

ASX ANNOUNCEMENT

Monday, 29 August 2022

Appendix 4D and Half-Year Financial Report

Accompanying this release is the Appendix 4D and Half-Year Financial Report for 29Metals Limited ('**29Metals**' or, the '**Company**') and its controlled entities for the six months ended 30 June 2022.

-ENDS-

This announcement was authorised for release by the Company Secretary, Clifford Tuck.

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Appendix 4D and Financial Report

29Metals Limited and its Controlled Entities

ABN 95 650 096 094

HALF-YEAR ENDED 30 JUNE 2022

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APPENDIX 4D

29METALS LIMITED

HALF-YEAR ENDED 30 JUNE 2022

Current Reporting Period	Half-year ended 30 June 2022
Prior Corresponding Period	Half-year ended 30 June 2021 ¹

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	HALF-YEAR 30 JUNE 2022	HALF-YEAR 30 JUNE 2021	INCREASE / (DECREASE)	
	\$'000	\$'000	\$'000	%
Revenue from ordinary activities	356,373	180,684	175,689	97%
Profit from ordinary activities after tax attributable to members	390	– ²	390	100%
Net profit for the period attributable to members	390	– ²	390	100%

Dividends

During the Reporting Period

There were no dividends paid to shareholders during the six months ended 30 June 2022 (2021: \$nil).

After the Reporting Period

On 29 August 2022, the Directors determined to pay an interim fully franked dividend of 2 cents per share totalling \$9,627 thousand to be paid on 14 October 2022. The financial effect of this dividend has not been brought to account in the consolidated financial statements in the Reporting Period and will be recognised in the annual consolidated financial statements for the Group.

The Record date for determining entitlement to dividends is 16 September 2022.

Net tangible assets per share

	30 JUNE 2022	30 JUNE 2021
	\$	\$
Net tangible assets per share ^a	1.60	N/a

^a Includes *right of use* assets.

¹ The comparative information presented in the Consolidated Financial Statements is that of Golden Grove, LP, Group for the half-year ended 30 June 2021. Refer to Note 2 of the Consolidated Financial Statements of the Group for the half-year ended 30 June 2022.

² Refer to Note 40 of the Annual Consolidated Financial Statements of 29Metals Limited and its controlled entities for the year ended 31 December 2021 for net assets attributable to Partners of Golden Grove, LP.

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

There were no entities over which control was gained or lost during the half-year ended 30 June 2022.

29Metals Limited ('29Metals') was registered on 27 May 2021 and listed on the Australian Stock Exchange ('ASX') on 2 July 2021.

Reverse acquisition

29Metals was registered on 27 May 2021 and was admitted to the official list of ASX on 2 July 2021. For accounting purposes, 29Metals became the parent company of the Group, comprising 29Metals Limited and its controlled entities ('29Metals Group', or the 'Group') on 2 July 2021 which is the date effective control was obtained of the Golden Grove, LP ('GGLP') Group. This transaction was accounted for as a reverse acquisition. As such, the Consolidated Financial Statements at the date of acquisition represent the continuation of the operations of the accounting acquirer, being the GGLP Group.

GGLP is a limited partnership registered in New South Wales under the *Partnership Act 1982 (NSW)*.

Refer Note 34 of the Annual Consolidated Financial Statements for the financial year ended 31 December 2021 for further details of the reverse acquisition.

Presentation of comparative information

The results for the half-year ended 30 June 2022 comprise the Group results.

The comparative information presented in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash flows is that of the Golden Grove, LP, Group (the 'GGLP Group') for the half-year ended 30 June 2021. The comparative information presented in the Consolidated Statement of Financial Position is that of the 29Metals Group as at 31 December 2021.

Refer to the Annual Consolidated Financial Statements of 29Metals Limited and its controlled entities for the year ended 31 December 2021 ('FY2021') for further information on the Restructure and IPO Transactions in June and July 2021.

Details of any associates and joint venture entities

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

Other information

All other information can be obtained from the accompanying Financial Report, which comprises the Directors' Report and the Consolidated Financial Statements for the half-year ended 30 June 2022 ('HY2022', or the 'Reporting Period').

Information about review

This Appendix 4D is based on the accompanying Financial Report which has been reviewed by the Group's auditors, Ernst & Young. A copy of Ernst & Young's unqualified review report can be found on pages 36 to 37.

DIRECTORS' REPORT

The Directors present their report together with the Consolidated Financial Statements of 29Metals Limited ('29Metals' or, the 'Company') and its controlled entities (together, the 'Group') for the half-year ended 30 June 2022 ('HY2022' or, the 'Reporting Period').

Corporate Information

29Metals was registered 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 during and since the end of the Reporting Period are as follows:

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

Nature of Operations and Principal Activities

The nature of operations and 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 project, located in southern Chile.

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

Significant Changes in the State of Affairs

During the Reporting Period, there were no significant changes in the state of affairs of the Group.

Refer to the Annual Consolidated Financial Statements of 29Metals Limited and its controlled entities for the year ended 31 December 2021 for information regarding the Restructure and IPO Transactions in June and July 2021.

Consolidated Result

The Statutory financial information reflects:

- the Golden Grove, LP, Group (on a standalone basis) for the six months ended 30 June 2021; and
- the Group for the Reporting Period.

Refer to Note 2 of the Consolidated Financial Statements of the Group for the half-year ended 30 June 2022 (the 'Half-Year Consolidated Financial Statements') for further information.

Operating and Financial Review

The Operating and Financial Review for HY2022 commences on page 8 of this document and forms part of the Directors' Report.

Dividends

During the Reporting Period

There were no dividends paid to shareholders during the six months ended 30 June 2022 (2021: \$nil).

After the Reporting Period

On 29 August 2022, the Directors determined to pay an interim fully franked dividend of 2 cents per share totalling \$9,627 thousand to be paid on 14 October 2022. The financial effect of this dividend has not been brought to account in the consolidated financial statements in the Reporting Period and will be recognised in the annual consolidated financial statements for the Group.

Subsequent Events

As noted above, on 29 August 2022 the Directors determined to pay an interim fully franked dividend of 2 cents per share totalling \$9,627 thousand to be paid on 14 October 2022. The financial effect of this dividend has not been brought to account in the consolidated financial statements in the Reporting Period and will be recognised in the annual consolidated financial statements for the Group.

Apart from the above, in the interval between the end of the Reporting Period and the date of this report, no item, transaction or event of a material and unusual nature likely has arisen which, in the opinion of the Directors, is likely to materially affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

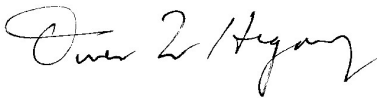
Rounding of amounts

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

Auditor's independence declaration

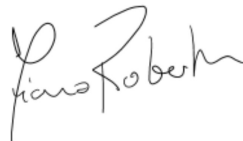
The auditor's independence declaration is set out on page 7 and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors on 29 August 2022.



OWEN HEGARTY

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



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 review of the half-year financial report of 29Metals Limited for the half-year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young

Fiona Drummond
Partner
Perth

29 August 2022

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

OPERATING AND FINANCIAL REVIEW

This is the Operating and Financial Review for the Group for the half year ended 30 June 2022.

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 project located in southern Chile.

The basis of preparation of results for the Reporting Period and prior corresponding period is described on page 9.

Note: Statutory results for the prior corresponding period are only the results of the Golden Grove, LP, Group (the 'GGLP')³. As a result, the Statutory results for the prior corresponding period do not include results for Capricorn Copper, Redhill or 29Metals corporate costs. To provide additional insights to investors regarding the performance of the Group, this release also includes Pro forma results for the Group for the six months ended 30 June 2021, prepared as if the Restructure and IPO Transactions had occurred prior to 1 January 2021. Pro forma financial information is non-IFRS financial information. Refer to important information regarding the use of non-IFRS financial information in this report on page 10.

KEY RESULTS:

Improved operating performance

- Copper production of 20.5kt, and zinc production of 23.0kt, exceeded the prior corresponding period by 176% and 17%, respectively, on a Statutory basis, and by 17% and 14%, respectively, on a Pro forma⁴ basis;
- Copper equivalent contained metal ('Cu-eq'⁵) production of 34.0kt, exceeding Cu-eq production for the prior corresponding period on a statutory basis by 76% and by 14% on a Pro forma basis;
- Improved operating performance achieved despite continuing direct and indirect impacts of COVID-19, and the onset of seasonal illness absenteeism, with short-term operating plans adjusted to mitigate interruptions to production;
- 11% reduction in unit C1 Costs⁵ from the prior corresponding period on a Pro forma basis to US\$2.38/lb of payable copper sold, reflecting strong cost discipline and higher production;
- Site Operating Costs⁵ increased for the Reporting Period to \$223 million. On a Statutory basis, the increase on the prior corresponding period principally reflects the inclusion of Capricorn Copper. The 13% increase relative to the prior corresponding period on a Pro forma basis reflects increased activity, with mining (3%) and milling (8%) both higher, combined with the impact of industry-wide cost inflation; and
- 29Metals' ability to limit the impact of costs inflation was a reflection of disciplined costs management and 29Metals not being exposed to the significant inflationary pressure of east coast energy prices as grid power to 29Metals' sites is not connected to the east coast electricity market.

