

**ASX ANNOUNCEMENT**

Wednesday, 30 August 2023

## Appendix 4D and Half-Year Financial Report

Accompanying this release is the Appendix 4D and Half-Year Financial Report for 29Metals Limited ('**29Metals**' or, the '**Company**') and its controlled entities for the six months ended 30 June 2023.

- ENDS -

*Authorised for release by the Company Secretary, Clifford Tuck*

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Appendix 4D and Half-Year Financial Report  
**29Metals Limited and its Controlled Entities**

for the half-year ended 30 June 2023

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## Appendix 4D

### 29Metals Limited

#### HALF-YEAR ENDED 30 JUNE 2023

Current Reporting Period	Half-year ended 30 June 2023
Prior Corresponding Period	Half-year ended 30 June 2022

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

	HALF-YEAR	HALF-YEAR	INCREASE /	
	30 JUNE 2023	30 JUNE 2022	(DECREASE)	
	\$'000	\$'000	\$'000	%
Revenue from ordinary activities	235,029	356,373	(121,344)	(34)
(Loss)/profit from ordinary activities after tax attributable to members	(306,667)	390	(307,057)	(787)
Net (loss)/ profit for the period attributable to members	(306,667)	390	(307,057)	(787)

#### Dividends

##### Paid during the Reporting Period

There were no dividends paid to shareholders during the half-year ended 30 June 2023.

##### Declared after the Reporting Period

No dividends were declared after the Reporting Period.

#### Net tangible assets per share

	30 JUNE 2023	30 JUNE 2022
	\$	\$
Net tangible assets per share <sup>a</sup>	0.85	1.60

<sup>a</sup> Includes *right of use* assets.

#### Details of entities over which control has been gained or lost during the period

There were no entities over which control was gained or lost during the half-year ended 30 June 2023.

#### Details of any associates and joint venture entities

There were no associates or joint ventures during the current reporting period or the prior corresponding period.

#### Other information

All other information can be obtained from the accompanying Financial Report, which comprises the Directors' Report and the Consolidated Financial Statements for the half-year ended 30 June 2023 ('HY2023', or the 'Reporting Period').

#### Information about review

This Appendix 4D is based on the accompanying Financial Report which has been reviewed by the Group's external auditors, Ernst & Young Australia. A copy of Ernst & Young Australia's unqualified review report can be found on pages 42 to 43.

## Directors' report

The Directors present their report, together with the Consolidated Financial Statements of 29Metals Limited ('29Metals' or, the 'Company') and its controlled entities (together, the 'Group'), for the half-year ended 30 June 2023 ('HY2023' or the 'Reporting Period').

### Corporate Information

29Metals was registered on 27 May 2021 and is a *for-profit* company limited by shares incorporated and domiciled in Australia.

### Directors

The names and details of the Directors of the Company during and since the end of the Reporting Period are set out below:

NAME	POSITION	APPOINTED
Owen Hegarty OAM	<i>Non-executive Director Chair of Board of Directors</i>	27 May 2021
Peter Albert	<i>Managing Director &amp; CEO</i>	27 May 2021
Fiona Robertson AM	<i>Independent Non-executive Director</i>	27 May 2021
Jacqueline McGill AO	<i>Independent Non-executive Director</i>	27 May 2021
Martin Alciaturi	<i>Independent Non-executive Director</i>	27 May 2021
Tamara Brown	<i>Independent Non-executive Director</i>	17 April 2023
Francis 'Creagh' O'Connor	<i>Non-executive Director</i>	17 April 2023

### Nature of Operations and Principal Activities

The nature of operations and principal activities of the Group are mining and mineral production, mineral concentrate sales, mineral exploration and development and ancillary services. 29Metals operates two long-life mines located in Western Australia (Golden Grove) and Queensland (Capricorn Copper), and undertakes near-mine and regional exploration activities at its operating mines and at the Redhill exploration project, located in southern Chile.

For information on the activities of the Group during the Reporting Period, refer to the Operating and Financial Review section in the Directors' Report.

### Significant Changes in the State of Affairs

During the Reporting Period, an extreme weather event occurred at the Capricorn Copper mine which resulted in a suspension of operations. On 23 May 2023, the Company announced the Capricorn Copper recovery plan which involves the phased restart of operations, with the Phase 1 restart at Mammoth and Greenstone in mid-September 2023 quarter and Phase 2 restart at Esperanza South in first half of 2024. Mining and mineral processing operations were partially restarted on 1 August 2023. Refer to Note 6 for further details.

Other than as stated above, there were no significant changes in the state of affairs of the Group.

### Consolidated Result

The Statutory financial information reflects the Group for the Reporting Period and the prior corresponding period.

### Operating and Financial Review

The Operating and Financial Review for the Reporting Period commences from page 6 and forms part of the Directors' Report.

### Dividends

#### Paid during the Reporting Period

There were no dividends paid to shareholders during the Reporting Period.

During the year ended 31 December 2022, an interim dividend of \$9,627 thousand (2 cents per share) fully franked, was paid on 14 October 2022.

#### Declared after the Reporting Period

Nil.

### Subsequent Events

Subsequent to the end of the Reporting Period:

- Phase 1 of the Capricorn Copper recovery plan was successfully achieved on 1 August 2023, with the partial recommencement of mining and mineral processing operations (Refer to Note 6); and
- Insurers responded to the Group's preliminary claim submission relating to damage and loss of property, and associated business interruption, as a result of the extreme weather event at Capricorn Copper. In the response, insurers confirmed indemnity for damage and loss to surface property, and associated business interruption, and agree to an initial progress payment of \$24,000 thousand (Refer to Note 19).

Other than as stated above, there have not been any events that have arisen in the interval between the end of the financial year and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to materially affect the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

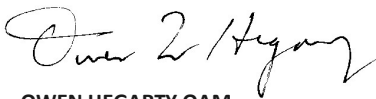
### Rounding of amounts

29Metals is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and, in accordance with that Instrument, amounts in this Directors' Report and the Half-Year Consolidated Financial Statements are rounded to the nearest thousand dollars except where otherwise stated.

### Auditor's independence declaration

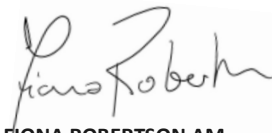
The auditor's independence declaration is set out on page 5 and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors on 30 August 2023.



**OWEN HEGARTY OAM**

*Chair of the Board of Directors  
Non-executive Director*



**FIONA ROBERTSON AM**

*Chair of the Audit, Governance & Risk Committee  
Independent Non-executive Director*

## Auditor's Independence Declaration



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

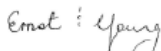
Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
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### Auditor's independence declaration to the directors of 29Metals Limited

As lead auditor for the review of the half-year financial report of 29Metals Limited for the half-year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of 29Metals Limited and the entities it controlled during the financial period.

  
Ernst & Young

  
Fiona Drummond  
Partner

30 August 2023

## Operating and Financial Review

This is the Operating and Financial Review for the Group for the half-year ended 30 June 2023 (the 'Reporting Period'). The prior period results are for the half-year to 30 June 2022 ('HY2022'), unless otherwise stated.

During March 2023, Capricorn Copper received approximately 500mm of rain falling over five days (the 'Extreme Weather Event'), the highest five-day total rainfall ever recorded for the region. The Extreme Weather Event had a material impact on the Group's financial results for the Reporting Period and is discussed in further detail below.

### REPORTING PERIOD KEY RESULTS

- Continued improvement in safety performance with a reduction in the Group total recordable injury frequency rate ('TRIFR') to 9.0/mwhrs<sup>1</sup> at 30 June 2023 (31 Dec 2022: 9.8/mwhrs).
- Group copper production of 10.0kt and zinc production of 22.1kt was 51% lower and 4% lower than the prior period, respectively, reflecting:
  - lower mill throughput at Golden Grove with copper and zinc production of 7.4kt and 22.1kt, respectively; and
  - the Extreme Weather Event at Capricorn Copper, impacting copper production, which was 76% lower at 2.6kt.
- At Golden Grove, progress was made against 29Metals' strategic priorities during the Reporting Period, including:
  - advancing ventilation upgrades and related infrastructure to support higher activity levels in the high-grade Xantho Extended ('XE') orebody, which is expected to underpin growth in metal production and earnings;
  - progressively increasing development rates at XE during the period, with a total of 980 meters of development advance including 410 meters in the Mar-Qtr and 570 meters in the Jun-Qtr;
  - completing the expansion of tailings capacity<sup>2</sup> in tailings storage facility ('TSF') 3, following receipt of final regulatory approvals, enabling 29Metals to remove constraints on milling rates to manage available tailings capacity; and
  - implementing productivity improvements as well as cost control and capital discipline measures resulting in reduced Site Operating Costs<sup>3</sup> from the Mar-Qtr to the Jun-Qtr, despite higher activity levels.
- 29Metals continued to progress its portfolio of organic growth options, including:
  - advancing in-mine and near-mine growth objectives through resource conversion drilling at Cervantes, resource extension drilling at the Esperanza South sub-level cave mine ('ESS') and resource extension drilling at Mammoth which identified a new mineralised trend beyond the known Mammoth mineralisation;
  - progressing pre-approval actions for Gossan Valley to support future regulatory approvals processes, including completion of cultural heritage surveys. Cultural heritage surveys identified no areas of heritage significance or historic conservation sites; and
  - completing the first stage of studies to evaluate the opportunity to commercialise cobalt mineralisation at Capricorn Copper.
- Group Financial Results for the Reporting Period are heavily impacted by the Extreme Weather Event:
  - total revenue of \$235,029 thousand, net of quotational period ('QP') adjustments and treatment and refining charges ('TCRCs'), 34% lower than the prior period, reflecting lower sales and lower metal prices;
  - Site Operating Costs of \$176,166 thousand, 21% lower, reflecting lower overall activity levels and continued cost inflation, particularly in relation to underground mining contract rates;
  - Capricorn Copper Recovery Costs<sup>3</sup> of \$31,169 thousand, as work commenced to re-establish operations following the Extreme Weather Event; and
  - An EBITDA<sup>3</sup> loss and Net Loss After Tax ('NLAT') of \$27,119 thousand and \$306,667 thousand, respectively.
- The NLAT is after non-cash impairment charges of \$170,000 thousand in relation to the Capricorn Copper business segment, \$27,000 thousand from damage or loss to assets and \$1,620 thousand for the net realisable value ('NRV') write-down of ROM inventories, after completing an assessment of the impact of the Extreme Weather Event.
- At 30 June 2023 the Group had available cash equivalents of \$126,644 thousand (31 December 2022: \$171,962 thousand) after fully drawing the Group's working capital facility and Net Drawn Debt<sup>3</sup> of \$120,152 thousand (31 December 2022: \$26,397 thousand).

...  
<sup>1</sup> TRIFR is reported on a 12-month rolling average basis, reported per million work hours ('mwhrs').

<sup>2</sup> The increase in tailings capacity in TSF 3 is expected to provide approximately two years of tailings capacity based on current operating plans.

<sup>3</sup> EBITDA, Net Drawn Debt, Recovery Costs, Site Operating Costs and Total Liquidity are a non-IFRS financial information metric. Refer to important information on page 9 regarding the use of non-IFRS financial information metrics in this report.



## Directors' Report Operating and Financial Review

### THE EXTREME WEATHER EVENT AT CAPRICORN COPPER

- The Extreme Weather Event resulted in operations at Capricorn Copper being suspended from 7 March 2023 and an increase of approximately 1.5 GL of water being stored on site relative to pre-event water levels, including an estimated 500 ML of water in ESS.
- In May 2023, 29Metals outlined the recovery plan for Capricorn Copper, including a phased restart of operations, comprising a partial restart of operations at Mammoth and Greenstone, targeted for mid Sep-Qtr ('Phase 1'), and a full restart with recommencement of mining in ESS, targeted for mid-H1 2024 ('Phase 2').
- The Phase 1 restart was successfully achieved on 1 August 2023, with the re-commencement of mining and mineral processing operations.
- 29Metals promptly notified its insurers regarding the Extreme Weather Event following completion of an initial assessment of the impact. In August 2023, 29Metals' insurers responded to 29Metals' preliminary assessment of the loss and basis of claim (as submitted):
  - confirming coverage for damage to property on surface and associated business interruption, and agreeing to an initial unallocated progress payment of \$24,000 thousand; and
  - advising that based on 29Metals' preliminary claim submission and information provided to date, insurers' have taken the position that the policy does not respond to losses relating to underground flooding. Further information has been requested by 29Metals' insurers.

