

ASX ANNOUNCEMENT



8 June 2022

Complementary Exploration Earn-in Agreements with Glencore's Mount Isa Mines ("MIM")

Highlights:

- Austral and MIM have executed Non-binding Earn-in Agreement term sheets for:
 - (1) MIM to explore 330km² of Austral EPMs (within JV Area) surrounding MIM's Lady Loretta zinc, lead, silver Mine and Austral's Lady Annie copper Mine, and;
 - (2) Austral to explore for copper oxide over MIM's 116km² neighbouring Russell Fault tenement (EPM26435)*
- Austral retains the rights to copper oxide mineralisation within the Exploration Area and will also explore for copper oxides within MIM's Russell Fault tenement, effectively adding 116km² of highly prospective tenure*
- MIM has a wealth of exploration experience and has developed innovative sulphide exploration techniques to discover new base and precious metals in Queensland's Northwest Minerals Province*
- Austral retains 100% rights to its Mt Kelly MLs, associated processing infrastructure and the remaining 1,800km² of its highly prospective exploration tenure*
- The Earn-in agreements are a value generating exploration play for both groups, utilising new geophysical data over the area that has both validated existing targets and generated new targets, some of which are drill ready. Drilling to commence as soon as practicable following completion of definitive documentation*
- MIM to spend \$6.3m expenditure within the Exploration Area over 4 years to earn-in to a 65% holding, with ARI retaining a 35% interest. Austral to spend \$2m expenditure within the Russell Fault over 4 years to earn up to a 65% interest*

Summary

Copper producer Austral Resources Australia Ltd (ASX:ARI) ("Austral" or the "Company") is pleased to announce that the Company has entered into reciprocal non-binding exploration earn-in agreements ("Earn-in Agreements") with MIM, a subsidiary of one of the world's largest mining companies, Glencore.

The reciprocal nature of the Earn-in Agreements is value generating for both parties. For Austral, this will involve expanding its oxide exploration activity in both the Exploration Area and within MIM's

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prospective Russell Fault EPM. Under the Earn-in Agreements, the parties agree to share exploration data and certain resources.

Under the Earn-in Agreements, MIM will have the rights to earn-in up to a 65% interest of Austral's JV EPM's by spending A\$6.3m over four years. Austral retains the right to explore for and commercially exploit oxide copper ore within the Exploration Area. Additionally, under the Earn-in Agreement with MIM, Austral is entitled to earn-in up to 65% interest within MIM's Russell Fault EPM by spending A\$2.0m over four years, effectively increasing our copper exploration area by 116km².

The Earn-in Agreements are non-binding and subject to formal documentation being entered into. Austral will keep the market updated on its status as required.

Key details of the Earn-in Agreements are contained in the balance of this announcement.

The Earn-in Agreements with MIM are the culmination of negotiations held with several parties eager to joint venture into portions of Austral's highly prospective exploration tenure and obtain an option to participate in the Company's future growth potential.

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

"We are excited to collaborate with Glencore on this exploration JV in Queensland's Northwest Minerals Province. Both parties hold a significant tenure position within the region, and it makes absolute sense to combine the tenure for an intensive exploration programme. Glencore are our offtake partners for 40,000t of our Anthill copper cathode and we look forward to working together from an exploration perspective.

This is a win-win transaction for both Austral and Glencore with the potential to discover new orebodies that can extend operations of both companies in the region. Glencore is focussed on discovering new base/precious metal orebodies in this metal-rich area and Austral believes there is excellent potential to define additional oxide copper resources to be processed at its nearby Mt Kelly SXEW plant.

The prospectivity of the area has been significantly enhanced by two new geophysical datasets (Heli-VTEM and a separate fixed wing Falcon Gravity survey) flown by Glencore in late 2021 and processed earlier this year. This new data has generated a number of priority targets for the JV and drilling is expected to commence within months.

Of note, Austral has retained its rights to explore for oxide copper mineralisation on its own tenure and has negotiated the right to explore MIM's tenure for oxide copper mineralisation. We believe that the increased drilling activity in this area will yield more shallow copper oxide mineralisation. Of Austral's 2,100km² of EPM tenure, this Earn-in agreement applies to a 330km² portion immediately about the Lady Loretta Mine (Figure 1). Austral retains 1,800km² of EPMs for other exploration initiatives.