Solid underlying result and low gearing

- Revenue of \$356 million, net of quotational period ('QP') adjustments, \$176 million higher than the prior corresponding period on a Statutory basis and \$67 million higher on a Pro forma basis;
- EBITDA⁵ of \$94 million, \$40 million higher than the prior corresponding period on a Statutory basis and \$17 million higher on a Pro forma basis;
- Cashflow from operations of \$109 million reflected higher mined and milled tonnes, and was a \$68 million increase on the prior corresponding period on a Statutory basis after outflows of \$19 million for the settlement of commodity hedges;
- NPAT of \$0.4 million, \$14 million higher than the Pro forma net loss after tax of \$13 million in the prior corresponding period;
- Adjusted NPAT⁵, which removes the impact of non-cash, unrealised movements in the value of commodity hedges and foreign exchange rates impacting US\$ denominated cash and debt, was \$7 million;
- Cash and cash equivalents increased to \$229 million at 30 June 2022 (31 December 2021: \$197 million), resulting in Net Cash⁵ of \$16m at 30 June 2022 (31 December 2021: \$3 million Net Drawn Debt⁵); and
- Board has determined to pay the Company's first dividend, an interim dividend of 2.0 cents per share, fully franked.

³ The GGLP Group comprises Golden Grove, LP, Golden Grove Holdings (No.2) Pty Ltd, Golden Grove Holdings (No.3) Pty Ltd and Golden Grove Operations Pty Ltd. The comparative information presented in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash flows is that of the GGLP Group for the half-year ended 30 June 2021. The comparative information presented in the Consolidated Statement of Financial Position is that of the Group as at 31 December 2021.

⁴ Pro forma financial information is non-IFRS financial information. Refer to important information regarding the use of non-IFRS financial information in this report on page 10.

⁵ Cu-eq, C1 Costs, Site Operating Costs, EBITDA, Net Cash, Net Drawn Debt, and Adjusted NPAT are non-IFRS financial information metrics. Refer to important information regarding the use of non-IFRS financial information metrics in this report on page 10.

Continued investment in operational de-risking and growth

- At Golden Grove, operational de-risking work focused on developing access and supporting infrastructure for future production sources, notably the high-grade Xantho Extended ('XE') orebody, and included ventilation upgrades and the new paste plant;
- The Gossan Valley and Cervantes studies advanced, including evaluation of opportunities to bring Gossan Valley and Cervantes into the Golden Grove mine plan earlier. Completion of these studies is on track for completion during the September 2022 quarter; and
- At Capricorn Copper, operational de-risking work focused on environmental management and works to support life-of-mine operations;
- Exploration activity continued across the 29Metals' portfolio to test in-mine/near mine organic growth opportunities at Golden Grove and Capricorn Copper, along with regional exploration at Capricorn Copper and 29Metals' first field campaign at Redhill.

Launched 29Metals' *Our approach to Sustainability & ESG*

- 29Metals released its first sustainability and ESG report (the '**Sustainability & ESG Report**'), included in 29Metals' 2021 Annual Report released to the ASX announcements platform on 21 April 2022⁶;
- In addition to reporting 29Metals' sustainability and ESG performance, the Sustainability & ESG Report outlined 29Metals' approach - *Our Approach to Sustainability & ESG* - and 29Metals' priorities for 2022; and
- The Sustainability & ESG Report also set out 29Metals' roadmap to reporting aligned with the Taskforce on Climate-related Financial Disclosures ('TCFD') recommendations.

COVID-19

The direct and indirect impacts of COVID-19, alone and in combination with other factors (such as labour market tightness and supply chain disruption) continued in the Reporting Period. 29Metals is committed to protecting the health and safety of its employees. 29Metals' COVID-19 management plans enabled the Group to successfully contain COVID-19 case numbers at our operating sites, with cases number generally contained to between zero and ten active cases.

COVID-19 related absenteeism during the Reporting Period, reflecting the impact of case numbers and, significantly, government-mandated close contact requirements, principally affected the underground mining teams at each site with a lesser impact on the surface teams. Additionally, during the latter part of the Reporting Period 29Metals' experienced an increase in seasonal illnesses, particularly at Golden Grove, which added to absenteeism.

These impacts required ongoing adjustments to Golden Grove's short-term operating plans to prioritise production-related activities over development to best manage available resources.

Outlook

The business environment continues to be volatile and difficult to predict, through a combination of the direct and indirect impacts of COVID-19 (and seasonal illnesses), labour market tightness as a result of very low unemployment rates nationally, inflationary cost pressures and general commodity price volatility. Many of these forces were experienced during the Reporting period and are continuing in the second half. 29Metals will continue to respond to these challenges as and if required.

Basis of preparation

The Half-Year Consolidated Financial Statements for the Reporting Period sets out the Statutory financial information for the Group prepared in accordance with AASB 134 *Interim Financial Reporting* and using consistent accounting policies adopted in the Group's Annual Consolidated Financial Statements for the year ended 31 December 2021.

In June and July 2021, 29Metals executed the Restructure and IPO Transactions resulting in the formation of the Group and 29Metals joining the official list of ASX on 2 July 2021. The Golden Grove, LP ('GGLP') Group⁷ was determined to be the *acquirer* of 29Metals (including the Capricorn Copper Group and Redhill Group of companies) for accounting purposes in respect of the Restructure and IPO Transactions. As a result, Statutory financial information for the six months ended 30 June 2021 is that of the GGLP Group on a standalone basis. As set out further below, to assist readers to understand the operating and financial performance of the Group, certain Pro forma⁸ financial information has been included in the Operating and Financial Review.

Unless otherwise stated, all commentary in the Operating and Financial Review is made with reference to Statutory information.

The basis of preparation of the Statutory and Pro forma financial information is set out below.

- **Statutory financial information**

⁶ A standalone version of 29Metals' 2021 Sustainability & ESG Report, including additional GRI reporting tables, is available on 29Metals' website at: <https://www.29metals.com/investors/reports-presentations>.

⁷ Refer to Note 2 of the Group's Annual Consolidated Financial Statements for the year ended 31 December 2021.

⁸ *Pro forma* financial information is non-IFRS financial information. Refer to important information regarding the use of non-IFRS financial information in this report on page 10.

The Statutory half-year financial information reflects the:

- Performance of the Group for the Reporting Period; and
- Performance of the GGLP Group (on a standalone basis) for the 6 months ended 30 June 2021.⁹

The basis of preparation of Statutory financial information in the report is set out in Note 2 to the Consolidated Financial Statements for 29Metals and its controlled entities for the six months ended 30 June 2022 (the '**Half-Year Consolidated Financial Statements**').

▪ **Pro forma financial information**

A comparison of the Statutory financial information for the Reporting Period is shown against certain Pro forma financial information for the 6 months ended 30 June 2021. The Pro forma financial information has been prepared as if the Group had been formed prior to the commencement of the prior corresponding period, and:

- the Restructure and IPO Transactions and repayment or reduction of certain Capricorn Copper and Golden Grove liabilities out of IPO proceeds had occurred prior to 1 January 2021;
- the Group had control of the GGLP Group, the Capricorn Copper Group and the Redhill Group of companies prior to 1 January 2021; and
- the Group incurred corporate and other administration costs consistent with being formed prior to 1 January 2021, excluding the impact of costs associated with the Restructure and IPO Transactions.

Pro forma financial information is non-IFRS financial information and has not been audited. This information should be read in conjunction with, and not in replacement of, the statutory financial information. Refer to the important information below regarding the use of non-IFRS financial information in this report.

Non-IFRS financial information

29Metals' results are reported under IFRS. This report includes certain metrics, such as *Cu-^{eq}*, *EBITDA*, *Adjusted NPAT*, *Drawn Debt*, *Net Cash*, *Net Drawn Debt*, *Site Operating Costs*, *Royalty & Other Selling Costs*, *AISC and C1 Costs*, that are non-IFRS financial information within the meaning of ASIC Regulatory Guide 230: '*Disclosing non-IFRS financial information*'. These non-IFRS financial information metrics have been calculated by reference to information prepared in accordance with IFRS. However, these non-IFRS financial information metrics do not have a standardised meaning prescribed by IFRS and may be calculated differently by other companies.

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

Refer to page 19 for definitions of the non-IFRS financial information metrics used in this report.

In addition to the non-IFRS financial information metrics used in this report, this report contains certain Pro forma financial information. Pro forma financial information is also non-IFRS financial information and has not been subject to audit or review by 29Metals' external auditor.

The Pro forma financial information in this report has been included to provide investors and other market participants with additional insights into the operating and financial performance of the Group.

As above, the Pro forma 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.

⁹ As GGLP has been determined to be the accounting acquirer, the Statutory financial information for the prior corresponding period also includes the impact of first-time adoption of Australian Accounting Standards ('AAS') for GGLP. 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 Group's Annual Consolidated Financial Statements for the year ended 31 December 2021, released to the ASX announcements platform on 23 February 2022 (a copy of which is available on 29Metals' website at: <https://www.29metals.com/investors/reports-presentations>).

OPERATIONAL PERFORMANCE REVIEW

Group

For the Reporting Period, 29Metals' TRIFR¹⁰ was unchanged relative to the prior corresponding period at 12.1 per million hours worked, with recordable injuries primarily attributable to minor and low potential incidents. 29Metals' LTIFR¹¹ increased from 0.7 to 1.0 per million hours worked and remains below the industry average for underground mining in Western Australia and Queensland. 29Metals remains committed to continuous improvement in safety performance through a focus on leading indicators such as verification of critical risk controls, leadership interactions, hazard reporting and workplace inspections.

Increases in ore mined, ore milled and copper production in the Reporting Period primarily reflect the inclusion of Capricorn Copper in the Reporting Period. Increases in Group copper and zinc production were partly offset by lower gold and silver production.

