



1. Company details

Name of entity:	Austral Resources Australia Ltd
ABN:	50 142 485 470
Reporting period:	For the half-year ended 30 June 2023
Previous period:	For the half-year ended 30 June 2022

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	552.3% to	61,936
Profit from ordinary activities for the half-year after tax attributable to the owners of Austral Resources Australia Ltd, from a loss of \$23.5 million	up	146.3% to	10,873
Profit for the half-year attributable to the owners of Austral Resources Australia Ltd, from a loss of \$23.5 million	up	146.3% to	10,873

Dividends

No dividends have been paid, recommended, or declared during the current financial period (2022: Nil).

Comments

The profit for the consolidated entity after providing for income tax amounted to \$10,873,000 (30 June 2022: loss of \$23,512,000).

Austral Resources Australia Ltd has achieved the following for the six months ended 30 June 2023:

- Copper cathode sales of 5,068 tonnes (2022: 717 tonnes) at an average sale price of US\$8,214 per tonne (2022: US\$9,930 per tonne);
- Revenue from continuing operations \$61,936,000 (2022: \$9,495,000);
- Net operating cash inflows of \$24,021,000 (2022: \$2,042,000);
- Cash and cash equivalents of \$2,429,000 (31 December 2022: \$1,535,000).

3. Net tangible assets

	Reporting period \$	Previous period \$
Net tangible assets per ordinary security	(0.01)	(0.08)

4. Control gained over entities

No change during the period

Austral Resources Australia Ltd
Appendix 4D
Half-year Report

5. Loss of control over entities

No change during the period

6. Details of associates and joint venture entities

No change during the period

7. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

8. Attachments

The Interim Report of Austral Resources Australia Ltd for the half-year ended 30 June 2023 is attached.

9. Signed



Signed _____

Date: 31 August 2023

Dan Jauncey
Managing Director and Chief Executive Officer
Brisbane

Austral Resources Australia Ltd

ABN 50 142 485 470

Interim Report - 30 June 2023

Austral Resources Australia Ltd**Directors' report****30 June 2023**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Austral Resources Australia Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2023.

Directors

The following persons were directors of Austral Resources Australia Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Phillip Thomas
Daniel Jauncey
Jeffrey Innes (Resigned on 16 March 2023)
Michael Hansel

Principal activities

During the half-year the principal continuing activities of the consolidated entity consisted of exploration, development and production activities of copper resources at the consolidated entity's mining tenements predominately situated in Queensland, Australia.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$10,873,000 (30 June 2022: loss of \$23,512,000).

Austral Resources Australia Ltd has achieved the following for the six months ended 30 June 2023:

- Copper cathode sales of 5,068 tonnes (2022: 717 tonnes) at an average sale price of US\$8,214 per tonne (2022: US\$9,930 per tonne);
- Revenue from continuing operations \$61,936,000 (2022: \$9,495,000);
- Net operating cash inflows of \$24,021,000 (2022: \$2,042,000);
- Cash and cash equivalents of \$2,429,000 (31 December 2022: \$1,535,000).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

On behalf of the directors



Dan Jauncey
Managing Director and Chief Executive Officer

31 August 2023
Brisbane

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000

PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000

F +61 (0) 3 9286 8199

www.rsm.com.au**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Austral Resources Australia Ltd for the half year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

**RSM AUSTRALIA PARTNERS****R J MORILLO MALDONADO**

Partner

Dated: 31 August 2023

Melbourne, Victoria

Austral Resources Australia Ltd

Contents

30 June 2023

Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8
Directors' declaration	20
Independent auditor's review report to the members of Austral Resources Australia Ltd	21

General information

The financial statements cover Austral Resources Australia Ltd as a consolidated entity consisting of Austral Resources Australia Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Austral Resources Australia Ltd's functional and presentation currency.

