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BURGUNDY
DIAMOND MINES

BURGUNDY DIAMOND MINES LIMITED

**HALF-YEAR FINANCIAL REPORT
30 JUNE 2024**

Appendix 4D

Burgundy Diamond Mines Limited
ABN 33 160 017 390
Half-Year Report



BURGUNDY
DIAMOND MINES

Current reporting period: For the half-year ended 30 June 2024
Prior corresponding period: For the six month period ended 31 December 2023

Results for announcement to the market

		% up/down	30 June 2024	31 December 2023
Total revenue from ordinary activities	US\$'000	(13%)	223,714	257,484
Net profit (loss) for the period attributable to members	US\$'000	1,592%	10,083	(676)
Net tangible assets per share	US\$	9%	0.12	0.11

Dividends

There were no interim dividends paid or declared during the half-year ended 30 June 2024 (Six month period ended 31 December 2023: \$Nil).

Explanation of results

Refer to the review of operations contained in the directors' report of the Interim Financial Report for the half-year ended 30 June 2024 and the subsequent events.

Changes in controlled entities

The Group did not gain or lose control over any entities during the period.

Accounting standards used by foreign entities

All subsidiaries use International Financial Reporting Standards.

Information about review

The condensed consolidated interim financial statements for the half-year ended 30 June 2024 have been reviewed by the Company's auditors.

Additional information supporting the Appendix 4D disclosure requirements can be found in the review of operations, condensed consolidated interim financial statements and accompanying notes.

Contents

Corporate Directory	2
Directors' Report	3
Lead Auditor's Independence Declaration	6
Condensed Consolidated Interim Financial Statements	7
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Loss	7
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Statement of Changes in Equity	9
Condensed Consolidated Statement of Cash Flows	10
Notes to the Condensed Consolidated Interim Financial Statements	11
Directors' Declaration	22
Independent Auditor's Review Report	23

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Corporate Directory

Board of Directors

Michael O’Keeffe	Non-Executive Chair
Kim Truter	Chief Executive Officer and Managing Director
Marc Dorion	Non-Executive Director
Stephen Dennis	Non-Executive Director (Appointed 30 January 2024)
Trey Jackson	Non-Executive Director (Appointed 30 January 2024)
Jeremy King	Non-Executive Director (Appointed 1 April 2024)
Anshul Gandhi	Non-Executive Director (Appointed 1 August 2024)

Company Secretary

Brad Baylis

Registered Office

Level 25
South32 Tower
108 St Georges Terrace
Perth WA 6000

Telephone: 08 6313 3945
Website: www.burgundydiamonds.com
Email: info@burgundydiamonds.com

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: BDM)

Auditors

KPMG Australia
235 St Georges Terrace
Perth WA 6000

Share Registry

Automic Share Registry
Level 5, 191 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664

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Directors' Report

The Directors of Burgundy Diamond Mines Limited ("BDM" or "the Company") present their report, together with the condensed consolidated interim financial statements of the consolidated entity consisting of Burgundy Diamond Mines Limited and its controlled entities for the half-year ended 30 June 2024 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the six month year ended 31 December 2023 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

Directors

The names of the Company's directors in office during the financial period and at the date of this report are as follows. Directors held office for this entire period unless otherwise stated.

Michael O'Keeffe	Chair and Non-executive Director (appointed 15 June 2017).
Kim Truter	Chief Executive Officer & Managing Director (appointed 17 November 2022) and previously non-executive director (appointed 22 September 2020).
Marc Dorion	Non-Executive Director (appointed 5 July 2020).
Jeremy King	Non-Executive Director (appointed 1 April 2024).
Stephen Dennis	Non-Executive Director (appointed 30 January 2024).
Trey Jackson	Non-Executive Director (appointed 30 January 2024).
Anshul Gandhi	Non-Executive Director (appointed 1 August 2024).

Principal Activities

The principal activities during the financial year were the operation of the 100% owned world class Ekati diamond mine located in Canada's Northwest Territories, sale of rough diamonds through auctions held in Antwerp Belgium and sale of polished diamonds manufactured in Burgundy's cutting and polishing facility in Perth Australia.

Review of Operations

During the period ended 30 June 2024, the focus of the Company was on continuing to optimise Ekati's current mine performance and extending mine life through extension of Misery Underground, Sable and Fox Underground opportunities, Fox high-value stockpile evaluation and underwater remote mining.

For the purpose of providing comparable information for the period 1 January 2023 to 30 June 2023, the Group has presented tonnes mined, ore processed, carats recovered, carat inventory on hand and carats sold by ACDC and ACDM NV for the period prior to acquisition by Burgundy.

During the period, a total of 5.5 million tonnes of ore and waste were mined, down 54% over the same period in 2023 (January to June 2023: 11.9 million tonnes) due to lower waste requirement in Sable open pit in 2024. Whereas a total of 2.6 million tonnes of ore were mined, up 18% over the same period in 2023 (January to June 2023: 2.2 million tonnes).

A total of 2.0 million tonnes of ore was processed through the process plant during the period, down 5% from the same period in 2023 (January to June 2023: 2.1 million tonnes) largely due to more maintenance required during our annual processing plant shutdown period.

During the period, 2.4 million carats were recovered, down 4% versus the same period in 2023 (January to June 2023: 2.5 million carats) approximately in line with the decrease in tonnes processed. The Group ended the period with 1.3 million carats in ending inventory which is in line with the ending inventory at 30 June 2023 (1.3 million carats). The ending inventory represents the normal work in progress and finished goods inventory based on the current sales cycle.

