

DEVELOP

Develop Global Limited

ABN 28 122 180 205

Interim Financial Report

for the Half Year ended

31 December 2022

Corporate Directory

DIRECTORS

Michael Blakiston Non-Executive Chair
 Bill Beament Managing Director
 Shirley In't Veld Non-Executive Director

COMPANY SECRETARY

Steven Wood

CHIEF FINANCIAL OFFICER

Ben MacKinnon

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

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 West Leederville WA 6007
 Australia

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ABN

28 122 180 205

WEBSITE

www.develop.com.au

QUOTED SECURITIES

ASX Code: DVP

AUDITORS

BDO Audit (WA) Pty Ltd
 Level 9, Mia Yellagonga Tower 2
 5 Spring Street
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 Australia

SHARE REGISTRY

Link Market Services Limited
 Level 12, 250 St Georges Terrace
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Directors' Report

The Directors present their report together with the consolidated financial statements of the Group comprising of Develop Global Limited ("**Company**") and its subsidiaries ("**Group**") for the half year ended 31 December 2022 and the auditor's report thereon.

The directors of the Company at any time during or since the end of the financial period are:

Directors

Michael Blakiston	Non-Executive Chair
Bill Beament	Managing Director
Mick McMullen	Non-Executive Director (resigned 10 February 2023)
Shirley In't Veld	Non-Executive Director
Michelle Woolhouse	Non-Executive Director (resigned 31 January 2023)

Principal Activities

The principal activities of the Group during the period were the progression towards the development of the Company's Woodlawn Zinc – Copper Project in New South Wales and Sulphur Springs Zinc - Copper Project in Western Australia.

The Underground Mining Services Division continues to perform well as part of the services agreement at the Bellevue Gold Mine.

Operating and Financial Review

Financial Review

For the half year ended 31 December 2022, the consolidated loss of the Group was \$6,399,825 (31 December 2021: \$6,634,866).

As at 31 December 2022, the Company had 164,930,420 quoted fully paid ordinary shares (31 December 2021: 140,698,014) and no quoted options issued over shares (31 December 2021: Nil).

As at 31 December 2022 the Group held cash reserves of \$26,636,450 (30 June 2022: \$43,206,524).

Contract revenue for the half year ended 31 December 2022 was \$23,828,708 (31 December 2021: Nil).

Share based payments to employees for the half year ended 31 December 2022 were \$536,811 (31 December 2021: \$4,143,428). A provision for payroll tax on share-based payments has been adjusted to reflect the movement in the share price as at 31 December 2022 \$3.19 (30 June 2022: \$1.99). This resulted in \$2,198,121 being expensed (31 December 2021: Nil).

On 1 November 2022, Develop purchased the Premium Group (Refer Note 7).

Significant Changes in the State of Affairs

During the period, the following changes occurred:

Premium Group:

- On 1 November 2022, Develop completed the purchase of Premium Mining & Civil Pty Ltd and Premium Mining Personnel Pty Ltd ("**Premium Group**")
- The Premium Group are a well-established provider of specialist mining personnel and equipment to the underground mining industry.
- Develop acquired the Premium Group for \$8,559,320, \$832,709 cash and \$7,726,611 in Ordinary Shares (2,904,741 Ordinary Shares). The Equity Consideration is subject to escrow from completion of settlement of the acquisition.

Directors' Report

Capital structure:

- On 21 September 2022, 191,000 Ordinary Shares were issued to Directors at \$3.30 per share under the Director participation in a capital raising to raise \$630,300 (before costs) as approved by shareholders.
- On 21 September 2022, 100,000 Unlisted Options (DVPAAH) were issued to a Director with an exercise price of \$4.25 per share and an expiry date of 21 September 2025.
- On 4 November 2022, 1,528,383 Ordinary Shares were issued for the purchase of the Premium Group.
- On 2 December 2022, 1,376,358 Ordinary Shares were issued for the purchase of the Premium Group.
- During the half year 628,762 Unlisted Options and 108,600 Unlisted Performance Rights were converted to Ordinary Shares.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the half year under review.

