>2</sub> equivalent (kgCO<sub>2</sub>e) in the tables below.

The reporting Period is 1<sup>st</sup> January 2021 to 31<sup>st</sup> of December 2021.

##### - Methodology

Sinomine Specialty Fluids follows the principles of the Greenhouse Gas (GHG) Protocol Corporate Accounting and reporting standard, together with BEIS conversion tables to calculate scope one, two and three emissions from the operations in the United Kingdom.

Reported scope one emissions are those generated from gas use at the facility in Aberdeen and Diesel use of onsite vehicles (Forklift trucks). Reported Scope 2 emissions are generated from the use of electricity at the Aberdeen facility. Scope 3 emissions are related to employee-owned vehicles where they were used for business purposes, utilising the BEIS conversion factor to convert expensed mileage claims into kgCO<sub>2</sub>e.

<u>Scope 1</u>	<b>2021</b>
Gas Use (kWh)	784,014
Gas Emissions (kgCO <sub>2</sub> e)	143,600
SSF owned/leased vehicles (kgCO <sub>2</sub> e)	557
<b>Scope 1 Total (kgCO<sub>2</sub>e)</b>	<b>144,157</b>



## Sinomine Specialty Fluids Limited

### Directors' report

#### Scope 2

Electricity Use (kWh)	418,396
Electricity Emissions (kgCO <sub>2</sub> e)	88,838
<b>Scope 2 Total (kgCO<sub>2</sub>e)</b>	<b>88,838</b>

#### Scope 3

Employee owned vehicles (kgCO <sub>2</sub> e)	1,083
<b>Scope 3 Total (kgCO<sub>2</sub>e)</b>	<b>1083</b>

<b>Total GHG emissions (kgCO<sub>2</sub>e)</b>	<b>234,078</b>
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#### Intensity Ratio

GHG Emissions (tonnes CO <sub>2</sub> e) per MT of fluid processed.	145.93
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#### - Energy Efficiency Actions

The company continues to look at ways of improving energy efficiency and reducing carbon emissions. Gas and electricity use is monitored on a monthly basis for spikes or trends that would indicate potential for efficiency savings. Restrictions caused by the Covid pandemic impacted the ability to follow through on some planned efficiency savings in 2021. The UK facility installation of LED lighting in the warehouse and external areas is planned for 2022 along with a move from diesel powered forklift trucks to electric forklift trucks.

#### **Existence of branches outside the UK**

The company has a branch, as defined in section 1046(3) of the Companies Act 2006, outside the UK in Norway. The company did have a branch in Singapore which ceased operations in June 2020 and was struck off the register of companies (ACRA) in June 2021 – the entity was deemed no longer required for continuing global operations.

#### **Dividends and transfers to reserves**

A dividend of \$50,000k was declared during 2021 to the shareholder Sinomine Hong Kong Rare Metals Co., Limited. The dividend was distributed as follows: \$43,014k cash, \$6,986k remains in the intercompany creditors balance at the year end.

The profit for the year ended 31 December 2021 is \$27,011k (year ended 31 December 2020: profit of \$9,431k) has been taken to reserves.

#### **Directors**

The directors who served the company during the year ended 31 December 2021, except as noted, were as follows:



## Sinomine Specialty Fluids Limited

### Directors' report

Mr C M Busengdal  
Xiangyang Zeng  
Zhiwei Wang  
Yong Shang

#### Directors responsibilities statement

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 financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland). 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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Qualifying third party indemnity provisions

Directors' indemnity insurance was in place throughout the financial period.

#### Auditor

The directors confirm that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware
- the directors have taken all the steps that he/she ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information
- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.



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## **Sinomine Specialty Fluids Limited**

### **Directors' report**

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Auditor**

Grant Thornton UK LLP are deemed to be reappointed as auditors of the company under section 487(2) of the Companies Act 2006

#### **Future developments**

The Company is expected to continue trading as normal. Opportunities are being pursued globally in environments where cesium formate brine is deemed the best suited solution for prospective clients to gain valuable results.