For the 6 months ended 30 June		Statutory			Pro forma ¹	
		2022	2021	VAR	2021	VAR
Ore mined	kt	1,644	781	863	1,591	53
Ore milled	kt	1,610	648	963	1,489	121
Metal Production						
Copper	kt	20.5	7.4	13.0	17.5	2.9
Zinc	kt	23.0	20.1	2.9	20.1	2.9
Gold	koz	13.2	18.0	(4.8)	18.0	(4.8)
Silver	koz	690	698	(8)	823	(133)
Lead	kt	1.1	0.9	0.2	0.9	0.2
Cu-eq production ²	kt	34.0	19.3	14.6	29.8	4.2

¹ Pro forma financial information is non-IFRS financial information. Refer to important information regarding the use of non-IFRS financial information in this report on page 10.

² Cu-eq is a non-IFRS financial information metric. Refer to important information regarding the use of non-IFRS financial information metrics in this report on page 10.

Group operating performance improved in the Reporting Period, with ore mined increased by 3% and ore milled increased by 8% relative to the prior corresponding period on a Pro forma basis. Copper and zinc production also increased by 17% and 14%, respectively. Improved operating performance for the period is a result of the resolution of operational challenges in the prior corresponding period.

The operating performance of Golden Grove and Capricorn for the Reporting Period is discussed further below.

Golden Grove

For the 6 months ended 30 June		Statutory			Pro forma ¹	
		2022	2021	VAR	2021	VAR
Ore mined	kt	760	781	(21)	781	(21)
Ore milled	kt	781	648	133	648	133
Metal Production						
Copper	kt	9.6	7.4	2.2	7.4	2.2
Zinc	kt	23.0	20.1	2.9	20.1	2.9
Gold	koz	13.2	18.0	(4.8)	18.0	(4.8)
Silver	koz	585	698	(114)	698	(114)
Lead	kt	1.1	0.9	0.2	0.9	0.2
Costs						
C1 Costs ²	A\$m	40	33	7	31	9
C1 Costs ²	US\$/lb	1.49	1.85	(0.36)	1.73	(0.24)
AISC ²	A\$m	71	64	7	62	9
AISC ²	US\$/lb	2.66	3.61	(0.95)	3.49	(0.83)

¹ Pro forma financial information is non-IFRS financial information. Refer to important information regarding the use of non-IFRS financial information in this report on page 10.

² C1 Costs and AISC are non-IFRS financial information metrics. Refer to important information regarding the use of non-IFRS financial information metrics in this report on page 10.

¹⁰ TRIFR is total recordable injury frequency rate and reported on a 12-month rolling basis.

¹¹ LTIFR is lost time injury frequency rate and reported on a 12-month rolling basis.

Ore mined and ore milled were, respectively, 21kt lower and 133kt higher than the prior corresponding period. The increase in ore milled reflects improvement in ore presentation to the ROM pad relative to the prior corresponding period and a 12-day plant shut in the prior corresponding period to tie-in the triple sequential floatation circuit.

Copper and zinc production in the Reporting Period exceeded the prior corresponding period by approximately 2kt (30%), and 3kt (14%) respectively, driven by a combination of higher copper feed grades and higher mill throughput. Gold and silver production in the Reporting Period was 5koz (27%) and 114koz (16%) lower than the prior corresponding period, respectively, due to a reduction in feed grades.

C1 Costs of \$40 million were \$7 million higher than the prior corresponding period reflecting a combination of higher Site Operating Costs¹², higher selling costs and lower stockpile adjustments, partly offset by an increase in by-product credits. Higher selling costs were primarily related to zinc treatment charges ('TCs'). AISC of \$71 million was \$7 million higher than the prior corresponding period reflecting the increase in C1 Costs.

Unit C1 Costs improved to US\$1.49/lb, US\$0.36/lb (14%) lower than the prior corresponding period, with increased payable copper sold in the Reporting Period offsetting higher absolute C1 Costs. Unit AISC of US\$2.66/lb in the Reporting Period was US\$0.95/lb (24%) lower than the prior corresponding period. Differences in Statutory and pro forma absolute C1 Costs and AISC relative to the prior corresponding period relate to pro forma adjustments to corporate administration costs, and site general and administration costs.

Operational activity in the Reporting Period included operational de-risking work focused on developing access to future production sources, including the high-grade XE orebody. Key activities included:

- continuation of mine development activity, albeit at slower than planned rates primarily due to COVID-19 related absenteeism;
- completion of the Hougomont-Oizon-XE link (referred to as the HOX link), improving underground vehicle traffic management and extending fresh air raises to XE at depth;
- largely completed surface and underground infrastructure to establish paste fill operations. Energisation and dry commissioning were achieved post the Reporting Period;
- first XE production, applying the new 45m sub-level interval;
- commenced construction of a further lift at tailings storage facility ('TSF') 1, which is expected to be completed during the December 2022 quarter; and
- commenced the implementation of chilling plant capacity to enhance ventilation systems, especially at XE, due to be implemented in December 2022 quarter.

Capricorn Copper¹³

For the 6 months ended 30 June		Statutory			Pro forma ¹	
		2022	2021	VAR	2021	VAR
Ore mined	kt	884	NA	NA	810	74
Ore milled	kt	829	NA	NA	841	(12)
Metal Production						
Copper	kt	10.8	NA	NA	10.1	0.7
Silver	kt	105	NA	NA	125	(19)
Costs						
C1 Costs ²	A\$m	101	NA	NA	86	15
C1 Costs ²	US\$/lb	3.09	NA	NA	3.32	(0.23)
AISC ²	A\$m	128	NA	NA	103	26
AISC ²	US\$/lb	3.93	NA	NA	3.94	(0.01)

1. Pro forma financial information is non-IFRS financial information. Refer to important information regarding the use of non-IFRS financial information in this report on page 10.

2. C1 Costs and AISC are non-IFRS financial information metrics. Refer to important information on page 10 regarding the use of non-IFRS financial information metrics in this report.

As described above, Capricorn Copper is not included in the Group Statutory results for the prior corresponding period. Accordingly, commentary has been provided for the Reporting Period against Pro forma results for the prior corresponding period.

Ore mined and ore milled for the Reporting Period were 74kt higher and 12kt lower than the prior corresponding period, respectively, with an increase in ore mined from the Mammoth and Greenstone orebodies. Stockpiling of sub-grade ore mined from Esperanza South ('ESS') contributed to ore mined exceeding ore milled during the Reporting Period.

¹² Site Operating Costs is the sum of mining costs, processing costs and site services costs as shown in 29Metals Cost of Sales. Site Operating Costs is a non-IFRS financial information metric. Refer to important information regarding the use of non-IFRS financial information metrics in this report on page 10.

¹³ In this Capricorn Copper section, all prior corresponding period information is Pro forma. Pro forma financial information is non-IFRS financial information. Refer to the important information regarding the use of non-IFRS financial information in this report on page 10.

Improved mining performance during the Reporting Period, follows the resolution of operational issues in the prior corresponding period which temporarily restricted access to the Mammoth and Greenstone orebodies.

Copper and silver production was 1kt (7%) higher and 19koz (16%) lower than the prior corresponding period, respectively. Higher copper production was driven by higher copper feed grades with a higher proportion of Mammoth and Greenstone ore mined during the Reporting Period.

C1 Costs of \$101 million was \$15 million higher than the prior corresponding period due to higher Site Operating Costs¹⁴ in line with increased mining and milling activity, combined with higher selling costs. AISC of \$128 million was \$26 million higher than the prior corresponding period, reflecting the increase in C1 Costs and an increase in sustaining capital expenditure associated with the Esperanza TSF and surface water diversion projects.

Unit C1 Costs improved to US\$3.09/lb, US\$0.23/lb (7%) lower than the prior corresponding period, as higher absolute C1 Costs were offset by an increase in payable copper sold. Unit AISC of US\$3.93/lb was US\$0.01/lb lower than the prior corresponding period.

Operational de-risking activities in the Reporting Period included:

- completion of ventilation works at ESS, expected to come into operation in the September 2022 quarter;
- completion of a temporary surface water run-off diversion around the ESS subsidence zone to mitigate surface water run-off during extreme rainfall events; and
- transition of processing and paste-fill operations teams 'in-house'.

Exploration¹⁵

Work continued across the 29Metals' portfolio to test in-mine/near mine organic growth opportunities, including:

- at Golden Grove, drilling at Cervantes, Amity, Xantho, Scuddles-GG4, and XE:
 - drilling of Cervantes and XE indicated further growth potential down plunge, to be tested in the second half of 2022; and
 - drilling to assess potential for further mineralisation between Gossan Valley and Conteville. This drilling did not return any significant intersections; and
- at Capricorn Copper:
 - resource development drilling at ESS which indicated thicker mineralisation at higher grades compared to the current Mineral Resources estimate, with an additional \$2 million in drilling planned for the second half of 2022; and
 - exploration activity on the regional target pipeline, expanding the list of targets warranting further assessment and ranking. Six targets are planned for ground based induced polarisation surveys in the second half of 2022.

Regional exploration at Capricorn Copper and Redhill, including:

- at Capricorn Copper, three reverse circulation holes were drilled at Grey Ghost as well as commencement of a three-hole drill program at Eagles Nest which will continue in the second half of 2022.
- at Redhill, completion of the 2022 field season including:
 - collection of rock samples below peat cover using portable small drills, with initial results indicating potential for extensions to existing veins as well as additional veins outside the existing Mineral Resources estimates; and
 - completion of a drone-based magnetics survey to gain an improved understanding of the geology and structure under cover.