29Metals does not agree with the insurers' position regarding coverage of the underground loss and will continue to work with insurers in relation to the further information required to advance this claim.
- The Extreme Weather Event has had material impact on the Group's financial results for the Reporting Period, including:
  - loss of revenues following the suspension of operations;
  - impairments of assets based on an assessment of damage resulting from the Extreme Weather Event;
  - additional costs resulting from the requirement to undertake recovery works; and
  - an impairment of the Capricorn Copper segment, reflecting the impact on operating cashflows resulting from the suspension of operations and the phased restart, as well as the costs of recovery.

### OUTLOOK

- In the quarterly report for the Dec-Qtr 2022, 29Metals outlined the key performance drivers for the Group's performance in 2023 and the medium term, comprising:
  - improving development rates at XE, a key driver of increasing metal production at Golden Grove;
  - maintaining and extending ventilation is a key driver for development and mining activity at depth at both operations;
  - advancing regulatory approval processes to support operating performance and deliver on the Group's organic growth pipeline. These include approvals required for near term tailings capacity extensions at Capricorn Copper and advancing applications for life of mine ('LOM') tailings facilities at both sites; and
  - maintaining cost management and capital discipline across the Group given continuing industry-wide inflationary pressures.
- With the Extreme Weather Event, and the financial impact of the suspension of operations and recovery, successful delivery of the Capricorn Copper recovery plan is also a key driver of 29Metals' performance in the second half of 2023 and the medium term.
- On 23 May 2023, 29Metals provided a Strategic Update to the market, including details regarding the Capricorn Copper recovery plan, a 5-year outlook for production drivers, costs and capital at Golden Grove, and associated risks and opportunities.<sup>4</sup>
- In the context of the impact of the Extreme Weather Event at Capricorn Copper, 29Metals continues to assess its business cashflows and the Group's liquidity and funding requirements, taking into account:
  - implementation of the Capricorn Copper recovery plan and the progress and timing of the insurance claim at Capricorn Copper;
  - costs management and reduction initiatives being implemented across the Group;
  - operational performance, including progress of approval processes at both sites (for example, the ongoing approval process for tailings capacity increases at Capricorn Copper); and
  - ongoing engagement with lenders in the Group's debt facilities.

That assessment has included evaluating funding options available to the Company to provide additional liquidity as the status of the factors outlined above matured during the Reporting Period.

<sup>4</sup> Refer to the Strategic Update released to the ASX announcements platform on 23 May 2023 (a copy of which is available on 29Metals' website at: <https://www.29metals.com/investors/reports-presentations>).

## Directors' Report Operating and Financial Review

### Basis of Preparation

The Half-Year Consolidated Financial Statements for the period ended 30 June 2023 are condensed general purpose financial statements prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

The Half-Year Consolidated Financial Statements do not include all the information and disclosures required in the Annual Consolidated Financial Statements, and should be read in conjunction with the Group's Annual Consolidated Financial Statements for the year ended 31 December 2022 and any public announcements made by 29Metals during the Reporting Period and to the date of the Half-Year Consolidated Financial Statements in accordance with the continuous disclosure requirements of the ASX listing rules.

The Annual Consolidated Financial Statements of 29Metals and its controlled entities for the year ended 31 December 2022 is available from the Company's website ([www.29metals.com](http://www.29metals.com)) or upon request from the Company's registered office.

The Half-Year Consolidated Financial Statements:

- have been prepared on an historical cost basis except for certain financial instruments which have been measured at fair value through profit or loss; and
- is presented in Australian dollars with all values rounded to the nearest thousand dollars (\$'000) unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191*.

The accounting policies and methods of computation adopted in the Half-Year Consolidated Financial Statements are consistent with those adopted and disclosed in the Group's Annual Consolidated Financial Statements for the year ended 31 December 2022.

### Going Concern

The Half-Year Consolidated Financial Statements for the period ended 30 June 2023 have been prepared on a going concern basis, which assumes that the Group will be able to realise its assets and meet its debts as and when they become due and payable.

The Extreme Weather Event at Capricorn Copper in March 2023 had a significant impact on the financial performance of the Group and the financial results for the half-year ended 30 June 2023, including:

- the Group incurred a loss after tax of \$306,667 thousand (30 June 2022: \$390 thousand profit after tax), including non-cash impairments:
  - to the Capricorn Copper segment of \$170,000 thousand; and
  - physical assets at Capricorn Copper of \$27,000 thousand damaged or lost as a result of the Extreme Weather Event;
- net cash outflows from operating activities of \$24,640 thousand (30 June 2022: \$108,781 thousand operating cash inflow), including operating costs associated with recovery activities at Capricorn Copper;
- the Group required and obtained covenant relief under the Group corporate debt facilities for the 30 June 2023 calculation date (Refer to Note 15); and
- an increase in interest-bearing liabilities following drawdown of the Group's US\$40,000 thousand working capital facility.<sup>5</sup>

The Group's current assets at 30 June 2023 which include cash and cash equivalents of \$126,644 thousand (31 December 2022: \$171,962 thousand), exceed current liabilities by \$8,711 thousand (31 December 2022: \$121,201 thousand net current assets). Current interest-bearing liabilities are \$92,581 thousand at 30 June 2023 (31 December 2022: \$33,742 thousand).

The Directors, in considering the appropriateness of the going concern basis for the preparation of the half year consolidated financial statements have reviewed the Group's cash flow forecasts which indicate the Group to have sufficient cash to continue as a going concern for the 12 months after the date of this report. Having regard to the Group's forecast operating cashflows, expected further proceeds from the insurance claim for loss and damage as a result of the Extreme Weather Event at Capricorn Copper (Refer to Note 19), other funding and liquidity options available to the Group (including the potential to raise equity), and ongoing engagement with the Group's lenders, the Directors at the date of signing consider that the going concern basis of preparation for the Half-Year Consolidated Financial Statements is appropriate.

### Segment Information

The Group has determined that it has three reportable segments: Golden Grove, Capricorn Copper and Exploration (which includes Redhill and regional exploration activities at Golden Grove and Capricorn Copper). Unallocated operations include corporate and administrative functions which are managed on a group basis and are not allocated to reportable segments.

The following table describes the operations of each reportable segment.

Reporting segments	Description
Golden Grove	Base and precious metals mining, mineral production and associated activities
Capricorn Copper	Base and precious metals mining, mineral production and associated activities
Exploration	Exploration for mineral resources at Redhill (Chile), and regional exploration at Golden Grove (Western Australia) and Capricorn Copper (Queensland)

<sup>5</sup> Refer to Note 6 for further information regarding the financial impacts of the Extreme Weather Event at Capricorn Copper in March 2023.

## Directors' Report Operating and Financial Review

### Non-IFRS Financial Information

29Metals' results are reported under IFRS. This report includes certain metrics, such as *AISC*, *C1 Costs*, *Drawn Debt*, *EBITDA*, *Net Drawn Debt*, *Recovery Costs*, *Site Operating Costs* and *Total Liquidity*, which are non-IFRS financial information within the meaning of ASIC Regulatory Guide 230: '*Disclosing non-IFRS financial information*'. These non-IFRS financial information metrics have been calculated by reference to information prepared in accordance with IFRS. However, these non-IFRS financial information metrics do not have a standardised meaning prescribed by IFRS and may be calculated differently by other companies.

The non-IFRS financial information metrics included in this report are used by 29Metals to assess the underlying performance of the business. The non-IFRS information has not been subject to audit by 29Metals' external auditor.

Non-IFRS financial information should be used in addition to, and not as a substitute for, information prepared in accordance with IFRS. Although 29Metals believes these non-IFRS financial information metrics provide useful information to investors and other market participants, readers are cautioned not to place undue reliance on any non-IFRS financial information presented. Refer to page 17 for definitions of the non-IFRS financial information metrics used in this report.

### Rounding

Certain figures, amounts, percentages, estimates, calculations of value and fractions presented are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures presented.

## Directors' Report Operating and Financial Review

### OPERATIONAL PERFORMANCE REVIEW

#### Safety Performance

Key metrics as at		30-Jun-2023	31-Dec-2022	VAR
TRIFR	/mwhrs	9.0	9.8	(0.8)
LTIFR	/mwhrs	1.7	2.0	(0.3)

During the Reporting Period, 29Metals continued to implement actions to improve safety performance and reduce potential risks to our workforce, including:

- continuing the roll out of the Group's updated critical risk management framework;
- progressively completing improvement actions from baseline assessments of performance against 29Metals' HSEC Management System Standards undertaken in 2022; and
- a continuing focus on leading indicators, including from the close out of actions following significant incidents investigations, workplace inspections and critical control verifications.

Pleasingly, as noted above, there were no health and safety incidents during the Extreme Weather Event despite the challenging operating environment.

#### Golden Grove

Golden Grove, located in Western Australia, is one of 29Metals' long-life operating assets. Golden Grove hosts a world-class volcanoclastic-hosted massive sulphide ('**VHMS**') system. Operating since 1990, when production at the Scuddles underground mine began, Golden Grove has a history of discovery, resource extension, production growth and mine-life extension.

For the 6 months ended 30 June		2023	2022	VAR
Ore mined	kt	706	760	(54)
Ore milled	kt	702	781	(79)
<b>Milled Grades</b>				
Copper	%	1.2%	1.4%	-0.2%
Zinc	%	3.7%	3.6%	0.1%
<b>Metal Production</b>				
Copper	kt	7.4	9.6	(2.2)
Zinc	kt	22.1	23.0	(0.9)
Gold	koz	6.3	13.2	(6.90)
Silver	koz	391	585	(194)
Lead	kt	0.8	1.1	(0.30)
<b>Costs</b>				
C1 Costs <sup>1</sup>	\$'000	76,979	39,655	37,324
C1 Costs <sup>1</sup>	US\$/lb	3.21	1.49	1.72
AISC <sup>1</sup>	\$'000	105,399	70,863	34,536
AISC <sup>1</sup>	US\$/lb	4.39	2.66	1.73
<b>Capital</b>				
Sustaining capital	\$'000	10,697	6,735	3,962
Capitalised development	\$'000	9,437	14,140	(4,703)
Growth capital	\$'000	6,018	6,739	(721)
<b>Financial</b>				
Revenue	\$'000	195,891	222,630	(26,739)
EBITDA <sup>1</sup>	\$'000	11,712	70,585	(58,873)

<sup>1</sup> C1 Costs, AISC and EBITDA are non-IFRS financial information metrics. Refer to page 9 for important information regarding the use of non-IFRS financial information metrics in this report.

- Lower mining and milling rates for the Reporting Period reflect:
  - the impact of an approximately 2-week suspension of operations at the Gossan Hill mine following identification of damage in the portal in March; and
  - a constraint on milling rates imposed by 29Metals to manage tailings capacity, which was lifted in May following final regulatory approvals for an increase in the capacity of TSF3.
- Ore mined from XE, Golden Grove's highest grade ore source, increased to 120kt in the Reporting Period (HY2022: 54kt).

## Directors' Report Operating and Financial Review

- Metal production was lower in the Reporting Period, consistent with lower ore milled and generally lower grades of metal processed.
- Increases in unit costs on a C1 Cost and AISC basis reflect a combination of:
  - higher mining costs resulting from cost inflation, including unit rates under Golden Grove's underground mining contract;
  - stockpile movement charges in relation to the drawdown of run of mine ('ROM') ore and metal concentrate inventories;
  - lower by-product credits, consistent with lower metal production and lower zinc prices; and
  - lower payable copper sold.
- Total capital investment was marginally lower than the prior period, and included:
  - ventilation upgrades which will support higher activity levels at depth, including additional surface cooling capacity and extension of fresh air raises to the lower operating levels; and
  - tailings capacity expansion in relation to TSF3, which provides Golden Grove approximately 2 years of capacity prior to the completion of the proposed new LOM TSF - TSF4.

### Capricorn Copper

The Capricorn Copper mine, located in Queensland, is a high-grade copper and silver mine with multiple ore sources employing a combination of sub-level cave and open stope mining. Capricorn Copper currently has a mine life of more than 10 years, and approximately 1,900km<sup>2</sup> of exploration tenements in the highly prospective Mt Isa region.

For the 6 months ended 30 June		2023	2022	VAR
Ore mined	kt	234	884	(650)
Ore milled	kt	193	829	(636)
<b>Milled Grade</b>				
Copper	%	1.7%	1.5%	0.2%
<b>Metal Production</b>				
Copper	kt	2.6	10.8	(8)
Silver	koz	20	105	(85)
C1 Costs <sup>1</sup>	\$'000	40,164	100,805	(60,641)
C1 Costs <sup>1</sup>	US\$/lb	4.10	3.09	1.01
AISC <sup>1</sup>	\$'000	49,321	128,202	(78,881)
AISC <sup>1</sup>	US\$/lb	5.04	3.93	1.11
<b>Capital</b>				
Sustaining capital	\$'000	2,709	13,434	(10,725)
Capitalised development	\$'000	4,200	7,582	(3,382)
Growth capital	\$'000	0	0	0
<b>Extreme Weather Event</b>				
Recovery Costs <sup>1</sup>	\$'000	31,169 <sup>6</sup>	0	31,169
<b>Profitability</b>				
Revenue	\$'000	39,138	133,743	(94,605)
EBITDA <sup>1</sup>	\$'000	(24,936)	35,675	(60,611)

<sup>1</sup> C1 Costs, AISC, Recovery Costs and EBITDA are non-IFRS financial information metrics. Refer to page 9 for important information regarding the use of non-IFRS financial information metrics in this report.

