

BURGUNDY DIAMOND MINES LIMITED
APPENDIX 4E
PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Current Reporting Period 12 months ended 30 June 2023 (2023)
 Previous Reporting Period 12 months ended 30 June 2022 (2022)

Results for Announcement to the Market

Statutory Results	2023	2022	Up/(Down)	%
Unaudited	\$	\$	\$	
Revenue from ordinary activities	5,185,350	-	5,185,350	N/a
Net loss before tax	(27,987,549)	(19,710,027)	8,277,522	42.0%
Net loss after tax	(27,987,549)	(19,710,027)	8,277,522	42.0%
Net loss attributable to members	(27,987,704)	(19,716,422)	8,271,282	42.0%

There were no dividends paid or declared during the year (2022: \$Nil). Basic loss per share and diluted loss per share are shown on page 4.

IMPORTANT NOTE

This is the first Appendix 4E filed by the Company following its successful re-compliance with Chapters 1 and 2 of the ASX Listing Rules in connection with the Company's acquisition of the Ekati Diamond Mine (a producing diamond mine) and subsequent reclassification by the ASX as a mining producing entity for the purposes of the ASX Listing Rules.

As the acquisition of the Ekati Diamond Mine occurred on 1 July 2023 (after conclusion of the reporting period ending on 30 June 2023) the reporting period and previous reporting period presented in this Appendix 4E relate to a time when the Company was classified an exploration entity for the purposes of the ASX Listing Rules and its operations did not include the Ekati Diamond Mine and were thus substantially smaller in scale.

Review of Operations

Acquisition of the Ekati Diamond Mine, Canada (completed on 1 July 2023)

On 14 March 2023, the Company entered into a binding share purchase agreement with Arctic Canadian Diamond Holding LLC to acquire 100% of the common shares of Arctic Canadian Diamond Company Limited (**ACDC**) and 100% of the common shares of Arctic Canadian Diamond Marketing N.V. (**ACDM**) (together, the **Arctic Companies**). ACDC is the 100% owner of all business assets and other interests comprising Ekati, a producing diamond mine located in Canada's Northwest Territories. ACDM is a marketing business responsible for management of the supply chain, sorting, preparation, marketing and sales of rough diamonds from Ekati.

Post-acquisition Burgundy's strategy will be focused on optimising Ekati's current mine performance and extending mine life through underwater remote mining, assessment of the Jay deposit and Fox Underground opportunities, and systematic exploration using newly applied machine learning (artificial intelligence) technology.

Capturing incremental margins along the diamond value chain by cutting and polishing coloured Ekati diamonds at Burgundy's commercial facilities in Perth and leveraging collaborative sales agreements with international jewellers remains a key focus.

Further, the Company continues actively assessing M&A opportunities to build out a balanced portfolio of diamond projects in Tier 1 jurisdictions.

Other Exploration and Development

In March 2023, the Company elected not to exercise the Option Deed with Gibb River Diamonds Ltd to acquire 100% ownership of the Ellendale Diamond Project in the West Kimberley region of Western Australia and immediately ceased development of the project.

At Naujaat, diamond recovery was completed for the 2,000-tonne bulk sample completed at site in 2021, and confirmed the presence of high value, Fancy Orange and Yellow diamonds. In April 2023, the Company assumed 40% ownership of the Naujaat Project under the terms of an earn-in option agreement with North Arrow Minerals.

Sales and Marketing

During the year, the Company's cutting and polishing facilities in Perth continued to operate at full capacity, refining third-party rough diamonds purchased in 2021 and 2022. The Company is developing its sales channel strategy and anticipates further sales collaborations in 2023.

Corporate

Board and Executive Appointments

On 17 November 2022, the Company announced that Mr Peter Ravenscroft had resigned as Managing Director and Chief Executive Officer, effective immediately. The Board resolved that Mr Kim Truter, appointed as a Non-Executive Director in September 2020, and Non-Executive Chairman in December 2021, would be appointed as Interim Chief Executive Officer with immediate effect. In addition, the Board has resolved that Mr Michael O'Keeffe, Non-Executive Director, appointed in June 2017, will be appointed as Executive Chairman.

