

23 February 2023

# 2022 Full Year Financial Results

29Metals Limited ('29Metals' or the 'Company') today released its Appendix 4E and Annual Financial Report for the year ended 31 December 2022 (the '2022 Financial Results') for 29Metals and its controlled entities (the 'Group').

This release is a summary of information reported in, and should be read in conjunction with, the 2022 Financial Results separately released today. Information included in this release regarding the prior period (the year ended 31 December 2021) includes pro forma financial information.<sup>1</sup> Unless otherwise stated, all references to the prior period are references to reported statutory financial results which included Capricorn Copper for part of the year (July to December 2021).

## Solid operating result against challenging backdrop

- **Improved safety and production**, with Group TRIFR improving to 9.8/mwhrs (2021: 12.0/mwhrs) and production of 73.4kt Cu-eq (2021: 57.8kt), despite industry-wide challenges from labour absenteeism
- **Revenue improved to \$721 million** (2021: \$601 million), with higher copper and zinc production and higher A\$ metal prices
- **Costs of sales higher at \$717 million** (2021: \$464 million), reflecting higher activity year-on-year, cost inflation across the sector and labour market pressures (particularly in Western Australia)
- **Higher operating cash flow of \$156 million** (2021: \$75 million) and **EBITDA<sup>2</sup> of \$152 million** (2021: \$177 million) was solid, with revenue partly offsetting the impact of higher costs for the period
- **Net loss after tax of \$47 million** (2021: NPAT of \$121 million), incorporating accounting charges for realised and unrealised losses on derivatives and materially higher D&A
- **Strong balance sheet and Total Liquidity** with copper hedges closed. Net Drawn Debt of \$26 million (2021: \$3 million) and cash and undrawn facilities of \$231 million at 31 December 2022 (31 December 2021: \$252 million) after investments in growth, the interim dividend at the HY (\$9.6 million) and close out of copper hedges (\$28 million)<sup>2</sup>
- **Advanced the Company's pipeline of organic growth opportunities**, prioritising *in-mine* and *near-mine* growth, with Gossan Valley and Cervantes studies results released during the Dec-Qtr and increases in Mineral Resources and Ore Reserves estimates reported separately today.

### Summary of results

Year ended 31-Dec	Units	Statutory			Pro forma <sup>1</sup>	
		2022	2021	VAR	2021	VAR
Copper metal produced	kt	40.8	30.6	10.2	40.7	0.1
Zinc metal produced	kt	57.6	47.8	9.8	47.8	9.8
Gold metal produced	koz	26.6	35.8	(9.2)	35.8	(9.2)
Silver metal produced	koz	1,555	1,641	(86)	1,766	(211)
Cu-eq <sup>2</sup>	kt	73.4	57.8	15.6	68.2	5.2
Revenue <sup>3</sup>	\$'000	720,688	600,762	119,926	709,597	11,091
Operating cashflow	\$'000	155,690	75,098	80,592	Not reported	NA
EBITDA <sup>2</sup>	\$'000	151,579	177,291	(25,712)	254,066	(102,487)
Cost of sales (including D&A)	\$'000	(716,799)	(464,118)	(252,681)	(561,303)	(155,496)
NPAT	\$'000	(47,222)	121,013	(168,235)	34,336	(81,558)
DPS <sup>4</sup>	cents	2.0 <sup>5</sup>	NA	NA	Not reported	NA
Average Copper price <sup>6</sup>	US\$/t	8,823	9,305	(482)	9,305	(482)
Average Exchange rate <sup>6</sup>	AUD:USD	0.695	0.752	(0.057)	0.752	(0.057)

#### Notes:

- <sup>1</sup> Pro forma information is non-IFRS financial information. Refer to page 8 for important information regarding the use of non-IFRS financial information in this release.
- <sup>2</sup> Revenue comprises revenue for all mineral concentrate sales, inclusive of final shipment invoice and quotational period ('QP') adjustments, and after treatment and refinement charges ('TCRCs').
- <sup>3</sup> Cu-eq and EBITDA are non-IFRS financial information metrics. Refer to page 8 for important information regarding the use of non-IFRS financial information in this release.
- <sup>4</sup> Dividends per share for the period.
- <sup>5</sup> Interim dividend determined at HY of \$0.02 per share (fully franked).
- <sup>6</sup> Copper price and foreign exchange rate cited are the average rate for the relevant period (Source: FactSet).

<sup>1</sup> Pro forma financial information is non-IFRS financial information. Refer to page 8 for important information regarding the use of non-IFRS financial information in this release.

<sup>2</sup> EBITDA, Total Liquidity and Net Drawn Debt are non-IFRS financial information metrics. Refer to page 8 for important information regarding the use of non-IFRS financial information in this release.

**Commenting on the 2022 full year financial results, Managing Director & Chief Executive Officer, Peter Albert, said:**

“2022 was 29Metals’ first full calendar year as a listed company, set against a challenging backdrop for the sector, with the combined impact of COVID-19 (including increased absenteeism), very low unemployment rates and border closures in the context of an already tight labour market, and the acceleration of costs inflation, particularly in the second half.

