AUSTRAL RESOURCES

ANNUAL REPORT

31 DECEMBER 2022

Contents

Monetising a large contained copper JORC resource

"**Austral Resources Australia** Ltd is a copper producer, developer, and explorer located in the Mt Isa District of northwest Queensland. The Company is actively developing its Anthill copper mine which achieved an average daily production rate of 33.5 tonnes of LME Grade-A copper cathode from its Mt Kelly heap leach and SXEW processing plant by the end of 2022.

The project mine life of Anthill is four years. Austral are actively exploring its highly prospective tenure package for new discoveries.

Additionally, Austral is working on the development of its Lady Colleen project, with 18 new holes drilled in 2022."

Annual Report Overview

After securing $30 million in funding for its new Anthill Mine project, Austral Resources Australia Ltd was listed on the ASX in November 2021. The company's aim was to produce 40,000 tonnes of copper cathode throughout the project's lifespan, and it laid the groundwork for this objective in 2022. As at 31 December 2022, Anthill has a JORC Ore Reserve of 4.41Mt @ 0.85% copper. The project started ore deliveries as planned in 2022. Austral Resources increased the average plated copper produced per day to 33.3 tonnes in 2022.

Austral owns the Mt Kelly heap leach and SXEW processing plant, which can produce LME Grade-A copper cathode. The facility is fully operational. The plant has the capacity to generate 30,000 tonnes per annum of copper cathode.

Exploration

Austral continues to develop the Anthill Mine as it seeks to extend the mine life beyond four-years. Between October and November 2022, the Company drilled 41 reverse circulation holes, and it intends to continue drilling in 2023. In addition to the Anthill Mine, Austral is also pursuing exploration and development plans for the Lady Colleen project. In 2022, the Company completed 18 new drill holes and engaged an independent third-party to prepare a Scoping Study on the Lady Colleen deposit. The Scoping Study prepared by CSA Global examined the viability of constructing an open cut mine. The Company is hopeful that this Mineral Resource will yield higher-grade, lower-tonnage copper sulphide.

Mining

Austral operates the Anthill Mine using a conventional truck and shovel approach. Initially, the overburden was removed to expose a copper oxide ore layer, which is now mined to provide around 5,000 tonnes per day of feed to the Mt Kelly processing area.

The Company principally oversees the overall operation, however mining, drilling, blasting, and road haulage activities are contracted out to external parties.

Processing

The SXEW process is an energy-efficient, low-cost, and well-proven method for producing high-purity LME Grade-A copper from copper oxide ores.

The ore is delivered to a ROM pad at Mt Kelly before being crushed, sized and agglomerated. It is then conveyed to the heap leach and stacked, where it is irrigated with diluted sulphuric acid for processing.

The copper in solution is fed by gravity into the solvent extraction circuit, where it is concentrated before being sent to the electrowinning circuit for copper metal extraction. The electrowinning process involves passing the copper-bearing solution through electrolytic cells to deposit pure copper metal onto $1m^2$ stainless steel cathodes. Once the copper cathode sheets reach their planned weight, they are washed, wrapped and harvested by robots, stacked into 2.5-tonne bundles, and secured for weighing and transport to Townsville Port for export.

The heap leach solution, which is now stripped of its copper in the solvent extraction plant, is topped up with fresh acid and recycled back to the heap leach to continue the process. This is an efficient, closed-circuit process with no waste stream.

Performance Highlights

47% ▲
Total revenue increase

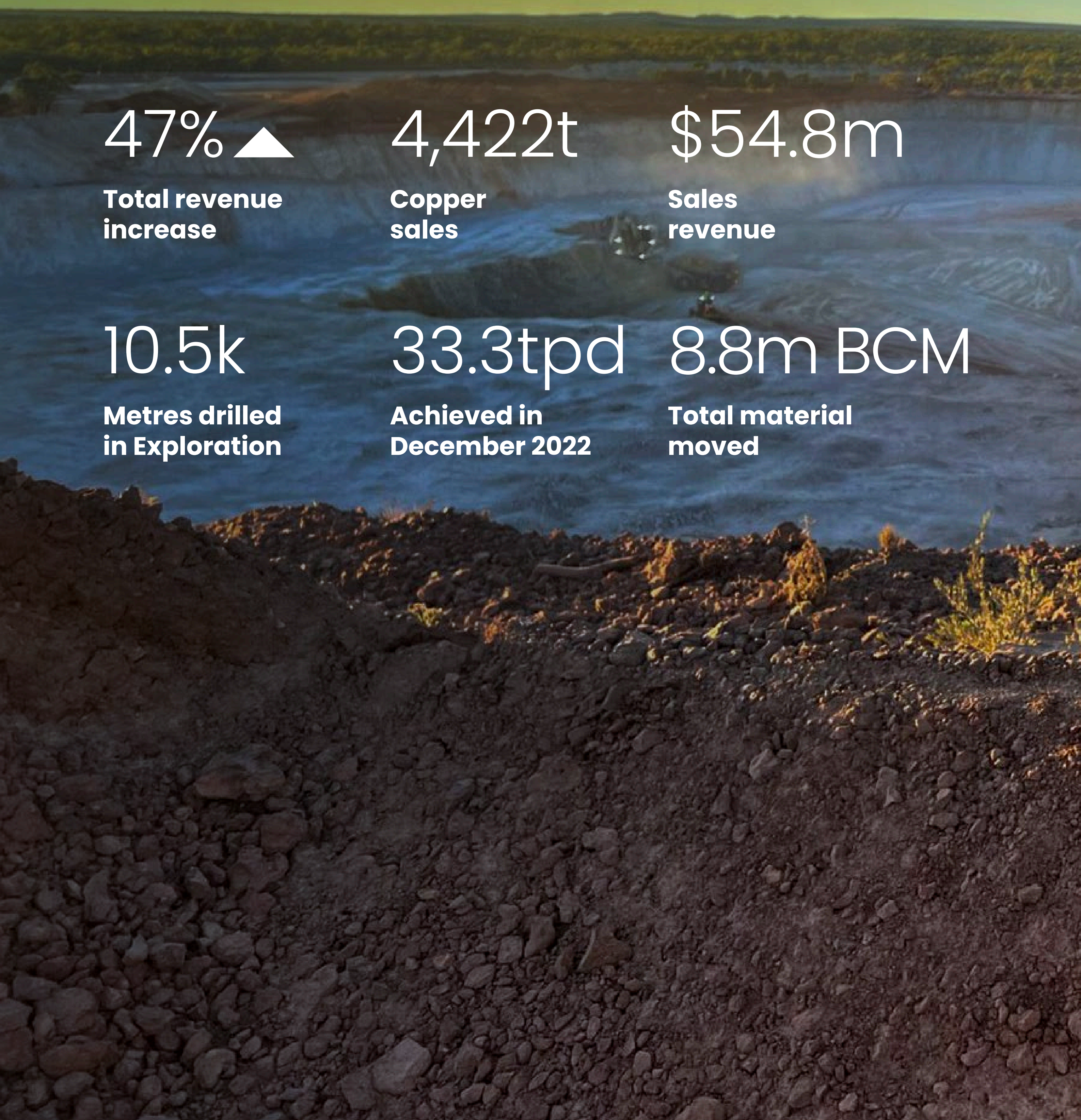
4,422t
Copper sales

$54.8m
Sales revenue

10.5k
Metres drilled in Exploration

33.3tpd
Achieved in December 2022

8.8m BCM
Total material moved




AUSTRAL RESOURCES
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Chairman's and CEO's Letter

Dear fellow Shareholders

Austral achieved some major milestones in 2022 and put the company on a solid foundation to create significant shareholder value as we enter 2023. While the impact from the Russian military offense in Ukraine created abnormally inflated diesel prices, the impact on operations of COVID-19 was reduced, and the copper price improved in the later part of 2022. Our two major drivers of shareholder value are copper production and exploration. We exceeded 1,000 tonnes of copper cathode production per month in December 2022 and delineated a major copper resource at our Enterprise deposit. The Mineral Resource estimate is provided at a cut-off of 0.5% Cu, classified as Inferred and reflects the broad 40 by 120 m drill hole spacing. The Mineral Resource for fresh sulphide material is an **Inferred Sulphide Mineral Resource of 950,000 tonnes @ 0.97% Cu**. The maximum gold grade was 0.14 g/t Au from one 4 m RC composite. Austral have a large number of copper oxide exploration targets and are actively exploring across the highest priority prospects to discover economic mineralisation, including with our JV partner Glencore.

Another achievement was our work at Lady Colleen. The Scoping Study prepared by CSA Global examined the viability of constructing an open cut mine at the Company's Lady Colleen Project. The construction of this mine has potential to add significantly to both Austral's copper production capabilities and its revenue base, which is already trending higher as Mt Kelly's output levels continue to ramp up.

Capital is critical to a developing copper business like Austral and we were successful in raising modest amounts of debt and equity through the year to meet our needs. Our debt to equity ratios are modest and our cashflows strong to meet these debt liabilities once again achieving free cashflow. As the copper price increases and the exchange rate reduces in volatility it puts our company in a strong free cashflow position.

Environment, Social and Government Interaction

Our Strategy of creating value for our stakeholders during the year, that includes shareholders, traditional owners, government resource departments and various contractors came from dedication, hard work, innovation and going the extra mile. The significant rains we endured during January and February 2023 didn't make a significant impact due to the preparation work put in and management by our teams. Our creek diversion was successful, and we completed the drill and blast and mining copper oxide ore according to our timetable.

The board put in place a research project to see how we could de-carbonise our electricity generation used in the SX-EW plant and other applications using solar electricity such as the camp.

We have six stakeholder value creation metrics that the board and management have designed to drive value creation across the Company and allow others to assess our performance. Even though it is still early in our initial 4 year production cycle we are on target to achieve these.

Over the past year, Austral has made significant contributions to support various initiatives aimed at enhancing the quality of life for people living in isolated regions of Queensland in which we operate.

One of our most notable contributions was the sponsorship of the Yelvertoft Campdraft and Rodeo event, which we supported with a donation of $4,000. This event was organized for the Mount Isa community, and we are proud to have been a part of it. As part of our sponsorship, we also contributed fantastic prizes such as Yeti packs and Engel Fridge's for the Under 21's Highest Open Score and Under 21's Highest Average Score. We believe that such events and programs help to foster a sense of community and belonging, which is vital for the well-being of individuals and the society as a whole.

Additionally, we contributed $1,000 towards the IPCA Isolated Children's Parents' Association Queensland Inc. Mt Isa Branch of School of the Air: Sports bush for kids' initiative. This program was designed to offer children living in isolated areas access to team sports and swimming/water awareness, which would otherwise be unavailable to them. We are proud to have been part of this initiative, which provides children with an opportunity to develop essential skills critical to their future success.

Furthermore, our support for the AusIMM NQ Branch Critical Minerals Forum demonstrates our commitment to promoting knowledge-sharing and networking opportunities in the mining industry. As a company, we understand the importance of supporting networking opportunities to members in remote, regional, and metropolitan areas.

Austral is committed to promoting ESG practices and contributing to initiatives aimed at enhancing the quality of life for individuals and communities we serve. We will continue to support such initiatives and look forward to sharing more of our achievements in the future.

2023 Priorities

Looking ahead, our focus in 2023 will be:

- continuing our focus on safety, environment, governance and social licence with all that Austral does,
- committing $7 million to our exploration budget to extend the life of the mine,
- accelerate our joint venture exploration opportunities,
- Anthill continuing to achieve approximately 830-1000 tonnes per month of LME grade copper cathode,
- continuing our exploration activities to expand the Lady Colleen and other pits to acquire new copper resources,
- investing in decarbonisation, to reduce our greenhouse gases and diesel usage,
- managing the volatility of copper, AUD/USD and our inflationary environment, and
- being accountable as a sustainable and responsible copper producer creating value for our stakeholders.

We thank our stakeholders for your support and confidence in the board, management and teams. We are all acutely focussed on delivering safe and environmentally compliant operational performance, advancing our exploration projects and excited about what can be achieved in 2023 and beyond.

Phillip Thomas
Chairman

Dan Jauncey
CEO and Managing Director

Review of Operations

Mining

Anthill mining commenced production in early January 22 with all mine development and plant preparation activities remaining on schedule despite a very wet January and continued COVID-19 related impacts on personnel availability.

Anthill mine commenced bulk overburden mining on 5 January 2022, achieving 4.2Mt of overburden moved to the end of the March 22. The top of the Anthill east pit orebody was exposed on 26 January and ore mining commenced in February 2022. Ore haulage commenced 24 March and ramped up to a planned 5,000tpd in early May 2022 and continued in this steady state for the balance of the year.

The flat lying to gently dipping geometry and consistent nature of the exposed ore meant straight forward grade control and mining. Blasting on 10m benches and mining on 2.5m flitches (blasted ore), with blastholes within and adjacent to ore assayed for grade control. Ore blocks correlated closely to the block model for tonnes – with copper grades being slightly higher than forecast for the first 12 months of mining.

Three mining areas were made available in FY22 adding flexibility in the mining schedule. First ore from the west pit was mined during the second quarter and with the west pit excavation ahead of plan focus was on risk reduction by exposing an alternative source of ore ahead of the wet season.

At the end of FY22 total material moved was 8,884,032M BCM against a target of 9,213,363M BCM (96%).

The first and second quarters of 2022 for Austral saw elevated mining costs due to the initial pre-strip. Once this was completed, the third quarter saw production levels double as the Company rapidly moved to steady state production.
As Austral neared nameplate capacity in the fourth quarter of 2022, operating costs entered a period of decline while revenue doubled.
The combination of revenue growth and declining expenses resulted in Austral achieving its first quarter of positive operational cash flow.

Mt Kelly processing

The Mt Kelly processing plant consists of a heap leach pad and solvent extraction/ electrowinning (SX/EW) plant with a capacity to produce up to 30,000tpa of copper cathode. Mt Kelly was fully operational through FY22 with production ramping up to an average of 33.3t of LME Grade-A quality copper cathode per day.

Following some initial down time issues with the crushing and stacking infrastructure post an extensive refurbishment campaign, Austral achieved a steady rate of crushing and stacking during the second quarter. The crushing and stacking circuit performed extremely well over the past 12 months. Availability and utilisation of the plant and infrastructure has increased consistently since refurbishment and commissioning was completed in the second quarter. This has allowed the crushing and stacking circuit to perform at a rate greater than the operational requirements.

Figure 1. Aerial shot above Anthill East Pit

Figure 2. Wrapped LME Grade A copper bundles ready for dispatch

Review of Operations continued

Figure 3. Anthill ROM Pad Showing Ore Stockpiles

The first Ore was stacked in early May on Pad 8, which was filled with 157,000t of Ore by 27 June. Pad 8 contains 1,518t of copper and is expected to deliver 1,290t of copper cathode over the next 12 months.

Stacking of Pad 21 commenced in early July and had seen stacking rates up to 8,000tpd (tonnes per day), considerably above the planned 5,000tpd rate. Pad 21 received 150,000t of Ore, containing 1,022t of recoverable copper.

Copper metal inventories continued to build on a daily basis, with the heap leach holding 1,089,681t (dry) ore stacked and under irrigation by the end of FY22 at an average grade of 1.01% Cu for a total of 11,055t of Cu metal.

The operation is straightforward: 5,000tpd of oxide ore is crushed, agglomerated, and stacked onto the heap leach pad for processing. This stacked ore is irrigated with diluted sulphuric acid, which leaches out the copper in the ore, with the leach solution being concentrated in the solvent extraction circuit before passing to the electrowinning circuit to produce copper cathode sheets. Approximately 2kW of power is required to produce 1kg of copper cathode.

The back end of FY22 saw Austral achieve close to steady state production from the Company's Anthill mine project, with 976t of copper cathode being produced in December and 2,507t of cathode produced for the quarter.

Exploration

Austral has in excess of 2,100km^2 of highly prospective exploration tenure. When listed in 2021, Austral reported a global Mineral Resource endowment of 420,000t of contained copper within its 60Mt @ 0.70%Cu JORC compliant Mineral Resource[1].

In 2022, Austral are reporting a JORC compliant global Mineral Resource endowment of 55Mt @ 0.70%Cu for 410,000t of contained copper. Exploration is structured and prioritised to maximise the potential to add economic inventory and extend Austral's life of mine. The exploration team is focused on drill testing of prioritised targets and turning over prospects in a disciplined, timely and efficient manner. A simple 4-pronged strategy:

1. Discover additional oxide ore to extend Anthill's current mine life;
2. Monetise the current sulphide ore resource endowment;
3. Commence regional exploration for new oxide and sulphide resources; and
4. Review alternatives to purchase and toll treat other oxide ores; JV exploration tenure and acquire stranded copper resources in the region.