- Operating results for the period were impacted by the Extreme Weather Event in March and subsequent suspension of operations, resulting in lower ore mined and ore milled, lower copper and silver production, and lower absolute C1 Costs and AISC.
- Increases in C1 Cost and AISC unit costs reflect a combination of:
  - higher mining costs resulting from cost inflation, including unit rates under Capricorn Copper's underground mining contract;
  - stockpile movement charges in relation to the drawdown of metal concentrate inventory; and
  - lower payable copper sold.
- Capital investment during the period included ventilation upgrades, LOM TSF studies and new high-efficiency mechanical evaporators.
- Recovery Costs in relation to the Extreme Weather Event included physical remediation works, and an allocation of Site Operating Costs to support these activities. Recovery Costs are shown net of revenue from gas sales and are not included in C1 Costs and AISC.

<sup>6</sup> Reported Recovery Costs for the period of \$31,169 thousand compares to year-to-date Recovery Costs shown in the Jun-Qtr-2023 report of \$33,800 thousand. The difference between the reported amounts include revenue from gas sales, which has been netted off against Recovery Costs in the Half-Year Consolidated Financial Statements.

## Directors' Report Operating and Financial Review

### Exploration Activities

During the Reporting Period, the majority of the Group's exploration activity focused on resource conversion and resource extension drilling at 29Metals' operating sites and delivered encouraging results indicating the opportunity to extend the mine life of the Group's current production orebodies, and the potential for further resource growth and discovery.

For the 6 months ended 30 June 2023	Unit	Exploration	Resource Extension	Resource Conversion
Golden Grove drilling meters	m	0	768	6,286
Capricorn Copper drilling meters	m	0	948	1,530

#### Golden Grove

Drilling focused on Cervantes, XE, and Tryall:

- Resource conversion drilling was undertaken at Cervantes during the Reporting Period, seeking to increase the geological confidence in 29Metals' current Mineral Resources estimates to support the conversion of material currently classified as *Inferred* Mineral Resources to *Measured* or *Indicated* Mineral Resources. Four resource conversion holes were drilled in the Reporting Period, with positive assay results reported on 17 August 2023.
- Resource conversion drilling at XE focused on conversion of mineralisation at depth with the orebody remaining open down-plunge.
- Resource extension drilling at Tryall, with no significant mineralisation intersected.

Exploration activities also included localised soil sampling over several gold and base metal targets.

#### Capricorn Copper

During the Mar-Qtr, 29Metals completed resource extension drilling programs at Mammoth and ESS, and resource conversion drilling at ESS.

At Mammoth, the results of resource drilling identified a new mineralised trend not previously identified within 310 metres of the known Mammoth mineralisation. Follow up drilling is planned.

At ESS, all drilling in the program intersected mineralisation, with resource extension drilling at depth intersecting broad copper, silver, and cobalt mineralisation outside 29Metals' current Mineral Resources estimates, and resource conversion drilling to the north is considered likely to extend mineralisation at depth while improving overall resource confidence.

The results of the Mammoth and ESS drilling programs was reported on 12 April 2023.

Regionally, publicly available geochemical data has been combined with 29Metals' in-house geological data set. This information has been used in conjunction with a revised regional structural model to prioritise areas for initial field work. Field reconnaissance of target areas identified through the data review has commenced.

Data acquisition commenced as a part of the *Cooperative Exploration Initiative*, established with the Queensland Government. The Exploration team set out 250 geophones as part of the Ambient Noise Tomography portion of the program. Data acquisition for the combined exploration initiative commenced during the Reporting Period and continued after the Reporting Period.

#### Redhill

Additional drill targets have been generated based of the results from the 2022 field campaign. While no field work was undertaken throughout the first half of 2023, personnel and administrative capability are being maintained in anticipation of future field campaigns.

Directors' Report  
Operating and Financial Review

## FINANCIAL PERFORMANCE REVIEW

## Price and FX

For the 6 months ended 30 June		2023	2022	VAR
Copper	US\$/t	8,696	9,769	(1,073)
Zinc	US\$/t	2,829	3,843	(1,014)
Gold	US\$/oz	1,934	1,875	59
Silver	US\$/oz	23	23	0
Lead	US\$/t	2,128	2,271	(143)
Australian dollar (period average)	AU\$:US\$	0.676	0.719	(0.043)
Australian dollar (at period end)	AU\$:US\$	0.666	0.689	(0.023)

Source: FactSet.

Average metal prices for copper and zinc during the Reporting Period were 11% and 26% lower than the prior period, respectively, in US\$ terms. The average Australian dollar exchange rate for the Reporting Period of 0.676 was 6% lower than the prior period, partly offsetting the impact of lower metal prices on the Australian dollar value of US\$ receipts.

## Gross profit / (loss)

For the 6 months ended 30 June		2023	2022	VAR
<b>Revenue</b>	<b>\$'000</b>	<b>235,029</b>	<b>356,373</b>	<b>(121,344)</b>
Mining costs	\$'000	(113,933)	(127,473)	13,540
Processing costs	\$'000	(48,104)	(64,548)	16,444
Site services costs	\$'000	(14,129)	(30,586)	16,457
Depreciation and amortisation	\$'000	(57,495)	(77,347)	19,852
Stockpile movements	\$'000	(12,899)	10,021	(22,920)
Government royalties	\$'000	(10,534)	(16,714)	6,180
Other production and selling costs	\$'000	(10,841)	(18,312)	7,471
Inventory Writedown – NRV adjustment	\$'000	(7,337)	0	(7,337)
<b>Cost of sales</b>	<b>\$'000</b>	<b>(275,272)</b>	<b>(324,959)</b>	<b>(49,687)</b>
<b>Gross (loss) / profit</b>	<b>\$'000</b>	<b>(40,243)</b>	<b>31,414</b>	<b>(71,657)</b>

29Metals generates revenue from the sale of copper, zinc and lead concentrates produced at Golden Grove, and from the sale of copper concentrates produced at Capricorn Copper. Total concentrate revenue is reported net of TCRCs.

Revenue of \$235,029 thousand decreased 34% relative to the prior period, reflecting:

- a 45% reduction (\$132,890 thousand) in copper concentrates revenue, on lower sales volumes and copper prices; and
- a 46% reduction (\$38,389 thousand) in revenue from zinc concentrates, on lower sales volumes and lower payable precious metals content and materially lower zinc prices; and

Lower copper and zinc concentrate revenues were partly offset by lead concentrates sales of \$27,792 thousand (HY2022: nil).

A portion of the Group's sales are conducted on a Cost Insurance and Freight Incoterms ('CIF') basis, where the performance obligation includes providing freight and shipping services. As a result, a portion of the revenue generated from CIF sales is recognised as shipping revenue. Total shipping revenue for the period was \$6,015 thousand (HY2022: \$10,032 thousand).

29Metals generally receives payment (and records revenue) for its mineral concentrates on a provisional basis based on the prevailing commodity prices at the time of shipment. Final payments for mineral concentrates include adjustments for the QP that applies to the shipment. Total QP adjustments for the period were unfavourable (\$4,402) thousand (HY2022: (\$30,562) thousand), reflecting a reduction in metal prices between the time of shipment and final invoice payments during the period.

Cost of sales of \$275,272 thousand decreased by 15% against the prior period, reflecting:

- a 21% reduction in Site Operating Costs, with lower activity levels resulting from the suspension of operations at Capricorn Copper and throughput restrictions at Golden Grove (described above), partly offset by higher unit rates under contract mining agreements at both operations as a result of the impacts of industry-wide inflation;
- a 26% reduction in depreciation and amortisation ('D&A'), reflecting the impact of lower production rates on units of use depreciating assets and lower depreciation of TSF assets during the Reporting Period;

## Directors' Report Operating and Financial Review

- stockpile movement charges of \$12,899 thousand (HY2022: credit of \$10,021 thousand) as ROM ore and concentrate inventories were depleted during the Reporting Period;
- a 37% reduction in royalty expenses and a 41% reduction in other production and selling costs, reflecting lower sales volumes and lower commodity prices; and
- a \$7,337 thousand (HY2022: nil) inventory write-down expense against zinc ore on the ROM pad and concentrate stockpiles at Golden Grove, being the difference between the value attributed to these inventories in the Group's accounts and the assessed NRV at current commodity prices.

### (NLAT)/Net Profit After Tax ('NPAT')

For the 6 months ended 30 June		2023	2022	VAR
<b>Gross (loss) / profit</b>	\$'000	<b>(40,243)</b>	<b>31,414</b>	<b>(71,657)</b>
Other income	\$'000	190	127	63
Net loss on derivative financial instruments	\$'000	(5,323)	(5,638)	315
Net foreign exchange loss	\$'000	(623)	(3,295)	2,672
Administration expenses	\$'000	(17,510)	(14,449)	(3,061)
Extreme Weather Event				
– Recovery Costs	\$'000	(31,169)	0	(31,169)
– Inventories – NRV writedown	\$'000	(1,620)	0	(1,620)
– Asset impairment expense	\$'000	(27,000)	0	(27,000)
Impairment expense relating to Capricorn Copper cash-generating unit ('CGU')	\$'000	(170,000)	0	(170,000)
<b>(Loss)/Profit before net finance costs and income tax expense</b>	<b>\$'000</b>	<b>(293,298)</b>	<b>8,159</b>	<b>(301,457)</b>
Net finance costs	\$'000	(13,369)	(6,771)	(6,598)
<b>(Loss)/Profit before income tax expense</b>	<b>\$'000</b>	<b>(306,667)</b>	<b>1,388</b>	<b>(308,055)</b>
Income tax (expense)/benefit	\$'000	0	(998)	998
<b>(NLAT)/NPAT</b>	<b>\$'000</b>	<b>(306,667)</b>	<b>390</b>	<b>(307,057)</b>
Earnings / (loss) per share ('EPS') (Basic)	cents	(63.6)	0.08	(63.68)

The Group recorded NLAT of \$306,667 thousand (HY2022: \$390 thousand NPAT) for the Reporting Period. The NLAT for the Reporting Period includes the impact of the following:

- \$5,323 thousand loss (HY2022: loss of \$5,638 thousand) in realised and unrealised derivative financial instrument losses resulting from remaining pre-IPO gold hedges and reflect an increase in the AUD price of gold during the period;
- \$17,510 thousand (HY2022: \$14,449 thousand) in administration expenses including corporate head office costs, Group insurance costs and other expenses directly relating to off-site administration expenses;
- \$59,789 thousand relating to Capricorn Copper Extreme Weather Event, comprising:
  - \$31,169 thousand for Recovery Costs incurred during the Reporting Period (inclusive of D&A expense of \$2,045 thousand);
  - \$1,620 thousand for the NRV write-down of ROM inventories; and
  - a \$27,000 thousand non-cash asset impairment expense as a result of damage or loss to assets;
- non-cash impairment charges of \$170,000 thousand in relation to the Capricorn Copper CGU, discussed further below; and
- \$13,369 thousand (HY2022: \$6,771 thousand) net finance costs, reflecting the impact of higher interest rates during the Reporting Period.

An Income tax benefit has not been recognised in connection with tax losses incurred for the Reporting Period.

### Impairment Assessment

It was determined that indicators of potential impairment existed for the half-year ended 30 June 2023. Accordingly, a formal assessment of the carrying value of the Golden Grove and Capricorn Copper CGUs was completed, by comparing each CGU's fair value less costs of disposal ('FVLC'D'), against its carrying value.

For Capricorn Copper, the FLVCD included the forecast costs associated with the recovery of operations following the Extreme Weather Event.

As a result of the analysis performed, a non-cash impairment charge of \$170,000 thousand was recorded for the Capricorn Copper CGU. D&A expenses for Capricorn Copper on a look-forward basis will reflect the impaired asset value of assets.

There was no impairment recorded for the Golden Grove CGU.



## Directors' Report Operating and Financial Review

A summary of the key assumptions and sensitivities in relation to the impairment assessment are included in Note 14 of the Half-Year Consolidated Financial Statements.

### EBITDA

The Group recorded an EBITDA loss of \$27,119 thousand for the Reporting Period (HY2022: \$94,390 thousand EBITDA).