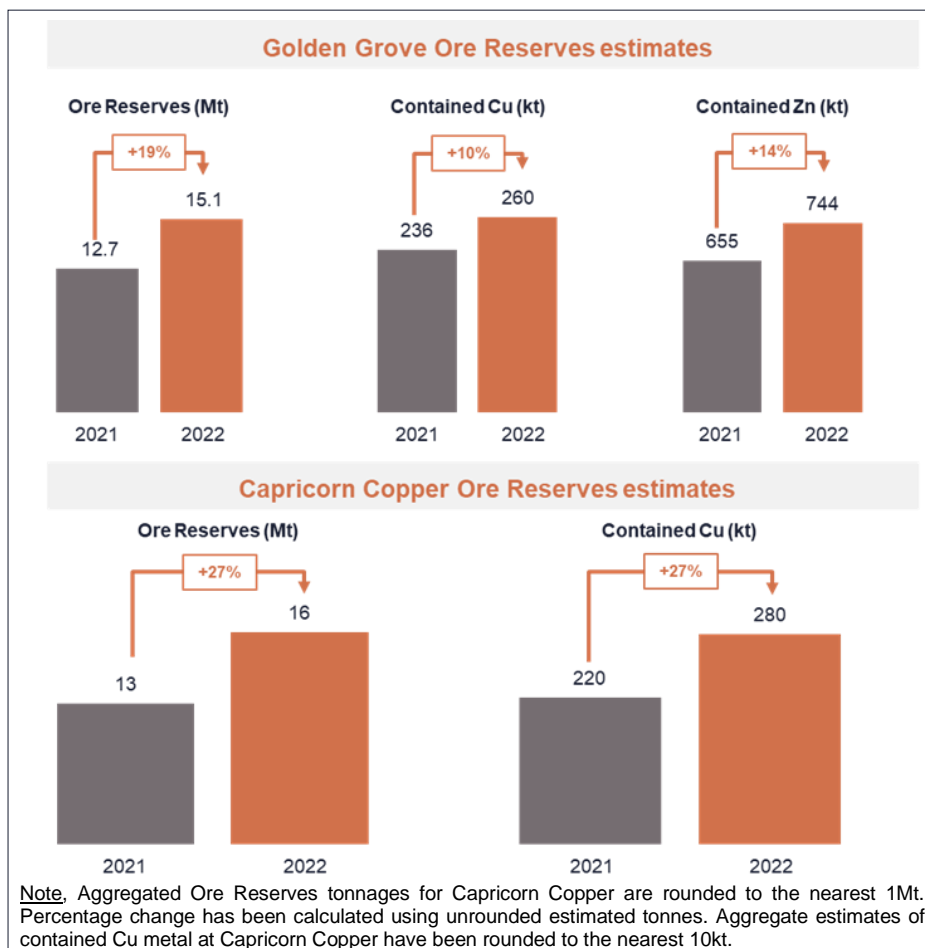
Against this backdrop, 29Metals operating results for the year were solid.

As reported at the December 2022 quarter, there was a significant improvement in safety performance across the year, with TRIFR dropping below 10 on a 12-month rolling basis.

Copper metal production was up marginally, and zinc metal produced increased materially as we mined a higher proportion of zinc ore at higher grades at Golden Grove. This production result was delivered after changes were implemented in our mine plans to mitigate the impact of labour shortages and lower than plan development rates.

We also made important progress on our pipeline of organic growth opportunities, prioritising the in-mine and near-mine opportunities in the portfolio – completing studies for Gossan Valley and Cervantes, with a clear plan to advance both projects in 2023, as well as achieving excellent results with the drill bit at both Golden Grove and Capricorn Copper.

Our updated Mineral Resources and Ore Reserves estimates, also reported today, demonstrate the quality of 29Metals’ assets and the continuing growth potential, with increases in estimates of Mineral Resources and Ore Reserves tonnes at both operating mines, as well as contained metal.



In the context of the challenging environment, the financial performance was mixed, with higher revenue, on higher production and prices being offset by higher costs driven by increased activity and cost inflation.

Operating cashflow and EBITDA results were solid. However, the net loss for the period was disappointing, heavily impacted by accounting adjustments including a significant increase in D&A principally on higher utilisation of tailings capacity and the continuing impact of copper hedges which are now fully retired.

Our expectation is that the impacts of labour absenteeism will materially abate in 2023, and our focus is firmly on improving operating margins through cost and capital discipline, albeit in challenging markets with the continuing threat of inflationary pressures, which emerged in 2022.

The balance sheet remains strong, with substantial liquidity.

During the year we were delighted to pay our first dividend to shareholders, an interim dividend of 2 cents per share (fully franked). The Board remains committed to delivering sustainable returns to shareholders. However, in the context of the near-term challenges at our operations, but with high confidence in resolving issues in H1, the Board has determined that there will be no final dividend at the full year, but will reconsider for the 2023 half year.

