Austral Resources Australia Ltd
Appendix 4E
Preliminary final report

1. Company Details

Name of entity:	Austral Resources Australia Ltd
ABN:	50 142 485 470
Reporting period:	For the year ended 31 December 2022
Previous period:	For the year ended 31 December 2021

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	47.1%	to	54,828
Loss from ordinary activities for the year after tax attributable to the owners of Austral Resources Australia Ltd	Up	154.0%	to	(29,800)
Loss for the year attributable to the owners of Austral Resources Australia Ltd	up	154.0%	to	(29,800)

3. Review of operations

The loss attributable to the owners of Austral Resources Australia Ltd for the consolidated entity after providing for income tax amounts to $29,800,000 (31 December 2021: $11,728,000).

Highlights

Austral Resources Australia Ltd has achieved the following for the year ended 31 December 2022:

- Copper cathode sales of 4,423 tonnes (2021: 3,061 tonnes) at an average sale price of US$8,359 per tonne (2021: US$9,171 per tonne);
- Revenue from continuing operations $54,828,000 (2021: $37,260,000);
- The Group entered an offtake agreement with Glencore to purchase all copper produced at the Anthill mine and included a US$15,000,000 prepayment facility;
- The Group commenced mining at Anthill and produced the first copper cathode on 14 June 2022;
- The Group successfully placed $16,000,000 shares in August 2022 and $1,000,000 shares in November 2022
- Successfully reached commercial production in December 2022 from the Group's Anthill project.
- Net operating cash outflows of $1,801,000 (2021: inflows of $646,000);
- Cash and cash equivalents of $1,535,000 (2021: $13,334,000)

4. Dividends

No dividends have been paid, recommended, or declared during the current financial year (2021: Nil).

5. Net tangible assets

	Reporting Period $	Previous Period $
Net tangible assets per ordinary security	(0.04)	(0.03)

6. Control gained over entities

No change during the period

7. Details of associates and joint venture entities

No change during the period

8. Audit qualification or review

The Preliminary Financial Report is based on statutory financial statements that are in the process of being audited. The independent audit report is unlikely to contain a modified opinion and may have an emphasis of matter in regarding to material uncertainty of going concern.

9. Attachments

Attached is the Preliminary Financial Report of Austral Resources Australia Ltd for the year ended 31 December 2022.

Austral Resources Australia Ltd

ABN 50 142 485 470

Preliminary Financial Report

31 December 2022

Austral Resources Australia Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Revenue	1	54,828	37,260
Cost of goods sold		(41,599)	(34,370)
Gross profit		13,229	2,890
Other income	2	402	2,766
Expenses			
Other operating expenses		(6,271)	(893)
Administration expenses		(10,057)	(7,864)
Write down of inventory		-	(281)
Depreciation and amortisation expense		(11,451)	(375)
Finance expense	3	(7,323)	(6,661)
Share based payments		(7,289)	(1,178)
Loss on derivative instruments at fair value through profit and loss		-	(32)
Net foreign exchange loss		(1,040)	(100)
Loss before income tax expense from continuing operations		(29,800)	(11,728)
Income tax expense		-	-
Loss after income tax expense for the year		(29,800)	(11,728)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(29,800)	(11,728)
		$	**$**
Earnings per share for profit attributable to the owners of Austral Resources Australia Ltd			
Basic loss per share		(0.06)	(0.08)
Diluted loss per share		(0.06)	(0.08)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Austral Resources Australia Ltd
Statement of financial position
As at 31 December 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Assets			
Current assets			
Cash and cash equivalents	4	1,535	13,334
Trade and other receivables	5	7,854	1,444
Prepayments		844	445
Inventories	6	26,876	3,233
Other assets		105	48
Total current assets		37,214	18,504
Non-current assets			
Other financial assets	7	37,807	37,892
Property, plant and equipment	8	52,555	6,558
Right-of-Use Assets		6,121	6,522
Exploration and mining assets	9	603	516
Total non-current assets		97,086	51,488
Total assets		134,203	63,992
Liabilities			
Current liabilities			
Trade and other payables	10	44,415	9,138
Borrowings	11	59,122	6,394
Provisions		554	314
Lease Liabilities		1,557	1,166
Forward foreign exchange contracts		96	32
Other		-	4,000
Total current liabilities		105,744	21,044
Non-current liabilities			
Borrowings	12	-	21,061
Provisions	13	42,386	35,146
Lease Liabilities		4,845	5,356
Total non-current liabilities		47,231	61,563
Total liabilities		152,975	82,607
Net liabilities		(18,675)	(12,615)
Equity			
Issued capital	14	71,546	47,926
Reserves	15	1,298	1,178
Accumulated losses	16	(91,519)	(61,719)
Total equity		(18,675)	(12,615)