¹⁴ *Site Operating Costs* is a non-IFRS financial information metric. Refer to important information regarding the use of non-IFRS financial information metrics in this report on page 10.

¹⁵ Drilling results for Cervantes and ESS, and exploration results for the field campaign at Redhill, outlined in this section, were reported by 29Metals in its Exploration Update released to the ASX announcements platform on 1 August 2022, a copy of which is available via 29Metals' website at: <https://www.29metals.com/investors/asx-announcements>.

FINANCIAL PERFORMANCE REVIEW

Revenue

METAL PRICES AND FX ¹

For the 6 months ended 30 June		2022	2021	VAR
Copper	US\$/t	9,769	9,086	683
Zinc	US\$/t	3,843	2,831	1,012
Gold	US\$/oz	1,875	1,804	70
Silver	US\$/oz	23	26	(3)
Lead	US\$/t	2,271	2,070	201
Australian dollar (period average)	AUD:USD	0.719	0.771	(0.052)
Australian dollar (at period end)	AUD:USD	0.689	0.752	(0.063)

¹ Source: FactSet.

During the Reporting period, the average copper price of US\$9,769/t was 8% higher than the prior corresponding period. The average prices of other commodities sold by 29Metals mostly increased relative to the prior corresponding period, with zinc 36% higher, gold 4% higher, lead 10% higher, and silver 12% lower.

The average Australian dollar exchange rate of 0.719, 7% lower than the prior corresponding period.

Revenue increased by 97% on the prior corresponding period to \$356 million, primarily driven by the inclusion of Capricorn Copper results in the Reporting Period as well as favourable commodity prices and a weaker Australian dollar relative to the prior corresponding period.

Revenue is expressed net of realised and unrealised fair value movements on QP adjustments, and treatment and refining charges ('TCRCs').

QP adjustment losses of \$31 million reflect the impact of the decline in commodity prices towards the end of the half-year. Typical for base metals producers, 29Metals receives payment (and records revenue) on a provisional basis using prevailing commodity prices at the time of shipment. The final value for metal sold is determined as the average monthly price at the end of the QP period (generally, under 29Metals' existing offtake agreements, 1 to 3 months after the date of shipment).

The difference between provisional and final sales values (realised QPs) and the mark-to market movements on receivables for which final pricing is yet to be determined (unrealised QPs) is recorded as gains and losses in the consolidated statement of comprehensive income for the relevant period.

Higher revenues were supported by higher zinc prices and sales volumes during the Reporting Period. Increased prices also resulted in higher zinc TCs, which increased from \$14 million in the prior corresponding period to \$29 million in the Reporting Period, inclusive of TC escalators linked to the zinc price under 29Metals' offtake contracts¹⁶.

Gross profit

For the 6 months ended 30 June	Statutory			Pro forma ¹	
	2022	2021	VAR	2021	VAR
Revenue	\$'000	356,373	180,684	175,689	
Mining costs	\$'000	(127,473)	(79,881)	(47,592)	(117,260)
Processing costs	\$'000	(64,548)	(24,014)	(40,534)	(59,612)
Site services costs	\$'000	(30,586)	(19,474)	(11,112)	(20,817)
Depreciation and amortisation	\$'000	(77,347)	(33,602)	(43,745)	(57,947)
Stockpile movements	\$'000	10,021	15,893	(5,872)	19,356
Government royalties	\$'000	(16,714)	(8,246)	(8,468)	(13,487)
Other production and selling costs	\$'000	(18,312)	(7,856)	(10,456)	(10,785)
Cost of sales	\$'000	(324,959)	(157,180)	(167,779)	
Gross profit	\$'000	31,414	23,504	7,910	
				28,966	2,448

¹ Pro forma financial information is non-IFRS financial information. Refer to important information regarding the use of non-IFRS financial information in this report on page 10.

Cost of sales increased by approximately 107% on the prior corresponding period driven by the inclusion of Capricorn Copper's results during the Reporting Period. Cost of sales were also impacted by higher depreciation and amortisation, higher government royalties, and lower stockpile adjustment credits. Higher other production and selling costs are primarily concentrate transport costs, which increased with higher volumes sold and higher unit freight costs.

On a Statutory basis, Site Operating Costs increased to \$223 million, principally as a result of the inclusion of Capricorn Copper for the period.

¹⁶ Details regarding 29Metals' zinc concentrate offtake contracts are set out in 29Metals' March 2022 quarter report released to the ASX announcements platform on 27 April 2022, a copy of which is available via 29Metals' website at: <https://www.29metals.com/investors/asx-announcements>.

Site Operating Costs (which comprises mining costs, processing costs and site services costs) increased 13% relative to the prior corresponding period on a Pro forma basis. Increased activity was a key driver, with mining and milling volumes increasing by 3% and 8% (respectively).

Industry-wide cost inflation pressures also contributed to the increase in Site Operating Costs. 29Metals' ability to control Site Operating Costs was due, in part, to not being exposed to the significant inflationary pressure of east coast energy prices as grid power to 29Metals' sites is not connected to the east coast electricity market, and also as a consequence of 29Metals' mines being high grade underground operations moderating the Group's exposure to inflationary costs linked to activity levels (for example, lower relative diesel consumption with lower total material movements).

Gross profit of \$31 million was \$8 million (34%) higher than the prior corresponding period and \$2 million (8%) higher on a Pro forma basis.

Depreciation and amortisation

For the 6 months ended 30 June		Statutory			Pro forma ¹	
		2022	2021	VAR	2021	VAR
Property, plant and equipment depreciation	\$'000	18,372	9,027	9,345	7,563	10,809
Mine properties depreciation and amortisation	\$'000	42,462	13,941	28,521	36,151	6,311
AASB16 leases amortisation	\$'000	16,490	10,634	5,856	14,233	2,257
Intangibles amortisation	\$'000	23	0	23	0	23
Total Depreciation and amortisation	\$'000	77,347	33,602	43,745	57,947	19,400

¹ Pro forma financial information is non-IFRS financial information. Refer to important information regarding the use of non-IFRS financial information in this report on page 10.

Depreciation and amortisation of \$77 million in the Reporting Period was \$44 million higher than the prior corresponding period and \$19 million higher on a Pro forma basis.

Higher depreciation and amortisation relative to the prior corresponding period is primarily a result of the inclusion of Capricorn Copper in the Reporting Period as well as additions to mine properties and property, plant and equipment in connection with the construction and utilisation of tailings storage facilities at both Golden Grove and Capricorn Copper.

Depreciation and amortisation increased by \$19 million on the prior corresponding period on a Pro forma basis, as a result of increased expenditure in connection with the construction and utilisation of tailings storage facilities at both Golden Grove and Capricorn Copper, as well as higher depreciation and amortisation on mine properties at Capricorn Copper consistent with higher activity levels.

Net profit after tax

For the 6 months ended 30 June		Statutory			Pro forma ¹	
		2022	2021	VAR	2021	VAR
Gross profit	\$'000	31,414	23,504	7,910	28,966	2,448
Other income	\$'000	127	52	75	336	(209)
Net gain/(loss) on derivative financial instruments	\$'000	(5,638)	5,513	(11,151)	(31,823)	26,185
Net foreign exchange gain/(loss)	\$'000	(3,295)	(4,463)	1,168	(2,812)	(483)
Administration expenses	\$'000	(14,449)	(2,940)	(11,509)	(11,236)	(3,213)
Other expenses	\$'000	0	0	0	(250)	250
Profit before net finance costs and income tax expense	\$'000	8,159	21,666	(13,507)	(16,819)	24,978
Net finance costs	\$'000	(6,771)	(18,676)	11,905	(5,474)	(1,297)
Profit before income tax expense	\$'000	1,388	2,990	(1,602)	(22,293)	23,681
Income tax (expense)/benefit	\$'000	(998)	(2,990)	1,992	9,082	(10,080)
Net profit/(loss) after tax ('NPAT')	\$'000	390	0	390	(13,212)	13,602

¹ Pro forma financial information is non-IFRS financial information. Refer to important information regarding the use of non-IFRS financial information in this report on page 10.

NPAT for the Reporting Period of \$0.4 million is after income tax expense of \$1 million, losses of \$6 million on derivative financial instruments and \$3 million of foreign exchange losses. In the prior corresponding period nil Statutory NPAT result is after adjustments to net assets attributable to the partners in GGLP.

Losses on derivative financial instruments are primarily unrealised losses reflecting the movement in the mark-to-market value of gold and copper hedges during the Reporting Period as a result of changes in commodity prices.

The gain on derivative financial instruments in the prior corresponding period related to Golden Grove gold hedges, resulting from the decline in gold prices during the period.

During the Reporting Period, 29Metals cash-settled copper hedges at Capricorn Copper and gold hedges at Golden Grove. The net impact of these settlements and movements in copper and gold prices over the Reporting period was a reduction in the value of derivative financial liabilities of \$15 million to \$16 million at 30 June 2022.

Outstanding hedges at 30 June 2022 were 3,204 tonnes of copper for delivery in 2022, and 37,020 ounces of gold for delivery from 2022 to 2025, as set out below.

OUTSTANDING HEDGES At 30 June 2022	Copper		Gold	
	Tonnes	\$/Tonne	Ounces	\$/Ounce
Jul-Dec 2022	3,204	8,999	6,996	2,590
Jan-Dec 2023	-	-	10,008	2,590
Jan-Dec 2024	-	-	10,008	2,590
Jan-Dec 2025	-	-	10,008	2,590

Net foreign exchange losses during the Reporting Period include an unrealised loss of \$3 million relating to the devaluation of the Australian dollar against the US dollar at period end. Unrealised losses on the Group's US dollar denominated borrowings were partly offset by gains on US dollar denominated cash balances.

