

For personal use only



# BURGUNDY DIAMOND MINES LIMITED

ABN 33 160 017 390

## 2023 ANNUAL REPORT



## Annual Report For the year ended 30 June 2023

### Contents

Corporate Directory.....	2
Managing Directors' Report .....	3
Directors' Report .....	5
Auditors Independent declaration.....	18
Financial Statements .....	19
Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	20
Consolidated Statement of Financial Position.....	21
Consolidated Statement of Changes in Equity .....	22
Consolidated Statement of Cash Flows .....	23
Notes to the Consolidated Financial Statements .....	24
Directors' Declaration.....	50
Independent Auditor's Report.....	51
Corporate Governance Statement .....	55
ASX Additional Information.....	56

## Corporate Directory

### Board of Directors

Michael O’Keeffe	Executive Chairman
Kim Truter	Chief Executive Officer
Marc Dorion	Non-Executive Director

### Secretary

Brad Baylis (Appointed 26 April 2023)

### Registered Office

Level 25

South32 Tower

108 St Georges Terrace

Perth WA 6000

Telephone: 08 6313 3945

Website: [www.burgundydiamonds.com](http://www.burgundydiamonds.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 5, 191 St Georges Terrace

Perth WA 6000

Telephone: 1300 288 664

## Chief Executive Officer's Report

Dear Fellow Shareholder

On behalf of the Board of Directors, I am pleased to present the Burgundy Diamond Mines Ltd. Annual Report for the financial year ended 30 June 2023 (FY2023).

FY2023 has been a transformative year for the company. The company pivoted from being largely focused on exploration to a fully vertically integrated global diamond mining company with projects all the way along the value chain.

The year started with the launch of the Maison Mazerea brand in Paris, followed by the results of the bulk sample from the Naujaat joint venture project in northern Canada. The company also made various sales agreements and partnerships with recognized diamond jewellery retailers.

Activities at the Ellendale project in Western Australia ramped up with bulk sampling commencing in September 2022 and subsequently the first modest recovery of yellow diamonds. This activity continued until late in the year when the project was shut down for the annual wet season which typically lasts for several months.

Concurrently, the former Argyle pink diamonds team was establishing their presence in the facility based in Perth, Western Australia, polishing and grading diamonds from the Naujaat and Ellendale projects as well as third party diamond purchases. Selling activities commenced primarily by entering agreements with diamond jewellery retailers in Australia, France and the US. This established the "downstream" part of the business.

During this period, the board was discussing the direction of the company and decided to make several leadership changes. Peter Ravencroft the former CEO left the company, Kim Truter was appointed as the replacement CEO and Michael O'Keefe assumed the role as chairman. The board was also scaled back to three board members including Marc Dorion based in Canada. The board decided that the company needed to acquire a large-scale quality mining asset in a tier 1 jurisdiction.

After an exhaustive search, the board identified Arctic Canadian Diamond Company, then owner of Ekati mine in the Northwest Territory of Canada, as a potential acquisition target. Discussions commenced in late 2022, which soon culminated in agreement in principle by both parties on the terms. By December a draft term sheet had been agreed upon and on 18 Dec 2022 the company entered voluntary trading suspension.

Since the scale of the transaction was significant, the company was required by the Australian Stock Exchange to embark on a relisting process. This process required significant legal, financial and operational due diligence which started in late December 2022 and continued well into 2023.

In early 2023, the company announced that the conditions for 40% interest in the Naujaat project in Canada had been met and would be retained. Soon after it was announced that the bulk sample results at the Ellendale project in Australia had not meet expectations and it was announced that the company would exit the project which it has subsequently completed.

On 14 March 2023, the company formally announced to the market the transformational acquisition of Ekati mine, the 10th largest producing diamond mine globally. Significantly the Ekati property has the 3rd largest declared diamond mineral resource still in the ground. The highlights of the acquisition included:

- A purchase consideration of US\$136m.
- Post-acquisition would see Burgundy become the largest ASX listed diamond company and one of the largest in the world.
- In 2022 Ekati sold 4.2 million carats and delivered revenue of US\$494 million and adjusted EBITDA of US\$200 million.

Following this announcement, due diligence and relisting activities continued at pace as the company sought to close the transaction before the end of the financial year.

On 26 April 2023, the company announced the appointment of Brad Baylis and the new Chief Financial Officer and Company Secretary.

On 23 June 2023 shareholders voted overwhelmingly in favour of the Ekati transaction and by the end of June the transaction was closed and completed. Trading commenced a few days later which capped off a truly transformational journey for the company.

Burgundy's growth journey is remarkable, and I am extremely thankful for all the hard work performed by employees, external advisors, and the board. The company is now well-positioned as a vertically integrated diamond company with a strong balance sheet, a highly experienced management team and board as well as a cornerstone mining asset, which is producing strong operational and sales results and has an exciting range of low capital mine life extension options.

Finally, I would like to take this opportunity to thank our shareholders for their ongoing support, without which we would not have been able to execute our transformation activities. We look forward to sharing our success with you in FY2024.



**Kim Truter**  
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 ("the Group") for the financial year ended 30 June 2023 ("FY2023").

### 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.

#### Michael O'Keeffe (Executive Chairperson, 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 5.97% 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:

67,903,535 ordinary shares  
5,000,000 convertible notes

#### Kim Truter (Chief Executive Officer, 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 its 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

### **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 King'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

### **Peter Ravenscroft (Chief Executive Officer, appointed 11 March 2020, resigned 22 November 2022)**

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 at date of resignation:**

7,375,000 ordinary shares

2,500,000 unlisted options

### **Company Secretary**

#### **Brad Baylis (appointed 26 April 2023)**

Mr Baylis has broad experience in corporate and operational finance, including more than 20 years of leadership and resource development, most recently as Chief Financial Officer for Air Tindi, a regional airline based in Yellowknife in the Northwest Territories of Canada.

#### **David Edwards (appointed 4 October 2021, resigned 26 April 2023)**

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.



## Principal Activities

During the financial year, the principal activities of the Group 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

### Acquisition of the Ekati Diamond Mine, Canada

On 14 March 2023, the Company entered into a binding share purchase agreement with Arctic Canadian Diamonds to acquire 100% of the common shares of Arctic Canadian Diamond Company Limited (ACDC) and 100% of the common shares of Arctic Canadian Diamond Marketing N.V. (ACDM). ACDC is the 100% owner of all businesses assets and other interests comprising Ekati, a producing diamond mine located in Canada's Northwest Territories. ACDM is a marketing business responsible for the management of the supply chain, sorting, preparation, marketing, and sales of rough diamonds from Ekati. The acquisition was completed on 1 July 2023.

The Group's strategy will be focused on optimising Ekati's current mine performance and extending mine life through underwater remote mining, assessment of the Jay deposit and Fox Underground opportunities, and systematic exploration using newly applied machine learning (artificial intelligence) technology.

Capturing incremental margins along the diamond value chain by cutting and polishing coloured Ekati diamonds at the Group's commercial facilities in Perth, Western Australia and leveraging collaborative sales agreements with international jewellers remains a key focus.