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Austral recently commenced processing ore from its Anthill Copper Mine - building to rate of 10,000tpa of copper cathode from mid-2022 for a four-year period. This will now allow the Company to increase the pace of its exploration and development activities.

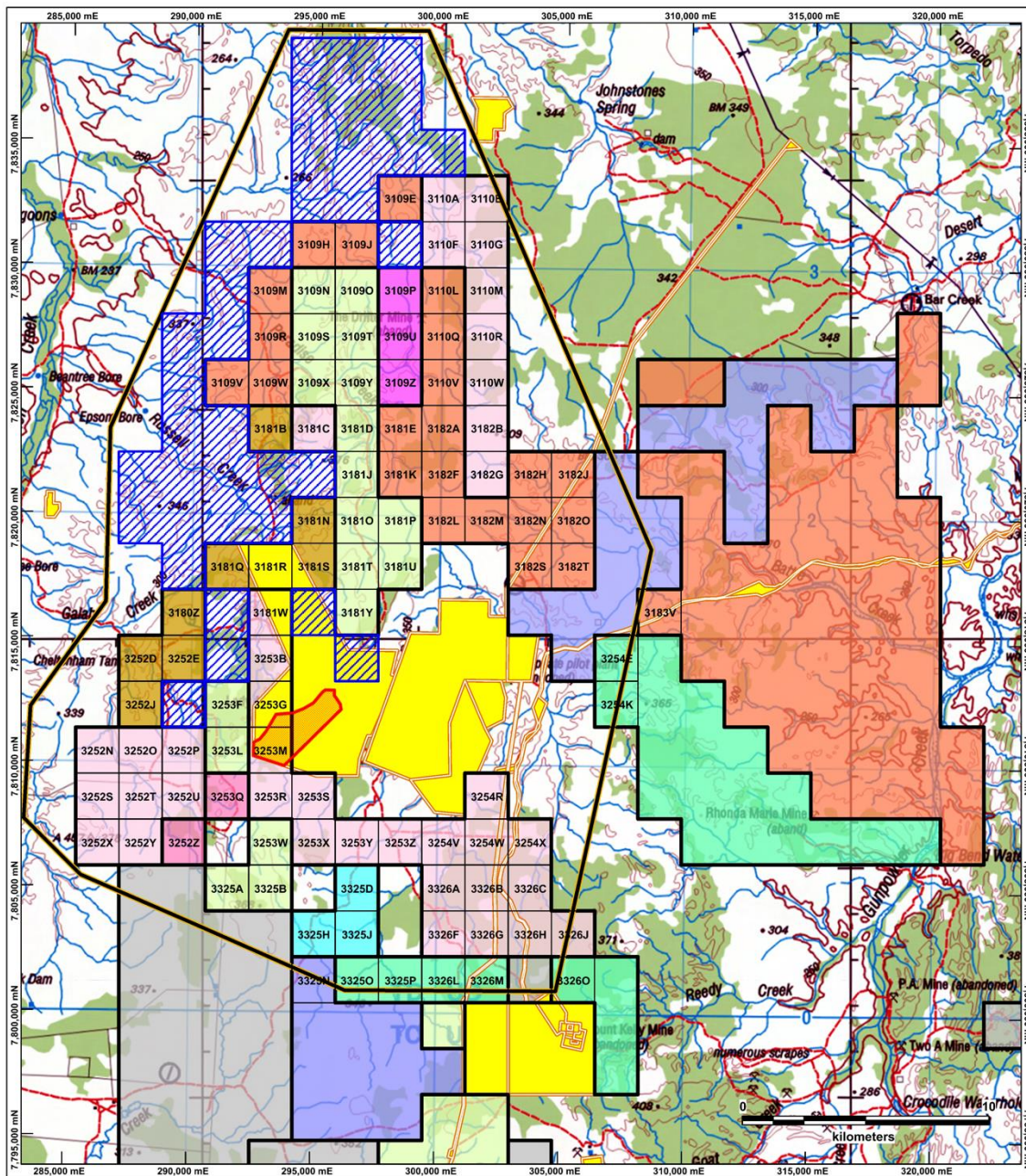
We look forward to further updating shareholders as we build copper production from Anthill and scale-up exploration and development activities."