Austral Resources Australia Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

RACQ House
Level 9, 60 Edward Street
Brisbane City QLD 4000

Principal operations address

Anthill Mine Site and Mt Kelly Processing Area
McNamara Road (off Barkly Highway)
Mount Isa QLD 4825

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2023.

Austral Resources Australia Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2023

		Consolidated	
	Note	30 Jun 2023	30 Jun 2022
		\$'000	\$'000
Revenue	3	61,936	9,495
Cost of goods sold		(39,716)	(18,641) ¹
Gross profit / (loss)		22,220	(9,146)
Other income	4	492	385
Gain on derivative instruments at fair value through profit or loss		-	32
Expenses			
Other operating expenses		(3,718)	(2,984) ¹
Administration expenses		(1,643)	(1,761) ¹
Write down of inventory		-	(4,836)
Depreciation and amortisation expense		(62)	(41) ¹
Share based payments		(585)	(1,927) ¹
Finance expense	5	(5,161)	(2,732)
Net foreign exchange loss		(671)	(502)
Profit / (loss) before income tax expense		10,873	(23,512)
Income tax expense		-	-
Profit / (loss) after income tax expense for the half-year		10,873	(23,512)
Other comprehensive income			
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income / (loss) for the half-year attributable to the owners of Austral Resources Australia Ltd		10,873	(23,512)
¹ Refer to note 1 for detailed information on restatement of comparatives			
		\$	\$
Earnings per share			
Basic earnings per share	18	0.02	(0.05)
Diluted earnings per share	18	0.02	(0.05)

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 30 June 2023

		Consolidated	
	Note	30 Jun 2023	31 Dec 2022
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	6	2,429	1,535
Trade and other receivables	7	3,480	7,854
Prepayments		531	844
Inventories	8	29,530	26,876
Other assets		557	105
Total current assets		<u>36,527</u>	<u>37,214</u>
Non-current assets			
Property, plant and equipment	10	60,661	52,555
Right-of-use assets	11	5,433	6,121
Exploration and evaluation assets		647	603
Other financial assets	9	37,807	37,807
Total non-current assets		<u>104,548</u>	<u>97,086</u>
Total assets		<u>141,075</u>	<u>134,300</u>
Liabilities			
Current liabilities			
Trade and other payables		42,485	44,415
Borrowings	12	58,774	59,122
Employee benefits		599	554
Lease liabilities		1,616	1,557
Forward foreign exchange contracts		-	96
Total current liabilities		<u>103,474</u>	<u>105,744</u>
Non-current liabilities			
Provisions	13	40,781	42,386
Lease liabilities		4,037	4,845
Total non-current liabilities		<u>44,818</u>	<u>47,231</u>
Total liabilities		<u>148,292</u>	<u>152,975</u>
Net liabilities		<u>(7,217)</u>	<u>(18,675)</u>
Equity			
Issued capital	14	71,546	71,546
Reserves	15	1,883	1,298
Accumulated losses		<u>(80,646)</u>	<u>(91,519)</u>
Deficiency in equity		<u>(7,217)</u>	<u>(18,675)</u>

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 half-year ended 30 June 2023

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 half-year	-	-	(23,512)	(23,512)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(23,512)	(23,512)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	2,089	(162)	-	1,927
Balance at 30 June 2022	<u>50,015</u>	<u>1,016</u>	<u>(85,231)</u>	<u>(34,200)</u>
Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2023	71,546	1,298	(91,519)	(18,675)
Profit after income tax expense for the half-year	-	-	10,873	10,873
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive profit for the half-year	-	-	10,873	10,873
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 15)	-	585	-	585
Balance at 30 June 2023	<u>71,546</u>	<u>1,883</u>	<u>(80,646)</u>	<u>(7,217)</u>

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 half-year ended 30 June 2023