Further, the Group's continues actively assessing M&A opportunities to build out a balanced portfolio of diamond projects in Tier 1 jurisdictions.

### Other Exploration and Development

On 20 March 2023, The Company elected not to exercise the Option Deed with Gibb River Diamonds Ltd. to acquire 100% ownership of the Ellendale Diamond Project in the West Kimberley region of Western Australia and immediately ceased development of the project.

At Naujaat, diamond recovery was completed for the 2,000-tonne bulk sample completed at site in 2021, and confirmed the presence of high value, Fancy Orange and Yellow diamonds. On 22 February 2023, the Company assumed 40% ownership of the Naujaat Project under the terms of an earn-in option agreement with North Arrow Minerals.

### Sales and Marketing

During the year, the Company's cutting and polishing facilities in Perth continued to operate at full capacity, refining third-party rough diamonds purchased in 2021 and 2022. The Company is developing its sales channel strategy and anticipates further sales collaborations in 2023.

## Corporate

### Board and Executive Appointments

On 17 November 2022, the Company announced that Mr Peter Ravenscroft, had resigned as Managing Director and Chief Executive Officer, effective 22 November 2022. The Board resolved that Mr Kim Truter, appointed as a Non-Executive Director in September 2020, and Non-Executive Chairman in December 2021, would be appointed as Chief Executive Officer with immediate effect. In addition, the Board has resolved that Mr Michael O'Keeffe, Non-Executive Director, appointed in June 2017, will be appointed as Executive Chairman.

## Capital Raising

On 28 June 2023, the Company announced the successful completion of a placement to raise US\$150 million (approximately A\$231 million) to acquire 100% of the common shares of Arctic Canadian Diamond Company and 100% of the shares of Arctic Canadian Marketing NV. In connection with the placement eligible shareholders in Australia and New Zealand were invited to participate in a Share Purchase Plan that raised \$3.7 million. The funds from the SPP net of fees were received in July 2023. The suspension of trading in the securities of the Company was lifted at the commencement of trading on 7 July 2023, following its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

## Issue of Unlisted Options

On 30 August 2022, the Company issued 3,808,507 zero-price unlisted options under an employee incentive scheme in recognition of employee incentives for the financial year to 30 June 2022.

On 30 August 2022, the Company issued 1,000,000 options to a consultant to advise the Company and to incentivize the consultant to promote the Group's brand.

## Results of Operations

The net loss of the Group for the year ended 30 June 2023 was \$27,987,549 (2022: \$19,710,027). The loss reflects the development stage of the Group and arises primarily from the cost of raw materials, inventory write-downs and finance cost on debt.

Financial performance for the previous 5 years is as follows:

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
Net Loss after tax	(27,987,549)	(19,710,027)	(12,118,039)	(3,201,605)	(1,327,120)
Loss per share (cents per share)	(8.00)	(5.93)	(4.82)	(2.42)	(1.05)
Share price at end of the year	0.30(i)	0.14	0.29	0.096	0.035

(i) As at 30 June 2023 the Company's shares were voluntarily suspended from quotation on the ASX, the share price represented the share price as at 19 December 2022, the Company as subsequently reinstated on 5 July 2023.

## Financial Position

The statement of cash flows shows an increase in cash and cash equivalents for the year ended 30 June 2023 of \$165,315,166 (2022: \$19,815,809). During the year, the Group raised \$193,517,666 (2022: \$50,195,275) before costs from the issue of share capital and convertible notes. At year end the Group had funds of \$188,302,383 (2022: \$21,506,861) of which \$185,302,383 was held restricted as it was held in escrow pending the acquisition of 100% of the common shares of Arctic Canadian Diamonds Arctic Canadian Diamond Company Limited (ACDC) on 1 July 2023, leaving a balance of \$3,000,000 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 Group other than those described within the operating and corporate activities review.

## Matters Subsequent to The Reporting Period

The following events occurred subsequent to the reporting date

- On 1 July 2023, the Company completed the acquisition of 100% of the common shares of Arctic Canadian Diamonds Arctic Canadian Diamond Company Limited (ACDC) and Arctic Canadian Diamond Marketing N.V. (ACDM) for US\$136 million. ACDC is the 100% owner of all business assets and other interests comprising Ekati, a producing diamond mine located in Canada's Northwest Territories. ACDM is a marketing business responsible for the management of the supply chain, sorting, preparation, marketing and sales of rough diamonds from Ekati. The reason for the acquisition is part of the Group's strategy of becoming truly vertically integrated across the diamond value chain. Consideration of the transaction consists of US\$21 million in Company shares to the vendor; US\$15 million in cash as a deferred payment in December 2023 to the Vendor and repayment of US\$100 million of ACDC debt.
- The funds, net of fees, from a Share Purchase Plan that raised \$3.7 million were received on 4 July 2023.
- The suspension of trading in the securities of the Company was lifted at the commencement of trading on 7 July 2023, following its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

## Likely Developments and Expected Results

The strategic objectives of the Group 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 <sup>1</sup>	Attended <sup>2</sup>	Held <sup>1</sup>	Attended <sup>2</sup>	Held <sup>1</sup>	Attended <sup>2</sup>
Kim Truter	3	3	-	-	1	1
Michael O'Keeffe	3	3	-	-	1	1
Marc Dorion	3	2	-	-	1	-
Peter Ravenscroft <sup>3</sup>	3	3	N/A	N/A	N/A	N/A

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. Resigned 22 November 2022.

N/A: Not a member of this committee.

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 2023 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 2023 are as follows:

Director	Role	Appointment	Resigned
Michael O’Keeffe	Executive Chairman	15 June 2017	N/a
Kim Truter	Chief Executive Officer and Non-Executive Director	22 September 2020	N/a
Marc Dorion	Non-Executive Director	5 July 2020	N/a
Peter Ravenscroft	Managing Director	11 March 2020	22 November 2022

## Voting and comments made at the Company’s 2022 Annual General Meeting (“AGM”)

At the 2022 AGM, 92.67% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

## Remuneration Philosophy

Members of key management have authority and responsibility for planning, directing and controlling the activities of the Company. During the financial year, KMP of the Company comprises the Board of Directors and the 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

The 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 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 the 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 2023 and 30 June 2022 are as follows:

30 June 2023	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	
	\$	\$	\$	\$	\$	
<b>Directors</b>						
Michael O’Keeffe	55,000	-	5,775	-	-	60,775
Kim Truter	276,250	-	29,006	-	-	305,256
Marc Dorion	60,775	-	-	-	-	60,775
Peter Ravenscroft (i)	340,152	-	26,775	-	-	366,927
<b>Total</b>	<b>732,177</b>	<b>-</b>	<b>61,556</b>	<b>-</b>	<b>-</b>	<b>793,733</b>

(i) Resigned 22 November 2022.

