Liberty One Methanol, LLC

2020 Annual Report

Liberty One Methanol, LLC

Index

2020 Annual Report

1. General Information

a. Corporate Information

Business name: Liberty One Methanol, LLC

Registered office: 400 Capitol Street, Suite 200

Charleston, WV 25301

Jurisdiction of formation: Delaware, as recorded in the Companies Register maintained by the Delaware Secretary of State located at 401 Federal St, Dover, DE 19901.

LEI: 5299004WYVYO44GF8W32

Tax ID No: 32-0521898

Date of formation: 10 January 2017

Legal form: Limited Liability Company

Internet address: www.libertyonemethanol.com

E-mail: info@usmeoh.com

Phone: +1 681 205 8511

Liberty One Methanol, LLC ("Liberty One" or the "Company") is a Limited Liability Company ("LLC") formed according to Delaware and United States law. As an LLC, Liberty One has elected to be taxed as a Partnership.

Under the laws of Delaware, the Company, as a limited liability company does not issue share capital. The ownership interest in the Company is held solely by US Methanol, LLC (the "Sole Member").

b. Ownership and Control

KKCG Group holds indirectly all interests in the Company's capital. Liberty One Methanol, LLC is a project company of the KKCG Group that will focus on the production of methanol. Liberty One Methanol, LLC does not have any subsidiaries. The Sole Member is wholly owned by KKCG Methanol Holdings, which is wholly owned by KKCG AG, which covers the activities of KKCG Group. KKCG Group is ultimately owned and controlled by the Valea Foundation. The Company is a project company and except for the control executed over the Company, the Company is not dependent on the business of any other companies in the KKCG Group. The Company is governed by a Board of Managers and does not use any specific instruments against the misuse of the control by the shareholder.

c. 2020 Events

During 2020, the Company continued plant construction with capital expenditures of $69.9M on an accrual basis and $72.7M on a cash basis

During 2020 the respiratory virus known as COVID-19 became classified as a global pandemic by the World Health Organization. In response to the COVID-19 pandemic the Governor of West Virginia declared a stay-at-home order for the entire state, closing all non-essential businesses in March 2020. In order to comply with recommendations from government and health officials, the Company temporarily suspended construction activities. A small crew was allowed to stay on-site to receive shipments of critical material and preserve equipment. The Company returned to construction operations in June 2020. Given the nature of the Company's operations and financial results (including fulfilment of any covenants) and forecast, the COVID-19 pandemic has not had an impact on the Company's operations except for the projected delay of the construction of the plant, which is now expected to be completed in Q3 2021.

In March 2020 the Company terminated its contract with Bilfinger, Inc. for the remaining mechanical equipment and piping for the plant construction.

In September 2020 the Company entered into an agreement with Aptim Maintenance, LLC for the erection of remaining mechanical equipment and piping for plant construction.

d. Change in Control

There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

e. Principal Markets

Liberty One has purchased an existing methanol plant (the "Plant") and is currently in the process of refurbishing and upgrading the Plant. Once the Plant is operational Liberty One's operations will consist of the production and sale of methanol, a commodity chemical.

Methanol is the simplest alcohol compound that may take a gas or liquid form. It is a petrochemical that is an essential building block for numerous industrial and chemical applications. Methanol is a clear, colorless liquid primarily obtained from natural gas. Its main application is in the production of formaldehyde, acetic acid and a variety of other chemical additives which form the foundations of a large number of secondary derivatives that are then widely used for production of polymers forming parts of daily-used products. Methanol is also used in the fuel industry in the production of unleaded gasoline, gasoline additives, hydrocarbons, olefins and other chemicals.

The Company will primarily serve methanol customers in the mid-Atlantic region of the United States of America. Currently, methanol supply for these customers comes from the Gulf Coast region of the United States, located hundreds of miles away. Since Liberty One will be the only major methanol producer in the mid-Atlantic region the Company will have a significant logistical advantage over its Gulf Coast competition. Moreover, Liberty One is able to access natural gas feedstock from regional markets that offer a price advantage as compared to the Gulf Coast.

f. Legal and Arbitration Proceedings

At 31 December 2020, there were no current or pending legal actions or arbitration proceedings against the Company. As such, no provisions have been recorded. The Company is not, and during the past 12 months was not, involved in any judicial, administrative or arbitration proceedings which, in the Company's opinion, could have, or in the past 12 months had, a material impact on the Company's financial situation or profitability.

g. Business Objectives

The Company was formed as a limited liability company under the Delaware Limited Liability Company Act on 10 January 2017. It operates in Charleston, West Virginia having as its business purpose to conduct any or all lawful business for which limited liability companies may be formed in West Virginia. This is evidenced in the West Virginia Application for Certificate of Authority of Limited Liability Company that is a basis for the issued Certificate of Authority of a Foreign Limited Liability Company by the Secretary of State authorizing the Company to transact business in West Virginia.

The Company was established exclusively as a special purpose entity to purchase and own assets necessary for relocating, assembling and refurbishing the Plant and for its future operations. After commissioning is complete, the Company's core business will be to operate the Plant for the production of methanol.

h. Major future investments

During 2021 Liberty One will continue making investments related to the construction of its methanol plant, with capital expenditures in the amount of US $107 million planned for 2021. Of this amount, the Company had contractual agreements representing $57 million of capital expenditures as of December 31, 2020. The Company plans to use these funds to finalize civil work, erect structural steel, purchase new equipment and materials, erect pipe racks, install pipe spools, install electrical systems and set equipment during 2021.

The Company plans to use equity contributions to fund these investments.

2. Corporate Governance

This part includes information which Section 118 (4) (j) of Act No. 256/2004 Coll., Capital Markets Act, as amended, requires to be in a separate part of an annual report.

2.1 Corporate Structure

a. Statutory bodies

The Company is governed by a Board of Managers (the "Board").

b. Relations between statutory bodies

The Company does not have a supervisory body or audit committee, so supervisory functions are performed by the Management Board.

The Board consists of five individuals appointed by the Sole Member. Any of these Managers may be removed from the Board with or without cause by the Sole Member.