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 Group continues actively assessing merger and acquisition ("M&A") opportunities to build out a balanced portfolio of diamond projects in Tier 1 jurisdictions.

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Sales and Marketing

During the period, the Group held six rough diamonds auctions in our Antwerp office.

During the period, 2.4 million carats were sold, up 14% over the same period in 2023 (January to June 2023: 2.1 million carats) for total proceeds of \$223.7 million up 5% over the same period in 2023 (January to June 2023: \$213.9 million). Despite broad softening in the polished diamond market, Ekati product has continued to generate strong buyer interest and high sell-through rates. The quality of the Ekati product and Canadian provenance remain highly valued in the market, supporting the Company's sales events in line with its vertically integrated business model, which is focused on capturing margins across the full diamond value chain.

During the period, the Group's cutting and polishing facilities in Perth continued to operate at full capacity, refining third-party rough diamonds purchased in 2022 and 2023. The Group is developing its channel strategy and anticipates further sales collaborations in 2024.

Corporate

Board and Executive Appointments

On 30 January 2024, the Company announced that Mr. Stephen Dennis and Mr. Trey Jackson were joining the board of Burgundy Diamond Mines.

On 1 April 2024, the Company announced that Mr. Jeremy King re-joined the board of Burgundy Diamond Mines as a non-executive independent director. Mr. King is a founding director of a boutique advisory service in Perth, Australia that supports companies with legal, finance and corporate matters.

On 23 July 2024, the Company announced that effective 1 August 2024, Mr. Anshul Gandhi will join the board of Burgundy Diamond Mines as a non-executive independent director. Mr. Gandhi is the Chief Executive Officer of Choron Group which owns 8.44% of equity interest in the Company.

Results of Operations

The net profit of the Group for the period ended 30 June 2024 was \$10.1 million (Six month period ended 31 December 2023: net loss of \$0.7 million). The significant increase in net profit reflects the income generated primarily from sale of rough diamonds recovered from Ekati Diamond Mine during the period, whereas prior year net loss arose from higher current tax expense resulting from adjustments between actual tax return and the tax provision due to change in tax filing currency and tax pool change from audits.

Financial Position

The statement of cash flows shows a decrease in cash and cash equivalents for the period ended 30 June 2024 of \$37.3 million (Six month period ended 31 December 2023: net decrease of \$30.7 million). During the period, the Group used \$3.6 million in operating activities primarily in income tax payments of \$26.0 million, working capital related timing adjustments arising from winter road payments offset by sales of rough diamonds. Cash used in financing activities of \$4.7 million related to principal lease repayments. Cash used in investing activities of \$29.1 million mainly comprised of \$26.8 million on purchase of property, plant and equipment and \$2.2 million increase in restricted cash. As at 30 June 2024, the Group had funds of \$56.9 million (31 December 2023: \$94.4 million).

Dividends

No dividends have been paid or declared by the Company since the end of the previous financial period. No dividend is recommended in respect of the current financial period.

Significant Changes in the State of Affairs

There were no other significant changes in the state of affairs of the Group other than those described within the operating and corporate activities review.

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Rounding

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Class Instrument, amounts in the directors' report and financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 for the half-year ended 30 June 2024 has been received and included within these condensed consolidated interim financial statements.



Michael O'Keeffe
Chair

29 August 2024

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Burgundy Diamond Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Burgundy Diamond Mines Limited for the half-year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Matthew Hingeley
Partner

Perth
29 August 2024

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Loss (expressed in thousands of United States dollars)

	Note	Half-year ended 30 June 2024	Six month period ended 31 December 2023
Revenue		223,714	257,484
Cost of sales		(190,124)	(231,146)
Gross margin		<u>33,590</u>	<u>26,338</u>
Other income		8,658	7,532
Selling and distribution expenses		(3,466)	(3,709)
General and administrative expenses		(13,040)	(10,460)
Other expenses		(3,345)	(2,049)
Operating profit		<u>22,397</u>	<u>17,652</u>
Finance expenses		(16,225)	(14,155)
Finance income		3,119	2,685
Net finance costs		<u>(13,106)</u>	<u>(11,470)</u>
Fair value adjustment on consideration payable		(2,458)	5,764
Foreign exchange loss		(844)	(864)
Profit before taxes		<u>5,989</u>	<u>11,082</u>
Current tax expense		(2,685)	(14,951)
Deferred tax recovery		6,779	3,193
Tax recovery (expense)		4,094	(11,758)
Net profit (loss)		<u>10,083</u>	<u>(676)</u>
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit obligation (net of tax recovery of \$0.4 million for period ended 30 June 2024 - net of tax recovery of \$0.3 million for period ended 31 December 2023)		(669)	(505)
Other comprehensive loss for the period, net of tax		<u>(669)</u>	<u>(505)</u>
Total comprehensive income (loss)		<u>9,414</u>	<u>(1,181)</u>
Profit (loss) per share for the period attributable to the owners:			
Basic earnings (loss) per share (cents)	4	0.71	(0.05)
Diluted earnings (loss) per share (cents)	4	0.71	(0.05)

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

Condensed Consolidated Statement of Financial Position

(expressed in thousands of United States dollars)

