

Korea Mine Rehabilitation and Mineral Resources Corporation and Subsidiaries

**Consolidated Financial Statements
December 31, 2021**

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

To the Board of Directors and Shareholders of
Korea Mine Rehabilitation and Mineral Resources Corporation :

Opinion

We have audited the consolidated financial statements of Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2021, the consolidated statement of comprehensive income, changes in equity and cash flows for the period from September 10 to December 31, 2021, and notes, comprising significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the period from September 10 to December 31, 2021 in accordance with Accounting Standards for Public Corporation and Quasi-governmental Institutions in the Republic of Korea("Government Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, 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.

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following:

(a) Material uncertainty on the ability to continue as a going concern

As described in Note 48 to the consolidated financial statements, the Group's total liabilities exceeded total assets by ₩2,218.3 billion as of December 31, 2021. These conditions, as set forth in Note 48 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The Government of the Republic of Korea, controlling shareholder of Korea Mine Rehabilitation and Mineral Resources Corporation, is currently seeking remedial measures.

(b) Uncertainty from impact of COVID-19

As described in Note 3.1 to the consolidated financial statements, the duration and severity of COVID-19 pandemic cannot be predicted. The ultimate impact that may arise from the uncertainties from impact of COVID-19 may differ from management's estimates reflected in the accompanying consolidated financial statements of the Group.

(c) Basis of preparation

As described in Note 2.1 to the consolidated financial statements, the Group applies Korean International Financial Reporting Standards where accounting provisions have not been specified under Government Accounting Standards.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Government Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 KSAs 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 consolidated financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting

and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Other Matter

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

KPMG Samjong Accounting Corp.

Seoul, Korea

March 8, 2022

This report is effective as of March 8, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Consolidated statement of financial position
As of December 31, 2021

(Korean won)

	Notes		December 31, 2021
Assets			
Current assets			
Cash and cash equivalents	5,625,41,42	₩	458,170,235,410
Current financial assets, net	7,10,11,41,42		133,741,851,086
Trade and other receivables, net	8,41,42		38,716,285,573
Inventories, net	12		78,433,795,819
Other current assets	13		17,718,471,116
Current tax assets			369,521,150
Assets held-for-sale	40		5,105,083,869
			<u>732,255,244,023</u>
Non-current assets			
Non-current financial assets, net	9,10,41,42		1,282,440,257,744
Long-term other receivables, net	8,41,42		20,864,960,154
Property, plant and equipment, net	16,22,25		589,842,846,923
Investment properties, net	17		17,255,723,753
Intangible assets, net	18,25		45,590,153,800
Investments in associates and joint ventures	14		2,103,405,026,491
Investments in joint operations	15		16,620,716,053
Deferred tax assets			5,950,179,432
Other non-current assets	13		231,646,678,923
			<u>4,313,616,543,273</u>
Total assets		₩	<u>5,045,871,787,296</u>
Liabilities			
Current liabilities			
Current trade and other payables	21,22,41,42	₩	76,046,096,752
Current financial liabilities	7,19,20,41,42		1,900,226,253,216
Current provisions	24		7,080,807,580
Current tax liabilities			29,892,699
Other current liabilities	26		12,743,494,679
			<u>1,996,126,544,926</u>
Non-current liabilities			
Non-current other payables	21,22,41,42		1,098,169,854
Non-current financial liabilities	19,20,41,42		5,053,288,039,764
Other non-current liabilities	27		2,135,968,460
Defined benefit liability, net	23		5,846,334,085
Deferred tax liabilities	38		106,262,223,674
Non-current provisions	24		99,422,128,173
			<u>5,268,052,864,010</u>
Total liabilities		₩	<u>7,264,179,408,936</u>
Equity			
Issued capital	28	₩	1,999,970,200,000
Discount on stock issuance			(9,599,856,960)
			<u>1,990,370,343,040</u>
Accumulated deficits	29		17,253,428,441
Voluntary reserves			(3,773,556,656,676)
Undisposed accumulated deficit			(3,756,303,228,235)
			<u>90,474,130,181</u>
Other components of equity	30		
Equity attributable to equity holders of the parent			(1,675,458,755,014)
Non-controlling interests			(542,848,866,626)
Total equity			<u>(2,218,307,621,640)</u>
Total liabilities and equity		₩	<u>5,045,871,787,296</u>

See accompanying notes to the consolidated financial statements.

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Consolidated statement of comprehensive income
For the period from September 10 to December 31, 2021

(Korean won)

	Notes	December 31, 2021
Sales	25,31	₩ 292,421,750,746
Cost of sales	39	(271,371,764,825)
Gross profit		21,049,985,921
Selling and administrative expenses	32,39,41	(58,403,376,103)
Operating loss		(37,353,390,182)
Other income	33	633,535
Other expenses	34	(5,291,041,452)
Other gains, net	35	14,812,396,297
Finance income	36,41	92,632,815,161
Finance costs	37,41	(95,044,652,757)
Gains on investments in associates and joint ventures	14	35,389,296,931
Profit before tax		5,146,057,533
Income tax benefit	38	19,676,391,490
Profit for the period		₩ 24,822,449,023
Attributable to:		
Equity holders of the parent		33,040,644,289
Non-controlling interests		(8,218,195,266)
		₩ 24,822,449,023
Other comprehensive income (loss)		
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Re-measurement loss on defined benefit plan		₩ (1,220,092,469)
Share of other comprehensive income of associates and joint ventures		4,145,116,761
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Exchange differences on translation of foreign operations		(34,446,257,394)
Share of other comprehensive income of associates and joint ventures		12,925,653,843
Other comprehensive loss for the period		(18,595,579,259)
Total comprehensive income		₩ 6,226,869,764
Attributable to:		
Equity holders of the parent		23,930,194,484
Non-controlling interests		(17,703,324,720)
		₩ 6,226,869,764

See accompanying notes to the consolidated financial statements.

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Consolidated statement of changes in equity
For the period from September 10 to December 31, 2021

(Korean won)

	Attributable to equity holders of the parent			Non-controlling interest	Total equity
	Issued capital	Accumulated deficits	Other components of equity		
As of September 10, 2021(comprehensive succession)	₩ 1,999,970,200,000	₩ (3,792,367,898,346)	₩ 102,608,605,808	₩ (525,145,541,906)	₩ (2,214,934,634,444)
Profit for the period	-	33,040,644,289	-	(8,218,195,266)	24,822,449,023
Other comprehensive income (loss)	-	2,925,024,292	(12,035,474,097)	(9,485,129,454)	(18,595,579,259)
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods, net of tax:</i>					
Re-measurement loss on defined benefit plans	-	(1,220,092,469)	-	-	(1,220,092,469)
Share of other comprehensive income of associates and joint joint ventures		4,145,116,761			4,145,116,761
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods, net of tax:</i>					
Share of other comprehensive income of associates and joint joint ventures	-	-	12,925,653,843	-	12,925,653,843
Exchange differences on translation of foreign operations	-	-	(24,961,127,940)	(9,485,129,454)	(34,446,257,394)
Total comprehensive income	-	35,965,668,581	(12,035,474,097)	(17,703,324,720)	6,226,869,764
Others	(9,599,856,960)	99,001,530	(99,001,530)	-	(9,599,856,960)
As of December 31, 2021	₩ 1,990,370,343,040	₩ (3,756,303,228,235)	₩ 90,474,130,181	₩ (542,848,866,626)	₩ (2,218,307,621,640)

See accompanying notes to the consolidated financial statements.

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Consolidated statement of cash flows
For the period from September 10 to December 31, 2021

(Korean won)

	December 31, 2021
Operating activities	
Profit for the period	₩ 24,822,449,023
Adjustments for operating activities for the year to net cash:	
Additional costs on loans	2,021,393,686
Provision for inventories	(10,133,937,454)
Depreciation	23,538,472,739
Depreciation of investment property	216,368,637
Amortization of intangible assets	1,058,165,421
Severance and retirement benefits	767,038,924
Employee benefits	135,857,683
Bad debt expense	6,689,516,303
Income tax expense	896,659,321
Loss on valuation of equity method investments	3,874,703,178
Loss on foreign currency translation	33,590,276,097
Loss on valuation of derivatives	3,443,258,635
Interest expenses	54,924,679,260
Other expenses	250,034,654
Income tax benefit	(20,573,050,811)
Reversal of allowance for doubtful accounts	(37,425,511)
Fair value through profit or loss	(3,808,285,600)
Gain on disposal of other non-current assets	(1,327,344,119)
Gain on valuation of equity method investments	(39,264,000,109)
Gain on foreign currency translation	(54,342,272,084)
Gain on foreign currency transactions	(165,772,379)
Gain on valuation of derivatives	(620,188,519)
Interest income	(36,024,828,791)
	<u>(34,890,680,839)</u>

See accompanying notes to the consolidated financial statements.

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Consolidated statement of cash flows
For the period from September 10 to December 31, 2021(cont'd)

(Korean won)

	December 31, 2021
Changes in operating assets and liabilities:	
Trade receivables	₩ 16,636,047,294
Other receivables	4,384,324,967
Inventories	10,581,019,414
Advanced payments	12,689,837,254
Prepaid expenses	301,195,392
Other payables	3,305,792,015
Accrued expenses	1,405,300,682
Trade payables	(12,473,410,773)
Advance receipts	(303,434,648)
Withholdings	720,624,383
Provisions for employee benefits	1,597,603,610
Provisions for guarantee liabilities	(228,106,151)
Plan assets	(912,653,020)
Payment of severance and retirement benefits	(405,743,220)
Other current liabilities	(498,900)
	<u>37,297,898,299</u>
Interest received	26,745,193,555
Interest paid	(49,986,975,748)
Income tax paid	(360,641,867)
Net cash flows provided by operating activities	<u>3,627,242,423</u>

See accompanying notes to the consolidated financial statements.

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Consolidated statement of cash flows
For the period from September 10 to December 31, 2021(cont'd)

(Korean won)

	December 31, 2021
Investing activities	
Disposition of assets held-for-sale	₩ 4,975,624,306
Decrease in short-term financial instruments	9,439,311,551
Decrease in long-term financial instruments	188,125,000
Decrease in short-term loans	48,009,306,130
Decrease in long-term loans	15,775,001,058
Decrease in long-term deposits	115,000,000
Acquisition of land	(6,510,745,565)
Acquisition of buildings	(2,784,634,949)
Acquisition of structures	(1,091,593,453)
Acquisition of machinery	(4,548,085,751)
Acquisition of vehicles	(999,180,275)
Increase in construction in progress	(8,391,378,818)
Acquisition of other property, plant and equipment	(599,590,117)
Acquisition of exploration and evaluation assets	(499,899,043)
Acquisition of software	(227,229,160)
Acquisition of other intangible assets	(15,115,154)
Acquisition of intangible assets in development	(1,409,810,980)
Increase in long-term loans	(43,179,025,391)
Increase in short-term financial instruments	(5,312,390,499)
Increase in investments in joint operations	(969,049,814)
Increase in long-term deposits	(5,868,598,574)
Net cash flows provided by (used in) investing activities	(3,903,959,498)
Financing activities	
Government grant	1,951,285,589
Increase in rental deposits	231,283,000
Decrease in rental deposits	(231,283,000)
Repayment of lease liabilities	(275,554,532)
Payment of capital registration tax	(9,599,856,960)
Net cash flows provided by financing activities	(7,924,125,903)
Net increase in cash and cash equivalents	
before effect of foreign exchange difference	(8,200,842,978)
Net foreign exchange difference	3,600,198,232
Net increase in cash and cash equivalents	(4,600,644,746)
Cash and cash equivalents at beginning of period	462,770,880,156
Cash and cash equivalents at end of the period	₩ 458,170,235,410

See accompanying notes to the consolidated financial statements.

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021

1. Corporate information

Korea Mine Rehabilitation and Mineral Resources Corporation (the "Company") was incorporated on September 10, 2021 under the *Korea Mine Rehabilitation and Mineral Resources Corporation Act* enacted on March 9, 2021. The Company has comprehensively succeeded all assets, liabilities, and other rights and obligations of those Korea Resources Corporation and Korea Mine Reclamation Corporation. The purpose of establishment of the Company is to contribute to the development of the national economy by appropriately managing mine damage, nurturing and supporting the mineral resource industry, thereby promoting the economic revitalization of the mining areas and stabilize the supply and demand of mineral resources.

The Company's issued capital as of December 31, 2021 amounts to ₩1,999,970,200,000 and the shareholders of the Company and their equity interest are as follows (Korean won):

Shareholders	Issued capital	Equity interest (%)
The Government of the Republic of Korea	₩ 1,997,270,200,000	99.86
Korea Development Bank	2,700,000,000	0.14
	₩ 1,999,970,200,000	100.00

(1) The Company's consolidated subsidiaries as of December 31, 2021 are as follows:

Subsidiary	Equity interest (%)	Major operating activities	Country of domicile
KORES Australia Pty. Ltd. and its subsidiaries	100.00	Mining	Australia
KORES Canada Corp. and its subsidiaries	100.00	Mining	Canada
SARISBURY LIMITED	80.00	Mining	Niger
Prime Asia Resources	100.00	Mining	Singapore
Ermani Ltd.	100.00	Mining	Tanzania
KORES Lux S.a.r.l. and its subsidiaries(*)	100.00	Mining	Luxembourg
Mireco Mongolia, LLC	100.00	Mine reclamation management	Mongolia

(*) This is an intermediate parent which has control over a subsidiary, MMB(Minera y Metalurgica del Boleo, S.A.P.I. de C.V.) with other non-controlling interests.

(2) Significant financial information of the consolidated subsidiaries as of and for the period from September 10 to December 31, 2021 are as follows (Korean won):

Subsidiary	Total assets	Total liabilities	Sales	Profit (loss) before tax	Net profit (loss) for the period
KORES Australia Pty. Ltd. and its subsidiaries	₩ 99,481,423,620	₩ 4,299,405,064	₩ 6,708,957,775	₩ 2,843,958,486	₩ 1,990,492,217
KORES Canada Corp. and its subsidiaries	127,510,923,021	7,007,491		1,284,230,044	1,284,230,044
Prime Asia Resources	16,724,717,068	60,426,369	-	1,658,871,316	1,658,871,316
KORES Lux S.a.r.l. and its subsidiaries	424,415,361,031	2,243,809,556,482	65,541,362,473	(22,582,231,631)	(22,626,498,389)
Mireco Mongolia, LLC	1,496,224,814	8,764,039	-	(28,801,558)	(27,727,852)

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The Company and its subsidiaries (collectively referred to as the "Group") maintain the official accounting records in Korean won and prepare statutory financial statements in the Korean language in accordance with Accounting Standards for Public Corporation and Quasi-governmental Institutions in the Republic of Korea ("Government Accounting Standards"), and in accordance with the Article 2, Paragraph 5 of Government Accounting Standards, Korean International Financing Reporting Standards ("K-IFRS") where accounting provisions have not been specified in Government Accounting Standards.

The consolidated financial statements were authorized by the board of directors' meeting on February 28, 2022.

(1) Certain accounting principles applied by the Group that are specified by Government Accounting Standards are as follows :

Government grants (Article 44)

Government grants used for the acquisition of assets are recognized as a deduction from the assets and are recognized in profit or loss over the useful life of the assets by offsetting the depreciation. Government grants received for business conducted on behalf of the government, in accordance with specific laws and regulations, and as a compensation for the differences between the price set by the government and the price set by the Company, are recognized in other income.

Among the grants and consignment management services designated by Article 48, the amounts not expensed can be accounted for as a deduction from the related assets.