A reconciliation of Group EBITDA to Group NLAT/NPAT for the Reporting Period is set out in the following table.

For the 6 months ended 30 June		2023	2022	VAR
<b>(NLAT)/NPAT</b>	<b>\$'000</b>	<b>(306,667)</b>	<b>390</b>	<b>(307,057)</b>
Add: Income tax expense	\$'000	0	998	(998)
Add: Extreme Weather Event – asset impairment as a result of damage or loss	\$'000	27,000	0	27,000
Add: Impairment expense relating to Capricorn Copper CGU	\$'000	170,000	0	170,000
Add: Net finance costs	\$'000	13,369	6,771	6,598
Add: Depreciation and amortisation	\$'000	59,746	77,347	(17,601)
Add: Unrealised foreign exchange loss	\$'000	4,110	3,246	864
Add: Net loss on derivative financial instruments	\$'000	5,323	5,638	(315)
<b>EBITDA<sup>1</sup></b>	<b>\$'000</b>	<b>(27,119)</b>	<b>94,390</b>	<b>(121,509)</b>

<sup>1.</sup> EBITDA is a non-IFRS financial information metric. Refer to page 9 for important information regarding the use of non-IFRS financial information metrics in this report.

### Derivative Financial Instruments

During the Reporting Period, the Group continued to cash settle outstanding commodity hedges for gold, which were entered into prior to the 29Metals IPO. The fair value of the outstanding pre-IPO gold hedges at 30 June 2023 was a liability of \$10,749 thousand (31-Dec-2022: \$6,782 thousand liability).

Remaining gold hedges will cash settle over the period to December 2025. The volume and pricing of outstanding gold hedges at 30 June 2023 is summarised below.

Outstanding Gold Hedges	Ounces	\$/ounce
Jul-Dec 2023	5,004	2,590
Jan-Dec 2024	10,008	2,590
Jan-Dec 2025	10,008	2,590

### Cashflows

For the 6 months ended 30 June		2023	2022	VAR
Cashflow (used in) / from operating activities	\$'000	(24,640)	108,781	(133,421)
Cashflow (used in) investing activities	\$'000	(40,851)	(62,390)	21,539
Cashflow (used in) / from financing activities	\$'000	20,427	(20,591)	41,018
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>\$'000</b>	<b>(45,064)</b>	<b>25,800</b>	<b>(70,864)</b>
Effects of movements in exchange rates on cash held	\$'000	(254)	5,456	(5,710)
Cash and cash equivalents at the beginning of the Reporting Period	\$'000	171,962	197,472	(25,510)
<b>Cash and cash equivalents at the end of the Reporting Period</b>	<b>\$'000</b>	<b>126,644</b>	<b>228,728</b>	<b>(102,084)</b>

Lower cashflows from operating activities primarily reflects the combined impact of lower production and lower metal prices, together with increased operating outflows in relation to recovery efforts following the Extreme Weather Event.

Financing cash inflows include drawing of the US\$40,000 thousand working capital facility, offset by lease liabilities, net interest and principal payments under the Group's term loan facility.

## Directors' Report Operating and Financial Review

### Net Drawn Debt and Total Liquidity

During the Reporting Period, 29Metals repaid US\$12,000 thousand (\$18,208 thousand) of principal against the Group's term loan facility, reducing the drawn amount from US\$138,000 thousand at 31 December 2022 to US\$126,000 thousand at 30 June 2023. Drawn Debt at 30 June 2023 also reflects drawdown of the Group's US\$40,000 thousand working capital facility during the Reporting Period.

Net Drawn Debt <sup>1</sup>		30-Jun-2023	31-Dec-2022	VAR
Term loan facility	\$'000	185,924	198,359	(12,435)
Working capital facility	\$'000	60,872	0	60,872
<b>Drawn Debt <sup>1</sup></b>	<b>\$'000</b>	<b>246,796</b>	<b>198,359</b>	<b>48,437</b>
Cash and cash equivalents <sup>2</sup>	\$'000	126,644	171,962	(45,318)
<b>Net Drawn Debt <sup>1</sup></b>	<b>\$'000</b>	<b>120,152</b>	<b>26,397</b>	<b>93,755</b>
<i>US\$ balances included in cash and cash equivalents</i>	<i>US\$'000</i>	66,701	47,152	19,549

<sup>1.</sup> Drawn Debt and Net Drawn Debt are non-IFRS financial information metrics. Refer to page 9 for important information regarding the use of non-IFRS financial information metrics in this report.

<sup>2.</sup> Excludes cash balances set aside for rental security deposits and IPO proceeds retained by 29Metals under the Cash Backed Indemnity Deed. Refer to Note 18 of the Group's Half-Year Consolidated Financial Statements for further information regarding the Cash Backed Indemnity Deed.

At 30 June 2023, the Group had Total Liquidity of \$126,644 thousand (31 December 2022: \$230,962 thousand).

Total Liquidity		30-Jun-2023	31-Dec-2022	VAR
Cash and cash equivalents	\$'000	126,644	171,962	(45,318)
Available to be drawn under the working capital facility	\$'000	0	59,000 <sup>1</sup>	(59,000)
<b>Total Liquidity</b>	<b>\$'000</b>	<b>126,644</b>	<b>230,962</b>	<b>(104,318)</b>

<sup>1.</sup> Amount available to be drawn under the working capital facility at 31 December 2022 was US\$40,000 thousand, converted to Australian dollars at the exchange rate on 31 December 2022 of 0.678 (Source: FactSet).

In the context of ongoing engagement regarding the impacts of the Extreme Weather Event and ongoing recovery efforts, 29Metals' lenders provided covenant relief under the Group's corporate debt facilities at 30 June 2023.

Final settlement of stamp duty in relation to the acquisition of Golden Grove remained outstanding at the end of the Reporting Period. 29Metals has maintained a \$26,434 thousand accrual for stamp duty at 30 June 2023.

## DEFINITIONS FOR NON-IFRS FINANCIAL INFORMATION &amp; METRICS

Metric	Definition
<b>AISC</b>	is <i>all-in sustaining costs</i> , and is calculated as C1 Costs plus royalties cost, corporate costs, sustaining capital and capitalised development costs, but excludes growth capital and exploration. AISC is cited in US\$ per pound of payable copper sold and in \$'000 terms. AISC excludes Recovery Costs.
<b>C1 Costs</b>	is mining costs, processing costs, maintenance costs, site general & administrative costs, realisation costs (including shipping and logistics costs), and treatment and refining charges, adjusted for stockpile movements and net of by-product credits (proceeds from non-copper metal sales). C1 Costs is cited in US\$ per pound of payable copper sold and in \$'000 terms. C1 Costs exclude Recovery Costs.
<b>Drawn Debt</b>	is amounts drawn under Group debt facilities as reported in accordance with Australian Accounting Standards, excluding bank guarantees issued under the Group bank guarantee facility.
<b>EBITDA</b>	<p>is earnings before finance income, finance costs, any unrealised foreign exchange gains or losses, any realised and unrealised gains or losses on derivative financial instruments, asset impairment as a result of damage or loss from the Extreme Weather Event at Capricorn Copper, impairment expense relating to the Capricorn Copper cash-generating unit, income tax expense/(benefit) and depreciation and amortisation. Because it eliminates all gains and losses on forward commodity contracts (copper) and swaps (gold), impairment expenses, the non-cash charges for D&amp;A, and unrealised foreign exchange gain or losses, 29Metals considers that EBITDA is useful to help evaluate the operating performance of the business without the impact of those items, and before finance income and finance costs and tax charges, which are significantly affected by the capital structure and historical tax position of 29Metals.</p> <p>A reconciliation of EBITDA to (NLAT)/NPAT is set out on page 15 of this report.</p>
<b>Net Drawn Debt</b>	is Drawn Debt less cash and cash equivalents (excluding cash held as rental security deposit and EMR Capital IPO proceeds retained by 29Metals under cash backed indemnity arrangements described in section 10.6.12.3 of the 29Metals Prospectus). 29Metals uses this measure to understand its overall credit position. Investors should be aware that cash and cash equivalents may be required for purposes other than debt reduction.
<b>Recovery Costs</b>	is costs incurred in relation to the Extreme Weather Event at Capricorn Copper. Recovery Costs include physical remediation works, allocation of Site Operating Costs to support these activities, and are shown net of revenue from gas sales. Recovery Costs are excluded from C1 Costs and AISC.
<b>Site Operating Costs</b>	is the sum of mining costs, processing costs and site services costs as shown in 29Metals Cost of Sales. Site Operating Costs are shown net of AASB16 leasing adjustments. Mining costs exclude capitalised mine development costs. Site Operating Costs exclude Recovery Costs.
<b>Total Liquidity</b>	is the sum of cash and cash equivalents (excluding cash held as rental security deposit and EMR Capital IPO proceeds retained by 29Metals under cash backed indemnity arrangements described in section 10.6.12.3 of the 29Metals Prospectus), and funds available to be drawn under 29Metals working capital facility.

## Half-Year Consolidated Financial Statements

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## Half-Year Consolidated Financial Statements

### Consolidated Statement of Comprehensive Income

		2023	2022
Half-year ended 30 June	Note	\$'000	\$'000
Revenue	5(a)	235,029	356,373
Cost of sales		(275,272)	(324,959)
<b>Gross (loss) / profit</b>		<b>(40,243)</b>	<b>31,414</b>
Other income	5(b)	190	127
Net loss on derivative financial instruments	5(c)	(5,323)	(5,638)
Net foreign exchange loss	5(d)	(623)	(3,295)
Financial impacts of the Extreme Weather Event on Capricorn Copper	6(a)	(59,789)	-
Impairment expense relating to Capricorn Copper cash-generating unit	14	(170,000)	-
Administration expenses		(17,510)	(14,449)
<b>Operating (loss) / profit</b>		<b>(293,298)</b>	<b>8,159</b>
Finance income	7	2,053	143
Interest expense and other cost of finance	7	(15,422)	(6,914)
<b>Net finance costs</b>	7	<b>(13,369)</b>	<b>(6,771)</b>
<b>(Loss) / profit before income tax expense</b>		<b>(306,667)</b>	<b>1,388</b>
Income tax expense	8	-	(998)
<b>Net (loss) / profit for the half-year</b>		<b>(306,667)</b>	<b>390</b>
<b>Net (loss) / profit for the half-year after tax attributable to members of 29Metals Limited</b>		<b>(306,667)</b>	<b>390</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		-	117
<b>Total comprehensive (loss) / income for the half-year attributable to members of 29Metals Limited</b>		<b>(306,667)</b>	<b>507</b>
<b>(Loss) / earnings per share (cents per share)</b>			
Basic (loss) / earnings per share	9(a)	(63.6)	0.08
Diluted (loss) / earnings per share	9(b)	(63.6)	0.08

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Half-Year Consolidated Financial Statements

### Consolidated Statement of Financial Position

		30 June 2023	31 December 2022
	Note	\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents		126,644	171,962
Trade and other receivables		19,075	51,630
Inventories		69,833	99,478
Other financial assets		12,520	12,518
Prepayments		6,956	9,368
<b>Total current assets</b>		<b>235,028</b>	<b>344,956</b>
<b>Non-current assets</b>			
Prepayments		4,082	4,592
Inventories		1,916	-
Exploration and evaluation expenditure	11	34,091	33,169
Mine properties	12	424,876	578,001
Property, plant and equipment	13	167,413	207,121
Right-of-use assets		58,727	66,939
Intangible assets		100	122
Deferred tax assets	8(b)	58,072	58,072
<b>Total non-current assets</b>		<b>749,277</b>	<b>948,016</b>
<b>Total assets</b>		<b>984,305</b>	<b>1,292,972</b>
<b>Current liabilities</b>			
Trade and other payables		100,597	150,765
Interest-bearing liabilities	15	92,581	33,742
Derivative financial liabilities		3,532	1,354
Lease liabilities		16,503	19,967
Provisions		13,104	17,927
<b>Total current liabilities</b>		<b>226,317</b>	<b>223,755</b>
<b>Non-current liabilities</b>			
Trade and other payables		550	-
Interest-bearing liabilities	15	154,215	164,617
Derivative financial liabilities		7,217	5,428
Lease liabilities		44,375	47,150
Provisions		141,176	136,330
<b>Total non-current liabilities</b>		<b>347,533</b>	<b>353,525</b>
<b>Total liabilities</b>		<b>573,850</b>	<b>577,280</b>
<b>Net assets</b>		<b>410,455</b>	<b>715,692</b>
<b>Equity</b>			
Contributed equity		649,940	648,464
Reserves		3,018	3,064
(Accumulated losses) / Retained earnings		(242,503)	64,164
<b>Total equity</b>		<b>410,455</b>	<b>715,692</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## Half-Year Consolidated Financial Statements