Administration expenses of \$14 million includes \$11 million in costs relating to 29Metals corporate head office costs, and other expenses of \$3 million relating to off-site administration expenses for Golden Grove, Capricorn Copper and Redhill. Corporate head office costs for the Reporting Period were in line with the prior corresponding period on a Pro forma basis.

Net finance costs of \$7 million for the Reporting Period relate to interest charges on Drawn Debt. Net finance costs for the prior corresponding period of \$19 million include \$15m in distributions payable to the partners of GGLP.¹⁷

NPAT increased by \$14 million relative to the prior corresponding period on a Pro forma basis, attributable to higher gross profit described above and a \$26 million reduction in losses on derivative financial instruments primarily relating to copper hedges at Capricorn Copper.

Adjusted NPAT¹⁸ of \$7 million was \$9 million lower than the prior corresponding period and \$3 million lower than the prior corresponding period on a Pro forma basis.

A reconciliation of Adjusted NPAT to NPAT is set out below.

For the 6 months ended 30 June		Statutory			Pro forma ¹	
		2022	2021	VAR	2021	VAR
NPAT	\$'000	390	0	390	(13,212)	13,602
Add: Increase in net assets attributable to GGLP partners	\$'000	0	14,955	(14,955)	0	0
Add: unrealised (gain)/loss on derivative financial instruments	\$'000	5,516	(3,046)	8,562	31,193	(25,677)
Add: unrealised FX loss	\$'000	3,246	4,306	(1,060)	4,005	(759)
Add: reported tax expense / (credit)	\$'000	998	2,990	(1,992)	(9,082)	10,080
Less: tax expense related to above items	\$'000	(3,626)	(3,368)	(258)	(3,871)	245
Adjusted NPAT²	\$'000	6,524	15,837	(9,313)	9,033	(2,509)

¹ Pro forma financial information is non-IFRS financial information. Refer to important information regarding the use of non-IFRS financial information in this report on page 10.

² Adjusted NPAT is non-IFRS financial information metrics. Refer to important information regarding the use of non-IFRS financial information metrics in this report on page 10.

EBITDA¹⁹

EBITDA of \$94 million for the Reporting Period was \$40 million (75%) higher than EBITDA for the prior corresponding period, primarily as a result of the inclusion of Capricorn Copper's results in the Reporting Period and higher revenues partly offset by higher Site Operating Costs and concentrate transport costs, and a reduction in stockpile movement credits described above.

Compared to EBITDA in the prior corresponding period on a Pro forma basis, EBITDA was \$17 million (23%) higher, primarily reflecting the combination of higher revenue partly offset by higher Site Operating Costs and concentrate transport costs, and the reduction in stockpile movement credits.

¹⁷ Refer to Note 40 to the Group's Annual Consolidated Financial Report for the year ended 31 December 2021 for further information regarding distributions to the partners of GGLP in the prior corresponding period.

¹⁸ Adjusted NPAT is a non-IFRS financial information metric. Refer to important information regarding the use of non-IFRS financial information metrics in this report on page 10.

¹⁹ EBITDA is a non-IFRS financial information metric. Refer to important information regarding the use of non-IFRS financial information in this report on page 10.

A reconciliation of EBITDA to NPAT is set out below.

For the 6 months ended 30 June		Statutory			Pro forma ¹	
		2022	2021	VAR	2021	VAR
NPAT	\$'000	390	0	390	(13,212)	13,602
Add: Income tax expense/(benefit)	\$'000	998	2,990	(1,992)	(9,082)	10,080
Add: Net finance costs	\$'000	6,771	18,676	(11,905)	5,474	1,297
Add: Depreciation and amortisation	\$'000	77,347	33,602	43,745	57,947	19,400
Add: Unrealised foreign exchange loss	\$'000	3,246	4,306	(1,060)	4,005	(759)
Add: Net (gain)/loss on derivative financial instruments	\$'000	5,638	(5,513)	11,151	31,823	(26,185)
EBITDA	\$'000	94,390	54,061	40,329	76,956	17,434

¹ Pro forma financial information is non-IFRS financial information. Refer to important information regarding the use of non-IFRS financial information in this report on page 10.

Cashflows

For the 6 months ended 30 June		Statutory		
		2022	2021	VAR
Cashflow from operating activities	\$'000	108,781	40,317	68,464
Cashflow from investing activities	\$'000	(62,390)	(39,011)	(23,379)
Cashflow from financing activities	\$'000	(20,591)	(25,178)	4,587
Net increase/(decrease) in cash and equivalents	\$'000	25,800	(23,872)	49,672
Effects of movements in exchange rates on cash held	\$'000	5,456	1,089	4,367
Cash and equivalents at the beginning of the Reporting period	\$'000	197,472	107,215	90,257
Cash and equivalents at the end of the Reporting period	\$'000	228,728	84,432	144,296

Cashflows from operating activities of \$109 million were \$68 million higher than the prior corresponding period due to the inclusion of Capricorn Copper in the Reporting Period and higher prices, partly offset by an increase in payments of operating costs.

Cashflow from operating activities also included \$19 million in payments for settlement of derivative financial instruments during the Reporting Period.

Investing cash outflows of \$62 million were \$23 million higher than the prior corresponding period due to the inclusion of Capricorn Copper in the Reporting period.

Financing cash outflows of \$21 million related to AASB16 lease accounting and interest payments on Drawn Debt balances. Financing cash outflows in the prior corresponding period related to lease liabilities, and a combination of interest payments and principal repayments in relation to Drawn Debt balances of the Golden Grove Group of companies prior to the Restructure and IPO Transactions.

Indebtedness

As at		Statutory		
		30-Jun-2022	31-Dec-2021	VAR
Term loan facility (US\$ facility)	\$'000	213,220	200,971	12,249
Working capital facility (US\$ facility)	\$'000	0	0	0
Drawn Debt ¹	\$'000	213,220	200,971	12,249
Insurance premium funding	\$'000	0	646	(646)
Derivative financial liabilities	\$'000	16,407	31,259	(14,852)
Lease liabilities	\$'000	18,285	31,426	(13,141)
Financial liabilities (indemnity payable)	\$'000	12,512	12,500	12
Total Debt	\$'000	260,424	276,802	(16,378)
Cash and cash equivalents	\$'000	228,728	197,472	31,256
Cash backed indemnity amount	\$'000	12,512	12,682	(170)
Derivative financial assets	\$'000	0	1,541	(1,541)
Net Debt ¹	\$'000	19,184	65,107	(45,923)
(Net Cash) / Net Drawn Debt ¹	\$'000	(15,508)	3,499	(19,007)

¹ Drawn Debt, Net Debt, Net Cash and Net Drawn Debt are non-IFRS financial information metrics. Refer to important information regarding the use of non-IFRS financial information metrics in this report on page 10.

DIRECTORS' REPORT

At 30 June 2022, Net Cash was \$16 million (31 December 2021: \$3 million Net Drawn Debt), being Drawn Debt in relation to 29Metals term loan facility of \$213 million, less cash and cash equivalents of \$229 million²⁰. Net Debt was \$19 million (31 December 2021: \$65 million). The 30 June 2022 cash and cash equivalents balance of \$229 million included balances denominated in US\$ of \$111 million (US\$ 76 million), and balances denominated in AUD of \$118 million.

The Group's Drawn Debt was US\$150 million as at 30 June 2022 and was constant through the Reporting Period in US dollar terms. In Australian dollar terms, Drawn Debt increased to \$213 million at 30 June 2022, an increase of \$12 million from 31 December 2021, reflecting the depreciation of the Australian dollar over the Reporting period. Repayments of the term loan facility are scheduled to commence at the end of the September 2022 quarter. At 30 June 2022, the US\$40 million working capital facility remained fully undrawn.

Lease liabilities decreased \$13 million at 30 June 2022, reflecting a reduction in the remaining life for underground mining contracts.

Final settlement of stamp duty in relation to the acquisition of Golden Grove remained outstanding at the end of the Reporting Period. 29Metals' has maintained a \$26.4 million provision for stamp duty.

²⁰ Excludes cash balances set aside for rental security deposits and IPO proceeds retained by 29Metals under the Cash Backed Indemnity Deed. Refer to Note 39 of the Group's Annual Consolidated Financial Statements for the year ended 31 December 2021 for further information regarding the Cash Backed Indemnity Deed. 29Metals' Appendix 4E and Annual Financial Report for the year ended 31 December 2021 was released to the ASX announcements platform on 23 February 2022 and are available via the Company's website at: <https://www.29metals.com/investors/reports-presentations>.