	Consolidated	
Note	30 Jun 2023	30 Jun 2022
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	67,385	11,788
Payments to suppliers and employees (inclusive of GST)	(43,577)	(10,915)
	<u>23,808</u>	<u>873</u>
Interest received	76	44
Other revenue	2,285	1,153
Interest and other finance costs paid	(2,148)	(28)
	<u>24,021</u>	<u>2,042</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(18,758)	(28,268)
Payments for exploration and evaluation assets	(44)	-
	<u>(18,802)</u>	<u>(28,268)</u>
Cash flows from financing activities		
Proceeds from borrowings	-	20,048
Repayment of borrowings	(3,375)	-
Repayment of lease liabilities	(785)	-
Transaction costs related to loans and borrowings	(65)	-
	<u>(4,225)</u>	<u>20,048</u>
Net cash (used in) / from financing activities		
	<u>(4,225)</u>	<u>20,048</u>
Net increase/(decrease) in cash and cash equivalents	994	(6,178)
Cash and cash equivalents at the beginning of the financial half-year	1,535	13,334
Effects of exchange rate changes on cash and cash equivalents	(100)	2
	<u>2,429</u>	<u>7,158</u>
Cash and cash equivalents at the end of the financial half-year		

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2023 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 31 December 2022 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 principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated.

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.

Restatement of Comparative Information

Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

During the preparation of the prior year annual financial statements management reviewed the classification of several expenses and determined, in accordance with AASB 101 Presentation of Financial Statements and the consolidated entity's accounting policies, that certain expenses related to cost of goods sold has been misclassified as administration and other operating expenses. Similarly, share based payment expenses were misclassified as administration expenses. Accordingly, the comparative figure in this financial report has been restated. This reclassification has neither impacted the profit or loss of the half-year ended 30 June 2022, nor the financial position of the consolidated entity as at 30 June 2022.

Details of the reclassifications (being only those line items affected) are disclosed below:

	30-Jun-22 Reported \$'000	Adjusted \$'000	30-Jun-22 Restated \$'000
Revenue	9,495	-	9,495
Cost of goods sold	(11,907)	(6,734)	(18,641)
Gross profit / (loss)	(2,412)	(6,734)	(9,146)
Other operating expenses	(4,226)	1,242	(2,984)
Administration expenses	(6,808)	5,047	(1,761)
Share based payments	-	(1,927)	(1,927)
Depreciation and amortisation	(2,413)	2,372	(41)
Loss before income tax expense	(23,512)	-	(23,512)
Loss after income tax expense for the half-year	(23,512)	-	(23,512)
Total comprehensive loss for the half-year attributable to the owners of Austral Resources Australia Ltd	(23,512)	-	(23,512)

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's current liabilities exceed its current assets by \$66.9M and it had a net liability position of \$7.2M, related to liabilities amounting to \$148.3M offset by assets amounting to \$141.1M. 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.

Note 1. Significant accounting policies (continued)

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The Directors have reviewed the cash forecast, for the forthcoming 12 months which indicates the consolidated entity will continue to generate significant net cash inflows from its operating activities;
- As disclosed in the financial statements, the consolidated entity had a profit before income tax of \$10.9M and had net cash inflows from operating activities of \$24M;
- The consolidated entity has the ability to scale down its operations in order to curtail expenditure, in the event cash available is insufficient to meet projected expenditure;
- The consolidated entity is in advanced negotiations with its existing debt providers to extend the repayment terms and believe that it will be successful in the negotiations; and
- The consolidated entity has the ability to raise funds through the issue of additional shares under the Corporations Act 2001.

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 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of this operating segment are the mining and exploration operations in Australia.

Major customers

During the half-year ended 30 June 2023 approximately \$61,936,000 (30 June 2022: \$9,495,000) of the consolidated entity's external revenue was derived from sales to a major Australian copper exporter (30 June 2022: two major Australian copper exporters).