Looking ahead, 2023 is a very important year for 29Metals. In our December 2022 quarterly report, we outlined the key drivers for our performance in 2023 – development rates, ventilation, regulatory approvals, costs management and capital discipline – these, along with a continuing focus on health and safety, will be the key drivers to executing our plan in 2023.

We also have important milestones in our organic growth pipeline as we commence the approvals process for Gossan Valley, look to continue our drilling success at Cervantes, and progress evaluation of our exciting cobalt opportunity at Capricorn Copper.

## 2022 Financial Results

### Revenue

Year ended 31 December	Units	Statutory			Pro forma <sup>1</sup>	
		2022	2021	Var	2021	Var
Copper concentrate	\$'000	516,475	421,758	94,717	535,398	(18,923)
Zinc concentrate	\$'000	181,627	124,668	56,959	124,668	56,959
Lead concentrate	\$'000	0	40,076	(40,076)	40,076	(40,076)
Shipping revenue <sup>2</sup>	\$'000	15,911	7,351	8,560	7,351	8,560
QP price adjustment	\$'000	6,675	6,909	(234)	2,104	4,571
<b>Total revenue <sup>3</sup></b>	<b>\$'000</b>	<b>720,688</b>	<b>600,762</b>	<b>119,926</b>	<b>709,597</b>	<b>11,091</b>
<i>Copper metal revenue as a % of Total revenue</i>	%	59.4	58.6	0.8	64.5	(5.1)
<i>TCRCs netted off against revenue</i>	\$'000	78,209	55,005	23,204	60,141	18,068

Notes:

- <sup>1</sup> Pro forma information is non-IFRS financial information. Refer to page 8 for important information regarding the use of non-IFRS financial information in this release.
- <sup>2</sup> A portion of revenue from concentrate sales delivered on a *Cost Insurance and Freight ('CIF')* basis is reported as *Shipping revenue*.
- <sup>3</sup> Total concentrate revenue is reported net of TCRCs.

Revenue for the Reporting Period was \$721 million. This represented a 20% increase in revenue against the statutory result for the prior period (2021: \$601 million), reflecting the inclusion of revenue from Capricorn Copper for the full Reporting Period, materially higher zinc production and higher A\$ metal prices, partly offset by higher TCRCs.

The higher TCRCs for the period of \$78 million (2021: \$55 million) reflects the increase in copper and zinc concentrate volumes for the period combined with higher zinc TCs. Higher zinc TCs include the impact of TC escalators linked to the zinc price under 29Metals' zinc concentrate offtake contracts. <sup>3</sup>

29Metals' sales mix continued to be copper dominant, with revenue from copper metal constituting 59% of total revenue by metal (2021: 65%, on a pro forma basis).

### Cost of sales

Year ended 31 December	Units	Statutory			Pro forma <sup>1</sup>	
		2022	2021	VAR	2021	VAR
Site Operating Costs <sup>2</sup>	\$'000	(475,294)	(345,392)	(129,902)	(415,925)	(59,369)
D&A	\$'000	(188,989)	(100,113)	(88,876)	(124,457)	(64,532)
Stockpile movements	\$'000	17,995	25,580	(7,585)	35,231	(17,236)
Royalties & Other Selling Costs <sup>2,3</sup>	\$'000	(70,511)	(44,193)	(26,318)	(56,152)	(14,359)
<b>Cost of sales</b>	<b>\$'000</b>	<b>(716,799)</b>	<b>(464,118)</b>	<b>(252,681)</b>	<b>(561,303)</b>	<b>(155,496)</b>
<b>C1 Costs <sup>1</sup></b>	<b>US\$/lb</b>	<b>\$2.46</b>	<b>NA</b>	<b>NA</b>	<b>\$2.12</b>	<b>\$0.34</b>
<b>AISC <sup>1</sup></b>	<b>US\$/lb</b>	<b>\$3.64</b>	<b>NA</b>	<b>NA</b>	<b>\$3.41</b>	<b>\$0.23</b>

Notes:

- <sup>1</sup> Pro forma information is non-IFRS financial information. Refer to page 8 for important information regarding the use of non-IFRS financial information in this release.
- <sup>2</sup> Site Operating Costs, Royalties & Other Selling Costs, C1 Costs and AISC are non-IFRS financial information metrics. Refer to page 8 for important information regarding the use of non-IFRS financial information in this release.
- <sup>3</sup> Royalties & Other Selling Costs includes government royalties and freight costs.

Cost of sales for the Reporting Period was 54% higher year-on-year at \$717 million (2021: \$464 million). The increase reflects a combination of the inclusion of Capricorn Copper for the full Reporting Period (relative to the prior period), higher activity and the impact of cost escalation experienced across the sector (particularly in the second half of the year). The increase in cost of sales was also significantly impacted by D&A expense (discussed further below).

### EBITDA <sup>4</sup>

EBITDA was \$152 million for the Reporting Period (2021: \$177 million), with increased revenue partly offsetting higher costs of sales.

