



Broken Hill Operations Pty Limited

ABN 58 054 920 893

Half-Year Financial Report - 30 June 2024



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The Directors present their report, together with the financial statements, of Broken Hill Operations Pty Limited (the 'Company') for the half-year ended 30 June 2024.

Directors

The following persons were Directors of Broken Hill Operations Pty Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Patrick Walta (appointed 31 October 2024)
Brent Slattery (appointed 31 October 2024)
James Dunstan (resigned 31 October 2024)
Koichi Seri (appointed 15 January 2024, resigned 31 October 2024)
Ryuhei Arimoto (retired 15 January 2024)

Principal activities

The principal activities of the Company during the financial half-year consisted of mining, marketing, mineral exploration and mine development.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the Company after providing for income tax amounted to \$8,328,000 (30 June 2023: \$237,066,000).

During the half-year ended 30 June 2024, 214,149 tonnes of ore were treated at Rasp Mine at an average grade of 4.4% zinc, 2.6% lead and 21.6 g/tonne silver. Production was below budget for the half-year with 16,923 tonnes of zinc concentrate (containing 8,453 tonnes of zinc metal) and 7,554 tonnes of lead concentrate (containing 5,005 tonnes of lead metal and 3,668 kgs of silver) being produced.

Significant changes in the state of affairs

During the period the Company's parent entity, CBH Resources Limited took steps to negotiate a sale of the Company to a third party. No binding agreements were entered into during the period.

The Company was sold to Broken Hill Mines Pty Limited on 31 October 2024. Further details are set out in the Matters subsequent to the end of the financial half-year section.

There were no other significant changes in the state of affairs of the Company during the financial half-year.

Matters subsequent to the end of the financial half-year

A number of matters and circumstances have arisen since 30 June 2024 that have significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years. These matters and circumstances include:

- On 25 July 2024, the Company's former parent entity, CBH Resources Limited signed a Share Sale Agreement (SSA) with an unrelated entity Broken Hill Mines Pty Ltd (BHM). The SSA included the sale of both outstanding shares in the Company and completed on 31 October 2024.
- On 30 July 2024, the Company's new parent entity BHM entered into a binding conditional term sheet for a proposed prepayment/loan facility and lead offtake agreement with Trafigura Asia Trading Pte Ltd. The proposed US\$10,000,000 prepayment/loan facility will have a repayment date of 30 June 2028 and be secured by a first-ranking pledge on all assets of BHM including a mortgage over all of the tenements owned by the Company.
- On 1 August 2024, the Company entered into a zinc concentrate offtake agreement with Ausinmet Pte Ltd. The offtake agreement includes 15,000 tonnes of zinc concentrate from the Company's Rasp Mine and extends from 1 September 2024 through 31 December 2024.
- On 17 October 2024, electricity infrastructure connecting Broken Hill to the national grid was severed during a storm. This resulted in a period of power outage and significant disruption for the entire town and Rasp Mine. The outage lasted approximately two weeks with mining and processing severely impacted during this time. Stable power was restored on 31 October 2024 and operations at the Rasp Mine quickly resumed. No ongoing issues are expected from this outage.
- On 31 October 2024, the Company's former parent entity, CBH Resources Limited, forgave the entire outstanding loan balance owed by the Company.



- On 31 October 2024, the Company's former parent entity, CBH Resources Limited entered into a Transitional Services Agreement (TSA) with BHM. The TSA set out the terms on which CBH Resources Limited would continue to provide, or procure the provision of, certain transitional services to assist in a smooth transition of the Company to the purchaser, BHM. The transitional services include payroll, IT and other administrative services. The TSA period extends for 6 months.
- On 14 November 2024, the Company signed a contract with renowned mining services company Byrnecut to restart underground development activities at the Rasp Mine.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Environmental regulations

The Company is subject to significant environmental regulation in respect to its operations.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the financial period under review.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors

Director

13 December 2024

Broken Hill Operations Pty Limited
Statements of profit or loss and other comprehensive income
For the half-year ended 30 June 2024



	Note	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Revenue	4	42,379	37,609
Cost of sales		<u>(27,155)</u>	<u>(43,583)</u>
Gross profit		<u>15,224</u>	<u>(5,974)</u>
Other income	5	401	876
Interest revenue calculated using the effective interest method		3	2
Expenses			
Distribution expenses		(3,459)	(4,116)
Administration expenses		(5,172)	(5,561)
Impairment loss	6	-	(210,314)
Finance costs	6	<u>(15,325)</u>	<u>(11,979)</u>
Loss before income tax expense		<u>(8,328)</u>	<u>(237,066)</u>
Income tax expense	7	<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Broken Hill Operations Pty Limited		<u>(8,328)</u>	<u>(237,066)</u>
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the half-year attributable to the owners of Broken Hill Operations Pty Limited		<u><u>(8,328)</u></u>	<u><u>(237,066)</u></u>
		\$	\$
Basic loss per share	26	(4,164,000)	(118,533,000)
Diluted loss per share	26	(4,164,000)	(118,533,000)

