

For personal use only



BURGUNDY
DIAMOND MINES

BURGUNDY DIAMOND MINES LIMITED

ABN 33 160 017 390

**HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2021**

Contents

Corporate Directory	3
Directors' Report	4
Auditor's Independence Declaration	9
Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14
Directors' Declaration	19
Independent Auditor's Review Report	20

For personal use only

Corporate Directory

Board of Directors

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

Secretary

David Edwards

Registered Office

Level 25

South32 Tower

108 St Georges Terrace

Perth WA 6000

Telephone: 08 6313 3945

Website: www.burgundy-diamonds.com

Stock Exchange Listing

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

Auditors

RSM Australia Partners

Level 32, 2 The Esplanade

Perth WA 6000

Solicitors

K & L Gates LLP

32/44 St Georges Terrace

Perth WA 6000

Bankers

Westpac Banking Corporation

Level 4, Brookfield Place, Tower Two

123 St Georges Terrace

Perth WA 6000

Share Registry

Automatic Share Registry

Level 5, 191 St Georges Terrace

Perth WA 6000

Telephone: 1300 288 664

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 half year ended 31 December 2021 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2021 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

Directors

The following persons were directors of Burgundy Diamond Mines Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Kim Truter	Non-Executive Director (appointed Chairman 9 December 2021)
Peter Ravenscroft	Managing Director and Chief Executive Officer
Michael O'Keeffe	Non-Executive Director
Marc Dorion	Non-Executive Director
Stephen Dennis	Non-Executive Director Chairman (retired 9 December 2021)
Jeremy King	Non-Executive Director (resigned 9 December 2021)

Principal Activities

The Company's principal activities are diamond exploration and development and downstream sales and marketing in the high-value Fancy Colour Diamonds sector.

Review of Operations

The operating loss for the half-year ended 31 December 2021 was \$11,044,997 (31 December 2020: loss of \$1,556,056).

Downstream Sales and Marketing

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

Cutting and Polishing

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

During the period, the Company purchased its first parcel of rough Fancy Colour diamonds from Arctic Canadian Diamond Company and work on cutting and polishing this parcel has commenced.

Collaborative Sales Agreement

On 8 December 2021, the Company announced it had signed a Collaborative Sales Agreement (**Agreement**) with leading Paris design jeweller Bäumer Vendôme. The Agreement encompassed a profit-sharing agreement whereby Burgundy supplies polished Fancy Diamonds under its unique ultra-luxury brand; and Bäumer Vendôme designs, manufactures and sells high-end jewellery pieces featuring these stones. The Agreement gives Burgundy access to a significant share of the margin generated by retail jewellery sale and will provide several multiples of value.

Development of Ultra-Luxury Brand

The Company also progressed the development of a unique ultra-luxury brand for its polished Fancy Colour diamonds. Working with dedicated branding consultants in Paris, France, work was completed on building the brand universe, philosophy, value systems and key signature story. Focus is now moving to graphic design,

livery, public relations material and website in preparation for an expected initial soft launch in the quarter to 31 March 2022.

Argyle Pink Diamond

On 2 November 2021 Burgundy announced it had acquired one of the iconic ‘hero’ stones sold at the final Argyle Pink Diamonds Tender in October 2021. The diamond named as the Argyle Stella™ is one of the five ‘hero’ stones from the last ever Argyle Tender. This iconic Fancy Vivid Purplish Pink diamond will become one of the centrepieces of the collection of Fancy Colour diamonds that will anchor Burgundy’s ultra-luxury brand, which was previously outlined. Burgundy anticipates this diamond will generate significant long-term value for the Company’s shareholders in its utilisation as the centrepiece of the Burgundy ultra-luxury brand.

Canada: Naujaat Diamond Project

The Company is progressing an earn-in agreement with North Arrow Minerals Inc. over the Naujaat diamond project in Nunavut, Canada (Figure 1). The world class Naujaat project contains an exceptional population of uniquely coloured and rare high value stones. Burgundy earned-in to a 40% interest in the project by funding the Phase 1 program: an approximately 2,000 tonne bulk sample, which was completed successfully in August 2021. The bulk sample has been shipped to a Saskatchewan processing centre, where processing and diamond recovery has commenced. Initial results from the bulk sample are anticipated in the quarter to 31 March 2022. Burgundy has also made a preliminary proposal to earn an additional 20% interest by funding a larger 10,000 tonne Phase 2 bulk sample, pending positive results from the first phase.

