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31 January 2024

December 2023 Quarterly Activities Report

Key Points

- December quarter achieved total revenue of \$23.8m generating a net operating cash outflow of \$2.9m.
- Total operating site costs for Q4, including mining, processing, and maintenance was \$21.7m. Capex and exploration costs were \$1.4m during the quarter.
- 2,083 tonnes copper cathode was produced during the quarter. Copper cathode inventory at 31 December 2023 was 272 tonnes.
- Austral's securities remain in voluntarily suspension. The Company is currently finalising a significant equity-based financing arrangement. To facilitate the successful conclusion of these negotiations, Austral plans to continue its voluntary suspension of trading in its securities as the resumption of trading could adversely affect the ongoing negotiations.

Operational Update

- Thiess exceeded production targets at Anthill mine, moving 1.537 million BCM primarily from the West Pit in the December quarter. Progress on East Pit Stage 1 continues, with an expected completion of dewatering activities in January 2024.
- In the December quarter, 510,149 tonnes of ore with 0.70% Cu were mined, totalling 3,585 tonnes of copper metal. At the end of the quarter, ROM stocks at Anthill were 123,000 tonnes, containing 651 tonnes of copper.
- During the December quarter, the Mt Kelly processing facility withstood significant challenges during the October wild bushfire event. No injuries occurred to any personnel involved in the multi-week firefighting activities, which is a testament to the emergency response and on-site management teams.
- Haulage improved during the quarter, achieving a month-on-month increase in tonnes hauled totalling 516,204 tonnes against a target of 540,000 tonnes.
- The cumulative copper production for the quarter included a stripping output of 2,080 tonnes and a plated output of 2,490 tonnes, the latter exceeding the cumulative target of 2,250 tonnes.

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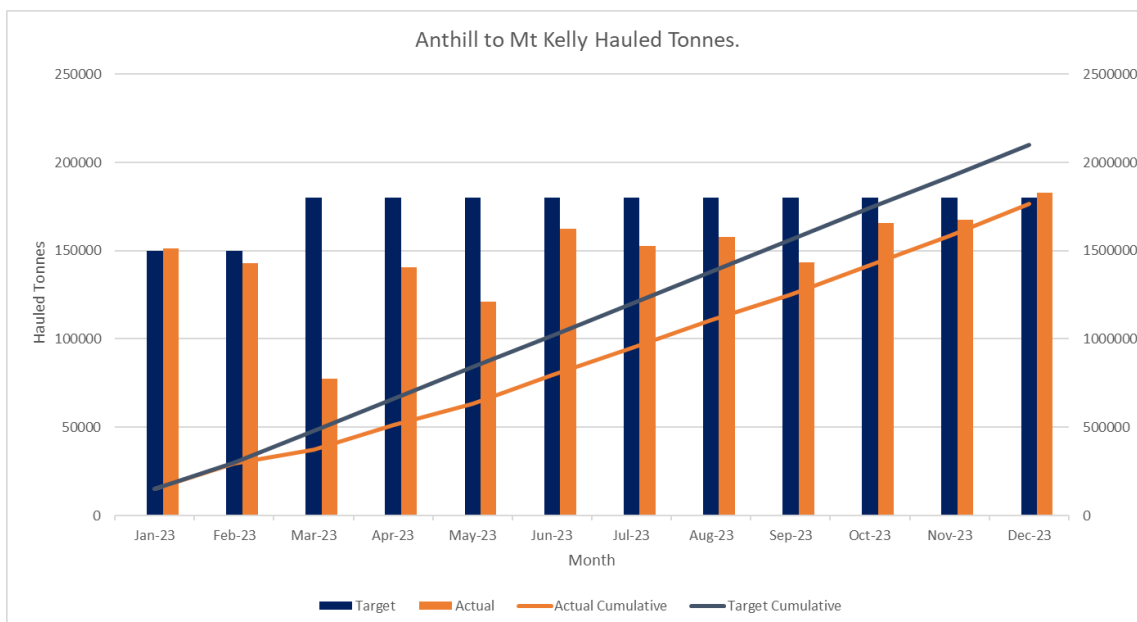


Figure 1. Haulage tonnes YTD.

