Austral Resources Australia Pty Limited

ABN 50 142 485 470

Annual Report - 31 December 2020

Austral Resources Australia Pty Limited
Directors' report
31 December 2020

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 Pty Limited (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 Pty Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dan Jauncey
Phillip Thomas (appointed 1 July 2021)
Jeffrey Innes (appointed 1 July 2021)

Principal activities

The principal activities of the consolidated entity during the period were the exploration and mining of copper resources.

Dividends

There were no dividends paid or declared during the reporting period or to the date of this report.

Review of operations

The net loss of the consolidated entity for the period after providing for income tax amounted to $22,531,000 (31 December 2019: $7,103,000).

Significant changes in the state of affairs

The Company converted to a public company on 13 August 2021. There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

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

In July 2021, Austral Resources Australia Pty Limited entered into negotiations with Top Gallery Investments Limited with regards to 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.

Austral Resources Australia Pty Limited will pay the above amounts which will, in turn, reduce the amount owing from Austral to Yellow Gear under the intercompany loan.

On 9 August 2021, the consolidated entered into a debt facility with Win Finance No. 359 Pty Ltd for $30 million. On 13 August 2021, the consolidated entity drew down an initial $20 million on this facility with the remaining $10 million to be draw on the consolidated entity successfully completing a listing on the Australian Stock Exchange.

No other matter or circumstance has arisen since 31 December 2020 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 plans to move towards completion of a prospectus ahead of a proposed ASX listing.

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.

Unissued shares under option
There were no unissued ordinary shares of Austral Resources Australia Pty Limited under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of Austral Resources Australia Pty Limited issued on the exercise of options during the year ended 31 December 2020 and up to the date of this report.

Indemnities given and insurance premiums paid to auditors and officers
Subsequent to the reporting period, the Company will pay a premium to insure officers of the Company. The officers of the Company covered by the insurance policy include all officers.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified, or agreed to indemnity any current or former officer or auditor of the Company against a liability incurred as such by an officer or auditor.

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.

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.

Austral Resources Australia Pty Limited
Directors' report
31 December 2020

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

Dan Jauncey
Director

23 August 2021
Brisbane

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Austral Resources Australia Pty Limited and its controlled entities for the year ended 31 December 2020, 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: 23 August 2021

General information

The financial statements cover Austral Resources Australia Pty Limited as a consolidated entity consisting of Austral Resources Australia Pty Limited 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 Pty Limited's functional and presentation currency.

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

Registered office	**Principal place of business**
C/- HopgoodGanim Lawyers Waterfront Place Level 8, 1 Eagle Street Brisbane QLD 4000	Lady Annie Mine Site McNamara Road (off Barkly Highway) Mount Isa QLD 4825

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 August 2021. The directors have the power to amend and reissue the financial statements.

Austral Resources Australia Pty Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Revenue	3	25,042	24,308
Cost of goods sold		(26,774)	(21,235)
Gross loss		(1,732)	3,073
Reversal of provision of an onerous contract		-	7,707
Other income	4	429	999
Expenses			
Other operating expenses		(10,372)	(5,923)
Administration expenses		(5,272)	(2,550)
Write down of inventory	9	(643)	(599)
Depreciation and amortisation expense		(63)	(681)
Exploration tenement write-off		-	-
Other expenses		-	(765)
Finance expense	5	(4,670)	(8,321)
Net foreign exchange (loss) / gain		(208)	(44)
Loss before income tax expense		(22,531)	(7,103)
Income tax expense	6	-	-
Loss after income tax expense for the year		(22,531)	(7,103)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(22,531)	(7,103)

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

Austral Resources Australia Pty Limited
Consolidated statement of financial position
As at 31 December 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Assets			
Current assets			
Cash and cash equivalents	7	577	271
Trade and other receivables	8	34,099	47,656
Prepayments		55	694
Inventories	9	10,327	3,270
Other assets		52	142
Total current assets		45,110	52,033
Non-current assets			
Property, plant and equipment	10	299	49
Exploration and mining assets	11	239	90
Deferred tax	12	-	-
Total non-current assets		538	139
Total assets		45,648	52,172
Liabilities			
Current liabilities			
Trade and other payables	13	63,648	59,730
Borrowings	14	234,995	223,318
Provisions	15	136	46
Total current liabilities		298,779	283,094
Non-current liabilities			
Provisions	16	32,521	32,199
Total non-current liabilities		32,521	32,199
Total liabilities		331,300	315,293
Net liabilities		(285,652)	(263,121)
Equity			
Issued capital	17	1	1
Accumulated losses	18	(285,653)	(263,122)
Total equity		(285,652)	(263,121)