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	
	\$	\$	\$	\$	\$	
<b>Directors</b>						
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
<b>Total</b>	<b>621,178</b>	<b>195,000</b>	<b>53,072</b>	<b>810,000</b>	<b>-</b>	<b>1,679,250</b>

(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 and he resigned on 22 November 2022.

(ii) Retired 9 December 2021.

(iii) Resigned 9 December 2021.

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 (%)	
	2023	2022	2023	2022	2023	2022
<b>Directors</b>						
Michael O’Keeffe	100%	100%	-	-	-	-
Kim Truter	100%	100%	-	-	-	-
Marc Dorion	100%	100%	-	-	-	-
Peter Ravenscroft (i)	100%	29%	-	14%	-	57%
Stephen Dennis (ii)	-	100%	-	-	-	-
Jeremy King (iii)	-	100%	-	-	-	-

(i) Resigned 22 November 2022

(ii) Retired 9 December 2021

(iii) Resigned 9 December 2021

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

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2023	2022	2023	2022
<b>Directors</b>				
Michael O’Keeffe	-	-	-	-
Kim Truter	-	-	-	-
Marc Dorion	-	-	-	-
Peter Ravenscroft (i)	-	100%	-	-
Stephen Dennis (ii)	-	-	-	-
Jeremy King (iii)	-	-	-	-

(i) Resigned 22 November 2022

(ii) Retired 9 December 2021

(iii) Resigned 9 December 2021

### Shareholdings of KMP (direct and indirect holdings)

The number of ordinary shares in the Company held by each KMP of the Company during the year ended 30 June 2023 is as follows:

30 June 2023	Balance at 1 July 2022	Issued as Remuneration	Acquired / Converted	Held at date of appointment/ (resignation)	Acquired	Balance at 30 June 2023
<b>Directors</b>						
Michael O’Keeffe	27,903,535	-	-	-	40,000,000	67,903,535
Kim Truter	-	-	-	-	-	-
Marc Dorion	12,541,667	-	-	-	-	12,541,667
Peter Ravenscroft (i)	4,375,000	-	3,000,000	(7,375,000)	-	-
<b>Total</b>	<b>44,820,202</b>	<b>-</b>	<b>3,000,000</b>	<b>(7,375,000)</b>	<b>40,000,000</b>	<b>80,445,202</b>

(i) Resigned 22 November 2022

**Unlisted Option holdings of KMP (direct and indirect holdings)**

The number of unlisted options in the Company held by each KMP of the Company during the year ended 30 June 2023 is as follows:

30 June 2022	Balance at 1 July 2022	Issued as Remuneration	Exercised	Held at Resignation	Balance at 30 June 2023
<b>Directors</b>					
Michael O'Keeffe	-	-	-	-	-
Kim Truter	2,500,000	-	-	-	2,500,000
Marc Dorion	-	-	-	-	-
Peter Ravenscroft (i)	5,500,000	-	(3,000,000)	(2,500,000)	-
<b>Total</b>	<b>8,000,000</b>	<b>-</b>	<b>(3,000,000)</b>	<b>(2,500,000)</b>	<b>2,500,000</b>

(i) Resigned 22 November 2022

**KMP Contractual Arrangements****Peter Ravenscroft Managing Director and Chief Executive Officer (Resigned 22 November 2022)**

Until his resignation on 22 November 2022, Mr Ravenscroft was 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 were:

- 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 2023 are noted below.

**Options**

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

**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

There were no other loans made to any KMP during the year ended 30 June 2023 (2022: nil). There were no loans from any KMP during the year ended 30 June 2023 (2022: nil).

During the year ended 30 June 2022, 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 \$300,000 was paid to Mr O’Keeffe. At 30 June 2023, accrued interest payable due to Mr O’Keeffe was approximately \$10,685.

### Other Transactions with KMP

At 30 June 2023, 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 2023.

***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 of RSM Australia Partners.

### Auditor’s Independence Declaration

The lead auditor’s independence declaration for the year ended 30 June 2023 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 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
  - 2,032,548 options expiring 30 August 2027, issued to employees in recognition of achieving performance 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 the Board of Directors.



**Kim Truter**  
Managing Director and CEO

**26 September 2023**



**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](http://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 2023, 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: 26 September 2023

**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

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Revenue from continuing operations</b>			
Revenue	4	5,185,350	-
Other income	5	65,887	5,051
Foreign currency gains		1,416,109	
<b>Expenses</b>			
Changes in inventories		(70,178)	-
Raw materials and consumables used		(6,045,849)	-
Corporate and administrative expenses		(5,908,912)	(584,899)
Employee benefit expenses		(2,865,680)	(2,497,362)
Exploration and evaluation expenditure expense		(4,396,449)	(9,677,238)
Sales and marketing expenses		(2,269,967)	(2,328,338)
Share-based payment expense	22	(694,361)	(828,435)
Depreciation expense		(832,392)	(184,144)
Write down of inventories	10	(3,200,993)	-
Impairment of plant and equipment	11	(3,721,402)	-
Impairment on winding up of a subsidiary		(16,052)	-
Foreign currency losses		-	(376,154)
Finance costs	16	(4,632,660)	(3,238,508)
<b>Loss from continuing operations before income tax</b>		<b>(27,987,549)</b>	<b>(19,710,027)</b>
Income tax expense	6	-	-
<b>Loss from continuing operations after income tax</b>		<b>(27,987,549)</b>	<b>(19,710,027)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(155)	(3,883)
<b>Other comprehensive income for the year, net of tax</b>		<b>(155)</b>	<b>(3,883)</b>
<b>Total comprehensive loss attributable to the members</b>		<b>(27,987,704)</b>	<b>(19,713,910)</b>
<b>Loss per share for the year attributable to the members</b>			
Basic loss per share (cents)	7	(8.00)	(5.93)
Diluted loss per share (cents)	7	(8.00)	(5.93)

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

As at 30 June 2023

	Note	2023 \$	2022 \$
<b>Current assets</b>			
Cash and cash equivalents	8	188,302,383	21,506,861
Trade and other receivables	9	6,032,446	488,218
Inventories	10	7,918,993	10,731,980
Plant and equipment classified as held for sale	11	33,000	-
<b>Total current assets</b>		<b>202,286,822</b>	<b>32,727,059</b>
<b>Non-current assets</b>			
Plant and equipment	11	421,813	3,299,258
Right of use assets	12	656,441	824,429
<b>Total non-current assets</b>		<b>1,078,254</b>	<b>4,123,687</b>
<b>Total assets</b>		<b>203,365,076</b>	<b>36,850,746</b>
<b>Current liabilities</b>			
Trade and other payables	13	5,330,199	1,684,849
Lease liabilities	14	145,666	145,666
Employee benefits	15	142,039	164,771
<b>Total current liabilities</b>		<b>5,617,904</b>	<b>1,995,286</b>
<b>Non-current liabilities</b>			
Lease liabilities	14	469,395	615,060
Borrowings	16	31,312,916	28,823,558
Provisions	17	95,495	94,127
<b>Total non-current liabilities</b>		<b>31,877,806</b>	<b>29,532,745</b>
<b>Total liabilities</b>		<b>37,495,710</b>	<b>31,528,031</b>
<b>Net assets</b>		<b>165,869,366</b>	<b>5,322,715</b>
<b>Equity</b>			
Contributed equity	18	228,961,365	41,121,371
Reserves	19	11,001,594	10,307,388
Accumulated losses		(74,093,593)	(46,106,044)
<b>Total equity</b>		<b>165,869,366</b>	<b>5,322,715</b>