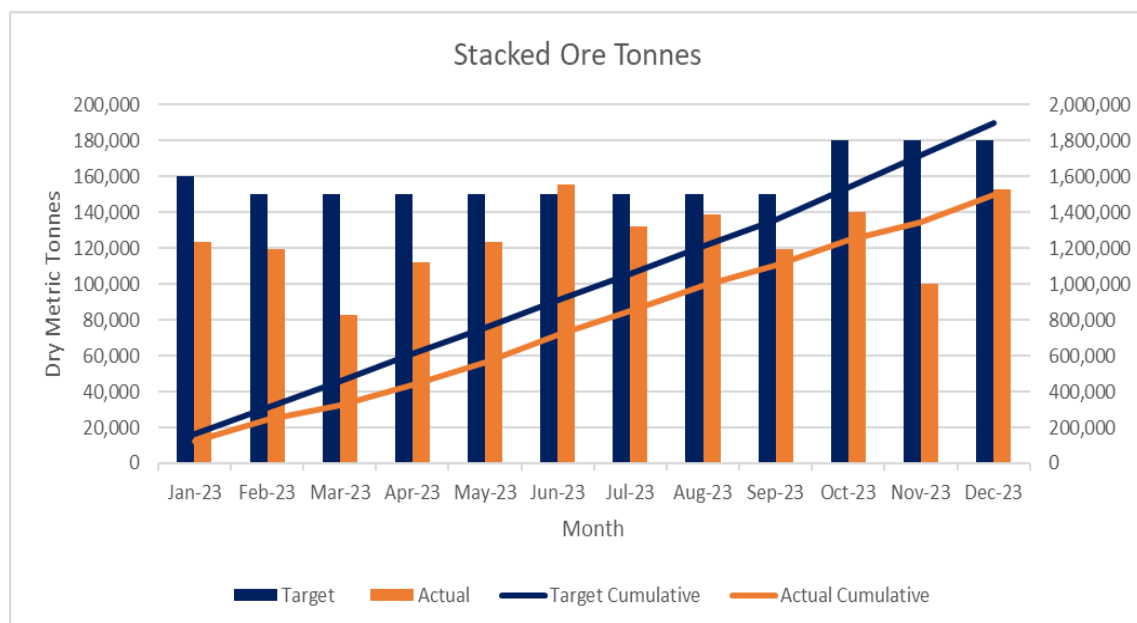


Figure 2. Stacked ore tonnes YTD.

Exploration

- **Drilling** – Austral completed 1,542m of drilling over 2 prospects during the quarter, and year to date has completed a total of 13,724m of drilling over 7 ML's and 1 EPM.
- **Results** – During the quarter there were no exploration results released by the Company.

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Future Growth

CSA Global are in the process of finalising Pre-feasibility studies to extend Austral's mine life that will potentially extend beyond 2030. This includes Lady Annie and Mt Clarke/Flying Horse cutbacks and bringing Lady Colleen online.

Dan Jauncey Managing Director and CEO commented:

"Despite the challenges we have faced over the last 12 months, Austral has continued mining operations at the Anthill project. From bushfires to floods, road closures and site evacuations that have impacted our production targets significantly, we continued to produce copper cathode.

Whilst the Company has remained in voluntary suspension for the duration of the December quarter, myself and my team have been working tirelessly on restructuring Austral's financial position and we have been actively engaged in negotiations with multiple strategic and equity-based investors to secure the best financial arrangement for the Company and our valued shareholders. No one is more motivated for a positive result than me as the major shareholder.

We deeply appreciate the unwavering support and trust of our current financial partners and shareholders. Your ongoing commitment means a great deal to us, and we remain dedicated to delivering the best possible results for all stakeholders."



Figure 3. Ore unloading at Mt Clarke ROM.