The Company is part of the KKCG Group of companies (the "Group").

c. Mechanism for appointing and removing statutory bodies

Statutory bodies can only be appointed or removed by a decision of the Sole Member.

d. Scope of powers of statutory bodies

The Board of Managers has the full power and authority to do all things on such terms as they may deem necessary or appropriate to conduct, or cause to be conducted, the business and affairs of the Company, including but not limited to: making expenditures, lending, borrowing, tax filings, mergers and acquisitions, liquidation, authorizing use of Company assets, negotiation and execution of contracts, distributions of Company property, selection, engagement and dismissal of officers, employees, contractors, and other agents, maintenance of insurance.

e. Decision making processes conducted by statutory bodies

The Company's management and decisions are exercised and adopted by a Board of Managers by majority vote.

2.2 Board of Managers

a. Names, business addresses and functions

The Board of Managers is the statutory body of the Company, and at 31 December 2020 had five members. Members are selected by KKCG Group with no term limits.

At 31 December 2020 the Board of Managers consisted of the following individuals:

Karel Komárek – Manager
Founder of KKCG Group, ultimate owner under Czech AML rules and Chairman since inception.

Katarina Kohlmayer – Manager
Chief Financial Officer of KKCG.

Natalie Miller – Manager
Investment Manager for KKCG.

Hynek Jicinsky – Manager
Chief Executive Officer of the Sole Member and Liberty One Methanol, LLC.

Mark Joensen – Manager
Chief Financial Officer and Deputy CEO to the Sole Member and Liberty One Methanol, LLC.

As CEO, Hynek Jicinsky oversees the project organization reporting directly to the Board of Managers. As CFO, Mark Joensen oversees the project finances and budget. The remaining members of the Board of Managers did not perform other principal activities that are significant with respect to the Company during 2020.

All Board Members can be reached at the following address:

400 Capitol Street, Suite 200
Charleston, WV 25301

<u>Changes to the Board of Managers in 2020</u>
On 20 April 2020 Hynek Jicinsky replaced Frank Bakker as Chief Executive Officer. Mr. Bakker left the Company to pursue other opportunities. Mark Joensen, the Chief Financial Officer of the Company, replaced Mr. Bakker in the Board of Managers and assumed the additional role of Deputy Chief Executive Officer.

There were no further changes to the Board of Manager in 2020.

<u>Changes to the Board of Managers in 2021</u>
On 1 March 2021 Mike Walsh was named Chief Executive Officer. Mr. Walsh's primary focus will be on operating organization and preparing the company for commercial production. Mr. Jicinsky continues to serve the company in Project Director overseeing the remaining construction.

On 1 March 2021 Karel Komárek, Jr. was elected to the Board of Managers as a Manager.

b. Monetary and non-monetary income of all members in total

The Company does not remunerate its Managers in consideration for their service in the Board of Managers, and made no such payments to the Managers during 2020. This remuneration policy may be changed by a decision of the Board of Managers.

c. Shares and other securities held by the members of the Board

The ownership interest in the Company is held solely by the Sole Member and no shares or any other ownership interests in the Company are held by the people with managerial authority in the Company.

2.3 Conflicts of interest

The Company is not aware of any possible conflicts of interest between the duties to the Company of the aforementioned persons and their private interests or other duties. The Company has a prepared an ethics code that stipulates how to proceed in case of a conflict of interest.

2.4 Sole Member

The ownership interest in the Company is held solely by the Sole member, therefore no shareholders meetings are being held. All decision made by the Sole Member are adopted by the Board of Managers of the Sole Member.

2.5 Corporate governance code

The Company complies with the statutory corporate governance rules and requirements. The Company does not apply any corporate governance code as there are no obligatory corporate governance codes applicable to it. The Company uses the codes of ethics as described above.

2.6 Internal supervision of accounting

The Company does not have a supervisory body or audit committee, so the supervisory functions are performed by the Board of Managers. The supervisory function is fulfilled by the Board of Managers, which manages all matters regarding the Company.

The Board of Managers is responsible for approving the selection of the Company's auditors and also for the overview of the Company's system of internal controls and the process of compiling the Company's financial statements.

The Company follows IFRS accounting standards. All processes with a direct or indirect influence on the Company's financial reporting are recorded in the Company's written policies and procedures along with the risks associated with these processes. Controls with varying periodicity have been set-up in order to eliminate these risks. Compliance with IFRS standards and methods is ensured by US Methanol's Policies and Procedures.

The Company has a system for review and approval of transactions which requires multiple levels of approval. The Company utilizes segregation of duties, periodic reconciliations, and the "four-eyes" principle to ensure individual general ledger accounts are correctly stated and reduce the risk of fraud and abuse.

3. Information on Equity

Under the laws of Delaware, the Company, as a limited liability company, does not issue any share capital shares or similar securities. The ownership interest in the Company is held solely by the Sole member.

4. Financial Situation

The Company notes that as of 31 December 2020, it had issued CZK-denominated bonds in the amount of CZK 2,100,000,000 (ISIN CZ0000001086) bearing fixed annual interest rate of 5.30 per cent due in 2023, which were admitted to trading on the Regulated Market operated by Burza cenných papírů Praha, a.s. on 23 October 2018 (the "Bonds").

a. Risk and uncertainties

The Company is exposed to various risks as a result of its activities, primarily market risk, credit risk, liquidity risk and risks related to the Company's business.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in US dollars (USD)	Cash flow forecasting Sensitivity analysis	Currency swaps
Credit risk	Cash and cash equivalents, other receivables, and related party receivables	Aging analysis Credit ratings	Diversification of bank deposits and credit limits
Liquidity risk	Borrowings, lease liabilities, trade and other payables and related party payables	Rolling cash flow forecasts	Capital contributions and parent support

Market risk

Capital expenditures needed to complete the Plant will be made primarily in US dollars. Adverse changes in the exchange rate between the US dollar and the

Czech crown could negatively impact the ability of the Company to pay for needed capital expenditures.

The Bonds are expected to be repaid from US dollar denominated sales. Adverse changes in the exchange rate between the US dollar and the Czech crown could negatively impact the ability of the Company to repay the borrowings.

- Risk management
    - The Company manages this risk by holding funds at financial institutions in accounts denominated in CZK.
    - The Company also manages this risk by entering into derivative financial instruments.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers and related parties, including outstanding receivables.