Recognition of revenue and expenses related to consignment and management services (Article 48)

The Group recognizes funds received from the government for consignment and management services as revenue and expenses as the associated project progresses, or as assets and liabilities and does not offset.

Contribution to the Employee Welfare Fund (Article 49)

The Group contributes to the employee welfare fund and contributions are recognized as selling, general and administrative expenses in accordance with the Intra-company Labor Welfare Fund Act.

(2) Other than those mentioned in 2.1(1), the standards in K-IFRS are applied.

2.2 New standards and interpretations not yet effective

The enacted or amended standards and interpretations that have not been applied because the effective date has not arrived are as follows :

K-IFRS No. 1103 'Business Combination' Amendment - Citation of Conceptual Framework

The definition of assets and liabilities to be recognized in a business combination has been amended to refer to the revised conceptual framework for financial reporting, but liabilities and contingent liabilities included in the scope of application of the definition of 'Provisions, Contingent Liabilities and Contingent Assets' of K-IFRS No. 1037 and Interpretation No. 2121 'Levies', an exception was added to apply the standard, and it was clarified that contingent assets are not recognized at the acquisition date. These amendments are effective for annual periods beginning on or after January 1, 2022, with early adoption permitted. The Group does not expect the amendment to have a material impact on its financial statements.

K-IFRS No. 1016 'tangible assets' Amendment - Proceeds before intended use

It requires an entity to recognize revenue from the sale of items produced before the asset is used in the intended manner in profit or loss along with production costs, and prohibits deduction from the acquisition cost of tangible assets. These amendments are effective for annual periods beginning on or after January 1, 2022, with early adoption permitted. The Group does not expect this amendment to have a material impact on its financial statements.

K-IFRS 1037 'Provisions, contingent liabilities and contingent assets' Amendment - Onerous Contracts: Cost of Fulfilling a Contract

When identifying onerous contracts, we clarified that the scope of the cost of fulfilling a contract is the allocation

of incremental costs to fulfill the contract and other costs directly attributable to the fulfilling the contract. These amendments are effective for annual periods beginning on or after January 1, 2022, with early adoption permitted. The Group does not expect the amendment to have a material impact on its financial statements.

K-IFRS No. 1001 'Presentation of Financial Statements' Amendment- Current/non-current classification of liabilities

Liabilities are classified as current or non-current depending on the substantive rights that exist at the end of the reporting period, and do not take into account the possibility of exercising the right to defer the settlement of liabilities or management's expectations. In addition, the settlement of liabilities includes transfer of own equity instruments, but excludes cases where the option to settle with own equity instruments in a compound financial instrument meets the definition of equity instruments and is recognized separately from liabilities. These amendments are effective for fiscal years beginning on or after January 1, 2023, and early application is permitted. The Group is reviewing the impact of the amendment on the financial statements.

Enactment of K-IFRS No. 1117 'Insurance Contract'

K-IFRS No. 1117 'Insurance Contract' replaces K-IFRS No. 1104 'Insurance Contract'. K-IFRS No. 1117 'Insurance Contract' requires to estimate all cash flows from insurance contracts, measure insurance liabilities using a discount rate that reflects assumptions and risks at the time of reporting, and recognize revenue on an accrual basis by reflecting services (insurance coverage) provided to policyholders for each fiscal year. In addition, investment factors (cancellation/maturity refunds) paid to policyholders regardless of insurance events are excluded from insurance income, and insurance profit and loss and investment profit and loss are displayed separately so that information users can check the source of profit and loss. This Standard is effective for the first fiscal year beginning on or after January 1, 2023, and early application is permitted to companies that have applied K-IFRS No. 1109 'Financial Instruments'. The Group does not expect the amendment to have a material impact on its financial statements.

K-IFRS No. 1001 'Presentation of Financial Statements' - Disclosure of 'Accounting Policy'

In order to define and disclose material accounting policies and to provide guidance on how to apply the concept of materiality, International Accounting Standards Practice 2 'Accounting Policy Disclosure' has been amended. These amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted. The group is reviewing the impact of the revision on the financial statements.

K-IFRS No 1008 'Accounting Policy, Changes and Errors in Accounting Estimates' - Definition of 'Accounting Estimates'

This amendment have defined accounting estimates and clarified how to distinguish them from changes in accounting policies. These amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted. The Group does not expect the amendment to have a material impact on its financial statements.

K-IFRS 1012 'Income Tax' - Deferred tax assets and liabilities arising from a single transaction

In addition to the initial recognition exception for a transaction in which an asset or liability is initially recognized, a transaction that does not generate a taxable temporary difference and a deductible temporary difference has been added. These amendments are effective for fiscal years beginning on or after January 1, 2023, and early application is permitted. The Group does not expect the amendment to have a material impact on its financial statements.

Annual Improvement of K-IFRS 2018-2020

The annual improvement 2018-2020 of the K-IFRS is effective for fiscal years beginning on or after January 1, 2022, and early application is permitted. The Group does not expect the amendment to have a material impact on its financial statements.

K-IFRS No. 1101, 'First Adoption of International Financial Reporting Standards': Subsidiaries that are first-time adopters

K-IFRS No. 1109 'Financial Instruments': Fee related to 10% test for the purpose of derecognizing financial liabilities

K-IFRS No. 1116 'Lease': Lease incentives

K-IFRS No. 1041 'Agriculture': Fair value measurement

2.3 New and amended standards and interpretations

The Group applied the following standards and amendments for the first time for its reporting period commencing

January 1, 2021:

Interest Rate Benchmark Reform

Market-wide interest rate benchmark reform requires disclosure of exceptions to practical expedients and discontinuation of hedge accounting in accordance with K-IFRS No. 1109 "Financial Instruments", K-IFRS No. 1039 "Financial Instruments : Recognition and Measurement" , K-IFRS No. 1107 "Financial Instruments : Disclosures" , K-IFRS No. 1104 "Insurance Contracts", K-IFRS No. 1116 "Lease". The effect of the amendments to the consolidated financial statements is not significant.

2.4 Significant accounting policies

Significant accounting policies in accordance with K-IFRS applied by the Group in the preparation of its consolidated financial statements are summarized below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for certain non-current assets and financial assets. Historical cost is based on the fair value of the consideration given in exchange for assets.

(1) Basis of consolidation

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries (including special-purpose entities) controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used in the Group.

All intragroup transactions, balances, income and expenses are eliminated in full upon consolidation.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, the income or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed the relevant assets (i.e., reclassified to income or loss or transferred directly to retained earnings).

Any interest retained in the former subsidiary is measured at fair value when control is lost.

2.4 Significant accounting policies (cont'd)

(2) Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. An entity is considered to have significant power when one or more among the followings is applicable:

① Being able to participate in the Board of Directors; meetings or equivalent, ② Being able to participate in the process of making decisions including distribution of dividends or others, ③ Significant transactions exist between the entity and the investee ④ Mutual interchange between managements ⑤ Providing essential technical information.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with K-IFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of K-IFRS 1028 *Investments in Associates and Joint Ventures* are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS 1036 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. An impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the net investment in the associate. Any reversal of that impairment loss is recognized in accordance with K-IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, incomes and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(3) Non-current Assets Held for Sale and Discontinued Operations

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. In order to be classified as held for sale, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Management must be committed to a plan to sell the asset (or disposal group), the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification. The Group that is committed to a sale plan involving loss of control of a subsidiary shall classify all the assets and liabilities of that subsidiary as held for sale when the criteria stated are met, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale. The assets or disposal group that are classified as non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

2.4 Significant accounting policies (cont'd)

(4) Foreign currencies

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). It is necessary for the results and financial position of each individual entity included in the reporting entity to be translated into the currency, Korean won, in which the reporting entity presents its financial statements.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Assets and liabilities for each statement of financial position presented (i.e., including comparatives) were translated at the closing rate at the date of that statement of financial position, income and expenses for each statement presenting profit or loss and other comprehensive income (i.e., including comparatives) were translated at the average exchange rates of the period and all resulting exchange differences were recognized in other comprehensive income.

On the disposal of a foreign operation, (in addition to the disposal of an entity's entire interest in a foreign operation, the following partial disposals are accounted for as disposals; when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation, regardless of whether the entity retains a non-controlling interest in its former subsidiary after the partial disposal, and when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation), the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognized. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the non-controlling interests shall be de-recognized, but shall not be reclassified to profit or loss.

(5) Property, plant and equipment

Property, plant and equipment are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separated items if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

2.4 Significant accounting policies (cont'd)

Property, plant and equipment, except for land are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed.

	Useful life
Buildings	20 - 40
Structures	20
Machinery	5 - 10
Vehicles	7
Others	5 - 10

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

Property, plant and equipment are derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of a property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in income or loss when the asset is derecognized.

(6) Investment properties

The real estate to obtain rental income or capital appreciation are classified as investment properties. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized in carrying amount of an asset or as an asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. A carrying amount of an asset replaced by subsequent costs are derecognized. Routine maintenance and repairs are expensed as incurred. Investment properties consist of land which are not depreciated. Investment properties except land, are depreciated using a straight-line method during 40 years of useful life.

Investment properties are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is recognized in profit or loss in the period.

(7) Intangible assets

Intangible assets acquired separately

Intangible assets with a finite useful life that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful life. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with an indefinite useful life that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets are amortized over the estimated useful life using the methods as follows:

	Useful life	Amortization methods
Software	10 years	Straight-line method
Industrial proprietary rights	5 years	Straight-line method
Mining right	Terms of use	Unit of production method

2.4 Significant accounting policies (cont'd)

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in income or loss when the asset is derecognized.

(8) Leases

The Group classifies and accounts for leases as either a finance or operating lease, depending on the terms. In accordance with the amendment of the standard, lessee applies a single lease model and recognizes assets and liabilities for all lease which lease term is over 12 months and underlying assets are not low value assets. For a contract that is, or contains, a lease, the Group shall account for each lease component within the contract as a lease separately from non-lease components of the contract. As a practical expedient, the Group as a lessee elect not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Group as a lessor

A lease in which the risks and rewards of ownership of the underlying asset are transferred to the Group is classified as a finance lease, and leases in which the risks and rewards of ownership of the underlying asset are not transferred to the Group are classified as an operating lease.

Group provided its investment property as a lease and classified as an operating lease. Group recognized lease payments from operating leases as income on a straight-line basis, added initial direct costs incurred in negotiating and arranging an operating lease to the carrying amount of the underlying asset and recognized those costs as an expense over the lease term on the same basis as the lease income.

Group as a lessee

Group applied a single recognition and measurement method for all leases except short-term leases or leases for which the underlying asset is of low value. Accordingly, the Group recognized a right-of-use asset and a lease liability.

- Right-of-use asset

The Group recognizes the right-of-use asset at the commencement of the lease. Right-of-use assets are measured at cost, deduct accumulated depreciation and accumulated impairment losses, and adjusted if remeasurement of lease liabilities occurs. The cost of the right-of-use asset includes the amount of the recognition of the lease liability and the amount of the initial direct cost, and the lease advance payment or incentive paid before the commencement of the lease payments. If the Group is not reasonably expected to obtain ownership of the leased asset at the end of the lease term, the right-of-use asset is depreciated on a straight-line basis over the shorter period of the estimated useful life and lease term. The Group performs an impairment review of the right-of-use asset.

- Lease liability

The Group measures the lease liability at the present value of the lease payments it has not paid at the commencement of the lease. Lease payments include fixed lease payments (including actual fixed lease fees), variable lease payments that depend on the index or rate, and the amount expected to be paid by the Group under the residual value guarantee, except for lease incentives to be received. In addition, if the Group is reasonably certain to exercise the option, the lease payments and lease term of the option reflect the Group's exercise of the option to terminate the lease, the amount paid to terminate the lease is included in the lease fee. Variable lease payments, which do not depend on the index or rate, are recognized as expenses in the period in which the lease payments occur.

2.4 Significant accounting policies (cont'd)

When calculating the present value of the lease payments, the Group uses the incremental borrowing rate at the inception of the lease if it cannot calculate the interest rate implicit in a lease. The Group increases the carrying amount of the lease liability by reflecting interest on the lease liability at the commencement of the lease, and reduces the carrying amount of the lease liability by reflecting the lease payment paid. The Group also remeasures the lease liability to reflect changes in leases, to reflect actual changes in fixed lease payments, to reflect changes in lease terms, or to assess the underlying asset purchase option.

- Short-term leases and leases of low-value assets

The Group applies the recognition exemption for short-term leases. In addition, the recognition exemption is applied to as leases for low-value office equipment. Lease payments for short-term and low-value leases are recognized as expenses on a straight-line basis over the lease term. Note 23 describes the carrying amount of the right-of-use assets and lease liabilities and the amount of changes during the reporting period.

(9) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories, except for those in transit, is measured under the weighted average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The carrying amount of inventories sold in the period and the amount of any write-down of inventories to net realizable value and all losses of inventories in the period; less the amount of any reversal in the period of any write-down of the inventories, arising from an increase in net realizable value, are recognized as an expense during the period. When there is an increase in net realizable value, the amount of the write-down is reversed and deducted from cost of sales.

(10) Impairment of non-financial assets except for goodwill

The Group assesses at the end of each reporting period whether there is any indication of an impairment loss for an asset other than goodwill, if any such indication exists, the Group estimates the recoverable amount of that asset for the measurement of an impairment loss. The Group estimated the recoverable amount for the individual asset, if it is not possible to estimate the recoverable amount of the individual asset, the Group determined the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit). The corporate assets are allocated on a reasonable and consistent basis to the individual cash-generating units, if cannot be allocated to the individual cash-generating units, the Group allocates the corporate asset on a reasonable and consistent basis to the smallest group of cash-generating units. The Group performs the impairment test for an intangible asset with an indefinite useful life or an intangible asset not yet available for use annually irrespective of whether there is any indication of impairment. The recoverable amount is defined as the higher of an asset's or cash-generating unit's net fair value (fair value less costs of disposal) and its value in use. If, and only if, the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. That reduction is recognized immediately in profit or loss.

When reversing the impairment loss in prior periods, the carrying amount of an asset shall be lower of the modified recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. Reversed amount should be accounted as profit or loss immediately.

2.4 Significant accounting policies (cont'd)

(11) Financial assets

1) Classification

The Group classifies its financial assets in the following measurement categories ;

- Those to be measured at fair value through profit or loss ;
- Those to be measured at fair value through other comprehensive income; and
- Those to be measured at amortized cost

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

For financial 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. The Group reclassified debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

2) Measurement

At initial recognition, the Group 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.

A. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- **Amortized 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 amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.
- **Fair value through other comprehensive income :** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.
- **Fair value through profit or loss :** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within 'finance income or cost' in the year in which it arises.

2.4 Significant accounting policies (cont'd)

B. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'finance income or cost' in the statement of profit or loss as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

3) Impairment

In respect of the impairment of financial assets, the Group accounts for expected credit losses at each reporting date, and changes in those expected credit losses to reflect changes in credit risk since initial recognition. That is, it is not necessary for a credit event to have occurred before credit losses are recognized. The Group shall recognize expected credit losses as an allowance for bad debts under K-IFRS 1109.

4) De-recognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(12) Financial liabilities and equity instruments

1) Liability and equity classification

Debt instruments and equity instruments are classified to a financial asset or an equity according to the substance of a contract.

2) Equity instruments

Equity instruments included all contracts that represents a residual interest (the Group's any asset less any liability). The Group recognizes the equity instruments as net amount that the issued price less the transaction costs that are directly attributable.