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

## Consolidated Statement of Changes in Equity

## For the Year Ended 30 June 2023

	Issued Capital	Convertible Notes Reserve	Other Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$
<b>At 1 July 2021</b>	<b>26,101,068</b>	-	<b>1,720,298</b>	<b>(26,396,017)</b>	<b>1,425,349</b>
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
<b>At 30 June 2022</b>	<b>41,121,371</b>	<b>6,585,538</b>	<b>3,721,850</b>	<b>(46,106,044)</b>	<b>5,322,715</b>
<b>At 1 July 2022</b>	<b>41,121,371</b>	<b>6,585,538</b>	<b>3,721,850</b>	<b>(46,106,044)</b>	<b>5,322,715</b>
Loss for the year	-	-	-	(27,987,549)	(27,987,549)
Other comprehensive income	-	-	(155)	-	(155)
Total comprehensive loss for the year after tax	-	-	(155)	(27,987,549)	(27,987,704)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital (Note 18)	197,239,666	-	-	-	197,239,666
Share issue costs (Note 18)	(9,399,672)	-	-	-	(9,399,672)
Share-based payments (Note 22)	-	-	694,361	-	694,361
<b>At 30 June 2023</b>	<b>228,961,365</b>	<b>6,585,538</b>	<b>4,416,056</b>	<b>(74,093,593)</b>	<b>165,869,366</b>

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

## Consolidated Statement of Cash Flows

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (including GST)		4,570,979	-
Payments to suppliers and employees		(13,916,996)	(16,144,643)
Payments for exploration and evaluation expenditure		(5,620,207)	(7,849,402)
Interest paid		(2,127,238)	(1,599,653)
Interest received		59,358	5,051
<b>Net cash used in operating activities</b>	8	<b>(17,034,104)</b>	<b>(25,588,647)</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(1,639,305)	(3,242,775)
<b>Net cash used in investing activities</b>		<b>(1,639,305)</b>	<b>(3,242,775)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares	18	193,517,666	15,195,275
Proceeds from borrowings		-	35,000,000
Transaction costs		(9,383,426)	(1,286,608)
Principal elements of lease payments		(145,665)	(78,462)
Payment of bank guarantees		-	(182,974)
<b>Net cash from financing activities</b>		<b>183,988,575</b>	<b>48,647,231</b>
<b>Net increase in cash and cash equivalents</b>		<b>165,315,166</b>	<b>19,815,809</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>21,506,861</b>	<b>1,694,046</b>
Effect of exchange rate fluctuations		1,480,356	(2,994)
<b>Cash and cash equivalents at the end of the financial year</b>	8	<b>188,302,383</b>	<b>21,506,861</b>

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 2023 comprise the Company and its subsidiaries ("the Group").

#### 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 26 September 2023.

##### *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 Group'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 Group only. Supplementary information about the parent entity is disclosed in Note 26.

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

The Group 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. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

### Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Burgundy Diamond Mines Limited as at 30 June 2023 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 Group.

Subsidiaries are all entities (including special purpose entities) over which the Group 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 Group controls another entity.

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

Intercompany transactions, balances and unrealised gains on transactions between companies within the Group 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 Group.

The acquisition method of accounting is used to account for business combinations by the Group. 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 Group'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 the Group'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.

### *Subsidiaries*

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 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 Group 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 or loss 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 Group'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 Group'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 Group 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.

**NOTE 3 SEGMENT INFORMATION**

The Group requires operating segments to be identified on the basis of internal reports above components of the Group 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 Group's reportable segments under AASB 8 *Operating Segments* are the Group's exploration in Australia, Europe, Canada and Peru.

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

<b>2023</b>	<b>Peru</b> \$	<b>Canada</b> \$	<b>Europe</b> \$	<b>Australia</b> \$	<b>Corporate</b> \$	<b>Total</b> \$
Revenue	-	81,627	3,869,805	1,209,815	24,103	5,185,350
Other income	-	-	-	-	65,887	65,887
Changes in inventories	-	-	-	(70,178)	-	(70,178)
Write down of inventories	-	-	-	(3,200,993)	-	(3,200,993)
Raw materials and consumables used	-	(61,019)	(5,029,073)	(949,070)	(6,687)	(6,045,849)
Exploration expenditure	(18,169)	(19,897)	-	(4,212,514)	(145,869)	(4,396,449)
Sales and marketing expense	-	-	-	(2,269,967)	-	(2,269,967)
Administration and other expense	(16,509)	-	-	-	(8,190,418)	(8,206,927)
Share based payments expense	-	-	-	-	(694,361)	(694,361)
Impairment on assets held for sale	-	-	-	(3,721,402)	-	(3,721,402)
Finance costs	-	-	-	-	(4,632,660)	(4,632,660)
<b>(Loss)/profit before income tax</b>	<b>(34,678)</b>	<b>711</b>	<b>(1,159,268)</b>	<b>(13,214,309)</b>	<b>(13,580,005)</b>	<b>(27,987,549)</b>
Income tax expense	-	-	-	-	-	-
<b>(Loss)/profit after income tax for the year</b>	<b>(34,678)</b>	<b>(4,475)</b>	<b>(1,086,384)</b>	<b>(13,280,375)</b>	<b>(13,581,717)</b>	<b>(27,987,549)</b>
<b>Total assets</b>	<b>2,782</b>	<b>123,158</b>	<b>-</b>	<b>8,373,806</b>	<b>194,865,330</b>	<b>203,365,076</b>
<b>Total assets include:</b>						
<b>Acquisition of non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,541,361</b>	<b>-</b>	<b>1,541,361</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,495,710</b>	<b>37,495,710</b>



2022	Peru \$	Canada \$	Europe \$	Australia \$	Corporate \$	Total \$
Revenue	-	-	-	-	-	-
Other income	-	-	-	-	5,051	5,051
Exploration expenditure	(164,205)	(3,115,598)	-	(5,522,227)	(875,208)	(9,677,238)
Sales and marketing expense	-	-	-	(2,328,338)	-	(2,328,338)
Administration and other	(12,809)	-	-	-	(3,629,750)	(3,642,559)
Share based payments	-	-	-	-	(828,435)	(828,435)
Finance costs	-	-	-	-	(3,238,508)	(3,238,508)
Loss before income tax	(177,014)	(3,115,598)	-	(7,850,565)	(8,566,850)	(19,710,027)
Income tax expense	-	-	-	-	-	-
Loss after income tax for the	(177,014)	(3,115,598)	-	(7,850,565)	(8,566,850)	(19,710,027)
<b>Total assets</b>	8,839	76,723	-	14,031,238	22,733,946	36,850,746
<b>Total assets includes:</b>						
Acquisition of non-current assets	-	-	-	3,375,282	-	3,375,282
<b>Total liabilities</b>	-	-	-	-	31,528,031	31,528,031

#### NOTE 4 REVENUE

	2023 \$	2022 \$
<b>From continuing operations</b>		
Sales of polished diamonds (at a point in time)	5,185,350	-
	<b>5,185,350</b>	<b>-</b>

#### Accounting Policy

##### Revenue

The Group's revenue arises from the sale of cutting and polishing of diamonds, net of goods and services tax.