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Environment, Social and Safety

Injuries Rolling 12 Months TRIFR (per million hours)

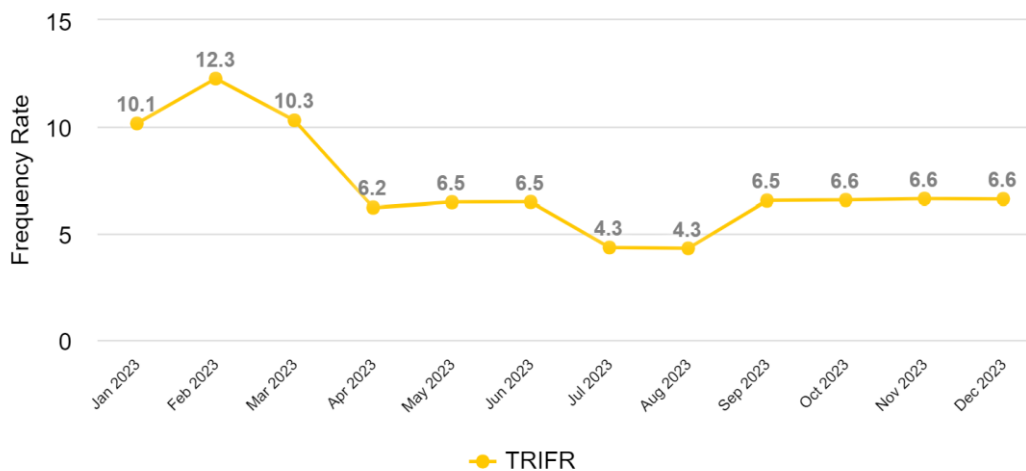


Figure 4. Injuries rolling 12 months TRIFR (per million hours).

Injuries Rolling 12 Months LTIFR (per million hours)

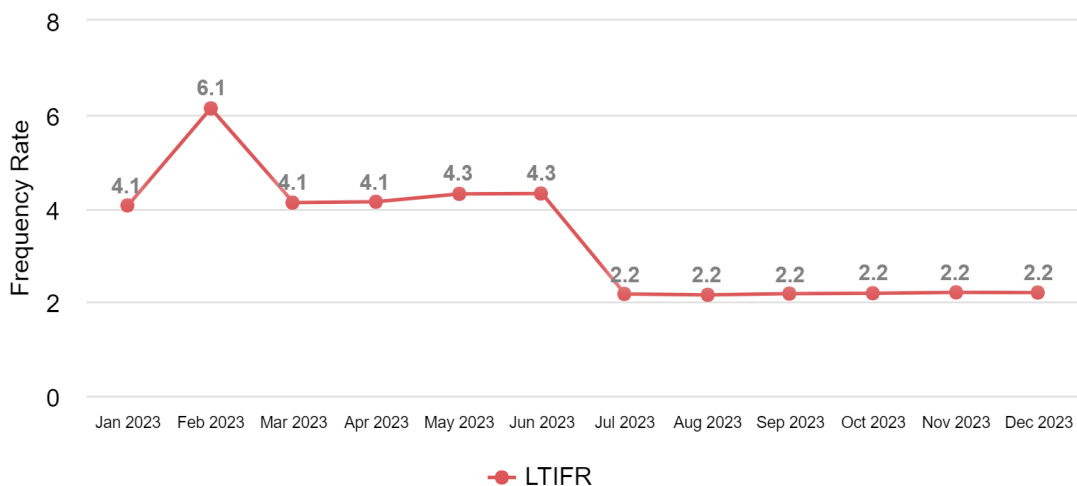
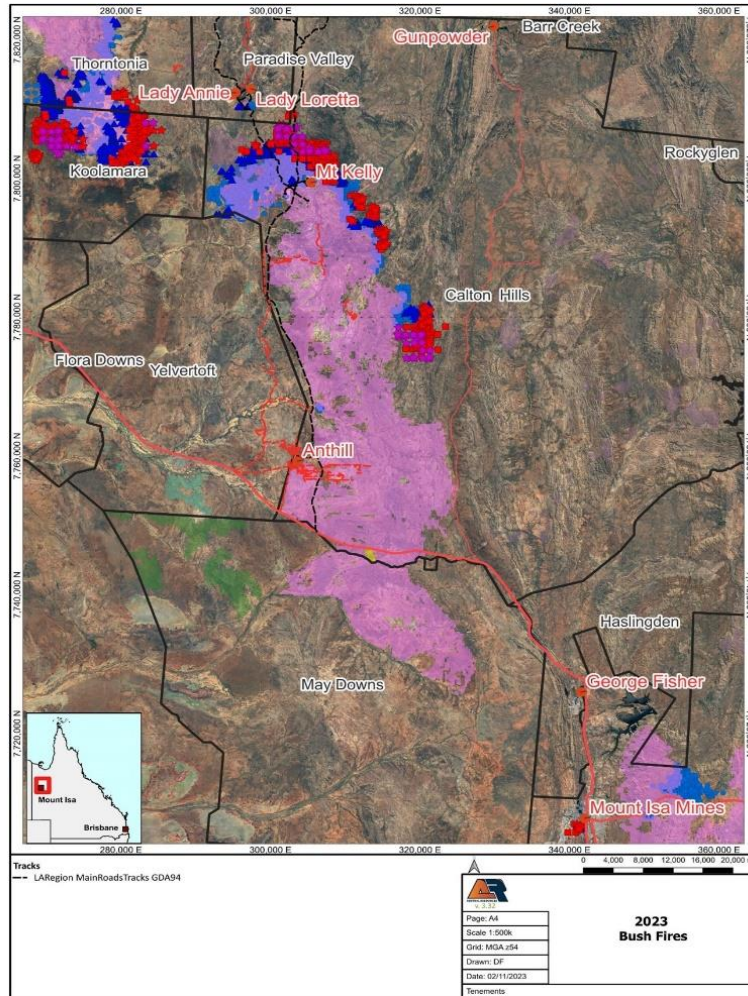