	Note	30 June 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment		232,215	238,518
Other non-current assets		74,397	74,941
Total non-current assets		306,612	313,459
Current assets			
Inventory and supplies		240,326	244,931
Other current assets		7,363	4,262
Trade and other receivables		8,394	9,907
Cash and cash equivalents		56,946	94,426
Total current assets		313,029	353,526
Total assets		619,641	666,985
EQUITY			
Contributed equity	5	200,607	200,607
Reserves		6,285	6,796
Accumulated losses		(39,088)	(49,171)
Total equity		167,804	158,232
LIABILITIES			
Non-current liabilities			
Loans and borrowings	6	73,834	73,834
Provision for make good		64	64
Contingent consideration	7	—	7,111
Consideration payable		23,228	25,935
Lease obligations		12,422	16,468
Employee benefit plans	8	4,763	3,828
Reclamation provisions		231,695	236,204
Deferred tax liabilities		15,072	22,202
Total non-current liabilities		361,078	385,646
Current liabilities			
Trade and other payables		42,501	54,017
Current portion of loans and borrowings	6	22,883	22,304
Current portion of consideration payable		9,483	10,844
Current portion of lease obligations		10,971	9,644
Current portion of employee benefit plans	8	2,319	354
Tax payable		2,602	25,944
Total current liabilities		90,759	123,107
Total liabilities		451,837	508,753
Total equity and liabilities		619,641	666,985

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the notes to the condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

(expressed in thousands of United States dollars)

For the Half-Year Ended 30 June 2024

	Note	Issued Capital	Convertible Notes Reserve	Other Reserves	Accumulated Losses	Total
Balance at 1 July 2023		153,511	4,384	2,940	(48,495)	112,340
Net loss for the period		—	—	—	(676)	(676)
Re-measurement of defined benefit obligation		—	—	(505)	—	(505)
Total comprehensive loss for the period		—	—	(505)	(676)	(1,181)
Transactions with owners of the Group:						
Issue of share capital	5	47,096	—	—	—	47,096
Share-based payments		—	—	(23)	—	(23)
Balance at 31 December 2023		200,607	4,384	2,412	(49,171)	158,232
Balance at 31 December 2023		200,607	4,384	2,412	(49,171)	158,232
Net profit for the period		—	—	—	10,083	10,083
Re-measurement of defined benefit obligation		—	—	(669)	—	(669)
Total comprehensive income (loss) for the period		—	—	(669)	10,083	9,414
Transactions with owners of the Group:						
Share-based payments		—	—	158	—	158
Balance at 30 June 2024		200,607	4,384	1,901	(39,088)	167,804

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the condensed consolidated interim financial statements.

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Condensed Consolidated Statement of Cash Flows

(expressed in thousands of United States dollars)

	Note	Half-year ended 30 June 2024	Six month period ended 31 December 2023
OPERATING			
Net profit (loss)		10,083	(676)
Adjustments for			
Depreciation and amortisation		29,425	43,897
Deferred tax recovery		(6,779)	(3,193)
Current tax expense		2,685	14,951
Finance expenses		16,225	14,155
Share-based compensation		2,149	298
Other non-cash items		(214)	(234)
Derecognition of contingent consideration	7	(7,500)	(7,401)
Fair value adjustment on consideration payable		2,458	(5,764)
Private royalties paid		(6,526)	(4,739)
Unrealised foreign exchange gain		1,300	457
Defined benefit plan contributions		(1,041)	(906)
Impairment losses on inventory		—	146
Interest paid		(8,939)	(5,538)
Reclamation expenditures		—	53
Income taxes paid		(25,963)	(1,366)
Settlement of share-based compensation		—	(62)
Change in non-cash operating working capital			
Accounts receivable		1,282	4,629
Inventory and supplies		3,108	8,569
Other current assets		(3,102)	3,127
Trade and other payables		(11,983)	8,008
Employee benefit plans		(245)	(458)
Net cash (used in) from operating activities		(3,577)	67,953
INVESTING			
Consideration for acquisition (net of cash acquired)		—	(27,994)
Proceeds from exercise of stock options		—	338
Purchase of property, plant and equipment		(26,826)	(12,614)
(Increase) decrease in restricted cash		(2,229)	153
Increase in collateral for reclamation surety bonds		—	(11,943)
Increase in collateral for reclamation security deposits		—	(15,899)
Net cash used in investing activities		(29,055)	(67,959)
FINANCING			
Repayment of borrowings		—	(26,626)
Lease payments		(4,654)	(4,116)
Net cash used in financing activities		(4,654)	(30,742)
Net decrease in cash and cash equivalents		(37,286)	(30,748)
Cash and cash equivalents, beginning of the period		94,426	125,355
Foreign exchange effect on cash balances		(194)	(181)
Cash and cash equivalents, end of the period		56,946	94,426

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the notes to the condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

NOTE 1 REPORTING ENTITY

Reporting Entity

Burgundy Diamond Mines Limited ("Burgundy" or "the Company") is a company limited by shares and domiciled in Australia. Burgundy's registered office is located at Level 25, South32 Tower, 108 St Georges Terrace, Perth WA 6000, Australia. The condensed consolidated interim financial statements of the Company as at and for the half-year ended 30 June 2024 comprise the Company and its subsidiaries ("the Group") - see Note 2(d).