Approved by the board of directors and signed on its behalf by Xiangyang Zeng

13/6/2022



## Independent auditor's report to the members of Sinomine Specialty Fluids Limited

### Opinion

We have audited the financial statements of Sinomine Specialty Fluids Limited (the 'company') for the year ended 31<sup>st</sup> December 2021, which comprise Profit and loss account, Balance sheet, Statement of changes in equity, Statement of cash flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



## **Independent auditor's report to the members of Sinomine Specialty Fluids Limited**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



## Independent auditor's report to the members of Sinomine Specialty Fluids Limited

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We enquired of management, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS 102 and Companies Act 2006) and the relevant tax compliance regulations in the UK;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- We have assessed the susceptibility of the financial statements to material misstatement, including how fraud may occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risk was in relation to recognition of revenue.
- Our audit procedures involved:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - identifying and testing all unusual journal entries with a focus on large, manual journals with keywords included; and
  - tested a sample of manual postings to revenue in reference to the revenue recognition policy to confirm revenue recognition was appropriate.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.

### Use of our report

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.

James Chadwick  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Glasgow

13/6/2022



## Sinomine Specialty Fluids Limited

### Profit and loss account for the year ended 31 December 2021

	Note	Year Ended 31 December 2021 \$'000	Year Ended 31 December 2020 \$'000
<b>Turnover</b>	1	<b>66,480</b>	34,506
Cost of goods sold		<b>(23,730)</b>	(18,661)
<b>Gross profit</b>		<b>42,750</b>	15,845
Distribution costs		<b>(1,581)</b>	(2,066)
Net operating expenses	2	<b>(3,423)</b>	(2,939)
Other operating income/(expense)	3	<b>6</b>	189
Exceptional items	12	<b>(26)</b>	144
<b>Operating profit</b>	4	<b>37,726</b>	11,173
Interest receivable	5	-	207
<b>Profit before taxation</b>		<b>37,726</b>	11,380
Taxation	7	<b>(10,715)</b>	(1,949)
<b>Profit for the financial period</b>		<b>27,011</b>	9,431

All items included in the profit and loss account relate to continuing operations.

The company has no other items of comprehensive income other than the profit for the current year and preceding periods and therefore no separate statement of comprehensive income has been presented.



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## Sinomine Specialty Fluids Limited

### Balance sheet At 31 December 2021

	Note	2021 \$'000	2020 \$'000
<b>Fixed assets</b>			
Tangible assets	8	114,240	126,392
Investments	9	-	-
		<b>114,240</b>	<b>126,392</b>
<b>Current assets</b>			
Stocks	10	4,437	5,431
Debtors	11	15,993	15,855
Cash at bank and in hand		5,573	631
		<b>26,003</b>	<b>21,917</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(22,327)</b>	<b>(10,518)</b>
<b>Net current assets</b>		<b>3,676</b>	<b>11,399</b>
<b>Total assets less current liabilities</b>		<b>117,916</b>	<b>137,791</b>
<b>Provisions for liabilities</b>	13	<b>(11,453)</b>	<b>(8,339)</b>
<b>Net assets</b>		<b>106,463</b>	<b>129,452</b>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss reserve	15	106,463	129,452
<b>Total shareholder's funds</b>		<b>106,463</b>	<b>129,452</b>

Approved by the board of directors and signed on its behalf by Xiangyang Zeng.

