Austral Resources Australia Ltd
Appendix 4E
Preliminary final report

AUSTRAL RESOURCES

1. Company Details

Name of entity:	Austral Resources Australia Ltd
ABN:	50 142 485 470
Reporting period:	For the year ended 31 December 2023
Previous period:	For the year ended 31 December 2022

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	104.2%	to	110,280
Profit from ordinary activities for the year after tax attributable to the owners of Austral Resources Australia Ltd, from a loss of $29.8 million	up	131.7%	to	9,452
Profit for the year attributable to the owners of Austral Resources Australia Ltd, from a loss of $29.8 million	up	131.7%	to	9,452

3. Review of operations

The profit attributable to the owners of Austral Resources Australia Ltd for the consolidated entity after providing for income tax amounts to $9,452,000 (31 December 2022: Loss of $29,800,000).

Highlights
Austral Resources Australia Ltd has achieved the following for the year ended 31 December 2023:

- Copper cathode sales of 9,075 tonnes (2022: 4,423 tonnes) at an average sale price of US$8,442 per tonne (2022: US$8,359per tonne);
- Revenue from continuing operations $110,280,000 (2022: $53,993,000);
- Net operating cash inflows of $41,913,000 (2022: outflows of $1,801,000);
- Cash and cash equivalents of $1,145,000 (2022: $1,535,000)

4. Dividends

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

5. Net tangible assets

	Reporting Period $	Previous Period $
Net tangible assets per ordinary security	(0.02)	(0.04)

6. Control gained over entities

No change during the period

7. Details of associates and joint venture entities

No change during the period

8. Audit qualification or review

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

9. Attachments

Attached is the Preliminary Financial Report of Austral Resources Australia Ltd for the year ended 31 December 2023.

Austral Resources Australia Ltd

ABN 50 142 485 470

Preliminary Financial Report

31 December 2023

Austral Resources Australia Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Note	Consolidated 2023 $'000	2022 $'000
Revenue	1	110,280	53,993
Cost of goods sold		(78,927)	(58,623)
Gross profit / (loss)		31,353	(4,630)
Other income	2	1,902	402
Expenses			
Other operating expenses		(8,490)	(5,799)
Administration expenses		(2,996)	(4,032)
Depreciation and amortisation expense		(114)	(89)
Finance expense	3	(10,878)	(7,323)
Share based payments		(951)	(7,289)
Net foreign exchange loss		(374)	(1,040)
Profit / (loss) before income tax expense from continuing operations		9,452	(29,800)
Income tax expense		-	-
Profit / (loss) after income tax expense for the year		9,452	(29,800)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit / (loss) for the year		9,452	(29,800)

		$	$
Earnings per share for profit attributable to the owners of Austral Resources Australia Ltd			
Basic loss per share		0.02	(0.06)
Diluted loss per share		0.02	(0.06)

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

Austral Resources Australia Ltd
Statement of financial position
As at 31 December 2023

	Note	Consolidated 2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	4	1,145	1,535
Trade and other receivables	5	3,878	7,854
Prepayments		885	844
Inventories	6	41,846	26,876
Other assets		1,180	105
Total current assets		48,934	37,214
Non-current assets			
Other financial assets	7	37,807	37,807
Property, plant and equipment	8	66,412	52,555
Right-of-Use Assets		4,360	6,121
Exploration and mining assets	9	685	603
Total non-current assets		109,264	97,086
Total assets		158,198	134,300
Liabilities			
Current liabilities			
Trade and other payables	10	59,865	44,415
Borrowings	11	63,452	59,122
Provisions		545	554
Lease Liabilities		1,769	1,557
Forward foreign exchange contracts		-	96
Total current liabilities		125,631	105,744
Non-current liabilities			
Provisions	12	37,624	42,386
Lease Liabilities		3,215	4,845
Total non-current liabilities		40,839	47,231
Total liabilities		166,470	152,975
Net liabilities		(8,272)	(18,675)
Equity			
Issued capital	13	71,546	71,546
Reserves	14	2,249	1,298
Accumulated losses	15	(82,067)	(91,519)
Total equity		(8,272)	(18,675)