Capital:

At the date of this report, The Group's current capital on issue is:

	Number
Ordinary shares	
DVP*	167,775,285
Unlisted performance rights	
DVPAV	787,600
Unlisted options – share based payments	
DVPAAA	14,000,000
DVPAAB	14,000,000
DVPAY	1,400,000
DVPAAC	200,000
DVPAAG	1,360,000
Unlisted options	
DVPAW	1,362,405
DVPAZ	13,644,145

* 1,528,383 subject to escrow until 4 November 2023.

* 1,376,358 subject to escrow until 4 November 2024.

Events after the Reporting Period

- On 23 January 2023, Ben MacKinnon was appointed as Chief Financial Officer.
- On 31 January 2023, Michelle Woolhouse resigned as Non-Executive Director.
- On 31 January 2023, 100,000 options were forfeited that were previously granted to Michelle Woolhouse.
- On 10 February 2023, Mick McMullen resigned as Non-Executive Director.
- On 10 February 2023, Mick McMullen converted 2,000,000 unlisted options (DVPAY) to ordinary shares, raising \$1,500,000 before costs.

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years other than disclosed above.

Directors' Report Declaration

Directors' Report Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Signed in accordance with a resolution of the Board of Directors.



BILL BEAMENT
Managing Director

Dated this 23rd day of February 2023

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF DEVELOP GLOBAL LIMITED

As lead auditor for the review of Develop Global Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Develop Global Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth

23 February 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half Year Ended 31 December 2022

		31 December 2022 \$	31 December 2021 \$
Revenue	2a	23,828,708	-
Cost of sales		(19,039,807)	-
Gross Profit		4,788,901	-
Other Income	2b	2,463,852	19,243
Care and maintenance expenses		(1,505,222)	-
Administrative expenses		(1,852,367)	(931,743)
Directors, employees, and consultants' expenses		(2,432,713)	(1,282,309)
Share based payments	6	(536,811)	(4,143,428)
Payroll tax		(2,198,121)	-
Exploration and evaluation expenses		(243,124)	(58,875)
Depreciation expenses		(3,130,015)	(122,705)
Re-estimation of site rehabilitation		(112,426)	(138,236)
Re-estimation of contract liabilities		(1,282,130)	-
Operating profit/(loss)		(6,040,176)	(6,658,053)
Finance costs		(359,649)	23,187
Loss before income tax		(6,399,825)	(6,634,866)
Income tax expense		-	-
Loss after income tax attributable to the owners of the Group		(6,399,825)	(6,634,866)
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive loss for the half year attributable to owners of the Group		(6,399,825)	(6,634,866)
Loss per share for the half year attributable to the owners of the Group			
Basic loss per share (cents)		(3.94)	(4.84)

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

Consolidated Statement of Financial Position as at 31 December 2022

	Note	31 December 2022 \$	30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents		26,636,450	43,206,524
Trade and other receivables		7,227,807	2,978,776
Inventories		4,925,037	4,023,172
Other assets		1,142,241	1,345,198
Total current assets		39,931,535	51,553,670
Non-current assets			
Property, plant, and equipment	7	42,305,635	34,274,935
Right of use assets		20,907,487	3,498,543
Exploration and evaluation expenditure	3	57,866,347	45,757,912
Mine properties		55,679,219	55,679,219
Intangibles	7	2,523,711	-
Other receivables		10,232,403	10,537,434
Other assets		3,582,548	3,582,548
Total non-current assets		193,097,350	153,330,591
Total assets		233,028,885	204,884,261
Liabilities			
Current liabilities			
Trade and other payables		10,513,574	7,953,804
Lease liabilities	4	7,783,653	1,634,662
Employee benefits		2,151,857	438,674
Provisions		4,341,959	2,141,480
Total current liabilities		24,791,043	12,168,620
Non-current liabilities			
Lease liabilities	4	13,445,516	1,883,051
Employee benefits		74,968	77,787
Provisions		26,988,460	27,181,064
Contract liabilities		20,301,800	19,019,670
Total non-current liabilities		60,810,744	48,161,572
Total liabilities		85,601,787	60,330,192
Net assets		147,427,098	144,554,069
Equity			
Issued capital	5	210,887,916	202,081,283
Reserves	5,6	128,682,033	128,215,812
Accumulated losses		(192,142,851)	(185,743,026)
Total equity		147,427,098	144,554,069