Capital Raising

On 28 June 2023, the Company announced the successful completion of a placement to raise ~\$194 million to acquire 100% of the common shares of the Arctic Companies. In connection with the placement eligible shareholders in Australia and New Zealand were invited to participate in a Share Purchase Plan (**SPP**) that raised ~\$3.7 million. The shares under the placement were issued on 28 June 2023 and the funds from the SPP net of fees were received in July 2023.

The suspension of trading in the securities of the Company was lifted at the commencement of trading on 7 July 2023, following its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Issue of Unlisted Options

On 30 August 2022, the Company issued 3,808,507 zero price unlisted options under an employee incentive scheme in recognition of employee incentives for the financial year to 30 June 2022.

On 30 August 2022, the Company issued 1,000,000 options to a consultant to advise the Company and to incentivise the consultant to promote the Company's brand.

Net tangible assets per Ordinary share

Net tangible assets per ordinary share Unaudited	2023 Cents	2022 Cents	Up/(Down) \$
Net tangible assets per ordinary share	0.15	0.02	Up 0.13 Cents

Changes in Controlled Entities

During the year the Company's subsidiary Nanuuk Diamonds was dissolved and the two new subsidiaries were established, Burgundy Diamonds LLC (Incorporated in the United States).

Details of Associates and Joint ventures

None noted.

Subsequent Events

On 1 July 2023, the Company completed the acquisition of the Arctic Companies.

The acquisition is consistent with Burgundy's vision to become a leading end to end diamond company via a vertically integrated business model. Ekati delivers significant rough diamond production including highly sought after fancy coloured diamonds (mainly yellow) that can be cut and polished in Burgundy's commercial facilities in Perth and sold to end customers, allowing Burgundy to capture margins along the diamond value chain.

The funds, net of fees, from a Share Purchase Plan that raised ~\$3.7 million were received in July 2023.

The suspension of trading in the securities of the Company was lifted at the commencement of trading on 7 July 2023, following its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Audit Status

This report is based on accounts which are in process of being audited. The audited Annual Report is expected to be released by 30 September 2023.

Attachments forming part of Appendix 4E

Preliminary Financial Report of Burgundy Diamond Mines Limited for the year ended 30 June 2023 is attached.

Michael O'Keeffe
Executive Chairman

31 August 2023

Preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

	Note	2023 \$	2022 \$
Revenue from continuing operations			
Revenue	5	5,185,350	-
Other income		65,887	5,051
Expenses			
Changes in inventories		(70,178)	-
Raw materials and consumables used		(6,045,849)	-
Write down of inventories	8	(3,200,993)	-
Corporate and administrative expenses		(5,908,912)	(584,899)
Employee benefit expenses		(2,865,680)	(2,497,362)
Exploration expenditure expense		(4,396,449)	(9,677,238)
Sales and marketing expenses		(2,269,967)	(2,328,338)
Share-based payment expense		(694,361)	(828,435)
Depreciation expense		(832,392)	(184,144)
Impairment on assets held for sale		(3,721,402)	-
Impairment on winding up of a subsidiary		(16,052)	-
Foreign currency gains/(losses)		1,416,109	(376,154)
Finance costs		(4,632,660)	(3,238,508)
Loss from continuing operations before income tax		(27,987,549)	(19,710,027)
Income tax expense		-	-
Loss from continuing operations after income tax		(27,987,549)	(19,710,027)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(155)	(3,883)
Other comprehensive income for the year, net of tax		(155)	(3,883)
Total comprehensive loss attributable to the members		(27,987,704)	(19,713,910)
Loss per share for the year attributable to the members			
Basic loss per share (cents)		(8.00)	(5.93)
Diluted loss per share (cents)		(8.00)	(5.93)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Preliminary Consolidated Statement of Financial Position (Unaudited)