<sup>3</sup> Information regarding the TC escalators under 29Metals' zinc concentrate offtake contracts are set in 29Metals' quarterly report for the Mar-2022 quarter released to the ASX announcements platform on 27 April 2022 (a copy of which is available on 29Metals' website at: <https://www.29metals.com/investors/reports-presentations>).

<sup>4</sup> EBITDA is a non-IFRS financial information metric. Refer to page 8 for important information regarding the use of non-IFRS financial information in this release.

## Depreciation and amortisation

D&A was substantially higher at \$189 million (2021: \$100 million). D&A was guided to increase year-on-year (which included a full year of Capricorn Copper D&A and planned investment in tailings storage facility ('TSF') capacity expansions at both operating sites).

The additional increase in D&A for the full year reflects the impact of higher TSF utilisation as a result of lower placement of backfill underground at both operating sites, resulting in an acceleration of utilisation of capacity in the TSFs, as well as accelerated depreciation following review of tailings asset carrying values at year-end.

D&A for the year ended 31 December	Units	Statutory			Pro forma <sup>1</sup>	
		2022	2021	VAR	2021	VAR
PPE	\$'000	63,823	20,433	43,390	22,993	40,874
Mine properties	\$'000	92,756	52,606	40,150	69,594	23,162
AASB16 leases amortisation	\$'000	32,774	27,074	5,700	31,871	903
Intangibles amortisation	\$'000	46	11	35	11	35
<b>Total D&amp;A <sup>2</sup></b>	<b>\$'000</b>	<b>189,399</b>	<b>100,124</b>	<b>89,275</b>	<b>124,468</b>	<b>64,931</b>

Notes:

- Pro forma financial information is non-IFRS financial information. Refer to page 8 for important information regarding the use of non-IFRS financial information in this release.
- Total D&A for the Reporting Period includes \$0.4 million (2021: \$0.0 million) of D&A on corporate assets (not included in cost of sales).

The Group's D&A, specifically for PPE, reflects the need to undertake incremental lifts at both sites to meet capacity requirements, typically over a 12 – 24-month period. Work is underway at both sites to transition to life of mine TSF solutions.

## NPAT

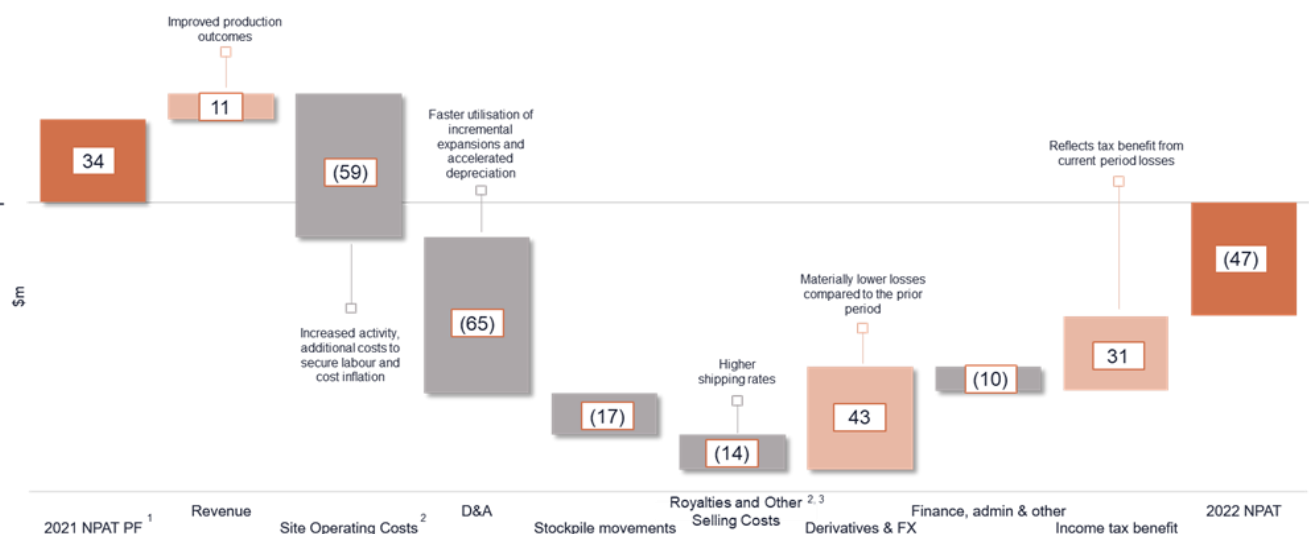
The result for the period is a net loss after tax of \$47 million (2021: NPAT of \$121 million). This compares to a NPAT in the prior period, on a pro forma basis, of \$34 million.

The net loss reflects the combined significant impacts of higher costs from inflationary pressures and accounting charges for D&A as well as the continuing impact of losses on copper and gold hedges and foreign exchange losses on US\$ denominated debt (partly offset by gains on US\$ denominated cash balances). Higher shipping costs, and finance and administration expenses, also contribute to the result.

