29 Metals

ASX ANNOUNCEMENT
Wednesday, 23 February 2022

Appendix 4E and Annual Financial Report

Accompanying this release is the Appendix 4E and Annual Financial Report for 29Metals Limited (‘**29Metals**’ or, the ‘**Company**’) and its controlled entities for the year ended 31 December 2021.

-ENDS-

This announcement was authorised for release by the Board of Directors.

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Appendix 4E and
Annual Financial Report

29Metals Limited and Controlled Entities

FOR THE YEAR ENDED 31 DECEMBER 2021

CONTENTS

APPENDIX 4E

29METALS LIMITED
FINANCIAL YEAR ENDED 31 DECEMBER 2021

Current Reporting Period	12 months ended 31 December 2021
Previous Corresponding Reporting Period	12 months ended 31 December 2020[1]

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 DECEMBER 2021	31 DECEMBER 2020	INCREASE / DECREASE	
	$'000	$'000	$'000	%
Revenue from ordinary activities	600,762	434,451	166,311	38%
Profit from ordinary activities after tax attributable to members	121,013	– [2]	121,013	100%
Net profit for the period attributable to members	121,013	– [2]	121,013	100%

Distributions

No interim or final dividend declared or proposed.

Record date of final dividend: not applicable.

Net tangible assets

	31 DECEMBER 2021 $	31 DECEMBER 2020 $
Net tangible assets per share[1]	1.60	N/a

1. Includes *right of use* assets.

Explanation of results

REQUIREMENT	TITLE	REFERENCE
Review of results	Operating and Financial Overview	Page C-1 to C-22
A statement of comprehensive income	Consolidated Statement of Comprehensive Income	Page E-2
A statement of financial position	Consolidated Statement of Financial Position	Page E-3
A statement of retained earnings	Consolidated Statement of Changes in Equity	Page E-4
A statement of cash flows	Consolidated Statement of Cash Flows	Page E-5
Earnings per share	Consolidated Statement of Comprehensive Income	Page E-2

[1] The comparative information presented in the Consolidated Financial Statements is that of Golden Grove Group (comprising Golden, LP (as the head entity), Golden Grove Holdings (No.2) Pty Ltd, Golden Grove Holdings (No.3) Pty Ltd and Golden Grove Operations Pty Ltd, as set out in the table of controlled entities over page) for the year ended 31 December 2020. Refer to Note 2 to the Financial Statements.
2 Refer Note 41 of the Consolidated Financial Statements for first-time adoption of Australian Accounting Standards ('AAS') – Golden Grove, LP.

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

29Metals Limited was incorporated on 27 May 2021. In June and July 2021, 29Metals executed a series of transactions and an initial public offering (the '**IPO**'), comprising:

- a restructure of the Capricorn Copper Group (the '**Restructure**') pursuant to which 29Metals gained control of the Capricorn Copper Group effective 7 June 2021;
- the reverse acquisition of 29Metals (including the Capricorn Copper Group) and the Redhill Group which completed on 5 July 2021 conditional on, amongst other things, the IPO occurring (the '**Reverse Acquisition**'); and
- the IPO with listing on the Australian Stock Exchange ('**ASX**') achieved on 2 July 2021,

(together, the '**Restructure and IPO Transactions**').

During the year ended 31 December 2021, control was gained over the following entities, including as a result of the Restructure and IPO Transactions.

NAME OF ENTITY	DATE CONTROL GAINED
29Metals Finance Pty Ltd	31 May 2021
Golden Grove Holdings (No.1) Pty Ltd[1]	5 July 2021
Lighthouse Minerals Pty Ltd	7 June 2021
Capricorn Copper Group, comprising:	7 June 2021
- Capricorn Copper Holdings Pty Ltd[2]	
- Capricorn Copper Pty Ltd	
Golden Grove Group, comprising:	5 July 2021
- Golden Grove, LP[3]	
- Golden Grove Holdings (No.2) Pty Ltd	
- Golden Grove Holdings (No.3) Pty Ltd	
- Golden Grove Operations Pty Ltd	
Redhill Group	5 July 2021
- Redhill Mining Hong Kong Limited[4]	
- Redhill Magallanes, SpA[5]	

Unless otherwise stated below, all entities are companies registered in Australia.

1. Golden Grove Holdings (No.1) Pty Ltd is the general partner for Golden Grove, LP.
2. Owned 97.4% by 29Metals and 2.6% by Lighthouse Minerals Pty Ltd
3. A limited partnership registered in New South Wales under the *Partnership Act 1982* (NSW).
4. A company registered in Hong Kong.
5. A company registered in Chile.

Refer to Note 34 of the Consolidated Financial Statements for further details of the Reverse Acquisition.

Further details of these entities are included in the Annual Financial Report.

Details of any associates and joint venture entities

There were no associates or joint ventures during the period.

Any other significant information needed by an investor

Further significant information needed by an investor to make an informed assessment of the Group's financial performance and financial position is contained in the accompanying Annual Financial Report, which comprises the Directors' Report and the Consolidated Financial Statements for the year ended 31 December 2021.

Audit of accounts upon which this report is based and qualification of audit

The Consolidated Financial Statements and Remuneration Reports have been audited by Ernst & Young. The audit report is included in the Annual Financial Report, and is not subject to a modified opinion, emphasis of matter, or other matter paragraph.

DIRECTORS' REPORT

The Directors present their report together with the Consolidated Financial Statements of the 29Metals Limited ('**29Metals**' or, the '**Company**') and its controlled entities (the '**Group**') for the year ended 31 December 2021 ('**FY2021**' or, the '**Reporting Period**').

Corporate Information

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

Directors

The names and details of the Directors of the Company in office since incorporation and since the end of the Reporting Period are as follows:

NAME	POSITION	APPOINTED
Owen Hegarty OAM	*Non-executive Director* *Chair of Board of Directors*	27 May 2021
Peter Albert	*Managing Director & Chief Executive Officer*	27 May 2021
Fiona Robertson	*Non-executive Director*	27 May 2021
Jacqueline McGill AO	*Non-executive Director*	27 May 2021
Martin Alciaturi	*Non-executive Director*	27 May 2021

Nature of Operations and Principal Activities

During FY2021 the nature of operations and principal activities of 29Metals Limited and its controlled entities were mining and mineral production, and associated activities, mineral concentrate sales, and mineral exploration.

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

Consolidated Result

In preparing the consolidated result for 29Metals, it has been determined that with respect to the Reverse Acquisition, the acquirer for accounting purposes was the Golden Grove Group, notwithstanding that 29Metals was the legal acquirer.

Consistent with this assessment and the Restructure and IPO Transactions, the statutory financial information reflects:

- the Golden Grove Group for the year ended 31 December 2020 (i.e., the prior period); and
- for the year ended 31 December 2021:
    - the Golden Grove Group (on a standalone basis) for the six months ended 30 June 2021; and
    - the Group for the six months ended 31 December 2021

(the '**Statutory**' financial information). Please refer to Note 2 of the Consolidated Financial Statements for further information.

The net profit after tax attributable to 29Metals shareholders for FY2021 was $121,013 thousand (2020: Nil).

Refer to the Operating and Financial Review for further details. The Operating and Financial Review forms part of this Directors' Report.

Operating and Financial Review

The Operating and Financial Review for FY2021 commences from page C-1 of this document.

Dividends

Paid during the year
There were no dividends paid to shareholders during FY2021 (2020: Nil).

Declared after end of year
The Directors resolved not to pay a final dividend with respect of the year ended 31 December 2021.

Significant Changes in the State of Affairs

During the year ended 31 December 2021 there were a number of significant changes in the state of affairs of the Group.

Restructure and IPO Transactions

The Restructure
On 7 June 2021, 29Metals completed the acquisition of the Capricorn Copper Group, including Lighthouse Minerals in accordance with the Restructure as outlined above.

The Restructure has been evaluated as a common control transaction whereby 29Metals has elected to account for the acquisition of Capricorn Copper Group (including Lighthouse Minerals Pty Ltd) at book value rather than fair value. The Directors consider that the continuation of the existing accounting values most appropriately reflects the substance of transaction.

The IPO
29Metals was admitted to the official list of ASX on 2 July 2021, gaining effective control of the Golden Grove Group and Redhill Group on that date. Please refer to Note 30 for further information.

The Reverse Acquisition
The acquisition of the Golden Grove Group and the Redhill Group was completed on 5 July 2021 in accordance with the Reverse Acquisition as outlined above.

This acquisition of the Golden Grove Group was accounted for as a business combination with the Golden Grove Group being determined as the acquirer for accounting purposes. Please refer to Note 34 for further information.

The acquisition of the Redhill Group has been accounted for as an asset acquisition. Refer to Note 33 to the Consolidated Financial Statements for further details.

Other

Deed of Cross Guarantee
On 30 November 2021, the Company and each of its Australian-registered wholly owned subsidiaries entered into a Deed of Cross Guarantee (the '**Deed**') with the Company in accordance with *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* (the '**ASIC Instrument**'). Under the ASIC Instrument, relevant Group entities obtain relief from certain accounting and financial reporting requirements. Refer to Note 32 of the Consolidated Financial Statements for further information in relation to the Deed.

Refer to the Operating and Financial Review for information on the significant changes in the state of affairs of the Group.

New Group corporate syndicated debt facilities
On 29 October 2021 29Metals achieved financial close of a refinancing of existing Golden Grove syndicated debt facilities. Information regarding the Group corporate syndicated debt facilities is set out on page C-7 and in Note 25 (*Interest Bearing Liabilities*) to the Consolidated Financial Statements.

Subsequent Events

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

Environmental Regulation and Performance

29Metals' operating and exploration activities are subject to environmental regulation in each jurisdiction in which those activities are undertaken, comprising Western Australia and Queensland, in Australia, and Chile (as applicable).

29Metals takes its responsibilities for environmental stewardship seriously and has management systems and processes in place for environmental management and performance. 29Metals' environmental performance is overseen by the Sustainability Committee.[3]

Environmental incidents are reported to management and the Board (directly, and via the Sustainability Committee).

Commencing with the Company's first Annual Report, expected to be published in late April 2022, the Company will report its sustainability performance. The Company intends to report its sustainability performance in alignment with the *Global Reporting Initiative* framework.

[3] Formerly, the Health, Safety, Environment & Community Committee.

Reportable environmental incidents during the year ended 31 December 2021 are tabled below (by site).

SITE	REPORTABLE INCIDENTS[1]	ENFORCEMENT ACTION
Golden Grove (WA, Australia)	15	▪ Nil
Capricorn Copper (QLD, Australia)	3[2]	▪ Delay in submitting ERC decision application[3] resulted in penalty infringement notice for minimum prescribed amount
Redhill (Chile)	1	▪ Redhill was required to undertake remediation activities to the site following vandalism by unknown parties

1. Includes notification of potential non-compliances by environmental regulators.
2. Capricorn Copper received a notice of non-compliance relating to groundwater quality monitoring trigger levels in December 2021. Capricorn Copper has responded to the notice. This matter remains open.
3. *ERC* is environmental rehabilitation cost under the Queensland *Mineral and Energy Resources (Financial Provisioning) Act* (2018). Refer to section 10.7.14 of the 29Metals Prospectus dated 21 June 2021 (released to ASX on 2 July 2021) (the '**29Metals Prospectus**') for further information regarding this matter. The ERC decision process was completed in 2021 and resulted in an increase in the quantum of environmental bond required for Capricorn Copper, reflecting changes in the prescribed environmental bond calculation methodology. The increased environmental bond was posted by 29Metals in November 2021.

Capricorn Copper reportable incidents in the year ended 31 December 2021 includes a notice of potential non-compliance issued by the Queensland Department of Environment & Science (the '**DES**') regarding potential non-compliance with an environmental protection order ('**EPO**').[4] The potential non-compliances raised in the notice related to water quality monitoring data reporting requirements and the infrastructure established at Capricorn Copper for treated water discharge. 29Metals engaged with DES regarding the potential non-compliances, and a warning was issued. In the context of that engagement, DES advised 29Metals of its intention to issue a new EPO with changes to the monitoring requirements and treated water discharge infrastructure requirements. The new (replacement) EPO was issued in September 2021. The new EPO is on substantially the same terms as the prior EPO.

Except as outlined above, all reportable incidents were resolved without action and without environmental harm.

Indemnification & insurance of directors and officers

29Metals has entered into a deed of indemnity, insurance and access with each of its Directors and executives, pursuant to which:

- each Director and executive has rights of access to Company information;
- to the maximum extent permitted by law, the Company agrees to indemnify each Director and executive from and against all liability incurred by the Director or executive in the performance of their role as a Director or executive of the Company (and any subsidiary of the Company) on the terms set out in the deed; and
- to the extent permitted by law, requires the Company to use its reasonable endeavours to ensure that the Director or executive is insured under a directors and officers insurance policy throughout the duration of the Director or executive's appointment and after the Director or executive ceases to hold office for the later of a period of seven years or until after the date that any claim against the Director or executive that commenced during the seven-year period is finally resolved.

The Group maintains directors' and officers' liability insurance for the benefit of persons defined in the policy which include current and former directors and officers, including executives of the Company, and directors, senior executives and secretaries of its controlled entities to the extent permitted by the Corporations Act 2001 (Cth). The terms of the insurance contract are highly commercially sensitive and prohibit disclosure of the premiums payable and other terms of the policy.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the end of the financial year.

Information on Directors

The names and details of the Company's Directors in office since incorporation and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

4 Information regarding the EPO are set out in section 3.11.11 of the 29Metals Prospectus.

Mr Owen Hegarty OAM BEc (Hons) FAusIMM FAICD *Chair and Non-executive Director*	Owen was appointed as a Director on 27 May 2021. Owen has more than 40 years' experience in the global mining industry with a career spanning executive and directorship roles across multiple mineral commodities and assets in Australia, Asia, Africa, Europe and the Americas. Owen co-founded and is Executive Chairman of EMR Capital. Owen was formerly the Managing Director and Chief Executive Officer of ASX-listed Oxiana Limited, leading the company to its merger with Zinifex Limited in 2008 to form ASX-listed Oz Minerals Limited (ASX: OZL). Prior to Oxiana, Owen's career included 25 years with the Rio Tinto Group, including as Managing Director of Rio Tinto Asia and Rio Tinto's Australian copper and gold business. Owen's previous non-executive directorship roles include ASX-listed Fortescue Metals Group Limited (ASX: FMG), Highfield Resources Limited (ASX: HFR), and Hong Kong-listed G-Resources Limited and CST Mining. Owen has served and continues to serve on a number of government and industry mining advisory bodies and is the recipient of a number of awards and citations in recognition of his achievements and service to the mining industry. *Special responsibilities:* Member of the Sustainability Committee (formerly, the Health, Safety, Environment & Community Committee). Member of the Remuneration & Nominations Committee. *Other listed directorships:* Tigers Realm Coal Limited (ASX: TIG) (2009 - current); Highfield Resources Limited (ASX: HFR) (2013-2019).
Mr Peter Albert BSc (Minerals Engineering) (Hons) EMBA MAICD FAusIMM, MIOM3, Chartered Engineer *Managing Director & Chief Executive Officer*	Peter was appointed as a Director on 27 May 2021 and commenced his role as Managing Director & Chief Executive Officer with effect on and from 2 July 2021. Peter is an experienced mining executive, with more than 35 years' experience in the mining industry across multiple commodities and spanning Australia, Asia, Africa and Europe, including 25 years in CEO and executive roles for listed mining companies in Australia and Asia. Prior to his appointment as 29Metals' Managing Director & Chief Executive Officer, Peter joined EMR Capital as the CEO of EMR Capital's copper portfolio in preparation for 29Metals' initial public offering and ASX-listing. Peter's earlier executive career includes his roles as CEO of ASX-listed Highfield Resources Limited (ASX: HFR), Jinchuan International and G-Resources Limited, and as the Executive General Manager – Asia for ASX-listed Oxiana Limited (later, OZ Minerals Limited). Peter has also held previous roles with Fluor Australia, Shell-Billiton Australia, Davy John Brown and Johannesburg Consolidated Investments. *Special responsibilities:* Nil. *Other listed directorships:* Highfield Resources Limited (ASX: HFR) (2016-2020).
Ms Fiona Robertson MA (Oxon) Geology FAICD, MAusIMM *Independent Non-Executive Director*	Fiona was appointed as a Director on 27 May 2021. Fiona has more than 40 years' experience as a finance executive and non-executive director, most of this spent within the resources sector. Fiona's senior and executive finance roles included as CFO of ASX-listed companies Petsec Energy Limited, Climax Mining Limited and Delta Gold Limited. Fiona's earlier career included credit risk management, corporate banking and resource financing roles with Chase AMP and Chase Manhattan Bank in Australia, New York and London. Fiona's current non-executive directorship roles include ASX-listed Bellevue Gold Limited (ASX: BGL) and Whitehaven Coal Limited (ASX: WHC) where Fiona also chairs the Audit & Risk Committee for both companies. In 2020 Fiona was named as one of "100 Global Inspirational Women in Mining" by Women in Mining UK, in recognition of her talent within the global mining industry, "above & beyond" contributions to the industry and as a role model for future generations. *Special responsibilities:* Chair of the Audit, Governance & Risk Committee. Member of the Sustainability Committee (formerly, the Health, Safety, Environment & Community Committee). *Other listed directorships:* ASX-listed Bellevue Gold Limited (ASX: BGL) and Whitehaven Coal Limited (ASX: WHC).

Ms Jacqueline 'Jacqui' McGill AO BSc, MBA GAICD, FAusIMM *Independent Non-executive Director*	Jacqui was appointed as a Director on 27 May 2021. Jacqui has more than 30 years' experience in the mining sector, including in executive and senior leadership roles spanning operations, business development, technology and project management across copper, iron ore and energy. Jacqui's executive career includes 16 years with BHP where she held roles as President Olympic Dam, President BHP-Mitsui Coal as well as other senior leadership roles in BHP's copper, uranium and iron ore divisions. Jacqui's current non-executive directorship roles include ASX-listed New Hope Corporation Limited (ASX: NHC) where she also serves as a member of the Audit and Risk Committee and chair of the Human Resources and Remuneration Committee. Jacqui is also a non-executive director of Johannesburg-listed Gold Fields Limited as well as several other non-listed organisations including South Australian Art Gallery and the Royal Automobile Association of South Australia. Jacqui currently serves as a member of the South Australian Premier's Economic Advisory Council and was included in the Australia Day honours list in 2020 recognising her services to the resources sector, and diversity and inclusion. *Special responsibilities:* Chair of the Sustainability Committee (formerly, the Health, Safety, Environment & Community Committee). Member of the Audit, Governance & Risk Committee. Member of the Remuneration & Nominations Committee. *Other listed directorships:* New Hope Corporation Limited (ASX: NHC) (2020 – current); Gold Fields Limited (JSX: GFI; NYSE: GFI) (2021 – current).
Mr Martin Alciaturi BSc (Eng) (Hons) Grad Dip (Applied Finance) FCA MAICD *Independent Non-executive Director*	Martin was appointed as a Director on 27 May 2021. Martin is an experienced finance professional with combined experience of more than 40 years across investment banking, corporate finance and as a mining executive. Martin's executive career included 11 years in his roles as CFO and executive director with Aquila Resources Limited (ASX: AQA, delisted 2014) where Martin's responsibilities included strategy, business development, investor relations, finance and administration. Prior to Aquila, Martin spent 30 years in investment banking and corporate finance, including as Head of Corporate Finance at Macquarie Capital in Perth, Partner in charge of Corporate Finance at EY in Perth (including head of the EY natural resources team), and as an executive director with Poynton Corporate. Martin has also served as a member of the Australian Government's Takeovers Panel between 2006 and 2015. *Special responsibilities:* Chair of the Remuneration & Nominations Committee. Member of the Audit, Governance & Risk Committee. *Other listed directorships:* Nil.

Information on Company Secretary

Mr Clifford Tuck
LLB (Hons), BScApp (Hons)
FGIA MAICD

Chief Governance & Legal Officer

Clifford was appointed Company Secretary on 27 May 2021, and General Counsel & Company Secretary with effect on and from 2 July 2021. In this role, Clifford's executive responsibilities included the role of Company Secretary, governance, Group legal, Group risk and insurance, and external affairs. In February 2022, Clifford's executive accountabilities were expanded to include ESG (environment, social and governance) and his title was changed to Chief Governance & Legal Officer.

Clifford is a legal and governance professional with more than 20 years' experience, principally in the resources sector. Prior roles include working as an adviser to ASX-listed and private equity clients in relation to corporate transactions and governance matters, General Counsel & Company Secretary (consultant) for Lattice Energy Limited (the proposed IPO vehicle for the upstream oil & gas assets of ASX-listed Origin Energy Limited (2017)), General Counsel & Company Secretary of formerly ASX-listed Drillsearch Energy Limited (2014-2016) and various in-house roles with ASX-listed Newcrest Mining Limited (2005 – 2014), including Acting General Counsel and Deputy General Counsel (2011-2014). Clifford commenced his professional career with national law firm Allens (2001-2005).

Clifford was also formerly a non-executive director of ASX-listed Aurelia Metals Limited (ASX: AMI) where he also served as a member of the audit committee.

Directors' Meetings

The number of meetings of the Board and each of the Board's standing Committees held during 2021, and director attendance at those meetings, is set out below.

	BOARD		AUDIT, GOVERNANCE & RISK COMMITTEE		SUSTAINABILITY COMMITTEE [1]		REMUNERATION & NOMINATIONS COMMITTEE	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Owen Hegarty	6	6	4	3 [2]	2	2	4	3
Peter Albert	6	6	4	4 [2]	2	2 [2]	4	4 [2]
Fiona Robertson	6	6	4	4	2	2	4	4 [2]
Jacqui McGill	6	6	4	4	2	2	4	4
Martin Alciaturi	6	6	4	4	2	2 [2]	4	4

1. Formerly, the Health, Safety, Environment & Community Committee.
2. Attended meeting as an invitee. All Directors have a standing invitation to attend meetings of all Committees.

In addition to the formal meetings of the Board and Committees outlined in the table above, each of the Directors is invited to attend monthly briefing sessions with the Management teams of Golden Grove and Capricorn Copper. These meetings provide the Directors with direct access and engagement with senior leaders at the Company's operating sites.

Five monthly asset briefings were held for each operating site (10 in total) in the period between 2 July 2021 (the listing date) and 31 December 2021. All Directors attended each of the monthly briefing sessions.

Director interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and performance rights of 29Metals were:

	NUMBER OF SHARES	NUMBER OF OPTIONS	NUMBER OF PERFORMANCE RIGHTS
Owen Hegarty	50,000	-	-
Peter Albert	265,000 [1]	-	227,926 [2]
Martin Alciaturi	17,500	-	-
Jacqui McGill	35,000	-	-
Fiona Robertson	25,000	-	-
Total	**392,500**	-	**227,926**

1. Includes 200,000 Restricted Shares awarded to Mr Albert in connection with the IPO. Restricted Shares awarded to Mr Albert had an issue price of $2.00 per share are a subject to a two-year holding lock. Refer to the Remuneration Report for further information.
2. Includes the proposed award to Mr Albert of 182,926 performance rights under the Company's 2021 LTI award, which award has not occurred as at the date of this report and is subject to shareholder approval to be sought at the Company's next Annual General Meeting. Refer to the Remuneration Report for further information.

Shares under performance rights

There were no unissued ordinary shares of 29Metals under performance rights outstanding at the date of this report. In total there are 2,286,029 unvested performance rights on issue at the date of this report.

A total of 327,479 performance rights lapsed unvested during the financial year and up to the date of this report.

Refer to Note 35 to the Financial Statement for further information regarding performance rights on foot at year end.

Shares issued on the exercise of options

There are currently no options on issue and no shares were issued on the exercise of options during FY2021 and up to the date of this report.

Shares issued on the vesting of performance rights

No performance rights vested during the year and no shares were issued on vesting of performance rights during the year and up to the date of this report.

Non-Audit Services

During the year no amounts were paid or payable to the Group's auditor, Ernst & Young, for non-audit services.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Corporate governance

The Board of 29Metals has ultimate responsibility for the management of 29Metals' business, including ensuring that appropriate governance arrangements are in place. The Board has created a framework for managing the Company, including adopting corporate governance policies and processes, and systems and processes of internal controls and risk management, that the Board considers appropriate for the Company's business and that are designed to promote the responsible management and conduct of the Company.

29Metals' corporate governance framework has been developed having regard to the *Corporate Governance Principles and Recommendations* (4th edition) published by the ASX Corporate Governance Council. 29Metals will publish an annual corporate governance statement that sets out the extent to which the Company has followed these recommendations since its admission to the official list of the ASX on 2 July to 31 December 2021.

29Metals will publish its maiden corporate governance statement and Appendix 5G in April 2022. A copy of 29Metals' corporate governance statement will be made available on the 29Metals website.

An overview of 29Metals' corporate governance framework is set out in section 7.6 of the 29Metals prospectus dated 21 June 2021 (a copy of which was released to ASX on 2 July 2021) (the '**29Metals Prospectus**'). A copy of the 29Metals Prospectus is available on the 29Metals website at https://www.29metals.com/investors.

Information regarding 29Metals' corporate governance framework, including copies of the charters of the Board and each of its committees, and key corporate governance policies, is also available on the 29Metals website at https://www.29metals.com/about/corporate-governance.

Likely developments

The Operating and Financial Review on pages C-1 to C-23 of this document sets out information on the Group's business strategies and likely developments. Other than the information set out in the Operating and Financial Review, further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Rounding of amounts

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

Auditor's independence declaration

The auditor's independence declaration is set out on page B-8 and forms part of the Directors' Report for FY2021.

Remuneration Report

The Remuneration Report is set out in Part D and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors on 22 February 2022.

Owen L Hegarty

OWEN HEGARTY

Chair of the Board the Directors
Non-executive Director

Fiona Robertson

FIONA ROBERTSON

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

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Auditor's independence declaration to the directors of 29Metals Limited

As lead auditor for the audit of 29Metals Limited for the financial year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

2. no contraventions of any applicable code of professional conduct in relation to the audit; and

3. no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Fiona Drummond
Partner

22 February 2022

OPERATING AND FINANCIAL REVIEW

This is the Operating and Financial Review for the Group for the year ended 31 December 2021.

The principal activities of the Group during the Reporting Period were mineral exploration, development and production activities at the Group's two long-life producing mines located in Western Australia (Golden Grove) and Queensland (Capricorn Copper), and the Redhill exploration and development project, located in southern Chile.

OVERVIEW <moved from beginning of part A changes showed as tracked>

2021 was a momentous year for 29Metals, bringing together two high quality, long life operating mines in Australia and a portfolio of highly prospective exploration tenements in Australia and Chile.

During 2021 29Metals achieved the following milestones:

Successful IPO and refinance

- Listed on the ASX following successful completion of the IPO, raising gross proceeds of $528m; and
- Achieved financial close for new corporate debt facilities, providing greater flexibility to manage Group liquidity and funding requirements at a lower cost.

Strong operating performance

- Operated safely, achieving a TRIFR rate of 12.1[5], recognising there is always room for improving safety performance;
- Cu-eq[6] production for FY2021 of 68kt, exceeding Pro forma Forecast; and
- A significant improvement in unit costs, reflecting the recovery in operating performance after the challenges of the Mar-Qtr and despite cost, labour market pressures and extended domestic border closures that emerged in the second half, partly offset by lower than plan by-product metal production for the year;
- Managed evolving COVID-19 risks on site, with continuous operations maintained during the reporting period.

Strong financial performance and low gearing

- Revenue on a statutory basis of $600.7 million, $166.3 million higher than the prior period;
- EBITDA[6] on a statutory basis of $177.3 million, $21.8 million higher than the prior period;
- Pro forma Revenue[6] of $709.6 million, $44.3 million (or 7%) higher than Pro forma Forecast;
- Pro forma EBITDA[6] of $254.1 million, $33.1 million (or 15%) higher than Pro forma Forecast; and
- At 31 December 2021 29Metals had cash balances of $197 million and Drawn Debt of US$150 million ($201 million[6]).

Advanced growth ambitions

- Exceptional in-mine exploration results from Cervantes announced during the Sep-Qtr (and further results announced in the Mar-Qtr 2022), highlighting the potential to deliver additional high-grade, higher margin material; and
- Key studies for the Gossan Valley Feasibility Study were progressed in the Dec-Qtr with further optimisation studies planned for 2022.

Operational de-risking milestones

- At Golden Grove, production from the Xantho Extended orebody commenced in the Dec-Qtr 2021, a high-grade ore source which will support future production and growth;
- At Capricorn Copper, achieved self-propagation and breakthrough of the Esperanza South sub-level cave ('**ESS**');
- Commenced transition of Capricorn Copper processing operations 'in-house'. The transition, to be completed in the March 2022 quarter, is expected to create greater operational alignment and enhanced ability to retain and share talent across the Group;
- At Capricorn Copper and Golden Grove, 29Metals invested in a number of environmental projects which will support future operations, including lifts to the tailings storage facilities at both operations; and
- Final regulatory approvals for paste fill facilities and expansion of tailings storage facilities at Golden Grove, and for the expansion of tailings storage facilities at Capricorn Copper, were secured.

[5] TRIFR is *total recordable injury frequency rate* and is reported per million work hours on a rolling 12-month basis. TRIFR cited is TRIFR at 31 December 2021.
[6] *Cu-eq*, *EBITDA, Pro forma Revenue, Pro forma EBITDA* and *Drawn Debt* are non-IFRS financial information metrics. Refer to important information on page C-17 regarding the use of non-IFRS financial information metrics in this report.

IMPACT OF COVID-19

The challenges of the COVID-19 pandemic evolved during the Reporting Period, including escalating case numbers nationally, reflecting the combined impact of the highly transmissible Omicron variant and progressive re-opening of state borders (Queensland – December 2021; Western Australia ('**WA**') – expected March 2022).

29Metals' operating sites and head office developed and implemented COVID-19 Management Plans. At the operations, COVID-19 Management Plans included:

- pre-mobilisation (FIFO) testing;
- rapid testing on-site for persons displaying or reporting any symptoms;
- implementing government health recommendations regarding hygiene and social distancing in the workplace and in messing, accommodation and recreation facilities;
- dedicated accommodation, and services and support for, persons required to isolate on site;
- planning and arrangements in place for emergency airlift of personnel off site, if required;
- not permitting any close contacts identified on break to return to site until a negative test result is received;
- actively encouraging early vaccinations amongst staff, including initiating a 'double dose challenge'; and
- enhanced workforce communications and education.

Vaccination rates in the workforce were very encouraging, both at Capricorn Copper where there was no Government vaccine mandate and at Golden Grove with the Government mandate in effect from 1 December 2021.

Subsequent to year end, 29Metals recorded its first cases of COVID-19, with confirmed cases at Capricorn Copper in early January 2022 and a single confirmed case at Golden Grove in late January 2022.

The direct and indirect impacts of the COVID-19 pandemic on 29Metals are difficult to predict. Impacts may include additional costs in implementing its COIVD-19 Management Plans, operational impacts from absenteeism (which may be exacerbated by labour market pressures) and supply chain disruptions. Furthermore, isolation requirements in place in Western Australia increase these challenges at Golden Grove.

Given the evolving nature of the challenges posed by COVID-19, 29Metals will continue to adapt and update its COVID-19 Management Plans to mitigate the impact of COVID-19 on its workforce and operations.

Presentation of operating and financial review

In June and July 2021, 29Metals executed the Restructure and IPO Transactions resulting in the formation of the Group and the IPO, listing on the official list of ASX on 2 July 2021.

To assist readers to understand the operating and financial performance of the Group for the Reporting Period the Operational and Financial Review is structured in parts as follows:

- **Part A – Statutory results**

  As described above and in Note 2 (*Basis of Preparation*) of the Consolidated Financial Statements, the Statutory financial information is reported under Australian Accounting Standards ('**AAS**') on the basis that the Golden Grove Group is the *acquirer* for accounting purposes. Accordingly, the FY2021 results reflect:

  - the Golden Grove Group (on a standalone basis) for the six months to 30 June 2021; and
  - the Group for the six months to 31 December 2021.

  The results presented in Part A compare Statutory results for FY2021 against the results of the Golden Grove Group for the prior corresponding period (the year ended 31 December 2020).

  For the purposes of the Statutory financial results, it has been determined that the 'parent entity' of the Golden Grove Group is Golden Grove, LP. As a result, the statutory financial results include the impact of first-time adoption of AAS for Golden Grove, LP.[7]

- **Part B – Pro forma results**

  To aid investors' understanding, pro forma financial information for FY2021 has been prepared as if the Group had been formed prior to the Reporting Period, specifically as if:

  - the Restructure and IPO Transactions, the IPO and repayment or reduction of certain Capricorn Copper and Golden Grove liabilities out of IPO proceeds had occurred prior to 1 January 2021;

[7] Information regarding the impact of first-time adoption of AAS for Golden Grove, LP, is set out in Note 2 and Note 41 to the Consolidated Financial Statements.

- the Group had control of the Golden Grove Group, the Capricorn Copper Group, and the Redhill Group of companies from 1 January 2021; and
- the Group incurred corporate and other administration costs consistent with being formed prior to 1 January 2021, but excluding the impact of costs associated with the Restructure and IPO Transactions and IPO,

(the '**Pro forma**' financial information).

The Pro forma results for FY2021 have been compared against the pro forma forecast financial information for FY2021 (the '**Pro forma Forecast'**) as set out in the 29Metals Prospectus. Information regarding the basis of preparation of the Pro forma Forecast is set out in section 5.2 of the 29Metals Prospectus.

Readers should note that the pro forma financial information in Part B is non-IFRS financial information and has not been audited. This information should be read in conjunction with, and not in replacement of, the financial information prepared in accordance with IFRS and set out in Part A.

Segment Information

The Group has elected to present segment results for Golden Grove, Capricorn Copper. In addition, the Group reports results for its 'Exploration' and 'Corporate and other' to reconcile results back to its Consolidated Financial Statements. The Group segments are set out below.

REPORTING SEGMENTS	DESCRIPTION
Golden Grove	The operation of the long-life Golden Grove mine in Western Australia producing copper, zinc and high precious metals ('**HPM**') concentrates.
Capricorn Copper	The operation of the long-life Capricorn Copper mine in Queensland producing copper concentrate.
Exploration	Exploration activity undertaken at Redhill and expansionary exploration at Golden Grove and Capricorn Copper.
Corporate & other	Costs relating to governance, management and administrative functions not otherwise allocated to other segments.

Non-IFRS financial information

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

The non-IFRS financial information included in this report are used by 29Metals to assess the underlying performance of the business. The non-IFRS information has not been subject to audit or review by 29Metals' external auditor. Non-IFRS financial information should be used in addition to, and not as a substitute for, information prepared in accordance with IFRS. Although 29Metals believes these non-IFRS financial information metrics provide useful information to investors and other market participants, readers are cautioned not to place undue reliance on any non-IFRS financial information presented. These non-IFRS financial information metrics are not audited.

Refer to section 8 for definitions of the non-IFRS financial information metrics used in this report and a reconciliation of non-IFRS financial information metrics to IFRS financial information.

In addition to the non-IFRS financial information metrics used in this report, referred to above, this report contains pro forma financial information. Pro forma financial information is also non-IFRS financial information and has not been audited.

The pro forma financial information is this report has been included to provide investors and other market participants with insights into the operating and financial performance of the Group for the full year. The pro forma financial information is included in Part B of this Operating and Financial Review, and certain pro forma financial information is also included in the Remuneration Report. Refer to Part B for information regarding the presentation and presentation of the pro forma financial information in this report.

As above, the pro forma financial information (as non-IFRS financial information) should be used in addition to, and not as a substitute for, information prepared in accordance with IFRS.

Rounding

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

PART A – STATUTORY RESULTS

1. FINANCIAL PERFORMANCE REVIEW

METAL PRICES AND FX [1]		2021	2020	VAR
Copper	US$/t	9,305	6,175	3,130
Gold	US$/oz	1,798	1,773	25
Zinc	US$/t	3,005	2,266	739
Silver	US$/oz	25.1	20.5	4.6
Lead	US$/t	2,201	1,823	378
Australian dollar (period average)	AUD:USD	0.752	0.691	0.061
Australian dollar (at period end)	AUD:USD	0.727	0.772	(0.045)

1. Source: FactSet.

In FY2021, the average copper price of US$9,305/t was US$3,130/t or approximately 51% higher than the prior period. The average prices of other commodities sold by 29Metals mostly increased in FY2021 with zinc prices increasing by 33%, silver prices increasing by 22%, lead prices increasing by 21%, and gold prices declining by 1%. Higher average commodity prices supported higher revenue outcomes as discussed further below.

