

ASX ANNOUNCEMENT



28 February 2022

Appendix 4E – Preliminary final report

1. Company Details

Name of Entity	Austral Resources Australia Ltd
ABN	50 142 485 470
Reporting period	For the year ended 31 December 2021
Previous period	For the year ended 31 December 2020

2. Results for announcement to the market

					\$'000
Revenue from ordinary activities	up	48.8%	to		37,260
Loss after income tax	down	48.0%	to		(11,728)
Loss for the year attributable to the owners of Austral Resources Australia Ltd	down	48.0%	to		(11,728)

3. Review of operations

The loss attributable to the owners of Austral Resources Australia Ltd for the consolidated entity after providing for income tax, amounts to \$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 \$108,000 (2020: outflows of \$11,290,000);
- Cash and cash equivalents of \$13,334,000 (2020: \$577,000)

4. Dividends

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

5. Net tangible assets

	Reporting Period \$	Previous Period \$
Net tangible assets per ordinary security	(0.03)	(2,856,520)

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 or emphasis of matter.

9. Attachments

Attached is the Preliminary Financial Report of Austral Resources Australia Ltd for the year ended 31 December 2021.

This announcement is authorised for market release by Steven Tambanis, Chief Executive Officer.

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Austral Resources Australia Ltd

ABN 50 142 485 470

Preliminary Financial Report

31 December 2021

Austral Resources Australia Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	Consolidated 2021 \$'000	2020 \$'000
Revenue	1	37,260	25,042
Cost of goods sold		(34,897)	(26,774)
Gross profit / (loss)		<u>2,363</u>	<u>(1,732)</u>
Other income	2	2,734	429
Expenses			
Other operating expenses		(893)	(10,372)
Administration expenses		(9,042)	(5,272)
Write down of inventory		(281)	(643)
Depreciation and amortisation expense		(20)	(63)
Finance expense	3	(6,489)	(4,670)
Net foreign exchange loss		(100)	(208)
Loss before income tax expense from continuing operations		(11,728)	(22,531)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the year		(11,728)	(22,531)
Other comprehensive income			
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u><u>(11,728)</u></u>	<u><u>(22,531)</u></u>
		\$	\$
Earnings per share for profit attributable to the owners of Austral Resources Australia Ltd			
Basic loss per share		(0.08)	(225,314)
Diluted loss per share		(0.08)	(225,314)

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 2021

	Note	Consolidated 2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	4	13,334	577
Trade and other receivables	5	39,336	34,099
Prepayments		445	55
Inventories	6	3,233	10,327
Other assets		49	52
Total current assets		<u>56,397</u>	<u>45,110</u>
Non-current assets			
Property, plant and equipment	7	6,558	299
Right-of-Use Assets		85	-
Exploration and mining assets	8	516	239
Deferred tax		-	-
Total non-current assets		<u>7,159</u>	<u>538</u>
Total assets		<u>63,556</u>	<u>45,648</u>
Liabilities			
Current liabilities			
Trade and other payables	9	9,170	63,621
Borrowings	11	6,394	234,995
Provisions		314	163
Lease Liabilities		47	-
Other	10	4,000	-
Total current liabilities		<u>19,925</u>	<u>298,779</u>
Non-current liabilities			
Borrowings	12	21,061	-
Employee benefits		-	-
Provisions	13	35,146	32,521
Lease Liabilities		39	-
Total non-current liabilities		<u>56,246</u>	<u>32,521</u>
Total liabilities		<u>76,171</u>	<u>331,300</u>
Net liabilities		<u>(12,615)</u>	<u>(285,652)</u>
Equity			
Issued capital	14	47,926	1
Reserves	15	1,178	-
Accumulated losses	16	(61,719)	(285,653)
Total equity		<u>(12,615)</u>	<u>(285,652)</u>

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

Austral Resources Australia Ltd
Statement of changes in equity
For the 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)
<i>Transactions with owners in their capacity as owners:</i>	-	-	-	-
Balance at 31 December 2020	<u>1</u>	<u>-</u>	<u>(285,653)</u>	<u>(285,652)</u>
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)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	47,925	-	-	47,925
Equity recognised on forgiveness of parent entity loan	-	-	235,662	235,662
Share-based payments (note 19)	-	1,178	-	1,178
Dividends paid	-	-	-	-
Balance at 31 December 2021	<u>47,926</u>	<u>1,178</u>	<u>(61,719)</u>	<u>(12,615)</u>