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

Austral Resources Australia Pty Limited
Consolidated statement of changes in equity
For the year ended 31 December 2020

Consolidated	**Issued capital $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Non-controlling interest $'000**	**Total equity $'000**
Balance at 1 January 2019	1	-	(256,019)	-	(256,018)
Loss after income tax expense for the year	-	-	(7,103)	-	(7,103)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	(7,103)	-	(7,103)
Transactions with owners in their capacity as owners:	-	-	-	-	-
Balance at 31 December 2019	1	-	(263,122)	-	(263,121)

Consolidated	**Issued capital $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Non-controlling interest $'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)

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

Austral Resources Australia Pty Limited
Consolidated statement of cash flows
For the year ended 31 December 2020

	Note	Consolidated 2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		26,060	25,954
Payments to suppliers and employees (inclusive of GST)		(37,723)	(28,196)
		(11,663)	(2,242)
Interest received		373	1,053
Net cash from operating activities	28	(11,290)	(1,189)
Cash flows from investing activities			
Proceeds from security deposits		382	5,443
Payments for property, plant and equipment		(314)	(18)
Payments for exploration and mining assets		(149)	(167)
Net cash used in investing activities		(81)	-
Cash flows from financing activities			
Proceeds from / (repayment) of borrowings		11,677	(8,801)
Net cash used in financing activities		11,677	(8,801)
Net increase/(decrease) in cash and cash equivalents		306	(4,732)
Cash and cash equivalents at the beginning of the financial year		271	5,003
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the financial year	7	577	271

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

Austral Resources Australia Pty Limited
Notes to the financial statements
31 December 2020

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 $22,531 thousand and had net cash outflows from operating activities of $11,290 thousand for the year ended 31 December 2020. As at that date the consolidated entity had net current liabilities of $253,669 thousand and net liabilities of $285,652 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:

- Yellow Gear Pty Ltd (‘the parent’) will not request the repayment of the parent loan at $223,821 thousand and corresponding accrued interest at $53,100 thousand as of 31 December 2020 for a period of no less than 12 months from the date of the auditor’s report for the Group for the year ended 31 December 2020;
- The parent will not request the repayment of the working capital loan at $11,174 thousand as of 31 December 2020 for a period of no less than 12 months from the date of the auditor’s report for the Group for the year ended 31 December 2020 unless the Company’s planned initial public offering at ASX is successful during the period;
- The Group has entered into a debt facility with Win Finance No.359 Pty Ltd for $30 million on 9 August 2021;
- The Group is seeking to raise $28m in equity capital from an Initial Public Offering on the Australian Stock Exchange in September 2021; 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.

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 25.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Austral Resources Australia Pty Limited ('company' or 'parent entity') as at 31 December 2020 and the results of all subsidiaries for the year then ended. Austral Resources Australia Pty Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 1. Significant accounting policies (continued)

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.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Austral Resources Australia Pty Limited'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 portor the customer's premises.

Note 1. Significant accounting policies (continued)

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

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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 Pty Limited (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.

Note 1. Significant accounting policies (continued)

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.

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, it's carrying value is written off.

Note 1. Significant accounting policies (continued)

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 units of production method for plant and equipment and mine development and a straight-line basis for other assets with 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.

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.

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.

Note 1. Significant accounting policies (continued)

Impairment of non-financial assets
Other 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.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

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 even, 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.

Note 1. Significant accounting policies (continued)

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.

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

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.

Note 1. Significant accounting policies (continued)

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.

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 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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.

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

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

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

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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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.