The average Australian dollar exchange rate of 0.752 (source: FactSet) was 0.061 or 9% higher than the prior period, partially offsetting the benefit of higher US$ commodity prices.

GROSS PROFIT		2021	2020	VAR
Revenue	**$'000**	**600,762**	**434,451**	**166,311**
Mining costs	$'000	(213,289)	(144,030)	(69,259)
Processing costs	$'000	(94,419)	(69,384)	(25,035)
Site services costs	$'000	(37,684)	(23,894)	(13,790)
Depreciation and amortisation	$'000	(100,113)	(56,148)	(43,965)
Stockpile movements	$'000	25,580	(5,615)	31,195
Government royalties	$'000	(25,918)	(15,312)	(10,606)
Other production and selling costs	$'000	(18,275)	(11,456)	(6,819)
Cost of sales	**$'000**	**(464,118)**	**(325,839)**	**(138,279)**
Gross profit	**$'000**	**136,644**	**108,612**	**28,032**

Revenue for FY2021 increased approximately 38% on the prior period, reflecting favourable commodity prices relative to the prior period and the inclusion of Capricorn Copper revenue for the second half of the year, partly offset by a stronger Australian dollar.

FY2021 cost of sales increased by approximately 42% on the prior period as operations experienced labour and consumables cost escalation, exacerbated by a skills shortage, impacting costs and productivity. These issues were particularly felt at Golden Grove in WA, with COVID-19 border restrictions remaining in place during FY2021. Cost of sales were also increased on the prior period due to the addition of six months of financial results from Capricorn Copper results.

Higher mining costs in FY2021 reflects a combination of higher mining costs at Golden Grove, due to the operating cost pressures and the addition of six months of financial results from Capricorn Copper.

Higher depreciation and amortisation for FY2021 reflects the inclusion of six months of Capricorn Copper financial results, inclusive of the impact of purchase price accounting outcomes in connection with the acquisition of Capricorn Copper.

Higher costs were partly offset by a positive stockpile movement, approximately $31 million higher than the prior period, reflecting timing differences between production and sales resulting in an increase in concentrate inventories at the end of FY2021.

Gross profit of $137 million in FY2021 was $28 million higher than the prior period, reflecting the inclusion of Capricorn Copper's financial results for the second half of the year, higher commodity prices in Australian dollar terms partially offset by higher costs of sales and lower production from Golden Grove relative to the prior period.

NET PROFIT AFTER TAX		2021	2020	VAR
Gross profit	**$'000**	**136,644**	**108,612**	**28,032**
Other income	$'000	270	73	197
Net gain/(loss) on derivative financial instruments	$'000	(11,135)	8,359	(19,494)
Net foreign exchange gain/(loss)	$'000	(13,450)	26,807	(40,257)
Administration expenses	$'000	(18,641)	(4,688)	(13,953)
Other expenses	$'000	(45,649)	(3,988)	(41,661)
Profit before net finance costs and income tax expense	**$'000**	**48,039**	**135,175**	**(87,136)**
Net finance costs	$'000	(30,262)	(100,661)	70,399
Profit before income tax expense	**$'000**	**17,777**	**34,514**	**(16,737)**
Income tax (expense)/benefit	$'000	103,236	(34,514)	137,750
NPAT	**$'000**	**121,013**	**0**	**121,013**
Earnings per share (‘**EPS**’) (Basic)	cents	48.5	N/a	n/a

1. EPS for the prior period cited as N/a (not applicable) on the basis that partner capital contributions to Golden Grove, LP, is treated as a financial liability for accounting purposes.

29Metals recorded a net loss on derivative financial instruments in FY2021 of $11 million, an increased loss of approximately $19 million on the prior period, primarily reflecting realised losses on the settlement of 2021 copper hedges and an increase in unrealised losses for remaining copper hedges as copper prices increased in Australian dollar terms, during the period. FY2021 losses on derivative financial instruments includes $3 million in unrealised losses in relation to the Golden Grove gold hedges. Gains on derivative financial instruments in the prior period are in relation to Golden Grove gold hedges.

Foreign exchange losses in FY2021 of $13 million related to the devaluation of the Australian dollar against the US$ at period end resulting in unrealised losses on the Group’s US$ denominated borrowings. FY2021 foreign exchange losses include $5m net realised gains primarily in relation to the refinancing of Golden Grove debt in October 2021. Gains on foreign exchange in the prior period were in relation to US$ denominated debt balances at Golden Grove.

Administration costs in FY2021 are primarily 29Metals corporate and administration costs. Other expenses of $46 million reflect IPO transaction costs, including stamp duty triggered by the Reverse Acquisition of the Golden Grove Group.

Net finance costs for FY2021 of $30 million were approximately $70m lower than the prior period. 29Metals net finance costs in 2021 reflects a lower cost of financing following completion of the refinancing of Golden Grove facilities in the Dec-Qtr, which were replaced with new Group facilities and a higher average Australian dollar in FY2021 relative to the prior period, reducing the cost of servicing US$ debt in Australian dollar terms. FY2021 net finance costs include $14m in distributions payable to the partners of Golden Grove, LP which compares to $83 million in the prior period. Refer to Notes 40 and 41 of the Consolidated Financial Statements for further details.

FY2021 Income tax benefit of $103 million includes the impact from the recognition of deferred tax assets resulting from the entry of Golden Grove into the 29Metals tax consolidated group ('**TCG**’) of $119 million. Refer to Note 9 of the Consolidated Financial Statements for further details.

Net profit attributable to members (‘**NPAT**’) in FY2021 of $121 million reflects the matters described above. The prior period nil NPAT result reflects statutory adjustments in relation to net assets attributable to the Partners in Golden Grove, LP.

ADJUSTED NPAT [1]		2021	2020	VAR
NPAT	**$'000**	**121,013**	**0**	**121,013**
Add: Transaction costs (post-tax)	$'000	39,216	0	39,216
Less: Income tax benefit on formation of the 29Metals TCG	$'000	(119,388)	0	(119,388)
Add: Increase in net assets attributable to the Partners in Golden Grove, LP	$'000	14,955	82,716	(67,761)
Adjusted NPAT	**$'000**	**55,796**	**82,716**	**(26,920)**
Adjusted EPS	cents	22.4	N/a	N/a

1. *Adjusted NPAT* and *Adjusted EPS* are non-IFRS financial information metrics. Refer to important information on page C-3 regarding the use of non-IFRS financial information metrics in this report.

Adjusted NPAT has been derived after removing the post-tax impact of non-recurring items from Statutory NPAT. Adjustments include transaction costs in relation to the Restructure and IPO Transaction, income tax benefit associated with tax recognition of deferred tax assets resulting from the reset of tax cost base following formation of the 29Metals tax consolidated group, and statutory accounting for net assets attributable to the Partners in Golden Grove, LP.

Under the terms of the Golden Grove, LP, partnership agreement effective prior to 2 July 2021 (the ‘**Pre-29Metals LPA**’), the partnership was to continue to operate until 3 June 2026, unless extended on agreed terms. Furthermore, this agreement stipulated how gains and losses were to be allocated between the limited partners and general partner in accordance with an allocation waterfall. Taking these facts into account and applying relevant accounting standards, Golden Grove, LP, partner capital has been assessed as a financial liability and any increase in net assets has been accounted for in net finance costs during the relevant period.

A new Golden Grove, LP, partnership agreement, taking effect on and from 2 July 2021 and replacing the Pre-29Metals LPA, removed the end date for the partnership and the requirement to distribute gains and losses in a prescribed manner. Accordingly, from 2 July 2021, Golden Grove, LP, partner capital has been determined as equity and the impact of accounting for increases in the net assets attributable to partners prior to 2 July 2021 reversed for the purpose of determining Adjusted NPAT[8].

Adjusted NPAT for FY2021 of $56 million was $27 million lower than the prior period, primarily reflecting higher gross profit described above, being offset by movements in derivatives financial instruments and foreign exchange, higher administration costs, and the inclusion of six months of Capricorn Copper financial results.

NPAT TO EBITDA [1] RECONCILIATION		2021	2020	VAR
NPAT	**$'000**	**121,013**	**0**	**121,013**
Add: Income tax (expense)/benefit	$'000	(103,236)	34,514	(137,750)
Add: Net finance costs	$'000	30,262	100,661	(70,399)
Add: Depreciation and amortisation	$'000	100,124	56,148	43,976
Add: Unrealised foreign exchange (gain)/loss	$'000	17,993	(27,437)	45,430
Add: Net (gain)/loss on derivative financial instruments	$'000	11,135	(8,359)	19,494
EBITDA [1]	**$'000**	**177,291**	**155,527**	**21,764**

1. *EBITDA* is a non-IFRS financial information metric. Refer to important information on page C-3 regarding the use of non-IFRS financial information metrics in this report.

EBITDA of $177 million was approximately 14%, higher than the prior period, reflecting the combination of higher revenue being partially offset by higher site operating costs, higher administration costs, and Restructure and IPO Transaction costs, including stamp duty described above.

SEGMENT EBITDA [1]		2021	2020	VAR
Revenue				
Golden Grove	$'000	419,909	434,451	(14,542)
Capricorn [2]	$'000	180,853	0	180,853
Reportable segments	**$'000**	**600,762**	**434,451**	**166,311**
Total revenue	**$'000**	**600,762**	**434,451**	**166,311**
EBITDA				
Golden Grove	$'000	161,333	155,527	5,806
Capricorn [2]	$'000	73,277	0	73,277
Reportable segments	**$'000**	**234,610**	**155,527**	**79,083**
Exploration, Corporate and Other	$'000	(57,319)	0	(57,319)
Total EBITDA	**$'000**	**177,291**	**155,527**	**21,764**

1. *EBITDA* is a non-IFRS financial information metric. Refer to important information on page C-3 regarding the use of non-IFRS financial information metrics in this report.
2. Capricorn Copper revenue and EBITDA contribution reflects the six-month period ending 31 December 2021.

Cashflows from operating activities of $75 million in FY2021 were $56 million lower than the prior period. The decrease in operating cashflow reflects lower production from Golden Grove, partially offset by higher commodity prices, an increase in concentrate inventories during the period, increased operating costs discussed above and payments for transaction costs in respect of the IPO. Operating cashflows also include six months of results from Capricorn Copper which are not reflected in the prior period.

Investing cash outflows of $93 million were approximately $14 million higher than the prior period reflecting the impact of including six months of results from Capricorn Copper in FY2021 with higher investment in property plant and equipment as well as higher development expenditure, partially offset by cash acquired through a business combination.

Financing cash inflows of $102 million were $159 million higher than the prior period reflecting net proceeds raised from the IPO in FY2021. Prior period financing outflows of $57 million primarily reflects the refinancing and distribution to the partners of the GG LP undertaken by Golden Grove, as well as lease liability and debt servicing costs.

[8] *Adjusted NPAT* is a non-IFRS financial information metric. Refer to important information on page C-17 regarding the use of non-IFRS financial information metrics in this report.

CASHFLOWS		2021	2020	VAR
Cashflow from operating activities	$'000	75,098	130,602	(55,504)
Cashflow from investing activities	$'000	(92,548)	(78,888)	(13,660)
Cashflow from financing activities	$'000	101,876	(57,342)	159,218
Net increase/(decrease) in cash and cash equivalents	**$'000**	**84,426**	**(5,628)**	**90,054**
Effects of movements in exchange rates on cash held	$'000	5,831	(3,123)	8,954
Cash and cash equivalents at the beginning of the period	$'000	107,215	115,966	(8,751)
Cash and cash equivalents at the end of the period	**$'000**	**197,472**	**107,215**	**90,257**

At 31 December 2021 Net Drawn Debt was $3 million, being Drawn Debt in relation to 29Metals Term Facility of $201 million, and cash and equivalents, excluding cash backed indemnity amount, of $197 million[9]. Net Debt was $65 million.

INDEBTEDNESS		31-Dec-2021
Term loan facility	$'000	200,971
Working capital facility	$'000	0
Drawn Debt [1]	**$'000**	**200,971**
Insurance premium funding	$'000	646
Derivative financial liabilities	$'000	31,259
Lease liabilities	$'000	31,426
Financial liabilities (indemnity payable)	$'000	12,500
Total Debt	**$'000**	**276,802**
Cash and cash equivalents	$'000	197,472
Cash backed indemnity amount	$'000	12,682
Derivative financial assets	$'000	1,541
Net Debt [1]	**$'000**	**65,107**
Net Drawn Debt [1]	**$'000**	**3,499**

1. *Drawn Debt, Net Debt* and *Net Drawn Debt* are non-IFRS financial information metrics. Refer to important information on page C-3 regarding the use of non-IFRS financial information metrics in this report.

During FY2021, 29Metals cash-settled copper hedges at Capricorn Copper and delivered into gold hedges at Golden Grove. 29Metals' outstanding metals hedges at 31 December 2021 are shown below.

HEDGING ARRANGEMENTS	Volume	Price	Fair value ($'000)
Copper forward contracts	7,200 tonnes	$8,990/tonne	(31,259)
Gold swap contracts	44,016 ounces	$2,590/oz	1,541

29Metals' outstanding copper forward contracts and gold forward contracts at 31 December 2021 are set out in the table below. The 2022 copper forward contracts (shown below) are scheduled for delivery during the period January to September 2022.

YEAR		2022	2023	2024	2025
Copper forward contracts	Tonnes	7,200	-	-	-
Gold swap contracts	Ounces	13,992	10,008	10,008	10,008

9 Excludes cash balances set aside for rental security deposits.

2. OPERATIONAL PERFORMANCE REVIEW

2.1. GROUP

Safety performance, measured as total recordable injury frequency rate ('**TRIFR**') at both operating mines for FY2021 was above respective state industry averages for underground mining operations, mainly attributable to minor and low potential incidents being recorded during the period. Importantly, performance on other lagging safety indicators such as lost time injuries ('**LTI**') and serious potential incidents was stronger. 29Metals remains committed to improving performance in this area through a focus on leading indicators such as critical control verification and the Company's *Vital Behaviours* program.

		2021	2020	VAR
Ore mined	kt	2,487	1,442	1,045
Ore milled	kt	2,267	1,377	890
Metal Production				
Copper	kt	30.6	19.0	11.6
Gold	koz	35.8	62.7	(26.9)
Zinc	kt	47.8	54.5	(6.7)
Silver	koz	1,641	1,679	(38)
Lead	kt	2.4	2.6	(0.2)

Increases in ore mined, ore milled, and copper production in FY2021, primarily reflect the inclusion of Capricorn Copper for the second half of FY2021, partly offset by lower grade ore and low ROM stockpiles impacting production at Golden Grove during the Mar-Qtr 2021 and tailings-capacity-related throughput constraints which impacted ore milled at Golden Grove in 2021.

Lower production of gold, zinc and silver in FY2021 are attributable to lower production at Golden Grove. The operational performance of Golden Grove and Capricorn Copper is discussed below.

2.2. GOLDEN GROVE

		2021	2020	VAR
Ore mined	kt	1,525	1,442	83
Ore milled	kt	1,405	1,377	28
Metal Production				
Copper	kt	16.0	19.0	(3.0)
Gold	koz	35.8	62.7	(26.9)
Zinc	kt	47.8	54.5	(6.7)
Silver	koz	1,496	1,679	(183)
Lead	kt	2.4	2.6	(0.2)
Costs				
C1 Costs	A$m	47	(0)	47
C1 Costs	US$/lb	1.10	(0.01)	1.11
AISC	A$m	126	81	45
AISC	US$/lb	2.95	1.43	1.52

1. *C1 Costs* and *AISC* are non-IFRS financial information metrics. Refer to important information on page C-3 regarding the use of non-IFRS financial information metrics in this report.

Ore mined and ore milled in FY2021 exceeded the prior period by 83kt and 28kt respectively. Higher ore mined reflects improved mining performance including in relation to development activities in FY2021. The smaller increase in ore milled reflects restrictions on mill throughput rates to manage tails deposition volumes in FY2021, to align with commissioning of new tailings storage capacity.

Golden Grove metal production decreased in FY2021 on the prior period with copper production lower by approximately 3kt (16%), gold by 27koz (42%), zinc by 7kt (12)%, silver by 182koz (11)% and lead by less than 1%. Lower metal production reflects lower mined grades in FY2021 and low ROM stockpiles at the start of the year. During FY2021 grade was negatively impacted by the rescheduling of some zinc stopes to optimise geotechnical considerations, exacerbated by lower mill throughput for the period.

Golden Grove revenues for FY2021 of $420 million were approximately $15 million lower than the prior period reflecting reduced sales, partly offset by higher commodity prices in Australian Dollar terms.

FY2021 C1 Costs of $47 million were $47 million higher than the prior period reflecting a combination of higher operating costs as the impact of on-going external cost pressures were felt and lower by-products credits. Consequently, unit C1 Costs of US$1.10 per pound of copper sold was US$1.11 per pound of copper sold higher than the prior period. Unit AISC of US$2.95 per pound of copper sold in FY2021 was US$1.52 per pound higher than the prior period, reflecting the increase in C1 Costs unit costs described above, and a stronger Australian dollar relative to the prior period.

Golden Grove EBITDA increased by $5 million to approximately $162 million reflecting lower cost of sales with stockpile movements offsetting higher mining costs.

Operational milestones achieved in FY2021 included:

- installation and commissioning of the triple sequential flotation, allowing for an increase in recovery, operational flexibility and concentrate quality;
- recommissioning and ramp up of the Scuddles hoisting system, enhancing overall future mine flexibility;
- commencement of production from Xantho Extended orebody, a high-grade ore source which will support future production;
- receipt of final regulatory approvals for the paste plant. Commissioning is expected to occur in 2022, which will enable Golden Grove to sustain mine and mill production rates, reduce the volume of tailings placed in surface tailings storage facilities and improve site water management; and
- completed a lift to TSF1 and commenced tailings deposition into this facility. A further lift at TSF1 is planned to be completed during 2022.

2.3. CAPRICORN COPPER

		2021	2020	VAR
Ore mined	kt	962	-	n/a
Ore milled	kt	862	-	n/a
Metal Production				
Copper	kt	14.6	-	n/a
Silver	kt	145	-	n/a
Costs				
C1 Costs – $m	A$m	100	-	n/a
C1 Costs – US$/lb	US$/lb	2.44	-	n/a
AISC – $m	A$m	127	-	n/a
AISC – US$/lb	US$/lb	3.11	-	n/a

1. *C1 Costs* and *AISC* are non-IFRS financial information metrics. Refer to important information on page C-3 regarding the use of non-IFRS financial information metrics in this report.

Operating results for Capricorn Copper reflect the six-month period to 31 December 2021. Capricorn Copper is not included in the prior period results.

During this period, Capricorn Copper mined 962kt and milled 862kt of ore. Mining occurred at ESS, Greenstone and Mammoth orebodies with performance supported by multiple mining fronts being available and an increase in the trucking fleet during the period. Lower ore milled relative to ore mined reflects reduced throughput rates to manage tailings volumes in advance of approval and construction of a lift to the Esperanza TSF, providing additional tailings storage capacity. Following receipt of regulatory approvals, mill throughput constraints were removed in September 2021.

During this period, Capricorn Copper achieved copper production of approximately 15kt reflects strong grade performance particularly from the Greenstone and Mammoth orebodies, and the removal of throughput constraints in the second half of 2022 as described above. Group revenue from Capricorn Copper during this period was $181 million.

During this period C1 Costs of $100 million and AISC of $127 million corresponded to unit C1 Costs of US$2.44/lb and unit AISC US$3.11/lb of copper sold, reflecting the production outcomes described above. Capricorn Copper EBTIDA for the period was $73 million.

In the period following completion of the IPO to 31 December 2021, Capricorn Copper achieved several important operational milestones, including:

- recommissioning of the paste fill plant, supporting mining rates and reducing the volume of tailings required to be stored in surface tailings storage facilities;
- breakthrough to surface at ESS obviating the need initiate propagation of the cave;

- Commitment to transition of processing operations 'in-house' which occurred in the Mar-Qtr 2022. This will deliver benefits to 29Metals through greater alignment and improved ability to retain and share talent across the Group; and
- receiving regulatory approval for the ETSF lift and progressing construction activities with deposition commencing in January 2022.

3. ORGANIC GROWTH

Over the course of FY2021, 29Metals advanced its pipeline of organic growth opportunities. A summary of key activities is discussed below.

Golden Grove

At Golden Grove organic growth activities focused on operational improvements, in-mine/near mine resource development and extension opportunities, with the aim of replenishing reserves and extending mine life. Golden Grove has benefited from several years of sustained investment of this nature. Feasibility study work and further drilling also took place at Gossan Valley which has the potential to be a third mining front. Drilling at Cervantes specifically has generated significant results and will be a target for further activity in 2022.

Activities in FY2021 included:

- operational improvements to support 29Metal's growth ambitions, including; commissioning of the triple sequential floatation circuit, commencing production from Xantho Extended and advancing installation of the paste plant project;
- testing in-mine/near mine organic growth targets at Cervantes, Xantho Extended, Hougoumont, and Tryall. Initial results from the 2021 Cervantes drilling program were announced to the ASX in September 2021 with the balance of the program results announced in February 2022;
- drilling program at the Bald Hill prospect and soil sampling at the Crescent prospect, however, the two regional prospects have not returned significant results to date;
- at Gossan Valley, undertaking exploration drilling and advancing feasibility study work, validating its potential to become a third mining front at Golden Grove.

2022 activities at Golden Grove are planned to include:

- in-mine resource extension and conversion drilling at Cervantes, Xantho Extended, and Oizon;
- scoping Study work at Cervantes;
- near-mine exploration drilling at Xantho Extended North and Scuddles-GG4; and
- life of mine optimisation studies which are planned to include an evaluation of the options and timing for bringing Gossan Valley and Cervantes into the mine plan.

Capricorn Copper

At Capricorn Copper there was a focus on optimising operations to support 29Metals' organic growth ambitions through de-risking activities including the establishment of the ESS Northern Cave and achieving improving mill throughput rates. Activities to advance in-mine/near mine opportunities were relatively limited with several small extensional programs as well some resource development drilling at ESS.

Drilling activity at Capricorn Copper is planned to be expanded significantly in 2022 to support reserve replenishment and mine life extension.

29Metals holds significant exploration leases in the Mt Isa Inlier, surrounding the Capricorn Copper operating site, totalling 1,858km^2, and several regional targets are planned to be drill tested in 2022 along with greenfields activities such as mapping and soil sampling.

Activities at Capricorn Copper included:

- in-mine extensional drilling at Mammoth North, Mammoth Deeps, G Lens and ESS;
- surface drilling at Magazine intersecting minor mineralisation visually; and
- an airborne Falcon Plus survey was completed to collect gravity data over the entire south-eastern tenement block known as Crystal Creek, which has flagged a number of areas for further follow up.

FY2022 activities at Capricorn Copper are planned to include:

- in-mine resource extension and conversion drilling at ESS, Greenstone, and Mammoth G lens;
- near-mine exploration drilling at Mammoth North;
- exploration drilling to test regional targets, including GP03, Eagles Nest, and Grey Ghost; and
- soil sampling and mapping across numerous regional areas of interest.

Redhill

At Redhill, activity in period after completion of the IPO to 31 December 2021 was limited to compiling and reviewing historical exploration data, including petrophysical studies, in preparation for the 2022 field season which runs from January to April. The initial objectives of the upcoming field work will be the collection of rock samples using portable short drills and undertaking a drone-based magnetics survey in order to estimate the overall potential endowment of the system around the existing Cutters Mineral Resource. The field campaign, if successful, is intended to inform targeted drilling activities at Cutters in 2023.

Activities at Redhill included:

- full review of work completed to date on the Redhill project;
- undertaking petrophysical test work to inform future geophysical surveys; and
- 2022 field campaign (refer below).

The field campaign in Redhill in FY2022 comprises field sampling using portable small drills, rock chip sampling and mapping, as well as high resolution drone-based magnetic surveys.

The work is planned to occur over the Mar-Qtr and Jun-Qtr with the objective of determining the overall potential endowment for the system in addition to what has currently been modelled.

4. MARKET OUTLOOK

29Metals explores for, develops and produces metals (in the form of mineral concentrates) including copper, zinc, gold, silver and lead. The outlook for copper, zinc, and gold and silver is set out below.

Copper

Global demand growth for copper is expected to remain strong, underpinned by increasing urbanisation, investment in transportation and power networks and strong manufacturing in China and other Asian economies coupled with a supportive public policy backdrop and government stimulus in Europe and the US.

Over the medium-to-long term, decarbonisation, electrification and the global transition to a greener economy are expected to drive incremental copper demand. The supply outlook for copper is subject to a range of factors, including challenges to the development of new copper mines including declining head grades, increased capital intensity, a lack of new discoveries, water scarcity, increasing technological, metallurgical and permitting approval challenges and increased risk of resource nationalisation in a number of key copper producing nations.

Zinc

29Metals expects there to be a positive impact on refined zinc demand over the short to medium term driven by:

- the announcement of new galvanising lines by galvanised steel producers who are the largest users of refined zinc;
- incremental demand from the requirement to provide galvanised steel in the construction of renewable energy sources, particularly wind and solar power capacity; and
- Government infrastructure programs, given refined zinc's end use in construction, transportation and infrastructure.

There is potential short term downside risk given the current deteriorating outlook for China's property/construction and automotive sector. However, the Chinese Government may provide support to the property sector, in turn supporting increased demand for commodities.

Growth in mined zinc supply is expected to occur from new projects which are expected in the near and medium term.

Gold & Silver

Continued market volatility, recovering physical demand and low interest rates are expected to support a positive outlook for both gold and silver. Industrial demand for silver is also expected to benefit from its use in electromagnetic shielding associated with 5G developments and solar installations.

5. BUSINESS STRATEGY AND OPPORTUNITIES

Business Strategy

29Metals' vision is to be a leading ASX-listed copper producer capitalising on the important role that copper will play in electrification, decarbonisation, and the global transition to a greener economy from its diversified production assets. 29Metals is also well-positioned to benefit from improvements in the outlook for zinc and its role in infrastructure development.

29Metals' strategy is to pursue profitable and sustainable growth over the near-to-medium term by executing against its operating plans and delivering against the pipeline of organic growth opportunities in the portfolio.

29Metals may evaluate external growth opportunities on an opportunistic and selective basis. External growth opportunities will only be pursued where 29Metals is confident the opportunity will enhance shareholder value.

Opportunities

For the year ended 31 December 2021, 29Metals achieved a number of important operational milestones. Building on this success, a number of key opportunities are planned to be pursued in 2022, including:

- commissioning of the paste fill plant at Golden Grove is expected to occur in 2022 following receipt of regulatory approvals in late 2021. Successful commissioning and expansion of production at Xantho Extended is expected to contribute high grade ore mill feed particularly from 2023 and beyond;
- following the advancement of key studies for the Gossan Valley feasibility study, 29Metals intends to undertake further optimisation work on the Gossan Valley as well as consider the optimal development strategy in the context of other organic growth options, including Cervantes; and
- In 2022, 29Metals intends to undertake exploration activities at Golden Grove, Capricorn Copper and Redhill. The objective of these activities is to achieve resource extensions at existing orebodies and identify new discoveries at prospects identified on tenements controlled by 29Metals'.

6. MATERIAL BUSINESS RISKS

29Metals' business, and operating and financial performance, is subject to a number of risks and uncertainties, some of which are beyond 29Metals' control.

29Metals has a risk management framework in place to:

- identify and evaluate risks and opportunities to 29Metals' business performance and objectives;
- identify and implement controls and other actions to mitigate the impact of risks and capture opportunities; and
- review the effectiveness of controls and other actions to mitigate risk.

Risks and uncertainties are assessed by reference to the potential for harm or injury, the potential financial impact, the potential for environmental harm, the risk of non-compliance with regulatory obligations, the risk to stakeholder relationships and potential to harm the reputation of the Company. In most instances, identified risks have the potential to impact across more than one of these dimensions outlined above.

The table below outlines those risks that 29Metals' has identified as having the potential to have a material impact on 29Metals business or operating and financial performance. The risks outlined in the table are not intended to be an exhaustive description of the risks and uncertainties that may impact on 29Metals' business or operating and financial performance. There may be other risks that uncertainties that 29Metals is not aware of, or which are currently considered to be unlikely to have a material impact.

RISK EVENT	DISCUSSION
COVID-19	The impact of COVID-19 continues to evolve, including as a result of new variants such as the Omicron variant which emerged in late 2021. COVID-19 has a variety of potential direct and indirect impacts on 29Metals, including: ▪ additional costs to implement COVID-19 Management Plans in order to mitigate the risk of transmission of COVID-19 at 29Metals' operating sites and to comply with local, State and Federal health advice and directives (which directives are subject to change); ▪ while not experienced by 29Metals to-date, the potential for on-site transmission of COVID-19 at an operating site resulting in a significant portion of the workforce contracting the virus and/or being required to isolate on site (including as a designated *close* contact), impacting normal operations; ▪ general hardening of labour market conditions, including as a result of continuing border restrictions; and ▪ extended lead times and costs increases for specialised labour and equipment. 29Metals has COVID-19 Management Plans in place at each of its operating and corporate sites that seek to mitigate or manage the direct and indirect impacts of COVID-19. While these COVID-19 Management Plans are regularly reviewed and have proven effective in avoiding a material impact on the business to-date, there can be no guarantee that COVID-19 will not have a material impact on the business or operating and financial performance of 29Metals.
Changes in market price for copper and other 29Metals products	29Metals' business and financial performance is significantly affected by the market prices and treatment and refining charges for mineral concentrates of copper and zinc, which can be subject to material fluctuations due to factors outside of 29Metals' control. Such factors include changes (or perceived changes) in supply and demand for the materials (or the end-products in which they are commonly used), the availability and cost of substitute products, currency exchange rates, inventory levels maintained by users, the cyclicality of consumption, actions of other participants in the commodities markets, adverse weather incidents which affect supply, national tariffs, general global, regional and local economic activity, or other international macroeconomic and geopolitical events.

RISK EVENT	DISCUSSION
	Absent offsetting factors, significant and sustained adverse movements in commodity prices (specifically, the market price for copper, gold, zinc and silver) may have a material adverse impact on 29Metals' business, results of operations and financial condition and prospects.[10]
Changes in currency foreign exchange rates	29Metals' mineral concentrate products are priced in US dollars while its operating costs are primarily Australian dollar costs. In addition, 29Metals has debt facilities priced in US dollars and cash reserves comprise a combination of Australian and US dollars. As a result, 29Metals' financial performance is exposed to relative movements in the US dollar to Australian dollar exchange rate. Absent offsetting factors, the relative movements in the Australian and US dollar may have a material impact on 29Metals' profitability as well as the carrying value of certain assets and liabilities of the Group.
Impact of geotechnical events on operations	Underground mining at 29Metals' producing assets is subject to geotechnical risks that arise from changes in the stresses, seismicity and/or stability of the rock formations that surround ore and waste material once that material has been extracted by mining, along with general seismicity risks which may result in sudden movement of underground workings. Geotechnical conditions can be unpredictable and failures in current or historic mined areas, in the form of the material collapsing into stope or development voids, may occur without warning. The impact of geotechnical and underground seismicity events on 29Metals may include: ▪ harm or injury, including death, to underground mining personnel, or damage to property; ▪ access to mining areas and equipment may be suspended for a temporary or extended period, including as a result of regulatory intervention; ▪ additional costs to rehabilitate effected areas; and ▪ financial penalties or loss of licenses. 29Metals has management plans in place at its operating sites to avoid and/or mitigate the impact of geotechnical risks, however, there can be no guarantee that these plans will be effective.
Unexpected failure of equipment	29Metals' mines and associated processing plant and equipment, are at risk of incidents such as critical mechanical failures, fire, damage via corrosion of aged infrastructure, and loss of power supply. The occurrence of any such incidents could interrupt 29Metals' operations and adversely affect 29Metals operating and financial performance. 29Metals seeks to manage the risk of equipment failure through regular monitoring of the condition of key items of plant and equipment, by maintaining sufficient spares and replacement parts on site and by undertaking scheduled maintenance and replacement works.
Impact of extreme weather events, including as a result of climate change	The frequency and severity of extreme weather or natural environmental disasters, such as heavy rainfall and flooding, including as a result of climate change, are difficult to predict. Extreme weather events may impact 29Metals operations directly or indirectly, adversely impacting the Company's operating and financial performance. For example, access to and from Capricorn Copper is via an unsealed road which can be susceptible to flooding during significant rainfall events during the Queensland wet season (November to March). In circumstances where safe access via road is prevented by flooding, transportation of mineral concentrates produced at Capricorn Copper is delayed, along with delivery of critical materials, parts and consumables required to maintain normal mining operations. Extreme or unseasonal weather events may also impact on surface conditions at 29Metals' operating and exploration sites, restricting access or making surface conditions challenging, resulting in delays to or deferrals of surface activities, which, in turn, may impact upon 29Metals' operating and financial performance.
Reliance on third parties	29Metals is reliant upon key contractors to deliver against the Company's operating plans and budgets. In particular, 29Metals employs contractor mining at both Golden Grove and Capricorn Copper, as well as specialised contractors for production and other drilling at Golden Grove and Capricorn Copper. As a result, 29Metals operating and financial performance is reliant upon the performance of the relevant contractors and their personnel. 29Metals seeks to manage this risk through contractual structures that promote performance. These contractors are subject to personnel attraction and retention challenges as a result of labour market pressures, including as a result of COVID-19 related borders closures and other restrictions (refer below).
Failure to attract and retain employees	The market for skilled and experienced personnel to undertake exploration, project development and mining operations is highly competitive and volatile. 29Metals seeks to attract and retain employees and third-party contractors with the appropriate skills and experience necessary to continue to operate its business. A loss of key personnel or a failure to attract appropriately skilled and experienced personnel by 29Metals, or the contractors upon whom 29Metals relies (refer above), may adversely affect 29Metals' business and operating and financial performance. 29Metals has talent attraction and retention strategies and remuneration frameworks in place to mitigate this risk. However, there can be no assurance that 29Metals will be able to engage competent and suitably experienced local businesses or that disruptions will not occur in the future which may have an adverse effect on 29Metals' business. In addition, the competitive landscape for skilled and experienced labour, and attraction and retention strategies employed by 29Metals, may result in the Company incurring additional costs which, in turn, may adversely affect the Company's operating and financial performance.

[10] Refer to page C-7 in the *Operating and Financial Review* for information regarding outstanding metal hedge positions at 31 December 2021.

<table>
<tr><th>RISK EVENT</th><th>DISCUSSION</th></tr>
<tr><td>Reliance on contractual counterparties</td><td>29Metals’ business is reliant upon contractual counterparties performing their obligations to 29Metals, and 29Metals’ ability to exercise its contractual rights is subject to the liquidity and financial strength of such counterparties.

In the period 2021-2025 (inclusive) the majority of 29Metals’ mineral concentrate products are committed to a single contractual counterparty, Trafigura Pte Ltd ('Trafigura’), under existing offtake contracts. In addition, as noted above, 29Metals has material contracts in place at Golden Grove and Capricorn Copper that are critical to operating performance.

Any renewal on unfavourable terms or any failure to renew or other early termination of one of these key contracts could have an appreciable adverse impact on 29Metals’ operating and financial performance.

Further, 29Metals is exposed to credit risk in relation to Trafigura. If amounts due to 29Metals under its sales contracts are not paid in a timely manner or at all, it may have consequences for 29Metals’ cash flow and broader financial position.</td></tr>
<tr><td>The impact of geopolitical conditions</td><td>Under 29Metals’ mineral concentrate sales arrangements, 29Metals’ may be required to deliver concentrate to ports in China which presents risks given the current geopolitical tension between Australia and China. For example, in October 2020, it was reported that certain Chinese state-owned utilities and steel mills had been verbally instructed by China’s General Administration of Customs (‘CGAC’) to stop importing thermal and metallurgical coal from Australia with immediate effect. The impact, scope and duration of the CGAC restrictions remains unclear.

While the “buyer” under 29Metals’ mineral concentrate contracts may elect for one or more shipments of 29Metals’ mineral concentrates to be delivered to ports outside of China (such as South Korea), under the relevant offtake agreements 29Metals assumes the risk and the costs for changes in shipment locations.

The costs associated with such an occurrence may be material and have the potential to adversely affect 29Metals’ financial performance.</td></tr>
<tr><td>Increase in production and capital costs</td><td>Key production inputs and consumables are subject to fluctuation, including as a result of changes in international markets (including commodity prices, exchange rate movements and capital markets conditions) and domestic markets (including wage increases and general cost escalation), which are outside of the Company’s control.

Historically, commodity price increases tend to increase production levels in the relevant sector which, in turn, may result in increased demand for key production inputs and consumables.

The impact of increases in production inputs and consumables may include:
▪ changes in operating plans to reduce production input and consumable requirements;
▪ delays to development projects and/or deferral of investment decisions by 29Metals;
▪ changes to the economic assumptions underpinning 29Metals Ore Reserves and Mineral Resources estimates which, in turn, may result in an adverse revision of mineral inventory; and
▪ review the carrying value of its assets, which may result in impairment charges.

29Metals seeks to manage the risk of increased production and capital costs by regularly reviewing its operating and costs performance and forecasts, and by maintaining liquidity via cash and undrawn facilities to meet the Company’s commitments.</td></tr>
<tr><td>Failure to obtain, or delays in obtaining, regulatory approvals</td><td>Regulatory frameworks are complex and are regularly reviewed and amended in response to changes in stakeholder and community expectations. In addition, the regulatory approval process is often protracted due to internal government decision-making processes (which involve the exercise of discretion and can be unpredictable) and statutory and other rights of stakeholders, including the public, non-government organisations and anti-mining groups, in relation to proposed approvals.

29Metals’ business depends on its ability to obtain, renew and amend as relevant, on a timely basis, all required regulatory approvals for its existing operations and its expansion plans.

The impact of failures to obtain, or delays or difficulties in obtaining, relevant approvals may include:
▪ changes to operating plans to maintain operations within existing approval parameters, such as reducing production rates to extend the life of existing tailings storage facilities pending approvals to increase tailings storage capacity;
▪ delays or changes to development plans; and
▪ changes to the economic viability of 29Metals’ development projects which, in turn, may adversely impact the Company’s growth objectives and result in a revision of Ore Reserves and Mineral Resources estimates or an impairment of the carrying value of 29Metals’ assets.

29Metals seeks to mitigate the impact of regulatory approval requirements by including approval requirements in its long-term planning and seeking to maintain constructive engagement with regulatory approval authorities.</td></tr>
<tr><td>Changes in regulatory environment</td><td>29Metals is subject to extensive legislation, regulation, and supervision by a number of regulatory bodies across:
▪ mining permits, leases and licences;
▪ occupational health and safety;
▪ native title; and
▪ environmental matters (including emissions monitoring, air and water quality, waste management, ecosystem management, and closure and rehabilitation).

There may be unforeseen changes in government policy, including new compliance requirements, and the introduction of additional requirements relating to regulatory and environmental approvals.</td></tr>
</table>

RISK EVENT	DISCUSSION
	Compliance with these requirements could become more costly, and cause interruptions to existing operations or delays in implementing planned development activities, which could adversely impact 29Metals' business, and operating and financial performance.
Access to capital and capital management	To maintain operations and meet its growth objectives, 29Metals may, in the future, require access to debt and/or equity capital markets. Access to capital markets may be impacted by the following: ▪ a failure to comply with debt covenants which may give rise to an event of default (absent a waiver from lenders) under the relevant debt facility triggering accelerated payment of drawn amounts under the relevant debt facility; ▪ high levels of indebtedness and other financial commitments, which may restrict the Company's ability to access additional capital or negatively affect the cost of accessing capital; and ▪ changes in liquidity in global capital markets which may be impacted by geopolitical events, macroeconomic conditions and policy settings of government and non-government institutions. Dependent on these factors, the ability of 29Metals to obtain new funding or refinance existing liabilities in the future may be significantly reduced. If 29Metals is unable to obtain sufficient funding, the Company may not have sufficient cash to meet its ongoing capital requirements. 29Metals manages this risk by maintaining low levels of gearing and access to liquidity including cash and undrawn facilities sufficient to meet the Company's commitments.
Failure of exploration and project development activities to support growth objectives	29Metals aims to grow its production and extend mine-life through its pipeline of organic growth opportunities. The time between discovery of economically viable deposits to commercial production is highly variable and has been extending in recent years as a result of various factors, including capital requirements, changes to regulatory approval requirements (refer above) and the complexity and depth of target deposits. Expansion of existing operations and development of new projects are capital intensive and often involve significant expenditure prior to a final decision to proceed, including significant investment in studies and regulatory approval requirements. The actual costs to expand operations or develop a new project, along with the operating performance once brought into commercial production, may also vary significantly from estimates.
Failure to discover new Mineral Resources or to convert Mineral Resources to Ore Reserves or to produce Ore Reserves	Mineral Resources and Ore Reserves estimates are imprecise and involve: ▪ interpretation of geological data obtained through exploration drilling and other exploration activities; ▪ judgements and material assumptions regarding (among other things) future commodity prices, operating costs, capital costs, orebody characteristics and metallurgical recovery performance; and ▪ statistical and other analyses. There can be no guarantee that 29Metals' Mineral Resources estimates will be converted to Ore Reserves, or that material included in 29Metals' Ore Reserves estimates will be successfully produced. Nor can there be any guarantee that 29Metals' exploration activities will result in the discovery of new material, or reclassification of material previously discovered, to be included in Mineral Resources and Ore Reserves estimates. In addition, changes in factors outside of 29Metals' control, such as adverse changes to long term forecasts of commodity prices, may result in an adverse change to 29Metals Mineral Resources and Ore Reserves estimates. A failure to successfully replace Ore Reserves depleted through production, or a material adverse revision to Mineral Resources and Ore Reserves estimates, will have an adverse impact on the long-term prospects of 29Metals.
Impairment of the carrying value of 29Metals' assets	29Metals' balance sheet includes a number of non-financial assets that may be subject to impairment risk, including plant and equipment, mine properties, mineral rights, exploration and evaluation and other intangible assets. Impairment assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or cash generating units. In such circumstances, some or all of the carrying amount of the assets/cash generating units may be further impaired or the impairment charge reduced with the impact recognised in the Consolidated Statement of Comprehensive Income.
Future rehabilitation provisions	29Metals is required to include provisions in its financial statements for rehabilitation and remediation costs. Estimating the likely quantum of such costs involves making assumptions as to mine life (which, in turn, is influenced by estimates regarding future commodity prices), the extent of disturbance and contamination, and future rehabilitation and closure costs. 29Metals utilises third party experts in assessing future rehabilitation costs. However, actual costs of closure and rehabilitation in the future may be substantially greater. The impact of higher rehabilitation provisions on 29Metals includes: ▪ higher capital and operating costs may adversely impact the overall financial position of the Company; ▪ increases in future closure and rehabilitation costs may adversely affect the economic assumptions underpinning 29Metals' Ore Reserves and Mineral Resources estimates resulting in an adverse revision to mineral inventory which underpins mine life; and ▪ 29Metals may be required to review the carrying value of its assets, which may result in impairment charges. In certain jurisdictions where 29Metals conducts mining operations now or in the future, such as Queensland where Capricorn Copper is located, 29Metals may be required to provide a surety against future rehabilitation and closure liability, in the form of performance bonds or bank guarantees. The quantum of the surety is determined by the relevant

RISK EVENT	DISCUSSION
	regulatory authority having regard to an assessment of disturbance and contamination, and other criteria determined by the regulatory authority (from time to time).
Impacts of Climate Change	The impacts of climate change expose 29Metals to a range of risks, as well as opportunities associated with the global transition to a greener economy. Risks to 29Metals as a direct or indirect result of climate change include: ▪ increases in the frequency or severity of extreme weather events or natural disasters (refer above); ▪ changes to the regulatory environment for 29Metals' business, including the inclusion of climate change considerations in project approvals and the imposition of tariffs and other imposts on cross border supply chains; and ▪ changes to the availability of debt capital and insurances. Direct impacts of climate change are likely to be geographically specific, and may include one or more of changes in rainfall patterns, drought-induced water shortages, increases in the occurrence and intensity of extreme weather events (including bushfires, storms and floods), and rising temperatures. The occurrence of such events, or an increase in the frequency and severity of such events, could result in damage to 29Metals' mine sites and equipment, interruptions to critical infrastructure such as transport, water and power supply, or loss of workforce productivity, and increase competition for, and the regulation of, limited resources (such as power and water), which could in turn adversely affect 29Metals' business, results of operations and financial position.
Failure to maintain relationships with community and other stakeholders	29Metals' relationships with the community and other stakeholders (including regulatory authorities), through the acceptance of its plans and activities related to exploration, developments and operations at a mine, are critical to the long-term success of its existing operations and the development of any future projects. Fostering and maintaining a social licence to operate in respect of a mining project is a key tenet of corporate social responsibility, without which it can be very difficult to, among other things, secure necessary permits or arrange financing. Although 29Metals prioritises the establishment of strong relationships with the communities near its mines, it may engage in activities that have or are perceived to have adverse impacts on local communities and their relevant stakeholders, society as a whole, cultural heritage, human rights and the environment. In addition, 29Metals' current operating assets are mature assets with a long operating history. Perceptions and expectations from stakeholders can change over the life of the mine. Changes in the aspirations and expectations of local communities where 29Metals operates with respect to its contributions to employee health and safety, infrastructure, community development, environmental management and other factors could affect its relationship with stakeholders and 29Metals' reputation, and may lead to increased costs and reduced future earnings if expansions or new projects are blocked either temporarily or for extended periods. 29Metals also aims to foster strong relationships with regulatory authorities. A failure to maintain these relationships, or the loss of support of surrounding communities or regulatory authorities, could have an adverse impact on 29Metals' business, and operating and financial performance.
Impact of 29Metals' business activities on sites of cultural significance	29Metals must ensure that its operations do not interfere with or impact upon designated sites of cultural significance to First Nations people. Events at Juukan Gorge in Western Australia and the proposed amendments to the Aboriginal cultural heritage legislation in Western Australia has increased the risk to projects associated with Aboriginal heritage and cultural values. New processes and approvals that require significant engagement and preferably agreement with the traditional owner groups will be required under the new proposed cultural heritage legislation, which will increase the timeframe and cost of project development, and potentially impact ongoing project activities where there is further surface disturbance. 29Metals does not have any formal heritage agreements with traditional owners, which means there is no agreed heritage management process for identifying and addressing potential impacts on Aboriginal heritage and managing the impacts of activities on Aboriginal heritage values. However, heritage clearances have been obtained for all areas of disturbance at 29Metals operating sites. In addition, heritage management plans prepared in consultation with traditional owner groups are in place to reduce the risks in relation to activities and heritage sites specifically contemplated by those management plans only.

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7. Definitions for non-IFRS financial information metrics

The following definitions apply for non-IFRS financial information metrics cited in this report.

METRIC	DEFINTION
Adjusted EPS	is *adjusted earnings per share* and is calculated as Adjusted NPAT divided by the weighted average number of ordinary shares outstanding for the period.
Adjusted NPAT	is net profit after tax for the year attributable to members adjusted for non-recurring items including transaction costs in relation to the Restructure and IPO Transactions, income tax benefits resulting from the formation of the 29Metals tax consolidated group and application of IFRS accounting standards by Golden Grove, LP. A reconciliation of statutory NPAT to Adjusted NPAT is set out on page C-5 of this report.
AISC	is *all-in sustaining costs*, and is calculated as C1 Costs plus royalties cost, corporate costs, sustaining capital and capitalised development costs, but excludes growth capital and exploration. AISC is cited per pound of payable copper sold and in $ million terms.
C1 Costs	is mining costs, processing costs, maintenance costs, site general & administrative costs, realisation costs including shipping and logistics costs), and treatment and refining charges, adjusted for stockpile movements and net of by-product credits (non-copper metal related). C1 Costs is cited per pound of payable copper sold and in $ million terms.
Cu-eq	is *copper equivalent contained metal*. Cu-eq converts zinc, gold, silver and lead metal produced (contained metal-in-concentrate) to copper equivalent metal on an economic basis. Cu-eq is calculated by applying metal prices and actual or assumed metallurgical recovery. Cu-eq calculations do not apply adjustments for payability or selling costs which differ between metals and between operating sites. Cu-eq metrics cited in this report apply the following commodity price and metallurgical recovery assumptions: ▪ 2021 PFF Cu-eq production applies Cu US$9,442/t, Au US$1,776/oz, Zn US$2,878/t, Ag US$26/oz, Pb $2,063/t; and metallurgical recovery assumptions set out in the technical reports in section 11 of the 29Metals Prospectus. ▪ 2021 Actual Cu-eq production applies actual average metals prices (Source: FactSet) for the period on a quarterly basis and actual metallurgical recovery. Actual quarterly average prices are; Cu: Q1-21 US$8,490/t, Q2-21: US$9,682/t, Q3-21: US$9,365/t, Q4-21: US$9,685/t Au: Q1-21 US$1,794/oz, Q2-21: US$1,815/oz, Q3-21: US$1,789/oz, Q4-21: US$1,795/oz Zn: Q1-21 US$2,749/t, Q2-21: US$2,913/t, Q3-21: US$2,991/t, Q4-21: US$3,365/t Ag: Q1-21 US$26.3/oz, Q2-21: US$26.6/oz, Q3-21: US$24.3/oz, Q4-21: US$23.3/oz Pb: Q1-21 US$2,017/t, Q2-21: US$2,123/t, Q3-21: US$2,338/t, Q4-21: US$2,327/t
Drawn Debt	is amounts drawn under Group debt facilities as reported in the 2021 Consolidated Financial Statements, excluding bank guarantees issued under the Group bank guarantee facility and insurance premium funding.
EBITDA	is earnings before finance income, finance costs, any unrealised foreign exchange gains or losses, any realised and unrealised gains or losses on derivative financial instruments, income tax expense and D&A. Because it eliminates all gains and losses on forward commodity contracts (copper) and swaps (gold), the non-cash charges for D&A, and unrealised foreign exchange gain or losses, 29Metals considers that EBITDA is useful to help evaluate the operating performance of the business without the impact of those items, and before finance income and finance costs and tax charges, which are significantly affected by the capital structure and historical tax position of 29Metals. Reconciliations of statutory and Pro forma NPAT to EBITDA are set out on pages C-6 and C-19 of this report, respectively.
Net Debt	is total debt including lease liabilities, insurance premium funding, derivative financial assets and liabilities less cash and cash equivalents excluding cash held as rental security deposit and EMR Capital IPO proceeds retained by 29Metals under cash backed indemnity arrangements described in section 10.6.12.3 of the 29Metals Prospectus. 29Metals uses this measure to understand its overall credit position. Investors should be aware that cash and cash equivalents may be required for purposes other than debt reduction.
Net Drawn Debt	is Drawn Debt less cash and cash equivalents excluding cash held as rental security deposit and EMR Capital IPO proceeds retained by 29Metals under cash backed indemnity arrangements described in section 10.6.12.3 of the 29Metals Prospectus. 29Metals uses this measure to understand its overall credit position. Investors should be aware that cash and cash equivalents may be required for purposes other than debt reduction.

PART B – PRO FORMA RESULTS

This part B sets out pro forma financial information for the year ended 31 December 2021. This pro forma financial information has been included to provide investors and other market participants with additional insights into the operating and financial performance of the Group for the full year. The pro forma financial information included in this part B is unaudited.

The pro forma financial information in this part B has been prepared as if the Group had been formed prior to the Reporting Period. For further information on the basis of preparation for pro forma results refer to 'Presentation of operating and financial review' on page [13] of this report.

For presentation purposes, the pro forma results for the year ended 31 December 2021 are shown in comparison to the Pro forma Forecast. Information regarding the basis of preparation of the Pro forma Forecast is set out in section 5.3 of the 29Metals Prospectus, and information regarding the general and specific assumptions applied in the Pro forma Forecast is set out in section 5.9.2 of the 29Metals Prospectus.

Pro forma financial information (as non-IFRS financial information) should be used in addition to, and not as a substitute for, information prepared in accordance with IFRS.

1. FINANCIAL PERFORMANCE REVIEW

METAL PRICES AND FX [1]		2021A	2021P	VAR
Copper	US$/t	9,305	9,442	(137)
Gold	US$/oz	1,798	1,776	22
Zinc	US$/t	3,005	2,878	127
Silver	US$/oz	25	26	(1)
Lead	US$/t	2,201	2,063	138
Australian dollar (period average)	AUD:USD	0.752	0.772	(0.020)

1. *2021A* refers to Pro forma FY2021 results, *2021P* refers to the 2021 Pro forma Forecast contained in the 29Metals Prospectus.

Average metal prices were broadly in line with the Pro forma Forecast, with copper price being 1% lower, gold 1% higher, zinc 4% higher, and silver 4% lower than the Pro forma Forecast.

The average actual Australian dollar to US$ exchange rate was 3% lower than the Pro forma Forecast (source: FactSet), which favourably impacted revenue in Australian dollar terms.

GROSS PROFIT [1]		2021A	2021P	VAR
Revenue	**$'000**	**709,597**	**665,330**	**44,267**
Mining costs	$'000	(258,909)	(229,776)	(29,133)
Processing costs	$'000	(111,090)	(116,255)	5,165
Site services costs	$'000	(45,926)	(44,842)	(1,084)
Depreciation and amortisation	$'000	(124,457)	(126,102)	1,645
Stockpile movements	$'000	35,231	16,928	18,303
Government royalties	$'000	(31,159)	(29,785)	(1,374)
Other production and selling costs	$'000	(24,992)	(20,379)	(4,613)
Cost of sales	**$'000**	**(561,303)**	**(550,211)**	**(11,092)**
Gross profit	**$'000**	**148,294**	**115,119**	**33,175**

1. *2021A* refers to Pro forma FY2021 results, *2021P* refers to the 2021 Pro forma Forecast contained in the 29Metals Prospectus.

Higher revenue reflects the impact of higher copper sales for the Group supported by favourable commodity prices in AUD terms[11], being partly offset by lower revenue from by-product metals sales at Golden Grove and an increase in concentrate stockpiles relative to Pro forma Forecast.

Group cost of sales of were 2% higher than the Pro forma Forecast, primarily reflecting higher mining costs as operations experienced labour and consumables cost escalation, exacerbated by a skills shortage, impacting costs and productivity. These issues were particularly felt at Golden Grove in WA, with COVID-19 border restrictions remaining in place during FY2021.

Higher cost of sales in FY2021 were partially offset by a higher stockpile movement credit than Pro forma Forecast reflecting timing differences between concentrate production and sales.

Gross profit for FY2021 was $33 million, or 29% higher than Pro forma Forecast, reflecting the revenue and cost outcomes discussed above.

[11] Includes final invoice and quotational period ('**QP**') adjustments for the year.

NPAT [1]		2021A	2021P	VAR
Gross profit	**$'000**	**148,294**	**115,119**	**33,175**
Other income	$'000	554	73	481
Net gain/(loss) on derivative financial instruments	$'000	(48,471)	(32,524)	(15,947)
Net foreign exchange gain/(loss)	$'000	(11,136)	(2,308)	(8,828)
Administration expenses	$'000	(24,603)	(19,701)	(4,902)
Other expenses	$'000	(1,204)	0	(1,204)
Profit before net finance costs and income tax expense	**$'000**	**63,434**	**60,659**	**2,775**
Net finance costs	$'000	(16,665)	(11,574)	(5,091)
Profit before income tax expense	**$'000**	**46,769**	**49,085**	**(2,316)**
Income tax (expense)/benefit	$'000	(12,433)	(12,561)	128
NPAT	**$'000**	**34,336**	**36,524**	**(2,188)**

1. *2021A* refers to Pro forma FY2021 results*, 2021P* refers to the 2021 Pro forma Forecast contained in the 29Metals Prospectus.

NPAT was $2 million lower than Pro forma Forecast reflecting higher gross profit described above, offset by higher losses on derivative financial instruments and foreign exchange, finance costs, and higher administration expenses, relative to Pro forma Forecast.

Losses on derivative financial instruments were primarily in relation unrealised movements on outstanding copper hedges at Capricorn Copper due to higher copper prices, in Australian dollar terms relative to Pro forma Forecast. Higher foreign exchange losses than Pro forma Forecast are primarily a function of the devaluation of the AUD against the US$ resulting in net unrealised foreign exchange losses on US$ denominated debt and cash balances in FY2021 of $11 million. FY2021 net foreign exchange losses include $5 million in realised gains primarily in relation to the retirement of Golden Grove debt in October 2021.

Higher administration expenses primarily reflect higher site administrative costs than Pro forma forecast and a reallocation of costs from site services costs to administration expenses. Actual other expenses primarily relate to doubtful debts expense in connection with the toll treating of gold oxide ore at Golden Grove.

Income tax expense was in line with the Pro forma Forecast.

EBITDA [1, 2]		2021A	2021P	VAR
NPAT	**$'000**	**34,336**	**36,524**	**(2,188)**
Add: Income tax expense/(benefit)	$'000	12,433	12,561	(128)
Add: Net Finance costs	$'000	16,665	11,574	5,091
Add: Depreciation and amortisation	$'000	124,468	126,102	(1,634)
Add: Unrealised foreign exchange (gain)/loss	$'000	17,692	1,703	15,989
Add: Net (gain)/loss on derivative financial instruments	$'000	48,471	32,524	15,947
EBITDA	**$'000**	**254,066**	**220,988**	**33,078**

1. *EBITDA* is a non-IFRS financial information metric. Refer to important information on page C-3 regarding the use of non-IFRS financial information metrics in this report.
2. *2021A* refers to Pro forma FY2021 results*, 2021P* refers to the 2021 Pro forma Forecast set out in the 29Metals Prospectus.

FY2021 EBITDA of $254 million was approximately $33 million, or 15%, higher than the Pro forma Forecast. The higher FY2021 EBITDA reflects the higher revenues higher revenues and stockpile credits relative to Pro forma Forecast offset by higher costs, as described above.

SEGMENT REPORTING [1]		2021A	2021P	VAR
Revenue				
Golden Grove	$'000	419,909	433,390	(13,481)
Capricorn	$'000	289,688	231,940	57,748
Reportable segments	**$'000**	**709,597**	**665,330**	**44,267**
Total revenue	**$'000**	**709,597**	**665,330**	**44,267**
EBITDA [2]				
Golden Grove	$'000	163,413	170,431	(7,018)
Capricorn	$'000	109,906	70,384	39,522
Reportable segments	**$'000**	**273,320**	**240,815**	**32,505**
Exploration, Corporate and Other	$'000	(19,254)	(19,827)	573
Total EBITDA [2]	**$'000**	**254,066**	**220,988**	**33,078**

1. *2021A* refers to Pro forma FY2021 results*, 2021P* refers to the 2021 Pro forma Forecast.

2. *EBITDA* is a non-IFRS financial information metric. Refer to important information on page C-3 regarding the use of non-IFRS financial information metrics in this report.

On a segment reporting basis, Capricorn Copper achieved EBITDA approximately $40 million higher than Pro forma Forecast, supported by higher grades and mill throughput, more than offsetting a lower EBITDA result from Golden Grove.

Golden Grove EBITDA was approximately $7 million lower than Pro forma Forecast, reflecting sales outcomes for FY2021 and higher operating costs partially offset by a higher stockpile movement credit relative to Pro forma Forecast.

CAPITAL EXPENDITURE [1]		2021A	2021P	VAR
Mine development	$'000	56,214	59,816	(3,602)
Sustaining	$'000	35,668	25,001	10,667
Growth	$'000	11,300	12,200	(900)
Exploration	$'000	7,699	10,469	(2,770)
Total Capital Expenditure	**$'000**	**110,881**	**107,485**	**3,396**

1. *2021A* refers to Pro forma FY2021 results*, 2021P* refers to the 2021 Pro forma Forecast set out in the 29Metals Prospectus.

Total capital expenditure in FY2021 the was approximately $3 million, or 3%, higher than Pro forma Forecast, reflecting:

- lower mine development capital, primarily in relation to due to scheduling changes and improvements to development designs at Capricorn Copper;
- higher sustaining capital, primarily relating to increased investment in environmental projects, including the works to raise tailings dams at both operations; and
- a reallocation of in- resource conversion drilling costs in FY2021 from exploration to sustaining capital expenditure.

Growth capital for FY2021 primarily relates to the paste plant project at Golden Grove.

2. OPERATIONAL PERFORMANCE REVIEW

2.1. GROUP

		2021A[1]	2021P[1]	VAR
Ore mined	kt	3,297	3,287	10
Ore milled	kt	3,108	3,108	0
Metal Production				
Copper	kt	40.7	36.8	3.9
Gold	koz	35.8	40.9	(5.1)
Zinc	kt	47.8	54.5	(6.7)
Silver	koz	1,766	1,914	(148)
Lead	kt	2.4	4.4	(2.0)
Cu-eq[2] – Prospectus metal prices	**kt**	**67.4[3]**	**67.4[4]**	**0.0**
Cu-eq[2] – Actual metal prices [2, 5]	**kt**	**68.2**	**N/a**	**N/a**

1. *2021A* refers to Pro forma FY2021 results*, 2021P* refers to the 2021 Pro forma Forecast set out in the 29Metals Prospectus.
2. *Cu-eq* is a non-IFRS financial information metric. Refer to page C-3 for important information regarding the use of non-IFRS financial information in this report.
3. 2021A Cu-eq production cited is the aggregate of reported quarterly Cu-eq for the relevant period
4. 2021P Cu-eq production applies Cu US$9,442/t, Au US$1,776/oz, Zn US$2,878/t, Ag US$26/oz, Pb $2,063/t; and recovery assumptions set out in the technical reports in the 29Metals Prospectus.
5. *Cu-eq – Actual metal prices* is Cu-eq production calculated by applying actual realised metals prices for the period and actual metallurgical recovery. Refer to definitions of non-IFSR financial measures for actual metal prices.

For FY2021, Group ore mined, ore milled and Cu-eq production achieved Pro forma Forecast. Golden Grove and Capricorn Copper met Prospectus Pro forma Forecast for ore mined. Capricorn Copper exceeded Prospectus Pro forma Forecast for ore milled, offsetting weaker performance from Golden Grove.

The performance of Golden Grove and Capricorn Copper on a Pro forma basis is discussed further below.

2.2. GOLDEN GROVE

		2021A [1]	2021P [1]	VAR
Ore mined	kt	1,525	1,522	3
Ore milled	kt	1,405	1,483	(78)
Metal Production				
Copper	kt	16.0	16.5	(0.5)
Gold	koz	35.8	40.9	(5.1)
Zinc	kt	47.8	54.5	(6.7)
Silver	koz	1,496	1,664	(168)
Lead	kt	2.4	4.4	(2.0)
Cu-eq[2] – Prospectus metal prices[3]	**kt**	**42.0**	**46.4**	**(4.4)**
Cu-eq[2] – Actual metal prices[4]	**kt**	**42.8**	**N/a**	**N/a**
Costs				
C1 Costs[2]	$m	45	18	27
C1 Costs[2]	US$/lb	1.05	0.42	0.63
ASIC[2]	$m	124	89	35
AISC[2]	US$/lb	2.90	2.08	0.82

1. *2021A* refers to Pro forma FY2021 results*, 2021P* refers to the 2021 Pro forma Forecast set out in the29Metals Prospectus.
2. *Cu-eq, C1 Costs and AISC* are non-IFRS financial information metrics. Refer to page C-3 for important information regarding the use of non-IFRS financial information in this report.
3. 2021P Cu-eq production applies Cu US$9,442/t, Au US$1,776/oz, Zn US$2,878/t, Ag US$26/oz, Pb $2,063/t; and recovery assumptions set out in the technical reports in section 11 of the 29Metals Prospectus.
4. *Cu-eq – Actual metal prices* is Cu-eq production calculated by applying actual realised metals prices for the period and actual metallurgical recovery. Refer to definitions of non-IFSR financial measures for actual metal prices.

Ore mined in FY2021 on a pro forma basis was in line with Pro forma Forecast, while ore milled was slightly below Pro forma Forecast. The lower ore milled result was due to restrictions on mill throughput rates to manage tails deposition volumes in the second half of FY2021. Cu-eq production was approximately 11% lower than Pro forma Forecast reflecting a combination of lower tonnes milled and lower grades of ore milled. During FY2021, grades were negatively impacted by the rescheduling of some zinc stopes to optimise geotechnical considerations, exacerbated by lower mill throughput for the period. FY2021 copper production was 3% lower, zinc and gold were 12% lower, and silver was 10% lower than Pro forma Forecast.

Golden Grove revenue for FY2021 of $420 million was approximately $13 million lower than the Pro forma Forecast, reflecting reduced sales of copper and by-product metals, partially offset by higher commodity prices in Australian dollar terms as well as lower treatment and refining charges due to lower volumes of metals sold.

FY2021 C1 Costs were approximately $27 million higher than Pro forma Forecast due to lower than planned copper by-product sales partially offset by higher commodity prices in Australian dollar terms and the impact of on-going external cost pressures, partially offset by lower treatment and refining charges and higher stockpile movement credit relative to Pro forma Forecast. Higher unit AISC reflects the increase in C1 Costs and higher sustaining and mine development capital.

2.3. CAPRICORN COPPER

		2021A[1]	2021P[1]	VAR
Ore mined	kt	1,772	1,765	7
Ore milled	kt	1,703	1,624	79
Metal Production				
Copper	kt	24.7	20.3	4.4
Silver	kt	270	250	20
Cu-eq[2] – Prospectus metal prices[3]	**kt**	**25.4**	**21.0**	**4.4**
Cu-eq[2] – Actual metal prices[4]	**kt**	**25.4**	**N/a**	**N/a**
Costs				
C1 Costs[2]	$m	186	166	20
C1 Costs[2]	US$/lb	2.80	2.95	(0.15)
AISC[2]	$m	230	213	17
AISC[2]	US$/lb	3.45	3.79	(0.34)

1. *2021A* refers to Pro forma FY2021 results*, 2021P* refers to the 2021 Pro forma Forecast.

2. *Cu-eq, C1 Costs and AISC* are non-IFRS financial information metrics. Refer to page C-3 for important information regarding the use of non-IFRS financial information in this report.
3. 2021P Cu-eq production applies Cu US$9,442/t, Au US$1,776/oz, Zn US$2,878/t, Ag US$26/oz, Pb $2,063/t; and recovery assumptions set out in the technical reports in the 29Metals Prospectus.
4. *Cu-eq – Actual metal prices* is Cu-eq production calculated by applying actual realised metals prices for the period and actual metallurgical recovery. Refer to definitions of non-IFSR financial measures for actual metal prices.

Capricorn Copper ore mined in FY2021 was in line with Pro forma Forecast, and ore milled was higher than Pro forma Forecast, achieved following the removal of tailings-capacity-related throughput constraints in September 2021.

FY2021 Cu-eq metal production applying actual 2021 metal prices, was 21% higher than Pro forma Forecast, reflecting higher mill throughput and higher grades than Pro forma Forecast.

Capricorn Copper revenue for FY2021 was approximately $58 million higher than Pro forma Forecast reflecting higher copper production and sales, and higher copper prices in Australian dollar terms, relative to Pro forma Forecast.

Pro forma C1 Costs of $186 million in FY2021 were $21 million, or 12%, higher than Pro forma Forecast, reflecting higher selling costs resulting from higher sales volumes and higher site costs reflecting external cost pressures and higher ore milled volumes.

Pro forma unit C1 Costs were US$0.15/lb lower than Pro forma Forecast, with higher copper sales more than offsetting higher C1 Costs in $m terms. Pro forma unit AISC was US$0.34/lb lower than Pro forma Forecast, with higher C1 Costs, royalties and sustaining capital more than offset by higher sales volumes and lower capitalised development costs.

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LETTER FROM THE CHAIR OF THE REMUNERATION & NOMINATIONS COMMITTEE

Dear Shareholders

On behalf of the Remuneration & Nominations Committee and the Board, I am pleased to introduce 29Metals' inaugural Remuneration Report.

This Remuneration Report outlines 29Metals':

- strategy and approach to remuneration for KMPs;
- remuneration arrangements and outcomes for the Reporting Period;
- planned changes to 29Metals' KMP remuneration in 2022; and
- statutory remuneration reporting.

2021 – year in review

2021 was an eventful year for all of us – a mix of challenges and important successes.

We all had another 12-months working through the direct and indirect impacts of COVID-19. At 29Metals, our management plans for COVID-19 proved effective with no interruptions to operations in 2021. There were also a number of operating challenges to be confronted and overcome, and all of this in parallel to undertaking 29Metals' initial public offering (the '**29Metals IPO**').

Successful completion of the 29Metals IPO was a key success – the culmination of an enormous amount of work by our people; for many, in addition to the 'day job'. That success was combined with a number of performance highlights, most notably exceeding our copper metal and *copper equivalent* production forecast in the Prospectus[12], as well as delivery of various initiatives.

However, there are areas where improvement will be a focus in 2022 – costs exceeded the forecast in the Prospectus, with costs adversely affected by labour market pressures (particularly in Western Australia) and the continuing impact of COVID-19-related restrictions, combined with under-performance in by-product metal production and revenue.

From a safety perspective, the rolling 12-month total reportable injury frequency rate ('**TRIFR**') at year-end is a key area for improvement. Safety is and must remain our highest priority.

The significant appreciation in the 29Metals share price from $2.00 per share at listing (final IPO price) to $[3.07] at the end of 2021 was another important highlight for the year – evidencing pleasing recognition from the investment community of the quality of 29Metals, our assets and our people.

Overall, the Board views the performance and achievements in 2021 as good in the context of unique and challenging external conditions and key events (such as the 29Metals IPO). However, there are areas of improvement that the Board expect to be a focus in 2022 and beyond.

Remuneration strategy

Through the pre-IPO process, 29Metals had the opportunity to establish its remuneration framework, and the 29Metals Prospectus provided a platform to outline our approach to remuneration in some detail.

As outlined further in the Remuneration Report, 29Metals' remuneration framework is founded on the following key principles:

- attract and retain talented, high performing personnel;
- ensure that remuneration outcomes encourage high performance and reward performance that is consistent with 29Metals' values and culture; and
- ensure that remuneration outcomes are aligned to shareholder value.

In formulating 29Metals' remuneration framework and how it would apply in 2021 the Board was mindful of, among other things:

- the abridged period from the IPO to the end of the financial year;
- the uncertainty of the IPO outcome, at the time, and the need to ensure that the team remained focussed; and
- ensuring that remuneration outcomes were consistent with Company performance and shareholder value.

The remuneration framework is intended as a long-term framework with flexibility to respond to market conditions. That flexibility was quickly tested with increasing labour market pressures in the second half of 2021, particularly in Western Australia, combined with the impact of border closures, requiring the Board and Management to consider strategies to improve attraction and retention of key

[12] 29Metals Prospectus dated 21 June 2021, as released to ASX on 2 July 2021. A copy of the Prospectus is available on the 29Metals website at https://www.29metals.com/investors.

employees. One of the strategies implemented was to make the first award under the Company's long-term incentive plan ('**LTI**'). (Previously the Board had planned to make the first award under the LTI in 2022.)

Remuneration outcomes in 2021

The remuneration outcomes for executive KMPs for 2021 reflect the Board's assessment of the Company's performance and Management's efforts to respond to challenging external conditions – a mixed scorecard; good overall with areas for improvement that the Board expects to be a focus in 2022 and beyond.

As set out in this Remuneration Report, remuneration outcomes for executive KMPs comprised:

- fixed remuneration at the level described in the 29Metals Prospectus (pro rata);
- a short-term incentive ('**STI**') outcome of ~80% of the target STI opportunity;
- an initial LTI award, sized to reflect the abridged period post IPO to year end; and
- one-off benefits in connection with the IPO, in the form of:
  - an award of performance rights with a cash value equal to 10% of total fixed remuneration ('**TFR**') for all eligible employees, including executive KMPs; and
  - a transaction incentive for certain executive KMPs referable to their role in relation to the IPO process and outcome, the majority of which was delivered in the form of restricted shares with a two-year holding lock.

Changes to remuneration arrangements in 2022

In 2022 we will be implementing two changes to executive KMP remuneration:

- remuneration outcomes for the 2022 STI (assessed and determined in 2023) will be delivered as a combination of cash and performance rights; and
- formalising the first direct link between executive KMP remuneration outcomes and action on climate change, via a climate action vesting condition in the 2022 LTI award.

In addition, the Board proposes to establish a Non-executive Directors ('**NED**') Share Plan, whereby, subject to shareholder approval, NEDs will take part of their annual fees in the form of new 29Metals shares.

The Board considers that these changes will further enshrine the link between executive KMP remuneration outcomes and shareholder value, and to enhance alignment between remuneration for all KMPs and the interests of shareholders.

Reporting Period and pre-IPO benefits

The reporting period for this Remuneration Report is the period commencing on 2 July and ending on 31 December 2021 (referred to as the *Reporting Period* in the Remuneration Report). This shortened Reporting Period reflects that 29Metals listed on the ASX on 2 July 2021 at which point 29Metals became a *disclosing entity* for the purposes of the Corporations Act remuneration reporting requirements.

The remuneration information included in this Remuneration Report provides shareholders and other market participants with a clear understanding of the remuneration arrangements that apply to 29Metals as a listed entity during the Reporting Period and on a go-forward basis.

However, we have also included additional remuneration information at the end of this Remuneration Reporting regarding remuneration arrangements for KMPs in the period 1 January to 2 July 2021. This information is provided for transparency.

We welcome feedback from shareholders on this Remuneration Report and our approach to KMP remuneration, and we thank all our shareholders for your continuing support.

Yours sincerely,

Martin Alciaturi
Independent Non-executive Director
Chair, Remuneration & Nominations Committee

1. INTRODUCTION

This is the Remuneration Report for 29Metals Limited ('**29Metals**' or, the '**Company**') detailing the remuneration arrangements for 29Metals' key management personnel ('**KMPs**').

The Remuneration Report covers the period commencing on 2 July 2021 (being the date on which 29Metals listed on the Australian Securities Exchange ('**ASX**') and became a *disclosing entity* for the purposes of the Corporations Act) and ending 31 December 2021 (the '**Reporting Period**').

On the basis that 29Metals, the *disclosing entity* for the purposes of the Corporations Act, did not exist prior to 2021 comparative data for prior years is not presented in this the Remuneration Report.

This Remuneration Report forms part of the Directors Report for 29Metals and its controlled entities (together, the '**Group**') for the year ended 31 December 2021 and has been audited in accordance with section 300A of the Corporations Act (except as otherwise stated).

1.1 Key Management Personnel

29Metals' KMPs for the Reporting Period, being those persons who had authority for planning, directing and controlling the activities of the Group during the Reporting Period, are set out in the table below.

NAME	POSITION	PERIOD AS KMP
Non-executive Directors [1]		
Owen Hegarty OAM	*Chair, Non-executive Director*	2 July – 31 December 2021
Fiona Robertson	*Independent Non-executive Director*	2 July – 31 December 2021
Jacqui McGill AO	*Independent Non-executive Director*	2 July – 31 December 2021
Martin Alciaturi	*Independent Non-executive Director*	2 July – 31 December 2021
Executive Directors		
Peter Albert [1]	*Managing Director & CEO*	2 July – 31 December 2021
Other Executives		
Ed Cooney	*Chief Operating Officer*	2 July – 31 December 2021
Peter Herbert	*Chief Financial Officer*	2 July – 31 December 2021
Clifford Tuck [2]	*Chief Governance & Legal Officer*	2 July – 31 December 2021

1. Each of the Directors (including the Managing Director & CEO) was appointed as a director of 29Metals on 27 May 2021. 29Metals' remuneration arrangements for Directors commenced on and from 2 July 2021.
2. Appointed Company Secretary on 27 May 2021. 29Metals' remuneration arrangements for Mr Tuck commenced on and from 2 July 2021 in the role of General Counsel & Company Secretary. In February 2022, Mr Tuck's responsibilities were expanded to include ESG matters and his title changed to Chief Governance & Legal Officer.

Information regarding the Directors, including special responsibilities, is set out from page B-3 of the Directors Report.

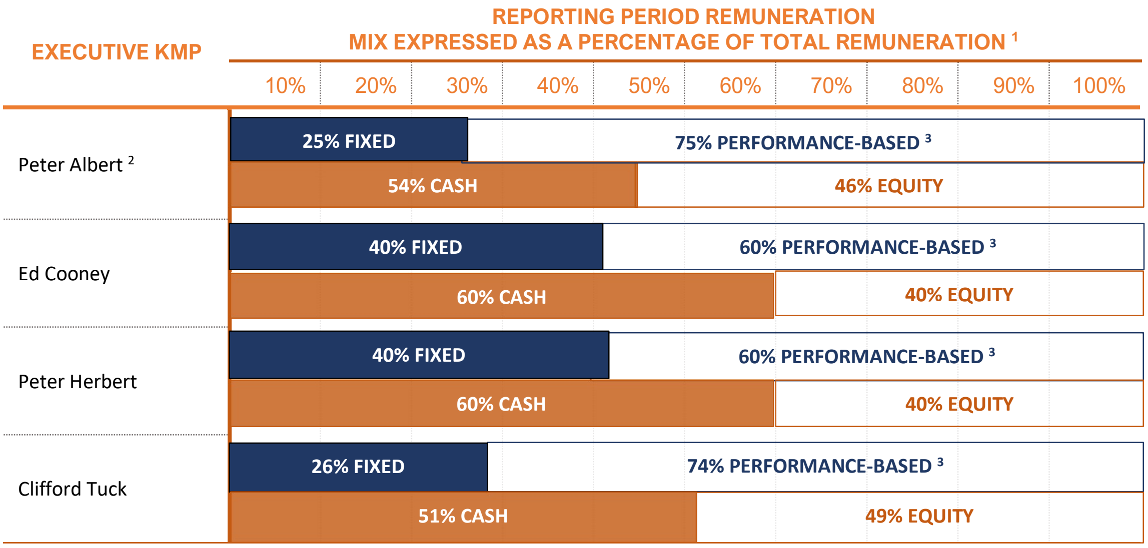
2. REMUNERATION SNAPSHOT

2.1 Summary of KMP remuneration outcomes for Reporting Period

TFR	No changes to Director remuneration No changes to annual TFR for executive KMPs
STI	STI award outcome of 80% of target for executive KMPs, to be delivered in cash
LTI	Award of performance rights [1] under the LTI – first award under 29Metals LTI [2]
One-off IPO-related Benefits [3]	**Staff Offer Incentive** – award of performance rights [1] with a nominal cash value equal to 10% of annual TFR to each executive KMP (including the Managing Director & CEO) **Transaction Incentive** – award of cash and restricted shares [4] to certain executive KMPs (including the Managing Director & CEO)

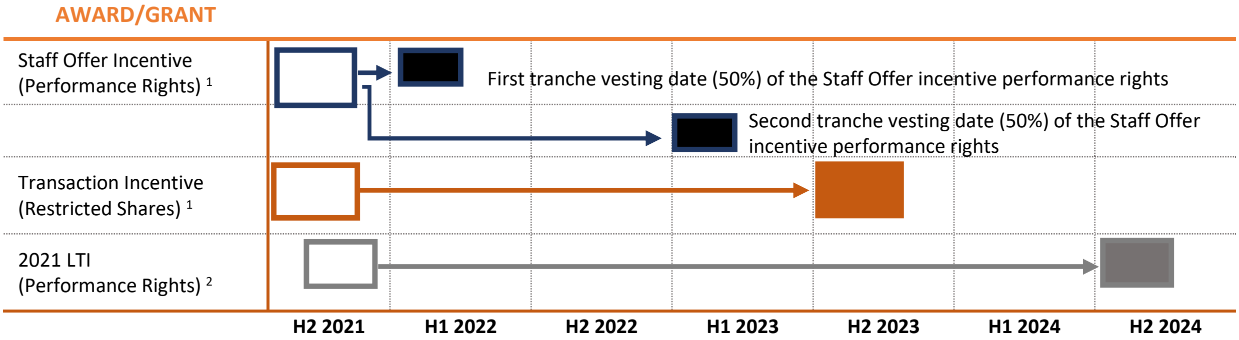
1. All performance rights awarded to executive KMPs in 2021 are unvested as at the date of this Remuneration Report.
2. Refer to section 4.5 for information regarding the one-off IPO-related benefits for executive KMPs in 2021.
3. 2021 LTI award includes the proposed award of 182,926 performance rights to Mr Albert under the 2021 LTI, which award has not occurred and is subject to obtaining shareholder approval to be sought at the Company's next AGM.
4. Restricted shares awarded to executive KMPs are subject to a two-year holding lock.

The remuneration outcomes 'mix' for executive KMPs in the Reporting Period is summarised below.



1. For the purposes of presenting remuneration delivered in the form of an equity award (including performance rights and restricted shares) the nominal cash value of the award. Remuneration outcomes presented are subject to rounding.
2. Remuneration mix shown includes the proposed award of 182,926 performance rights to Mr Albert under the 2021 LTI, which award has not occurred and is subject to obtaining shareholder approval to be sought at the Company's next AGM.
3. The percentage of performance-based remuneration on a statutory basis is set out in section 9 of this Remuneration Report. Performance-based remuneration shown includes one-off incentives awarded in connection with the 29Metals IPO and awards of equity (including performance rights that were unvested at 31 December 2021).

The horizons for equity awards to executive KMPs are summarised below.



1. One-off remuneration component in connection with the 29Metals IPO. Refer to section 4.5 for further information.
2. Refer to section 4.4 for further information regarding the 2021 LTI award, including vesting conditions.

2.2 'Take home' KMP remuneration for Reporting Period

The table below is included on a voluntary basis to show the payments and other benefits realised by KMPs in the Reporting Period.

This information is provided in addition to, not as a substitute for, the statutory remuneration reporting set out in section 9 of this Remuneration Report (prepared in accordance with the Corporations Act and applicable accounting standards).

KMP	TFR [1]	STI [2]	OTHER BENEFITS [3]	VESTING OUTCOMES [4]	ONE-OFF IPO BENEFITS [5]	TERMINATION BENEFITS [6]	TOTAL
Non-executive Directors							
Owen Hegarty OAM	$145,000 [7]	N/a	-	N/a	N/a	-	**$145,000**
Fiona Robertson	$105,000 [8, 9]	N/a	-	N/a	N/a	-	**$105,000**
Jacqui McGill AO	$107,500 [8, 9]	N/a	-	N/a	N/a	-	**$107,500**
Martin Alciaturi	$97,500 [8, 9]	N/a	-	N/a	N/a	-	**$97,500**
Executive Directors							
Peter Albert	$453,928	$360,986	-	-	$700,000	-	**$1,514,914**[10]
Other Executive KMPs							
Ed Cooney	$262,681	$156,728	-	-	-	-	**$419,409**
Peter Herbert	$262,681	$156,728	-	-	-	-	**$419,409**
Clifford Tuck	$262,681	$156,728	-	-	$350,000	-	**$769,409** [10]

1. TFR shown is TFR paid to the KMP during the Reporting Period.
2. Cash payments in relation to 2021 STI outcomes which will be paid in March 2022.
3. Cash payments in relation to allowances for relocation costs, travel costs, non-monetary benefits such as parking, insurance and applicable fringe benefits tax, as applicable.
4. Represents the cash value for performance rights awarded under the Company's performance-based remuneration components (e.g., the LTI) that vested during the Reporting Period. Value shown reflects the closing price for 29Metals shares on the applicable vesting date.
5. Transaction Incentive paid to relevant executive KMPs in relation to the 29Metals IPO. Benefit includes cash payment and the issue of restricted shares (refer to section 4.5 for further information). The value of restricted shares applies the issue price of the restricted shares of $2.00 per share. The restricted shares are subject to a two-year holding lock. One-off IPO benefits cited excludes performance rights awarded under the Staff Offer Incentive which were unvested at the end of the Reporting Period.
6. Termination payments (excluding superannuation) paid to executive KMPs on cessation of employment (if applicable).
7. Owen Hegarty's Director's fees are paid to EMR Capital.
8. Fees paid to Fiona Robertson, Jacqui McGill and Martin Alciaturi include $20,000 (cash value) in the form of 10,000 29Metals shares issued at the final IPO offer price of $2.00 per share. Refer to section 6.5 for further information.
9. Fees paid cited in the table excludes payments to Directors prior to 2 July 2021. Refer to additional remuneration information regarding remuneration arrangement for Directors in the period 1 January to 2 July 2021 included at the back of this Remuneration Report.
10. Total includes one-off remuneration outcomes in connection with the 29Metals IPO (refer to section 4.5 for information regarding one-off remuneration outcomes in connection with the 29Metals IPO).

2.4 COVID-19

No changes to the 29Metals KMP remuneration framework were implemented as a direct result of the impact of COVID-19.

However, the impact of border closures and other Government-mandated actions in response to COVID-19 have contributed, at least in part, to further tightening of labour market conditions which, in turn, have exacerbated attraction and retention challenges for key roles. In response to these conditions, one of the strategies implemented by the Board was to bring forward the making of a first award under the LTI to 2021 – the first award under the LTI had previously been planned to be made in 2022. Refer to section 4.4 for information regarding the 2021 LTI award.

3. OVERVIEW OF KMP REMUNERATION AT 29METALS

3.1 Remuneration Governance

The Board has ultimate responsibility for making decisions regarding 29Metals' approach to remuneration and remuneration outcomes.

The Board has established the Remuneration & Nominations Committee whose role is to provide advice and recommendations to assist the Board to discharge its responsibilities in relation to the Group's:

- remuneration strategy and framework;
- systems and processes for assessing people performance, and for attracting and retaining a diverse and highly skilled workforce;
- policies and strategies for developing the workforce and promoting a culture which reflects the Company's values; and
- succession planning and nominations to the Board.

An overview of the role of Management, the Remuneration & Nominations Committee and the Board in relation to KMP remuneration is set out below.

	MANAGEMENT	REMUNERATION & NOMINATIONS COMMITTEE	BOARD
Remuneration framework and strategy			
	▪ Implementation	▪ Oversees Management implementation ▪ Recommendations to the Board	▪ Approval of the remuneration framework and strategy
Remuneration outcomes – Managing Director & CEO			
	-	▪ Assesses performance ▪ Recommendations to the Board	▪ Approval of Managing Director & CEO remuneration outcomes
Remuneration outcomes – other executive KMPs			
	▪ Managing Director & CEO assesses and approves, subject to Committee and Board endorsement	▪ Assesses performance ▪ Recommendations to the Board	▪ Endorses other executive KMP remuneration outcomes
Performance-based remuneration outcomes			
	▪ Management presents performance outcomes against performance metrics determined by the Board	▪ Assesses performance ▪ Recommendations to the Board	▪ Approval of performance-based remuneration outcomes
Director and Committee Fees			
	-	▪ Review ▪ Recommendations to the Board	▪ Approval of changes to Director and Committee fees, subject to fee pool limit approved by shareholders

The Remuneration & Nominations Committee has three members, the majority of whom are independent NEDs. The Chair of the Remuneration & Nominations Committee is an independent NED.

Information regarding the members of the Remuneration & Nominations Committee is set out from page B-3 of the Directors' Report.

Further information regarding the Board's role and the remit of the Remuneration & Nominations Committee in relation to remuneration matters are set out the Board and Committee charters which are available via 29Metals' website at: https://www.29metals.com/about/corporate-governance.

The Remuneration & Nominations Committee has access to adequate internal and external resources, including obtaining advice from external remuneration advisors or consultants, as the committee considers necessary or desirable to fulfil its role. Where the

Remuneration & Nominations Committee obtains remuneration recommendations from external remuneration advisers or consultants, the Committee does so independent of Management.

No remuneration recommendations were commissioned or provided during the Reporting Period.

3.2 Remuneration strategy

The key objectives of 29Metals' remuneration strategy are to:

- attract and retain talented, high performing personnel, including KMPs;
- ensure that remuneration outcomes encourage high performance and reward performance that is consistent with 29Metals' values and culture; and
- ensure that remuneration outcomes are aligned to shareholder value.

To achieve these objectives, 29Metals applies the following remuneration principles:

- TFR is set at a competitive level, having regard to the role scope, skills, experience and qualifications, performance, general and targeted remuneration benchmarking (as applicable);
- all employees have a performance-based (or '*at risk*') remuneration component;
- the proportion of performance-based remuneration increases with seniority, reflecting increasing capacity to influence Company performance;
- for more senior roles, performance-based remuneration includes cash and non-cash rewards, in the form of equity-based remuneration, to align remuneration outcomes with shareholder value;
- over time, all 29Metals staff will have access to equity-based remuneration components, to promote an 'owner's mindset'; and
- all performance-based remuneration is subject to clawback mechanisms and malus provisions.

3.3 Structure of remuneration framework for executive KMPs

Executive KMP remuneration is delivered as a combination of fixed and performance-based remuneration components. The target mix of remuneration for executive KMPs is:

- greater than 50% of total remuneration outcomes is performance-based or 'at risk'; and
- 45-60% of total remuneration outcomes delivered in the form of equity.

An overview of the components of the remuneration framework for executive KMPs is set out below. NEDs do not participate in 29Metals' performance-based remuneration components.

<table>
<tr><th>COMPONENT</th><th>FORM</th><th>DESCRIPTION</th></tr>
<tr><td colspan="3">Fixed</td></tr>
<tr><td>Total fixed remuneration (TFR)</td><td>Cash</td><td>TFR consists of base salary, superannuation and other non-monetary benefits and is set at a level intended to reflect:
the scope of the executive role;
skills, experience and qualifications; and
individual performance.
When setting (and reviewing) TFR for executive KMPs, the Board has regard to comparable roles in companies of a scale and complexity, and engaged in an industry, similar to 29Metals.
Annual TFR for executive KMPs, as at the end of the Reporting Period, is set out below.
<table>
<tr><th>EXECUTIVE KMP</th><th>ANNUAL TFR</th></tr>
<tr><td>Peter Albert</td><td>$900,000</td></tr>
<tr><td>Ed Cooney</td><td>$521,000</td></tr>
<tr><td>Peter Herbert</td><td>$521,000</td></tr>
<tr><td>Clifford Tuck</td><td>$521,000</td></tr>
</table>
Annual TFR for executive KMPs is reviewed annually (typically in July)</td></tr>
</table>

COMPONENT	FORM	DESCRIPTION
Performance-based		
Short term incentive (**STI**)	Cash [1]	The STI is a performance-based remuneration component of executive KMP remuneration, intended to align total remuneration outcomes for executive KMPs with Company performance. Each executive KMP, including the Managing Director & CEO, is eligible to participate in the STI. The STI focuses on performance in a single year, and awards under the STI are determined by the Board based on an assessment of performance against specific performance metrics (or '**KPIs**') set at the beginning of the relevant STI period. For executive KMPs, the KPIs are Company performance metrics. The STI opportunity for executive KMPs prescribes STI outcomes for 'threshold', 'at target' and 'stretch'. The STI opportunity is expressed as a percentage of TFR. Threshold and stretch STI opportunity is set at 80% and 120% of the target STI opportunity (respectively). Following the end of the relevant performance period, the Board assesses performance against the Corporate KPI's set by the Board and determines the actual level of award. In addition to the Corporate KPIs, STI awards are subject to an overarching Board discretion, including consideration of threshold or '*gating*' conditions such as serious safety or environmental incidents. The Board considers that this approach is most efficient and results in the most appropriate outcomes. STI awards are at the discretion of the Board. All STI awards to executive KMPs are subject to a claw back mechanism and malus provisions.
Long term incentive (**LTI**)	Equity	The LTI is a performance-based executive remuneration component, intended to align total remuneration outcomes for executive KMPs with longer term Company performance and shareholder value. Each executive KMP, including the Managing Director & CEO, is eligible to participate in the LTI. LTI awards are at the discretion of the Board and involve the award of performance rights under the Company's Equity Incentive Plan Rules to eligible LTI participants. Upon vesting, each performance right converts to one fully paid 29Metals share with a nil exercise price. Unless the Board determines otherwise, performance rights awarded under the LTI are subject to a three-year vesting period and performance testing at the end of the vesting period against vesting conditions determined by the Board at the time of award. Vesting of LTI performance rights is also subject to continuity of service (unless the Board determines otherwise – e.g., "good leaver"). The number of performance rights awarded to executive KMPs is determined by dividing the LTI opportunity value (i.e., the applicable percentage of TFR) by the VWAP for 29Metals shares over a period determined by the Board at the time of the award. Awards of performance rights to the MD & CEO under the LTI are subject to shareholder approval. All LTI awards to executive KMPs are subject to a claw back mechanism and malus provisions.

1. STI awards for 2021 will be delivered in the form of cash. 2022 STI awards will be delivered as a combination of cash and performance rights. Refer to section 3.6 for information regarding this change to executive KMP remuneration in 2022.

3.4 Overview of Equity Incentive Plan Rules

Performance rights awarded to executive KMPs as part of the Company's performance-based remuneration components are awarded under the Company's Equity Incentive Plan Rules (the '**Plan Rules**'). The terms of each award are set out in:

- the terms of the award (e.g., vesting conditions) which are set out in a letter to eligible participants; and
- the Plan Rules.

The following table summarises the key terms of the Plan Rules, including what happens to unvested performance rights in the event of cessation of employment or a change of control.

KEY TERMS	DESCRIPTION
Eligibility	An employee of the Group, Director, contractor or prospective employee of the Group, or other person the Board in its discretion determines to be eligible to participate in the Plan.
Award	The Plan Rules permit the Board to grant one or more types of award, including performance rights, restricted shares, shares and options.
Vesting	A performance right or option which has not lapsed shall vest if and when any conditions applicable to the performance right or option have been satisfied or waived by the Board at its discretion.

KEY TERMS	DESCRIPTION
	A share which has not been forfeited shall vest if and when any conditions applicable to the share have been satisfied, or waived by the Board at its discretion, although a vested share may remain subject to dealing restrictions.
Exercise	A performance right or option will only vest or be exercised by a participant once the Board has notified the participant that the applicable award conditions have been satisfied or waived.
Restrictions on dealing	The Board may determine at its discretion whether dealing restrictions or restriction periods will apply to any shares, or, for performance rights or options, that shares allocated or transferred on exercise are restricted shares or subject to restriction periods.
Cessation of employment	Under the Plan Rules, the Board has discretion to determine, subject to compliance with applicable law, the treatment of an award if a participant ceases to be employed within the Group prior to the vesting or exercise of an award.
Change of control	If there is a change of control prior to the vesting and exercise of an award, the Board may determine in its absolute discretion, whether some or all of the awards vest, lapse or are forfeited, remain on foot subject to the applicable, substitute or varied conditions or dealing restrictions, or can only be exercised within a specific period, and the Board will have regard to any matter the Board considers relevant. Where the Board does not exercise its discretion and a change of control occurs then, unless the Board determines otherwise: ▪ any unvested award with a remaining vesting period of 12 months or less will vest; ▪ any unvested award with a remaining vesting period of more than 12 months will vest pro rata based on the proportion of the performance period that has passed; ▪ an award subject to dealing restrictions will no longer be subject to dealing restrictions; and ▪ where the change of control occurs during the period an award is exercisable, the award may only be exercised during the period specified by the Board.
Rights of shares granted under the Plan Rules	Unless the Board determines otherwise, all shares allotted and issued or transferred under the Plan Rules will rank equally in all respects with other shares already on issue.
Clawback	Where the Board is of the opinion that a participant under the Plan has acted fraudulently or dishonestly, is in breach of any of that participant's duties or obligations or has acted in a way that could reasonably be regarded to have contributed to material reputational damage to a member of the Group, or any other events specified in the Plan Rules have occurred, the Board may, at its discretion, determine any treatment in relation an award (including by reducing or extinguishing a participant's entitlement to an award).
Lapse of performance rights, restricted shares or options	Unless the Board determines otherwise, a share, performance right or option will be forfeited or lapse on the earliest of: ▪ the date that the Board determines that any condition in respect of the share, option or performance right cannot be satisfied; ▪ the share, option or performance right being forfeited or lapsing in accordance with the cessation of employment provision; ▪ the share, option or performance right being forfeited or lapsing in accordance with the clawback provisions; ▪ the share, option or performance right being forfeited or lapsing in accordance with change of control provisions; ▪ the participant purporting to deal or enter into any arrangement in respect of the option or performance Right in breach of the provisions under the Plan relating to rights and restrictions attached to options or performance rights; or ▪ in the case of options or performance rights, the date falling 15 years from the date on which they were granted.

3.5 One-off remuneration components in the Reporting Period

In the Reporting Period, 29Metals conferred additional "one-off" remuneration outcomes in connection with the 29Metals IPO. Information regarding these non-recurring remuneration components, as applicable to executive KMPs, is set out in section 4.5.

3.6 Changes to KMP remuneration in 2022

29Metals will be implementing two changes to the remuneration arrangements for KMPs in 2022:

- STI outcomes for 2022 performance will be delivered as a combination of cash and performance rights; and
- implementing 29Metals' first direct link between executive KMP remuneration outcomes and action on climate change, via a climate action vesting condition in the 2022 LTI award conditions.

In addition, the Board proposes to establish a salary sacrifice NED Share Plan (refer to section 7.5 for further information).

Changes to STI – introduction of performance rights

As foreshadowed in the Prospectus, the Board has reviewed the structure of the STI and determined that, commencing with the 2022 performance period, STI outcomes will be delivered to executive KMPs as a combination of cash and performance rights awarded under the Company's Equity Incentive Plan Rules[13] set out in the table below.

[13] A description of the Equity Incentive Plan Rules is set out in section [4.3].

EXECUTIVE KMP	CASH (% OF AWARD)	PERFORMANCE RIGHTS (% OF AWARD)
Peter Albert	60	40
Ed Cooney	70	30
Peter Herbert	70	30
Clifford Tuck	70	30

The number of performance rights to be awarded will be determined by applying the volume-weighted average price (‘**VWAP**’) for 29Metals shares traded on the ASX for a period determined by the Board and ending prior to the relevant award date.

Any award of performance rights to the Managing Director & CEO will be subject to shareholder approval in accordance with the ASX Listing Rules.

The first award of performance rights under the updated STI will occur in 2023, following (and subject to) the Board’s assessment of performance against the 2022 STI performance metrics.

All performance rights awarded to executive KMPs as a 2022 STI outcome will be subject to a 12-month vesting period and conditional upon the relevant executive KMP remaining employed by the 29Metals Group continuously until expiry of the vesting period (unless the Board determines otherwise – e.g., “good leaver”).

On vesting, each performance right converts to one fully paid 29Metals share with a nil exercise price.

Direct link between executive KMP remuneration outcomes and action on climate change

29Metals recognises that it has a part to play in action against climate change. In 2022, 29Metals will implement the first direct link between action on climate change and executive KMP remuneration outcomes. The link will be implemented via the inclusion of an action against climate change vesting condition to apply to the terms of the LTI award for 2022.

The condition will include specific milestones over the three-year vesting period for the LTI, including:

- the development, publication and implementation of a road map for reporting against the Taskforce for Climate-related Financial Disclosures; and
- the establishment and publication, and performance against, specific action against climate change objectives.

4. EXECUTIVE KMP REMUNERATION OUTCOMES FOR REPORTING PERIOD

4.1 Fixed Remuneration for Executive KMPs for the Reporting Period

NAME	TFR PAID IN REPORTING PERIOD
Peter Albert	$453,928
Ed Cooney	$262,681
Peter Herbert	$262,681
Clifford Tuck	$262,681

There were no changes to TFR for executive KMPs during the Reporting Period.

TFR for executive KMPs will be reviewed annually as part of the Company’s annual performance and review cycle. Any changes to executive KMP TFR will be considered as part of that process in CY2022 (typically in July).

4.2 Group Performance

29Metals was incorporated and registered on 27 May 2021 and was admitted to the official list of the ASX on 2 July 2021. As a result, there is no comparative data for 29Metals for the prior four years.

The table below sets out 29Metals performance in 2021 against forecast key operating and financial metrics for 2021 set out in the Prospectus. Pro forma financial information has been cited in the table on the basis that performance-based remuneration outcomes delivered in 2021 are referable to pro forma performance outcomes (refer to section 4.3 for further information regarding performance-based remuneration delivered in 2021). Statutory results, where applicable, are included for transparency.

COMPANY PERFORMANCE METRIC	UNIT	2021 PRO FORMA FORECAST [1, 2]	2021 PRO FORMA ACTUAL [2, 3]	2021 STATUTORY RESULTS [4]
Safety (TRIFR) [5]	/million hours	9.8	12.1	12.1
Production [6]				
Copper	kt	36.8	40.7	30.6
Zinc	kt	54.5	47.8	47.8
Gold	koz	40.9	35.8	35.8
Silver	koz	1,914	1,766	1,641
Cu-eq [7]	kt	67.3	68.2	[TBC]
Costs				
Group AISC [8]	US$/lb	3.25	3.40	N/a
Revenue [9]	$ million	665.3	709.6	600.8
EBITDA [10]	$ million	221	254.0	177.2
NPAT	$ million	36.5	26.4	121.0
EPS [11]	$/share	N/a	N/a	0.485
Dividends	$/share	-	0.0	0.0
Share Price	$/share	2.00 [12]	3.07 [13]	3.07 [13]

1. Except as otherwise stated, *2021 Pro forma Forecast* data is as set out in the Pro forma forecast financial information in section 5.9 of the Prospectus, and excludes updated guidance reported in the September 2021 quarterly report (released to ASX on 20 October 2021). 2021 Forecast information is unaudited.
2. *2021 Pro forma Forecast* and *2021 Pro forma Actual* data is non-IFRS financial information. Refer to important information on page C-3 regarding the use of non-IFRS financial information in this report. Non-IFRS financial information in this report is unaudited.
3. Except as otherwise stated, *2021 Pro forma Actual* data is derived from the Pro forma results set out in Part B of the *Operating and Financial Review* in the Directors' Report. This information is unaudited.
4. Except as otherwise stated, *2021 Statutory Results* is derived from the statutory results set out in Part A of the *Operating and Financial Review* in the Director's Report.
5. *2021 Forecast* TRFIR is as at 30 June 2021 (as reported in 29Metals' quarterly report for the June 2021 quarter). *2021 Pro forma Actual* and *2021 Statutory Results* TRIFR is at 31 December 2021 (as reported in 29Metals' quarterly report for the December 2021 quarter). TRIFR is unaudited.
6. Metal production cited is contained metal in-concentrate.
7. Cu-eq is *copper equivalent contained metal*. Cu-eq is a non-IFRS financial information metric. Refer to the important information on page C-3regarding the use of non-IFRS financial information metrics. Cu-eq is unaudited.
   2021 Pro forma Forecast Cu-eq production applies Cu US$9,442/t, Au US$1,776/oz, Zn US$2,878/t, Ag US$26/oz, Pb $2,063/t; and metallurgical recovery assumptions set out in the technical reports in section 11 of the 29Metals Prospectus.
   2021 Pro forma Actual Cu-eq is the aggregate of reported quarterly Cu-eq production in 2021,and applies average metal prices quoted by LME for the relevant quarter (Mar-Qtr Cu US$8,490/t, Au US$1,794/oz, Zn US$2,749/t, Ag US$26.3/oz, Pb US$2,017/t; Jun-Qtr Cu US$9.682/t, Au US$1,815/oz, Zn US $2,913/t, Ag US$26.6/oz, Pb US$2,123; Sep-Qtr: Cu US$9,365/t, Au US$1,789/oz, Zn US$2,991/t, Ag US$24/oz, Pb $2,338/t; Dec-Qtr 2021: Cu US$9,685/t, Au US$1,795/oz, Zn US$3,365/t, Ag US$23/oz, Pb $2,327/t (Source: FactSet)) and actual metallurgical recoveries.
   2021 Pro forma Actual Cu-eq calculated with the same metal price assumptions as *2021 Pro forma Forecast* Cu-eq (refer above) was 67.4 kt.
8. AISC ('*all-in sustaining costs*'), expressed per pound (lb) of copper metal sold. AISC is a non-IFRS financial information metric. Refer to important information on page C-3 regarding the use of non-IFRS financial information metrics in this report. AISC is unaudited
   2021 Pro forma Forecast AISC is the aggregate of Pro forma forecast AISC unit costs for Golden Grove and Capricorn Copper disclosed in section 5.9 of the Prospectus.
9. Revenue is gross revenue for all mineral concentrate sales, inclusive of final shipment invoice and quotational period ('QP') adjustments, and after treatment and refinement costs and charges.
10. EBITDA (*earnings before interest, tax, depreciation and amortisation*) in a non-IFRS financial information metric. Refer to important information on page C-3 regarding the use of non-IFRS financial information metrics. EBITDA is unaudited.
11. EPS cited is basic earnings per share, as shown in Consolidated Statement of Comprehensive Income in the Consolidated Financial Statements.
12. *2021 Pro forma Forecast* Share Price cited is the final IPO Offer price.
13. Closing price for 29Metals shares quoted on ASX at close of trading on 31 December 2021.

4.3 Performance-based Remuneration for Executive KMPs for the Reporting Period - STI

Awards to executive KMPs under the Company's STI are determined by the Board after assessing performance against the Corporate KPIs for the STI set by the Board.

Following the end of the Reporting Period, the Board assessed performance against the Corporate KPI's and determined the actual level of award. The Board considers that this method is most efficient and results in the most appropriate outcomes.

In setting the 2021 Corporate KPIs for the STI, the Board was mindful of the shortened performance period post listing and the importance of 29Metals' performance relative to the forecast assumptions disclosed in the 29Metals Prospectus.

The 2021 STI Corporate Performance KPIs are set out in the table below, along with the Board's assessment of performance against those KPIs.

2021 STI COMPANY PERFORMANCE KPI	WEIGHTING	LINK TO BUSINESS PERFORMANCE & STRATEGY	ASSESSED PERFORMANCE
1. **Safety** Completion of critical controls verification	15%	Safety underpins sustainable business performance and is the highest priority at 29Metals. Performance against the Company's critical control assurance and verification framework is a leading indicator of safety culture performance	Slightly below target performance
2. **Production** Contained metal production in Cu-eq [1] relative to Prospectus forecast	35%	Production performance, in conjunction with costs performance, is the foundation of 29Metals' business. Execution of 29Metals' plans and budget, including production, is a key component of 29Metals' stated strategy	Slightly above target performance
3. **Costs** Costs of sales relative to Prospectus forecast	35%	Costs performance, in conjunction with production performance, is the foundation of 29Metals' business. Execution of 29Metals' plans and budget, including costs, is a key component of 29Metals' stated strategy	Below target performance
4. **Unit Costs** AISC [2] relative to Prospectus forecast	15%	AISC unit costs are a measure that investors and employees are familiar with and presents a view of the overall costs to produce the Company's products for sale. As a copper-focussed company, AISC unit costs are reported on a per pound of copper sold basis and net of by-product revenue from the sale of other metals. The weighting of this KPI (relative to the production and costs KPIs) reflects the degree of overlap with production and costs performance.	Not achieved
2021 STI COMPANY PERFORMANCE KPI OUTCOME		2021 STI Corporate Performance KPIs reflects a mixed performance outcome on three of the four KPIs. Out-performance on the production KPI, was accompanied by safety performance against the leading indicator slightly below target performance. Performance against the costs (in $m terms) KPI was below target, however, the Board took account of external costs pressures, particularly in the second half.	Threshold performance (80% of target STI opportunity)

1. Cu-eq is *copper equivalent contained metal*. Refer to the notes to table in section 5.2 for further information regarding Cu-eq.
2. AISC is *All-in sustaining costs*. Refer to the notes to the table in section 5.2 for further information regarding AISC.

The table below sets out executive KMP outcomes under the STI for the Reporting Period.

NAME	TARGET STI OPPORTUNITY (% TFR)	STI AWARD (%TFR)	STI AWARD ($)
Peter Albert	100	80	$360,986
Ed Cooney	75	60	$156,728
Peter Herbert	75	60	$156,728
Clifford Tuck	75	60	$156,728

Note: For the purposes of calculating STI relative to TFR, *actual* TFR paid in the Reporting Period (ie, 2 July to 31 December 2021) has been applied. 2021 STI outcomes cited will be paid in March 2022.

4.4 Performance-based Remuneration for Executive KMPs for the Reporting Period - LTI

29Metals made an award of performance rights to executive KMPs under the LTI in 2021. [14]

The number of performance rights to be awarded to executive KMPs under the 2021 LTI was calculated by applying the VWAP for 29Metals shares on the ASX over the 10 trading days ending on 24 September 2021 was applied - $2.46 per share. The VWAP adopted reflects the timing of the Board's consideration of an LTI award as part of a broader discussion with Management regarding retention and attraction strategies to mitigate continuing labour market pressures.

Performance rights awarded to executive KMPs under the LTI in 2021 are outlined below. Performance rights to executive KMPs (other than the Managing Director & CEO[6]) were awarded on 19 November 2021 and have a vesting period expiring on 30 June 2024.

[14] A proposed award of 182,926 performance rights under the 2021 LTI to Peter Albert is subject to obtaining shareholder approval to be sought at 29Metals' next annual general meeting.

Vesting of performance rights awarded is subject to the Board's assessment of performance against the vesting conditions for the 2021 LTI award set out below.

Performance rights awarded to executive KMPs under the 2021 LTI have a nil exercise price at vesting.

NAME	NUMBER OF LTI PERFORMANCE RIGHTS AWARDED	2021 LTI AWARD EXPRESSED AS PERCENTAGE OF *ACTUAL* TFR [1]
Peter Albert	182,926 [3]	100% [3]
Ed Cooney	84,522	80%
Peter Herbert	84,522	80%
Clifford Tuck	84,522	80%

1. *Actual* TFR, is the TFR paid to the KMP during the Reporting Period (2 July – 31 December 2021).
2. *Annual* TFR is set out in section 3.3.
3. Proposed award of 182,926 performance rights under the 2021 LTI to Peter Albert (nominal cash value on award date equal to 100% of actual TFR for the Reporting Period). This award has not occurred as at the date of this Remuneration Report and remains subject to obtaining shareholder approval to be sought at 29Metals' next annual general meeting.

The maximum amount to be recognised in future periods in respect of performance rights awarded under the 2021 LTI is $617,548 (calculated at 31 December 2021). Refer to Note 35 to the Consolidated Financial Statements for further information regarding recognition and measurement of share-based payments.

	VESTING CONDITION		DESCRIPTION	LINK TO SHAREHOLDER VALUE & STRATEGY
1.	Continued service	N/a [1]	Vesting of performance rights awarded under the 2021 LTI to executive KMPs is conditional upon, in each case, the executive KMP remaining in continuous employment by a Group company until expiry of the vesting period (30 June 2024), unless the Board determines otherwise (eg, "good leaver").	The continued services requirement, combined with the duration of the vesting period, ensures that the LTI component of remuneration outcomes for executive KMPs are linked to longer-term Company performance. It also serves as a retention incentive for executive KMPs to assist the Company to maintain leadership continuity and mitigate labour market pressures
2.	Relative Total Shareholder Return ('**rTSR**') [2]	50%	29Metals total shareholder return performance over the period 2 July 2021 (the 29Metals listing date) to 30 June 2024 (inclusive) (the '**TSR Performance Period**'), relative to a defined group of peer companies[3]. 29Metals' rTSR performance over the TSR Performance Period: ▪ below the 50th percentile of TSR for the group of peer companies, results in zero vesting of the rTSR tranche; ▪ at the 50th percentile of TSR for the group of peer companies, results in 50% vesting of the rTSR tranche; and ▪ at or above the 75th percentile for the group of peer companies, results in 100% vesting for the rTSR tranche. rTSR between 50% and 75% for the group of peers' results in a vesting outcome of 50-100% of the rTSR tranche on a straight-line basis	TSR has been adopted as a reflection of changes in shareholder value over the relevant period and incorporates: ▪ the value of shares; and ▪ capital returned to shareholders over the period (in the form of dividends or otherwise). rTSR refines the vesting condition to show the returns realised by 29Metals shareholders relative to the returns realised by shareholders in the group of peer companies. This condition has been chosen because it aligns executive KMP reward with shareholder returns, and because it rewards only when 29Metals exceeds midpoint performance for the comparator group - it does not reward for general market uplifts. The condition has also been chosen because it is an objective assessment of shareholder value that it is widely used and understood
3.	Growth	30%	The Board's assessment of the Company's progress against its stated objective to increase production copper equivalent contained metal terms by more than 50% over five years from the Company's pipeline of organic growth opportunities, as at 30 June 2024	Organic growth is a key pillar to the 29Metals strategy. 29Metals' stated growth objective, while aspirational in nature, is directly linked to shareholder value in the future
4.	Mine life	20%	Maintaining a mine life at each of Golden Grove and Capricorn Copper of no less than 10 years as at the end of the vesting period (30 June 2024). For the purposes of assessing mine life at the end of the vesting period the Board will have regard to the Company's then most recent life-of-mine ('**LOM**')	Further extension of mine life enhances shareholder value by increasing the return realised on infrastructure, exploration and development investment. This vesting condition links to the quality and efficacy of the Company's exploration efforts and focuses on

VESTING CONDITION		DESCRIPTION	LINK TO SHAREHOLDER VALUE & STRATEGY
		plans; and the proportion of material in the LOM plans that is classified as *Inferred Resources* or unclassified [4] relative to total material must be no greater than the corresponding proportion of *Inferred Resources* or unclassified material in the Company's 2020 LOM plans	mineral inventory that has sufficient technical and economic confidence to support classification as *Indicated* or *Measured* Resources or *Proven* or *Probable* Reserves under the JORC Code

1. Continued service is a threshold vesting condition. Unless the Board determines otherwise (eg, "good leaver"), unvested performance rights awarded under the 2021 LTI award are forfeited if the relevant holder ceases to be an employee of the 29Metals Group before expiry of the vesting period.
2. *Total Shareholder Return* (or **TSR**) is calculated as the aggregate of:
   - change in price per share (as quoted on the ASX) at the end of TSR Performance Period relative to the price per share at commencement of the TSR Performance Period (in A$)
   - dividends paid in the TSR Performance Period, on a A$/share basis; and
   - other capital returned to shareholders during the TSR Performance Period, on an A$/share basis.
3. Group of peer companies comprise OZ Minerals Limited (ASX: OZL); Sandfire Resources Ltd (ASX: SFR); Aeris Resources Limited (ASX: AIS); IGO Limited (ASX: IGO); Aurelia Metals Ltd (ASX: AMI); Mincor Resources NL (ASX: MCR); Western Areas Limited (ASX: WSA); Silver Lake Resources Limited (ASX: SLR); and Ramelius Resources Limited (ASX: RMS).
4. Classification as *Inferred Resources* in accordance with the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)* (the '**JORC Code**'). *Unclassified material* is material in the LOM plan that is not included in the Company's then most recent published Mineral Resources & Ore Reserves estimates.

Performance rights vested or lapsed in the Reporting Period

No performance rights awarded to executive KMPs vested or lapsed during the Reporting Period.

4.5 Other – one-off remuneration components relating to the 29Metals IPO

In connection with the 29Metals IPO, 29Metals provided one-off benefits to executive KMPs, as set out in the table below.

IPO-RELATED ONE-OFF BENEFIT	DESCRIPTION	KMP PARTICIPATION	NOMINAL CASH VALUE ON AWARD DATE [1]
Staff Offer Incentive	One-off award of performance rights to all eligible 29Metals Group employees, including executive KMPs, with a cash value equal to 10% of eligible employee's TFR at 2 July 2021 (applying the final IPO offer price of $2.00 per share). The vesting horizon(s) for performance rights awarded under the Staff Offer Incentive are: ▪ 50% vest on the second trading day after release of the Company's 2021 full year financial results to ASX; and ▪ 50% vest on the second trading day after release of the Company's 2022 full year financial results to ASX This one-off award was subject to successful completion of the 29Metals IPO, which condition was satisfied on 5 July 2021. [1] The award date was 5 July 2021. Vesting of performance rights awarded under the Staff Offer Incentive is also subject to continuing service until the vesting date (unless the Board determines otherwise – eg, "good leaver"). In this way, the Staff Offer Incentive is intended to operate as a reward for eligible employees for successful completion of the 29Metals IPO and as a retention incentive (with no future performance conditions). The maximum amount to be recognised in future periods in respect of performance rights awarded under the Staff Offer Incentive is $102,920 (calculated at 31 December 2021). Refer to Note 35 to the Consolidated Financial Statements for further information regarding recognition and measurement of share-based payments	Peter Albert Ed Cooney Peter Herbert Clifford Tuck	$90,000 [2] $52,100 [2] $52,100 [2] $52,100 [2]
Transaction Incentive (Cash)	One-off cash bonus paid to eligible executive KMPs for the role they played (respectively) in the establishment of 29Metals for the purposes of the 29Metals IPO, the IPO process and successful completion of the 29Metals IPO.	Peter Albert Clifford Tuck	$300,000 $100,000

IPO-RELATED ONE-OFF BENEFIT	DESCRIPTION	KMP PARTICIPATION	NOMINAL CASH VALUE ON AWARD DATE [1]
	This one-off incentive was conditional upon successful completion of the 29Metals IPO, which condition was satisfied on 5 July 2021 [3]		
Equity Transaction (Equity)	One-off issue of 29Metals shares ('**Restricted Shares**') to eligible executive KMPs for the role they played (respectively) in the establishment of 29Metals for the purposes of the 29Metals IPO, the IPO process and successful completion of the 29Metals IPO. Restricted Shares issued are subject to a two-year holding lock and were issued on 5 July 2021. This one-off incentive was conditional upon successful completion of the 29Metals IPO, which condition was satisfied on 5 July 2021 [3] Following successful completion of the 29Metals IPO there are no further performance conditions associated with this award	Peter Albert Clifford Tuck	$400,000 [2] $250,000 [2]

1. Nominal cash value for equity awards applies 29Metals IP final offer price ($2.00) per share.
2. Nominal cash value shown in table (refer to note 1). Fair value for benefits delivered in the form of equity:
   - for performance rights awarded under the Staff Offer Incentive with a vesting date in 2022, $1.53 per performance right;
   - for performance rights awarded under the Staff Offer Incentive with a vesting date in 2023, $0.52 per performance right; and
   - for Restricted Shares, $2.00 per Restricted Share.

   (Refer to Note 35(b) to the Consolidated Financial Statements for further information regarding fair value calculations for '*share-based payments*').
3. Date of financial close of the 29Metals IPO and commencement of trading in 29Metals shares on a conditional and deferred basis.

4.6 Other – Sign-on payments

No sign-on payments or other benefits were conferred on executive KMPs in the Reporting Period.

5. EXECUTIVE SERVICES AGREEMENTS

Each of 29Metals' executive KMPs, including the Managing Director & CEO, is employed under an Executive Service Agreement ('**ESA**'). The key terms of the ESAs are summarised below.

KEY TERM	MANAGING DIRECTOR & CEO	OTHER EXECUTIVE KMPs
Term	Open term, subject to termination by the Company or the executive (refer to notice periods, below)	Open term, subject to termination by the Company or the executive (refer to notice periods, below)
Total Fixed Remuneration (**TFR**)	$900,000 ***Note,** The MD & CEO does not receive director's fees	$521,000
Short Term Incentive (**STI**)	Eligible to participate in the STI. STI award outcomes for the Managing Director & CEO are determined by the Board and assessed against company performance metrics set by the Board	Eligible to participate in the STI. STI award outcomes are determined by the Managing Director & CEO and endorsed by the Board, following an assessment of performance against company performance metrics set by the Board
Long Term Incentive (**LTI**)	100% of TFR in the form of performance rights ***Note**, any award of performance rights to the Managing Director & CEO is subject to shareholder approval in accordance with the ASX Listing Rules	80% of TFR in the form of performance rights
Notice Periods	By the Managing Director & CEO on six months' notice or by the Company on 12 months' notice. Employment may be terminated by the Company without notice in circumstances including material breach and serious misconduct	During the 12 months after 2 July 2021 (being the listing date for 29Metals), by the relevant executive on six months' notice or by the Company on 12 months' notice. After 2 July 2022 (being the anniversary of the 29Metals listing date), by the relevant executive on three months' notice or by the Company on six months' notice.

KEY TERM	MANAGING DIRECTOR & CEO	OTHER EXECUTIVE KMPs
		Employment may be terminated by the Company without notice in circumstances including material breach and serious misconduct

6. NON-EXECUTIVE DIRECTOR REMUNERATION

6.1 Overview

The Board determines the total amount payable to Non-executive Directors ('**NED**') as remuneration for her or his services as a director. NED remuneration is in the form of fixed Director's fees and additional fee for participation as a member or chair of one or more of the Committees established by the Board.

The maximum amount of Directors fees and Committee fees, in the aggregate, may not exceed the fee pool limit last approved by shareholders – currently, $1.4 million.

NEDs do not participate in the Company's performance-based remuneration schemes and do not receive termination benefits, other than statutory superannuation contributions in accordance with applicable laws.

6.2 Director and Committee fees

Director and Committee fees are set at a level intended to balance attracting and retaining high quality and experienced Directors, as well as the time commitment and other demands of the role.

The Remuneration & Nominations Committee is responsible for the periodic review of Director's fees and Committee fees and making recommendations to the Board regarding any proposed changes. Any increase of the fee pool limit requires approval by the Company in general meeting.

The current Director and Committee fee structure is set out in the table below. Fees shown are inclusive of statutory superannuation contributions.

	CHAIR	MEMBER
Board of Directors	$250,000 [1, 2]	$140,000
Audit, Governance & Risk Committee	$50,000	$20,000
Remuneration & Nominations Committee	$35,000	$20,000
Sustainability Committee [3]	$35,000	$20,000

All fees are cited on a per annum basis.

1. The Chair of the Board of Directors does not receive any Committee fees for undertaking any role as chair or member of any Committee.
2. The Chair, Mr Owen Hegarty, is a 'nominee director' nominated by EMR Capital. Under the terms of the Relationship Deed between the Company and the EMR Capital Investors, EMR Capital has directed that the Director's fees payable to Mr Hegarty are remitted to EMR Capital.
3. In January 2022, the Board determined to change the name of the Health, Safety, Environment & Community Committee to Sustainability Committee.

Further information regarding the role of the Board and the Committees is set out in their respective charters, copies of which are available on the 29Metals' website at https://www.29metals.com/about/corporate-governance.

No changes to of Director or Committee fees are proposed in 2022.

6.3 Expenses and special fees

In addition to Director and Committee fees, NEDs may also be paid or reimbursed for travel and other expenses properly incurred by the NED:

- in attending and returning from any meeting of the Board or a Committee, or general meeting of the Company; or
- otherwise in connection with the business of the Company and the NED's role (including any special responsibilities, from time to time).

A NED may also be paid special or additional fees, as determined by the Board, to compensate the NED for special or additional exertions outside of the scope of the NEDs normal role and for the benefit of the Company.

The payment or reimbursement of expenses, and any special or additional fees, are not included in the fee pool limit described above.

6.4 Fees paid to NEDs during Reporting Period

The Director and Committee fees paid to NEDs during the Reporting Period is set out in the table below.

NAME	ROLE	FEES PAID
Owen Hegarty OAM	Non-executive Director *(Nominee director for EMR Capital)* *Chair of Board of Directors* *Member, Sustainability Committee* [2] *Member, Remuneration & Nominations Committee*	$145,000 [1]
Fiona Robertson	Independent Non-executive Director *Chair, Audit, Governance & Risk Committee* *Member, Sustainability Committee* [2]	$105,000 [3, 4]
Jacqui McGill AO	Independent Non-executive Director *Chair, Sustainability Committee* [2] *Member, Audit, Governance & Risk Committee* *Member, Remuneration & Nominations Committee*	$107,500 [3, 4]
Martin Alciaturi	Independent Non-executive Director *Chair, Remuneration & Nominations Committee* *Member, Audit, Governance & Risk Committee*	$97,500 [3, 4]

1. Mr Owen Hegarty is a 'nominee director' nominated by EMR Capital. Under the terms of the Relationship Deed between the Company and the EMR Capital Investors, EMR Capital has directed that the Director's fees payable to Mr Hegarty are remitted to EMR Capital.
2. In January 2022, the Board determined to change the name of the Health, Safety, Environment & Community Committee to the Sustainability Committee.
3. Fees paid to Fiona Robertson, Jacqui McGill and Martin Alciaturi include $20,000 (cash value) in the form of 10,000 29Metals shares issued at the final IPO offer price of $2.00 per share. Refer to section 6.5 for further information.
4. Fees paid shown excludes payments to Directors prior to 2 July 2021. Refer to 'Additional Information' from page D-22 for information regarding remuneration arrangements for NEDs in the period 1 January to 2 July 2021.

6.5 NED equity participation

The Board recognises the importance of Directors holding 29Metals shares to enhance alignment with the interests of shareholders.

Each of the NEDs, other than Mr Hegarty, agreed to receive $20,000 of their director's fee during the Reporting period in the form of 29Metals shares issued in the IPO. This resulted in each NED, other than Mr Hegarty, being issued 10,000 29Metals shares (at the final IPO offer price of $2.00 per share).[15] The issue date of the shares issued to the NEDs was 5 July 2021 and the fair value on the issue date has been calculated to be $2.00 per share.

From 2022, each of the NEDs (other than Mr Hegarty[16]) has agreed to receive $40,000 of their annual Director's fees in the form of 29Metals shares. To give effect to this election, the Board proposes to establish a NED Share Plan in 2022 (subject to shareholder approval).

Under the proposed NED Share Plan, participating NEDs will salary sacrifice $40,000 of their annual directors' fees (on a pre-tax basis), which amount will be applied by the Company as consideration for new shares to be issued under the NED Share Plan.

The issue of shares under the NED Share Plan will occur in equal quarterly instalments. The price for each share issued to NEDs under the NED Plan will be the three-month VWAP for 29Metals shares on the ASX for the three months preceding the issue date. Applying the VWAP over an extended three-month period creates a continuous exposure for eligible NEDs in the performance of 29Metals' share price.

Shares issued to participating NEDs under the proposed plan will be subject to:

- for continuing NEDs, a two-year trading lock commencing on the date of issue; and
- in the case of a participating NED that ceases to be a Director before the end of a relevant holding lock, a trading lock ending on the earlier of two years after the date of issue and the first anniversary of the date on which the Director ceases to hold office.]

The Board plans to seek shareholder approvals for the proposed NED Share Plan at the Company's annual general meeting in 2022. Further details regarding the proposed NED Share Plan will be included in the explanatory materials accompanying the Notice of Meeting for the annual general meeting.

[15] Mr Hegarty's Director's fees are paid to EMR Capital. Accordingly, Mr Hegarty did not participate in the issue of shares in lieu of fees.

[16] Mr Hegarty is a nominee director, nominated by EMR Capital. Mr Hegarty is the Executive Chairman of EMR Capital and will not participate in the NED Share Plan on the basis that his director's fees are paid to EMR Capital.

7. KMP EQUITY INTERESTS

7.1 Minimum shareholding policy

The Directors consider that maintaining alignment with the interests of the Company's shareholders is advanced by KMPs acquiring and holding a meaningful shareholding in the Company. Accordingly, the Company has a minimum shareholding requirement whereby all KMPs are required to acquire and hold 29Metals shares over a defined period after their respective appointment as a KMP.

The minimum shareholding requirements for KMPs are summarised in the following table.

	MINIMUM SHAREHOLDING	PERIOD TO ACQUIRE MINIMUM SHAREHOLDING
Non-executive Directors	29Metals shares with a cash value at least equal to the aggregate annual director fees paid to the NED[1]	4 years commencing on the date of appointment
Managing Director & CEO	29Metals shares with a cash value at least equal to 50% of TFR	4 years commencing on the date of appointment
Other Executives	29Metals shares with a cash value at least equal to 50% of TFR	4 years commencing on the date of appointment

1. Excludes any additional fees paid (from time to time) for special or additional exertions. Refer to section 7.2 and 7.3.

7.2 KMP equity holdings

KMP shareholdings for the Reporting Period are set out below.

KMP NAME	OPENING BALANCE	SHARES ISSUED AS PART OF KMP REM	SHARES ACQUIRED IN 29METALS IPO	SHARES ISSUED ON VESTING OF PERF. RIGHTS	SHARES ACQ. / DISP OTHER	CLOSING BALANCE
Non-executive Directors						
Owen Hegarty OAM	0	0	50,000 [1]	N/a	-	**50,000 [2]**
Fiona Robertson	0	10,000 [2]	15,000	N/a	-	**25,000**
Jacqui McGill AO	0	10,000 [2]	25,000	N/a	-	**35,000**
Martin Alciaturi	0	10,000 [2]	7,500	N/a	-	**17,500**
Executive Directors						
Peter Albert [1]	0	200,000 [3]	65,000	-	-	**265,000 [3]**
Other Executives						
Ed Cooney	0	-	12,500	-	-	**12,500**
Peter Herbert	0	-	7,500	-	-	**7,500**
Clifford Tuck	0	125,000 [3]	-	-	-	**125,000 [3]**
						537,500

1. Shareholdings for Mr Hegarty exclude shares held by private equity funds managed or advised by EMR Capital (the '**EMR Capital Investors**'). At 31 December 2021, EMR Capital Investors hold approximately 45% of 29Metals shares (in the aggregate).
2. Shares issued to NEDs in lieu of fees with a cash value of $20,000 applying the final IPO offer price ($2.00 per share). Refer to section 6.5 for further information.
3. Restricted Shares issued as the equity component of a Transaction Incentive delivered to relevant executive KMPs. Refer to section 4.5 for further information.
4. Includes Restricted Shares.

7.3 Executive KMP performance rights holdings

Movements in performance rights held by executive KMPs during the Reporting Period is shown in the table below. All performance rights awarded to executive KMPs during the Reporting Period were unvested at 31 December 2021 (and remain unvested as at the date of this report).

NAME	OPENING BALANCE	AWARDED – STAFF OFFER INCENTIVE [1]	AWARDED – 2021 LTI [1, 2]	VESTED	LAPSED / FORFEITED	CLOSING BALANCE
Peter Albert	0	45,000	182,926 [2]	Nil	Nil	**227,926 [2]**
Ed Cooney	0	26,050	84,552	Nil	Nil	**110,602**
Peter Herbert	0	26,050	84,552	Nil	Nil	**110,602**
Clifford Tuck	0	26,050	84,552	Nil	Nil	**110,602**
	0	**123,150 [3]**	**436,582 [4]**	Nil	**Nil**	**$559,732 [2]**

1. All performance rights awarded during the Reporting Period have a nil exercise price.
2. Performance rights cited includes a proposed award of 182,926 performance rights under the 2021 LTI to Peter Albert (nominal cash value on award date equal to 100% of actual TFR for the Reporting Period). This award has not occurred as at the date of this Remuneration Report and remains subject to obtaining shareholder approval to be sought at 29Metals' next annual general meeting. Refer to section 4.4 for further information.
3. Fair value of performance rights awarded under the Staff Offer Incentive scheduled to vest in 2022 calculated as $1.53 per performance right. Fair value of performance rights awarded under the Staff Offer Incentive scheduled to vest in 2023 calculated as $0.52 per performance right.
4. Fair value of performance rights awarded under the 2021 LTI calculated as $2.24 per performance right.

7.4 Shares issued on vesting of performance rights

As set out in sections 4.4 and 4.5, there were two awards of performance rights in 2021 – the first awards by the Company. No shares were issued on the vesting of performance rights in the Reporting Period.

8. OTHER KMP TRANSACTIONS

9.1 Loans to KMPs

No loans were granted by the Company to any KMP (or any of their related parties).

9.2 Other transactions with KMPs or their related parties

29Metals' head office is sub-leased from EMR Capital Pty Ltd, an entity within the EMR Capital group of companies. As noted above, Mr Hegarty is the Executive Chairman of EMR Capital. The sub-lease is on commercial arm's length terms and includes incentives in 29Metals' favour (including contributions to fit out costs). Further details regarding the sub-lease are disclosed in the 29Metals Prospectus (section 10.6.11).

29Metals does not consider the sub-lease to be a relevant transaction with a KMP or related party for remuneration reporting purposes but has elected to include this additional disclosure for transparency.

There were no other transactions with KMPs or their related parties during the Reporting Period.

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9. STATUTORY REMUNERATION REPORTING

KMP	SHORT-TERM BENEFITS				POST-EMPLOYMENT	LONG-TERM BENFITS	SHARE-BASED PAYMENTS		TERMINATION PAYMENTS	TOTAL	PERFORMANCE-RELATED
	SALARY & FEES $	STI (CASH BONUS) $	NON-MONETARY BENEFITS [1] $	OTHER $	SUPERANNUATION $	EMPLOYEE ENTITLEMENTS[2] $	SHARE OPTIONS [3] $	SHARES [4] $	$	$	%
Non-executive Directors											
Owen Hegarty OAM	145,000 [5]	N/a	-	-	-	-	-	-	-	145,000	N/a
Fiona Robertson	81,136 [6]	N/a	-	-	3,864	-	-	20,000	-	105,000	N/a
Jacqui McGill AO	79,545 [6]	N/a	-	-	7,955	-	-	20,000	-	107,500	N/a
Martin Alciaturi	70,455 [6]	N/a	-	-	7,045	-	-	20,000	-	97,500	N/a
Executive Directors											
Peter Albert	438,216	360,986	49,795[7]	300,000 [8]	15,712	5,269	89,760	400,000 [9]	-	1,659,738	69
Other Executive KMPs											
Ed Cooney	248,716	156,728	22,608[7]	-	13,965	3,648	46,866	-	-	492,531	41
Peter Herbert	248,716	156,728	27,791	-	13,965	485	46,866	-	-	494,551	41
Clifford Tuck	248,716	156,728	57,494[10]	100,000 [8]	13,965	485	46,866	250,000 [9]	-	874,254	63
TOTAL	**1,560,500**	**831,170**	**157,688**	**400,000**	**76,471**	**9,887**	**230,358**	**710,000**	**-**	**3,976,074**	**N/a**

1. Comprises value of accrued annual leave entitlements.
2. Comprises accrued long service leave entitlements, Including accrued entitlements transferred upon commencement of employment with 29Metals.
3. Share options comprises performance rights awarded to executive KMPs (nil exercise price) and applied the *fair value* per performance right determined for each relevant award of performance rights during the Reporting Period.
4. Shares issued or awarded to KMPs during the Reporting Period and applying *fair value* determined for each relevant issue or award.
5. Owen Hegarty is a nominee director for EMR Capital Investors (as that term is defined in the 29Metals Prospectus), Mr Hegarty's Director's fees are paid to EMR Capital.
6. Fees paid to Fiona Robertson, Jacqui McGill and Martin Alciaturi are cited net of fees delivered in the form of 10,000 fully paid 29Metals shares issued to each of them in the 29Metals IPO. These benefits are included in *Share=based Payments. Fair value* for the shares issued to these Directors has been determined to be $2.00 per share. Refer to section 6.5 for further information regarding this issue of shares.
7. Includes accrued annual leave balance transferred upon commencement of employment with 29Metals.
8. Cash component of Transaction Incentive paid to relevant executive KMPs in relation to the 29Metals IPO (refer to section 4.5 for further information).
9. Equity component of Transaction Incentive paid to relevant executive KMPs in relation to the 29Metals IPO (refer to section 4.5 for further information) included at *fair value*. The restricted shares are subject to a two-year holding lock.
10. Includes additional annual leave under the terms of Mr Tuck's executive services agreement.

ADDITIONAL INFORMATION

The Reporting Period for the Remuneration Report commences on 2 July 2021, being the date on which 29Metals was listed on the ASX and, as a result, became a disclosing entity for the purposes of the Corporations Act.

The remuneration information in the Remuneration Report provides shareholders and other market participants with a clear understanding of 29Metals remuneration arrangements on an ongoing basis. However, as set out in the Prospectus, certain KMPs were engaged by or on behalf of 29Metals, or employed by a Golden Grove Group company, prior to the Reporting Period.[17] While the remuneration arrangements for the pre-2 July 2021 period are unrelated to 29Metals' ongoing remuneration arrangements, for transparency this section outlines the pre-IPO arrangements for KMPs.

The following table outlines the pre-IPO contractual and other arrangements for KMPs.

KMP	PRE-IPO REMUNERATION ARRANGEMENTS
Owen Hegarty OAM	Mr Hegarty is the Executive Chair and co-founder of EMR Capital. EMR Capital. Prior to the IPO, the 29Metals assets were owned by investors in private equity funds managed or advised by EMR Capital. In his capacity as Executive Chair of EMR Capital, Mr Hegarty sat on the board of directors for one or more entities with an interest in Golden Grove and Capricorn Copper in the period 1 January – 2 July 2021. Mr Hegarty was appointed as a director of 29Metals on its formation on 27 May 2021. Mr Hegarty did not receive any fees as a director of Golden Grove or Capricorn Copper entities during the period 1 January to 2 July 2021
Peter Albert	During the period 1 January – 2 July 2021, Mr Albert was employed by Golden Grove Operations Pty Ltd in the role of Chief Executive Officer and served as Chief Executive Officer of Capricorn Copper Holdings Pty Ltd. Mr Albert was also a director of one or more entities with an interest in Golden Grove and Capricorn Copper. Mr Albert was appointed as a director of 29Metals on its formation on 27 May 2021 and Managing Director & CEO with effect on and from 2 July 2021. Mr Albert's pre-IPO executive roles terminated with effect on and from 2 July 2021. Mr Albert's employee entitlements for the pre-IPO roles described above were cash settled or transferred to 29Metals when Mr Albert commenced employment with 29Metals. Mr Albert received a payment under the Golden Grove STI scheme for the period 1 January to 2 July 2021, as set out below. Mr Albert's remuneration for the period 1 January – 2 July 2021, included in the KMP remuneration information set out in Note 36(b) to the Consolidated Financial Statements, comprises: ▪ Salary (excluding superannuation) - \$349,153; ▪ Superannuation - \$10,847; ▪ Annual leave - \$13,222; ▪ Long service leave - \$338; and ▪ Short term incentive - \$80,000
Fiona Robertson	Ms Robertson was engaged by EMR Capital as an independent consultant in anticipation of a potential IPO. In consideration for assisting EMR Capital with the 29Metals IPO, Ms Robertson was paid a fixed consulting services fee. The consulting services arrangement terminated on successful completion of the IPO. Ms Robertson was appointed as a director of 29Metals on its formation on 27 May 2021. Ms Robertson has a formal appointment letter with 29Metals which commenced on and from 2 July 2021 and commenced receiving Director's fees from 29Metals on and from 2 July 2021.
Jacqui McGill AO	Ms McGill was engaged by EMR Capital as an independent consultant in anticipation of a potential IPO. In consideration for assisting EMR Capital with the 29Metals IPO, Ms McGill was paid a fixed consulting services fee. The consulting services arrangement terminated on successful completion of the IPO. Ms McGill was appointed as a director of 29Metals on its formation on 27 May 2021. Ms McGill has a formal appointment letter with 29Metals which commenced on and from 2 July 2021 and commenced receiving Director's fees from 29Metals on and from 2 July 2021.
Martin Alciaturi	Mr Alciaturi was engaged by EMR Capital as an independent consultant in anticipation of a potential IPO. In consideration for assisting EMR Capital with the 29Metals IPO, Mr Alciaturi was paid a fixed consulting services fee. The consulting services arrangement terminated on successful completion of the IPO. Mr Alciaturi was appointed as a director of 29Metals on its formation on 27 May 2021. Mr Alciaturi has a formal appointment letter with 29Metals which commenced on and from 2 July 2021 and commenced receiving Director's fees from 29Metals on and from 2 July 2021.

[17] Refer to the Director's Report and Note 2 (*Basis of Preparation*) and Note 34 (*Business Combination – Reverse Acquisition*) to the Consolidated Financial Statements for an explanation of the accounting treatment of the Restructure and IPO Transactions whereby, for accounting purposes, Golden Grove, LP, is the accounting "*acquiror*".

KMP	PRE-IPO REMUNERATION ARRANGEMENTS
Ed Cooney	During the period 1 January 2021 until the listing date (2 July 2021), Mr Cooney was an employee of Golden Grove Operations Pty Ltd. In his role as Operations Director, Mr Cooney was paid a fixed annual salary and was eligible to participate in the Golden Grove short term incentive scheme. Mr Cooney was appointed Chief Operating Officer of 29Metals with effect on and from 2 July 2021 and his employment with Golden Grove terminated. Mr Cooney's employee entitlements with Golden Grove were cash settled or transferred to 29Metals when Mr Cooney commenced employment with 29Metals. Mr Cooney received a payment under the Golden Grove STI scheme for the period 1 January to 2 July 2021. Mr Cooney's remuneration for the period 1 January – 2 July 2021, included in the KMP remuneration information set out in Note 36(b) to the Consolidated Financial Statements, comprises: ▪ Salary (excluding superannuation) - $225,000; ▪ Superannuation - $23,347; ▪ Annual leave - $8,521; ▪ Long service leave - $218; and ▪ Short term incentive - $112,500
Peter Herbert	During the period 1 January to 2 July 2021, Mr Herbert was employed by EMR Capital in the role of Investment Director. As part of his role, Mr Herbert sat on the Board of one or more of the Companies that hold an interest in Capricorn Copper and Redhill. Any fees payable for Mr Herbert's role as a director of Capricorn Copper entities were paid to EMR Capital. Mr Herbert commenced employment with 29Metals Limited in the position of Chief Financial Officer on and from 2 July 2021. Mr Herbert did not receive any fees for his role as a director of the Capricorn Copper entities or the Redhill entities
Clifford Tuck	Mr Tuck was engaged by EMR Capital as an independent consultant to, among other things, assist with the establishment of 29Metals in anticipation of an IPO and the IPO transaction process. In consideration of his services, Mr Tuck was paid a monthly consulting fee and reimbursed for costs incurred in connection with the services. Mr Tuck's consulting services arrangement terminated on successful completion of the IPO. Mr Tuck was appointed Company Secretary of 29Metals on its formation on 27 May 2021. Mr Tuck commenced employment with 29Metals as General Counsel & Company Secretary with effect on and from 2 July 2021.

Differences in KMP remuneration included in the notes to the Consolidated Financial Statements

Shareholders and other market participants should note that there are differences between the remuneration information disclosed in the Remuneration Report and the KMP information included in the notes to the Consolidated Financial Statements (refer to Note 36(b)).

The reason for the difference is that the KMP remuneration disclosures in Note 36(b) to the Consolidated Financial Statements comprise remuneration for the KMPs of the Golden Grove Group as the 'acquirer' of the 29Metals Group for accounting purposes. An explanation regarding this accounting treatment is set out in Note 2 to the Consolidated Financial Statements.

As a result of this accounting treatment, the KMP remuneration details in Note # to the Consolidated Financial Statements comprises:

- statutory remuneration information for those persons that were KMPs of the Golden Grove Group in the period 1 January – 2 July 2021; and
- statutory remuneration information for those persons that were KMPs of the 29Metals Group during the period 2 July – 31 December 2021 (ie, the Reporting Period for the Remuneration Report), as set out in the Remuneration Report.

In this regard, it is noted that remuneration for Mr Albert and Mr Cooney for their respective *pre-IPO* roles with Golden Grove in the period 1 January-2 July 2021 (outlined in the table above) is included in the KMP remuneration information in Note 36(b) to the Consolidated Financial Statements.

