

30 August 2023

2023 Half-Year Financial Results

29Metals Limited ('29Metals' or the 'Company') today released its Appendix 4D and Half-Year Financial Report for the half year ended 30 June 2023 (the 'HY23 Financial Results') for 29Metals and its controlled entities (the 'Group').

This release presents a summary of information reported in the HY23 Financial Results and should be read in conjunction with the full HY23 Financial Results, released separately today.

Unless otherwise stated, results in this release are in Australian dollars and reported on a statutory basis.

Key Results

- **Copper and zinc production of 10.0kt (HY22: 20.5kt) and 22.1kt (HY22: 23.0kt), respectively.** Production for the period impacted by the Extreme Weather Event¹ at Capricorn Copper in March and subsequent suspension of operations.
- Financial results heavily impacted by the Extreme Weather Event with:
 - **Revenue of \$235 million** (HY22: \$356 million);
 - **EBITDA² loss of \$27 million** (HY22: \$94 million EBITDA);
 - **Operating cash outflow of \$25 million** (HY22: \$109 million inflow); and
 - **Net loss after tax ('NLAT') of \$307 million** (HY22: \$0.4 million net profit after tax ('NPAT')).
- The HY23 NLAT is after non-cash impairment charges of \$206 million relating to the Capricorn Copper cash generating unit ('CGU'), asset damage or loss at Capricorn Copper, and write-down of inventories.
- Cash and equivalents of \$127 million (31 December 2022: \$172 million) and Net Drawn Debt² of \$120 million (31 December 2022: \$26 million), after fully drawing the Group's working capital facility.
- No interim dividend declared for the six months ended 30 June 2023.

For the 6 months ended 30 June	UNITS	2023	2022	VAR
Revenue ¹	\$'000	235,029	356,373	(121,344)
Cost of sales	\$'000	(275,272)	(324,959)	49,687
Gross Profit	\$'000	(40,243)	31,414	(71,657)
EBITDA	\$'000	(27,119)	94,390	(121,509)
Cashflow from operating activities	\$'000	(24,640)	108,781	(133,421)
(NLAT) / NPAT	\$'000	(306,667)	390	(307,057)
Earnings per share ('EPS')	cents/share	(63.60)	0.08	(63.68)
Copper production	kt	10.0	20.5	(10.5)
Zinc production	kt	22.1	23.0	(0.9)
% copper sales ²	%	53%	62%	(9%)
Average copper price	US\$/t	8,696	9,769	(1,073)
Exchange rate ³	AUD:USD	0.676	0.719	(0.043)
C1 Costs	US\$/lb	3.49	2.38	1.11
AISC	US\$/lb	5.02	3.55	1.47

¹ Revenue comprises all concentrate sales, inclusive of final shipment invoice and quotational period ('QP') adjustments, and after concentrate treatment and refining charges ('TCRCs').

² % Copper sales is gross copper sales proceeds (before QP adjustments and TCRCs), divided by the sum of gross sales proceeds for copper, zinc, gold, silver and lead (before QP adjustments and TCRCs).

³ Foreign exchange rate cited is the average rate for the relevant period (Source: FactSet).

¹ Refers to Extreme Weather Event at Capricorn Copper in March 2023. Refer to 29Metals ASX announcement on 9 March 2023 for further details.

² EBITDA, Net Drawn Debt, C1 Costs and AISC are non-IFRS financial information metrics. Refer to important information regarding the use of non-IFRS financial information in this release on page 2.

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

“29Metals’ first half 2023 financial result was significantly impacted by the Extreme Weather Event that resulted in Capricorn Copper’s operations being suspended. This includes loss of revenues, increased costs associated with recovery efforts and non-cash accounting impairment charges at Capricorn Copper.

Looking ahead, we remain focussed on executing our plans to deliver positive improvements for both operations in the second half. We continue to progress the Capricorn Copper phased restart of operations, improving development rates at the high-grade Xantho Extended ore body at Golden Grove, completing ventilation upgrades, progressing regulatory approvals, whilst maintaining cost management and capital discipline.