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

Austral Resources Australia Ltd
Statement of changes in equity
For the year ended 31 December 2023

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

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2023	71,546	1,298	(91,519)	(18,675)
Profit after income tax expense for the year	-	-	9,452	9,452
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive profit for the year	-	-	9,452	9,452
Transactions with owners in their capacity as owners:				
Share-based payments (note 18)	-	951	-	951
Balance at 31 December 2023	71,546	2,249	(82,067)	(8,272)

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

Austral Resources Australia Ltd
Statement of cash flows
For the year ended 31 December 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		112,572	50,023
Payments to suppliers and employees (inclusive of GST)		(73,691)	(53,498)
		38,881	(3,475)
Interest and other costs of finance paid		(2,457)	(1,112)
Interest received		94	82
Other revenue		5,395	2,704
Net cash (used in) / from operating activities		41,913	(1,801)
Cash flows from investing activities			
Payments for property, plant and equipment		(35,074)	(47,545)
Payments for exploration		(83)	(86)
Payments for mining assets		(2,123)	(1,782)
Net cash used in investing activities		(37,280)	(49,413)
Cash flows from financing activities			
Proceeds from issue of shares		-	17,000
Proceeds from borrowings		-	31,048
Share issue transaction costs		-	(549)
Repayment of borrowings		(3,375)	(6,750)
Repayment of lease liabilities		(1,575)	(1,487)
Transaction costs related to loans and borrowings		(65)	(311)
Net cash from financing activities		(5,015)	38,951
Net increase/(decrease) in cash and cash equivalents		(382)	(12,263)
Cash and cash equivalents at the beginning of the financial year		1,535	13,334
Effects of exchange rate changes on cash and cash equivalents		(8)	464
Cash and cash equivalents at the end of the financial year	4	1,145	1,535

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

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

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

As disclosed in the financial statements, the consolidated entity's current liabilities exceeded its current assets by $76,697,000 and had net liabilities of $8,272,000. The ability of the consolidated entity to continue as a going concern is dependent on a number of factors, the most significant of which is the ability to finance the debt obligations through funding arrangements.

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

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:
- The Directors have reviewed the cash forecast, for the forthcoming 12 months which indicates the consolidated entity will continue to generate significant net cash inflows from its operating activities;
- The consolidated entity is in advanced negotiations with its existing debt providers to restructure the existing debt and/or extend the repayment terms and believe that it will be successful in the negotiations (refer to Note 11); and
- If required, the consolidated entity may seek to raise funds through the issue of additional shares under the Corporations Act 2001.

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

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

Note 1. Revenue

	Consolidated	
	2023	**2022**
	$'000	**$'000**
From continuing operations		
Revenue from contracts with customers		
Sale of copper	110,280	53,993
Revenue from continuing operations	110,280	53,993

Note 1. Revenue (continued)

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

	Consolidated 2023 $'000	Consolidated 2022 $'000
Major product lines		
Copper Cathode	110,280	53,993
	110,280	53,993
Geographical regions		
Australia	110,280	53,993
Timing of revenue recognition		
Goods transferred at a point in time	110,280	53,993

Note 2. Other income

	Consolidated 2023 $'000	Consolidated 2022 $'000
Insurance recoveries	771	74
Interest income	1,168	83
Other income	(37)	245
Other income	1,902	402

Note 3. Finance Expenses

	Consolidated 2023 $'000	Consolidated 2022 $'000
Interest on interest bearing loans	8,927	6,245
Interest on leases	429	512
Unwinding of discount on rehabilitation liability	1,502	566
	10,878	7,323

Note 4. Current assets - cash and cash equivalents

	Consolidated 2023 $'000	Consolidated 2022 $'000
Cash on hand	1	1
Cash at bank	1,144	1,534
	1,145	1,535