The NPAT loss was partially offset by an income tax benefit for the Reporting Period, reflecting the Group's expectation of recovering accumulated tax losses in future periods.

A summary of the changes to key items in the Statement of Financial Performance, period on period, illustrating the movement in NPAT from the 2021 pro forma result to the 2022 NPAT loss is shown in the chart below.

### NPAT bridge



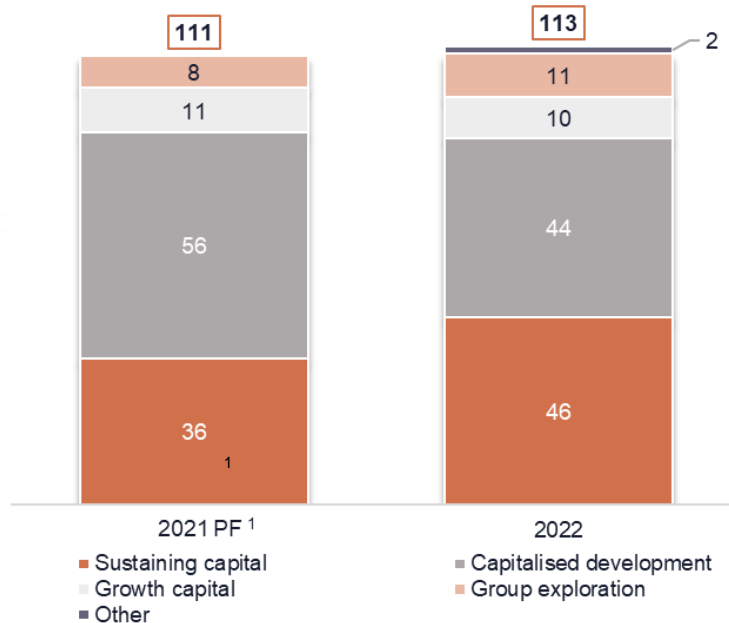
Notes:

- Pro forma financial information is non-IFRS financial information. Refer to page 8 for important information regarding the use of non-IFRS financial information in this release.
- Site Operating Costs and Royalties & Other Selling Costs are non-IFRS financial information metrics. Refer to page 8 for important information regarding the use of non-IFRS financial information metrics in this release.
- Royalties and Other Selling Costs includes government royalties and freight costs.

As noted below, the copper hedgebook was closed out during the Reporting Period, resulting in cash outflows of \$28 million. Copper hedge settlements will not, therefore, impact the Group's results going forward.

## Capital

Total capital spend during the Reporting Period was \$113 million in line with the prior period (2021: \$111 million, on a pro forma basis).



Notes:

1. Pro forma financial information is non-IFRS financial information. Refer to page 8 for important information regarding the use of non-IFRS financial information in this release.

Sustaining capital of \$46 million in the Reporting Period was higher than the prior period (2021: \$36 million, on a pro forma basis), due to incremental lifts on existing TSFs and investment in ventilation infrastructure at both operations. Growth capital of \$10 million in the Reporting Period was in line with the prior period (2021: \$11 million, on a proforma basis) and was related to construction of the paste plant at Golden Grove.

Capitalised development was \$12 million lower period-on-period reflecting the impacts of labour absenteeism, with lower than plan capital development in 2022 offset by increased activity within orebodies nearer to surface which required lower cycle times and incurred lower capital development spend (with lower capital spend offset by higher allocation to operating costs including rehabilitation activity).

## Balance sheet

Balance sheet strength remains with Net Drawn Debt of \$26 million at 31 December 2022 (2021: \$3 million). Total Liquidity, comprising cash balances and available undrawn facilities, was \$231 million at year end (2021: \$252 million). <sup>5</sup>

Net Drawn Debt		31-Dec-2022	31-Dec-2021
Term loan facility	\$'000	198,359	200,971
Working capital facility	\$'000	-	-
<b>Drawn Debt <sup>1</sup></b>	<b>\$'000</b>	<b>198,359</b>	<b>200,971</b>
Cash and cash equivalents <sup>2</sup>	\$'000	171,962	197,472
<b>Net Drawn Debt <sup>1</sup></b>	<b>\$'000</b>	<b>26,397</b>	<b>3,499</b>
<i>US\$ balances included in cash and cash equivalents</i>	<i>US\$'000</i>	<i>47,152</i>	<i>63,578</i>
<b>Total Liquidity <sup>1</sup></b>	<b>\$'000</b>	<b>230,962</b>	<b>252,472</b>

Notes:

1. Drawn Debt, Net Drawn Debt and Total Liquidity are non-IFRS financial information metrics. Refer to page 8 for important information regarding the use of non-IFRS financial information metrics in this release.
2. Excludes cash balances set aside for rental security deposits and IPO proceeds retained by 29Metals under the Cash Backed Indemnity Deed. Refer to section 10.6.12.3 of the 29Metals Prospectus dated 21 June 2021 released to the ASX announcements platform on 2 July 2021 (a copy of which is available on 29Metals' website at: <https://www.29metals.com/investors/asx-announcements>).