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the Half Year Ended 31 December 2022

	Note	Issued Capital \$	Share Based Compensation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 30 June 2021		132,008,693	80,108,642	(176,519,568)	35,597,767
Loss for the period		-	-	(6,634,866)	(6,634,866)
Total comprehensive loss for the period		-	-	(6,634,866)	(6,634,866)
Transactions with owners in their capacity as owners:					
Issue of securities		4,916,112	-	-	4,916,112
Security issue costs		(451,802)	-	-	(451,802)
Share based payments issued		-	4,143,429	-	4,143,429
Share based payments exercised		77,639	(77,639)	-	-
Options exercised		4,808,055	-	-	4,808,055
		9,350,004	4,065,790	-	13,415,794
Balance at 31 December 2021		141,358,697	84,174,432	(183,154,434)	42,378,695
Balance at 30 June 2022					
		202,081,283	128,215,812	(185,743,026)	144,554,069
Loss for the period		-	-	(6,399,825)	(6,399,825)
Total comprehensive loss for the period		-	-	(6,399,825)	(6,399,825)
Transactions with owners in their capacity as owners:					
Issue of securities	5	630,300	-	-	630,300
Security issue costs	5	(45,279)	-	-	(45,279)
Share based payments issued	6	-	728,004	-	728,004
Share based payments exercised	5,6	70,590	(70,590)	-	-
Share based payments expired	6	-	(191,193)	-	(191,193)
Options exercised	5	424,411	-	-	424,411
Issue of securities - Purchase of Premium Group	5,7	7,726,611	-	-	7,726,611
		8,806,633	466,221	-	9,272,854
Balance at 31 December 2022		210,887,916	128,682,033	(192,142,851)	147,427,098

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the Half Year Ended 31 December 2022

	31 December 2022 \$	31 December 2021 \$
Cash flows related to operating activities		
Receipts from customers	21,729,191	-
Cash paid to suppliers and employees	(23,809,218)	(1,916,769)
Interest received	310,948	18,604
Interest paid	(367,676)	(6,819)
Net cash used in operating cash flows	(2,136,755)	(1,904,984)
Cash flows related to investing activities		
Payment for purchases of plant and equipment	(3,804,388)	(204,143)
Proceeds from sale of plant and equipment	2,500,000	-
Payment for exploration and evaluation expenditure	(10,676,645)	(7,073,489)
Payment for purchase of Heron Resources Ltd	(448,238)	-
Payment for purchase of Premium Group	(812,244)	-
Payment for other assets	(238,934)	(20,000)
Net cash used in investing cash flows	(13,480,449)	(7,297,632)
Cash flows related to financing activities		
Proceeds from issue of securities	630,300	4,916,112
Proceeds from conversion of options into shares	423,674	4,657,870
Capital raising costs	(86,487)	(574,281)
Repayments of lease liabilities	(1,920,357)	(124,554)
Net cash (used in) provided by financing cash flows	(952,870)	8,875,147
Net increase (decrease) in cash and cash equivalents	(16,570,074)	(327,469)
Cash and cash equivalents at the beginning of the period	43,206,524	16,831,391
Cash and cash equivalents at the end of the period	26,636,450	16,503,922

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Note 1 - Significant Accounting Policies

Reporting Entity

The consolidated interim financial statements comprise Develop Global Limited (“**Company**”) and its subsidiaries, (collectively the “**Group Entity**” or the “**Group**”). The Company is a listed public Company domiciled in Australia. The Company’s registered office is at 234 Railway Parade, West Leederville, Western Australia. The Group is a for-profit entity and is involved in the exploration and development of base metals and mining services.