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money (if applicable); allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised

Revenue from cutting and polishing collaborative sale agreements:

- is considered to be variable consideration and is recognised to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been resolved. This is generally the case when cutting and polishing work has substantially been completed and relative certainty exists over the quality of the final product or when the polished diamonds have been sold;
- is recognised once a high level of certainty exists regarding factors that influence the sale prices including the size, quality and colour of the final polished diamonds. These factors are considered per individual stone. If the Group satisfies a performance obligation before it receives the consideration, either a contract asset or a receivable.

**NOTE 5 OTHER INCOME**

	2023	2022
	\$	\$
Interest income	65,887	5,051
	<b>65,887</b>	<b>5,051</b>

**Accounting Policy***Interest Income*

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**NOTE 6 INCOME TAX**

	2023	2022
	\$	\$
<b>(a) The components of tax expense comprise:</b>		
Current tax	-	-
Deferred tax	-	-
<b>Income tax expense reported in the statement of profit or loss and other</b>	<b>-</b>	<b>-</b>

**(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:**

Loss before income tax expense	(27,987,549)	(19,710,027)
Prima facie tax benefit on loss before income tax at 30% (2022: 30%)	(6,996,887)	(5,913,008)
Increase income tax expense due to:		
Non-deductible expenses	2,454,285	1,328,156
Temporary differences not recognised	330,880	528,258
Tax losses not brought to account	4,211,722	4,056,594
<b>Income tax benefit</b>	<b>-</b>	<b>-</b>

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

Accruals/provisions	17,334	58,091
Business related costs	33,407	47,941
Tax losses	11,637,767	6,583,813
Capitalised expenditure	3,050,399	3,038,347
Trading stock	960,298	-
Capital raising	259,139	355,871
Set-off against deferred tax liabilities	(505,518)	(247,329)
<b>Total deferred tax assets not brought to account</b>	<b>15,452,826</b>	<b>9,836,734</b>

**(d) Deferred tax liabilities not recognised**

Prepayments	80,685	247,329
Foreign exchange gains	424,833	-
Set-off against deferred tax assets	(505,518)	(247,329)
<b>Total deferred tax liabilities not brought to account</b>	<b>-</b>	<b>-</b>

The benefit for tax losses will only be obtained if:

- (i) The Group 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 Group 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 Group in realising the benefit from the deductions for the losses.

At 30 June 2023, there is no deferred income tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiary as the Group has no liability for additional taxation should such amounts be remitted.

### Accounting Policy

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

#### 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 as unused tax losses.

Current and deferred income tax expense (benefit) 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**

	<b>2023</b>	<b>2022</b>
	\$	\$
Net loss for the year attributable to ordinary equity holders	(27,987,549)	(19,710,027)
Weighted average number of ordinary shares outstanding during the year used to calculate basic and diluted loss per share.	349,760,722	332,186,454

	<b>2023</b>	<b>2022</b>
	Cents	Cents
Basic and diluted loss per share attributable to ordinary equity holders of the	(8.00)	(5.93)
Options on issue are not considered dilutive to the earnings per share because the Group is in a loss making position.		

**Accounting Policy***Basic loss per share*

The basic loss per share is calculated by dividing:

- The loss attributable to owners of the Group, 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.

*Diluted loss per share*

The diluted loss per share adjusts 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**

	<b>2023</b>	<b>2022</b>
	\$	\$
Cash at bank and in hand	2,464,109	21,506,861
Restricted - Cash held in escrow pending acquisition	185,838,274	-
<b>Total cash and cash equivalents</b>	<b>188,302,383</b>	<b>21,506,861</b>

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

	2023	2022
	\$	\$
Loss for the financial year	(27,987,549)	(19,710,027)
<i>Adjustments for:</i>		
Consideration shares issued for Ellendale option payment	-	950,000
Depreciation	832,392	184,144
Foreign currency gains (unrealised)	(1,480,511)	(889)
Write down of inventories	3,200,993	-
Impairment of plant and equipment	3,721,402	-
Impairment on wind up of a subsidiary	16,052	-
Share-based payments	694,361	828,435
Unwinding interest expense on convertible notes	4,589,358	1,638,855
<i>Changes in assets and liabilities</i>		
Receivables	(1,032,474)	-
Inventory	(388,006)	(10,731,980)
Trade and other payables	822,610	1,127,928
Employee benefits	(22,732)	124,887
<b>Net cash used in operating activities</b>	<b>17,034,104</b>	<b>(25,588,647)</b>

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

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

**(c) Changes in liabilities arising from financing activities**

	Borrowings	Lease liabilities	Total
	\$	\$	\$
Balance at 1 July 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)
<b>Balance at 30 June 2022</b>	<b>28,823,558</b>	<b>760,726</b>	<b>29,584,284</b>
Net cash used in financing activities	-	(145,665)	(145,665)
<b>Balance at 30 June 2023</b>	<b>28,823,558</b>	<b>615,061</b>	<b>29,438,619</b>

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



**NOTE 9 TRADE AND OTHER RECEIVABLES**

	<b>2023</b>	<b>2022</b>
	\$	\$
Trade receivables	1,025,945	-
GST receivable	271,567	204,205
Bank guarantee	183,431	182,974
Other deposits and receivables	845,749	101,039
Share purchase plan receivables	3,705,754	-
<b>Total trade and other receivables</b>	<b>6,032,446</b>	<b>488,218</b>

The Group has recognised a loss of \$nil (2022: \$nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

**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. 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.

**NOTE 10 INVENTORIES**

	<b>2023</b>	<b>2022</b>
	\$	\$
Rough and polished diamonds	7,918,993	10,731,980
<b>Total inventories</b>	<b>7,918,993</b>	<b>10,731,980</b>

Write downs of inventories to net realisable value amounted to \$3,200,993 (2022: \$nil). These were recognised as an expense during the year ended 30 June 2023 and reported in the Statement of Profit or Loss.

