

28 January 2022

## Quarterly Report for the Period Ending 31 December 2021

### Highlights:

- *Austral successfully completed its ASX listing on 3 November 2021 via an oversubscribed IPO, raising \$30m to develop its new Anthill Mine and process into copper cathodes at its nearby Mt Kelly SXEW plant*
- *Anthill Mine development and plant preparation are proceeding to schedule with mining commenced on 7 January 2022*
- *First copper ore exposed on 26 January 2022, when blasthole drilling touched the top of the Anthill east pit orebody*
- *A\$6.6m or 481 tonnes in copper cathode sales for the December quarter*
- *1,940km<sup>2</sup> of tenure in the highly prospective Mt Isa region is being prioritised by prospectivity to rank and test 49 existing exploration targets*
- *Austral is on track to commence production of 10,000tpa of copper cathode for four years from mid-2022, projected to generate annual revenues of A\$130m at current copper price and exchange rate*

### Summary

Copper producer **Austral Resources Australia Ltd** (ASX:ARI) (“Austral” or “ARI” or the “Company”) is pleased to provide its Quarterly Report for the period ending 31 December 2021. The Company’s Anthill Mine development and Mt Kelly plant refurbishment is progressing to schedule, paving the way for ARI to be processing Anthill ore in Q2 of 2022 and achieving planned capacity of 10,000tpa of copper cathode production from mid 2022. Work is currently underway to commence exploration activities in the heart of one of Australia’s most prolific copper provinces.

# ASX ANNOUNCEMENT

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## Introduction

Austral listed on the ASX on 3 November 2021 via a successful IPO, raising \$30m to progress its new Anthill Mine and prepare its Mt Kelly plant to receive Anthill oxide ore in Q2, 2022. All mine development and plant preparation activities are on schedule.

Following a period of mobilisation and site infrastructure development, overburden mining commenced in early January 2021 with Thiess, Roc-Drill and Orica seamlessly coordinating their respective mining, drilling and blasting activities.



*Image 1. Copper cathode sheets being robotically stacked prior to bundling and shipping to Townsville Port for sale.*



## Anthill Mine Development

During the Quarter, the Anthill site was prepared to commence bulk mining in early January 2022. Following the award of a \$95m contract, Thiess mobilised its mining fleet and began establishing its site offices and workshop areas. Austral commenced pit clearing and topsoil stockpiling for rehabilitation, haul roads were formed, water was established for operations and Roc-Drill began drilling blast holes over the east pit.

The first overburden blast took place on 16 November 2021 by Orica Mining Services and pre-drilling continued until the Christmas break. Work recommenced in early January 2022 and has progressed to double shift operations. Rock Drill and Orica are maintaining good stocks of broken ground ahead of the Thiess mining team, who are comfortably exceeding planned capacity with 2x 350t excavators and 4x 200t trucks.



*Image 2. First copper oxide ore exposed by shallow blasthole drilling over the East pit on 26 January 2022.*



## Mt Kelly processing plant preparation

The Mt Kelly processing plant consists of an oxide ore heap leach pad and a solvent extraction/electrowinning (SXEW) plant, and is operational and currently producing approximately 5tpd of LME grade A quality copper cathode sheet. Austral plans to increase daily production to 30tpd of cathode by mid 2022, which requires 5,000tpd of copper ore to be stacked onto the heap leach.

Metallurgical testing of Anthill ore indicated significantly higher copper recovery from crushing and agglomerating the oxide ore as opposed to dump leaching coarser ore. A refurbishment programme for the crushing circuit, conveyors and stacker commenced in November 2021 to prepare for ore feed in Q2 of this year. Work included the secondary crusher rebuild, conveyor belt replacement, extensive testing of the electrical control circuits, motor testing, lubrication line replacement, upgraded guarding and repairs to structural steel where required. As of mid-January, this work was over 70% complete and the circuit will be commissioned in February with a trial parcel of ore.

The power station had a load sensing system installed to manage the requirements of the crushing and SXEW plant when at full production.



*Images 3-6. Stacker refurbishment, robot calibration, crushing circuit maintenance, heap leach re-working.*



## Exploration

Exploration activity commenced during the Quarter with internal geologists and external consultants reviewing regional structural data, geophysics, geochemistry and undertaking a regional targeting review. Austral inherited a massive historical exploration database which the exploration team is currently reviewing. Consisting of multiple generations of exploration data, it includes 690km of drill data from 12,900 drill holes, 59,000 soil and rockchip samples, maps, interpretation and geophysical data. This is a valuable dataset from which Austral will leverage its ongoing exploration programmes.

The existing 49 exploration targets are being assessed and ranked with a focus on the Anthill Mining Lease near-pit potential. Historic drill results, geochemical data, structural interpretation and geophysics are being reviewed at each prospect area.

Historic geochemical sampling within the 1,940km<sup>2</sup> exploration tenure package is being reviewed in detail. Some historic programmes were limited to basic elemental samples and many areas have low (and in some areas none) sampling density. A comparison study of surface versus shallow drilled geochemical maps is currently underway. Austral is also reviewing several approaches by other mining and exploration companies to joint venture portions of the Company's extensive tenement holdings.