Geographical information

	Sales to external customers		Geographical non-current assets	
	30 Jun 2023 \$'000	30 Jun 2022 \$'000	30 Jun 2023 \$'000	31 Dec 2022 \$'000
Australia	61,936	9,495	66,741	59,279
	<u>61,936</u>	<u>9,495</u>	<u>66,741</u>	<u>59,279</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Austral Resources Australia Ltd
Notes to the financial statements
30 June 2023

Note 3. Revenue

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$'000	\$'000
<i>Revenue from contracts with customers</i>		
Sale of goods	61,936	9,495
Revenue	<u>61,936</u>	<u>9,495</u>

Disaggregation of revenue

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

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$'000	\$'000
<i>Major product lines</i>		
Copper Cathode	<u>61,936</u>	<u>9,495</u>
<i>Geographical regions</i>		
Australia	<u>61,936</u>	<u>9,495</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>61,936</u>	<u>9,495</u>

Note 4. Other income

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$'000	\$'000
Insurance recoveries	-	74
Interest income	525	44
Other income	<u>(33)</u>	<u>267</u>
Other income	<u>492</u>	<u>385</u>

Note 5. Finance expenses

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$'000	\$'000
Interest on interest bearing loans	4,204	2,203
Interest on leases	219	246
Interest on unwinding rehabilitation provision	<u>738</u>	<u>283</u>
	<u>5,161</u>	<u>2,732</u>

Austral Resources Australia Ltd
Notes to the financial statements
30 June 2023

Note 6. Current assets - Cash and cash equivalents

	Consolidated	
	30 Jun 2023	31 Dec 2022
	\$'000	\$'000
Cash on hand	1	1
Cash at bank	2,428	1,534
	<u>2,429</u>	<u>1,535</u>

Note 7. Current assets - Trade and other receivables

	Consolidated	
	30 Jun 2023	31 Dec 2022
	\$'000	\$'000
Trade receivables	2,070	6,749
Less: Allowance for expected credit losses	-	-
GST Receivable	1,410	1,105
	<u>3,480</u>	<u>7,854</u>

Note 8. Current assets - Inventories

	Consolidated	
	30 Jun 2023	31 Dec 2022
	\$'000	\$'000
Spare parts and consumables	2,278	2,749
Copper ROM	5,468	2,698
Copper in process	20,944	19,677
Copper cathode	840	1,752
	<u>29,530</u>	<u>26,876</u>

Note 9. Non-current assets – Other financial assets

	Consolidated	
	30 Jun 2023	31 Dec 2022
	\$'000	\$'000
Term deposits as security for bank guarantees (i)	37,700	37,700
Security deposits for Queensland Mines Department	107	107
	<u>37,807</u>	<u>37,807</u>

- (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 10. Non-current assets - Property, plant and equipment

	Consolidated	
	30 Jun 2023	31 Dec 2022
	\$'000	\$'000
Land and buildings – at cost	6,292	6,292
Less: Accumulated depreciation	(6,289)	(6,289)
	<u>3</u>	<u>3</u>
Plant and equipment - at cost	35,107	35,063
Less: Accumulated depreciation	(34,649)	(34,614)
	<u>458</u>	<u>449</u>
Office Equipment, furniture and fittings - at cost	1,891	1,860
Less: Accumulated depreciation	(1,613)	(1,585)
	<u>278</u>	<u>275</u>
Capital works in progress - at cost	<u>10,346</u>	<u>9,921</u>
Mine development – at cost	233,563	235,419
Less: Accumulated amortisation	(227,279)	(225,753)
	<u>6,284</u>	<u>9,666</u>
Stripping activity asset – at cost	58,123	40,352
Less: Accumulated amortisation	(14,831)	(8,111)
	<u>43,292</u>	<u>32,241</u>
	<u><u>60,661</u></u>	<u><u>52,555</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-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 2023	9,921	3	275	449	9,666	32,241	52,555
Additions	425	-	31	44	488	17,771	18,759
Reduction in mine rehabilitation and closure asset (note 13)	-	-	-	-	(2,344)	-	(2,344)
Depreciation and amortisation expense (i)	-	-	(28)	(35)	(1,526)	(6,720)	(8,309)
Balance at 30 June 2023	<u>10,346</u>	<u>3</u>	<u>278</u>	<u>458</u>	<u>6,284</u>	<u>43,292</u>	<u>60,661</u>

- (i) Depreciation and amortisation of mine development and stripping activity asset is initially capitalised as part of inventory and subsequently recognised as cost of goods sold when the inventory is sold.