- Risk management
    - Credit risk is managed by dealing with only independently rated financial institutions with a minimum "A" rating.
- Impairment of financial assets
    - The Company has two types of financial assets that are subject to the expected credit loss model:
        - other receivables from the sale of assets and
        - related-party receivables.
    - The Company's related-party and other receivables are considered to have low credit risk, and the loss allowance recognized during the period was therefore limited to 12 months' expected losses. Management considered these receivables to be low credit risk where they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. As a result, the Company believes an expected loss provision is immaterial as of December 31, 2020 and 2019.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Company held cash deposits at call of $23,487,589 and $35,020,561 in cash pooling arrangements that are expected to readily generate cash inflows for managing liquidity risk.

Management monitors rolling forecasts of the Company's liquidity reserve (comprising the undrawn cash pooling arrangement) and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against Bonds-related covenant requirements.

The Company is not currently generating operating revenue to support its operations or the cost to finalize plant construction. The Company has liquid resources and has drawn capital contributions under the Company's limited liability company agreement with KKCG AG, the Company's ultimate parent, to meet operating costs and plant construction costs through April 2021. The Company's borrowings are also fully guaranteed by KKCG AG. Based on current cash flow projections, it is probable that the Company will require additional capital contributions from KKCG AG to finalize plant construction as well as to remain in compliance with financial debt covenants through May 31, 2022. As such, the Company has obtained a parent support letter which confirms KKCG AG's financial support in such amounts deemed necessary to meet their financial obligations and operating and cash flow needs through May 31, 2022 to enable the Company to continue as a going concern.

Risks related to the Company's business

The risks related to the Company's business are the risks arising from a wide variety of causes associated with the Company's resources, processes, personnel, infrastructure and those arising from legal and regulatory requirements and methanol industry in general and include the risk of:

- commodity price volatility and supply and demand uncertainty;

- competition of other methanol producers;

- adverse regulatory development;

- increasing capital expenditures;

- insurance risk, i.e. that insurance premiums may not be sufficient to cover future losses and expenses on insurance contracts.

b. Solvency

Since the publishing date of the audited financial statements for the year ended December 31, 2020, no significant change has occurred in the financial situation of the Company and no event (other than as provided in this Annual Report) affecting the Company's solvency has occurred.

c. Significant change in financial position

The Company is still pre-revenue and is dependent upon its ultimate parent KKCG AG for funding.

d. Material contracts

1. Land Lease Agreement

The Company has entered into a land lease agreement with Altivia Services, LLC (Altivia). The Land Lease Agreement with Altivia for the site of the Plant is for a term of 25 years with an option for one 5-year extension. Upon termination of the Altivia Lease Agreement, the Company must remove or demolish the Plant and all improvements it made to the site of the Plant.

2. Site Services Agreement

The Company has entered into the SSA with Altivia Services, LLC. The term of the SSA is for 25 years with an option for one 5-year extension and coincides with the Land Lease Agreement. The SSA may be terminated if the Altivia Land Lease Agreement is terminated, if the Company does not pay invoices on time or due to other standard defaults. A company commercial failure is defined as the state when the Company, among others, is not operating the Plant according to good industry practice, laws and regulations, the site requirements of Altivia or when it is installing load shedding equipment.

3. Natural gas transport agreement

The Company has entered into a gas transport agreement with Mountaineer Gas Company (MGC) for the transport of natural gas to the Plant. The agreement sets out conditions on the basis of which the Company will source natural gas from this supplier. This MGC Agreement is for an initial term of 10 years with an evergreen option for extension.

4. Oxygen supply agreement

The Company entered into an agreement with Linde plc for oxygen supply. The agreement is for 15 years from the first delivery date.

e. Oversight of risk management framework

The Board of Managers is responsible for the oversight of the Company's risk management framework

4.2 Audit fees

The total fees invoiced by auditors in conjunction with the 2020 audit were $175,000. There were no other fees paid to auditors in 2020.

5. Financial statements including auditor's report

See attached financial statements and auditor's report that form a part of this Annual Report.

6. Events occurring after the reporting period

Management of the Company has evaluated the effect subsequent events would have on the financial statements through April 27, 2021, which was the date the financial statements were available and authorized to be issued by the Company's management.

7. Statutory Declaration

To the best of our knowledge, the Annual Report 2020 provides a true and fair view of the financial situation, business activities and results of operations of the Company for year ended 31 December 2020, and of the outlook for the future development of the financial situation, business activities and results of operations of the Company. No facts that could change the meaning of this Annual Report have been omitted.

In Charleston on 27 April 2021

On behalf of the Board of Managers of
Liberty One Methanol, LLC

Mike L. Walsh
Chief Executive Officer

Exhibit I: Financial Statements Including Auditor’s Report

Liberty One Methanol, LLC

(a wholly owned subsidiary of US Methanol, LLC)

Financial Statements

For the years ended December 31, 2020 and 2019

Liberty One Methanol, LLC

(a wholly owned subsidiary of US Methanol, LLC)

Index

For the years ended December 31, 2020 and 2019 pwc

Report of Independent Auditors

To the Management of Liberty One Methanol, LLC

We have audited the accompanying financial statements of Liberty One Methanol, LLC, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of profit or loss and comprehensive loss, of changes in member's equity and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Liberty One Methanol, LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

PricewaterhouseCoopers LLP

April 27, 2021

PricewaterhouseCoopers LLP, 600 Grant Street, Pittsburgh, PA 15219
T: (412) 355 6000, F: (412) 355 8089, www.pwc.com/us

Liberty One Methanol, LLC

(a wholly owned subsidiary of US Methanol, LLC)

Statements of Profit or Loss and Comprehensive Loss

For the years ended December 31	Notes		2020		2019
Continuing Operations:					
Revenue from contracts with customers		**$**	**-**	$	-
Cost of sales of goods	15		**(4,104,883)**		(2,575,634)
Gross deficit			**(4,104,883)**		(2,575,634)
Administrative expenses	14		**(5,350,667)**		(4,855,968)
Operating loss			**(9,455,550)**		(7,431,602)
Finance costs	13		**(3,205,471)**		(1,375,169)
Net loss		**$**	**(12,661,021)**	$	(8,806,771)
Comprehensive loss		**$**	**(12,661,021)**	$	(8,806,771)

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

Liberty One Methanol, LLC

(a wholly owned subsidiary of US Methanol, LLC)