### Consolidated Statement of Changes in Equity

	Contributed Equity \$'000	Share-based payment Reserve \$'000	Translation Reserve \$'000	(Accumulated losses) / Retained Earnings \$'000	Total equity \$'000
<b>For the half-year ended 30 June 2023</b>					
Balance at 1 January 2023	648,464	3,306	(242)	64,164	715,692
(Loss) for the period	-	-	-	(306,667)	(306,667)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>(306,667)</b>	<b>(306,667)</b>
<i>Transactions with owners in their capacity as owners</i>					
Issue of shares to Non-executive directors from Salary Sacrifice Share Plan	150	(150)	-	-	-
Share-based payments	-	1,430	-	-	1,430
Shares issued to settle share-based payments	1,326	(1,326)	-	-	-
<b>Total transactions with owners in their capacity as owners</b>	<b>1,476</b>	<b>(46)</b>	-	-	<b>1,430</b>
<b>Balance as at 30 June 2023</b>	<b>649,940</b>	<b>3,260</b>	<b>(242)</b>	<b>(242,503)</b>	<b>410,455</b>
<b>For the half-year ended 30 June 2022</b>					
Balance at 1 January 2022	646,633	1,941	(51)	121,013	769,536
Profit for the period	-	-	-	390	390
Other comprehensive income	-	-	117	-	117
<b>Total comprehensive income</b>	-	-	<b>117</b>	<b>390</b>	<b>507</b>
<i>Transactions with owners in their capacity as owners</i>					
Share-based payments	-	1,511	-	-	1,511
Shares issued to settle share-based payments	1,729	(1,729)	-	-	-
<b>Total transactions with owners in their capacity as owners</b>	<b>1,729</b>	<b>(218)</b>	-	-	<b>1,511</b>
<b>Balance as at 30 June 2022</b>	<b>648,362</b>	<b>1,723</b>	<b>66</b>	<b>121,403</b>	<b>771,554</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Half-Year Consolidated Financial Statements

### Consolidated Statement of Cash Flows

Half-year ended 30 June	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		279,088	411,392
Payments to suppliers, employees and others		(303,548)	(296,165)
Income taxes paid		-	(2,982)
Interest received	7	2,053	143
Payments for short-term leases and variable lease payments		(2,233)	(3,607)
<b>Net cash flows (used in) / from operating activities</b>		<b>(24,640)</b>	<b>108,781</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(18,342)	(28,572)
Payments for development activities		(18,582)	(24,745)
Payments for exploration expenditure		(3,927)	(9,073)
<b>Net cash flows (used in) investing activities</b>		<b>(40,851)</b>	<b>(62,390)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	15	60,624	-
Repayment of borrowings		(18,208)	(646)
Repayment of lease liabilities		(12,736)	(16,255)
Interest and borrowing costs paid		(9,253)	(3,690)
<b>Net cash flows from / (used in) financing activities</b>		<b>20,427</b>	<b>(20,591)</b>
Net (decrease) / increase in cash and cash equivalents		(45,064)	25,800
Effect of movements in exchange rates on cash held		(254)	5,456
Cash and cash equivalents at 31 December		171,962	197,472
<b>Cash and cash equivalents at 30 June</b>		<b>126,644</b>	<b>228,728</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



## Half-Year Consolidated Financial Statements Notes

### Note 1: Corporate information

29Metals Limited ('29Metals' or, the 'Company') is a for-profit company limited by shares, domiciled and incorporated in Australia, whose shares are publicly traded on the ASX. 29Metals' shares commenced trading on the ASX from 2 July 2021.

The registered office of the Company is Level 2, 150 Collins St, Melbourne, VIC, 3000.

The nature of operations and principal activities of 29Metals and its controlled entities (together, the 'Group') during the Reporting Period were mining and mineral production, mineral concentrate sales, mineral exploration and development and ancillary services. 29Metals operates two long-life mines located in Western Australia (Golden Grove) and Queensland (Capricorn Copper), and undertakes near-mine and regional exploration activities at its operating mines and at the Redhill exploration project, located in southern Chile.

The Half-Year Consolidated Financial Statements have been authorised for issue in accordance with a resolution of the Directors dated 30 August 2023.

### Note 2: Basis of preparation

The Half-Year Consolidated Financial Statements for the period ended 30 June 2023 are condensed general purpose financial statements prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

The Half-Year Consolidated Financial Statements do not include all the information and disclosures required in the Annual Consolidated Financial Statements, and should be read in conjunction with the Group's Annual Consolidated Financial Statements for the year ended 31 December 2022 and any public announcements made by 29Metals during the Reporting Period and to the date of the Half-Year Consolidated Financial Statements in accordance with the continuous disclosure requirements of the ASX listing rules.

The Annual Consolidated Financial Statements of 29Metals and its controlled entities for the year ended 31 December 2022 are available from the Company's website ([www.29metals.com](http://www.29metals.com)) or upon request from the Company's registered office.

The Half-Year Consolidated Financial Statements:

- have been prepared on an historical cost basis except for certain financial instruments which have been measured at fair value through profit or loss; and
- is presented in Australian dollars with all values rounded to the nearest thousand dollars (\$'000) unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191*.

### Going Concern

The Half-Year Consolidated Financial Statements for the period ended 30 June 2023 have been prepared on a going concern basis, which assumes that the Group will be able to realise its assets and meet its debts as and when they become due and payable.

The Extreme Weather Event at Capricorn Copper in March 2023 had a significant impact on the financial performance of the Group and the financial results for the half-year ended 30 June 2023, including:

- the Group incurred a loss after tax of \$306,667 thousand (30 June 2022: \$390 thousand profit after tax), including non-cash impairments:
  - to the Capricorn Copper segment of \$170,000 thousand; and
  - physical assets at Capricorn Copper of \$27,000 thousand damaged or lost as a result of the Extreme Weather Event;
- net cash outflows from operating activities of \$24,640 thousand (30 June 2022: \$108,781 thousand operating cash inflow), including operating costs associated with recovery activities at Capricorn Copper;
- the Group required and obtained covenant relief under the Group corporate debt facilities for the 30 June 2023 calculation date (Refer to Note 15); and
- an increase in interest-bearing liabilities following drawdown of the Group's US\$40,000 thousand working capital facility.<sup>7</sup>

The Group's current assets at 30 June 2023 which include cash and cash equivalents of \$126,644 thousand (31 December 2022: \$171,962 thousand), exceed current liabilities by \$8,711 thousand (31 December 2022: \$121,201 thousand net current assets). Current interest-bearing liabilities are \$92,581 thousand at 30 June 2023 (31 December 2022: \$33,742 thousand).

The Directors, in considering the appropriateness of the going concern basis for the preparation of the half year consolidated financial statements have reviewed the Group's cash flow forecasts which indicate the Group to have sufficient cash to continue as a going concern for the 12 months after the date of this report. Having regard to the Group's forecast operating cashflows, expected further proceeds from the insurance claim for loss and damage as a result of the Extreme Weather Event at Capricorn Copper (Refer to Note 19), other funding and liquidity options available to the Group (including the potential to raise equity), and ongoing engagement with the Group's lenders, the Directors at the date of signing consider that the going concern basis of preparation for the Half-Year Consolidated Financial Statements is appropriate.

...  
<sup>7</sup> Refer to Note 6 for further information regarding the financial impacts of the Extreme Weather Event at Capricorn Copper in March 2023.

## Half-Year Consolidated Financial Statements Notes

### Note 3: Accounting policies

The accounting policies adopted in the preparation of the Half-Year Consolidated Financial Statements are consistent with those followed in the preparation of the Group's Annual Consolidated Financial Statements for the year ended 31 December 2022. Several new and amended Accounting Standards and Interpretations apply for the first time in the Reporting Period but do not have an impact on the Half-Year Consolidated Financial Statements of the Group.

### Note 4: Segment information

#### Identification of reportable segments

The Group has determined that it has three reportable segments: Golden Grove, Capricorn Copper and Exploration (which includes Redhill and regional exploration activities at Golden Grove and Capricorn Copper).

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
<b>Golden Grove</b>	Base and precious metals mining, mineral production and associated activities
<b>Capricorn Copper</b>	Base and precious metals mining, mineral production and associated activities
<b>Exploration</b>	Exploration for mineral resources at Redhill (Chile), and regional exploration at Golden Grove (Western Australia) and Capricorn Copper (Queensland)

Unallocated operations include corporate and administrative functions, which are managed on a Group basis and are not allocated to reportable segments.

The performance of reportable segments is evaluated at least monthly based on revenues and EBITDA<sup>8</sup>.

A reconciliation of EBITDA to profit / (loss) after tax is shown in Note 4(b). EBITDA is a non-IFRS financial information metric used by the Group's chief operating decision makers ('**CODM**') as one of the primary measures for assessing financial performance, and believe it assists in providing additional meaningful information for stakeholders.

Segment revenues represent revenue from the sale of copper concentrate, zinc concentrate and lead concentrate (as applicable), which is net of related treatment and refining charges, and also includes shipping revenue. All segment revenues are from third parties. Segment assets and segment liabilities do not include intercompany balances.

Capital expenditure comprises payments for plant and equipment, assets under construction, mine development, exploration and studies expenditure.

...  
<sup>8</sup> EBITDA is earnings before finance income, finance costs, any unrealised foreign exchange gains or losses, any realised and unrealised gains or losses on derivative financial instruments, asset impairment as a result of damage or loss from the Extreme Weather Event at Capricorn Copper, impairment expense relating to the Capricorn Copper cash-generating unit, income tax expense/(benefit) and depreciation and amortisation.

## Half-Year Consolidated Financial Statements Notes

### Note 4: Segment information (continued)

#### (a) Segment Results, Segment Assets and Segment Liabilities

Half-year ended 30 June 2023	Note	Golden Grove \$'000	Capricorn Copper \$'000	Exploration \$'000	Unallocated operations and adjustments \$'000	Total \$'000
<b>Revenue</b>						
Copper concentrate		115,126	46,257	-	-	161,383
Zinc concentrate		44,241	-	-	-	44,241
Lead concentrate		27,792	-	-	-	27,792
Shipping revenue		6,015	-	-	-	6,015
Realised and unrealised fair value movements on receivables subject to QP adjustment		2,717	(7,119)	-	-	(4,402)
<b>Total revenue</b>	5(a)	<b>195,891</b>	<b>39,138</b>	<b>-</b>	<b>-</b>	<b>235,029</b>
<b>Result</b>						
EBITDA		11,712	(24,936)	(123)	(13,772)	(27,119)
<i>Items reported to CODM not included in EBITDA</i>						
Interest income		975	67	-	1,011	2,053
Interest expense		(285)	(1)	-	(9,701)	(9,987)
Depreciation and amortisation		(47,408)	(12,132)	-	(206)	(59,746)
Impairment expense relating to Capricorn Copper cash generating unit	14	-	(170,000)	-	-	(170,000)
Asset impairment as a result of damage or loss	6(a)	-	(27,000)	-	-	(27,000)
<b>Segment assets and liabilities</b>						
Segment assets		607,165	256,707	15,946	104,487	984,305
Segment liabilities		(196,728)	(84,033)	-	(293,089)	(573,850)
<b>Net assets</b>		<b>410,437</b>	<b>172,674</b>	<b>15,946</b>	<b>(188,602)</b>	<b>410,455</b>
<b>Other segment information</b>						
Capital expenditure		27,146	10,735	1,786	65	39,732
<b>Half-year ended 30 June 2022</b>						
<b>Revenue</b>						
Copper concentrate		146,042	148,231	-	-	294,273
Zinc concentrate		82,630	-	-	-	82,630
Shipping revenue		10,032	-	-	-	10,032
Realised and unrealised fair value movements on receivables subject to QP adjustment		(16,074)	(14,488)	-	-	(30,562)
<b>Total revenue</b>	5(a)	<b>222,630</b>	<b>133,743</b>	<b>-</b>	<b>-</b>	<b>356,373</b>
<b>Result</b>						
EBITDA		70,585	35,675	(244)	(11,626)	94,390
<i>Items reported to CODM not included in EBITDA</i>						
Interest income		19	4	-	120	143
Interest expense		(153)	(5)	-	(4,778)	(4,936)
Depreciation and amortisation		(43,659)	(33,483)	-	(205)	(77,347)
Income tax expense		-	-	-	(998)	(998)
<b>Other segment information</b>						
Capital expenditure		28,019	18,136	9,073	-	55,228
<b>Segment assets and liabilities (31 December 2022)</b>						
Segment assets		697,367	475,053	14,563	105,989	1,292,972
Segment liabilities		(232,137)	(101,882)	(54)	(243,207)	(577,280)
<b>Net assets</b>		<b>465,230</b>	<b>373,171</b>	<b>14,509</b>	<b>(137,218)</b>	<b>715,692</b>