3) Finance liabilities

The group classified financial liabilities into financial liabilities at fair value through profit or loss or other financial liabilities.

2.4 Significant accounting policies (cont'd)

4) Financial guarantee contracts

Financial guarantee liabilities shall be initially measured at fair value, an issuer of such a contract shall subsequently measure it at the higher of;

- The amount of the loss allowance determined in accordance with the impairment requirements
- The amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principle of K-IFRS 1115 'Revenue from Contracts with Customers'.

5) De-recognition of financial liabilities

The Group derecognizes a financial liability from the consolidated statement of financial position when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between carrying amount and consideration paid is recognized through profit or loss when derecognizing a financial liability.

(13) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for estimated future costs are discounted using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability. Increase in the provision due to the passage is recognized in profit or loss as finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

a. Guarantee of performance obligation to "Forest recovery deposit"

The present obligation under the guarantee agreement is recognized and measured as provision as follows :

For the usage of mountain areas and lands for the purpose of mining, miners must get permissions from the exclusive permission authority in accordance with Management of Mountainous Districts Act and National Land Planning and Utilization Act. Exclusive permit authority is obligated to receive "Forest recovery deposit" from miners for the recovery of forest damage in the course of mining.

The Group provides a guarantee of performance obligation to "Forest recovery deposit" when the miners pay in long-term installments an amount of 30%–60% of "Forest recovery deposit" to Ministry of Trade, Industry and Energy. The Group provides a guarantee of performance obligation to "Forest recovery deposit" under the law of Mine Reclamation and Damage Prevention, Article 39, clause 1, Article 5 and notice by Ministry of Trade, Industry and Energy.

2.4 Significant accounting policies (cont'd)

Up to date, an amount of 49.6 billion won has been paid by miners to Ministry of Trade, Industry and Energy; and in return, an amount of 656.8 billion won has been provided by the Group as a guarantee of performance obligation to "Forest restoration deposit". The exclusive permission authority has asked miners to restore the forest that is equivalent to a guarantee of 13.6 billion won, but the obligation was not fulfilled due to bankruptcy of the miners; therefore, the authority has asked the Group, who provided the guarantee, to restore the forest area.

The Group reliably estimates expenses and provides provision for a guarantee of performance obligation that is likely to occur. In addition, the Group reserved to settle a provision at the end of the reporting period.

b. Employment benefit

The Ministry of Strategy and Finance carries out institutional evaluation based on the annual performance of the Company. Based on the result, incentives are paid. Performance bonuses are based on reasonable estimates made in accordance with K-IFRS 1037 and are presented as employee benefit provision.

(14) Derivative financial instruments

The Group entered into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest swap and currency swap. Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivatives are classified non-current assets or liabilities, when the remaining maturities were longer than twelve months, or when they were due not to be settled within twelve months. Other derivatives were presented as current assets or liabilities.

1) Hedge accounting

There are three types of hedging accounting in the hedge accounting model(fair value hedge, cash flow hedge, hedge of a net investment in a foreign operation). But the more flexibility was introduced to the eligible types of the hedging accounting, and enlarge the type of the eligible hedging instruments and the risk factors of the non-financial item.

2) Fair value hedge

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The gain or loss from re-measuring the hedging instrument at fair value for a derivative hedging instrument and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss in the same line item of the consolidated statement of comprehensive income. However, the Group elected to present the changes in the fair value as other comprehensive income at the date of initial recognition, the gain or loss from re-measuring the hedging instrument at fair value for a derivative hedging instrument and the gain or loss on the hedged item attributable to the hedged risk are recognized in other comprehensive income.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised or even after considering re-adjustments, or if the hedge no longer meets the criteria for hedge accounting. Any adjustment arising from gain or loss on the hedged item attributable to the hedged risk is amortized to profit or loss from the date the hedge accounting is discontinued. If the hedge relationship no longer meets the requirements for hedge effectiveness related to the hedge ratio, but the objectives of risk management for the designated hedge relationship remain the same, the hedging ratio of the hedge relationship should be adjusted ('re-adjustments').

2.4 Significant accounting policies (cont'd)

(15) Revenue

Under the standard, K-IFRS 1115, the Group recognizes revenue base on the five-step approach (Step 1: Identify the contract(s) with a customer, Step 2: Identify the performance obligations in the contract, Step 3: Determine the transaction price, Step 4: Allocate the transaction price to the performance obligations in the contract, Step 5: Recognize revenue when the entity satisfied a performance obligation) is applied for all types of contracts or agreements. Revenue is measured based on the consideration defined by the contracts with customers, and the amount collected as an agent of a third party is excluded. In addition, the Group recognizes revenue when the control over the goods or service is transferred to the customer.

(16) Pension benefits

Contributions to defined contribution plans are expensed as incurred, which is when the employees render service.

For defined benefit plans and other post-employment benefits, the net periodic pension expense is actuarially determined on an annual basis by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

All actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are recognized immediately in retained earnings and included in the statement of comprehensive loss. The vested portion of past service cost arising from plan amendments is recognized immediately in profit and loss. The unvested portion is amortized on a straight-line basis over the average remaining period until the benefits become vested.

The asset or liability recognized in the consolidated statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past service costs. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(17) Income taxes

Current income tax

Current tax is computed in respect of the taxable profit for a period. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit of future periods, and non-taxable or non-deductible items from the accounting profit. Current tax liabilities for the current and prior periods shall be measured at the amount expected to be paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized for the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are usually recognized for all taxable temporary differences. Deferred tax assets are usually recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. However, the Group does not recognize deferred tax liabilities when arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. And the Group does not recognize deferred tax assets when relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2.4 Significant accounting policies (cont'd)

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, the Group recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Recognition of current and deferred tax

Current and deferred tax shall be recognized as income or an expense and included in profit or loss for the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity and a business combination.

(16) Exploration and evaluation assets

The Group is engaged in exploration projects for mineral resources through subsidiaries, associates and joint ventures or other contractual arrangements. Expenditures for topographical studies, geological studies, geochemical studies, geophysical studies and drilling related to the development of mineral resources are recognized as exploration and evaluation assets. These assets are reclassified as development assets of project subsidiaries or associates and joint ventures when it is proved that the exploration has identified commercially viable mineral deposits.

(19) Minerals held in reserve

The Group stockpiles mineral resources such as rare metals to stabilize domestic demand and market prices and classifies those assets as mineral resources stockpiles (non-current non-financial assets) of which the cost is determined using the moving-average method.

3. Significant accounting judgments, estimates and assumptions

The Group makes assumptions and estimates concerning the future. Assumptions and estimations are verified continuously based on the past experience and reasonably expected future event. This accounting estimation, however, could be different from actual results. Assumptions and estimations for significant risks which may cause adjustments to the carrying amounts of assets and liabilities are as follows:

3. Significant accounting judgments, estimates and assumptions (cont'd)

3.1 Uncertainty of COVID-19

Since the outbreak of COVID-19 pandemic, governments around the globe have implemented measures such as mandatory factory shutdown, self-quarantine, closing borders, and travel bans. The ultimate impact of COVID-19 pandemic on the Group's operations is not yet known and will depend on future developments. The duration and significance of COVID-19 is highly uncertain and unpredictable, and the protective measures of the governments around the globe or the Group may lead to substantial business interruption and decrease in business scale. The financial impact of this cannot be reasonably estimated, but management expect most areas where the Group operates to be impacted to certain extent. The extent and duration of COVID-19's impact on the Group's business have not yet to be determined.

In the case of mining industry, which is the primary market where the Group operates, significant uncertainties related to revenue and cash flow are expected due to the suspension of operations and manpower shortages caused by resurging COVID-19.

3.2 Taxes

The Group carries on businesses in variety of countries and income tax expense coming from operating activities is calculated by the relevant tax laws of different jurisdictions. Accordingly, there are uncertainties in determining the final tax effect on taxable income. The Group recognized expected corporate tax effect as current corporate tax expense and deferred corporate taxes using the best estimation. Actual corporate tax levied, however, may not be consistent with related assets or liabilities, which may cause changes in assets or liabilities at the time when the tax effect is confirmed.

3.3 Fair value of financial instruments

The fair value of financial instruments which are not traded in an active market is principally decided using valuation method. The Group selects various valuation methods and makes judgments about assumptions based on key market circumstances as of December 31, 2021.

3.4 Provision

The Group recognizes provision for employee performance bonus as a result of the assessment in accordance with guidelines from the Ministry of Strategy and Finance (see Note 2.4.(13)).

3.5 Pension benefits

The present value of the defined benefit pension can be changed depending on various factors determined using actuarial valuations. Assumptions to determine pension cost (profit) include the use of discount rates, where changes in assumptions will lead to changes in the present value of the defined benefit pension. The Group determines a discount rate every year end, which is the interest rate used to decide the present value of expected future cash outflows. The Group determines the discount rate using the interest rate of outstanding corporate bonds with similar maturity profiles with the pension obligation. Other assumptions related with the pension obligation are based on market circumstances (see Note 24).

3.6 Management's judgements

Information about management's judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes.

- Note 14 : Investments in associates and joint ventures
- Note 15 : Investments in joint operations

3. Significant accounting judgments, estimates and assumptions (cont'd)

3.7 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year is included in the following notes.

- Note 14 : Investments in associates and joint ventures
- Note 15 : Investments in joint operations
- Note 24 : Provisions
- Note 38 : Tax
- Note 48 : Material uncertainty of going concern

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

4. Operating segment information

The Group operates separate accounts for its own and overseas assets, in accordance with the *Korea Mine Rehabilitation and Mineral Resources Corporation Act*

The summary of the Group's financial information by reportable segment as of December 31, 2021 and for the period from September 10 to December 31, 2021 is as follows (Korean won):

	Own assets account	Overseas assets account	Total
Total segment sales	₩ 87,941,307,011	₩ 204,480,443,735	₩ 292,421,750,746
Sales from external customers	87,941,307,011	204,480,443,735	292,421,750,746
Depreciation	3,491,175,646	6,038,452,660	9,529,628,306
Amortization	733,655,044	-	733,655,044
Operating loss	(8,074,402,854)	(29,278,987,328)	(37,353,390,182)
Total segment assets	2,299,741,589,934	2,746,130,197,362	5,045,871,787,296
Investments in associates and joint ventures	1,247,955,650,235	855,449,376,256	2,103,405,026,491
Total segment liabilities	173,351,728,783	7,090,827,680,153	7,264,179,408,936

Details of geographic information for sales for the period ended December 31, 2021 are as follows (Korean won) :

	Own assets account	Overseas assets account	Total
Korea	₩ 87,941,307,011	₩ 132,230,123,487	₩ 220,171,430,498
Australia	-	6,708,957,775	6,708,957,775
Luxembourg	-	65,541,362,473	65,541,362,473
	87,941,307,011	204,480,443,735	292,421,750,746

Details of customers whose sales represent 10% or more of the Group's total sales for the period ended December 31, 2021 are as follows (Korean won) :

	Own assets account	Overseas assets account	Total
STX Japan Corporation	₩ -	₩ 69,520,056,735	₩ 69,520,056,735
POSCO INTERNATIONAL	-	57,585,683,631	57,585,683,631
	-	127,105,740,366	127,105,740,366

5. Cash and cash equivalents

Cash and cash equivalents presented in the consolidated statement of cash flows includes cash on hand, bank deposits but excludes bank overdrafts. Cash and cash equivalents on the consolidated statements of financial position as of December 31, 2021 are as follows (Korean won):

	2021
Cash and cash equivalents	₩ 460,508,823,322
(-)Government grants	(78,990)
(-)Entrusted business funds	(2,338,508,922)
	₩ 458,170,235,410

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

6. Restricted cash and cash equivalents

As of December 31, 2021, the Group's restricted cash and cash equivalents and material assets pledged as collateral for borrowings and contingent liabilities are as follows (Korean won)

		2021
Cash and cash equivalents(*1)	Use designation in relation to trusting task	₩ 2,338,508,922
	Use designation in relation to joint cost	78,990
		₩ 2,338,587,912

(*1) As of December 31, 2021, the use has been designated in relation to the entrusted tasks of the Korea International Cooperation Agency, etc.

7. Derivatives

Details of derivatives as of December 31, 2021 are as follows (Korean won):

	2021
Derivative liabilities:	
Currency and interest rate swaps	₩ 8,764,793,842

Details of currency and interest rate swaps as of December 31, 2021 are as follows (Korean won):

	Counterpart	Contract period	Amount	Contract interest rate	
				Sell	Purchase
Held for trading	KEB Hana Bank	2017-02-20~2022-02-18	200,000,000,000	Fixed interest rate 2.02%	3M CD + 0.27%
Held for trading	Hana Financial Investmen	2020-02-14~2040-02-26	AUD 60,000,000	USD 40,320,000, 2.42%(in 5years), 6M LIBOR+1.18%(afterwards) 1.95%(in 5years),	AUD 60,000,000 (3.01%)
Held for trading	Hana Financial Investmen	2020-07-06~2040-07-13	USD 60,000,000	6M LIBOR+2.35%(afterwards)	Fixed interest rate 3.20%
Held for trading	HSBC	2020-03-09~2025-03-07	HKD 500,000,000	USD 64,246,707.36 (2.03%)	HKD 500,000,000 (2.09%)

There are two callable swaps, (1) AUD60,000,000/USD40,320,000 callable cross currency swap and (2) USD 60,000,000 callable interest swap. The counterparts have the right to early terminate the transactions every 5th year after the first termination date in 5 years from start date. If the cross-currency basis moves against the Group, the counterparts will terminate early the transactions the Group may need to pay higher USD funding in order to refinance the same positions. Also, if the benchmark interest rate falls, the Group is exposed to uncertain duration risk.

Details of gain (loss) on derivative transactions for the periods ended from September 10 to December 31, 2021 are as follows (Korean won):

	Gain (loss) on valuation		Gain (loss) on settlement	
Currency swaps	₩	(3,299,290,856)	₩	-
Interest rate swaps		476,220,740		(305,753,443)
	₩	(2,823,070,116)	₩	(305,753,443)

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

8. Trade and other receivables

Details of trade and other receivables as of December 31, 2021 are as follows (Korean won):

	Gross amounts	Allowance for doubtful accounts	Book value
Current assets:			
Trade receivables	₩ 8,954,259,175	₩ (1,553,808,449)	₩ 7,400,450,726
Other receivables	32,520,706,445	(2,924,957,087)	29,595,749,358
Accrued income	75,146,005,508	(73,425,920,019)	1,720,085,489
	<u>116,620,971,128</u>	<u>(77,904,685,555)</u>	<u>38,716,285,573</u>
Non-current assets:			
Other receivables	₩ 18,339,753,942	₩ (10,030,474,024)	₩ 8,309,279,918
Deposits	12,555,680,236	-	12,555,680,236
	<u>30,895,434,178</u>	<u>(10,030,474,024)</u>	<u>20,864,960,154</u>
	<u>₩ 147,516,405,306</u>	<u>₩ (87,935,159,579)</u>	<u>₩ 59,581,245,727</u>

The aging analysis of trade and other receivables as of December 31, 2021 is as follows (Korean won):

	2021
Neither overdue nor impaired	₩ 59,581,245,727
Overdue but not impaired receivables	-
Impaired receivables:	
More than 120 days	87,935,159,579
	<u>147,516,405,306</u>
Less: Allowance for doubtful accounts	<u>(87,935,159,579)</u>
	<u>₩ 59,581,245,727</u>

Changes in allowance for doubtful accounts on trade and other receivables for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Beginning	₩ 86,606,122,331
Bad debt expense	1,301,513,016
Reversal of unused amounts	-
Others	27,524,232
Ending	<u>87,935,159,579</u>

The Group considers the change of credit ratings of other receivables to assess their credit risk from the initial recognition date to the reporting date. The concentration of credit risk is limited because there are many customers and there is no correlation between customers.