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. Revenue

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Revenue from contracts with customers		
Sale of goods	25,042	24,308
Revenue	25,042	24,308

Note 3. Revenue (continued)

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

	Consolidated	
	2020 $'000	2019 $'000
Major product lines		
Copper Cathode	25,042	24,308
	25,042	24,308
Geographical regions		
Australia	25,042	24,308
	25,042	24,308
Timing of revenue recognition		
Goods transferred at a point in time	25,042	24,308
	25,042	24,308

Note 4. Other income

	Consolidated	
	2020 $'000	2019 $'000
Interest income	254	874
Other income	175	125
Other income	429	999

Note 5. Finance expenses

	Consolidated	
	2020 $'000	2019 $'000
Interest on interest bearing loans	4,670	8,321

Note 6. Income tax expense

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Income tax expense		
Current tax		
Current tax on profits for the year	-	-
Adjustment recognised for prior periods	-	-
Total income tax expense	-	-
Deferred income tax:		
Increase in deferred tax assets	(6,759)	(2,131)
Net deferred tax asset not brought to account	6,759	2,131
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	(22,531)	(7,103)
Tax at the statutory tax rate of 30%	(6,759)	(2,131)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other	-	-
Deferred tax assets not brought to account	6,759	2,131
	-	-
Adjustment recognised for prior periods	-	-
Income tax expense	-	-

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Cash on hand	1	1
Cash at bank	576	270
	577	271

Note 8. Current assets - trade and other receivables

	Consolidated	
	2020 $'000	2019 $'000
Trade receivables	1,772	2,183
Less: Allowance for expected credit losses	-	-
GST Receivable	552	459
	2,324	2,642
Term deposits as security for bank guarantees (i) and (ii)	31,668	44,903
Security deposits for Queensland Mines Department	107	111
	34,099	47,656

(i) Security deposits held with Bank of China as security for bank guarantee issued to third parties in relation to the provision of power

(ii) Security deposits held with Bank of China 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.

Interest rates on the term deposits range from 0.02% to 1.60% (2019: 0.45% to 2.30%)

Note 9. Current assets - inventories

	Consolidated	
	2020 $'000	2019 $'000
Spare parts and consumables	864	835
Copper in process	9,332	1,460
Copper cathode	131	975
	10,327	3,270

Due to high cost of operations, copper inventories were written down to net realizable value at the end of the reporting period. This resulted in an impairment loss of $643 thousand being recognised (2019: impairment of $599 thousand).

Note 10. Non-current assets - property, plant and equipment

	Consolidated 2020 $'000	Consolidated 2019 $'000
Land and buildings – at cost	6,289	6,289
Less: Accumulated depreciation	(6,289)	(6,289)
	-	-
Plant and equipment - at cost	34,743	34,725
Less: Accumulated depreciation	(34,729)	(34,676)
	14	49
Office Equipment, furniture and fittings - at cost	1,546	1,546
Less: Accumulated depreciation	(1,546)	(1,546)
	-	-
Capital works in progress - at cost	286	-
Mine development – at cost	223,949	223,949
Less: Accumulated amortisation	(223,949)	(223,949)
	-	-
	299	49

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 2019	-	-	-	712	-	49
Additions	-	-	-	18	-	18
Disposals	-	-	-	-	-	-
Depreciation and amortisation expense	-	-	-	(681)	-	(681)
Balance at 31 December 2019	-	-	-	49	-	49
Additions	286	-	-	28	-	314
Disposals	-	-	-	-	-	-
Depreciation and amortisation expense	-	-	-	(63)	-	(63)
Balance at 31 December 2020	286	-	-	14	-	299

Note 11. Non-current assets - exploration and evaluation

	Consolidated 2020 $'000	Consolidated 2019 $'000
Exploration and evaluation – at cost	239	90
Less: Impairment	-	-
	239	90

Note 11. Non-current assets - exploration and evaluation (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	Exploration and evaluation $'000	Total $'000
Balance at 1 January 2019	-	-
Additions	90	90
Impairment of exploration assets	-	-
Transfers in/(out)	-	-
Balance at 31 December 2019	90	90
Additions	149	149
Impairment of exploration assets	-	-
Transfers in/(out)	-	-
Balance at 31 December 2020	239	239

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 12. Non-current assets - deferred tax

	Consolidated	
	2020 $'000	**2019 $'000**
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Accruals	15,934	14,717
Provision for Mine Rehabilitation Asset	9,756	9,660
Mining Leases	249	148
Property, Plant and Equipment	5,244	5,699
Employee Provisions	63	10
	(259)	(250)
Other	(55)	(8)
Losses	54,143	48,340
	85,075	78,316
Total deferred tax asset not brought to account	(85,075)	(78,316)
Deferred tax asset	-	-

Note 13. Current liabilities - trade and other payables

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Trade payables and accruals	10,544	10,689
Interest accrued on related party loan	53,100	49,041
GST Payable	4	-
	63,648	59,730

Refer to note 19 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 14. Current liabilities - borrowings

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Loan from parent entity	234,995	223,318

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 20219 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.