Half-Year Consolidated Financial Statements  
**Notes**

### Note 4: Segment information (continued)

#### (b) Reconciliation of EBITDA to (Loss) / Profit after Tax

Half-year ended 30 June	Note	2023 \$'000	2022 \$'000
<b>EBITDA</b>	4(a)	<b>(27,119)</b>	<b>94,390</b>
Depreciation and amortisation	4(a)	(59,746)	(77,347)
Impairment expense relating to Capricorn Copper cash generating unit	14	(170,000)	-
Asset impairment as a result of damage or loss	6(a)	(27,000)	-
Net loss on derivative financial instruments	5(c)	(5,323)	(5,638)
Net foreign exchange loss – unrealised	5(d)	(4,110)	(3,246)
Finance income	7	2,053	143
Interest expense and other costs of finance	7	(15,422)	(6,914)
<b>(Loss) / Profit before tax</b>		<b>(306,667)</b>	<b>1,388</b>
Income tax expense		-	(998)
<b>(Loss) / Profit after tax</b>		<b>(306,667)</b>	<b>390</b>

## Half-Year Consolidated Financial Statements

### Notes

## Note 5: Income and expenses

### (a) Revenue

Half-year ended 30 June	Note	2023 \$'000	2022 \$'000
Revenue from sale of concentrate (point in time)		233,416	376,903
Revenue from shipping services (over time)		6,015	10,032
<b>Total revenue from contracts with customers</b>	5(a)(i)	<b>239,431</b>	<b>386,935</b>
Realised and unrealised fair value movements on receivables subject to QP adjustment		(4,402)	(30,562)
<b>Total Revenue</b>		<b>235,029</b>	<b>356,373</b>
<b>(i) Revenue from contracts with customers by type of product/service</b>			
Copper concentrate		161,383	294,273
Zinc concentrate		44,241	82,630
Lead concentrate		27,792	-
Shipping revenue		6,015	10,032
		<b>239,431</b>	<b>386,935</b>

### (b) Other income

Half-year ended 30 June	2023 \$'000	2022 \$'000
Other income	190	127
	<b>190</b>	<b>127</b>

### (c) Net loss on derivative financial instruments

Half-year ended 30 June	2023 \$'000	2022 \$'000
Realised loss on derivative financial instruments	(1,356)	(122)
Unrealised loss on derivative financial instruments	(3,967)	(5,516)
	<b>(5,323)</b>	<b>(5,638)</b>

### (d) Net foreign exchange loss

Half-year ended 30 June	2023 \$'000	2022 \$'000
Realised gain / (loss) on foreign exchange	3,487	(49)
Unrealised loss on foreign exchange	(4,110)	(3,246)
	<b>(623)</b>	<b>(3,295)</b>

### (e) Other

For the six months ended 30 June 2023, the write down of inventories to net realisable value amounted to \$8,957 thousand (30 June 2022: \$nil). This comprises:

- \$7,337 thousand included in Cost of sales in the consolidated statement of comprehensive income relating to the write-down of Golden Grove ROM and concentrate inventories to net realisable value; and
- \$1,620 thousand included in the Financial impacts of the Extreme Weather Event on Capricorn Copper in the consolidated statement of comprehensive income relating to the write-down of ROM inventories. Refer to Note 6(a) for further details.

## Half-Year Consolidated Financial Statements Notes

### Note 6: Financial impacts of the Extreme Weather Event on Capricorn Copper

The Group's Capricorn Copper mine was subject to an Extreme Weather Event in March 2023, with more than 500 mm of rainfall recorded over a five-day period, resulting in inundation and flooding at the site (including the Esperanza South sub-level cave underground mine (the 'ESS')), loss and damage of site infrastructure, and the suspension of mining and mineral processing operations from 7 March 2023. A recovery plan has been implemented which comprises a phased restart of operations:

- Phase 1 - a partial reinstatement of operations, with operations recommencing at the Mammoth and Greenstone Mines; and
- Phase 2 - complete reinstatement, with recommencement of mining from ESS.

Phase 1 of the restart was successfully completed on 1 August 2023, with the recommencement of mining operations in Mammoth and Greenstone, and mineral processing operations (on a campaign basis). Phase 2 of the restart is targeted for mid-first half in 2024, following progressive dewatering and rehabilitation of ESS.

A detailed assessment of the assets impacted by the Extreme Weather Event has been undertaken. Damaged and unrecoverable assets have been written off in the profit or loss. Material damage to site infrastructure as a result of this event has been limited to:

- damage to the water treatment plant ('WTP') used to treat water for use in mineral processing and mining activities;
- loss of the workshop and warehouse, including tools, parts, and other inventory located in these facilities;
- damage to coarse ore reclaim feeders, water management infrastructure (e.g., pumps, pipework and sumps), and site civil works; and
- damage to ground support and infrastructure in ESS as a result of inundation.

The balance of processing plant and site facilities, including the village and site electrical infrastructure, were not materially impacted.

During the Reporting Period, the Group commenced an insurance claim for the damage and loss of property, and associated business interruption, caused by the Extreme Weather Event. Post Reporting Period, the Group's insurers confirmed indemnity for the damage and loss of property on surface, and associated business interruption and agreeing to an initial unallocated progress payment of \$24,000 thousand. Refer to Note 19 Contingent assets for further details of the insurance claim relating to the Extreme Weather Event.

The impact of the Extreme Weather Event on the financial performance and position of the Group for the half-year ended 30 June 2023:

Half-year ended 30 June 2023	Note	\$'000
<b>(a) Consolidated Statement of Comprehensive Income:</b>		
<b>Other income</b>		
Proceeds from sale of gas	6(a)(i)	1,525
<b>Total other income</b>		<b>1,525</b>
Recovery costs during recovery period		(32,694)
Inventories - net realisable value write down (ROM)		(1,620)
<b>Expenses before impairment of assets as a result of damage or loss</b>		<b>(34,314)</b>
Asset impairment expense as a result of damage or loss:		
Inventories (consumables)		(7,442)
Mine properties	12	(8,381)
Property, plant and equipment	13	(11,177)
<b>Total asset impairment expense as a result of damage or loss</b>		<b>(27,000)</b>
<b>Total expenses after impairment</b>		<b>(61,314)</b>
<b>Total expenses net of other income</b>	6(a)(ii)	<b>(59,789)</b>
<p>(i) Revenue from the sale of gas, surplus to operational requirements, is recognised when gas is delivered to the customer.</p> <p>(ii) In addition, refer to Note 14 for Impairment expense relating to the Capricorn Copper cash generating unit of \$170,000 thousand.</p>		
<b>(b) Consolidated Statement of Cash Flows</b>		
<b>Cash flows used in operating activities</b>		
Payments for recovery costs		(55,916)
<b>Cash flows used in investing activities</b>		
Payments for property, plant and equipment		(2,510)
Payments for development activities		(2,133)
Payments for exploration expenditure		(633)
		30 June 2023
		\$'000
<b>(c) Consolidated Statement of Financial Position</b>		
Additions to property, plant and equipment		4,085
Additions to development activities		3,780

## Half-Year Consolidated Financial Statements Notes

### Note 7: Net finance costs

Half-year ended 30 June	Note	2023	2022
		\$'000	\$'000
Interest income		2,053	143
<b>Finance income</b>		<b>2,053</b>	<b>143</b>
Interest expense		(9,987)	(4,936)
Interest expense on lease liabilities		(1,844)	(457)
Unwinding of discount on provision for rehabilitation		(2,366)	(1,365)
Other		(1,225)	(156)
<b>Interest expense and other costs of finance</b>		<b>(15,422)</b>	<b>(6,914)</b>
<b>Net finance costs</b>		<b>(13,369)</b>	<b>(6,771)</b>

### Note 8: Taxes

#### (a) Income tax expense

Half-year ended 30 June	2023	2022
	\$'000	\$'000
<b>Reconciliation of income tax expense to accounting profit:</b>		
Accounting (loss) / profit before income tax	(306,667)	1,388
Income tax benefit / (expense) at the Australian tax rate of 30% (2022: 30%)	92,000	(416)
Increase / (decrease) in income tax benefit / (expense) due to:		
Non-deductible expenses	(294)	(611)
Adjustment in respect of income and deferred tax of prior year	(80)	29
Deferred tax assets not recognised	(91,626)	-
<b>Income tax expense</b>	<b>-</b>	<b>(998)</b>

#### (b) Deferred tax assets

	30 June 2023	31 December 2022
	\$'000	\$'000
<b>Movement in net deferred tax assets</b>		
Opening balance	58,072	39,478
Credited to profit or loss	-	18,594
<b>Closing balance</b>	<b>58,072</b>	<b>58,072</b>
<b>Deferred tax assets / (liabilities) comprises temporary differences attributable to:</b>		
<b>Deferred tax assets</b>		
Provision for employee benefits	4,311	4,293
Provision for rehabilitation and restoration	41,989	40,562
Property, plant and equipment	3,841	15,460
Capitalised expenditure	3,296	4,944
Tax loss carried forward	82,345	41,579
Other	22,697	13,028
	<b>158,479</b>	<b>119,866</b>
<b>Deferred tax liabilities</b>		
Exploration expenditure	(3,659)	(3,517)
Mine properties	(4,234)	(46,617)
Other	(888)	(11,660)
	<b>(8,781)</b>	<b>(61,794)</b>
<b>Net deferred tax assets</b>	<b>149,698</b>	<b>58,072</b>
<b>Net deferred tax assets – unrecognised</b>	<b>(91,626)</b>	<b>-</b>
<b>Net deferred tax assets – recognised</b>	<b>58,072</b>	<b>58,072</b>

**Note 8: Taxes (continued)****(b) Deferred tax assets (continued)**

The Group's net deferred tax assets recognised at 30 June 2023 amounted to \$58,072 thousand (31 December 2022: \$58,072 thousand).

The Group has assessed forecast business performance and continues to recognise a net deferred tax asset of \$58,072 thousand which includes tax losses and other deductible timing differences, on the basis that it is probable the Group will generate sufficient taxable profit in the future to utilise the recognised deferred tax asset.

The Group's estimates regarding future taxable profits are based on various assumptions and estimates, including estimated future production, estimated future sales volumes under existing offtake agreements, long-term commodity prices and foreign exchange rates applying published consensus forecasts, and estimates of future operating costs, restoration costs, and capital expenditures. Changes in these estimates and assumptions may impact the amount of deferred tax assets recognised in future periods in the Statement of Financial Position, and any movements in these balances recognised through the Statement of Comprehensive Income.

In assessing the probability of the utilisation of the tax losses in future periods, 29Metals considers there to be convincing further evidence to support the recoverability of the net deferred tax assets, including:

- (i) the probability of taxable profits being available based on the Group's long term mine plans, including:
  - the planned ramp up in production from the high-grade Xantho Extended orebody at Golden Grove;
  - identified organic growth opportunities within the Group, including the Gossan Valley and Cervantes projects; and
  - the increasing grade profile at Capricorn Copper.
- (ii) taxable temporary differences are expected to reverse, resulting in taxable amounts against which unused tax losses can be utilised;
- (iii) the effect of the Restructure and Initial Public Offering ('IPO') Transactions<sup>9</sup> which occurred in June and July 2021 which are non-recurring:
  - tax consolidation of the entities in the Group and related tax cost setting process resulted in higher tax cost base for tax depreciation, which tax cost base is expected to decrease over time; and
  - tax deductibility of the Restructure and IPO Transactions costs over five years; and
- (iv) tax planning opportunities may be available to the Group in the future which, in turn, may accelerate the utilisation of deferred tax assets, including accumulated tax losses.

Net deferred tax assets amounting to \$91,626 thousand, relating to the income tax benefit arising from the accounting loss for the half-year ended 30 June 2023, have not been recognised in the current period.

In addition, tax losses relating to Capricorn Copper of \$186,612 thousand (\$55,983 thousand tax effected) at 30 June 2023 and 31 December 2022 have not been recognised because 29Metals has assessed that the utilisation of these tax losses is not probable. The unrecognised tax losses are subject to an available fraction tax loss utilisation rate.

...  
<sup>9</sup> Refer to the Annual Consolidated Financial Statements of 29Metals and its controlled entities for the period ended 31 December 2021 which is available from the Company's website ([www.29metals.com](http://www.29metals.com)).