The Company's Perth location focuses on cutting, polishing and sales of polished diamonds. ACDC owns 100% of Ekati Diamond Mine, a producing diamond mine located in Canada's Northwest Territories. Ekati Diamond Mine consists of the Core Zone, which includes the primary mining operations and other kimberlite pipes, as well as the Buffer Zone, an adjacent area hosting kimberlite pipes having both development and exploration potential. ACDM is a marketing business responsible for management of the supply chain, sorting, preparation, marketing and sales of rough diamonds from Ekati Diamond Mine.

NOTE 2 BASIS OF PRESENTATION

(a) Statement of compliance

The condensed consolidated interim financial statements for the half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financing Reporting Standard IAS 34 Interim Financial Reporting.

These condensed consolidated interim financial statements do not include all the notes of the type normally included within the annual financial report. Accordingly, this report should be read in conjunction with the annual report of the Group for the year ended 31 December 2023 and any public announcements made by Burgundy during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the six month period ended 31 December 2023.

(b) Going concern

The condensed consolidated interim financial statements have been prepared on the going concern basis that contemplates the continuity of business activities in the foreseeable future and the realisation of assets and extinguishment of liabilities in the normal course of operations. During the period ended 30 June 2024, the Group generated net profit of \$10.1 million, utilised cash flows of \$3.6 million in operating activities and has net current assets of \$222.3 million. The Group also has \$93.6 million of contractual commitments (see Note 10) of which \$65.7 million relates to surety cash collateralisation due in the next 12 months (subject to maintaining a minimum cash balance of \$30 million as outlined below) and \$90.8 million of current liabilities due in the next 12 months. Included in current liabilities is the current portion of convertible notes of \$23.3 million (face value) maturing on 16 September 2024, which will require cash settlement if not converted into shares by the noteholders on maturity.

Management has prepared a cash flow forecast for a period of 12 months ("forecast period") from the date of signing this report which indicates that the Group will generate sufficient cash flows from operations to repay obligations as they fall due. Operating cash flow assumptions involve judgements on demand for natural diamonds and estimate of diamond pricing. Other assumptions are consistent with the historical mine performance.

The cash flow forecast also assumes the following investing and financing assumptions:

- On 8 August 2024, the Group reached an agreement with surety providers to extend the cash collateralisation schedule of the remaining surety commitments over four years, instead of full payment during the second quarter of 2024, subject to maintenance at all times of a minimum cash-on-hand of at least \$30.0 million (see Note 11). No surety payments are reflected in forecast if the cash balances are

below the revised minimum cash availability of \$30.0 million. This is consistent with the revised agreement where deferral can occur throughout the period of the agreement until such time as the deficiency is resolved.

- Convertible notes of \$23.3 million which mature on 16 September 2024 will be settled in cash.
- Capital expenditure of \$243.6 million of which \$192.5 million relates to sustaining current operations and \$51.1 million for development capital expenditures. In the event that the cash flows become constrained, the Group can reduce \$51.1 million of development capital expenditure through postponing or pausing projects. The Group can also defer or cancel discretionary spending.

The Directors believe that there are reasonable grounds that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the condensed consolidated interim financial statements after consideration of the above.

(c) Basis of measurement

The condensed consolidated interim financial statements have been prepared in accordance with the historical cost convention unless otherwise stated.

(d) Change in fiscal year end and comparatives

Effective 30 November 2023, the Company changed its fiscal year end from 30 June 2023 to 31 December 2023 to better align the Company's financial disclosures with its peers in the mining sector and for operational and administrative efficiencies.

The comparative figures presented in these interim financial statements cover the six-month period from 1 July 2023 to 31 December 2023. This period represents the immediately preceding financial year ("Transitional Financial Year") during which the Company changed its fiscal year-end. As a result of the change in prior fiscal year-end, the comparative information may not be entirely comparable with the current interim reporting period.

(e) New accounting standards adopted during the period

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Non-current liabilities with covenants (Amendments to IAS 1)

The International Accounting Standards Board ("IASB") has published 'Non-current Liabilities with Covenants (Amendments to IAS 1) to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. These amendments modify the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for reporting periods beginning on or after 1 January 2024. The amendments are applied retrospectively in accordance with IAS 8 and earlier application is permitted. The adoption of this accounting standard on 1 January 2024, did not have any impact on the disclosures in the condensed consolidated interim financial statements.

Deferred tax assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS 12) from 1 July 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

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Adoption of the amendment to IAS 12 did not result in any material impact to the Group's condensed consolidated interim financial statements.

Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in 31 December 2023 consolidated financial statements - Note 36 Material accounting policies in certain instances in line with the amendments.

(f) New or amended accounting standards issued but not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1/1/2025 and early application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

Presentation and disclosure in financial statements (IFRS 18)

In April 2024, IFRS 18 was issued by the IASB introducing new requirements to help achieve comparability of the financial performance of similar entities. IFRS 18 focuses on the income statement requiring new subtotals and the classification of income and expenses into operating, investing and financing categories as well as disclosure of management performance measures and guidance on grouping information in the financial statements. IFRS 18 will replace IAS 1, Presentation of Financial Statements, retaining many of the general requirements of IAS 1. The new standard is effective for reporting periods beginning on January 1, 2027, applied retrospectively. The Company is currently assessing the impact of IFRS 18 on its consolidated financial statements.

NOTE 3 SEGMENT INFORMATION

(a) Business segments

The identification of operating segments by management is based on product areas in internal reports regularly examined by the Board of Directors. This process facilitates resource allocation and performance evaluation for each segment based on differences in products or services. The Group's reportable segments comprise Rough Diamond and Polished Diamond. The Rough Diamond segment encompasses mining, sales and marketing of rough diamonds. The Polished Diamond segment encompasses manufacturing, sales and marketing of polished diamonds.