Basis of Accounting

The consolidated interim financial statements for the half year reporting period ended 31 December 2022 are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (“**AASBs**”) adopted by the Australian Accounting Standards Board (“**AASB**”) and the *Corporations Act* 2001. The consolidated financial statements comply with International Financial Reporting Standards (“**IFRSs**”) adopted by the International Accounting Standards Board (“**IASB**”). They were authorised for issue by the Board of Directors on 23rd February 2023.

This consolidated interim financial report is intended to provide users with an update on the latest annual financial statements of Develop Global Limited and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this interim financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022, together with any public announcements made during the half year.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

The consolidated interim financial statements have been prepared on a going concern basis.

Adoption of New or Amended Accounting Standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the 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.

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group Entities.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity’s operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed, and the fair value of the consideration transferred is recognised as goodwill.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of twelve months from the date of the acquisition or when the acquirer receives all the information possible to determine fair value.

Notes to the Consolidated Financial Statements

Note 1 - Significant Accounting Policies (continued)

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Note 2 – Revenue and Other Income

	31 December 2022 \$	31 December 2021 \$
(a) Revenue from contracts with customers		
Contract and operational revenue (over time)	23,828,708	-
	23,828,708	-
(b) Other Income		
Interest income on bank deposits	366,731	19,243
Profit on sale of property, plant and equipment	2,013,801	-
Other Income	83,320	-
	2,463,852	19,243

The disaggregation of revenue from contracts with customers is as follows:

	Mining Services \$	Mining and Exploration \$	Other \$	Total \$
Type of goods or services				
Contract and operational revenue	23,828,708	-	-	23,828,708
Total external revenue from contracts with customers	23,828,708	-	-	23,828,708
Geographical information by location of customer				
Australia	23,828,708	-	-	23,828,708
Total external revenue from contracts with customers	23,828,708	-	-	23,828,708

There was no disaggregation of revenue from contracts for the six months ending 31 December 2021.

Note 3 – Exploration and Evaluation Expenditure

	31 December 2022 \$	30 June 2022 \$
Exploration & evaluation expenditure		
At cost	98,034,092	85,925,657
Accumulated impairment	(40,167,745)	(40,167,745)
	57,866,347	45,757,912
Movements in Carrying Amounts of exploration and evaluation expenditure.		
Carrying amount at the beginning of half year	45,757,912	27,281,840
Additions	13,108,435	18,872,808
Joint Venture Movement	(1,000,000)	-
Impairment / Write Off	-	(396,736)
Carrying amount at the end of half year	57,866,347	45,757,912

The recoverability of exploration & evaluation expenditure is dependent upon further exploration and exploitation of commercially viable mineral deposits.

Notes to the Consolidated Financial Statements

Note 4 – Lease Liabilities

	31 December 2022 \$	30 June 2022 \$
Lease Liabilities - current	7,783,653	1,634,662
Lease Liabilities - non-current	13,445,516	1,883,051
	21,229,169	3,517,713

The Group has equipment financing facilities with:

- Sandvik – limit of \$20M, drawn to \$19M at 31 December 2022, secured against each item of equipment financed, maturity date varies depending on the equipment but ranges from 30 months to 36 months.
- CBA – limit of \$5M, drawn to \$1.6M at 31 December 2022, secured against each item of equipment financed, maturity date varies depending on the equipment but will range from 30 months to 36 months.

Note 5 – Capital and Reserves

	Note	31 December 2022 \$	30 June 2022 \$
Ordinary shares fully paid	a	210,887,916	202,081,283
Share based payment reserve	6	128,682,033	128,215,812
		339,569,949	330,297,095

During the half year ended 31 December 2022, the following movements in equity occurred:

a Ordinary Shares fully paid		31 December 2022 No.	31 December 2022 \$
At the beginning of half year		161,097,317	202,081,283
Shares issued	i	3,095,741	8,356,911
Exercise of Performance Rights – Shares issued	ii	108,600	70,590
Exercise of Options – Shares issued	iii	628,762	424,411
Transaction costs relating to share issues		-	(45,279)
At end of half year		164,930,420	210,887,916

i Shares Issued Details	No.	Issue Price	
		\$	\$
Shares issued - Key Management Personnel	191,000	3.300	630,300
Shares issued - Purchase of Premium Group	2,904,741	2.660	7,726,611
	3,095,741		8,356,911

ii Exercise of Performance Rights - Shares issued Details	No.	Issue Price	
		\$	\$
Shares issued exercise of performance rights	108,600	0.650	70,590
	108,600		70,590

iii Exercise of Options - Shares issued Details	No.	Issue Price	
		\$	\$
Shares issued exercise of options	628,762	0.675	424,411
	628,762		424,411