Whilst today’s result is not what we hoped for, we are confident that the progress made in the first half, under extremely challenging circumstances, sets the Company on the path to delivering its potential.”

Important information regarding non-IFRS financial information

Non-IFRS financial information metrics used in this release

This release contains certain information, such as *C1 Costs, AISC, EBITDA, Drawn Debt, Net Drawn Debt, Recovery Costs, Site Operating Costs, and Royalty and Other Selling Costs*, that is not recognised under Australian Accounting Standards and is classified as ‘non-IFRS financial information’ under ASIC Regulatory Guide 230 (*Disclosing non-IFRS financial information*).

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

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

The Appendix to this release sets out the definitions for non-IFRS financial information metrics used in this release, along with applicable reconciliations of non-IFRS financial information metrics to IFRS metrics.

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

Summary of HY23 Financial Results

Revenue

Revenue of \$235 million (HY22: \$356 million) was \$121 million, or 34% lower than the prior corresponding period, reflecting lower sales volumes (including impact of Extreme Weather Event) and lower commodity prices, with:

- a 45% reduction (\$133 million) in copper concentrates revenue, on lower sales volumes and lower copper prices;
- a 46% reduction (\$38 million) in revenue from zinc concentrates, on lower sales volumes and lower payable precious metals content and materially lower zinc prices; and
- lower copper and zinc concentrate revenues partially offset by lead concentrates sales of \$28 million (HY22: nil).

Costs

Cost of sales in HY23 decreased 15% against the prior period reflecting the impacts of lower activity levels as well as an enhanced focus on cost management at both operations, against a backdrop of continuing industry-wide inflation.

Cost of sales for the 6 months ended 30 June	UNITS	2023	2022	VAR
Site Operating Costs ¹	\$'000	176,166	222,607	(46,441)
Depreciation & amortisation ('D&A') ²	\$'000	57,495	77,347	(19,852)
Stockpile movements	\$'000	12,899	(10,021)	22,920
Royalties and Other Selling Costs (incl. freight) ¹	\$'000	21,375	35,026	(13,651)
Inventory writedown – net realisable value ('NRV') adjustment	\$'000	7,337	0	7,337
Cost of sales	\$'000	275,272	324,959	(49,687)

¹ Site Operating Costs and Royalties and Other Selling Costs are non-IFRS financial information metrics. Refer to important information regarding the use of non-IFRS financial information in this release on page 2.

² D&A in Cost of sales excludes D&A attributable to the phased recovery of Capricorn Copper and administrative functions.

Site Operating Costs for HY23 were \$176 million, 21% lower than the prior period (HY22: \$223 million), with:

- lower activity levels from the suspension of Capricorn Copper operations and throughput restrictions in the first four months of the year at Golden Grove; and
- higher unit rates under contract mining agreements at both operations.

Stockpile movement charges of \$13 million in HY23 were materially higher (HY22: \$10 million credit) as ROM ore and concentrate stocks were depleted during HY23 reflecting lower mining and milling activity. Royalties and Other Selling Costs were 39% lower reflecting the impact of lower sales volumes and lower commodity prices.

Depreciation and amortisation ('D&A') was 23% lower in HY23 reflecting the impact of lower activity levels on depreciation rates during the period.

D&A for the 6 months ended 30 June	UNITS	2023	2022	VAR
Property, plant and equipment D&A	\$'000	12,223	18,372	(6,149)
Mine Properties D&A	\$'000	34,118	42,462	(8,344)
AASB16 leases amortisation	\$'000	13,382	16,490	(3,108)
Intangibles amortisation	\$'000	23	23	0
Total D&A ¹	\$'000	59,746	77,347	(17,601)

EBITDA

EBITDA ³ for HY23 was a loss of \$27 million, approximately \$122 million lower than the prior corresponding period (HY22: \$94 million EBITDA), reflecting decreased sales volumes and realised prices, and the impact of the Extreme Weather Event.

HY23 EBITDA includes costs associated with the phased recovery of Capricorn Copper of \$31 million (HY22: nil) as well as inventory write-down expenses of approximately \$2 million at Capricorn Copper (HY22: nil) and \$7 million at Golden Grove (HY22: nil).