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

Broken Hill Operations Pty Limited
Statements of financial position
As at 30 June 2024



	Note	30 Jun 2024 \$'000	31 Dec 2023 \$'000	1 Jan 2023 \$'000
Assets				
Current assets				
Cash and cash equivalents		41	24	113
Trade and other receivables	8	7,073	5,347	4,943
Inventories	9	13,407	13,107	18,545
Other		191	1,249	1,459
Total current assets		<u>20,712</u>	<u>19,727</u>	<u>25,060</u>
Non-current assets				
Property, plant and equipment	10	10,384	12,372	73,224
Exploration and evaluation	11	-	-	26,090
Development	12	-	-	113,987
Other		1	2	7
Total non-current assets		<u>10,385</u>	<u>12,374</u>	<u>213,308</u>
Total assets		<u>31,097</u>	<u>32,101</u>	<u>238,368</u>
Liabilities				
Current liabilities				
Trade and other payables	13	6,592	8,799	10,315
Intercompany loan	14	500,788	492,609	420,863
Lease liabilities		61	126	170
Employee benefits		2,527	2,186	2,677
Provisions	15	5,309	5,404	-
Total current liabilities		<u>515,277</u>	<u>509,124</u>	<u>434,025</u>
Non-current liabilities				
Lease liabilities		3	21	34
Employee benefits		2,506	2,305	2,796
Provisions	15	16,272	15,284	13,519
Total non-current liabilities		<u>18,781</u>	<u>17,610</u>	<u>16,349</u>
Total liabilities		<u>534,058</u>	<u>526,734</u>	<u>450,374</u>
Net liabilities		<u>(502,961)</u>	<u>(494,633)</u>	<u>(212,006)</u>
Equity				
Share capital	16	-	-	-
Accumulated losses		<u>(502,961)</u>	<u>(494,633)</u>	<u>(212,006)</u>
Total deficiency in equity		<u>(502,961)</u>	<u>(494,633)</u>	<u>(212,006)</u>

The above statements of financial position should be read in conjunction with the accompanying notes

Broken Hill Operations Pty Limited
Statements of changes in equity
For the half-year ended 30 June 2024



	Share capital \$'000	Accumulated losses \$'000	Total deficiency in equity \$'000
Balance at 1 January 2023	-	(212,006)	(212,006)
Loss after income tax expense for the half-year	-	(237,066)	(237,066)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive loss for the half-year	-	(237,066)	(237,066)
Balance at 30 June 2023	-	(449,072)	(449,072)

	Share capital \$'000	Accumulated losses \$'000	Total deficiency in equity \$'000
Balance at 1 January 2024	-	(494,633)	(494,633)
Loss after income tax expense for the half-year	-	(8,328)	(8,328)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive loss for the half-year	-	(8,328)	(8,328)
Balance at 30 June 2024	-	(502,961)	(502,961)

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

Broken Hill Operations Pty Limited
Statements of cash flows
For the half-year ended 30 June 2024



	Note	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		43,595	37,677
Payments to suppliers and employees (inclusive of GST)		(36,202)	(49,010)
		7,393	(11,333)
Interest received		3	2
Interest and other finance costs paid		(2)	(4)
Net cash from/(used in) operating activities	25	7,394	(11,335)
Cash flows from investing activities			
Payments for property, plant and equipment	10	(500)	(4,927)
Payments for exploration and evaluation assets		-	(2,825)
Payments for development assets		-	(8,257)
Proceeds from insurance claim		-	800
Proceeds from disposal of property, plant and equipment		350	800
Net cash used in investing activities		(150)	(14,409)
Cash flows from financing activities			
Net (repayment of)/proceeds from parent entity loan		(7,144)	25,694
Repayment of lease liabilities		(83)	19
Net cash (used in)/from financing activities		(7,227)	25,713
Net increase/(decrease) in cash and cash equivalents		17	(31)
Cash and cash equivalents at the beginning of the financial half-year		24	113
Cash and cash equivalents at the end of the financial half-year		41	82

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



Note 1. General information

The financial statements cover both Broken Hill Operations Pty Limited as an individual entity and the Company consisting of Broken Hill Operations Pty Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Broken Hill Operations Pty Limited's functional and presentation currency.

Broken Hill Operations Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office

Suite 1501, 470 Collins Street
Melbourne
VIC, 3000

Principal place of business

130 Eyre Street
Broken Hill
NSW, 2880

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 13 December 2024.