Half-Year Consolidated Financial Statements  
**Notes**

**Note 9: Earnings per share ('EPS')**

**(a) Basic (loss) / earnings per share**

Half-year ended 30 June	2023	2022
Net (loss) / profit after tax attributable to ordinary shareholders (\$'000)	(306,667)	390
Weighted average number of ordinary shares	481,825,052	481,031,261
<b>Basic (loss) / earnings per ordinary share (cents)</b>	<b>(63.6)</b>	<b>0.08</b>

**(b) Diluted (loss) / earnings per share**

Half-year ended 30 June	2023	2022
Net (loss) / profit after tax attributable to ordinary shareholders (\$'000)	(306,667)	390
Weighted average number of ordinary shares adjusted for the effects of dilution	481,825,052	484,440,648
<b>Diluted (loss) / earnings per ordinary share (cents)</b>	<b>(63.6)</b>	<b>0.08</b>

**(c) Weighted average number of shares used as the denominator (basic)**

Half-year ended 30 June	2023	2022
Weighted average number of ordinary shares (basic)	481,825,052	481,031,261

**(d) Weighted average number of shares used as the denominator (diluted)**

Half-year ended 30 June	2023	2022
Weighted average number of ordinary shares (basic)	481,825,052	481,031,261
Performance rights on issue at 30 June	- <sup>10</sup>	3,409,387
Weighted average number of ordinary shares (diluted)	481,825,052	484,440,648

**Note 10: Dividends**

**Paid during the half-year ended 30 June 2023**

There were no dividends paid to shareholders during the six months ended 30 June 2023 (six months ended 30 June 2022: \$nil).

**Declared after 30 June 2023**

There were no dividends declared after 30 June 2023 up to date of this financial report.

**Note 11: Exploration and evaluation expenditure**

	Note	30 June 2023	31 December 2022
		\$'000	\$'000
Balance at 1 January		33,169	45,463
Expenditure for the period		2,808	16,916
Transferred to mine properties	12	(2,074)	(29,196)
Foreign currency exchange difference		188	(14)
<b>Balance at the end of the period</b>		<b>34,091</b>	<b>33,169</b>

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine properties. Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation of areas of interest and the sale of minerals, or the sale of the respective areas of interest. No impairment adjustment was required for the capitalised exploration and evaluation expenditure transferred to mine properties.

<sup>10</sup> At 30 June 2023, there are 5,308,360 performance rights on issue. These performance rights are considered anti-dilutive and on that basis have not been included in the calculation of dilutive loss per share.

Half-Year Consolidated Financial Statements  
**Notes**

**Note 12: Mine properties**

	Note	30 June 2023	31 December 2022
		\$'000	\$'000
<b>Net book value</b>			
Balance at 1 January		578,001	605,284
Development expenditure incurred during the period		19,852	45,804
Transfers from exploration and evaluation assets	11	2,074	29,196
Transfers from property, plant and equipment	13	1,055	14,990
Movements in rehabilitation obligations		2,390	(24,517)
Asset impairment as a result of damage or loss	6(a)	(8,381)	-
Impairment expense relating to Capricorn Copper cash generating unit	14	(135,997)	-
Amortisation during the period		(34,118)	(92,756)
<b>Balance at the end of the period</b>		<b>424,876</b>	<b>578,001</b>
<b>Gross carrying amount – at cost</b>			
Gross carrying amount – at cost		820,662	795,291
Accumulated depreciation and impairment		(395,786)	(217,290)
<b>Net carrying amount</b>		<b>424,876</b>	<b>578,001</b>

During the half-year to 30 June 2023, 29Metals reported its 31 December 2022 Mineral Resources and Ore Reserves estimates, prepared and reported in accordance with the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (2012 Edition) (the ‘**JORC Code**’).

29Metals’ 31 December 2022 Mineral Resources and Ore Reserves estimates, including competent persons’ statements and JORC Code table disclosures, were released to the ASX announcements platform on 23 February 2023 and are available on 29Metals’ website at:

<https://www.29metals.com/assets/reserves-and-resources>.

Changes to 29Metals’ Mineral Resources and Ore Reserves estimates, as reported in the 31 December 2022 Mineral Resources and Ore Reserves estimates, do not have a material impact on the Group’s life of mine plans, or depreciation and amortisation expense.

Half-Year Consolidated Financial Statements  
**Notes**

**Note 13: Property, plant and equipment**

	Note	Land and buildings \$'000	Plant and machinery \$'000	Capital work in progress \$'000	Total \$'000
<b>As at 30 June 2023</b>					
<b>Gross carrying amount – at cost</b>					
Balance at 1 January		46,167	297,035	21,423	364,625
Additions		-	3	17,069	17,072
Transfers	12	-	9,132	(10,187)	(1,055)
Asset impairment as a result of damage or loss	6(a)	(154)	(11,016)	(3,962)	(15,132)
<b>Balance at 30 June</b>		<b>46,013</b>	<b>295,154</b>	<b>24,343</b>	<b>365,510</b>
<b>Accumulated depreciation and impairment</b>					
Balance at 1 January		(22,300)	(135,204)	-	(157,504)
Depreciation for the half-year		(1,441)	(10,782)	-	(12,223)
Asset impairment as a result of damage or loss	6(a)	79	3,876	-	3,955
Impairment expense relating to Capricorn Copper cash generating unit	14	(3,171)	(26,516)	(2,638)	(32,325)
<b>Balance at 30 June</b>		<b>(26,833)</b>	<b>(168,626)</b>	<b>(2,638)</b>	<b>(198,097)</b>
<b>Net book value</b>		<b>19,180</b>	<b>126,528</b>	<b>21,705</b>	<b>167,413</b>
<b>As at 31 December 2022</b>					
<b>Gross carrying amount – at cost</b>					
Balance at 1 January		45,077	249,971	35,290	330,338
Additions		-	1,882	48,144	50,026
Acquisitions through business combinations		1,090	45,931	(47,021)	-
Disposals		-	(749)	-	(749)
Transfers to mine properties	12	-	-	(14,990)	(14,990)
<b>Balance at 31 December</b>		<b>46,167</b>	<b>297,035</b>	<b>21,423</b>	<b>364,625</b>
<b>Accumulated depreciation and impairment</b>					
Balance at 1 January		(16,062)	(78,320)	-	(94,382)
Depreciation for the year		(6,238)	(57,585)	-	(63,823)
Disposals		-	701	-	701
<b>Balance at 31 December</b>		<b>(22,300)</b>	<b>(135,204)</b>	<b>-</b>	<b>(157,504)</b>
<b>Net book value</b>		<b>23,867</b>	<b>161,831</b>	<b>21,423</b>	<b>207,121</b>

## Note 14: Impairment of non-current assets

In accordance with the Group's accounting policies, each asset or, where appropriate, cash generating unit ('CGU'), is evaluated to determine whether there are any indicators of impairment. If any such indicators of impairment exist, a formal estimate of the recoverable amount of each CGU is undertaken. In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount.

The recoverable amount is the higher of the asset or CGU's:

- fair value less costs of disposal ('FVLCD'); and
- value in use ('VIU').

Recoverable amount has been determined based on FVLCD.

In the absence of a quoted price, the FVLCD for each CGU is estimated based on discounted future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the CGUs using market-based metal price assumptions, the level of *Proved* and *Probable* Ore Reserves and *Measured, Indicated* and *Inferred* Mineral Resources included in the current mine plan, estimated quantities of recoverable metal, production levels, operating costs and capital requirements (including any expansion projects), and the CGU's eventual disposal, based on the CGU's latest life of mine ('LOM') plans. These cash flows are discounted using a real post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. When LOM plans do not fully utilise existing mineral properties for a CGU, and options exist for the future extraction and processing of all or part of those unmined resources, an estimate of the value of mineral properties is included in the determination of fair value.

The determination of FVLCD for each CGU is considered to be Level 3 fair value measurements, as the determination is derived from valuation techniques that include significant inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

### Impairment indicator testing

At 30 June 2023, the following indicators of potential impairment existed:

- 29Metal's quoted market capitalisation was lower than the carrying value of its net assets;
- A reduction in copper and zinc prices relative to those in the prior corresponding periods;
- An increase in risk free rate that underpins the applicable weighted average cost of capital when compared to 31 December 2022; and
- The temporary suspension of operations following the Extreme Weather Event in March 2023. Refer to Note 6 for further details.

These factors are considered as indicators of impairment. As a result, an impairment test was performed to determine the recoverable amounts for all CGU's of the Group, being the Golden Grove Mine and the Capricorn Copper Mine using the FVLCD method.

### Golden Grove CGU

#### Golden Grove indicator assessment

As a result of the general indications of impairment noted above, a formal impairment test was performed to determine the recoverable amount of the Golden Grove CGU.

#### Key Assumptions

The table below summarises the key assumptions used in the carrying value assessment:

	30 June 2023	
Copper price (long term)	US\$/t	8,097
Zinc price (long term)	US\$/t	2,605
Discount rate (post tax real)	%	9.0
Fair value of resources not included in LOM	\$'000	90,000
Average mining costs over LOM per annum	\$'000	192,613
Average processing costs over LOM per annum	\$'000	69,244

#### Metal prices

Metal prices are estimated with reference to a consensus of external market forecasts.

#### Discount rate

The discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on what a market participant would use taking into account the specific circumstances of the CGU and is derived using its weighted average cost of capital.

## Note 14: Impairment of non-current assets (continued)

### Golden Grove CGU (continued)

#### Key Assumptions (continued)

##### Valuation of Mineral Resources not included in the LOM

Mineral Resources which are not included in a CGU's LOM plan as result of the current assessment of economic returns, timing of specific production alternatives and the prevailing economic environment, have been valued and included in the assessed fair value. The fair value of these resources has been determined based on the observable market value of assets considered similar to the Mineral Resources not included in the current LOM plan.

##### Operating and capital costs

Life-of-mine operating and capital cost assumptions are based on the Group's latest budget and LOM plan. Operating cost assumptions reflect the expectation that costs will, over the long term, have a degree of positive correlation to the prevailing metal price assumptions.

##### Result of impairment test and Sensitivity Analysis

As a result of the analysis performed, there is no impairment loss recognised for the Golden Grove CGU for the half-year ended 30 June 2023, with the FVLCD exceeding the carrying value of the Golden Grove CGU by \$62,000 thousand.

A sensitivity analysis of the impact on the excess of the FVLCD over the carrying value of the Golden Grove CGU to changes in key assumptions, in isolation, at 30 June 2023 is set out below:

	Increase in key assumption	Decrease in key assumption
	Increase / (Decrease) <sup>1</sup>	Increase / (Decrease) <sup>1</sup>
	\$'000	\$'000
5% change in Copper price	70,651	(71,563)
5% change in Zinc price	51,093	(52,005)
1% change in discount rate	(11,922)	11,513
5% change in Fair value of resources not included in LOM	4,500	(4,500)
5% change in mining cost	(56,396)	55,484
5% change in processing cost	(19,475)	18,382

<sup>1</sup> Increase / (Decrease) cited is the increase in excess of the FVLCD over the carrying value or (decrease) in excess of the FVLCD over the carrying value (as applicable)

### Capricorn Copper CGU

#### Capricorn Copper indicator assessment

As a result of the impact of the Extreme Weather Event at Capricorn Copper in March 2023 (Refer to Note 6), and the general indications of impairment noted above, a formal impairment test was performed to determine the recoverable amount of the Capricorn Copper CGU.

#### Key Assumptions

The table below summarises the key assumptions used in the carrying value assessment:

	30 June 2023	
Copper price (long term)	US\$/t	8,097
Discount rate (post tax real)	%	9.0
Fair value of resources not included in LOM	\$'000	50,000
Average mining costs over LOM per annum	\$'000	97,470
Average processing costs over LOM per annum	\$'000	55,064

#### Metal prices

Metal prices are estimated with reference to a consensus of external market forecasts.

## Note 14: Impairment of non-current assets (continued)

### Capricorn Copper CGU (continued)

#### Key Assumptions (continued)

##### Discount rate

The discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and is derived from its weighted average cost of capital.

##### Valuation of Mineral Resources not included in the LOM

Mineral Resources which are not included in a CGU's LOM plan as result of the current assessment of economic returns, timing of specific production alternatives and the prevailing economic environment, have been valued and included in the assessed fair value. The fair value of these resources has been determined based on the observable market value of assets considered similar to the Mineral Resources not included in the current LOM plan.

##### Operating and capital costs

Life-of-mine operating and capital cost assumptions are based on the Group's latest budget and LOM plans. Operating cost assumptions reflect the expectation that costs will, over the long term, have a degree of positive correlation to the prevailing metal price assumptions.

##### Ongoing insurance claim

As described further in Note 19, 29Metals has an ongoing insurance claim in relation to property damage and business interruption as a result of the Extreme Weather Event at Capricorn Copper in March 2023. For the purposes of the CGU impairment assessment, 29Metals has applied management's best estimate assumptions regarding future insurance claim proceeds (which assumptions are highly commercially sensitive) and applied sensitivities as set out below.