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

Impairment Expenses

In the context of a sustained decline in 29Metals' market capitalisation following the Extreme Weather Event and the announcement of the suspension of operations at Capricorn Copper, 29Metals undertook a formal assessment of carrying values as at 30 June 2023.

As a result of the analysis performed, a non-cash impairment of \$170 million was recorded in the HY23 results relating to the Capricorn Copper CGU. The impairment reflects the deferral of revenues and increased costs associated with the Capricorn Copper phased recovery. A full summary of the key assumptions and sensitivities in relation to the carrying value test are included in Note 14 of the HY Financial Report.

In addition to the CGU impairment, Capricorn Copper recorded further non-cash impairment charges of \$27 million as a result of damage or loss to assets and \$2 million for the NRV write-down of ROM inventories following an assessment of the direct and indirect impacts of the Extreme Weather Event.

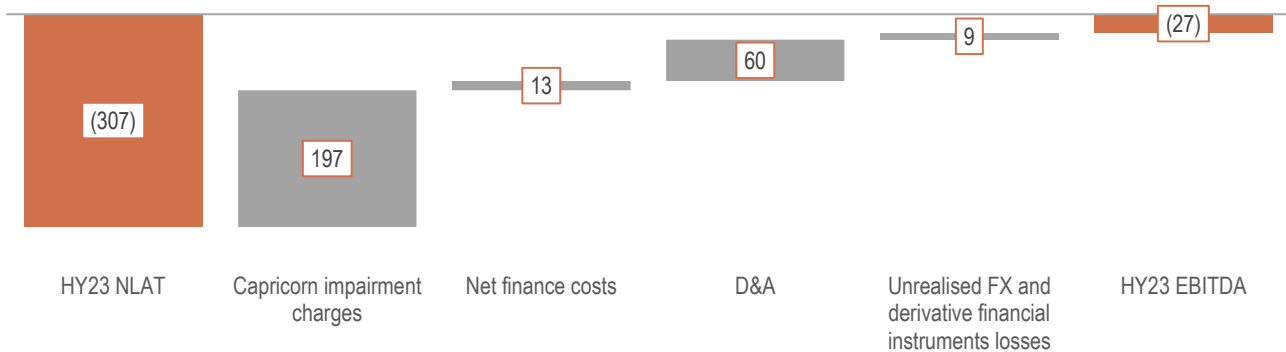
Impairment Expenses for the 6 months to 30 June	UNITS	2023
Capricorn Copper:		
Mine properties	\$'000	135,997
Property, plant and equipment	\$'000	32,325
Right of use assets	\$'000	1,678
CGU impairment	\$'000	170,000
Asset impairment expense	\$'000	27,000
Inventory writedown – NRV impairment	\$'000	1,620
Total Capricorn Copper impairments	\$'000	198,620
Golden Grove:		
Inventory writedown – NRV impairment	\$'000	7,337
Total Group Impairments	\$'000	205,957

In HY23, Golden Grove Cost of sales included \$7 million of inventory writedown expense (HY2022: nil) on zinc ROM ore and concentrate stockpiles, being the difference between the value attributed to these inventories in the Group's accounts and the assessed NRV, as a result of lower zinc prices in HY23. There was no impairment recorded for the Golden Grove CGU.

NPAT

29Metals recorded an NLAT for HY23 of \$307 million (HY22: \$0.4 million NPAT) including the impact of the Extreme Weather Event and non-cash impairment charges totalling \$206 million.