The above statement of financial position should be read in conjunction with the accompanying notes

Austral Resources Australia Ltd
Statement of changes in equity
For the year ended 31 December 2022

Consolidated	**Issued capital $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 January 2021	1	-	(285,653)	(285,652)
Loss after income tax expense for the year	-	-	(11,728)	(11,728)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(11,728)	(11,728)
Transactions with owners in their capacity as owners:	-	-	-	-
Contributions of equity, net of transaction costs	47,925	-	-	47,925
Equity recognised on forgiveness of parent entity loan	-	-	235,662	235,662
Share-based payments (note 19)	-	1,178	-	1,178
Dividends paid	-	-	-	-
Balance at 31 December 2021	47,926	1,178	(61,719)	(12,615)

Consolidated	**Issued capital $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 January 2022	47,926	1,178	(61,719)	(12,615)
				-
Loss after income tax expense for the year	-	-	(29,800)	(29,800)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(29,800)	(29,800)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	16,801	-	-	16,801
Share-based payments (note 19)	2,169	120	-	2,289
Share-based payments – Thiess Restructure fee, net of transaction costs	4,650			4,650
Dividends paid	-	-	-	-
Balance at 31 December 2022	71,546	1,298	(91,519)	(18,675)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Austral Resources Australia Ltd
Statement of cash flows
For the year ended 31 December 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		50,023	37,956
Payments to suppliers and employees (inclusive of GST)		(53,498)	(40,097)
		(3,475)	(2,679)
Interest and other costs of finance paid		(1,112)	-
Interest received		82	215
Other revenue		2,704	2,572
Net cash (used in) / from operating activities		(1,801)	646
Cash flows from investing activities			
Payments for property, plant and equipment		(47,545)	(2,281)
Payments for exploration		(86)	(277)
Payments for mining assets		(1,782)	(1,854)
Payments for security deposits		-	(7,228)
Proceeds from sale of property, plant and equipment		-	65
Proceeds from release of security deposits		-	954
Net cash used in investing activities		(49,413)	(10,621)
Cash flows from financing activities			
Proceeds from issue of shares		17,000	30,501
Proceeds from borrowings		31,048	18,222
Share issue transaction costs		(549)	(2,184)
Repayment of borrowings		(6,750)	(21,831)
Repayment of lease liabilities		(1,487)	(538)
Transaction costs related to loans and borrowings		(311)	(1,438)
Net cash from financing activities		38,951	22,732
Net increase/(decrease) in cash and cash equivalents		(12,263)	12,757
Cash and cash equivalents at the beginning of the financial year		13,334	577
Effects of exchange rate changes on cash and cash equivalents		464	-
Cash and cash equivalents at the end of the financial year	4	1,535	13,334

The above statement of cash flows should be read in conjunction with the accompanying notes

Basis of preparation

These preliminary financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of $29,800,000 (2021: $11,728,000) and had net cash used in operating activities of $1,801,000 (2021: inflows of $646,000) for the year ended 31 December 2022. As at that date the consolidated entity had net current liabilities of $68,530,000 (2021: $2,540,000) and net liabilities of $18,675,000 (2021:12,615,000). The ability of the consolidated entity to continue as a going concern is dependent on a number of factors, the most significant of which is the ability to finance the debt obligations through funding arrangements.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group has achieved commercial production of Copper Cathode from the Anthill mine;
- The Group is seeking additional funding arrangements to meet the debt repayments in 2023;
- The Group has the ability to reduce discretionary spending on exploration campaigns.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Note 1. Revenue