9. Financial assets at FVTPL

Details of financial assets at FVTPL as of December 31, 2021 are as follows (Korean won):

	Acquisition cost	Book value	Fair value
Global Dynasty Fund	₩ 672,731,189	₩ -	₩ -
SEDEX Minerals Limited	29,357,064,818	-	-
Seah M&S Co., Ltd.	6,794,250,505	14,253,399,200	14,253,399,200
Minerva Coal Pty Ltd, etc.	263,700,702	263,700,702	263,700,702
	<u>₩ 37,087,747,214</u>	<u>₩ 14,517,099,902</u>	<u>₩ 14,517,099,902</u>

Changes in financial assets at FVTPL for the period from September 10 to December 31, 2021 are as follows (Korean won):

	September 9	Valuation	Others	December 31
Seah M&S Co., Ltd	₩ 10,445,113,600	₩ 3,808,285,600	₩ -	₩ 14,253,399,200
Minerva Coal Pty Ltd, etc.	263,338,413	-	362,289	263,700,702
	<u>₩ 10,708,452,013</u>	<u>₩ 3,808,285,600</u>	<u>₩ 362,289</u>	<u>₩ 14,517,099,902</u>

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

10. Short-term and long-term loans

Details of short-term and long-term loans as of December 31, 2021 are as follows (Korean won):

	Gross amounts	Allowance for doubtful accounts	Present value discounts	Book value
Short-term loans	₩ 119,937,796,497	₩ (8,346,537,618)	₩ (1,112,743,581)	₩ 110,478,515,298
Long-term loans	1,368,495,881,303	(216,329,705,876)	(11,075,051,278)	1,141,091,124,149
	<u>₩ 1,488,433,677,800</u>	<u>₩ (224,676,243,494)</u>	<u>₩ (12,187,794,859)</u>	<u>₩ 1,251,569,639,447</u>

The aging analysis of loans as of December 31, 2021 is as follows (Korean won):

	2021
Neither overdue nor impaired	₩ 1,218,474,832,843
Overdue but not impaired loans	-
~60 days	46,402,048,080
60~90 days	-
90~120 days	201,310,000
More than 120 days	223,355,486,877
	<u>1,488,433,677,800</u>
Less: Allowance for doubtful accounts	(224,676,243,494)
Less: Present value discounts account	(12,187,794,859)
	<u>₩ 1,251,569,639,447</u>

Changes in allowance for doubtful accounts for loans for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Beginning(comprehensive succession)	₩ 219,247,604,353
Bad debt expense	5,388,003,287
Write-off	-
Reversal of unused amounts	(37,425,511)
Others	78,061,365
Ending	<u>₩ 224,676,243,494</u>

11. Short-term financial instruments

Detail of short-term financial instruments as of December 31, 2021 is as follows (Korean won):

	2021
Deposit	₩ 16,790,284,177

12. Inventories

Details of inventories as of December 31, 2021 are as follows (Korean won):

	Acquisition cost	Valuation allowance	Book value
Work in process	₩ 8,177,160,601	₩ -	₩ 8,177,160,601
Finished goods	913,055,479	-	913,055,479
Supplies	40,029,147,458	(13,189,871,008)	26,839,276,450
Goods in transit	42,504,303,289	-	42,504,303,289
	<u>₩ 91,623,666,827</u>	<u>₩ (13,189,871,008)</u>	<u>₩ 78,433,795,819</u>

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

13. Non-financial assets

Details of non-financial assets as of December 31, 2021 are as follows (Korean won):

	2021	
	Current	Non-current
Advanced payments	₩ 2,875,536,062	₩ -
Prepaid expenses	13,406,471,677	-
Minerals held in reserve	-	226,225,330,215
Others	1,436,463,377	5,421,348,708
	₩ 17,718,471,116	₩ 231,646,678,923

14. Investments in associates and joint ventures

Details of investments in associates and joint ventures as of December 31, 2021 are as follows (Korean won):

			2021		
	Principal activity	Country of incorporation	Equity interest (%)	Acquisition cost	Book value
<ASSOCIATES>					
Xian Maxun KORES New Material Corporation Ltd.	Mining	China	49.00	₩ 6,638,417,887	₩ -
Zhangjiagang Wonjin-KORES Industrial Material Corporation Ltd.	Mining	China	49.00	3,200,922,460	3,635,968,075
Zhangjiagang Wonjin-KORES Resources Recovery Reutilization Corporation Ltd.	Mining	China	49.00	3,765,957,522	5,917,238,738
AMSA/DMSA (Ambatovy) (*1)	Mining	Madagascar	38.03	2,756,463,866,653	594,798,233,562
Korean Boleo Corporation on S.A. de C.V.	Mining	Mexico	46.92	152,649,898,649	-
Philco Resources Ltd.	Mining	Malaysia	40.00	325,934,829	-
Haein Resources Corporation	Mining	South Korea	49.00	3,087,000,000	-
Springvale SK Kores Pty Ltd.	Mining	Australia	50.00	48,641,284,222	-
Mkuju Resources Tanzania Ltd	Mining	Tanzania	28.00	2,260,744,831	-
PT. KCT	Mining	Indonesia	24.00	473,949,000	-
Enertech	Mining	South Korea	25.55	732,954,500	-
Kangwon Land, Inc	Casino, Hotel, Golf, Ski, Mansion	South Korea	36.27	50,999,998,392	1,188,578,761,303
Mungyeong Leisure Town Co., Ltd	Golf, Mansion	South Korea	36.36	24,000,000,000	26,253,321,518
Black Valley Country Club Co., Ltd	Golf	South Korea	11.03	10,000,000,000	10,667,517,324
Kidslala, Inc	Children's Vocational Theme Park	South Korea	38.17	25,000,000,000	22,456,050,090
				3,088,240,928,945	1,852,307,090,610
<JOINT VENTURES>					
Jungchon Natural Graphite Cooperation	Mining	North Korea	50.00	6,034,005,670	-
Korea Panama Mining Corporation	Mining	Panama	50.00	206,477,280,033	239,562,876,250
CLS	Mining	Peru	50.00	45,459,484,767	11,535,059,631
				257,970,770,470	251,097,935,881
				₩ 3,346,211,699,415	₩ 2,103,405,026,491
Government grants					-
					₩ 2,103,405,026,491

(*1) It includes the impacts of participating in the joint operations.(Note 44)

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Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

14. Investments in associates and joint ventures (cont'd)

Changes in investment in associates and joint ventures for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021						
	September 10	Dividends	Share of profit	Changes in equity adjustments in equity method	Changes in retained earnings in equity method	Others	December 31
<ASSOCIATES>							
Enertech	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Xian Maxun KORES New Material Corporation Ltd.	-	-	-	-	-	-	-
Zhangjiagang Wonjin-KORES Industrial Material Corporation Ltd.	3,660,306,425	(141,483,102)	(6,102,881)	123,247,633	-	-	3,635,968,075
Zhangjiagang Wonjin-KORES Resources Recovery Reutilization Corporation Ltd.	5,834,470,574	(91,270,292)	(22,301,195)	196,339,651	-	-	5,917,238,738
AMSA/DMSA (Ambatovy) (*1)	570,498,632,454	-	12,120,156,575	8,757,815,129	-	3,421,629,404	594,798,233,562
Korean Boleo Corporation on S.A. de C.V.	-	-	-	-	-	-	-
Philco Resources Ltd.	-	-	-	-	-	-	-
Haein Resource Corporation	-	-	-	-	-	-	-
Springvale SK Kores Pty Ltd.	-	-	-	-	-	-	-
Mkuju Resources Tanzania Ltd	-	-	-	-	-	-	-
PT. KCT	-	-	-	-	-	-	-
Kangwon Land, Inc	1,185,971,387,311	-	(3,575,352,205)	-	6,182,726,197	-	1,188,578,761,303
Mungyeong Leisure Town Co., Ltd	26,219,036,581	-	34,284,937	-	-	-	26,253,321,518
Black Valley Country Club Co., Ltd	10,644,055,623	-	23,461,701	-	-	-	10,667,517,324
Kidslala, Inc	22,726,996,987	-	(270,946,897)	-	-	-	22,456,050,090
	1,825,554,885,955	(232,753,394)	8,303,200,035	9,077,402,413	6,182,726,197	3,421,629,404	1,852,307,090,610
<JOINT VENTURES>							
Jungchon Natural Graphite Cooperation	-	-	-	-	-	-	-
Korea Panama Mining Corporation	208,981,554,285	-	26,732,364,082	3,848,957,883	-	-	239,562,876,250
KLS	10,982,216,674	-	353,732,814	-	-	199,110,143	11,535,059,631
	219,963,770,959	-	27,086,096,896	3,848,957,883	-	199,110,143	251,097,935,881
	₩ 2,045,518,656,914	₩ (232,753,394)	₩ 35,389,296,931	₩ 12,926,360,296	₩ 6,182,726,197	₩ 3,620,739,547	₩ 2,103,405,026,491

(*1) It includes the impact of participating in joint operations (Note 44).

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

14. Investments in associates and joint ventures (cont'd)

The summary of financial information of the Group's associates and joint ventures as of December 31, 2021 and for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021			
	Total assets	Total liabilities	Revenue	Profit (loss) for the period
<Associates>				
Xian Maxun KORES New Material Corporation Ltd.	₩ 25,840,116,612	₩ 17,984,711,082	₩ 1,108,777,406	₩ (800,430,491)
Zhangjiagang Wonjin-KORES Industrial Material Corporation Ltd.	10,983,846,364	3,274,762,329	6,164,081,250	(12,454,859)
Zhangjiagang Wonjin-KORES Resources Recovery Reutilization Corporation Ltd.	15,114,298,554	2,852,035,225	7,801,101,021	(45,512,642)
AMSA/DMSA (Ambatovy)	3,631,856,307,500	2,068,846,873,000	395,116,429,400	32,650,186,800
Korean Boleo corp. on S.A. de C.V.	764,949,419,817	340,514,677,858	36,992,080	(462,883,408)
Philco Resources Ltd.	135,479,556	6,909,679,459	66,903,582	(3,338,373,227)
Haein Resource Corporation	959,163,687	26,787,038,562	-	(988,546,817)
Kangwon Land, Inc	3,827,273,463,677	574,480,852,474	324,261,198,735	(9,858,673,353)
Mungyeong Leisure Town Co., Ltd	80,508,787,097	8,312,152,917	4,662,661,760	94,283,577
Black Valley Country Club Co., Ltd	97,581,275,345	1,074,860,293	2,392,133,958	212,677,901
Kidslala, Inc	58,837,238,730	80,429,857	-	(709,812,427)
	<u>8,514,039,396,939</u>	<u>3,051,118,073,056</u>	<u>741,610,279,192</u>	<u>16,740,461,054</u>
<Joint Ventures>				
Korea Panama Mining Corporation	2,035,310,263,500	1,556,184,511,000	88,659,653,313	53,464,728,163
CLS	23,705,889,872	634,516,351	-	707,464,446
	<u>2,059,016,153,372</u>	<u>1,556,819,027,351</u>	<u>88,659,653,313</u>	<u>54,172,192,609</u>
	<u>₩ 10,573,055,550,311</u>	<u>₩ 4,607,937,100,407</u>	<u>₩ 830,269,932,505</u>	<u>₩ 70,912,653,663</u>

15. Investments in joint operations

Details of investments in joint operations as of December 31, 2021 are as follows (Korean won):

	Key operation	Country of incorporation	Equity interest (%)	
			2021	2020
Minerva	Mining	Australia	4.00	4.00
Athena	Mining	Australia	4.00	4.00
Narrabri	Mining	Australia	2.50	2.50
Togara North	Mining	Australia	8.33	8.33
Wyong	Mining	Australia	82.25	82.25

16. Property, plant and equipment

Details of property, plant and equipment as of December 31, 2021 are as follows (Korean won):

	2021					
	Acquisition cost	Government grants	Entrusted funds	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 87,548,185,043	₩ (20,010,261,231)	₩ -	₩ -	₩ (1,144,451,291)	₩ 66,393,472,521
Buildings	919,479,987,030	(25,191,729,448)	-	(750,332,163,372)	-	143,956,094,210
Structures	59,672,372,262	(24,049,172,866)	-	(14,319,603,845)	-	21,303,595,551
Machinery	502,661,268,219	(4,151,768,042)	-	(207,385,878,152)	-	291,123,622,025
Vehicles	103,763,985,187	(632,160,520)	-	(83,175,279,491)	-	19,956,545,176
Construction in progress	43,920,580,010	(2,624,873,889)	-	-	-	41,295,706,121
Right-of-use assets	2,369,222,615	-	-	(1,398,222,979)	-	970,999,636
Others	25,081,343,316	(174,194,627)	(9,911,174)	(20,054,425,832)	-	4,842,811,683
	<u>₩ 1,744,496,943,682</u>	<u>₩ (76,834,160,623)</u>	<u>₩ (9,911,174)</u>	<u>₩ (1,076,665,573,671)</u>	<u>₩ (1,144,451,291)</u>	<u>₩ 589,842,846,923</u>

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

16. Property, plant and equipment (cont'd)

Changes in property, plant and equipment for the period from September 10 to December 31, 2021 are as follows (Korean won):

			2021		
	September 10	Addition	Depreciation	Others(*)	December 31
Land	₩ 79,936,195,275	₩ 6,510,745,565	₩ -	₩ (43,207,088)	₩ 86,403,733,752
Government grants	(20,010,261,231)	-	-	-	(20,010,261,231)
Buildings	161,669,940,043	2,784,634,949	(9,850,572,999)	14,543,821,665	169,147,823,658
Government grants	(25,912,636,381)	-	791,906,933	(71,000,000)	(25,191,729,448)
Structures	43,065,031,237	1,091,593,453	(959,290,426)	2,155,434,153	45,352,768,417
Government grants	(24,622,336,110)	-	573,163,244	-	(24,049,172,866)
Machinery	295,623,217,627	4,548,085,751	(11,627,673,553)	6,731,760,242	295,275,390,067
Government grants	(3,019,285,311)	(1,300,039,000)	167,556,269	-	(4,151,768,042)
Vehicles	21,070,164,499	999,180,275	(1,849,258,582)	368,619,504	20,588,705,696
Government grants	(16,726,733)	(629,000,000)	13,566,213	-	(632,160,520)
Construction in progress	41,206,533,610	8,391,378,818	-	(5,677,332,418)	43,920,580,010
Government grants	(2,691,447,300)	(4,426,589)	-	71,000,000	(2,624,873,889)
Right-of-use assets	1,026,782,662	251,168,558	(307,420,814)	469,230	970,999,636
Others	4,922,696,409	599,590,117	(505,360,500)	80,284	5,017,006,310
Government grants	(171,286,105)	(17,820,000)	14,911,478	-	(174,194,627)
	₩ 572,076,582,191	₩ 23,225,091,897	₩ (23,538,472,737)	₩ 18,079,645,572	₩ 589,842,846,923

(*) It includes amounts reclassified from investment properties and intangible assets.