For the 6 months ended 30 June	UNITS	2023	2022	VAR
Gross (loss) / profit	\$'000	(40,243)	31,414	(71,657)
Other income	\$'000	190	127	63
Net gain/(loss) on derivative financial instruments	\$'000	(5,323)	(5,638)	315
Net foreign exchange gain/(loss)	\$'000	(623)	(3,295)	2,672
Administration expenses	\$'000	(17,510)	(14,449)	(3,061)
<i>Extreme Weather Event:</i>				
- Recovery Costs	\$'000	(31,169)	0	(31,169)
- Inventories – NRV writedown	\$'000	(1,620)	0	(1,620)
- Asset impairment expense	\$'000	(27,000)	0	(27,000)
Impairment expense relating to Capricorn Copper CGU	\$'000	(170,000)	0	(170,000)
(Loss) / Profit before net finance costs and income tax expense	\$'000	(293,298)	8,159	(301,457)
Net finance costs	\$'000	(13,369)	(6,771)	(6,598)
(Loss) / Profit before income tax expense	\$'000	(306,667)	1,388	(308,055)
Income tax (expense) / benefit	\$'000	0	(998)	998
(NLAT) / NPAT	\$'000	(306,667)	390	(307,057)
Earnings / (loss) per share ('EPS') (Basic)	cents	(63.6)	0.08	(63.7)

NLAT to EBITDA ⁴ bridge (\$ million)

Balance Sheet

At 30 June 2023, Net Drawn Debt ⁴ was approximately \$120 million (31-Dec-2022: \$26 million Net Drawn Debt). ⁵

Net Drawn Debt ¹	UNITS	30-Jun-2023	31-Dec-2022	VAR
Term loan facility	\$'000	185,924	198,359	(12,435)
Working capital facility	\$'000	60,872	0	60,872
Drawn Debt ¹	\$'000	246,796	198,359	48,437
Cash and cash equivalents ²	\$'000	126,644	171,962	(45,318)
Net Drawn Debt ¹	\$'000	120,152	26,397	93,755
US\$ balances included in cash and cash equivalents	US\$'000	66,701	47,152	19,549

¹ Drawn Debt and Net Drawn Debt are non-IFRS financial information metrics. Refer to important information regarding the use of non-IFRS financial information metrics in this release on page 2.

² Excludes cash balances set aside for rental security deposits and IPO proceeds retained by 29Metals under the Cash Backed Indemnity Deed. Refer to Note 39 of the Group's Consolidated Financial Statements for the year ended 31 December 2021 for further information regarding the Cash Backed Indemnity Deed.

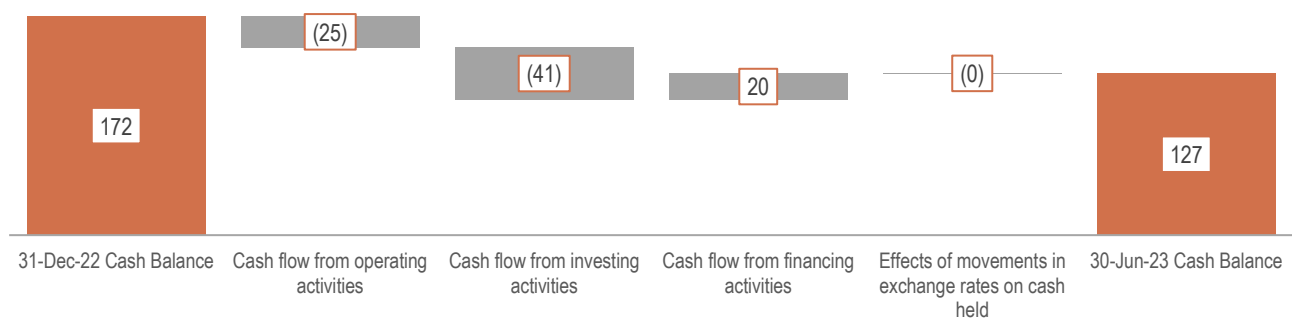
The term loan facility of \$186 million⁶ at 30 June 2023 decreased by \$12 million from 31 December 2022, reflecting repayments of the term loan facility. At 30 June 2023, the US\$40 million working capital facility was fully drawn.

The \$45 million decrease in cash and cash equivalents to \$127 million (31-Dec-22: \$172 million) reflects lower sales volumes and commodity prices during the period, together with operating outflows in relation to recovery efforts following the Extreme Weather Event, partly offset by drawing down on the Group's working capital facility.