13/6/2022



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Commercial in confidence

## Sinomine Specialty Fluids Limited

### Statement of changes in equity At 31 December 2021

	<b>Called-up share capital \$'000</b>	<b>Profit and loss account \$'000</b>	<b>Total \$'000</b>
<b>At 31 December 2019</b>	-	170,022	<b>170,022</b>
Profit for the year to 31 December 2020	-	9,431	<b>9,431</b>
Dividend	-	(50,000)	<b>(50,000)</b>
<b>At 31 December 2020</b>	-	129,452	<b>129,452</b>
Profit for the year to 31 December 2021	-	27,011	<b>27,011</b>
Interim Dividend	-	(50,000)	<b>(50,000)</b>
<b>At 31 December 2021</b>	-	106,463	<b>106,463</b>



## Sinomine Specialty Fluids Limited

### Statement of cash flow At 31 December 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash Flow from Operations:</b>			
Net cash flow from operations	16	54,948	14,224
Taxation		(2,571)	1,243
Withholding tax		-	(123)
<b>Net Cash Flow from Operations</b>		<b>52,377</b>	<b>15,344</b>
<b>Cash Flow from Investment Activities:</b>			
Purchase of fixed assets	8	(2,875)	(1,808)
Proceeds from disposal of fixed assets		-	567
<b>Net Cash Flow from Investment Activities</b>		<b>(2,875)</b>	<b>(1,241)</b>
<b>Cash Flow from Financing Activities:</b>			
Dividend payments		(44,560)	(18,450)
<b>Net Cash Flow from Financing Activities</b>		<b>(44,560)</b>	<b>(18,450)</b>
<b>Net Change in Cash and Equivalents</b>		<b>4,942</b>	<b>(4,347)</b>
<b>Bank Deposits, Cash and Equivalents at beginning of financial period</b>		<b>631</b>	<b>4,978</b>
<b>Cash and Equivalents at end of the financial period</b>		<b>5,573</b>	<b>631</b>

In 2021 dividend of \$50,000k to the shareholder Sinomine Hong Kong Rare Metals Co., Limited recorded. At 31 December 2021 \$6,986k remains in the intercompany creditors balance.

In 2020 dividend of \$50,000k to Sinomine Hong Kong Rare Metals Co., Limited was recorded. The dividend was distributed as follows: \$18,450k cash, \$30,004k cleared against intercompany receivable balance with immediate parent (including prior year loan balance \$17m that was reassigned from Tantalum mining to Sinomine Hong Kong), and \$1,546k was included in the intercompany creditors balance at the year end.

There is no debt in the company therefore reconciliation of net debt/funds is not presented



## Sinomine Specialty Fluids Limited

### Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the prior year.

#### Basis of preparation

Sinomine Specialty Fluids Limited (“the company”) is a company limited by shares incorporated in Scotland, United Kingdom under the Companies Act. The financial statements, which are separate financial statements, have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company’s shareholders.

The company meets the definition of a qualifying entity and has taken advantage of the following exemptions:

- disclosing related party transactions with wholly owned entities of the Sinomine group

The company presents its financial statements in US Dollars as this represents the currency of the primary economic environment in which it operates and generates net cash flows.

#### Going concern

In carrying out their duties in respect of going concern, the directors have carried out a review of the company’s financial position and cash flow forecast for a period of 12 months from the date of signing these financial statements. Following this review, including consideration of the uncertainties brought about by the current economic environment and taking into account the strength of the company’s net asset position, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they have adopted the going concern basis of accounting in preparing the annual financial statements.

#### Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover represents the rental, mobilisation and sale of specialty chemicals, primarily cesium and potassium formate. Revenue from formate rental is recognised throughout the rental period based on the contracted rental amount. Customers are billed and revenue is recognised at the end of the job for leased formate product that is not subsequently returned once the value can be accurately determined. Mobilisation revenue for fluid is recorded when the fluid has been transferred to the client site as the risk is with the client once the fluid is in their control. Fluid is tested and reconciled when it is returned and any fluid volume or density lost during a customer rental/mobilisation job is charged and recognised when it can be reliably measured. The company also makes direct sales of formate and these are invoiced on delivery.

#### Tangible fixed assets

Fixed assets are stated at cost less depreciation. Depreciation is calculated to write off the cost of the plant and machinery on a straight-line basis over its expected useful life.

