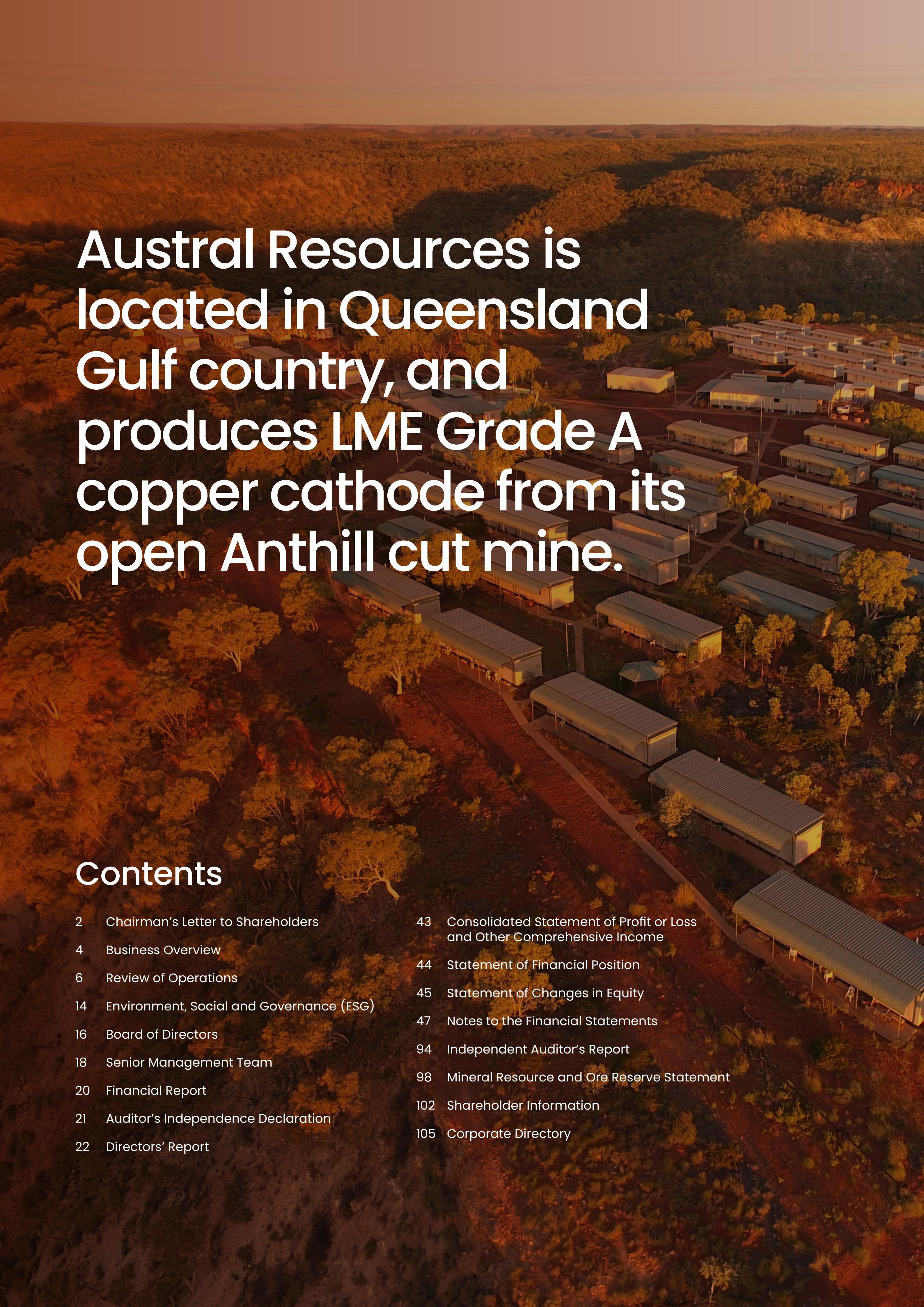
AUSTRAL RESOURCES

ABN 50 142 485 470

ANNUAL REPORT

31 DECEMBER 2021



Austral Resources is located in Queensland Gulf country, and produces LME Grade A copper cathode from its open Anthill cut mine.

Contents

Austral Resources is delighted to present its inaugural Annual report after listing on the ASX in November 2021. The Company is focussed on:

1. Developing its new Anthill oxide copper mine;
2. Preparing the existing Mt Kelly process plant to process Anthill ore;
3. Achieving an annualised production rate of 10,000tpa of copper cathode from mid-2022; and
4. Undertaking an intensive exploration programme across our 1,940km^2 highly prospective tenure.

The above focus points are proceeding to plan.

Notice of annual general meeting

The 2022 Annual General Meeting of Austral Resources Australia Ltd will be held at 10:00am (AEST) on Thursday, 12 May 2022 at HopgoodGanim Lawyers, Level 8, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000.

Chairman's Letter to Shareholders

Dear Fellow Shareholders

Since listing Austral Resources (ASX:AR1) on 3 November 2021, we have been busy completing the key deliverables we outlined in the IPO prospectus and have planned for 2022 and beyond – production of LME Grade A copper cathode from our Anthill mine and an aggressive exploration program to extend our mine life beyond 4 years that will increase the value of our Company.

We are in a great position to do this with the board, management, teams and contractors we have assembled and our progress to-date. Major projects are now underway opening the Anthill pit, mining ore, refurbishing crushing and processing equipment, management of our sulphide assets, prioritising our exploration targets and completion of our US$15m off-take pre-payment with Glencore.

During 2021 COVID-19 provided a period of challenging health and well-being management, border restrictions, cross-border travel requirements, testing and isolation. The agility, preparedness and dedication of our workforce has enabled us to minimise disruptions and achieve our goals. The board is grateful and recognises the tireless efforts and achievements of our employees and contractors.

Creating Shareholder value through innovation

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 did not have a significant impact due to the preparation work put in and management by our teams. Our creek diversion was successful, and we continue to develop our new Anthill mine and deliver copper oxide ore according to our timetable.

The Board has begun a research project to see how we can de-carbonise our electricity generation used in the SX-EW plant and other applications using solar electricity.

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 production cycle we are on target to achieve these.

The Board welcomed Michael Hansel, a senior Solicitor and Partner with Hopgood Ganim, who has significant experience in the commercial sector and will be able to make a significant contribution to the board and complement existing board member skills. Overall, our confidence continues to build, as many aspects of the Austral Resources Australia business are advancing and have been technically de-risked; from production of copper cathode from remnant mining completed in January 2021, to ore resource expansion from exploration, we are now focussed on our high priority targets and expansion of the Anthill pit.

2022 Priorities

Looking ahead, our priorities in 2022 will be:

- continuing our focus on safety, environment, governance and social licence with all that Austral Resources does;
- bringing Anthill into production to achieve 40kt over life of mine LME Grade A copper cathode;
- continuing our exploration activities to expand the Anthill resources and acquire new copper oxide resources we can add to our resource base;
- managing our copper sulphide assets and research into new technologies to enable us to profitably exploit these assets;
- 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 2022 and beyond.

Phillip Thomas
Chairman

Austral Resources Australia Ltd

Business Overview

Austral Resources listed on the ASX in November 2021, after successfully raising $30 million to fund its new Anthill Mine development and produce 40,000t of copper cathode over a four-year period from mid-2022. Anthill is expected to begin ore deliveries in Q2 of 2022 and has a JORC Ore Reserve of 5.06Mt @0.94% copper.

The Company owns the Mt Kelly heap leach and SXEW (Solvent Extraction Electro-Winning) processing plant that produces LME grade copper cathode. The facility is operational and being prepared to accept and treat 5,000tpd of Anthill oxide ore from mid-2022.

Mining

The Anthill Mine is a conventional truck and shovel operation involving overburden mining to expose a flat-lying blanket of copper oxide ore, then mine this ore to provide an average 5,000tpd of feed to Mt Kelly for a four-year period. Mining, drilling, blasting and road haulage are externally contracted whilst Austral Resources manages the operation.

Anthill east pit mining.

Processing

The SXEW process is a proven, simple, low cost and energy efficient method to produce high purity LME Grade-A copper from copper oxide ores.

Ore delivered to Mt Kelly is placed on a ROM (Run of Mine) pad for blending before being crushed, sized and agglomerated then conveyed to the heap leach and stacked prior to being irrigated with dilute sulphuric acid for processing. The leached copper in solution is gravity fed to the solvent extraction circuit where the copper in solution is concentrated before being sent to the electrowinning circuit for copper metal extraction. Electrowinning involves passing the copper bearing solution through a series of electrolytic cells to deposit pure copper metal onto 1m^2 stainless steel cathodes. As the copper cathode sheets grow to their planned weight, they are then removed from their cells, washed and robotically harvested before being stacked into 2.5t bundles then strapped and wrapped for weighing and transport to Townsville Port for export.

The heap leach solution, now stripped of its copper in the Solvent Extraction plant, is topped up with fresh acid then recycled back to the heap leach to continue the process. It is a very efficient closed-circuit process with no waste stream. Copper leaching is rapid: it takes approximately 60 days of leaching to achieve 60% copper recovery, 180 days to achieve planned 80% copper recovery and 360 days to achieve planned 85.2% recovery.

"Austral Resources Australia Limited is a copper producer, developer and explorer located in the Mt Isa District, northwest Queensland. The company is developing its new Anthill copper mine with the objective of achieving a 10,000tpa production rate of LME grade copper cathode from mid-2022 from its Mt Kelly heap leach and SXEW processing plant. Anthill currently has a four-year mine life, which Austral Resources intends to extend through discoveries within its highly prospective exploration tenure package."

The Company is also assessing opportunities to acquire, joint venture and toll treat copper oxide ores within a 100km radius of Mt Kelly.

Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22
	Commercial Anthill Development	First blast 16 Dec	First ore exposed 26 Jan			**First ore processed**
	Listing on ASX		Commence bulk earthmoving	First ore removed	First ore delivery to Mt Kelly	

Overburden moved: 665kt 1.4Mt 1.8Mt

Mt Kelly processing plant; electrowinning tank house in the foreground, solvent extraction circuit in centre, and heap leach in background.