Schedule 1 – Project Tenure

	Tenement	Ownership Percentage	Sub-blocks of the tenement that are included in the Project Tenure Area
1	EPM27979	100%	Total 23 sub blocks: 3109 (E,H,J,M,R,V,W); 3110 (L,Q,V); 3181 (E,K); 3182 (A,F,H,J,L,M,N,O,S,T); 3183 (V)
2	EPM17789	100%	Total 38 sub blocks: 3110 (A,B,F,G,M,R,W); 3181 (C,W); 3182 (B,G); 3252 (N,O,P,S,T,U,X,Y); 3253 (B,G,M,R,S,X,Y,Z); 3254 (R,V,W,X); 3326 (A,B,C,F,G,H,J)
3	EPM17533	100%	Total 1 sub block: 3325 (N)
4	EPM17469	100%	Total 2 sub blocks: 3253 (Q); 3252 (Z)
5	EPM17422	100%	Total 9 sub blocks: 3181 (B,N,Q,R,S); 3180 (Z); 3252 (D,E,J)
6	EPM17415	100%	Total 3 sub blocks: 3325 (D,H,J)
7	EPM17088	100%	Total 3 sub blocks: 3109 (P,U,Z)
8	EPM16243	100%	Total 18 sub blocks: 3109 (N,O,S,T,X,Y); 3181 (D,J,O,P,T,U,Y); 3253 (F,L,W); 3325 (A,B)
9	EPM16242	100%	Total 7 sub blocks: 3254 (E,K); 3325 (O,P); 3326 (L,M,O)

Table 1. Schedule of Project Tenures, ownership, and portion included in the JV Area by Austral Resources. Austral tenure within the JV area is 104 sub-blocks or approximately 330km² of Austral's 2,100km² EPM package in the region.

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Austral Resources Tenure

	EPM 16242 - Mount Kelly East		EPM 17533 - Mount Kelly West 2
	EPM 16243 - Lady Maggie		EPM 17789 - Lady Annie Regional
	EPM 17088 - Drifter		EPM 27979 - Battle Creek 2
	EPM 17415 - Mount Kelly West		EPM 15126 - Battle Creek
	EPM 17422 - Lady Annie West		Other
	EPM 17469 - Lady Annie West 2		

Mining Leases

	Mining Leases - Other
	ML 90179 Lady Annie

MIM Tenure

	EPM 26435 Russell Fault
	Boundary of proposed geophysics airborne survey

Figure 1: Tenure map of proposed Earn-in area. Orange outline is the boundary of recent geophysical work and defines the Earn-in agreement area. Mining Leases (Yellow) are excluded. MIM tenure in the JV area (Russell Fault EPM26435).