During 2022, Austral commenced execution of the exploration program as detailed in the prospectus and subsequent press releases. Prospects evaluated and drilling achieved during 2022 are detailed in Table 1, with publicly released results as detailed in Appendix 1.

1. ASX Release 01 November 2021.

Table 1: 2022 Drilling achieved over Austral Resources exploration tenure

Prospect	RC (M)	Days	DDH (M)	Days
Oxide ML				
Anthill 2.0	3,412	53		
Sulphide ML				
Flying Horse	221	2	497	24
Lady Colleen	2,384	23	934	40
Regional Oxide				
Dividend	933	8		
Amy's Pocket	2,175	22		
Total	**9,125**	**108**	**1,431**	**64**

During 2022, daily RC drilling rates delivered an annualised drilling rate of >30,000m. Highlights from 2022 are below.

Anthill 2.0

At Anthill, 53 reverse circulation holes were completed for a total of 3,412m over October and November 2022[2]. Results will be reported when all assays have been received and collated. Review of the 2022 drilling results defines a strong continuous trend of Cu-As anomalism (coincidental with fertile structures) forming an envelope with the potential to host economic mineralisation. Spacing and coverage of existing RC drilling indicates as-yet untested target zones within this envelope with the potential to host economic mineralisation of the appropriate target size.

Geochemical review of the effectiveness of legacy RAB drilling indicates more than 30% of the Anthill Mining Lease (ML) has no effective sampling with large areas to the east untested or inadequately tested. Anomalous RAB results in the SE corner coincidental with fertile structural trends will be drill tested in 2023.

Figure 4. Exploration drilling to north west of Anthill mine, waste rock dumps in background

2. ASX Release 20 January 2023.

Review of Operations continued

Figure 5. Clearing of drill pads during exploration campaign

Sulphide Resource

Lady Colleen

Results confirmed the presence of a continuous high-grade core to mineralisation at Lady Colleen which remains open along strike and down plunge to the north-west. Drilling consistently intersected higher-grade zones within a broader envelope of lower-grade mineralisation. There was a focus on understanding the controls on high-grade mineralisation to target the next phase of drilling exploring the potential continuation along strike and down plunge[3].

Following completion of the 2022 drilling program, the Company generated an updated Mineral Resource Estimate (MRE) for Lady Colleen[4]. Results reflected a very successful delivery of the exploration strategy, to explore for higher-grade lower-tonnage zones within the existing copper sulphide Mineral Resource.

- Combined Total (oxide and sulphide)
- Measured Mineral Resource 0.63Mt @ 1.51% Cu
- Indicated Mineral Resource 2.14Mt @ 1.83% Cu
- Inferred Mineral Resource 0.37Mt @ 1.49% Cu
- Total Mineral Resource 3.15Mt @ 1.73% Cu

The updated MRE includes the 18 new drill holes completed in 2022 and the improved geological understanding of structure and stratigraphy. The Mineral Resource is restricted to an optimised pit shell to only report material which has potential for economic extraction. The Mineral Resource provides a basis for metallurgical sample selection and the planned scoping study.

Austral has announced it is undertaking a Scoping Study to assess the potential of the Lady Colleen Mineral Resource to support an open cut mining project at Mt Kelly.

Flying Horse

Assay results were reported from Flying Horse, a copper sulphide resource at Mt Kelly[5]. A composite was generated to evaluate the potential suitability of Mt Kelly copper sulphide ore for sulphide heap leach SX-EW technology. Acid consumption tests were completed on representative samples from the composite. Results indicated acid consumption rates at several times the maximum threshold limits for economic direct leaching of the Mt Kelly sulphide ores. Austral is evaluating potential sources of low-cost recycled acid, including the possibility of using re-cycled acid in the direct leaching of the Mt Kelly sulphide ores.

3. ASX release 13 October 2022.
4. ASX release 28 October 2022.
5. ASX Release 2 August 2022.

Regional Sulphide

Enterprise

The announcement of a Maiden Mineral Resource Estimate completed for the Enterprise Deposit within Austal's Eastern Succession tenements[6]. The Mineral Resource at a 0.5% Copper cut-off and to a depth of 85m below surface is:

- 0.95Mt @ 0.97% Cu (Inferred Sulphide Mineral Resource).

Mineralisation is tested to over 200m in depth, remains open at depth and the high-grade core appears to lengthen at depth. The Enterprise Mineral Resource has potential to improve with further exploration and is adjacent to other current copper operations. The maiden Enterprise Mineral Resource Estimate highlights the prospectivity of AR1's Eastern tenure.

Glencore/MIM Exploration agreement

On 26 September 2022, the Company announced the finalisation of binding exploration earn-in agreements ("Earn-in Agreements") with MIM, a subsidiary of one of the world's largest mining companies, Glencore[7]. The Earn-in agreements are a value generating exploration play for both groups, utilising new geophysical data over the area that has both validated existing targets and generated new targets.

Highlights of the agreements include:

- Austral and MIM have executed complementary binding Earn-in Agreements for:
  1. MIM to explore Austral EPMs (within JV area) surrounding MIM's Lady Loretta zinc, lead, silver Mine and Austral's Lady Annie copper Mine.
  2. Austral to explore for copper oxide over MIM's neighbouring Russell Fault tenement (EPM26435).
- As per the terms of the agreement, Austral retains the rights to the copper oxide mineralisation within the exploration areas and will also explore for copper oxides within MIM's Russell Fault tenement, effectively adding 116km^2 of highly prospective tenure.
- Austral will retain 100% rights to its Mt Kelly MLs, associated processing infrastructure and the remaining 1,800km^2 of its highly prospective exploration tenure.
- MIM to spend $6.3 million within the Exploration Area over 4 years to earn-in to a 65% holding, with AR1 retaining a 35% interest. Austral to spend $2 million expenditure within the Russell Fault over 4 years to earn up to a 65% interest.
- MIM has a wealth of exploration experience and has developed innovative sulphide exploration techniques to discover new base and precious metals in Queensland's Northwest Minerals Province.
- Development of prioritised copper oxide exploration targets commenced following execution of the agreement.

Tenure

During 2022, EPMLA 27980 and 27978 were approved and issued by the Queensland Government. This increases Austral's access to prospective ground immediately adjacent and contiguous to existing tenement holdings.

The Company holds 2,147km^2 of highly prospective exploration tenure comprised of 38 EPM's and 2 EPMA's. Under the finalised Earn-in Agreement with MIM, Austral is entitled to earn-in up to 65% interest within MIM's Russell Fault EPM by spending A$2.0 million over four years, effectively further increasing the Company's copper exploration area by 116km^2. The Company also holds 15 Mining Leases covering 53km^2.

6. ASX Release 09 August 2022.
7. ASX Release 26 September 2022.

Environment, Social and Governance (ESG)

Our Approach to ESG

ESG refers to three inter-related factors expressed as standards for an organisation's operational and corporate behaviour. Underpinned by the concept of sustainability, ESG is about achieving strong environmental, social and governance outcomes over a long term, common future.

Austral Resources' mission is to profitably mine and process ores to make copper metal, to provide a return to its investors, to be a valued contributor to the Mt Isa district and its stakeholders, and to meet and exceed its environmental obligations over the life of its assets. As a part of our commitment to maturing our ESG approach, Austral formed an ESG Committee to oversee our Sustainability and ESG strategy planning for FY2023.

Austral Resources acknowledges the need for collaboration in addressing global sustainable development challenges and recognises the United Nations Sustainable Development Goals (SDGs) as a means to achieve collective impact. The table below demonstrate Austral's current ESG maturity and organisational vision.

SDG ALIGNMENT (CURRENT)

SDG	SPECIFIC TARGET	CURRENT ALIGNMENT SUMMARY	VALUE/VISION/STRATEGY/ PURPOSE ALIGNMENT	ESG THEME ALIGNMENT
3 GOOD HEALTH AND WELL-BEING	3.6, 3.8, 3.9	Occupational Health & Safety Management System Emergency Management Plan	Safety, Health & the Environment	Health, Safety and Wellbeing
6 CLEAN WATER AND SANITATION	6.3, 6.4	Water Management Plan, effectively managing process water, stormwater, discharges and dewatering activities – Minimum Govt Requirements	Environmental Performance Standard – Water and Rehabilitation & closure	Water and Resources
8 DECENT WORK AND ECONOMIC GROWTH	8.5, 8.8	Corporate Governance Statement Diversity & Inclusion Policy Whistleblower Policy	Business Excellence & Improvement Co-operation	Employment, Attraction, Development and Retention
11 SUSTAINABLE CITIES AND COMMUNITIES	11.6	Waste management practices Air Quality	Environmental performance Standard – Air Quality & Waste Management	Waste and Pollution
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.4	Waste management practises per minimum government requirements	Environmental performance Standard – Waste management	Waste and Pollution
13 CLIMATE ACTION	13.2	Emissions and Energy Annual reports to NPi and NGER	Environmental performance Standard – Emissions & Energy	Climate Change and Energy
15 LIFE ON LAND	15.5	Rehabilitation and closure plan Progressive Closure and Rehabilitation Plan (if complete)	Environmental Performance Standard – Land & rehabilitation	Biodiversity
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.5, 16.6	Anti Bribery and Corruption Policy, Strong Corporate Governance	Honesty & Integrity Ownership	Risk and Compliance

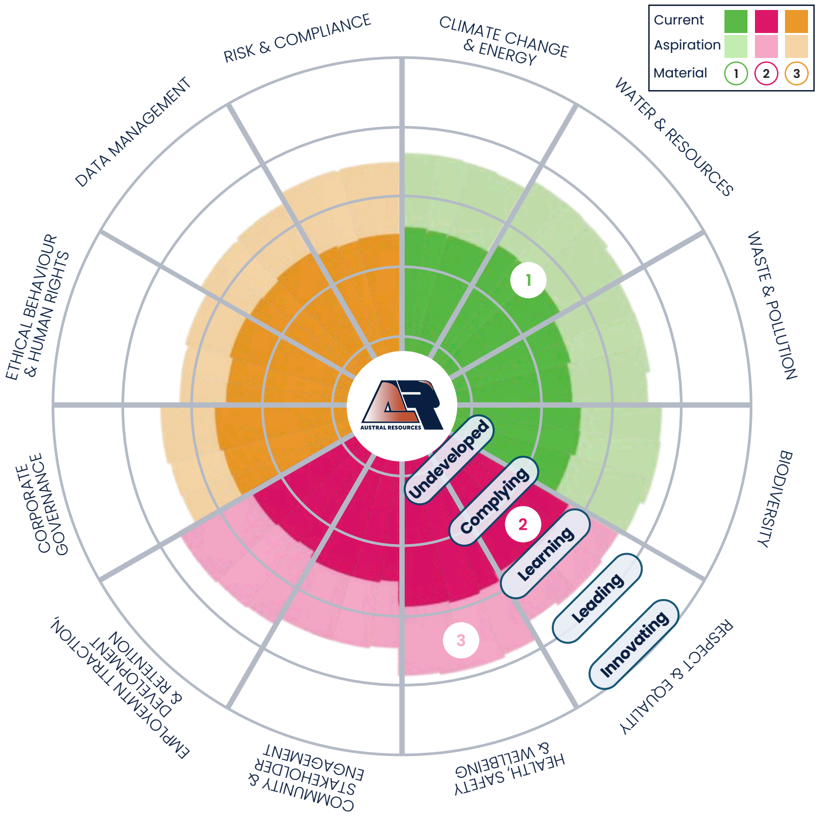
Environment, Social and Governance (ESG) continued

Stakeholder Sentiments and Materiality

To better understand our Stakeholders ESG priorities, an ESG Sentiment Survey was completed across Austral's internal and external stakeholders, to determine materiality of key ESG themes.

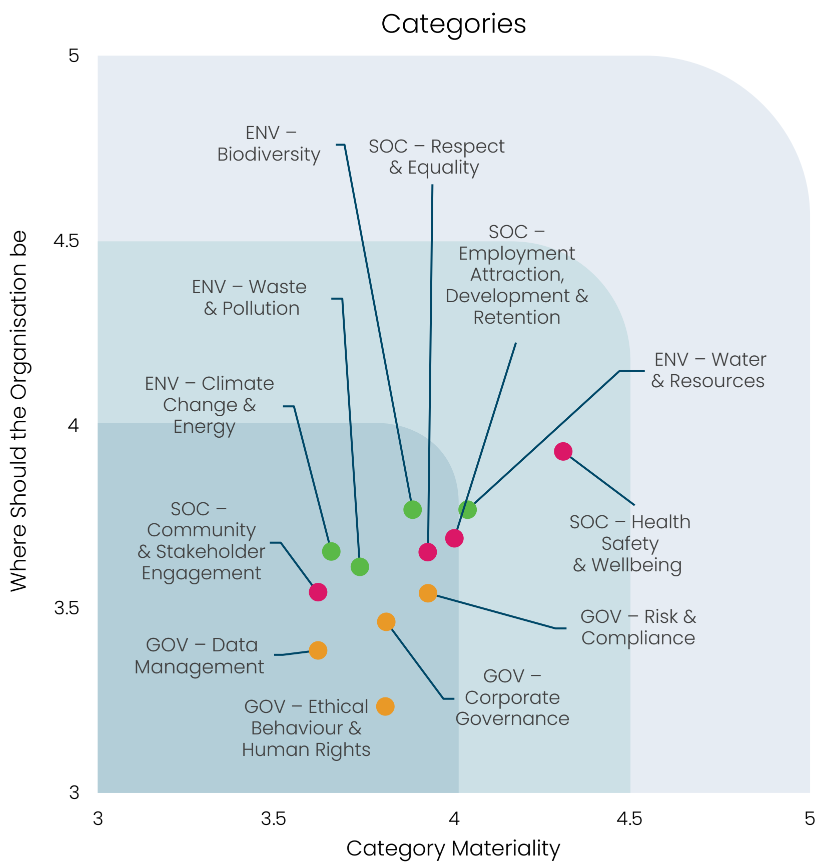
Across all stakeholder groups, Health, Safety and Wellbeing (Social) was considered as the most material theme, followed by Water and Resources (Environment) and Employee Attraction and Retention (Social).

This result was representative of internal Stakeholder groups, with external Stakeholders also prioritising Waste and Pollution (Environment), and Respect and Equality (Social).



Stakeholders observations regarding material categories included the following:

- Health and safety remains a priority to Austral stakeholders with recognition that this also includes mental health and wellbeing.
- Continued meaningful collaboration with Traditional Owners for progressive biodiversity rehabilitation and planning, and consideration of commencement of rehabilitation during operations.
- The responsible management of water reduces operational risk.
- Recycling and waste reduction initiatives are considered low hanging fruit and creation of initiatives around waste are possible at a minimal cost.
- The need to ensure employee retention and skill diversity with a top-down approach to fostering positive workplace culture.
- Installation of energy efficient devices to optimize energy use. Investigate diesel displacement opportunities such as solar.



Stakeholders were given the opportunity to make additional comments on the survey and some of the observations made included:

- Creation of an ESG strategy that is fit for purpose for the size of Austral with appropriate program governance and oversight.
- Better governance, transparency, disclosure and reporting.
- Leverage ESG to mitigate risks and identify opportunities that optimise outcomes to best use the limited resources available.
- Improvement of contractor management and supplier ethics to ensure alignment on ESG performance outcomes.
- Continuation of regular community meetings to ensure open and positive dialogue with a more targeted approach to community investment, including collaboration with other resource organisations in the Mt Isa region.

Environment

Copper is a critical mineral which supports emerging sustainable energy technology allowing progressive global decarbonisation. Austral Resources is in a unique position to be part of solution to move the world away from fossil fuel consumption.

Operationally, Austral's mining fleet, light vehicles and camp power currently rely on diesel. Although our heap leach SXEW processing system also relies on diesel, it has a lower carbon footprint than conventional smelted copper sulphide processing. We are currently investigating solar power generation opportunities, which would lower Austral's operational carbon emissions and allow us to produce copper with a significantly lower carbon input.

Austral is also investigating ways to improve water efficiency. The Anthill Mine has a bore field facility. This bore field is used to lower the water table to facilitate mining. The water from the bore field is pumped 40km to Mt Kelly for process water and potable water for the camp. In addition, our heap leach process uses "wobbler" sprinklers to irrigate the heap and we are implementing a "dripper irrigation" system that reduces evaporation and saves up to 30% of our makeup water requirements. At the end of the SXEW process, process water is recycled back to the heap leach for another round of processing.