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

<i>For the half-year ended 30 June 2024</i>			Total		Total
	Rough Diamond	Polished Diamond	Reportable Segments	Unallocated Amounts	
Revenue	224,483	2,465	226,948	—	226,948
Elimination of inter-segment	(1,009)	(2,225)	(3,234)	—	(3,234)
Segment revenue	223,474	240	223,714	—	223,714
Cost of sales					
Production cost of inventories	(161,085)	(226)	(161,311)	—	(161,311)
Depreciation and amortisation	(28,813)	—	(28,813)	—	(28,813)
Total cost of sales	(189,898)	(226)	(190,124)	—	(190,124)
Gross margin	33,576	14	33,590	—	33,590
Other income	1,049	—	1,049	7,609	8,658
Selling and distribution expenses ⁽ⁱ⁾	(2,006)	(281)	(2,287)	(1,179)	(3,466)
General and administration expenses ⁽ⁱⁱ⁾	—	—	—	(13,040)	(13,040)
Other expenses	—	—	—	(3,345)	(3,345)
Operating profit (loss)	32,619	(267)	32,352	(9,955)	22,397
Finance expenses	(6,217)	—	(6,217)	(10,008)	(16,225)
Finance income	3,071	15	3,086	33	3,119
Fair value adjustment on consideration payable	(2,458)	—	(2,458)	—	(2,458)
Foreign exchange gain (loss)	(3,440)	397	(3,043)	2,199	(844)
Segment profit (loss) before taxes	23,575	145	23,720	(17,731)	5,989
Tax recovery	4,094	—	4,094	—	4,094
Segment profit (loss) after taxes	27,669	145	27,814	(17,731)	10,083
Segmented assets as at 30 June 2024	602,201	10,449	612,650	6,991	619,641
Segmented liabilities as at 30 June 2024	326,712	1,273	327,985	123,852	451,837
Capital expenditures ⁽ⁱⁱ⁾	30,785	—	30,785	169	30,954

(i) \$2.1 million in share-based compensation expense and \$0.6 million in depreciation and amortisation are included in selling and distribution expenses and general and administrative expenses.

(ii) Capital expenditures includes PP&E additions and right-of-use assets.

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Half-Year Financial Report | 30 June 2024

(tabular amounts in thousands of United States dollars, except as otherwise noted)

	Total				Total
	Rough Diamond	Polished Diamond	Reportable Segments	Unallocated Amounts	
For the six month period ended 31 December 2023					
Revenue	257,036	918	257,954	—	257,954
Elimination of inter-segment	(470)	—	(470)	—	(470)
Segment revenue	256,566	918	257,484	—	257,484
Cost of sales					
Production cost of inventories	(176,728)	(1,229)	(177,957)	—	(177,957)
Depreciation and amortisation	(53,189)	—	(53,189)	—	(53,189)
Total cost of sales	(229,917)	(1,229)	(231,146)	—	(231,146)
Gross margin	26,649	(311)	26,338	—	26,338
Other income	35	18	53	7,479	7,532
Selling and distribution expenses ⁽ⁱ⁾	(1,345)	(291)	(1,636)	(2,073)	(3,709)
General and administration expenses ⁽ⁱ⁾	—	—	—	(10,460)	(10,460)
Other expenses	—	—	—	(2,049)	(2,049)
Operating profit (loss)	25,339	(584)	24,755	(7,103)	17,652
Finance expenses	(8,369)	—	(8,369)	(5,786)	(14,155)
Finance income	2,589	14	2,603	82	2,685
Fair value adjustment on consideration payable	5,764	—	5,764	—	5,764
Foreign exchange gain (loss)	346	(995)	(649)	(215)	(864)
Segment profit (loss) before taxes	25,669	(1,565)	24,104	(13,022)	11,082
Tax expense	(11,758)	—	(11,758)	—	(11,758)
Segment profit (loss) after taxes	13,911	(1,565)	12,346	(13,022)	(676)
Segmented assets as at 31 December 2023	653,769	7,653	661,422	5,563	666,985
Segmented liabilities as at 31 December 2023	354,432	955	355,387	153,366	508,753
Capital expenditures ⁽ⁱⁱ⁾	11,880	-	11,880	1,629	13,509

(i) \$0.6 million in depreciation and amortisation is included in selling and distribution expenses and in general and administrative expenses.

(ii) Capital expenditures includes PP&E additions and right-of-use assets.

(b) Geographical information

The geographical information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. Revenue from external customers has been identified on the basis of the customer's geographical location and non-current assets are allocated based on their physical location.

	Revenue		Non-Current assets ⁽ⁱ⁾	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Belgium	107,614	127,198	3,240	3,459
United Arab Emirates	83,523	93,399	—	—
India	17,673	19,635	—	—
Canada	655	733	231,061	237,293
Australia	32	193	473	575
Other	14,217	16,326	—	—
Consolidated	223,714	257,484	234,774	241,327

(i) Non-current assets exclude financial instruments such as reclamation deposits and restricted cash.

During the half-year ended 30 June 2024, no external single customer accounted for 10% or more of the Group's revenue (period ended 31 December 2023: \$37.2 million or 14% of the Group's revenue depended on a single customer in the Rough Diamond segment).