Balance Sheets

As of December 31	Notes	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	5	**$ 265,839,548**	$ 196,010,859
Right-of-use assets, net	6	**21,835,822**	23,301,821
Contract assets	7	**102,334**	59,977
Deposits	6	**7,084,026**	5,749,899
Total non-current assets		**294,861,730**	225,122,556
Current assets			
Other current assets		**233,873**	186,627
Other receivables	3	**-**	287,099
Related-party receivables	4	**36,581,901**	1,328,804
Derivative financial instruments	8	**1,832,827**	518,092
Cash and cash equivalents		**23,487,589**	10,938,538
Total current assets		**62,136,190**	13,259,160
Total assets		**$ 356,997,920**	$ 238,381,716
LIABILITIES			
Non-current liabilities			
Borrowings	10	**$ 96,674,253**	$ 90,814,344
Provisions	11	**9,110,114**	8,610,560
Lease liabilities	6	**14,176,677**	15,271,893
Total non-current liabilities		**119,961,044**	114,696,797
Current liabilities			
Trade and other payables		**21,372,605**	25,464,856
Lease liabilities	6	**561,781**	308,352
Derivative financial instruments	8	**-**	385,319
Related-party payables	4	**3,627,161**	1,478,033
Total current liabilities		**25,561,547**	27,636,560
Total liabilities		**145,522,591**	142,333,357
MEMBER'S EQUITY			
Contributed capital		**243,011,243**	114,923,252
Accumulated deficit		**(31,535,914)**	(18,874,893)
Total member's equity		**211,475,329**	96,048,359
Total liabilities and member's equity		**$ 356,997,920**	$ 238,381,716

The above balance sheets should be read in conjunction with the accompanying notes.

Liberty One Methanol, LLC

(a wholly owned subsidiary of US Methanol, LLC)

Statements of Changes in Member's Equity
For the years ended December 31, 2020 and 2019

	Contributed capital	Accumulated deficit	Total
Balance at January 1, 2019	$ 93,923,252	$ (10,068,122)	$ 83,855,130
Loss for the year	-	(8,806,771)	(8,806,771)
Contributions of equity	21,000,000	-	21,000,000
Balance at December 31, 2019	114,923,252	(18,874,893)	96,048,359
Loss for the year	**-**	**(12,661,021)**	**(12,661,021)**
Contributions of equity	**128,087,991**	**-**	**128,087,991**
Balance at December 31, 2020	**$ 243,011,243**	**$ (31,535,914)**	**$ 211,475,329**

The above statements of changes in member's equity should be read in conjunction with the accompanying notes

Liberty One Methanol, LLC

(a wholly owned subsidiary of US Methanol, LLC)

Statements of Cash Flows

For the years ended December 31	Notes		2020		2019
Cash flows from operating activities					
Net loss		$	**(12,661,021)**	$	(8,806,771)
Adjustments for:					
Depreciation	6		**1,191,974**		694,756
Unrealized foreign exchange losses/(gains)	13		**3,390,164**		(709,453)
Adjustments for investing and financing activities recognized in net loss:					
Foreign exchange (gains)/losses on derivatives	13		**(1,097,466)**		772,293
Foreign exchange losses on related-party receivables	13		**-**		609,513
Net change in operating assets and liabilities:					
Other current assets			**(47,246)**		(177,246)
Related party receivables	4		**(1,545,000)**		(10,000)
Trade and other payables			**(614,981)**		(455,987)
Finance lease interest and interest accretion	11&13		**912,773**		702,816
Related party payables	4		**2,149,128**		(1,108,507)
Cash outflow from operations			**(8,321,675)**		(8,488,586)
Interest paid	6		**(808,182)**		(491,615)
Net cash outflow from operating activities			**(9,129,857)**		**(8,980,201)**
Cash flows from investing activities					
Loans to related party	4		**(70,039,669)**		-
Repayments of loans from related parties	4		**36,331,572**		92,228,268
Payments for property, plant and equipment	5		**(72,658,853)**		(100,608,054)
Lease prepayments	6		**(1,334,127)**		(2,769,899)
Proceeds from sale of property, plant and equipment	5		**93,690**		153,757
Net cash outflow from investing activities			**(107,607,387)**		(10,995,928)
Cash flows from financing activities					
Proceeds from member contributions			**128,087,991**		21,000,000
Foreign exchange gains/(losses) on derivatives	13		**1,097,466**		(772,293)
Principal elements of finance lease payments	6		**(172,799)**		(133,801)
Net cash inflow from financing activities			**129,012,658**		20,093,906
Net increase in cash and cash equivalents			**12,275,414**		117,777
Cash and cash equivalents at beginning of the year			**10,938,538**		10,820,761
Effects of exchange rate changes on cash and cash equivalents			**273,637**		-
Cash and cash equivalents at the end of the year		$	**23,487,589**	$	10,938,538
Non-cash financing and investing activities					
Property, plant and equipment additions in trade and other payables		$	**21,181,961**	$	24,659,231
Finance leases, net of remeasurement	6	$	**(784,419)**	$	4,465,231
Asset retirement obligation	11	$	**499,554**	$	4,951,878

The above statements of cash flows should be read with the accompanying notes

1. Nature of operations

Liberty One Methanol, LLC (the "Company") is a Delaware limited liability company with corporate offices in Charleston, West Virginia, USA and a development project located on a site in Institute, West Virginia, USA. The Company has purchased a methanol plant which it has relocated to the Institute site and is currently in the process of refurbishing and upgrading. Once the plant is operational, the Company's operations will consist of the production and sale of methanol, a commodity chemical. The Company is a wholly owned subsidiary of US Methanol, LLC, a Delaware limited liability company, domiciled in the United States of America. US Methanol, LLC is a wholly owned subsidiary of KKCG AG, which is domiciled in Switzerland. The Company's registered office is 400 Capitol Street, Suite 200, Charleston, WV 25301.