	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	6	188,302,383	21,506,861
Trade and other receivables	7	6,032,446	488,218
Inventories	8	7,918,993	10,731,980
Assets classified as held for sale		33,000	-
Total current assets		202,286,822	32,727,059
Non-current assets			
Plant and equipment		421,813	3,299,258
Right of use assets		656,441	824,429
Total non-current assets		1,078,254	4,123,687
Total assets		203,365,076	36,850,746
Current liabilities			
Trade and other payables		5,330,199	1,684,849
Employee Benefits		142,039	145,666
Lease Liabilities		145,666	164,771
Total current liabilities		5,617,904	1,995,286
Non-current liabilities			
Borrowings	9	31,312,916	28,823,558
Provisions		95,495	615,060
Lease Liabilities		469,395	94,127
Total non-current liabilities		31,877,806	29,532,745
Total liabilities		37,495,710	31,528,031
Net assets		165,869,366	5,322,715
Equity			
Contributed equity	10	228,961,365	41,121,371
Reserves		11,001,594	10,307,388
Accumulated losses		(74,093,593)	(46,106,044)
Total equity		165,869,366	5,322,715

Preliminary Consolidated Statement of Changes in Equity (Unaudited)

	Issued Capital	Convertible Notes Reserve	Other Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$
At 1 July 2021	26,101,068	-	1,720,298	(26,396,017)	1,425,349
Loss for the year	-	-	-	(19,710,027)	(19,710,027)
Other comprehensive income	-	-	(3,883)	-	(3,883)
Total comprehensive loss for the year after tax	-	-	(3,883)	(19,710,027)	(19,713,910)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital	16,145,275	-	-	-	16,145,275
Share issue costs	(1,124,972)	-	588,500	-	(536,472)
Share-based payments	-	-	1,416,935	-	1,416,935
Value of conversion rights on convertible notes	-	6,585,538	-	-	6,585,538
At 30 June 2022	41,121,371	6,585,538	3,721,850	(46,106,044)	5,322,715
At 1 July 2022	41,121,371	6,585,538	3,721,850	(46,106,044)	5,322,715
Loss for the year	-	-	-	(27,987,549)	(27,987,549)
Other comprehensive income	-	-	(155)	-	(155)
Total comprehensive loss for the year after tax	-	-	(155)	(27,987,549)	(27,987,704)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital (Note 10)	197,239,666	-	-	-	197,239,666
Share issue costs (Note 10)	(9,399,672)	-	-	-	(9,399,672)
Share-based payments	-	-	694,361	-	694,361
At 30 June 2023	228,961,365	6,585,538	4,416,056	(74,093,593)	165,869,366

Preliminary Consolidated Statement of Cash Flows (Unaudited)

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		4,155,435	-
Payments to suppliers and employees		(13,501,452)	(16,144,643)
Payments for exploration and evaluation expenditure		(5,620,207)	(7,849,402)
Interest paid		(2,085,304)	(1,599,653)
Interest received		59,358	5,051
Net cash used in operating activities		(16,992,170)	(25,588,647)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,639,305)	(3,242,775)
Net cash used in investing activities		(1,639,305)	(3,242,775)
Cash flows from financing activities			
Proceeds from issues of shares		193,517,666	15,195,275
Proceeds from borrowings		-	35,000,000
Transaction costs		(9,383,426)	(1,286,608)
Principal elements of lease payments		(144,297)	(78,462)
Payment of bank guarantees		-	(182,974)
Net cash from financing activities		183,989,943	48,647,231
Net increase/(decrease) in cash and cash equivalents		165,315,166	19,815,809
Cash and cash equivalents at the beginning of the financial year		21,506,861	1,694,046
Effect of exchange rate fluctuations		1,480,356	(2,994)
Cash and cash equivalents at the end of the financial year	6	188,302,383	21,506,861

Notes to the Preliminary Consolidated Financial Statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. This report is to be read in conjunction with any public announcements made by Burgundy Diamond Mines Limited during the reporting period in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and Australian Securities Exchange Listing Rules.

The Preliminary Financial Statements of Burgundy Diamond Mines Limited and its controlled entities (the Group), comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

New, revised or amended standards and interpretations adopted by the Company

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Functional Currency

Functional and presentation currency Items included in the preliminary financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The preliminary consolidated financial statements are presented in Australian dollars, which is Burgundy Diamond Mines Limited's functional and presentation currency.