Definitions for non-IFRS financial information metrics

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

METRIC	DEFINITION
Adjusted NPAT	is net profit after tax for the period attributable to members adjusted for the application of IFRS accounting standards by GGLP, unrealised gains and losses on derivative financial instruments, unrealised foreign exchange gains and losses, and the consequential tax expense arising from these adjustments. 29Metals uses this to understand the underlying profitability of the Group by excluding non-cash, unrealised movements recorded during the period. A reconciliation of Adjusted NPAT to NPAT is set out on page 16 of this report.
AISC	is <i>all-in sustaining costs</i> , and is calculated as C1 Costs plus royalties cost, corporate costs, sustaining capital and capitalised development costs, but excludes growth capital and exploration. AISC is cited 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 <i>copper equivalent contained metal</i> . 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 actual metallurgical recovery for the period and the following commodity prices: <ul style="list-style-type: none"> ▪ Cu: Mar-Qtr-21 US\$8,490/t, Jun-Qtr-21: US\$9,682/t, Mar-Qtr-22: US\$9,997/t, Jun-Qtr-22: US\$9,541/t ▪ Zn: Mar-Qtr-21 US\$2,749/t, Jun-Qtr-21: US\$2,913/t, Mar-Qtr-22: US\$3,753/t, Jun-Qtr-22: US\$3,933/t ▪ Au: Mar-Qtr-21 US\$1,794/oz, Jun-Qtr-21: US\$1,815/oz, Mar-Qtr-22: US\$1,878/oz, Jun-Qtr-22: US\$1,871/oz ▪ Ag: Mar-Qtr-21 US\$26.3/oz, Jun-Qtr-21: US\$26.6/oz, Mar-Qtr-22: US\$24.0/oz, Jun-Qtr-22: US\$22.7/oz ▪ Pb: Mar-Qtr-21 US\$2,017/t, Jun-Qtr-21: US\$2,123/t, Mar-Qtr-22: US\$2,336/t, Jun-Qtr-22: US\$2,206/t (Source: FactSet)
Drawn Debt	is amounts drawn under Group debt facilities, excluding bank guarantees issued under the Group bank guarantee facility, letters of credit ('LC') issued under the Group LC 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 EBITDA 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 the Group. A reconciliation of EBITDA to NPAT is set out on page 17.
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) less EMR Capital IPO proceeds retained by 29Metals under cash backed indemnity arrangements described in section 10.6.12.3 of the 29Metals Prospectus ²¹ . 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 Cash / 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. ²¹ 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.
Royalty & Other Selling Costs	is the sum of government royalties and other production and selling costs, including freight.
Site Operating Costs	is the sum of mining costs, processing costs and site services costs.

²¹ 29Metals Prospectus dated 21 June 2021, as released to the ASX announcements platform on 2 July 2021 (a copy of which is available via 29Metals' website at: <https://www.29metals.com/investors/asx-announcements>).

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

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HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income for the half-year ended 30 June 2022

Half-year ended 30 June	Note	2022	2021
		\$'000	\$'000
Revenue	5(a)	356,373	180,684
Cost of sales		(324,959)	(157,180)
Gross profit		31,414	23,504
Other income		127	52
Net (loss)/gain on derivative financial instruments	5(b)	(5,638)	5,513
Net foreign exchange loss	5(c)	(3,295)	(4,463)
Administration expenses		(14,449)	(2,940)
Operating profit		8,159	21,666
Finance income	6	143	2
Interest expense and other cost of finance	6	(6,914)	(18,678)
Net finance costs	6	(6,771)	(18,676)
Profit before income tax expense		1,388	2,990
Income tax expense	7	(998)	(2,990)
Net profit for the half-year		390	-
Net profit for the half-year after tax attributable to members of 29Metals Limited		390	-
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		117	-
Total comprehensive income for the half-year attributable to members of 29Metals Limited		507	-
Earnings per share (cents per share)			
Basic earnings per share	8(a)	0.08	N/a
Diluted earnings per share	8(b)	0.08	N/a

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

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position at 30 June 2022

	Note	30 June 2022 \$'000	31 December 2021 \$'000
Current assets			
Cash and cash equivalents		228,728	197,472
Trade and other receivables		3,938	40,189
Derivative financial assets		-	1,037
Inventories		89,494	76,118
Income tax receivable		18,024	15,042
Other financial assets		14,354	14,514
Prepayments		10,564	7,471
Total current assets		365,102	351,843
Non-current assets			
Prepayments		5,107	5,304
Derivative financial assets		-	504
Exploration and evaluation expenditure	10	31,644	45,463
Mine properties	11	598,255	605,284
Property, plant and equipment	12	240,122	235,956
Right-of-use assets		17,804	31,179
Intangible assets		145	168
Deferred tax assets	7(b)	38,480	39,478
Total non-current assets		931,557	963,336
Total assets		1,296,659	1,315,179
Current liabilities			
Trade and other payables		120,138	115,078
Interest-bearing liabilities		33,256	15,454
Derivative financial liabilities		11,028	31,259
Lease liabilities		14,766	27,731
Provisions		10,882	10,550
Total current liabilities		190,070	200,072
Non-current liabilities			
Interest-bearing liabilities		179,964	186,163
Derivative financial liabilities		5,379	-
Lease liabilities		3,519	3,695
Provisions		146,173	155,713
Total non-current liabilities		335,035	345,571
Total liabilities		525,105	545,643
Net assets		771,554	769,536
Equity			
Contributed equity		648,362	646,633
Reserves		1,789	1,890
Retained earnings		121,403	121,013
Total equity		771,554	769,536

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

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity for the half-year ended 30 June 2022

	Contributed Equity \$'000	Share-based payment Reserve \$'000	Translation Reserve \$'000	Retained Earnings \$'000	Total equity \$'000
For the half-year ended 30 June 2022					
Balance at 1 January 2022	646,633	1,941	(51)	121,013	769,536
Profit for the period	-	-	-	390	390
Other comprehensive income	-	-	117	-	117
Total comprehensive income	-	-	117	390	507
<i>Transactions with owners in their capacity as owners</i>					
Share-based payments	-	1,511	-	-	1,511
Share issues to settle share-based payments	1,729	(1,729)	-	-	-
Total transactions with owners in their capacity as owners	1,729	(218)	-	-	1,511
Balance as at 30 June 2022	648,362	1,723	66	121,403	771,554
For the half-year ended 30 June 2021					
Balance at 1 January 2021	-	-	-	-	-
Profit for the period	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance as at 30 June 2021	-	-	-	-	-

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

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows for the half-year ended 30 June 2022

Half-year ended 30 June	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from customers		411,392	187,008
Payments to suppliers, employees and others		(296,165)	(131,929)
Income taxes paid		(2,982)	(12,989)
Interest received	6	143	2
Payments for short-term leases and variable lease payments		(3,607)	(1,775)
Net cash flows from operating activities		108,781	40,317
Cash flows from investing activities			
Payments for property, plant and equipment		(28,572)	(13,740)
Proceeds from the sale of property, plant and equipment		-	52
Payments for development activities		(24,745)	(21,430)
Payments for exploration expenditure		(9,073)	(3,893)
Net cash flows (used in) investing activities		(62,390)	(39,011)
Cash flows from financing activities			
Repayment of borrowings		(646)	(7,937)
Repayment of lease liabilities		(16,255)	(9,422)
Interest and borrowing costs paid		(3,690)	(7,819)
Net cash flows (used in) financing activities		(20,591)	(25,178)
Net increase / (decrease) in cash and cash equivalents		25,800	(23,872)
Effect of movements in exchange rates on cash held		5,456	1,089
Cash and cash equivalents at 31 December		197,472	107,215
Cash and cash equivalents at 30 June		228,728	84,432

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

NOTES TO THE HALF-YEAR 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 from 2 July 2021.

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

The nature of operations and principal activities of 29Metals and its controlled entities (together, the 'Group') during the Reporting Period were 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 project located in southern Chile.

The Half-Year Consolidated Financial Statements have been authorised for issue in accordance with a resolution of the Directors dated 29 August 2022.

The Annual Consolidated Financial Statements of 29Metals and its controlled entities for the year ended 31 December 2021 is available from the Company's website (www.29metals.com) or upon request from the Company's registered office.

Note 2: Basis of preparation

The Half-Year Consolidated Financial Statements for the period ended 30 June 2022 are condensed financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

The Half-Year Consolidated Financial Statements do not include all the information and disclosures required in the Annual Consolidated Financial Statements, and should be read in conjunction with the Group's Annual Consolidated Financial Statements for the year ended 31 December 2021 and any public announcements made by 29Metals during the half-year ended 30 June 2022 in accordance with the continuous disclosure requirements of the ASX listing rules.

The Half-Year Consolidated Financial Statements:

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

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

Reverse acquisition

29Metals was registered on 27 May 2021 and was admitted to the official list of ASX on 2 July 2021. For accounting purposes, 29Metals became the parent company of the Group on 2 July 2021 which is the date effective control was obtained of Golden Grove, LP ('GGLP'), and its controlled entities (the 'GGLP Group'). This transaction was accounted for as a reverse acquisition ('Reverse Acquisition'). As such, the Consolidated Financial Statements at the date of acquisition represent the continuation of the operations of the accounting acquirer, being the GGLP Group.

GGLP is a limited partnership registered in New South Wales under the *Partnership Act 1982 (NSW)*.

Refer Note 34 of the Annual Consolidated Financial Statements for the financial year ended 31 December 2021 for further details of the Reverse Acquisition.

Presentation of comparative information

The results for the half-year ended 30 June 2022 comprise the Group results.

The comparative information presented in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash flows is that of the GGLP Group for the half-year ended 30 June 2021. The comparative information presented in the Consolidated Statement of Financial Position is that of the Group as at 31 December 2021.

Note 3: Accounting policies

Changes in accounting policies and mandatory Accounting Standards and Interpretations adopted during the half-year

The accounting policies adopted in the preparation of the Half-Year Consolidated Financial Statements are consistent with those followed in the preparation of the Group's Annual Consolidated Financial Statements for the year ended 31 December 2021. Several new and amended Accounting Standards and Interpretations apply for the first time in the Reporting Period but do not have an impact on the Half-Year Consolidated Financial Statements of the Group.