NOTE 4 EARNINGS PER SHARE

The following table reflects the net profit or loss and share data used in the basic and diluted earnings per share calculations:

	Half-year ended 30 June 2024	Six month period ended 31 December 2023
NUMERATOR:		
Net profit (loss) attributable to ordinary shareholders (\$)	10,083	(676)
DENOMINATOR:		
Number of ordinary shares outstanding at end of the period	1,421,332,274	1,421,205,230
Vested share options exercisable for no consideration	1,306,599	1,306,599
Effect of share options exercised	(84,228)	(443,332)
Effect of ordinary shares issued on conversion of convertible note	-	(32,083)
Weighted average number of ordinary shares outstanding during the period used to calculate basic and diluted loss per share	1,422,554,645	1,422,036,414
Basic earnings (loss) per share attributable to shareholders (cents)	0.71	(0.05)

	Half-year ended 30 June 2024	Six month period ended 31 December 2023
NUMERATOR:		
Net profit (loss) attributable to ordinary shareholders (\$)	10,083	(676)
DENOMINATOR:		
Weighted average number of ordinary shares outstanding during the period	1,422,554,645	1,422,036,414
Effects of dilution from:		
Future employee stock options under share based payment ⁽ⁱ⁾	533,358	—
Weighted average number of ordinary shares outstanding during the period adjusted for the effect of dilution ⁽ⁱⁱ⁾	1,423,088,003	1,422,036,414
Diluted earnings (loss) per share attributable to shareholders (cents)	0.71	(0.05)

(i) A total of 27.4 million options were excluded from the dilution calculation for the half-year ended 30 June 2024 as they are anti-dilutive. For the period ended 31 December 2023, all potentially dilutive securities have been excluded from the calculation of diluted earnings per share, given the Group was in a net loss position during that period and their effect would be anti-dilutive.

(ii) A total of 132.4 million common shares that would have been issued if the convertible notes were converted into common shares, were excluded from the dilution calculation for the half-year ended 30 June 2024 as they are anti-dilutive.

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of completion of these interim financial statements.

NOTE 5 CONTRIBUTED EQUITY

(a) Ordinary Shares

Ordinary share capital is classified as equity. The issued shares do not have a par value and there is no limit on the authorised share capital of the Company.

	30 June 2024		31 December 2023	
	No.	\$	No.	\$
Ordinary shares	1,421,332,274	200,607	1,421,205,230	200,607

(b) Movements in Ordinary Shares Issued

Half-year ended 30 June 2024	Number	\$
At 1 January 2024	1,421,205,230	200,607
Exercise of options	127,044	—
Balance at 30 June 2024 - fully paid	1,421,332,274	200,607

Period ended 31 December 2023	Number	\$
At 1 July 2023	1,137,210,661	153,511
Issue of Shares - Consideration ⁽ⁱ⁾	278,829,226	46,725
Exercise of options	725,949	—
Exercise of options	4,250,000	338
Exercise of convertible note	189,394	33
Balance at 31 December 2023 - fully paid	1,421,205,230	200,607

⁽ⁱ⁾ These shares were issued to Arctic Shareholder and 2L Loan holders as consideration in the acquisition of ACDC.

NOTE 6 LOANS AND BORROWINGS

	Currency	Year of Maturity	Nominal Interest rate	30 June 2024		31 December 2023	
				Face value	Carrying amount	Face value	Carrying amount
2nd Lien Credit Agreement ("2L Loan") ^(a)	US\$	2026	10%	73,834	73,834	73,834	73,834
Convertible Notes ("Notes") ^(b)	AUD	2024	6%	23,316	22,883	23,785	22,304
Promissory note payable to Arctic Shareholder	US\$			—	—	0	0
Total loans and borrowings				97,150	96,717	97,619	96,138
Less current portion					22,883		22,304
Non-current portion					73,834		73,834

(a) 2L Loan

The 2L Loan in principal amount of \$73.8 million has a maturity date of 30 June 2026. The loan bears an interest rate of 10% per annum payable in arrears on the last day of each quarter. During the half-year ended 30 June 2024 interest of \$3.7 million (31 December 2023: \$3.7 million) was paid on the 2L Loan.

(b) Convertible Notes

	30 June 2024	31 December 2023
Face value of notes issued	23,300	23,300
Other equity securities - value of conversion rights	(4,384)	(4,384)
Costs associated with the issue of convertible notes	(819)	(819)
	18,097	18,097
Unwinding of interest per effective interest rate method	4,748	3,745
Exercise of convertible note	(33)	(33)
Foreign exchange revaluation	71	495
Current liability	22,883	22,304

Interest paid to note holders during the period was \$0.7 million (31 December 2023: \$0.7 million).

NOTE 7 CONTINGENT CONSIDERATION

Contingent consideration was recognised at fair value on 1 July 2023, and is calculated as the present value of two earn-out payments of total \$15.0 million to the Arctic Shareholder in the first quarter of 2024 (\$7.5 million) and 2025 (\$7.5 million), subject to the reported EBITDA of ACDC and ACDM (the "Arctic Companies") for the respective 2023 and 2024 calendar years being equal to or exceeding \$200.0 million in each year. If the conditions are met, the earn-out payments are payable in cash within thirty days of end of first quarter following end of 2023 and 2024 calendar year.

Half-Year Financial Report | 30 June 2024

(tabular amounts in thousands of United States dollars, except as otherwise noted)

The fair value of contingent consideration is remeasured at each reporting period with changes in fair value recognised in profit or loss. The fair value of contingent consideration was measured using a discounted risk-free rate of 4.0% adopted based on the 5-year treasury bill as at 1 July 2023.