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

16 . Property, plant and equipment (cont'd)

Details of assets insured as of December 31, 2021 are as follows (Korean won, USD):

	2021		Insurance details
	Company	Insured amounts	
Fire insurance	5 companies including Hanwha General Insurance Co., Ltd.	₩ 140,475,092,146	Buildings, etc.
Car insurance	4 companies including Hyundai Marine & Fire Insurance Co., Ltd.	5,090,000,000	Vehicles, etc.
Comprehensive insurance	3 companies including Hana Insurance Co., Ltd.	184,055,571,000	Minerals held in reserve
Liability Insurance	5 companies including KB Insurance Corporation Ltd.	47,260,670,000	General responsibilities
Comprehensive insurance	Imbursa	USD 80,000,000	Machinery of MMB, etc.
		₩ 376,881,333,146	
		USD 80,000,000	

Other than the above, the Group also subscribes to company and executive liability insurance, employee group accident insurance, and liability insurance for business vehicles.

Details of assets provided as collateral as of December 31, 2021 are as follows (Korean won, USD):

	2021		collateral amount
	secured creditor	Book value	
Land, Buildings	Officedepo Korea Co., Ltd.	₩ 5,604,985,512	₩ 240,000,000
Land, Buildings	SKC CO.,LTD	5,604,985,512	231,283,000
Land, Buildings	CJ Foodville Co., Ltd.	5,604,985,512	58,279,000
Land, Buildings	National Health Insurance Service	11,341,340,116	1,239,528,000

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

17. Investment properties

Details of investment properties as of December 31, 2021 are as follows (Korean won):

	2021		
	Acquisition cost	Accumulated depreciation	Book values
Land	₩ 4,566,625,881	₩ -	₩ 4,566,625,881
Buildings	26,164,433,412	(13,475,335,540)	12,689,097,872
	₩ 30,731,059,293	₩ (13,475,335,540)	₩ 17,255,723,753

Changes in the net book value of investment properties for the periods from September 10 to December 31, 2021 are as follows (Korean won):

	2021			
	September 9	Depreciation	Reclassification	December 31
Land	₩ 4,426,066,351	₩ -	₩ 140,559,530	₩ 4,566,625,881
Buildings	12,654,609,489	(216,368,637)	250,857,020	12,689,097,872
	₩ 17,080,675,840	₩ (216,368,637)	₩ 391,416,550	₩ 17,255,723,753

Details of rental income and expense for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Rental income	₩ 1,982,592,811
Rental expense	(930,544,663)
	₩ 1,052,048,148

Investment properties owned by the Group are few rented out floors of its headquarter building. It is difficult to measure reliable fair value because there are no similar real estate transactions. The investment properties are measured by cost method(K-IFRS 1116).

All investment properties of the Group are directly owned by the Group.

18. Intangible assets

Details of intangible assets as of December 31, 2021 are as follows (Korean won):

	2021				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Exploration and evaluation assets	₩ 51,588,569,576	₩ (15,276,280,853)	₩ -	₩ (2,606,101,460)	₩ 33,706,187,263
Software	45,971,594,980	(8,929,800)	(38,754,867,403)	-	7,207,797,777
Industrial property rights	6,546,000	-	(6,546,000)	-	-
Mining right	2,017,050	-	-	-	2,017,050
Other intangible assets	45,774,253,275	-	(8,355,358,447)	(34,394,484,098)	3,024,410,730
Intangible assets in development	1,649,740,980	-	-	-	1,649,740,980
	₩ 144,992,721,861	₩ (15,285,210,653)	₩ (47,116,771,850)	₩ (37,000,585,558)	₩ 45,590,153,800

Changes in other intangible assets for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021				
	September 10	Acquisition/additions	Amortization	Others	December 31
Exploration and evaluation assets	₩ 48,417,368,910	₩ 499,899,043	₩ -	₩ 65,200,163	₩ 48,982,468,116
Government grants	(15,276,280,853)	-	-	-	(15,276,280,853)
Software	8,002,261,552	227,229,160	(1,059,048,621)	46,285,486	7,216,727,577
Government grants	(9,813,000)	-	883,200	-	(8,929,800)
Mining rights	2,017,050	-	-	-	2,017,050
Other intangible assets	3,007,076,062	15,115,154	-	2,219,514	3,024,410,730
Intangible assets in development	239,930,000	1,409,810,980	-	-	1,649,740,980
	₩ 44,382,559,721	₩ 2,152,054,337	₩ (1,058,165,421)	₩ 113,705,163	₩ 45,590,153,800

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

19. Financial liabilities

Details of financial liabilities as of December 31, 2021 are as follows (Korean won):

	2021	
	Current	Non-current
Short-term borrowings	₩ 55,000,000,000	₩ -
Long-term borrowings	1,242,829,093,218	1,201,590,697,617
Borrowings from Special Account for Energy and Resources, net	-	7,847,668,000
Bonds payable	593,632,366,156	3,843,849,674,147
Derivative liabilities	8,764,793,842	-
	₩ 1,900,226,253,216	₩ 5,053,288,039,764

20. Borrowings and bonds payable

Details of borrowings and bonds payable as of December 31, 2021 are as follows (Korean won):

	2021
Current liabilities:	
Short-term borrowings	₩ 55,000,000,000
Current portion of long-term borrowings	1,249,187,434,829
Less: present value discount	(6,358,341,611)
Current portion of bonds payable	593,837,500,000
Less: present value discount	(205,133,844)
	1,891,461,459,374
Non-current liabilities:	
Long-term borrowings	1,208,993,060,638
Less: present value discount	(7,402,363,021)
Borrowings from Special Account for Energy and Resources	7,847,668,000
Bonds payable	3,854,793,831,576
Less: present value discount	(10,944,157,429)
	5,053,288,039,764
	₩ 6,944,749,499,138

The repayment schedules of borrowings and bonds payable are as follows (Korean won):

	2021		
	Borrowings(*)	Bonds payable	Total
Within 1 year	₩ 1,304,187,434,829	₩ 593,837,500,000	₩ 1,898,117,544,563
After 1 year but no later than 5 years	921,867,333,320	2,805,864,471,576	3,727,639,195,162
Later than 5 years	287,125,727,318	1,048,929,360,000	1,336,055,087,318
	₩ 2,513,180,495,467	₩ 4,448,631,331,576	₩ 6,961,811,827,043

(*) Long-term borrowings exclude borrowings from Special Account for Energy and Resources.

Details of short-term borrowings as of December 31, 2021 are as follows (Korean won):

	Financial institution	Annual interest rate	Maturity	2021
Short-term borrowings	National Resource 2nd	2.50%	2022-03-11	₩ 55,000,000,000

(*) The Company provided payment guarantees for the loans payable of MMB (Note 44).

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

20. Borrowings and bonds payable(cont'd)

Details of long-term borrowings as of December 31, 2021 are as follows (USD and Korean won):

	Financial institution	Annual interest rate	Maturity	2021	
				Foreign currencies	Equivalent Korean won
Long-term borrowings in KRW	Ministry of Unification(*1)	1.50%	2026-06-18	-	₩ 6,034,000,000
	KEB Hana Bank	3M CD+0.27%	2022-02-18	-	200,000,000,000
	Onetrust 1st	2.50%	2023-11-28	-	200,000,000,000
	SK Securities	1.75%	2022-07-11	-	110,000,000,000
	KIWOOM Securities etc.	2.00%	2022-10-31	-	150,000,000,000
	EUGENE Investment & Hi Securities Co., Ltd. etc.	2.12%	2022-11-28	-	100,000,000,000
	National Resources 1st	2.56%	2023-02-20	-	200,000,000,000
	Lucky star 2nd	2.60%	2023-02-28	-	30,000,000,000
		2.70%	2025-05-29	-	20,000,000,000
		2.60%	2023-06-26	-	30,000,000,000
	DB Financial Investment & Securities Co, Ltd	1.45%	2022-07-15	-	20,000,000,000
	DB & Kyobo Investment	1.57%	2023-07-14	-	30,000,000,000
	Highest 8th	2.55%	2023-07-24	-	200,000,000,000
	Eswaimir 1st	2.33%	2022-08-25	-	200,000,000,000
	Hanyang(EUGENE) Securities Co, Ltd	1.43%	2023-02-02	-	100,000,000,000
	Hanyang(EUGENE) Securities Co, Ltd	1.49%	2024-02-02	-	100,000,000,000
	Neo Power(*2)	2.50%	2022-03-11	-	290,000,000,000
Long-term borrowings in foreign currency	Korea EXIM(*3)	Libor(6M)+0.9%	2023-07-05	USD 9,699,462	11,498,712,450
	Baja funding loan(*4)	Libor(3M)+3.50%	2022-09-07	USD 53,153,602	63,013,595,124
	Equity loan	10.00%	2030-09-07	USD 242,197,999	287,125,727,318
	Equity loan	4.00%	2021-12-31	USD 93,216,753	110,508,460,575
				USD 397,011,887	2,458,180,495,467
Less: current portion					(1,249,187,434,829)
Less: present value discount					(13,760,704,632)
Less: current portion of present value discount					6,358,341,611
					₩ 1,201,590,697,617

(*1) The interest rate is reduced to 1.5% until the specified date.

(*2) The Company provided payment guarantees for the loans payable of MMB (Note 44).

(*3) Repayments are made biannually in January and July until the date of maturity.

(*4) The maturity date of the loan was September 7, 2021, and creditors agreed the deferral of its maturity until 2022, but SK Networks Co, Ltd. who owns the right for the amount of USD 13,130,565 for the loan had opposed the extension and requested for redemption. Based on the agreement of the Shareholder's loan to MMB, MMB had postponed its payment for the loan since MMB is obligated to redeem its senior loan prior to Baja funding loan

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

20. Borrowings and bonds payable (cont'd)

Details of bonds payable as of December 31, 2021 are as follows (USD, AUD, HKD and Korean won):

	Annual interest rate	Maturity date	2021	
			Foreign currency	Equivalent Korean won
7th-2 Korea Resources Corporation Bonds	3.80%	2023-11-13	-	100,000,000,000
9th-2 Korea Resources Corporation Bonds	3.67%	2024-04-15	-	100,000,000,000
11th-2 Korea Resources Corporation Bonds	2.81%	2030-07-10	-	110,000,000,000
13th-2 Korea Resources Corporation Bonds	1.90%	2026-02-18	-	80,000,000,000
13th-3 Korea Resources Corporation Bonds	2.04%	2036-02-18	-	100,000,000,000
Global Bond	3.00%	2022-04-24	USD 425,000,000	503,837,500,000
Global Bond	4.00%	2023-04-18	USD 500,000,000	592,750,000,000
17th-2 Korea Resources Corporation Bonds	2.41%	2023-10-26	-	150,000,000,000
18th-1 Korea Resources Corporation Bonds	2.16%	2024-01-29	-	60,000,000,000
18th-2 Korea Resources Corporation Bonds	2.30%	2029-01-29	-	150,000,000,000
18th-3 Korea Resources Corporation Bonds	2.38%	2039-01-29	-	90,000,000,000
Global Bond	3.01%	2040-02-26	AUD 60,000,000	47,799,360,000
Global Bond	2.09%	2025-03-09	HKD 500,000,000	76,164,471,576
19th-1 Korea Resources Corporation Bonds	1.55%	2022-04-01	-	90,000,000,000
19th-2 Korea Resources Corporation Bonds	1.63%	2023-04-03	-	70,000,000,000
19th-3 Korea Resources Corporation Bonds	1.82%	2025-04-03	-	30,000,000,000
19th-4 Korea Resources Corporation Bonds	2.00%	2030-04-03	-	90,000,000,000
19th-5 Korea Resources Corporation Bonds	2.06%	2040-04-03	-	20,000,000,000
20th-1 Korea Resources Corporation Bonds	1.25%	2023-07-14	-	50,000,000,000
20th-2 Korea Resources Corporation Bonds	1.52%	2025-07-15	-	80,000,000,000
20th-3 Korea Resources Corporation Bonds	1.79%	2030-07-15	-	40,000,000,000
20th-4 Korea Resources Corporation Bonds	1.90%	2040-07-13	-	30,000,000,000
20th-5 Korea Resources Corporation Bonds	1.93%	2050-07-15	-	50,000,000,000
Global Bonds	1.95%	2040-07-15	USD 60,000,000	71,130,000,000
21st-1 Korea Resources Corporation Bonds	1.65%	2026-01-08	-	50,000,000,000
21st-2 Korea Resources Corporation Bonds	2.06%	2031-01-08	-	150,000,000,000
21st-3 Korea Resources Corporation Bonds	2.07%	2051-01-06	-	100,000,000,000
Global Bonds	1.75%	2026-04-15	USD 500,000,000	592,750,000,000
22nd-1 Korea Resources Corporation Bonds	1.40%	2024-05-17	-	150,000,000,000
22nd-2 Korea Resources Corporation Bonds	1.94%	2026-05-18	-	150,000,000,000
Global Bonds (*1)	3.25%	2024-04-17	USD 400,000,000	474,200,000,000
			USD 1,885,000,000	
			AUD 60,000,000	4,448,631,331,576
			HKD 500,000,000	
Less: bond discount				(11,149,291,273)
Less: current portion				(593,837,500,000)
Less: current portion of bond discount				205,133,844
				<u>3,843,849,674,147</u>

(*1) The Company provided payment guarantees for the loans payable of MMB (Note 44).

The Company provided loan services, delegated by the Ministry of Trade, Industry and Energy (MTIE), to certain companies engaged in energy and resource businesses in accordance with the Act on the Special Accounts for Energy and Resources. Meanwhile, these services were transferred to Korea Energy Agency in 2017.

20. Borrowings and bonds payable (cont'd)

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

Details of borrowings received from the Special Account for Energy and Resources as of December 31, 2021 are as follows (Korean won):

	2021			
	September 10	Borrowings/ Repayment	Exemption	December 31
Overseas resources survey (exploration)	₩ 7,847,668,000	₩ -	₩ -	₩ 7,847,668,000

21. Trade and other payables

Details of trade and other payables as of December 31, 2021 are as follows (Korean won):

	2021	
	Current	Non-current
Trade payables	₩ 26,720,620,273	₩ -
Other payables	14,057,402,290	-
Accrued expenses	31,427,826,503	-
Rental deposit	2,311,783,000	547,069,500
Other deposit	1,035,713,169	-
Lease liabilities	492,751,517	551,100,354
	₩ 76,046,096,752	₩ 1,098,169,854

22. Lease

The Group recognized the cost of ₩272,862,690 by classifying the lease contract with less than 12 months of lease as a short-term lease, and recognized the cost of ₩23,701,154 by classifying the lease contract with an underlying asset of less than USD 5,000 as a low-value assets lease.

Details of right-of-use assets as of December 31, 2021 are as follows (Korean won):

	2021		
	Acquisition cost	Accumulated depreciation	Book value
Buildings	₩ 1,054,638,349	₩ (679,338,115)	₩ 375,300,234
Vehicles	1,307,643,818	(711,944,416)	595,699,402
Others	6,940,448	(6,940,448)	-
	₩ 2,369,222,615	₩ (1,398,222,979)	₩ 970,999,636

Changes in right-of-use assets for the period ended December 31, 2021 are as follows (Korean won):

	2021				
	September 10	Acquisitions	Depreciation	Others(*)	December 31
Buildings	₩ 483,714,851	₩ -	₩ (108,883,847)	₩ 469,230	₩ 375,300,234
Vehicles	542,857,496	251,168,558	(198,326,652)	-	595,699,402
Others	210,315	-	(210,315)	-	-
	₩ 1,026,782,662	₩ 251,168,558	₩ (307,420,814)	₩ 469,230	₩ 970,999,636

(*) Others include currency translation.