Note 2. Material accounting policy information

The Company has elected to prepare a complete (rather than condensed) set of financial statements. Therefore, general purpose financial statements for the half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standards as appropriate for for-profit oriented entities. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards.

The accounting policies that are material to the Company are set out below.

New or amended Accounting Standards and Interpretations adopted

The Company 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.

Initial adoption of AASB 1 'First-time Adoption of Australian Accounting Standards'

The Company previously prepared general purpose financial statements - Simplified Disclosure (Tier 2) financial statements, in accordance with AASB 1060 'General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities'. These financial statements are the first general purpose financial statements in accordance with full Australian Accounting Standards (Tier 1), which requires the Company to adopt AASB 1 in preparing these financial statements.

AASB 1 requires a first-time adopter to retrospectively apply all Australian Accounting Standards effective as at the end of its first annual reporting period, which is 31 December 2024 for the Company. AASB 1 also provides a first-time adopter certain optional exemptions and requires certain mandatory exceptions from full retrospective application. There were no reconciling differences either (i) at the date of transition (1 January 2023); and (ii) the end of the previous comparative period (30 June 2023).

Going concern

The financial statements have been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business for a period of at least 12 months from the date of signing the financial statements.

The principal activity of the Company for the financial half-year was the operation of the Rasp Mine. The Company incurred a net loss of \$8,328,000 during the financial half-year (30 June 2023: net loss of \$237,066,000). As of 30 June 2024, the Company had a net liability position of \$502,961,000 and a net current liability position of \$494,565,000 (31 December 2023: net liability position of \$494,633,000 and net current liability position of \$489,397,000). This primarily relates to the intercompany loan then outstanding to the Company's former parent entity CBH Resources Limited of \$500,788,000. Refer to note 24 relating to matters subsequent to the end of the financial half-year. Excluding the intercompany loan balance, as at 30 June 2024 the Company would have been in a net liability position of \$2,173,000.



Note 2. Material accounting policy information (continued)

The Company has prepared a cash flow forecast for the next 12 months. Whilst the Company expects to generate positive operating cash flows for the next 12 months, additional funding through equity raises or pre-paid sales agreements may be required in order to fund working capital and mine development requirements, particularly in the short term.

The Directors note the following considerations relevant to the Company's ability to continue as a going concern:

- **Acquisition by BHM**
On 31 October 2024, the Company was acquired by Broken Hill Mines Pty Ltd (BHM). BHM is well capitalised by virtue of recent equity and convertible note raises and has pledged to support the Company.
- **Proposed acquisition of BHM by Coolabah Metals Limited and listing on the ASX**
On 31 October 2024, an unrelated entity, Coolabah Metals Limited announced a proposal to acquire 100% of BHM. Coolabah Metals Limited is listed on the Australian Securities Exchange (ASX:CBH) and has a history of funding its operations through equity raises. Should the proposed transaction take place, it is expected that the Company will have access to raise funds via equity issuance on the ASX.
- **Offtake agreements and prepayment/loan facilities**
Subsequent to the end of the financial half-year the Company and its new parent entity, BHM, have entered into two offtake agreements for lead and zinc concentrates produced at the Rasp Mine. It is expected that the Company will continue to have access to funds raised via offtake agreements.
- **Convertible notes**
The Company's new parent entity, BHM, has successfully raised funds via a convertible notes issuance in the past. The Directors believe the Company will have access to raise funds via convertible notes issuances if required.
- **Environmental bonding**
The Company has placed \$12,216,000 on deposit in favour of the Minister for Natural Resources pursuant to the terms of its tenements to meet environment and rehabilitation obligations arising from activities at the Rasp Mine and in accordance with the Mining Act 1992 (NSW). The Directors believe this cash deposit may be replaced in part or in full by alternative mechanisms that do not require cash backing. Any release of cash could be used by the Company to support its operations.

As a result of the above, a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern and therefore whether it would realise its assets and settle its liabilities in the normal course of business and at amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classifications of liabilities that might be necessary should the entity not continue as a going concern.

The Directors are of the view that the Company will be able to meet its debts as and when they fall due and accordingly the Directors have prepared the financial statements on the going concern basis.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial half-year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.



Note 2. Material accounting policy information (continued)

Revenue recognition

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

The Company is principally engaged in the business of producing lead and zinc concentrate.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of metals, concentrates, ores and by-products are subject to long term contracts and revenue is recognised when effective control passes and control of the goods has passed to the buyer. Freight and realisation expenses are included in the distribution expenses and are not deducted in arriving at revenue from the sale of goods. Revenue is recognised net of deductions related to treatment and refining charges. As the final value of concentrate sales can only be determined from weights, assays, prices and exchange rates applied after a shipment has arrived at its destination, sales of concentrates are recorded at estimated values pursuant to contract terms, with adjustments being subsequently recognised in the period when final values are determined.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable to generate a refundable tax offset.