The decrease in cash and cash equivalents is after \$5 million in outflows related to the settlement of derivative financial instruments.

Final settlement of stamp duty in relation to the acquisition of Golden Grove remained outstanding at the end of the period. 29Metals has maintained a \$26 million accrual for stamp duty at 30 June 2023.

Cash flow bridge (\$ million)



⁴ EBITDA and Net Drawn Debt are non-IFRS financial information metrics. Refer to important information regarding the use of non-IFRS financial information in this release on page 2.

⁵ Excludes cash balances set aside for rental security deposits and EMR Capital IPO proceeds retained by 29Metals under cash backed indemnity arrangements described in section 10.6.12.3 of the 29Metals Prospectus released to the ASX announcements platform on 2 July 2021.

⁶ Reflects the A\$ equivalent of amounts drawn under the Group's term loan facility of US\$126 million principal balance owing at 30 June 2023 and adjustments for accounting purposes, net of un-amortised capitalised borrowing costs.

Interim Dividend

The Board has determined not to pay an interim dividend in connection with the HY23 Financial Results.

Events Subsequent to 30 June 2023

Events subsequent to 30 June 2023, are as follows:

- Phase 1 of the Capricorn Copper recovery plan was successfully achieved with the recommencement of mining operations at Mammoth and Greenstone, and mineral processing operations, on 1 August 2023⁷; and
- 29Metals received an update from its insurers in relation to the Capricorn Copper Insurance Claim regarding the loss and damage suffered as a result of the extreme weather event, with insurers: ⁸
 - confirming indemnity for damage to property on the surface and associated business interruption, and agreement to make an initial unallocated progress payment of \$24 million. The claim process for the balance of the surface property damage and associated business interruption is ongoing; and
 - advising that, based on 29Metals' preliminary claim submission and information provided to date, insurers' position is that the policy does not respond to losses relating to underground flooding. Further information has been requested by 29Metals' insurers.
 - 29Metals does not agree with insurers' position regarding coverage of underground loss and will continue to work with insurers in relation to further information requirements to advance this claim.

2023 Guidance

In light of the impact of the Extreme Weather Event, including lower activity levels and the Capricorn Copper CGU impairment, 29Metals has revised its D&A guidance for FY23.

Financial Metric	Original Guidance	Revised Guidance ¹	Comments
D&A ²	\$155 - 190 million	\$117 - 137 million	<ul style="list-style-type: none"> ▪ Reduction in D&A guidance reflects impacts of Extreme Weather Event, including lower expected activity levels in 2023
Mine Properties	\$80 - 100 million	\$66 - 76 million	<ul style="list-style-type: none"> ▪ Lower depreciation rates due to reduced activity levels ▪ Capricorn Copper Mineral rights balances reduced following impairment outcomes
PPE	\$40 - 50 million	\$26 - 31 million	<ul style="list-style-type: none"> ▪ Lower depreciation rates due to lower activity levels ▪ Capricorn Copper asset values impaired following impacts of flooding
AASB16 Leases	\$35 - 40 million	\$25 - 30 million	<ul style="list-style-type: none"> ▪ Reduction reflects lower activity levels for 2023

Notes:

- ¹ Guidance is subject to market and operating conditions. Refer to page 8 for important information regarding forward looking statements.

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

⁷ Refer to "Capricorn Copper Restart" announcement released to ASX announcements platform on 1 August 2023.

⁸ Refer to "Update - Insurance Claim Progress and Carrying Values" announcement released to ASX announcements platform on 21 August 2023

Corporate Information

29Metals Limited (ABN 95 650 096 094)

Board of Directors

Owen Hegarty OAM	Non-Executive Chairman
Peter Albert	Managing Director & CEO
Fiona Robertson AM	Independent Non-Executive Director
Jacqueline McGill AO	Independent Non-Executive Director
Martin Alciaturi	Independent Non-Executive Director
Tamara Brown	Independent Non-Executive Director
Francis 'Creagh' O'Connor	Independent Non-Executive Director

Company Secretary

Clifford Tuck

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Stock Exchange Listing

Australian Securities Exchange (Ticker: 29M)

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Registry

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Website: www.linkmarketservices.com.au

Issued Share Capital

29Metals' issued capital is 482,081,840 ordinary shares (at 30 June 2023).