Notes to the Consolidated Financial Statements

Note 5 – Capital and Reserves (continued)

b Unlisted Options

	Exercise Price \$	Expiry Date	Balance at beginning of half year No.	Issued during half year No.	Exercised during half year No.	Expired during half year No.	Balance at end of half year No.
DVPAZ	0.675	22-Jun-23	14,408,300	-	(153,984)	-	14,254,316
DVPAW	0.675	18-Jul-23	2,038,543	-	(474,778)	-	1,563,765
DVPAAA	0.750	17-Jun-24	14,000,000	-	-	-	14,000,000
DVPAY	0.750	22-Jun-24	3,400,000	-	-	-	3,400,000
DVPAAC	5.000	01-Oct-24	200,000	-	-	-	200,000
DVPAAB	0.750	17-Jun-25	14,000,000	-	-	-	14,000,000
DVPAAH	4.250	21-Sep-25	-	100,000	-	-	100,000
DVPAAG	various	various	1,390,000	-	-	(30,000)	1,360,000
			49,436,843	100,000	(628,762)	(30,000)	48,878,081

Note 6 - Share-Based Payments Reserve

	Note	31 December 2022 \$	30 June 2022 \$
Share based payment reserve			
Options and Performance Rights	a	88,789,936	88,323,715
Contingent Consideration		39,892,097	39,892,097
		128,682,033	128,215,812

During the half year ended 31 December 2022, the following movements in share based payment reserve occurred:

	Note	31 December 2022 \$	30 June 2022 \$
Unlisted Performance Rights and Options, and Contingent Consideration			
At beginning of half year		128,215,812	80,108,642
Unlisted Performance Rights			
Expensed	a(i)	318,469	187,485
Exercised	a(ii)	(70,590)	(90,465)
Expired	a(iii)	(124,822)	-
Unlisted Options			
Expensed	a(i)	409,535	8,118,053
Expired	a(iii)	(66,371)	-
Contingent Consideration – Heron Resources Ltd		-	39,892,097
At end of half year		128,682,033	128,215,812

Notes to the Consolidated Financial Statements

Note 6 - Share-Based Payments Reserve (Continued)

(a) Changes in Unlisted Performance Rights and Options for Directors, Key Management Employees, Employees and Contractors during the half year are as follows:

	Balance at beginning of half year \$	Expensed during half year (i) \$	Exercised during half year (ii) \$	Expired during half year (iii) \$	Balance at end of half year \$	To Expense in future periods \$
Unlisted Performance Rights						
2020 LTI a	200,411	38,314	(70,590)	(109,026)	59,109	-
2022 LTI	59,478	237,914	-	(15,796)	281,596	1,492,303
2023 LTI	-	42,241	-	-	42,241	929,258
	259,889	318,469	(70,590)	(124,822)	382,946	2,421,561

Unlisted Options

DVPAY	9,372,324	-	-	-	9,372,324	-
DVPAAB	38,591,922	-	-	-	38,591,922	-
DVPAAC	39,701,243	-	-	-	39,701,243	-
DVPAAG	227,910	69,187	-	-	297,097	-
DVPAAH	78,625	314,499	-	(8,217)	384,907	1,494,079
DVPAAI	91,802	(33,648)	-	(58,154)	-	-
	-	59,497	-	-	59,497	2,221,353
	88,063,826	409,535	-	(66,371)	88,406,990	3,715,432
	88,323,715	728,004	(70,590)	(191,193)	88,789,936	6,136,993