During the year, the interest rate was in the range of 1.63% - 2.49% (2019: 2.49% - 2.80%).

Refer to note 19 for further information on financial instruments.

Note 15. Current liabilities - provisions

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Employee benefits	136	46

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 16. Non-current liabilities - provisions

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Mine rehabilitation and closure	32,521	32,199

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 - 2020	Mine rehabilitation and closure $'000
Carrying amount at the start of the year	32,199
Unwinding of discount	322
Carrying amount at the end of the year	32,521

Note 17. Equity - issued capital

	Consolidated			
	2020	**2019**	**2020**	**2019**
	Shares	**Shares**	**$'000**	**$'000**
Ordinary shares - fully paid	100	100	1	1

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$'000**
Balance	1 January 2019	100		1
Balance	31 December 2019	100		1
Balance	31 December 2020	100		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.

Note 17. Equity - issued capital (continued)

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

The consolidated entity 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 18. Equity - accumulated losses

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Accumulated losses at the beginning of the financial year	263,122	256,019
Loss after income tax expense for the year	22,531	7,103
Dividends paid	-	-
Accumulated Losses at the end of the financial year	285,653	263,122

Note 19. 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.

Note 19. Financial instruments (continued)

The consolidated entity held assets of $1.78 million denominated in foreign currencies at 31 December 2020 (2019: $2.18 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% (2019: weakened or strengthened by 5%) against these foreign currencies with all other variables held constant.

		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)

		AUD strengthened		**AUD weakened**	
Consolidated 2019	% 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%	(109)	109	109	(109)
		(110)	110	110	(110)

Interest rate risk
The consolidated entity's main interest rate risk arises from the loan with related party. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of related party loans affected. With all other variables held constant, the consolidated entity's profit before tax is affected through the impact on variable interest rates, as follows:

2020		**2019**	
Increase / decrease in basis points $'000	**Effect on Profit before tax $'000**	**Increase / decrease in basis points $'000**	**Effect on Profit before tax $'000**
+ 50	(1,119)	+ 50	(1,119)
- 50	1,119	- 50	1,119

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.

Note 19. Financial instruments (continued)

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		
	Current	<30 days	30-60 days	>61 days	Total
31 December 2020	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Expected credit loss rate	0.00%	0.1%	5%	10%	
Estimated total gross carrying amount	1,772	-	-	-	1,772
Expected Credit loss	-	-	-	-	-

		Trade Receivables			
			Days past due		
	Current	<30 days	30-60 days	>61 days	Total
31 December 2019	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Expected credit loss rate	0.00%	0.1%	5%	10%	
Estimated total gross carrying amount	2,184	-	-	-	2,184
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.

Note 19. Financial instruments (continued)

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 - 2020	1 year or less $'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 - fixed rate		
Related party loan	234,995	234,995
Total non-derivatives	298,643	298,643

Consolidated - 2019	1 year or less $'000	Remaining contractual maturities $'000
Non-derivatives		
Non-interest bearing		
Trade payables	10,689	10,689
Accrued interest in related party loan	49,041	49,041
Other payables	-	-
Interest-bearing - fixed rate		
Related party loan	223,318	223,318
Total non-derivatives	283,048	283,048

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

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

Note 20. 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	
	2020 **$**	**2019** **$**
Short-term employee benefits	469,615	304,904
Post-employment benefits	42,212	28,966
	511,827	333,870

Note 21. Remuneration of auditors

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

	Consolidated	
	2020	**2019**
	$	**$**
Audit services – RSM Partners		
Audit of the financial statements	65,000	65,000

Note 22. Contingent liabilities

The Anthill Production Payment of $5,000,000 (Anthill Production Payment) is contemplated in the Share Sale Agreement dated 14 March 2019 between Top Gallery Investment Limited, CST Minerals Australia Pty Ltd (now Austral Resources Australia Pty Ltd) (ARA or the Company), CST Minerals Lady Annie Pty Ltd (now Austral Resources Operations Pty Ltd) (ARO), CST Minerals Exploration Pty Ltd (now Austral Resources Exploration Pty Ltd) (ARE), Bentley Resources Pte. Ltd (Bentley) and Kombi Mining Pty Ltd atf Lady Annie Trust (Kombi) (Share Sale Agreement).