IMPORTANT INFORMATION REGARDING FORWARD LOOKING STATEMENTS

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

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

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

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

Appendix – Non-IFRS financial information

METRIC	DEFINITION
AISC	is all-in sustaining costs, and is calculated as C1 Costs plus royalties cost, corporate costs, sustaining capital and capitalised development costs, but excludes growth capital and exploration. AISC is cited in US\$ per pound of payable copper sold. AISC excludes recovery costs in relation to the Extreme Weather Event.
C1 Costs	is mining costs, processing costs, maintenance costs, site general & administrative costs, realisation costs (including shipping and logistics costs), and treatment and refining charges, adjusted for stockpile movements and net of by-product credits (proceeds from non-copper metal sales). C1 Costs is cited in US\$ per pound of payable copper sold. C1 Costs exclude recovery costs in relation to the Extreme Weather Event.
Drawn Debt	is amounts drawn under Group debt facilities as reported in accordance with Australian Accounting Standards, excluding bank guarantees issued under the Group bank guarantee facility.
EBITDA	is earnings before finance income, finance costs, any unrealised foreign exchange gains or losses, any realised and unrealised gains or losses on derivative financial instruments, asset impairment as a result of damage or loss from the Extreme Weather Event at Capricorn Copper, impairment expense relating to the Capricorn Copper cash-generating unit, income tax expense/(benefit) and depreciation and amortisation. Because it eliminates all gains and losses on forward commodity contracts (copper) and swaps (gold), impairment expenses, the non-cash charges for D&A, and unrealised foreign exchange gain or losses, 29Metals considers that EBITDA is useful to help evaluate the operating performance of the business without the impact of those items, and before finance income and finance costs and tax charges, which are significantly affected by the capital structure and historical tax position of 29Metals. A reconciliation of EBITDA to (NLAT)/NPAT is set out on page 10 of this report.
Net Drawn Debt	is Drawn Debt less cash and cash equivalents (excluding cash held as rental security deposit and EMR Capital IPO proceeds retained by 29Metals under cash backed indemnity arrangements described in section 10.6.12.3 of the 29Metals Prospectus). 29Metals uses this measure to understand its overall credit position. Investors should be aware that cash and cash equivalents may be required for purposes other than debt reduction.
Recovery Costs	is costs incurred in relation to the Extreme Weather Event at Capricorn Copper. Recovery Costs include physical remediation works, allocation of Site Operating Costs to support these activities, and are shown net of revenue from gas sales. Recovery Costs are excluded from C1 Costs and AISC.
Royalties and Other Selling Costs	is the sum of government royalties and other production and selling costs, including freight.
Site Operating Costs	is the sum of mining costs, processing costs and site services costs as shown in 29Metals Cost of Sales. Site Operating Costs are shown net of AASB16 leasing adjustments. Mining costs exclude capitalised mine development costs. Site Operating Costs exclude recovery costs in relation to the Extreme Weather Event.

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RECONCILIATION OF EBITDA TO (NLAT) / NPAT

For the 6 months ended 30 June	UNITS	2023	2022	VAR
(NLAT) / NPAT	\$'000	(306,667)	390	(307,057)
Add: Income tax (expense)/benefit	\$'000	0	998	(998)
Add: Extreme Weather Event – impairment as a result of damage or loss	\$'000	27,000	0	27,000
Add: Extreme Weather Event – impairment of Capricorn Copper segment	\$'000	170,000	0	170,000
Add: Net finance costs	\$'000	13,369	6,771	6,598
Add: Depreciation and amortisation	\$'000	59,746	77,347	(17,601)
Add: Unrealised foreign exchange (gain)/loss	\$'000	4,110	3,246	864
Add: Net (gain)/loss on derivative financial instruments	\$'000	5,323	5,638	(315)
EBITDA	\$'000	(27,119)	94,390	(121,509)

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