NOTES TO THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Note 4: Segment information

Identification of reportable segments

The Group has determined that it has three reportable segments: Golden Grove, Capricorn Copper and Exploration (which includes Redhill and 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
Capricorn Copper	Base and precious metals mining and mineral production activities
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 EBITDA¹.

A reconciliation of EBITDA to profit after tax is shown in Note 4(b). EBITDA is a non-IFRS financial information metric used by the Group's chief operating decision makers ('CODM') as 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 (as applicable), which is net of related treatment and refining charges, and shipping revenue. All segment revenues are from third parties. Segment assets exclude intercompany receivables. Segment liabilities exclude intercompany payables.

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

(a) Segment Results, Segment Assets and Segment Liabilities

	Golden Grove \$'000	Capricorn Copper \$'000	Exploration \$'000	Unallocated operations and adjustments \$'000	Total \$'000
<i>Half-year ended 30 June 2022</i>					
Revenue					
Copper concentrate	146,042	148,231	-	-	294,273
Zinc concentrate	82,630	-	-	-	82,630
Shipping revenue	10,032	-	-	-	10,032
Realised and unrealised fair value movements on receivables subject to QP adjustment	(16,074)	(14,488)	-	-	(30,562)
Total revenue	222,630	133,743	-	-	356,373
Result					
Segment EBITDA	70,585	35,675	(244)	(11,626)	94,390
<i>Items reported to CODM not included in EBITDA</i>					
Interest income	19	4	-	120	143
Interest expense	153	5	-	4,778	4,936
Depreciation and amortisation	43,659	33,483	-	205	77,347
Income tax expense	-	-	-	998	998
Segment assets and liabilities					
Segment assets	691,223	526,515	14,230	64,691	1,296,659
Segment liabilities	144,648	124,223	-	256,234	525,105
Net assets	546,575	402,292	14,230	(191,543)	771,554
Other segment information					
Capital expenditure	28,019	18,136	9,073	-	55,228

For the half-year ended 30 June 2021, there was one operating segment being the GGLP Group. The results of this segment were equivalent to the Half-Year Consolidated Financial Statements of the GGLP Group as a whole.

¹ 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/(benefit) and depreciation and amortisation.

NOTES TO THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Note 4: Segment information (continued)

(b) Reconciliation of EBITDA to Profit after Tax

Half-year ended 30 June	Note	2022 \$'000	2021 \$'000
EBITDA	4(a)	94,390	54,061
Depreciation and amortisation	4(a)	(77,347)	(33,602)
Net (loss)/gain on derivative financial instruments	5(b)	(5,638)	5,513
Net foreign exchange loss – unrealised	5(c)	(3,246)	(4,306)
Finance income	6	143	2
Interest expense and other cost of finance	6	(6,914)	(18,678)
Profit before tax		1,388	2,990
Income tax expense		(998)	(2,990)
Profit after tax		390	-

Note 5: Income and expenses

(a) Revenue

Half-year ended 30 June	Note	2022 \$'000	2021 \$'000
Revenue from sale of concentrate (point in time)		376,903	180,179
Revenue from shipping services (over time)		10,032	4,608
Total revenue from contracts with customers	5a(i)	386,935	184,787
Realised and unrealised fair value movements on receivables subject to QP adjustment		(30,562)	(4,103)
Total Revenue		356,373	180,684

(i) Revenue from contracts with customers by type of product/service

Copper concentrate		294,273	94,234
Zinc concentrate		82,630	52,644
HPM concentrate		-	33,301
Shipping revenue		10,032	4,608
		386,935	184,787

(b) Net (loss)/gain on derivative financial instruments

Realised (loss)/gain on derivative financial instruments		(122)	2,467
Unrealised (loss)/gain on derivative financial instruments		(5,516)	3,046
		(5,638)	5,513

(c) Net foreign exchange loss

Realised loss on foreign exchange		(49)	(157)
Unrealised loss on foreign exchange		(3,246)	(4,306)
		(3,295)	(4,463)

NOTES TO THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Note 6: Net finance costs

Half-year ended 30 June	Note	2022 \$'000	2021 \$'000
Interest income		143	2
Finance income		143	2
Change in net assets attributable to the Partners of Golden Grove, LP	16	-	(14,955)
Interest expense		(4,936)	(2,225)
Interest expense on lease liabilities		(457)	(523)
Unwinding of discount on provision for rehabilitation		(1,365)	(975)
Other		(156)	-
Interest expense and other cost of finance		(6,914)	(18,678)
Net finance costs		(6,771)	(18,676)

Note 7: Taxes

(a) Income tax expense

Half-year ended 30 June	2022 \$'000	2021 \$'000
Reconciliation of income tax expense to accounting profit:		
Accounting profit before income tax	1,388	2,990
Income tax expense at the Australian tax rate of 30% (2021: 30%)	(416)	(897)
(Increase)/decrease in income tax expense due to:		
Non-deductible expenses	(611)	-
Adjustment in respect of income and deferred tax of prior year	29	2,393
Increase in net assets attributable to the Partners of GGLP	-	(4,486)
Income tax expense	(998)	(2,990)

(b) Deferred tax assets

	30 June 2022 \$'000	31 December 2021 \$'000
Movement in net deferred tax assets		
Opening balance 1 January	39,478	(41,561)
(Debited)/credited to profit or loss	(998)	109,270
Charged to equity	-	5,202
Acquired through business combination	-	(33,416)
Other	-	(17)
Closing balance	38,480	39,478

The Group's deferred tax assets at 30 June 2022 include \$14,577 thousand relating to tax losses carried forward (31 December 2021: \$13,065 thousand). The Group has assessed forecast business performance and continued to recognise a net deferred tax asset which includes tax losses and other deductible timing differences, on the basis that it is probable the Group will generate sufficient future taxable profit in the future to utilise the recognised deferred tax asset. The Group's estimates regarding future taxable profits are based on various assumptions and estimates, including estimated future production and sales volumes under existing offtake agreements, and long-term commodity prices and foreign exchange rates based on broker consensus forecasts, and future operating costs, restoration costs, and capital expenditure. Changes in these estimates and assumptions may impact the amount of deferred tax assets recognised in the statement of financial position in future periods.

NOTES TO THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Note 8: Earnings per share

(a) Basic earnings per share

Half-year ended 30 June	2022	2021
Net profit after tax attributable to ordinary shareholders (\$'000)	390	N/a
Weighted average number of ordinary shares	481,031,261	N/a
Basic earnings per ordinary share (cents)	0.08	N/a

(b) Diluted earnings per share

Half-year ended 30 June	2022	2021
Net profit after tax attributable to ordinary shareholders (\$'000)	390	N/a
Weighted average number of ordinary shares adjusted for the effects of dilution	484,440,648	N/a
Diluted earnings per ordinary share (cents)	0.08	N/a

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

Half-year ended 30 June	2022	2021
Weighted average number of ordinary shares (basic)	481,031,261	N/a

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

Half-year ended 30 June	2022	2021
Weighted average number of ordinary shares (basic)	481,031,261	N/a
Performance rights on issue at 30 June 2022	3,409,387	N/a
Weighted average number of ordinary shares (diluted)	484,440,648	N/a

Note 9: Dividends

During the half-year ended 30 June 2022

There were no dividends paid to shareholders during the six months ended 30 June 2022 (2021: \$nil).

After 30 June 2022

On 29 August 2022, the Directors determined to pay an interim fully franked dividend of 2 cents per share totalling \$9,627 thousand to be paid on 14 October 2022. The financial effect of this dividend has not been brought to account in the Half-Year Consolidated Financial Statements and will be recognised in the annual consolidated financial statements for the Group.

NOTES TO THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Note 10: Exploration and evaluation expenditure

	Note	30 June 2022 \$'000	31 December 2021 \$'000
Balance at 1 January		45,463	25,975
Addition from asset acquisition		-	12,098
Expenditure for the period		9,073	7,979
Transferred to mine properties	11	(22,896)	(573)
Foreign currency exchange difference		4	(16)
Balance at the end of the period		31,644	45,463

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine properties. No impairment adjustment was required for the capitalised exploration and evaluation expenditure transferred to mine properties.

Note 11: Mine properties

	Note	30 June 2022 \$'000	31 December 2021 \$'000
Net book value			
Balance at 1 January		605,284	210,831
Development expenditure incurred during the period		23,577	50,058
Transfers from exploration and evaluation assets	10	22,896	573
Transfers from property, plant and equipment	12	-	5,222
Addition from business combination		-	370,377
Movements in rehabilitation obligations		(11,040)	20,829
Depreciation during the period		(42,462)	(52,606)
Balance at the end of the period		598,255	605,284
Net carrying amount			
Gross carrying amount – at cost		765,251	729,818
Accumulated depreciation		(166,996)	(124,534)
Net carrying amount		598,255	605,284

During the half-year to 30 June 2022, 29Metals reported its 31 December 2021 Mineral Resources and Ore Reserves estimates, prepared and reported in accordance with the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (2012 Edition) (the 'JORC Code'). 29Metals' 31 December 2021 Mineral Resources and Ore Reserves estimates, including competent persons' statements and JORC Code table disclosures are available via 29Metals' website at <https://www.29metals.com/investors/presentations-reports>.

The updated Mineral Resources and Ore Reserves estimates do not have a material impact on the Group life of mine plans or depreciation and amortisation expense.

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

NOTES TO THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Note 12: Property, plant & equipment

	Note	Land and buildings \$'000	Plant and machinery \$'000	Capital work in progress \$'000	Total \$'000
As at 30 June 2022					
Gross carrying amount – at cost					
Balance at 1 January		45,077	249,971	35,290	330,338
Additions		-	-	22,578	22,578
Transfers		1,090	20,069	(21,159)	-
Disposal		-	(565)	-	(565)
Balance at 30 June		46,167	269,475	36,709	352,351
Accumulated depreciation					
Balance at 1 January		(16,062)	(78,320)	-	(94,382)
Depreciation for the half-year		(1,680)	(16,692)	-	(18,372)
Disposal		-	525	-	525
Balance at 30 June		(17,742)	(94,487)	-	(112,229)
Net book value		28,425	174,988	36,709	240,122
As at 31 December 2021					
Gross carrying amount – at cost					
Balance at 1 January		34,445	143,464	40,033	217,942
Additions		534	918	39,498	40,950
Acquisitions through business combinations		9,175	62,900	4,593	76,668
Transfers		923	42,689	(43,612)	-
Transfers to mine properties	11	-	-	(5,222)	(5,222)
Balance at 31 December		45,077	249,971	35,290	330,338
Accumulated depreciation					
Balance at 1 January		(13,155)	(60,794)	-	(73,949)
Depreciation for the year		(2,907)	(17,526)	-	(20,433)
Balance at 31 December		(16,062)	(78,320)	-	(94,382)
Net book value		29,015	171,651	35,290	235,956

Note 13: Financial instruments

Fair value measurement

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

	30 June 2022 \$'000	31 December 2021 \$'000
Assets measured at fair value – Level 2		
- Trade receivables	1,525	36,182
- Derivative financial assets	-	1,541
	1,525	37,723
Liabilities measured at fair value – Level 2		
- Trade payables (QP payable)	3,245	-
- Derivative financial liabilities	16,407	31,259
	19,652	31,259

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements during the half-year ended 30 June 2022 or the comparative half-year ended 30 June 2021.

The carrying values of financial assets and financial liabilities recorded in the financial statements materially approximates their respective fair values, determined in accordance with the accounting policies disclosed in the Group's Annual Consolidated Financial Statements for the year ended 31 December 2021.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the half-year ended 30 June 2022 or the comparative half-year ended 30 June 2021.

NOTES TO THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Note 14: Share-based payments

(a) Performance rights awarded during the half-year ended 30 June 2022

During the half-year ended 30 June 2022, 29Metals awarded the following performance rights:

- (i) 2022 long term incentive award ('2022 LTI award')

Award date	
18 March 2022	29Metals granted 1,685,482 performance rights to key management personnel and employees of the Group
24 May 2022	328,467 performance rights were granted under the 2022 LTI award to the Managing Director & Chief Executive Officer

The performance period, vesting date and performance conditions for the 2022 LTI award are as follows:

Vesting date	31 December 2024
Performance period	Period commencing 1 January 2022 and ending 31 December 2024
Performance conditions and weighting	<ul style="list-style-type: none"> ▪ Continued service through to vesting date ▪ 29Metals' relative total shareholder return (weighting: 80%) ▪ 29Metals' development and implementation of a three-year roadmap for the Company to adopt recommendations of the Taskforce for Climate-related Financial Disclosure and establishment and delivery against climate-related targets and commitments, assessed 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

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

- (ii) 2021 long term incentive award ('2021 LTI award') – awarded 24 May 2022

During the 2021 financial year, 182,926 performance rights under the 2021 LTI award were awarded to the Managing Director & Chief Executive Officer, subject to shareholder approval. At the Company's AGM on 24 May 2022, this award of performance rights to the Managing Director & Chief Executive Officer was approved by the Company's shareholders.

Refer to Note 35 of the Annual Consolidated Financial Statements of 29Metals and its controlled entities for the year ended 31 December 2021 for terms and conditions of the 2021 LTI award.

(b) Staff Offer Incentive Plan ('SOP') Tranche 1

On 25 February 2022, 864,391 Performance Rights awarded to eligible employees under 29Metals' *Staff Offer Incentive Plan* were converted to fully paid ordinary shares upon vesting. On the vesting date, \$1,729 thousand was transferred from Share-based payment Reserve to Contributed Equity.

(c) Staff Offer Incentive Plan Tranche 2 and 2021 LTI award granted in the year ended 31 December 2021

Refer to Note 35 of the Annual Consolidated Financial Statements of 29Metals and its controlled entities for the year ended 31 December 2021 for terms and conditions of the Staff Offer Incentive Plan Tranche 2 and 2021 LTI Plan.

(d) Recognised share-based payment expenses

During the half-year ended 30 June 2022, \$1,511 thousand (30 June 2021: N/a) performance rights was recognised in Employee expenses in the Consolidated Statement of Comprehensive Income.

(e) Movements in the number of performance rights awarded

Set out in the table below is a summary of movements in the number of Performance Rights awarded:

Number of Performance Rights	SOP Tranche 1	SOP Tranche 2	2021 LTI	2022 LTI	Total
Balance at 1 January 2022	893,233	884,618	508,178	N/a	2,286,029
Awarded during the period	-	-	182,926 ¹	2,013,949	2,196,875
Lapsed during the period	(28,842)	(93,896)	(14,534)	(71,854)	(209,126)
Vested during the period	(864,391)	-	-	-	(864,391)
Balance at 30 June 2022	-	790,722	676,570	1,942,095	3,409,387

¹ Refer Note 14(a)(ii).

NOTES TO THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Note 15: Contingent liabilities

(a) Bank Guarantees

The Group has provided an environmental bond, as required under relevant Queensland legislation, in relation to Capricorn Copper operations. 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 (31 December 2021: \$57,464 thousand).

In addition, the Group has provided bank guarantees totalling \$1,940 thousand to suppliers and for rental premises (31 December 2021: \$305 thousand).

(b) Other Contingent Liabilities

29Metals is a co-plaintiff in legal proceedings in the Supreme Court of Victoria in relation to historic transaction terms between EMR Capital Investment (No.6B) Pte Ltd and the vendors of shares in Lighthouse Minerals Pty Ltd, and associated security arrangements. 29Metals' liability in relation to these proceedings is the subject of a Cash Backed Indemnity Deed whereby EMR Capital Investment (No.6B) Pte Ltd indemnifies 29Metals (the 'Indemnity Deed'). Under the terms of the Indemnity Deed, 29Metals retained \$13 million of EMR Capital Investment (No.6B) Pte Ltd's share of IPO proceeds to cash-back the indemnity.

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 16: Net assets attributable to partners in Golden Grove, LP

Non-current liabilities

	Note	2021 \$'000
Balance at 1 January 2021		168,599
Changes in net assets attributable to the Partners in Golden Grove, LP	6	14,955
Balance at 30 June 2021		183,554
Settlement of partner liabilities as a result of the Reverse Acquisition on 2 July 2021		(183,554)
Balance at 31 December 2021		-

GGLP, the head entity of the GGLP 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, net assets attributable to partners comprise capital contributions from partners and undistributed profits within the GGLP Group allocated to partners. Net assets attributable to partners were classified as a financial liability as GGLP was a limited life entity. Limited partners had a priority return on liquidation and the Partnership Agreement restricted any residual return to the carried interest holder.

Note 17: 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 \$2,843 thousand (31 December 2021: \$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.

Take or pay contracts

The Group has certain take or pay obligations under contracts relating to the power supply for its Capricorn Copper operations. These contracts are multi-year contracts with an aggregate future take or pay commitment amount of \$33,003 thousand as at 30 June 2022 (30 June 2021: N/a).

NOTES TO THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Note 18: Subsequent events

As noted in Note 9, on 29 August 2022 the Directors determined to pay an interim fully franked dividend of 2 cents per share totalling \$9,627 thousand to be paid on 14 October 2022. The financial effect of this dividend has not been brought to account in the consolidated financial statements in the Reporting Period and will be recognised in the annual consolidated financial statements for the Group.

Apart from the above, in the interval between 30 June 2022 and the date of this report, no item, transaction or event of a material and unusual nature likely has arisen which, in the opinion of the Directors, is likely 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.

Note 19: Business combination

29Metals became the legal parent company of the GGLP Group 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 Reverse Acquisition. Refer Note 34 in the Annual Consolidated Financial Statements for the year ended 31 December 2021 for further details.

The business combination was accounted for on a provisional basis in the Annual Consolidated Financial Statements for the year ended 31 December 2021. The accounting for the business combination was finalised at 30 June 2022 with no adjustments being required to the provisional fair values of assets acquired and liabilities assumed.

The Group expects that if the business combination would have occurred on 1 January 2021, the acquisitions would have generated revenue and other income of \$108,835 thousand and loss before tax of \$31,634 thousand for the period 1 January 2021 to 30 June 2021.

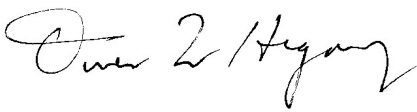
DIRECTORS' DECLARATION

Directors' Declaration

In the opinion of the Directors:

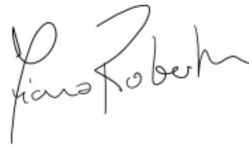
- (a) the Half-Year Consolidated Financial Statements and notes are in accordance with the *Corporations Act 2001*, and:
 - (i) give a true and fair view of the financial position of the Group as at 30 June 2022 and of the performance of the Group for the six months ended on that date; and
 - (ii) comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and payable.

This declaration is made in accordance with a resolution of the Directors on 29 August 2022.



OWEN HEGARTY

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



FIONA ROBERTSON

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



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

Conclusion

We have reviewed the accompanying half-year financial report of 29Metals Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Directors' responsibilities for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Ernst & Young

Fiona Drummond
Partner
Perth

29 August 2022

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