Review of Operations

“Austral Resources has delivered on its Prospectus objectives since listing in November 2021”

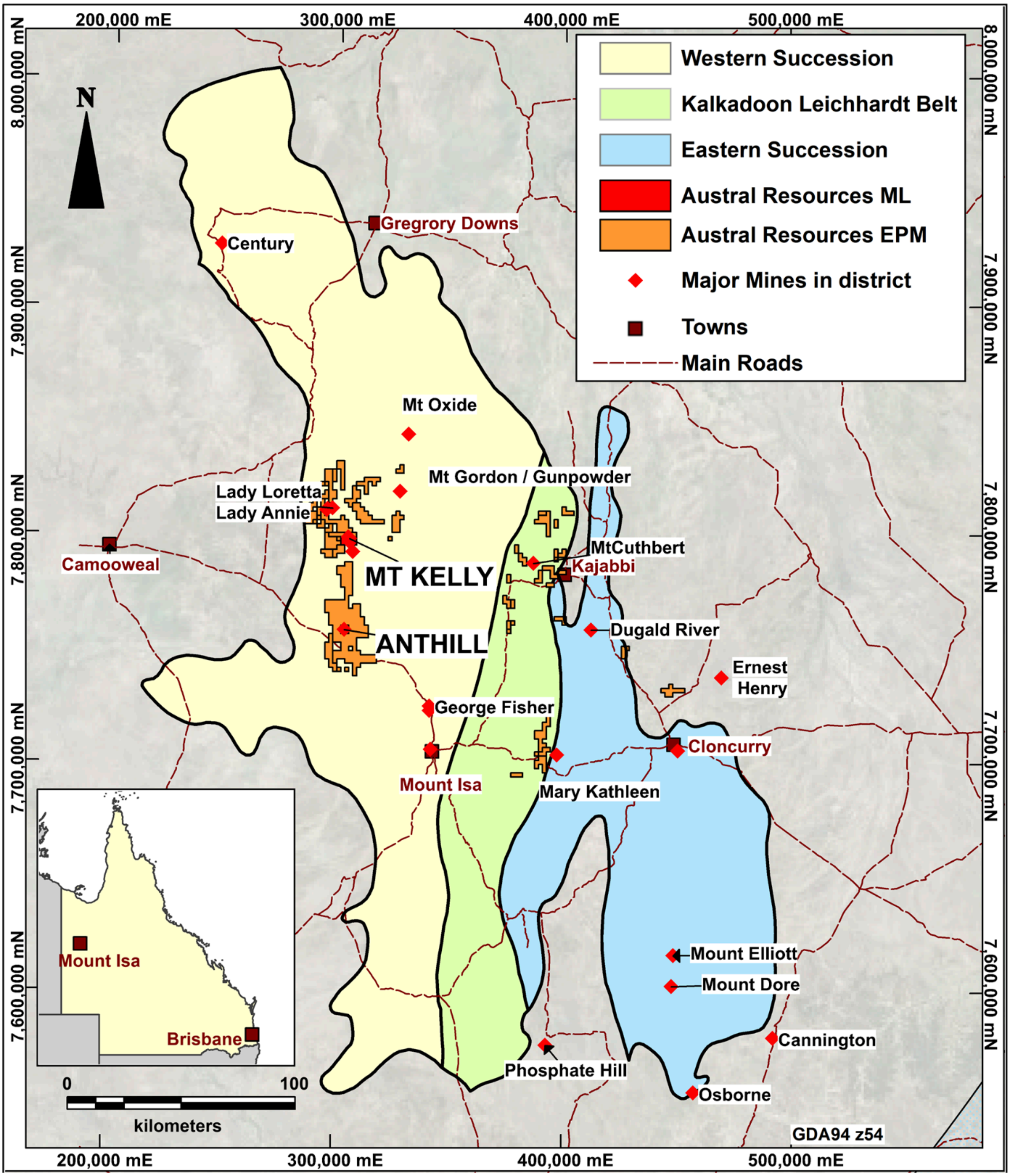
“Safety of our employees, contractors and the community is paramount. The Company is proud to have completed 2021 in a safe manner and is focussed on attaining benchmark industry safety performance.”

Austral Resources’ 2021 calendar year was focussed on delivering key development milestones to see its new Anthill Mine developed and in full production from mid-2022. The company concurrently:

- Completed an Independent Technical Assessment Report on Anthill and Mt Kelly;
- Completed all permitting required to start mining – environmental, bond lodgement;
- Prepared tenders for contract mining, haulage, camp, power and processing supplies;
- Assembled a management team and people to drive the process;
- Prepared to list on the ASX – and listed in November 2021 after successfully raising $30m;
- Managed funding of the operation through to and post listing;
- Commenced refurbishment of the crushing circuit, conveyors and stacker Q3, 2021; and
- Commenced Anthill development in Q4, 2021.

Austral Resources purchased the assets of Lady Annie Operations from CST Mining in mid-2019, commencing a two-year journey to have the Anthill Mine approved and permitted to shovel-ready status. As this process neared completion, the Company began its ASX listing process in June 2021 and listed on 3 November 2021 following an oversubscribed capital raise of $30m. Funds raised were used to progress Anthill Mine development, refurbish the crushing, conveying and stacking circuit and repay debt.

Robotic stripping of copper cathode.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Austral Resources EPM
Major Mines in district
Towns
Main Roads
Gregrory Downs
Century
Mt Oxide
Mt Gordon / Gunpowder
Lady Loretta
Lady Annie
MT KELLY
ANTHILL
Camooweal
MtCuthbert
Kajabbi
Dugald River
Ernest
Henry
George Fisher
Mount Isa
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Anthill development

Site works at Anthill commenced in November 2021 following a lengthy evaluation process to define the current ore reserve, conduct metallurgical testwork, financially model, develop a mining plan and obtain environmental permitting. Site infrastructure such as haul and access roads, development of waste rock sites, construction of the ROM pad, water management, creek diversion and stockpiling of topsoil and vegetation for future rehabilitation was developed. Thiess mobilised its earthmoving fleet and established office and maintenance facilities.

The Company partnered with Roc-Drill, Orica and Thiess to respectively conduct drilling, blasting and mining activities at Anthill. Haulage contractor DBC Bulk Haul will transport ore 45km on a sealed bitumen road from Anthill to Mt Kelly on 125t quad trailer road trains.

The first blast at Anthill took place on 16 December 2021, a key milestone for the mine development and since then drill and blast activities have comfortably exceeded targeted volumes. Mining commenced on 7 January 2022 and has proceeded without any significant issue. 665kt of overburden was moved in January 2022 and 1.45Mt in February 2022. First ore was exposed on 26 January 2022, which saw the commencement of ore deliveries to the Anthill ROM pad.

First deliveries of ore from Anthill to Mt Kelly are planned for April 2022 with ore to be crushed and conveyed to the heap leach shortly thereafter.

Excavators and drills working at Anthill east pit.

Mt Kelly processing facility

The Mt Kelly processing facility has been operational since its construction in 2007 and is currently producing up to 175 tonnes per month of cathode copper from a remnant mining programme that commenced in 2020 and concluded in January 2021. This is significant as it de-risks the SXEW plant from potential issues of 'cold-starting' the facility.

The crushing, conveying and stacking circuit has been refurbished to maximise copper recoveries of Anthill ore. Compared to a dump leaching alternative, crushing and agglomeration promotes faster leach kinetics and higher overall copper recoveries to a planned 85.2%.

Refurbishment involved testing and validating all electrical and control circuits. The primary crusher had new grizzly bars installed over the feed bin. The secondary crusher was rebuilt and the agglomerator re-lined to OEM specification. Conveyor belts and rollers were replaced, bearings inspected, and head and tail pulleys refurbished. Motors were inspected and the conveyors were repainted before safety guarding was reinstalled.

The crushing circuit commissioning began during March 2022 to confirm readiness to process 5,000tpd of Anthill ore from April 2022 onwards.

The electrowinning circuit consists of two trains of electrowinning cells in the tank house and has a capacity to produce up to 30,000tpa of copper cathode. Currently operating on Train B, the Train A cells are being refurbished in preparation of managing up to 1,450t/mth of cathode production.

In summary, preparation activities are on schedule to see the combined Anthill/Mt Kelly operations ready to produce at an annualised rate of 10,000tpa from mid-2022, a testament to the 100 staff and contractors that have worked tirelessly to achieve this goal.

The following production table shows the rapid increase of estimated copper production within months of commencing Anthill ore stacking at Mt Kelly.

Review of Operations *continued*

	2021		2022											
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Austral Listing	✓													
Mt Kelly Plant Refurbishment														
Anthill Creek Diversion														
Anthill Pre-stripping (kt)			665	1,400	1,750	1,502	1,294	1,393	1,407	1,394	1,389	1,421	1,382	1,323
Anthill Ore Mining (t)				3,000	5,000	53,000	177,500	172,500	169,500	187,000	164,500	158,000	179,000	237,000
Ore delivery to Mt Kelly (t)					5,000	55,000	155,000	150,000	155,000	155,000	150,000	155,000	150,000	155,000
Ore stacking Mt Kelly (t)						34,000	161,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Cathode Production tonnes	100	175	175	125	125	117	**380**	**763**	**964**	**1,135**	**1,242**	**1,382**	**1,392**	**1,426**
Copper source	Remnant Mining production						**Anthill Copper Production**							
Gross Sales Revenue A$m*	$1.3	$2.2	$2.2	$1.6	$1.6	$1.5	$4.8	$9.7	$12.3	$14.5	$15.8	$17.6	$17.7	$18.2

* At $12,750/t copper price

What does Austral Resources' 10,000 tonnes of annual copper production mean for end users?

50,000 new house developments:

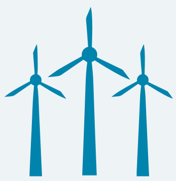
The average household uses 200kg of copper for electrical wiring, plumbing, whitegoods (air conditioning, refrigeration, washing, drying and dishwashing).

OR

125,000 new electric vehicles (EVs):

Each new EV contains 80kg of copper.

OR



1,850MW of onshore wind turbines:

Each installed MW of wind turbine requires 5.4t of copper for the turbine and grid interconnection. Offshore wind farms use >15t of copper per installed MW.

"Austral Resources' large scale exploration initiative is the key to delivering medium and long term value to shareholders and is self-funded by Anthill cashflow"

Exploration

Austral Resources' Anthill mine will provide four years of cashflow to fund an extensive exploration initiative for its 1,940km^2 of highly prospective exploration tenure. These properties feature numerous exploration prospects, many not or incompletely explored, and a valuable historical exploration database.