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

Austral Resources Australia Ltd
Statement of cash flows
For the 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)		(40,635)	(37,723)
		(2,679)	(11,663)
Interest received		215	373
Other revenue		2,572	-
Net cash from operating activities		108	(11,290)
Cash flows from investing activities			
Proceeds from security deposits			
Payments for property, plant and equipment		(2,281)	(314)
Payments for exploration and mining assets		(2,131)	(149)
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)	-
Transaction costs related to loans and borrowings		(1,438)	-
Net cash from in financing activities		23,270	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	4	<u>13,334</u>	<u>577</u>

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

Austral Resources Australia Ltd
Notes to the financial statements
31 December 2021

Basis of preparation

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

Going Concern

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

As disclosed in the financial statements, the consolidated entity incurred a loss of \$11,728,000 and had net cash generated from operating activities of \$108,000 for the year ended 31 December 2021. As at that date the consolidated entity had net current assets of \$36,472 thousand and net liabilities of \$12,615 thousand.

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;
- 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.

Note 1. Revenue

	Consolidated	
	2021	2020
	\$'000	\$'000
From continuing operations		
<i>Revenue from contracts with customers</i>		
Sale of copper	37,260	25,042
Revenue from continuing operations	<u>37,260</u>	<u>25,042</u>

Disaggregation of revenue

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

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

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Note 2. Other income

	Consolidated	
	2021	2020
	\$'000	\$'000
Net gain on disposal of property, plant and equipment	65	-
Insurance recoveries	2,572	-
Interest income	86	254
Other income	11	175
	<u>2,734</u>	<u>429</u>

Note 3. Finance Expenses

	Consolidated	
	2021	2020
	\$'000	\$'000
Interest on interest bearing loans	5,500	4,670
Borrowings costs	989	-
	<u>6,489</u>	<u>4,670</u>

Note 4. Current assets - cash and cash equivalents

	Consolidated	
	2021	2020
	\$'000	\$'000
Cash on hand	1	1
Cash at bank	13,333	576
	<u>13,334</u>	<u>577</u>

Note 5. Current assets - trade and other receivables

	Consolidated	
	2021	2020
	\$'000	\$'000
Trade receivables	964	1,772
Less: Allowance for expected credit losses	-	-
GST Receivable	480	552
	<u>1,444</u>	<u>2,324</u>
Term deposits as security for bank guarantees (i)	37,785	31,668
Security deposits for Queensland Mines Department	107	107
	<u>39,336</u>	<u>34,099</u>

- (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.

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Note 6. Current assets - inventories

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

Due to high cost of operations (including acquisition of supplies for future use), copper inventories were written down to net realizable value at the end of the reporting period. This resulted in an impairment loss of \$281 thousand being recognised (2020: impairment of \$643 thousand).

Note 7. Non-current assets - property, plant and equipment

	Consolidated	
	2021	2020
	\$'000	\$'000
Land and buildings – at cost	6,292	6,289
Less: Accumulated depreciation	(6,289)	(6,289)
	<u>3</u>	<u>-</u>
Plant and equipment - at cost	34,864	34,743
Less: Accumulated depreciation	(34,559)	(34,729)
	<u>305</u>	<u>14</u>
Office Equipment, furniture and fittings - at cost	1,671	1,546
Less: Accumulated depreciation	(1,552)	(1,546)
	<u>119</u>	<u>-</u>
Capital works in progress - at cost	<u>3,116</u>	<u>285</u>
Mine development – at cost	226,963	223,949
Less: Accumulated amortisation	(223,949)	(223,949)
	<u>3,014</u>	<u>-</u>
	<u><u>6,558</u></u>	<u><u>299</u></u>

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Note 7. 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	<u>3,116</u>	<u>3</u>	<u>119</u>	<u>305</u>	<u>3,014</u>	<u>6,558</u>

Note 8. Non-current assets - exploration and evaluation

	Consolidated 2021 \$'000	2020 \$'000
Exploration and evaluation - at cost	516	239
Less: Impairment	-	-
	<u>516</u>	<u>239</u>

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	<u>516</u>

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.

Austral Resources Australia Ltd
Notes to the financial statements
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Note 9. Current liabilities - trade and other payables

	Consolidated	
	2021	2020
	\$'000	\$'000
Trade payables and accruals	9,370	10,544
Interest accrued on related party loan	-	53,100
GST Payable	-	4
	<u>9,370</u>	<u>63,648</u>

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

Note 10. Current liabilities - other

	Consolidated	
	2021	2020
	\$'000	\$'000
Anthill Production Payment	<u>4,000</u>	<u>-</u>

In July 2021, Austral Resources Australia Pty Limited 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 11. Current liabilities - borrowings

	Consolidated	
	2021	2020
	\$'000	\$'000
Wingate Facility	6,394	-
Loan from parent entity	-	234,995
	<u>6,394</u>	<u>234,995</u>

Wingate Facility

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

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

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Note 11. Current liabilities - borrowings (continued)

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.