Maturity analysis of lease liabilities as of December 31, 2021 is as follows (Korean won):

	2021
Within 1 year	₩ 592,245,718
After 1 year but no later than 5 years	478,522,738
Non-discounted lease fees	1,070,768,456
Current value adjustment amount, etc.	(26,916,585)
	₩ 1,043,851,871

22. Lease (cont'd)

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

Details of lease liabilities as of December 31, 2021 are as follows (Korean won):

	2021
Current liabilities	₩ 492,751,517
Non current liabilities	551,100,354
	₩ 1,043,851,871

Changes in lease liabilities for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021					
	September 10	Additions	Interest cost	Decrease	Others(*)	December 31
Lease liabilities	₩ 1,059,068,732	₩ 251,168,558	₩ 8,525,848	₩ (278,289,895)	₩ 3,378,628	₩ 1,043,851,871

(*) Others include currency translation.

The amount recognized in profit or loss by the Group as lessee for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Depreciation for right-of-use-assets	₩ 307,420,814
Interest on lease liabilities	8,525,848
Expenses relating to short-term leases	272,862,690
Expenses relating to leases of low-values assets	23,701,154
	₩ 612,510,506

Total cash outflow from leases in the consolidated statements of cash flows for the period from September 10 to December 31, 2021 is ₩ 576,235,412.

23. Pensions benefits

Defined contribution plans

The Group operates defined contribution plans for eligible employees. A defined contribution is managed separately by the plan's administrator. When employees terminate their employment before benefits have been vested, the Group's obligation to make contributions to the plan decreases on a pro rata basis. Contributions paid by the Group amounted to ₩ 1,039,809,900 for the period from September 10 to December 31, 2021.

Defined benefit plans

The Group operates a defined benefit plan and the cost of the defined benefit plan has been determined by NH Investment Securities Co., Ltd., an independent actuary. The present value of the defined benefit obligations, current service costs and past service costs are calculated using the projected unit credit method.

The major components of the defined benefit liabilities as of December 31, 2021 are as follows (Korean won):

	2021
Present value of defined benefit obligation under the defined benefit pension plan	₩ 24,294,726,697
Fair value of plan assets	(18,516,032,922)
	5,778,693,775
Present value of defined benefit liabilities not related to the defined benefit pension plan	67,640,310
	₩ 5,846,334,085

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

23. Pensions benefits(cont'd)

Changes in the defined benefit obligation for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
As of September 10, 2021	₩ 22,690,758,493
Current service costs	712,324,462
Interest costs (*1)	197,926,509
Re-measurement loss on defined benefit obligation	1,167,100,763
Benefits paid	(405,743,220)
As of December 31, 2021	₩ 24,362,367,007

(*1) In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA+' rating or above, as set by an internationally acknowledged rating agency. The actual rate of discount applied was 2.916% which is calculated based on the maturity of 12.352 years.

Changes in the fair value of plan assets for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
As of September 10, 2021	₩ 17,513,159,561
Expected return on plan assets (*1)	143,212,047
Re-measurement loss on plan assets	(52,991,706)
Benefits paid	(240,346,980)
Employer Contribution	1,153,000,000
As of December 31, 2021	₩ 18,516,032,922

(*1) In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the define benefit plan assets with at least an 'AA+' rating or above, as set by an internationally acknowledged rating agency. The actual rate of discount applied was 2.916% which is calculated based on the maturity of 12.352 years.

Accumulated re-measurement gains and losses on defined benefit plans recognized as other comprehensive income (before tax effect) amounted to (-)₩1,220,092,469 for the period from September 10 to December 31, 2021.

Details of the defined benefit plan recognized in profit or loss for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Current service costs	₩ 712,324,462
Interest costs	197,926,509
Expected return on plan assets	(143,212,047)
	₩ 767,038,924

Costs related to the defined benefit plan above were recognized as selling and administrative expenses in the financial statements.

Re-measurement gain (loss) which are recognized as other comprehensive income are as follows (Korean won):

	2021
Loss on defined benefit obligation from actuarial valuation	₩ (1,167,100,763)
Difference between expected return on plan assets and actual interest income	(52,991,706)
	₩ (1,220,092,469)

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

Loss recognized in 2021 from actuarial valuation are included as accumulated deficit in the consolidated statements of financial position.

The Group accepted early retirement applications from its employees and provided the early retirement benefits of ₩ 287,263,200 for the period from September 10 to December 31, 2021.

24. Provisions

Details of provision as of December 31, 2021 are as follows (Korean won):

	2021	
	Current	Non-current
Provisions for employee benefits(*1)	₩ 7,080,807,580	₩ -
Provision for guarantee liabilities(*2)	-	23,886,300,827
Provision for litigation(*3)	-	6,857,752,291
Provisions for restoration(*4)	-	68,678,075,055
	₩ 7,080,807,580	₩ 99,422,128,173

(*1) The Group estimates performance-related bonuses based on the business performance and assessment standards. This estimation could be changed.

(*2) The amount is provided with the best estimate to settle the performance obligation of "Forest recovery deposit." The Group's estimated fair value is based on past restoration experience, and it can be affected by many factors, such as the changes in raw material costs and construction methods and others.

(*3) The amount recognized as a provision for litigation is the best estimate of the economic benefit's future outflows which depends on the outcome of the lawsuit.

(*4) The Group estimates recovery expenses expected after the completion of mining on the basis of the best estimation of management. This estimation could be changed due to the change of recovery expenses and the inflation rate.

Changes in provisions for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021				
	September 10	Incurred	Reversed	Others	December 31
Provisions for employee benefits	₩ 5,483,203,970	₩ 1,597,603,610	₩ -	₩ -	₩ 7,080,807,580
Decommissioning cost	24,114,406,978	-	(228,106,151)	-	23,886,300,827
Provision for litigation	-	6,857,752,291	-	-	6,857,752,291
Provisions for restoration	54,621,956,312	13,031,952,584	-	1,024,166,159	68,678,075,055
	₩ 84,219,567,260	₩ 21,487,308,485	₩ (228,106,151)	₩ 1,024,166,159	₩ 106,502,935,753

25. Government grants

When assets are acquired using the government grants, the amount of the grants received is deducted from the acquisition cost of the assets in accordance with Government Accounting Standards.

Details of government grants as of December 31, 2021 are as follows (Korean won):

	2021
Cash and cash equivalents	₩ 78,990
Land	20,010,261,231
Buildings	25,191,729,448
Structures	24,049,172,866
Machinery	4,151,768,042
Vehicles	632,160,520
Others	174,194,627
Construction in process	2,624,873,889
Exploration and evaluation assets	15,276,280,853
Software	8,929,800
	₩ 92,119,450,266

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

25. Government grants (cont'd)

Changes in government grants for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021						
	September 10	Receipts	Acquisition of assets	Offset with depreciation, etc.	Reflected on profits	Others	December 31
Cash and cash equivalent	₩ 27,241,999,980	₩ 54,441,651,942	₩ (1,951,285,589)	₩ -	₩ (79,732,287,343)	₩ -	₩ 78,990
Land	20,010,261,231	-	-	-	-	-	20,010,261,231
Buildings	25,912,636,381	-	-	(791,906,933)	-	71,000,000	25,191,729,448
Structures	24,622,336,110	-	-	(573,163,244)	-	-	24,049,172,866
Machinery	3,019,285,311	-	1,300,039,000	(167,556,269)	-	-	4,151,768,042
Vehicles	16,726,733	-	629,000,000	(13,566,213)	-	-	632,160,520
Others	171,286,105	-	17,820,000	(14,911,478)	-	-	174,194,627
Construction in process	2,691,447,300	-	4,426,589	-	-	(71,000,000)	2,624,873,889
Exploration and evaluation assets	15,276,280,853	-	-	-	-	-	15,276,280,853
Software	9,813,000	-	-	(883,200)	-	-	8,929,800
	₩ 118,972,073,004	₩ 54,441,651,942	₩ -	₩ (1,561,987,337)	₩ (79,732,287,343)	₩ -	₩ 92,119,450,266

Government grants reflected on profits for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Income recognized	₩ 79,732,287,343
Offset with depreciation	1,561,987,337
	₩ 81,294,274,680

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Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

25. Government grants (cont'd)

Details of the specific grants business and changes in specific grants for the period from September 10 to December 31, 2021 are as follows (Unit: Korean won)

Department	Business name	project	Period	Budget	The period from September 10 to December 31, 2021														Etc.	Carry over to next year
					Carried over from prior year	Increase						Decrease								
						Receipt			interest			Execution			Return					
						Self charge	Municipal charge	Government charge	Self charge	Municipal charge	Governmen t charge	Self charge	Municipal charge	Government charge	Self charge	Municipal charge	Governmen t charge			
Ministry of Trade, Industry and Energy	Briquette price support for low- income	Briquette price support for low- income	2021.9.10~2022.05.31	28,320,000,000	-	-	-	13,318,180,945	-	-	-	-	-	13,318,180,945	-	-	-	-	-	
Ministry of Trade, Industry and Energy	Project for Measures against abandoned mines	Measures for workers Measures for water	2021.9.10~2021.12.31	3,173,646,931	-	-	-	3,173,646,931	-	-	28,730	-	-	3,173,646,931	-	-	28,730	-	-	
Ministry of Trade, Industry and Energy	Project for overseas resource research	Infrastructure Overseas research	2021.9.10~2021.12.31	1,100,997,442	-	-	-	1,100,997,442	-	-	-	-	-	1,100,997,442	-	-	-	-	-	
Ministry of Trade, Industry and Energy	Project for general mining promotion support	Secure mining amount Project for mine security Mine dispute managing Mining advancement	2021.9.10~2021.12.31	8,917,294,505	-	-	-	8,917,294,505	-	-	-	-	-	8,917,294,505	-	-	-	-	-	
Ministry of Trade, Industry and Energy	Project for management for assets reserved	Management for assets reserved	2021.9.10~2021.12.31	436,186,370	-	-	-	436,186,370	-	-	-	-	-	436,186,370	-	-	-	-	-	
Total				41,948,125,248	-	-	-	26,946,306,193	-	-	28,730	-	-	26,946,306,193	-	-	28,730	-	-	

26. Entrusted business

The Group shall carry out entrusted business under "Act on the prevention and recovery of mining damage," Article 39, paragraph 1, No. 8; the main entrusted business is from Korea International Cooperation Agency(Koica) related to mine rehabilitation.

The Group recognized unexecuted entrusted fund as deduction of cash and cash equivalents in accordance with "Korean government-owned and Quasi-government Accounting Regulation and Standards (Article 44.2)".

Details of unexecuted entrusted business funds for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Deduction of cash and cash equivalents	₩ 2,338,508,922
Deduction of tools and equipment	9,911,174
	₩ 2,348,420,096

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

26. Entrusted business (cont'd)

Changes in entrusted business funds during the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021						
	September 10	Receipts	Execution	Depreciation	Return	Others	December 31
Cash and cash equivalent	₩ 1,389,316,945	₩ 2,069,773,625	₩ (799,590,619)	₩ -	₩ (57,070,406)	₩ (263,920,623)	₩ 2,338,508,922
Other tangible assets	11,607,834	-	-	(1,696,660)	-	-	9,911,174
	<u>₩ 1,400,924,779</u>	<u>₩ 2,069,773,625</u>	<u>₩ (799,590,619)</u>	<u>₩ (1,696,660)</u>	<u>₩ (57,070,406)</u>	<u>₩ (263,920,623)</u>	<u>₩ 2,348,420,096</u>

Entrusted business revenues and costs for the period from September 10 to December 31, 2021 consist of the following (Korean won):

	2021	
	Current	Non-current
Mercury Pollution Recovery Support Project for Mining Areas in Indonesia	₩ 327,672,627	₩ 327,672,627
Elevated shaft excavation work	377,026,370	229,348,228
Other business	359,062,823	242,569,764
	<u>₩ 1,063,761,820</u>	<u>₩ 799,590,619</u>

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

27. Other liabilities

Details of other liabilities as of December 31, 2021 are as follows (Korean won):

	2021	
	Current	Non-current
Advanced received	₩ 7,667,750,968	₩ -
Unearned revenue	254,135	2,265,859
Withholdings	3,540,169,076	-
Others	1,535,320,500	2,133,702,601
	₩ 12,743,494,679	₩ 2,135,968,460

28. Issued capital

Details of issued capital as of December 31, 2021 are as follows (Korean won):

	2021		
	Government	Non-government	Total
Issued capital	₩ 1,997,270,200,000	₩ 2,700,000,000	₩ 1,999,970,200,000

29. Accumulated deficit

Details of accumulated deficit as of December 31, 2021 are as follows (Korean won):

	2021
Voluntary reserves	₩ 17,253,428,441
Undisposed accumulated deficit	(3,773,556,656,676)
	₩ (3,756,303,228,235)

Details of voluntary reserves as of December 31, 2021 are as follows (Korean won):

	2021
Mine closure measures reserves	₩ 798,466,331
Mine closure reserve surcharge	91,271,965
Additional reserves	1,844,966,502
Reserve for warranty obligations	14,518,723,643
	₩ 17,253,428,441

Changes in accumulated deficit for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
As of September 10, 2021	₩ (3,809,522,325,257)
Profit for the period attributable to equity holders of the parent	33,040,644,289
Re-measurement of the net defined benefit liability	(1,220,092,469)
Changes in retained earnings in equity method	4,145,116,761
As of December 31, 2021	₩ (3,773,556,656,676)

Changes in retained earnings in equity method for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
As of September 10, 2021	₩ (9,132,056,065)
Changes for the period	6,182,726,197
Tax effect	(2,037,609,436)
As of December 31, 2021	₩ (4,986,939,304)

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

29. Accumulated deficit(cont'd)

Changes in re-measurement of the net defined benefit liability for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
As of September 10, 2021	₩ 2,109,606,324
Changes for the period	(1,220,092,469)
Tax effect	-
As of December 31, 2021	₩ 889,513,855

30. Other components of equity

Details of other components of equity as of December 31, 2021 are as follows (Korean won):

	2021
Share of other comprehensive income of associates and joint ventures	₩ 124,027,075,064
Exchange differences on translation of foreign operations	(82,781,810,886)
Others	49,228,866,003
	₩ 90,474,130,181

Changes in other components of equity for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021			
	Changes in equity adjustment in equity method	Exchange difference on translation of foreign operation	Others	Total
As of September 10, 2021	₩ 111,101,421,221	₩ (57,820,682,946)	₩ 49,327,867,533	₩ 102,608,605,808
Change	12,925,653,843	(24,961,127,940)	(99,001,530)	(12,134,475,627)
As of December 31, 2021	₩ 124,027,075,064	₩ (82,781,810,886)	₩ 49,228,866,003	₩ 90,474,130,181

31. Sales

Details of sales for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Revenue from sale of products with customers:	₩ 202,404,211,578
Mineral revenue	202,404,211,578
Revenue from the provision of services	4,681,133,017
Rental income	1,982,592,811
Commission income	2,522,006,505
Inspection fee income	5,472,400
Income from services related to mining pollution	171,061,301
Interest Income	4,540,353,988
Government grant	79,732,287,343
Entrusted business revenue	1,063,761,820
Other income	3,000
	₩ 292,421,750,746

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

32. Selling and administrative expenses

Details of selling and administrative expenses for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Payroll	₩ 19,651,755,743
Pension benefits	1,796,147,744
Employee welfare benefits	2,868,544,405
Insurance	1,014,814,182
Depreciation	9,313,259,669
Amortization of intangible assets	733,655,044
Bad debt expenses	1,529,363,287
Fees and commission	4,604,512,327
Advertising	55,600,000
Training	13,711,836
Car maintenance	450,986,238
Printing	146,299,794
Business expenses	86,506,776
Rents	506,163,968
Communication	122,777,421
Transportation	1,526,856,354
Taxes and dues	5,288,286,725
Supplies	2,887,189,496
Utilities	469,492,005
Repairs and maintenance	2,450,659,289
Travel and transportation	261,666,447
Uniforms	6,564,580
Research analysis	3,315,089
Association fees	11,137,965
Facility maintenance	394,253,279
Others	2,209,856,440
	₩ 58,403,376,103