Figure 6. Revegetation works at Lady Annie operations

Environment, Social and Governance (ESG) continued

Social

Over the past year, Austral has made significant contributions to support various initiatives aimed at enhancing the quality of life for people living in the isolated region of Queensland in which we operate. Notable contributions are as follows:

- Sponsorship of the Yelvertolf Campdraft and Rodeo event in Mt Isa fostering a sense of community belonging and supporting a well-patroned local social event.
- Donations to the IPCA Isolated Children's Parents Association Inc. Mt Isa branch School of Air: Sports bush for kids' initiative. This program is designed to offer children living in isolated areas access to team sports and swimming/water awareness, which would otherwise be unavailable to them.
- Support of the AusIMM NQ Branch Critical Minerals Forum, demonstrating our commitment to promoting knowledge-sharing and networking opportunities in the mining industry.
- Ongoing community support; such as using scrap copper for donations, offering use of water trucks and graders free of charge, donated troughs to local landholders and providing free accommodation for mustering camps.

Austral is committed to promoting ESG practices and contributing to initiatives aimed at enhancing the quality of life for individuals and communities we serve. We will continue to support such initiatives and look forward to sharing more of our achievements in the future.

Corporate Governance

As part of our commitment to maintaining a robust approach to Governance, we undertook a review of our corporate policies to strengthen our suite of policy in line with ESG best practice. This included the adoption of several new policies covering Climate Change, Cultural Heritage, Human Rights, Modern Slavery, and Sustainable Procurement.

Austral Resources held its first ESG Committee meeting in February 2023, and is planning on holding ESG Strategy Workshop in March 2023 with the leadership team. Over the coming year we will solidify our core ESG objectives in line with our purpose so that we can focus on those areas of our ESG strategy that are most material to our stakeholders.

Our ESG Program

We are currently developing our ESG program to help better manage and implement our ESG goals and objectives. Over the course of 2023 we intend to develop a program with clear objectives, some measurable targets, accountability and progress reporting.

With the implementation of high-level internal objectives, Austral aims to improve its overall environmental, social and governance performance by focussing on maturing our ESG programme. This will ensure we are engaging in best practice within the natural resources sector and contributing to a sustainable future.

Board of Directors

Phillip Thomas

Chairman

Bachelor of Science in Geology; Masters in Business; Designation of Certified Mineral Valuer

Memberships

Australian Institute of Geoscientists (GIA) Member; The Australasian Institute of Mining and Metallurgy (AusIMM) Fellow; Australasian Institute of Mineral Valuers and Appraisers (AIMVA) Member, Director and past Chairman.

Phillip has been CEO and Chairman of a number of ASX and TSX companies and has a wealth of experience in exploration, mine feasibility and development, operations, minerals trading, corporate strategy and valuation. He has significant trading and investment banking experience having been a senior executive at Macquarie Bank, ABN-Amro, Watson Wyatt and McIntosh Securities.

Phillip has substantial Australian and international mining experience having worked in Chile (copper), Argentina, Peru, Mexico (copper), USA, Canada (copper) and Malaysia. He has a keen understanding of the skills required for the successful development of mining businesses and the teams that run them. He is a strong proponent of "get it right the first time" and developing people to excel in their roles. Phillip's commodity experience includes copper, gold, iron ore, lithium, and rare earths.

Phillip joined the Board as a non-executive director in July 2021 and has since been appointed Chairman. His key responsibility is to provide guidance and share his experience, skills and expertise with other Board members and the CEO. The Board will meet on a regular basis to receive CEO reports on the Company's progress and assist in the decision making of significant endeavours. Phil is also the Chair of the Company's ESG Committee.

Phillip focuses on creating shareholder value. This means an increase in the share price, commensurate with positive economic developments achieved by the Company.

Dan Jauncey

Managing Director and Chief Executive Officer

Memberships

Australian Institute of Company Directors (AICD); Young Presidents Organisation

Directorships Executive Director of Austral Resources and subsidiaries; Non-Executive Director of Williams Engineering; Non-Executive Director of Austral Equipment Solutions; Non-Executive Director of Willows Health and Lifestyle Centre; Non-Executive Director of Club Toowoomba

Dan founded Matilda Earthmoving in 2000. This business was based in Toowoomba, Queensland and operated predominately in Southern Queensland and Northern New South Wales. In 2003, Dan saw an opportunity in the resource sector to supply late model, low-hour ancillary equipment on a rental basis. This alleviated a number of industry challenges and, as a result, Matilda Earthmoving was wound down and Matilda Equipment was formed. Over a 15-year period, Dan expanded Matilda Equipment nationally and also established a branch operating in Papua New Guinea. In 2012, Matilda Equipment was recognised as one of the fastest growing companies in the country and was placed in the BRW Fast 100 Companies.

In 2018, Matilda Equipment was sold to an ASX listed company. Dan was instrumental in the acquisition of the key mining assets for Austral Resources in 2019. Since acquisition, he has been involved in all facets of Austral Resources, from day-to-day operations through to capital raising. He takes a holistic, hands-on approach to business, regularly visiting sites and being involved with the team.

In August 2022, Dan was appointed the Managing Director and Chief Executive Officer of Austral Resources. Ultimately, he is responsible for ensuring the Company continues to grow through its LME Grade A copper production and Anthill Project.

Dan is keenly aware of the need to be agile and competitive in a global industry. He will position the Company to take full advantage of the team's skills and knowledge to diversify its production and maintain its position as a market leader.

Michael Hansel

Non-executive Director

LLB (Hons), BCom (Hons), BBus

Memberships

Mr Hansel is a Corporate Partner of HopgoodGanim Lawyers specialising in mergers and acquisitions, IPO's, corporate governance, capital raisings, takeovers and joint ventures.

Michael acts for a number of ASX-listed entities and large domestic and foreign private companies in the resources sectors. He was appointed as a non-executive director of Austral Resources in February 2022 and is Chair of the Company's Audit and Risk Committee. He also holds a non-executive director position with ASX listed Cannindah Resources Limited.

Michael is consistently recognised as a leading corporate, business and commercial lawyer by various legal publications including Doyle's Guide and The Best Lawyer™.

Senior Management Team

Shane O'Connell

Chief Operating Officer

Airline Transport Pilot Licence – CASA and CAA of Papua New Guinea; Chief Pilot Approvals and Head of Check and Training (CASA and CAA); Authorised Flight Examiner (CASA and CAA); Approved Maintenance Controller (CASA); Certificate Crew Resource and Management; Certificate Human Factors and Psychology; Certificate II Security; Certificate II Dangerous Goods Approvals; Certificate II Fire Management; Certificate III in Civil Construction

Shane has over 20 years' experience in senior management roles across a range of industries, including an extensive and highly esteemed career in aviation and senior operational management.

Shane has experience as both a Director and Senior Manager and has worked as a Government Delegate facilitating compliance and safety programs for various civil aviation safety authorities in Australia, Papua New Guinea, and the United States of America.

Prior to joining Austral Resources, Shane was Managing Director and owner of a private earthmoving company that specialises in civil engineering and rehabilitation works.

Shane joined Austral Resources in August 2019. Previously, as Managing Director, Shane was responsible for the management, safety and compliance, and growth and production performance of the Company's operations. Shane has also been responsible for all negotiations with state regulators including the Department of Resources, Department of Environment and Science, and Queensland Treasury, particularly in relation to the Anthill Project.

Shane is a fundamental part of day-to-day internal communications with the production and processing teams, ensuring continued LME Grade A copper cathode is produced on time and on budget. Shane is also a member of the Company's ESG Committee.

Luke Johnstone

Chief Financial Officer

Bachelor of Business Administration (Finance and Leadership)

Luke is a senior finance professional with more than fifteen years of business management experience. Prior to joining the Austral Resources team Luke worked in private equity with Warburg Pincus under the Total Safety brand where he served as Director of Operations for the Canadian business units. He later went on to be a co-founder and Vice President of Business Development of Connect Global Strategies which oversaw deals in the oil and gas, mining, and infrastructure sectors.

Luke joined Austral Resources in August 2019. As Chief Financial Officer, Luke is responsible for the Company's corporate controllership, investor relations, financial reporting and analysis, strategic planning and analysis, and corporate development functions.

Luke prides himself on being a strong leader who leads by example in work ethic, knowledge, and self-development.

Jarek Kopias

Company Secretary

Bachelor of Commerce (Accounting); Graduate Diploma in Advanced Corporate Governance; Chartered Secretary (AGIA, ACG (CS, CGP)); Certified Practising Accountant (CPA Australia)

Jarek has over 25 years' industry experience in a wide range of financial and secretarial roles within the resources industry. This includes 5 years at WMC Resources Limited's Olympic Dam operations, 5 years at Newmont Mining Corporation in the Australian corporate office, and 5 years at Stuart Petroleum Limited, an oil and gas producer and explorer, prior to its merger with Senex Energy Limited.

Jarek is currently the CFO and Company Secretary of Resolution Minerals Ltd (ASX:RML) and iTech Minerals Ltd (ASX:ITM) and Company Secretary of Core Lithium Ltd (ASX:CXO), Iron Road Ltd (ASX:IRD) and Copper Search Limited (ASX:CUS). He has held similar roles with other ASX entities in the past, and has other business interests with numerous unlisted entities.

Jarek joined Austral Resources as Company Secretary in July 2021. With his extensive experience as a professional Company Secretary, Jarek is well versed in strategic planning and implementing best practice corporate governance processes. He continues to support in assisting the Board in carrying out its fiduciary duties as well as identifying opportunities for strategic governance and continuous improvement in systems and processes. Jarek is also a member of the Company's ESG Committee.

Financial Report

Austral Resources Australia Ltd
ABN 50 142 458 470

31 December 2022

Contents

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 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 and principal place of business

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

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 March 2023. The directors have the power to amend and reissue the financial statements.

Directors' report

31 December 2022

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 year ended 31 December 2022.

Directors

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

- Phillip Thomas
- Daniel Jauncey
- Jeffrey Innes (resigned 16 March 2023)
- Michael Hansel (appointed 14 February 2022)

Principal activities

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

Dividends

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

Review of operations

The loss attributable to the owners of Austral Resources Australia Ltd for the consolidated entity after providing for income tax is $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 into 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 from Anthill on 14 June 2022;
- The Group successfully undertook share placements of $16,000,000 in August 2022 and $1,000,000 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); and
- Cash and cash equivalents of $1,535,000 (2021: $13,334,000).

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the consolidated entity, the results of the operations or the state of affairs in the subsequent period.

Likely developments and expected results of operations

The consolidated entity intends to continue its production, development and exploration activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

Environmental regulation

The consolidated entity is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

Principal risks

The consolidated entity operates in the copper industry in Australia. There are a number of factors, both specific to the consolidated entity and to the copper industry in general, which may, either individually or in combination, affect the future operating and financial performance of the consolidated entity, its prospects and/or the value of the consolidated entities shares. Many of the circumstances giving rise to these risks are beyond the control of the board and management. The major risks believed to be associated with investment in the consolidated entity are as follows:

Operational Risk

The Company's current and proposed copper production operations may be affected by a range of operational factors. These include failure to achieve the predicted grade in mining, processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, problems which affect extraction rates and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unforeseen delays, unexpected shortages or increase in the costs of consumables, spare parts, plant and equipment.

Global pandemic risk

Austral's business and share price may be adversely affected by future economic uncertainty caused by COVID-19. Government measures, as well as actions taken by third parties, including the distribution, effectiveness and acceptance of vaccines, to contain the spread of COVID-19 and mitigate its public health effects, are beyond the control of Austral and difficult to predict.

Development risk

There is a risk that circumstances (including unforeseen circumstances) may cause a delay to project development, exploration milestones or other operating factors, resulting in receipt of revenue at a later date than expected. Additionally, the construction of new projects/expansion by the Group may exceed the currently envisaged timeframe or cost for a variety of reasons outside the control of the Group.

Exploration and evaluation risk

The long-term value of Austral will depend on its ability to find and develop resources that are economically recoverable within Austral's licences. Mineral exploration and development is inherently highly speculative and involves a significant degree of risk. There is no guarantee that it will be economic to extract these resources or that there will be commercial opportunities available to monetise these resources.

Reserves and resource estimates

The Ore Reserves estimates represent expressions of judgement on the estimated tonnages and grades which Austral has determined are technically feasible and economically viable to mine and process under present and assumed future conditions. Any adjustments to reserves could affect the Company's exploration and development plans which may, in turn, affect the Company's performance. If Austral's actual realisation of mineral quantities and grades is less than estimated, there will be a corresponding effect on the operations and financial performance of the Company.

Directors' report continued

Environmental risks

The Company's operations and projects are subject to the laws and regulations of all jurisdictions in which it has interests and carries on business, regarding environmental compliance and relevant hazards.

As with most development and exploration projects operations, the Company's activities are expected to have an impact on the environment. Significant liability could be imposed on the Company for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by the Company, or non-compliance with environmental laws or regulations.

There is also a risk that the environmental laws and regulations may become more onerous; increasing the Company's operation costs.

Changes in commodity price

The Company's potential future revenues are likely to be derived mainly from copper revenue and/or from royalties gained from potential joint ventures or other arrangements. Consequently, the Company's potential future earnings will likely be closely related to the price of copper.

If the Company is producing copper and the market price of copper were to fall below the costs of production and remain at such a level for any sustained period, the Company would experience losses and could have to curtail or suspend some or all of its proposed activities.

Exchange rate risk

The revenues, earnings, assets and liabilities of the Company may be exposed adversely to exchange rate fluctuations.

Information on directors

Name:	**Phillip Thomas**
Title:	Non-executive Chairman
Qualifications:	BSc MBM FAusIMM MAIG MAIMVA(CMV)
Experience and expertise:	Mr Thomas has been CEO and Chairman of a number of ASX and TSX companies and has a wealth of experience in exploration, mine feasibility and development, operations, minerals trading, corporate strategy and valuation. He has significant trading and investment banking experience having been a senior executive at Macquarie Bank, ABN-Amro, Watson Wyatt and McIntosh Securities. Mr Thomas has substantial Australian and international mining experience having worked in Chile (copper), Argentina, Peru, Mexico (copper), USA, Canada (copper) and Malaysia. He has a keen understanding of the skills required for the successful development of mining businesses and the teams that run them. He is a strong proponent of "get it right the first time" and developing people to excel in their roles. Mr Thomas' commodity experience includes copper, gold, iron ore, lithium, and rare earths.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit & Risk Committee
Interests in shares:	1,170,837 ordinary shares held by entities controlled by Mr Thomas and 1,202,513 performance rights, subject to KPI based vesting criteria, held by Mr Thomas.

Name: **Daniel Jauncey**

Title: Managing Director and Chief Executive Officer

Qualifications: AICD

Experience and expertise: Mr Jauncey founded Matilda Earthmoving in 2000. This business was based in Toowoomba, Queensland and operated predominately in Southern Queensland and Northern New South Wales. In 2003, Mr Jauncey saw an opportunity in the resource sector to supply late model, low-hour ancillary equipment on a rental basis. This alleviated a number of industry challenges and, as a result, Matilda Earthmoving was wound down and Matilda Equipment was formed. Over a 15-year period, he has expanded Matilda Equipment nationally and also established a branch operating in Papua New Guinea. In 2012, Matilda Equipment was recognised as one of the fastest growing companies in the country and was placed in the BRW Fast 100 Companies. In 2018, Matilda Equipment was sold to an ASX listed company.

Mr Jauncey was instrumental in the acquisition of the key mining assets for Austral Resources in 2019. Since acquisition, he has been involved in all facets of Austral Resources, from day-to-day operations through to capital raising. He takes a holistic, hands-on approach to business, regularly visiting sites and being involved with the team.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Member of the Audit & Risk Committee

Interests in shares: 263,968,818 ordinary shares held by entities controlled by Mr Jauncey and related parties and 16,701,563 performance rights, subject to KPI based vesting criteria, held by an entity controlled by Mr Jauncey.

Name: **Jeffrey Innes (resigned 16 March 2023)**

Title: Non-executive Director

Qualifications: BEng, DipFin, FAusIMM and GAICD

Experience and expertise: Mr Innes is a professional leader with high integrity and demonstrated performance in operations management, strategic planning in mines, feasibilities, mine expansion, and HR restructuring. He possesses a progressive style of leadership, with a strong customer focus and an ability to view the organisation in a global context. His management style involves focusing teams on value adding priorities. His commodity experience includes zinc, silver, lead, iron ore, gold, copper, uranium, and coal.