Note 2. Material accounting policy information (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits and does not give rise to equal taxable and deductible temporary differences; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

CBH Resources Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at fair value through profit or loss. Trade receivables are generally due for settlement within 30 days.

Trade receivables on provisionally priced sales are recognised based on the estimated fair value of the total consideration receivable. Subsequent changes in fair value are recognised in the statement of profit or loss and other comprehensive income each period until final settlement.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Mining and maintenance stocks are stated at the lower of cost and net realisable value on a 'first in first out' basis. The cost of stockpiles is determined by the weighted average method and comprises direct purchase cost and an appropriate portion of fixed and variable overhead. Maintenance stores and consumable stores, including plant spares, are valued at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.



Note 2. Material accounting policy information (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	15-20 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and evaluation assets

Exploration and evaluation expenditure is charged to the statement of profit or loss and other comprehensive income as incurred except in the following circumstances, in which case the expenditure is capitalised:

- the exploration and evaluation activity is within an area of interest for which it is expected that the expenditure will be recouped through successful development and exploitation or sale; or
- at the reporting date, exploration and evaluation activity has not reached a stage which permits a reasonable assessment of the existence of commercially viable reserves; or
- the exploration and evaluation activity is within an area of interest which was acquired in a business combination and measured at fair value on acquisition.

Capitalised exploration and evaluation expenditure is recorded at cost less impairment losses. As the asset is not available for use it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indications of impairment, in accordance with AASB 6, for each area of interest and where a potential impairment is indicated an assessment is performed.

Development assets

Mine development assets consist of the capital cost incurred on areas of mining interest which, to the satisfaction of directors, can be economically recovered. Capital development includes expenditure on shafts, decline development, access drives, ore drives and ventilation shafts. Mine development is amortised over the recoverable reserves based on units of production.

Project development expenditure incurred after the commencement of production is carried forward to when future economic benefits are reasonably assured.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial half-year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs are expensed in the period in which they are incurred.



Note 2. Material accounting policy information (continued)

Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Provision for restoration and rehabilitation

A provision for material restoration obligations is recognised in relation to exploration licences, development projects and mining operations. The amount recognised includes reclamation and site rehabilitation after taking into account restoration works that are carried out during exploration, development and production. Costs are determined from estimates of future costs and are then discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provision for redundancy

A provision for redundancy benefits are recognised when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Broken Hill Operations Pty Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial half-year, adjusted for bonus elements in ordinary shares issued during the financial half-year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.



Note 2. Material accounting policy information (continued)

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2024. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 with early adoption is permitted. The standard replaces AASB 101 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Company will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.



Note 3. Operating segments

Identification of reportable operating segments

The Company has one operating segment being Rasp Mine, which processes ore extracted from its underground mine to produce zinc and lead concentrate. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Segment information that is evaluated by key management is prepared in conformity with the accounting policies adopted for preparing the financial statements of the Company which are reported under Australian Accounting Standards, and includes EBITDA (earnings before interest, tax, depreciation and amortisation) that is used to measure segment performance. The EBITDA is a non-IFRS measure used internally by management to assess performance of the business, make decisions on allocating resources and assess operational management.

The information reported to the CODM is on a monthly basis.

	Total \$'000
30 Jun 2024	
Revenue	
Sales to external customers	42,379
Interest income	3
Total revenue	<u>42,382</u>
EBITDA	9,485
Depreciation and amortisation	(2,488)
Finance costs	(15,325)
Loss before income tax expense	(8,328)
Income tax expense	-
Loss after income tax expense	<u>(8,328)</u>
Assets	
Segment assets	31,097
Total assets	<u>31,097</u>
Liabilities	
Segment liabilities	534,058
Total liabilities	<u>534,058</u>



Note 3. Operating segments (continued)

	Total \$'000
30 Jun 2023	
Revenue	
Sales to external customers	37,609
Interest income	2
Total segment revenue	37,611
Intersegment eliminations	-
Total revenue	37,611
EBITDA	(217,608)
Depreciation and amortisation	(7,479)
Finance costs	(11,979)
Loss before income tax expense	(237,066)
Income tax expense	-
Loss after income tax expense	(237,066)
31 Dec 2023	
Assets	
Segment assets	32,101
Total assets	32,101
Liabilities	
Segment liabilities	526,734
Total liabilities	526,734