Assets held for rent represent formate product that will be rented to customers in the normal course of business. Assets held for rent and assets under construction are stated at cost and are not depreciated.

#### Investments

Investments are stated at cost less any provision for impairment in value.

#### Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

#### Stocks



## Sinomine Specialty Fluids Limited

### Accounting policies

Stocks are stated at the lower of cost and net realisable value. Cost, where appropriate, includes all direct expenditure and overhead expenditure incurred in bringing products to their current state under normal operating conditions. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the cost of realisation and, where appropriate, the cost of conversion from its existing state to a finished condition. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period the company is expected to benefit.

#### Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts for cash with insignificant risk to change in value.

#### Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### *(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) substantially all of the risks and rewards of ownership of the financial asset is transferred to another party, or c) the company retains some, but not all, significant risks and rewards of ownership, and has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### *(ii) Investments*

Investments in subsidiaries and associates are measured at cost less impairment in the balance sheet. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

#### Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### Financial assets



## Sinomine Specialty Fluids Limited

### Accounting policies

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised

### Taxation

Current tax, including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay or recover more tax in the future have occurred at the balance sheet date. Timing differences are the differences between the company's taxable profits and its results as stated in the financial statements.

Deferred taxation is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis and deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

### Foreign currencies

Monetary assets and liabilities denominated in currencies other than US Dollars (the functional currency of the company) are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than US Dollars are translated into US Dollars at the contracted rates of exchange ruling at the date of the transaction. Exchange differences arising are taken into account in arriving at the operating result.

### Pension scheme arrangements

The company is part of a Personal Pension Plan which is a defined contribution scheme, the assets of which are held separately from those of the company in independently managed funds. The costs of contributions are charged to the profit and loss account as they are incurred. Differences between contributions payable in the financial period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in the accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.



## Sinomine Specialty Fluids Limited

### Accounting policies

#### *Critical judgements in applying the Company's accounting policies*

The following is the critical judgment, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### **Assets held for rent depreciation**

Assets Held for Rent (comprising cesium and potassium formate drilling fluids) are not depreciated as they are considered to have an infinite useful life. The Company rents the fluids to customers, at the end of the rental agreement the returned fluids are processed and cleaned to restore their original chemical composition. The cleaning process restores the fluids to their original condition. The costs associated with processing and cleaning the fluid to restore the original quality condition are charged to the profit and loss account.

#### **Mobilisation revenue**

Where a customer contract has remuneration for mobilisation of fluid (instead of daily rental) the mobilisation revenue is recognised based on delivery specifications in the client contract. Revenue is recorded when the fluid has been transferred to the client site as the risk is with the client once the fluid is in the clients control. When the fluid is at the client site it is the client who has right of use of the fluid (asset), it is within their control and they bear the risk of any losses. Fluid volume or density that is lost when in possession of the client is charged back upon return – sampling and reconciliation is carried to ensure losses are reliably measured.

#### **Key source of estimation uncertainty**

The directors have assessed that there are no such estimates with significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year



## Sinomine Specialty Fluids Limited

### Notes to the financial statements For the year ended 31 December 2021

#### 1. Turnover

An analysis of the company's turnover by geographical market is set out below:

	2021 \$'000	2020 \$'000
United Kingdom	1,999	959
Europe	63,119	26,087
Asia	48	4,523
North America	1,314	2,937
	<b>66,480</b>	<b>34,506</b>

An analysis of the company's turnover by class of business is set out below:

	2021 \$'000	2020 \$'000
Oil and Gas – Rental and Mobilisation	28,374	14,611
Oil and Gas – Sales and Losses	34,892	9,529
Fine Cesium Chemicals	3,214	5,843
Sales of other cesium related products	-	4,523
	<b>66,480</b>	<b>34,506</b>

Revenue in the category 'other cesium products' relates to a sale from inventory to Jiangxi Dongpeng New Materials Co Ltd, an associated company of the parent Sinomine Resources Group Co Ltd.