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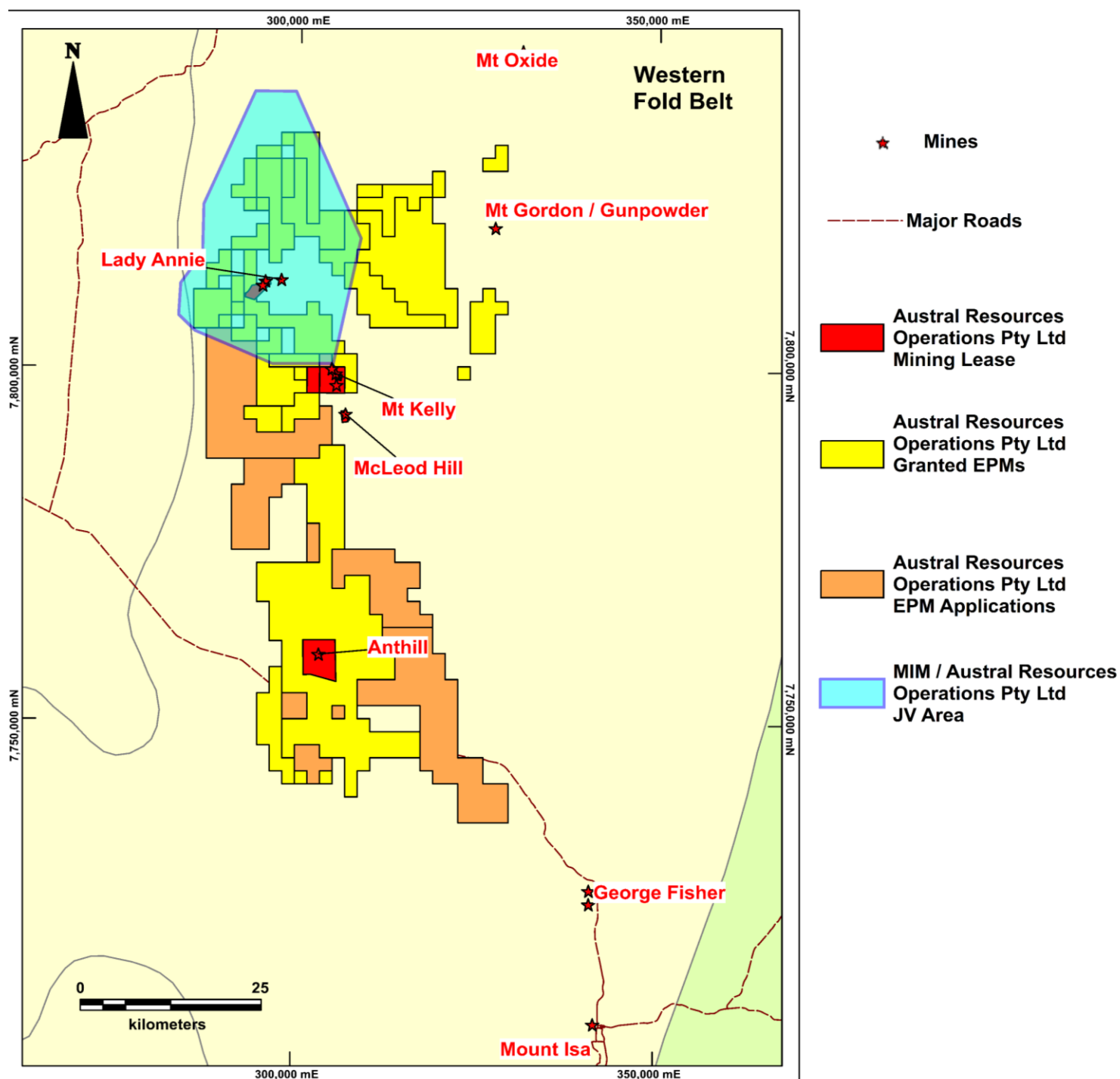


Figure 2: Map of Austral's Western Succession tenure showing MIM JV area shaded in blue. Note that Austral's Lady Annie ML is not included in the transaction, nor are any of Austral's Mining Leases. The Blue shaded Earn-in area accounts for 330km² of Austral's 2,100km² EPMs, leaving Austral with 1,800km² of EPM's for other exploration initiatives.