Figure 5. Injuries rolling 12 months LTIFR (per million hours).

- The 12-month rolling average for Total Recordable Injury Frequency Rate (TRIFR) and Lost Time Injury Frequency Rate (LTIFR) for Austral were 6.6 and 2.2 at the end of the quarter. The LTIFR remained consistent at a rate of 2.2, indicating no lost time injuries during the reporting period. This stability highlights the Company's successful adherence to established safety and health management systems, ensuring compliance, and reinforcing its commitment to comprehensive safety across the entire organisation.
- No serious environmental incidents during the December quarter.

Austral's ESG Program



Figures 6. Map of impact areas in the October 2023 Bush Fire event.

The final quarter of 2023 saw Austral y focusing on emerging operational priorities which included responding to significant natural weather events such as wild bushfires and heavy rainfall.

In October 2023, a severe bushfire posed a threat to mining sites and properties located northeast of Mt Isa. Through the combined efforts of landowners and mining staff, no injuries were reported. The recovery process involved repairing essential services and providing temporary accommodations. The key to successfully overcoming this three-week-long bushfire threat was readiness and effective teamwork.

Although a relatively quiet quarter for Austral's ESG program, deliverables outside of business-as-usual initiatives, response and prioritisation of operational events during this period reflects our commitment to prioritising the safety of our people and our continued responsiveness to sustainability and climate related ESG risks such as extreme weather.

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Whilst crisis response and performance over this challenging period was positive, as a part of the Company's 2024 ESG plan, Austral will be expanding its risk management approach to ensure we incorporate sustainability and climate related risk as a key focus area. This will include scheduling a site-based sustainability and climate focused risk workshop, as a part of our continued commitment to managing risk and preparing for future ESG performance and response.

Reflecting on recent world events, where one of the largest global copper mines in Panama was shut down due to public opposition, highlights the criticality of having positive community engagement and a social license to operate. Austral is proud of our commitment to the community with our collaborative ESG Sub-Committee helping to maintain positive relationships.

Austral Operations

Anthill Mine

Thiess has continued to surpass the planned production schedule at Anthill mine, achieving a significant total material movement of 1.537 million BCM in the December quarter. The total material mined for the project to date reached 13.46M BCM, exceeding the target of 12.24M BCM, primarily from the West pit. East Pit stage 1 is progressing well, with extensive dewatering activities underway and completion expected in January 2024.

For this quarter, a total of 510,149 tonnes of ore grading 0.70% Cu, containing 3,585 tonnes of copper metal, was mined. Cumulatively, the project has yielded 2,967,859 tonnes of ore with a 0.85% Cu grade.