Note 5. Current assets - trade and other receivables

	Consolidated 2023 $'000	Consolidated 2022 $'000
Trade receivables	3,601	6,749
Less: Allowance for expected credit losses	-	-
GST Receivable	277	1,105
	3,878	7,854

Note 6. Current assets - inventories

	Consolidated 2023 $'000	Consolidated 2022 $'000
Spare parts and consumables	4,671	2,749
Copper in process	34,635	22,375
Copper cathode	2,540	1,752
	41,846	26,876

Note 7. Non-current assets - other

	Consolidated 2023 $'000	Consolidated 2022 $'000
Term deposits as security for bank guarantees (i)	37,700	37,700
Security deposits for Queensland Mines Department	107	107
	37,807	37,807

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

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

	Consolidated 2023 $'000	Consolidated 2022 $'000
Land and buildings – at cost	6,292	6,292
Less: Accumulated depreciation	(6,289)	(6,289)
	3	3
Plant and equipment - at cost	35,116	35,063
Less: Accumulated depreciation	(34,670)	(34,614)
	446	449
Office Equipment, furniture and fittings - at cost	1,923	1,860
Less: Accumulated depreciation	(1,635)	(1,585)
	288	275
Capital works in progress - at cost	10,530	9,921
Mine development – at cost	231,278	235,419
Less: Accumulated amortisation	(228,967)	(225,753)
	2,310	9,666
Stripping activity asset – at cost	74,701	40,352
Less: Accumulated amortisation	(21,866)	(8,111)
	52,835	32,241
	66,412	52,555

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

Consolidated	Capital works In progress $'000	Land and buildings $'000	Office equipment, furniture and fittings $'000	Plant and equipment $'000	Mine development $'000	Stripping activity asset $'000	Total $'000
Balance at 1 January 2022	3,117	3	119	305	3,014	-	6,558
Additions	6,804	-	189	199	8,456	40,352	56,000
Depreciation and amortisation expense	-	-	(33)	(55)	(1,804)	(8,111)	(10,003)
Balance at 31 December 2022	9,921	3	275	449	9,666	32,241	52,555
Additions	609	-	63	53	2,123	34,349	37,197
Reduction in mine rehabilitation and closure asset	-	-	-	-	(6,264)	-	(6,264)
Depreciation and amortisation expense	-	-	(50)	(56)	(3,215)	(13,755)	(17,076)
Balance at 31 December 2023	10,530	3	288	446	2,310	52,835	66,412

Note 9. Non-current assets - exploration and evaluation

	Consolidated 2023 $'000	2022 $'000
Exploration and evaluation - at cost	685	603
Less: Impairment	-	-
	685	603

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 2022	516
Additions	87
Balance at 31 December 2022	603
Additions	82
Balance at 31 December 2023	685

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

Note 10. Current liabilities - trade and other payables

	Consolidated 2023 $'000	2022 $'000
Trade payables and accruals	58,804	43,481
Interest payable	1,061	934
	59,865	44,415

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

Note 11. Current liabilities - borrowings

	Consolidated 2023 $'000	2022 $'000
Wingate Facility	23,707	24,266
Glencore Prepayment Facility	26,929	23,815
Secover Facility	12,816	11,041
	63,452	59,122

Note 11. Current liabilities - borrowings (continued)

Wingate facility

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

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

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

Glencore prepayment facility

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

Secover facility

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

At 31 December 2023, the above three facilities are considered due and payable. However, payments have been deferred while the entity is in negotiations with its existing debt providers to restructure the existing debt and/or extend the repayment terms as disclosed in the Basis of preparation above.