2. Summary of significant accounting policies

a) Compliance with IFRS

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

b) Historical cost convention

The financial statements have been prepared on a historical cost basis except for derivatives which are measured at fair market value through profit or loss.

c) Foreign currency translation

- Functional and presentation currency
  - Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in US dollars (USD), which is the Company's functional and presentation currency.
- Transactions and balances
  - Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.
  - Foreign exchange gains and losses that relate to borrowings and related-party receivables are presented in the statement of profit or loss within finance costs.

d) Cash and cash equivalents

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

e) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The other receivables are due and payable within a year from the end of the reporting period.

f) Property, plant and equipment

Property, plant and equipment is stated at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items, including capitalized interest of the bond payment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Abnormal costs are not included in the cost of the asset. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Assets under construction are not depreciated until they are placed into service. The depreciation methods and periods used by the Company are disclosed in note 5.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

g) Leases

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

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

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

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

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

The Company elected the practical expedient not to separate non-lease components from the lease components and instead account for the arrangement as a single component. Additionally, payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Some leases contain variable payment terms that are linked to quantities used by the Company. These variable lease payments are recognized in profit or loss in the period in which the quantities are used.

h) Provisions

Provisions for legal claims, asset retirement obligations, and others are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

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

The asset retirement obligation is measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

i) Income taxes

The Company is a wholly owned subsidiary of US Methanol, LLC and is taxed as a partnership under the applicable provisions of the United States of America Internal Revenue Code and West Virginia Department of Revenue Code. Accordingly, no provision for income taxes has been reported for the years ended December 31, 2020 or 2019 because the results of the Company's operations are passed through to its member for income tax purposes.

j) Going concern assumption

Management has prepared these financial statements under the assumption that the Company will continue as a going concern. The Company is not currently generating operating revenue to support its operations or the cost to finalize plant construction. The Company has liquid resources and has drawn capital contributions under the Company's limited liability company agreement with KKCG AG, the Company's ultimate parent, to meet operating costs and plant construction costs through April 2021. The Company's borrowings are also fully guaranteed by KKCG AG. Based on current cash flow projections, it is probable that the Company will require additional capital contributions from KKCG AG to finalize plant construction as well as to remain in compliance with financial debt covenants through May 31, 2022. As such, the Company has obtained a parent support letter which confirms KKCG AG's financial support in such amounts deemed necessary to meet their financial obligations and operating and cash flow needs through May 31, 2022 to enable the Company to continue as a going concern.

k) Employee benefits

Short-term obligations for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Liberty One Methanol, LLC does not currently have any employees of its own. Employees of US Methanol, LLC perform work on behalf of Liberty One Methanol, LLC and their costs are charged to Liberty One Methanol, LLC by way of a management fee from US Methanol, LLC.

l) Impairment of assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

n) Borrowings

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

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

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

o) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

p) Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in finance costs.

q) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

r) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Title	**Key requirements**	**Effective Date**
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*	January 1, 2023
Property, Plant and Equipment: Proceeds	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether	January 1, 2022

before intended use – Amendments to IAS 16	the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	

3. Other receivables

As of December 31	2020	2019
Other receivables (*i*)	$ -	$ 287,099
Loss allowance	-	-
	$ -	$ 287,099

(i) Classification as other receivables

Other receivables are amounts due from contractors for the reimbursement of certain costs. They are generally due for settlement within 30 days and therefore are all classified as current.

4. Related-party transactions

(i) Parent entities

The Company is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest 2020	2019
US Methanol, LLC	Immediate parent entity	USA	100%	100%
KKCG Methanol Holdings, LLC	Intermediate parent entity	USA	100%	100%
KKCG AG	Ultimate parent entity	Switzerland	100%	100%

(ii) ***Transactions with other related parties***

In order to optimize the management of its liquidity, the Company has entered into a cash pooling agreement with KKCG SF, a subsidiary of KKCG AG, whereby the Company from time to time, in return for obligations from the related party, makes payments into a cash pool. The related party has authority to manage these funds in accordance with the written agreement between the parties. At December 31, 2020 and 2019, the balances subject to the cash pooling agreement were $35,020,561 and $1,312,464, respectively. Amounts outstanding under the cash pooling agreement have been classified as related-party receivables on the accompanying balance sheets. The Company also put $1,500,000 on deposit with its immediate parent, US Methanol, LLC, during 2020, which is classified as related-party receivables on the accompanying balance sheet.

During the years ended December 31, 2020 and 2019, the Company paid expenses on behalf of an affiliated company of $45,000 and $10,000, respectively. The amount due from affiliate is $61,340 and $16,340 as of December 31, 2020 and 2019, respectively. These amounts were classified as related-party receivables.

On January 1, 2018, the Company signed a management agreement with US Methanol, LLC related to services including project management, construction management, engineering management, procurement and corporate administrative services. The nature of these services primarily pertains to the employee costs and other administrative expenses of US Methanol, LLC, which are directly attributable to the Company. The management fee charged is based on an allocation of costs using total assets and total transactions which management believes approximates actual costs incurred. The Company incurred $3,852,579 and $4,174,615 of management services from US Methanol, LLC during 2020 and 2019, respectively. The amount due to US Methanol, LLC is $3,183,511 and $1,478,033 as of December 31, 2020 and 2019, respectively.

The Company's bonds are secured by its ultimate parent KKCG AG. In return for this guarantee KKCG AG charges the Company a fee. During the years ended December 31, 2020 and 2019, the Company was charged $236,456 and $207,194, respectively, for this guarantee fee. The amount due to KKCG AG is $443,650 and $207,194 at December 31, 2020 and 2019, respectively.

The Company's related party receivables and related party payables balances are unsecured.

5. Property, plant and equipment

Non-current	Assets under construction	Total
Year ended December 31, 2019		
Opening net book amount	$ 82,023,004	$ 82,023,004
Additions	114,141,612	114,141,612
Disposals	(153,757)	(153,757)
Depreciation charge	-	-
Closing net book amount	196,010,859	196,010,859
As of December 31, 2019		
Cost	196,010,859	196,010,859
Accumulated depreciation	-	-
Net book amount	196,010,859	196,010,859
Year ended December 31, 2020		
Opening net book amount	196,010,859	196,010,859
Additions	69,922,379	69,922,379
Disposals	(93,690)	(93,690)
Depreciation charge	-	-
Closing net book amount	265,839,548	265,839,548
As of December 31, 2020		
Cost	265,839,548	265,839,548
Accumulated depreciation	-	-
Net book amount	$ 265,839,548	$ 265,839,548

(i) Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values once placed into service, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Buildings 25 years
- Machinery 10-25 years
- Vehicles 5 years
- Furniture, fittings and equipment 5 years

As of December 31, 2020 and 2019, all property, plant and equipment is under construction and has not been placed into service.

(ii) Contractual obligations

Refer to note 12 for disclosure of contractual obligations to purchase, construct or develop property, plant and equipment or for repairs, maintenance or enhancements.