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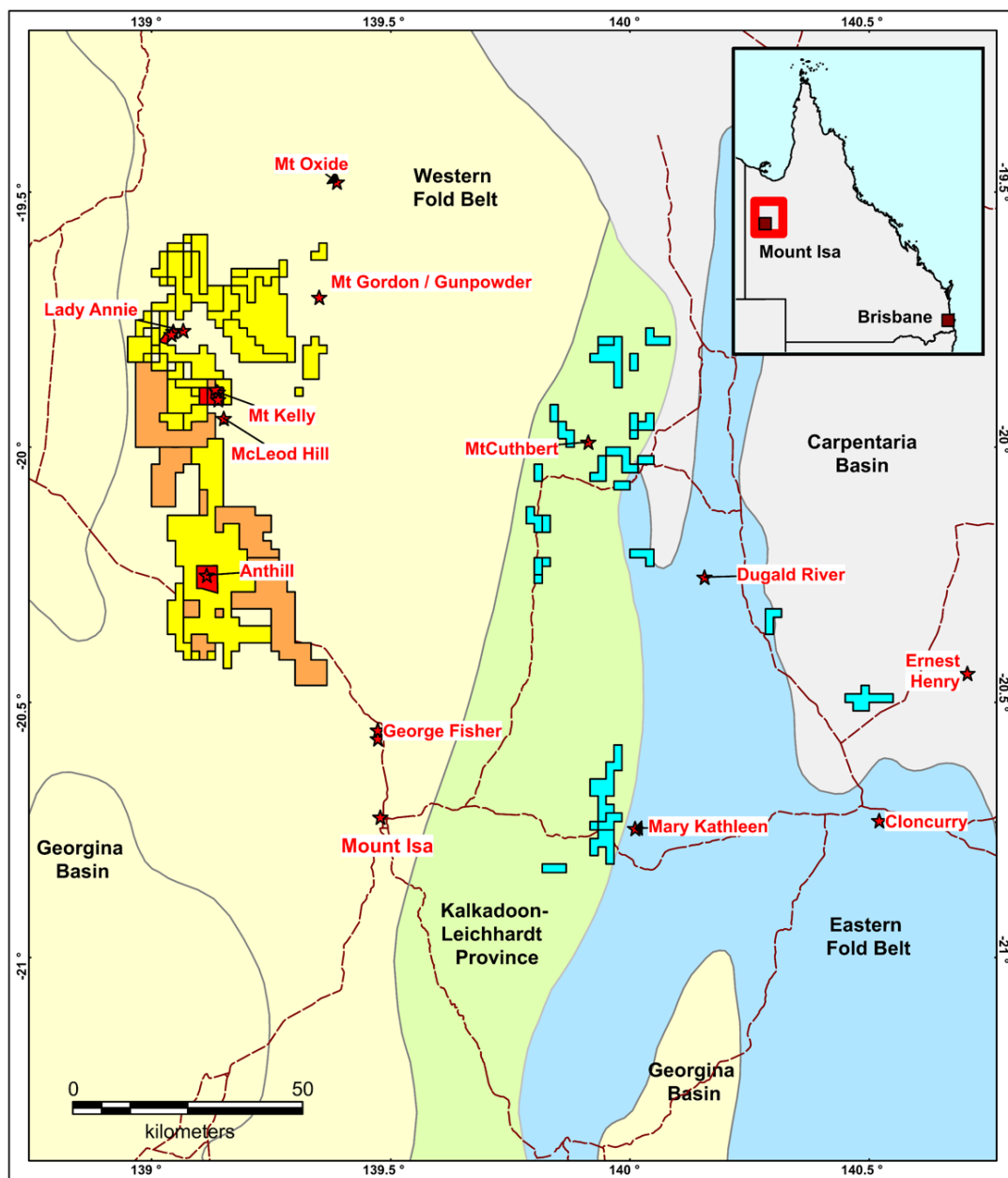


Figure 3: Map of Austral's 2,100km² of EPM and EPMA tenure in the Mt Isa Province.

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About Glencore's Lady Loretta and Austral's Lady Annie Mines

- Glencore is one of Australia's largest producers of critical metals and minerals including nickel, cobalt, zinc and copper.
- MIM's zinc operations in Queensland include George Fisher underground mine, Lady Loretta underground mine, a zinc-lead concentrator and lead smelter.
- MIM's Lady Loretta underground mine is located 140 kilometres north-west of Mount Isa and operated by Redpath Australia. The mine produced a record 1,696,363 tonnes of zinc-lead-silver ore in 2021, exceeding the previous record of 1,548,852 set in 2020.
- Zinc is a critical mineral that is used in a range of everyday things from galvanising steel to zinc oxides and sulphides which are used in everything from cosmetics, batteries to pharmaceuticals and fluorescent lights.
- Austral's Lady Annie Mine commenced modern production in 2007 and is located 17km north of the Mt Kelly SXEW plant. Austral's geologists believe that this Mining Lease has good potential to yield additional copper oxide ore through further exploration and is planning to commence an initial 5,000m drill programme next quarter. MIM owns the sulphide mineralisation below RL 174m.

About Glencore

Glencore is one of the world's largest global diversified natural resource companies and a major producer and marketer of more than 60 responsibly-sourced commodities that advance everyday life. Through a network of assets, customers and suppliers that spans the globe, Glencore produces, processes, recycles, sources, markets and distributes the commodities that enable decarbonisation while meeting the energy needs of today.

Glencore companies employ around 135,000 people, including contractors. With a strong footprint in over 35 countries in both established and emerging regions for natural resources, marketing and industrial activities are supported by a global network of more than 40 offices.