Note 4. Revenue

	30 Jun 2024 \$'000	30 Jun 2023 \$'000
<i>Revenue from contracts with customers</i>		
Commodity sales	42,379	37,609

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	30 Jun 2024 \$'000	30 Jun 2023 \$'000
<i>Major product lines</i>		
Zinc	22,029	21,707
Gold	296	103
Lead	16,672	11,211
Silver	3,382	4,588
	42,379	37,609
<i>Geographical regions</i>		
Australia	20,350	15,902
Japan	22,029	21,707
	42,379	37,609



Note 5. Other income

	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Net gain on disposal of property, plant and equipment	350	800
Rental revenue	43	70
Sale of scrap	8	6
	<u>401</u>	<u>876</u>
Other income		

Note 6. Expenses

	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Loss before income tax includes the following specific expenses:		
<i>Impairment*</i>		
Property, plant and equipment	-	62,300
Underground development	-	119,099
Exploration	-	28,915
	<u>-</u>	<u>210,314</u>
Total impairment		
<i>Finance costs</i>		
Interest and finance charges paid/payable to parent entity	15,323	11,975
Interest and finance charges paid/payable on lease liabilities	2	4
	<u>15,325</u>	<u>11,979</u>
Finance costs expensed		
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	454	3

*Prior period impairment

In the prior period, the Company recognised an impairment loss of \$210,314,000 relating to the Rasp Mine.

The Company performs an impairment assessment when there is an indication of possible impairment. Impairment is recognised when the carrying amount exceeds the recoverable amount. In June 2023, as a result of recent drilling results, the Company's parent (CBH Resources Limited) made the decision to cease mining operations from the wholly-owned Rasp Mine in 2024. This was determined to be an indicator of impairment and necessitated an assessment of the recoverable amount of the assets at 30 June 2023. Also refer to note 24 for further information.

The recoverable amount of the Rasp Mine was determined based on its fair value less costs to dispose (FVLCTD). The assessment of FVLCTD was performed using an internal valuation of the likely salvage value of the property, plant and equipment on site (based on nature of equipment, age, condition and expected re-sale ability), which was estimated as \$13,500,000. This was cross checked to a third-party salvage report for the assets. Accordingly, an impairment loss of \$210,314,000 was recognised.

The fair value was measured using a level three valuation method as stipulated by AASB 13 Fair Value Measurement.



Note 7. Income tax

	30 Jun 2024 \$'000	30 Jun 2023 \$'000
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(8,328)	(237,066)
Tax at the statutory tax rate of 30%	(2,498)	(71,120)
Temporary differences not recognised	2,498	71,120
Income tax expense	-	-

At 30 June 2024, the Company was in a net deferred tax asset position, relating to deductible temporary differences and unused carry forward tax losses which significantly exceeded the taxable temporary differences present. No net deferred tax asset has been recognised on the basis that it was deemed not probable that taxable profits will be available against which the deductible temporary differences can be utilised. Accordingly no deferred tax has been recognised in the statement of financial position and there is no tax payable or receivable.

Subsequent to the transfer of the Company's shares to Broken Hill Mines Pty Ltd on 31 October 2024, these unrecognised deferred tax assets are no longer available to the Company and the tax bases will be reset on acquisition.

Note 8. Trade and other receivables

	30 Jun 2024 \$'000	31 Dec 2023 \$'000	1 Jan 2023 \$'000
<i>Current assets</i>			
Trade receivables	7,073	4,294	4,092
Other receivables	-	779	346
GST receivable	-	274	505
	<u>7,073</u>	<u>5,347</u>	<u>4,943</u>

Note 9. Inventories

	30 Jun 2024 \$'000	31 Dec 2023 \$'000	1 Jan 2023 \$'000
<i>Current assets</i>			
Mining and maintenance stock - at cost	8,964	10,986	10,744
Less: Provision for impairment	(3,239)	(3,496)	-
	<u>5,725</u>	<u>7,490</u>	<u>10,744</u>
Stockpile	<u>7,682</u>	<u>5,617</u>	<u>7,801</u>
	<u>13,407</u>	<u>13,107</u>	<u>18,545</u>

The provision for impairment relates to mining and maintenance stock on hand which was no longer expected to be utilised as a consequence of the decision to close the Rasp Mine in June 2023, and is also not expected to be saleable. The impairment was determined based on historical usage rates of the various types of stock and in consideration of known and planned repairs and maintenance. Refer to note 6 for details of the decision to cease mining. The impairment has been recorded within administration expenses in the statement of profit or loss.

All inventory is carried at the lower of cost and net realisable value.