6. Right-of-use assets and lease liabilities

(i) Amounts recognized in the balance sheets

The balance sheet shows the following amounts relating to leases as of December 31, 2020 and 2019:

Right-of-use assets	2020	2019
Properties (ii), (iii)	**$ 21,835,822**	$ 23,301,821
Deposits		
Lease prepayments (v), (vii)	**$ 6,834,026**	$ 5,499,899
Other deposits (vi)	**250,000**	250,000
	$ 7,084,026	$ 5,749,899
Lease liability		
Current	**$ (561,781)**	$ (308,352)
Non-current	**(14,176,677)**	(15,271,893)
	$ (14,738,458)	$ (15,580,245)

(ii) Properties

The Company entered into a lease with Union Carbide Corporation for the leased premises in July 2017 with an initial term of 25 years. On December 1, 2019, Altivia Services, LLC acquired the leased premises from Union Carbide Corporation and became the lessor. The Company is currently constructing a methanol production facility on the leased premises. The Company pays an annual lease payment for the ground lease. The terms of the ground lease call for annual base rental payments of $218,986 for the next 21 years adjusted annually to reflect increases in the Consumer Price Index. The lessee also has an option to renew the lease at the end of the original lease term for an additional five years. The Company is not reasonably certain that it will exercise this option as of December 31, 2020. During 2019, the Company entered into two lease modifications that resulted in an increase in asset value of $499,090 due to remeasurement.

In conjunction with the ground lease, the Company also entered into a Site Services Agreement (the "SSA") with the lessor. Payments for the SSA are largely variable, with the exception of the fixed monthly infrastructure services fee, and are updated annually based on the Consumer Price Index. The Company elected the practical expedient not to separate associated non-lease components from lease components and instead accounts for the arrangement as a single lease component. As such, the infrastructure services fee has been included with the ground lease as a single lease component. During 2019, the Company's SSA fixed payment was increased related to land lease amendments, and the increase in asset value was $613,822.

(iii) Natural gas pipeline

On May 30, 2018, the Company entered into an agreement with Mountaineer Gas Company to construct and operate a lateral pipeline connecting the Company's methanol plant to the closest interstate gas line, the Tennessee Gas Pipeline. The agreement requires the Company to pay a transport fee based on the amount of gas used and has minimum annual fee requirements. The Company is obligated to pay minimum fees totaling $4.5 million over a 10-year period beginning on January 1, 2020 (including extension options where the Company is reasonably certain that they will be exercised). This supply agreement meets the definition of a lease. On November 15, 2019, the pipeline was made available for the Company's use, and a right-of-use asset and liability of $3,352,319 was established.

(iv) Amounts recognized in the statements of profit or loss

The statements of profit or loss show the following amounts relating to leases:

For the years ended December 31		**2020**		2019
Depreciation charge of right-of-use assets				
Properties (included in cost of sales of goods)	**$**	**1,191,974**	$	694,756
Interest expense (included in finance costs)	**$**	**780,534**	$	636,513
Expense relating to variable lease payments not included in lease liabilities (included as utilities in cost of sales of goods)	**$**	**2,034,833**	$	1,919,811

The expense relating to short-term leases was $914,416 and $51,806 for 2020 and 2019, respectively, and is recorded as a component of costs of sales of goods.

The expense relating to leases of low-value assets was $0 and $43,369 for 2020 and 2019, respectively, and is recorded as a component of costs of sales of goods.

The total cash outflow for leases in 2020 and 2019 was $980,981 and $625,416, respectively.

This section sets out an analysis of lease liabilities and the movements in lease liabilities for each of the periods presented.

For the years ended December 31,		**2020**		2019
Lease liabilities as of January 1	**$**	**15,580,245**	$	11,103,917
Cash flows		**(980,981)**		(625,416)
New leases and modifications		**-**		3,352,319
Remeasurement (i)		**(784,419)**		1,112,912
Other changes (ii)		**923,613**		636,513
Total borrowings	**$**	**14,738,458**	$	15,580,245

(i) Remeasurement consists of right-of-use assets and lease liabilities carrying amount adjustments without any additional right-of-use grant or partial or full termination of the lease, mainly due to payment updates based on the Consumer Price Index.

(ii) Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

The contractual maturities of lease liabilities as of December 31, 2020 is as follows:

	Lease payments	Interest component	Lease liabilities
2021	$ 1,325,259	$ 763,479	$ 561,781
2022	1,357,512	732,812	624,700
2023	1,355,808	697,182	658,626
2024	1,356,037	661,643	694,394
2025	1,356,279	624,175	732,104
Thereafter	16,507,974	5,041,121	11,466,853
	$ 23,258,869	**$ 8,520,412**	**$ 14,738,458**

(v) Oxygen supply agreement

During 2018, the Company entered into an oxygen supply agreement that is expected to meet the definition of a lease. Although the lease has not yet commenced, the Company was required to provide upfront payments totaling $6,707,432 and $5,457,701 as of December 31, 2020 and 2019, respectively.

(vi) Surety bonds

During 2018, the Company entered into a refundable surety bond of $250,000 related to a natural gas transportation agreement which will expire in 2029.

(vii) Water filtration system

During 2018, the Company entered into a water filtration system agreement that meets the definition of a lease. Although the lease has not yet commenced, the Company was required to provide upfront payments totaling $126,594 and $42,198 as of December 31, 2020 and 2019, respectively.

7. Contract assets

The Company incurred $42,357 and $59,977 of incremental legal fees associated with a 3-year offtake revenue agreement during 2020 and 2019, respectively. These costs have been capitalized and will be amortized over the life of the contract, which will begin once plant construction is complete. No amounts were amortized during 2020 or 2019.

8. Derivative financial instruments

During 2019, the Company entered into currency swap agreements with a notional amount of $50 million as a means to partially hedge its exposure to exchange rate fluctuations related to bonds denominated in Czech crowns. During 2020, the Company settled the 2019 currency swap agreements with a notional amount of $50 million and entered into new currency swap agreements with a notional amount of $50 million.

The Company has the following derivative financial instruments in the following line items in the balance sheet:

As of December 31,		**2020**		2019
Current assets				
Hedging derivatives - foreign currency options	**$**	**1,832,827**	$	518,092
Current liabilities				
Hedging derivatives - foreign currency options	**$**	**-**	$	(385,319)

(i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

(ii) Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives refer to note 9.