Note 11. Non-current assets – Right-of-use assets

	Consolidated	
	30 Jun 2023	31 Dec 2022
	\$'000	\$'000
Land and buildings - right-of-use	97	97
Less: Accumulated depreciation	(85)	(61)
Plant and equipment - right-of-use	7,944	7,944
Less: Accumulated depreciation	(2,523)	(1,859)
	<u>5,433</u>	<u>6,121</u>

The consolidated entity leases office space under an agreement of two years. On renewal, the terms of the leases are renegotiated. There is no option to extend. The consolidated entity also leases power generators for the processing plant under an agreement of four years. This agreement has escalation clause, and the consolidated entity has the right to extend a further two years.

The consolidated entity leases mining and office equipment under agreements of less than one year. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 12. Current liabilities - Borrowings

	Consolidated	
	30 Jun 2023	31 Dec 2022
	\$'000	\$'000
Wingate Facility	20,891	24,266
Glencore Prepayment Facility	25,995	23,815
Secover Facility	11,888	11,041
	<u>58,774</u>	<u>59,122</u>

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. On 22 December 2022, the maturity date was changed 23 November 2023. At 30 June 2023 this facility was fully drawn down.

Note 12. Current liabilities - Borrowings (continued)

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 30 June 2023 this facility was fully drawn down.

Note 13. Non-current liabilities - Provisions

	Consolidated	
	30 Jun 2023	31 Dec 2022
	\$'000	\$'000
Mine rehabilitation and closure	40,781	42,386

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:

	Rehabilitation \$'000
Carrying amount at 1 January 2023	42,386
Reduction due to increase in discount rates	(2,343)
Amounts transferred to current	-
Unwinding of discount	738
Carrying amount at 30 June 2023	40,781

Note 14. Equity - Issued capital

	Consolidated			
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	527,165,826	527,165,826	71,546	71,546

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2023	527,165,826		71,546
Balance	30 June 2023	527,165,826		71,546

Note 15. Equity - Reserves

	Consolidated	
	30 Jun 2023	31 Dec 2022
	\$'000	\$'000
Share-based payments reserve	1,883	1,298

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 financial year are set out below:

Consolidated	Share-based payments reserve \$'000
Balance at 1 January 2023	1,298
Share-based payments expense during the half-year	585
Balance at 30 June 2023	1,883

Note 16. Contingent liabilities

There are no contingent liabilities of the consolidated entity as at 30 June 2023 and 31 December 2022.

Note 17. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 18. Earnings per share

	Consolidated	
	30 Jun 2023	30 Jun 2022
	\$'000	\$'000
<i>Earnings per share for profit / (loss)</i>		
Profit / (loss) after income tax	10,873	(23,512)
Profit after income tax attributable to the owners of Austral Resources Australia Ltd	10,873	(23,512)
	\$	\$
Basic earnings per share	0.02	(0.05)
Diluted earnings per share	0.02	(0.05)
	Number	Number
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	527,165,826	449,947,229
Adjustments for calculation of diluted earnings per share:		
Performance rights	32,858,644	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	560,024,470	449,947,229

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. Where an employee leaves during the vesting period and the KPI's are not met within three months of the employees termination date the performance rights will be forfeited. In the scenario where the KPI's were met then the employee is eligible to elect to exercise the rights through to the expiry date. 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. Where an employee leaves during the vesting period and the KPI's are not met within three months of the employees termination date the performance rights will be forfeited. In the scenario where the KPI's were met then the employee is eligible to elect to exercise the rights through to the expiry date. 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 \$585,000 (2022: \$1,927,000) for the half-year ended 30 June 2023.

