

For personal use only



BURGUNDY DIAMOND MINES LIMITED

ABN 33 160 017 390

2022 ANNUAL REPORT



BURGUNDY
DIAMOND MINES

Annual Report For the year ended 30 June 2022

Contents

Corporate Directory.....	2
Managing Directors' Report	3
Directors' Report	5
Auditors Independent declaration.....	22
Financial Statements	23
Consolidated Statement of Profit or Loss and Other Comprehensive Income	24
Consolidated Statement of Financial Position.....	25
Consolidated Statement of Changes in Equity	26
Consolidated Statement of Cash Flows	27
Notes to the Consolidated Financial Statements	28
Directors' Declaration.....	54
Independent Auditor's Report.....	55
Corporate Governance Statement	59
ASX Additional Information	60

Corporate Directory

Board of Directors

Kim Truter	Non-Executive Chairman
Peter Ravenscroft	Managing Director and Chief Executive Officer
Michael O’Keeffe	Non-Executive Director
Marc Dorion	Non-Executive Director

Secretary

David Edwards (Appointed 4 October 2021)

Registered Office

Level 25
South32 Tower

108 St Georges Terrace
Perth WA 6000

Telephone: 08 6313 3945

Website: www.burgundy-diamonds.com

Stock Exchange Listing

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

Auditors

RSM Australia Partners
Level 32, 2 The Esplanade
Perth WA 6000

Share Registry

Automatic Share Registry
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

Managing Directors' Report

Dear Fellow Shareholder

On behalf of the Board of Directors, I am pleased to present the Company's Annual Report for the financial year ended 30 June 2022 (FY2022).

FY2022 has been another busy and productive year as we made significant strides in solidifying our strategy of becoming the world's leading end-to-end diamond company.

The much-anticipated launch of our ultra-luxury diamond brand, Maison Mazerea, was the final building block of the Company's vertically integrated model, which will allow Burgundy to capture the full margins from the diamond value chain while completely differentiating the Company's value proposition.

Maison Mazerea is the world's first Haute Diamanterie Maison, inspired by the famous 17th century diamond collection bequeathed by Cardinal Jules Mazarin to Louis XIV and the French Crown Jewels, which was the very start of the luxury industry in France.

The launch of Maison Mazerea was celebrated in Paris in July at a function including notable diamond industry leaders, high net worth individuals, world leading jewellery designers and global media with further events to come in Perth and New York this year.

Burgundy now has all the pieces in place to rapidly grow our diamond business, from discovery to design, delivering greater returns to shareholders.

Over the financial year we announced collaborative sales and profit-sharing agreements with Bäumer Vendôme in Paris and Solid Gold Diamonds in Perth. These agreements encompassed a profit-sharing arrangement whereby Burgundy supplies polished Fancy Diamonds under the Maison Mazerea ultra-luxury brand and the jewellers design, manufacture and sell high-end jewellery pieces featuring these stones.

Burgundy will continue to progress discussions with other high-end design jewellers in establishing collaborative sales agreements, as well as developing other routes to retail sales including partnership events with the Princess Grace Foundation. The Princess Grace Foundation has been operating for forty years as a tribute to the legacy of Princess Grace of Monaco, with Maison Mazerea proud to be announced as a Crown Patron in June 2022.

In honour of this collaboration, Burgundy renamed the iconic Fancy Vivid Purplish Pink diamond Argyle Stella™, one of the five 'hero' stones from the last ever Argyle Pink Diamonds Signature Tender™, as "The Grace Diamond", showcased at the Maison Mazerea launch in Paris. We were delighted to partner with Lorenz Bäumer, renowned Place Vendôme designer-jeweller, to create "La Vie en Rose", an exquisite creation featuring the unique beauty of the Grace Diamond. The Vie en Rose will be unveiled at a Princess Grace Foundation event in New York in November. The Grace Diamond is anticipated to generate significant long-term value for the Company's shareholders as the centrepiece of the Burgundy ultra-luxury brand.

We have, as promised, used some funds from our \$50 million capital raise in August 2021 to invest in rough diamonds for cutting, polishing and eventual sale through the collaborative agreements with our selected jewelers. Our cutting and polishing facilities in Perth have been operating at high capacity polishing these rough diamonds and revenue flow from sales is expected to start in FY2023, where we will demonstrate the returns that our innovative end-to-end strategy will generate over the years to come.

Of course, the first step in our strategy, the discovery and mining of rough diamonds still plays an imperative step in the Burgundy journey. The bulk sampling at the Naujaat Diamond Project has now been completed with the results confirming the presence of a significant population of Fancy Orange and Yellow diamonds. At the Ellendale Diamond Project, ongoing exploration activities are underway including trenching, pitting and drilling programs, updated resource models and the completion of a Scoping Study to define development options for both Blina and Ellendale projects. Our state-of-the-art bulk sampling plant was being installed on site at the end

of FY2022 and is now operating in a bulk sampling and trial mining phase as we move to bring the Blina project into low levels of commercial production. In addition, we continue to evaluate a number of other opportunities for development of future operations providing a supply of the world's best Fancy Colour diamonds.

Burgundy remains confident that our strategy will deliver substantial value to shareholders as we are now set to capture margins across the full value chain of rare and valuable Fancy Colour diamonds.

As COVID-19 continues to impact the world, I wish to reiterate my thanks to our hardworking and dedicated team, who have delivered outstanding results in the face of ongoing challenges. I wish to extend my thanks to the Burgundy Board for their support and commitment as we complete the transition from diamond explorer to a fully integrated operating diamond business.

I also take this opportunity to thank our loyal shareholders for their ongoing support, we look forward to sharing our success with you in FY2023.



Peter Ravenscroft
Managing Director and Chief Executive Officer

For personal use only



DIRECTORS' REPORT

Directors' Report

The Directors of Burgundy Diamond Mines Limited ("BDM" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Burgundy Diamond Mines Limited and its controlled entities for the financial year ended 30 June 2022 ("FY2022").

Directors

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

Kim Truter (Non-Executive Chairperson, appointed 22 September 2020)

Mr Truter was most recently the Chief Executive Officer of De Beers Canada from 2015 to 2019. During his tenure he led the successful completion and ramp-up to full production of the \$1bn Gahcho Kué diamond project in Canada, as well as the value-adding acquisition of the former Peregrine Diamonds assets. He was also a member of the De Beers Group executive team, driving global business performance across operations, sales, and marketing.

Previously, Mr Truter served as Chief Operating Officer of Rio Tinto Diamonds, managing their global portfolio in Australia, Canada and Zimbabwe. He also served as Managing Director of Argyle Diamond Mines Pty Limited in Australia and as the President and Chief Operating Officer of Diavik Diamond Mines Inc in Canada.

Mr Truter brings over 30 years of mining experience in both surface and underground operations and large-scale project development across multiple geographies. He has substantial diamond experience, providing executive global leadership in Canada, Australia and Africa; often in complex, remote and challenging operating environments. He has worked extensively with communities and governments to ensure that local benefits are sustainably established. His proven leadership capabilities include a very strong dedication to safety, productivity and financial performance improvement.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

Chair of the Audit and Risk Committee and Chair of the Remuneration and Nomination Committee.

Interest in securities:

2,500,000 unlisted options

Peter Ravenscroft (Managing Director and Chief Executive Officer, appointed 11 March 2020)

Mr Ravenscroft brings 40 years of experience in the international mining industry, with specific knowledge of diamonds, and a background in exploration, geostatistics, resource evaluation and mine planning. He progressed from technical roles in De Beers and Anglo American in southern Africa to leadership positions in Rio Tinto in the UK, Australia and Canada. He has been involved in operations, projects and M&A in base metals, gold and iron ore across the Rio Tinto group, and was also for many years Rio Tinto's leading expert on diamond resource evaluation. In an executive role with Cleveland Cliffs Inc., Mr Ravenscroft built a global exploration function focused on diversification through earn-in deals with junior partners and brought several successful projects to an advanced evaluation stage. More recently he has been an independent consultant providing strategic advisory services to a number of global clients, with a particular focus on the diamond sector in Canada. He has served as a non-executive director on a number of boards in Australia and Canada. Mr Ravenscroft has a Masters equivalent from the Paris School of Mines and is a Fellow of the AusIMM.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

None

Interest in securities:

4,375,000 ordinary shares

5,500,000 unlisted options

Michael O’Keeffe (Non-Executive Director, appointed 15 June 2017)

Mr O’Keeffe was the Managing Director of Glencore Australia Limited from 1995-2004 and was Executive Chairman of Riversdale Mining Limited prior to that company being acquired by Rio Tinto PLC in 2011. Mr O’Keeffe is currently the Executive Chairman and former Chief Executive Officer of Champion Iron Limited which operates an iron ore project in Canada. Mr O’Keeffe is a significant shareholder holding 8.17% of the ordinary share capital of the Company.

Current and former directorships of listed entities in the last three years:

Executive Chairman of Champion Iron Limited (current)

Non-Executive Director of Mont Royal Resources Limited (current)

Special responsibilities:

Member of the Remuneration and Nomination Committee and member of the Audit and Risk Committee.

Interest in securities:

27,903,535 ordinary shares

5,000,000 convertible notes

Marc Dorion (Non-Executive Director, appointed 5 July 2020)

Mr Dorion is a partner in the Business Law Group of prominent Canadian law firm McCarthy Tétrault, based in Montreal, where he supervises the natural resources group in Québec. He received his LLL from the Université de Sherbrooke, Quebec, Canada then did post graduate studies in corporate taxation at Osgoode Hall Law School, York University. His practice focuses on development, financing, construction and operation of major projects in the natural resources, energy, infrastructure and industrial sectors. He received the titles of Advocate Emeritus from the Quebec Bar and also of Queen’s Counsel.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

Member of the Remuneration and Nomination Committee and member of the Audit and Risk Committee.

Interest in securities:

12,541,667 ordinary shares

Stephen Dennis (Non-Executive Chairman, appointed 22 August 2012, retired 9 December 2021)

Mr Dennis has been actively involved in the mining industry for over 35 years, having held senior management positions in a number of Australian resources companies. Mr Dennis was previously the Managing Director and Chief Executive Officer of CBH Resources Limited which is the Australian subsidiary of Toho Zinc Co., Ltd of Japan. Mr Dennis is currently a director of several ASX listed mineral resource companies.

Special responsibilities:

Former Chair of the of the Remuneration and Nomination Committee and member of the Audit and Risk Committee.