	Exercise Price \$	Balance at beginning of half year No.	Issued during half year No.	Exercised during half year No.	Expired during half year No.	Balance at resignation No.	Balance at end of half year No.
Unlisted Performance Rights							
2020 LTI a	Nil	367,267	-	(108,600)	(167,733)	-	90,934
2022 LTI	Nil	760,000	-	-	(30,000)	-	730,000
		1,127,267	-	(108,600)	(197,733)	-	820,934

Unlisted Options

DVPAY	0.75c	3,400,000	-	-	-	-	3,400,000
DVPAAB	0.75c	14,000,000	-	-	-	-	14,000,000
DVPAAC	0.75c	14,000,000	-	-	-	-	14,000,000
DVPAAG	\$5.00	200,000	-	-	-	-	200,000
DVPAAH	Varies	1,390,000	-	-	(30,000)	-	1,360,000
	\$4.25	-	100,000	-	(100,000)	-	-
		32,990,000	100,000	-	(130,000)	-	32,960,000

(b) Details of Unlisted Performance Rights and Options issued to Employees during the half year are as follows:

	Grant Date	Expiry Date	Fair Value \$	Value at Grant Date \$
Unlisted Options				
DVPAAH	2-Sep-22	21-Sep-25	0.9702	97,022

(c) Terms and conditions of Unlisted Performance Rights Issued during the half year

There were no unlisted performance rights issued during the half year.

Notes to the Consolidated Financial Statements

Note 6 - Share-Based Payments Reserve (Continued)

(d) Terms and conditions of Unlisted Options Issued during the half year

DVPAAH - A total of 100,000 unlisted options were granted to Key Management Personnel on 2 September 2022. 100% vest on 21 September 2023. The unlisted options expire on 21 September 2025. The exercise price of the unlisted options is \$4.25.

Subsequent to the end of half year the options were forfeited (refer note 10).

Note 7 – Acquisition of Premium Group

On 1 November 2022 Dev Mining Services Pty Ltd, a subsidiary of Develop Global Ltd, acquired 100% of the ordinary shares of Premium Mining & Civil Pty Ltd and Premium Mining Personnel Pty Ltd (“**Premium Group**”). The Premium Group are a well-established provider of specialist mining personnel and equipment to the underground mining industry.

Dev Mining Services Pty Ltd acquired the Premium Group for \$8,559,320, \$832,709 cash and \$7,726,611 in Ordinary Shares (2,904,741 Ordinary Shares). The Equity Consideration is subject to escrow from completion of settlement of the acquisition.

The goodwill of \$2,523,711 represents the increase in the Groups capabilities in providing underground expertise and equipment, both of which are in extremely high demand and will play critical roles in helping the Group achieve its goals as a mine owner/developer and mining services business partner.

The acquired business contributed revenues of \$575,531 and profit after tax of \$28,157 to the consolidated entity for the period from 1 November to 31 December 2022. If the acquisition occurred on 1 July 2022 the full year contributions would have been revenues of \$1,118,047 and profit after tax of \$399,064. The values identified in relation to the acquisition of the Premium Group are preliminary as at 31 December 2022.

The provisional allocation of the purchase price to assets and liabilities as a result of the acquisition are as follows:

	Fair value
	\$
Cash and cash equivalents	20,465
Trade and other receivables	1,186,330
Other assets	108,988
Property, plant, and equipment	5,599,320
Trade and other payables	(621,479)
Employee benefits	(258,015)
	6,035,609
Net assets acquired	2,523,711
Goodwill	2,523,711
Acquisition-date fair value of the total consideration transferred	8,559,320
 Representing:	
Cash paid to vendor	832,709
Shares issued to vendor	7,726,611
	8,559,320
 Acquisition costs expensed to profit or loss	266,581
 Cash used to acquire business; net of cash acquired:	
Acquisition date fair value of the total consideration transferred	832,709
Less: cash and cash equivalents	(20,465)
Net cash used	812,244

Notes to the Consolidated Financial Statements

Note 8 – Capital Commitments and Contingencies

The Group has entered into contracts to purchase property, plant and equipment for \$23,965,276. (2021: nil). These commitments are expected to settle in the next twelve months. This will be funded through equipment finance facilities.