NOTE 2 SEGMENT INFORMATION

The Group requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segments and to assess their performance. On this basis, the Group's reportable segments under AASB Operating Segments are the Group's sales and exploration in Australia, Canada, Peru and Europe.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in Note 1. Information regarding the Group's reportable segments is presented below.

2023	Peru \$	Canada \$	Europe \$	Australia \$	Other \$	Total \$
Revenue	-	81,627	3,869,805	1,209,815	24,103	5,185,350
Other income	-	-	-	-	65,887	65,887
Changes in inventories	-	-	-	(70,178)	-	(70,178)
Write down of inventories	-	-	-	(3,200,993)	-	(3,200,993)
Raw materials and consumables used	-	(66,205)	(4,956,109)	(1,015,136)	(8,399)	(6,045,849)
Exploration expenditure	(18,169)	(19,897)	-	(4,412,514)	(145,869)	(4,396,449)
Sales and marketing expense	-	-	-	(2,269,967)	-	(2,269,967)
Administration and other expense	(16,509)	-	-	-	(8,190,418)	(8,190,418)
Share based payments expense	-	-	-	-	(694,361)	(694,361)
Impairment on assets held for sale	-	-	-	(3,721,402)	-	(3,721,402)
Finance costs	-	-	-	-	(4,632,660)	(4,632,660)
(Loss)/profit before income tax	(34,678)	(4,475)	(1,086,384)	(13,280,375)	(13,581,717)	(27,987,549)
Income tax expense	-	-	-	-	-	-
(Loss)/profit after income tax for the year	(34,678)	(4,475)	(1,086,384)	(13,280,375)	(13,581,717)	(27,987,549)
Total assets	2,782	123,158	-	8,373,806	194,865,330	203,365,076
Total liabilities	-	-	-	-	37,495,710	37,495,710
2022	Peru \$	Canada \$	Europe \$	Australia \$	Other \$	Total \$
Revenue	-	-	-	-	-	-
Other income	-	-	-	-	5,051	5,051
Exploration expenditure	(164,205)	(3,115,598)	-	(5,522,227)	(875,208)	(9,677,238)
Sales and marketing expense	-	-	-	(2,328,338)	-	(2,328,338)
Administration and other	(12,809)	-	-	-	(3,629,750)	(3,642,559)
Share based payments	-	-	-	-	(828,435)	(828,435)
Finance costs	-	-	-	-	(3,238,508)	(3,238,508)
Loss before income tax	(177,014)	(3,115,598)	-	(7,850,565)	(8,566,850)	(19,710,027)
Income tax expense	-	-	-	-	-	-
Loss after income tax for the	(177,014)	(3,115,598)	-	(7,850,565)	(8,566,850)	(19,710,027)
Total assets	8,839	76,723	-	14,031,238	22,733,946	36,850,746
Total assets includes:						
Acquisition of non-current	-	-	-	3,375,282	-	3,375,282
Total liabilities	-	-	-	-	31,528,031	31,528,031

NOTE 3 INVESTMENT IN CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage Owned (%)	
		2023	2022
BDM Del Peru S.A.C.	Peru	100	100
Nanuk Diamonds Inc. (i)	Canada	-	100
Burgundy Diamonds (Canada) Limited (ii)	Canada	100	100
Burgundy Diamonds SARL (iii)	France	100	100
Burgundy Diamonds LLC (iv)	United States	100	-

i) Dissolved.

ii) Named changed 9 May 2022.

iii) Incorporated 13 December 2021.

iv) Incorporated 16 September 2022

NOTE 4 CONTINGENCIES

All purchases in Peru are subject to the payment of the Impuesto General a las Ventas ("IGV") which is a General Sales Tax. Eoro Resources Ltd is entitled to claim back the IGV tax it has paid on all Peruvian purchases which, if successfully claimed, can then be recovered by BDM. As at 30 June 2023, the potential IGV tax receivable is approximately US\$363,086 (2022: US\$354,155). A receivable has not been recognised at 30 June 2023 as receipt of the amount is dependent upon Eoro and the Company meeting the IGV required refund and the assessment of the relevant taxation authorities in Peru.