As at 30 June 2024, the likelihood of the 2024 EBITDA of Arctic Companies being equal to or exceeding \$200.0 million is highly unlikely and accordingly the present value of \$7.5 million for 2024 earn-out cash payment was derecognised as other income (31 December 2023: \$7.4 million for 2023 earn-out cash payment).

A reconciliation of the carrying amount of contingent consideration is set out below:

	Earn-out Payment 2		
Balance at 1 January 2024			7,111
Accretion			389
Derecognition of Earn-out Payment 2			(7,500)
Balance at 30 June 2024			—
Non-current portion			—

	Earn-out Payment 1	Earn-out Payment 2	Total
Balance at 1 July 2023	7,304	6,970	14,274
Accretion	97	141	238
Derecognition of Earn-out Payment 1	(7,401)	—	(7,401)
Balance at 31 December 2023	—	7,111	7,111
Non-current portion	—	7,111	7,111

NOTE 8 EMPLOYEE BENEFITS

	30 June 2024	31 December, 2023
Defined benefit plan obligation	4,510	3,627
Defined contribution plan and other post-retirement plan obligation	412	356
RSU, DSU and Options Plans ^{(a) (b)}	2,160	199
Total employee benefit plan obligation	7,082	4,182
Less current portion	2,319	354
Non-current portion	4,763	3,828

(a) Restricted Share Unit ("RSU") and Deferred Share Unit ("DSU") Plans - cash settled

RSU and DSU Plans

	Number of units	
RSU	30 June 2024	31 December, 2023
Opening balance	6,032,568	—
Awards and payouts during the year		
RSU awards	—	6,032,568
Ending balance	6,032,568	6,032,568

	Number of units	
DSU	30 June 2024	31 December, 2023
Opening balance	36,195,408	—
Awards and payouts during the year		
DSU awards	107,250	36,195,408
Ending balance	36,302,658	36,195,408

The Group recognised an expense of \$1.6 million for the half-year ended 30 June 2024 (period ended 31 December 2023: \$0.1 million) in respect of the RSU and DSU plans. The total carrying amount of liabilities for RSU and DSU arrangements as at 30 June 2024 is \$1.8 million (Six month period ended 31 December 2023: \$0.1 million).

(b) Option grants with cash settlement option

The Group also issues options grants to employees where the option holder has the right to have these awards settled via issuance of Company shares, cashless exercise or payment in cash (requires Board approval). In instances, where the option holder has the unconditional right to choose cash settlement such awards are classified as liability. The initial fair value of the liability which is calculated as of the grant date is recognised within compensation expense over the vesting period and is subsequently revalued at each reporting period.

On 1 April 2024, the Company issued 6,433,874 unlisted options with an exercise price of A\$0.2116 and expiry date of 31 March 2029, to employees of the Group in accordance with the Company's Option Plan. These options can be redeemed at the option of the holder via issuance of Company shares, cashless exercise or cash payout. As at 30 June 2024 an expense and liability of \$0.3 million was recognised for option grants with cash settlement option (Six month period ended 31 December 2023: \$44,476).

NOTE 9 FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities, together with the carrying amounts shown in the condensed consolidated statement of financial position are as follows:

	30 June 2024		December 31, 2023	
	Fair value	Carrying value	Fair value	Carrying value
Financial assets at amortised cost				
Cash and cash equivalents ⁽ⁱ⁾	56,946	56,946	94,426	94,426
Trade and other receivables ^{(i), (ii)}	810	810	1,362	1,362
Restricted cash ⁽ⁱ⁾	12,738	12,738	10,564	10,564
Financial assets at fair value				
Reclamation deposits	59,100	59,100	61,568	61,568
Total financial assets	129,594	129,594	167,920	167,920
Total current	57,756	57,756	95,788	95,788
Total non-current	71,838	71,838	72,132	72,132
Financial liabilities at amortised cost				
Trade and other payables ⁽ⁱ⁾	42,501	42,501	54,017	54,017
Convertible notes	23,316	22,883	23,785	22,304
Loans and borrowings – 2L loan	73,834	73,834	73,834	73,834
Financial liabilities at fair value				
Contingent consideration	—	—	7,111	7,111
Consideration payable	32,711	32,711	36,779	36,779
Total financial liabilities	172,362	171,929	195,526	194,045
Total current	65,817	74,867	77,802	87,165
Total non-current	106,545	97,062	117,724	106,880

(i) The fair value of these financial instruments approximates their carrying value due to the short term to maturity.

(ii) Excludes sales tax credits receivable.

All financial assets and liabilities measured at amortised cost are classified as Level 2 measurements.

(a) Measurement of fair value

Reclamation deposits

Reclamation deposits is classified as Level 2 fair value measurement. The fair value of reclamation deposits was discounted by applying respective Government of Canada Benchmark Bond yields rate to respective deposits dependent on its year of maturity when the deposits are released for reclamation recovery.

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Half-Year Financial Report | 30 June 2024

(tabular amounts in thousands of United States dollars, except as otherwise noted)

Loans and borrowing

The 2L Loan is classified as Level 2 fair value measurement. The loan approximated its carrying value at the acquisition date on 1 July 2023 and there were no substantive changes in the Group's credit risk since the acquisition to 30 June 2024.