Current and former directorships of listed entities in the last three years:

Non-Executive Chairman of Heron Resources Limited (current)

Non-Executive Chairman of Rox Resources Limited (current)

Non-Executive Chairman of Marvel Gold Limited (current)

Non-Executive Chairman of Kalium Lakes Limited (current)

Interest in securities at date of resignation:

7,689,957 ordinary shares

Jeremy King (Non-Executive Director, appointed 16 February 2016, resigned 9 December 2021)

Mr King is a corporate advisor and lawyer with over 15 years' experience in domestic and international legal, financial and corporate matters. Mr King spent several years in London where he worked with Allen & Overy LLP and Debevoise & Plimpton LLP and has extensive corporate experience, particularly in relation to cross-border private equity, leveraged buy-out acquisitions and acting for financial institutions and corporate issuers in respect of various equity capital raising.

Current and former directorships of listed entities in the last three years:

Non-Executive Director ECS Botanics Holdings Ltd (current)
Non-Executive Director of Smart Parking Limited (current)
Non-Executive Director of Transcendence Technologies Limited (current)
Non-Executive Director of Sultan Resources Limited (current)
Executive Director of Red Mountain Mining Limited (resigned 15 November 2021)
Non-Executive Chairman of Aldoro Resources Limited (resigned November 2019)
Non-Executive Director of Vanadium Resources Limited (resigned July 2019)

Special responsibilities:

Former Chair of the Audit and Risk Committee.

Interest in securities at date of resignation:

5,413,122 ordinary shares.

Company Secretary

David Edwards (appointed 4 October 2021)

Mr Edwards is a chartered accountant with over 25 years international experience in the energy and resource sectors with a broad skillset spanning financial management, governance, strategy, capital markets, construction, and mining operations.

Sarah Smith (Resigned 3 October 2021)

Sarah Smith is an employee of Mirador Corporate, where she specialises in corporate advisory, company secretarial and financial management services. Sarah has over 8 years' experience in the provision of company secretarial and financial management services for ASX listed companies, capital raisings and IPOs, due diligence reviews and ASX and ASIC compliance. Sarah is a Chartered Accountant and has acted as the Company Secretary of a number of ASX listed companies.

Principal Activities

During the financial year the principal activities of the Company consisted of:

- Exploration and development projects in the diamond sector; and
- Buying rough diamonds, cutting, and polishing with the intention of selling through an ultra-luxury retail brand via collaborative sales agreements.

Review of Operations

Exploration and Development

Ellendale Diamond Project

On 22 March 2021 Burgundy announced the signing of an Option Deed with Gibb River Diamonds Ltd (ASX: GIB; "Gibb River") to acquire 100% ownership of the Ellendale and Blina projects (together the "Ellendale Diamond Project") in the West Kimberley region of Western Australia.

The acquisition of the Ellendale Diamond Project includes all tenements pegged by Gibb River in 2019 over the historic Ellendale diamond mine, famed for its production of iconic yellow diamonds, as well as the highly prospective Blina alluvial diamond deposit to the north-west of the Ellendale properties.

The total tenement package being acquired under the current option agreement is shown in Figure 1, comprising a number of mining leases, applications for the grant of certain tenements, exploration licences and miscellaneous licenses that cover all of the prospective ground in the Ellendale and Blina project areas.

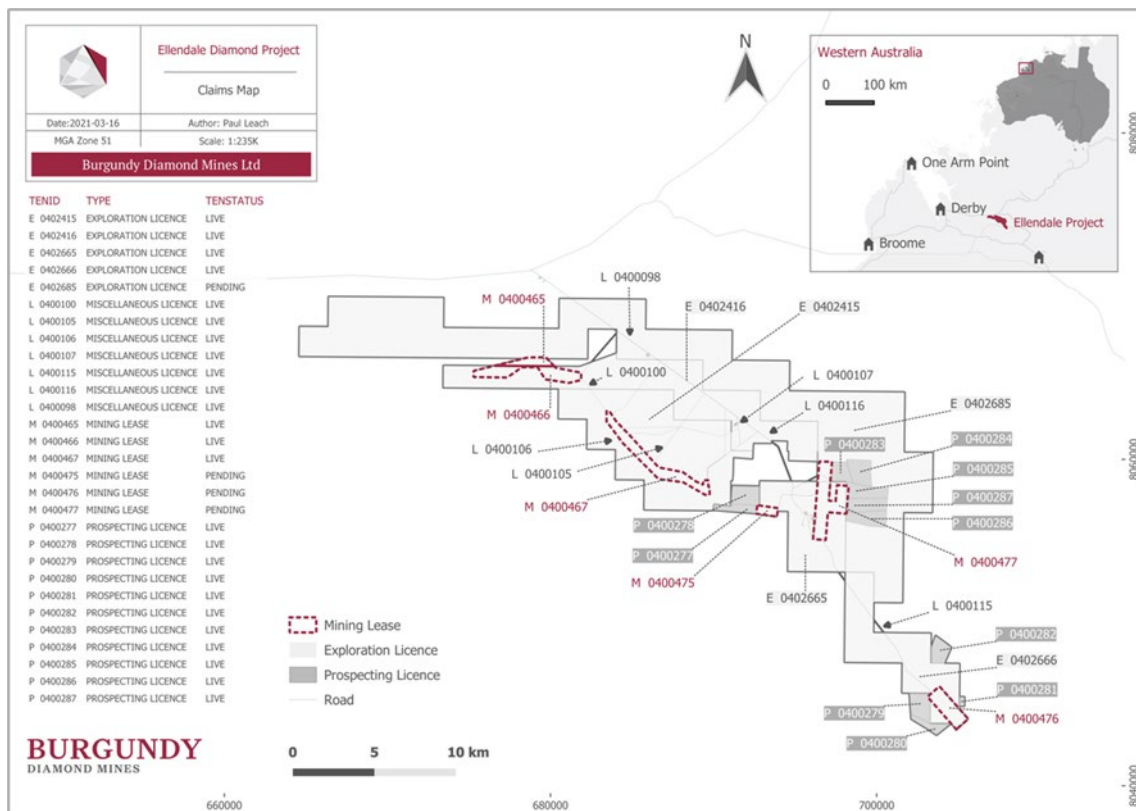


Figure 1 - Location of Ellendale Diamond Project Tenements

Developing the Ellendale Diamond Project in Western Australia is a core part of the Company’s strategy of securing sources of Fancy Colour rough diamonds and the Company made the second payment due under Option Deed to secure 100% of the Project in March 2022.

On 20 January 2022, the WA Premier announced an indefinite delay to the reopening of the WA border, initially planned for 5 February 2022. This decision severely impacted the timing for the delivery to site and commissioning of the bulk sampling plant and also the sampling program that was planned to start in the June 2022 quarter. Despite the impact of COVID site activity had progressed well and fauna clearance surveys, road sheeting and installation of a 16-person camp were completed on schedule.

Site operations re-commenced following the opening of the WA borders in March 2022 and the bulk sample plant was delivered to site in June 2022. The plant is now in the final stages of commissioning and the bulk sampling program is expected to commence in September 2022.

In addition to the commencement of the bulk sampling program, exploration activities planned for the next six months include further trenching, pitting and drilling programs, in order to update resource models and to complete a Scoping Study to define development options for the Blina and Ellendale projects.

Naujaat

The Company is progressing an earn-in agreement with North Arrow Minerals Inc. over the Naujaat diamond project in Nunavut, Canada (Figure 2). The world class Naujaat project contains an exceptional population of uniquely coloured and rare high value stones. Burgundy will earn-in to a 40% interest in the project by funding the Phase 1

sampling program: an approximately 2,000 tonne bulk sample, which was collected in August 2021. Burgundy has also made a preliminary proposal to earn an additional 20% interest by funding a larger 10,000 tonne Phase 2 bulk sample, pending positive results from the first phase.

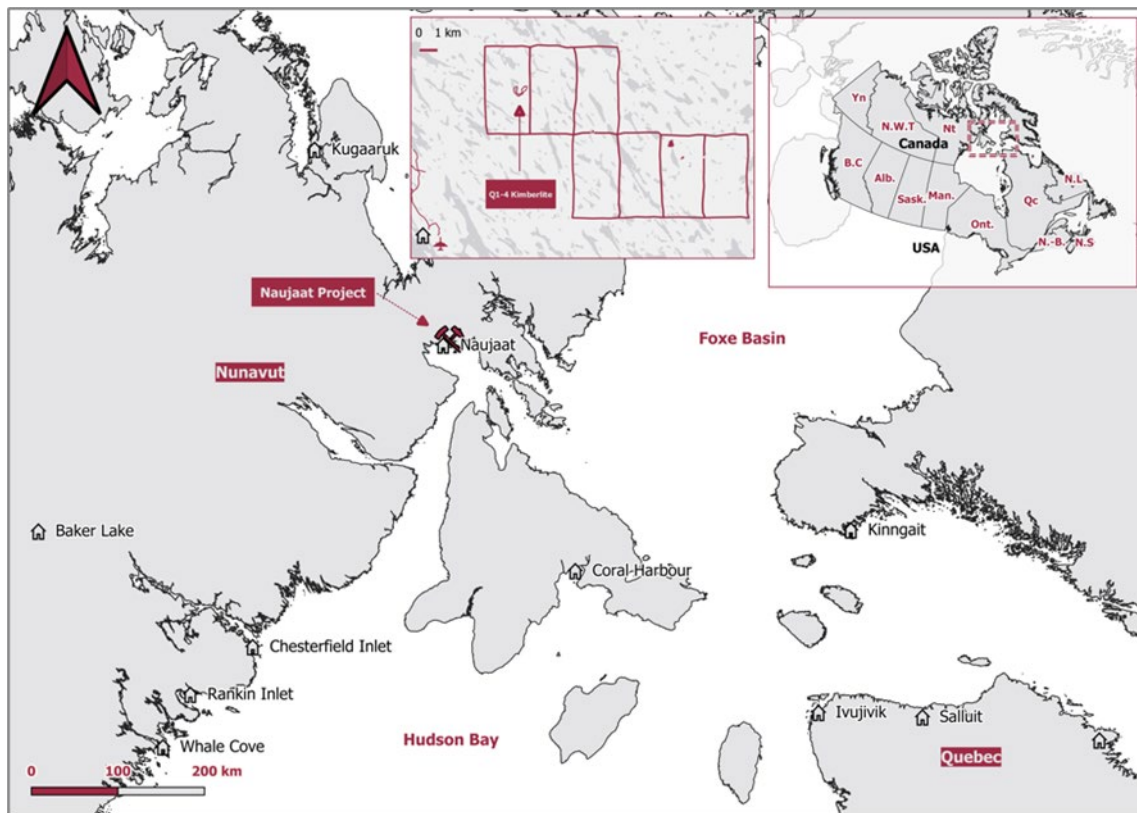


Figure 2 – Location of Naujaat Project

During the December quarter the bulk sample was shipped from Naujaat to Saskatchewan via Montreal, where processing and diamond recovery commenced. In April 2022, diamond recovery was completed for 70% of the 2,000-tonne bulk sample, confirming the presence of a potentially high value, Fancy Orange and Yellow diamonds.