(iii) Amounts recognized in profit or loss

Changes in fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in finance costs.

9. Recognized fair value measurements

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
At December 31, 2020				
Current assets				
Hedging derivatives - foreign currency options	$ -	$ 1,832,827	$ -	$1,832,827
Total financial assets	**$ -**	**$ 1,832,827**	**$ -**	**$1,832,827**

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
At December 31, 2019				
Current assets				
Hedging derivatives - foreign currency options	$ -	$ 518,092	$ -	$ 518,092
Current liabilities				
Hedging derivatives - foreign currency options	-	(385,319)	-	(385,319)
Total financial assets	**$ -**	**$ 132,773**	**$ -**	**$ 132,773**

There were no transfers between levels for recurring fair value measurements during 2020 or 2019.

The Company's policy is to recognize transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- Foreign currency forwards – the present value of future cash flows based on the forward exchange rates at the balance sheet date

All of the resulting fair value estimates are included in level 2.

10. Borrowings

	2020			2019		
As of December 31,	**Current**	**Non-current**	**Total**	Current	Non-current	Total
Unsecured						
Bonds, 5.30% fixed rate (i)	**$ -**	**$ 98,070,000**	**$ 98,070,000**	$ -	$ 92,706,145	$ 92,706,145
Less: Unamortized debt issue costs	**-**	**1,395,747**	**1,395,747**	-	1,891,801	1,891,801
Total borrowings	**$ -**	**$ 96,674,253**	**$ 96,674,253**	$ -	$ 90,814,344	$ 90,814,344

(i) 2018 Bonds

During the year ended December 31, 2018, the Company issued 2,100,000,000 Czech crown (CZK) in bonds publicly traded through the Prague stock exchange. These bonds bear interest at a fixed 5.30% with interest payments due semi-annually. Principal payment is due in 2023. The proceeds of these bonds are being used for the construction of the Company's methanol plant. The bonds are unsecured and guaranteed by KKCG AG. The bonds are to be repaid in CZK from US dollar denominated sales. See the market risk note 16 for additional detail. The Company incurred approximately $2.5 million of debt issuance costs which are being amortized using the effective interest method and capitalized during 2020 and 2019 as the plant construction will continue until July 2021.

The minimum principal payments for borrowings in aggregate for each of the five succeeding years are as follows as of December 31, 2020:

	Bonds
2021	**$ -**
2022	**-**
2023	**98,070,000**
2024	**-**
2025	**-**
Thereafter	**-**
	$ 98,070,000

The change in borrowings is due to the following:

For the years ended December 31,	**2020**	2019
Balance at January 1	**$ 90,814,344**	$ 90,852,144
Unrealized foreign exchange losses / (gains)	**5,363,855**	(533,855)
Amortization of debt issue costs	**496,054**	496,055
Total borrowings	**$ 96,674,253**	$ 90,814,344

(ii) Debt covenants

Significant financial covenants and default provisions under this facility include:

General financial covenants

A general financial covenant applicable on an ongoing basis is the following:

i.) The obligation to maintain a debt-to-equity ratio of no less than 1 to 1.
    a. As of December 31, 2020, the Company's debt-to-equity ratio was 2.84 to 1.

Conditional financial covenants relevant for distributions and applicability of financial guarantee

i.) Net indebtedness ratio no more than 4 to 1, if distributions are to be proposed or made.

   a. As of December 31, 2020, the Company’s net indebtedness ratio was -6.5 to 1 (i.e., exceeding the permitted level to allow proposing or making distributions as set out in the bonds terms and conditions).

ii.) Distributions are limited to 90% of free cash flows, provided the distribution will not cause a covenant violation.
   a. As of December 31, 2020, the Company’s free cash was negative $132,343,469.

Only applicable items for computing the debt-to-equity ratio, net indebtedness ratio, and free cash flow were included in the above computations. All interest associated with the bonds during 2020 was capitalized and is included in the CAPEX adjustments in the free cash calculation.

Failure to comply with the general financial covenant debt-to-equity ratio or other default provisions of the bonds could result, among others, in an acceleration of the due date of the principal payment.

As of December 31, 2020, the Company was in compliance with all terms and default provisions related to its bonds. As of December 31, 2020, the net indebtedness ratio and free cash are not applicable as there were no distributions made by the Company in 2020.

(iii) Fair value

The fair value of borrowings is not materially different from their carrying amounts, since the interest payable on those borrowings is close to the current market rates.

11. Provisions

As of December 31,	**2020**	2019
Asset retirement obligation(*i*)	**$ 9,110,114**	$ 8,610,560
Less current maturities	**-**	-
	$ 9,110,114	$ 8,610,560

(i) Asset retirement obligation

The Company has an asset retirement obligation related to the decommissioning and reclamation of its plant site in accordance with its lease agreement. Because of uncertainties in estimating the amount and timing of the expenditures related to the site, actual results could differ from the amounts estimated. As of December 31, 2020 and 2019, the total undiscounted cash flows required to settle the liabilities (including inflation) were $12.4 million and $14.1 million, respectively. The expected timing of the retirement obligation is consistent with the lease term described in note 6. The more significant judgments include labor costs and the discount rate used, which was 1.47% and 2.28% at December 31, 2020 and 2019, respectively. The movement in the provision during the year is explained as follows:

Liberty One Methanol, LLC
(a wholly owned subsidiary of US Methanol, LLC)

Notes to Financial Statements
Years ended December 31, 2020 and 2019

For the years ended December 31,	2020	2019
Balance at January 1	$ 8,610,560	$ 3,658,682
New provisions	367,315	4,885,575
Interest accretion	132,239	66,303
Balance at December 31	$ 9,110,114	$ 8,610,560

Interest accretion is included as a component of finance costs.