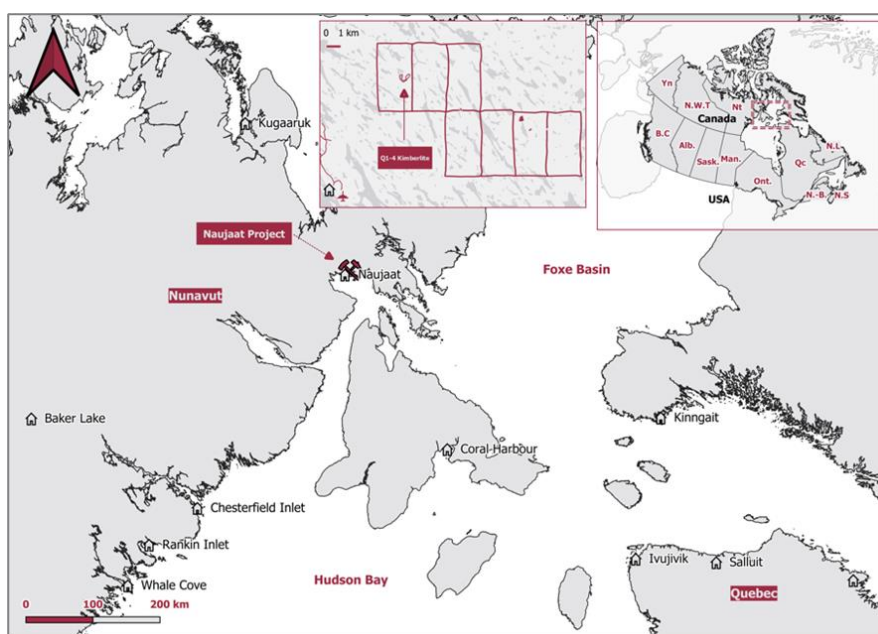


Figure 1 – Location of Naujaat Project

Australia: Ellendale Diamond Project

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

The recent announcement of an indefinite delay to the reopening of the Western Australian border impacted the commissioning of the bulk sampling plant. The use of Western Australian contractors would add significant cost and the Company decided to defer commissioning until there was certainty on the reopening of the borders. An immediate focus on resequencing and optimising the program allows for a rapid start at original budget cost and still meet program objectives. In the absence of any further Covid-19 impacts, the Company remains confident that operations at Ellendale will commence before the end of 2022 as planned.

Construction of a state-of-the-art mobile bulk sampling plant was completed in South Africa and the plant is due to arrive in Western Australia in February. The plant incorporates a TOMRA XRT COM 300 /FR sorter supplied by TOMRA Sorting GmbH in Germany.