Note 12. Non-current liabilities - borrowings

	Consolidated	
	2021	2020
	\$'000	\$'000
Wingate facility	21,061	-

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

Note 13. Non-current liabilities - provisions

	Consolidated	
	2021	2020
	\$'000	\$'000
Mine rehabilitation and closure	35,146	32,521

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 14. Equity - issued capital

	Consolidated			
	2021	2020	2021	2020
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	445,375,000	100	47,926	1

Austral Resources Australia Ltd
Notes to the financial statements
31 December 2021

Note 14. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2020	<u>100</u>		<u>1</u>
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		<u>-</u>		<u>(1,826)</u>
Balance	31 December 2021	<u>445,375,000</u>		<u>47,926</u>

- (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.

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

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

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

Note 15. Equity - reserves

	Consolidated	
	2021	2020
	\$'000	\$'000
Share-based payments reserve	<u>1,178</u>	<u>-</u>

Austral Resources Australia Ltd
Notes to the financial statements
31 December 2021

Note 15. Equity - reserves (continued)

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	Total \$'000
Balance at 1 January 2020	-	-
Balance at 31 December 2020	-	-
Share-based payments expense during the year	1,178	1,178
Balance at 31 December 2021	<u>1,178</u>	<u>1,178</u>

Note 16. Equity - accumulated losses

	Consolidated	
	2021	2020
	\$'000	\$'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	<u>235,662</u>	-
Accumulated losses at the end of the financial year	<u>(61,719)</u>	<u>(285,653)</u>

Note 17. Interests in subsidiaries

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

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

Note 18. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 31 December 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.

Note 19. Share-based payments (continued)

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 with a US\$15 million prepayment facility. The prepayment allows the Company to immediately expedite exploration and development activities through 2022.

Note 19. Share-based payments

Directors and key management personnel

On 4 August 2021, 44,537,500 performance rights were issued to key management personnel under the Performance Share Plan. The performance rights will lapse 3 months after the eligible employee leaves the Company. 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-based payments transactions is \$1,178 thousand 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.

Note 19. Share-based payments (continued)

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

No.	KPI	Overview
1	5,000 tonnes of ore moved from the Anthill deposit within 6 months of commencement of overburden mining at the Anthill Project	This KPI will be considered satisfied on the movement of 5,000 tonnes of ROM ore from the Anthill pit to the crusher. This is defined as removing overburden and transporting ore from the Anthill pit within 6 months of commencement of overburden mining at the Anthill Project.
2	Production of at least 20,000 tonnes of Copper cathode.	This KPI will be considered satisfied if the Company produces 20,000 tonnes of LME grade Copper cathode by the relevant Vesting Date.
3	Generate a JORC compliant Inferred Mineral Resource estimate of 20,000t of contained Cu through the exploration program within 70km of the Mt Kelly processing facility	This KPI represents an exploration target for the exploration team to either continue more detailed exploration work on the top 12 prospects or explore and drill a new Mineral Resource estimate so that collectively an Inferred Mineral Resource estimate of 20,000 tonnes of contained Cu at a cut-off grade of 0.2% is achieved. This represents approximately half the resource at Anthill and must be within 70km of the Mt Kelly facility.
4	Share price target of \$0.50	This KPI will be considered satisfied where the volume weighted price average of the Company's Shares trades at or above \$0.50 for 20 consecutive Trading Days (as that term is defined in the Listing Rules).
5	Health, Safety, Security, Environment, Quality (HSSEQ) and Indigenous Affairs – to 30 June 2022	This KPI will be considered satisfied where both of the following criteria are met during the relevant period: <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (3) the Company's published LTIFR is no more than 10% higher than the twelve month rolling average LTIFR for surface minerals mines as reported in the Queensland Government 'Mines and Quarries Safety Performance and Health Reports'; and (4) the Company (or its relevant subsidiary) is not in material breach or in material dispute with any counter-party to any ILUA (including for example the agreements set out in section 12.7 of the Prospectus).
7	Generate a JORC compliant Inferred Mineral Resource estimate measuring 20,000 tonnes contained Cu in sulphide mineralisation	This KPI represents an exploration target for the exploration team to develop a more detailed exploration work on the sulphides (from existing pits, existing targets and drill a new Mineral Resource so that collectively an Inferred Mineral Resource estimate generating 20,000 tonnes of contained Cu in the sulphides at a cut-off grade of 0.2%.

Note 19. Share-based payments (continued)

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