The Anthill Production Payment is due on the Production Payment Date, which is defined in the Share Sale Agreement to mean the earlier to occur of

(a) the date that is 5 Business Days after the First Commercial Production from the Anthill Project;
(b) the date of any Insolvency Event in respect of Kombi, Bentley, the Company or a Subsidiary of the Company; or
(c) 36 months after the date of Completion.

The liability to pay the Anthill Production Payment was initially an obligation of Bentley under the Share Sale Agreement which ARA, ARE and ARO have guaranteed the performance of the Anthill Production Payment.

On 18 June 2020, Bentley, Kombi, Yellow Gear atf the Super Snake Trust (Yellow Gear), ARA, ARO, Riggers Splash for Cash Pty Ltd atf the Riggers Splash for Cash Trust, Nathan Tinkler and Dan Jauncey entered into a deed of assignment where Yellow Gear and ARA jointly and severally indemnified Kombi and Bentley against the Anthill Production Payment.

As at 31 December 2020, none of the above conditions have been met and therefore the consolidated entity has disclosed the Antill Production Payment as a contingent liability.

Note 23. Commitments

	Consolidated	
	2020 $'000	2019 $'000
Exploration and evaluation commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,131	1,506
One to five years	1,067	2,198
More than five years	-	-
Native title commitments:		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	150	-
One to five years	50	200
More than five years	-	-
Equipment Hire		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	3,636	1,657
One to five years	6,162	-
More than five years	-	-
	12,196	5,561

Note 24. Related party transactions

Parent entity
Austral Resources Australia Pty Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 26.

Key management personnel
Disclosures relating to key management personnel are set out in note 20.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2020 $'000	2019 $'000
Payment for goods and services:		
Payment for services from Austral Equipment Solutions Pty Ltd	2,968	337
Payment for services from Austral Equipment Holdings Pty Ltd	132	-
Net drawdowns on Loan from Yellow Gear Pty Ltd.	(11,870)	(750)
Payments to Bentley Resources Pte. Ltd.	150	1,253

Note 24. Related party transactions (continued)

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

	Consolidated	
	2020 **$'000**	**2019** **$'000**
Current receivables:		
Loan to Bentley Resources Pte Ltd		1,253
Current payables:		
Trade payables to Austral Equipment Solutions Pty Ltd	489	200
Trade payables to Austral Equipment Holdings Pty Ltd	71	-
Loan from Yellow Gear Pty Ltd	11,174	750
PPA Loan from Yellow Gear Pty Ltd.	223,821	109,672
PPA Loan from Bentley Resources Pte. Ltd.	-	114,149
Accrued interest payable to Yellow Gear Pty Ltd on PPA loan	53,100	24,030
Accrued interest payable to Bentley Resources Pte. Ltd on PPA loan	-	25,011

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 Chairmen of Austral Resources Australia Pty Ltd. The amount payable at 31 December 2020 is $489,511 (2019: $200,000).

Austral Equipment Holding 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 Chairmen of Austral Resources Australia Pty Ltd. The amount payable at 31 December 2020 is $71,544 (2019: nil).

Yellow Gear Pty Ltd.
Yellow Gear Pty Ltd is the sole shareholder of Austral Resources Australia Pty Limited at 31 December 2020. Yellow Gear acquired the remaining 51% shareholding from Bentley Resources Pte. Ltd on 18 June 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 Receivable: On 19 July 2019, Bentley Resources Pte. Ltd purchased Austral Resources Pty Limited from Top Gallery Investments Limited and subsequently assigned 49% of its interests to Yellow Gear Pty Ltd. Austral Resources Lady Annie Pty Ltd provided funding to Bentley Resources Pte. Ltd. The loan in unsecured is interest free and has no fixed repayment terms. During 2020 Bentley Resources was bought out of Austral Resources Australia by Yellow Gear Pty Ltd. The loan receivable balance was assigned to the loan payable to Yellow Gear Pty Ltd.