##### Result of impairment test

As a result of the analysis performed, an impairment loss of \$170,000 thousand was recorded for the half-year ended 30 June 2023 allocated to Capricorn Copper CGU, as summarised in the table below:

Half-year ended 30 June 2023	Note	2023 \$'000
Mine properties	12	135,997
Property, plant and equipment	13	32,325
Right-of-use assets		1,678
<b>Total Capricorn Copper impairment</b>		<b>170,000</b>

##### Capricorn Copper Sensitivity Analysis

A sensitivity analysis of the FVLCD for Capricorn Copper CGU to changes in key assumptions, in isolation, at 30 June 2023 is set out below:

	Increase in key assumption Reduction/(Increase) <sup>1</sup>	Decrease in key assumption Reduction/(Increase) <sup>1</sup>
	\$'000	\$'000
5% change in Copper price	95,751	(94,666)
1% change in discount rate	(19,542)	19,263
5% change in Fair value of resources not included in LOM	2,500	(2,500)
5% change in mining cost	(31,509)	32,547
5% change in processing cost	(17,242)	18,279
\$20,000 thousand change in modelled future insurance proceeds (Refer to Note 19)	17,183	(16,841)

<sup>1</sup> Reduction/(Increase) cited is reduction in impairment loss or (increase) in impairment loss (as applicable)

## Half-Year Consolidated Financial Statements Notes

### Note 15: Interest-bearing liabilities

	30 June 2023	31 December 2022
	\$'000	\$'000
<b>Current</b>		
Syndicated Facility – Term loan	31,708	33,742
Working capital facility	60,873	-
<b>Total current borrowings</b>	<b>92,581</b>	<b>33,742</b>
<b>Non-current</b>		
Syndicated Facility – Term loan	154,215	164,617
<b>Total non-current borrowings</b>	<b>154,215</b>	<b>164,617</b>
<b>Total borrowings</b>	<b>246,796</b>	<b>198,359</b>

On 23 May 2023, the Group drew down on the working capital facility of US\$40,000 thousand. The working capital facility is repayable at the end of its interest period. Any part of the working capital facility that is repaid can be reborrowed, subject to an annual clean-down requirement. Repayment of US\$40,000 thousand was made on 23 August 2023, being the last day of the interest period selected. US\$40,000 thousand was re-borrowed on the same day with repayment due on 24 November 2023.

During the half-year ended 30 June 2023, the Group repaid US\$12,000 thousand principal of the Group term loan facility. During the year ended 31 December 2022, the Group repaid US\$12,000 thousand principal of the term loan.

#### Amendment Deed: Syndicated Facility Agreement ('Amended SFA')

On 28 June 2023, the Group and its lenders agreed to amend the Syndicated Facility Agreement dated 20 October 2021, which amendments:

- extended the maturity date of the Group's environmental bank guarantee facility by one year to 29 October 2024; and
- provided relief against certain covenants under the Group debt facilities for the 30 June 2023 calculation date.

### Terms and conditions of outstanding Group Syndicated Facilities

#### Facilities as at 30 June 2023

	Note	Total Facility	Used	Unused	Total Facility	Used	Unused
		USD \$'000	USD \$'000	USD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
Term loan	(i)	126,000	126,000	-	185,923	185,923	-
Working capital facility	(ii)	40,000	40,000	-	60,873	60,873	-
Environmental bank guarantee facility	(iii)	N/a	N/a	N/a	58,000	57,464	536
Letter of credit facility	(iv)	N/a	N/a	N/a	2,000	1,864	136
Credit cards facility		N/a	N/a	N/a	270	26	244
		<b>166,000</b>	<b>166,000</b>	<b>-</b>	<b>307,066</b>	<b>306,150</b>	<b>916</b>

(i) The term loan has fixed quarterly repayments commencing 30 September 2022 with the final repayment due on 30 September 2026.

(ii) The working capital facility may be used to fund Group working capital and liquidity requirements. Repayment is due on the last day for each interest period (1 or 3 months) and is subject to an annual clean-down requirement, requiring the Group to ensure that for a continuous period of three consecutive Business Days in each 12-month period following Financial Close (October 2021), there is no working capital facility amount outstanding. The maturity date of this facility is 29 October 2026. The working capital facility is US\$40,000 thousand until the fourth anniversary of financial close being 29 October 2025 when the facility is reduced to US\$10,000 thousand.

(iii) On 28 June 2023, the maturity date of the environmental bank guarantee facility was extended by one year to 29 October 2024.

(iv) The maturity date of the letter of credit facility is 29 October 2026.

Half-Year Consolidated Financial Statements  
**Notes****Note 16: Financial instruments****Fair value measurement**

The categories of financial assets measured at fair value for the Group are trade receivables, trade payables, gold swaps and copper forward contracts. These fair value measurements were classified as Level 2 on the fair value hierarchy. The fair value of gold swaps and copper forward contracts is determined based on quoted market prices for gold and copper adjusted for specific settlement terms. At 31 December 2022, the Group had fully settled all copper forward contracts. The fair value of the trade receivables is determined using a discounted cashflow model.

	30 June 2023	31 December 2022
	\$'000	\$'000
<b>Assets measured at fair value – Level 2</b>		
Trade receivables	14,973	45,596
	<b>14,973</b>	<b>45,596</b>
<b>Liabilities measured at fair value – Level 2</b>		
Derivative financial liabilities	10,749	6,782
	<b>10,749</b>	<b>6,782</b>

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements during the half-year ended 30 June 2023 or the comparative half-year ended 30 June 2022.

The carrying values of financial assets and financial liabilities recorded in the financial statements materially approximate their respective fair values, determined in accordance with the accounting policies disclosed in the Group's Annual Consolidated Financial Statements for the year ended 31 December 2022.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the half-year ended 30 June 2023 or the comparative half-year ended 30 June 2022.



## Note 17: Share-based payments

### (a) Performance rights awarded during the half-year ended 30 June 2023

During the half-year ended 30 June 2023, 29Metals awarded the following performance rights under the 2023 long term incentive award ('**2023 LTI award**')

Award date	
<b>29 March 2023</b>	29Metals granted 2,329,623 performance rights to employees of the Group, including key management personnel (other than the Managing Director & CEO)
<b>1 June 2023</b>	427,366 performance rights were granted under the 2023 LTI award to the Managing Director & CEO (following approval by shareholders at the Annual General Meeting)

The performance period, vesting date and performance conditions for the 2023 LTI award are as follows:

<b>Vesting date</b>	31 December 2025
<b>Performance period</b>	Period commencing 1 January 2023 and ending 31 December 2025
<b>Performance conditions and weighting</b>	<ul style="list-style-type: none"> <li>▪ Continued service through to vesting date</li> <li>▪ 29Metals' relative total shareholder return assessed over the Performance Period (weighting: 80%)</li> <li>▪ 29Metals' absolute total shareholder return assessed over the Performance Period (weighting: 20%)</li> </ul>
<b>Board discretion</b>	The Board is responsible for assessing performance against the award performance conditions. The Board retains discretion under the LTI award terms and the Plan Rules, including discretion regarding vesting outcomes

Upon vesting, each performance right converts to one fully paid ordinary share.

### (b) Recognised share-based payment expenses

During the half-year ended 30 June 2023, the following was recognised in administration expenses in the Consolidated Statement of Comprehensive Income.

	30 June 2023	30 June 2022
Half-year ended 30 June	\$'000	\$'000
Performance rights	1,187	1,511
Non-executive Directors Salary Sacrifice Share Plan	243	-
	<b>1,430</b>	<b>1,511</b>

## Note 18: Contingent liabilities

### (a) Bank Guarantees

The Group has provided an environmental bond in relation to Capricorn Copper operations as required under relevant Queensland legislation. The environmental bond has been posted by way of three bank guarantees issued by lenders under the Group's corporate debt facilities, with an aggregate bank guarantee amount of \$57,464 thousand (31 December 2022: \$57,464 thousand).

In addition, the Group has provided bank guarantees totalling \$1,940 thousand to suppliers and for rental premises (31 December 2022: \$1,940 thousand).

### (b) Other Contingent Liabilities

29Metals is a co-plaintiff in legal proceedings in the Supreme Court of Victoria in relation to historic transaction terms between EMR Capital Investment (No.6B) Pte Ltd and the vendors of shares in Lighthouse Minerals Pty Ltd, and associated security arrangements. 29Metals' liability in relation to these proceedings is the subject of a Cash Backed Indemnity Deed whereby EMR Capital Investment (No.6B) Pte Ltd indemnifies 29Metals (the '**Indemnity Deed**'). Under the terms of the Indemnity Deed, 29Metals retained \$12,500 thousand of EMR Capital Investment (No.6B) Pte Ltd's share of IPO proceeds to cash-back the indemnity. As at 30 June 2023 and 31 December 2022, the balance of funds retained by 29Metals is \$12,500 thousand.

Group companies are, or may be (from time to time), recipients of, or defendants in, current, potential or threatened claims, complaints, actions or proceedings. The Directors consider that these matters are either not yet sufficiently advanced or particularised so as to reasonably evaluate the prospects for potential liability, or are of such a kind, or involve such amounts, that they are not currently anticipated to have a material effect on the financial position of the Group if determined unfavourably.

## Note 19: Contingent asset

During the Reporting Period, the Group commenced an insurance claim for the damage and loss of property, and associated business interruption, caused by the Extreme Weather Event.

Post Reporting Period, insurers responded to the Group's preliminary claim and basis of claim submission. In their response, insurers:

- confirmed indemnity for damage to property on the surface and associated business interruption;
- agreed to make an initial unallocated progress payment of \$24,000 thousand in respect of damage and loss of surface property and associated business interruption; and
- based on the submission and information provided to-date, in relation to underground loss and damage, advised that the policy does not respond and requested further information.

In relation to the surface component of the insurance claim, the claim process after the unallocated progress payment is ongoing.

In relation to the underground damage and loss component of the claim, the Group does not agree with the insurers' position. The Group will continue to work with insurers in relation to the further information required to advance this aspect of the claim.

On the basis that the insurance claim process is ongoing (which is typical for substantial claims of this nature), and insurers' response regarding indemnity was received subsequent to the Reporting Period (Refer to Note 21), the Group has not recorded any proceeds from the insurance claim in the Half-Year Consolidated Financial Statements for the half-year ended 30 June 2023. Pending further progress of the insurance claim process, the Group is unable to estimate the future potential financial effect of insurance claim outcomes.

## Note 20: Commitments

The Group's commitments are as follows:

### Exploration

In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to satisfy minimum expenditure requirements which total \$3,092 thousand (31 December 2022: \$1,293 thousand) over the next 12 months, in accordance with agreed work programmes submitted over the Group's exploration licences.

### Take or pay contracts

The Group has certain take or pay obligations under contracts relating to the power supply for its Capricorn Copper operations. These contracts are multi-year contracts with an aggregate future take or pay commitment amount of \$22,538 thousand as at 30 June 2023 (30 June 2022: \$33,003 thousand). This amount is before any future on-sale of gas surplus to the needs of the Capricorn Copper mine during the recovery period.

## Note 21: Subsequent events

Subsequent to the end of the Reporting Period:

- Phase 1 of the Capricorn Copper recovery plan was successfully achieved on 1 August 2023, with the partial recommencement of mining and mineral processing operations (Refer to Note 6); and
- Insurers responded to the Group's preliminary claim submission relating to damage and loss of property, and associated business interruption, as a result of the Extreme Weather Event at Capricorn Copper. In the response, insurers confirmed indemnity for damage and loss to surface property, and associated business interruption, and agree to an initial progress payment of \$24,000 thousand (Refer to Note 19).

Other than as stated above, there have not been any events that have arisen in the interval between the end of the financial year and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to materially affect the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.


## Directors' Declaration

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In the opinion of the Directors:

- (a) the Half-Year Consolidated Financial Statements and notes are in accordance with the *Corporations Act 2001 (Cth)*, and:
  - (i) give a true and fair view of the financial position of the Group as at 30 June 2023 and of the performance of the Group for the six months ended on that date; and
  - (ii) comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors on 30 August 2023.



**OWEN HEGARTY OAM**

*Chair of the Board of Directors  
Non-executive Director*



**FIONA ROBERTSON AM**

*Chair of the Audit, Governance & Risk Committee  
Independent Non-executive Director*

## Independent Auditor's Review Report



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### Independent auditor's review report to the members of 29Metals Limited

#### Conclusion

We have reviewed the accompanying half-year financial report of 29Metals Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Directors' responsibilities for the half-year financial report

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

## Independent Auditor's Review Report

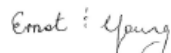



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### Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

  
Ernst & Young

  
Fiona Drummond  
Partner  
Perth

30 August 2023