During the Reporting Period, 29Metals made scheduled repayments on the term facility totaling US\$12 million.

<sup>5</sup> Net Drawn Debt and Total Liquidity are non-IFRS financial information metrics. Refer to page 8 for important information regarding the use of non-IFRS financial information in this release.

29Metals' cash balance at 31 December 2022 of \$172 million (2021: \$197 million) comprises a combination of A\$ and US\$ denominated balances, and is after:

- payment of the interim dividend of two cents per share (fully franked) determined at the half year, for an aggregate payment to shareholders of \$10 million (2021: \$0); and
- cash settlement of the pre-IPO copper hedges at Capricorn Copper (refer below) of \$28.0 million.

29Metals retains a provision in its accounts for \$26 million in relation to stamp duty payable on the acquisition of Golden Grove in the restructure and IPO transactions completed in July 2021. Final assessment of stamp duty remains with the WA office of state revenue.

## Hedging

The copper hedgebook at Capricorn Copper was closed out during the Reporting Period, with cash settlement of the final hedges completed early in the December quarter, following which 29Metals gained full exposure to the copper price.

29Metals retains hedges over a portion of future gold production at Golden Grove. The outstanding Golden Grove gold hedges are summarised in the table below.

Outstanding Gold Hedges	Ounces	\$/ounce
Jan-Dec 2023	10,008	2,590
Jan-Dec 2024	10,008	2,590
Jan-Dec 2025	10,008	2,590

## Dividends

During the Reporting Period, 29Metals paid its first dividend, an interim dividend of 2 cents per share (fully franked), paid in the December quarter for an aggregate dividend payment of \$10 million.

The Board remains committed to delivering sustainable returns to shareholders. However, in the context of the near-term challenges at our operations, including the reduced milling rates being applied in the March quarter previously reported, the Board has determined that there will be no final dividend at the full year.

Consistent with the Board's commitment to deliver sustainable returns and considering the high level of confidence in overcoming current short-term challenges, the Board will closely assess the capacity to return to paying dividends at the end of the half-year. The Board also intends to establish a dividend reinvestment plan ('DRP') for future dividends.

## 2023 Guidance <sup>6</sup>

In the quarterly report for the December 2022 quarter, 29Metals outlined the key drivers for 29Metals' performance in 2023:

- development rates;
- ventilation;
- regulatory approvals;
- costs management; and
- capital discipline. <sup>7</sup>

These factors are expected to impact production volumes and cashflows in the first half, particularly the March quarter.

Set out below is additional guidance for 2023 regarding financial metrics. 29Metals' guidance is subject to market and operating conditions.

<sup>6</sup> Refer to page 8 for important information regarding forward looking statements.

<sup>7</sup> 29Metals' quarterly report for the Dec-2022 Qtr was released to the ASX announcements platform on 24 January 2023 (a copy of which is available on 29Metals' website at: <https://www.29metals.com/investors/reports-presentations>).

Financial Metric	2022	2023 Guidance <sup>1</sup>	Commentary
<b>D&amp;A <sup>2</sup></b>	<b>\$189 million</b>	<b>\$155-190 million</b>	<ul style="list-style-type: none"> <li>Reflects planned capital and production metrics for 2023</li> </ul>
Mine Properties	\$93 million	\$80-100 million	<ul style="list-style-type: none"> <li>Mine development amortisation on a units of production ('UOP') basis over life of mine</li> <li>Includes impact of reduction in rehabilitation liabilities due to higher discount rate, and assumes no material change in cost of rehabilitation liabilities</li> </ul>
PPE	\$63 million	\$40-50 million	<ul style="list-style-type: none"> <li>Reduction on prior period reflects lower expected D&amp;A for Golden Grove TSF assets</li> <li>Guidance reflects the continuing reliance in 2023 on incremental TSF capacity expansions, at both sites, prior to transitioning to LOM facilities</li> <li>Plant and machinery depreciated on a UOP or straight-line and reducing basis over 2 – 5 years</li> <li>Buildings depreciated on a reducing balance or straight-line basis over 10 years</li> </ul>
AASB16 Leases <sup>3</sup>	\$33 million	\$35-40 million	<ul style="list-style-type: none"> <li>Depreciation of "right of use" assets, primarily equipment operated by underground mining contractor</li> <li>Expected to be in line with prior period, including impacts from the underground mining contract at Golden Grove renewed in Q3 2022</li> <li>Outcomes subject to contract variations, including changes in scope</li> </ul>
<b>Tax payable</b>	<b>0</b>	<b>0</b>	<ul style="list-style-type: none"> <li>Accumulated tax losses expected to offset tax payable</li> <li>Tax losses include impact of the reset of the Group tax cost base, post IPO, and formation of the 29Metals tax consolidated group</li> </ul>

## Notes:

- Guidance is subject to market and operating conditions. Refer to page 8 for important information regarding forward looking statements.
- Refer to Note 19 to the Group's Consolidated Financial Statements for the year ended 31 December 2022 for information regarding 29Metals' accounting policy for depreciation and amortisation.
- Guidance regarding adjustments for AASB16 Leases accounting included in D&A.