Diamond recovery for the remaining 30% of the sample was completed in July 2022 and provided further support to the encouraging indications from the initial sample tested. The results are now being combined in a complete analysis of the bulk sample and further analysis is underway to fully understand the implications of these results.

On completion of the bulk sampling program, Burgundy will assume 40% ownership of the Naujaat Project under the terms of an earn-in option agreement with North Arrow Minerals.

Other Exploration Projects

The Company has an Exploration Alliance Agreement in Botswana with Diamond Exploration Strategies Ltd (“DES”), a privately-owned company with an experienced management team. Burgundy is providing funding of up to US\$1.5 million over three years to finance exploration activities, earning 50% ownership of any discoveries made, with options to earn-in up to 70% by completing a Scoping Study or 90% on completion of a Feasibility Study. The Company’s multi-target program continues across prospective ground with the assessment of various alluvial targets. There were no positive discoveries reported during the financial year and the Company is assessing its options for the final year of the agreement.

Burgundy holds an 18% interest in the La Victoria Gold/Silver Project, located in the prolific North-Central Mineral Belt of Peru which it acquired through earn-in arrangements starting in 2017 and is able, pursuant to a 2018 option agreement, to increase this interest to 25% by expending a further C\$1.4 million, subject to the receipt of all permitting. Burgundy has participated in limited exploration activity during the year and has advised Eloro that, at this time, it has no intention of exercising its option to increase its interest.

Nanuk Diamonds Inc is a 100% subsidiary of Burgundy and is the owner of 625 mineral claims located East of the Ungava Bay in Northern Quebec, a prospective diamond district that has received little attention over the last 15 years. There is no on-site activity currently planned for the Nanuk Project.

Sales and Marketing

During the period, the Company made significant progress evolving its strategy into downstream operations in the high-value Fancy Colour Diamonds sector.

Cutting and Polishing

In September 2021, the Company leased purpose built high security premises in Perth WA, specifically designed for downstream diamond operations and equipment was secured for valuing, cutting, polishing and grading diamonds. Additionally, the Company recruited a team of specialised cutting, polishing and grading professionals with significant Fancy Coloured diamond experience as well as other capabilities critical to the coordination, control and security of a production stream of high-value Fancy Colour diamonds.

The cutting and polishing facilities in Perth have operated at high capacity during the year, refining third-party rough diamonds purchased in 2021 and 2022, with initial cashflow from sales of these polished stones anticipated in the forthcoming financial year.

Branding

Burgundy's new ultra-luxury diamond brand, Maison Mazerea, was officially launched in Paris on 1 July 2022. The event also featured the first public appearance of the newly named Grace Diamond, purchased in November 2021, one of the rarest pink diamonds in the world, soon to be unveiled in a jewellery creation by renowned Place Vendôme designer, Lorenz Bäumer.

Specialising in the rarest Fancy Colour diamonds of irreproachable provenance, Maison Mazerea is the world's first Haute Diamanterie Maison, and has been inspired by the famous 17th century diamond collection bequeathed by Cardinal Jules Mazarin to Louis XIV and the French Crown Jewels.

The Company is progressing plans for further global launch events to take place later this year, including events in Australia and the USA, which are intended to incorporate a significant sales component.

Collaborative Sales Agreements

On 8 December 2021, the Company announced it had signed a Collaborative Sales Agreement with leading Paris design jeweller Bäumer Vendôme. The agreement encompassed a profit-sharing agreement whereby Burgundy supplies polished Fancy Diamonds under its unique ultra-luxury brand; and Bäumer Vendôme designs, manufactures and sells high-end jewellery pieces featuring these stones.

On 3 August 2022, the Company announced it had entered into a second agreement with Solid Gold Diamonds, one of Australia's leading independent jewellers headquartered in Burgundy's hometown of Perth, Western Australia. The agreement comprises two stages, stage one is an initial agreement regarding bridal jewellery, which commenced in August 2022 presenting uniquely cut Maison Mazerea branded diamonds in Solid Gold's engagement and bridal jewellery designs, with a profit-sharing agreement on all sales. Stage two is a collaboration between Burgundy and Solid Gold on the design and production of an exclusive fine jewellery collection featuring larger and higher value Maison Mazerea diamonds, with sales expected to commence at a debut of the collection in October 2022.

Corporate

Board and Executive Appointments

On 29 October 2021, the Company announced that Mr Stephen Dennis, non-executive chairperson, would retire from the Board following Burgundy's 2021 Annual General Meeting on 9 December 2021. Mr Dennis served as an independent non-executive director since 22 August 2012. The Board also reviewed its current composition as Burgundy's strategy evolves to encompass activities in the downstream diamond industry.

The Board resolved that Mr Kim Truter, appointed as a non-executive director in September 2020, would be appointed as non-executive chair of the Board following Mr Dennis' retirement. Additionally, Mr Jeremy King, an independent director since February 2016, did not seek re-election at the AGM and resigned on 9 December 2021.

On 4 October 2021, Burgundy announced the appointment of David Edwards as Chief Financial Officer and Company Secretary. David is a chartered accountant with over 25 years international experience in the energy and resource sectors with a broad skillset spanning financial management, governance, strategy, capital markets, construction, and mining operations. He was most recently interim CEO and CFO of Triton Minerals Limited, and prior to that General Manager Finance at Clough Limited an international engineering, construction, and commissioning contractor and Group Financial Controller at Fortescue Metals Limited.

On 21 October 2021, the Company announced the appointment of Drew Birrell to lead Burgundy's marketing and sales strategy and downstream operations. He is an accomplished executive from the diamond jewellery sector, including experience in rough and polished diamond sourcing, jewellery manufacture and retail sales. In particular, as Senior Manager for Tiffany in Australia he was involved in previous processing and sale of Fancy Yellow diamonds from Ellendale.

On 25 November 2021, Burgundy announced the appointment of Jeremy Taylor to lead Burgundy's project development and mining operations. Jeremy is a mining engineer with 40 years international mining experience, of which 25 years has been in the diamond industry. He has worked for several diamond mining organisations including Gem Diamonds, Rio Tinto Diamonds, De Beers Consolidated Mines and Debswana Diamond Mining Company. Prior to joining Burgundy, he was the Chief Operating Officer at Letseng Diamonds.

Capital Raising

On 26 July 2021, the Company announced that it had received binding commitments from institutional and sophisticated investors to raise \$50.2m in new capital via the issue of 35 million unsecured convertible notes with a face value of \$1 to raise \$35.0 million (before issue costs) and a share placement of 63,313,647 ordinary shares at 24 cents per share to raise approximately \$15.2 million (before costs of the offer). The Share Placement shares were issued on 2 August 2021 and shareholders approved the issue of the convertible notes on 14 September 2021.

Issue of Shares and Unlisted Options

On 22 September 2021, following shareholder approval, the Company issued 3,000,000 zero priced unlisted options to Mr Peter Ravenscroft, Managing Director of the Company, in recognition of Mr Ravenscroft's achievement of his short-term incentive milestones.

On 23 September, following shareholder approval, the Company issued unlisted 5,000,000 options each to Aitken Murray Capital Partners Pty Ltd and Euroz Hartleys Limited (total issue of 10,000,000 options), the Lead Managers of the placement and the convertible notes issue announced on 26 July 2021. The exercise price of the options is \$0.36 per option with an expiry date of 23 September 2024.

Impact of COVID-19

The Ellendale Diamond Project has been negatively impacted by the COVID-19 pandemic. The WA Premier's announcement on 20 January of an indefinite delay to the reopening of the WA border, initially planned for 5 February 2022, impacted the timing of the delivery and commissioning of the bulk sampling plant and delayed the sampling program that was planned to start in the June 2022 quarter. In addition, the Ellendale Project has been negatively impacted by shortages of skilled labour. The impact of the pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Results of Operations

The net loss of the Company for the year ended 30 June 2022 was \$19,710,027 (2021: \$12,118,039). The loss reflects the development stage of the Company and arises primarily from exploration expenditure.

Financial performance for the previous 5 years is as follows:

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Net Loss after tax	(19,710,027)	(12,118,039)	(3,201,605)	(1,327,120)	(4,723,092)
EPS (cents per share)	(5.93)	(4.82)	(2.42)	(1.05)	(4.35)
Share Price (\$)	0.14	0.29	0.096	0.035	0.08

Financial Position

The statement of cash flows shows an increase in cash and cash equivalents for the year ended 30 June 2022 of \$19,815,809 (2021: \$2,642,345 decrease). During the year, the Company raised \$50,195,275 (2020 \$7,842,280) before costs from the issue of share capital and convertible notes. At year end the Company had funds of \$21,506,861 (2021: \$1,694,046) available for future operational use.

Dividends

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

Significant Changes in the State of Affairs

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

Matters Subsequent to The Reporting Period

There were no significant events after the balance sheet date

Likely Developments and Expected Results

The strategic objectives of the Company are to create shareholder value through the operation of an end-to-end diamond company, with activities including exploration, project development, mining, cutting, and polishing and retail jewellery sales.

Directors' Meetings

The number of Directors' meetings held during the financial year and to the date of this report and the number of meetings attended by each Director during the time the Director held office are:

	Board		Remuneration and Nomination		Audit and Risk Committee	
	Held ¹	Attended ²	Held ¹	Attended ²	Held ¹	Attended ²
Kim Truter	10	9	1	1	2	2
Peter Ravenscroft	10	10	N/A	N/A	N/A	N/A
Michael O'Keeffe	10	9	1	1	1	1
Marc Dorion	10	9	1	1	1	1
Stephen Dennis ³	5	5	N/A	N/A	1	1
Jeremy King ⁴	5	5	N/A	N/A	1	1

1. Number of meetings held during the time the director held office or was a member of the committee during the year.

2. Number of meetings attended.

3. Retired 9 December 2021.

4. Resigned 9 December 2021.

N/A: Not a member of this committee.