*Image 7. Collecting baseline geochemical samples on the Mt Kelly Mining Lease.*



## After Balance Date Events

Anthill mining commenced on 7 January 2022 on a single shift basis, and by 14 January a night shift was introduced and has delivered up to 70,000tpd, significantly above plan. Drilling and blasting activities are ahead of schedule, providing a good buffer of broken ground for the mining contractor. First copper oxide ore was intercepted by the blasthole rig on 26 January over the east pit.

Environmental monitoring bores were installed and dewatering bores are being placed around the pit perimeters. This water will be used for processing at the Mt Kelly plant. Offices are being installed onsite and workshop construction underway.

The Company is reviewing options for a longer term offtake agreement for its 40,000t of planned copper cathode production from Anthill and is also reviewing potential joint venture agreements for portions of its extensive tenure holdings in the Mt Isa district.



*Image 8. Inspecting several of the refurbished stacking conveyors prior to reassembly and load testing.*

**Austral's Chief Executive Officer, Steve Tambanis, commented:**

*"Austral enjoyed an exciting and highly productive first quarter as a listed Company, delivering on its Prospectus objectives.*

*The Anthill Mine development is proceeding to schedule, as is the Mt Kelly plant refurbishment. Anthill mining commenced on 7 January and within 5 days had progressed to double shift blasthole drilling and mining. By 14 January overburden mining surpassed 70,000tpd, significantly ahead of plan.*

*Whilst we conservatively planned to see first ore exposed in March, blasthole drilling over the east pit showed the first tell-tale green copper oxide colours on 26 January. It's great to see copper ore so close to surface which means we get to start putting ore on the ROM pad a little earlier than planned – a good problem to have!*

*The Mt Kelly crushing and stacking circuit refurbishment is over 70% complete and the heap leach pad is being prepared to accept new ore. The SXEW facility refurbishment is on track to produce at higher capacity, aided by the fact that it is fully operational and currently producing copper cathode.*

*Austral is on track to achieve planned copper production of 10,000tpa from mid-2022 over a four-year period.*

*Exploration and development activities are currently being significantly expanded with the goal of fast-tracking discoveries. Our exploration team is growing and we are in the midst of reviewing historical data, completing technical reviews and preparing to get geologists and field assistants into the field during the March Quarter.*

*We look forward to further updating shareholders as we prepare to commence maiden production at Anthill along with ramp up exploration and development activities.*

*On behalf of the Board, Austral would like to acknowledge the collective efforts of our staff and contractors to safely and cost effectively bring Anthill into production."*



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## Corporate:

Key financial metrics related to mining production, development and exploration activities during the quarter are summarised below:

- Environmental bond for the Anthill Mine Lease - \$7.2 million
- Processing and maintenance costs - \$3.8 million
- Plant capital expenditure - \$1.4 million
- Exploration expenditure - \$0.2 million
- Cash at the end of the quarter - \$13.3 million



*Image 9. Commencement of mining at Anthill east pit area. Clearing of pit areas, waste rock stockpile areas and topsoil stockpiles completed. Haul roads have been established.*



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

## **FOR FURTHER INFORMATION PLEASE CONTACT:**

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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 is developing 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 and 1,940km<sup>2</sup> 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 programme designed to extend the life of mine, increase its resource base and then review options to commercialise its copper resources.

## **Competent Persons' Statement**

The information in this announcement that relates to Mineral Assets, Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves is based on and fairly reflects information compiled and conclusions derived by Mr Andrew Beaton and Mr Steven Tambanis, Competent Persons who are Members of the Australasian Institute of Mining and Metallurgy. Mr Beaton is the Site General Manager at Austral and Mr Tambanis is Chief Executive Officer of the Company. Mr Tambanis and Mr Beaton are geologists and have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results and Ore Reserves (2012 JORC Code)'. Mr Tambanis and Mr Beaton consent to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

## **Ore Reserve and Mineral Resource Estimate Statements**

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](http://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 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.

## Appendix 1. Key Austral ASX announcements

DATE	TITLE
<b>1 Nov 2021</b>	Austral Prospectus
<b>3 Nov 2021</b>	Austral lists on ASX
<b>9 Nov 2021</b>	Anthill and Mt Kelly development underway
<b>17 Nov 2021</b>	Anthill blasting commences
<b>7 Dec 2021</b>	Thiess signing
<b>14 Dec 2021</b>	Updated Company presentation
<b>11 Jan 2022</b>	Mining commences at Anthill



## Appendix 2. Performance Right Information

Condition 11.5 of Austral’s “Conditions of quotation” of the Company following its initial public offering (IPO) requires certain disclosures be made in relation to unquoted KPI based performance rights (Performance Rights) disclosed in the Company’s IPO Prospectus.