The Company has recruited a superbly credentialled exploration team to drive this programme, providing a 'fresh set of eyes' to critically review past work, update geophysics, geochemistry and implement new exploration models. Where gaps in existing datasets are identified (structural interpretation, mapping, geophysics and geochemistry), additional data is being collected. 3D software is being used to enhance the conventional datasets and is proving a valuable tool for drill planning and prospect ranking.

The team has the size, resources and budget to concurrently work 3-4 prospects and the budget to do so. Austral Resources envisages spending $7-$10mpa on exploration for four years from mid-2022, self-funded from Anthill cashflow.

Going forwards, the exploration team will focus on drill testing 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 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.

Mapping a fold nose exposed in Johnson's Creek, south of Anthill mine.

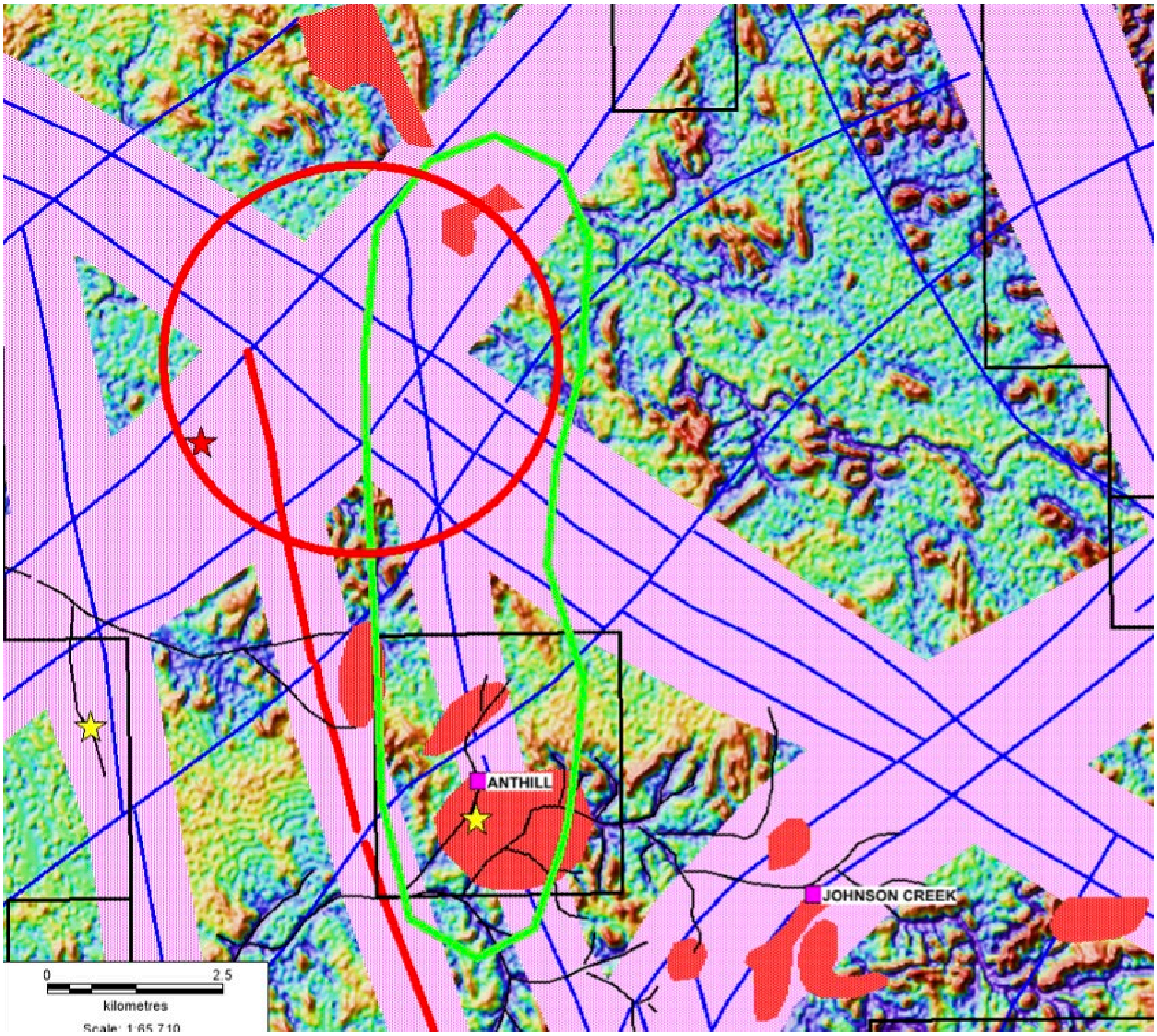
Review of Operations *continued*

1. Oxide Exploration

We are reviewing extensions of known oxide mineralisation at Anthill and other previously mined open pits and exploring for new oxide resources within our tenure. Over 20 targets identified within 50km of Mt Kelly plant. These targets are being re-assessed and prioritised for drill testing.

2. Sulphide exploration and development

Austral Resources has a resource endowment of 420,000t of contained copper within its 60Mt @ 0.7% JORC Mineral Resource Estimate. Of this, 220,000t of contained copper is within sulphide ores, predominantly under existing open pits. We regard our sulphide resource base as having excellent potential to increase in size as previous oxide copper explorers tended to stop drilling when sulphide ore was encountered. A drilling programme under existing pits is being planned for commencement in the second half of 2022.



Anthill area structural interpretation showing projected structural corridors (pink with blue lines), red shaded geochemical anomalies and proposed focus areas (red circle and fault line plus green outline).

Collecting geochemical samples at Anthill, February 2022.

Outcropping iron rich goethite at Dividend prospect, 2km east of the Flying Horse pit. Surface sampling returned copper values between 0.1% and 0.5% Cu.

Increasing our sulphide resource base could pave the way for a conventional sulphide concentrator however the Company is also looking at the potential to heap leach sulphide ore at Mt Kelly using newly developing process technologies. Fresh sulphide core samples are being drilled during the June 2022 Quarter for laboratory test work to confirm process viability.

3. Exploring for new sulphide resources outside of the current resource base.

The company has completed a regional structural and metallogenic model to review potential sources of copper mineralisation to focus ongoing exploration along these interpreted structural pathways. Historical geophysical data has been re-processed over the entire tenement package and several new datasets received for 300km^2 of tenure to the north of Mt Kelly.

Austral Resources has applied for new tenure in 2021 and 2022 for this copper sulphide search.

4. Business Development transactions/JVs/toll treating

At 10,000tpa of cathode production over the next four years, our 30,000tpa Mt Kelly processing facility is under-utilised and we are reviewing a number of options to augment ore feed from Anthill.

Austral Resources has received strong interest from other explorers to purchase/JV portions of its exploration tenure. Having our peers value our exploration tenure to show this level of interest validates our belief that this tenure is both highly prospective and valuable. We are actively collaborating with these companies to establish joint exploration and development ventures.

Environment, Social and Governance (ESG)

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. The Company has a strategy to further grow through exploration discovery, developing its sulphide assets and value creating acquisitions. We have a workforce of over 100 direct employees and contractors to safely manage and collaborate with to develop their skillsets and careers; then deliver them home safely to their families at the end of each roster.

We produce LME grade copper cathode, an essential metal used for plumbing, electricity, electronics and industrial processes. Copper is an increasingly crucial enabler of sustainable or green energy that allows progressive decarbonisation of the world away from fossil fuel consumption.

Austral Resources takes pride in good management of its ESG obligations. We are an active participant in the Mt Isa district, operating on land owned by traditional owners and freehold property owners. We work closely with landowners and integrate our environmental obligations as an integral part of our daily operations. We continuously strive to minimise our environmental footprint and have a number of initiatives underway to measure and reduce our impact on the environment in which we work.

In many respects, Austral Resources is blessed to be an oxide copper operation. Heap leach SXEW operations have a lower carbon footprint than conventional smelted copper from traditional copper sulphide processing. We utilise industrial waste products (sulphuric acid, a bye-product of zinc processing and other chemical processes) to leach oxide ores and directly electro-win copper cathode without smelting or generating acid by-products. Austral Resources' SXEW copper cathode is demonstrably lower energy to produce than sulphide derived copper. We are looking at options to improve by further lowering our energy and consumables footprint.

Solar power potential

Our remote location necessitates diesel power generation. We use diesel for our mining fleet, light vehicles and to power our camp. Our heap leach SXEW processing system is diesel powered, requiring approximately 2kw of electrical power for every kilogram of electrowon copper we produce.

As part of an ongoing energy review last year, we are assessing the potential of solar power generation and other initiatives to reduce our carbon footprint.

Solar power is a compelling solution for Austral Resources. There are new solar farm systems that are simple to install, operate and then relocate/repurpose at the end of mine life.

This gives Austral Resources the potential not only to reduce its diesel consumption and CO_2 emissions but also to produce copper with a significant zero carbon power source – in effect Solar Copper.

Water consumption

We are also looking to improve our water consumption efficiency. The Anthill Mine is dewatered to facilitate mining and this water is pumped 40km to Mt Kelly for process water and potable water for the camp. We recycle our water to the greatest extent possible.

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.

We use our treated sewage water for processing and water from nearby disused open pits.

End of Mine Life Closure

Austral Resources has over $37.785 million of bonds in place to fund end of mine life environmental obligations.

The Queensland Government has transitioned to a PRC (Progressive Rehabilitation and Closure) system for mines, requiring end of mine life planning to be integral to daily operations. We work closely with our environmental consultants and stakeholders to develop progressive rehabilitation activities to leave our disturbed land areas in the best possible condition.

Resource Efficiency

Energy and water efficiency are but two aspects of overall mining efficiency. We strive to 'do more with less' in all aspects of our operations and see resource efficiency as a key driver of our exploration initiative. It simply makes good sense from an efficiency and economic perspective to fully utilise our copper resource endowment – both discovered and discoverable.

Our current total resource endowment is 420,000 tonnes of contained copper, of which we will mine and process 40,000 tonnes of copper cathode over a four-year period from Anthill. How much of this remaining 380,000 t copper resource we can economically and sustainably process is what we are assessing, both short and long term.

Our discoverable resource endowment is why we dedicate people, funding and resources to explore. We hold highly prospective tenure in the heart of one of the world's great copper and base metals districts, believe that this region is underexplored and we are confident that Austral Resources' future value will grow through successful exploration.