	Consolidated	
	2022	**2021**
	$'000	**$'000**
From continuing operations		
Revenue from contracts with customers		
Sale of copper	54,828	37,260
Revenue from continuing operations	54,828	37,260

Note 1. Revenue (continued)

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

	Consolidated	
	2022 $'000	**2021 $'000**
Major product lines		
Copper Cathode	54,828	37,260
	54,828	37,260
Geographical regions		
Australia	54,828	37,260
Timing of revenue recognition		
Goods transferred at a point in time	54,828	37,260

Note 2. Other income

	Consolidated	
	2022 $'000	**2021 $'000**
Net gain on disposal of property, plant and equipment	-	65
Insurance recoveries	74	2,572
Interest income	83	86
Other income	245	71
Other income	402	2,794

Note 3. Finance Expenses

	Consolidated	
	2022 $'000	**2021 $'000**
Interest on interest bearing loans	6,245	5,175
Borrowings costs	-	989
Interest on leases	512	172
Unwinding of discount on rehabilitation liability	566	325
	7,323	6,661

Note 4. Current assets - cash and cash equivalents

	Consolidated	
	2022 $'000	2021 $'000
Cash on hand	1	1
Cash at bank	1,534	13,333
	1,535	13,334

Note 5. Current assets - trade and other receivables

	Consolidated	
	2022 $'000	2021 $'000
Trade receivables	6,749	964
Less: Allowance for expected credit losses	-	-
GST Receivable	1,105	480
	7,854	1,444

Note 6. Current assets - inventories

	Consolidated	
	2022 $'000	2021 $'000
Spare parts and consumables	2,749	1,461
Copper in process	22,375	1,676
Copper cathode	1,752	96
	26,876	3,233

Due to high cost of operations, copper inventories were written down to net realisable value at the end of the previous reporting period. This resulted in an impairment loss of $281,000 being recognised in 2021 (2022: nil)

Note 7. Non-current assets - other

	Consolidated	
	2022 $'000	2021 $'000
Term deposits as security for bank guarantees (i)	37,700	37,785
Security deposits for Queensland Mines Department	107	107
	37,807	37,892

(i) Security deposits held with ANZ as security for the issuance of a bank guarantee to satisfy the financial assurance requirements with the Queensland Government's Department of Environment and Science for the Lady Annie Mine's Environmental Authority EPML00753513.

Note 8. Non-current assets - property, plant and equipment

	Consolidated 2022 $'000	Consolidated 2021 $'000
Land and buildings – at cost	6,292	6,292
Less: Accumulated depreciation	(6,289)	(6,289)
	3	3
Plant and equipment - at cost	35,063	34,864
Less: Accumulated depreciation	(34,614)	(34,559)
	449	305
Office Equipment, furniture and fittings - at cost	1,860	1,671
Less: Accumulated depreciation	(1,585)	(1,552)
	275	119
Capital works in progress - at cost	9,921	3,117
Mine development – at cost	235,419	226,963
Less: Accumulated amortisation	(223,949)	(223,949)
	11,470	3,014
Stripping activity asset – at cost	40,352	-
Less: Accumulated amortisation	(9,915)	-
	30,437	-
	52,555	6,558

Reconciliations

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

Consolidated	Capital works In progress $'000	Land and buildings $'000	Office equipment, furniture and fittings $'000	Plant and equipment $'000	Mine development $'000	Stripping activity asset $'000	Total $'000
Balance at 1 January 2021	285	-	-	14	-	-	299
Additions	2,832	3	125	293	3,014	-	6,267
Disposals	-	-	-	-	-	-	-
Depreciation and amortisation expense	-	-	(6)	(2)	-	-	(8)
Balance at 31 December 2021	3,117	3	119	305	3,014	-	6,558
Additions	6,804	-	189	199	8,456	40,352	56,000
Disposals	-	-	-	-	-	-	-
Depreciation and amortisation expense		-	(33)	(55)	-	(9,915)	(10,003)
Balance at 31 December 2022	9,921	3	275	449	11,470	30,437	52,555

Note 9. Non-current assets - exploration and evaluation

	Consolidated 2022 $'000	Consolidated 2021 $'000
Exploration and evaluation - at cost	603	516
Less: Impairment	-	-
	603	516

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

Consolidated	Exploration and evaluation $'000
Balance at 1 January 2021	239
Additions	277
Impairment of exploration assets	-
Transfers in/(out)	-
Balance at 31 December 2021	516
Additions	87
Impairment of exploration assets	-
Transfers in/(out)	-
Balance at 31 December 2022	603

The recoverability of the carrying amounts of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Note 10. Current liabilities - trade and other payables

	Consolidated 2022 $'000	Consolidated 2021 $'000
Trade payables and accruals	43,481	9,138
Interest payable	934	-
	44,415	9,138

Due to the short-term nature, the current trade and other payables have a carrying value which approximates their fair value.