#### 2. Net operating expenses

	2021 \$'000	2020 \$'000
Administration expenses	3,237	2,366
Other operating expense	186	384
	<b>3,423</b>	<b>2,750</b>

#### 3. Other Operating Income

The other operating income in 2021 \$6k is a research prize awarded from UNIDO at the Global Chemical Leasing Awards – gold in the research category.

The other operating income in 2020 \$189k was a payment from the UK government in relation to the furlough scheme which was introduced in 2020 during the Covid-19 pandemic. The income is in relation to a 3.5 month claim for 16 personnel that did not work during the UK government enforced lockdown. The business made one claim which was paid in June 2020, no furlough/JSS claims were made in the 2021 period.



## Sinomine Specialty Fluids Limited

### Notes to the financial statements For the year ended 31 December 2021

#### 4. Operating profit

Operating profit is stated after charging:

	2021 \$'000	2020 \$'000
Depreciation	514	508
Cost of assets held for rent recognised as an expense	13,472	5,814
Operating lease rentals		
Land and buildings	1,078	1,168
Other	31	40
Fees payable to the company's auditor for the audit of the company's annual financial statements	52	45
Other assurance related services	6	8
Foreign exchange loss	173	(537)

#### 5. Interest receivable

	2021 \$'000	2020 \$'000
Interest receivable from group undertakings	-	207

#### 6. Directors and employees

Number of employees (including directors):

	2021 Number	2020 Number
Operations	26	26
Administration	14	16
	40	42

Staff costs, excluding the director's remuneration were:

	2021 \$'000	2020 \$'000
Wages and salaries	3,911	3,643
Social security costs	405	398
Other pension costs	232	214
	4,548	4,255

Contributions paid to defined contribution pension schemes during 2021 \$241k (2020: \$236k). At the balance sheet date, there were no outstanding contributions to this scheme and \$6k prepaid contributions (2020: \$nil).



## Sinomine Specialty Fluids Limited

### Notes to the financial statements For the year ended 31 December 2021

Directors' remuneration:

	2021 \$'000	2020 \$'000
Emoluments	273	522
Company contributions to money purchase schemes	9	23
	<b>282</b>	<b>545</b>

The number of directors who:

	2021 Number	2020 Number
Are members of a money purchase pension scheme	1	2

Remuneration of the highest paid director:

	2021 \$'000	2020 \$'000
Emoluments	250	312
Company contributions to money purchase schemes	9	8

## 7. Taxation

	2021 \$'000	2020 \$'000
<b>UK corporation tax</b>		
Current tax on income for the financial period	6,232	1,020
Group relief payable	-	305
Adjustments in respect of prior periods	179	(526)
<b>UK corporation tax before double taxation relief</b>	<b>6,411</b>	<b>799</b>
Double taxation relief	(2,700)	(256)
<b>UK corporation tax after double taxation relief</b>	<b>3,711</b>	<b>543</b>
<b>Foreign tax</b>		
Current tax on income for the financial period	3,385	-
Adjustments in respect of prior periods	704	156
<b>Total foreign tax</b>	<b>4,089</b>	<b>156</b>
<b>Current tax charge</b>	<b>7,800</b>	<b>699</b>



## Sinomine Specialty Fluids Limited

### Notes to the financial statements For the year ended 31 December 2021

	2021	2020
	\$'000	\$'000
<b>UK corporation tax</b>		
Deferred taxation		
Origination and reversal of timing differences	610	622
Adjustments in respect of previous periods	-	(75)
Adjustments in respect of changes in rate of tax	2,305	703
<b>Deferred tax charge for the financial period (note 13)</b>	<b>2,915</b>	<b>1,250</b>
<b>Tax charge</b>	<b>10,715</b>	<b>1,949</b>

The charge for the financial period is different than the standard rate of corporation tax. The differences are explained below.