Loan Payable: Yellow Gear Pty Ltd provided funding to Austral Resources Lady Annie Pty Ltd to facilitate the restarting of mining and processing activities at the Lady Annie Mine. This loan is interest free and payable on demand by Yellow Gear Pty Ltd. The total loans outstanding at 31 December 2019 to Yellow Gear Pty Ltd was $11.17 million (2018: $0.75 million).

PPA Loan from Bentley Resources Pte Ltd and 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 18 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.

Note 24. Related party transactions (continued)

Commitments with related parties
On 3 December 2020, Austral Resources Operations Pty Ltd (Formerly Austral Resources Lady Annie Pty Ltd) entered into a 12-month contract to hire equipment from Austral Equipment Solutions Pty Ltd. The value of the commitments for 2021 is $322 thousand (2020: $1,331 thousand). These hire agreements are with normal commercial terms and at market rates.

On 3 December 2020, Austral Resources Operations Pty Ltd (Formerly Austral Resources Lady Annie Pty Ltd) entered into a 12-month contract to hire equipment from Austral Equipment Holdings Pty Ltd. The value of the commitments for 2021 is $1,320 thousand (2020: nil). 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 25. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2020 $'000	**2019 $'000**
Loss after income tax	(4,059)	(8,355)
Total comprehensive loss	(4,059)	(8,355)

Statement of financial position

	Parent	
	2020 $'000	**2019 $'000**
Total current assets	901	903
Total assets	135,711	135,712
Total current liabilities	(184,837)	(180,780)
Total liabilities	(184,837)	(180,780)
Equity		
Issued capital	1	1
Revaluation surplus reserve	-	-
Financial assets at fair value through other comprehensive income reserve	-	-
Hedging reserve - cash flow hedges	-	-
Accumulated losses	(49,128)	(45,069)
Total equity	(49,127)	(45,068)

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2020 and 31 December 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2020 and 31 December 2019.

Note 25. 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 26. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Austral Resources Lady Annie Pty Limited	Australia	100.00%	100.00%
Austral Resources Exploration Pty Limited	Australia	100.00%	100.00%

Note 27. 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 2020, 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.

In July 2021, Austral entered into negotiations with Top Gallery with regards to 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.

Austral Resources Australia Pty Limited will pay the above amounts which will, in turn, reduce the amount owing from Austral to Yellow Gear under the intercompany loan.

On 9 August 2021, the consolidated entered into a debt facility with Win Finance No. 359 Pty Ltd for $30 million. On 13 August 2021, the consolidated entity drew down an initial $20 million on this facility with the remaining $10 million to be draw on the consolidated entity successfully completing a listing on the Australian Stock Exchange.

No other matter or circumstance has arisen since 31 December 2020 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 28. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Loss after income tax expense for the year	(22,531)	(7,103)
Adjustments for:		
Depreciation and amortisation	63	681
Interest expense	4,467	8,525
Movement in provision for rehabilitation	322	(1,484)
Movement in provision for onerous contract	-	(7,707)
Impairment losses	90	77
Foreign exchange differences	208	44
Change in operating assets and liabilities:		
Decrease in trade and other receivables	842	1,521
Increase in inventories	(7,057)	(1,723)
(Increase)/Decrease in Secured Deposits	12,737	-
Increase/(decrease) in trade and other payables	(431)	5,934
Increase/(decrease) in other provisions	90	46
Net cash from operating activities	(11,289)	(1,189)

Austral Resources Australia Pty Limited
Directors' declaration
31 December 2020

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 2020 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

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

Dan Jauncey
Chairman

23 August 2020
Brisbane

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT

To the Members of Austral Resources Australia Pty Ltd

Qualified Opinion

We have audited the financial report of Austral Resources Australia Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, 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, except for the matter referred to in the Basis for Qualified Opinion section of our report 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 2020 and of its financial performance for the year then ended; and

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

Basis for Qualified Opinion

We were appointed as auditors of the Group on 11 May 2021 and thus did not observe the counting of the physical inventories at the beginning or the end of the year. We were unable to satisfying ourselves by alternative means concerning the accuracy and completeness of inventory quantities held at 31 December 2019 or 31 December 2020, or to determine whether any adjustments to these amounts were necessary. Since opening and closing inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

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 Group, 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 qualified opinion.

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 2020, 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: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

D Talbot

David Talbot
Partner

RSM Australia Partners

Sydney, NSW
23 August 2021