

# Austral Resources Australia Ltd: Offtake and Prepayment Agreement Secured with Glencore plc:

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Brisbane, Australia - Copper producer Austral Resources Australia Ltd (ASX:AR1) is pleased to announce that the Company has entered into a binding offtake and prepayment facility ("Offtake Agreement"), with one of the world's largest mining companies, [Glencore plc](#) (LON:GLEN).

Under the Offtake Agreement, Glencore will have the offtake rights for up to 40,000t of copper cathode production from Austral's Anthill Mine, with offtake scheduled to commence in the second half of 2022. Glencore will also provide Austral with a A\$21m pre-payment facility.

The A\$21m prepayment allows Austral to immediately expedite exploration and development activities through 2022, after which exploration will be internally funded from Anthill cashflow.

The Offtake Agreement with Glencore follows negotiations held with several parties eager to secure the rights to Austral's 40,000t of Anthill copper production and obtain an option to participate in the Company's future growth potential.

Steve Tambanis, Austral's Chief Executive Officer commented:

"We are delighted to have Glencore marketing 40,000t of Austral's Anthill copper production. Together with this offtake agreement, a A\$21m prepayment facility enables us to accelerate our planned exploration programme and importantly, provides a solid financial buffer for Anthill's start-up phase over the next five months.

Glencore underwent a lengthy due diligence process to assess our production capabilities and is pleased with the high quality of Austral's copper cathode. Going forward, there is potential to review other copper development opportunities in the region.

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

Exploration and development activities are being significantly expanded with the intention of fast-tracking discoveries. We have engaged a first-class team of explorationists to undertake this work, have a detailed exploration strategy in place and have funding to enable these programmes.

We look forward to further updating shareholders as we prepare to commence maiden production at Anthill and commence exploration and development activities."

David Kelly, Glencore Copper Marketing, Australia commented:

"Glencore welcomes the opportunity to support Australian miners like Austral Resources by marketing their copper products to customers all over the world where it will be used to make everything from smart phones to solar panels."

## Key transaction points

- Glencore to have the offtake rights for up to 40,000t of copper cathode production from Austral's Anthill Mine with offtake scheduled to begin in the second half of 2022.
- Glencore to provide a US\$15m (A\$21m) pre-payment facility to Austral, repayable over two years from late 2022.

## Positive impact on Austral's exploration and development

Austral conservatively budgeted \$5m in exploration expenditure over a two-year period from listing. Given the number of prospective exploration targets to evaluate, the Company is considering significantly

increasing this expenditure up to \$10m per annum, fully funded from Anthill production cashflows. The Company is also considering several value accretive exploration joint venture proposals to leverage its highly prospective 1,940km<sup>2</sup> tenure holdings, utilise JV partner expertise and share discovery risk.

This is significant for Austral as this larger programme increases the potential for value adding discoveries with a larger exploration team to explore multiple prospects in parallel - all in a shorter timeframe.

#### About Austral Resources Australia Ltd:

Austral Resources Australia Ltd (ASX:AR1) is a 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 owns a significant copper inventory with a JORC compliant Mineral Resource Estimate of 60Mt at 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 and increase then review options to commercialise its copper resources.

#### About Glencore Plc:

[Glencore plc](#) (LON:GLEN) 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. The Group's global operations comprise around 150 mining and metallurgical sites and oil production assets.

With a strong footprint in over 35 countries in both established and emerging regions for natural resources, Glencore's industrial activities are supported by a global network of more than 30 marketing offices.

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, battery manufacturing and oil sectors. We also provide financing, logistics and other services to producers and consumers of commodities. Glencore's companies employ around 135,000 people, including contractors.

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. Its ambition is to be a net zero total emissions company by 2050.

#### Source:

Austral Resources Australia Ltd [Glencore plc](#)

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