Note 10. Property, plant and equipment

	30 Jun 2024 \$'000	31 Dec 2023 \$'000	1 Jan 2023 \$'000
<i>Non-current assets</i>			
Buildings - at cost	25,762	25,354	25,354
Less: Accumulated depreciation	(12,071)	(11,930)	(11,102)
Less: Impairment	(11,315)	(11,315)	-
	<u>2,376</u>	<u>2,109</u>	<u>14,252</u>
Plant and equipment - at cost	207,574	207,482	190,129
Less: Accumulated depreciation	(137,340)	(134,993)	(131,157)
Less: Impairment	(62,226)	(62,226)	-
	<u>8,008</u>	<u>10,263</u>	<u>58,972</u>
	<u><u>10,384</u></u>	<u><u>12,372</u></u>	<u><u>73,224</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Buildings \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2023	13,764	-	13,764
Additions	-	12,479	12,479
Depreciation expense	(414)	(2,163)	(2,577)
Impairment	(11,241)	-	(11,241)
Disposals	-	(53)	(53)
Balance at 31 December 2023	<u>2,109</u>	<u>10,263</u>	<u>12,372</u>
Additions	408	92	500
Depreciation expense	(141)	(2,347)	(2,488)
Balance at 30 June 2024	<u>2,376</u>	<u>8,008</u>	<u>10,384</u>

Right-of-use assets are included as part of plant and equipment. The balance is not considered material.

Refer to note 6 for details of impairment.

Note 11. Exploration and evaluation

	30 Jun 2024 \$'000	31 Dec 2023 \$'000	1 Jan 2023 \$'000
<i>Non-current assets</i>			
Exploration and evaluation - at cost	<u>-</u>	<u>-</u>	<u>26,090</u>



Note 11. Exploration and evaluation (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Exploration and evaluation \$'000
Balance at 1 July 2023	-
Additions	867
Impairment	(867)
Balance at 31 December 2023	-
Balance at 30 June 2024	-

Exploration and evaluation assets related to exploration expenditure and acquisition costs associated with exploration licenses in the Broken Hill region, surrounding and in the vicinity of the Rasp Mine. As a consequence of the June 2023 decision to close the Rasp Mine (refer to note 6) a decision was also made to discontinue all exploration activity in the area. As such, indicators of impairment were identified. A FVLCTD of \$nil was determined as the assets were not yet at a stage to be able to determine their commercial viability (particularly given the pending closure of the Rasp Mine) and there was no active or potential buyers identified for these assets.

Note 12. Development

	30 Jun 2024 \$'000	31 Dec 2023 \$'000	1 Jan 2023 \$'000
<i>Non-current assets</i>			
Development - at cost	-	-	306,320
Less: Accumulated amortisation	-	-	(107,874)
Less: Impairment	-	-	(84,459)
	-	-	113,987

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Development \$'000
Balance at 1 July 2023	-
Additions	9,726
Amortisation expense	(3,145)
Impairment	(6,581)
Balance at 31 December 2023	-
Balance at 30 June 2024	-

Refer to note 6 for details of impairment.



Note 13. Trade and other payables

	30 Jun 2024 \$'000	31 Dec 2023 \$'000	1 Jan 2023 \$'000
<i>Current liabilities</i>			
Trade payables	1,822	4,223	4,754
Accruals	2,129	3,906	4,323
GST payable	66	-	-
Other payables	2,575	670	1,238
	<u>6,592</u>	<u>8,799</u>	<u>10,315</u>

Refer to note 18 for further information on financial instruments.

Note 14. Intercompany loan

	30 Jun 2024 \$'000	31 Dec 2023 \$'000	1 Jan 2023 \$'000
<i>Current liabilities</i>			
Loan - CBH Resources Limited	500,788	492,609	420,863

Refer to note 18 for further information on financial instruments.

Repayment of the loan from CBH Resources Limited is dependent on the Company producing free cash flow over the period of operations to repay the loan. Interest is charged at cash rate + 2%. The outstanding intercompany loan at 30 June 2024 includes \$15,323,000 (31 December 2023: \$11,975,000) of interest due for the half-year.

Note 15. Provisions

	30 Jun 2024 \$'000	31 Dec 2023 \$'000	1 Jan 2023 \$'000
<i>Current liabilities</i>			
Redundancy	5,309	5,404	-
<i>Non-current liabilities</i>			
Rehabilitation	16,272	15,284	13,519
	<u>21,581</u>	<u>20,688</u>	<u>13,519</u>

Redundancy

The redundancy provision is the total estimated payment to employees on closure in respect of redundancy entitlements.

Rehabilitation

In November 2023 the Company announced its intention to close Rasp Mine in the fourth quarter of 2024 if a suitable buyer could not be found. The rehabilitation provision has been made for the estimated cost necessary to rehabilitate Rasp Mine on closure.

The Company assumes the rehabilitation will be carried out commencing approximately 12 to 18 months from the end of life of the Company's mining operations in estimating the environmental rehabilitation provisions. The Company intends for the rehabilitation work to occur over a five year period commencing in late 2025 or early 2026. The provision has been discounted using a risk free rate of 3.98% (31 December 2023: 3.86%) using an Australia government 5 year bond rate.