	2021	2020
	\$'000	\$'000
Profit on ordinary activities before tax	37,726	11,380
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19%	7,168	2,162
Effect of:		
Adjustments in respect of prior periods	184	(482)
Expenses not deductible / (income not taxable) for tax purposes	23	(109)
Overseas tax	1,364	(256)
Timing differences	(422)	(459)
Payment for group relief	-	305
Exchange rate difference between opening and closing spot rates	(53)	84
Effect of changes in tax rates	2,451	703
<b>Tax charge for the financial period</b>	<b>10,715</b>	<b>1,949</b>

Under FRS102, deferred tax is required to be calculated using rates that have been substantively enacted at the balance sheet date. On 17 March 2020 a corporation tax rate of 19% (effective from 1 April 2020) was substantively enacted. On 24 May 2021 a further increase to a rate of 25% (effective from 1 April 2023) was substantively enacted. Deferred tax is calculated using the 19% rate for the 31 December 2020 balance sheet date and using the 25% rate for the 31 December 2021 balance sheet date.



## Sinomine Specialty Fluids Limited

### Notes to the financial statements For the year ended 31 December 2021

#### 8. Tangible assets

	Assets held for rent *	Plant and machinery	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>				
At 1 January 2021	124,248	6,919	282	131,449
Additions	2,522	223	130	2,875
Disposals	(588)	-	-	(588)
Transfer to Inventory	(13,926)	-	-	(13,926)
Transfers from assets under construction	-	303	(303)	-
<b>At 31 December 2021</b>	<b>112,256</b>	<b>7,445</b>	<b>109</b>	<b>119,810</b>
<b>Accumulated depreciation</b>				
At 1 January 2021	-	(5,057)	-	(5,057)
Charge for the financial period	-	(513)	-	(513)
<b>At 31 December 2021</b>	<b>-</b>	<b>(5,570)</b>	<b>-</b>	<b>(5,570)</b>
<b>Net book amount</b>				
At 1 January 2021	124,248	1,862	282	126,392
<b>At 31 December 2021</b>	<b>112,256</b>	<b>1,875</b>	<b>109</b>	<b>114,240</b>

\*Assets held for rent represents formate product that is rented to customers. This is not depreciated since the fluid can be rented out multiple times once returned fluid has been processed to remove any impurities. Losses of fluid quantity or quality during a job are billed to the customer and the related cost disclosed as transfer to inventory.

#### 9. Investments

	2021 \$'000	2020 \$'000
Shares in group undertakings at cost	-	-
<b>Impairment</b>	<b>-</b>	<b>-</b>
	-	-

Investments in 2019 and prior years represented 100% ordinary shares in Sinomine Specialty Fluids (Singapore) PTE Limited (formerly Cabot Specialty Fluids (Singapore) PTE Limited), a company incorporated in Singapore. The principal activity of Sinomine Specialty Fluids (Singapore) PTE Limited (formerly Cabot Specialty Fluids (Singapore) PTE Limited), is to provide employee support services to employees based in the Singapore branch. The group made the decision to close the entity in Singapore, ACRA (Accounting and Corporate Regulatory Authority) issued notice in June 2021 that Sinomine Specialty Fluids (Singapore) PTE Limited has been struck off the register of companies in Singapore. The investment was impaired in 2019 as it was deemed to have no value.



## Sinomine Specialty Fluids Limited

### Notes to the financial statements For the year ended 31 December 2021

#### 10. Stocks

	2021 \$'000	2020 \$'000
Finished goods and goods for resale	4,437	5,431

There is no material difference between the balance sheet value of stocks and their replacement cost. The stocks balance includes pollucite ore which is the raw material used to produce cesium formate.

