

ASX ANNOUNCEMENT



9 January 2023

Commercial Production and Positive Operational Cashflow Achieved at Anthill

Key highlights:

- Austral meets its target of achieving Commercial Production in December 2022 from the Company's Anthill project.
- An outstanding December 2022 saw Austral successfully achieve an average production rate of 33.3 tonnes per day of plated copper for a total of 976 tonnes over a 29-day operating period.
- Total costs (including selling costs, royalties, and exploration expenditure) for December 2022 were A\$8.9M (equivalent to US\$2.83 per lb). Excluding exploration expenditure costs were US\$2.72 per lb. Operational costs are expected to decline during CY23.
- Progressively increasing production levels at Anthill are expected through the remainder of CY23 at an average production rate of 33.5 tonnes per day.

Copper producer Austral Resources Australia Ltd (ASX:ARI) ("Austral" or the "Company") is pleased to announce the Company has achieved commercial levels of production at its Mt Kelly crushing/processing facility in the Mt Isa region and is operationally cash flow positive.

Following a steady ramp up over October and November, Austral successfully achieved an average of 33.3 tonnes of plated copper per day during December 2022, totalling 976 tonnes during the month. Total costs in the month of December 2022 were A\$8.9M. Operational costs are expected to soon enter a period of decline as the Company's production hits steady state. Austral's production is moving towards 33.5 tonnes of plated copper cathode per day.

Operationally cash flow positive during December

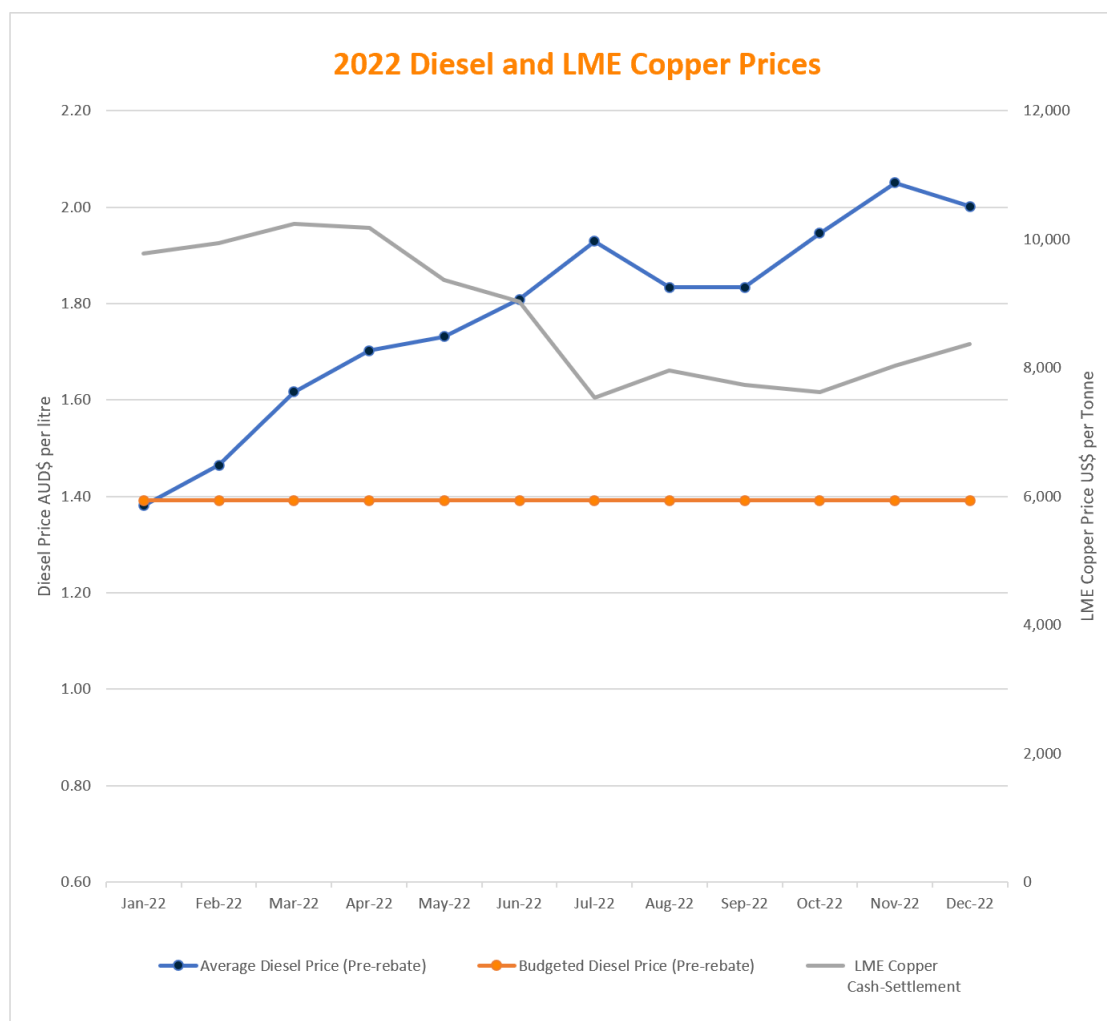
December 2022's 976 tonnes of copper plated, hindered by previously reported and resolved delays from severe wet weather events, was enough for Austral to record its first operational cash flow positive month. Total costs in the month of December 2022 were A\$8.9M. Going forward, Austral expects this cost to begin a period of decline as production rapidly moves towards an average production rate of 33.5 tonnes of plated copper per day from the Company's Mt Kelly processing facility.