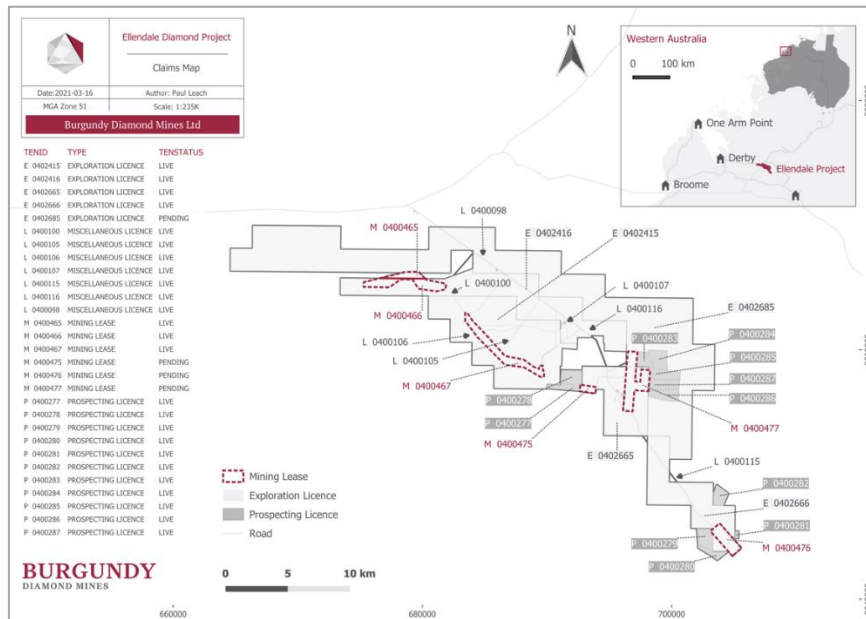


Figure 2 – Location of Ellendale Diamond Project Tenements

Botswana Exploration Alliance

The Company has an Exploration Alliance Agreement in Botswana with Diamond Exploration Strategies Ltd (DES), a privately-owned company with an excellent management team. Burgundy is providing funding of US\$1.5 million over three years to finance exploration activities, earning 50% ownership of any discoveries made, with options to earn-in up to 70% by completing a Scoping Study or 90% on completion of a Feasibility Study. The Alliance is initially over five areas that have existing prospecting licenses (Figure 3), but extends to cover other prospective areas of Botswana that may be identified.



Figure 3 - Location of Project Areas in Botswana

La Victoria Gold and Silver Project

Burgundy holds an 18% interest in the La Victoria Gold/Silver Project, located in the prolific North-Central Mineral Belt of Peru, which it acquired through earn-in arrangements starting in 2017. Drilling commenced in November 2021 however progress continues to be impacted by COVID and local opposition to the drilling activity.

For personal use only

Corporate

Board Restructure

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

The Board resolved that Mr Kim Truter, appointed as a non-executive director in September 2020, would be appointed as non-executive chairman of the Board following Mr Dennis' retirement. Mr Truter has substantial diamond experience, providing executive global leadership in Canada, Australia and Africa most recently with De Beers Canada and previously with Rio Tinto Diamonds.

Additionally, Mr Jeremy King, an independent director since February 2016, did not seek re-election at the AGM.

Executive Appointments

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

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

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

Capital Raising

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

Issue of Shares and Unlisted Options

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

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

Impact of COVID-19

The onset of the COVID-19 pandemic unfortunately coincided with the launch of the Company's diamond strategy. The immediate impact on market sentiment necessitated a period of watchful consolidation of our planned activities. The Company has continued to operate prudently and has implemented required measures to minimise spread of the virus, ensure the safety and wellbeing of employees, and maintain business continuity.

Significant changes in the state of affairs

Refer to Principal Activities and Review of Operations on page 4.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is included within this financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

For and on behalf of the Board.



Kim Truter
Non-Executive Chairman

Perth, Western Australia
17 February 2022

For personal use only



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

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Burgundy Diamond Mines Limited for the half-year ended 31 December 2021, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 17 February 2022

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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

RSM Australia Partners ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	31 December 2021 \$	31 December 2020 \$
Revenue from continuing operations			
Other income		1,231	55,300
Expenses			
Corporate and administrative expenses		(336,374)	(384,880)
Employee benefit expenses		(951,050)	(356,484)
Exploration expenditure expense		(6,904,603)	(499,850)
Sales and marketing expenses		(559,594)	-
Share-based payment expense	6	(810,000)	(346,125)
Depreciation expense		(36,713)	-
Foreign currency losses		(394,471)	(24,017)
Finance costs		(1,053,423)	-
Loss from continuing operations before income tax		(11,044,997)	(1,556,056)
Income tax expense		-	-
Loss from continuing operations after income tax		(11,044,997)	(1,556,056)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(2,176)	(718)
Other comprehensive income for the year, net of tax		(2,176)	(40,033)
Total comprehensive loss attributable to the members		(11,047,173)	(1,556,774)
Loss per share for the year attributable to the members			
Basic loss per share (cents)		(3.40)	(0.64)