Mr Innes has worked across senior management levels at a number of companies, including General Manager positions with MIM, Joy Global, HSE Mining, BHP, and Ok Tedi Mining Limited (PNG), as well as COO for Conquest Mining.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Member of the Audit & Risk Committee

Interests in shares: 650,837 ordinary shares held by Mr Innes and an associate and 1,202,513 performance rights, subject to KPI based vesting criteria, held by an associate of Mr Innes.

Directors' report continued

Name:	**Michael Hansel**
Title:	Non-executive Director
Qualifications:	LLB (Hons), BCom (Hons), BBus
Experience and expertise:	Mr Hansel is a Corporate Partner of HopgoodGanim Lawyers specialising in mergers and acquisitions, IPO's, corporate governance, capital raisings, takeovers and joint ventures. Michael acts for a number of ASX-listed entities and large domestic and foreign private companies in the resources sectors. Mr Hansel has previously held a non-executive director position with ASX listed Metro Mining Limited. Mr Hansel has consistently been recognised as a leading corporate, business & commercial lawyer by various legal publications including Doyle's Guide and The Best Lawyer™.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit & Risk Committee
Interests in shares:	500,000 ordinary shares held by entities controlled by Mr Hansel, 400,000 unquoted options, $0.40 exercise price and 3 November 2024 expiry, held by an entity controlled by Mr Hansel and 1,603,350 performance rights, subject to KPI based vesting criteria, held by an entity controlled by Mr Hansel.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company Secretary

Jaroslaw Kopias (CPA, AGIA, ACG (CS, CGP) has held the role of Company Secretary since July 2021. He is currently the CFO and Company Secretary of Resolution Minerals Ltd (ASX:RML) and iTech Minerals Ltd (ASX:ITM) and Company Secretary of Core Lithium Ltd (ASX:CXO), Iron Road Ltd (ASX:IRD) and Copper Search Limited (ASX:CUS). He has held similar roles with other ASX entities in the past, and has other business interests with numerous unlisted entities.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2022, and the number of meetings attended by each director were:

	FULL BOARD		AUDIT AND RISK COMMITTEE	
	ATTENDED	HELD	ATTENDED	HELD
Phillip Thomas	13	13	1	1
Daniel Jauncey	13	13	1	1
Jeffrey Innes	12	13	1	1
Michael Hansel (appointed 14 February 2022)	12	12	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Directors' report continued

Non-executive director remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPIs') being achieved and include share-based payments. KPIs include profit contribution, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholder value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 31 December 2022.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants

During the financial year ended 31 December 2022, the consolidated entity did not engage remuneration consultants.

Voting and comments made at the company's 2021 Annual General Meeting ('AGM')

At the 2022 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2021. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Austral Resources Australia Ltd:

- Phillip Thomas - Non-Executive Chairman
- Daniel Jauncey - Managing Director and Chief Executive Officer
- Jeffrey Innes - Non-Executive Director
- Michael Hansel - Non-Executive Director

And the following persons:

- Steve Tambanis - Chief Executive Officer (resigned on 31 July 2022)
- Shane O'Connell - Chief Operating Officer
- Luke Johnston - Chief Financial Officer
- Jaroslaw Kopias - Company Secretary

Directors' report continued

2022	SHORT-TERM BENEFITS CASH SALARY AND FEES $	POST-EMPLOYMENT BENEFITS SUPER-ANNUATION $	SHARE-BASED PAYMENTS PERFORMANCE RIGHTS $	TOTAL $
Non-Executive Directors:				
Phillip Thomas (Chairman)	72,727	7,455	80,894	161,076
Jeffrey Innes	54,545	5,591	80,894	141,030
Michael Hansel(i)	47,203	4,857	125,893	177,953
Executive Directors:				
Daniel Jauncey	350,000	24,430	1,123,532	1,497,962
Other Key Management Personnel:				
Steve Tambanis(ii)	337,298	–	73,451	410,749
Shane O'Connell	300,000	24,430	373,013	697,443
Luke Johnstone	294,820	24,307	373,013	692,140
Jaroslaw Kopias	66,532	–	58,424	124,956
	1,523,125	**91,070**	**2,289,114**	**3,903,309**

(i) Represents remuneration from 14 February 2022 to 31 December 2022.
(ii) Represents remuneration from 1 January 2022 to 31 July 2022.

2021	SHORT-TERM BENEFITS CASH SALARY AND FEES $	POST-EMPLOYMENT BENEFITS SUPER-ANNUATION $	SHARE-BASED PAYMENTS PERFORMANCE RIGHTS $	TOTAL $
Non-Executive Directors:				
Phillip Thomas (Chairman)(i)	24,202	1,538	42,392	68,132
Jeffrey Innes(i)	18,881	1,888	42,392	63,161
Executive Directors:				
Daniel Jauncey	363,462	19,217	588,784	971,463
Other Key Management Personnel:				
Steve Tambanis(ii)	186,667	–	82,430	269,097
Shane O'Connell	216,923	20,713	195,476	433,112
Luke Johnstone	250,000	23,536	195,476	469,012
Jaroslaw Kopias(i)	41,786	–	30,617	72,403
	1,101,921	**66,893**	**1,177,567**	**2,346,381**

(i) Represents remuneration from 1 July 2021 to 31 December 2021.
(ii) Represents remuneration from 1 August 2021 to 31 December 2021.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

NAME	FIXED REMUNERATION 2022	FIXED REMUNERATION 2021	AT RISK - STI 2022	AT RISK - STI 2021	AT RISK - LTI 2022	AT RISK - LTI 2021
Non-Executive Directors:						
Phillip Thomas (Chairman)	50%	38%	15%	19%	35%	43%
Jeffrey Innes	43%	33%	17%	20%	40%	47%
Michael Hansel	29%	–	21%	–	50%	–
Executive Directors:						
Daniel Jauncey	25%	39%	23%	18%	52%	43%
Other Key Management Personnel:						
Steve Tambanis	82%	69%	5%	9%	13%	22%
Shane O'Connell	47%	55%	16%	14%	37%	31%
Luke Johnstone	46%	58%	16%	13%	38%	29%
Jaroslaw Kopias	52%	58%	14%	13%	34%	29%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	**Steve Tambanis**
Title:	Chief Executive Officer
Agreement commenced:	1 August 2021 (resigned 31 July 2022)
Term of agreement:	12 months
Details:	Base salary of $33,333 (plus GST) per month, to be reviewed annually by the Board. 3-month termination notice by either party, participation in the performance rights plan as per Board approval and KPI achievement, non-solicitation and non-compete clauses.

Name:	**Daniel Jauncey**
Title:	Managing Director Chief Executive Officer
Agreement commenced:	30 July 2022
Term of agreement:	No fixed term
Details:	Base salary for the year ending 31 December 2022 of $350,000 plus superannuation, to be reviewed annually by the board. 4-week termination notice by either party, participation in the STI and LTI Schemes and performance rights plan as per Board approval and KPI achievement, non-solicitation and non-compete clauses.

Directors' report continued

Name:	**Shane O'Connell**
Title:	Chief Operating Officer
Agreement commenced:	12 August 2019
Term of agreement:	No fixed term
Details:	Base salary for the year ending 31 December 2022 of $300,000 plus superannuation, to be reviewed annually by the board. 3-month termination notice by either party, participation in the STI and LTI Schemes and performance rights plan as per Board approval and KPI achievement, non-solicitation and non-compete clauses.
Name:	**Luke Johnstone**
Title:	Chief Financial Officer
Agreement commenced:	5 August 2019
Term of agreement:	No fixed term
Details:	Base salary for the year ending 31 December 2022 of $250,000 plus superannuation, to be reviewed annually by the board. 3-month termination notice by either party, participation in the STI and LTI Schemes and performance rights plan as per Board approval and KPI achievement, non-solicitation and non-compete clauses.
Name:	**Jaroslaw Kopias**
Title:	Company Secretary
Agreement commenced:	5 July 2021
Term of agreement:	No fixed term
Details:	Variable hourly rate fee to be reviewed annually by the Board. 30-day termination notice by either party, participation in the performance rights plan as per Board approval and KPI achievement, non-solicitation and non-compete clauses.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Performance Rights

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 2022 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 cancellation of the existing HSSEQ performance rights after the Directors identified the HSSEQ KPI should be better defined.

The value of the performance rights granted during the year at grant date and number of performance rights are as follows:

2022	NUMBER OF PERFORMANCE RIGHTS GRANTED	FAIR VALUE AT GRANT DATE $
Non-Executive Directors:		
Phillip Thomas (Chairman)	160,336	19,709
Jeffrey Innes	160,336	19,709
Michael Hansel	1,683,518	234,085
Executive Directors:		
Daniel Jauncey	2,226,876	273,739
Other Key Management Personnel:		
Shane O'Connell	739,322	90,881
Luke Johnstone	739,322	90,881
Jaroslaw Kopias	115,798	14,235
	5,825,508	**743,239**

2021	NUMBER OF PERFORMANCE RIGHTS GRANTED	FAIR VALUE AT GRANT DATE $
Non-Executive Directors:		
Phillip Thomas (Chairman)	1,603,350	157,930
Jeffrey Innes	1,603,350	157,930
Executive Directors:		
Daniel Jauncey	22,268,750	2,193,471
Other Key Management Personnel:		
Steve Tambanis	3,117,625	307,086
Shane O'Connell	7,393,225	728,232
Luke Johnstone	7,393,225	728,232
Jaroslaw Kopias	1,157,975	114,060
	44,537,500	**4,386,942**

Directors' report continued

The terms and conditions of each grant of Performance Rights during the year affecting remuneration in the current or a future period with respect to KMP are shown below. In addition to the performance condition, KMP must satisfy a service condition of continuous employment with the Company up to and including the date when the performance conditions are achieved. Performance Rights are issued for no consideration and no amount is payable on vesting.

#	KEY PERFORMANCE INDICATORS	PERFORMANCE RIGHT #	VESTING DATE[1]	EXPIRY DATE[2]
1	First material ore production from Anthill deposit	690,330	Vested[3]	30 Jun 25
2	Production of 20kt of Copper cathode from Anthill Project	4,302,324	30 Jun 24	30 Jun 26
3	Generate 20kt inferred resource	10,755,803	30 Jun 25	30 Jun 26
4	Share price target of $0.50	8,604,645	30 Jun 25	30 Jun 26
5	HSSEQ1	2,151,163	30 Jun 23	30 Jun 25
6	HSSEQ2	2,151,163	30 Jun 24	30 Jun 26
7	Generate 20kt inferred resource[2]	4,302,324	30 Jun 25	30 Jun 26
	Total	**32,957,752**		

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.
4. Health Safety Security Environment and Quality (**HSSEQ**) and Indigenous Affairs – FY 2022 and FY 2023 were replaced on 17 October 2022 by the HSSEQ1 and HSSEQ2 KPI after the Directors identified the HSSEQ KPI should be better defined.

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).

NO.	KPI	OVERVIEW
5	HSSEQ1	This KPI will be considered satisfied where the following criteria are met during the relevant period *(measurement period 1 July 2022 to 30 June 2023)*: 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.
6	HSSEQ2	This KPI will be considered satisfied where the following criteria are met during the relevant period *(measurement period 1 July 2023 to 30 June 2024)*: 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.

Directors' report continued

NO.	KPI	OVERVIEW
6	HSSEQ2 *continued*	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.
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%.

The movements in the current year of the number of Performance Rights granted to KMP are as follows:

GRANT DATE	VESTING DATE	BALANCE AT THE START OF THE YEAR	GRANTED AS PART OF REMUNERATION	NUMBER OF RIGHTS VESTED	NUMBER OF RIGHTS EXERCISED	NUMBER OF RIGHTS LAPSED/ CANCELLED	BALANCE AT THE END OF THE YEAR
Phil Thomas							
04-Aug-21	07-Jul-22	400,837	–	400,837	(400,837)	–	–
04-Aug-21	30-Jun-24	160,335	–	–	–	–	160,335
04-Aug-21	30-Jun-25	400,837	–	–	–	–	400,837
04-Aug-21	30-Jun-25	320,670	–	–	–	–	320,670
04-Aug-21	30-Jun-22	80,168	–	–	–	(80,168)	–
04-Aug-21	30-Jun-23	80,168	–	–	–	(80,168)	–
04-Aug-21	30-Jun-25	160,335	–	–	–	–	160,335
17-Oct-22	30-Jun-23	–	80,168	–	–	–	80,168
17-Oct-22	30-Jun-24	–	80,168	–	–	–	80,168
Jeffrey Innes							
04-Aug-21	07-Jul-22	400,837	–	400,837	(400,837)	–	–
04-Aug-21	30-Jun-24	160,335	–	–	–	–	160,335
04-Aug-21	30-Jun-25	400,837	–	–	–	–	400,837
04-Aug-21	30-Jun-25	320,670	–	–	–	–	320,670
04-Aug-21	30-Jun-22	80,168	–	–	–	(80,168)	–
04-Aug-21	30-Jun-23	80,168	–	–	–	(80,168)	–
04-Aug-21	30-Jun-25	160,335	–	–	–	–	160,335
17-Oct-22	30-Jun-23	–	80,168	–	–	–	80,168
17-Oct-22	30-Jun-24	–	80,168	–	–	–	80,168

GRANT DATE	VESTING DATE	BALANCE AT THE START OF THE YEAR	GRANTED AS PART OF REMUNERATION	NUMBER OF RIGHTS VESTED	NUMBER OF RIGHTS EXERCISED	NUMBER OF RIGHTS LAPSED/ CANCELLED	BALANCE AT THE END OF THE YEAR
Michael Hansel							
12-May-22	7-Jul-22	–	400,837	400,837	–	–	400,837
12-May-22	30-Jun-24	–	160,335	–	–	–	160,335
12-May-22	30-Jun-25	–	400,837	–	–	–	400,837
12-May-22	30-Jun-25	–	320,670	–	–	–	320,670
12-May-22	30-Jun-22	–	80,168	–	–	(80,168)	–
12-May-22	30-Jun-23	–	80,168	–	–	(80,168)	–
12-May-22	30-Jun-25	–	160,335	–	–	–	160,335
17-Oct-22	30-Jun-23	–	80,168	–	–	–	80,168
17-Oct-22	30-Jun-24	–	80,168	–	–	–	80,168
Daniel Jauncey							
04-Aug-21	07-Jul-22	5,567,187	–	5,567,187	(5,567,187)	–	–
04-Aug-21	30-Jun-24	2,226,875	–	–	–	–	2,226,875
04-Aug-21	30-Jun-25	5,567,187	–	–	–	–	5,567,187
04-Aug-21	30-Jun-25	4,453,750	–	–	–	–	4,453,750
04-Aug-21	30-Jun-22	1,113,438	–	–	–	(1,113,438)	–
04-Aug-21	30-Jun-23	1,113,438	–	–	–	(1,113,438)	–
04-Aug-21	30-Jun-25	2,226,875	–	–	–	–	2,226,875
17-Oct-22	30-Jun-23	–	1,113,438	–	–	–	1,113,438
17-Oct-22	30-Jun-24	–	1,113,438	–	–	–	1,113,438
Steve Tambanis							
04-Aug-21	07-Jul-22	779,406	–	779,406	(779,406)	–	–
04-Aug-21	30-Jun-24	311,763	–	–	–	(311,763)	–
04-Aug-21	30-Jun-25	779,406	–	–	–	(779,406)	–
04-Aug-21	30-Jun-25	623,525	–	–	–	(623,525)	–
04-Aug-21	30-Jun-22	155,881	–	–	–	(155,881)	–
04-Aug-21	30-Jun-23	155,881	–	–	–	(155,881)	–
04-Aug-21	30-Jun-25	311,763	–	–	–	(311,763)	–
Shane O'Connell							
04-Aug-21	07-Jul-22	1,848,306	–	1,848,306	(1,848,306)	–	–
04-Aug-21	30-Jun-24	739,323	–	–	–	–	739,323
04-Aug-21	30-Jun-25	1,848,306	–	–	–	–	1,848,306
04-Aug-21	30-Jun-25	1,478,645	–	–	–	–	1,478,645
04-Aug-21	30-Jun-22	369,661	–	–	–	(369,661)	–
04-Aug-21	30-Jun-23	369,661	–	–	–	(369,661)	–
04-Aug-21	30-Jun-25	739,323	–	–	–	–	739,323
17-Oct-22	30-Jun-23	–	369,661	–	–	–	369,661
17-Oct-22	30-Jun-24	–	369,661	–	–	–	369,661