33. Other income

Details of other income for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Rental income	₩ 628,205
Miscellaneous	5,330
	₩ 633,535

34. Other expense

Details of other expenses for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Other bad debt expenses	₩ 5,122,727,505
Donation	167,970,000
Miscellaneous	343,947
	₩ 5,291,041,452

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

35. Other gain and loss

Details of other gain and loss for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Gain on disposal of other non-current assets	₩ 1,327,344,119
Miscellaneous gain	13,739,582,914
Miscellaneous loss	(254,530,736)
	₩ 14,812,396,297

36. Finance income

Details of finance income for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Interest income	₩ 31,131,580,818
Gain on valuation of financial assets at FVTPL	3,808,285,600
Gain on valuation of derivatives	620,188,519
Gain on foreign currency translations	54,342,272,084
Gain on foreign currency transactions	2,377,594,155
Other finance income	352,893,985
	₩ 92,632,815,161

Details of interest income for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Cash and cash equivalents	₩ 1,247,573,960
Loans	28,651,478,672
Securities	949,579,812
Others	282,948,374
	₩ 31,131,580,818

37. Finance expense

Details of finance expense for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Interest expenses	₩ 54,922,202,396
Loss on valuation of derivatives	3,443,258,635
Loss on settlement of derivatives	305,753,443
Loss on foreign currency translation	33,590,276,097
Loss on foreign currency transactions	2,782,702,212
Other finance cost	459,974
	₩ 95,044,652,757

Details of interest expenses for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Interest expenses for economic cooperation	₩ 28,020,910
Interest expenses for external borrowings	48,734,389,032
Other interest expenses	6,159,533,955
Non-operating interest expenses	258,499
	₩ 54,922,202,396

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

38. Income tax

Details of income tax for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Current income tax expense	₩ (1,073,706)
Changes in temporary difference	(17,637,001,895)
Income tax reflected in equity	(2,038,315,888)
Income tax benefit	₩ (19,676,391,489)

A reconciliation between income tax expenses and accounting profit before income tax expenses for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Profit before tax	₩ 5,146,057,533
Taxes at the statutory income tax rate	1,132,132,657
Permanent differences	(17,280,760)
Unrecognized deferred tax assets	(36,967,549,846)
Others	16,176,306,460
Income tax benefit	₩ (19,676,391,489)
Effective tax rate (*1)	-

(*1) Effective tax rates for the period from September 10 to December 31, 2021 were not calculated due to income tax benefit.

Details of income tax reflected in equity for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Deferred tax	₩
Tax related to other comprehensive income	
Comprehensive income (loss) in investments in associates	(2,038,315,889)

Changes in deferred tax assets and liabilities for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021		
	September 10	Increase (decrease)	December 31
Deferred taxes on temporary differences:			
Government grants	₩ -	₩ 4,803,604,897	₩ 4,803,604,897
Prepaid expenses	-	(1,789,459,223)	(1,789,459,223)
Advanced depreciation provision	-	(661,432,612)	(661,432,612)
Investments in associates	(128,121,999,120)	87,033,544	(128,034,965,576)
Share of other comprehensive income (loss) of associates and joint ventures	3,383,004,238	(821,968,822)	2,561,035,416
Pension benefits	-	151,318,308	151,318,308
Allowance for doubtful accounts	(4,110,575)	1,800,848	(2,309,727)
Property, plant and equipment	1,140,538,920	674,854	1,141,213,774
Others	(3,075,069,713)	16,067,833,167	12,992,763,454
	(126,677,636,250)	17,839,404,961	(108,838,231,289)
Unused tax losses	8,672,571,700	(146,384,653)	8,526,187,047
	₩ (118,005,064,550)	₩ 17,693,020,308	₩ (100,312,044,242)

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Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

38. Income tax (cont'd)

Among the deductible temporary differences, the details of the amounts for which no deferred tax assets were recognized are as follows (Korean won):

	Temporary differences	Deferred tax assets(liabilities)
Investments in associates and subsidiaries	₩ 3,119,156,209,912	₩ 754,835,802,799
temporary differences of overseas assets account	1,530,326,272,144	373,489,266,042
Unused tax losses	1,901,762,169,486	560,563,244,962
Tax credit	-	23,108,028,927
	<u>₩ 6,551,244,651,542</u>	<u>₩ 1,711,996,342,730</u>

The expiration dates of the unrecognized tax loss carryforwards and tax credits as of December 31, 2021 are as follows (Korean won):

	2021	
	Unused tax losses	Tax credit
Within 1 year	₩ -	₩ -
1~2 years	-	-
2~3 years	-	-
More than 3 years	560,563,244,962	23,108,028,927
	<u>₩ 560,563,244,962</u>	<u>₩ 23,108,028,927</u>

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Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

39. Expenses by nature

Details of expenses by nature for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021		
	Selling and administrative expenses	Cost of sales	Total
Purchase of goods	₩ -	₩ 215,647,585,083	₩ 215,647,585,083
Mine reclamation costs, etc.	-	1,174,193,623	1,174,193,623
General mine development costs, etc.	-	2,726,834,586	2,726,834,586
Additional costs on loans	-	2,058,580,786	2,058,580,786
Government subsidy agency fees	-	57,015,417,036	57,015,417,036
Entrusted business costs	-	511,976,995	511,976,995
Changes in inventories	-	(22,528,915,368)	(22,528,915,368)
Payroll	19,651,755,743	-	19,651,755,743
Pension benefits	1,796,147,744	-	1,796,147,744
Employee welfare benefits	2,868,544,405	-	2,868,544,405
Insurance	1,014,814,182	-	1,014,814,182
Depreciation	9,313,259,669	14,441,581,707	23,754,841,376
Amortization of intangible assets	733,655,044	324,510,377	1,058,165,421
Bad debt expenses	1,529,363,287	-	1,529,363,287
Fees and commission	4,604,512,327	-	4,604,512,327
Advertising	55,600,000	-	55,600,000
Training	13,711,836	-	13,711,836
Car maintenance	450,986,238	-	450,986,238
Printing	146,299,794	-	146,299,794
Business expenses	86,506,776	-	86,506,776
Rents	506,163,968	-	506,163,968
Communication	122,777,421	-	122,777,421
Transportation	1,526,856,354	-	1,526,856,354
Taxes and dues	5,288,286,725	-	5,288,286,725
Supplies	2,887,189,496	-	2,887,189,496
Utilities	469,492,005	-	469,492,005
Repairs and maintenance	2,450,659,289	-	2,450,659,289
Travel and transportation	261,666,447	-	261,666,447
Uniforms	6,564,580	-	6,564,580
Research analysis	3,315,089	-	3,315,089
Association fees	11,137,965	-	11,137,965
Facility maintenance	394,253,279	-	394,253,279
Others	2,209,856,440	-	2,209,856,440
	₩ 58,403,376,103	₩ 271,371,764,825	₩ 329,775,140,928

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
Notes to the consolidated financial statements
As of December 31, 2021 (cont'd)

40. Assets held-for-sale

Details of assets held-for-sale as of December 31, 2021 are as follows (Korean won):

	2021	
Land held for sale(*1)	₩	2,157,545,500
Equity investment held for sale(*2, 3)		2,947,538,369
	₩	5,105,083,869

(*1) The Group intends to sell land that is no longer being utilized within the next 12 months. It is currently in the process of signing a sale contract with the Korea District Heating Corporation. No impairment losses were recognized for the same land classified as assets held for sale as of December 31, 2021.

(*2) The Group entered into a contract to sell its equity interest in Korea Alumina, an associate, to KC Co., Ltd. The equity sale is expected to be completed on December 31, 2025. During current period, it has been disposed for the amount of ₩ 896,427,556.

(*3) The Company entered into a contract to sell its equity to three others including YoungWoo Comtech on January 9, 2020, which is expected to be completed on February 28, 2025.

41. Categories of financial instruments

Details of the book value of current financial assets as of December 31, 2021 are as follows (Korean won):

	2021		
	Financial assets at FVTPL	Financial assets at amortized cost	Total
Cash and cash equivalents	₩ -	₩ 458,170,235,410	₩ 458,170,235,410
Short-term loans	-	110,478,515,298	110,478,515,298
Short-term financial instruments	-	16,790,284,177	16,790,284,177
Other financial assets	-	6,473,051,611	6,473,051,611
Trade and other receivables	-	38,716,285,573	38,716,285,573
	₩ -	₩ 630,628,372,069	₩ 630,628,372,069

Details of the book value of non-current financial assets as of December 31, 2021 are as follows (Korean won):

	2021		
	Financial assets at FVTPL	Financial assets at amortized cost	Total
Financial assets at FVTPL	₩ 14,517,099,902	₩ -	₩ 14,517,099,902
Long-term loans	-	1,141,091,124,149	1,141,091,124,149
Other financial assets	-	126,832,033,693	126,832,033,693
Other receivables	-	20,864,960,154	20,864,960,154
	₩ 14,517,099,902	₩ 1,288,788,117,996	₩ 1,303,305,217,898

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
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41. Categories of financial instruments(cont'd)

Details of book values of current financial liabilities as of December 31, 2021 are as follows (Korean won):

	2021		
	Financial liabilities at FVTPL	Financial liabilities at amortized cost	Total
Trade and other payables	₩ -	₩ 76,046,096,752	₩ 76,046,096,752
Short-term borrowings	-	55,000,000,000	55,000,000,000
Current portion of long-term borrowings	-	1,242,829,093,218	1,242,829,093,218
Current portion of long-term bonds payable	-	593,632,366,156	593,632,366,156
Derivatives liabilities	8,764,793,842	-	8,764,793,842
	₩ 8,764,793,842	₩ 1,967,507,556,126	₩ 1,976,272,349,968

Details of book values of non-current financial liabilities as of December 31, 2021 are as follows (Korean won):

	2021
	Financial liabilities at amortized cost
Other payables	₩ 1,098,169,854
Long-term borrowings (*1)	1,209,438,365,617
Bonds payable	3,843,849,674,147
	₩ 5,054,386,209,618

(*1) Long-term borrowings include net borrowings from the Special Account for Energy and Resources.

Details of gain or loss from financial instruments by categories for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Financial assets at FVTPL:	
Loss on valuation of financial assets at FVTPL	₩ 3,808,285,600
Gain (loss) on valuation of derivatives	620,188,519
Financial assets at amortized cost:	
Interest income	36,024,828,791
Bad debt expense	(6,652,090,792)
Financial liabilities with amortized cost:	
Interest expenses	(54,922,202,396)
Financial liabilities at FVTPL:	
Gain (loss) on valuation of derivatives	(305,753,443)
Gain (loss) on settlement of derivatives	(3,443,258,635)
	₩ (24,870,002,356)

42. Financial risk management

42.1 Financial risk management objectives and policies

The Group is exposed to market risk, credit risk, liquidity risk and capital risk. The Group's senior management oversees the management of these risks so that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

42.2 Market risk

(1) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries.

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As of December 31, 2021 (cont'd)

42. Financial risk management(cont'd)

When the nature of the hedge relationship is not an economic hedge, it is the Group's policy to negotiate the terms of the hedging derivatives to match the terms of the underlying hedge items to maximize hedge effectiveness.

The book value of monetary assets and liabilities which is not denominated in functional currency as of December 31, 2021 are as follows (Korean won):

	2021				
	USD	CAD	CNY	Others	Total
Financial assets	₩ 2,088,535,211,229	₩ 98,200,921,374	₩ 11,442,462	₩ 160,568,380	₩ 2,186,908,143,445
Financial liabilities	(1,895,974,912,473)	-	(36,776,663)	(70,069,526)	(1,896,081,758,662)
	₩ 192,560,298,756	₩ 98,200,921,374	₩ (25,334,201)	₩ 90,498,854	₩ 290,826,384,783

The following table demonstrates the sensitivity analysis of a reasonably possible change in the Korean won exchange rate, with all other variables held constant, on the Group's profit (loss) before tax as of December 31, 2021 (Korean won):

	2021	
	10% up	10% down
Profit (loss) before tax	₩ 29,082,638,478	₩ (29,082,638,478)

The sensitivity analyses were conducted on monetary assets and liabilities which were dominated in foreign currency other than functional currency at the reporting date.

(2) Interest rate risk

Interest rate risk commonly arises from fluctuations in the future market interest-rate, and mainly involves loans and deposits with floating-rates condition. This can create variables in the interest revenue and interest fee initially promised by loans and deposits. The purpose of the Group's interest rate risk management is to minimize the financial cost and the uncertainty of future changes in interest rates.

The Group manages interest rate risk by preemptively utilizing internal reserves to reduce external borrowings, minimizing the high interest-rate debt proportions, improving short-term and long-term borrowing structure, maintaining appropriate percentage between floating-rate and fixed-rate borrowings, regularly monitoring and implementing domestic and overseas interest-rates trend, and establishing risk countermeasures.

Financial assets and liabilities with floating rates that are exposed to interest rate risks for the periods ended December 31, 2021 are as follows (Korean won):

	2021
Financial assets	₩ 822,138,047,699
Financial liabilities	(477,453,807,150)
	₩ 344,684,240,549

The following table demonstrates the sensitivity analysis to a reasonably possible change in interest rates on that portion of borrowings. With all other variables held constant, the effect of changes in interest rates of floating rate borrowings on profit (loss) before tax is as follows (Korean won):

	2021	
	+ 100bp	- 100bp
Profit (loss) before tax	₩ 3,446,842,405	₩ (3,446,842,405)

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42.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade and other receivables, bank deposits, derivative assets, payment guarantees.

The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties.

The Group's financial assets that are exposed to credit risk and the maximum exposure to credit risk at the reporting date is as follows (Korean won):

		2021
Financial assets at amortized cost	Cash and cash equivalents	₩ 458,170,235,410
	Trade and other receivables	59,581,245,727
	Loans	1,251,569,639,447
	Financial instruments	16,790,284,177
	Others	133,305,085,304
Financial assets at FVTPL		14,517,099,902
		₩ 1,933,933,589,967

Other than the above, the maximum amount of guarantees that the Group has provided to unrelated parties for its performance are disclosed in Note 44.

While the Group establishes an allowance for the trade receivables which is likely to be impaired due to bankruptcy or whose cash flows can be reliably estimated as the trade receivable belongs to a specific project, it determines an allowance for a group of financial assets with similar characteristics based on aging analysis and historical percentage of uncollected trade receivable.

42.4 Liquidity risk

The Group is exposed to liquidity risk that it may face difficulties in settling financial liabilities in cash or with financial assets.

The Group forecasts the cash flow of operation, investment and financial activities on the basis of routinely established plans and responds to financial liabilities and assets. Moreover, the Group secures and sustains required liquidity to manage possible liquidity risks in advance.