Note 15. Provisions (continued)

Movements in provision

Movements in rehabilitation during the current financial half-year, is set out below:

	Redundancy \$'000	Rehabilitatio n \$'000	Total \$'000
Balance at 1 July 2023	-	13,519	13,519
Arising during the period	5,404	1,765	7,169
Balance at 31 December 2023	5,404	15,284	20,688
Amounts used	(95)	-	(95)
Arising during the period	-	988	988
Balance at 30 June 2024	5,309	16,272	21,581

Note 16. Share capital

	30 Jun 2024 Shares	31 Dec 2023 Shares
Ordinary shares - fully paid	<u>2</u>	<u>2</u>

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 17. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 18. Financial instruments

Financial risk management objectives

The Company's activities expose it to a variety of financial risks.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board. These policies include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits. Finance identifies and evaluates risks, and reports to the Board on a regular basis.

Market risk

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The Company does not hedge foreign currency risk.



Note 18. Financial instruments (continued)

The Company had trade receivables denominated in foreign currencies of \$7,072,620 as at 30 June 2024 (30 June 2023: \$4,293,598). Based on this exposure, had the Australian dollars weakened by 5%/strengthened by 5% (30 June 2023: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Company's profit before tax for the half-year would have been \$353,631 lower/\$353,631 higher (30 June 2023: \$214,680 lower/\$214,680 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the half-year ended 30 June 2024 was \$453,842 (30 June 2024 profit of \$224,893).

Price risk

The Company is exposed to commodity price volatility on the sale of lead and zinc concentrates which are priced on, or benchmarked to, open market exchanges. The Company has not entered into any financial instruments on account of this perceived price risk.

The price risk on trade receivables as at 30 June 2024 and 30 June 2023 were not considered significant.

Interest rate risk

The Company's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Company to interest rate risk. Borrowings obtained at fixed rates expose the Company to fair value interest rate risk.

	Basis points increase	Effect on	Basis points decrease	Effect on
	Basis points	profit before	Basis points	profit before
	change	tax	change	tax
		\$'000		\$'000
30 Jun 2024				
Loan - CBH Resources Limited	50	<u>(2,504)</u>	(50)	<u>2,504</u>

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not hold any collateral.

The Company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Company based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The Company does not have any financing arrangements, except for the intercompany loan. Refer to note 14.



Note 18. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the Company's and Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

30 Jun 2024	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables		4,397	-	-	-	4,397
<i>Interest-bearing - variable</i>						
Intercompany loan	6.35%	500,788	-	-	-	500,788
<i>Interest-bearing - fixed rate</i>						
Lease liability	4.00%	61	3	-	-	64
Total non-derivatives		505,246	3	-	-	505,249

31 Dec 2023	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables		4,893	-	-	-	4,893
<i>Interest-bearing - variable</i>						
Intercompany loan	6.35%	492,609	-	-	-	492,609
<i>Interest-bearing - fixed rate</i>						
Lease liability	4.00%	126	21	-	-	147
Total non-derivatives		497,628	21	-	-	497,649

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 19. Key management personnel disclosures

There was no compensation expense of key management personnel paid during the year paid by the Company (30 June 2023: \$nil). All key management personnel were employed and paid by the immediate parent entity CBH Resources Limited.



Note 20. Remuneration of auditors

During the financial half-year the following fees were paid or payable for services provided by Ernst & Young Australia, the auditor of the Company:

	30 Jun 2024
	\$
<i>Audit services - Ernst & Young Australia</i>	
Audit or review of the financial statements	91,000
<i>Other services - Ernst & Young Australia</i>	
Consent procedures	8,000
Total auditors' remuneration	99,000

These fees have been paid, or will be paid by Coolabah Metals Ltd on behalf of the Company.

In the prior periods, auditing fees and tax compliance fees formed part of the CBH Resources Limited consolidated group audit and were payable on behalf of the Company to Ernst and Young (Australia) by CBH Resources Limited, the immediate parent entity.

Note 21. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2024 and 31 December 2023.

Note 22. Commitments

Exploration commitments

In order to maintain rights of tenure on mining and exploration tenements, the Company is required to outlay certain annual expenditures. The expenditure commitment is estimated to be \$50,000 (30 Jun 2023: \$50,000). The Company has satisfied expenditure commitments for its exploration tenements.

Note 23. Related party transactions

Parent entity

CBH Resources Limited is the immediate parent entity, incorporated in Australia. Toho Zinc Co. Ltd is the ultimate parent entity, incorporated in Japan.

Key management personnel

Disclosures relating to key management personnel are set out in note 19.