On 21 January 2022, Kim Truter was appointed Chair of the Audit and Risk Committee and Michael O'Keeffe and Marc Dorion were appointed as Committee members. Also on 21 January 2022, Kim Truter was appointed as Chair of the Remuneration and Nomination Committee and Marc Dorion was appointed as a committee member.

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Remuneration Report (Audited)

This remuneration report for the year ended 30 June 2022 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

The KMP of the Company for the year ended 30 June 2022 are as follows:

Director	Role	Appointment	Resigned
Kim Truter	Non-Executive Director	22 September 2020	N/a
Peter Ravenscroft	Managing Director	11 March 2020	N/a
Michael O'Keeffe	Non-Executive Director	15 June 2017	N/a
Marc Dorion	Non-Executive Director	5 July 2020	N/a
Stephen Dennis	Non-Executive Chairman	22 August 2012	9 December 2021
Jeremy King	Non-Executive Director	16 February 2016	9 December 2021

Voting and comments made at the Company's 2021 Annual General Meeting ("AGM")

At the 2021 AGM, 99.98% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Company. During the financial year, KMP of the Company comprise the Board of Directors and the Managing Director/Chief Executive Officer.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board. The nature and amount of remuneration is collectively considered by the Board with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

The Remuneration and Nomination Committee is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees (plus statutory superannuation), payable in arrears. The current maximum total aggregate fixed sum per annum that may be paid to Non-Executive Directors in accordance with the Company's Constitution is \$350,000 which may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

Executive Remuneration Structure

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high-performance individuals.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Company, the performance of the Executives and the general pay environment.

Relationship between Remuneration and Company Performance

Given the current phase of the Company's development, the Board does not consider corporate earnings to be an appropriate measure when determining the nature and amount of KMP remuneration.

The remuneration framework for KMP comprises fixed remuneration, and at risk components comprising short-term and long-term variable incentives that are determined by individual and Company performance.

Fixed Remuneration

Fixed remuneration consists of fixed contractual salary or fees, legislated employer contributions to superannuation funds and other employee benefits.

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary and statutory superannuation. It is structured as a total employment cost package.

KMP are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary is reviewed annually to ensure the executives' pay is competitive with the market. The remuneration of KMP is also reviewed on promotion. There is no guaranteed pay increase included in any KMP's contract.

Short-Term Incentives ("STI")

Short term incentives such as cash incentives may be awarded and are determined based on performance targets established by the Remuneration and Nomination Committee and take into consideration performance metrics such as the Company's performance, an individual employee's performance, and the individual employee's contribution to the Company's performance.

Long-Term Incentives (“LTI”)

Options may be issued at the Board’s discretion. The Board is of the opinion that the expiry date and exercise price of the options currently on issue to the Directors and Executives is a sufficient, long-term incentive to reward Directors and Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth.

Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Company for the year ended 30 June 2022 and 30 June 2021 are as follows:

30 June 2022	Short Term Benefits		Post-Employment Benefits	Share Based Payments		Total
	Base Salary and Fees	Short Term Cash Incentive	Super-annuation	Equity-settled options	Equity-settled shares	
	\$	\$	\$	\$	\$	
Directors						
Kim Truter	68,396	-	6,840	-	-	75,236
Peter Ravenscroft (i)	370,000	195,000	36,850	810,000	-	1,411,850
Michael O’Keeffe	57,500	-	5,750	-	-	63,250
Marc Dorion	60,363	-	-	-	-	60,363
Stephen Dennis (ii)	36,318	-	3,632	-	-	39,950
Jeremy King (iii)	28,601	-	-	-	-	28,601
Total	621,178	195,000	53,072	810,000	-	1,679,250

(i) Share based payments reflect the issue of 3,000,000 options to Peter Ravenscroft as part of his contractual short term incentive payment and approved by shareholders on 14 September 2021.

(ii) Retired 9 December 2021.

(iii) Resigned 9 December 2021.

30 June 2021	Short Term Benefits		Post-Employment Benefits	Share Based Payments		Total
	Base Salary and Fees	Short Term Cash Incentive	Super-annuation	Equity-settled options	Equity-settled shares	
	\$	\$	\$	\$	\$	
Directors						
Mr Stephen Dennis	74,637	-	7,091	-	-	81,728
Peter Ravenscroft (i)	318,387	-	30,247	-	125,000	473,634
Jeremy King	57,782	-	5,489	-	-	63,271
Michael O’Keeffe	56,855	-	5,401	-	-	62,256
Marc Dorion (ii)	59,416	-	-	-	-	59,416
Kim Truter (iii)	46,335	-	4,402	113,000	-	163,737
David Bradley (iv)	-	-	-	-	-	-
Total	613,412	-	52,630	113,000	125,000	904,042

(i) Shareholders approved the issue of ordinary shares to Peter Ravenscroft on 2 July 2020 as part of his executive employment agreement.

(ii) Appointed 5 July 2020.

(iii) Appointed 22 September 2020. Following shareholder approval at the Annual General Meeting on 18 November 2020, the Company issued 2,500,000 unlisted options to Mr Truter.

(iv) Resigned 5 July 2020

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Name	Fixed Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
	2022	2021	2022	2021	2022	2021
Directors						
Kim Truter	100%	31%	-	-	-	69%
Peter Ravenscroft	29%	100%	14%	-	57%	-
Michael O’Keeffe	100%	100%	-	-	-	-
Marc Dorion	100%	100%	-	-	-	-
Stephen Dennis	100%	100%	-	-	-	-
Jeremy King	100%	100%	-	-	-	-

The Proportion of the cash bonus paid/ payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2022	2021	2022	2021
Directors				
Kim Truter	-	-	-	-
Peter Ravenscroft	100%	-	-	-
Michael O’Keeffe	-	-	-	-
Marc Dorion	-	-	-	-
Stephen Dennis	-	-	-	-
Jeremy King	-	-	-	-

Shareholdings of KMP (direct and indirect holdings)

The number of ordinary shares in BDM held by each KMP of the Company during the year ended 30 June 2022 is as follows:

30 June 2022	Balance at 1 July 2021	Issued as Remuneration	Exercised	Held at date of appointment/ (resignation)	Other	Balance at 30 June 2022
Directors						
Kim Truter	-	-	-	-	-	-
Peter Ravenscroft	4,375,000	-	-	-	-	4,375,000
Michael O’Keeffe	27,903,535	-	-	-	-	27,903,535
Marc Dorion	12,541,667	-	-	-	-	12,541,667
Stephen Dennis (i)	7,689,957	-	-	(7,689,957)	-	-
Jeremy King (ii)	5,413,122	-	-	(5,413,122)	-	-
Total	57,923,281	-	-	(13,103,079)	-	44,820,202

(i) Retired 9 December 2021.

(ii) Resigned 9 December 2021.

Unlisted Option holdings of KMP (direct and indirect holdings)

30 June 2022	Balance at 1 July 2021	Issued as Remuneration	Exercised	Other	Balance at 30 June 2022
Directors					
Kim Truter	2,500,000	-	-	-	2,500,000
Peter Ravenscroft (i)	2,500,000	3,000,000	-	-	5,500,000
Michael O'Keeffe	-	-	-	-	-
Marc Dorion	-	-	-	-	-
Stephen Dennis (ii)	-	-	-	-	-
Jeremy King (iii)	-	-	-	-	-
Total	5,000,000	3,000,000	-	-	8,000,000

(iii) Following shareholder approval at the General Meeting of Shareholders on 14 September 2021 the Company issued 3,000,000 zero priced unlisted options to Peter Ravenscroft as part of his contractual short term incentive payment.

(iv) Retired 9 December 2021

(v) Resigned 9 December 2021.

KMP Contractual Arrangements**Peter Ravenscroft Managing Director and Chief Executive Officer**

Mr Ravenscroft is employed under an open term contract that may be terminated with 3 months' notice by either the Company or Mr Ravenscroft. The key terms of the contract are:

- Fixed remuneration of \$360,000 plus statutory superannuation, increased to \$400,000 plus statutory superannuation effective from 1 April 2022.
- Short-term cash incentive equivalent to 50% of Mr Ravenscroft's base salary (payable in cash or equity). Any issue of equity will be subject to shareholder approval.
- Long term incentive of 5 million zero priced options with a 5-year expiry subject to Mr Ravenscroft meeting key performance indicators.

Non-Executive Director Arrangements

Non-executive directors receive a board fee and fees for chairing or participating on board committees. The term of each Non-Executive Director is open to the extent that they hold office subject to retirement by rotation, as per the Company's Constitution, at each AGM and are eligible for re-election as a director at the meeting. Appointment shall cease automatically if the Director gives written notice to the Board, or the Director is not re-elected as a Director by the shareholders of the Company. There are no entitlements following retirement or termination of an appointment.

The Non-executive Chairman is paid a fee of \$70,000 (plus statutory superannuation) and Non-Executive Directors are paid fees of \$55,000 per annum (plus statutory superannuation). The fee for chairing board committees is \$7,500 (plus statutory superannuation) per annum and the fee for participating on board committees is \$5,000 per annum (plus statutory superannuation).

Share-based Compensation

The Company may reward Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits. Details of shares and options issued to directors and other KMP as part of compensation during the year ended 30 June 2021 are noted below.

Options

Following shareholder approval at the General Meeting of Shareholders on 14 September listed options to Peter Ravenscroft as part of his contractual short term incentive payment. Valuation information is as follows:

Name	Number of options granted	Grant date	Vesting and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Peter Ravenscroft	3,000,000	14 Sept 2021	14 Sept 2021	14 Sept 2024	-	\$0.27

Ordinary Shares

The Company issued no ordinary shares as part of compensation to KMP during the year.

Equity Instruments Issued on Exercise of Options

There were no options exercised during the year.

Loans with KMP

During the financial year Michael O’Keeffe subscribed for 5,000,000 unsecured convertible notes with a face value of \$1. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 16 September 2024. The number of shares that will be issued on conversion is equivalent to the principal amount of notes converted divided by the fixed conversion price of \$0.264 per share. The interest rate is 6% per annum and during the year, interest of \$224,384 was paid to Mr O’Keeffe. At 30 June 2022, accrued interest payable due to Mr O’Keeffe was approximately \$10,685.

