

Stock Commentary

Subject Company: Austral Resources Australia Limited

Major \$10m Funded Exploration Program has Commenced

Program Forming Key Part of Strategy to Build on an Already Substantial Resource Base to Extend Current Mine Life

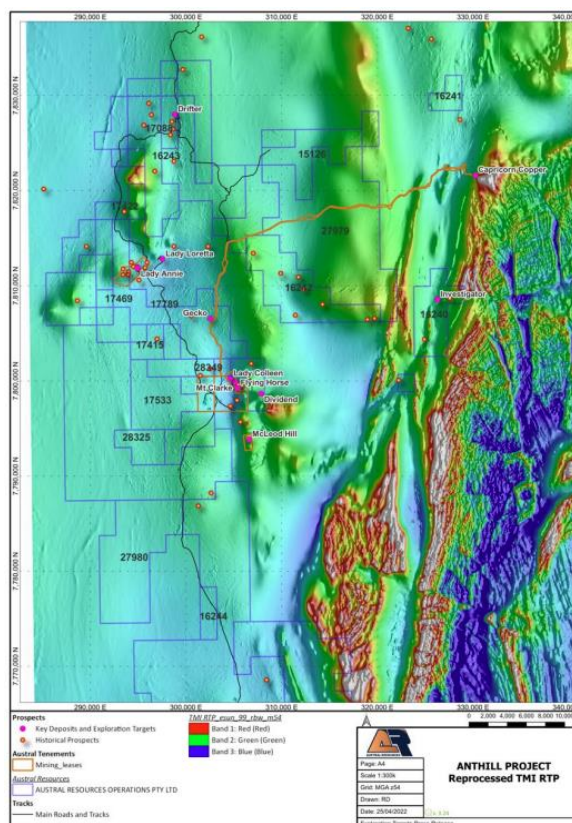
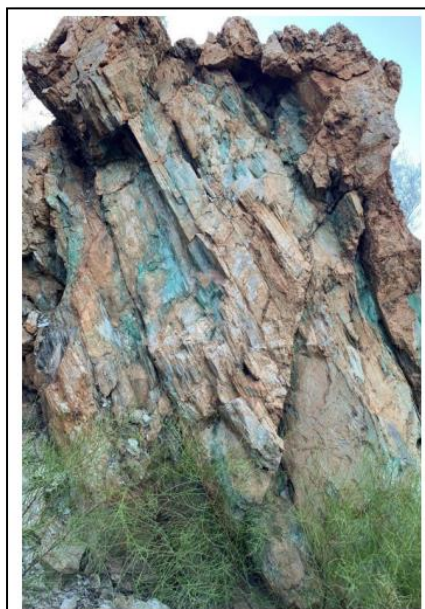
Background

Austral Resources Australia Limited (ASX:AR1) announced on 26th April 2022 that it has commenced a fully funded \$10m exploration program on its Queensland tenements, located within close proximity of the Company's wholly owned Mt Kelly heap leach, SX-EW copper processing plant, 100km NNW of Mt Isa.

The Program will be drill testing several high priority *brownfields* copper oxide targets located on existing mining leases which are known to contain significant copper oxide and sulphide mineralisation defined by historical drilling intercepts.

The program will also drill test several prioritised *greenfields* prospects within close proximity of the Mt Kelly operations, some exhibiting strong encouragement from initial drill intercepts and some defined by large Cu in soil anomalies.

The Company has also announced it has applied for an additional 800km² of ground located adjacent to the existing 1,349km² it already holds.



Above left: Outcropping Oxide Copper Mineralisation at McLeod Hill Mining Lease

Above Right Mt Kelly Resource & Prospect Locations

Key Takeaways from This Announcement

1. We are very pleased to read this announcement which we have patiently been waiting on for some time, mindful that drilling was unable to commence until the seasonal rains abated.
2. We are delighted to see the Company has now formally committed to a large (\$10M) spend on the exploration program, which we have confidence, should yield some exciting commercial results from several prospects, the majority located on mining leases within proximity of the Mt Kelly copper operations.
3. Summarising from the announcement, the prospectivity of the targets in a few words:

Prospect	Type	Proximity to Mt Kelly Operations	Notable Existing Drilling	Other Comment
McLeod Hill	Brownfields	5km SE of operations	<ul style="list-style-type: none"> • 8m grading 1.8% Cu from 59m • 15m grading 0.98% Cu from 60m • 6m grading 0.67% Cu from 74m 	Potential for large scale replacement type mineralised system in addition to known mineralisation located along shears and faults. Current oxide resource 1.42Mt grading 0.49% Cu
Dividend	Brownfields	3km SE of operations	<ul style="list-style-type: none"> • 18m grading 0.5% Cu from 44m • 11m grading 0.54% Cu from 23m 	Extensive Cu anomalism coincident with ironstone ridges in a large 500m x 1.500m alteration system. Historical drilling has defined +500m of Cu mineralisation requiring follow up and step out drilling.
Mt Kelly Lady Colleen	Brownfields	>1km NW of operations	<ul style="list-style-type: none"> • 32m grading 4.63% Cu & 0.18gpt Au from 169m 	Unmined resource of 7.9Mt grading 0.84% Cu
Mt Kelly Flying Horse	Brownfields	500m north of operations	<ul style="list-style-type: none"> • 11m grading 2.9% Cu & 0.05gpt Au from 334m 	Existing resource of 14.2Mt grading 0.77% Cu
Mt Kelly Mt Clarke	Brownfields	500m west of operations	<ul style="list-style-type: none"> • 6m grading 2.34% Cu & 0.11gpt Au from 134m 	Existing resource of 2.64Mt grading 0.54% Cu
Drifter Kechenaj	Greenfields	28km NNW of operations	<ul style="list-style-type: none"> • 8m grading 2.30% Cu from 38m • 13m grading 2.11% Cu from 34m 	Strong high grade zones of oxide mineralisation at surface with strong potential for substantial sulphides at depth
Wild Geko Barratt's Bend	Greenfields	8km north of operations	<ul style="list-style-type: none"> • 5m grading 1.2% Cu from 70m 	Walk up drill target. Large 3km x 1.5km soil geochemical anomaly requiring further drill testing after some initial success
Investigator Camp	Greenfields	24km NE of operations	<ul style="list-style-type: none"> • 4m grading 1.36% Cu from 150m 	Multiple Cu in soil anomalies each ranging between 800m and 1.2km in length largely undrilled requiring follow up drilling
Amy's Pocket	Greenfields	8km NNW of operations	Undrilled	0.92% Cu reported in hand held XRF during soil sampling

4. We are particularly excited to read in this announcement that the Company will be drilling three diamond drill holes at Flying Horse. This will be to collect fresh core samples to allow it to undertake new metallurgical studies looking into the potential of the Mt Kelly sulphide mineralisation's suitability for a new emerging extractive technology out of the United States which is able to Leap Leach and SX-EW copper from sulphide ores. This is successfully done in the USA but has never been commercially done before in Australia. If successful this has potential to be an enormous low risk, low capital expenditure opportunity for AR1 to commercially fast track its substantial sulphide resource base which is currently 26.5Mt grading 0.8% Cu with Au & Co credits which should not be overlooked.

The reader of this Stock Commentary is strongly encouraged to obtain a copy of Peloton Capital's Initiating Coverage Research report on AR1 dated 2nd December 2021 which provides more detail on the Company and its projects in addition to our views and recommendations.

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