As at 30 June 2024, fair value of 2L Term loan was calculated with a net present value model using discount rates from the valuation report.

Convertible notes

The convertible notes are classified as Level 2 fair value measurement. The convertible notes fair value was calculated as its value on maturity date on 16 September 2024 in A\$ converted to US\$ using the exchange rate on 30 June 2024 and 31 December 2023 respectively.

Contingent consideration

Contingent consideration is classified as Level 3 fair value measurement. The fair value of contingent consideration was determined by using the payment distribution defined in SPA and was calculated using a pre-tax discount rate.

Consideration payable

Consideration payable is classified as Level 3 fair value measurement. The fair value of consideration payable was determined by using the discounted cash flow model in which the present value of future royalty distributions was calculated using a pre-tax discount rate.

(b) Sensitivity analysis

For the fair value of consideration payable, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	Profit or loss	
	Increase	Decrease
30 June 2024		
Expected cash flows (10% movement)	(3,059)	3,059
Discount rate (1% movement)	538	(538)

During the half-year ended 30 June 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

NOTE 10 COMMITMENTS

As at 30 June 2024, the Group had commitments that require the following minimum future payments, which were not accrued in the condensed consolidated statement of financial position:

Contractual Obligations	Total	Less than 1	Year	Year	After
		year	2–3	4–5	5 years
Participation agreements commitments ^(a)	35,875	1,645	7,199	7,199	19,832
Environmental agreements commitments ^(b)	179,854	76,222	89,670	9,978	3,984
Surface and mineral licenses	8,230	707	1,617	900	5,006
Purchase commitments	14,980	14,980	—	—	—
Total contractual obligations	238,939	93,554	98,486	18,077	28,822

(a) Participation agreements

Ekati Diamond Mine has signed participation agreements with various aboriginal communities. Contractual obligations under these agreements amount to \$35.9 million and are expected to contribute to the social, economic and cultural well-being of these communities.

(b) Environmental commitments

To meet the requirements under environmental and other agreements, the Group posted surety bonds and provided LCs for reclamation obligations for the Ekati Diamond Mine. These LCs were issued against the Letter of Credit Facility with cash collateral equals to 103% of the value of the LC. The Letter of Credit Facility has a capacity

Half-Year Financial Report | 30 June 2024

(tabular amounts in thousands of United States dollars, except as otherwise noted)

of CDN\$20.0 million with CDN\$17.3 million utilised as at 30 June 2024 (Six month period ended 31 December 2023: CDN\$13.3 million). The increase of CDN\$4.0 million was used to cash collateralise 30% of the CDN\$13.6 million Point Lake surety the Group issued with surety providers on 1 March 2024 pursuant to the security requirements for Phase Two development for Point Lake Water Licence.

The surety commitments for Ekati aligns with the cash collateralisation schedule in the revised surety agreement which reflect the remaining surety commitments over four years. As per the revised cash collateralisation schedule the Group would make instalments of CDN\$14.5 million per quarter. The revised payment schedule is consistent with the existing Ekati life of mine. Refer to Note 11 for commitments entered into subsequent to 30 June 2024.

		30 June 2024	31 December 2023
Surety bonds	CDN\$	222,530	212,969
	US\$ equivalent	162,585	161,023

(c) Contingent liabilities

In the ordinary course of business activities, the Group may be contingently liable for litigation and claims that arise due to the size, complexity and nature of the Group's operations. The outcome of such claims against the Group is not determinable at this time; however, their ultimate resolution is not expected to have a material adverse effect on the Group.

NOTE 11 MATTERS SUBSEQUENT TO THE REPORTING PERIOD

(a) Purchase commitments

During July 2024, the Group entered into \$84.6 million of purchase commitments relating to fuel and continuing mine development. \$60.3 million of these purchase commitments will require payment in the next twelve months.

(b) GST and corporate tax refund

On 16 July 2024, the Group received GST refund of CDN\$8.8 million as well as corporate income tax refund of CDN\$4.5 million for the period ended 31 December 2022.

(c) Agreement negotiated for surety bond payment commitments

On 8 August 2024, the Group reached an agreement with surety providers to extend the cash collateralisation schedule of the remaining surety commitments over four years, instead of full payment during the second quarter of 2024, subject to maintenance at all times of a minimum cash-on-hand of at least \$30.0 million.

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Directors' Declaration

In the Directors' opinion:

- the condensed consolidated interim financial statements and notes set out on page 7 to 21 are in accordance with the Corporations Act 2001, including:
 - giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial half-year ended on that date; and
 - complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001; and
- there are reasonable grounds to believe that the company and group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Dated on 29 of August 2024



Michael O'Keeffe
Chair

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Independent Auditor's Review Report

To the Shareholders of Burgundy Diamond Mines Limited

Report on the Condensed Half-year Financial Report

Conclusion

We have reviewed the accompanying **Condensed Half-year Financial Report** of Burgundy Diamond Mines Limited (the Company).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Half-year Financial Report of Burgundy Diamond Mines Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2024 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Half-year Financial Report** comprises:

- Condensed consolidated statement of financial position as at 30 June 2024
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 11 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Burgundy Diamond Mines Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

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*. 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 these requirements.

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Responsibilities of the Directors for the Condensed Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Half-year Financial Report

Our responsibility is to express a conclusion on the Condensed 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 Condensed Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the Half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Condensed 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.

KPMG

Matthew Hingeley

Partner

Perth

29 August 2024

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