**Accounting Policy**

Rough diamonds, work in progress and polished diamonds are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Costs of purchased inventory are determined after deducting 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**

	2023	2022
	\$	\$
Computer equipment – cost	166,176	157,293
Computer equipment – accumulated depreciation	(90,253)	(34,653)
	<b>75,923</b>	<b>122,640</b>
Polishing equipment – cost	380,410	380,410
Polishing equipment – accumulated depreciation	(92,285)	(36,745)
	<b>288,125</b>	<b>343,665</b>
Motor vehicle – cost	79,309	33,309
Motor vehicle – accumulated depreciation	(21,544)	(4,626)
	<b>57,765</b>	<b>28,683</b>
Asset under construction- bulk sample plant	-	2,804,270
<b>Total plant and equipment</b>	<b>421,813</b>	<b>3,299,258</b>

*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	Bulk Sample Plant	Asset under construction	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 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)
<b>Balance at 30 June 2022</b>	<b>122,640</b>	<b>343,665</b>	<b>28,683</b>	<b>-</b>	<b>2,804,270</b>	<b>3,299,258</b>
Additions	8,883	-	46,000	-	1,486,478	1,541,361
Transfers from assets under construction	-	-	-	4,290,748	(4,290,748)	-
Depreciation expense	(55,600)	(55,540)	(16,918)	(536,346)	-	(664,404)
Impairment expense	-	-	-	(3,721,402)	-	(3,721,402)
Transfer to assets held for sale (i)	-	-	-	(33,000)	-	(33,000)
<b>Balance at 30 June 2023</b>	<b>75,923</b>	<b>288,125</b>	<b>57,765</b>	<b>-</b>	<b>-</b>	<b>421,813</b>

- (i) On 20 March 2023 the Group made the decision to dispose of the bulk sampling plant in line with the decision to not pursue the Ellendale project. There are interested parties who seek to acquire this asset from the Group. The sale of the asset is expected to occur in July 2023

### 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 plant and equipment 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
Bulk sample plant	3 years

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

An item of plant and equipment is de-recognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

#### *Plant and equipment held for sales - non-recurring fair value measurements*

Plant and equipment, being the bulk sample plant, is classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification, resulting in the recognition of an impairment write-down of \$3,721,402 in the statement of profit or loss. The fair value of the bulk sampling was determined based on an arms length contract for sale with a third party. This is a level 2 measurement as per the fair value hierarchy.

#### *Impairment of non-financial assets*

Other nonfinancial assets are reviewed 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. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**NOTE 12 RIGHT OF USE ASSETS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Office space	824,429	933,315
Less: Accumulated depreciation	(167,988)	(108,886)
<b>Total right of use assets</b>	<b>656,441</b>	<b>824,429</b>

**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 Group 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 Group 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**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Trade payables	3,437,072	616,593
Accrued expenses	1,698,791	1,017,866
Other payables	194,336	50,390
<b>Total trade and other payables</b>	<b>5,330,199</b>	<b>1,684,849</b>

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 Group 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**

	<b>2023</b>	<b>2022</b>
	\$	\$
Current liability	145,666	145,666
Non-current liability	469,395	615,060
<b>Total lease liabilities</b>	<b>615,061</b>	<b>760,726</b>

**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 Group'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**

	<b>2023</b>	<b>2022</b>
	\$	\$
Employee benefits –annual leave	142,039	164,771
<b>Total employee benefits</b>	<b>142,039</b>	<b>164,771</b>

**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 Group does not have an unconditional right to defer settlement and the Group expects all employees to take the full amount of accrued leave within 12 months.

**NOTE 16 BORROWINGS**

The Company issued 35,000,000 6% unsecured 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 upon given written notice prior to the maturity date, or repayable on 16 September 2024. If a noteholder 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.

	2023	2022
	\$	\$
Face value of convertible notes issued	35,000,000	35,000,000
Other equity securities - value of conversion rights	(6,585,538)	(6,585,538)
Costs associated with the issue of convertible notes	(1,229,759)	(1,229,759)
	<b>27,184,703</b>	<b>27,184,703</b>
Accumulative interest expense	7,798,897	3,209,540
Accumulative interest paid (i)	(3,670,684)	(1,570,685)
<b>Non-current liability</b>	<b>31,312,916</b>	<b>28,823,558</b>

Unamortised transaction costs of \$907,733 have been offset against the convertible notes payable liability.

(i) Includes \$2,100,000 paid during the year ended 30 June 2023 (2022: \$1,570,685)

Unwinding of interest per effective interest rate method during the year	4,589,357	3,209,540
Other interest and finance expenses	43,303	28,968
<b>Total finance costs</b>	<b>4,632,660</b>	<b>3,238,508</b>

**Accounting Policy**

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**

	2023	2022
	\$	\$
Lease make good	95,495	94,127
<b>Total provisions</b>	<b>95,495</b>	<b>94,127</b>

**Accounting Policy**

The provision represents the estimated costs to make good the premises leased by the Group at the end of the respective lease term. A provision has been recognised for the present value of the estimated expenditure required to make good any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.



**NOTE 18 CONTRIBUTED EQUITY****(a) Ordinary Shares**

	2023		2022	
	No.	\$	No.	\$
Ordinary shares	<b>1,137,210,661</b>	<b>228,961,365</b>	341,568,236	41,121,371

**(b) Movements in Ordinary Shares Issued**

2023		Number	\$
<b>At 1 July 2022</b>		<b>341,568,236</b>	<b>41,121,371</b>
21 Sept 2022	Exercise of options	1,050,030	-
23 Oct 2022	Exercise of options	725,929	-
18 Nov 2022	Exercise of options	3,000,000	-
17 March 2023	Exercise of options	2,500,000	175,000
28 June 2023	Placement (i)	773,478,466	193,342,666
28 June 2023	Share Purchase plan (i)	14,888,000	3,722,000
	Transaction costs	-	(9,399,672)
<b>Balance at 30 June 2023</b>		<b>1,137,210,661</b>	<b>228,961,365</b>

i) Shares were issued to acquire 100% of the common shares of Arctic Canadian Diamond Company and 100% of the shares of Arctic Canadian Marketing NV and to provide working capital to the Company. The proceeds of the share purchase plan, net of fees, were received in July 2023.

2022		Number	\$
<b>At 1 July 2021</b>		<b>273,254,589</b>	<b>26,101,068</b>
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)
<b>Balance at 30 June 2022</b>		<b>341,568,236</b>	<b>41,121,371</b>

i) 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.

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.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

**NOTE 19 RESERVES**

	<b>2023</b>	<b>2022</b>
	\$	\$
Convertible notes reserve	6,585,538	6,585,538
Share based payments reserve	4,495,972	3,801,611
Foreign currency translation reserve	(79,916)	(79,761)
<b>Other reserves</b>	<b>4,416,056</b>	<b>3,721,850</b>
<b>Total reserves</b>	<b>11,001,594</b>	<b>10,307,388</b>

Movement reconciliation**Convertible notes reserve**

Balance at the beginning of the year	6,585,538	-
Derivative portion of convertible notes issued (Note 16)	-	6,585,538
<b>Balance at the end of the year</b>	<b>6,585,538</b>	<b>6,585,538</b>

**Share-based payments reserve**

Balance at the beginning of the year	3,801,611	1,796,177
Equity settled share-based payment transactions (Note 22)	694,361	828,434
Consideration for share placement	-	1,177,000
<b>Balance at the end of the year</b>	<b>4,495,972</b>	<b>3,801,611</b>

**Foreign currency translation reserve**

Balance at the beginning of the year	(79,761)	(75,879)
Effect of translation of foreign currency operations to Company presentation	(155)	(3,882)
<b>Balance at the end of the year</b>	<b>(79,916)</b>	<b>(79,761)</b>

**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**

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - Interest rate risk - Foreign currency risk	Future commercial transactions  Recognised financial assets and liabilities not denominated in Australian dollar	Cash flow forecasting	Limiting funds held in overseas bank accounts and paying its creditors promptly
Liquidity risk	Borrowings and other liabilities	Cash flow forecasting	Monitoring Cash flow forecasting

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.