Directors' report continued

GRANT DATE	VESTING DATE	BALANCE AT THE START OF THE YEAR	GRANTED AS PART OF REMUNERATION	NUMBER OF RIGHTS VESTED	NUMBER OF RIGHTS EXERCISED	NUMBER OF RIGHTS LAPSED/ CANCELLED	BALANCE AT THE END OF THE YEAR
Luke Johnstone							
04-Aug-21	07-Jul-22	1,848,306	–	1,848,306	(1,848,306)	–	–
04-Aug-21	30-Jun-24	739,323	–	–	–	–	739,323
04-Aug-21	30-Jun-25	1,848,306	–	–	–	–	1,848,306
04-Aug-21	30-Jun-25	1,478,645	–	–	–	–	1,478,645
04-Aug-21	30-Jun-22	369,661	–	–	–	(369,661)	–
04-Aug-21	30-Jun-23	369,661	–	–	–	(369,661)	–
04-Aug-21	30-Jun-25	739,323	–	–	–	–	739,323
17-Oct-22	30-Jun-23	–	369,661	–	–	–	369,661
17-Oct-22	30-Jun-24	–	369,661	–	–	–	369,661
Jaroslaw Kopias							
04-Aug-21	07-Jul-22	289,493	–	289,493	–	–	289,493
04-Aug-21	30-Jun-24	115,798	–	–	–	–	115,798
04-Aug-21	30-Jun-25	289,493	–	–	–	–	289,493
04-Aug-21	30-Jun-25	231,595	–	–	–	–	231,595
04-Aug-21	30-Jun-22	57,899	–	–	–	(57,899)	–
04-Aug-21	30-Jun-23	57,899	–	–	–	(57,899)	–
04-Aug-21	30-Jun-25	115,798	–	–	–	–	115,798
17-Oct-22	30-Jun-23	–	57,899	–	–	–	57,899
17-Oct-22	30-Jun-24	–	57,899	–	–	–	57,899
Total		**44,537,500**	**5,905,676**	**11,535,209**	**(10,844,879)**	**(6,640,545)**	**32,957,752**

Additional information

The earnings of the consolidated entity for the five years to 31 December 2022 are summarised below:

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Sales revenue	54,828	37,260	25,042	24,308	17,996
EBITDA	(11,026)	(4,692)	(17,798)	1,899	(7,644)
EBIT	(22,477)	(5,067)	(17,861)	1,218	(8,202)
Loss after income tax	(29,800)	(11,728)	(22,531)	(7,103)	(11,122)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	2021	2020	2019	2018
Share price at financial year end ($)[1]	0.215	0.165	–	–	–
Total dividends declared (dollars per share)	–	–	–	–	–
Basic loss per share (dollars per share)	(0.06)	(0.08)	(225,314)	(71,030)	(111,220)

1. The consolidated entity listed on the ASX on 3 November 2021, there was no share price at the end of any financial year prior to 31 December 2021.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE YEAR	ADDITIONS	DISPOSALS/ OTHER(ii)	BALANCE AT THE END OF THE YEAR
Ordinary shares				
Phil Thomas	770,000	400,837	–	1,170,837
Jeffrey Innes	250,000	400,837	–	650,837
Daniel Jauncey(i)	251,693,234	12,275,584	–	263,968,818
Michael Hansel	–	500,000	–	500,000
Steve Tambanis	357,000	779,406	(1,136,406)	–
Shane O'Connell	–	1,848,306	–	1,848,306
Luke Johnstone	–	1,848,306	–	1,848,306
	253,070,234	**18,053,276**	**(1,136,406)**	**269,987,104**

(i) Balance of holdings includes shares held by parties as required under the accounting standards and Corporations Act 2001.
(ii) Disposals/other represents shares held at resignation date.

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE YEAR	GRANTED(i)	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
Options over ordinary shares					
Michael Hansel	–	400,000	–	–	400,000
	–	400,000	–	–	400,000

(i) Represents options held at time of appointment as director.

Other transactions with key management personnel and their related parties

Austral Equipment Solutions Pty Ltd

Payments for equipment hire from Austral Equipment Solutions Pty Ltd (director-related entity of Daniel Jauncey) of $1,997,473 were made (2021: $2,657,072). The current trade payable balance as at 31 December 2022 was $431,325 (2021: $396,145). All transactions were made on normal commercial terms and conditions and at market rates.

Directors' report continued

Austral Equipment Holding Pty Ltd

Payments for equipment hire from Austral Equipment Holding Pty Ltd (director-related entity of Daniel Jauncey) of $110,941 were made (2021: $510,730). The current trade payable balance as at 31 December 2022 was nil (2021: $43,186). All transactions were made on normal commercial terms and conditions and at market rates.

Equipment Engineering Solutions Pty Ltd

Payments for engineering services from Equipment Engineering Solutions Pty Ltd (director-related entity of Daniel Jauncey) of $55,440 were made (2021: $91,897). The current trade payable balance as at 31 December 2022 was $110,880 (2021: nil). All transactions were made on normal commercial terms and conditions and at market rates.

Trustee for O'Connell family trust T/A Rural Earthworx

Payments for hire and operation of heavy equipment from Rural Earthworx (executive officer related entity of Shane O'Connell) of $1,177,934 were made (2021: Nil). The current trade payable balance as at 31 December 2022 was $174,874 (2021: Nil). All transactions were made on normal commercial terms and conditions and at market rates.

This concludes the remuneration report, which has been audited.

Performance rights issued

Performance rights issued to key management personnel under the Performance Share Plan at the date of this report are as follows:

KPI NO.	GRANT DATE	VESTING DATE	EXPIRY DATE	FAIR VALUE AT GRANT DATE	NUMBER OF PERFORMANCE RIGHTS
1.	4 Aug 21	Vested	30 Jun 25	$0.200	690,330
2.	4 Aug 21	30 Jun 24	30 Jun 26	$0.200	4,302,324
3.	4 Aug 21	30 Jun 25	30 Jun 26	$0.200	10,755,803
4.	4 Aug 21	30 Jun 25	30 Jun 26	$0.090	8,604,645
5.	17 Oct 22	30 Jun 23	30 Jun 25	$0.165	2,151,163
6.	17 Oct 22	30 Jun 24	30 Jun 26	$0.165	2,151,163
7.	4 Aug 21	30 Jun 25	30 Jun 26	$0.200	4,302,324
	Total				**32,957,752**

Each Performance Right converts into one AR1 share upon vesting and exercise.

Shares issued on the exercise of performance rights

10,844,879 ordinary shares of Austral Resources Australia Ltd were issued on the exercise of performance rights during the year ended 31 December 2022 (2021: nil).

Shares under option

Unissued ordinary shares of Austral Resources Australia Ltd under option at the date of this report are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
5 August 2021	3 November 2024	$0.40	10,000,000

Shares issued on the exercise of options

There were no ordinary shares of Austral Resources Australia Ltd issued on the exercise of options during the year ended 31 December 2022 (2021: nil) and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

The consolidated entity was not a party to any such proceedings during the period.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of RSM Australia Partners

There are no officers of the company who are former partners of RSM Australia Partners.

Directors' report continued

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.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Daniel Jauncey

Managing Director and Chief Executive Officer

31 March 2023

Brisbane

Auditor's Independence Declaration

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Austral Resources Australia Ltd and its controlled entities for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

David Talbot
Partner

Sydney, NSW
Dated: 31 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

	NOTE	CONSOLIDATED 2022 $'000	CONSOLIDATED 2021 $'000
Revenue	4	54,828	37,260
Cost of goods sold		(59,458)	(34,370)
Gross (loss)/profit		(4,630)	2,890
Other income	5	402	2,766
Expenses			
Other operating expenses		(5,799)	(893)
Administration expenses		(4,032)	(7,864)
Write down of inventory		–	(281)
Depreciation and amortisation expense		(89)	(375)
Finance expense	6	(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	7	–	–
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.

Consolidated Statement of Financial Position

as at 31 December 2022

	NOTE	CONSOLIDATED 2022 $'000	CONSOLIDATED 2021 $'000
Assets			
Current assets			
Cash and cash equivalents	8	1,535	13,334
Trade and other receivables	9	7,854	1,444
Prepayments		844	445
Inventories	10	26,876	3,233
Other assets		105	48
Total current assets		37,214	18,504
Non-current assets			
Other financial assets	11	37,807	37,892
Property, plant and equipment	12	52,555	6,558
Right-of-Use Assets	13	6,121	6,522
Exploration and mining assets	14	603	516
Total non-current assets		97,086	51,488
Total assets		**134,300**	**69,992**
Liabilities			
Current liabilities			
Trade and other payables	16	44,415	9,138
Borrowings	17	59,122	6,394
Provisions	18	554	314
Lease Liabilities	19	1,557	1,166
Forward foreign exchange contracts	20	96	32
Other		–	4,000
Total current liabilities		105,744	21,044
Non-current liabilities			
Borrowings	21	–	21,061
Provisions	22	42,386	35,146
Lease Liabilities	23	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	24	71,546	47,926
Reserves	25	1,298	1,178
Accumulated losses	26	(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.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

CONSOLIDATED	ISSUED CAPITAL $'000	RESERVES $'000	ACCUMU-LATED 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 40)	–	1,178	–	1,178
Balance at 31 December 2021	**47,926**	**1,178**	**(61,719)**	**(12,615)**

CONSOLIDATED	ISSUED CAPITAL $'000	RESERVES $'000	ACCUMU-LATED 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 40)	2,169	120	–	2,289
Share-based payments – Thiess Restructure fee, net of transaction costs	4,650	–	–	4,650
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.

Consolidated 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)	(2,141)
Interest and other finance costs paid		(1,112)	–
Interest received		82	215
Other revenue		2,704	2,572
Net cash (used in)/from operating activities	36	(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	8	**1,535**	**13,334**

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

Notes to the financial statements

31 December 2022

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

Basis of preparation

These general purpose 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 and had net cash outflows from operating activities of $1,801,000 for the year ended 31 December 2022. As at that date the consolidated entity had net current liabilities of $68,530,000 and net liabilities of $18,675,000. 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 raise funding through new debt arrangements in order to continue operations.

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 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 Group has achieved commercial production of Copper Cathode from the Anthill mine which are forecast to generate positive operating cash flows;
- The Group is in advanced discussions at term sheet stage with a multinational organisation with the purpose of refinancing the existing debt into a single facility to extend the terms and duration of the current debt; and
- The Group has ability to enter into negotiations with its existing debt providers to extend terms and raise additional capital, if required.

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.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Austral Resources Australia Ltd ('company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the year then ended. Austral Resources Australia Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Notes to the financial statements continued

Note 1. Significant accounting policies *continued*

Foreign currency translation

The financial statements are presented in Australian dollars, which is Austral Resources Australia Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Sale of goods

Revenue from the sale of goods is recognised when the performance obligations are satisfied, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In most instances, sales revenue is recognised when the product is delivered to the destination specified by the customer, which is typically the vessel on which it is shipped, the destination port or the customer's premises.

The majority of the copper cathode is sold under-pricing arrangements whereby the final prices are determined using quoted market prices in the month of contracted shipment. Or in some circumstances, revenue is recorded at the time of sale based on forward prices for the expected date of the final settlement. Subsequent variations in the price are recognised in the profit or loss as settlement adjustments each period end and in the period when the price is finalised.

Interest

Interest revenue is recognised as interest accrues.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Austral Resources Australia Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Notes to the financial statements continued

Note 1. Significant accounting policies *continued*

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Inventories

Copper in process inventory consists of copper contained in mineral ores, the ore on leach pads and in-circuit material within the processing operations. Copper inventories are valued at the lower of weighted average production cost or net realisable value. Cost comprises of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimated selling price per tonne of copper is determined by the average of predicted future copper prices.

Consumables used in operations, such as fuel, chemicals and reagents, as well as spare parts are valued at the lower of weighted average cost or net realisable value.

Stripping (waste removal) costs

After the commencement of production, further development of the mine may require a phase of unusually high stripping. Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below.

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if the following criteria are met:

- future economic benefits (being improved access to the ore body) are probable;
- the component of the ore body for which access will be improved can be accurately identified; and
- the costs associated with the improved access can be reliably measured.

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Property, plant and equipment' in the statement of financial position. This forms part of the total investment in the relevant cash generating units, which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Notes to the financial statements continued

Note 1. Significant accounting policies *continued*

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Mobile Equipment	5-10 years
Furniture, fixtures and fittings	1-10 years
Office Equipment	1-10 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Mining assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Notes to the financial statements continued

Note 1. Significant accounting policies *continued*

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Restoration and Rehabilitation

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that resources will be expended to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision is made for the estimated cost of rehabilitation relating to areas disturbed during the mine's operation up to reporting date but not yet rehabilitated. Provision has been made in full for all disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cashflows. The estimated costs of rehabilitation include the current cost of re-contouring, topsoiling and revegetation based on legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

The amount of the provision relating to rehabilitation of mine infrastructure and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time. The provision is recognised as a liability with a corresponding asset included in mining property and development assets.

At each reporting date, the rehabilitation liability is re-measured in line with changes in discount rates, and timing or amount of the costs to be incurred. Changes in the liability relating to rehabilitation of mine infrastructure and dismantling obligations are added to or deducted from the related asset, other than the unwinding of the discount which is recognised as a finance expense in the consolidated statement of comprehensive income as it occurs.

For closed mines, changes to estimated costs are recognised immediately in the consolidated statement of comprehensive income.

The amount of the provision relating to rehabilitation of environmental disturbance caused by on-going production and extraction activities is recognised in the consolidated statement of comprehensive income as incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Notes to the financial statements continued

Note 1. Significant accounting policies *continued*

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Austral Resources Australia Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Notes to the financial statements continued

Note 1. Significant accounting policies *continued*

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 41 for further information.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Determination of variable consideration

Judgement is exercised in estimating variable consideration which is determined using quoted market prices in the month of contracted shipment. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Inventory net realisable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimated selling price per tonne of copper is determined by the average of predicted future copper prices.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Notes to the financial statements continued

Note 2. Critical accounting judgements, estimates and assumptions *continued*

Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Unit-of-production method of depreciation/amortisation

The consolidated entity uses the unit-of-production basis when depreciating/amortising life of mine specific assets which results in a depreciation/amortisation charge proportionate to the depletion of the anticipated remaining life of mine production. Each asset's economic life, which is assessed annually, has due regard for both its physical life limitations and to present assessments of economically recoverable mine plan of the mine property at which it is located. These calculations require the use of estimates and assumptions.

Stripping asset

The consolidated entity capitalises stripping costs incurred during the production phase of mining. As a result, the consolidated entity distinguishes between the production stripping that relates to the extraction of inventory and that which relates to the stripping asset.

The consolidated entity has identified its production stripping for each surface mining operation it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Judgement is required to identify and define these components, and also to determine the expected volumes of waste to be stripped and ore to be mined in each of these identified components.

These assessments are undertaken for each individual identified component based on life of mine strip ratio. Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset for each identified component.

Note 3. 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 year ended 31 December 2022, the majority of the approximately $54,828,000 (2021: $37,260,000) of the consolidated entity's external revenue was derived from sales to a major Australian copper exporter.

Geographical information

	SALES TO EXTERNAL CUSTOMERS		GEOGRAPHICAL NON-CURRENT ASSETS	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Australia	54,828	37,260	59,279	13,596
	54,828	**37,260**	**59,279**	**13,596**

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.