1. Austral has 44,537,500 Performance Rights on issue as at 31 December 2021.
2. There were no performance rights converted or cancelled during the quarter.
3. There were no milestones met during the quarter.
4. Each Performance Right converts into one ARI share upon vesting and exercise.

The Performance Rights set out above will vest on satisfaction of the below mentioned performance hurdles:

#	Key Performance Indicator	Performance Right #	Vesting Date <sup>1</sup>	Expiry Date <sup>2</sup>
1	First material ore production from Anthill deposit	11,134,375	See Note 3 below	30 Jun 25
2	Production of 20kt of copper cathode from Anthill Project	4,453,750	30 Jun 24	30 Jun 26
3	Generate 20kt inferred resource	11,134,375	30 Jun 25	30 Jun 26
4	Share price target of \$0.50	8,907,500	30 Jun 25	30 Jun 26
5	Health Safety Security Environment and Quality (HSSEQ) and Indigenous Affairs – FY 2022	2,226,875	30 Jun 22	30 Jun 25
6	HSSEQ and Indigenous Affairs – FY 2023	2,226,875	30 Jun 23	30 Jun 26
7	Generate 20kt inferred resource	4,453,750	30 Jun 25	30 Jun 26
<b>Total</b>		<b>44,537,500</b>		

1. Unless otherwise specified, the Vesting Date represents the last possible date by which the relevant KPI must be met in order for the relevant Performance Rights to vest.
2. Expiry date applies where the KPI has been met by the relevant Vesting Date. Where a KPI is not met, the Performance Rights will lapse no later than 3 months after the Vesting Date.
3. The Vesting Date will be the date which is six months following the commencement of overburden mining at the Anthill Project.

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

No.	KPI	Overview
1	5,000 tonnes of ore moved from the Anthill deposit within 6 months of commencement of overburden mining at the Anthill Project	This KPI will be considered satisfied on the movement of 5,000 tonnes of ROM ore from the Anthill pit to the crusher. This is defined as removing overburden and transporting ore from the Anthill pit within 6 months of commencement of overburden mining at the Anthill Project.
2	Production of at least 20,000 tonnes of copper cathode.	This KPI will be considered satisfied if the Company produces 20,000 tonnes of LME grade Copper cathode by the relevant Vesting Date.
3	Generate a JORC compliant Inferred Mineral Resource estimate of 20,000t of contained Cu through the exploration program within 70km of the Mt Kelly processing facility	This KPI represents an exploration target for the exploration team to either continue more detailed exploration work on the top 12 prospects or explore and drill a new Mineral Resource estimate so that collectively an Inferred Mineral Resource estimate of 20,000 tonnes of contained Cu at a cut-off grade of 0.2% is achieved. This represents approximately half the resource at Anthill and must be within 70km of the Mt Kelly facility.
4	Share price target of \$0.50	This KPI will be considered satisfied where the volume weighted price average of the Company's Shares trades at or above \$0.50 for 20 consecutive Trading Days (as that term is defined in the Listing Rules).
5	Health, Safety, Security, Environment, Quality ( <b>HSSEQ</b> ) and Indigenous Affairs – to 30 June 2022	<p>This KPI will be considered satisfied where both of the following criteria are met during the relevant period:</p> <p>(a) the Company's published Lost Time Injury Frequency Rate (<b>LTIFR</b>) is no more than 10% higher than the twelve month rolling average LTIFR for surface minerals mines as reported in the Queensland Government 'Mines and Quarries Safety Performance and Health Reports' (adjusted on a pro-rata basis for any period prior to first production at the Anthill Project); and</p> <p>(b) the Company (or its relevant subsidiary) is not in material breach or in material dispute with any counter-party to any indigenous land use agreement (<b>ILUA</b>) (including for example the</p>



agreements set out in section 12.7 of the Prospectus).

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| <p>6 HSSEQ and Indigenous Affairs – from 1 July 2022 to 30 June 2023</p>  | <p>This KPI will be considered satisfied where both of the following criteria are met during the relevant period:</p> <ul style="list-style-type: none"><li>(a) the Company’s published LTIFR is no more than 10% higher than the twelve month rolling average LTIFR for surface minerals mines as reported in the Queensland Government ‘Mines and Quarries Safety Performance and Health Reports’; and</li><li>(b) the Company (or its relevant subsidiary) is not in material breach or in material dispute with any counter-party to any ILUA (including for example the agreements set out in section 12.7 of the Prospectus).</li></ul> |
| <p>7 Generate a JORC compliant Inferred Mineral Resource estimate measuring 20,000 tonnes contained Cu in sulphide mineralisation</p> | <p>This KPI represents an exploration target for the exploration team to develop a more detailed exploration work on the sulphides (from existing pits, existing targets and drill a new Mineral Resource so that collectively an Inferred Mineral Resource estimate generating 20,000 tonnes of contained Cu in the sulphides at a cut-off grade of 0.2%.</p>  |
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Terms of the employee incentive plan under which the Performance Rights were issued are listed in the Company’s IPO prospectus.