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INDEX – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 $'000	2020 $'000
Revenue	6(a)	600,762	434,451
Cost of sales	6(b)	(464,118)	(325,839)
Gross profit		**136,644**	**108,612**
Other income		270	73
Net (loss)/gain on derivative financial instruments	6(e)	(11,135)	8,359
Net foreign exchange (loss)/gain	6(f)	(13,450)	26,807
Administration expenses	6(c)	(18,641)	(4,688)
Other expenses	6(d)	(45,649)	(3,988)
Operating profit		**48,039**	**135,175**
Finance income	7	90	287
Interest expense and other cost of finance	7	(30,352)	(100,948)
Net finance costs	7	**(30,262)**	**(100,661)**
Profit before income tax expense		**17,777**	**34,514**
Income tax benefit/(expense)	9	103,236	(34,514)
Net profit/(loss) for the year		**121,013**	**-**
Net profit/(loss) for the year after tax attributable to members of 29Metals Limited		**121,013**	**-**
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(51)	-
Total comprehensive income for the year attributable to members of 29Metals Limited		**120,962**	**-**
Earnings per share (cents per share)			
Basic earnings per share	10	48.5	N/a
Diluted earnings per share	10	48.4	N/a

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying not

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

	Note	31 December 2021 $'000	31 December 2020 $'000	1 January 2020 $'000
Current assets				
Cash and cash equivalents	24	197,472	107,215	115,966
Trade and other receivables	13	40,189	23,789	13,050
Derivative financial assets	14	1,037	2,763	-
Inventories	15	76,118	25,038	29,727
Income tax receivable	9	15,042	-	-
Other financial assets	16	14,514	-	-
Prepayments		7,471	9,169	8,505
Total current assets		**351,843**	**167,974**	**167,248**
Non-current assets				
Trade and other receivables		-	-	4,401
Prepayments		5,304	-	-
Derivative financial assets	14	504	6,098	-
Exploration and evaluation expenditure	17	45,463	25,975	16,235
Mine properties	18	605,284	210,831	195,289
Property, plant and equipment	19	235,956	143,993	128,880
Right-of-use assets	20	31,179	25,101	17,129
Intangible assets		168	-	-
Deferred tax assets	9	39,478	-	-
Total non-current assets		**963,336**	**411,998**	**361,934**
Total assets		**1,315,179**	**579,972**	**529,182**
Current liabilities				
Trade and other payables	21	115,078	50,145	38,057
Interest-bearing liabilities	25	15,454	28,507	23,296
Derivative financial liabilities	14	31,259	-	-
Lease liabilities	26	27,731	19,102	11,184
Current tax liabilities	9	-	3,617	14,730
Provisions	22	10,550	5,953	5,567
Total current liabilities		**200,072**	**107,324**	**92,834**
Non-current liabilities				
Interest-bearing liabilities	25	186,163	191,763	82,726
Lease liabilities	26	3,695	4,967	3,136
Provisions	22	155,713	65,758	66,592
Deferred tax liabilities	9	-	41,561	21,981
Net assets attributable to partners in Golden Grove, LP	40	-	168,599	261,913
Total non-current liabilities		**345,571**	**472,648**	**436,348**
Total liabilities		**545,643**	**579,972**	**529,182**
Net assets		**769,536**	**-**	**-**
Equity				
Contributed equity	29	646,633	-	-
Reserves	29	1,890	-	-
Retained earnings		121,013	-	-
Total equity		**769,536**	**-**	**-**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Contributed Equity $'000	Share-based payment Reserve $'000	Translation Reserve $'000	Retained Earnings $'000	Total equity $'000
As at 1 January 2020		**-**	-	-	**-**	**-**
Profit for the year		-	-	-	-	-
Other comprehensive income/(loss)		-	-	-	-	-
Total comprehensive income		-	-	-	-	-
As at 31 December 2020		**-**	-	-	**-**	**-**
Profit for the year		-	-	-	121,013	121,013
Other comprehensive income/(loss)		-	-	(51)	-	(51)
Total comprehensive income/(loss)		**-**	**-**	**(51)**	**121,013**	**120,962**
Transactions with owners in their capacity as owners						
Issue of shares	29	245,000	-	-	-	245,000
Transaction costs, net of tax	29	(12,137)	-	-	-	(12,137)
Settlement of amount owing		3,000	-	-	-	3,000
Reverse acquisition – deemed consideration payable	29	214,398	-	-	-	214,398
Net assets attributable to Partners – settlement of partner liabilities as a result of the reverse acquisition	40	183,554	-	-	-	183,554
Issue of shares on acquisition of Redhill Mining Group	33	12,108	-	-	-	12,108
Share-based payments	29, 35	710	1,941	-	-	2,651
As at 31 December 2021		**646,633**	**1,941**	**(51)**	**121,013**	**769,536**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		608,018	424,218
Payments to suppliers, employees and others		(487,245)	(259,721)
Income taxes paid		(22,571)	(26,293)
Payment for transaction costs	8	(18,260)	-
Interest received	7	90	297
Payments for short-term leases and variable lease payments		(4,934)	(7,899)
Net cash flows from operating activities	12(a)	**75,098**	**130,602**
Cash flows from investing activities			
Payments for property, plant and equipment	19	(39,102)	(31,294)
Proceeds from the sale of property, plant and equipment		70	96
Payments for development activities	18	(50,354)	(37,950)
Exploration expenditure	17	(7,979)	(9,740)
Payments for intangible assets		(178)	-
Cash acquired in business combination	34	4,966	-
Cash acquired on acquisition of controlled entity (assets acquisition)	33	29	-
Net cash flows (used in) investing activities		**(92,548)**	**(78,888)**
Cash flows from financing activities			
Transfer to other financial asset	16	(12,682)	-
Amount received from related party net of payments made		12,682	-
Proceeds from issue of share capital	29	245,000	-
Transaction costs paid relating to the issue of shares	29	(17,339)	-
Proceeds from external borrowings	12(b)	-	146,946
Repayment of borrowings	25	(81,556)	(3,253)
Repayment of lease liabilities	26	(26,706)	(13,374)
Distribution to partners	40	-	(176,030)
Interest and borrowing costs paid		(17,523)	(11,631)
Net cash flows from / (used in) financing activities		**101,876**	**(57,342)**
Net increase / (decrease) in cash and cash equivalents		84,426	(5,628)
Effect of movements in exchange rates on cash held		5,831	(3,123)
Cash and cash equivalents at the beginning of the year		107,215	115,966
Cash and cash equivalents at the end of the year	24	**197,472**	**107,215**

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

INTRODUCTION

This section provides information about the overall basis of preparation of the Consolidated Financial Statements that the Company considers will be useful in understanding these Consolidated Financial Statements.

NOTE 1: CORPORATE INFORMATION

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

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

The nature of operations and principal activities of 29Metals Limited and its controlled entities are mining and mineral production, mineral concentrate sales and mineral exploration.

The Consolidated Financial Statements of 29Metals and its controlled entities for the year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors dated 22 February 2022.

NOTE 2: BASIS OF PREPARATION

The Consolidated Financial Statements is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards **(AAS)** and other authoritative pronouncements of the Australian Accounting Standards Board ('**AASB**') and the *Corporations Act 2001* (Cth);
- complies with International Financial Reporting Standards ('**IFRS**') and interpretations adopted by the International Accounting Standards Board ('**IASB**');
- has been prepared on an historical cost basis except for certain financial instruments which have been measured at fair value through the Consolidated Statement of Comprehensive Income;
- is presented in Australian dollars with all values rounded to the nearest thousand dollars ($'000) unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument* 2016/191; and
- does not early adopt AAS and Interpretations that have been issued or amended but are not yet effective. Refer to Note 38 for further details.

Reverse acquisition

29Metals was registered on 27 May 2021 and was admitted to the official list of ASX on 2 July 2021. 29Metals Limited became the legal parent company of the Group (refer Note 30) on 2 July 2021 which is the date control was obtained of the Golden Grove LP Group. This transaction has been accounted for as a reverse acquisition (see below).

Golden Grove, LP ('**GGLP**'), the head entity in the Golden Grove, LP Group is a limited partnership registered in New South Wales under the *Partnership Act 1982* (NSW).

Australian Accounting Standards require that where two or more entities combine through an exchange of equity for the purposes of a business combination, one of the entities must be determined to be the accounting acquirer. 29Metals is the legal acquirer, on the basis that 29Metals acquired all of the partner interests in Golden Grove, LP and is therefore the legal parent company.

However, after assessing the guidance under AASB 3: Business Combinations, in particular the relative sizes of the entities concerned, Golden Grove, LP Group has been assessed to be the accounting acquirer. Therefore, the business combination has been accounted for as a reverse acquisition. As such, the Consolidated Financial Statements represent the continuation of the operations of the accounting acquirer, being the Golden Grove, LP Group.

The comparative information presented in the Consolidated Financial Statements is that of the Golden Grove, LP Group for the year ended 31 December 2020.

The implications of the reverse acquisition on each of the primary statements is as follows:

- The *Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows*

  For the 12 months ended 31 December 2021, these statements comprise:
  - the results of the Golden Grove, LP Group for the six months to 30 June 2021; and
  - Group results for the six months ended 31 December 2021

  The comparative information comprises Golden Grove, LP Group financial results for the year ended 31 December 2020.

- The *Consolidated Statement of Financial Position*

  The Consolidated Statement of Financial Position as at 31 December 2021 represents the consolidated position of the Group. The comparative information represents the Golden Grove, LP Group as at 31 December 2020 and 1 January 2020.

Refer Note 34 for further details of the reverse acquisition.

First-time adoption of AAS – Golden Grove, LP

Golden Grove, LP previously prepared its financial statements in accordance with accounting principles generally accepted in the United States of America ('**US GAAP**'). Accordingly, the Golden Grove LP Group, has adopted AAS (which are the Australian equivalents to IFRS) for the first time in the year ended 31 December 2021, with the date of transition being 1 January 2020. Refer Note 41 for further details.

NOTE 3: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. All judgements, estimates and assumptions made for the purposes of the Consolidated Financial Statements are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from these estimates.

The judgements, estimates and assumptions that have the potential to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined within the following notes:

- Note 6 (*Income and expenses*) – Revenue recognition
- Note 9 (*Taxes*) – Income taxes
- Note 18 (*Mine properties*) – Mineral Resources and Ore Reserves estimates
- Note 19 (*Property, plant and equipment*) – Impairment of non-financial assets
- Note 20 (*Right-of-use assets*) – Lease term
- Note 20 (*Right-of-use assets*) – Estimation of the incremental borrowing rate to measure lease liabilities
- Note 22 (*Provisions*) – Mine rehabilitation, restoration and dismantling obligations

Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products sold, customers, supply chain, staffing and geographic regions in which the Group operates. The challenges of the pandemic continue to evolve, including escalating case numbers nationally reflecting the combined impact of the highly transmissible Omicron variant and progressive re-opening of state borders (Queensland – December 2021; Western Australia – expected to occur March 2022). There does not currently appear to be either any significant impact upon the Consolidated Financial Statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

NOTE 4: ACCOUNTING POLICIES

The accounting policies set out below and in these notes to the Consolidated Financial Statements have been applied consistently by all entities included in the Group and are consistent with those applied in the prior year. All other significant accounting policies are contained within the applicable notes to the Consolidated Financial Statements.

(a) Basis of consolidation

The Consolidated Financial Statements include the financial statements of the parent entity, 29Metals and its controlled entities. A list of controlled entities is presented in Note 30.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- power over the investee (ie. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the entity.

(b) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. Foreign exchange differences resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in the Consolidated Statement of Comprehensive Income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income (‘**OCI**’) and accumulated in the translation reserve.

NOTE 4: ACCOUNTING POLICIES (continued)

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (**'GST'**), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Tax Office ('**ATO'**) is included as a current asset or liability in the Consolidated Statement of Financial Position. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to the ATO, are classified as operating cash flows.

PERFORMANCE

NOTE 5: SEGMENT INFORMATION

Identification of reportable segments

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

The following summary describes the operations of each reportable segment.

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

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

The performance of reportable segments is evaluated at least monthly based on revenues and EBITDA. EBITDA is earnings before finance income, finance costs, any unrealised foreign exchange gains or losses, any realised and unrealised gains or losses on derivative financial instruments, distribution to Partners, income tax expense and depreciation and amortisation.

A reconciliation of EBITDA to profit after tax is shown in Note 5(b). EBITDA is a non-IFRS financial information metric used by the Group's chief operating decision makers ('**CODM**') as the primary measure for assessing financial performance, and believe it assists in providing additional meaningful information for stakeholders.

Segment revenues represent revenue from the sale of copper concentrate, zinc concentrate, high precious metals (**'HPM'**) concentrate, which is net of related treatment and refining charges and shipping revenue. All segment revenue is from third parties. Segment assets include intercompany receivables. Segment liabilities include intercompany payables.

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

NOTE 5: SEGMENT INFORMATION (continued)

(a) Segment Results, Segment Assets and Segment Liabilities

Year ended 31 December 2021	Golden Grove $'000	Capricorn Copper $'000	Exploration $'000	Unallocated operations and adjustments $'000	Total $'000
Revenue					
Copper concentrate	242,702	179,056	-	-	421,758
Zinc concentrate	124,669	-	-	-	124,669
HPM concentrate	40,075	-	-	-	40,075
Shipping revenue	7,351		-	-	7,351
Realised and unrealised fair value movements on receivables subject to QP adjustment	5,112	1,797	-	-	6,909
Total revenue	**419,909**	**180,853**	**-**	**-**	**600,762**
Result					
Segment results EBITDA	161,333	73,277	(175)	(57,144)	177,291
Items reported to CODM included in EBITDA					
Transaction costs, including stamp duty [(2)]	-	-	-	44,694	44,694
Items reported to CODM not included in EBITDA					
Interest income	5	9	-	76	90
Interest expense	7,178	398	-	1,323	8,899
Depreciation and amortisation	67,926	32,089	-	109	100,124
Income tax benefit	-	-	-	-	103,236
Segment assets and liabilities					
Segment assets	693,308	542,431	12,682	66,758	1,315,179
Segment liabilities	153,652	147,666	45	244,280	545,643
Net assets	**539,656**	**394,765**	**12,637**	**(177,522)**	**769,536**
Other segment information					
Capital expenditure	78,809	19,076	490	612	98,987

Notes:
(1) Refer to Note 5(b) for the reconciliation of segment EBITDA result to profit after tax.
(2) Refer Note 8

In the year ended 31 December 2020, there was one operating segment being the Golden Grove, LP Group. The results of this segment were equivalent to the Consolidated Financial Statements of the Group as a whole.

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NOTE 5: SEGMENT INFORMATION (continued)

(b) Reconciliation of EBITDA to Profit after Tax

	Note	2021 $'000	2020 $'000
EBITDA	5(a)	177,291	155,527
Depreciation and amortisation	6(b), 6(c)	(100,124)	(56,148)
Net foreign exchange gain / (loss) – unrealised	6(f)	(17,993)	27,437
Net gain/(loss) on derivative financial instruments	6 (e)	(11,135)	8,359
Finance income	7	90	287
Interest expense and other cost of finance	7	(30,352)	(100,948)
Net finance cost	7	(30,262)	(100,661)
Profit / (Loss) before tax		**17,777**	**34,514**
Income tax benefit / (expense)		103,236	(34,514)
Profit / (Loss) after tax		**121,013**	-

(c) Geographical Information

	2021 $'000	2020 $'000
Total Revenue		
China	17,902	223,641
South Korea	328,370	95,081
Taiwan	29,384	43,493
Australia	197,305	5,340
Other	27,801	66,896
Total revenue	**600,762**	**434,451**

The revenue information above is based on the locations of the concentrate deliveries.

One customer individually accounted for more than ten percent of total revenue during the year (2020: four customers).

Revenue from one customer represented approximately $346,837 thousand and $154,146 thousand of Golden Grove and Capricorn Copper total revenue respectively for the year ended 31 December 2021 (2020: one customer of $127,866 thousand of Golden Grove total revenue).

	2021 $'000	2020 $'000
Non-Current Assets		
Australia	910,910	411,998
Chile	12,948	-
	923,858	411,998

Non-Current Assets excludes deferred tax assets of $39,478 thousand (2020: nil).

NOTE 6: INCOME AND EXPENSES

	2021 $'000	2020 $'000
(a) Revenue		
Revenue from sale of concentrate (point in time)	586,502	420,284
Revenue from shipping services (over time)	7,351	11,412
Total revenue from contracts with customers	**593,853**	**431,696**
Realised and unrealised fair value movements on receivables subject to QP adjustment	6,909	2,755
Total Revenue	**600,762**	**434,451**
i) Revenue from contracts with customers by type of product/service		
Copper concentrate	421,758	194,929
Zinc concentrate	124,668	90,044
HPM concentrate	40,076	135,311
Shipping revenue	7,351	11,412
	593,853	**431,696**

Recognition and measurement

The Group is principally engaged in the business of producing base and precious metals mineral concentrates. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue contracts because it typically controls the goods before transferring them to the customer.

For the Group's mineral concentrates sales not sold under Cost Insurance and Freight (**'CIF'**) Incoterms, the performance obligation is the delivery of the concentrate to customers. For the Group's mineral concentrates sales sold under CIF Incoterms, the Group is also responsible for providing freight/shipping services. In these situations, the freight/shipping services also represent separate performance obligations.

(i) Concentrate sales

Golden Grove (GG)

The majority of GG's sales of mineral in concentrate are sold under CIF and allow for price adjustments based on the market price at the end of the relevant quotational period (**'QP'**) determined in accordance with the contract. These are referred to as provisional pricing arrangements where the selling price for the mineral concentrates is based on prevailing spot prices for the contained metal(s) on a specified future date after shipment to the customer. Adjustments to the sales price then occur based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP varies between one and five months.

Revenue is recognised at the point in time when the mineral concentrate is physically transferred onto a vessel as a majority of GG's sales of mineral concentrates are sold under CIF. For certain export shipments, a holding certificate is issued by the customer upon delivery to a location under the customer's control. The revenue is measured at the amount to which the Group expects to receive, being the estimate of the price expected to be received at the end of the QP, determined based on the forward prices.

For these provisional pricing arrangements, any future changes that occur during the QP are embedded within the provisionally priced trade receivables. Given the exposure to the commodity price, these provisionally priced trade receivables fail the cash flow characteristics test and are subsequently measured at fair value through the Consolidated Statement of Comprehensive Income until the date of settlement. These subsequent changes in fair value are recognised in the Consolidated Statement of Comprehensive Income each period and presented in revenue. Changes in fair value until the end of the QP, are estimated by reference to updated forward market prices for the metal contained in mineral concentrates as well as taking into account relevant other fair value considerations, including interest rate and credit risk adjustments. The period between provisional invoicing and the end of the QP varies between one to five months.

Capricorn Copper (CC)

Revenue is recognised at the point in time when the mineral concentrate is physically delivered to a location under the customer's control. For export shipments, a holding certificate is issued by the customer upon delivery to a location under the customer's control. The revenue is measured at the amount to which the Group expects to receive, being the estimate of the price expected to be received at the end of the QP, determined based on forward prices.

For these provisional pricing arrangements, any future changes that occur during the QP are embedded within the provisionally priced trade receivables. Given the exposure to the commodity price, these provisionally priced trade receivables fail the cash flow characteristics test and are subsequently measured at fair value through the Consolidated Statement of Comprehensive Income until the date of settlement. These subsequent changes in fair value are recognised in the Consolidated Statement of Comprehensive Income each period and presented in revenue. Changes in fair value until the end of the QP, are estimated by reference to updated forward market prices for the metal contained in mineral concentrates as well as taking into account other relevant fair value considerations, including interest rate and credit risk adjustments. The period between provisional invoicing and the end of the QP varies between one and five months.

(ii) Shipping services

For CIF arrangements, the transaction price (as determined above) is allocated to the metal in concentrate and shipping services using the relative stand-alone selling price method. Under these arrangements, a portion of consideration is received from the customer at, or around, the date of shipment under a provisional invoice. Therefore, some of the upfront consideration that relates to the shipping services yet to be provided is deferred. It is then recognised as revenue over time using an output method (being days of shipping/transportation

NOTE 6: INCOME AND EXPENSES (continued)

(a) Revenue (continued)

elapsed) to measure progress towards complete satisfaction of the service as this best represents the Group's performance. This is on the basis that the customer simultaneously receives and consumes the benefits provided by the Group as the services are being provided. The costs associated with these shipping services are also recognised over the same period of time as incurred.

Significant accounting judgements, estimates and assumptions

(i) Point of revenue recognition

Golden Grove (GG)
Control of the product is transferred to the customer when the mineral concentrates are physically transferred onto a vessel as this coincides with the transfer of legal title and the risk and rewards of ownership as a majority of the GG's sales of mineral concentrates are sold under CIF. For certain export shipments, a holding certificate is issued by the customer upon delivery to a location under the customer's control.

Capricorn Copper (CC)
Control of the product is transferred to the customer when the mineral concentrates are physically delivered to a location under the customer's control, as this coincides with the transfer of legal title and the risk and rewards of ownership. For export shipments a holding certificate is issued by the customer upon delivery to a location under the customer's control.

(ii) Variable consideration

Revenue for GG and CC is initially recognised based on the most recently determined estimate of metal contained in mineral concentrates using the expected value approach based on initial internal assay and weight results. GG and CC have determined that it is highly unlikely that a significant reversal of the amount of revenue recognised will occur due to variations in assay and weight results. Subsequent changes in the fair value based on the customer's final assay and weight results are recognised in revenue at the end of the QP.

	Note	2021 $'000	2020 $'000
(b) Cost of sales			
Mining cost		213,289	144,030
Processing costs		94,419	69,384
Site services cost		37,684	23,894
Depreciation and amortisation		100,113	56,148
Stockpile movements		(25,580)	5,615
Government royalties		25,918	15,312
Other production and shipping costs		18,275	11,456
		464,118	**325,839**
(c) Administration expenses			
Amortisation		11	-
Other administration expenses		18,630	4,688
		18,641	**4,688**
(d) Other expenses			
Transaction costs	8	18,260	-
Business combination costs – stamp duty	8	26,434	-
Credit loss on receivables		955	3,988
		45,649	**3,988**
(e) Net gain/(loss) on derivative financial instruments			
Realised gain/(loss) on derivative financial instruments		2,525	(502)
Unrealised gain/(loss) on derivative financial instruments		(13,660)	8,861
		(11,135)	**8,359**
(f) Net foreign exchange gain/(loss)			
Realised gain/(loss) on foreign exchange		4,543	(630)
Unrealised gain/(loss) on foreign exchange		(17,993)	27,437
		(13,450)	**26,807**

Included in Cost of sales, Administration expenses and other expenses is an amount of $50,781 thousand (2020: $35,239 thousand) relating to employee benefits expenses.

NOTE 7: NET FINANCE COSTS

	Note	2021 $'000	2020 $'000
Interest income		90	287
Finance income		**90**	**287**
Distributions paid to partners during the year		-	(176,030)
Change in net assets attributable to the Partners of Golden Grove, LP		(14,955)	93,314
Net finance cost relating to partner liabilities	40, 41	(14,955)	(82,716)
Interest expense		(8,899)	(8,117)
Interest expense on lease liabilities	26	(1,253)	(633)
Loss on derecognition of bank borrowings		(1,075)	(2,978)
Amortization of borrowing costs		(1,634)	(5,187)
Unwinding of discount on provision for rehabilitation	22	(2,536)	(1,317)
Interest expense and other cost of finance		**(30,352)**	**(100,948)**
Net finance costs		**(30,262)**	**(100,661)**

Recognition and measurement

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognized as it accrues, using the effective interest method.

The net assets attributable to partners (refer Note 40) were classified as a financial liability in accordance with AASB 132 *Financial Instruments: Presentation*. Accordingly, distributions to Partners and changes in net assets attributable to Partners are presented as finance costs in the Consolidated Statement of Comprehensive Income.

All borrowing costs, calculated using the effective interest method, are recognised in the Consolidated Statement of Comprehensive Income except where capitalised as part of a qualifying asset. Eligible borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the period. All other borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

NOTE 8: SIGNIFICANT ITEMS

The items below are significant to understanding the overall results of the Group. The Group believes the disclosure of these items provides readers of the Consolidated Financial Statements with further meaningful insights regarding the financial performance of the Group. Significant items are items of income and expense, which, due to their nature and variable financial impact or the expected infrequency of the events giving rise to them, are separated for internal reporting, and analysis of the Group's results to aid in providing an understanding and comparative basis of the underlying financial performance.

	Note	2021 $'000	2020 $'000
Included within the balances presented in the Consolidated Statement of Comprehensive Income:			
Transaction costs	6(d)	18,260	-
Business combination costs – stamp duty	6(d), 21, 34	26,434	-
Significant items before tax		44,694	-
Applicable income tax benefit on above		(5,478)	-
Reset in tax base on entry into tax consolidated group	9(a)	(119,388)	-
Increase in net assets attributable to the Partners of Golden Grove, LP	40, 41	14,955	82,716
Significant items after tax		**(65,217)**	**82,716**

Transaction costs relating to the initial public offering (**'IPO'**) and business combination and not directly related to the issue of equity instruments during the year ended 31 December 2021 of $18,260 thousand have been expensed in the year ended 31 December 2021 and is included in Other expenses. For the year ended 31 December 2021, transaction costs of $17,339 thousand before tax ($12,137 thousand after tax) directly related to the issue of shares has been netted off share capital (refer Note 29).

Stamp duty of $26,434 thousand relating to the business combination costs (refer note 34) has been expensed in the year ended 31 December 2021 and is included in Other expenses. This amount is outstanding at 31 December 2021 (refer Note 21).

For the year ended 31 December 2021, the tax cost base reset on entry into the 29Metals tax consolidated group (**'TCG'**) amounted to a $119,388 thousand income tax benefit.

NOTE 9: TAXES

	Note	2021 $'000	2020 $'000
(a) Income tax expense			
The major components of income tax expense are:			
Current income tax charge		(6,563)	(18,026)
Deferred income tax relating to temporary differences		106,623	(16,983)
Adjustment in respect of income and deferred tax of prior year			
- Current tax		529	3,092
- Deferred tax		2,647	(2,597)
Income tax benefit / (expense)		**103,236**	**(34,514)**
Reconciliation of income tax expense to accounting profit:			
Accounting profit before income tax		**17,777**	**34,514**
Income tax at the Australian tax rate of 30% (2020: 30%)		(5,333)	(10,354)
Increase/(decrease) in income tax expense due to:			
Non-deductible expenses		(9,388)	-
Reset in tax base on entry into tax consolidated group	8	119,388	-
Adjustment in respect of income and deferred tax of prior year		3,193	495
Increase in net assets attributable to the Partners of Golden Grove, LP	7, 40	(4,486)	(24,814)
Other		(138)	159
Income tax (benefit) / expense		**103,236**	**(34,514)**
(b) Income tax (benefit) recognised directly in equity			
Deferred income tax related to items charged directly to equity			
Transaction costs	29	5,202	-
Income tax (benefit) recorded in equity		**5,202**	**-**

NOTE 9: TAXES (continued)

	Note	2021 $'000	2020 $'000
(c) Recognised tax assets and liabilities			
Movement in deferred income tax			
Opening balance		(41,561)	(21,981)
Charged / (Credited) to profit or loss		109,270	(19,580)
Charged to equity	9(b)	5,202	-
Acquired through business combination	34	(33,416)	-
Other		(17)	-
Closing balance		**39,478**	**(41,561)**

Deferred tax asset/(liabilities) comprises temporary differences attributable to:

		2021 $'000	2020 $'000
Deferred tax asset			
Provision for employee benefits		3,354	1,728
Provision for rehabilitation and restoration		46,503	19,495
Property, plant and equipment		13,975	-
Capitalised expenditure		6,592	-
Tax loss carried forward		13,065	-
Other		315	1,136
		83,804	**22,359**
Deferred tax liabilities			
Receivables		-	(5,572)
Property, plant and equipment including assets under construction		(5,675)	(15,909)
Exploration expenditure		(7,784)	(7,793)
Mine properties		(22,331)	(26,527)
Other		(8,536)	(8,119)
		(44,326)	**(63,920)**
Net deferred tax asset / (liabilities)		**39,478**	**(41,561)**
Current tax liabilities		**-**	**3,617**
Income tax receivable		**15,042**	**-**

(d) Unrecognised deferred tax assets

Tax losses relating to Capricorn Copper of $186,612 thousand ($55,983 thousand tax effected) at 31 December 2021 have not been recognised because 29Metals have assessed that the utilisation of these tax losses is not probable. The unrecognised tax losses are subject to an available fraction tax loss utilisation rate.

(e) Tax consolidation

From 11 December 2017 to 4 July 2021, Golden Grove, LP and its controlled entities were part of a tax consolidated group ('TCG'), with Golden Grove, LP as the head entity of the TCG.

29Metals formed a TCG with effect from 7 June 2021. 29Metals is the head entity of the TCG. Each of the following entities joined the 29Metals TCG on the dates set out below:

	Date joined TCG
Capricorn Copper Holdings Pty Ltd and its wholly owned subsidiaries	7 June 2021
Lighthouse Minerals Pty Ltd	7 June 2021
29Metals Finance Pty Ltd	5 July 2021
Golden Grove Holdings (No. 1) Pty Ltd	5 July 2021
Golden Grove, LP (and its wholly owned subsidiaries)	5 July 2021

NOTE 9: TAXES (continued)

(b) Tax consolidation (continued)

Members of the tax consolidated group have entered into a Tax Sharing Deed that determines the income tax liabilities between the entities should the head entity default on its tax payment obligations. In accordance with the Tax Sharing Deed, the company is required to determine the contribution amount for each member of the TCG on a stand-alone basis. Possibility of default by the head entity is considered remote.

Tax expense or benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the TCG are recognised in the separate financial statements of the members of the TCG using the 'stand-alone taxpayer' approach. Deferred tax on temporary differences are measured in the separate financial statements on tax bases as determined by the TCG.

Members of the TCG have entered into a Tax Funding Deed that determined the amount payable by each member for their portion of the group's current tax and deferred tax liability. The Tax Funding Deed determined that each member's funding amount was calculated as if the member was a stand-alone entity of the TCG.

Recognition and measurement

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.

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; 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.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Consolidated Statement of Comprehensive Income.

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.

Significant accounting judgements, estimates and assumptions

Significant judgement is required in determining the tax position and the estimates and assumptions in relation to the provision for taxes and the recovery of tax assets, having regard to the nature and timing of their origination and compliance with the relevant tax legislation.

NOTE 10: EARNINGS PER SHARE ('EPS')

(a) Basic earnings per share

	2021	2020
Net profit attributable to ordinary shareholders ($'000)	121,013	N/a
Weighted average number of ordinary shares	249,160,770	N/a
Basic earnings per ordinary share (cents)	**48.5**	**N/a**

(b) Diluted earnings per share

	2021	2020
Net profit attributable to ordinary shareholders ($'000)	121,013	N/a
Weighted average number of ordinary shares	250,049,695	N/a
Diluted earnings per ordinary share (cents)	**48.4**	**N/a**

NOTE 10: EARNINGS PER SHARE ('EPS') (continued)

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

	2021	2020
Weighted average number of ordinary shares for the year ended 31 December 2021	249,160,770	N/a

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

	2021	2020
Weighted average number of ordinary shares for the year ended 31 December 2021 (basic)	249,160,770	N/a
Performance rights on issue at 31 December 2021	888,925	N/a
Weighted average number of ordinary shares for the year ended 31 December 2021 (diluted)	250,049,695	N/a

NOTE 11: DIVIDENDS

There were no dividends paid to shareholders during the year ended 31 December 2021 (2020: nil).

Dividend franking account balance
Franking credits at 30% as at 31 December 2021 available for subsequent financial years is $23,962 thousand (2020: $20,049 thousand).

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) franking credits/debits that will arise from the payment of the current tax liabilities / receipt of income tax receivable;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) franking credits that will arise from the receipt of dividends recognised as receivables by the TCG at the year-end; and

(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

In accordance with the tax consolidation legislation, the Company as the head entity in the TCG has also assumed the benefit of $23,962 thousand franking credits.

NOTE 12: NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of net profit for the year to cash inflows from operating activities

	Note	2021 $'000	2020 $'000
Net profit from ordinary activities after income tax		121,013	-
Adjustment for:			
Depreciation and amortisation		100,124	56,148
Gain on sale of property, plant and equipment		(70)	(44)
Net realisable value write-down for Zinc concentrate stockpiles		(1,985)	1,985
Movement in foreign exchange rates		7,599	(26,807)
Rehabilitation and restoration provision accretion	22	2,536	1,317
Interest and other costs of finance accrued		9,974	3,318
Unrealised gain on derivative financial instruments		(13,245)	(8,359)
Loss on derecognition of bank borrowings		-	2,978
Amortisation of capitalised borrowing costs		1,634	5,187
Credit loss on trade receivables		954	3,988
Share-based payment transaction	35	1,941	-
Expenses settled by issue of shares	29	710	-
Foreign exchange reserve		(51)	-
Movement in net assets attributable to Partners in Golden Grove, LP	7, 40	14,955	82,716
Other		780	112
Changes in working capital:			
Trade and other receivables		(10,770)	(11,236)
Prepayments		(7,570)	502
Inventories		(25,859)	2,705
Trade and other payables		(3,347)	7,174
Provisions		3,480	695
Deferred tax assets		(109,046)	19,580
Income tax receivable		(18,659)	(11,357)
Net cash inflows from operating activities		**75,098**	**130,602**

(b) Non-cash financing and investing activities

Non-cash financing and investing activities during the year ended 31 December 2021 were as follows:

(i) The acquisition of Redhill Mining Group by means of a share issue with a fair value of $12,108 thousand on 2 July 2021. Refer Note 33 for further information.

(ii) The new group corporate syndicated debt facilities:

(A) In October 2021, 29Metals established new Group corporate syndicated debt facilities, including a US$150,000 thousand term facility. The new term facility was fully drawn at financial close to settle an existing (pre-IPO) Golden Grove LP, Group US$150,000 thousand debt facility. There was no movement of cash in this transaction.

(B) The new Group corporate syndicated debt facilities included a bank guarantee facility. In November 2021, the bank guarantee facility was utilised to post new environmental bonds for Capricorn Copper, comprising $57,464 thousand in new bank guarantees, replacing an existing $35,974 thousand bank guarantee issued by a financial lender under an arrangement between Capricorn Copper and Trafigura Pte Ltd. The arrangement with Trafigura Pte Ltd included an indemnity by Capricorn Copper in favour of Trafigura Pte Ltd. The indemnity and the prior bank guarantee were discharged upon posting of the new bank guarantee.

Refer Note 25 for further information.

NOTE 12: NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Non-cash financing and investing activities (continued)

Reconciliation of liabilities arising from financing activities

			Non-cash changes						
	1 January 2021 $'000	Cash Flows $'000	Interest $'000	Leases recognised during the year $'000	Business combination $'000	Foreign Exchange Movement $'000	Reassessment $'000	Other $'000	31 December 2021 $'000
Interest bearing liabilities	(220,270)	99,079	(8,899)	-	(53,976)	(13,428)	-	(4,123)	(201,617)
Lease liabilities	(24,069)	26,706	-	(5,826)	(16,844)	-	(11,393)	-	(31,426)
Net assets attributable to partners in Golden Grove, LP	(168,599)	-	-	-	-	-	-	168,599 [1]	-
Total liabilities from financing activities	**(412,938)**	**125,785**	**(8,899)**	**(5,826)**	**(70,820)**	**(13,428)**	**(11,393)**	**164,476**	**(233,043)**

			Non-cash changes				
	1 January 2020 $'000	Cash Flows $'000	Interest $'000	Leases recognised during the year $'000	Foreign Exchange Movement $'000	Other $'000	31 December 2020 $'000
Interest bearing liabilities	(106,022)	(132,062)	(8,117)	-	31,031	(5,100)	(220,270)
Lease liabilities	(14,320)	13,374	-	(26,939)	-	3,816	(24,069)
Net assets attributable to partners in Golden Grove, LP	(261,913)	176,030	-	-	-	(82,716) [1]	(168,599)
Total liabilities from financing activities	**(382,255)**	**57,342**	**(8,117)**	**(26,939)**	**31,031**	**(84,000)**	**(412,938)**

[1] Refer Notes 40 and 41

ASSETS AND LIABILITIES

NOTE 13: TRADE AND OTHER RECEIVABLES

	2021 $'000	2020 $'000
Current		
Trade receivables – at fair value	36,182	16,081
Trade receivables – at amortised cost	1,050	-
Allowance for expected credit loss	(1,050)	-
Other receivables – at amortised cost	3,823	7,641
Security deposits – at amortised cost	184	67
Total current trade and other receivables	**40,189**	**23,789**

Trade receivables (subject to provisional pricing) are non-interest bearing, are exposed to future commodity price movements over the QP and, hence, fail the SPPI test and are measured at fair value up until the date of settlement. These trade receivables are initially measured at the amount which the Group expects to receive, being the estimate of the price expected to be received at the end of the QP.

Approximately 90 - 100% of the provisional invoice (based on the provisional price (calculated as the average price in the week prior to delivery)) is received in cash when the goods are loaded onto the ship or accepted by the buyer under a holding certificate, which reduces the initial receivable recognised. The QP's can range between one and five months post shipment and final payment is due within 30 days from the end of the QP.

Recognition and measurement

Trade receivables are carried at fair value. Provisional payments in relation to trade receivables are due for settlement within 30 days from the date of recognition, with any mark-to-market adjustment due for settlement usually from 60-120 days.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit loss. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), trade and other receivables are classified as current assets. If not, they are presented as non-current assets.

The Group recognises an allowance for Expected Credit Loss (**'ECL'**) for all receivables not held at fair value through profit or loss. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate (**'EIR'**). For receivables due in less than 12 months, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The ECL is based on its historical credit loss experience in the past two years, current financial difficulties of the debtor and is adjusted for forward-looking factors specific to the debtor and the economic environment. As at 31 December 2021, $1,050 thousand (2020: nil) has been provided for.

The Group considers a receivable in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when the asset is past due for more than one year and not subject to enforcement activity.

NOTE 14: DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into the following derivative contracts. Derivatives are accounted for at fair value through the Consolidated Statement of Comprehensive income. Derivatives are not designated as hedging instruments but are used to manage commodity price risk.

(a) Gold swaps

Amounts recognised in the Consolidated Statement of Financial Position as financial assets	2021 $'000	2020 $'000
Gold swaps (at fair value) – current	1,037	2,763
Gold swaps (at fair value) – non-current	504	6,098
Total Derivative financial assets	**1,541**	**8,861**

Derivatives not designated as hedging instruments reflect the change in fair value of those instruments that do not qualify for hedge accounting, but were, nevertheless, intended to reduce the level of commodity risk for expected sales and purchases.

Derivative assets are presented as current assets to the extent they are expected to be settled within 12 months after the end of the reporting period.

As at 31 December 2021

Gold swap contracts	Term	Ounces	Contract Price $ per ounce	Fair value at 31 Dec 2021 $'000
Gold swap – AU$ denominated contract	30 September 2025	19,540	2,595.44	658
Gold swap – AU$ denominated contract	30 September 2025	19,540	2,584.17	514
Gold swap – AU$ denominated contract	31 July 2023	2,323	2,595.44	198
Gold swap – AU$ denominated contract	31 July 2023	2,323	2,584.17	171
				1,541

As at 31 December 2020

Gold swap contracts	Term	Ounces	Contract Price $ per ounce	Fair value at 31 Dec 2020 $'000
Gold swap – AU$ denominated contract	30 September 2025	27,424	2,595.44	3,905
Gold swap – AU$ denominated contract	30 September 2025	27,424	2,584.17	3,603
Gold swap – AU$ denominated contract	31 July 2023	5,084	2,595.44	706
Gold swap – AU$ denominated contract	31 July 2023	5,084	2,584.17	647
				8,861

The maximum credit exposure of these derivative assets is the carrying value. The Group mitigates the risk by entering into swaps contracts with reputable counterparties and partners.