Notes to the financial statements continued

Note 4. Revenue

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

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 5. 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	245	43
Other income	**402**	**2,766**

Note 6. 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 7. Income tax expense

	CONSOLIDATED	
	2022 $'000	2021 $'000
Income tax expense		
Current tax		
Current tax on profits for the year	–	–
Adjustment recognised for prior periods	–	–
Total income tax expense	**–**	**–**
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 15)	6,783	83,584
Increase in deferred tax liabilities	(6,783)	(83,584)
Deferred tax – origination and reversal of temporary differences	–	–
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(29,800)	(11,728)
Tax at the statutory tax rate of 30%	(8,940)	(3,518)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible interest	–	804
Debt forgiveness income not assessable/applied against unrecognised temporary differences	–	736
Non-deductible share-based payments	2,111	353
Recognition of prior period deferred tax (assets)/liabilities	46	134
Deferred tax assets not brought to account	6,783	1,491
Adjustment recognised for prior periods	–	–
Income tax expense	**–**	**–**

Note 8. Current assets – cash and cash equivalents

	CONSOLIDATED	
	2022 $'000	2021 $'000
Cash on hand	1	1
Cash at bank	1,534	13,333
Balance as per statement of cash flows	**1,535**	**13,334**

Notes to the financial statements continued

Note 9. 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 10. 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 11. Non-current assets – Other financial assets

	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 12. Non-current assets – property, plant and equipment

	CONSOLIDATED	
	2022 $'000	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	(225,753)	(223,949)
	9,666	3,014
Stripping activity asset – at cost	40,352	–
Less: Accumulated amortisation	(8,111)	–
	32,241	–
	52,555	**6,558**

Notes to the financial statements continued

Note 12. Non-current assets – property, plant and equipment *continued*

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 EQUIP-MENT, FURNITURE AND FITTINGS $'000	PLANT AND EQUIPMENT $'000	MINE DEVELOP-MENT $'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)	(1,804)	(8,111)	(10,003)
Balance at 31 December 2022	**9,921**	**3**	**275**	**449**	**9,666**	**32,241**	**52,555**

Note 13. Non-current assets – right-of-use assets

	CONSOLIDATED	
	2022 $'000	2021 $'000
Land and buildings – right-of-use	97	97
Less: Accumulated depreciation	(61)	(12)
	36	85
Plant and equipment – right-of-use	7,944	6,791
Less: Accumulated depreciation	(1,859)	(354)
	6,085	6,437
	6,121	**6,522**

Additions to the right-of-use assets during the year were $1,153,000 (2021: $6,888,000).

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 an 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 14. Non-current assets – exploration and evaluation

	CONSOLIDATED 2022 $'000	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 15. Non-current assets – deferred tax

	CONSOLIDATED 2022 $'000	2021 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Provision for Mine Rehabilitation Asset	12,716	10,543
Other Current Assets	(9,180)	(9,270)
Rehabilitation Asset	(2,151)	(690)
Mining Leases	(7,078)	–
Property, Plant and Equipment	(208)	(7)
Employee Provisions	252	147
Inventory	(825)	(438)
Other	(7)	(341)
Losses	14,755	1,547
	8,274	1,491
Total deferred tax asset not brought to account	(8,274)	(1,491)
Deferred tax asset	**–**	**–**

Notes to the financial statements continued

Note 16. Current liabilities – trade and other payables

	CONSOLIDATED	
	2022 $'000	**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 17. Current liabilities – borrowings

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

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. On 22 December 2022, the maturity date was changed 23 November 2023.

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 18. Current liabilities – provisions

	CONSOLIDATED	
	2022 $'000	2021 $'000
Employee benefits	554	314

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 19. Current liabilities – lease liabilities

	CONSOLIDATED	
	2022 $'000	2021 $'000
Lease liability	1,557	1,166

Refer to note 27 for further information on financial instruments.

Note 20. Current liabilities – forward foreign exchange contracts

	CONSOLIDATED	
	2022 $'000	2021 $'000
Forward foreign exchange contracts – cash flow hedges	96	32

Refer to note 27 for further information on financial instruments.

Note 21. Non-current liabilities – borrowings

	CONSOLIDATED	
	2022 $'000	2021 $'000
Wingate facility	–	21,061
	–	**21,061**

Refer to note 17 for further information on borrowings.

Refer to note 27 for further information on financial instruments.

Notes to the financial statements continued

Note 22. Non-current liabilities – provisions

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

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 23. Non-current liabilities – lease liabilities

	CONSOLIDATED	
	2022 $'000	2021 $'000
Lease liability	**4,845**	**5,356**

Refer to note 27 for further information on financial instruments.

Note 24. 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 2021	100		1
Issue of shares to founder	4 August 2021	324,999,900	0.05	16,250
Issue of shares for seed funds	5 August 2021	10,000,000	0.05	500
Buy-back of shares from Yellow Gear(i)	27 September 2021	(62,500,000)	0.00	–
Issue of shares on IPO	27 October 2021	150,000,000	0.20	30,000
Issue of shares to HFO – conversion of debt	27 October 2021	15,000,000	0.20	3,000
Issue of shares for IPO facilitation	27 October 2021	7,875,000		1
Share issue transaction costs		–		(1,826)
Balance	31 December 2021	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(ii)	23 December 2022	25,000,000	0.20	5,000
Cost of share issue		–		(549)
Balance	31 December 2022	**527,165,826**		**71,546**

(i) Following conversion of the Company to a public company, the Company and Yellow Gear subsequently entered into a share buy-back agreement pursuant to which the Company agreed to buy-back 62,500,000 Shares for $1.

(ii) Shares issued as a part of restructuring the deferred payment and accounts payable balance owed to Thiess, the global mining services provided working at the Company's Anthill Mine.

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.

Share buy-back

There is no current on-market share buy-back.

Notes to the financial statements continued

Note 24. 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.

The capital risk management policy remains unchanged from the 31 December 2021 Annual Report.

Note 25. 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 (note 40)	2,289
Performance rights exercised during the year	(2,169)
Balance at 31 December 2022	**1,298**

Note 26. Equity – accumulated losses

	CONSOLIDATED	
	2022 $'000	2021 $'000
Accumulated losses at the beginning of the financial year	(61,719)	(285,653)
Loss after income tax expense for the year	(29,800)	(11,728)
Equity recognised on forgiveness of parent entity loan	–	235,662
Accumulated losses at the end of the financial year	**(91,519)**	**(61,719)**

Note 27. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity held assets of $7,230,000 denominated in foreign currencies at 31 December 2022 (2021: $2,110,000). Based on this exposure, the following tables detail the effect on the consolidated entity's profit before tax and equity had the Australian dollar weakened or strengthened by 5% (2021: weakened or strengthened by 5%) against these foreign currencies with all other variables held constant.

Notes to the financial statements continued

Note 27. Financial instruments *continued*

CONSOLIDATED 2022	% CHANGE	AUD STRENGTHENED EFFECT ON PROFIT BEFORE TAX $'000	AUD STRENGTHENED EFFECT ON EQUITY $'000	AUD WEAKENED EFFECT ON PROFIT BEFORE TAX $'000	AUD WEAKENED EFFECT ON EQUITY $'000
USD Cash Deposits	5%	(24)	24	24	(24)
Trade Receivables	5%	(338)	338	338	(338)
		(362)	**362**	**362**	**(362)**

CONSOLIDATED 2021	% CHANGE	AUD STRENGTHENED EFFECT ON PROFIT BEFORE TAX $'000	AUD STRENGTHENED EFFECT ON EQUITY $'000	AUD WEAKENED EFFECT ON PROFIT BEFORE TAX $'000	AUD WEAKENED EFFECT ON EQUITY $'000
USD Cash Deposits	5%	(57)	57	57	(57)
Trade Receivables	5%	(48)	48	48	(48)
		(106)	**106**	**106**	**(106)**

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk.

The consolidated entity's borrowings outstanding, totalling $59,122,000 (2021: $27,455,000), are principal and interest payment loans. Monthly cash outlays of approximately $502,000 (2021: $348,000) per month are required to service the interest payments. An official increase/decrease in interest rates of 400 (2021: nil, all borrowings in 2021 we fixed interest rate loans) basis points would have an adverse effect on profit before tax of $1,297,000 (2021: nil) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, all principal repayments of $59,122,000 (2021: $6,750,000) are due during the year ending 31 December 2023 (2021: 31 December 2022).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The Group is exposed to credit risk from its operating activities (trade receivables) and from its financing activities, including deposits with banks and financial institutions and foreign exchange transactions.

Trade receivables

It is the consolidated entities policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. Outstanding customer receivables and contract assets are regularly monitored. At 31 December 2022, the consolidated entity had one customer (2021: one) that owed it more than $6 million which accounted for 100% (2019: 100%) of the trade receivables balance.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity trades only with recognised, creditworthy third parties, and as such collateral is not requested.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

	TRADE RECEIVABLES – DAYS PAST DUE				
31 DECEMBER 2022	**CURRENT $'000**	**<30 DAYS $'000**	**30-60 DAYS $'000**	**>61 DAYS $'000**	**TOTAL $'000**
Expected credit loss rate	0.00%	0.1%	5%	10%	
Estimated total gross carrying amount	6,749	–	–	–	6,749
Expected Credit loss	–	–	–	–	–

	TRADE RECEIVABLES – DAYS PAST DUE				
31 DECEMBER 2021	**CURRENT $'000**	**<30 DAYS $'000**	**30-60 DAYS $'000**	**>61 DAYS $'000**	**TOTAL $'000**
Expected credit loss rate	0.00%	0.1%	5%	10%	
Estimated total gross carrying amount	964	–	–	–	964
Expected Credit loss	–	–	–	–	–

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Notes to the financial statements continued

Note 27. Financial instruments *continued*

CONSOLIDATED – 2022	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	REMAINING CONTRAC-TUAL MATURITIES $'000
Non-derivatives					
Non-interest bearing					
Trade payables	–	44,511	–	–	44,511
Interest-bearing					
Wingate Facility	15.03%	24,266	–	–	24,266
Glencore Prepayment Facility	10.30%	23,815	–	–	23,815
Secover Facility	15.00%	11,041	–	–	11,041
Lease liability	7.80%	1,557	3,453	1,392	6,402
Total non-derivatives		**105,190**	**3,453**	**1,392**	**110,035**

CONSOLIDATED – 2021	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	REMAINING CONTRAC-TUAL MATURITIES $'000
Non-derivatives					
Non-interest bearing					
Trade payables	–	9,170	–	–	9,170
Other payables	–	4,000	–	–	4,000
Interest-bearing – fixed rate					
Wingate Facility	15.00%	6,394	13,283	7,778	27,455
Lease liability	8.00%	1,166	1,248	4,108	6,522
Total non-derivatives		**20,730**	**14,531**	**11,886**	**47,147**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 28. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	CONSOLIDATED	
	2022 $	2021 $
Short-term employee benefits	1,517,099	1,101,921
Post-employment benefits	91,070	66,893
Long-term benefits	–	–
Share-based payments	2,289,114	1,177,567
	3,897,283	**2,346,381**

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company, its network firms and unrelated firms:

	CONSOLIDATED	
	2022 $	2021 $
Audit services – RSM Australia Partners		
Audit or review of the financial statements	125,000	95,000
Other services – RSM Australia Partners		
Financial due diligence and independence limited assurance report for IPO	–	93,000
Audit or review of the financial statements	**125,000**	**188,000**

Note 30. Contingent liabilities

The consolidated entity has given performance guarantees as at 31 December 2022 of 37,699,487 (2021: 36,853,415) to the Queensland Government's Department of Environment and Science to satisfy the financial requirement for the Lady Annie Mine's Environmental Authority EPML00753513.

Notes to the financial statements continued

Note 31. Commitments

	CONSOLIDATED	
	2022 $'000	**2021 $'000**
Exploration and evaluation commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	296	711
One to five years	60	356
More than five years	–	–
Native title commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	–	50
One to five years	–	–
More than five years	–	–
	356	1,117

Note 32. Related party transactions

Parent entity

Austral Resources Australia Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 34.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	CONSOLIDATED	
	2022 $	**2021 $**
Payment for goods and services:		
Payment for services from Austral Equipment Solutions Pty Ltd	1,997	2,657
Payment for services from Austral Equipment Holdings Pty Ltd	111	511
Payment for services from Equipment Engineering Solutions Pty Ltd	55	92
Payment for goods from Willows Health	–	22
Payment for services from Rural Earthworx	1,178	–
Net repayments/(drawdowns) on Loan from Yellow Gear Pty Ltd	–	5,000

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	CONSOLIDATED	
	2022 $	2021 $
Current payables:		
Trade payables to Austral Equipment Solutions Pty Ltd	431	396
Trade payables to Austral Equipment Holdings Pty Ltd	–	43
Trade payables to Equipment Engineering Solutions Pty Ltd	111	–
Trade payables to Rural Earthworx	175	–

Austral Equipment Solutions Pty Ltd

Payments to Austral Equipment Solutions Pty Ltd relate to the hire of equipment during the year. Austral Equipment Solutions Pty Ltd is owned by Dan Jauncey, the Managing Director and Chief Executive Officer of Austral Resources Australia Pty Ltd. The amount payable at 31 December 2022 is $431,324 (2021: $396,145).

Austral Equipment Holding Pty Ltd

Payments to Austral Equipment Holding Pty Ltd relate to the hire of equipment during the year. Austral Equipment Solutions Pty Ltd is owned by Dan Jauncey, the Managing Director and Chief Executive Officer of Austral Resources Australia Pty Ltd. The amount payable at 31 December 2022 is nil (2021: $43,186).

Equipment Engineering Solutions Pty Ltd

Payments to Equipment Engineering Solutions Pty Ltd relate to engineering services during the year. Equipment Engineering Solutions Pty Ltd is owned by Dan Jauncey, the Managing Director and Chief Executive Officer of Austral Resources Australia Pty Ltd. The amount payable at 31 December 2022 is $110,880 (2021: nil).

Trustee for O'Connell family trust T/A Rural Earthworx

Payments to Rural Earthworx relate to the hire and operation of heavy equipment during the year. Rural Earthworx is owned by Shane O'Connell, the Chief Operating Officer of Austral Resources Australia Pty Ltd. The amount payable at 31 December 2022 is $174,874 (2021: nil).

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Notes to the financial statements continued

Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	PARENT	
	2022 $'000	2021 $'000
Loss after income tax	(8,126)	(6,167)
Total comprehensive income	**(8,126)**	**(6,167)**

Statement of financial position

	PARENT	
	2022 $'000	2021 $'000
Total current assets	10	879
Total assets	10	879
Total current liabilities	(18,685)	(13,494)
Total liabilities	(18,685)	(13,494)
Equity		
Issued capital	71,546	47,926
Share-based payments Reserve	1,298	1,178
Equity recognised on forgiveness of parent entity loan	–	235,662
Accumulated losses	(91,519)	(297,381)
Total equity	**(18,675)**	**(12,615)**

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2022 and 31 December 2021.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2022 and 31 December 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

		OWNERSHIP INTEREST	
NAME	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	2022 %	2021 %
Austral Resources Operations Pty Ltd	Australia	100%	100%
Austral Resources Exploration Pty Ltd	Australia	100%	100%

Note 35. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 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 36. Reconciliation of profit after income tax to net cash from operating activities

	CONSOLIDATED	
	2022 $'000	2021 $'000
Loss after income tax expense for the year	(29,800)	(11,728)
Adjustments for:		
Depreciation and amortisation	11,451	375
Accrued interest	3,530	4,327
Share-based payments	7,289	1,178
Unwinding of discount on rehabilitation liability	566	325
Impairment losses	–	281
Foreign exchange differences	1,040	100
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(6,240)	880
(Increase)/decrease in inventories	(23,547)	6,813
(Increase)/decrease in Secured Deposits	85	(6,117)
(Increase)/decrease in prepayments	(399)	(390)
Increase in other operating assets	(412)	(466)
Increase/(decrease) in other provisions	240	2,451
Increase/(decrease) in trade and other payables	35,277	(1,383)
Increase/(decrease) in other operating liabilities	(881)	4,000
Net cash (used in)/from operating activities	**(1,801)**	**646**

Note 37. Non-cash investing and financing activities

	CONSOLIDATED	
	2022 $'000	2021 $'000
Additions to the right-of-use assets	1,153	6,888
	1,153	6,888

Notes to the financial statements continued

Note 38. Changes in liabilities arising from financing activities

CONSOLIDATED	BORROW-INGS $'000	LOAN FROM PARENT $'000	LEASE LIABILITY $'000	TOTAL $'000
Balance at 1 January 2021	–	234,995	–	234,995
Net cash used in financing activities	18,222	(21,831)	(538)	(4,147)
Acquisition of leases	–	–	6,888	6,888
Other changes	9,233	(213,164)	172	(203,759)
Balance at 31 December 2021	27,455	–	6,522	33,977
Net cash from/(used in) financing activities	23,987	–	(1,487)	22,500
Acquisition of leases	–	–	1,153	1,153
Other changes	7,680	–	214	7,894
Balance at 31 December 2022	**59,122**	**–**	**6,402**	**65,524**

Note 39. Earnings per share

	CONSOLIDATED	
	2022 $'000	2021 $'000
Earnings per share for profit from continuing operations		
Loss after income tax	(29,800)	(11,728)
Loss after income tax attributable to the owners of Austral Resources Australia Ltd	(29,800)	(11,728)
Interest savings on convertible notes	–	–
Loss after income tax attributable to the owners of Austral Resources Australia Ltd used in calculating diluted earnings per share	(29,800)	(11,728)

	$	$
Basic earnings per share	(0.06)	(0.08)
Diluted earnings per share	(0.06)	(0.08)

	NUMBER	NUMBER
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	449,947,229	152,957,251
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	–	–
Convertible notes	–	–
Weighted average number of ordinary shares used in calculating diluted earnings per share	**449,947,229**	**152,957,251**

Note 40. 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 cancellation 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.