Other than disclosed above, the Group's capital commitments and contingencies have not changed since the last annual report.

Note 9 - Operating Segments

Business Segment

This operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

Segment performance is evaluated based on Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) which is allocated to the reportable segments in which the item arose or relates to. This includes both directly attributable items and those that can be allocated on a reasonable basis. EBITDA is a non-IFRS measure that has been included to assist management to better understand the performance of the business. The accounting policies adopted for internal reporting are consistent with those adopted in the financial statements.

	Mining Services \$	Mining and Exploration \$	Other \$	Total \$
31 December 2022				
Revenue				
External Revenue	23,828,708	-	-	23,828,708
Total Revenue	23,828,708	-	-	23,828,708
Underlying EBITDA	3,017,335	(1,781,500)	(4,157,228)	(2,921,393)
Depreciation	(2,311,571)	(687,683)	(130,761)	(3,130,015)
Underlying EBIT	705,764	(2,469,183)	(4,287,989)	(6,051,408)
Net finance costs				(348,417)
Profit before tax				(6,399,825)
Unallocated assets	-	-	-	26,636,450
Total segment assets	28,191,159	175,561,794	2,639,481	206,392,434
Total segment liabilities	(25,474,689)	(53,375,266)	(6,751,832)	(85,601,787)
Segment net assets	2,716,470	122,186,528	(4,112,351)	
Total net assets				120,790,647
	Mining Services \$	Mining and Exploration \$	Other \$	Total \$
31 December 2021				
Revenue				
External Revenue	-	-	-	-
Total Revenue	-	-	-	-
Underlying EBITDA	-	(330,306)	(6,175,036)	(6,505,342)
Depreciation	-	(77,856)	(44,849)	(122,705)
Underlying EBIT	-	(408,162)	(6,219,885)	(6,628,047)
Net finance costs				(6,819)
Profit before tax				(6,634,866)
30 June 2022				
Unallocated assets	-	-	-	43,206,524
Total segment assets	4,714,140	155,667,558	1,296,039	161,677,737
Total segment liabilities	(5,788,663)	(49,502,996)	(5,038,533)	(60,330,192)
Segment net assets	(1,074,523)	106,164,562	(3,742,494)	
Total net assets				144,554,069

Notes to the Consolidated Financial Statements

Note 9 - Operating Segments (continued)

Major customers

During the half year ended 31 December 2022 approximately \$23,828,708 (31 December 2021: Nil) of the Group's external revenue was derived from mining services revenue to an Australian producer.

Geographical information

All non-current assets of the Group are located in Australia.

Note 10 - Events after the Reporting Period

- On 23 January 2023, Ben MacKinnon was appointed as Chief Financial Officer.
- On 31 January 2023, Michelle Woolhouse resigned as Non-Executive Director.
- On 31 January 2023, 100,000 options were forfeited that were previously granted to Michelle Woolhouse.
- On 10 February 2023, Mick McMullen resigned as Non-Executive Director.
- On 10 February 2023, Mick McMullen converted 2,000,000 unlisted options (DVPAY) to ordinary shares, raising \$1,500,000 before costs.

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years other than disclosed above.

Note 11 - Related Party Transactions

Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions and are no more favourable than those available to other parties unless otherwise stated.

During the half year the Group purchased Premium Mining & Civil Pty Ltd and Premium Mining Personnel Pty Ltd ("**Premium Group**") (refer Note 7). Mr Bill Beament held 25% interest in the issued shares of Premium Mining Personnel Pty Ltd at the date of acquisition.

Directors' Declaration

In the opinion of the directors of Develop Global Limited (the “**Company**”):

- (a) the consolidated interim financial statements and notes that are set out on pages 5 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

This declaration is made in accordance with a resolution of the directors.



BILL BEAMENT
Managing Director

Dated this 23rd day of February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Develop Global Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Develop Global Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', with a stylized flourish extending from the end of the name.

Glyn O'Brien

Director

Perth

23 February 2023

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