The commodity swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward price curves of the underlying commodity.

NOTE 14: DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	2021 $'000	2020 $'000
(b) Copper forward contracts – derivative financial liabilities		
Amounts recognised in the Statement of Financial Position as financial liabilities.		
Copper forward contracts at fair value - current	31,259	-
Total derivative financial liabilities	**31,259**	-

Derivatives not designated as hedging instruments reflect the change in fair value of those instruments that do not qualify for hedge accounting, but were, nevertheless, intended to reduce the level of commodity risk for expected sales and purchases.

As at 31 December 2021

Copper forward contracts	Term	Tonnes	Contract Price $ per tonne	Fair value at 31 Dec 2021 $'000
Copper forward contract – US$ denominated contract	Jan – Mar 2022	2,394	8,957	(10,613)
Copper forward contract – US$ denominated contract	Apr – Jun 2022	2,403	9,007	(10,399)
Copper forward contract – US$ denominated contract	July - Sep 2022	2,403	9,007	(10,247)
				(31,259)

NOTE 15: INVENTORIES

	2021 $'000	2020 $'000
Concentrates	24,184	5,263
Ore stockpiles	31,183	7,872
Consumables	23,063	14,213
Provision for obsolete stock – consumables	(2,312)	(2,310)
Inventories	**76,118**	**25,038**

All inventory is valued at cost except for the zinc concentrate stockpile at 31 December 2020 amounting to $2,700 thousand which has been recorded at net realisable value.

Recognition and measurement

Inventories comprise raw materials, stores and consumables, work in progress and finished goods. Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and less applicable variable selling expenses.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs include the costs of direct materials, mining, processing, labour, related transportation costs to the point of sale, an appropriate proportion of related production overheads, and mine rehabilitation costs incurred in the extraction process and other fixed and variable costs directly related to mining activities.

NOTE 16: OTHER FINANCIAL ASSETS

	Note	2021 $'000	2020 $'000
Current			
Bank deposit	21, 39	12,682	-
Rental Security deposit		1,832	-
Other financial assets		**14,514**	**-**

Refer Note 39 Contingent liability for further details and Note 21 for other payable.

NOTE 17: EXPLORATION AND EVALUATION EXPENDITURE

	Note	2021 $'000	2020 $'000
Balance at the beginning of the year		25,975	16,235
Addition from asset acquisition	33	12,098	-
Expenditure for the year		7,979	9,740
Transferred to Mine properties	18	(573)	-
Foreign currency exchange difference		(16)	-
Balance at the end of the year		**45,463**	**25,975**

Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation of areas of interest and the sale of minerals, or the sale of the respective areas of interest.

The Group did not recognise any impairment charges during the current or previous reporting period.

Recognition and measurement

Exploration and evaluation activities include expenditure to identify potential Mineral Resources, determine the technical feasibility and assess the commercial viability of the potential Mineral Resources.

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the Consolidated Statement of Financial Position where it is expected that the expenditure will be recovered through the successful development of an area of interest, or by its sale, or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves.

Where a project or an area of interest has been abandoned, the expenditure incurred on that area of interest is written off in the year in which the decision is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of expenditure exceeds its estimated recoverable amount. The area of interest is then written down to its recoverable amount and the impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

Upon approval for the commercial development of an area of interest, exploration and evaluation assets are tested for impairment and transferred to mine properties. No amortisation is charged during the exploration and evaluation phase.

NOTE 18: MINE PROPERTIES

	Note	2021 $'000
As at 31 December 2021		
Balance at the beginning of year		210,831
Development expenditure incurred during the year		50,058
Transfers from property, plant and equipment	19	5,222
Transfers from exploration and evaluation assets	17	573
Addition from business combination	34	370,377
Movements in rehabilitation obligations	22	20,829
Amount amortised during the year		(52,606)
Balance at the end of year		**605,284**

	Note	2020 $'000
As at 31 December 2020		
Balance at the beginning of year		195,289
Development expenditure incurred during the year		38,608
Transfers from property, plant and equipment	19	2,323
Movements in rehabilitation obligations		(2,460)
Amount amortised during the year		(22,929)
Balance at the end of year		**210,831**

	2021 $'000	2020 $'000
Gross carrying amount – at cost	729,818	282,760
Accumulated depreciation and amortisation	(124,534)	(71,929)
Net carrying amount	**605,284**	**210,831**

The Group did not recognise any impairment charges during the current period or prior corresponding period.

Refer to Note 25 for all encumbrances in relation to mine properties.

NOTE 18: MINE PROPERTIES (continued)

Recognition and measurement

Mine property and development assets

Mine property and development assets include costs incurred in accessing the ore body and costs to develop the mine to the production phase, once the technical feasibility and commercial viability of a mining operation has been established. At this stage, exploration and evaluation assets are reclassified to mine properties.

Mine property and development assets are stated at historical cost less accumulated amortisation and any accumulated impairment losses recognised. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets (where relevant) borrowing costs. Any ongoing costs associated with mining which are considered to benefit mining operations in future periods are capitalised.

The balance for mine property and development assets includes mine development assets and the expected cost for the decommissioning, restoration and dismantling of an asset after its use.

Amortisation

Development expenditure is amortised over the estimated useful life of the mine on a unit of production basis. The unit of production method is applied based on assessments of Proven and Probable Ore Reserves and a portion of Mineral Resources probable of extraction.

Mineral rights are attributable to specific areas of interest and are amortised when commercial production commences on a units of production basis over the estimated economically recoverable reserves of the mine to which the rights relate.

Resource and Reserves estimates are reviewed annually. The depreciation and amortisation expense calculation reflect the estimates in place at the reporting date, prospectively.

Significant accounting judgements, estimates and assumptions

Mineral Resources and Ore Reserves estimates

The estimated quantities of economically recoverable Mineral Resources and Ore Reserves are based upon interpretation of exploration results and geological and geophysical models, and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements, and future operating costs and performance.

Changes in Ore Reserves and Mineral Resources estimates may impact the carrying value of Mine properties through depreciation, provisions for mine rehabilitation, restoration and dismantling obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the Consolidated Statement of Comprehensive Income. The changes are effective from the next financial year following completion of updated Ore Reserves and Mineral Resources estimates.

NOTE 19: PROPERTY, PLANT & EQUIPMENT

As at 31 December 2021	Note	Land and buildings $'000	Plant and machinery $'000	Capital work in progress $'000	Total $'000
Gross carrying amount – at cost					
Balance at the beginning of year		34,445	143,464	40,033	217,942
Additions		534	918	39,498	40,950
Acquisitions through business combinations	34	9,175	62,900	4,593	76,668
Transfers		923	42,689	(43,612)	-
Transfers to Mine properties	18	-	-	(5,222)	(5,222)
Balance at the end of year		**45,077**	**249,971**	**35,290**	**330,338**
Accumulated depreciation					
Balance at the beginning of year		(13,155)	(60,794)	-	(73,949)
Depreciation for the year		(2,907)	(17,526)	-	(20,433)
Balance at the end of year		**(16,062)**	**(78,320)**	**-**	**(94,382)**
Net book value		**29,015**	**171,651**	**35,290**	**235,956**
As at 31 December 2020					
Gross carrying amount – at cost					
Balance at beginning of year		34,445	135,387	15,653	185,485
Additions		-	-	35,557	35,557
Transfers	18	-	8,854	(11,177)	(2,323)
Disposal of plant and equipment		-	(777)	-	(777)
Balance at the end of year		**34,445**	**143,464**	**40,033**	**217,942**
Accumulated depreciation and impairment					
Balance at the beginning of year		(11,095)	(45,510)	-	(56,605)
Depreciation for the year		(2,060)	(16,008)	-	(18,068)
Disposal of plant and equipment		-	724	-	724
Balance at the end of year		**(13,155)**	**(60,794)**	**-**	**(73,949)**
Net book value		**21,290**	**82,670**	**40,033**	**143,993**

Refer to note 25 for all encumbrances in relation to property, plant and equipment.

NOTE 19: PROPERTY, PLANT & EQUIPMENT (continued)

Recognition and measurement

(i) Cost

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of property, plant and equipment includes the estimated cost of mine rehabilitation, restoration and dismantling.

(ii) Depreciation and amortisation

The major categories of property, plant and equipment are depreciated over the estimated useful lives of the assets on a unit of production or reducing balance basis as indicated below. The useful lives below are subject to the lesser of the asset categories' useful life and the life of the mine:

- Freehold land – Not depreciated;
- Buildings – Reducing balance and straight line 10%;
- Plant and machinery (mining and processing) – Unit of production (tonnes mined and milled) or straight line over the useful life of the asset as applicable;
- Plant and machinery (other) – Reducing balance 3–5 years;
- Construction in progress – Not depreciated.

Depreciation and amortisation commence when an asset is available for use.

The unit of production method is applied based on estimates of *Proven* and *Probable* Ore Reserves and a portion of Mineral Resources considered probable for extraction. Ore Reserves and Mineral Resources estimates are reviewed annually.

The depreciation and amortisation expense calculation reflect the Ore Reserves and Mineral Resources estimates in place at the reporting date.

Major spare parts are carried as property, plant and equipment when an entity expects to use them during more than one year, or when they can be used only in connection with an item of property, plant and equipment. The carrying amount of any part replaced is subsequently derecognised. All other repairs and maintenance are expensed in the Consolidated Statement of Comprehensive Income during the accounting year in which they are incurred.

(iii) Disposal of property, plant and equipment

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and the carrying amount of the asset is recognised in the Consolidated Statement of Comprehensive Income.

(iv) Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use, and which are largely independent of the cash inflows of other assets or groups of assets – the cash-generating unit ('**CGU**'). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal ('**FVLCD**'). In assessing FVLCD, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are allocated such that the carrying value of individual assets within the Group's CGU are not reduced below their recoverable amount.

Significant accounting judgements, estimates and assumptions

Impairment of non-financial assets

Impairment assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. In such circumstances, some or all of the carrying amount of the assets/CGUs may be further impaired or the impairment charge reduced with the impact recognised in the Consolidated Statement of Comprehensive Income. No indicators for impairment were identified during the year ended 31 December 2021 (31 December 2020: nil).

NOTE 20: RIGHT-OF-USE ASSETS

The Group has contracts which contain a lease for various items of land and buildings and plant and machinery used in its operations. These right-of-use assets have lease terms between two and five years. There are several contracts which contain a lease that include extension and termination options and variable payments, which are further discussed below.

The Group also has certain contracts which contain a lease with terms of 12 months or less and contracts which contain a lease of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these.

(a) Amounts recognised in the Consolidated Statement of Financial Position

Right-of-use assets

	Note	Land & Buildings $'000	Plant and Equipment $'000	Total $'000
As at 1 January 2021		**499**	**24,602**	**25,101**
Right-of-use assets recognised during the year		558	5,267	5,825
Right-of-use assets – acquisition through business combinations	34	-	16,844	16,844
Reassessment		-	10,483	10,483
Amortisation expensed during the year		(207)	(26,867)	(27,074)
As at 31 December 2021		**850**	**30,329**	**31,179**
As at 1 January 2020		**661**	**16,468**	**17,129**
Right-of-use assets recognised during the year		6	28,384	28,390
Right-of-use assets derecognised during the year		-	(5,266)	(5,266)
Amortisation expensed during the year		(168)	(14,984)	(15,152)
As at 31 December 2020		**499**	**24,602**	**25,101**

(b) Amounts recognised in the Consolidated Statement of Comprehensive Income

	Note	2021 $'000	2020 $'000
Amortisation expense on right-of-use assets	20(a)	27,074	15,152
Interest expense on lease liabilities	26	1,253	633
Expense relating to short-term leases		-	206
Expense relating to variable lease payments not included in the measurement of the lease liability		4,934	7,693

The total cash outflow for leases in 2021 was $32,893 thousand (2020: $21,906 thousand).

The variable lease payments relate to contracts which are based on usage (tonnes moved and equipment hired).

Recognition and measurement – Group as lessee

At contract inception, the Group assesses whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and lease assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (ie, the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter period of its estimated useful life and the lease term (two- five years). Right-of-use assets are subject to impairment.

NOTE 20: RIGHT-OF-USE ASSETS (continued)

Recognition and measurement – Group as lessee (continued)

(ii) Lease liabilities

At the commencement date of the contract identified as containing a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that are based on an index or rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Comprehensive Income. Short-term leases are leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets comprise of office equipment.

Significant accounting judgements, estimates and assumptions

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). This determination is reviewed if a significant event or a significant change in circumstances occurs that is within the control of the lessee.

Estimation of the incremental borrowing rate to measure lease liabilities

The Group cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate ('**IBR**') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease.

Refer Note 26 for Lease liabilities.

NOTE 21: TRADE AND OTHER PAYABLES

	Note	2021 $'000	2020 $'000
Trade payables		24,420	6,516
Accruals:			
- Operational		37,050	26,653
- Government royalties		10,286	4,819
- Government stamp duty	8	26,434	-
Other payable	16, 39	12,500	-
Other creditors		666	157
Goods received not invoiced		3,722	1,856
Related party payable		-	10,144
		115,078	**50,145**

Recognition and measurement

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

NOTE 22: PROVISIONS

	Note	2021 $'000	2020 $'000
Current			
Employee benefits		10,480	5,953
Other		70	-
		10,550	**5,953**
Non-current			
Provision for rehabilitation and restoration		155,013	64,982
Employee benefits		700	776
		155,713	**65,758**
Total provisions		**166,263**	**71,711**
Movement in rehabilitation and restoration			
Carrying amount at the beginning of the financial year		64,982	66,125
Increase from business combination	34	66,666	-
Change in scope of restoration provision	18	20,829	(2,460)
Unwinding of discount	7	2,536	1,317
Carrying amount at the end of the financial year		**155,013**	**64,982**

Effective from 2 July 2021, the rehabilitation and restoration provision from Capricorn Copper was acquired at fair value of $66,666 thousand. At 31 December 2021, the Golden Grove rehabilitation and restoration provision was reassessed to $88,348 thousand.

Recognition and measurement

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Mine Rehabilitation, Restoration and Dismantling Obligations

Provisions are made for the estimated cost of rehabilitation, restoration and dismantling relating to areas disturbed during the mine's operations up to the reporting date, but not yet rehabilitated. Provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of recontouring, top soiling and revegetation to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Uncertainty exists as to the amount of rehabilitation obligations that will be incurred due to the impact of changes in environmental legislation, and many other factors, including future developments, changes in technology, price increases and changes in interest rates. The amount of the provision relating to mine rehabilitation, restoration and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets to date, where a legal or constructive obligation exists at that time.

NOTE 22: PROVISIONS (continued)

The provision is recognised as a liability, separated into current (estimated costs arising within 12 months) and non-current components, based on the expected timing of these cash flows. A corresponding asset is included in mine property and property, plant and equipment, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity, otherwise a corresponding expense is recognised in the Consolidated Statement of Comprehensive Income.

At each reporting date, the rehabilitation liability is remeasured in line with changes in discount rates, and the expected timing or amounts of the costs to be incurred. Rehabilitation, restoration and dismantling provisions are adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgements and estimates involved. Changes in the liability relating to mine rehabilitation, restoration and dismantling obligations are added to or deducted from the related asset, other than the unwinding of discount on provisions, which is recognised as a finance cost in the statement of comprehensive income. Changes to capitalised costs result in an adjustment to future depreciation charges.

Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and other short-term benefits expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long-term employee benefits

The liability for long-term employee benefits including long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to future expected 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 currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Incentive plans

A provision is recognised for the amount expected to be paid under short-term or long-term incentive plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Significant accounting judgements, estimates and assumptions

Mine Rehabilitation, Restoration and Dismantling Obligations

Provision is made for the anticipated costs of future restoration, rehabilitation and dismantling of mining areas from which natural resources have been extracted in accordance with the accounting policy. These provisions include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as the application of environmental legislation, the scope and timing of planned activities, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions. For non-operating sites, changes to estimated costs are recognised immediately in the statement of comprehensive income.

The discount rate used in the calculation of the provision as at 31 December 2021 equalled 1.76% (2020: 3.0%). The cash flows have been discounted over a 26-year life for Capricorn Copper and 25 years life for Golden Grove (2020: 26 years) taking into account when the rehabilitation activities will be undertaken.

CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

NOTE 23: CAPITAL MANAGEMENT

The Group's policy is to maintain a strong balance sheet position so as to be able to achieve its growth objectives and maintain investor, creditor and market confidence. The Board monitors its policies and, when required, makes adjustments to these policies in light of changes to economic conditions. Management regularly monitors key financial indicators and compliance with debt covenants under Group corporate debt facilities.

The Group monitors capital using a ratio of 'Net Drawn Debt' to equity. Net Drawn Debt is amounts drawn under Group debt facilities less cash and cash equivalents. 29Metals uses this measure to understand its overall credit position on the basis that cash and cash equivalents may be required for purposes other than debt reduction.

The Group's gearing ratio is calculated as Net Drawn Debt divided by Equity plus Net Drawn Debt.

The Group is not exposed to any external capital requirements.

There were no changes in the Group's approach to capital management during the year.

The Group's Net Drawn Debt to equity ratio at 31 December 2021 was as follows.

	2021 $'000
Net Drawn Debt	3,499
Equity	769,536
Equity and Net Drawn Debt	773,035
Gearing ratio	0.45%

Net drawn Debt to equity ratio as at 31 December 2020 has not been disclosed as the Golden Grove, LP Group did not have any equity at 31 December 2020. Refer Note 40.

NOTE 24: CASH AND CASH EQUIVALENTS

	2021 $'000	2020 $'000
Cash on hand and at bank	197,472	107,215

Recognition and measurement

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash.

NOTE 25: INTEREST-BEARING LIABILITIES

	2021 $'000	2020 $'000
Current		
Insurance premium funding	646	494
Syndicated Facility – Term loan	14,808	28,013
Total current borrowings	**15,454**	**28,507**
Non-current		
Syndicated Facility – Term loan	186,163	191,763
Total non-current borrowings	**186,163**	**191,763**
Total borrowings	**201,617**	**220,270**

In October 2021, the Group entered into new corporate debt facilities, including a US$150,000 thousand term loan. The term loan was used to fully repay the Golden Grove Group Syndicated Facility (which was refinanced in the year ended 31 December 2020).

During the year ended 31 December 2021, the Group repaid $81,556 thousand of the interest-bearing liabilities (2020: $3,253 thousand) which includes the borrowings acquired in the business combination as described in Note 34.

Terms and conditions of outstanding Group Syndicated Facilities as at 31 December 2021

Facilities at 31 December 2021

	Note	Total Facility USD $'000	Used USD $'000	Unused USD $'000	Total Facility AUD $'000	Used AUD $'000	Unused AUD $'000
Term loan	(i)	150,000	150,000	-	200,971	200,971	-
Working capital facility	(ii)	40,000	-	40,000	55,000	-	55,000
Environmental bank guarantee facility	(iii)	N/a	N/a	N/a	58,000	57,464	536
Letter of credit facility	(iv)	N/a	N/a	N/a	2,000	-	2,000
Credit cards facility		N/a	N/a	N/a	265	22	243
		190,000	**150,000**	**40,000**	**316,236**	**258,457**	**57,779**

(i) The term loan has fixed quarterly repayments commencing 30 September 2022 with the final repayment due on 30 September 2026.
(ii) The working capital facility may be used to fund Group working capital and liquidity requirements. Repayment is due on the last day for each interest period (1 or 3 months) and is subject to an annual clean-down requirement. The maturity date of this Facility is 29 October 2026.
(iii) The maturity date of the environmental bank guarantee facility is 29 October 2023.
(iv) The maturity date of the letter of credit facility is 29 October 2026.

The Group syndicated debt facilities are secured over the assets and rights of 29Metals' Australian incorporated controlled entities.

The weighted average effective interest on the term facility is as follows:

	2021 %	2020 %
Term facility	3.18	3.72

NOTE 25: INTEREST-BEARING LIABILITIES (continued)

Facilities at 31 December 2020

	Total Facility USD $'000	Used USD $'000	Unused USD $'000	Total Facility AUD $'000	Used AUD $'000	Unused AUD $'000
Term loan	170,000	170,000	-	219,776	219,776	-
Working capital facility	20,000	-	20,000	25,949	-	25,949
	190,000	**170,000**	**20,000**	**245,725**	**219,776**	**25,949**

Recognition and measurement

Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability and the consideration paid, including any non-cash assets, is recognised in the Consolidated Statement of Comprehensive Income as finance costs.

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

NOTE 26: LEASE LIABILITIES

	Note	2021 $'000	2020 $'000
As at 1 January		24,069	14,320
Leases recognised during the year		5,826	26,939
Increase from business combination	34	16,844	-
Reassessment		11,393	-
Lease interest expense	7	1,253	633
Leases derecognised during the year		-	(3,816)
Repayment during the year		(27,959)	(14,007)
As at 31 December		**31,426**	**24,069**
Current		27,731	19,102
Non-current		3,695	4,967
Total		**31,426**	**24,069**

Refer Note 20 for Right-of-use assets and accounting policy.

NOTE 27: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including commodity price risk, interest rate risk, currency risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The senior executives of the Group meet on a regular basis to analyse treasury risks and evaluate risk management strategies in the context of the prevailing economic conditions and forecasts. Risk management policies are approved and reviewed by the Board on a regular basis.

The Group's financial instruments are as follows:

	Note	2021 $'000	2020 $'000
Financial assets			
Cash and cash equivalents	24	197,472	107,215
Trade and other receivables	13	40,189	23,789
Derivative financial assets	14	1,541	8,861
Income tax receivable	9	15,042	-
Other financial assets	16	14,514	-
		268,758	**139,865**
Financial liabilities			
Trade and other payables	21	115,078	50,145
Interest bearing liabilities	25	201,617	220,270
Lease liabilities	26	31,426	24,069
Derivative financial liabilities	14(b)	31,259	-
Current tax liabilities	9	-	3,617
Net assets attributable to partners in Golden Grove, LP	40	-	168,599
		379,380	**466,700**

Commodity price risk

The prices of copper, zinc, lead, gold and silver are affected by numerous factors and events that are beyond the control of the Group. These metal prices change on a daily basis and can vary significantly up and down over time. The factors impacting metal prices include both broader macro-economic developments and micro-economic considerations relating more specifically to the particular metal concerned. As part of the Group's risk management practices, 29Metals may engage in certain hedging activity (for example the use of commodity forward contracts) in order to reduce the risk associated with commodity price volatility. All such transactions are carried out within policies set by the Board.

The following table details the sensitivity of the Group's financial assets balance to movements in commodity prices. As at 31 December 2021, the Group's provisionally priced sales contract amounted to $336,258 thousand (US$243,989 thousand) net of forward exchange contracts (2020: $240,562 thousand (US$166,089 thousand)). At the reporting date, if commodity prices increased/(decreased) by 10% and all other variables were held constant, the Group's after-tax profit/loss for the year would have changed as set out below:

	2021			2020		
	Commodity Price Movement	Increase Profit / Equity $'000	Decrease Profit / Equity $'000	Commodity Price Movement	Increase Profit/ Equity $'000	Decrease Profit/ Equity $'000
Concentrate						
Copper	10%	25,952	(25,952)	10%	14,679	(14,679)
HPM	10%	1,694	(1,694)	10%	5,024	(5,024)
Zinc	10%	5,980	(5,980)	10%	4,353	(4,353)
Total		**33,626**	**(33,626)**		**24,056**	**(24,056)**

The exposure to gold commodity swaps and copper forward contracts are detailed in Note 14.

NOTE 27: FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

The Group is exposed to interest rate risk primarily through interest-bearing liabilities (Note 25), cash and cash equivalents (Note 24), and lease liabilities (Note 26). The Group monitors its interest rate risk regularly to ensure that there are no undue exposures to significant interest rate movements.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2021 $'000	2020 $'000
Fixed rate instruments		
Term deposits	1,832	50
Interest bearing liabilities	(646)	(494)
Lease liabilities	(31,426)	(24,069)
	(30,240)	**(24,513)**
Variable rate instruments		
Cash and cash equivalents	197,472	107,165
Interest bearing liabilities	(200,971)	(219,777)
	(3,499)	**(112,612)**

Non-interest-bearing instruments include $40,189 thousand (2020: $23,789 thousand) in Trade and other receivables (Note 13) and $29,718 thousand (2020: $8,861 thousand financial derivative asset) derivative financial liability (Note 14).

Cash flow sensitivity analysis for variable rate instruments

A change of 25 basis points in interest rates would have increased or decreased equity and before tax profit/loss by the amounts shown below. This analysis assumes all other variables remain constant.

Variable rate instruments	2021 $'000 25bp increase	2021 $'000 25bp decrease	2020 $'000 25bp increase	2020 $'000 25bp decrease
Profit or loss	9	(9)	282	(282)
Total equity	(9)	9	(282)	282

Currency risk

The Group is exposed to currency risk from bank balances, payables and receivables that are denominated in a currency other than the functional currency in which they are measured.

The Group is primarily exposed to changes in the US dollar exchange rate given that the price of commodities produced by the Group are priced in US dollar terms and from the impact of exchange rate fluctuations on the carrying value of its US dollar denominated debt and cash holdings. The Group manages foreign currency risk by borrowing in US dollar terms and by regularly reviewing its exposure to US dollar fluctuations.

The Australian dollar carrying amount of the Group's US dollar financial assets and liabilities by its currency risk exposure at the reporting date is disclosed below:

USD exposure	2021 $'000	2020 $'000
Cash and cash equivalents	87,729	105,218
Trade and other receivables	20,786	16,022
Trade and other payables	(292)	(3,424)
Interest bearing liabilities	(201,459)	(220,130)
Net exposure	**(93,236)**	**(102,314)**

NOTE 27: FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

The following significant exchange rates applied during the year:

	Average rate 2021	2020	31 Dec spot rate 2021	2020
AUD:USD	0.7319	0.6904	0.7256	0.7707

Sensitivity analysis

Based on the financial instruments held at reporting date, had the functional currency weakened/strengthened by 10% and all other variables held constant, the Group's after-tax profit/loss and equity for the year would have been $9,280 thousand lower/higher (2020: $10,151 thousand lower/higher).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is exposed to counterparty credit risk through sales of metal products on normal terms of trade, through deposits of cash held with financial institutions and commodity swaps held with financial institutions and derivative contracts. The most significant exposure to credit risk is through sales of metal products on normal terms of trade. The majority of sales for mining operations were made under contractual arrangements whereby provisional payment is received promptly after delivery and is generally 90-100% of estimated value at that time.

The Group held cash and cash equivalents of $197,472 thousand at 31 December 2021 (2020: $107,215 thousand). The cash and cash equivalents are held with financial institutions which are rated A3 to Aaa, based on Moody's credit ratings. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

At the reporting date the carrying amounts of financial assets are adjusted for any impairment and represent the Group's maximum exposure to credit risk, excluding the value of any collateral or other security, which was as follows:

	2021 $'000	2020 $'000
Financial assets		
Cash and cash equivalents	197,472	107,215
Trade and other receivables	40,189	23,789
Derivative financial assets	1,541	8,861
Income tax receivable	15,042	-
Other financial assets	14,514	-
Net exposure	**268,758**	**139,865**

The maximum exposure to credit risk for financial assets at the reporting date by geographic region was:

Australia	251,768	113,704
Asia	16,890	3,002
Europe	-	16,839
USA	-	6,320
Other	100	-
	268,758	**139,865**

NOTE 27: FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with financial liabilities. The Group manages liquidity risk by conducting regular reviews of the timing of cash outflows and short and long-term cash flow forecasts in order to ensure sufficient funds are available to meet its obligations.

Financial liability maturity analysis

			Contractual cash flows				
	Carrying amount	Total	0-6 months	6-12 months	1-2 years	2-5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
31 December 2021							
Trade and other payables	115,078	115,078	115,078	-	-	-	-
Bank borrowings	200,971	230,230	3,259	19,829	38,902	168,240	-
Derivative financial liabilities	31,259	31,259	19,103	12,156	-	-	-
Insurance funding	646	646	646	-	-	-	-
Lease liabilities	31,426	32,113	16,549	11,780	3,356	428	-
	379,380	**409,326**	**154,635**	**43,765**	**42,258**	**168,668**	**-**
31 December 2020							
Trade and other payables	50,145	50,145	50,145	-	-	-	-
Bank borrowings	219,776	251,106	10,085	22,623	33,774	184,624	-
Insurance funding	494	496	496	-	-	-	-
Current tax liabilities	3,617	3,617	3,617	-	-	-	-
Lease liabilities	24,069	24,640	10,321	9,293	4,713	313	-
Net assets attributable to partners in Golden Grove, LP	168,599	168,599	-	-	-	-	168,599
	466,700	**498,603**	**74,664**	**31,916**	**38,487**	**184,937**	**168,599**

NOTE 28: FAIR VALUE MEASUREMENT

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value hierarchy

All assets for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value measurement

The categories of financial assets measured at fair value for the Group are trade receivables (Note 13), gold commodity swaps (Note 14) and copper forward contracts (Note 14). The fair value measurement is classified as Level 2 on the fair value hierarchy. The fair value of the trade receivables is determined using a discounted cashflow model.

The carrying value of other financial assets and liabilities as at 31 December 2021 approximate fair value.

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements, during the year ended 31 December 2021 or the comparative period ended 31 December 2020.

NOTE 29: SHARE CAPITAL AND RESERVES

(a) Share capital

	Note	2021 Number of shares	2021 $'000	2020 Number of shares	2020 $'000
Ordinary share capital / shares		**480,455,000**	**646,633**	**-**	**-**
Movement in equity during the year:					
Balance at the beginning of the year		-	-	-	-
Shares on issue of legal acquirer/ deemed consideration payable in the reverse acquisition	34	107,199,237	214,398	-	-
Settlement of partner capital accounts(1)	40	244,346,763	183,554	-	-
Shares issues – acquisition of net assets	33	6,054,000	12,108	-	-
New shares issue – Initial public offering		122,500,000	245,000	-	-
Transaction with owners –settlement of amount owing(3)		N/a	3,000	-	-
Shares issued to eligible executives for settlement of transaction costs		325,000	650	-	-
Shares issued to Directors for settlement of directors fees		30,000	60	-	-
		480,455,000	658,770	-	-
Transaction costs, net of tax (2)		N/a	(12,137)	-	-
		480,455,000	646,633	-	-

(1) The settlement of this liability at the consolidated level following the reverse acquisition is considered to be a transaction with owners in their capacity as owners and as such, the transaction has been recorded at the carrying value of the liability at the effective date of settlement.

(2) For the year ended 31 December 2021, transaction costs of $17,339 thousand before tax ($12,137 thousand after tax) directly related to the issue of shares has been netted off share capital.

(3) During the year ended 31 December 2021, an amount of $3,000 thousand owing was settled for no consideration.

Recognition and measurement

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Quoted fully paid ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and, upon a poll, each share is entitled to one vote.

Dividend distribution
Dividends are recognised as a liability in the year in which the dividends are approved by the Company's Shareholders or the Board, as appropriate.

(b) Nature and purpose of reserves

A description of the nature and purpose of each reserve is provided below:

Share-based payment reserve - The share-based payment reserve is used to record the value of share-based payments. Refer to Note 35 for further details of these plans.

Translation reserve - The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

GROUP STRUCTURE

NOTE 30: CONTROLLED ENTITIES

The Consolidated Financial Statements of the Group comprise the following entities:

	Notes	Country of incorporation	2021 % equity interest
Parent entity			
29Metals Limited (registered 27 May 2021)		Australia	
Controlled entities			
29Metals Finance Pty Ltd (registered 31 May 2021)	(a), (b)	Australia	100%
Golden Grove Holdings (No.1) Pty Ltd (registered 31 May 2021)	(a), (b)	Australia	100%
Lighthouse Minerals Pty Ltd	(a), (c)	Australia	100%
Capricorn Copper Group:			
Capricorn Copper Holdings Pty Ltd	(a),(c),(f)	Australia	100%
Capricorn Copper Pty Ltd	(a),(c)	Australia	100%
Golden Grove, LP Group:			
Golden Grove, LP (*formerly* EMR Capital RF II Golden Grove, LP)	(d)	Australia	100%
Golden Grove Holdings (No.2) Pty Ltd (*formerly* EMR Capital Golden Grove Pty Ltd)	(a)	Australia	100%
Golden Grove Holdings (No.3) Pty Ltd	(a)	Australia	100%
Golden Grove Operations Pty Ltd	(a)	Australia	100%
Redhill Mining Group:			
Redhill Mining Hong Kong Limited	(e)	Hong Kong	100%
Redhill Magallanes, SpA	(e)	Chile	100%

In the year ended 31 December 2020, the Group comprised the Golden Grove, LP Group (refer to Note 2) :

	Country of incorporation	2020 % equity interest
Parent entity		
Golden Grove, LP (*formerly* EMR Capital RF II Golden Grove, LP)	Australia	
Controlled entities		
Golden Grove Holdings (No.2) Pty Ltd (*formerly* EMR Capital Golden Grove Pty Ltd)	Australia	100%
Golden Grove Holdings (No.3) Pty Ltd (*formerly* EMR Golden Grove Holdings Pty Ltd)	Australia	100%
Golden Grove Operations Pty Ltd (*formerly* EMR Golden Grove Pty Ltd)	Australia	100%

Notes:

(a) These controlled entities are a party to a Deed of Cross Guarantee. Refer Note 32 for further information.
(b) For accounting purposes, control by 29Metals was deemed to be effective from 2 July 2021.
(c) Controlled entity from 7 June 2021.
(d) A limited partnership registered in New South Wales under the *Partnership Act 1982 (NSW)*. Golden Grove Holdings (No.1) Pty Ltd is the General Partner and 29Metals Ltd is the Limited Partner effective from 2 July 2021.
(e) Controlled entity from 2 July 2021 for accounting purposes.
(f) 97.4% owned by 29Metals Limited (directly) and 2.6% owned by Lighthouse Minerals Pty Ltd (in turn, wholly owned by 29Metals Limited).

NOTE 31: PARENT ENTITY DISCLOSURES

The disclosure below relates to the parent entity, 29Metals Limited, from incorporation on 27 May 2021 to 31 December 2021:

	2021 $'000
(a) Statement of Comprehensive Income	
Profit / (Loss) for the parent entity	(48,376)
Other comprehensive income / (loss)	-
Total comprehensive profit/(loss) for the parent entity	(48,376)
(b) Statement of Financial Position	
Current assets	112,031
Total assets	945,036
Current liabilities	(42,252)
Total liabilities	(42,697)
Net assets	902,339
Total equity of the parent entity comprising of:	
Contributed equity	948,773
Retained earnings/(losses)	(48,376)
Share-based payment Reserve	1,942
Total equity	902,339

Guarantees entered into by the parent entity

Refer Note 25 for the syndicated banking facility which is secured over the entire present and future undertaking, assets and rights of 29Metals Limited and its Australian controlled entities.

Guarantees and Contingent liabilities

The Company and its Australian controlled entities have entered into a Deed of Cross Guarantee (DOCG) on 30 November 2021. The effect of the DOCG is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the Australian controlled entities under certain provisions of the Corporations Act 2001. Further details are included in Notes 30 and 32. At the reporting date, no amounts have been recognised in the financial information of the Company in respect of the DOCG on the basis that the possibility of default is remote.

Refer Note 39 for contingent liabilities.

Commitments

The parent entity did not have capital commitments at 31 December 2021.

NOTE 32: DEED OF CROSS GUARANTEE

On 30 November 2021, the Company and its eligible controlled entities entered into the DOCG.

Pursuant to ASIC *Corporations (Wholly-owned Companies) Instrument 2016/785* dated 17 December 2016 (the '**ASIC Relief**'), the wholly owned controlled entities detailed in Note 30 are relieved from the requirement to prepare, audit, and lodge financial reports under the *Corporations Act 2001* (Cth). In addition, certain wholly owned controlled entities detailed in Note 30, whilst still a party to the DOCG are not eligible for relief as they are small proprietary companies.

It is a condition of the ASIC Relief that the Company and each of its eligible controlled entities enter into a DOCG. The effect of the DOCG is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the Australian controlled entities under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

A Consolidated Statement of Comprehensive Income, reconciliation of retained earnings and Consolidated Statement of Financial Position, comprising the Company and its controlled entities which are a party to the DOCG, after eliminating all transactions between parties to the DOCG, for the year ended 31 December 2021, are set out below.