**Market risk- Foreign currency risk***Exposure*

Exposure to foreign current 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 Group holds financial instruments which are other than Australian dollar.

They include cash at bank denominated in USD of \$1,057,099 (2022: \$83,080) and funds held in escrow of \$123,247,943 (2022: nil)

The aggregate net foreign exchange gains/(losses) recognised in profit or loss were \$1,416,109 (2022: \$376,154 loss)

*Management*

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

**Liquidity risk***Exposure*

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group has exposure arises from financial liabilities of the comprising of trade and other payables, lease liabilities 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.

### Management

The Group 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 Group. Due to the nature of the Group's activities, being mineral exploration and development, the Group 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 Group'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.

### Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities and reflect an undiscounted contractual maturities.

#### 2023

Financial liabilities due for repayment	Weighted average interest rate	One year or less	Within two to five years	Over five years	Total
		\$	\$	\$	\$
Trade and other payables	-	5,330,199	-	-	<b>5,330,199</b>
Lease liabilities	6.0%	193,012	489,935	-	<b>682,947</b>
Borrowings	15.4%	-	35,000,000	-	<b>35,000,000</b>

#### 2022

Financial liabilities due for repayment	Weighted average interest rate	One year or less	Within two to five years	Over five years	Total
Trade and other payables	-	1,684,849	-	-	<b>1,684,849</b>
Lease liabilities	6.0%	187,390	682,947	-	<b>870,337</b>
Borrowings	15.4%	-	35,000,000	-	<b>35,000,000</b>

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

**NOTE 21 RELATED PARTY DISCLOSURE****a) Key management personnel compensation**

The aggregate compensation made to directors and other key management personnel (KMP) of the Group is set out below:

	<b>2023</b>	<b>2022</b>
	\$	\$
Short-term benefits	732,177	816,178
Post-employment benefits	61,556	53,072
Share-based payments	-	810,000
<b>Total KMP Compensation</b>	<b>793,733</b>	<b>1,679,250</b>

**b) Transactions with related parties**

During the year ended 30 June 2022, 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 \$300,000 was paid to Mr O’Keeffe. At 30 June 2023, accrued interest payable due to Mr O’Keeffe was approximately \$10,865.

At 30 June 2023, the Group had no outstanding payables to KMP or their related parties.

There were no other transactions with KMP during the year ended 30 June 2023.

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

	<b>2023</b>	<b>2022</b>
	\$	\$
Options issued to employees (i)	609,361	-
Shares issued to consultants (ii)	85,000	18,435
Options issued to Directors	-	810,000
<b>Total share-based payments expense</b>	<b>694,361</b>	<b>828,435</b>

(i) On 30 August 2022, the Company issued 3,808,507 zero priced unlisted options to employees of the Company of the employees’ achievement of short term incentive milestones. The options were issued in accordance with the Company’s Option Plan and have been valued based on the closing share price on the grant date being 16 cents. The total value of \$609,361 has been recognised as share-based payments expense in the statement of profit or loss.

(ii) On 30 August 2022, the Company issued 1,000,000 unlisted options to a brand consultant to provide ongoing advice to the Company and to incentive the consultant to promote the Company’s brand and products. The total value of \$85,000 has been recognised as share-based payments expense in the statement of profit or loss.



b) Summary of options

30 June 2023

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
Employees	02-08-22	30-08-27	\$Nil	-	3,808,507	(1,775,959)	2,032,548
Consultant	02-08-22	05-08-26	\$0.26	-	1,000,000	-	1,000,000
				<b>23,000,000</b>	<b>4,808,507</b>	<b>(7,275,959)</b>	<b>20,532,548</b>

Weighted average exercise price is \$0.23

On 30 August 2022, the Company issued 3,808,507 zero priced unlisted options to employees of the Group of the employees' achievement short-term term incentive milestones. The options were issued in accordance with the Company's Option Plan and have been valued based on the closing share price on the grant date being 16 cents. The total value of \$609,361 has been recognised as share-based payments expense in the statement of profit or loss.

On 30 August 2022, the Company issued 1,000,000 unlisted options to a brand consultant to provide ongoing advice to the Company and to incentive the consultant to promote the Company's brand and products. The total value of \$85,000 has been recognised as share-based payments expense in the statement of profit or loss.

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

	Employee Options	Consultant Options
Number of unlisted options	3,808,507	1,000,000
Grant date	2 Aug 2022	2 Aug 2022
Expiry date	30 Aug 2027	5 Aug 2026
Exercise price	\$0.00	\$0.26
Share price at grant date	\$0.16	\$0.16
Expected volatility	85.09%	85.09%
Risk-free interest rate	2.90%	2.90%
<b>Valuation</b>	<b>\$609,361</b>	<b>\$85,000</b>

## 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
				<b>10,000,000</b>	<b>13,000,000</b>	<b>-</b>	<b>23,000,000</b>

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 recognised as share-based payments expense in the statement of profit or loss.

On 23 September 2021, 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.

### 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 Group 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 Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group 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**

There are no commitments at 30 June 2023.

#### **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. Eloro 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 2023, the potential IGV tax receivable is approximately US\$363,086 (2022: US\$363,086). A receivable has not been recognised at 30 June 2022 as receipt of the amount is dependent upon Eloro and the Company meeting the IGV required refund and the assessment of the relevant taxation authorities in Peru.