Note 12. Non-current liabilities - provisions

	Consolidated	
	2023	**2022**
	$'000	**$'000**
Mine rehabilitation and closure	37,624	42,386

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

Note 12. Non-current liabilities - provisions (continued)

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

Consolidated - 2023	Rehabilitation $'000
Carrying amount at the start of the year	42,386
Reduction due to reassessment of liability and increase in discount rate	(6,264)
Amounts transferred to current	-
Unwinding of discount	1,502
Carrying amount at the end of the year	37,624

Note 13. Equity - issued capital

	Consolidated			
	2023 Shares	**2022 Shares**	**2023 $'000**	**2022 $'000**
Ordinary shares - fully paid	527,165,826	527,165,826	71,546	71,546

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$'000**
Balance	1 January 2022	445,375,000		47,926
Exercise of performance rights – KMP	7 April 2022	1,848,306	0.20	370
Exercise of performance rights – Directors and KMP	14 April 2022	8,595,736	0.20	1,719
Issue of placement shares	18 August 2022	43,243,244	0.37	16,000
Exercise of performance rights – Directors	18 August 2022	400,837	0.20	80
Issue of placement shares to D Jauncey	4 November 2022	2,702,703	0.37	1,000
Issue of shares – Thiess restructure fee (ii)	23 December 2022	25,000,000	0.20	5,000
Cost of share issue		-		(549)
Balance	31 December 2022	527,165,826		71,546
Balance	31 December 2023	527,165,826		71,546

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

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

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 13. 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.

Note 14. Equity - reserves

	Consolidated	
	2023 $'000	**2022 $'000**
Share-based payments reserve	2,249	1,298

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

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

Consolidated	Share-based payments reserve $'000
Balance at 1 January 2022	1,178
Share-based payments expensed during the year	2,289
Performance rights exercised during the year	(2,169)
Balance at 31 December 2022	1,298
Share-based payments expensed during the year	951
Performance rights exercised during the year	-
Balance at 31 December 2023	2,249

Note 15. Equity - accumulated losses

	Consolidated	
	2023 $'000	**2022 $'000**
Accumulated losses at the beginning of the financial year	(91,519)	(61,719)
Profit / loss after income tax expense for the year	9,452	(29,800)
Accumulated losses at the end of the financial year	(82,067)	(91,519)

Note 16. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Austral Resources Operations Pty Ltd	Australia	100%	100%
Austral Resources Exploration Pty Ltd	Australia	100%	100%

Note 17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 18. Share-based payments

Directors and key management personnel

On 4 August 2021, 44,537,500 performance rights were issued to key management personnel under the Performance Share Plan. Where an employee leaves during the vesting period and the KPI's are not met within three months of the employees termination date the performance rights will be forfeited. In the scenario where the KPI's were met then the employee is eligible to elect to exercise the rights through to the expiry date. On 12 May 2022, 1,603,350 performance rights were issued to Michael Hansel under the Performance Share Plan and were approved at the company's AGM. These performance rights are subject to the same KPIs as the performance rights issued to the key management personnel on 4 August 2021. Each Performance Right converts into one AR1 share upon vesting and exercise.

On 17 October 2022, 4,302,326 performance rights were issued to key management personnel under the Performance Share Plan. Where an employee leaves during the vesting period and the KPI's are not met within three months of the employees termination date the performance rights will be forfeited. In the scenario where the KPI's were met then the employee is eligible to elect to exercise the rights through to the expiry date. These performance rights were re-issued following the cancelation of the existing HSSEQ performance rights after the Directors identified the HSSEQ KPI should be better defined.

Total expense arising from share-base payments transactions is $951,000 (2022: $2,289,000) in current financial year.

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

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

Note 18. Share-based payments (continued)

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

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

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

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

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

- Austral has 26,170,235 Performance Rights on issue as at 31 December 2023 (of those issued at IPO);
- 1,202,513 performance rights were forfeited during the year following the resignation of Jeff Innes on 15 March 2023; and
- Each Performance Right converts into one AR1 share upon vesting and exercise.

Note 18. Share-based payments (continued)

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

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

1. Unless otherwise specified, the Vesting Date represents the last possible date by which the relevant KPI must be met in order for the relevant Performance Rights to vest. Where a KPI is not met, the Performance Rights will be forfeited.
2. Expiry date applies where the KPI has been met by the relevant Vesting Date.
3. Some of the vested rights have been exercised.

Note 18. Share-based payments (continued)

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

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

Note 18. Share-based payments (continued)

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

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

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

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

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

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