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 2023	Granted as part of remuneration	Number of Rights Exercised	Number of Rights Forfeited	Balance at 30 June 2023
KPI 1	First material ore production from Anthill deposit	690,330	-	-	-	690,330
KPI 2	Production of 20kt of copper cathode from Anthill Project	4,302,324	-	-	(160,335)	4,141,989
KPI 3	Generate 20kt inferred resource 1	10,755,803	-	-	(400,837)	10,354,966
KPI 4	Share price target of \$0.50	8,604,645	-	-	(320,670)	8,283,975
KPI 5	Health Safety Security Environment and Quality (HSSEQ) and Indigenous Affairs – FY 2022	-	-	-	-	-
KPI 6	HSSEQ and Indigenous Affairs – FY 2023	-	-	-	-	-
KPI 7	Generate 20kt inferred resource 2	4,302,324	-	-	(160,335)	4,141,989
HSSEQ1	HSSEQ and Indigenous Affairs – FY 2023	2,151,163	-	-	(80,168)	2,070,995
HSSEQ1	HSSEQ and Indigenous Affairs – FY 2024	2,151,163	-	-	(80,168)	2,070,995
	Total	32,957,752	-	-	(1,202,513)	31,755,239

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 26,170,235 Performance Rights on issue as at 30 June 2023 (of those issued at IPO);
- 1,202,513 performance rights were forfeited in June 2023 following the resignation of Jeff Innes on 15 March 2023; and
- Each Performance Right converts into one AR1 share upon vesting and exercise.

Note 19. Share-based payment (continued)

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. Where a KPI is not met, the Performance Rights will be forfeited.
2. Expiry date applies where the KPI has been met by the relevant Vesting Date.
3. Some of the vested rights have been exercised

Note 19. Share-based payment (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	<p>This KPI will be considered satisfied where both of the following criteria are met during the relevant period:</p> <p>(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</p> <p>(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).</p>
6	HSSEQ and Indigenous Affairs – from 1 July 2022 to 30 June 2023	<p>This KPI will be considered satisfied where both of the following criteria are met during the relevant period:</p> <p>(1) 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</p> <p>(2) 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).</p>
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 payment (continued)

The fair value of performance rights granted is estimated at the date of grant.

The following table lists the inputs to the models used for the valuation of the performance rights issued to key management personnel:

	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
	Performance rights under HSSEQ1	Performance rights under HSSEQ2
Expected volatility (%)	104.09%	104.09%
Risk-free interest rate (%)	3.35%	3.35%
Expected life	0.7 years	1.7 years
Model used	Black-Scholes	Black-Scholes
Grant date	17 October 2022	17 October 2022

Note 20. Dividends

There were no dividends declared for the half-year ended 30 June 2023 (2022: Nil)

Austral Resources Australia Ltd
Directors' declaration
30 June 2023

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 30 June 2023 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



Dan Jauncey
Managing Director and Chief Executive Officer

31 August 2023
Brisbane

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT

To The Member of Austral Resources Australia Ltd

Report on the Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Austral Resources Australia Ltd ('the Company') and its controlled entities (together 'the Consolidated entity') which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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.

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 Austral Resources Australia Ltd 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 30 June 2023 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *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* ('ASRE 2410'). 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 Consolidated entity 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 our 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 Austral Resources Australia Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that as at 30 June 2023 the Consolidated entity's current liabilities exceeded its current assets by \$66.9 million and had a net liability position of \$7.2 million. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of Austral Resources Australia Ltd 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 for the Review of the Half-Year 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 Consolidated entity's financial position as at 30 June 2023 and of 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*.

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.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO

Partner

Dated: 31 August 2023

Melbourne, Victoria