There were no other loans made to any KMP during the year ended 30 June 2022 (2021: nil). There were no loans from any KMP during the year ended 30 June 2022 (2021: nil).

Other Transactions with KMP

During the financial year, the Company incurred fees of \$28,166 for company secretarial and accounting services to Mirador Corporate Pty Ltd (a company of which Mr Jeremy King is a Director). All transactions were made on normal commercial terms and conditions and at market rates.

At 30 June 2022, the Company had no outstanding payables to KMP or their related parties.

There were no other transactions with KMP during the year ended 30 June 2022.

This concludes the remuneration report, which has been audited.

Indemnification and Insurance of Officers and Auditors

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Environmental Regulations

The Company is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

Proceedings on Behalf of the Company

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

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

Officers of the Company Who Are Former Partners of RSM Australia Partners

There are no officers of the company who are former partners RSM Australia Partners.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and included within these financial statements.

Shares Under Option

At the date of this report there were the following unissued ordinary shares for which options are outstanding:

2,500,000 options expiring 19 March 2023, exercisable \$0.07

2,500,000 options expiring 31 July 2023, exercisable \$0.12

2,500,000 options expiring 31 August 2023, exercisable \$0.12

2,500,000 options expiring 30 September 2023, exercisable \$0.12

10,000,000 options expiring 23 September 2024, exercisable \$0.36

1,000,000 options expiring 5 August 2026, exercisable \$0.26

2,929,536 options expiring 30 August 2027, issued to employees in recognition of achieving performance milestones.

There is no consideration payable for the options.

3,000,000 options expiring 21 September 2024, issued to Peter Ravenscroft in recognition of achieving board approved milestones. There is no consideration payable for the options.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 25 to the financial statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

This report is signed in accordance with a resolution of Board of Directors.



Kim Truter
Non-Executive Chairman

15 September 2022



RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Burgundy Diamond Mines Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

A Whyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 15 September 2022

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

For personal use only



FINANCIAL STATEMENTS



BURGUNDY
DIAMOND MINES

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	2022 \$	2021 \$
Revenue from continuing operations			
Other income	4	5,051	63,148
Expenses			
Corporate and administrative expenses		(584,899)	(716,242)
Employee benefit expenses		(2,497,362)	(841,501)
Exploration expenditure expense		(9,677,238)	(9,944,536)
Sales and marketing expenses		(2,328,338)	-
Share-based payment expense	22	(828,435)	(448,690)
Depreciation expense		(184,144)	-
Foreign currency losses		(376,154)	(230,218)
Finance costs	14, 16	(3,238,508)	-
Loss from continuing operations before income tax		(19,710,027)	(12,118,039)
Income tax expense	6	-	-
Loss from continuing operations after income tax		(19,710,027)	(12,118,039)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(3,883)	(6,395)
Other comprehensive income for the year, net of tax		(3,883)	(6,395)
Total comprehensive loss attributable to the members		(19,713,910)	(12,124,434)
Loss per share for the year attributable to the members			
Basic loss per share (cents)	7	(5.93)	(4.82)
Diluted loss per share (cents)	7	(5.93)	(4.82)

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

Consolidated Statement of Financial Position

	Note	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	8	21,506,861	1,694,046
Trade and other receivables	9	488,218	75,495
Inventories	10	10,731,980	-
Total current assets		32,727,059	1,769,541
Non-current assets			
Plant and equipment	11	3,299,258	6,797
Right of use assets	12	824,429	-
Total non-current assets		4,123,687	6,797
Total assets		36,850,746	1,776,338
Current liabilities			
Trade and other payables	13	1,684,849	311,105
Lease liabilities	14	145,666	-
Employee benefits	15	164,771	39,884
Total current liabilities		1,995,286	350,989
Non-current liabilities			
Borrowings	16	28,823,558	-
Lease liabilities	14	615,060	-
Provisions	17	94,127	-
Total non-current liabilities		29,532,745	-
Total liabilities		31,528,031	350,989
Net assets		5,322,715	1,425,349
Equity			
Contributed equity	18	41,121,371	26,101,068
Reserves	19	10,307,388	1,720,298
Accumulated losses		(46,106,044)	(26,396,017)
Total equity		5,322,715	1,425,349

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

Consolidated Statement of Changes in Equity

	Issued Capital	Convertibl e Notes Reserve	Other Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$
At 1 July 2020	17,070,620	-	1,403,003	(14,277,977)	4,195,646
Loss for the year	-	-	-	(12,118,040)	(12,118,040)
Other comprehensive income	-	-	(6,394)	-	(6,394)
Total comprehensive loss for the year after tax	-	-	(6,394)	(12,118,040)	(12,124,434)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital (Note 18)	9,387,282	-	-	-	9,387,282
Share issue costs (Note 18)	(356,834)	-	-	-	(356,834)
Share-based payments (Note 22)	-	-	323,689	-	323,689
At 30 June 2021	26,101,068	-	1,720,298	(26,396,017)	1,425,349
At 1 July 2021	26,101,068	-	1,720,298	(26,396,017)	1,425,349
Loss for the year	-	-	-	(19,710,027)	(19,710,027)
Other comprehensive income	-	-	(3,883)	-	(3,883)
Total comprehensive loss for the year after tax	-	-	(3,883)	(19,710,027)	(19,713,910)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital (Note 18)	16,145,275	-	-	-	16,145,275
Share issue costs (Note 18)	(1,124,972)	-	588,500	-	(536,472)
Share-based payments (Note 22)	-	-	1,416,935	-	1,416,935
Value of conversion rights on convertible notes (Note 16)	-	6,585,538	-	-	6,585,538
At 30 June 2022	41,121,371	6,585,538	3,721,850	(46,106,044)	5,322,715

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

Consolidated Statement of Cash Flows

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Payments to suppliers and employees		(16,144,643)	(1,577,865)
Payments for exploration and evaluation expenditure		(7,849,402)	(8,555,513)
Interest paid		(1,599,653)	-
Interest received		5,051	13,148
Net cash used in operating activities	8	(25,588,647)	(10,120,230)
Cash flows from investing activities			
Payments for property, plant and equipment		(3,242,775)	(7,563)
Net cash inflow from investing activities		(3,242,775)	(7,563)
Cash flows from financing activities			
Proceeds from issues of shares	15	15,195,275	7,842,282
Proceeds from borrowings		35,000,000	-
Transaction costs		(1,286,608)	(356,834)
Principal elements of lease payments		(78,462)	-
Payment of bank guarantees		(182,974)	-
Net cash from financing activities		48,647,231	7,485,448
Net increase/(decrease) in cash and cash equivalents		19,815,809	(2,642,345)
Cash and cash equivalents at the beginning of the financial year		1,694,046	4,342,785
Effect of exchange rate fluctuations		(2,994)	(6,394)
Cash and cash equivalents at the end of the financial year	8	21,506,861	1,694,046

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Burgundy Diamond Mines Limited ("Company") is a company limited by shares and domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries.

Basis of Preparation

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). Burgundy Diamond Mines Limited is a for-profit entity for the purpose of preparing the financial statements.

The annual report was authorised for issue by the Board of Directors on 15 September 2022.

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 26.

New, revised or amended standards and interpretations adopted by the Company

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Burgundy Diamond Mines Limited as at 30 June 2022 and the results of all subsidiaries for the year then ended. Burgundy Diamond Mines Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition method of accounting is used to account for business combinations by the consolidated entity. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the consolidated entity's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Australian dollars, which is Burgundy Diamond Mines Limited's functional and presentation currency.

Transactions and balances

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

Consolidated entity companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position account presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss and other comprehensive income account are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is expensed at the end of the reporting period unless it relates to a project that the Company has determined economically viable in which case it is carried forward to the extent that it is expected to be recouped through the successful development of the area, or by its sale.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Employee benefits

Short-term employee benefits

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

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Current and Non-Current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Net realisable value of inventories

The key assumptions, which require the use of management judgement, are the variables affecting costs recognised in bringing the inventory to their location and condition for sale, estimated costs to sell and the expected selling price. These key assumptions are reviewed at least annually.

Share based payments

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as

a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

For personal use only

NOTE 3 SEGMENT INFORMATION

The Company requires operating segments to be identified on the basis of internal reports above components of the Company that are regularly reviewed by the Board of Directors in order to allocate resources to the segments and to assess their performance. On this basis, the Company's reportable segments under AASB Operating Segments are the Company's exploration in Australia, Canada, Peru and Botswana.

The accounting policies of the reportable segments are the same as the Company's accounting policies as described in Note 1. Information regarding the Company's reportable segments is presented below.

	Peru \$	Canada \$	Botswana \$	Australia \$	Other \$	Total \$
2022						
Other income	-	-	-	-	5,051	5,051
Exploration expenditure	(164,205)	(3,115,598)	(875,208)	(5,522,227)	-	(9,677,238)
Sales and marketing expense	-	-	-	(2,328,338)	-	(2,328,338)
Administration and other expense	(12,809)	-	-	-	(3,629,750)	(3,642,559)
Share based payments expense	-	-	-	-	(828,435)	(828,435)
Finance costs	-	-	-	-	(3,238,508)	(3,238,508)
Loss before income tax	(177,014)	(3,115,598)	(875,208)	(7,850,565)	(7,691,642)	(19,710,027)
Income tax expense	-	-	-	-	-	-
Loss after income tax for the year	(177,014)	(3,115,598)	(875,208)	(7,850,565)	(7,691,642)	(19,710,027)
Total assets	8,839	76,723	-	14,031,238	22,733,946	36,850,746
<i>Total assets includes:</i>						
Acquisition of non-current assets	-	-	-	3,375,282	-	3,375,282
Total liabilities	-	-	-	-	31,528,031	31,528,031
	Peru \$	Canada \$	Botswana \$	Australia \$	Other \$	Total \$
2021						
Other income	-	-	-	-	63,148	63,148
Exploration expenditure	(35,045)	(2,851,624)	(517,087)	(6,540,780)	-	(9,944,536)
Sales and marketing expense	-	-	-	-	-	-
Administration and other expense	(1,128)	-	-	-	(1,786,833)	(1,787,961)
Share based payments expense	-	-	-	-	(448,690)	(448,690)
Finance costs	-	-	-	-	-	-
Loss before income tax	(36,173)	(2,851,624)	(517,087)	(6,540,780)	(2,172,375)	(12,118,039)
Income tax expense	-	-	-	-	-	-
Loss after income tax for the year	(36,173)	(2,851,624)	(517,087)	(6,540,780)	(2,172,375)	(12,118,039)
Total assets	9,016	61,652	-	-	1,705,670	1,776,338
Total liabilities	-	-	-	-	350,989	350,989

NOTE 4 OTHER INCOME

	2022	2021
	\$	\$
Interest income	5,051	13,148
Australian Taxation Office ("ATO") Cash Flow Boost	-	50,000
	5,051	63,148

Accounting Policy*Revenue*

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest Income

Interest income is recognised when the Company gains controls of the right to receive the interest payment.