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Austral Resources' Managing Director and CEO, Dan Jauncey said:

"It was a challenging 2022 for our team, with a lot of variables outside of our control impacting our first 12 months as an ASX listed company – from recommissioning existing infrastructure that was dormant for a period of time, severe weather events causing power outages and operational disruptions, an escalation of diesel prices by 65%, to a bearish copper price. And do not forget the little elephant in the room being COVID. At one stage we basically had the site shut down for day shift and could only run night shift due to staff being quarantined in our on-site camp. From the board to the camp chiefs, we have been shoulder to shoulder, with one goal in mind, becoming operationally cashflow positive. And we achieved that in December.



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The fact our mining campaign with Thiess is still 12% ahead of schedule means, at this stage, Anthill mining will finish earlier than our budget has factored in, that dovetailed in with our business producing copper cathode nine months after our mining costs cease, will substantially reduce the C1 cost we saw in December.

I would also like to take this opportunity to recognise the faith and trust our investors and service providers placed in us when we restructured our agreement with Thiess and took on a A\$12.8 million finance facility through Secover. We knew these setbacks would be temporary, and today's announced results illustrate the faith and trust placed in Austral and its team was well deserved.

We look forward to an increasingly productive year during 2023, and further repaying the faith and trust placed in us with operational success."

Austral Resources' Chief Financial Officer, Luke Johnstone said:

"After successfully handling the A\$12.8 million finance facility in December 2022, it's wonderful to see our hard work helped Austral achieve its first operationally cash flow positive month during December 2022.

This has been a long-time coming for Austral, and it is an especially sweet result following the trust our global mining services provider Thiess placed in us when they accepted A\$5 million in Austral shares at A\$0.20 per share. We look forward to further proving this trust was well placed in 2023."



Figure 1 and 2. Austral Copper Bundles ready for dispatch. Figure 3. Cathodes in-situ at processing plant.

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This announcement is authorised for market release by Managing Director and CEO, Dan Jauncey.

FOR FURTHER INFORMATION PLEASE CONTACT:

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About Austral Resources

Austral Resources Australia Ltd (ASX:ARI) is a copper cathode producer operating in the Mt Isa region, Queensland, Australia. Its Mt Kelly copper oxide heap leach and solvent extraction electrowinning (SX-EW) 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.

To learn more, please visit: www.australres.com

Detailed information that relates to Ore Reserves and Mineral Resource Estimates is provided in Austral Resources Prospectus, Section 7, Independent Technical Assessment Report. This document is available on Austral's website: www.australres.com and on the ASX released as "Prospectus" on 1 November 2021. 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 and Ore Reserves as cross referenced in this release and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not changed.