Statement of Comprehensive Income – year ended 31 December 2021	2021 $'000
Revenue	600,762
Cost of sales	(464,118)
Gross profit	**136,644**
Other income	270
Net gain on derivative financial instruments	(11,135)
Net foreign exchange gain/(loss)	(13,421)
Administration expenses	(18,008)
Other expenses	(45,649)
Profit before net finance costs and income tax expense	**48,701**
Finance income	90
Finance costs	(15,513)
Profit before income tax expense	**33,278**
Income tax expense	103,236
Net profit for the year	**136,514**
Other comprehensive income for the year, net of tax	-
Total comprehensive income for the year	**136,514**

NOTE 32: DEED OF CROSS GUARANTEE (continued)

Statement of Financial Position	2021 $'000
Current assets	
Cash and cash equivalents	197,373
Trade and other receivables	39,081
Derivative financial assets	1,037
Inventories	76,118
Income tax receivable	15,042
Other financial assets	14,514
Prepayments	7,471
Total current assets	**350,636**
Non-current assets	
Prepayments	5,304
Derivative financial assets	504
Exploration and evaluation expenditure	32,784
Mine properties	605,284
Property, plant and equipment	235,956
Right-of-use assets	31,179
Intangible assets	168
Deferred tax assets	39,478
Investment in subsidiaries	12,108
Total non-current assets	**962,765**
Total assets	**1,313,401**
Current liabilities	
Trade and other payables	115,078
Interest-bearing liabilities	15,454
Derivative financial liabilities	31,259
Lease liabilities	27,731
Provisions	10,550
Total current liabilities	**200,072**
Non-current liabilities	
Interest-bearing liabilities	186,163
Lease liabilities	3,695
Provisions	155,713
Total non-current liabilities	**345,571**
Total liabilities	**545,643**
Net assets	**767,758**
Equity	**767,758**

NOTE 33: ACQUISITION OF REDHILL MINING (ASSET ACQUISITION)

Acquisition of Redhill Mining

The Company acquired 100% of the shares of Redhill Mining Hong Kong Ltd and its controlled entity, Redhill Magallanes, SpA (Redhill Mining) on 5 July 2021. For accounting purposes, control by 29Metals was deemed to be effective from 2 July 2021.

This acquisition has been accounted for as an asset acquisition via a share-based payment as Redhill Mining does not constitute a business. The fair value of consideration paid was determined by reference to the fair value of the underlying exploration and evaluation assets and other working capital accounts acquired. The fair value of the underlying exploration and evaluation assets was determined based on resource/reserve multiples.

Details of the purchase consideration and allocation of the purchase price is set out below:

	Note	2021 $'000
Consideration paid – 6,054,000 shares	29	12,108
Fair value of assets and liabilities acquired:		
Cash and cash equivalents		29
Other assets		3
Property, plant and equipment		8
Exploration and evaluation expenditure		12,098
Total assets		**12,138**
Trade and other payables		(30)
Total liabilities		**(30)**
Fair value of net identifiable assets acquired		**12,108**

NOTE 34: BUSINESS COMBINATION – REVERSE ACQUISITION

29Metals became the legal parent company of the Golden Grove, LP Group (refer Note 30) effective on 2 July 2021, with completion of the transaction occurring on 5 July 2021. For accounting purposes, control by 29Metals was deemed to be effective from 2 July 2021. This transaction was assessed to be a reverse acquisition.

Accordingly, the business combination has been accounted for as if the Golden Grove, LP Group as the accounting acquirer, had acquired the business and operations of 29Metals (including the Capricorn Copper Group and Lighthouse Minerals) effective on 2 July 2021.

The primary reason for the business combination was to bring together a business comprising copper-focused mining assets including the Golden Grove mine in Western Australia, the Capricorn Copper mine in Queensland and a substantial exploration portfolio, including regional tenement packages at Capricorn Copper and Redhill in Chile, for listing on the ASX on 2 July 2021.

The fair value of the deemed consideration transferred by the accounting acquirer has been determined based on the fair value of a notional number of equity interests the accounting acquirer (Golden Grove, LP) would have had to issue at the date of acquisition to give the owners of the legal parent (29Metals) the same ownership interest in the combined entity. The fair value was determined with reference to a valuation of the Golden Grove, LP Group based on discounted cash flow model with cross checks of the internal rate of return and resource/reserve multiples.

NOTE 34: BUSINESS COMBINATION – REVERSE ACQUISITION (continued)

Reverse acquisition of 29Metals by Golden Grove, LP (continued)

Due to the complexity and timing of the transaction, the acquisition accounting is provisional. The provisional values of the net identifiable assets acquired at the date of acquisition are as follows:

	Note	$'000
Fair value of the deemed consideration payable	29	214,398
Provisional fair value of assets and liabilities acquired:		
Cash and cash equivalents		4,966
Other financial assets		1,824
Trade and other receivables		8,684
Prepayments		1,561
Inventory		23,236
Capital work in progress	19	4,593
Property, plant and equipment	19	72,075
Mine properties	18	370,377
Right-of-use assets		16,844
Total assets		**504,160**
Trade and other payables		(66,066)
Rehabilitation provision	22	(66,666)
Short-term provisions		(970)
Borrowings		(34,057)
Derivative financial liabilities		(51,824)
Lease liabilities	20, 26	(16,844)
Offtake liability		(19,919)
Deferred tax liabilities	9	(33,416)
Total liabilities		**(289,762)**
Fair value of net identifiable assets acquired		**214,398**

Business combination cost – stamp duty

Stamp duty of $26,434 thousand relating to the business combination costs has been expensed in the year ended 31 December 2021 and is included in Other expense (refer Note 6(d)). This amount is outstanding at 31 December 2021 (refer Note 21).

NOTE 34: BUSINESS COMBINATION – REVERSE ACQUISITION (continued)

Revenue and profit contribution

The Revenue and profit contribution to the Group from acquisitions from the date of acquisition to 31 December 2021 is presented below:

	$'000
Revenue	180,853
Profit before tax	46,162

The Group expects that if the above businesses were acquired on 1 January 2021, the acquisitions would have generated revenue and other income of $289,688 thousand and profit before tax of $14,528 thousand.

Recognition and measurement

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses, except if related to the issue of equity securities.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument, is measured at fair value with the changes in fair value recognised in the income statement.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the statement of comprehensive income.

Business combinations are initially accounted for on a provisional basis. Acquisition accounting for business combinations requires identifiable assets to be valued at fair value which often requires assumptions, estimates and judgements. Assumptions required may include but are not limited to forecasts of cash flows, commodity prices, foreign exchange and useful lives. The Group engaged third-party experts to conduct independent valuations of identifiable assets. The Group takes into consideration all available information at the date of acquisition and any fair value adjustments in the final acquisition accounts are retrospectively applied back to the acquisition date.

OTHER INFORMATION

NOTE 35: SHARE-BASED PAYMENTS

The Group provides benefits to employees (including the Executive Director) in the form of share-based compensation, whereby employees render services in exchange for rights over shares (equity-settled transactions). Non-executive Directors do not participate in the Group's performance-based remuneration schemes. Refer to note 33 for acquisition of assets via issue of shares.

	2021 $'000	2020 $'000
(a) Recognised share-based payment expenses		
Employee expenses		
Performance rights	1,941	-

Refer Note 29 for shares issued to non-executive Directors for settlement of directors fees.

(b) Performance rights granted

(i) Staff Offer Incentive Plan ('**SOI**')

Under this Plan, there was a one-off award of Performance Rights to all of the Group's eligible employees as of the date of the 29Metals Prospectus (21 June 2021). Non-executive Directors are not eligible for the Staff Offer Incentive.

The Staff Offer Incentive was intended as a reward to each eligible employee for their role in the successful completion of the 29Metals IPO and to incentivise employee retention in the near term.

Eligible employees received Performance Rights with a face value at the date of award (5 July 2021) equal to 10% of their total fixed remuneration (respectively), applying the IPO offer price of $2.00 per share (rounded to the nearest whole Performance Right).

Performance Rights awarded to eligible employees as part of the SOI:

- were awarded for nil consideration;
- automatically convert into a Share (on a one-to-one basis) upon vesting;
- have the following vesting schedule:
  - 50% of an eligible employee's performance rights will vest on the second trading day after release of the Company's 2021 full year results to ASX; and
  - the remaining 50% of an eligible employee's Performance Rights vest on the second trading day after release of the Company's 2022 full year results to ASX.

Vesting of Performance Rights under the SOI is subject to the relevant individual continuing to be employed by a Group company on the applicable vesting date (unless the Board determines otherwise).

The terms and conditions of the SOP performance rights are as follows:

Performance rights – SOI	Number of instruments	Vesting date
Tranche 1	893,233	Second trading day after release of the Company's 2021 full year results to ASX, being 25 Feb 2022
Tranche 2	884,618	Second trading day after release of the Company's 2022 full year results to ASX
Total	**1,777,851**	

Set out in the table below is a summary of movements in the number of performance rights awarded under the SOI:

Grant date	Balance at the start of the year	Granted during the year	Lapsed during the year	Balance at the end of the year	Unvested at the end of the year
2 July 2021	-	2,105,330	327,479	1,777,851	1,777,851

Performance rights awarded under the SOI are exercisable for nil consideration. The weighted average remaining contractual life of the performance rights outstanding at the end of the year was 14.5 years.

NOTE 35: SHARE-BASED PAYMENTS (continued)

(b) Performance rights granted (continued)

(ii) 2021 Long term incentive ('**LTI**') award

During the Reporting Period, 29Metals awarded performance rights under the Group's LTI plan (the '**2021 LTI award**'). The performance period, vesting date and performance conditions for the 2021 LTI award issued on 19 November 2021 are as follows:

Vesting Date	30 June 2024
Performance Period	Period commencing 2 July 2021 (29Metals' listing date) and ending 30 June 2024
Performance conditions and weighting	▪ Continued service through to vesting date ▪ 29Metals' relative total shareholder return (weighting: 50%) ▪ 29Metals' progress against the growth aspiration set out in the Prospectus (weighting: 30%) ▪ 29Metals' mine life at Golden Grove and Capricorn Copper having a mine life of 10 years or greater at the end of the Performance Period (weighting: 20%)
Board discretion	The Board is responsible for assessing performance against the award performance conditions. The Board retains discretion under the LTI award terms and the Plan Rules, including discretion regarding vesting outcomes.

Performance rights awarded under the 2021 LTI award were issued on 19 November 2021 (excluding a proposed award under the 2021 LTI award to the Managing Director & CEO, refer below).

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

The 2021 LTI award includes a proposed award of 182,926 performance rights to the Managing Director & CEO, which award has not occurred and is subject to shareholder approval in accordance with the ASX Listing Rules to be sought at the Company's AGM in the first half of 2022.

The number of performance rights awarded under the 2021 LTI award are as follows:

	2021	
Performance rights	Number of instruments	Vesting date
LTI	508,178	30 June 2024

Set out in the table below is a summary of movements in the number of LTI performance rights awarded under the LTI:

Grant date	Balance at the start of the year	Granted during the year	Lapsed during the year	Balance at the end of the year	Unvested at the end of the year
19 November 2021	-	508,178	-	508,178	508,178

The performance rights are exercisable for nil consideration. The weighted average remaining contractual life of the performance rights outstanding at the end of the year was 14.5 years.

The above excludes a proposed award of 182,926 performance rights under the 2021 LTI to the Managing Director and Chief Executive Officer. This award has not occurred as at the date of this Financial Report and remains subject to obtaining shareholder approval to be sought at 29Metals' next annual general meeting.

There were no performance rights granted or issued in the year ended 31 December 2020.

NOTE 35: SHARE-BASED PAYMENTS (continued)

(b) Performance rights granted (continued)

(iii) Performance Rights pricing models

The fair value of the performance rights granted under the SOP and LTI plans have been determined based on a Black Scholes Option Pricing Model when they are subject to non-market performance conditions. This method takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

To reflect the impact of the market-based performance conditions, the fair value of the rights under the LTI plans subject to the relative Total Shareholder Return (**'TSR'**) have been calculated using Monte-Carlo simulation techniques. The variables in the table below are used as inputs into the model to determine the fair value of performance rights.

The following table lists the inputs to the models used for the year ended 31 December 2021.

				Performance Rights	
2021	**SOP Tranche1**	**SOP Tranche 2**	**LTI**	**LTI**	**LTI**
Performance hurdle	N/a	N/a	Relative TSR	Growth objective	Mine Life
Grant date	2 Jul 21	2 Jul 21	18 Nov 21	18 Nov 21	18 Nov 21
Expiry date	1 Jul 36	1 Jul 36	17 Nov 36	17 Nov 36	17 Nov 36
Vesting period	0.65 years	1.65 years	2.62 years	2.62 years	2.62 years
Share price at issue date	$2.00	$2.00	$2.63	$2.63	$2.63
Expected volatility	80%	80%	38.70%	38.70%	38.70%
Dividend yield	-	-	-	-	-
Risk-free interest rate	0.05%	0.05%	0.97%	0.97%	0.97%
Fair value per right	$2.00	$2.00	$1.855	$2.63	$2.63

There were no performance rights issued in the year ended 31 December 2020.

Recognition and measurement

The grant date fair value of performance rights granted to employees is recognised as an expense, with a corresponding increase in the share-based payments reserve, over the period in which the employees become unconditionally entitled to the equity instruments. The amount recognised is adjusted to reflect the actual number of instruments that vest. Once the instruments have vested, no further expenses are recognised nor reserves reversed in respect to costs already charged.

NOTE 36: RELATED PARTIES

(a) Parent entity

The ultimate holding entity is 29Metals Limited. Information about the Group's structure, including details of the controlled entities are set out in Note 30.

(b) Compensation to executive key management personnel and non-executive directors of the Group

Key management personnel (**'KMP'**) are accountable for planning, directing and controlling the affairs of the Group. Details of remuneration provided to key management personnel and non-executive directors of the Group are as follows:

	2021 $	2020 $
Short-term employment benefits	3,737,754	1,036,238
Long-term benefits	10,443	912
Contributions to superannuation plans	110,665	33,413
Share-based payments expense	940,358	-
Other	-	-
	4,799,220	**1,070,563**

The above includes:

(i) Non-executive directors (other than Mr Hegarty) each received 10,000 29Metals ordinary shares with -cash value of $20,000, in lieu of the corresponding amount in directors' fees. Each share was issued at the 29Metals IPO final offer price of $2.00 per share.

(ii) Eligible executive KMPs received $650,000 cash value (in the aggregate) in the form of 325,000 29Metals ordinary shares (in the aggregate). Each share was issued at the 29Metals IPO final offer price of $2.00 per share. The shares were issued to the relevant executive KMPs as an incentive conditional upon successful completion of the 29Metals IPO in consideration for the role they played in the establishment of 29Metals for the purposes of the 29Metals IPO, the IPO process and the successful completion of the 29Metals IPO. The shares are subject to a two-year holding lock.

(c) Other related party transactions

There were no transactions with key management personnel and related parties during the year other than as disclosed elsewhere in the financial statements.

NOTE 37: AUDITORS' REMUNERATION

	2021 $	2020 $
Fees to Ernst & Young Australia		
▪ Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	450,000	168,500
▪ Fees for assurance services that are required by legislation to be provided by the auditor		
Assurance related	-	-
Special audits required regulators	-	-
▪ Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	-	-
Other	153,616	-
▪ Fees for other services		
Tax compliance	-	-
Total fees to Ernst & Young Australia	603,616	168,500
Fees to other overseas member firms of Ernst & Young (Australia)		
▪ Fees for auditing the financial report of controlled entities	-	26,100
Total fees to overseas member firms of Ernst & Young (Australia)	-	26,100
Total auditor's remuneration	603,616	194,600

NOTE 38: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

AAS and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 31 December 2021 are outlined below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to AASB 3: Reference to Conceptual Framework

In June 2020, the Australian Accounting Standards Board (AASB) issued amendments to AASB 3: Business Combinations (August 2015). The amendments are intended to update a reference to the Conceptual Framework for Financial Reporting without significantly changing the accounting requirements for business combinations.

The amendments add an exception to the recognition principle of AASB 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets or Interpretation 21 Levies, if incurred separately. The exception requires entities to apply the criteria in AASB 137 or Interpretation 21 *Levies*, respectively, instead of the conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to AASB 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments are effective for annual periods beginning on or after 1 January 2022. They are not expected to have a significant impact on the Group's Consolidated Financial Statements.

Amendments to AASB 116: Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments are effective for annual periods beginning on or after 1 January 2022. They are not expected to have a significant impact on the Group's Consolidated Financial Statements.

Amendments to AASB 137: Onerous Contracts

In June 2020, the AASB issued amendments to AASB 137 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (eg, the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g. depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments are effective for annual periods beginning on or after 1 January 2022. They are not expected to have a significant impact on the Group's Consolidated Financial Statements.

Amendments to AASB 101: Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

In March 2020, the AASB issued amendments to AASB 101 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. Specifically:

- the amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists
- management intention or expectation does not affect classification of liabilities
- in cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current.

These amendments are effective for annual periods beginning on or after 1 January 2023. They are not expected to have a significant impact on the Group's Consolidated Financial Statements.

Amendments to AASB 101 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

In March 2021, the AASB issued amendments to AASB 101 and AASB Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

These amendments are effective for annual periods beginning on or after 1 January 2023. They are not expected to have a significant impact on the Group's Consolidated Financial Statements.

NOTE 38: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

In March 2021, the AASB issued amendments to AASB 108, in which it introduced a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments are effective for annual periods beginning on or after 1 January 2023. They are not expected to have a significant impact on the Group's Consolidated Financial Statements.

Amendments to AASB 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – eg, leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised 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, the amendments apply to transactions that occur after the beginning of the earliest period presented. The amendments apply for annual reporting periods beginning on or after 1 January 2023. They are not expected to have a significant impact on the Group's Consolidated Financial Statements.

AASB 9: Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to AASB standards process the AASB issued amendment to AAS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments will be applied to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the Group first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. They are not expected to have a significant impact on the Group's Consolidated Financial Statements.

NOTE 39: CONTINGENT LIABILITIES

(a) Bank Guarantees

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

(b) Other Contingent Liabilities

29Metals is a co-plaintiff in legal proceedings in the Supreme Court of Victoria in relation to historic transaction terms between EMR Capital Investment (No.6B) and the vendors of shares in Lighthouse Minerals Pty Ltd, and associated security arrangements. 29Metals' liability in relation to these proceedings is the subject of a Cash Backed Indemnity Deed whereby EMR Capital Investment (No.6B) Pte Ltd indemnifies 29Metals (the 'Indemnity Deed'). Under the terms of the Indemnity Deed, 29Metals retained $13 million of EMR Capital Investment (No.6B) Pte Ltd's share of IPO proceeds to cash-back the indemnity. Refer Notes 16 and 21.

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

NOTE 40: NET ASSETS ATTRIBUTABLE TO PARTNERS OF GOLDEN GROVE, LP

Non-current liabilities

	Note	2021 $'000
Balance at 1 January 2020		261,913
Changes in net assets attributable to the Partners in Golden Grove, LP	7, 41	(93,314)
Balance at 31 December 2020		168,599
Changes in net assets attributable to the Partners in Golden Grove, LP	7, 41	14,955
Settlement of partner liabilities as a result of the reverse acquisition on 2 July 2021		(183,554)
Balance at 31 December 2021		-
Balance at 1 January 2020		261,913

Golden Grove, LP, the head entity in the Golden Grove, LP Group is a limited partnership registered in New South Wales under the Partnership Act 1982 (NSW), pursuant to a limited partnership agreement (Partnership Agreement) dated 13 February 2017, which was amended and restated on 11 December 2017 and 22 October 2021.

Prior to the reverse acquisition on 5 July 2021 (refer Notes 2 and 34), net assets attributable to partners comprise capital contributions from partners and undistributed profits within the Golden Grove LP Group allocated to partners. Net assets attributable to partners were classified as a financial liability in accordance with AASB 132 as the Partnership was a limited life entity. Limited Partners have a priority return on liquidation and the Partnership Agreement restricts any residual return to the Carried Interest Holder.

In accordance with the Partnership Agreement that was effective prior to the date of the reverse acquisition:

- The partnership was to be wound-up and dissolved on the tenth anniversary of the initial closing date, being 3 June 2026. The term of the partnership could have been extended beyond the tenth anniversary by the General Partner with the approval of Limited Partners for a maximum of two additional one-year periods.

- The General Partner was required to distribute all realised investment income at least annually and the full net cash proceeds from the disposition of investments promptly, but in no event later than 60 days after receipt thereof. The General Partner could, at its own discretion, make additional distributions subject to certain restrictions.

- Items of partnership income, gains, losses and expenses were allocated amongst the partners in such a manner that, as the end of each reporting period, the capital account of each partner equaled the respective net amount that would have be distributed to the partner (see below) should the partnership have liquidated its net assets for an amount equal to their carrying values.

- Partnership profits and losses were allocated between partners as follows: -
  a) first, 100% to such partner until such partner received cumulative distributions equal to such partner's aggregate investment contributions;
  b) second, 100% to such partner until the unpaid preferred return of such partner was reduced to zero;
  c) third, 80% to the Carried Interest Holder and 20% to such partner until the Carried Interest Holder has received cumulative distributions with respect to such partner pursuant to the section equal to 20 % of the cumulative amount of distributions made to such partner pursuant to section (b) and made to the Carried Interest Holder with respect to such partner pursuant to this sections; and
  d) fourth, thereafter, (i) 20% to the Carried Interest Holder and (ii) 80% to such partner

NOTE 41: FIRST-TIME ADOPTION OF AUSTRALIAN ACCOUNTING STANDARDS (AAS)

As stated in Note 2, as a result of the reverse acquisition, the Consolidated Financial Statements of 29Metals represent the continuation of the operations of the accounting acquirer, the Golden Grove, LP Group. This Note 41 explains the principal adjustments made by the Golden Grove, LP Group in preparing its financial statements, including the Consolidated Statement of Financial Position as at 1 January 2020 and the financial statements as of, and for the year ended, 31 December 2020.

Golden Grove, LP, the parent entity in the Golden Grove, LP Group of companies, had previously prepared its financial statements in accordance with USGAAP. In accordance with the Corporations Act 2001, 29Metals Limited is required to prepare its Consolidated Financial Statements in accordance with AAS and other authoritative pronouncements of the AASB (the Australian equivalents to IFRS).

The consolidated entity, as a continuation of the Golden Grove LP Group has therefore prepared its financial statements in accordance with AAS for the first time in the year ended 31 December 2021. In this regard, the Group has followed the provisions of AASB 1 "First Time Adoption of Australian Accounting Standards" (AASB 1), to prepare the opening AAS Balance Sheet, with the date of transition ("Transition Date") being 1 January 2020.

This note explains the principal adjustments made by the Golden Grove, LP Group in preparing its financial statements, including the Consolidated Statement of Financial Position as at 1 January 2020 and the financial statements as of, and for the year ended, 31 December 2020.

Optional exemptions applied

AASB 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under AAS. The Golden Grove, LP Group has applied the following exemptions:

- **Business Combinations**

  The consolidated entity has elected not to apply the exemption under AASB 1 and has elected to restate all of its business combinations prior to the date of transition by applying AASB 3 retrospectively.

- **Assets and liabilities of subsidiaries, associates, and joint ventures**

  This exception is applicable to the consolidated entity as the parent entity of the Golden Grove, LP Group adopted AAS later than its subsidiaries. As such, the consolidated entity is required to measure the assets and liabilities of its subsidiaries at the same carrying amounts as in the financial statements of the subsidiaries, after adjusting for consolidation adjustments and for the effects any business combination adjustments.

- **Cumulative translation differences**

  Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2020.

Estimates

The estimates at 1 January 2020 and at 31 December 2020 are consistent with those made for the same dates in accordance with USGAAP (after adjustments to reflect any differences in accounting policies).

Remeasurements adjustments on first time adoption

(i) Investment Entity exception in AASB 10: Consolidated Financial Statements (AASB 10)

Under USGAAP, Golden Grove, LP followed the accounting and reporting guidance applicable to investment companies. Investments in controlled entities were carried at fair value and Consolidated Financial Statements were not prepared. Golden Grove, LP has assessed the criteria in AASB 10 to apply the investment entity exception in that stated and determined that the requirements were not meet at the date of transition (ie, 1 January 2020) or 31 December 2020. As such, Golden Grove, LP is required to prepare Consolidated Financial Statements on transition and for the year ended 31 December 2020. In this regard, as mentioned above, the consolidated entity has applied AASB 3 retrospectively. Consolidation of the subsidiaries of Golden Grove, LP on transition to AASB did not have an impact on the equity of the consolidated entity as net assets attributable to partners were classified as a financial liability (refer (iii) below). Accordingly, the reversal of the revaluation gain on the investment in controlled entities, amounted to $350,604 thousand at 1 January 2020 and $296,418 thousand at 31 December 2020 and was recognised against net assets attributable to partners.

NOTE 41: FIRST-TIME ADOPTION OF AUSTRALIAN ACCOUNTING STANDARDS (AAS) (CONTINUED)

(ii) Functional currency

At the date of transition the functional currency of Golden Grove, LP Group has been determined to be Australian dollars and US dollars as applied under USGAAP. Accordingly, the financial statements of Golden Grove, LP at the date of transition of 1 January 2020 and 31 December 2020 have been restated into Australian dollars applying the temporal method. Under the temporal method, monetary assets and liabilities are converted at the spot rate applicable at each balance sheet date and non-monetary items at historic rates. The change in functional currency on transition to AASB did not have an impact on equity of the Group.

(iii) Partner Capital Accounts

Golden Grove, LP is a limited partnership registered in New South Wales under the Partnership Act 1982 (NSW). The Partnership Agreement in place up to 2 July 2021 provides that the Limited Partnership is scheduled to continue until the close of business on 3 June 2026, unless extended through terms specified in the Partnership Agreement. Gains and losses are allocated to the partners and the Carried Interest Holder in accordance with an allocation waterfall specified in the Partnership Agreement (see Note 40). For USGAAP reporting purposes, the partner capital accounts were classified as equity. The Golden Grove, LP Group has assessed the classification of these accounts under AASB 132 and determined that net assets attributable to partners in the consolidated entity, which includes capital contributions and undistributed profits within the consolidated entity, are more appropriately classified as a financial liability at the date of transition and 31 December 2020. As a financial liability, changes in the net assets attributable to partners are treated as a finance costs in the Consolidated Statement of Comprehensive Income. Refer Notes 7 and 40.

Reconciliations:

(i) At 1 January 2020 (date of transition)

	USGAAP	Impact of change in functional currency	Change in classification of Partner capital accounts	Consolidation of controlled entities/ reversal of revaluation	AAS at 1 January 2020
	$'000	$'000	$'000	$'000	$'000
Equity					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained earnings	-	-	-	-	-
Partner capital	(612,517)	-	612,517	-	-
Total equity	(612,517)	-	612,517	-	-
Non-current liability					
Net assets attributable to the Partners in Golden Grove, LP	-	-	(612,517)	350,604	(261,913)
	-	-	(612,517)	350,604	(261,913)

(ii) At 31 December 2020

	USGAAP	Impact of change in functional currency	Change in classification of Partner capital accounts	Consolidation of controlled entities/ reversal of revaluation	AAS at 31 December 2020
	$'000	$'000	$'000	$'000	$'000
Equity					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained earnings	-	-	-	-	-
Partner capital	(465,017)	-	465,017	-	-
Total equity	(465,017)	-	465,017	-	-
Non-current liability					
Net assets attributable to the Partners in Golden Grove, LP	-	-	(465,017)	296,418	(168,599)
	-	-	(465,017)	296,418	(168,599)

NOTE 41: FIRST-TIME ADOPTION OF AUSTRALIAN ACCOUNTING STANDARDS (AAS) (CONTINUED)

(iii) Reconciliation of Statement of Comprehensive Income
For the financial year ended 31 December 2020

	USGAAP $'000	Consolidation of controlled entities $'000	Reclassification adjustment relating to partners' capital $'000	AAS $'000
Revenue	-	434,451	-	434,451
Cost of sales	-	(325,839)	-	(325,839)
Gross profit	**-**	**108,612**	**-**	**108,612**
Other income	64,276	(64,203)	-	73
Net (loss)/gain on derivative financial instruments	-	8,359	-	8,359
Net foreign exchange (loss)/gain	3	26,804	-	26,807
Administration expenses	(978)	(3,710)	-	(4,688)
Other expenses	-	(3,988)	-	(3,988)
Operating profit	**63,301**	**71,874**	**-**	**135,175**
Finance income	-	287	-	287
Interest expense and other cost of finance	-	(18,232)	(82,716)	(100,948)
Net finance costs	**-**	**(17,945)**	**(82,716)**	**(100,661)**
Profit before income tax expense	**63,301**	**53,929**	**(82,716)**	**34,514**
Income tax benefit/(expense)	-	(34,514)	-	(34,514)
Net profit/(loss) for the year	**63,301**	**19,415**	**(82,716)**	**-**

NOTE 42: COMMITMENTS

The Group's commitments are as follows:

Exploration

In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to satisfy minimum expenditure requirements which total $2,842 thousand (2020: $1,295 thousand) over the next 12 months, in accordance with agreed work programmes submitted over the Group's exploration licences. Financial commitments for subsequent periods are contingent upon future exploration results. There are no material exploration commitments further out than one year.

NOTE 43: SUBSEQUENT EVENTS

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

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors, the Directors declare that:

1. in the opinion of the Directors:

   (a) the Consolidated Financial Statements and notes set out on pages E1 to E56 and the remuneration disclosures that are contained in the Remuneration Report on pages D-3 to D-23, are in accordance with the *Corporations Act 2001*, and:

      (i) give a true and fair view of the financial position of the Group as at 31 December 2021 and of its performance for the year ended on that date; and

      (ii) comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and payable; and

   (c) the Consolidated Financial Statements, and the notes thereto, have been prepared in accordance with *International Financial Reporting Standards*.

2. the Directors have received the declarations required to be made to the Directors by Section 295A of the *Corporations Act 2001* to be given by the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2021.

3. in the opinion of the Directors, there are reasonable grounds to believe that the Company, and the consolidated entities identified in Note 30, will be able to meet any obligations or liabilities to which they are, or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*.

This declaration is made in accordance with a resolution of the Directors on 22 February 2022.

OWEN HEGARTY

Chair of the Board the Directors
Non-executive Director

FIONA ROBERTSON

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

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

Report on the audit of the financial report

Opinion

We have audited the financial report of 29Metals Limited ("the Company" or "29Metals") and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Accounting for business combination and asset acquisition

Why significant	How our audit addressed the key audit matter
On 2 July 2021, 29Metals acquired Golden Grove, LP and its subsidiaries (which owns the Golden Grove mine) (hereinafter collectively referred to as "Golden Grove LP Group") and Redhill Mining Hong Kong Limited and Redhill Magallanes, SpA (which own exploration tenements in Chile) (hereafter collectively referred to as "Redhill"). The acquisition of the Golden Grove LP Group by 29Metals was considered to be a business combination, which was accounted for as a reverse acquisition. As such, Golden Grove, LP Group was determined to be the accounting acquirer of 29Metals and its controlled entities (including Capricorn Copper Holdings Pty Ltd, the owner of the Capricorn Copper Mine). Accordingly the consolidated financial statements of 29Metals represent the continuation of the business and operations of Golden Grove LP Group (refer to Notes 2 and 34 to the consolidated financial statements). Golden Grove, LP, the parent entity of the Golden Grove, LP Group, had previously prepared its financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) and as a result the consolidated entity adopted Australian Accounting Standards for the first time for the year ended 31 December 2021 with the date of transition being 1 January 2020. (refer to Note 41 to the consolidated financial statements). The acquisition of Redhill by 29 Metals has been accounted for as an asset acquisition via a share based payment (refer to Note 33 to the consolidated financial statements). We have considered the accounting for the business combination, asset acquisition and transition to Australian Accounting Standards as a key audit matter because of: ► the complexities in the accounting for the acquisitions ► judgment required by the Group to identify and determine the fair values of all of the assets and liabilities acquired ► the accounting complexities associated with first time adoption of Australian Accounting Standards	Our audit procedures included the following: ► Read the purchase and underlying agreements to gain an understanding of the key terms. ► Assessed the appropriateness of the accounting applied to each acquisition. ► Assessed the fair values applied to all of the assets and liabilities acquired, with the assistance of our valuation specialists, including considering whether the valuation methodologies applied were in accordance with the requirements of Australian Accounting Standards. ► Assessed the qualifications, competence and objectivity of the Group's external and internal experts involved in the fair value assessment process. With the involvement of our subject matter specialists, we assessed the appropriateness of the conclusions reached by the Group's external and internal experts. ► Assessed the accounting applied by the consolidated entity for the first time adoption of Australian Accounting Standards ► Evaluated the adequacy of the disclosures in the consolidated financial statements relating to the acquisitions and the first time adoption of Australian Accounting Standards.

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2. Income taxes and tax consolidation

Why significant	How our audit addressed the key audit matter
As a result of the reverse acquisition during the financial year, there were a number of tax complexities that arose including a tax base reset in relation to the assets and liabilities of Golden Grove LP Group. As set out in the consolidated statement of financial position, the Group has a current tax receivable of \$15,042,000 and deferred tax assets of \$39,478,000 as at 31 December 2021. The Group has recognised an income tax benefit of \$103,236,000 for the year ended 31 December 2021 (refer to Note 9 to the financial report). A deferred tax liability of \$33,416,000 was recognised as a result of the business combination (refer to Note 34 to the consolidated financial statements). We considered this to be a key audit matter because the: ► Group was required to exercise significant judgment with regards to the interpretation of enacted tax laws which in turn required significant judgment in estimating the Group's taxation assets and liabilities at 31 December 2021. ► determination of the probability of the Group deriving future taxable income to utilise its deferred tax assets is highly judgmental. This is subject to numerous assumptions regarding the future taxable profits of the Group.	Our audit procedures included the following: ► Considered the appropriateness of the income tax benefit for the year ended 31 December 2021 and the current tax receivable and deferred tax asset recognised by the Group at 31 December 2021 having regard to the requirements of the applicable accounting standards. ► Considered the appropriateness of the Group's assumptions and estimates in relation to tax positions as part of the reverse acquisition, assessed those assumptions and estimates and considered the advice the Group received from external experts to support the accounting for the tax positions in accordance with enacted tax laws. ► Where external experts were engaged by the Group, we assessed their qualifications, competence and objectivity. ► We involved our tax specialists in assessing the reasonableness of the judgments and interpretations made by the Group in determining the tax impact of the reverse acquisition, income tax benefit for the year ended 31 December 2021 and current tax receivable and deferred tax asset as at 31 December 2021. ► Examined the Group's deferred tax asset recoverability assessment and evaluated the reasonableness of key assumptions including forecast taxable profits of Group entities. ► Assessed the adequacy of the Group's disclosures relating to taxation in the 31 December 2021 financial report.

3. Measurement of rehabilitation and restoration provision

Why significant	How our audit addressed the key audit matter
As a consequence of its operations, the Group incurs obligations to rehabilitate and restore its mine sites. Rehabilitation activities are governed by local legislative requirements. As at 31 December 2021, the Group's consolidated statement of financial position includes a rehabilitation and restoration provision of $155,013,000 in respect of these obligations (refer to Note 22 to the financial report). We considered this to be a key audit matter because estimating the rehabilitation and restoration provision requires considerable judgement in relation to when the activities will take place, the time required for rehabilitation to be effective, the costs associated with the activities and economic assumptions such as discount rates and inflation rates. Given the significant judgements and assumptions involved, the Group is required to continually reassess and confirm that the assumptions used are appropriate.	Our audit procedures included the following: ► Assessed the qualifications, competence and objectivity of the Group's external and internal experts, the work of whom formed the basis of the Group's rehabilitation cost estimates. ► With the involvement of our subject matter specialists we assessed the appropriateness of the rehabilitation cost estimates. ► Considered the estimated timing of when the rehabilitation cash flows will be incurred based on the life of mine and the resultant inflation and discount rate assumptions used in the Groups cost estimates, having regard to available economic data relating to future inflation and discount rates. ► Evaluated the adequacy of the Group's disclosures relating to rehabilitation obligations and considered the appropriateness of the accounting for the changes in the rehabilitation and restoration provision.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report on pages D-3 to D-23, except for the disclosures noted in Section 4.2 relating to Prospectus and Pro-Forma financial and non-financial information, included in the Director's Report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of 29Metals Limited for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Fiona Drummond
Partner
Perth
22 February 2022