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, battery manufacturing and oil sectors. It also provides financing, logistics and other services to producers and consumers of commodities.

Glencore is proud to be a member of the Voluntary Principles on Security and Human Rights and the International Council on Mining and Metals. Glencore is an active participant in the Extractive Industries Transparency Initiative.

Glencore recognises its responsibility to contribute to the global effort to achieve the goals of the Paris Agreement. Their ambition is to be a net zero total emissions company by 2050. In August 2021,

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Glencore increased its medium-term emission reduction target to a 50% reduction by 2035 on 2019 levels and introduced a new short-term target of a 15% reduction on 2019 levels.

Key transaction points

MIM Earn-in Agreement

- MIM holds an Earn-in right for an initial 35% interest in the AR1 Exploration Area (104 sub-blocks) by spending A\$3.65m over two years from signing. MIM can increase its interest to 65% by spending an additional A\$2.65m in years 3-4. MIM is focussed on exploring for sulphide base and precious metals.
- Austral holds the right to explore for oxide copper mineralisation within the Exploration Area at its expense.
- MIM and Austral to share all historic and new exploration data within the Exploration Area.
- If MIM proceeds to 65% ownership through earn-in, Austral will be required to fund 35% of ongoing exploration commitments. Austral has the option not to contribute and be progressively diluted to a 5% holding (by 1% per A\$300,000 that is not contributed), at which point Austral will have this 5% holding converted into a 1.5% Net Smelter Royalty (NSR).
- In the event of a potentially economic sulphide mineral discovery, MIM will sole-fund the cost of economic studies through to completion of a pre-feasibility study (PFS).

Austral Earn-in Agreement

- Austral holds an Earn-in right for a 65% interest in the Russell Fault Exploration Area (36 sub blocks) by spending A\$2.0m over four years from signing. Austral is focussed on exploring for oxide copper mineralisation.
- Austral is exploring for shallow copper oxide mineralisation as feed for its Mt Kelly SXEW plant.
- MIM and Austral to share all historic and new exploration data within the Exploration Area.
- If Austral proceeds to 65% ownership through earn-in, MIM will be required to fund 35% of ongoing exploration commitments. MIM has the option not to contribute and be progressively diluted to a 5% holding (by 1% per A\$50,000 that is not contributed), at which point MIM will have this 5% holding converted into a 1.5% Net Smelter Royalty (NSR).
- In the event of a potentially copper oxide mineral discovery, Austral will sole-fund the cost of economic studies through to completion of a pre-feasibility study (PFS).

Both Austral and MIM are working towards completing binding agreements in Q3 2022.

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Positive impact on Austral's exploration and development Strategy

Austral initially budgeted \$5m for exploration expenditure over a two-year period from listing. This budget has now been increased to \$10m over the next 12 months and up to \$10m per annum from 2023 onwards, fully funded from Anthill production cashflows. The Company is also considering other value accretive exploration joint venture proposals to leverage its highly prospective 2,100km² tenure holdings, utilise JV partner expertise and share discovery risk.

This is significant for Austral as this larger expenditure increases the potential for value adding discoveries with a larger exploration team to explore multiple prospects in parallel – all in a shorter timeframe. Austral stands to benefit greatly from working with and learning from Glencore's seasoned exploration team.

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

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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 has developed its Anthill Mine (Ore Reserve of 5.06Mt at 0.94% Cu) and 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 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 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 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.

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Appendix 1. Key Austral ASX announcements

DATE	TITLE
1 Nov 2021	Austral Prospectus
3 Nov 2021	Austral lists on ASX
9 Nov 2021	Anthill and Mt Kelly development underway
17 Nov 2021	Anthill blasting commences
7 Dec 2021	Thiess signing
14 Dec 2021	Updated Company presentation
11 Jan 2022	Mining commences at Anthill
30 Jan 2022	December Quarter Report
3 Feb 2022	Offtake and Prepayment Agreement secured with Glencore
31 Mar 2022	Austral's Anthill Mine Ore Shipments Commence
26 Apr 2022	Exploration update
28 Apr 2022	March Quarter Report
4 May 2022	RIU Conference presentation
6 Jun 2022	Austral exploration update