Austral Resources owns a processing plant that is under-utilised and capable of operating for many more years on the basis that it can be fed ore. Our objective is to extend mine life a few years at a time through successful exploration and resource delineation. This is a key enabler to improve our sustainability, resource efficiency and add value for our shareholders and stakeholders.

Anthill Mine site offices.

Board of Directors

Phillip Thomas

Chairman

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

Memberships

Australian Institute of Geoscientists; 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 June 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.

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

Executive Director

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.

Ultimately, Dan is responsible for ensuring that Austral Resources 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.

Jeff Innes

Non-Executive Director

Bachelor of Engineering (Mining); Diploma in Financial Management

Memberships

AusIMM (Fellow and Chairman of the North Queensland Branch); MAICD

Jeff is a professional leader with high integrity and demonstrated performance in operations management, strategic planning in mines, feasibilities, mine expansion, and HR restructuring. Jeff 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.

Jeff 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.

Jeff joined the Board as a Non-Executive Director in June 2021. He brings many years of experience in leading and improving mining operations, working as an owner-miner and as a mining contractor using both inhouse and contractor labour hire models. He will be involved with the Safety and Sustainability committee and the Audit and Remuneration committee. As a graduate of the Australian Institute of Company Directors, Jeff is well versed in the governance and fiduciary requirements of a Non-Executive Director.

Jeff's appointment marks a significant step for Austral Resources. He adds immense value in bringing Anthill to fruition and extending the exploration efforts in the area.

Michael Hansel

Non-executive Director

LLB (Hons), BCom (Hons), BBus

Memberships

Member of the Audit & Risk Committee

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 and commercial lawyer by various legal publications including Doyle's Guide and The Best Lawyer™.

Senior Management Team

Steve Tambanis

Chief Executive Officer

Bachelor of Economics; Bachelor of Science (Geology)

Memberships

The Australasian Institute of Mining and Metallurgy (AusIMM) (member); Australasian Institute of Mineral Valuers and Appraisers (AIMVA) (Member)

Steven has extensive management and operational experience across both small and large global mining companies. His commodity experience includes copper, gold, and other commodities. He has skills and experience in comprehensive exploration, evaluation, capital raising, investor relationship management, and business leadership.

Prior to joining Austral Resources, Steven held the position of CEO of North Stawell Minerals. Earlier roles include Managing Director of ASX listed Black Rock Mining Limited, and Technical Director of Goldminex Resources. Steven also worked as part of a management consultancy group reviewing operating mines.

Steven joined Austral Resources in July 2021 as CEO. His role is to lead Austral Resources' mining and processing teams, manage an intensive exploration initiative to expand the Company's current copper resource base, and to oversee value adding opportunities that arise from Austral Resources' assets in the Mount Isa district. He will be closely monitoring operational costs and working to deliver additional long-term ore feed to Austral Resources' existing processing facility.

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. He 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 July 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. He 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.

Luke Johnstone

Chief Financial Officer

Bachelor of Business Administration (Finance and Leadership)

Luke is a senior finance professional with more than fourteen 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 October 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 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), iTech Mibnerals Limited (ASX: ITM) and Company Secretary of Core Lithium Ltd (ASX: CXO) and Iron Road Ltd (ASX: IRD). 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 will be involved 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.

Financial Report

AUSTRAL RESOURCES AUSTRALIA LTD
31 DECEMBER 2021

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 30 March 2022. The directors have the power to amend and reissue the financial statements.

Auditor's Independence Declaration

RSM Australia Partners

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

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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 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM

RSM AUSTRALIA PARTNERS

D Talbot

David Talbot
Partner

Sydney, NSW
Dated: 30 March 2022

Directors' Report

Austral Resources Australia Ltd
31 December 2021

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 2021.

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 (appointed 1 July 2021)

Daniel Jauncey

Jeffrey Innes (appointed 1 July 2021)

Michael Hansel (appointed 14 February 2022)

Principal activities

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

Dividends

No dividends have been paid, recommended, or declared during the current financial year (2020: Nil).

Review of operations

The loss attributable to the owners of Austral Resources Australia Ltd for the consolidated entity after providing for income tax, amounts to $11,728,000 (31 December 2020: $22,531,000).

Highlights

Austral Resources Australia Ltd has achieved the following for the year ended 31 December 2021:

- Copper cathode sales of 3,061 tonnes (2020: 2,789 tonnes) at an average sale price of US$9,171 per tonne (2020: US$6,285 per tonne);
- Revenue from continuing operations $37,260,000 (2020: $25,042,000);
- The Group successfully raised $30,000,000 and listed on the ASX in November 2021;
- The Group entered a financing arrangement with Wingate for $30,000,000 for working capital and restructured the existing debt resulting in eliminating over $250 million of current liabilities from the balance sheet;
- The Group received final approval to commence mining at the group's Anthill mine site on 25 October 2021 and commenced blasting to establish initial mining benches on 16 November 2021;
- Signed a mining services contract with Thiess in December 2021;
- Net operating cash inflows of $646,000 (2020: outflows of $11,290,000);
- Cash and cash equivalents of $13,334,000 (2020: $577,000).

Significant changes in the state of affairs

On 3 November 2021 the consolidated entity successfully raised $30,000,000 (before cost of share issuance) and listed on the ASX.

The consolidated entity received final approval to commence mining at the group's Anthill mine site on 25 October 2021 and commenced blasting to establish initial mining benches on 16 November 2021.

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

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 3 February 2022, the Company entered into a binding offtake agreement with Glencore AG. Under the Offtake Agreement, Glencore will have the offtake rights for up to 40,000 tonne of copper cathode production from the Anthill Mine, with offtake scheduled to commence in the second half of 2022. Glencore will also provide Austral Resources with a US$15 million prepayment facility. The prepayment allows the Company to immediately expedite exploration and development activities through 2022.

No other matter or circumstance has arisen since 31 December 2021 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.

Likely developments and expected results of operations

The consolidated entity intends to continue its exploration, development and production 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, the diesel fuel price, industrial disputes, unforeseen delays, unexpected shortages or increase in the costs of consumables, spare parts, plant and equipment.

Global pandemic risk

Austral Resources' 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 Resources 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 Resources will depend on its ability to find and develop resources that are economically recoverable within Austral Resources' 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 Resources 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 Resources' 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.

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.

Austral Resources has a hedge strategy in place for at least 30% of forecast production in any quarter to offset falls in the copper price.

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:	770,000 ordinary shares held by entities controlled by Mr Thomas and 1,603,350 performance rights, subject to KPI based vesting criteria, held by Mr Thomas.

Name:	**Daniel Jauncey**
Title:	Executive Director
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:	251,693,234 ordinary shares held by entities controlled by Mr Jauncey and related parties and 22,268,750 performance rights, subject to KPI based vesting criteria, held by an entity controlled by Mr Jauncey.

Name:	**Jeffrey Innes**
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:	Chairman of the Audit & Risk Committee
Interests in shares:	250,000 ordinary shares held by Mr Innes and 1,603,350 performance rights, subject to KPI based vesting criteria, held by an associate of Mr Innes.

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 and 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:	Member of the Audit & Risk Committee
Interests in shares:	500,000 ordinary shares held by entities controlled by Mr Hansel and 400,000 unquoted options, $0.40 exercise price and 3 November 2024 expiry, 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) and Iron Road Ltd (ASX: IRD). 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 2021, and the number of meetings attended by each director were:

	Full board	
	Attended	Held
Phillip Thomas (appointed 1 July 2021)	4	4
Daniel Jauncey	4	4
Jeffrey Innes (appointed 1 July 2021)	4	4

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 have 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.

Non-executive directors 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.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at a General Meeting held on 26 July 2021, where the shareholders approved a maximum annual aggregate remuneration of $500,000.

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. KPI's 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 shareholders 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 2021.

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 2021, the consolidated entity did not engage remuneration consultants.

Voting and comments made at the company's 2020 Annual General Meeting ('AGM')

The Company was a private company before 13 August 2021 and therefore no Annual General Meeting was held during 2021.

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 – Executive Director
- Jeffrey Innes – Non-Executive Director

And the following persons:

- Steve Tambanis – Chief Executive Officer
- Shane O'Connell – Chief Operating Officer
- Luke Johnston – Chief Financial Officer
- Jaroslaw Kopias – Company Secretary

Changes since the end of the reporting period:

Michael Hansel was appointed as a Non-Executive Director on 15 February 2022.

	Short-term benefits	Post-employment benefits	Share-based payments	
2021	Cash salary and fees $	Super-annuation $	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.

2020	Short-term benefits Cash salary and fees $	Post-employment benefits Super-annuation $	Share-based payments Performance Rights $	Total $
EXECUTIVE DIRECTORS:				
Daniel Jauncey	–	–	–	–
OTHER KEY MANAGEMENT PERSONNEL:				
Shane O'Connell	210,000	19,950	–	229,950
Luke Johnstone	259,615	22,262	–	281,877
	469,615	**42,212**	**–**	**511,827**

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

	Fixed remuneration		At risk – STI		At risk – LTI	
Name	2021	2020	2021	2020	2021	2020
NON-EXECUTIVE DIRECTORS:						
Phil Thomas (Chairman)	38%	–	19%	–	43%	–
Jeffrey Innes	33%	–	20%	–	47%	–
EXECUTIVE DIRECTORS:						
Daniel Jauncey	39%	–	18%	–	43%	–
OTHER KEY MANAGEMENT PERSONNEL:						
Steve Tambanis	69%	–	9%	–	22%	–
Shane O'Connell	55%	100%	14%	–	31%	–
Luke Johnstone	58%	100%	13%	–	29%	–
Jaroslaw Kopias	58%	–	13%	–	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
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:	**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. There were no performance rights exercised or cancelled and no Key Performance Indicators (KPIs) were satisfied for the financial year ended 31 December 2021. Each Performance Right converts into one AR1 share upon vesting and exercise. The value of the performance rights at grant date and number of performance rights are as follows:

KMP	NUMBER OF PERFORMANCE RIGHTS GRANTED	FAIR VALUE AT GRANT DATE $
NON-EXECUTIVE DIRECTORS		
Phillip Thomas (Chairman)(i)	1,603,350	157,930
Jeffrey Innes(i)	1,603,350	157,930
EXECUTIVE DIRECTORS		
Daniel Jauncey	22,268,750	2,193,471
OTHER KEY MANAGEMENT PERSONNEL		
Steve Tambanis(ii)	3,117,625	307,086
Shane O'Connell	7,393,225	728,232
Luke Johnstone	7,393,225	728,232
Jaroslaw Kopias(i)	1,157,975	114,060
	44,537,500	**4,386,942**

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 in the table 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	11,134,375	7 Jul 22	30 Jun 25
2	Production of 20kt of Copper cathode from Anthill Project	4,453,750	30 Jun 24	30 Jun 26
3	Generate 20kt inferred resource[1]	11,134,375	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	2,226,875	30 Jun 22	30 Jun 25
6	HSSEQ and Indigenous Affairs – FY 2023	2,226,875	30 Jun 23	30 Jun 26
7	Generate 20kt inferred resource[2]	4,453,750	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.