Transactions with related parties

The following transactions occurred with related parties:

	30 Jun 2024	30 Jun 2023
	\$	\$
Sale of goods and services:		
Sale of goods to controlling entity	25,241,026	27,550,802
Payment for other expenses:		
Interest paid/payable to parent entity	15,323,284	11,974,825

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.



Note 23. Related party transactions (continued)

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	30 Jun 2024	31 Dec 2023
	\$	\$
Current borrowings:		
Loan from parent entity	500,787,612	492,608,616

Note 24. Events after the reporting period

A number of matters and circumstances have arisen since 30 June 2024 that have significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years. These matters and circumstances include:

- On 25 July 2024, the Company's former parent entity, CBH Resources Limited signed a Share Sale Agreement (SSA) with an unrelated entity Broken Hill Mines Pty Ltd (BHM). The SSA included the sale of both outstanding shares in the Company and completed on 31 October 2024.
- On 30 July 2024, the Company's new parent entity BHM entered into a binding conditional term sheet for a proposed prepayment/loan facility and lead offtake agreement with Trafigura Asia Trading Pte Ltd. The proposed US\$10,000,000 prepayment/loan facility will have a repayment date of 30 June 2028 and be secured by a first-ranking pledge on all assets of BHM including a mortgage over all of the tenements owned by the Company.
- On 1 August 2024, the Company entered into a zinc concentrate offtake agreement with Ausinmet Pte Ltd. The offtake agreement includes 15,000 tonnes of zinc concentrate from the Company's Rasp Mine and extends from 1 September 2024 through 31 December 2024.
- On 17 October 2024, electricity infrastructure connecting Broken Hill to the national grid was severed during a storm. This resulted in a period of power outage and significant disruption for the entire town and Rasp Mine. The outage lasted approximately two weeks with mining and processing severely impacted during this time. Stable power was restored on 31 October 2024 and operations at the Rasp Mine quickly resumed. No ongoing issues are expected from this outage.
- On 31 October 2024, the Company's former parent entity, CBH Resources Limited, forgave the entire outstanding loan balance owed by the Company.
- On 31 October 2024, the Company's former parent entity, CBH Resources Limited entered into a Transitional Services Agreement (TSA) with BHM. The TSA set out the terms on which CBH Resources Limited would continue to provide, or procure the provision of, certain transitional services to assist in a smooth transition of the Company to the purchaser, BHM. The transitional services include payroll, IT and other administrative services. The TSA period extends for 6 months.
- On 14 November 2024, the Company signed a contract with renowned mining services company Byrnegut to restart underground development activities at the Rasp Mine.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.



Note 25. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Loss after income tax expense for the half-year	(8,328)	(237,066)
Adjustments for:		
Depreciation and amortisation	2,488	5,477
Impairment loss	-	210,314
Gain on disposal of property, plant and equipment	(350)	(800)
Interest on parent entity loan	15,323	11,975
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,726)	(6,568)
Decrease in other assets	1,059	1
Decrease/(increase) in inventories	(43)	6,363
Decrease in trade and other payables	(2,207)	(1,455)
Increase in employee benefits	542	424
Increase in other provisions	636	-
Net cash from/(used in) operating activities	<u>7,394</u>	<u>(11,335)</u>

Note 26. Earnings per share

	30 Jun 2024 \$'000	30 Jun 2023 \$'000
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Broken Hill Operations Pty Limited	<u>(8,328)</u>	<u>(237,066)</u>
	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Loss after income tax attributable to the owners of Broken Hill Operations Pty Limited	<u>(8,328)</u>	<u>(237,066)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	2	2
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>2</u>	<u>2</u>
	\$	\$
Basic earnings per share	(4,164,000)	(118,533,000)
Diluted earnings per share	(4,164,000)	(118,533,000)



In the Directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's and Company's financial position as at 30 June 2024 and of their performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.

On behalf of the Directors

Director

13 December 2024

Independent auditor's review report to the members of Broken Hill Operations Pty Limited

Conclusion

We have reviewed the accompanying half-year financial report of Broken Hill Operations Pty Limited (the Company), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report is not prepared, in all material respects, in accordance with Australia Accounting Standards.

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 Company in accordance with 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.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which describes the principal conditions that raise doubts about the Company's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation and presentation of the half-year financial report in accordance with Australia Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 anything has come to our attention that causes us to believe that the half-year financial report is not prepared, in all material respects, in accordance with Australia Accounting Standards.

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.



The Ernst & Young signature logo is a stylized, cursive representation of the company name in black ink.

Ernst & Young

A handwritten signature in black ink, reading 'Siobhan Hughes'.

Siobhan Hughes
Partner
Sydney, Australia
13 December 2024