

ASX ANNOUNCEMENT



27 December 2024

RECAPITALISATION AND OPERATIONAL UPDATE

Australian copper producer and explorer Austral Resources Australia Ltd (“**Austral**”, or the “**Company**”) (ASX:ARI) is pleased to provide shareholders with this recapitalisation and operational update, including production and exploration matters.

Recapitalisation update

On 20 June 2024, Austral entered into a Framework Agreement (“**Framework Agreement**”) for the quarantining of secured debt under the Antill Project Agreement (“**APA**”) and the recapitalisation of the Company. The Board has sought to pursue the arrangements in the Framework Agreement since this date with the view to preserve existing shareholder and supplier value, not to enter into voluntary administration with a view to recapitalise, similar to other copper companies in the Mt Isa region that have either voluntarily or involuntarily pursued this course of action in recent times.

The Board has sought to ensure that it balances the requirement for new equity alongside existing shareholders to the benefit of all stakeholders. The Board does acknowledge that this strategy may be a source of frustration for some shareholders as the recapitalisation remains incomplete at the date of this announcement. The Board is actively pursuing third party opportunities to secure the long term growth of the Company and to ensure that the recapitalisation is reflective of the prospectivity and growth potential of the Company.

Operational highlights

Whilst the recapitalisation remains incomplete, the Company has progressed several operational objectives, particularly during the second half of 2024 (i.e. the post-receivership period):

- Successful rapid onboarding of Re:Group as the new mining contractor with a total of 3.12m tonnes mined from Anthill during 2024;
- Optimisation of the remaining mining pits by CSA Global to extend the Company’s mine life out beyond 2030;
- Completion of the first phase of work by WSP to conclude a JORC Inferred Mineral Resource Estimate of 22.6 million tonnes grading @ 0.20% Cu for 44.6kt Cu metal within the Austral Heap Leach stockpile¹;
- The crushing and stacking circuit had significant mechanical refurbishment in the December quarter, allowing for a stepped increase in copper output from December 2024, and establishing a solid foundation for 2025 and beyond;
- Successful integration of Anthill and Lady Annie Safety Management Systems in the December quarter;

¹ See ASX Announcement “Mt Kelly Heap Leach Mineral Resource” released on 28 October 2024.

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- Continued compliance with all Qld Mines Inspectorate audits during 2024, with no outstanding actions or directives in any area of operations of the Company;
- No Environmental compliance issues during 2024; and
- The appointment of Angus Petersen as the Chief Financial Officer of the Company from 22 November 2024. Angus joined Austral in March 2021 and had been in the role of Acting Chief Financial Officer since August 2023.

Production guidance

The Board has decided that it would be in the Company's best interests to provide quarterly production figure guidance to better allow shareholders to understand the Company's operations as the only copper cathode producer in Australia².

The Company will publish a quarterly update (in the month proceeding the end of a calendar quarter) outlining the actual production figures from the previous calendar quarter, and the forecasted production for the next quarter. For the March 2025 quarter, the Company provides the following production estimates:

- Total Material movement – 1,922,696Mt
- Total Ore Mined – 217,323kt @ 0.68% Cu
- Total Contained Cu – 1,474CuT
- Total Cu Produced – 2,126t

The Company makes no representation on the current or future LME copper price or foreign exchange rates.

Exploration highlights

Lady Maggie Environmental Approval Granted in December 2024

The Company has been granted environmental approval by the Queensland Department of Environment and Science to undertake exploration-related disturbance at the historical Lady Maggie Cu mine, located approximately 8.5km from the Lady Annie/Mt Kelly SX-EW processing facility.

This Environmental approval now enables the Company to undertake planned exploration drilling to follow up encouraging historical drilling intercepts, including 53m @ 1.02% Cu (BG07007; from surface) and 11m @ 2.8% Cu (BG07006; from 59m)³⁴. Subject to the successful recapitalisation of the Company, a drilling campaign will commence in the June quarter of 2025.