All revenue is stated net of the amount of goods and services tax.

NOTE 5 INVESTMENT IN CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage Owned (%)	
		2022	2021
BDM Del Peru S.A.C.	Peru	100	100
Nanuk Diamonds Inc.	Canada	100	100
Burgundy Diamonds (Canada) Limited (i)	Canada	100	100
Burgundy Diamonds SARL (ii)	France	100	-
i) Named changed 9 May 2022.			
ii) Incorporated 13 December 2021.			

NOTE 6 INCOME TAX

	2022	2021
	\$	\$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the statement of profit or loss and other	-	-

(b) The prima facie tax on loss from ordinary activities before income tax is

(Loss) / profit before income tax expense	(19,710,027)	(12,118,040)
Prima facie tax benefit on loss before income tax at 30% (2020: 30%)	(5,913,008)	(3,635,413)
Increase income tax expense due to:		
Non-deductible expenses	1,328,156	129,272
Temporary differences not recognised	528,258	2,841,072
Tax losses not brought to account	4,056,594	665,069
Income tax expense/(benefit)	-	-

(c) Deferred tax assets not brought to account are:

Accruals/provisions	58,091	22,305
Business related costs	47,941	20,561
Tax losses	6,583,813	2,527,217
Capitalised expenditure	3,038,347	3,289,148
Capital raising	355,871	137,648
Set-off against deferred tax liabilities	(247,329)	(2,039)
Total deferred tax assets not brought to account	9,836,734	5,994,840

(d) Deferred tax liabilities not recognised

Prepayments	247,329	2,039
Set-off against deferred tax assets	(247,329)	(2,039)
Total unrecognised deferred tax liabilities	-	-

The benefit for tax losses will only be obtained if:

- (i) The Company derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
- (iii) There are no changes in tax legislation in Australia which will adversely affect the Company in realising the benefit from the deductions for the losses.

At 30 June 2022, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of certain of the Company's subsidiary as the Company has no liability for additional taxation should such amounts be remitted.

Accounting Policy

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred Tax

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTE 7 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2022	2021
	\$	\$
Net loss for the year attributable to ordinary equity holders	(19,710,027)	(12,118,039)
Weighted average number of ordinary shares outstanding during the year used to calculate basic and diluted loss per share.	332,186,454	251,483,286
	2022	2021
	Cents	Cents
Loss per share attributable to ordinary equity holders of the Company	(5.93)	(4.82)

Options on issue are not considered dilutive to the earnings per share because the Company is in a loss making position.

Accounting Policy

Basic earnings per share

Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTE 8 CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash at bank and in hand	21,506,861	1,694,046
Total cash and cash equivalents	21,506,861	1,694,046

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made in varying periods between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

The Company's exposure to interest rate and credit risks is disclosed in Note 20.

(a) Reconciliation of net loss after tax to net cash flows from operations

	2022	2021
	\$	\$
Loss for the financial year	(19,710,027)	(12,118,040)
<i>Adjustments for:</i>		
Consideration shares issued for Ellendale option payment	950,000	1,420,000
Depreciation	184,144	766
Foreign currency	(889)	(6,394)
Share-based payments	828,435	448,690
Unwinding interest expense on convertible notes	1,638,855	-
<i>Changes in assets and liabilities</i>		
Inventory	(10,731,980)	-
Trade and other payables	1,127,928	134,748
Employee benefits	124,887	-
Net cash used in operating activities	(25,588,647)	(10,120,230)

(b) Non-cash investing and financing activities

<i>Adjustments for:</i>		
Consideration shares issued for Ellendale option payment (Note 18)	<u>950,000</u>	<u>1,420,000</u>

(c) Changes in liabilities arising from financing activities

	Convertible notes	Lease liability	Total
	\$	\$	\$
Balance at 1 July 2020	-	-	-
Net cash used in financing activities	-	-	-
Balance at 30 June 2021	-	-	-
Acquisition of plant and equipment by means of leases	-	839,188	839,188
Convertible notes liability at year end	28,823,558	-	28,823,558
Net cash used in financing activities	-	(78,462)	(78,462)
Balance at 30 June 2022	28,823,558	760,726	29,584,284

Accounting Policy

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term high liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

NOTE 9 TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
GST receivable	204,205	50,684
Bank guarantee	182,974	-
Other deposits and receivables	101,039	24,811
Total trade and other receivables	488,218	75,495

The consolidated entity has recognised a loss of \$nil in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

Accounting Policy*Trade and Other Receivables*

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST on investing and financial activities, which are disclosed as operating cash flows.

Impairment of Assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTE 10 INVENTORIES

	2022	2021
	\$	\$
Rough and polished diamonds	10,731,980	-
Total inventories	10,731,980	-

Accounting Policy

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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

NOTE 11 PLANT AND EQUIPMENT

	2022	2021
	\$	\$
Computer equipment – cost	157,293	7,563
Computer equipment – accumulated depreciation	(34,653)	(766)
	122,640	6,797
Polishing equipment – cost	380,410	-
Polishing equipment – accumulated depreciation	(36,745)	-
	343,665	-
Motor vehicle – cost	33,309	-
Motor vehicle – accumulated depreciation	(4,626)	-
	28,683	-
Asset under construction	2,804,270	-
Total plant and equipment	3,299,258	6,797

Reconciliations

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

	Computer equipment	Polishing equipment	Motor vehicle	Asset under construction	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2021	-	-	-	-	-
Additions	7,563	-	-	-	7,563
Depreciation expense	(766)	-	-	-	(766)
Balance at 30 June 2021	6,797	-	-	-	6,797
Additions	149,730	380,410	33,309	2,804,270	3,367,719
Depreciation expense	(33,887)	(36,745)	(4,626)	-	(75,258)
Balance at 30 June 2022	122,640	343,665	28,683	2,804,270	3,299,258

Accounting Policy

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

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

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
Computer equipment	3 years
Polishing equipment	4-10 years
Motor vehicle	3 years

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

An item of property, plant and equipment is de-recognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits

NOTE 12 RIGHT OF USE ASSETS

	2022	2021
	\$	\$
Office space	933,315	-
Less: Accumulated depreciation	(108,886)	-
Total right of use assets	824,429	-

Accounting Policy

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTE 13 TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Trade payables	616,593	225,105
Accrued expenses	1,017,866	40,124
Other payables	50,390	45,876
Total trade and other payables	1,684,849	311,105

Due to the short-term nature of these payables, their carrying value is assumed to be the same as their fair value.

Accounting Policy

Trade payables and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 14 LEASE LIABILITIES

	2022	2021
	\$	\$
Current liability	145,666	-
Non-current liability	615,060	-
Total lease liabilities	760,726	-

Accounting Policy

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate

used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 15 EMPLOYEE BENEFITS

	2022	2021
	\$	\$
Employee benefits – accrued annual leave	164,771	39,884
Total employee benefits	164,771	39,884

Accounting Policy

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

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement and the consolidated entity expects all employees to take the full amount of accrued leave within 12 months.

NOTE 16 BORROWINGS

The Company issued 35,000,000 6% convertible notes for \$35,000,000 on 16 September 2021. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 16 September 2024. If a note holder elects to convert all or part of its convertible notes, the minimum number of notes that may be converted is 250,000. The number of shares that will be issued on conversion is equivalent to the principal amount of notes converted divided by the fixed conversion price of \$0.264 per share.

	2022	2021
	\$	\$
Face value of notes issued	35,000,000	-
Other equity securities - value of conversion rights	(6,585,538)	-
Costs associated with the issue of convertible notes	(1,229,759)	-
	27,184,703	-
Interest expense	3,209,540	-
Interest paid	(1,570,685)	-
Non-current liability	28,823,558	-
Unamortised transaction costs of \$907,733 have been offset against the convertible notes payable liability.		
Interest paid to note holders during the year	1,570,685	-
Unwinding of interest per effective interest rate method	1,638,855	-
Total finance costs	3,209,540	-

Accounting Policy

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

NOTE 17 PROVISIONS

	2022	2021
	\$	\$
Lease make good	94,127	-
Total provisions	94,127	-

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Accounting Policy

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

NOTE 18 CONTRIBUTED EQUITY

(a) Ordinary Shares

	2022		2021	
	No.	\$	No.	\$
Ordinary shares	341,568,236	41,121,371	273,254,589	26,101,068

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

(b) Movements in Ordinary Shares Issued

2022		Number	\$
At 1 July 2021		273,254,589	26,101,068
2 August 2021	Placement (i)	63,313,647	15,195,275
24 Mar 2022	Issue of shares to Gibb River Limited	5,000,000	950,000
	Transaction costs	-	(1,124,972)
Balance at 30 June 2022		341,568,236	41,121,371

i) Shares were issued to provide working capital to the Company.

2021		Number	\$
At 1 July 2020		183,334,983	17,070,620
3 Jul 2020	Issue of shares to Managing Director (i)	1,250,000	125,000
6 Aug 2020	Placement (ii)	67,499,670	6,479,968
6 Aug 2020	Share purchase plan (ii)	6,169,936	592,314
10 Dec 2020	Exercise of options	500,000	35,000
20 Aug 2020	Exercise of options	500,000	35,000
24 Mar 2021	Issue of shares to Gibb River Limited	4,000,000	1,420,000
20 Apr 2021	Exercise of options	7,500,000	525,000
23 Apr 2021	Exercise of options	2,500,000	175,000
	Transaction costs	-	(356,834)
Balance at 30 June 2021		273,254,589	26,101,068

ii) Shareholders approved the issue of ordinary shares to Peter Ravenscroft on 2 July 2020 as part of his executive employment agreement.

iii) Shares were issued to provide working capital to the Company.