As of the end of the quarter, ROM stocks at Anthill totalled 123kt, containing 651 tonnes of copper.



Figure 7. ROM Stocks at Anthill

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Figure 8. AHE stage 1 almost completed.



Figure 9. AHW showing advancement - continues to deliver the bulk of ore supply.



Figure 10. Anthill ROM

Mt Kelly Processing Facility

In the final quarter of the year, the Mt Kelly processing facility navigated through a blend of successes and challenges in production processes. The quarter opened with varying outcomes in its operations. In October, the plant faced some challenges, resulting in copper cathode production of 645 tonnes, which was below the target. In contrast, November marked a notable increase, with the plant successfully exceeding its target by 2%, achieving a copper cathode output of 763 tonnes. This improvement was accompanied by a plated copper output of 759 tonnes, also surpassing the targeted figure. Despite these achievements, the quarter was not without its difficulties, particularly in the area of ore processing.

Throughout the quarter, the crushing and stacking plant consistently fell short of its targets. In October, only 107,678 wet metric tonnes were processed, a significant 40% deficit from the target. November and December followed suit with deficits of 15% and 7% respectively, processing 153,520 wet metric tonnes and 167,471 wet metric tonnes against targets of 180,000 wet metric tonnes each month.

The primary reason for these shortfalls, particularly in crusher throughputs, was attributed to a lack of ore on the Mt Kelly ROM due to haulage issues, which severely impacted operational efficiency.



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Additionally, severe weather events, mechanical issues, and wet ore challenges further compounded the difficulties faced in ore processing and leaching operations.

Despite these setbacks, the Solvent Extraction and Electrowinning (SX-EW) plants demonstrated commendable operational availabilities throughout the quarter. However, this did not always translate into meeting production targets due to the challenges noted above.

The cumulative copper production for the quarter included a stripping output of 2,080 tonnes and a plated output of 2,490 tonnes, the latter exceeding the cumulative target of 2,250 tonnes for each category. The increase in EW inventory and the expected continued improvement in road haulage bodes well for the next quarters production.

Overall, a total of 428,669 wet metric tonnes of ore processed and a consistent cathode purity within LME Grade A chemical specifications, the plant demonstrated a strong commitment to overcoming obstacles and improving operations in the forthcoming quarters.