NOTE 5 REVENUE

	2023	2022
From continuing operations	\$	\$
Sales of polished diamonds (at a point in time)	5,185,350	-
	5,185,350	-

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

All revenue is stated net of the amount of goods and services tax.

NOTE 6 CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash at bank and in hand	2,464,109	21,506,861
Restricted cash (cash held in escrow) (i)	185,838,274	-
Total cash and cash equivalents	188,302,383	21,506,861

- i) Funds held in escrow account to enable the Group to acquire 100% of the common shares of Arctic Canadian Diamond Company and 100% of the shares of Arctic Canadian Marketing NV on 1 July 2023.

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made in varying periods between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

NOTE 7 TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
Trade receivables	1,025,945	-
GST receivable	271,567	204,205
Bank guarantee	183,431	182,974
Share placement receivables (i)	3,705,754	-
Other deposits and receivables	845,749	101,039
Total trade and other receivables	6,032,446	488,218

- i) The shares under Share Purchase Plan were issued on 28 June 2023 and the funds from the SPP net of fees were received in July 2023.

The Group has recognised a loss of \$nil in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

NOTE 8 INVENTORIES

	2023	2022
	\$	\$
Rough and polished diamonds	7,918,993	10,731,98
Total inventories	7,918,993	10,731,98

Write downs of inventories to net realisable value amounted to \$3,200,993 (2022: \$nil). These were recognised as an expense during the year ended 30 June 2023 and reported in the Statement of Profit or Loss.

NOTE 9 BORROWINGS

The Company issued 35,000,000 6% convertible notes for \$35,000,000 on 16 September 2021. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 16 September 2024. If a note holder elects to convert all or part of its convertible notes, the minimum number of notes that may be converted is 250,000. The number of shares that will be issued on conversion is equivalent to the principal amount of notes converted divided by the fixed conversion price of \$0.264 per share.

	2023	2022
	\$	\$
Face value of notes issued	35,000,000	35,000,000
Other equity securities - value of conversion rights	(6,585,538)	(6,585,538)
Costs associated with the issue of convertible notes	(1,229,759)	(1,229,759)
	27,184,703	27,184,703
Interest expense	7,798,897	3,209,540
Interest paid	(3,670,684)	(1,570,685)
Non-current liability	31,312,916	28,823,558
Unamortised transaction costs of \$907,733 have been offset against the convertible notes payable liability.		
Interest paid to note holders during the year	2,100,000	1,570,685
Unwinding of interest per effective interest rate method	2,489,357	1,638,855
Total finance costs	4,589,357	3,209,540

NOTE 10 CONTRIBUTED EQUITY**(a) Ordinary Shares**

	2023		2022	
	No.	\$	No.	\$
Ordinary shares	1,137,210,661	228,961,365	341,568,236	41,121,371

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

(b) Movements in Ordinary Shares Issued

2023		Number	\$
At 1 July 2022		341,568,236	41,121,371
21 Sept 2022	Exercise of options	1,050,030	-
23 Oct 2022	Exercise of options	725,929	-
18 Nov 2022	Exercise of options	3,000,000	-
17 March 2023	Exercise of options	2,500,000	175,000
28 June 2023	Placement (iii)	773,478,466	193,342,666
28 June 2023	Share purchase plan – placement	14,888,000	3,722,000
	Transaction costs	-	(9,399,672)
Balance at 30 June 2023		1,137,210,661	228,961,365

- ii) Shares issued to raise funds to enable the Group to acquire 100% of the common shares of Arctic Canadian Diamond Company and 100% of the shares of Arctic Canadian Marketing NV on 1 July 2023.

2022		Number	\$
At 1 July 2021		273,254,589	26,101,068
2 August 2021	Placement (i)	63,313,647	15,195,275
24 Mar 2022	Issue of shares to Gibb River Limited	5,000,000	950,000
	Transaction costs	-	(1,124,972)
Balance at 30 June 2022		341,568,236	41,121,371

- i) Shares were issued to provide working capital to the Company.