Note 11. Current liabilities - borrowings

	Consolidated 2022 $'000	Consolidated 2021 $'000
Wingate Facility	24,266	6,394
Glencore Prepayment Facility	23,815	-
Secover Facility	11,041	-
	59,122	6,394

Note 11. Current liabilities - borrowings (continued)

Wingate Facility

On 9 August 2021, the company entered into a facility agreement with Win Finance No. 359 Pty Ltd, primarily to fund its working capital and to restructure the company through the listing process. The facility is interest bearing with an interest rate of 15% per annum, payable quarterly in arrears and for a period of 36 months from the date of initial drawdown. An initial drawdown of $20 million was made on 13 August 2021 and the remaining $10 million was drawn following the company successfully listing on the ASX in November 2021. The facility is subject to debt covenants and obligations to make principal and interest payments on set dates. Should these terms not be met by the Company and event of default may eventuate.

On 30 September 2022, the facility was amended to an interest rate of BBSY bid rate plus 12% margin, and on 22 December 2022 upon entering into the Secover facility, it was agreed to bring the termination date of this facility forward to 23 November 2023.

Assets pledged as security
The Wingate facility is secured by first mortgages over the consolidated entity's tenements.

Glencore prepayment facility

On 3 February 2022, the company entered into a facility agreement with Glencore International AG for USD $15 million, primarily to accelerate its exploration program and fund working capital. The facility is interest bearing with an interest rate of LIBOR plus a margin of 8.5% per annum, payable monthly in arrears and for a period of 24 months from the date of initial drawdown. An initial drawdown of USD $15 million was made on 17 March 2022. At 31 December 2022 this facility was fully drawn down.

Secover facility

On 22 December 2022, the company entered into a facility agreement with Secover Pty Ltd for $11 million, to fund working capital. The facility is interest bearing with an interest rate of 15% per annum, payable monthly in arrears and for a period of 12 months from the initial date of drawdown. Any interest that has accrued and is not paid is capitalised and added to the principal outstanding balance on that date. An initial drawdown of $11 million was made on 23 December 2022. At 31 December 2022 this facility was fully drawn down.

Note 12. Non-current liabilities - borrowings

	Consolidated	
	2022 $'000	2021 $'000
Wingate facility	-	21,061

Refer to note 11 for further information on the Wingate facility.

Note 13. Non-current liabilities - provisions

	Consolidated	
	2022 $'000	2021 $'000
Mine rehabilitation and closure	42,386	35,146

Note 13. Non-current liabilities - provisions (continued)

Environmental
The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred over the life of the estimated life of mine, which is when the producing mine properties are expected to cease operations. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2022	Rehabilitation $'000
Carrying amount at the start of the year	35,146
Additional provisions recognised	6,674
Amounts transferred to current	-
Unwinding of discount	566
Carrying amount at the end of the year	42,386

Note 14. Equity - issued capital

	Consolidated			
	2022 Shares	**2021 Shares**	**2022 $'000**	**2021 $'000**
Ordinary shares - fully paid	527,165,826	445,375,000	71,546	47,926

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$'000**
Balance	1 January 2022	445,375,000		47,926
Exercise of performance rights – KMP	7 April 2022	1,848,306	0.20	370
Exercise of performance rights – Directors and KMP	14 April 2022	8,595,736	0.20	1,719
Issue of placement shares	18 August 2022	43,243,244	0.37	16,000
Exercise of performance rights – Directors	18 August 2022	400,837	0.20	80
Issue of placement shares to D Jauncey	4 November 2022	2,702,703	0.37	1,000
Issue of shares – Thiess restructure fee	23 December 2022	25,000,000	0.20	5,000
Cost of share issue		-		(549)
Balance	31 December 2022	527,165,826		71,546