*This release is authorised for release by the Board of Directors of 29Metals Limited.*

## **IMPORTANT INFORMATION**

### **Forward looking statements**

This document contains forward looking statements and comments about future events, including in relation to 29Metals' businesses, plans and strategies. Forward-looking statements can generally be identified by the use of words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and similar expressions. Indications of, and guidance or outlook regarding, future performance are also forward-looking statements.

Forward looking statements involve inherent risks, assumptions and uncertainties, both general and specific, and there is a risk that predictions, forecasts, projections and other forward looking statements will not be achieved. A number of important factors could cause 29Metals' actual results to differ materially from the plans, objectives, expectations, estimates, targets and intentions expressed in such forward looking statements, and many of these factors are beyond 29Metals' control. Relevant statements may prove to be incorrect, and circumstances may change, and the contents of this document may become outdated as a result.

Forward looking statements are based on 29Metals' good faith assumptions as to the financial, market, regulatory and other relevant environments that will exist and affect 29Metals' business and operations in the future. There may be other factors that could cause actual results or events not to be as anticipated, many of which are beyond 29Metals' reasonable control, and 29Metals does not give any assurance that the assumptions will prove to be correct.

Readers are cautioned not to place undue reliance on forward looking statements, particularly in the current economic climate with the significant volatility, uncertainty and disruption caused directly or indirectly by the COVID-19 pandemic. Except as required by applicable laws, 29Metals does not undertake any obligation to publicly update or revise any forward-looking statements, to advise of any change in assumptions on which any such statement is based, or to publish prospective information in the future.

### **Non-IFRS financial information – non-IFRS financial information metrics**

This release contains certain financial information and metrics, such as *AISC*, *C1 Costs*, *Cu-*eq**, *Drawn Debt*, *EBITDA*, *Net Drawn Debt*, *Royalties & Other Selling Costs*, and *Total Liquidity*, that are not recognised under Australian Accounting Standards and classified as 'non-IFRS financial information' under ASIC Regulatory Guide 230 (*Disclosing non-IFRS financial information*).

Non-IFRS financial information metrics do not have standardised meanings under the Australian Accounting Standards and, as a result, may not be comparable to the corresponding metrics reported by other entities.

The non-IFRS financial information metrics in this release are unaudited.

29Metals uses these non-IFRS financial information metrics to assess business performance and provide additional insights into the underlying performance of its assets.

The Appendix to this release sets out the definitions for non-IFRS financial information metrics used in this release, along with a reconciliation of NPAT to EBITDA.

Non-IFRS financial information should be considered in addition to, and not as a substitute for, financial information prepared in accordance with Australian Accounting Standards. Readers are cautioned not to place undue reliance on non-IFRS financial information cited in this release.

### **Non-IFRS financial information - Pro forma financial information**

In addition to the non-IFRS financial information metrics referred to above, this release contains certain pro forma financial information relating to the prior corresponding period (year ended 31 December 2021). Pro forma financial information is non-IFRS financial information and is unaudited.

The pro forma financial information in this release has been included to provide investors with additional insights regarding the operating and financial performance of the Group in the prior period because the statutory financial information for the prior period excludes the financial and operating performance of Capricorn Copper in the period prior to the 29Metals IPO (July 2021).

Information regarding the basis of preparation of the pro forma financial information for the year ended 31 December 2021 is set out in the 2022 Financial Results separately released today.

The pro forma financial information in this release should be considered in addition to, and not as a substitute for, financial information prepared in accordance with Australian Accounting Standards. Readers are cautioned not to place undue reliance on non-IFRS financial information cited in this release.



## **Corporate Information**

29Metals Limited (ABN 95 650 096 094)

### **Board of Directors**

Owen Hegarty OAM	Non-Executive Chairman
Peter Albert	Managing Director & CEO
Fiona Robertson	Independent Non-Executive Director
Jacqueline McGill AO	Independent Non-Executive Director
Martin Alciaturi	Independent Non-Executive Director

### **Company Secretary**

Clifford Tuck

### **Registered Office**

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### **Stock Exchange Listing**

Australian Securities Exchange (Ticker: 29M)

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### **Issued Share Capital**

29Metals' issued capital is 481,356,099 ordinary shares.