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	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 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 Lapsed	Balance at the end of the year
Phil Thomas	04 Aug 21	07 Jul 22	–	400,838	–	–	400,838
	04 Aug 21	30 Jun 24	–	160,335	–	–	160,335
	04 Aug 21	30 Jun 25	–	400,838	–	–	400,838
	04 Aug 21	30 Jun 25	–	320,670	–	–	320,670
	04 Aug 21	30 Jun 22	–	80,167	–	–	80,167
	04 Aug 21	30 Jun 23	–	80,167	–	–	80,167
	04 Aug 21	30 Jun 25	–	160,335	–	–	160,335

	Grant Date	Vesting Date	Balance at the start of the year	Granted as part of remuneration	Number of Rights Vested	Number of Rights Lapsed	Balance at the end of the year
Jeffrey Innes	04 Aug 21	07 Jul 22	–	400,838	–	–	400,838
	04 Aug 21	30 Jun 24	–	160,335	–	–	160,335
	04 Aug 21	30 Jun 25	–	400,838	–	–	400,838
	04 Aug 21	30 Jun 25	–	320,670	–	–	320,670
	04 Aug 21	30 Jun 22	–	80,167	–	–	80,167
	04 Aug 21	30 Jun 23	–	80,167	–	–	80,167
	04 Aug 21	30 Jun 25	–	160,335	–	–	160,335
Daniel Jauncey	04 Aug 21	07 Jul 22	–	5,567,188	–	–	5,567,188
	04 Aug 21	30 Jun 24	–	2,226,875	–	–	2,226,875
	04 Aug 21	30 Jun 25	–	5,567,188	–	–	5,567,188
	04 Aug 21	30 Jun 25	–	4,453,750	–	–	4,453,750
	04 Aug 21	30 Jun 22	–	1,113,437	–	–	1,113,437
	04 Aug 21	30 Jun 23	–	1,113,437	–	–	1,113,437
	04 Aug 21	30 Jun 25	–	2,226,875	–	–	2,226,875
Steve Tambanis	04 Aug 21	07 Jul 22	–	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
	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

	Grant Date	Vesting Date	Balance at the start of the year	Granted as part of remuneration	Number of Rights Vested	Number of Rights Lapsed	Balance at the end of the year
Luke Johnstone	04 Aug 21	07 Jul 22	–	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
Jaroslaw Kopias	04 Aug 21	07 Jul 22	–	289,494	–	–	289,494
	04 Aug 21	30 Jun 24	–	115,797	–	–	115,797
	04 Aug 21	30 Jun 25	–	289,494	–	–	289,494
	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	–	115,797	–	–	115,797
TOTAL			**–**	**44,537,500**			**44,537,500**

Additional information

The earnings of the consolidated entity for the five years to 31 December 2021 are summarised below:

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Sales revenue	37,260	25,042	24,308	17,996	17,520
EBITDA	(4,692)	(17,798)	1,899	(7,644)	6,173
EBIT	(5,067)	(17,861)	1,218	(8,202)	5,333
(Loss)/Profit after income tax	(11,728)	(22,531)	(7,103)	(11,122)	1,043

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

	2021	2020	2019	2018	2017
Share price at financial year end ($)[1]	0.165	–	–	–	–
Total dividends declared (dollars per share)	–	–	–	–	–
Basic loss per share (dollars per share)	(0.08)	(225,314)	(71,030)	(111,220)	10,430

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	Received as part of remuneration	Additions	Disposals/ other(ii)	Balance at the end of the year
ORDINARY SHARES					
Phil Thomas (Chairman)	–	–	770,000	–	770,000
Jeffrey Innes	–	–	250,000	–	250,000
Daniel Jauncey(i)	100	–	325,093,134	(73,400,000)	251,693,234
Steve Tambanis	–	–	357,000	–	357,000
Shane O'Connell	–	–	–	–	–
Luke Johnstone	–	–	–	–	–
Jaroslaw Kopias	–	–	–	–	–
	100	**–**	**326,470,134**	**(73,400,000)**	**253,770,234**

(i) Balance of holdings includes shares held by parties as required under the accounting standards and Corporations Act 2001.

(ii) Disposals/other represents the share buy-back from Yellow Gear Pty Ltd of 62,500,000 shares during the period and transfer of 10,900,000 shares to nominees.

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 $2,657,072 were made. The current trade payable balance as at 31 December 2021 was $396,145.
All transactions were made on normal commercial terms and conditions and at market rates.

Austral Equipment Holding Pty Ltd

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

Willows Health

Payments for camp equipment from Willows Health (director-related entity of Daniel Jauncey) of $22,000 were made. The current trade payable balance as at 31 December 2021 was Nil. 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 $91,897 were made. The current trade payable balance as at 31 December 2021 was 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 follow:

KPI No.	Grant date	Vesting Date	Expiry date	Fair value at grant date	Number of performance rights
1.	4 August 2021	07 Jul 22	30 Jun 25	$0.20	11,134,375
2.	4 August 2021	30 Jun 24	30 Jun 26	$0.20	4,453,750
3.	4 August 2021	30 Jun 25	30 Jun 26	$0.20	11,134,375
4.	4 August 2021	30 Jun 25	30 Jun 26	$0.09	8,907,500
5.	4 August 2021	30 Jun 22	30 Jun 25	$0.20	2,226,875
6.	4 August 2021	30 Jun 23	30 Jun 26	$0.20	2,226,875
7.	4 August 2021	30 Jun 25	30 Jun 26	$0.20	4,453,750
	TOTAL				**44,537,500**

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

Shares issued on the exercise of performance rights

There were no ordinary shares of Austral Resources Australia Ltd issued on the exercise of performance rights during the year ended 31 December 2021 (2020: nil) and up to the date of this report.

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 2021 (2020: 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 30 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 30 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.

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

Steven Tambanis
Chief Executive Officer

30 March 2022
Brisbane

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

		Consolidated	
	Note	2021 $'000	2020 $'000
Revenue	4	37,260	25,042
Cost of goods sold		(34,370)	(26,774)
Gross profit/(loss)		2,890	(1,732)
Other income	5	2,766	429
EXPENSES			
Other operating expenses		(893)	(10,372)
Administration expenses		(9,042)	(5,272)
Write down of inventory		(281)	(643)
Depreciation and amortisation expense		(375)	(63)
Finance expense	6	(6,661)	(4,670)
Loss on derivative instruments at fair value through profit or loss		(32)	–
Net foreign exchange loss		(100)	(208)
Loss before income tax expense from continuing operations		(11,728)	(22,531)
Income tax expense	7	–	–
Loss after income tax expense for the year		(11,728)	(22,531)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the year, net of tax		–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(11,728)**	**(22,531)**
		Dollar	Dollar
EARNINGS PER SHARE FOR LOSS ATTRIBUTABLE TO THE OWNERS OF AUSTRAL RESOURCES			
Basic loss per share	40	(0.08)	(225,314)
Diluted loss per share	40	(0.08)	(225,314)

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

Statement of Financial Position

as at 31 December 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	13,334	577
Trade and other receivables	9	1,444	2,324
Prepayments		445	55
Inventories	10	3,233	10,327
Other assets		48	52
Total current assets		18,504	13,335
NON-CURRENT ASSETS			
Other	11	37,892	31,775
Property, plant and equipment	12	6,558	299
Right-of-Use Assets	13	6,522	–
Exploration and mining assets	14	516	239
Deferred tax	15	–	–
Total non-current assets		51,488	32,313
TOTAL ASSETS		**69,992**	**45,648**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	9,138	63,621
Borrowings	17	6,394	234,995
Employee benefits	18	314	163
Lease Liabilities	19	1,166	–
Forward foreign exchange contracts	20	32	–
Other	21	4,000	–
Total current liabilities		21,044	298,779
NON-CURRENT LIABILITIES			
Borrowings	22	21,061	–
Provisions	23	35,146	32,521
Lease Liabilities	24	5,356	–
Total non-current liabilities		61,563	32,521
TOTAL LIABILITIES		82,607	331,300
NET LIABILITIES		**(12,615)**	**(285,652)**
EQUITY			
Issued capital	25	47,926	1
Reserves	26	1,178	–
Accumulated losses	27	(61,719)	(285,653)
TOTAL EQUITY		**(12,615)**	**(285,652)**

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

Statement of Changes in Equity

for the year ended 31 December 2021

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2020	1	–	(263,122)	(263,121)
Loss after income tax expense for the year	–	–	(22,531)	(22,531)
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive loss for the year	–	–	(22,531)	(22,531)
Transactions with owners in their capacity as owners:	–	–	–	–
BALANCE AT 31 DECEMBER 2020	**1**	**–**	**(285,653)**	**(285,652)**

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2021	1	–	(285,653)	(285,652)
Loss after income tax expense for the year	–	–	(11,728)	(11,728)
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive loss for the year	–	–	(11,728)	(11,728)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	47,925	–	–	47,925
Equity recognised on forgiveness of parent entity loan	–	–	235,662	235,662
Share-based payments (note 41)	–	1,178	–	1,178
Dividends paid	–	–	–	–
BALANCE AT 31 DECEMBER 2021	**47,926**	**1,178**	**(61,719)**	**(12,615)**

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

Statement of Cash Flows

for the year ended 31 December 2021

	Note	Consolidated 2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		37,956	26,060
Payments to suppliers and employees (inclusive of GST)		(40,097)	(37,723)
		(2,679)	(11,663)
Interest received		215	373
Other revenue		2,572	–
Net cash from operating activities	37	646	(11,290)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,281)	(314)
Payments for exploration		(277)	(149)
Payments for mining assets		(1,854)	–
Payments for security deposits		(7,228)	–
Proceeds from sale of property, plant and equipment		65	–
Proceeds from release of security deposits		954	382
Net cash used in investing activities		(10,621)	(81)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		30,501	–
Proceeds from borrowings		18,222	11,677
Share issue transaction costs		(2,184)	–
Repayment of borrowings		(21,831)	–
Repayment of lease liabilities		(538)	–
Transaction costs related to loans and borrowings		(1,438)	–
Net cash from in financing activities		22,732	11,677
Net increase/(decrease) in cash and cash equivalents		12,757	306
Cash and cash equivalents at the beginning of the financial year		577	271
Effects of exchange rate changes on cash and cash equivalents		–	–
Cash and cash equivalents at the end of the financial year	8	**13,334**	**577**

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

Notes to the Financial Statements

31 December 2021

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 $11,728,000 and had net cash generated from operating activities of $646,000 for the year ended 31 December 2021. As at that date the consolidated entity had net current liabilities of $2,540,000 and net liabilities of $12,615,000.

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

- The Group is on schedule to start producing Copper Cathode from the new Anthill mine by June 2022 and the project is forecast to be cashflow positive;
- The Group has entered into a binding Offtake Agreement with Glencore International AG. Under the Offtake Agreement, Glencore will have the offtake rights for up to 40,000 tonnes of copper cathode production from the Anthill Mine, with offtake scheduled to commence in the second half of 2022;
- The Group has entered into a Facility Agreement with Glencore International AG which will provide the Group with a US$15 million prepayment facility in March 2022;
- The Group has entered into a Mining Services Agreement with Thiess Pty Ltd which will delay the payment of the work during initial three months at approximately $12 million to December 2022; and
- The Group has the ability to reduce discretionary spending in its mining and production activities.

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.

Note 1. Significant accounting policies *continued*

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 34.

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 2021 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.

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.

Note 1. Significant accounting policies *continued*

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.

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 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.

Note 1. Significant accounting policies *continued*

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value through profit and loss. Derivative financial instruments are not designated as hedging instruments and are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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.

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

Note 1. Significant accounting policies *continued*

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.

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.

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; and
- 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.

Note 1. Significant accounting policies *continued*

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.

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 2021. 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.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

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

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.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

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.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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.

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 2021 approximately $37,260,000 (2020: $25,042,000) 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	
Australia	2021 $'000	2020 $'000	2021 $'000	2020 $'000
	37,260	25,042	7,159	538
	37,260	**25,042**	**7,159**	**538**

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.

Note 4. Revenue

	Consolidated	
	2021 $'000	2020 $'000
FROM CONTINUING OPERATIONS		
Revenue from contracts with customers		
Sale of copper	37,260	25,042
REVENUE FROM CONTINUING OPERATIONS	**37,260**	**25,042**

Disaggregation of revenue

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

	Consolidated	
	2021 $'000	2020 $'000
Major product lines		
Copper Cathode	37,260	25,042
	37,260	**25,042**
Geographical regions		
Australia	**37,260**	**25,042**
Timing of revenue recognition		
Goods transferred at a point in time	**37,260**	**25,042**

Note 5. Other income

	Consolidated	
	2021 $'000	2020 $'000
Net gain on disposal of property, plant and equipment	65	–
Insurance recoveries	2,572	–
Interest income	86	254
Other income	71	175
OTHER INCOME	**2,794**	**429**

Note 6. Finance Expenses

	Consolidated	
	2021 $'000	2020 $'000
Interest on interest bearing loans	5,500	4,670
Borrowings costs	989	–
Interest on leases	172	–
	6,661	**4,670**

Note 7. Income tax expense

	Consolidated 2021 $'000	2020 $'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)	83,584	(6,759)
Increase in deferred tax liabilities	(83,584)	6,759
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	(11,728)	(22,531)
Tax at the statutory tax rate of 30%	(3,518)	(6,759)
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	353	–
Recognition of prior period deferred tax (assets)/liabilities	134	–
Deferred tax assets not brought to account	1,491	6,759
Adjustment recognised for prior periods	–	–
INCOME TAX EXPENSE	**–**	**–**

Note 8. Current assets – cash and cash equivalents

	Consolidated	
	2021 $'000	2020 $'000
Cash on hand	1	1
Cash at bank	13,333	576
	13,334	**577**

Note 9. Current assets – trade and other receivables

	Consolidated	
	2021 $'000	2020 $'000
Trade receivables	964	1,772
Less: Allowance for expected credit losses	–	–
GST Receivable	480	552
	1,444	**2,324**

Note 10. Current assets – inventories

	Consolidated	
	2021 $'000	2020 $'000
Spare parts and consumables	1,461	864
Copper in process	1,676	9,332
Copper cathode	96	131
	3,233	**10,327**

Due to high cost of operations, copper inventories were written down to net realisable value at the end of the reporting period. This resulted in an impairment loss of $281,000 being recognised (2020: impairment of $643,000).

Note 11. Non-current assets – other

	Consolidated	
	2021 $'000	2020 $'000
Term deposits as security for bank guarantees[(i)]	37,785	31,668
Security deposits for Queensland Mines Department	107	107
	37,892	**31,775**

(i) Security deposits held with Bank of China and 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	
	2021 $'000	2020 $'000
Land and buildings – at cost	6,292	6,289
Less: Accumulated depreciation	(6,289)	(6,289)
	3	–
Plant and equipment – at cost	34,864	34,743
Less: Accumulated depreciation	(34,559)	(34,729)
	305	14
Office Equipment, furniture and fittings – at cost	1,671	1,546
Less: Accumulated depreciation	(1,552)	(1,546)
	119	–
Capital works in progress – at cost	3,116	286
Mine development – at cost	226,963	223,949
Less: Accumulated amortisation	(223,949)	(223,949)
	3,014	–
	6,558	**299**

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 equipment, furniture and fittings $'000	Plant and equipment $'000	Mine development $'000	Total $'000
Balance at 1 January 2020	–	–	–	49	–	49
Additions	285	–	–	28	–	313
Disposals	–	–	–	–	–	–
Depreciation and amortisation expense	–	–	–	(63)	–	(63)
Balance at 31 December 2020	285	–	–	14	–	299
Additions	2,831	3	125	293	3,014	6,267
Disposals	–	–	–	–	–	–
Depreciation and amortisation expense	–	–	(6)	(2)	–	(8)
BALANCE AT 31 DECEMBER 2021	**3,116**	**3**	**119**	**305**	**3,014**	**6,558**

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

	Consolidated 2021 $'000	Consolidated 2020 $'000
Land and buildings – right-of-use	97	–
Less: Accumulated depreciation	(12)	–
	85	–
Plant and equipment – right-of-use	6,791	–
Less: Accumulated depreciation	(354)	–
	6,437	–
	6,522	**–**

Additions to the right-of-use assets during the year were $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 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	
	2021 $'000	2020 $'000
Exploration and evaluation – at cost	516	239
Less: Impairment	–	–
	516	**239**

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 2020	90
Additions	149
Impairment of exploration assets	–
Transfers in/(out)	–
Balance at 31 December 2020	239
Additions	277
Impairment of exploration assets	–
Transfers in/(out)	–
BALANCE AT 31 DECEMBER 2021	**516**

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	
	2021 $'000	2020 $'000
DEFERRED TAX ASSET COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:		
Amounts recognised in profit or loss:		
Accruals	–	15,934
Provision for Mine Rehabilitation Asset	10,543	9,756
Other Current Assets	(9,270)	–
Rehabilitation Asset	(690)	–
Mining Leases	–	249
Property, Plant and Equipment	(7)	5,244
Employee Provisions	147	63
Inventory	(438)	(259)
Other	(341)	(55)
Losses	1,547	54,143
	1,491	85,075
Total deferred tax asset not brought to account	(1,491)	(85,075)
DEFERRED TAX ASSET	–	–

Note 16. Current liabilities – trade and other payables

	Consolidated	
	2021 $'000	2020 $'000
Trade payables and accruals	9,138	10,517
Interest accrued on related party loan	–	53,100
GST Payable	–	4
	9,138	**63,621**

Refer to note 28 for further information on financial instruments.

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	
	2021 $'000	2020 $'000
Wingate Facility	6,394	–
Loan from parent entity	–	234,995
	6,394	**234,995**

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. At 31 December 2021, this facility was fully drawn down. 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.

Assets pledged as security

The Wingate facility is secured by first mortgages over the consolidated entity's assets.

Loan from parent entity

On 31 May 2010, the Company entered into a loan agreement with its then parent entity – Top Gallery Investment Limited ('Top Gallery'), primarily to fund its working capital. The loan is interest bearing with reference to the leading rates disclosed by the Reserve Bank of Australia and is payable on demand. On 19 July 2019, this related party loan was reassigned to Bentley Resources Pte Ltd who in turn executed a Deed of Assignment to assign 49% of their rights and interest in the loan to Yellow Gear Pty Ltd. On 24 June 2020, Bentley Resources Pte Ltd reassigned their remaining 51% interest in the related party loan to Yellow Gear Pty Ltd. On the successful completion of the company listing on the ASX the company partially repaid this debt and the remaining was forgiven from the parent entity. Due to the nature of this transaction, the amount forgiven has been recognised directly in equity.

Refer to note 28 for further information on financial instruments.

Note 18. Current liabilities – employee benefits

	Consolidated	
	2021 $'000	2020 $'000
EMPLOYEE BENEFITS	**314**	**163**

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	
	2021 $'000	2020 $'000
Lease liability	**1,166**	–

Refer to note 28 for further information on financial instruments.

Note 20. Current liabilities – forward foreign exchange contracts

	Consolidated	
	2021 $'000	2020 $'000
Forward foreign exchange contracts – cash flow hedges	**32**	–

Refer to note 28 for further information on financial instruments.

Note 21. Current liabilities – other

	Consolidated 2021 $'000	2020 $'000
ANTHILL PRODUCTION PAYMENT	**4,000**	**–**

In July 2021, Austral Resources Australia Ltd entered into negotiations with Top Gallery Investments Limited, a subsidiary of CST Group Limited, regarding the Anthill Production Payment obligation and the permitted indebtedness clause with Wingate.

The parties agreed to the following variation to achieve a mutually beneficial outcome:

- $1 million was paid on 26 July 2021;
- $1.3 million is due on or before 31 March 2022;
- $1.3 million is due on or before 31 May 2022;
- $1.4 million is due on or before 20 July 2022.

Note 22. Non-current liabilities – borrowings

	Consolidated 2021 $'000	2020 $'000
WINGATE FACILITY	**21,061**	**–**

Refer to note 17 for further information the Wingate facility.

Refer to note 28 for further information on financial instruments.

Note 23. Non-current liabilities – provisions

	Consolidated 2021 $'000	2020 $'000
MINE REHABILITATION AND CLOSURE	**35,146**	**32,521**

Note 23. Non-current liabilities – provisions *continued*

Environmental

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

Movements in provisions

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

Consolidated – 2021	Rehabilitation $'000
Carrying amount at the start of the year	32,521
Additional provisions recognised	2,300
Amounts transferred to current	–
Unwinding of discount	325
CARRYING AMOUNT AT THE END OF THE YEAR	**35,146**

Note 24. Non-current liabilities – lease liabilities

	Consolidated	
	2021 $'000	2020 $'000
LEASE LIABILITY	**5,356**	**–**

Refer to note 28 for further information on financial instruments.

Note 25. Equity – issued capital

	Consolidated			
	2021 Shares	2020 Shares	2021 $'000	2020 $'000
ORDINARY SHARES – FULLY PAID	**445,375,000**	**100**	**47,926**	**1**

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 January 2020	100		1
Balance	31 December 2020	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
Cost of share issue		–		(1,826)
BALANCE	31 December 2021	**445,375,000**		**47,926**

(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.

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.

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.

Note 25. Equity – issued capital *continued*

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 2020 Annual Report.

Note 26. Equity – reserves

	Consolidated	
	2021 $'000	2020 $'000
SHARE-BASED PAYMENTS RESERVE	**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 2020	–
Balance at 31 December 2020	–
Share-based payments expense during the year	1,178
BALANCE AT 31 DECEMBER 2021	**1,178**

Note 27. Equity – accumulated losses

	Consolidated	
	2021 $'000	2020 $'000
Accumulated losses at the beginning of the financial year	(285,653)	(263,122)
Loss after income tax expense for the year	(11,728)	(22,531)
Equity recognised on forgiveness of parent entity loan	235,662	–
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR	**(61,719)**	**(285,653)**

Note 28. 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 $2.11 million denominated in foreign currencies at 31 December 2021 (2020: $1.78 million). 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% (2020: weakened or strengthened by 5%) against these foreign currencies with all other variables held constant.

Note 28. Financial instruments *continued*

		AUD strengthened		AUD weakened	
Consolidated 2021	% change	Effect on Profit before tax $'000	Effect on Equity $'000	Effect on Profit before tax $'000	Effect on Equity $'000
USD Cash Deposits	5%	(57)	57	57	(57)
Trade Receivables	5%	(48)	48	48	(48)
		(106)	**106**	**106**	**(106)**

		AUD strengthened		AUD weakened	
Consolidated 2020	% change	Effect on Profit before tax $'000	Effect on Equity $'000	Effect on Profit before tax $'000	Effect on Equity $'000
USD Cash Deposits	5%	(1)	1	1	(1)
Trade Receivables	5%	(89)	89	89	(89)
		(90)	**90**	**90**	**(90)**

Derivative financial instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to 12 months.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value through profit and loss. Derivative financial instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Forward foreign currency contracts	Financial instruments classification	Term	Volume	Price (AUD/USD)	Fair value at 31 Dec 2021 $'000
AUD-USD future Mar 22	Fair Value through profit and loss	Expiry March 2022	$1,000,000	0.72780	(16)
AUD-USD future Jun 22	Fair Value through profit and loss	Expiry June 2022	$1,000,000	0.72805	(16)
					(32)

Interest rate risk

The consolidated entity's main interest rate risk arises from interest bearing loans. 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. At 31 December 2021 the related party loans have been repaid or forgiven. The consolidated does not have any variable interest rate borrowings at 31 December 2021.

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 2020, the consolidated entity had one customer (2019: one) that owed it more than $1 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 2021	Current $'000	<30 days $'000	30-60 days $'000	>61 day $'000	Total $'000
Expected credit loss rate	0.00%	0.1%	5%	10%	
Estimated total gross carrying amount	964	–	–	–	964
Expected credit loss	–	–	–	–	–

Note 28. Financial instruments *continued*

31 December 2020	Trade Receivables – Days past due Current $'000	<30 days $'000	30-60 days $'000	>61 day $'000	Total $'000
Expected credit loss rate	0.00%	0.1%	5%	10%	
Estimated total gross carrying amount	1,772	–	–	–	1,772
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.

Consolidated – 2021	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Remaining contractual 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**

Consolidated – 2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Remaining contractual maturities $'000
NON-DERIVATIVES					
Non-interest bearing					
Trade payables	–	10,544	–	–	10,544
Accrued interest in related party loan	–	53,100	–	–	53,100
Other payables		4			4
Interest-bearing – variable					
Related party loan	1.81%	234,995	–	–	234,995
TOTAL NON-DERIVATIVES		**298,643**	**–**	**–**	**298,643**

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.

The forward foreign currency contracts were fair valued using level 2 inputs of fair value hierarchy.

Note 29. 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	
	2021 $	2020 $
Short-term employee benefits	1,101,921	469,615
Post-employment benefits	66,893	42,212
Long-term benefits	–	
Share-based payments	1,177,567	–
	2,346,381	**511,827**

Note 30. 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	
	2021 $	2020 $
AUDIT SERVICES – RSM AUSTRALIA PARTNERS		
Audit or review of the financial statements	95,000	70,000
OTHER SERVICES – RSM AUSTRALIA PARTNERS		
Financial due diligence and independence limited assurance report for IPO	93,000	–
	188,000	**70,000**

Note 31. Contingent liabilities

There are no contingent liabilities of the Group as at 31 December 2021.

Note 32. Commitments

	Consolidated	
	2021 $'000	2020 $'000
EXPLORATION AND EVALUATION COMMITMENTS		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	711	1,131
One to five years	356	1,067
More than five years	–	–
NATIVE TITLE COMMITMENTS		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	50	150
One to five years	–	50
More than five years	–	–
EQUIPMENT HIRE		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	–	3,636
One to five years	–	6,162
More than five years	–	–
	1,117	**12,196**

Note 33. Related party transactions

Parent entity

Austral Resources Australia Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

	Consolidated	
	2021 $	2020 $
Payment for goods and services:		
Payment for services from Austral Equipment Solutions Pty Ltd	2,657	2,968
Payment for services from Austral Equipment Holdings Pty Ltd	511	132
Payment for services from Equipment Engineering Solutions Pty Ltd	92	–
Payment for goods from Willows Health	22	–
Net repayments/(drawdowns) on Loan from Yellow Gear Pty Ltd.	5,000	(11,870)
Payments to Bentley Resources Pte. Ltd.	–	150

Receivable from and payable to related parties

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

	Consolidated	
	2021 $	2020 $
Current payables:		
Trade payables to Austral Equipment Solutions Pty Ltd	396	489
Trade payables to Austral Equipment Holdings Pty Ltd	43	71
Loan from Yellow Gear Pty Ltd	–	11,174
PPA Loan from Yellow Gear Pty Ltd.	–	223,821
Accrued interest payable to Yellow Gear Pty Ltd on PPA loan	–	53,100

Note 33. Related party transactions *continued*

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 Executive Director of Austral Resources Australia Pty Ltd. The amount payable at 31 December 2021 is $396,145 (2020: $489,511).

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 Executive Director of Austral Resources Australia Pty Ltd. The amount payable at 31 December 2021 is $43,186 (2020: $71,544).

Willows Health

Payments to Willows Health relate to the purchase of camp equipment during the year. Willows Health is owned by Dan Jauncey, the Executive Director of Austral Resources Australia Pty Ltd. The amount payable at 31 December 2021 is nil (2020: nil).

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 Executive Director of Austral Resources Australia Pty Ltd. The amount payable at 31 December 2021 is nil (2020: nil).

Yellow Gear Pty Ltd.

Yellow Gear Pty Ltd was the sole shareholder of Austral Resources Australia Pty Limited at 31 December 2020.

Bentley Resource Pte. Ltd.

Bentley Resources was the 51% shareholder in Austral Resources Australia Pty Limited until 18 June 2020.

Loans to/from related parties

Loan Payable: Yellow Gear Pty Ltd provided funding to Austral Resources Operations Pty Ltd to facilitate the restarting of mining and processing activities at the Lady Annie Mine. This loan was interest free and payable on demand by Yellow Gear Pty Ltd. The total loans outstanding at 31 December 2021 to Yellow Gear Pty Ltd was nil (2020: $11.17 million).

PPA Loan from Yellow Gear Pty Ltd: On 31 May 2010, the Company entered into a loan agreement with its then parent entity – Top Gallery Investment Limited ('Top Gallery'), primarily to fund its working capital. The loan is interest bearing with reference to the leading rates disclosed by the Reserve Bank of Australia and is payable on demand. On 19 July 2019, Top Gallery reassigned this loan to Bentley Resources Pte. Ltd who in turn executed a Deed of Assignment to assign 49% of their rights and interests in the loan to Yellow Gear Pty Ltd. On 24 June 2020, Bentley Resources Pte. Ltd executed a deed of assignment to assign their 51% of rights and interest in the loan to Yellow Gear Pty Ltd. On the successful completion of the company listing on the ASX the company partially repaid this debt and the remaining was forgiven from the parent entity.

Commitments with related parties

At 31 December 2021, Austral Resources Operations Pty Ltd had entered into a 12-month equipment hire contracts with Austral Equipment Solutions Pty Ltd. The value of the commitments for 2022 is $982,000 (2021: $322,000). These hire agreements are with normal commercial terms and at market rates.

At 31 December 2021, Austral Resources Operations Pty Ltd had month-to-month equipment hire contracts with Austral Equipment Holdings Pty Ltd. The value of the commitments for 2022 is nil (2021: $1,320,000). These hire agreements are with normal commercial terms and at market rates.