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 REMUNERA-TION	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**

Notes to the financial statements continued

Note 40. Share-based payments *continued*

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.

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	PERFOR-MANCE 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.

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.

Notes to the financial statements continued

Note 40. Share-based payments *continued*

NO.	KPI	OVERVIEW
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%.

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

The following table lists the inputs to the models used for the valuation of the performance rights issued during the year to Directors and KMP:

	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

Notes to the financial statements continued

Note 41. Reconciliation between preliminary financial report and Annual Report

Since the release of the Appendix 4E on 28 February 2023, the group has reclassified depreciation expenses related to the depreciation on the deferred stripping asset and the right-of-use asset to costs of goods sold to better reflect their nature. Additionally the group has reclassified some of the administration expenses to other operating expenses and some of the other operating expenses to cost of goods sold to better reflect their nature.

The reclassification has increased the Cost of goods sold by $17,859,000, which has decreased the Gross Profit by the same amount. Other operating expenses have decreased by $472,000, administration expenses have decreased by $6,025,000 and depreciation and amortisation expenses have decreased by $11,362,000. There is no impact on the Loss before income tax expense from continuing operations.

The reclassification has no impact on the Statement of financial position.

	APPENDIX 4E $'000	DIFFERENCE $'000	ANNUAL REPORT $'000
Revenue	54,828	–	54,828
Cost of goods sold	(41,599)	(17,859)	(59,458)
Gross profit/(loss)	**13,229**	**(17,859)**	**(4,630)**
Other operating expenses	(6,271)	472	(5,799)
Administration expenses	(10,057)	6,025	(4,032)
Depreciation and amortisation	(11,451)	11,362	(89)
Loss before income tax expense from continuing operations	(29,800)	–	(29,800)

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial year ended on that date;
- 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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Daniel Jauncey

Managing Director and Chief Executive Officer

31 March 2023

Brisbane

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT
To the Members of Austral Resources Australia Ltd

Opinion

We have audited the financial report of Austral Resources Australia Ltd (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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion he accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $29,800,000 during the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by $68,530,000 ability of the Group to continue as a going concern is dependent on its ability to raise funding through new debt arrangements. As stated in Note 1, these events or conditions, along

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with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Inventory – Valuation and Existence Refer to Note 10 in the financial statements	
The Group has inventory with a carrying value of $26.9 million as at 31 December 2022. The valuation and existence of inventories are considered a key audit matter as it is a significant item on the consolidated statement of financial position and the judgments made by management to determine the appropriate carrying value at the reporting date. The significant judgements include: • Valuation of inventories is based on an inventory costing model developed by management, which considers the direct costs (cash and non-cash) incurred at each stage of the production process; • Estimation of the quantity of ore stockpiles based on survey reports produced by a management expert; • Estimation of the processing costs of the ore stockpiles; and • Estimation of the copper quantity contained in the ore stockpiles.	Our audit procedures included, among others: • Arranging the physical site visit at Anthill mine and Mt Kelly processing plant and observing management performing the drone flyover count of the run-of-mines piles; • Obtaining an understanding of how run-of-mines piles was identified and measured by the Group; • Assessing the methodology and key assumptions in the Group's inventory costing model and agreeing key inputs to supporting documentation. This included an assessment of the work performed by management's expert in respect of the ore stockpiles quantity, including the competency and objectivity of the expert; • Obtaining management reports on existence of run-of-mines piles and third-party reports on existence of copper in process; • Critically assessing and evaluating management's assessment of net realisable value; • Performing analytical review on cost per tonne and obtaining an explanation from management for any significant variance; and • Assessing the appropriateness of disclosure in the financial statements.
Provision for rehabilitation Refer to Note 22 in the financial statements	
As a result of the Group's past activities, there is an obligation to rehabilitate and restore mine sites. As at 31 December 2022, the Group has brought to account a provision for rehabilitation of $42.4 million.	Our audit procedures included, among others: • Obtaining an understanding of the process involved in the determination of the provision; • Checking the mathematical accuracy of the model used to calculate the provision;

Independent Auditor's Report continued

Key Audit Matter	How our audit addressed this matter
We considered this to be a key audit matter due to the significant management judgement and estimates involved in assessing the provision for rehabilitation including: • Determination of costs to be incurred in future years and its timing; • Complexity involved in the quantification of the provision based on areas disturbed; and • The methodology used to calculate the provision amount to ensure compliance with Australian Accounting Standards.	• Assessing the reasonableness of the inflation rate, discount rate and timing of the rehabilitation cashflows assumptions used in the model; • Checking mining activity and evaluating estimated costs by agreeing inputs used in the provision model to advice from management's expert; • Ensuring the movement in the provision has been accounted for in accordance with Australian Accounting Standards; and • Assessing the appropriateness of the disclosures in the financial report.
Stripping Activity Asset Refer to Note 12 in the financial statements	
At 31 December 2022 the Group held stripping activity asset of $32.2 million. It represents 24% of the total assets of the Group at that date. We consider this to be a key audit matter due to its significance to the consolidated statement of financial position and the significant judgement and estimates involved in determining the appropriate accounting treatment in accordance with IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. Areas of judgement include: • The recognition and measurement of stripping activity asset, which involves identifying the components within the ore body being stripped, determining the costs relating to the stripping activity and estimating the stripping ratio in accordance with the Life of Mine Plan for each component; and • Application of the units of production method in determining the amortisation charge, which includes determining the appropriate mine reserve estimate.	Our audit procedures included, among others: • Assessing whether the recognition of stripping activity asset was consistent with the requirements of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, including the determination of the date of commercial production, the identification of the relevant ore body and whether the costs incurred enhanced access to the ore body; • Testing management's calculation of stripping activity asset, including: - Agreeing relevant mining costs to general ledger; - Checking reasonableness of cost allocation among components; - Checking mathematical correctness of calculation of stripping activity asset based on expected vs actual waste to ore ratio of each component; and - Agreeing expected waste to ore ratio to Life of Mine Plan of each component. • Obtaining third party report supporting volume of ore and waste produced at each component of Anthill mine; • Assessing management's deprecation model and agreeing key inputs to supporting information, including Life of Mine Plan and the mine reserve estimate; • Testing the mathematical accuracy of the amortisation rates applied; and • Assessing the appropriateness of disclosure in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

Independent Auditor's Report continued

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 31 to page 44 of the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Austral Resources Australia Ltd., for the year ended 31 December 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

David Talbot
Partner

RSM Australia Partners

Sydney, NSW
31 March 2023

Mineral Resource and Ore Reserve Statement

Mineral Resource Estimate

Mineral Resource Estimate at 31 December 2021 – Copper Mineral Resource, Queensland.

CLASSIFICATION	TONNES (MILLION)	Cu%	Ca%	Mg%
Measured	10.35	0.72	3.6	2.2
Indicated	35.71	0.72	4.9	2.9
Inferred	14.43	0.64	4.4	2.6
Total	**60.48**	**0.70**	**4.6**	**2.7**

Global JORC 2012 Copper Mineral Resources (0.3% Cu cut off grade)

Mineral Resource Estimate at 31 December 2022 – Copper Mineral Resource, Queensland.

CLASSIFICATION	TONNES (MILLION)	Cu%	Ca%	Mg%
Measured	10.33	0.75	3.8	2.3
Indicated	33.75	0.76	5.0	3.0
Inferred	11.33	0.67	5.7	3.4
Total	**55.41**	**0.74**	**4.9**	**2.9**

Global JORC 2012 Copper Mineral Resources (0.3% Cu cut off grade)

Relative to the 2021 Global Mineral Resource Estimate (MRE) of 423,360t of contained copper, the 2022 Global Mineral Resource Estimate reports 410,000t of contained copper. This relative difference of 13,326t of contained copper results from the following changes to the Mineral Resource Base.

Anthill

- Open pit mining of Anthill commenced on 7 January 2022 and is ongoing. No additional drilling was available for the Anthill deposit and therefore the MRE did not require updating, prior to depletion.
- The current Mineral Resource update used the same Anthill mine depletion surfaces as applied for the Ore Reserve update, depleting the previous resource model to build the current Mineral Resource statement tables presented in this report.

Lady Colleen

- Additional drilling was completed at Lady Colleen and the Lady Colleen resource model was updated by ResEval on 28 October 2022[1]. As such, this MRE updates excludes a site visit, based on the assumption that all changes to Lady Colleen, were considered in the ResEval MRE updates, and site visits were conducted by the Competent Person(s).

1. ASX Release 28 October 2022.

Mineral Resource and Ore Reserve Statement continued

Enterprise

- Utilising historically completed & reported drilling, a maiden MRE was completed for Enterprise by ResEval on 9 August 2022[2]. As such, this MRE Updates excludes a site visit, based on the assumption that all changes to Enterprise, were considered in the ResEval MRE updates, and site visits were conducted by the Competent Person(s).

Ore Reserves

Ore Reserves at 31 December 2021 – Copper Ore Reserve, Queensland.

CLASSIFICATION	TONNES (MILLION)	Cu%	Ca%
Proved	1.86	0.93	0.51
Probable	3.20	0.95	0.64
Total	**5.06**	**0.94**	**0.59**

Global JORC 2012 Copper Ore Reserves (0.3% CuEq cut off grade. CuEq = Cu% - 0.04%Ca).

Ore Reserves at 31 December 2022 – Copper Ore Reserve, Queensland.

CLASSIFICATION	TONNES (MILLION)	Cu%	Ca%
Proved	1.78	0.81	0.53
Probable	2.63	0.88	0.81
Total	**4.41**	**0.85**	**0.70**

Global JORC 2012 Copper Ore Reserves (0.3% CuEq cut off grade. CuEq = Cu% - 0.04%Ca).

Relative to the 2021 Global Ore Reserve Estimate of 47,564t of contained copper, the 2022 Global Ore Reserve Estimate reports 37,485t of contained copper. This relative difference of 10,079t of contained copper results from the following changes to the Ore Reserve Base.

Anthill

- Open pit mining of Anthill commenced on 7 January 2022 and is ongoing. No additional drilling was undertaken for the Anthill deposit and therefore the MRE did not require updating, prior to depletion.
- The above reserve has been generated by considering only resources between the pit base as-mined as at 31 December 2022 and the current final pit design at that time. The same depletion surfaces representing the as-mined 31 December 2022 position were applied for updating the Anthill Mineral Resource.
- The cut-off method used allows for calcium penalties and is unchanged from the Ore Reserve report by CSA Global dated April 2021. The resource block model and modifying factors used are unchanged from the Ore Reserve report by CSA Global dated April 2021.
- From the first year of operation there was insufficient variance noted from the original assumptions to warrant variation of any key inputs.
- Given the "start-up" conditions of mining and processing operations during 2022, including ramp-up of open-pit mining, copper leaching and SX-EW cathode plant, no meaningful reconciliation can be effectively generated pending the establishment of steady-state operations.
- Updates to the final pit design were undertaken late in 2021, changing the ramp locations, width and gradient to suit the selected haul trucks and also best achieve the resources highlighted within the targeted whittle shells.

2. ASX Release 09 August 2022.

The Company confirms that it is not aware of any new information or data that materially affects the estimates of Mineral Resources and Ore Reserves as cross referenced in this release and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not changed.

The information in this announcement that relates to Mineral Assets, Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves is based on and fairly reflects information compiled and conclusions derived by Mr Ben Coutts and Mr Tim Fisher, Competent Persons who are Members of the Australasian Institute of Mining and Metallurgy.

Mr Coutts is the Austral Exploration Manager, a geologist and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results and Ore Reserves (2012 JORC Code) for Mineral Assets, Exploration Targets, Exploration Results and Mineral Resources.

Mr Fisher is a consultant mining engineer and was the Austral Mining Manager until December 2022. Mr Fisher has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results and Ore Reserves (2012 JORC Code) for Ore Reserves.

Mr Coutts and Mr Fisher consent to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

Additional details including JORC 2012 reporting tables, where applicable can be found in cross referenced announcements lodged with the ASX. The Company is not aware of any new data or information that materially affects the information included in the announcements listed in this Annual Report and that all material assumptions and technical parameters underpinning the Mineral Resource estimate and Ore Reserve continue to apply and have not materially changed.

The Mineral Resource Estimate and Ore Reserve are reported as at 31 December 2022 and represent the second year that Austral has reported a Mineral Resource and Ore Reserve since listing and as disclosed in the Company's IPO Prospectus lodged as an ASX announcement on 1 November 2021.

The Company confirms that it is not aware of any new information or data that materially affects the results cross referenced in this report.

Austral relies on drilling results from accredited laboratories in providing assay results used to estimate Mineral Resources and Ore Reserves.

The Company ensures that all Mineral Resource estimates are subject to appropriate levels of governance and internal controls. Exploration data results are collected and managed by an independent competent qualified geologist. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management. Mineral Resource estimates and Ore Reserves are prepared by qualified independent Competent Persons. If there is a material change in the estimate of a Mineral Resource or Ore Reserve, the estimate and supporting documentation in question is reviewed by a suitable qualified independent Competent Persons. The Company reports its Mineral Resources and Ore Reserves on an annual basis in accordance with JORC Code 2012.

Mineral Resource and Ore Reserve Statement continued

Austral Resources Mineral Resources by deposit at 31 December 2022 – Copper Mineral Resource, Queensland.

		MEASURED				INDICATED				INFERRED				TOTAL			
DEPOSIT	MATERIAL TYPE	Mt	Cu%	Ca%[1]	Mg%[1]	Mt	Cu%	Ca%[1]	Mg%[1]	Mt	Cu%	Ca%[1]	Mg%[1]	Mt	Cu%	Ca%[1]	Mg%[1]
Anthill	Oxide	2.26	0.72	0.3	0.2	5.23	0.65	0.4	0.3	0.14	0.37	0.3	0.3	7.63	0.67	0.3	0.3
	Transition	0.29	0.9	5.8	3.3	1.82	0.76	5.6	3.2	0.26	0.47	5.5	3.3	2.37	0.74	5.6	3.2
	Sulphide	0.02	0.7	5.9	3.4	0.84	0.61	5.5	3.1	1.67	0.54	6.5	3.9	2.53	0.57	6.2	3.7
	Total	**2.57**	**0.74**	**1**	**0.6**	**7.89**	**0.67**	**2.1**	**1.3**	**2.07**	**0.52**	**6**	**3.6**	**12.53**	**0.66**	**2.5**	**1.5**
Lady Annie	Oxide	0.51	0.56	1	0.6	1.35	0.44	0.5	0.5	0.03	0.4	0.4	0.7	1.89	0.47	0.6	0.5
	Transition	1.94	0.68	8	4.7	3.33	0.83	8.1	4.9	0.12	0.57	9.2	5.8	5.39	0.77	8.1	4.8
	Sulphide	0.55	0.91	8.3	4.9	3.84	0.89	9.7	5.9	0.49	0.58	10.4	6.5	4.88	0.86	9.6	5.9
	Total	**3**	**0.7**	**6.9**	**4**	**8.52**	**0.8**	**7.6**	**4.6**	**0.64**	**0.57**	**9.7**	**6.1**	**12.16**	**0.76**	**7.5**	**4.6**
Lady Brenda	Oxide	0.33	0.43	1.6	1	2.76	0.39	1.3	0.9	0.16	0.35	2.2	1.4	3.25	0.39	1.4	1
	Transition	0.29	0.57	10.2	5.8	2.99	0.52	8.9	5.2	0.65	0.46	7.4	4.6	3.94	0.51	8.7	5.1
	Sulphide	0.02	0.42	2.6	1.3	0.45	0.56	10.4	6.2	0.37	0.45	7.1	4.2	0.84	0.51	8.7	5.2
	Total	**0.64**	**0.49**	**5.5**	**3.2**	**6.2**	**0.47**	**5.6**	**3.4**	**1.18**	**0.44**	**6.6**	**4**	**8.03**	**0.46**	**5.7**	**3.5**
Flying Horse	Oxide	0.72	0.47	0.7	0.7	0.57	0.44	0.6	0.6	0.01	0.34	0.1	0.1	1.3	0.46	0.6	0.6
	Transition	0.76	0.59	5	2.9	1.37	0.61	4.3	2.6	0.06	0.56	2.7	1.5	2.19	0.6	4.5	2.6
	Sulphide	0.95	1.16	5.1	2.9	5.75	0.85	5.9	3.4	4.01	0.77	5.2	3.1	10.71	0.85	5.5	3.3
	Total	**2.42**	**0.78**	**3.8**	**2.2**	**7.69**	**0.78**	**5.2**	**3**	**4.08**	**0.77**	**5.1**	**3.1**	**14.2**	**0.77**	**4.9**	**2.9**
Mt Clarke	Oxide	0.15	0.46	0.4	0.6	0.35	0.43	0.2	0.5	0.02	0.48	0.3	0.8	0.52	0.44	0.3	0.5
	Transition	0.41	0.55	1.5	1	0.16	0.47	2.2	1.3	0	0.46	6.4	2.8	0.57	0.53	1.7	1.1
	Sulphide	0.36	0.61	1.2	0.8	0.69	0.57	1.9	1.2	0.5	0.55	2.4	1.4	1.55	0.57	1.9	1.2
	Total	**0.92**	**0.56**	**1.2**	**0.8**	**1.2**	**0.52**	**1.5**	**1**	**0.52**	**0.55**	**2.4**	**1.4**	**2.64**	**0.54**	**1.5**	**1**
Lady Colleen[3]	Oxide	<0.01	0.77	3.01	1.52	<0.01	0.8	2.51	1.27	–	–	–	–	0.01	0.79	2.71	1.37
	Transition	0.13	0.85	1.98	1.01	0.18	0.99	3.35	1.68	<0.01	0.61	8.53	4.67	0.32	0.93	2.85	1.44
	Sulphide	0.49	1.7	4.03	2.18	1.96	1.91	4.54	2.44	0.37	1.5	5.89	3.14	2.82	1.82	4.63	2.49
	Total	**0.63**	**1.51**	**3.59**	**1.93**	**2.14**	**1.83**	**4.44**	**2.37**	**0.37**	**1.49**	**5.92**	**3.16**	**3.15**	**1.73**	**4.44**	**2.38**