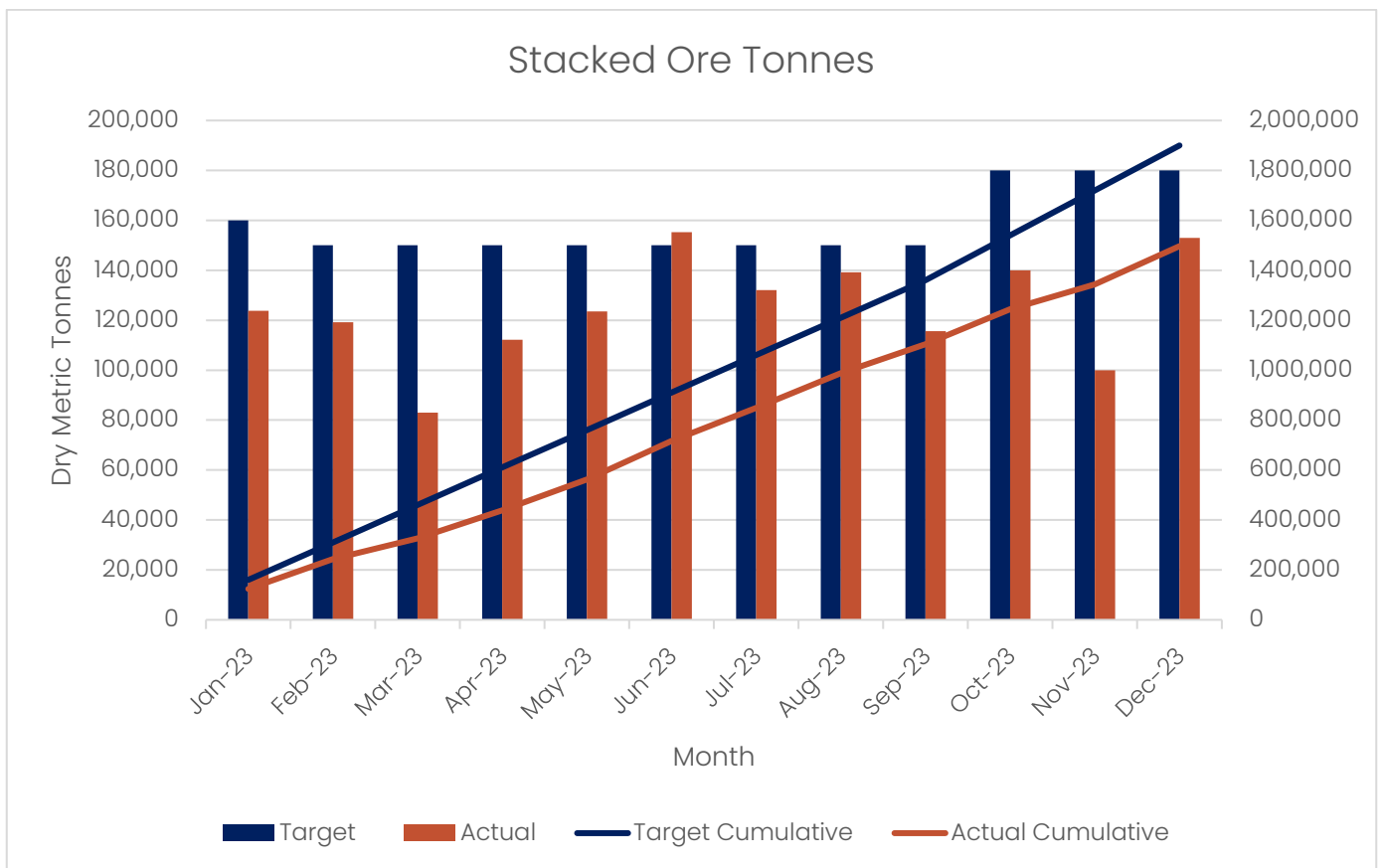


Figure 11. Total ore tonnes stacked on the Mt Kelly leach pad Q4 2023

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Figure 12. Bundles of copper awaiting dispatch.



Figure 13. A bundle of copper after being wrapped ready for dispatch.

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The Mt Kelly heap leach and support services departments experienced a mix of progress and unexpected challenges during the quarter, with activities centred around ramp construction, pad preparation, firefighting and enhancing infrastructure.

The progress on ramp construction and ongoing pad preparations, specifically for Pads 9 and 10, initially faced delays due to a shift in operational focus towards extensive firefighting and control efforts starting from late October. The plant's resources were significantly redirected to controlling wildfires, assisting local landowners in mitigating damage to property and livestock, which impacted the regular operational schedule.

Despite these challenges, the team managed to complete Pads 9, 10, and 11, preparing them for over-stacking, and made headway with the construction of ramps 9 and 13. The aftermath of the wildfire necessitated continued clean-up activities, particularly around the burnt-out Lake Woogaboonya water line past pump station 3. Additionally, the plant made preparations for the upcoming wet season, prioritising the placement of pumps and generators and conducting excavator works on the batters of the heap leach and launders.

In anticipation of the wet season, strategic placements of pumps and generators were executed, and outdated ramps on the eastern end of the heap leach were dismantled.

Significant progress was made in water infrastructure. The bores at Yelvertoft and Anthill were successfully brought to operational status. The administrative bore was also nearing completion, awaiting the installation of a generator set. This work forms part of a remedial action plan until the Woogaboonya pipeline is re-instated.

Throughout the quarter, Mt Kelly processing facility demonstrated resilience and adaptability, advancing in infrastructure development and site preparation amidst challenges like the wildfire event and the need to enhance operational capabilities.

Exploration

During the Quarter the Company continued to progress the 2023 Exploration program (Figure 14).



Figure 14. Tulla UDR1200 drilling at Lady Colleen prospect.