#### **NOTE 25 AUDITOR’S REMUNERATION**

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Amounts received or due and receivable by RSM Australia Partners:</b>		
Audit and review of the annual and half-year financial report	64,769	43,750
Taxation services	4,500	4,500
Preparation of Investigating Accountant’s Report	69,483	-
	<b>138,752</b>	<b>48,250</b>
<b>Other services</b>		
RSM Canada - Tax compliance services	1,407	5,386
RSM France - Company compliance	19,891	13,242

**NOTE 26 PARENT ENTITY**

	2023	2022
	\$	\$
<b>Assets</b>		
Current assets	202,143,934	32,641,497
Non-current assets	1,221,143	4,209,250
<b>Total assets</b>	<b>203,365,077</b>	<b>36,850,747</b>
<b>Liabilities</b>		
Current liabilities	5,567,733	1,995,286
Non-current liabilities	31,927,978	29,532,746
<b>Total liabilities</b>	<b>37,495,711</b>	<b>31,528,032</b>
<b>Equity</b>		
Contributed equity	228,961,365	41,121,371
Reserves	11,081,509	10,301,585
Accumulated losses	(74,173,508)	(46,100,241)
<b>Total equity</b>	<b>165,869,366</b>	<b>5,322,715</b>
Loss for the year	(28,073,267)	(19,628,347)
<b>Total comprehensive loss</b>	<b>(28,073,267)</b>	<b>(19,628,347)</b>

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

*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 Group, 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 INVESTMENT IN CONTROLLED ENTITIES**

Name	Country of Incorporation	Percentage Owned (%)	
		2023	2022
BDM Del Peru S.A.C.	Peru	100	100
Nanuk Diamonds Inc. (i)	Canada	-	100
Burgundy Diamonds (Canada) Limited (ii)	Canada	100	100
Burgundy Diamonds SARL (iii)	France	100	100
Burgundy Diamonds LLC (iv)	United States	100	-

i) Dissolved 3 February 2023.

ii) Named changed from 1261620 BC Ltd on 9 May 2022.

iii) Incorporated 13 December 2021.

iv) Incorporated 16 September 2022

**NOTE 28 MATTERS SUBSEQUENT TO THE REPORTING PERIOD**

The following events occurred subsequent to the reporting date

- On 1 July 2023, the Company completed the acquisition of 100% of the common shares of Arctic Canadian Diamonds Arctic Canadian Diamond Company Limited (ACDC) and Arctic Canadian Diamond Marketing N.V. (ACDM) for US\$136 million. ACDC is the 100% owner of all business assets and other interests comprising Ekati, a producing diamond mine located in Canada's Northwest Territories. ACDM is a marketing business responsible for the management of the supply chain, sorting, preparation, marketing and sales of rough diamonds from Ekati. The reason for the acquisition is part of the Group's strategy of becoming truly vertically integrated across the diamond value chain. Consideration of the transaction consists of US\$21 million in Company shares to the vendor; US\$15 million in cash as a deferred payment in December 2023 to the Vendor and repayment of US\$100 million of ACDC debt.
- The funds, net of fees, from a Share Purchase Plan that raised \$3.7 million were received on 4 July 2023.
- The suspension of trading in the securities of the Company was lifted at the commencement of trading on 7 July 2023, following its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

## 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 Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Group 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**  
Managing Director and CEO

**26 September 2023**



**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](http://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 2023, 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 2023 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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current 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
<b>Valuation of inventories</b> Refer to Consolidated Statement of Financial Position and Note 10.	
<p>The Group has inventory with a carrying value of \$7,918,993 as at 30 June 2023 and is composed of rough and polished diamonds.</p> <p>Inventory is valued at the lower cost or net realisable value.</p> <p>The valuation of inventory is considered a key audit matter due to the materiality and nature of the balance, and the assessment of net realisable value requires a significant degree of management judgment.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Assessing the Group's accounting policy for compliance with Australian Accounting Standards;</li> <li>Testing on a sample basis the purchase cost of rough diamond inventory substantively through inspecting and agreement to invoices and where required recalculation of the translation of any purchases in a foreign currency to Australian dollars as appropriate;</li> <li>Testing, on a sample basis, the allocation of the on-costs; the basis for the allocation of labour time costs applied by management; and costs associated with the production of finished polished diamond products to items of inventory by agreement to invoices and payroll records; and</li> <li>Evaluating management's model for ensuring that inventory items are recorded at the lower of cost and net realisable value, and testing the appropriateness and accuracy of inputs and calculations used in the model.</li> </ul>

## 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 2023 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 Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis

For personal use only

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/ar2.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

### **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 2023.

In our opinion, the Remuneration Report of Burgundy Diamond Mines Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

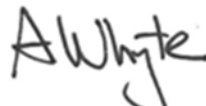
#### *Responsibilities*

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.

Perth, WA  
Dated: 27 September 2023

RSM

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads 'Al Whyte'.

ALASDAIR WHYTE  
Partner

## 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](http://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 25 September 2023.

### 1. Fully paid ordinary shares

- There is a total of 1,142,376,004 fully paid ordinary shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 2,119.
- There is a total of 278,829,226 fully paid ordinary shares escrowed to 01/07/2024
- The number of holders of fully paid ordinary shares (escrowed to 01/07/2024) is 54.
- 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	58	3,631	0.0%
above 1,000 up to and including 5,000	360	1,148,309	0.1%
above 5,000 up to and including 10,000	255	2,151,519	0.2%
above 10,000 up to and including 100,000	887	36,679,538	3.21%
above 100,000	559	1,102,393,007	96.50%
<b>Totals</b>	<b>2,119</b>	<b>1,142,376,004</b>	<b>100.00%</b>

Report Generated on 25-Sep-2023 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 214 shareholders who hold less than a marketable parcel of shares, amount to 0.03% 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 2023:

	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	ARCTIC CANADIAN DIAMOND	129,230,769	9.09%
2	KAMA CAPITAL PTE LTD	120,000,000	8.44%
3	HSBC CUSTODY NOMINEES	97,545,620	6.86%
4	BNP PARIBAS NOMINEES PTY LTD	97,091,780	6.83%
5	J P MORGAN NOMINEES AUSTRALIA	85,335,303	6.00%
6	CITICORP NOMINEES PTY LIMITED	81,202,353	5.71%
7	PROSPECT AG TRADING PTY LTD	54,353,535	3.82%
8	UBS NOMINEES PTY LTD	20,582,666	1.45%
9	HSBC CUSTODY NOMINEES	19,245,185	1.35%
10	BASS FAMILY FOUNDATION PTY	18,550,000	1.31%
11	NATIONAL NOMINEES LIMITED	16,465,116	1.16%
12	ZERO NOMINEES PTY LTD	15,362,500	1.08%
13	WYNNCHURCH STRATEGIC	14,583,334	1.03%
14	BNP PARIBAS NOMINEES PTY LTD	13,500,000	0.95%
15	METECH SUPER PTY LTD	13,000,000	0.91%
16	BRIGADE CREDIT FUND II LTD	12,609,013	0.89%
17	PRINCIPAL FUNDS INC -	11,967,877	0.84%
18	EASTBOURNE DP PTY LTD	11,050,000	0.78%
19	9064-6316 QUEBEC INC	11,041,667	0.78%
20	SANDY DOG PTY LTD	10,490,000	0.74%
	<b>Totals</b>	<b>853,206,718</b>	<b>60.03%</b>
	<b>Total Issued Capital</b>	<b>1,421,205,230</b>	<b>100.00%</b>

## 9. Unlisted Options

- 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](http://www.burgundy-diamonds.com)

### 15. Company Secretary

Mr Brad Baylis

### 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 <sup>2</sup>	Farm-in Agreement	Eloro Resources Limited	18%	18%
Nanuk Diamonds	Quebec, Canada	274km <sup>2</sup>	100% Acquisition	Nanuk Diamonds Inc.	100%	100%