## Appendix – Non-IFRS financial information metrics

Metric	Definition
<b>AISC</b>	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.
<b>C1 Costs</b>	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.
<b>Cu-eq</b>	<p>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.</p> <p>Cu-eq metrics cited in this report apply the following commodity price and metallurgical recovery assumptions:</p> <p>2021 Cu-eq production applies actual average metals prices (Source: FactSet) for on a quarterly basis and actual metallurgical recovery.</p> <p style="padding-left: 40px;">Cu: Q1-21 US\$8,490/t, Q2-21: US\$9,682/t, Q3-21: US\$9,365/t, Q4-21: US\$9,685/t            Zn: Q1-21 US\$2,749/t, Q2-21: US\$2,913/t, Q3-21: US\$2,991/t, Q4-21: US\$3,365/t            Au: Q1-21 US\$1,794/oz, Q2-21: US\$1,815/oz, Q3-21: US\$1,789/oz, Q4-21: US\$1,795/oz            Ag: Q1-21 US\$26.3/oz, Q2-21: US\$26.6/oz, Q3-21: US\$24.3/oz, Q4-21: US\$23.3/oz            Pb: Q1-21 US\$2,017/t, Q2-21: US\$2,123/t, Q3-21: US\$2,338/t, Q4-21: US\$2,327/t</p> <p>2022 Cu-eq production applies actual average metals prices (Source: FactSet) on a quarterly basis and actual metallurgical recovery.</p> <p style="padding-left: 40px;">Cu: Q1-22 US\$9,998/t, Q2-22: US\$9,538/t, Q3-22: US\$7,751/t, Q4-22: US\$8,006/t            Zn: Q1-22 US\$3,758/t, Q2-22: US\$3,932/t, Q3-22: US\$3,280/t, Q4-22: US\$3,002/t            Au: Q1-22 US\$1,887/oz, Q2-22: US\$1,873/oz, Q3-22: US\$1,727/oz, Q4-22: US\$1,729/oz            Ag: Q1-22 US\$24.0/oz, Q2-22: US\$22.7/oz, Q3-22: US\$19.2/oz, Q4-22: US\$21.2/oz            Pb: Q1-22 US\$2,335/t, Q2-22: US\$2,206/t, Q3-22: US\$1,978/t, Q4-22: US\$2,101/t</p>
<b>Drawn Debt</b>	is amounts drawn under Group debt facilities as reported in accordance with Australian Accounting Standards, excluding bank guarantees issued under the Group bank guarantee facility and insurance premium funding.
<b>EBITDA</b>	<p>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&amp;A.</p> <p>Because it eliminates all gains and losses on forward commodity contracts (copper) and swaps (gold), the non-cash charges for D&amp;A, and unrealised foreign exchange gain or losses, 29Metals considers that EBITDA is useful to help evaluate the operating performance of the business without the impact of those items, and before finance income and finance costs and tax charges, which are significantly affected by the capital structure and historical tax position of 29Metals.</p> <p>A reconciliation of EBITDA to NPAT is set out on page 11 of this release.</p>
<b>Net Drawn Debt</b>	is Drawn Debt less cash and cash equivalents (excluding cash held as rental security deposit and EMR Capital IPO proceeds retained by 29Metals under cash backed indemnity arrangements described in section 10.6.12.3 of the 29Metals Prospectus). 29Metals uses this measure to understand its overall credit position. Investors should be aware that cash and cash equivalents may be required for purposes other than debt reduction.
<b>Royalties &amp; Other Selling Costs</b>	is the sum of government royalties and other production and selling costs, including freight.
<b>Site Operating Costs</b>	is the sum of mining costs, processing costs and site services costs as shown in 29Metals Cost of Sales. Site Operating Costs are shown net of AASB16 leasing adjustments. Mining costs exclude capitalised mine development costs.
<b>Total Liquidity</b>	is the sum of 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 <sup>8</sup> ), and funds available to be drawn under 29Metals working capital facility.

<sup>8</sup> 29Metals Prospectus dated 21 June 2021, as released to the ASX announcements platform on 2 July 2021 (a copy of which is available on 29Metals' website at: <https://www.29metals.com/investors/asx-announcements>).

## Reconciliation of EBITDA to NPAT

Year ended 31 December		2022	Statutory		Pro forma <sup>1</sup>	
			2021	VAR	2021	VAR
<b>NPAT</b>	<b>\$'000</b>	<b>(47,222)</b>	<b>121,013</b>	<b>(168,235)</b>	<b>34,336</b>	<b>(81,558)</b>
Add: Income tax (expense)/benefit	\$'000	(18,594)	(103,236)	84,642	12,433	(31,027)
Add: Net finance costs	\$'000	19,172	30,262	(11,090)	16,665	2,507
Add: Depreciation and amortisation	\$'000	189,399	100,124	89,275	124,468	64,931
Add: Unrealised foreign exchange (gain)/loss	\$'000	4,172	17,993	(13,821)	17,692	(13,520)
Add: Net (gain)/loss on derivative financial instruments	\$'000	4,652	11,135	(6,483)	48,471	(43,819)
<b>EBITDA<sup>1</sup></b>	<b>\$'000</b>	<b>151,579</b>	<b>177,291</b>	<b>(25,712)</b>	<b>254,066</b>	<b>(102,487)</b>

### Notes:

- <sup>1</sup> Pro forma financial information is non-IFRS financial information. Refer to page 8 for important information regarding the use of non-IFRS financial information in this release.