Delivery of Austral 2023 Exploration Strategy

The Company continued exploration drilling for copper sulphide at the Lady Colleen and Flying Horse prospects on the Mount Kelly ML's in alignment with the Company's 2023 Exploration strategy. To achieve this during the Quarter the Company:

- Used Tulla Drilling, a Mt Isa based contractor also used in 2022.
- Completed a total of 1,514m of diamond drilling comprising 7 holes at both the Lady Colleen and Flying Horse prospects. Drilling was completed for 2023 during the Quarter with operational delays as a result of both bush wildfires and the early onset of the Wet Season.

Mt Kelly Extended ML (Lady Colleen and Flying Horse)

A total of 5 diamond holes were completed at the Lady Colleen prospect within Mt Kelly Extended ML90170 for 1,128m.

A total of 2 diamond holes were completed at the Flying Horse prospect within Mt Kelly Extended ML90170 for 414m.

Results will be reported once all relevant data is received and evaluated.

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Glencore JV

Regular technical, operational and logistical collaboration continued between Austral and Glencore technical and executive teams.

Bush wildfires and environmental constraints prevented Glencore from commencing drilling of any exploration targets over the JV. With the early onset of the wet season, Glencore suspended all field activities pending recommencement in 2024.

Tenure

During the Quarter, there were no changes to Austral’s previously reported tenure holdings (Figure 15). The Company continues to hold 2,181km² of highly prospective exploration tenure comprised of 37 EPM’s and 1 EPMA. The Company also holds 15 Mining Leases covering 53km². All tenure held by the Company is in good standing.

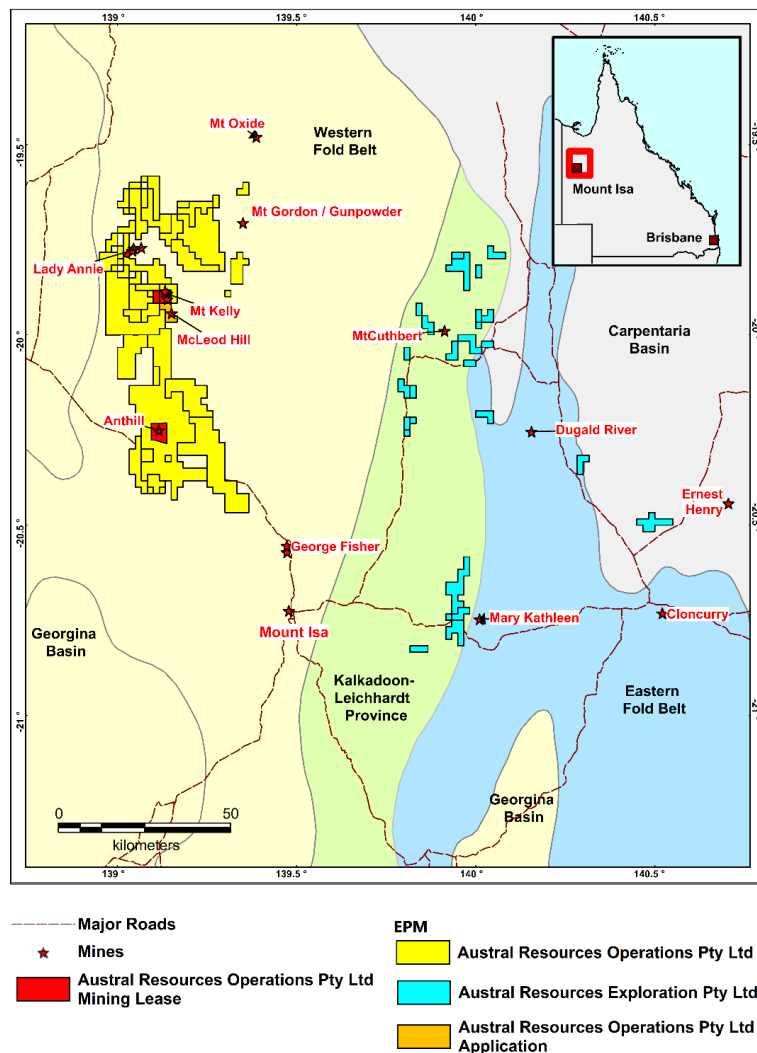


Figure 15. Plan of Austral tenure.

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Corporate

Performance Right KPI

Austral confirms that the HSSEQ KPI has been partially met and that 2,002,070 of the corresponding performance rights have vested and 68,925 performance rights have lapsed. The KPI is defined in detail below.