Terms and conditions

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

Note 34. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021 $'000	2020 $'000
Loss after income tax	(6,167)	(4,059)
Total comprehensive loss	(6,167)	(4,059)

Statement of financial position

	Parent	
	2021 $'000	2020 $'000
Total current assets	879	901
Total assets	233,471	135,711
Total current liabilities	(4,000)	(184,837)
Total liabilities	(4,000)	(184,837)
Equity		
Issued capital	47,926	1
Share-based payments Reserve	1,178	–
Equity recognised on forgiveness of parent entity loan	235,662	–
Accumulated losses	(55,295)	(49,128)
TOTAL EQUITY	**229,471**	**(49,128)**

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2021 and 31 December 2020.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2021 and 31 December 2020.

Note 34. Parent entity information *continued*

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 35. Interests in subsidiaries

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

		Ownership interest	
Name	Principal place of business/ Country of incorporation	2021 %	2020 %
Austral Resources Operations Pty Ltd	Australia	100%	100%
Austral Resources Exploration Pty Ltd	Australia	100%	100%

Note 36. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 3 February 2022, the Company entered into a binding offtake agreement with Glencore. Under the Offtake Agreement, Glencore will have the offtake rights for up to 40,000 tonne of copper cathode production from the Anthill Mine, with offtake scheduled to commence in the second half of 2022. Glencore will also provide Austral Resources with a US$15 million prepayment facility. The prepayment allows the Company to immediately expedite exploration and development activities through 2022.

No other matter or circumstance has arisen since 31 December 2021 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 37. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2021 $'000	2020 $'000
Loss after income tax expense for the year	(11,728)	(22,531)
Adjustments for:		
Depreciation and amortisation	375	63
Accrued interest	4,327	4,467
Share-based payments	1,178	–
Unwinding of discount on rehabilitation liability	325	322
Impairment losses	281	643
Foreign exchange differences	100	208
Change in operating assets and liabilities:		
Decrease in trade and other receivables	880	842
(Increase)/decrease in inventories	6,813	(7,057)
(Increase)/decrease in Secured Deposits	(6,117)	12,737
(Increase)/Decrease in prepayments	(390)	639
Increase in other operating assets	(466)	(1,281)
Increase/(decrease) in trade and other payables	(1,383)	(431)
Increase/(decrease) in other provisions	2,451	90
Increase in Anthill production liability	4,000	–
NET CASH FROM OPERATING ACTIVITIES	**646**	**(11,289)**

Note 38. Non-cash investing and financing activities

	Parent	
	2021 $'000	2020 $'000
Additions to the right-of-use assets	6,888	–
	6,888	**–**

Note 39. Changes in liabilities arising from financing activities

Consolidated	Wingate facility $'000	Loan from Parent $'000	Lease liability $'000	Total $'000
Balance at 1 January 2020	–	223,318	–	223,318
Net cash from financing activities	–	11,677	–	11,677
Acquisition of leases	–	–	–	–
Other changes	–	–	–	–
Balance at 31 December 2020	–	234,995	–	234,995
Net cash from/(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**

Note 40. Earnings per share

	Consolidated 2021 $'000	2020 $'000
Earnings per share for profit from continuing operations		
Loss after income tax	(11,728)	(22,531)
Loss after income tax attributable to the owners of Austral Resources Australia Ltd	(11,728)	(22,531)
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	**(11,728)**	**(22,531)**
	$	$
Basic loss per share	**(0.08)**	**(225,314)**
Diluted loss per share	**(0.08)**	**(225,314)**
	Number	Number
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	152,957,251	100
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	**152,957,251**	**100**

Note 41. 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. There were no performance rights exercised or cancelled and no Key Performance Indicators (KPIs) were satisfied for the financial year ended 31 December 2021. Each Performance Right converts into one AR1 share upon vesting and exercise. Total expense arising from share-base payments transactions is $1,178,000 in current financial year.

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

#	Key Performance Indicators	Performance Right #	Vesting Date[1]	Expiry Date[2]
1	First material ore production from Anthill deposit	11,134,375	7 Jul 22	30 Jun 25
2	Production of 20kt of Copper cathode from Anthill Project	4,453,750	30 Jun 24	30 Jun 26
3	Generate 20kt inferred resource[1]	11,134,375	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	2,226,875	30 Jun 22	30 Jun 25
6	HSSEQ and Indigenous Affairs – FY 2023	2,226,875	30 Jun 23	30 Jun 26
7	Generate 20kt inferred resource[2]	4,453,750	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.

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

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

Note 41. Share-based payments *continued*

No.	KPI	Overview
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 lists 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

Directors' Declaration

31 December 2021

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 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Steven Tambanis
Chief Executive Office

30 March 2022
Brisbane

Independent Auditor's Report

to the members of Austral Resources Australia Ltd

RSM Australia Partners

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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 2021, 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 the 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 2021 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 Group 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.

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.

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 $3.2 million as at 31 December 2021. 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: • Reviewing and 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 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 • Reviewing the appropriateness of disclosure in the financial statements.
Provision for rehabilitation Refer to Note 23 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 2021, the Group has brought to account a provision for rehabilitation of $35.1 million. 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.	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; • Reviewing the reasonableness of the inflation rate, discount rate and timing of the rehabilitation cashflows assumptions used in the model; • Reviewing areas of disturbances and evaluating estimated costs by agreeing inputs used in the provision model to underlying report produced by 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.

RSM

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 2021, 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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to page 40 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Austral Resources Australia Ltd., for the year ended 31 December 2021, 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.

D Talbot

David Talbot
Partner

RSM Australia Partners

Sydney, NSW
30 March 2022

Mineral Resource and Ore Reserve Statement

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)

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

Detailed information that relates to Ore Reserves and Mineral Resource Estimates is provided in Austral Resources Prospectus, Section 7, Independent Technical Assessment Report. This document is available on Austral Resources' website: www.australres.com and on the ASX released as "Prospectus" on 1 November 2021. 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 Andrew Beaton and Mr Steven Tambanis, Competent Persons who are Members of the Australasian Institute of Mining and Metallurgy. Mr Beaton is the Site General Manager at Austral Resources and Mr Tambanis is Chief Executive Officer of the Company. Mr Tambanis and Mr Beaton are geologists and have 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). Mr Tambanis and Mr Beaton 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 2021 and is the first year that Austral Resources has reported a Mineral Resource and Ore Reserve as disclosed in the Company's IPO Prospectus lodged as an ASX announcement on 1 November 2021. Austral Resources confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Austral Resources 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 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*

to the members of Austral Resources Australia Ltd

Deposit	Material Type	Measured				Indicated				Inferred				Total			
		Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*
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**	**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**	**2.42**	**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**	**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**	**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**	**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**

Deposit	Material Type	Measured				Indicated				Inferred				Total			
		Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*
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**	**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**
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	0.60	–	–	0.04	0.45	–	–	0.11	0.55	–	–
	Sulphide	–	–	–	–	–	–	–	–	0.03	0.45	–	–	0.03	0.45	–	–
	Total**	**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**	**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**

JORC 2012 Copper Mineral Resource estimate by deposit.

Shareholder Information

31 December 2021

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 2022.

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 2021.

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/.

Distribution of equity by security holder

	Quoted		Unquoted	
Holding	Ordinary Shares AR1		Options $0.40 exercise price 3 Nov 24 expiry	Performance rights
	#	%		
1 – 1,000	12	0.00	–	–
1,001 – 5,000	132	0.10	–	–
5,001 – 10,000	202	0.41	–	–
10,001 – 100,000	395	3.40	–	–
100,001 and over	199	96.09	14	7
NUMBER OF HOLDERS	**940**[1]		**14**	**7**
Securities on issue	**445,375,000**	**100.00**	**10,000,000**[2]	**44,537,500**[3]
Voluntary escrow to 3 May 22	2,500,000		–	–
Subject to ASX restriction to 5 Aug 22	7,500,000		10,000,000	–
Subject to ASX restriction to 3 Nov 23	197,137,428		–	25,475,450

1. There were 32 holders of less than a marketable parcel of ordinary shares ($500 amounts to 2,500 shares at $0.20).
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
1.	Yellow Gear Pty Ltd <Super Snake A/C>	235,100,000	52.79
2.	Sparta AG	15,900,000	3.57
3.	G Harvey Nominees Pty Ltd <Harvey 1995 DT A/C>	15,000,000	3.37
4.	HSBC Custody Nominees (Australia) Limited – A/C 2	14,102,901	3.17
5.	2Invest AG	10,600,000	2.38
6.	Mr John Kamara	8,153,033	1.83
7.	HSBC Custody Nominees (Australia) Limited	7,602,952	1.71
8.	Kamjoh Pty Ltd	6,859,110	1.54
9.	Kamjoh Pty Limited	6,475,000	1.45
10.	J P Morgan Nominees Australia Pty Limited	5,280,000	1.19
11.	Mr Daniel Jauncey <Ms Maggie Jauncey A/C>	5,000,000	1.12
12.	Mr Daniel Jauncey <Ms Lucy Jauncey A/C>	5,000,000	1.12
13.	Ms Renee Jauncey	3,750,000	0.84
14.	Agilis Pty Ltd <The Agilis A/C>	3,750,000	0.84
15.	Mr Wil Jauncey	3,605,000	0.81
16.	Portcullis House Pty Ltd	3,300,000	0.74
17.	Mr Jacob Alan Burgoyne	2,691,309	0.60
18.	Mr Eng Hock Lim	2,500,000	0.56
19.	Mr Matthew Sharratt	2,295,222	0.52
20.	Mr Antony David McConville & Mrs Sonya Jane McConville <McConville Family A/C>	2,125,000	0.48
		359,089,527	**80.63**

Shareholder Information *continued*

31 December 2021

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	
Daniel Jauncey	10,000,000	
Renee Jauncey	3,750,000	
TOTAL	**248,850,000**	**55.87**

Daniel Jauncey and Renee Jauncey are associates of Yellow Gear Pty Ltd.

	Ordinary shares	
	Number held	% of total shares issued
2 Invest AG	10,600,000	
Sparta AG	15,900,00	
TOTAL	**26,500,000**	**5.95**

2 Invest AG and Sparta AG are associated entities.

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.

Corporate Directory

31 December 2021

Directors

Phillip Thomas (appointed 1 July 2021)
Daniel Jauncey
Jeffrey Innes (appointed 1 July 2021)
Michael Hansel (appointed 14 February 2022)

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

Lady Annie Mine Site
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/media/1073/00-ar1-corporate-governance-statement-2021.pdf