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 14. Equity - issued capital (continued)

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 15. Equity - reserves

	Consolidated	
	2022 **$'000**	**2021** **$'000**
Share-based payments reserve	1,298	1,178

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments reserve $'000
Balance at 1 January 2021	-
Share-based payments expense during the year	1,178
Balance at 31 December 2021	1,178
Share-based payments expensed during the year	2,289
Performance rights exercised during the year	(2,169)
Balance at 31 December 2022	1,298

Note 16. Equity - accumulated losses

	Consolidated 2022 $'000	Consolidated 2021 $'000
Accumulated losses at the beginning of the financial year	(61,719)	(285,653)
Loss after income tax expense for the year	(29,897)	(11,728)
Equity recognised on forgiveness of parent entity loan	-	235,662
Accumulated losses at the end of the financial year	(91,616)	(61,719)

Note 17. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Austral Resources Operations Pty Ltd	Australia	100%	100%
Austral Resources Exploration Pty Ltd	Australia	100%	100%

Note 18. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 31 December 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Note 19. Share-based payments

Directors and key management personnel

On 4 August 2021, 44,537,500 performance rights were issued to key management personnel under the Performance Share Plan. The performance rights will lapse 3 months after the eligible employee leaves the Company. On 12 May 2022, 1,603,350 performance rights were issued to Michael Hansel under the Performance Share Plan and were approved at the company's AGM. These performance rights are subject to the same KPIs as the performance rights issued to the key management personnel on 4 August 2021. Each Performance Right converts into one AR1 share upon vesting and exercise.

On 17 October 2022, 4,302,326 performance rights were issued to key management personnel under the Performance Share Plan. The performance rights will lapse 3 months after the eligible employee leaves the Company. These performance rights were re-issued following the cancelation of the existing HSSEQ performance rights after the Directors identified the HSSEQ KPI should be better defined.

Total expense arising from share-base payments transactions is $2,289,000 (2021: $1,178,000) in current financial year.

Note 19. Share-based payments (continued)

The movements in the current year of the number of Performance Rights issued to Key Management Personnel (KMP) are as follows:

		Balance at 1 January 2022	Granted as part of remuneration	Number of Rights Exercised	Number of Rights Lapsed/ Cancelled	Balance at 31 December 2022
KPI 1	First material ore production from Anthill deposit	11,134,372	400,837	(10,844,879)	-	690,330
KPI 2	Production of 20kt of copper cathode from Anthill Project	4,453,752	160,335	-	(311,763)	4,302,324
KPI 3	Generate 20kt inferred resource 1	11,134,372	400,837	-	(779,406)	10,755,803
KPI 4	Share price target of $0.50	8,907,500	320,670	-	(623,525)	8,604,645
KPI 5	Health Safety Security Environment and Quality (HSSEQ) and Indigenous Affairs – FY 2022	2,226,876	80,168	-	(2,307,044)	-
KPI 6	HSSEQ and Indigenous Affairs – FY 2023	2,226,876	80,168	-	(2,307,044)	-
KPI 7	Generate 20kt inferred resource 2	4,453,752	160,335	-	(311,763)	4,302,324
HSSEQ1	HSSEQ and Indigenous Affairs – FY 2023	-	2,151,163	-	-	2,151,163
HSSEQ1	HSSEQ and Indigenous Affairs – FY 2024	-	2,151,163	-	-	2,151,163
	Total	44,537,500	5,905,676	(10,844,879)	(6,640,545)	32,957,752

The Key Performance indicators of the new performance rights are as follows:

HSSEQ1 KPI *– to be met by 30 June 2023 (measurement period 1 July 2022 to 30 June 2023)*
This KPI will be considered satisfied where the following criteria are met during the relevant period:

1. *Safety KPI – 50% of the HSSEQ1 Performance Rights on issue*
   - 100% vesting upon achieving a 20% decrease in the All Injury Frequency Rate (AIFR) from the previous year.
   - 50% vesting upon achieving a 10% decrease in the AIFR from the previous year.
   - 0% vesting upon achieving a 0% decrease in the AIFR from the previous year.
   - Pro rata vesting allocation by 1% increments for a 1% to 19% decrease in the AIFR.
2. *Environment KPI – 30% of the HSSEQ1 Performance Rights on issue*
   - 100% vesting upon achieving no environmental fines/breaches from DES (Breach) for the year to June 2023.
   - The % vested is reduced by the value of any fines imposed (calculated with reference to the Company's Share price at the time of the Breach) in the year to June 2023.
3. *Indigenous Affairs KPI – 20% of the HSSEQ1 Performance Rights on issue*
   - 100% vesting upon achieving no impact on operations due to breaches/delays resulting from Indigenous Affairs matters for the year to June 2023.
   - 0% vesting where management of Indigenous Affairs matters results in a material impact on operations due to breaches/delays for the year to June 2023.

HSSEQ2 KPI *– to be met by 30 June 2024 (measurement period 1 July 2023 to 30 June 2024)*
This KPI will be considered satisfied where the following criteria are met during the relevant period:

1. *Safety KPI – 50% of the HSSEQ1 Performance Rights on issue*
   - 100% vesting upon achieving a 20% decrease in the All Injury Frequency Rate (AIFR) from the previous year.
   - 50% vesting upon achieving a 10% decrease in the AIFR from the previous year.
   - 0% vesting upon achieving a 0% decrease in the AIFR from the previous year.
   - Pro rata vesting allocation by 1% increments for a 1% to 19% decrease in the AIFR.
2. *Environment KPI – 30% of the HSSEQ1 Performance Rights on issue*
   - 100% vesting upon achieving no environmental fines/breaches from DES (Breach) for the year to June 2024.
   - The % vested is reduced by the value of any fines imposed (calculated with reference to the Company's Share price at the time of the Breach) in the year to June 2024.
3. *Indigenous Affairs KPI – 20% of the HSSEQ1 Performance Rights on issue*
   - 100% vesting upon achieving no impact on operations due to breaches/delays resulting from Indigenous Affairs matters for the year to June 2024.
   - 0% vesting where management of Indigenous Affairs matters results in a material impact on operations due to breaches/delays for the year to June 2024.

Note 19. Share-based payments (continued)

Condition 11.5 of Austral's "Conditions of quotation" of the Company following its initial public offering (IPO) requires certain disclosures be made in relation to unquoted KPI based performance rights (Rights) disclosed in the Company's IPO Prospectus:

- Austral has 27,212,412 Performance Rights on issue as at 31 December 2022 (of those issued at IPO);
- 10,444,042 performance rights were converted into ordinary shares in April 2022, and 400,837 performance rights were converted into ordinary shares in August 2022;
- 2,338,219 performance rights lapsed in October 2022 following the resignation of Steven Tambanis;
- 4,141,990 performance rights were cancelled in October 2022;
- KPI 1 "First material ore production from Anthill deposit" vested on 31 March 2022 as announced on the ASX; and
- Each Performance Right converts into one AR1 share upon vesting and exercise.

The Performance Rights set out above will vest on satisfaction of the below mentioned performance hurdles:

#	Key Performance Indicators	Performance Right #	Vesting Date[1]	Expiry Date[2]
1	First material ore production from Anthill deposit	11,134,372	Vested[3]	30 Jun 25
2	Production of 20kt of Copper cathode from Anthill Project	4,453,752	30 Jun 24	30 Jun 26
3	Generate 20kt inferred resource 1	11,134,372	30 Jun 25	30 Jun 26
4	Share price target of $0.50	8,907,500	30 Jun 25	30 Jun 26
5	Health Safety Security Environment and Quality (**HSSEQ**) and Indigenous Affairs – FY 2022	2,226,876	Cancelled	30 Jun 25
6	HSSEQ and Indigenous Affairs – FY 2023	2,226,876	Cancelled	30 Jun 26
7	Generate 20kt inferred resource 2	4,453,752	30 Jun 25	30 Jun 26
	Total	**44,537,500**		