#### 11. Debtors

	2021 \$'000	2020 \$'000
<b>Amounts falling due within one year:</b>		
Trade debtors	2,241	6,053
Amounts owed by group companies	5,596	4,108
Prepayments and accrued income	8,156	5,375
Other Debtors	-	319
	<b>15,993</b>	<b>15,855</b>

#### 12. Creditors: amounts falling due within one year

	2021 \$'000	2020 \$'000
Trade creditors	1,088	250
Amounts owed to group companies		
- due to fellow subsidiaries	10,826	5,196
Other taxation and social security	334	-
Group relief and corporation tax payable	8,339	2,974
Accruals and deferred income	1,740	2,098
	<b>22,327</b>	<b>10,518</b>

The amounts owed to group companies do not carry interest are unsecured and are repayable on demand.



## Sinomine Specialty Fluids Limited

### Notes to the financial statements For the year ended 31 December 2021

#### 13. Provision for liabilities

Movements on the provision for deferred taxation are as follows:

	2021 \$'000	2020 \$'000
Opening balance for the period	7,299	6,049
Charge to profit and loss account (note 6)	2,914	1,250
<b>At 31 December</b>	<b>10,213</b>	<b>7,299</b>

Analysis of provision and potential liability:

	2021 \$'000	2020 \$'000
Accelerated capital allowances	15,174	10,645
Short term timing differences	-	-
Unrelieved overseas tax	(4,961)	(3,347)
<b>Total deferred taxation</b>	<b>10,213</b>	<b>7,299</b>

Other provisions

	2021 \$'000	2020 \$'000
Asset Retirement Obligation	1,240	1,040
<b>Total Provision for Liabilities</b>	<b>11,453</b>	<b>8,339</b>

Asset Retirement Obligation is the estimated cost to decommission and leave leased sites at the end of lease term.

#### 14. Called up share capital

	2021 \$	2020 \$
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1.00 each	2	2

The company has one class of ordinary shares which carry no right to fixed income.

#### 15. Profit and Loss Reserve

The profit and loss reserve includes all current and prior periods profits and losses.



## Sinomine Specialty Fluids Limited

### Notes to the financial statements For the year ended 31 December 2021

#### 16. Cash From Operations

	2021 \$'000	2020 \$'000
Profit for the financial period	27,011	9,431
Taxes for the period	10,715	1,949
Net interest expense/income	2	(207)
<b>Operating Profit</b>	<b>37,728</b>	<b>11,173</b>
Depreciation and amortisation	513	508
Movement in asset retirement obligation provision	200	-
Movement in provision assets held for rent	(158)	(29)
Movement in provision for inventory	-	368
	<b>38,283</b>	<b>12,020</b>
Working capital movements:		
Change in inventory	994	1,768
Cost of assets held for rent transferred to inventory	14,605	4,156
Change in receivables	(1,830)	(148)
Change in payables	2,896	(3,572)
<b>Net cash flow from operations</b>	<b>54,948</b>	<b>14,224</b>

Working capital category 'cost of assets held for rent transferred to inventory' includes movement in assets held for rent relating to sales (the asset value is transferred to inventory and sold) and relating to losses when processing/reclaiming the asset (fluid). The cash to purchase the asset(s) was suffered in prior periods.

#### 17. Operating lease rental commitments

At 31 December 2021, the company had total commitments under non-cancellable operating leases as follows:

	2021 Land & buildings \$'000	2021 Other \$'000	2020 Land & buildings \$'000	2020 Other \$'000
Within one year	1,048	30	1,122	8
Between two and five years	714	35	684	9
	<b>1,762</b>	<b>65</b>	<b>8,806</b>	<b>17</b>

#### 18. Ultimate and immediate holding company

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Sinomine Resources Group Co Ltd incorporated and registered in the People's Republic of China. Sinomine Resources Group Co Ltd registered address is Floor 5, Building A, Wanliuyicheng Plaza 11, Changchungua Road, Haidian District, Beijing, China - copies of the Sinomine Resources Group Co Ltd consolidated financial statements can be obtained from this address. The ultimate controlling party is Sinomine Resources Group Co Ltd.

Sinomine (Hong Kong) Rare Metals Resources Co., Limited is the company's immediate parent.