Accounting Policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

NOTE 19 RESERVES

	2022	2021
	\$	\$
Convertible notes reserve	6,585,538	-
Share based payments reserve	3,801,611	1,796,177
Foreign currency translation reserve	(79,761)	(75,879)
Other reserves	3,721,850	1,720,298
Total reserves	10,307,388	1,720,298

Movement reconciliation		
Convertible notes reserve		
Balance at the beginning of the year	-	-
Derivative portion of convertible notes issued (Note 16)	6,585,538	
Balance at the end of the year	6,585,538	-
Share-based payments reserve		
Balance at the beginning of the year	1,796,177	1,472,487
Equity settled share-based payment transactions (Note 22)	828,434	323,690
Consideration for share placement	1,177,000	-
Balance at the end of the year	3,801,611	1,796,177
Foreign currency translation reserve		
Balance at the beginning of the year	(75,879)	(69,484)
Effect of translation of foreign currency operations to Company presentation	(3,882)	(6,395)
Balance at the end of the year	(79,761)	(75,879)

Convertible notes reserve

The amount shown for other equity securities is the value of the conversion rights relating to the 6% convertible notes, details of which are shown in Note 16.

Share-based payment reserve

The share-based payment reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

NOTE 20 FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives

Risk management has focused on limiting liabilities to a level which could be extinguished by sale of assets if necessary.

The Company's activities expose it to a variety of financial risks; market risk (including interest rate risk, equity price risk, commodity price risk and foreign currency risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company is engaged in mineral exploration and evaluation and does not currently sell products and derives only limited revenue from interest earned.

Risk management is carried out by the Board and the Company has adopted a formal risk management policy.

Accounting classifications and fair values

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term in nature and their carrying values equate to their fair values. Financial assets at fair value through other comprehensive

income that comprise equity securities in listed entities are classified as level 1 in the fair value hierarchy and are carried at the quoted price of the equity securities at the period end date.

Market risk

Interest rate risk

Exposure to interest rate risk arises on floating interest rates on term deposits of cash and cash equivalents only. The Company has no variable interest rate debt arrangements and interest rate risk is not material.

Equity Price risk

The Company is not exposed to equity risk.

Commodity Price risk

The Company is not exposed to commodity price risk.

Foreign currency risk

Exposure to foreign currency risk may result in the fair value of future cash flows of a financial instrument to fluctuate due to the movement in the foreign exchange rates of currencies in which the Company holds financial instruments which are other than Australian dollar.

With instruments being held by overseas operations, fluctuations in currencies may impact on the Company's financial results. Since the Company has not yet commenced mining operations, the exposure is limited to short-term liabilities for expenses which are payable in foreign currencies. The Company limits its foreign currency risk by limiting funds held in overseas bank accounts and paying its creditors promptly. The Board regularly reviews this exposure.

Credit risk

Credit exposure represents the extent of credit related losses that the Company may be subject to on amounts to be received from financial assets. Credit risk arises principally from bank balances and trade and other receivables. The objective of the Company is to minimise the risk of loss from credit risk. The Company's exposure to bad debt risk is insignificant.

Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, being mineral exploration and development, the Company does not have ready access to credit facilities, with the primary source of funding being equity. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Company comprise trade and other payables and convertible notes as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

2022

	Weighted average interest rate	One year or less	Within two to five years	Over five years	Total
Financial liabilities due for repayment					
Trade and other payables	-	1,684,849	-	-	1,684,849
Lease liabilities	6.0%	187,387	682,936	-	870,323
Borrowings	15.4%	-	35,000,000	-	35,000,000

2021

	Weighted average interest rate	One year or less	Within two to five years	Over five years	Total
Financial liabilities due for repayment					
Trade and other payables	-	311,105	-	-	311,105

On 16 September 2021, the Company issued 35,000,000 convertible notes with a face value of \$1 to raise \$35,000,000. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 16 September 2024. If a note holder elects to convert all or part of its convertible notes, the minimum number of notes that may be converted is 250,000. The number of shares that will be issued on conversion is equivalent to the principal amount of notes converted divided by the fixed conversion price of \$0.264 per share.

Capital risk management

The Company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Company's development there are no formal targets set for return on capital. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

Accounting Policy*Investments and other financial assets*

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making

a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

NOTE 21 RELATED PARTY DISCLOSURE

a) KMP Compensation

The aggregate compensation made to directors and other members of KMP of the consolidated entity is set out below:

	2022	2021
	\$	\$
Short-term benefits	816,178	613,412
Post-employment benefits	53,072	52,630
Share-based payments	810,000	238,000
Total KMP Compensation	1,679,250	904,042

b) Transactions with related parties

During the financial year Michael O'Keeffe subscribed for 5,000,000 unsecured convertible notes with a face value of \$1. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 16 September 2024. The number of shares that will be issued on conversion is equivalent to the principal amount of notes converted divided by the fixed conversion price of \$0.264 per share. The interest rate is 6% per annum and during the year, interest of \$224,384 was paid to Mr O'Keeffe. At 30 June 2022, accrued interest payable due to Mr O'Keeffe was approximately \$10,685.

During the financial year, the Company incurred fees of \$28,166 for company secretarial and accounting services to Mirador Corporate Pty Ltd (a company of which Mr Jeremy King is a Director). All transactions were made on normal commercial terms and conditions and at market rates.

At 30 June 2022, the Company had no outstanding payables to KMP or their related parties.

There were no other transactions with KMP during the year ended 30 June 2022.

NOTE 22 SHARE-BASED PAYMENTS**a) Recognised share-based payment transactions**

	2022	2021
	\$	\$
Options issued to Directors (i)	810,000	113,000
Shares issued to Directors	-	125,000
Options issued to consultants	18,435	210,690
Total share-based payments expense	828,435	448,690

(i) Following shareholder approval at the General Meeting of Shareholders on 14 September 2021 the Company issued 3,000,000 zero priced unlisted options to Peter Ravenscroft as part of his contractual short term incentive payment.

b) Summary of options

30 June 2022

Options	Grant Date	Date of Expiry	Exercise Price	Balance at the start of the year	Granted during the year	Exercised during the year	Balance at the end of the year
Director	09-03-20	19-03-23	\$0.07	2,500,000	-	-	2,500,000
Consultant	14-08-20	31-07-23	\$0.12	2,500,000	-	-	2,500,000
Consultant	08-09-20	31-08-23	\$0.12	2,500,000	-	-	2,500,000
Director	18-11-20	30-09-23	\$0.12	2,500,000	-	-	2,500,000
Director	22-09-21	21-09-24	\$Nil	-	3,000,000	-	3,000,000
Lead Managers	23-09-21	22-09-24	\$0.36	-	10,000,000	-	10,000,000
				10,000,000	13,000,000	-	23,000,000

Weighted average exercise price is \$0.20

On 22 September 2021, following shareholder approval, the Company issued 3,000,000 zero priced unlisted options to Mr Peter Ravenscroft, Managing Director of the Company, in recognition of Mr Ravenscroft's achievement of his short term incentive milestones. The options have been valued based on the closing share price on the grant date being 27 cents. The total value of \$810,000 has been recognized as share-based payments expense in the statement of profit or loss.

On 23 September, following shareholder approval, the Company issued 5,000,000 unlisted options each to Aitken Murray Capital Partners Pty Ltd and Euroz Hartleys Limited (total issue of 10,000,000 options), the Lead Managers of the placement and the convertible notes issue announced on 26 July 2021. The exercise price of the options is \$0.36 per option with an expiry date of 23 September 2024.

The options issued to the lead managers during the period have been valued using the Hoadley ES02 valuation Model. The model and assumptions are shown in the table below:

	Lead Manager Options	Lead Manager Options
Number of unlisted options	5,000,000	5,000,000
Grant date	23 Sept 2021	23 Sept 2021
Expiry date	23 Sept 2024	23 Sept 2024
Exercise price	\$0.36	\$0.36
Share price at grant date	\$0.24	\$0.24
Expected volatility	92.03%	92.03%
Risk-free interest rate	0.53%	0.53%
Valuation	\$588,500	\$588,500

30 June 2021

Options	Grant Date	Date of Expiry	Exercise Price	Balance at the start of the year	Granted during the year	Exercised during the year	Balance at the end of the year
Directors	15-06-17	30-06-21	\$0.07	10,000,000	-	(10,000,000)	-
Consultant	01-08-17	22-08-20	\$0.07	500,000	-	(500,000)	-
Consultant	15-06-18	30-06-21	\$0.07	500,000	-	(500,000)	-
Director	09-03-20	19-03-23	\$0.07	2,500,000	-	-	2,500,000
Consultant	14-08-20	31-07-23	\$0.12	-	2,500,000	-	2,500,000
Consultant	08-09-20	31-08-23	\$0.12	-	2,500,000	-	2,500,000
Director	18-11-20	30-09-23	\$0.12	-	2,500,000	-	2,500,000
				13,500,000	7,500,000	(11,000,000)	10,000,000

Weighted average exercise price is \$0.11

The fair value of the options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following tables list the inputs to the model used for the year ended 30 June 2021.

	Consultant Options ¹	Consultant Options ²	Director Options ³
Number of listed options – Tranche 1	1,250,000	1,250,000	2,500,000
Number of listed options – Tranche 2	1,250,000	1,250,000	N/A
Grant date	14 Aug 2020	8 Sep 2020	18 Nov 2020
Expiry date	31 Jul 2023	31 Aug 2023	30 Sep 2023
Exercise price	\$0.12	\$0.12	\$0.12
Share price at grant date	\$0.097	\$0.089	\$0.095
Fair value of listed option – Tranche 1	\$0.045	\$0.042	\$0.040
Fair value of listed option – Tranche 2	\$0.050	\$0.047	N/A
Expected volatility	100%	100%	100%
Risk-free interest rate	0.27%	0.28%	0.11%
Valuation	\$118,000	\$111,125	\$113,000

- 1,250,000 options vested on grant and the remaining 1,250,000 options vested on 1 August 2021.
- 1,250,000 options vested on grant and the remaining 1,250,000 options vested on 1 September 2021.
- Following shareholder approval at the Annual General Meeting of Shareholders on 18 November 2020, the Company issued 2,500,000 Unlisted Options to Mr Truter following his appointment to the Board. The options are subject to voluntary escrow for 24 months from date of issue.