12. Commitments

(i) Capital and lease commitments

Significant capital expenditures contracted for and leases at the end of the reporting period but not recognized as liabilities are as follows:

As of December 31,	2020	2019
Property, plant and equipment	$ 57,177,035	$ 49,994,610
Leases	9,017,214	10,173,730
Total commitments	$ 66,194,249	$ 60,168,340

13. Finance costs by nature

For the years ended December 31,	2020	2019
Unrealized foreign exchange losses/(gains)	$ 3,390,164	$ (709,453)
Realized net foreign exchange (gains)/losses	(1,097,466)	1,381,806
Interest accretion on asset retirement obligation	132,239	66,303
Finance lease interest expense	780,534	636,513
Total finance costs	$ 3,205,471	$ 1,375,169

(i) Bond interest

The Company capitalized all interest on the bonds during 2020 and 2019 as the plant construction will continue until July 2021. The capitalized interest rate was 5.3%. The amount of interest capitalized during 2020 and 2019 net of interest income was $4,671,841 and $4,023,881, respectively.

14. Administrative expenses by nature

For the years ended December 31,	2020	2019
Professional fees	$ 224,323	$ 163,263
Office expense	6,070	11,321
Legal	786,066	438,763
Management fees (note 4)	3,852,579	4,174,615
Miscellaneous	481,629	68,006
Total administrative expenses	$ 5,350,667	$ 4,855,968

15. Cost of sales of goods by nature

For the years ended December 31,		**2020**		2019
Warehouse building rent	**$**	**168,318**	$	95,175
Utilities		**2,041,878**		1,929,378
Insurance		**685,685**		151,701
Construction expenses not capitalized (i)		**-**		(295,376)
Property taxes		**15,007**		-
Miscellaneous		**2,021**		-
Depreciation expense		**1,191,974**		694,756
Total cost of sales of goods	**$**	**4,104,883**	$	2,575,634

(i) Construction expenses not capitalized

The cost of abnormal amounts of wasted material, labor or other resources incurred during construction is not included in the cost of the assets. These costs have been recognized as expenses in the period in which they occurred. During 2019, the Company received liquidating damages from a previous lessor of $443,123 to cover a portion of these abnormal costs.

16. Financial risk management

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in US dollars (USD)	Cash flow forecasting Sensitivity analysis	Currency swaps
Credit risk	Cash and cash equivalents, other receivables, and related party receivables	Aging analysis Credit ratings	Diversification of bank deposits and credit limits
Liquidity risk	Borrowings, lease liabilities, trade and other payables and related party payables	Rolling cash flow forecasts	Capital contributions and parent support

(a) Market risk

The Company's exposure to foreign currency risk at the end of the reporting period is as follows:

As of December 31,	**2020** **CZK**	2019 CZK
Cash held at banks	**46,840,368**	23,810,593
Borrowings	**(2,100,000,000)**	(2,100,000,000)

Capital expenditures needed to complete the plant will be made primarily in US dollars. Adverse changes in the exchange rate between the US dollar and the Czech crown could negatively impact the ability of the Company to pay for needed capital expenditures.

The Czech crown denominated bonds are expected to be repaid from US dollar denominated sales. Adverse changes in the exchange rate between the US dollar and the Czech crown could negatively impact the ability of the Company to repay the borrowings.

- Risk management
  - The Company manages this risk by holding funds at financial institutions in accounts denominated in CZK.
  - The Company also manages this risk by entering into derivative financial instruments (note 8).

Sensitivity

As shown in the table below, the Company is primarily exposed to changes in USD/CZK exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from CZK denominated assets and liabilities.

	Impact on profits	
	2020	2019
US/CZK exchange rate - increase 9%	$ 8,629,430	$ 8,240,396
US/CZK exchange rate - decrease 9%	(8,629,430)	(8,240,396)

(b) Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers and related parties, including outstanding receivables.

- Risk management
  - Credit risk is managed by dealing with only independently rated financial institutions with a minimum "A" rating.
- Impairment of financial assets
  - The Company has two types of financial assets that are subject to the expected credit loss model:
    - other receivables from the sale of assets and

  - related-party receivables.
- The Company's related-party and other receivables are considered to have low credit risk, and the loss allowance recognized during the period was therefore limited to 12 months' expected losses. Management considered these receivables to be low credit risk where they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. As a result, the Company believes an expected loss provision is immaterial as of December 31, 2020 and 2019.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Company held deposits at call of $23,487,589 and $35,020,561 in cash pooling arrangements that are expected to readily generate cash inflows for managing liquidity risk.

Management monitors rolling forecasts of the Company's liquidity reserve (comprising the undrawn cash pooling arrangement, note 4 (ii)) and cash and cash equivalents based on expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against bond covenant requirements.

See going concern assumption note 2 for further discussion.

Contractual maturities of financial liabilities at December 31, 2020	**Less than 6 month**	**6 - 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount liabilities**
Trade and other payables	$21,372,605	$ -	$ -	$ -	$ -	$ 21,372,605	$ 21,372,605
Related party payables	3,627,161	-	-	-	-	3,627,161	3,627,161
Borrowings (including interest)	2,598,855	2,598,855	5,197,710	108,465,420	-	118,860,840	96,674,253
Leases (including interest)	785,286	539,973	1,357,512	4,068,124	16,507,974	23,258,869	14,738,458
	$28,383,907	$3,138,828	$6,555,222	$ 112,533,544	$16,507,974	$ 167,119,475	$ 136,412,477

Contractual maturities of financial liabilities at December 31, 2019	Less than 6 month	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
Trade and other payables	$25,464,856	$ -	$ -	$ -	$ -	$ 25,464,856	$ 25,464,856
Derivative instruments	229,217	156,102				385,319	385,319
Related party payables	1,478,033	-	-	-	-	1,478,033	1,478,033
Borrowings (including interest)	2,456,715	2,456,715	4,913,430	102,533,005	-	112,359,865	90,814,344
Leases (including interest)	561,191	562,700	1,159,356	4,228,068	18,902,363	25,413,678	15,580,245
	$30,190,012	$3,175,517	$6,072,786	$ 106,761,073	$18,902,363	$165,101,751	$ 133,722,797

17. Contingent liabilities and contingent assets

The Company is subjected to lawsuits and claims arising out of the conduct of its business. While the ultimate results of legal actions or other proceedings against the Company cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial statements of the Company. As such, no provisions have been recorded as of December 31, 2020 or 2019.

18. Critical estimates and judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgments is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving estimates or judgments are:

- Estimation uncertainties and judgments made in relation to lease accounting (note 6) and
- Estimation of site reclamation costs (note 11).

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

19. Events occurring after the reporting period

Management of the Company has evaluated the effect subsequent events would have on the financial statements through April 27, 2021, which was the date the financial statements were available and authorized to be issued by the Company's management.