DEPOSIT	MATERIAL TYPE	MEASURED				INDICATED				INFERRED				TOTAL			
		Mt	Cu%	Ca%[1]	Mg%[1]	Mt	Cu%	Ca%[1]	Mg%[1]	Mt	Cu%	Ca%[1]	Mg%[1]	Mt	Cu%	Ca%[1]	Mg%[1]
McLeod Hill	Oxide	–	–	–	–	–	–	–	–	0.48	0.35	–	–	0.48	0.35	–	–
	Transition	–	–	–	–	–	–	–	–	0.55	0.57	–	–	0.55	0.57	–	–
	Sulphide	–	–	–	–	–	–	–	–	0.39	0.56	–	–	0.39	0.56	–	–
	Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1.42**	**0.49**	**–**	**–**	**1.42**	**0.49**	**–**	**–**
Swagman	Oxide	0.14	0.67	–	–	0.03	0.62	–	–	0.02	0.53	–	–	0.19	0.65	–	–
	Transition	–	–	–	–	0.07	0.6	–	–	0.04	0.45	–	–	0.11	0.55	–	–
	Sulphide	–	–	–	–	–	–	–	–	0.03	0.45	–	–	0.03	0.45	–	–
	Total	**0.14**	**0.67**	**–**	**–**	**0.1**	**0.61**	**–**	**–**	**0.09**	**0.47**	**–**	**–**	**0.33**	**0.6**	**–**	**–**
Enterprise	Oxide	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Transition	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Sulphide	–	–	–	–	–	–	–	–	0.95	0.97	–	–	0.95	0.97	–	–
	Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0.95**	**0.97**	**–**	**–**	**0.95**	**0.97**	**–**	**–**
Total[2]	Oxide	4.12	0.62	0.58	0.43	10.3	0.53	0.66	0.51	0.86	0.36	1.15	0.84	15.27	0.55	0.61	0.52
	Transition	3.82	0.66	6.5	3.8	9.92	0.69	7.17	4.24	1.69	0.51	6.9	4.26	15.44	0.66	6.97	4.08
	Sulphide	2.39	1.12	5.02	2.89	13.53	0.98	6.7	3.93	8.78	0.73	5.78	3.44	24.7	0.9	6.2	3.72
	Total	**10.33**	**0.75**	**3.84**	**2.27**	**33.75**	**0.76**	**4.98**	**2.97**	**11.33**	**0.67**	**5.73**	**3.44**	**55.41**	**0.74**	**4.87**	**2.93**

Notes:

1. Due to the sparseness of Ca and Mg assays the Ca and Mg estimates are indicative only.
2. Totals may contain discrepancies associated with rounding.
3. Lady Colleen reported at 0.5%Cu cut-off as Sulphide Resource)

Mineral Resource and Ore Reserve Statement continued

Austral Resources Mineral Resources by deposit at 31 December 2021 – Copper Mineral Resource, Queensland

DEPOSIT	MATERIAL TYPE	MEASURED				INDICATED				INFERRED				TOTAL			
		Mt	Cu%	Ca%[1]	Mg%[1]	Mt	Cu%	Ca%[1]	Mg%[1]	Mt	Cu%	Ca%[1]	Mg%[1]	Mt	Cu%	Ca%[1]	Mg%[1]
Anthill	Oxide	2.70	0.77	0.3	0.2	6.10	0.71	0.3	0.3	0.10	0.37	0.3	0.3	8.90	0.73	0.3	0.3
	Transition	0.30	0.90	5.8	3.3	1.80	0.76	5.6	3.2	0.30	0.47	5.5	3.3	2.40	0.74	5.6	3.2
	Sulphide	0.02	0.70	5.9	3.4	0.80	0.61	5.5	3.1	1.70	0.54	6.5	3.9	2.50	0.57	6.2	3.7
	Total[2]	**3.00**	**0.79**	**0.8**	**0.5**	**8.70**	**0.71**	**1.9**	**1.2**	**2.10**	**0.52**	**6.0**	**3.6**	**13.80**	**0.70**	**2.3**	**1.4**
Flying Horse	Oxide	0.72	0.47	0.7	0.7	0.57	0.44	0.6	0.6	0.01	0.34	0.1	0.1	1.30	0.46	0.6	0.6
	Transition	0.76	0.59	5.0	2.9	1.37	0.61	4.3	2.6	0.06	0.56	2.7	1.5	2.19	0.60	4.5	2.6
	Sulphide	0.95	1.16	5.1	2.9	5.75	0.85	5.9	3.4	4.01	0.77	5.2	3.1	10.71	0.85	5.5	3.3
	Total[2]	**2.42**	**0.78**	**3.8**	**2.2**	**7.69**	**0.78**	**5.2**	**3.0**	**4.08**	**0.77**	**5.1**	**3.1**	**14.20**	**0.77**	**4.9**	**2.9**
Lady Annie	Oxide	0.51	0.56	1.0	0.6	1.35	0.44	0.5	0.5	0.03	0.40	0.4	0.7	1.89	0.47	0.6	0.5
	Transition	1.94	0.68	8.0	4.7	3.33	0.83	8.1	4.9	0.12	0.57	9.2	5.8	5.39	0.77	8.1	4.8
	Sulphide	0.55	0.91	8.3	4.9	3.84	0.89	9.7	5.9	0.49	0.58	10.4	6.5	4.88	0.86	9.6	5.9
	Total[2]	**3.00**	**0.70**	**6.9**	**4.0**	**8.52**	**0.80**	**7.6**	**4.6**	**0.64**	**0.57**	**9.7**	**6.1**	**12.16**	**0.76**	**7.5**	**4.6**
Lady Brenda	Oxide	0.33	0.43	1.6	1.0	2.76	0.39	1.3	0.9	0.16	0.35	2.2	1.4	3.25	0.39	1.4	1.0
	Transition	0.29	0.57	10.2	5.8	2.99	0.52	8.9	5.2	0.65	0.46	7.4	4.6	3.94	0.51	8.7	5.1
	Sulphide	0.02	0.42	2.6	1.3	0.45	0.56	10.4	6.2	0.37	0.45	7.1	4.2	0.84	0.51	8.7	5.2
	Total[2]	**0.64**	**0.49**	**5.5**	**3.2**	**6.20**	**0.47**	**5.6**	**3.4**	**1.18**	**0.44**	**6.6**	**4.0**	**8.03**	**0.46**	**5.7**	**3.5**
Lady Colleen	Oxide	–	–	–	–	0.10	0.63	1.0	0.4	0.10	0.52	0.7	0.3	0.20	0.58	0.9	0.4
	Transition	0.10	0.93	5.7	3.2	1.30	0.84	4.5	2.5	0.70	0.55	2.2	1.2	2.10	0.75	3.8	2.1
	Sulphide	0.10	1.08	0.7	0.4	1.90	1.14	6.1	3.3	3.60	0.75	3.5	2.0	5.60	0.89	4.4	2.4
	Total[2]	**0.10**	**1.00**	**3.3**	**1.9**	**3.30**	**1.01**	**5.3**	**2.9**	**4.40**	**0.72**	**3.2**	**1.8**	**7.90**	**0.84**	**4.2**	**2.3**
Mt Clarke	Oxide	0.15	0.46	0.4	0.6	0.35	0.43	0.2	0.5	0.02	0.48	0.3	0.8	0.52	0.44	0.3	0.5
	Transition	0.41	0.55	1.5	1.0	0.16	0.47	2.2	1.3	0.00	0.46	6.4	2.8	0.57	0.53	1.7	1.1
	Sulphide	0.36	0.61	1.2	0.8	0.69	0.57	1.9	1.2	0.50	0.55	2.4	1.4	1.55	0.57	1.9	1.2
	Total[2]	**0.92**	**0.56**	**1.2**	**0.8**	**1.20**	**0.52**	**1.5**	**1.0**	**0.52**	**0.55**	**2.4**	**1.4**	**2.64**	**0.54**	**1.5**	**1.0**

DEPOSIT	MATERIAL TYPE	MEASURED				INDICATED				INFERRED				TOTAL			
		Mt	Cu%	Ca%[1]	Mg%[1]	Mt	Cu%	Ca%[1]	Mg%[1]	Mt	Cu%	Ca%[1]	Mg%[1]	Mt	Cu%	Ca%[1]	Mg%[1]
McLeod Hill	Oxide	–	–	–	–	–	–	–	–	0.48	0.35	–	–	0.48	0.35	–	–
	Transition	–	–	–	–	–	–	–	–	0.55	0.57	–	–	0.55	0.57	–	–
	Sulphide	–	–	–	–	–	–	–	–	0.39	0.56	–	–	0.39	0.56	–	–
	Total[2]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1.42**	**0.49**	**–**	**–**	**1.42**	**0.49**	**–**	**–**
Swagman	Oxide	0.14	0.67	–	–	0.03	0.62	–	–	0.02	0.53	–	–	0.19	0.65	–	–
	Transition	–	–	–	–	0.07	0.60	–	–	0.04	0.45	–	–	0.11	0.55	–	–
	Sulphide	–	–	–	–	–	–	–	–	0.03	0.45	–	–	0.03	0.45	–	–
	Total[2]	**0.14**	**0.67**	**–**	**–**	**0.10**	**0.61**	**–**	**–**	**0.09**	**0.47**	**–**	**–**	**0.33**	**0.60**	**–**	**–**
Total	Oxide	4.55	0.66	0.5	0.4	11.26	0.58	0.6	0.5	0.92	0.38	0.5	0.4	16.73	0.59	0.6	0.5
	Transition	3.80	0.66	6.6	3.9	11.02	0.70	6.9	4.1	2.42	0.52	3.8	2.3	17.25	0.67	6.4	3.7
	Sulphide	2.00	0.98	5.0	2.9	13.43	0.86	6.9	4.1	11.09	0.69	4.8	2.9	26.50	0.80	5.9	3.5
	Total[2]	**10.35**	**0.72**	**3.6**	**2.2**	**35.71**	**0.72**	**4.9**	**2.9**	**14.43**	**0.64**	**4.4**	**2.6**	**60.48**	**0.70**	**4.6**	**2.7**

1. Due to the sparseness of Ca and Mg assays the Ca and Mg estimates are indicative only.
2. Totals may contain discrepancies associated with rounding.

Shareholder information

The shareholder information set out below was applicable as at Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 28 February 2023.

There is no current on-market buy-back.

The Company has used its cash and assets in a form readily convertible to cash, that it had at the time of admission to the ASX, in a way that is consistent with its business objectives from the time of admission to 31 December 2022.

Corporate Governance

The Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – 4th Edition (ASX Recommendations). The Board continually monitors and reviews its existing and required policies, charters and procedures with a view to ensuring its compliance with the ASX Recommendations to the extent deemed appropriate for the size of the Company and its development status.

A summary of the Company's ongoing corporate governance practices is set out annually in the Company's Corporate Governance Statement and can be found on the Company's website at https://www.australres.com/investors/corporate-governance/.

Voting rights

Ordinary shares 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.

Options No voting rights.

Performance rights No voting rights.

Distribution of equity by security holder

HOLDING	QUOTED		UNQUOTED	
	ORDINARY SHARES AR1		OPTIONS $0.40 EXERCISE PRICE 3 NOV 24 EXPIRY	PERFORMANCE RIGHTS
	#	%		
1 – 1,000	54	0.00	-	-
1,001 – 5,000	369	0.22	-	-
5,001 – 10,000	314	0.50	-	-
10,001 – 100,000	724	5.32	-	-
100,001 and over	263	93.95	14	7
Number of Holders	**1,724**[1]		**14**	**7**
Securities on issue	**527,165,826**	**100.00**	10,000,000[2]	32,957,752[3]
Subject to ASX restriction to 3 Nov-23	203,506,289		-	16,559,041

1. There were 148 holders of less than a marketable parcel of ordinary shares ($500 amounts to 2,128 shares at $0.235).
2. Kamjoh Pty Limited holds 2,250,000 options.
3. Performance Rights were issued under the Company's Performance Share Plan.

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
Yellow Gear Pty Ltd <Super Snake A/C>	235,100,000	44.60
Thiess Group Investments Pty Ltd	25,000,000	4.74
G Harvey Nominees Pty Ltd <Harvey 1995 DT A/C>	16,608,109	3.15
Sparta AG	15,900,000	3.02
Mr John Kamara	13,179,833	2.50
2Invest AG	10,991,012	2.08
Kamjoh Pty Limited	8,449,972	1.60
Moose 2.0 Pty Ltd <The Moose A/C>	8,269,890	1.57
Kamjoh Pty Ltd	6,653,097	1.26
HSBC Custody Nominees (Australia) Limited	6,174,624	1.17
Ms Renee Jauncey	5,171,859	0.98
Mr Wil Jauncey	5,091,824	0.97
Mr Daniel Jauncey <Ms Maggie Jauncey A/C>	5,000,000	0.95
Mr Daniel Jauncey <Ms Lucy Jauncey A/C>	5,000,000	0.95
Mr Daniel Jauncey	4,154,025	0.79
Mrs Simone Elise Rappell	3,947,199	0.75
Mr Nicholas James Procter	3,613,609	0.69
Agilis Pty Ltd <The Agilis A/C>	3,484,472	0.66
J P Morgan Nominees Australia Pty Limited	2,780,994	0.53
Mr Jacob Alan Burgoyne	2,691,309	0.51
	387,261,828	**73.47**

Shareholder information continued

Substantial holders

Substantial holders in the company are set out below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
Yellow Gear Pty Ltd	235,100,000	
Moose 2.0 Pty Ltd	8,269,890	
Daniel Jauncey	14,154,025	
Renee Jauncey	5,171,859	
Total	**262,695,774**	**49.83**

The above holders are associates of Daniel Jauncey.

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
2 Invest AG	10,991,012	
Sparta AG	15,900,000	
Total	**26,891,012**	**5.10**

2 Invest AG and Sparta AG are associated entities.

Corporate directory

Directors

Phillip Thomas
Daniel Jauncey
Michael Hansel

Company secretary

Jaroslaw Kopias

Registered office and principal place of business

RACQ House
Level 9, Suite 902
60 Edward Street
Brisbane QLD 4000

Phone: 07 3520 2500

Mining operations

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

Share register

Automic
Level 5
126 Phillip Street
Sydney NSW 2000

Phone: 1300 288 664

Auditor

RSM Australia Partners
Level 13
60 Castlereagh Street
Sydney NSW 2000

Solicitors

HopgoodGanim Lawyers
Level 8 Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Bankers

ANZ
Level 17
111 Eagle Street
Brisbane QLD 4000

Stock exchange listing

Austral Resources Australia Ltd shares are listed on the Australian Securities Exchange (ASX code: AR1)

Website

www.australres.com

Corporate Governance Statement

https://www.australres.com/investors/corporate-governance/

AUSTRAL RESOURCES