HSSEQ KPI

This KPI will be considered satisfied where the following criteria are met during the relevant period:

- 1. Safety KPI – 50% of the HSSEQ1 Performance Rights on issue**
 - 100% vesting upon achieving a 20% decrease in the All Injury Frequency Rate (AIFR) from the previous year.
 - 50% vesting upon achieving a 10% decrease in the AIFR from the previous year.
 - 0% vesting upon achieving a 0% decrease in the AIFR from the previous year.
 - Pro rata vesting allocation by 1% increments for a 1% to 19% decrease in the AIFR.
- 2. Environment KPI – 30% of the HSSEQ1 Performance Rights on issue**
 - 100% vesting upon achieving no environmental fines/breaches from DES (Breach) for the year to June 2023.
 - The % vested is reduced by the value of any fines imposed (calculated with reference to the Company's Share price at the time of the Breach) in the year to June 2023.
- 3. Indigenous Affairs KPI – 20% of the HSSEQ1 Performance Rights on issue**
 - 100% vesting upon achieving no impact on operations due to breaches/delays resulting from Indigenous Affairs matters for the year to June 2023.
 - 0% vesting where management of Indigenous Affairs matters results in a material impact on operations due to breaches/delays for the year to June 2023.

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 and further updated on 28 October 2022 as "Lady Colleen Grade increases by 200%" and in the Annual Report dated 31 March 2023. 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, and forecast financial information derived from these estimates, continue to apply and have not changed.

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Appendix 1. 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 (Rights) disclosed in the Company's IPO Prospectus.

- Austral has 26,170,235 Performance Rights on issue as at 31 December 2023 (of those issued at IPO).
- During the quarter, no Rights were converted into ordinary shares and no Rights lapsed.
- Each Performance Right converts into one ARI share upon vesting and exercise.

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

#	Key Performance Indicator	Performance Right #	Vesting Date ¹	Expiry Date ²	Remaining 31 Dec-23
1	First material ore production from Anthill deposit	11,134,372	Vested ³	30 Jun 25	289,493
2	Production of 20kt of copper cathode from Anthill Project	4,453,752	30 Jun 24	30 Jun 26	3,981,654
3	Generate 20kt inferred resource	11,134,372	30 Jun 25	30 Jun 26	9,954,129
4	Share price target of \$0.50	8,907,500	30 Jun 25	30 Jun 26	7,963,305
5	Health Safety Security Environment and Quality (HSSEQ) and Indigenous Affairs – FY 2022	2,226,876	Cancelled	n/a	-
6	HSSEQ and Indigenous Affairs – FY 2023	2,226,876	Cancelled	n/a	-
7	Generate 20kt inferred resource	4,453,752	30 Jun 25	30 Jun 26	3,981,654
Total ⁴		44,537,500			26,170,235

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 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 Rights will lapse no later than 3 months after the Vesting Date.

³ Some of the vested rights have been exercised.

⁴ Total Rights on issue at IPO requiring disclosure. Austral has additional Rights on issue not requiring disclosure under the IPO Prospectus.



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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 programme 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 (HSSEQ) 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> <ol style="list-style-type: none"> the Company's published Lost Time Injury Frequency Rate (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' (adjusted on a pro-rata basis for any

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- period prior to first production at the Anthill Project); and
- the Company (or its relevant subsidiary) is not in material breach or in material dispute with any counterparty to any indigenous land use agreement (ILUA) (including for example the agreements set out in section 12.7 of the Prospectus).
- 6 HSSEQ and Indigenous Affairs – from 1 July 2022 to 30 June 2023
- This KPI will be considered satisfied where both of the following criteria are met during the relevant period:
- 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
 - the Company (or its relevant subsidiary) is not in material breach or in material dispute with any counterparty to any ILUA (including for example the agreements set out in section 12.7 of the Prospectus).
- 7 Generate a JORC compliant Inferred Mineral Resource estimate measuring 20,000 tonnes contained Cu in sulphide mineralisation
- 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%.

Terms of the employee incentive plan under which the Rights were issued are listed in the Company's IPO prospectus.