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

Consolidated Statement of Financial Position

	Note	December 2021 \$	June 2021 \$
Current assets			
Cash and cash equivalents		30,155,014	1,694,046
Trade and other receivables		1,620,334	75,495
Inventories		9,219,288	-
Total current assets		40,994,636	1,769,541
Non-current assets			
Plant and equipment		202,504	6,797
Right of use assets		825,939	-
Total non-current assets		1,028,443	6,797
Total assets		42,023,079	1,776,338
Current liabilities			
Trade and other payables		371,407	350,989
Lease liabilities		138,656	-
Provisions		83,310	-
Total current liabilities		593,373	350,989
Non-current liabilities			
Lease liabilities		690,135	-
Borrowings	3	27,710,364	-
Total non-current liabilities		28,400,499	-
Total liabilities		28,993,872	350,989
Net assets		13,029,207	1,425,349
Equity			
Contributed equity	4	40,179,561	26,101,068
Reserves	5	10,290,660	1,720,298
Accumulated losses		(37,441,014)	(26,396,017)
Total equity		13,029,207	1,425,349

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

Consolidated Statement of Changes in Equity

	Issued Capital	Other Equity	Other Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$
At 1 July 2021	26,101,068	-	1,720,298	(26,396,017)	1,425,349
Loss for the year	-	-	-	(11,044,997)	(11,044,997)
Other comprehensive income	-	-	(2,176)	-	(2,176)
Total comprehensive loss for the year after tax	-	-	(2,176)	(11,044,997)	(11,047,173)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital	15,195,275	-	-	-	15,195,275
Share issue costs	(1,116,782)	-	588,500	-	(528,282)
Share-based payments	-	-	1,398,500	-	1,398,500
Value of conversion rights on convertible notes	-	6,585,538	-	-	6,585,538
At 31 December 2021	40,179,561	6,585,538	3,705,122	(37,441,014)	13,029,207
At 1 July 2020	17,070,620	-	1,403,003	(14,277,977)	4,195,646
Loss for the year	-	-	-	(1,556,056)	(1,556,056)
Other comprehensive income	-	-	(718)	-	(718)
Total comprehensive loss for the year after tax	-	-	(718)	(1,556,056)	(1,556,774)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital	7,267,282	-	-	-	7,267,282
Share issue costs	(318,264)	-	-	-	(318,264)
Share-based payments	-	-	221,125	-	221,125
At 30 December 2020	24,019,638	-	1,623,410	(15,834,033)	9,809,015

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

Consolidated Statement of Cash Flows

	December 2021 \$	December 2020 \$
Cash flows from operating activities		
Payments to suppliers and employees	(1,314,137)	(738,552)
Payments for exploration and evaluation expenditure	(7,184,772)	(362,226)
Payments for development expenditure	(11,172,589)	-
Interest paid	(523,562)	-
Interest received	1,232	5,300
Net cash used in operating activities	(20,193,828)	(1,095,478)
Cash flows from investing activities		
Payments for property, plant and equipment	(239,756)	(4,041)
Net cash used in investing activities	(239,756)	(4,041)
Cash flows from financing activities		
Proceeds from issues of shares	15,195,275	7,142,282
Proceeds from borrowings	35,000,000	-
Transaction costs	(1,278,432)	(318,264)
Net cash from financing activities	48,916,843	6,824,018
Net increase in cash and cash equivalents	28,483,259	5,724,499
Cash and cash equivalents at the beginning of the financial year	1,694,046	4,342,785
Effect of exchange rate fluctuations	(22,291)	-
Cash and cash equivalents at the end of the financial year	30,155,014	10,067,284

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 Summary of Significant Accounting Policies

(a) Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements are presented in Australian dollars, which is Burgundy Diamond Mines Limited's functional and presentation currency.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

(b) Significant accounting judgements and key estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2021.

(c) Raw materials, work in progress and finished goods

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

(d) New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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.

Note 2 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 Operating Segments are the Group's activities in Australia, Canada, Peru and Botswana.

Information regarding the Group's reportable segments is presented below.