1. Unless otherwise specified, the Vesting Date represents the last possible date by which the relevant KPI must be met in order for the relevant Performance Rights to vest.
2. Expiry date applies where the KPI has been met by the relevant Vesting Date. Where a KPI is not met, the Performance Rights will lapse no later than 3 months after the Vesting Date.
3. Some of the vested rights have been exercised

Note 19. Share-based payments (continued)

The table below provides an overview of the Key Performance Indicators:

No.	KPI	Overview
1	5,000 tonnes of ore moved from the Anthill deposit within 6 months of commencement of overburden mining at the Anthill Project	This KPI will be considered satisfied on the movement of 5,000 tonnes of ROM ore from the Anthill pit to the crusher. This is defined as removing overburden and transporting ore from the Anthill pit within 6 months of commencement of overburden mining at the Anthill Project.
2	Production of at least 20,000 tonnes of Copper cathode.	This KPI will be considered satisfied if the Company produces 20,000 tonnes of LME grade Copper cathode by the relevant Vesting Date.
3	Generate a JORC compliant Inferred Mineral Resource estimate of 20,000t of contained Cu through the exploration program within 70km of the Mt Kelly processing facility	This KPI represents an exploration target for the exploration team to either continue more detailed exploration work on the top 12 prospects or explore and drill a new Mineral Resource estimate so that collectively an Inferred Mineral Resource estimate of 20,000 tonnes of contained Cu at a cut-off grade of 0.2% is achieved. This represents approximately half the resource at Anthill and must be within 70km of the Mt Kelly facility.
4	Share price target of $0.50	This KPI will be considered satisfied where the volume weighted price average of the Company's Shares trades at or above $0.50 for 20 consecutive Trading Days (as that term is defined in the Listing Rules).
5	Health, Safety, Security, Environment, Quality (**HSSEQ**) and Indigenous Affairs – to 30 June 2022	This KPI will be considered satisfied where both of the following criteria are met during the relevant period: (1) the Company's published Lost Time Injury Frequency Rate (**LTIFR**) is no more than 10% higher than the twelve month rolling average LTIFR for surface minerals mines as reported in the Queensland Government 'Mines and Quarries Safety Performance and Health Reports' (adjusted on a pro-rata basis for any period prior to first production at the Anthill Project); and (2) the Company (or its relevant subsidiary) is not in material breach or in material dispute with any counter-party to any indigenous land use agreement (**ILUA**) (including for example the agreements set out in section 12.7 of the Prospectus).
6	HSSEQ and Indigenous Affairs – from 1 July 2022 to 30 June 2023	This KPI will be considered satisfied where both of the following criteria are met during the relevant period: (3) the Company's published LTIFR is no more than 10% higher than the twelve month rolling average LTIFR for surface minerals mines as reported in the Queensland Government 'Mines and Quarries Safety Performance and Health Reports'; and (4) the Company (or its relevant subsidiary) is not in material breach or in material dispute with any counter-party to any ILUA (including for example the agreements set out in section 12.7 of the Prospectus).
7	Generate a JORC compliant Inferred Mineral Resource estimate measuring 20,000 tonnes contained Cu in sulphide mineralisation	This KPI represents an exploration target for the exploration team to develop a more detailed exploration work on the sulphides (from existing pits, existing targets and drill a new Mineral Resource so that collectively an Inferred Mineral Resource estimate generating 20,000 tonnes of contained Cu in the sulphides at a cut-off grade of 0.2%.

Note 19. Share-based payments (continued)

The fair value of performance rights granted is estimated at the date of grant. The following table list the inputs to the models used for the valuation of the performance rights:

	Performance rights under KPI #4	**Performance rights under KPI #1-3 and #5-7**
Expected volatility (%)	90%	90%
Risk-free interest rate (%)	0.89%	0.89%
Expected life	4 years	4 years
Model used	Monte Carlo	Black-Scholes
Grant date	4 August 2021	4 August 2021

The following table lists the inputs to the models used for the valuation of the performance rights issued to Michael Hansel:

	Performance rights under KPI #4	**Performance rights under KPI #1-3 and #5-7**
Expected volatility (%)	108.7%	108.7%
Risk-free interest rate (%)	2.66%	2.66%
Expected life	3.2 years	3.2 years
Model used	Monte Carlo	Black-Scholes
Grant date	12 May 2022	12 May 2022