The table below summarizes the maturity profile of the Group's major non-derivative financial liabilities (Korean won):

		2021			
	Book value	Under 1 year	1 ~ 5 years	Over 5 years	
Borrowings	₩ 2,507,267,458,835	₩ 1,360,105,196,260	₩ 1,055,570,328,591	₩ 394,797,875,062	
Bonds payable	4,437,482,040,303	699,219,270,851	3,013,543,211,721	1,255,893,300,912	
Trade and other payables	77,144,266,606	76,145,590,953	1,025,592,238	-	
	₩ 7,021,893,765,744	₩ 2,135,470,058,064	₩ 4,070,139,132,550	₩ 1,650,691,175,974	

The maturity profile above is based on the contract amount that is undiscounted(including paid interest) for the earliest maturity date, which leads to a difference between the total and the balance of financial liabilities in the consolidated statement of financial position. In addition to the non-derivative financial liabilities above, the maximum amount of guarantee that the Group would bear due to other financial guarantee given by the Group is disclosed in Note 44.

Korea Mine Rehabilitation and Mineral Resources Corporation and its subsidiaries
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As of December 31, 2021 (cont'd)

42. Financial risk management (cont'd)

42.5 Capital risk

The objective of the Group's capital risk management is to secure its ability to provide earnings to its shareholders and interested parties and sustain an optimal capital structure to reduce the cost of capital. In order to sustain optimal capital structure, the Group uses a debt-to-equity ratio similar to other entities in the industry. Debt-to-equity ratio is calculated by dividing total liabilities by total equity.

The Group's debt-to-equity ratio as of December 31, 2021 are as follows (Korean won):

	December 31, 2021	
Total liabilities	₩	7,264,179,408,936
Total equity		(2,218,307,621,640)
Debt ratio(*1)		-

(*1) Total equity is negative, as such debt-to-equity ratio as of December 31, 2021 was not calculated.

42.6 Fair value and book value

Details of fair value and book value of financial asset and liabilities as of December 31, 2021 are as follows (Korean won):

	2021	
	Book value	Fair value
Financial assets measured at fair value:		
Financial assets at FVTPL	₩ 14,517,099,902	₩ 14,517,099,902
Financial assets measured at amortized cost:		
Cash and cash equivalents	₩ 458,170,235,410	₩ 458,170,235,410
Short-term loans	110,478,515,298	110,478,515,298
Long-term loans	1,141,091,124,149	1,141,091,124,149
Trade and other receivables	59,581,245,727	59,581,245,727
Short-term financial instruments	16,790,284,177	16,790,284,177
Other financial assets	133,305,085,304	133,305,085,304
	₩ 1,919,416,490,065	₩ 1,919,416,490,065
Financial liabilities measured at fair value:		
Derivative liabilities	₩ 8,764,793,842	₩ 8,764,793,842
Financial liabilities measured at amortized cost:		
Short-term borrowings	55,000,000,000	55,000,000,000
Current portion of long-term borrowings	1,242,829,093,218	991,620,317,202
Current portion of payable bonds	593,632,366,156	593,632,366,156
Long-term borrowings	1,209,438,365,617	1,209,438,365,617
Bonds payable	3,843,849,674,147	3,843,849,674,147
Trade and other payables	77,144,266,606	77,144,266,606
	₩ 7,021,893,765,744	₩ 7,021,893,765,744

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As of December 31, 2021 (cont'd)

42. Financial risk management (cont'd)

42.7 Fair value hierarchy

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities as of December 31, 2021 (Korean won):

	2021			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	₩ -	₩ -	₩ 14,517,099,902	₩ 14,517,099,902
Derivative liabilities	₩ -	₩ 8,764,793,842	₩ -	₩ 8,764,793,842

43. Related party transactions

The related parties of the Group are as follows:

	Name
Parent	The Government of the Republic of Korea
Associates	Philco Resource Ltd., Korean Boleo Corporation on S.A. de C.V., Xian Maxun KORES New Material Co., Ltd., AMSA/DMSA(Ambatovy), ZhangjiagangWonjin-KORES Industrial Material Co., Ltd., ZhangjiagangWonjin-KORES Resources Recovery Reutilization Co., Ltd., Enertech, Haein Resource Corporation, PT. KCT , Mkuju Resources Tanzania Ltd, Springvale SK Kores Pty Ltd. Kangwon Land, Inc., Mungyeong Leisure Town Co., Ltd., Black Valley Country Club Co., Ltd, Kidslala, Inc.
Joint venture	Jungchon Natural Graphite Cooperation, Korea Panama Mining Corporation, KLS

Transactions between inter-group entities have been eliminated and details have not been disclosed in the notes to the consolidated financial statements. The transactions between the Group, associates and joint ventures are as follows:

Significant transactions with the related the parties (except finance and equity transactions) for the period from September 10 to December 31, 2021 are as follows (Korean won):

	Name	2021		
		Interest income	Commission income	Purchase of goods
Associates	AMSA/DMSA (Ambatovy)	₩ 8,304,081,542	₩ 1,673,415,549	₩ 126,587,046,569
Joint venture	Korea Panama Mining Corporation	20,347,397,130	-	-
		₩ 28,651,478,672	₩ 1,673,415,549	₩ 126,587,046,569

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43. Related party transactions (cont'd)

The outstanding receivables and payables arising from the transactions with the related parties as of December 31, 2021 are as follows (Korean won):

		2021			
	Name	Loans (*)	Accrued income (*)	Trade receivables (*)	Other receivables
Associates	Philco Resource Ltd.	₩ 2,598,616,000	₩ 82,044,803	₩ -	₩ -
	Korean Boleo Corporation on S.A de C.V	210,916,152,801	72,722,734,069	437,959,344	-
	Xian Maxun KORES New Material Co., Ltd.	2,038,327,361	614,011,207	-	-
	AMSA/DMSA (Ambatovy)	145,725,505,985	1,304,797,208	1,451,153,934	-
	ZhangjiagangWonjin-KORES Industrial Material Co., Ltd.	-	-	375,625,350	-
	ZhangjiagangWonjin-KORES Resources Recovery Reutilization Co., Ltd.	-	-	86,706,777	-
	Enertech	-	-	-	1,678,167,708
	Haein Resource Corporation	-	-	1,512,629,470	-
	Korea Panama Mining Corporation	-	-	-	-
		₩ 729,264,078,841	-	₩ 3,498,030,797	-
Joint venture		₩ 1,090,542,680,988	₩ 74,723,587,287	₩ 7,362,105,672	₩ 1,678,167,708

(*) As of December 31, 2021, the Group recognizes allowance for bad debt for loans, accrued income amounting to ₩217,083 million, ₩73,419 million, respectively.

During the current period, there were no significant financial transactions between the Group and related parties.

Details of guarantees provided to related parties as of December 31, 2021 are summarized in Note 44.

The compensation to management for the period from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Short term employee benefits	₩ 146,176,200

44. Guarantee and collateral assets

Details of guarantees provided to others as of December 31, 2021 are as follows (Korean won, USD):

Receiver	Provider	Currency	Amount	Reasons	Guarantee date	Guarantee period
MMB	Underwriter of Global Bond payable	USD	400,000,000	Guarantee for the bond	2019.04.17	2019.04.17 ~ 2024.12.17
	Neo Power 3 rd , 4 th	KRW	290,000,000,000	Guarantee for borrowing	2019.03.07	2019.03.07 ~ 2022.03.11
	National Resources 2 nd	KRW	55,000,000,000	Guarantee for borrowing	2020.03.05	2020.03.05 ~ 2022.03.11

Assets that have been pledged as collaterals for others as of December 31, 2021 are as follows:

Provider	Collateral asset	Currency	Amount	Receiver	Reasons
AMSA/DMSA (Ambatovy)	AMSA/DMSA (Ambatovy) Stock	KRW	594,798,233,563	PF Creditor	PF Security

45. Commitment and contingencies

45.1 Details of the major financing agreements guaranteed by the Group as of December 31, 2021 are as follows (Korean won, AUD):

Commitments	Financial institutions	Currency	Limit	Outstanding balance
General loans	KEB Hana Bank	KRW	500,000,000	-
CP loans	KEB Hana Bank	KRW	200,000,000,000	-
Working capital facility	Woori Bank	AUD	3,200,000	-

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45.2 Refinancing commitments

The partners in the Ambatovy Project, including the Group, have provided refinancing commitments to a syndicate of Project financing (PF) lending institutions. In the case of the Group receiving an additional request from the Ambatovy Project for refinancing, the Group has a contractual obligation to provide the Ambatovy Project with a loan of up to \$149.4 million. For the period ended December 31, 2021, \$99.6 million has been lent to the Ambatovy Project in accordance with the commitments.

45.3 KAC commitments

The Group has invested in AMSA/DMSA through KAC ("Korea Ambatovy Consortium") with POSCO INTERNATIONAL Corporation and STX Corporation. The operator (SHERRITT INTERNATIONAL Corp.) transferred part of its shares to Sumitomo Corporation and AHL ("Ambatovy Holdings Limited") in November 2017, and the remaining shares to Sumitomo Corporation and AHL2 ("Ambatovy Holdings II Limited") in August 2020. KAC has rights and obligations to the shares held by AHL (10.32%) and AHL2 (5.01%).

46. Litigations

Details of litigations as of December 31, 2021 are as follows (Korean won):

Defendant	Plaintiff	Details	Amount(*1)	Progress
				36 litigations, first trial in progress
KOMIR	Mr. Ko and others	Payment of disaster compensation benefit(*2)	₩ 17,508,538,955	8, first trial closing
				15, Second trial in progress
				2, Second trial closing
KOMIR	Mr. Keum and others	Claim for coal production reduction subsidy	₩ 2,532,570,909	First trial in progress
KOMIR	Chembo Co., Ltd. and others	Claim for loss	₩ 2,264,626,479	2, second trial in progress
KOMIR	Sechang global Co., Ltd	Claim for briquette price stabilization subsidy	₩ 1,170,891,299	6, first trial in progress
KOMIR	Mr. Kang and others	Claim for wage	₩ 681,623,239	2, first trial in progress
KOMIR	Mr. Kang and others	Claim for closing compensation	₩ 103,481,843	First trial in progress
				Second trial in progress
KOMIR	Sendori Co., Ltd	Cancellation of the prohibition of participating in bidding	50,000,000	First trial in progress
KOMIR	TBN customs corporation	Claim for return of deposit	18,167,000	First trial in progress

(*1) The Group cannot predict the impact of their outcome on its consolidated financial statements as of December 31, 2021.

(*2) As of December 31, 2021, the Group recognized provision for litigation of ₩6,858 million.

Tax litigation of MMB

MMB received a tax disposition of 5,192 million pesos from the Mexican tax authority(SAT) as a result of a tax audit for the fiscal year 2014, and as of December 31, 2021, MMB has filed an objection to the tax disposition. The amount has not been reflected in the consolidated financial statements for the period since it was determined that it is probably that the entity will prevail.

47. Cash flow statement

Significant non-cash transactions for the periods from September 10 to December 31, 2021 are as follows (Korean won):

	2021
Transfer of current portion of long-term borrowings and bonds payable	₩ 245,428,920,570
Share of other comprehensive income of associates and joint ventures	11,710,178,020
Transfer to PP&E from construction in progress	5,680,566,006
Transfer to loans from accrued interest	14,470,022,971
Transfer of current portion of long-term loans	51,290,082,730

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47. Cash flow statement (cont'd)

Details of changes in liabilities arising from financing activities are as follows (Korean won):

	2021						
	September 10	Cash flow from financing activities	Exchange rate fluctuation	Amortization	Transfer	Others	December 31
Short-term borrowings	₩ 55,000,000,000	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 55,000,000,000
Current portion of long-term borrowings	991,620,317,202	-	2,893,452,662	2,886,402,784	245,428,920,570	-	1,242,829,093,218
Current portion of bonds payable	584,494,182,546	-	8,925,000,000	213,183,610	-	-	593,632,366,156
Current lease liabilities	429,255,890	(135,540,295)	493,167	6,905,072	191,637,683	-	492,751,517
Sub-total	<u>1,631,543,755,638</u>	<u>(135,540,295)</u>	<u>11,819,834,335</u>	<u>3,106,491,466</u>	<u>245,620,558,253</u>	<u>-</u>	<u>1,891,954,210,891</u>
Long-term borrowings	1,431,054,744,455	-	3,382,983,815	12,581,889,917	(245,428,920,570)	-	1,201,590,697,617
Borrowings from Special Account for Energy and Resources	7,847,668,000	-	-	-	-	-	7,847,668,000
Bonds payable	3,809,903,202,889	-	32,820,585,981	1,125,885,277	-	-	3,843,849,674,147
Non-Current lease liabilities	629,812,842	(142,749,600)	2,885,461	1,620,776	(191,637,683)	251,168,558	551,100,354
Sub-total	<u>5,249,435,428,186</u>	<u>(142,749,600)</u>	<u>36,206,455,257</u>	<u>13,709,395,970</u>	<u>(245,620,558,253)</u>	<u>251,168,558</u>	<u>5,053,839,140,118</u>
Total	<u>₩ 6,880,979,183,824</u>	<u>₩ (278,289,895)</u>	<u>₩ 48,025,401,086</u>	<u>₩ 16,815,887,436</u>	<u>₩ -</u>	<u>₩ 251,168,558</u>	<u>₩ 6,945,793,351,009</u>

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48. Material uncertainty of going concern

The Group's total liabilities exceed total assets by ₩2,218.3 billion as of December 31, 2021. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The classification and presentation of assets and liabilities and related adjustments to profit or loss that may result from such uncertainty casting significant doubt on the Group's ability to continue as a going concern, have not been reflected in the consolidated financial statements.

The Group plans to repay bonds and borrowings that are due within a year by issuing new bonds within the bond issuance limit. And other necessary funds will be raised through borrowings and long-term corporate bills.

The Group's ability to continue as a going concern is dependent upon the results of the measures taken by the government for the Korea Mine Rehabilitation and Mineral Resources Corporation.

49. Establishment of Korea Mine Rehabilitation and Mineral Resources Corporation

On March 9, 2021, the Korea Mine Rehabilitation and Mineral Resources Corporation Act was enacted, and the Korea Mine Rehabilitation and Mineral Resources Corporation was established on September 10, 2021.

According to the Korea Mine Rehabilitation and Mineral Resources Corporation Act, the corporation's authorized capital increased to ₩3 trillion and the government invested about ₩2 trillion upon incorporation. In addition, the Korea Resources Corporation and Mine Reclamation Corporation are deemed to have been dissolved at the same time upon the establishment of the Company.

In accordance with Article 6 of the Addenda to the Korea Mine Rehabilitation and Mineral Resources Corporation Act, the Company has comprehensively succeeded the assets, claims, liabilities, and other rights and obligations of the Korea Resources Corporation and Mine Reclamation Corporation.

In addition, the names of the Korea Resources Corporation and Mine Reclamation Corporation indicated in the register, other public documents shall be regarded as the name of the Company at the time of establishment. The net assets succeeded by the Company shall be recognized as the book value of the day before the date of establishment of the Company, which was confirmed through due diligence on assets, etc.

The assets and liabilities succeeded from the Korea Resources Corporation and Mine Reclamation Corporation upon the establishment of the Company are as follows (Korean won).

	Korea Resources Corporation (Unaudited information)	Mine Reclamation Corporation (Unaudited information)	Total
Current assets	₩ 725,943,954,864	₩ 40,244,119,820	₩ 766,188,074,684
Non-current assets	2,724,468,430,727	1,485,589,013,372	4,210,057,444,099
	₩ 3,450,412,385,591	₩ 1,525,833,133,192	₩ 4,976,245,518,783
Current liabilities	1,722,950,682,134	7,502,833,949	1,730,453,516,083
Non-current liabilities	5,307,265,405,409	153,461,231,735	5,460,726,637,144
	₩ 7,030,216,087,543	₩ 160,964,065,684	₩ 7,191,180,153,227