

26 August 2022

AR1: Operational and Strategic Update

Highlights

- *Austral is on track to produce 10,000tpa from its Anthill Mine by FY23 despite initial operational delays in production and processing.*
- *Mining and grade control to date, has confirmed the Resource model tonnage estimates are within 2% of the contained metal value.*
- *Mining is ahead of schedule by 680,000 BCM's, representing a 12% increase on the original mining schedule.*
- *Road Haulage is on track and within 3% of the original haulage schedule tonnage.*
- *Drill and Blast program is 11% ahead of schedule.*

Copper producer Austral Resources Australia Ltd (ASX:AR1) ("Austral" or the "Company") is pleased to provide a Company update on expected performance for 2022 and an outlook for 2023 following the successful capital raise of \$17 million at an issue price of \$0.37 per share from institutional and sophisticated investors.

Operations

Whilst copper cathode production was below our initial forecast, mining remains ahead of schedule with a total of 6,485,777 BCM mined, representing a 12% increase on the planned mining schedule of 5,806,912 BCM.

Production has also been impacted by the ongoing effects of COVID-19 related staff absenteeism and lengthy interruptions in our supply chain.

Following some initial down time issues with the crushing and stacking infrastructure, post an extensive refurbishment campaign we have now achieved a steady state crushing and stacking operation having achieved a daily average of 6,900t in the past 7 days, compared to the modelled 5,000t per day.

A significant mid-year rain event which recorded more than 80mm of rain impacted production, processing and stacking. The rain caused delays in processing with the main issue being contaminates and solids in the copper processing solution.

Of importance is that Austral, in partnership with Thiess, have pushed ahead and increased the mining schedule to de-risk the mining operation in anticipation of an extended wet season.

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Production and processing rates continue to ramp up as we track towards a production target of 1,000t per month by November 2022.

The Company also advises that our mining, road haulage, crusher and processing rates specified in our agreements are being achieved or exceeded. However, ARI along with other companies in the mining sector, have been adversely affected by the increase in fuel costs which have increased by 68% as of year to date. Fuel represents 26% of our processing costs.

Exploration

As announced to the market on 28 July 2022, Austral Resources is continuing with the exploration drilling campaign. Diamond drilling is currently underway at the Lady Colleen prospect and assay results are expected in the coming weeks.

Austral's Managing Director and CEO, Dan Jauncey, commented:

"Austral's copper cathode production estimate has been pushed back following the delays we have incurred. The key takeaway is we are still on track to produce 10,000 tpa for FY23. Mining is ahead of schedule by 12%. Haulage is within 2% of the original haulage schedule and our ROM pads are at full capacity with ore waiting to be crushed and leached. We will endeavour to make this production up over the next 12 months.

"We are on track to produce over 1,000t of copper cathode per month this year, albeit later than originally expected.

"Off the back of our recent equity raise, Austral can fast track our drilling campaign, focusing on the areas in and around Anthill, continue drilling around our multiple target areas including Lady Colleen which has assay results imminent, and focus on finalising our binding joint-venture exploration agreement with Glencore.

"We look forward to updating the market with further developments over the coming weeks."

This announcement is authorised by the Austral Board.

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About Austral Resources

Austral Resources Australia Ltd is an ASX listed copper cathode producer operating in the Mt Isa region, Queensland, Australia. Its Mt Kelly copper oxide heap leach and solvent extraction electrowinning (SXEW) plant has a nameplate capacity of 30,000tpa of copper cathode. Austral has developed its Anthill oxide copper mine which has an Ore Reserve of 5.06Mt at 0.94% Cu. The Company expects to produce 40,000t of copper cathode over a four-year period from mid-2022.

Austral also owns a significant copper inventory with a JORC compliant Mineral Resource Estimate of 60Mt@ 0.7% Cu (420,000t of contained copper) and 2,100km² of highly prospective exploration tenure in the heart of the Mt Isa district, a world class copper and base metals province. The Company is implementing an intensive exploration and development program designed to extend the life of mine, increase its resource base and then review options to commercialise its copper resources.

The Company confirms that it is not aware of any new information or data that materially affects the estimates of Mineral Resources and Ore Reserves released as "Prospectus" on 1 November 2021 and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not changed.