Accounting Policy

Equity-settled and cash-settled share-based compensation benefits are provided to KMP and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying an appropriate valuation model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

NOTE 23 COMMITMENTS

In June 2020, the Company entered into an Exploration Alliance Agreement (“Alliance”) with Diamond Exploration Strategies Ltd (“DES”), a privately owned company focused on diamond exploration in Botswana. Under the terms of the Alliance, BDM will provide funding of up to US\$1,5 million over three years to finance exploration activities, earning 50% ownership of any discoveries made. At 30 June 2022, the remaining commitment is up to US\$68,000 million.

On 2 June 2020, the Company announced that it had entered into an Option Agreement with North Arrow Minerals Inc (TSXV: NAR) over the Naujaat Diamond Project (Project) in the Nunavut territory of Canada. The agreement provides Burgundy with the option to earn a 40% interest in the Project in return for funding of CAD\$5.6 million for a preliminary bulk sample of 1,500 – 2,000 tonnes. At 30 June 2022, the Company’s has met its funding commitment of CAD\$5.6 million and the process for issuing the completion certificate to confirm the Company’s 40% interest is underway.

NOTE 24 CONTINGENCIES

All purchases in Peru are subject to the payment of the Impuesto General a las Ventas (“IGV”) which is a General Sales Tax. Eoro Resources Ltd is entitled to claim back the IGV tax it has paid on all Peruvian purchases which, if successfully claimed, can then be recovered by BDM. As at 30 June 2021, the potential IGV tax receivable is approximately US\$363,086 (2021: US\$354,155). A receivable has not been recognised at 30 June 2022 as receipt of the amount is dependent upon Eoro and the Company meeting the IGV required refund and the assessment of the relevant taxation authorities in Peru.

NOTE 25 AUDITOR’S REMUNERATION

	2022	2021
	\$	\$
Amounts received or due and receivable by RSM Australia:		
Audit and review of the annual and half-year financial report	43,750	36,000
Other services - RSM Australia:		
- Taxation services	4,500	5,400
	48,250	41,400
Other services		
RSM Canada - Tax compliance services	5,386	7,825
RSM France - Company establishment and compliance	13,242	-
	18,628	7,825

NOTE 26 PARENT ENTITY

	2022	2021
	\$	\$
Assets		
Current assets	32,641,497	1,698,873
Non-current assets	4,209,250	77,465
Total assets	36,850,747	1,776,338
Liabilities		
Current liabilities	1,995,286	350,989
Non-current liabilities	29,532,746	
Total liabilities	31,528,032	350,989
Equity		
Contributed equity	41,121,371	26,101,068
Reserves	10,301,585	1,796,175
Accumulated losses	(46,100,241)	(26,471,894)
Total equity	5,322,715	1,425,349
Loss for the year	(19,628,347)	(12,124,435)
Total comprehensive loss	(19,628,347)	(12,124,435)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Exploration commitments

The parent entity had exploration commitments as disclosed in Note 16.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed through the report, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 27 EVENTS AFTER THE REPORTING DATE

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Kim Truter
Non-Executive Chairman

15 September 2022

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100
F +61 (0) 8 92619111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BURGUNDY DIAMOND MINES LIMITED**

Opinion

We have audited the financial report of Burgundy Diamond Mines Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Measurement and classification for convertible notes Refer to Statement of Financial Position and Note 16.	
<p>The Company issued convertible notes raising \$35,000,000 on 16 September 2021. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 16 September 2024.</p> <p>The measurement and classification of convertible notes is considered a key audit matter, due to the materiality of the balance and the complexity of the accounting treatment required, under Australian Accounting Standards.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing the Company's accounting policy for compliance with Australian Accounting Standards; On a sample basis, vouching the proceeds from the issue of convertible notes to supporting documentation; Reading the convertible notes deed to understand their terms and evaluating the classification of the convertible notes against the criteria contained within Australian Accounting Standards; Assessing the fair value of the equity and debt components of the convertible notes at inception, including challenging the reasonableness of key inputs used by management to determine fair value; Checking the mathematical accuracy of the re-measurement at year end of the debt component of the convertible notes using the effective interest rate method; and Assessing the appropriateness of the disclosures in financial report.
Existence of inventories Refer to Statement of Financial Position and Note 10.	
<p>The Company has inventory with a carrying value of \$10,731,980 as at 30 June 2022.</p> <p>The existence of inventory is considered a key audit matter due to the materiality of the balance.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing the Company's accounting policy for compliance with Australian Accounting Standards; Performing test counts, on a sample basis, to assess the existence of inventory at year end; Testing, on a sample basis, the computation of the cost of inventory items by agreeing cost inputs to supporting documentation and evaluating the reasonableness of estimates applied by management; and Assessing management's estimate for determining that items of inventory are recorded at the lower of cost and net realisable value.

For personal use only

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

For personal use only

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2022.

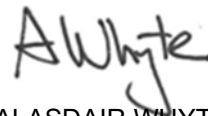
In our opinion, the Remuneration Report of Burgundy Diamond Mines Limited, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS



ALASDAIR WHYTE
Partner

Perth, WA
Dated: 15 September 2022

For personal use only

Corporate Governance Statement

The Board of Directors of Burgundy Diamond Mines Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

The Company's Corporate Governance Statement and policies can be found on its website at www.burgundy-diamonds.com.

For personal use only

For personal use only



ADDITIONAL ASX INFORMATION



BURGUNDY
DIAMOND MINES

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 13 September 2022.

1. Fully paid ordinary shares

- There is a total of 342,447,207 fully paid ordinary shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 1,587.
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
- There are no preference shares on issue.

2. Distribution of fully paid ordinary shareholders is as follows:

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	55	5,274	0.00%
above 1,000 up to and including 5,000	322	1,020,490	0.30%
above 5,000 up to and including 10,000	268	2,232,832	0.65%
above 10,000 up to and including 100,000	656	24,635,059	7.19%
above 100,000	286	314,553,552	91.85%
Totals	1,587	342,447,207	100.00%

Report Generated on 13-Sep-2022 at 12:58 PM

3. Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those whose shareholding is valued at less than \$500. There are 151 shareholders who hold less than a marketable parcel of shares, amount to 0.06% of issued capital.

4. Substantial shareholders of ordinary fully paid shares

The following holders have notified that they are substantial holders of the company at June 2022:

	Holding Balance	% of Issued Capital
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	30,442,200	8.9%
MICHAEL O'KEEFFE	27,903,535	8.1%
HSBC & FRAYNE	18,451,656	5.4%

5. Restricted Securities

None

6. Share buy-backs

There is currently no on-market buyback program for any of BDM Resources' listed securities.

7. Voting rights of Shareholders

All fully paid ordinary shareholders are entitled to vote at any meeting of the members of the Company and their voting rights are on:

- Show of hands – one vote per shareholder; and
- Poll – one vote per fully paid ordinary share.

8. Major Shareholders

The Top 20 largest fully paid ordinary shareholders together held 53.99% of the securities in this class and are listed below:

Position	Holder Name	Holding	% IC
1	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	30,442,000	8.89%
2	WYNNCHURCH STRATEGIC OPPORTUNITY LP (A DELAWARE LP)	14,583,334	4.26%
3	PROSPECT AG TRADING PTY LTD <O'KEEFFE FAMILY A/C>	14,353,535	4.19%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,057,821	3.52%
5	EASTBOURNE DP PTY LTD <O'KEEFFE SUPER FUND A/C>	11,050,000	3.23%
6	9064-6316 QUEBEC INC	11,041,667	3.22%
7	SANDY DOG PTY LTD <THE SANDY DOG UNIT A/C>	10,460,000	3.05%
8	GIBB RIVER DIAMONDS LIMITED	9,000,000	2.63%
9	CITICORP NOMINEES PTY LIMITED	7,611,856	2.22%
10	SANDY DOG PTY LTD <CHAS STEWART NO 2 FAM A/C>	6,591,676	1.92%
11	ANDJEN PTY LTD <DIMSEY SUPER FUND A/C>	6,033,138	1.76%
12	METECH SUPER PTY LTD <METECH NO 2 SUPER FUND A/C>	5,150,000	1.50%
13	ZERO NOMINEES PTY LTD	5,125,000	1.50%
14	BASS FAMILY FOUNDATION PTY LTD <BASS FAMILY FOUNDATION A/C>	5,000,000	1.46%
15	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,660,000	1.36%
16	BUSHWOOD NOMINEES PTY LTD	4,480,587	1.31%
17	SABRINA PAULINE MARSHALL	4,375,000	1.28%
18	SANDY DOG PTY LTD <CAMPBELL STEW NO 2 FAM A/C>	4,314,921	1.26%
19	BLUE CRYSTAL PTY LTD <JULIAN FAMILY A/C>	4,166,667	1.22%
20	BLUE ATLAS PTY LTD <ROWE INVESTMENT A/C>	3,500,000	1.02%
	Totals	173,997,202	50.81%
	Total Issued Capital	342,447,207	100.00%

9. Unlisted Options

- 2,500,000 options expiring 19 March 2023, exercisable \$0.07
- 2,500,000 options expiring 31 July 2023, exercisable \$0.12
- 2,500,000 options expiring 31 August 2023, exercisable \$0.12
- 2,500,000 options expiring 30 September 2023, exercisable \$0.12
- 10,000,000 options expiring 23 September 2024, exercisable \$0.36
- 1,000,000 options expiring 5 August 2026, exercisable \$0.26
- 3,000,000 options expiring 21 September 2024, There is no consideration payable for the options.
- 2,929,536 options expiring 30 August 2027, There is no consideration payable for the options.

10. Tax Status

The Company is treated as a public company for taxation purposes.

11. Franking Credits

The Company has no franking credits.

12. Business Objectives

Burgundy Diamond Mines Limited has used cash and cash equivalents held at the time of re-compliance in a way consistent with its stated business objectives.

13. Securities Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited under Security Code BDM.

14. Registered Office

Level 25, Suite 32
108 St Georges Terrace
Perth WA 6000

Telephone: 08 6559 1792

Website: www.burgundy-diamonds.com

15. Company Secretary

Mr David Edwards

16. Share Registry

Automatic Share Registry
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

17. Company Assets

Project	Location	Area	Nature of Interest	Holder	Interest at beginning of year	Interest at end of year
La Victoria Project	Peru	~80km ²	Farm-in Agreement	Eloro Resources Limited	18%	18%
Nanuk Diamonds	Quebec, Canada	274km ²	100% Acquisition	Nanuk Diamonds Inc.	100%	100%