Notes to the Consolidated Financial Statements

Note 2 Segment Information (Continued)

	Peru	Canada	Botswana	Australia	Other	Total
	\$	\$	\$	\$	\$	\$
2021						
Other income	-	-	-	-	1,231	1,231
Exploration expenditure	(74,851)	(3,082,853)	(385,195)	(3,361,704)	-	(6,904,603)
Sales and marketing expense	-	-	-	(559,594)	-	(559,594)
Administration and other expense	(6,274)	-	-	-	(1,712,334)	(1,718,608)
Share Based payment expense	-	-	-	-	(810,000)	(810,000)
Finance costs	-	-	-	-	(1,053,423)	(1,053,423)
Loss before income tax	(81,125)	(3,082,853)	(385,195)	(3,921,298)	(3,574,526)	(11,044,997)
Income tax expense	-	-	-	-	-	-
Loss after income tax for the year	(81,125)	(3,082,853)	(385,195)	(3,921,298)	(3,574,526)	(11,044,997)
Total assets	1,595	57,014	-	9,421,792	32,542,678	42,023,079
Total liabilities	-	-	-	-	28,993,872	28,993,872
	Peru	Canada	Botswana	Australia	Other	Total
	\$	\$	\$	\$	\$	\$
2020						
Other income	-	-	-	-	55,300	55,300
Exploration expenditure	(6,770)	(269,369)	(223,711)	-	-	(499,850)
Administration and other expense	(5,915)	-	-	-	(759,466)	(765,381)
Share based payments expense	-	-	-	-	(346,125)	(346,125)
Finance costs	-	-	-	-	-	-
Loss before income tax	(12,685)	(269,369)	(223,711)	-	(1,050,291)	(1,556,056)
Income tax expense	-	-	-	-	-	-
Loss after income tax for the year	(12,685)	(269,369)	(223,711)	-	(1,050,291)	(1,556,056)
Total assets	4,130	34,105	-	-	10,072,677	10,110,912
Total liabilities	-	-	-	-	301,897	301,897

Note 3 Borrowings

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

The convertible notes are presented in the balance sheet as follows:

	31 December 2021	30 June 2021
	\$	\$
Face value of notes issued	35,000,000	-
Other equity securities - value of conversion rights (Note 5)	(6,585,538)	-
Costs associated with the issue of convertible notes	(1,229,759)	-
	27,184,703	
Interest expense	1,049,223	-
Interest paid	(523,562)	-
Non-current liability	27,710,364	-

The initial fair value of the liability portion of the convertible notes was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

Note 4 Equity

(a) Ordinary Shares

	31 December 2021		30 June 2021	
	No.	\$	No.	\$
Ordinary shares	336,568,236	40,179,561	273,254,589	26,101,068

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

(b) Movements in Ordinary Shares Issued

31 December 2021		Number	\$
At 1 July 2021		273,254,589	26,101,068
2 August 2021	Placement (i)	63,313,647	15,195,275
	Transaction costs	-	(1,116,782)
Balance at 31 December 2021		336,568,236	40,179,561

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

Notes to the Consolidated Financial Statements

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

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

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

Note 5 Other Equity and Other Reserves

	31 December 2021	30 June 2021
	\$	\$
Other equity	6,585,538	-
Share based payments reserve	3,783,176	1,796,177
Foreign currency translation reserve	(78,054)	(75,879)
Other reserves	3,705,122	1,720,298
Total reserves	10,290,660	1,720,298

Other equity

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 3.

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.

Notes to the Consolidated Financial Statements

Note 6 Share-based Payments

	31 December 2021	31 December 2020
	\$	\$
Options issued to Directors (i)	810,000	113,000
Shares issued to Directors	-	125,000
Options issued to consultants	-	108,125
Total share-based payments	810,000	346,125

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

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

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

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

The total value of the options of \$1,177,000 have been applied equally to the debt issues costs (\$588,500) and share issue costs (\$588,500)

Note 7 Contingent Liabilities

There are no contingent liabilities at 31 December 2021 (30 June 2021: Nil).

Note 8 Events After the Reporting Date

As the impact of the COVID-19 pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is still evolving and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any further economic stimulus that may be provided.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Kim Truter
Non-Executive Chairman
Perth, Western Australia
17 February 2022

RSM Australia Partners

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

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

www.rsm.com.au

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Burgundy Diamond Mines Limited, which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Burgundy Diamond Mines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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 36 965 195 036

Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Burgundy Diamond Mines Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

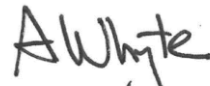
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Burgundy Diamond Mines Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS



ALASDAIR WHYTE
Partner

Perth, WA
Dated: 17 February 2022

For personal use only