Regional Exploration Achievements

Whilst the exploration team has been down-sized during 2024, they have now completed an expansive regional field season across the company's 2181km² of tenure, which succeeded in both rejuvenating the

² Utilising a SX-EW processing plant and oxide feed material

³ Significant intercepts calculated using a Cu cutoff of 0.3%, no internal dilution and no external dilution.

⁴ Intercept and context for these Cu intercepts and drillholes previously reported on 10 July 2023 as "Austral Granted Exploration Licence – includes 6m @ 4.7% Cu".

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prospect pipeline with virgin targets and elevating several known prospects to drill-ready status.

The year saw a renewed exploration effort across the Company's highly prospective Eastern Tenement packages which contain more than 40 historical Cu-Au-Ag workings, most of which remain untested by drilling. Thirty-five (35) dump spoil composite samples alone were collected and assayed across the 'Cameron River Project' which is located approximately 45km to the east of Mount Isa township.

Subject to the successful recapitalisation of the Company, a targeted geo-chemistry program over the known historical workings is planned to better inform a drill program.

Resource Exploration and Development

A key focus of the exploration team during 2024 has been the expansion and eventual monetisation of Austral's Cu sulphide Mineral Resource base, which collectively stands at 22.57 million tonnes grading @ 0.94% Cu across 8 separate deposits⁵. This comes off the back of the 2023 drilling results reported for Lady Colleen and Flying Horse⁶, located on Austral's Mt Kelly Extended ML's, which demonstrated open continuity of +3% Cu grade. Thirty-five drillholes (both percussion and diamond) for a total of 4,552m, targeting several of the company's Cu resources, have been designed and optimised in preparation for an update to the Mineral Resource Estimate some time in 2025 and eventual Pre-Feasibility Study in mid-late 2025.

CHARIMAN'S COMMENT:

Austral's Chairman, Mr David Newling, provided the following comment:

"I, like any other shareholder, can empathise that some shareholders will be frustrated that the recapitalisation of the Company remains incomplete as we close 2024, but I am confident that our strategy to delay execution of the capital raising will deliver shareholders a better long term outcome.

"From an operational perspective, the entire Company and its contracting teams have been quick to mobilise and get back to operational levels that have been elevated again since 1 December 2024 and I am pleased that these efforts are translating to higher production output. The decision to publish quarterly production figures is to better inform our shareholders of our capability and to reinforce that Austral is Mt Isa's leading mid-tier copper producer.

"The exploration team will in 2025 be focused on the Cameron River Project targets and preparation of the PFS for our maiden sulphide resource.

"On behalf of the Board and the Company's employees, we would like to thank our stakeholders for their continued support and look forward to delivering the best year yet for the Company in 2025."

⁵ See ASX Announcements as detailed on the following page.

⁶ See ASX Announcement "High-Grade Copper Mineralisation Intercepted at Flying Horse" released on 28 May 2024 and "High-Grade Cu Continuity Confirmed at Lady Colleen" released on 30 July 2024.

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This announcement is authorised for market release by Austral's Chairman David Newling.

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Detailed Ore Reserves and Mineral Resource Estimates information is provided in Austral Resources Prospectus, Section 7, Independent Technical Assessment Report, and the 2023 Annual Report. These documents are available on Austral's website: www.australres.com, and on the ASX released as "Prospectus" on 1 November 2021 and further updated on 28 October 2022 as "Lady Colleen Grade increases by 200%", "2023 Annual Report to Shareholders" on 2 April 2024, as well as the "Significant increase for the McLeod Hill Copper Mineral Resource" on 20 May 2024. The sulphide Mineral Resource Estimate (MRE) is comprised of 2.39Mt @ 1.12% Measured MRE, 13.53Mt @ 0.98% Indicated MRE and 8.78Mt @ 0.73% Inferred MRE.

The Company confirms that it is not aware of any new information or data that materially affects the exploration results and estimates of Mineral Resources, Ore Reserves, exploration results, production targets and forecast financial information derived from production targets as cross-referenced in this release and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcement.