



ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

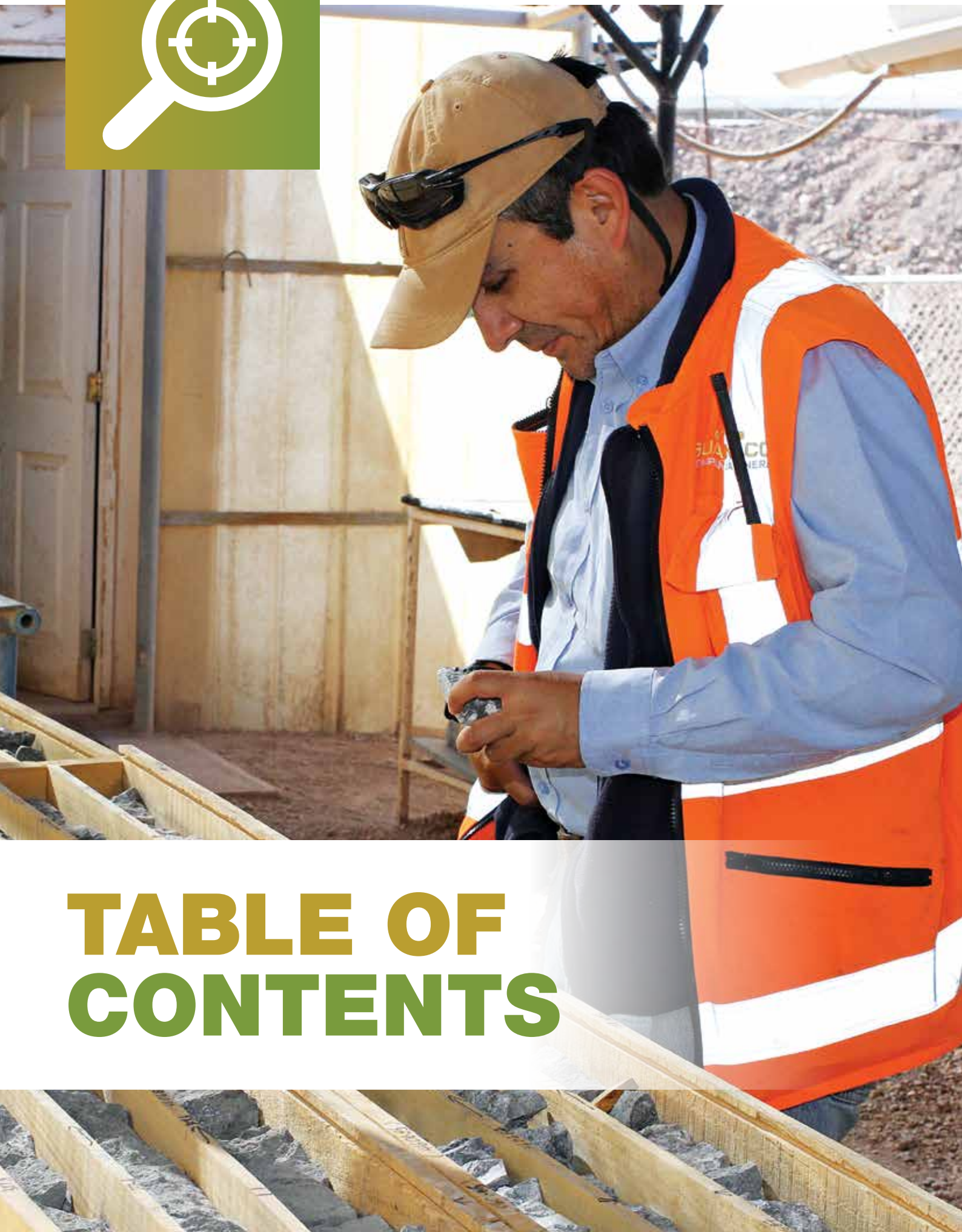


TABLE OF CONTENTS



CORPORATE DIRECTORY	4
CHAIRMAN'S LETTER	6
KEY PRINCIPLES	8
REVIEW OF ACTIVITIES	10
DIRECTORS' REPORT	34
FINANCIAL STATEMENTS	54
DIRECTORS' DECLARATION	88
INDEPENDENT AUDITOR'S REPORT	90
ADDITIONAL INFORMATION	98



CORPORATE DIRECTORY

KEY MANAGEMENT

Stabro Kasaneva

Chief Executive Officer and Executive Director

Rodrigo Ramirez

Vice President of Operations

Raul Guerra

Vice-President of Exploration

Jose Bordogna

Chief Financial Officer

DIRECTORS

Wayne Hubert

Chairman & Executive Director

Eduardo Elsztein

Vice Chairman & Non-Executive Director

Saul Zang

Non-Executive Director

Pablo Vergara del Carril

Non-Executive Director

Stabro Kasaneva

Chief Executive Officer and Executive Director

Robert Trzebski

Independent Non-Executive Director

Ben Jarvis

Independent Non-Executive Director

COMPANY SECRETARY

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ASX: AGD

TSX Venture Exchange

TSXV: AGLD

PLACE OF INCORPORATION:

Western Australia



DEAR SHAREHOLDERS

I AM PLEASED TO REPORT THAT 2020 WAS A VERY GOOD YEAR FOR AUSTRAL GOLD LIMITED AND I AM HONORED TO BE NAMED EXECUTIVE CHAIRMAN IN AUGUST 2020.

Our operations generated both record cash flows and gross margins through the realisation of higher gold and silver prices despite COVID-19, lower sales revenue, an interruption to operations due to our miners' strike and the strategic decision to outsource operations.

The key to any business is its people and having strong leadership. In order to complement the executive team, we were fortunate to add Raul Guerra as Corporate VP of Exploration. Raul brings strong leadership to the Group, with more than 30 years of precious metal exploration experience and has been involved in the discovery of more than 50 million ounces of gold including two large greenfield discoveries at Barrick. We are excited by his contributions to date which included leading a strategic review of exploration activities and setting priorities including major goals for the Group including the discovery of new Tier I or II deposit(s) through exploration and new business.

Another key factor in running a successful business is having sufficient cash to execute its business plan. The Guanaco/Amancaya mine complex has been our primary cash generating asset and we expect this to continue.

The Board is very proud of the financial performance at the Guanaco/Amancaya mine complex in 2020 as it was the main contributor to the Group's adjusted EBITDA of US\$46.0 million (2019: US\$37.6 million), a profit after income tax of US\$7.667 million (2019: US\$1.639 million) and the generation of net cash flows from operating activities of US\$30.482 million (2019: US\$29.635 million).

With our objective to extend the mine life at Guanaco/Amancaya mine in Chile, not only did we obtain many positive drill results at Amancaya, we also took great strides to increase our footprint in the Paleocene-Eocene Belt in Chile. This was accomplished through the acquisition of Revelo Resources (closed in February 2021) and other surrounding mining properties to our flagship mine complex.

Regarding Casposo, although we have a clear objective to recommence mining operations, our efforts in 2020 were affected by COVID-19. Notwithstanding, we completed phase 1 of the new drilling campaign while continuing the design of the next phase and have budgeted for a significant increase in exploration which also includes activities in the new area of Manantiales. In addition, we continually assess opportunities to consolidate projects that surround Casposo and to source ore from third parties in the region. This is a work in progress and several compelling opportunities are being pursued by us.

Further, with the agreement that provides us with the option to acquire all or part of the Sierra Blanca gold-silver project in Santa Cruz, near the Group's Pingüino project, we expanded the area of our Pingüino project by securing an additional 7,000 hectares, resulting in a new exploration cluster in the Province of Santa Cruz.

In the US, during 2020, we increased our investment in the Rawhide mine in Nevada, USA to 26.46% from 22.48% and also entered into an agreement to acquire a 19.9% equity position in Ensign Gold which is currently assembling a 5,000-hectare land package on favourable Carlin-type gold deposit geology in the

state of Utah with the goal of consolidating the Mercur camp for the first time. The investment was completed in early 2021.

In 2021 we plan to build upon the accomplishments made this year. We forecast production to be at 50,000-55,000 gold equivalent ounces and expect to continue to deliver solid margins and strong cash flows from operations. Our strategic acquisitions and organic growth opportunities, backed by an experienced management team with a proven operational and exploration track record, an exceptional understanding of the Chilean and Argentinean resources sector and the strategic equity investments in North America provide us with the foundation for continued growth.

This has been a very good year for our shareholders. The market finally started to recognise the value we created as indicated by the 200% increase in our share price in 2020. In addition, we paid our shareholders a dividend of A\$0.009 per share and in early 2021 declared another dividend of A\$0.008 per share.

Our Board is proud of key milestones that Austral Gold achieved this year, including:

- Solid production at Guanaco/Amancaya
- Record adjusted EBITDA with solid C1 and AISC metrics at our mining operations in Chile
- Exploration success that included significant drilling results at Amancaya, Guanaco and Casposo
- A stronger balance sheet with an increase in our current ratio to 1.33 (2019:1.14) and a reduction of our combined net debt by US\$10.3m (net of cash and cash equivalents) to negative US\$4.0m (2019: positive US\$6.3m). The amount is net of approximately 6,200 refined gold ounces in inventory with a fair value of US\$11.7 million at year-end.
- Increase in our share price by 200%
- Payment of a dividend of US\$3.5 million in 2020 and declaration of a dividend of approximately US\$3.8 million in 2021

Safety is also a significant priority for Austral Gold. We are committed to the well-being of our employees and the communities in which we operate, and continue to promote the highest health, safety and environmental standards. We are very supportive of the local communities in which we operate through local hiring of personnel and community and education initiatives.

During 2019 and 2020, we saw a positive trend for gold and silver prices and we expect the price of precious metals to remain strong in 2021 and increase over the long term. Although we have improved our financial results in 2020, we continually strive to improve profit margins, while increasing the life and value of our mineral resources to ultimately increase shareholder value.

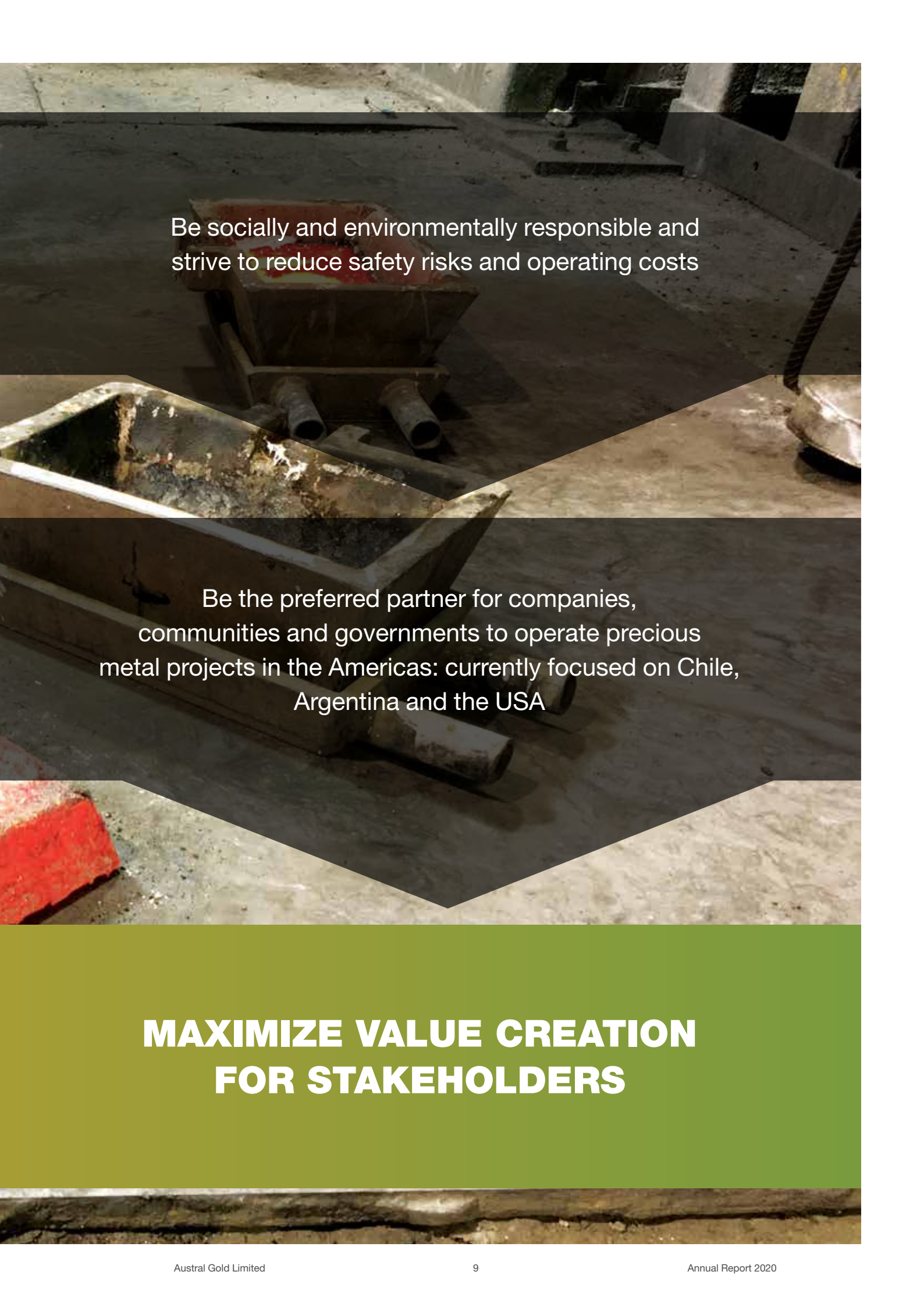
I would like to thank our shareholders for their continued support, all of our employees and contractors, and our Board members for their hard work and dedication during this year.

WAYNE HUBERT

Chairman

KEY PRINCIPLES



The background image shows a close-up of industrial equipment. A large, rectangular metal container, possibly a hopper or part of a conveyor system, is the central focus. It has a weathered, dark surface with some lighter patches. Below and around it are various pipes, bolts, and mechanical components. The lighting is somewhat dim, creating a gritty, industrial atmosphere. The text is overlaid on a semi-transparent dark band across the upper half of the image.

Be socially and environmentally responsible and
strive to reduce safety risks and operating costs

Be the preferred partner for companies,
communities and governments to operate precious
metal projects in the Americas: currently focused on Chile,
Argentina and the USA

**MAXIMIZE VALUE CREATION
FOR STAKEHOLDERS**



REVIEW OF ACTIVITIES



GUANACO/AMANCAYA



CASPOSO



PINGÜINO



RAWHIDE MINE

PROPERTIES

- Operations
- Exploration projects

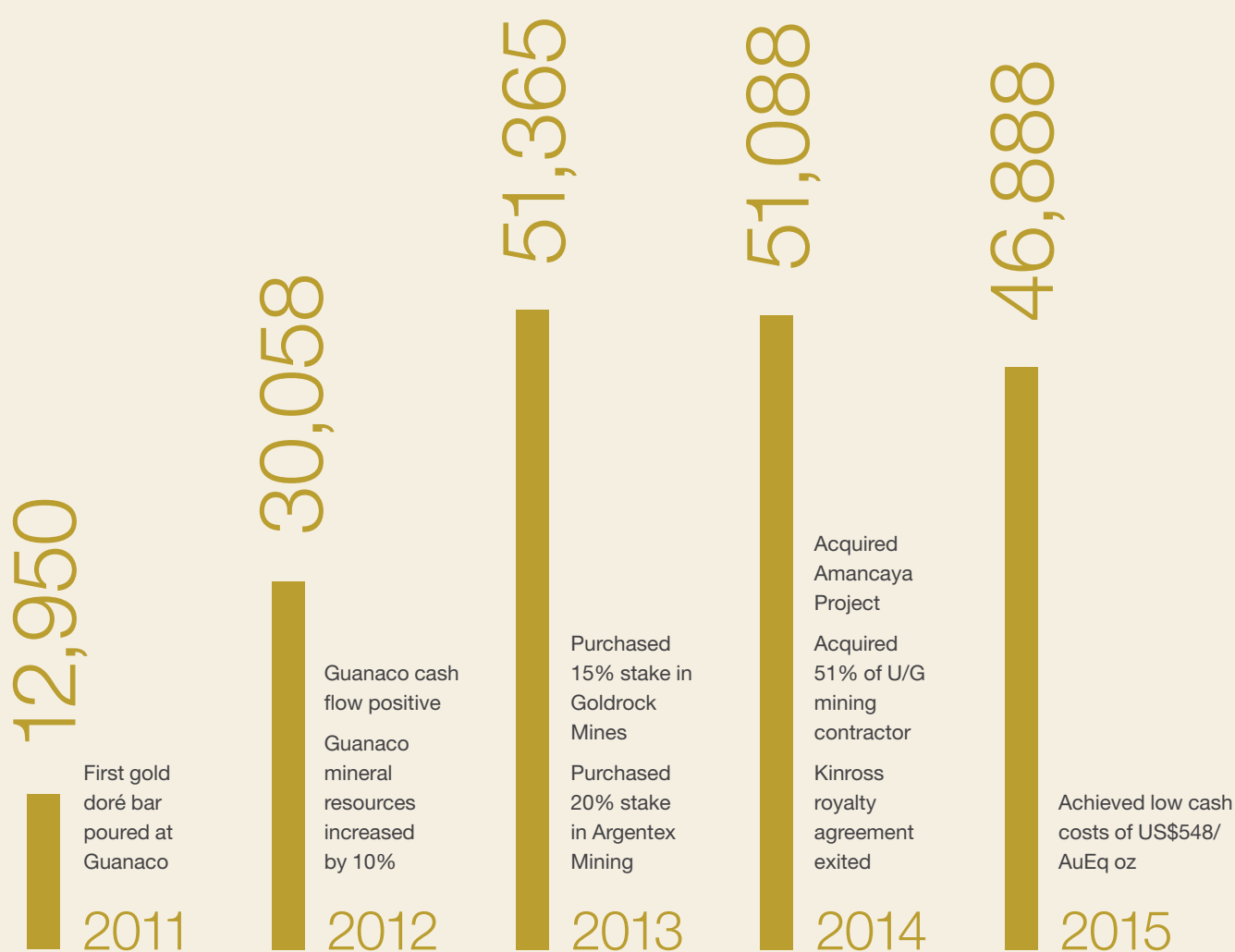
Guanaco/Amancaya
Antofagasta,
Chile

Casposo
San Juan Province,
Argentina

Pingüino
Santa Cruz Province,
Argentina

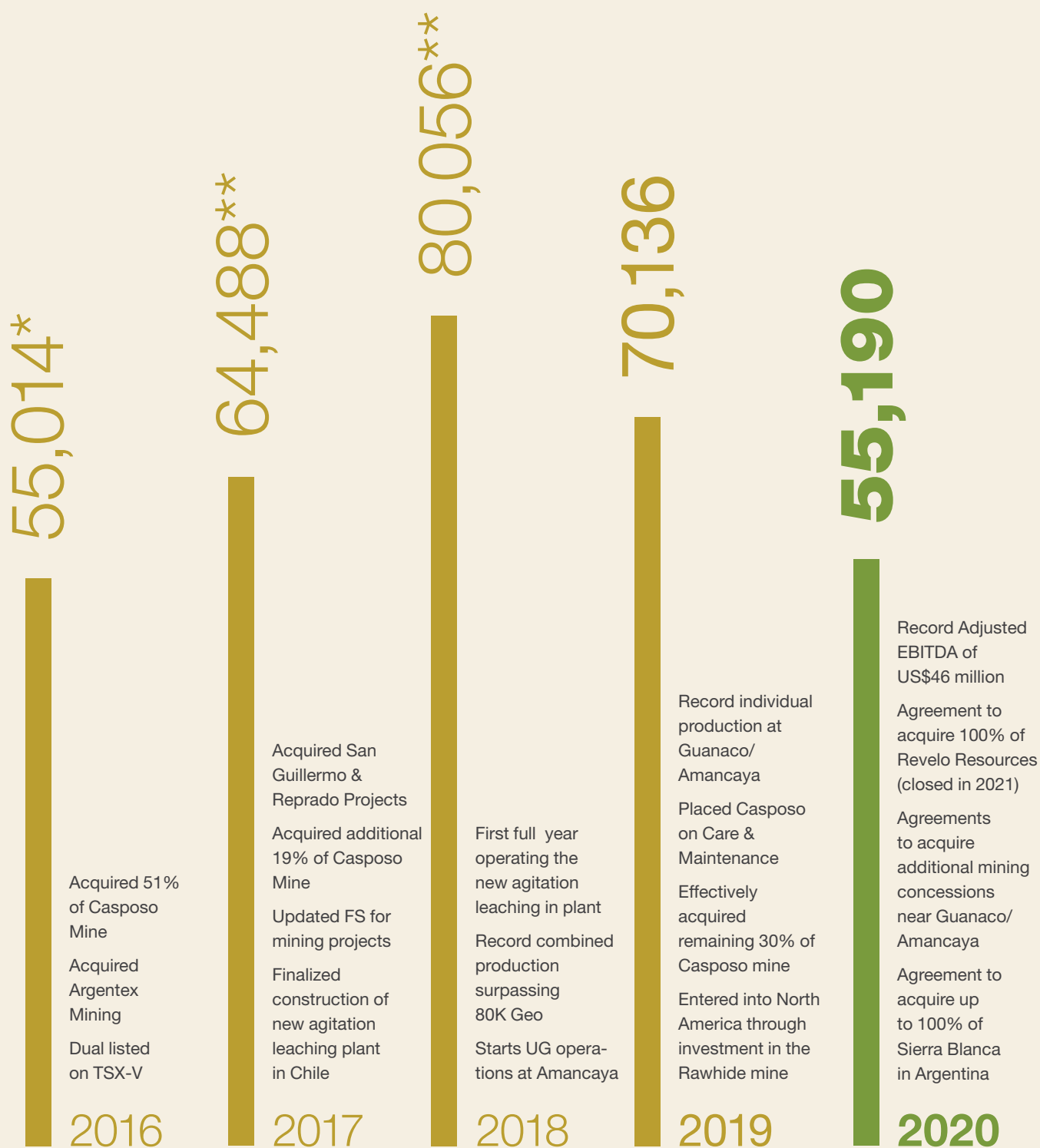
Austral Gold Limited is a growing gold and silver mining, development and exploration company building a portfolio of quality assets in Chile, the USA and Argentina. Austral owns 100% interest in the Guanaco/Amancaya mine in Chile. Casposo Mine (care and maintenance) in Argentina, and a 26.46% interest in the Rawhide Mine in Nevada and a 19.96% on the Mercur Project in Utah (Ensign Gold). In addition, Austral owns an attractive portfolio of exploration projects in the Paleocene Belt in Chile (including the recent investments in Revelo Resources Corp and other surrounding mining concessions near Guanaco/Amancaya) and a 100% interest in the Pingüino project in Santa Cruz, Argentina.

AUSTRAL GOLD HAS PRODUCED OVER 500,000 GOLD EQUIVALENT OUNCES OVER THE LAST TEN YEARS. SOUND CASH FLOWS HAVE FUNDED AUSTRAL'S GROWTH INITIATIVES



* Includes production from Casposo (51%)

** Includes production from Casposo (70%)





REVIEW OF RESULTS OF OPERATIONS

Key Operating Results	Fiscal Year ended 31 December						
	2020				2019		
	Guanaco/ Amancaya Mines	Rawhide Mine (100% basis) ¹	Casposo Mine (100% basis) ²	Net to Austral Gold ^{*2,3}	Guanaco/ Amancaya Mines	Casposo Mine (100% basis) ²	Net to Austral Gold ^{1,2}
Processed (t)	195,296	1,855,337	-	665,995	253,024	39,545	280,706
Gold produced (Oz)	52,306	24,213	-	58,449	60,666	2,770	62,605
Silver produced (Oz)	253,066	160,113	-	293,687	543,906	143,542	644,385
Gold Equivalent Ounces (Oz) ³	55,190	26,265	-	61,853	67,005	4,473	70,136

¹ Attributable production from the Rawhide Mine and as of December 2020 twelve month Austral recorded a weighted average of 25.37% (2019-nil) as 17 December 2019 – acquired 22.48% ownership in the Rawhide Mine and exercised options to increase its ownership interest on 31, January 2020 Austral to 23.62% ownership interest. On 8, May 2020 the Group exercised its remaining options and increased its ownership interest to 26.46%.

² Effective December 2019, Austral Gold owned 100% of Casposo. From March 2017 to 22 December 2019, Austral Gold owned 70% of Casposo;

³ AuEq ratio is calculated at 86:3 Ag: Au for the FY20 and 85:1 Ag: Au for FY19.



BACKGROUND

The Guanaco and Amancaya mines remain the Company's flagship asset. Guanaco is located approximately 220km south-east of Antofagasta in Northern Chile at an elevation of 2,700m and 45km from the Pan American Highway.

Guanaco is embedded in the Paleocene/Eocene belt, a geological feature which runs north/south through the centre of the Antofagasta region, Chile.

Gold mineralisation at Guanaco is controlled by pervasively silicified, sub-vertical east/northeast-west/southwest trending zones with related hydro-thermal breccias.

Silicification grades outward into advanced argillic alteration and further into zones with argillic and propylitic alteration. In the Cachinalito vein system, most of the gold mineralisation is concentrated between depths of 75m and 200m and is contained in horizontally elongated mineralised shoots. The alteration pattern and the mineralogical composition of the Guanaco mineralisation have led to the classification as a high-sulfidation epithermal deposit.

In July 2014, the Company acquired the Amancaya Project ('Amancaya') from Yamana Gold Inc (TSX:YRI | NYSE:AUY) which is located approximately 60km south-west of the Guanaco mine. Amancaya is a low sulfidation epithermal gold-silver deposit consisting of eight mining exploration concessions covering 1,755 hectares (and a further 1,390 hectares of second layer mining claims).

At Amancaya, open-pit mining operations began during the first half of 2017 while underground operations started in 2018. The Amancaya ore is delivered to the Guanaco plant for processing.

On 14 November 2017, Austral Gold purchased a 100% interest in the San Guillermo and Reprado gold-silver projects, located in the emerging Amancaya precious metals district of northern Chile, from Revelo Resources Corp. (TSX: V:RVL) for consideration of ten million Austral Gold ordinary shares.

The San Guillermo property consists of concessions totalling 12,175 hectares that surround the company's high-grade gold and silver Amancaya operation. The Reprado Project consists of concessions totalling 3,960 hectares situated approximately 20km north of Amancaya. Historical drilling undertaken by Teck Resources Ltd intersected gold in low sulfidation quartz veins trending essentially east-west.

A technical report on combined resources and construction of a new agitation leaching plant at the Guanaco mine site was completed in June 2017 and the commissioning phase was completed in November 2017.

During February 2021, the Group acquired Revelo Resources, that owns three projects located close to the Group's pre-existing Guanaco/Amancaya mining complex to provides the Group with a leading role in the Paleocene-Eocene Belt in Chile.

PRODUCTION

Guanaco/Amancaya Operations	Fiscal Year ended 31 December months ended	
	2020	2019
Mined Ore (t)	196,194	250,986
Processed (t)	195,296	253,024
Average Plant Grade (g/t Au)	8.5	7.6
Average Plant Grade (g/t Ag)	43.9	81.2
Gold produced (Oz)	52,306	60,666
Silver produced (Oz)	253,066	543,906
Gold-Equivalent (Oz) ***	55,190	67,005
C1 Cash Cost of Production (US\$/AuEq Oz)*	723	661
All-in Sustaining Cost (US\$/Au Oz) *	1,021	899
Realised gold price (US\$/Au Oz)	1,765	1,404
Realised silver price (US\$/Ag Oz)	21	16
Sales volume	49,995	66,657

* The cash cost (C1) includes: Mine, Plant, On-Site G&A, Smelting, Refining, and Royalties (excludes Corporate G&A). It is the cost of production per gold equivalent ounce.

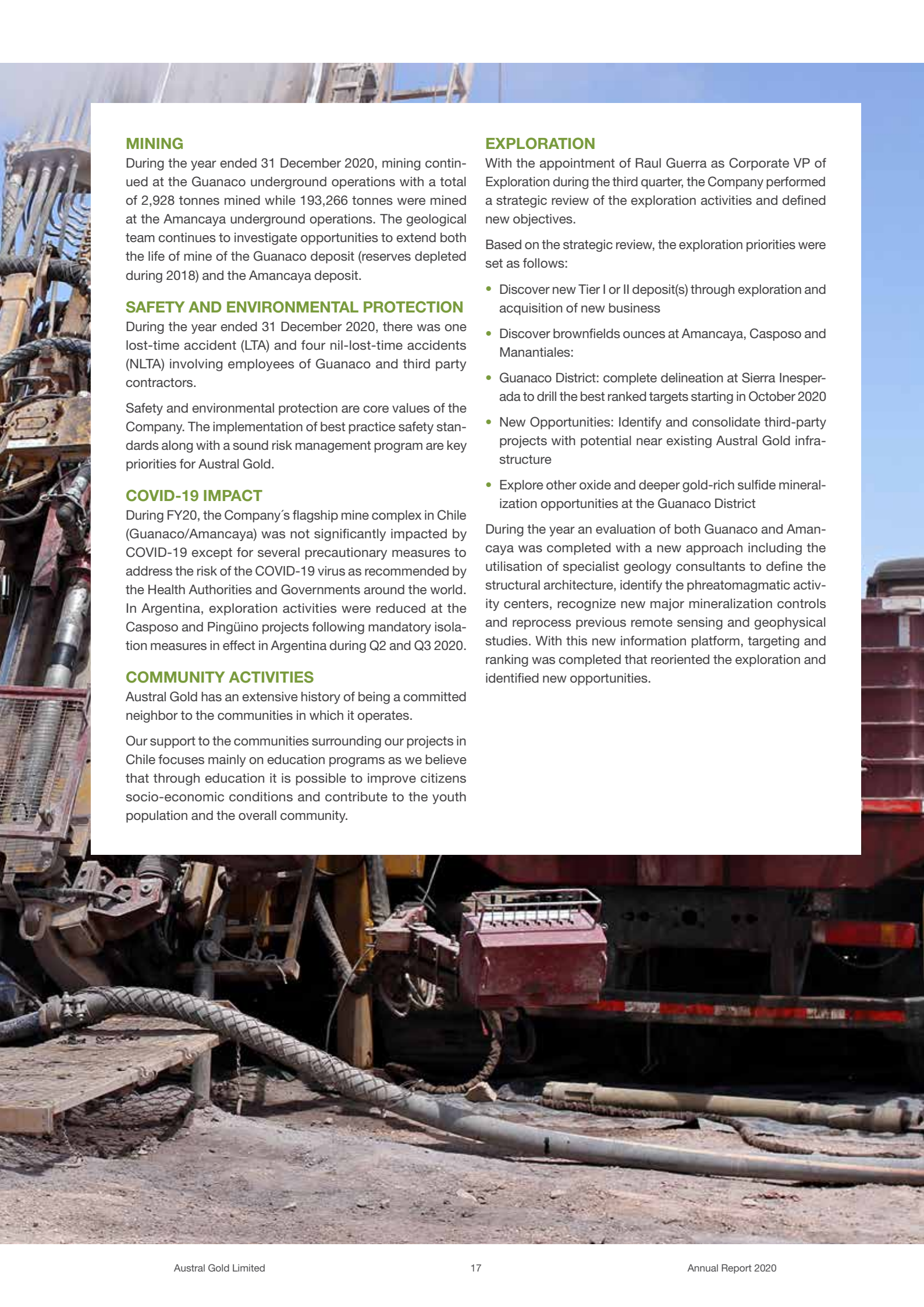
** The All-in Sustaining Cost (AISC) includes: C1, Sustaining Capex, Brownfield Exploration, and Mine Closure Amortisation.

*** AuEq ratio is calculated at 88:1 Ag:Au for the FY20 and 85:1 Ag:Au for the FY19

Production during FY20 at Guanaco/Amancaya decreased by 18% to 55,190 gold equivalent ounces (52,306 gold ounces and 253,066 silver ounces) from 67,005 gold equivalent ounces (60,666 gold ounces and 543,906 silver ounces) during FY19. The decrease was mainly a result of the lower throughput of the mine and lower silver grades which was anticipated in accordance with the Group's production guidance.

During FY20, mining continued at the Guanaco underground operations with a total of 2,928 tonnes mined while 193,266 tonnes were mined from the Amancaya underground operations. Management continues to evaluate opportunities to extend the life of mine of the Guanaco and Amancaya mines.





MINING

During the year ended 31 December 2020, mining continued at the Guanaco underground operations with a total of 2,928 tonnes mined while 193,266 tonnes were mined at the Amancaya underground operations. The geological team continues to investigate opportunities to extend both the life of mine of the Guanaco deposit (reserves depleted during 2018) and the Amancaya deposit.

SAFETY AND ENVIRONMENTAL PROTECTION

During the year ended 31 December 2020, there was one lost-time accident (LTA) and four nil-lost-time accidents (NLTA) involving employees of Guanaco and third party contractors.

Safety and environmental protection are core values of the Company. The implementation of best practice safety standards along with a sound risk management program are key priorities for Austral Gold.

COVID-19 IMPACT

During FY20, the Company's flagship mine complex in Chile (Guanaco/Amancaya) was not significantly impacted by COVID-19 except for several precautionary measures to address the risk of the COVID-19 virus as recommended by the Health Authorities and Governments around the world. In Argentina, exploration activities were reduced at the Casposo and Pingüino projects following mandatory isolation measures in effect in Argentina during Q2 and Q3 2020.

COMMUNITY ACTIVITIES

Austral Gold has an extensive history of being a committed neighbor to the communities in which it operates.

Our support to the communities surrounding our projects in Chile focuses mainly on education programs as we believe that through education it is possible to improve citizens socio-economic conditions and contribute to the youth population and the overall community.

EXPLORATION

With the appointment of Raul Guerra as Corporate VP of Exploration during the third quarter, the Company performed a strategic review of the exploration activities and defined new objectives.

Based on the strategic review, the exploration priorities were set as follows:

- Discover new Tier I or II deposit(s) through exploration and acquisition of new business
- Discover brownfields ounces at Amancaya, Casposo and Manantiales:
- Guanaco District: complete delineation at Sierra Inesperada to drill the best ranked targets starting in October 2020
- New Opportunities: Identify and consolidate third-party projects with potential near existing Austral Gold infrastructure
- Explore other oxide and deeper gold-rich sulfide mineralization opportunities at the Guanaco District

During the year an evaluation of both Guanaco and Amancaya was completed with a new approach including the utilisation of specialist geology consultants to define the structural architecture, identify the phreatomagmatic activity centers, recognize new major mineralization controls and reprocess previous remote sensing and geophysical studies. With this new information platform, targeting and ranking was completed that reoriented the exploration and identified new opportunities.



EXPLORATION IN CHILE

Exploration in 2020 was focused on brownfield areas in the Amancaya / Sierra Inesperada (Guanaco) District.

AMANCAYA MINE EXPLORATION

The exploration activities at the Amancaya Project focused on a drilling campaign to validate the continuity of mineralization along strike and to depth with the goal of expanding the resources.

During September 2020, the Company started a drilling campaign based on a new internal conceptual geological model for the Amancaya Mine updated with relogging, remapping of current accessible ramps and drifts, and modelling of conceptual geological sections. The main objectives were to perform in-depth testing on the continuity of mineralization at level 1650 and to identify shallow extension to the south of Sur Central Vein.

HIGHLIGHTS

Significant results were obtained from the deep drilling campaign of the Amancaya Vein System including highlights from assays reported on 27 January 2021:

- DAM-002 1.35 meters @14.65 g/t gold and 50.60 g/t silver including 42.43 g/t gold and 124 g/t silver over 0.44 meters
- DAM-003 2.07 meters @12.13 g/t gold and 57.50 g/t silver including 21.01 g/t gold and 142.8 g/t silver over 0.88 meters
- DAM-008 2.53 meters @12.18 g/t gold and 8.50 g/t silver in the Central Vein and 30m at 4.04 g/t gold and 7.50 g/t silver including 4.14 meters @23.50 g/t gold and 29.30 g/t silver in a newly discovered mineralized breccia zone at depth
- DAM-012 0.40 meters @41.89 g/t gold and 7.50 g/t silver

A total of 4,806 meters were drilled to validate the extension of the mineralization down to the 1600 level at the Amancaya mine.

A detailed relogging and underground mine mapping program identified new controls for the veins related to the phreatomagmatic breccia complex geometry.

Encouraging results were obtained in the central vein, mainly at the southern end of the Sur vein opening exploration to the south of this sector.

Additionally, one drill hole was successfully extended to explore the eastern edge of the Amancaya diatreme as a major mineralization control, intercepting 30m @ 4.04 gpt Au (DAM-008), which includes high-grade veins and hydrothermal injection breccias. This zone also included a high-grade intersection on the hanging wall of 4.1m of 23.5 g/t Au and 29 g/t Ag.

During Q1 2021, we plan on focusing the drilling activities on defining the continuity of the mineralization intercepted by hole DAM-008, recognizing the southern and northern extension of this new Vein/ Breccia System. In addition, an infill drilling program is planned to categorize resources at the north, central and south veins.

EXTENDING THE KNOWN VEINS TO DEPTH

The drilling program started in the fourth quarter of 2020 in order to extend resources and reserves at the Amancaya mine at depth. Previous exploration was not successful in intercepting the veins at depth when drilling was performed from east to west. Austral mapped out the contact between two breccia zones at the location of the veins and observed a steepening of this contact zone. Consequently, drilling was undertaken from west to east, and intersected the vein with similar widths and tenor that is currently being mined 50m to 100m under previous intersections.

Drill hole DAM-008 also included a high-grade intersection on the hanging wall of 4.1m of 23.5 g/t Au and 29 g/t Ag.

For 2021 we have also budgeted for a near mine exploration program to target the discovery of the vein systems based on the new structural - geological district model and ore controls related to phreatomagmatic breccias complex learned from the current program.



GUANACO DISTRICT EXPLORATION

During the year, the focus continued on the Sierra Inesperada area with delineation and drilling activities. A total of 2,239 meters were drilled, starting with Mina Inesperada and continuing with a first phase drill campaign at the Carla and Purisima veins. Seven maar-diatreme complexes in the area were recognized suggesting that they are near entirely preserved and affected by favorable hydrothermal alteration, being relatively restricted to phreatomagmatic products. Geological mapping focused on the identification of intra-maar structures and phreatomagmatic facies as indicators of proximity to the positions of the conduits.

At Mina Inesperada, two drillholes with different azimuth were completed. The ore control has been identified with drill hole DIN-003, opening the upside to the north. It also confirms that the favorable alteration and the gold mineralization is related and hosted in the phreatomagmatic breccia body.

The most interesting results from our Q4 2020 drilling program relates to drill holes DIN-006A and DIN-008 at Purisima, where low grade gold mineralization was intercepted and which suggests a fertile Diatreme-Dome system. Highlights from the drilling results of the Q4 2020 drilling campaign include:

- DAM-002 1.4 meters @14.7 g/t gold and 50.6 g/t silver including 42.4 g/t gold and 124 g/t silver over 0.4 meters
- DAM-003 2.1 meters @12.1 g/t gold and 57.5 g/t silver including 21.0 g/t gold and 143g/t silver over 0.9 meters
- DAM-008 2.5m of 12.2 g/t gold and 8.5 g/t silver in the Central Vein and 30m at 4 g/t gold including 4.1 meters @23.5 g/t gold and 29.3 g/t silver in a newly discovered mineralized breccia zone at depth
- DAM-012 0.4 meters @41.9 g/t gold and 7.5 g/t silver

The 2021 exploration program is expected to continue with drilling activities in (i) the Mina Inesperada area with the goal of validating an extension of the mineralization to the North, and (ii) the Purisima and Ines areas. This has been adjusted based on the results of DIN-007 to address a preferred drilling direction from West to East (Purisima, Ines) and North South (Ines).

ACQUISITION OF REVELO RESOURCES SUBSEQUENT TO YEAR-END

As described in note 37 (i) to the FY20 Financial statements, on 5 February 2021, the Group completed the acquisition of Revelo Resources Corp. ("Revelo") under a plan of arrangement ("the Arrangement") in Canada. Under terms of the Arrangement, Austral acquired all Revelo shares and Revelo shareholders received total consideration of US\$6,977,713 comprised of cash of US\$917,059 (C\$1,176,471) and 35,475,095 ordinary shares of Austral valued at approximately US\$6,060,654. Consequently, Revelo became a wholly-owned subsidiary of Austral. Revelo's main assets are three exploration projects located close to the Group's Guanaco/Amancaya mining complex in Chile. As part of the acquisition, the Group acquired a 19.9% interest in Pampa Metals Corporation (CSX:PM).

Revelo's Las Pampas project is a large property located in the heart of the highly productive Paleocene Mineral Belt in northern Chile that contains several important gold, silver and copper mines and projects. Numerous indications of low-sulphidation, epithermal gold and silver mineralization occur on the property, which is situated along geologic trend and a few kilometers to the southwest of the prolific El Peñon mining district.

CERRO BUENOS AIRES PROJECT

During December 2020, Austral entered into a purchase option agreement of 36 mining concessions from Mr. Simunovic Petricio. The Property is a potential High Sulfidation (HS) project with a significant hydrothermal alteration footprint. However, to date no anomalous gold values have been reported in the sector which has been under evaluation by various companies in the past as a possible copper porphyry system.

There are geophysical studies in the sector that generated favorable indicators for the occurrence of a HS type deposit. Another strong indicator is the age of the hydrothermal alteration totally synchronous with other similar deposits in the belt.

As disclosed in the FY20 financial statements, the cost of the option is US\$5.05 million and is to be paid in Chilean pesos. US\$100,000 was paid on signing the agreement and the balance payable over five years and there is a Net Smelter Return ("NSR") royalty over the mining properties of 2% for precious metals and 1.5% for the sale or disposal of any other mineral, metal and/or other refined or unrefined mining products ripped up and extracted from the mining properties.

The Company has the option of exiting the agreement without paying the option installments. However, none of the option payments made would be refundable.





ARGENTINA

CASPOSO MINE

The Casposo mine is located in the department of Calingasta, San Juan Province, Argentina, approximately 150km from the city of San Juan, and covers an area of 100.21km². Casposo is a low sulfidation epithermal deposit of gold and silver located in the eastern border of the Cordillera Frontal geological province.

The Cordillera Frontal represents the eastern portion of the Cordillera Principal that runs along the Chile-Argentina border for approximately 1,500km. The Casposo gold– silver mineralisation is Permian in age, and occurs in the extensive Permo-Triassic volcanic rocks of the Choiyoi Group, at both rhyolite, and underlying andesitic rocks, where it is associated with NW-SE, E-W and N-S striking banded quartz, chalcedony and calcite veins, typical of low sulfidation epithermal environments. Post-mineralisation dykes of rhyolitic, mafic, and trachytic composition often cut the vein systems. These dykes, sometimes reaching up to 30m thickness, are usually steeply dipping and north–south oriented. Mineralisation at Casposo occurs along a 10km long north- west to southeast trending regional structural corridor, with the main Kamila Vein system forming a 500m long sigmoidal set near the centre. The Mercado Vein system is the northwest continuation of Kamila and is separated by an east–west fault from the Kamila deposit.

In March 2016, Austral Gold acquired a controlling stake and management of the Casposo gold and silver project. Since then, Austral Gold undertook a complete revision of historical work (geology, geochemistry, geophysics and drillings), and completed a regional mapping at a 1:10,000 scale to identify potential opportunities for discovering additional mineralisation and ranking a series of mine and brownfield exploration targets.

In March 2017, Austral Gold acquired an additional 19% of the Casposo silver and gold project and in December 2019, it effectively acquired the remaining 30%.

CARE AND MAINTENANCE

During the June 2019 quarter, Austral completed a comprehensive review of operations, and as the mine operator, decided to temporarily place the mine on care and maintenance. During the year, Austral paid approximately US\$2 million in severance to 199 Casposo employees.

The Casposo Mine continues to be on care and maintenance. The Group's goal is to recommence processing operations.

Operations	Casposo Mine Year ended		
	31 December 2020	31 December 2019	31 December 2018
Processed (t)	-	39,545	166,194
Average Plant Grade (g/t Au)	-	2.7	2.0
Average Plant Grade (g/t Ag)	-	97.8	277.3
Gold produced (Oz)	-	2,770	11,564
Share of Gold produced*	-	1,939	8,095
Silver produced (Oz)	-	143,542	1,213,316
Share of Silver produced*	-	100,479	861,921
C1 Cash Cost (US\$/AuEq Oz) *	-	2,133	1,362
All-in Sustaining Cost (US\$/Au Oz) *	-	2,289	1,710
Realised gold price (US\$/Au Oz)	-	1,303	1,227
Realised silver price (US\$/Ag Oz)	-	15	15

* As of 23 December 2019, Austral Gold owned 100% of Casposo. From March 2017 to 22 December 2019, Austral Gold owned 70% of Casposo



ARGENTINA EXPLORATION

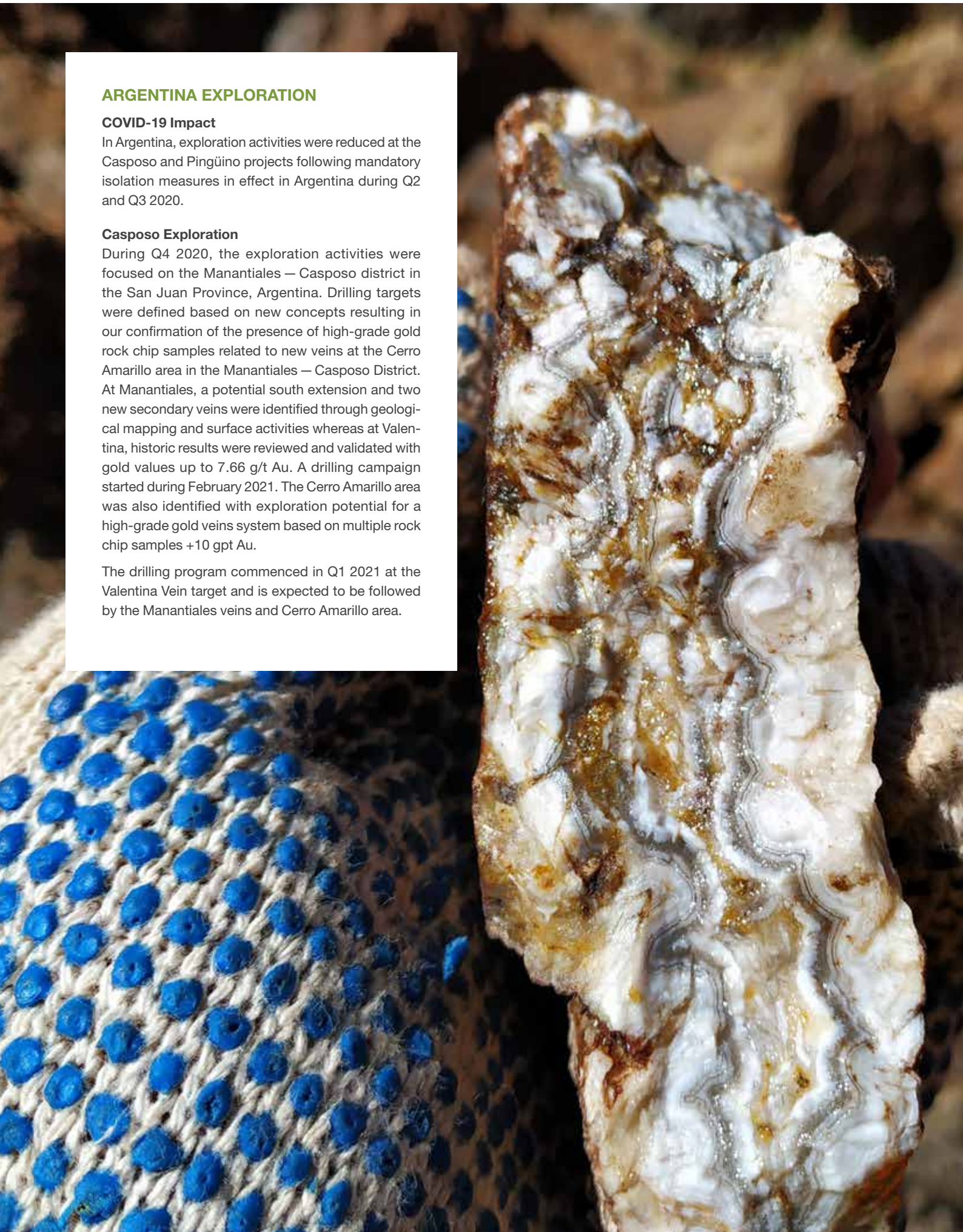
COVID-19 Impact

In Argentina, exploration activities were reduced at the Casposo and Pingüino projects following mandatory isolation measures in effect in Argentina during Q2 and Q3 2020.

Casposo Exploration

During Q4 2020, the exploration activities were focused on the Manantiales — Casposo district in the San Juan Province, Argentina. Drilling targets were defined based on new concepts resulting in our confirmation of the presence of high-grade gold rock chip samples related to new veins at the Cerro Amarillo area in the Manantiales — Casposo District. At Manantiales, a potential south extension and two new secondary veins were identified through geological mapping and surface activities whereas at Valentina, historic results were reviewed and validated with gold values up to 7.66 g/t Au. A drilling campaign started during February 2021. The Cerro Amarillo area was also identified with exploration potential for a high-grade gold veins system based on multiple rock chip samples +10 gpt Au.

The drilling program commenced in Q1 2021 at the Valentina Vein target and is expected to be followed by the Manantiales veins and Cerro Amarillo area.



SANTA CRUZ PROVINCE

PINGÜINO AND SIERRA BLANCA PROJECTS

Pingüino Project

The Group owns 100% of the mineral rights of 20 properties with over 51,000 hectares of land. These properties are located within two prominent geographical features, the Deseado and Somuncura Massifs both of which have proven to host significant epithermal precious metal deposits. The large epithermal vein swarm at Pingüino contains indium-enriched vein-hosted base metal mineralisation, as well as low sulphidation precious metal vein mineralisation. The combination of these two types of mineralisation within the same property is unique for the province of Santa Cruz and a significant asset for the Company.

The Silver-Gold-Zinc-Lead-Indium Pingüino Project is an advanced stage development project located in south-central Argentina, 300km southwest of the city of Comodoro Rivadavia and 220km northwest of Puerto San Julián. In the last 20 years, seven mines have been constructed in Santa Cruz, making it one of the most prolific precious metal provinces in the world, including world class deposits such as Cerro Vanguardia and Cerro Negro.

The Pingüino Project lies in a vein field similar but smaller to Cerro Vanguardia some 35kms north-west along same controlling structure as Pingüino deposit (225km strike length of veins vs 115 km strike length of veins).

The project has year round access, is close to major infrastructure, has no nearby communities and more than 70% of surface land is owned by the Group.

During 2020, the geology team completed a trenching program at the Pingüino project which totaled 113 trenches with 5,360 meters excavated within 12 veins (e.g. Tranquilo, Marta Norte, Ana, Marta Northeast, Fantasma, Sol, Ivana, Silvia and Trinda Veins).

Sierra Blanca Project

As disclosed in note 20 to the December 2020 financial statements, during 2020, the Group and New Dimension Resources Ltd. (TSX-V:NDR) ("New Dimension") signed an agreement to acquire New Dimension's Sierra Blanca gold-silver project (the "Project") in Santa Cruz, near the Group's Pingüino project.

With this transaction, Austral expanded the area of its Pingüino project by securing an additional 7,000 hectares, resulting in a new exploration cluster in the Province of Santa Cruz. In addition, the exploration team carried out the inventory of the veins of both projects to design the next exploration campaign.

The geological team also began planning the exploration activities for 2021 including a US\$100,000 work commitment program for Sierra Blanca over the next 12 months.





USA

RAWHIDE MINE / ENSIGN GOLD

BACKGROUND

On 17 December, 2019, Austral acquired an equity interest in Rawhide Acquisition Holding LLC ("RWH"), a privately-held Delaware limited liability company that owns Rawhide Mining LLC which in turn owns the Rawhide Mine located ~50 miles outside of Fallon, Nevada, United States.

The Rawhide mine is located in Nevada's prolific Walker Lane gold-silver belt, among multiple historic mines that produced more than 1 million ounces of gold (e.g., Comstock, Round Mountain, Borealis, and Tonopah). Rawhide is a historical mining operation that started in the early 1900s. Rawhide was formerly operated as a subsidiary of Kennecott Corporation prior to Coral Reef Capital, a private equity firm, partnering with the Rawhide mine management team to acquire the property from Rio Tinto Plc in 2010. Currently, Coral Reef Capital is the controlling shareholder of Rawhide Acquisition Holding LLC.

The Rawhide mine is a fully permitted operation that produces gold and silver through an open pit heap leaching operation. In 2019, Rawhide received a mine expansion permit associated with the Regent open pit. It is surrounded by multiple 1.0 million+ gold oz deposits.

Austral Gold made the strategic investment in the Rawhide operation as part of its acquisition plan to focus on near-term cash producing mining assets.

OVERVIEW OF RAWHIDE OPERATION

Gold was discovered at Rawhide in 1906, with intermittent small scale production until Kennecott undertook open pit mining from 1990-2003, producing 1.4 million ounces of gold and 10.9 million ounces of silver from 88 million tons. Residual heap leaching until 2010 recovered an additional 200 thousand ounces of gold and 1.9 million ounces of silver. Austral Gold has been advised by Rawhide that from 2011-2018 its mining at the Rawhide property totaled 4.9 million tons, with 160,000 ounces of gold and 1.8 million ounces of silver produced.

Gold-silver mineralization at Rawhide has been historically mined from a series of low sulfidation epithermal veins, vein swarms and replacement zones hosted by various basaltic to rhyolitic volcanic units. The lower grade bulk tonnage mineralization that is the focus of current operations occurs between structures within permeable volcanic units and at intrusive contacts. Rawhide Mining received a mine expansion permit covering the Regent satellite deposit, and open pit mining has recently commenced. Regent highlights the upside exploration and production optionality of Austral's strategic investment in the Rawhide mining operation.

EQUITY OWNERSHIP

As disclosed in note 21 to the December 2020 financial statements, the Group increased its equity interest in Rawhide Acquisition Holding LLC ("RAH") from 22.48% to 26.46% through the exercise of options during the year.

Although RAH did not have taxable income in 2020, its objective is to distribute 50% of its taxable income to the LLC members on a quarterly basis as a Tax Distribution.

Historically made significant additional Ordinary Distributions to its members provided its ongoing mining at the Rawhide and Regent open pits generate taxable income.

OPERATING ACTIVITIES

The following table summarizes the production figures of the Rawhide mine (US) in which Austral has a 26.46% interest. Actual production was slightly below Rawhide's FY20 guidance of 27,000-30,000 gold equivalent ounces mainly as a result of interruptions at the crushing plant due to repairs and the ramp up of the crushing conveying system.

Rawhide Operations (100% basis)	Fiscal Year ended December 2020
Processed (t)	1,855,337
Gold produced (Oz)	24,213
Silver produced (Oz)	160,113
Gold-Equivalent (Oz)	26,265

* The Company acquired an initial 22.48% interest in Rawhide on 17 December 2019.

** FY20 weighted average of 25.23% (ownership in the Rawhide Mine as effective 31, January 2020 Austral held a 23.62% ownership interest in Rawhide. On 8, May 2020 the ownership interest was increased to 26.46%).

*** AuEq ratio is calculated at 78:1 Ag:Au for FY20

ENSIGN GOLD

As disclosed in note 37(ii) to the financial statements, the Group acquired a 19.96% equity interest in Ensign Gold. It also acquired warrants that if exercised would increase the Group's interest to approximately 27.22% on a partially diluted basis (approximately 22.90% on a fully diluted basis).

Ensign is a privately held federally incorporated Canadian company. Austral Chairman Wayne Hubert and CEO Stabro Kasaneva are directors of Ensign Gold. Ensign is not a reporting issuer in any Province of Canada, nor is it listed on any stock exchange. Ensign is currently assembling a 5,000-hectare land package on favourable Carlin-type gold deposit geology in the state of Utah with the goal of consolidating the Mercur camp for the first time. Ensign owns 54 patented claims, 370 unpatented claims, and 5 SITLA claims on South Mercur, West Mercur and North Mercur. Historically, this region produced over 3 million ounces of gold and was shut down over two decades ago when gold was selling for less than \$300 per ounce.



TABLE 1: ORE RESERVES ESTIMATE

31 December 2020

Ore Reserves (JORC 2012 and NI 43-101 Compliant)									
	Proven Reserves			Probable Reserves			Total Ore Reserves		
Gold (Au)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)
Guanaco									
Underground	3	2.1	0.2	3	1.0	0.1	6	1.6	0.3
Total Guanaco	3	2.1	0.2	3	1.0	0.1	6	1.6	0.3
Amancaya									
Underground	162	7.2	37	133	5.1	22	295	6.2	59
Total Amancaya	162	7.2	37	133	5.1	22	295	6.2	59
Total Combined	165	7.1	38	136	5.0	22	301	6.1	59
Silver (Ag)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)
Guanaco									
Underground	65	6	12	168	3	19	233	4	31
Total Guanaco	65	6	12	168	3	19	233	4	31
Amancaya									
Underground	170	33	180	171	21	115	341	27	295
Total Amancaya	170	33	180	171	21	115	341	27	295
Total Combined	235	25	192	339	12	134	574	18	326

TABLE 2: MINERAL RESOURCES ESTIMATE

31 December 2020

Mineral Resources (JORC 2012 and NI 43-101 Compliant)												
	Measured (Me)			Indicated (Ind)			Total (Me + Ind)			Inferred (Inf)		
Gold (Au)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)
Guanaco												
Underground	283	2.4	22	502	2.6	42	785	2.6	65	717	2.4	54
Total Guanaco	283	2.4	22	502	2.6	42	785	2.6	65	717	2.4	54
Amancaya												
Open Pit	–	–	–	2	8.9	0.4	2	8.9	0.4	23	4.49	3
Underground	169	10.1	55	223	5.7	41	392	7.6	96	693	6.23	139
Total Amancaya	169	10.1	55	225	5.7	41	394	7.6	96	716	6.2	142
Total Combined	452	5.3	77	727	3.6	83	1,179	4.2	161	1,433	4.3	196

Silver (Ag)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)
Guanaco												
Underground	283	23	210	502	17	278	785	19	489	717	15	342
Total Guanaco	283	23	210	502	17	278	785	16	489	717	15	342
Amancaya												
Open Pit	–	–	–	2	81	4	2	81	4	23	37	28
Underground	169	52	283	223	14	98	392	30	380	693	17	387
Total Amancaya	169	52	283	225	14	102	394	30	384	716	18	415
Total Combined	452	34	493	727	16	380	1,179	23	873	1,433	16	757

TABLE 3: ORE RESERVES ESTIMATE

31 December 2019

Ore Reserves (JORC 2012 and NI 43-101 Compliant)Ore (JORC 2012 and NI 43-101 Compliant)									
	Proven Reserves			Probable Reserves			Total Ore Reserves		
Gold (Au)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)
Guanaco									
Underground	65	4.7	10	168	3.1	17	233	3.6	27
Total Guanaco	65	4.7	10	168	3.1	17	233	3.6	27
Amancaya									
Underground	264	6.9	59	243	5.5	43	506	6.3	102
Total Amancaya	264	6.9	59	243	5.5	43	506	6.3	102
Total Combined	329	6.5	69	410	4.5	60	739	5.4	129
Casposo									
Underground	–	–	–	608	2.4	46	608	2.4	46
Total Casposo	–	–	–	608	2.4	46	608	2.4	46
Total	329	6.5	69	1,018	3.2	106	1,347	4.0	175
Silver (Ag)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)
Guanaco									
Underground	65	6	12	168	3.5	19	233	4.1	31
Total Guanaco	65	6	12	168	3.5	19	233	4.1	31
Amancaya									
Underground	264	32	274	243	25	196	506	29	470
Total Amancaya	264	32	274	243	25	196	506	29	470
Total Combined	329	27	285	410	16	215	739	21	500
Casposo									
Underground	–	–	–	608	179	3,495	608	179	3,495
Total Casposo	–	–	–	608	179	3,495	608	179	3,495
Total	329	27	285	1,019	113	3,709	1,347	92	3,995

TABLE 4: MINERAL RESOURCES ESTIMATE

31 December 2019

Mineral Resources (JORC 2012 and NI 43-101 Compliant)												
	Measured (Me)			Indicated (Ind)			Total (Me + Ind)			Inferred (Inf)		
Gold (Au)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)
Guanaco												
Underground	422	3.2	43	1,213	2.8	108	1,636	2.9	151	1,134	2.6	96
Total Guanaco	422	3.2	43	1,213	2.8	108	1,636	2.9	151	1,134	2.6	96
Amancaya												
Open Pit	–	–	–	2	8.9	0.4	2	8.9	0.4	23	4.49	3
Underground	307	10.2	101	298	7.3	70	605	8.8	171	716	5.96	137
Total Amancaya	307	10.2	101	300	7.3	70	607	8.8	171	739	5.9	140
Total Combined	730	6.1	144	1,513	3.7	178	2,243	4.5	322	1,874	3.9	236
Casposo												
Underground	37	2.4	3	1,009	2.8	92	1,046	2.8	95	913	5.4	158
Total Casposo	37	2.4	3	1,009	2.8	92	1,046	2.8	95	913	5.4	158
Total	767	5.9	147	2,522	3.3	270	3,289	3.9	417	2,787	4.4	394
Silver (Ag)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)	Tonnes (Kt)	Grade (g/t)	Contained Metal (koz)
Guanaco												
Underground	422	17	235	1,213	15	592	1,636	16	827	1,134	13	477
Total Guanaco	422	17	235	1,213	15	592	1,636	16	827	1,134	13	477
Amancaya												
Open Pit	–	–	–	2	81	4	2	81	4	23	37	28
Underground	307	49	480	298	28	265	605	38	744	716	17	399
Total Amancaya	307	49	480	300	28	269	607	38	748	739	18	426
Total Combined	730	30	715	1,513	18	861	2,243	22	1,576	1,874	15	903
Casposo												
Underground	37	221	264	1,090	167	5,409	1,046	169	5,673	913	143	4,204
Total Casposo	37	221	264	1,009	167	5,409	1,046	169	5,673	913	143	4,204
Total	767	40	978	2,522	77	6,270	3,289	69	7,248	2,787	57	5,108

Note: Numbers may not add in the above tables due to rounding

NOTES TO THE MINERAL RESOURCES & ORE RESERVES STATEMENT

Guanaco and Amancaya Mines

The RPA Qualified Persons (QPs) for the Amancaya and Guanaco Reserve and Resource Estimate include: Kathleen Ann Altman, P.E., Ph.D. (Metallurgy); Jason J. Cox, P.Eng. (Mineral Reserves); Ian Weir, P.Eng. (Mineral Reserves); Chester M. Moore, P.Eng., (Mineral Resources). The Mineral Resources and Reserves are classified and reported in accordance with CIM definitions as incorporated in NI 43-101, as well as JORC 2012, within the Guanaco and Amancaya Gold Project, Region II, Chile, dated 16 June, 2017, with an effective date of 31 December 2016. Mineral resources have been updated to account for depletion from mining activities by Sebastian Ramirez, P.Eng, an Austral Gold employee and a QP as per NI 43-101 and a CP as per JORC 2012.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement on 13 June 2017 and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the CP's findings are presented have not been materially modified from the original market announcement. The Company ensures that the Ore Reserves and Mineral Resource Estimates are subject to appropriate levels of governance and internal controls. Governance of the Company's Ore Reserves Mineral Resources development and the estimation process is a key responsibility of the Executive Management of the Company. The Chief Executive Officer of the Company oversees the review and technical evaluations of the Ore Reserves and Mineral Resource estimates.

Casposo Mine

The RPA Qualified Persons ('QP') for the Casposo Reserve and Resource Estimate include: Jason J. Cox, P.Eng. (Mineral Reserves) and Chester M. Moore, P.Eng., (Mineral Resources). The Mineral Resources and Reserves are classified and reported in accordance with Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Ore Reserves dated May 10, 2014 ('CIM') definitions as incorporated in NI 43-101, as well as JORC 2012, within the Technical Report on the Casposo Gold-Silver Mine, Department of Calingasta, San Juan Province, Argentina dated 7 September 2016.

Mineral Resources and Ore Reserves have been updated to account for depletion from mining activities by Nicolas Pizarro, P.Eng, an Austral Gold employee and a QP as per NI-43-101 and a Competent Person ('CP') as per JORC 2012. Ore reserves have been updated to account for depletion from mining activities by Dr Robert Trzebski, who is an Independent Director of Austral Gold, and a QP as per NI 43-101 and a CP as per JORC 2012.

Competent Persons Statements

The information in the report to which this statement is attached that relates to Mineral Resources is based upon information compiled by Sebastian Ramirez, a Competent Person (CP 165) who is a registered member of the Comision Calificadora de Competencias en Recursos y Reservas Mineras. Sebastian Ramirez is a full time employee of the company and has sufficient experience that is relevant to the style of mineralisation and the 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, Mineral Resources and Ore Reserves'. Sebastian Ramirez consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in the report to which this statement is attached that relates to Ore Reserves is based upon information compiled by Dr Robert Trzebski, a Competent Person who is a fellow of the Australian Institute of Mining and Metallurgy (AUSIMM). Dr Robert Trzebski is a Non-Executive Director of the Company and has sufficient experience that is relevant to the style of mineralisation and the 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, Mineral Resources and Ore Reserves'. Dr Robert Trzebski consents to the inclusion in the report of matters based on his information in the form and context in which it appears.



DIRECTORS' REPORT

REVIEW OF RESULTS

For the Year Ended 31 December 2020

The following report on the review of results for the year ended 31 December 2020 ("FY20") and 2019 ("FY19") together with the consolidated financial report of Austral Gold Limited (the Company) and its subsidiaries, (referred to hereafter as the Group).

PRINCIPAL ACTIVITIES

The principal activities of the Group during FY20 were:

- Several precautionary measures taken to protect the health of our people to address the risk of the COVID-19 virus.
- Gold and silver production at the Group's Guanaco/ Amancaya mines achieved its full-year production guidance despite the interruption to operations from a miners' strike during Q2 2020 and the transition to outsource the Amancaya underground mining operations.
- Continued to seek quality assets through M&A activities in stable jurisdictions by:
 - executing a definitive arrangement agreement to acquire 100% of the shares of Revelo Resources Corp. The acquisition was finalised on 5 February 2021;
 - entering into a Subscription and Investment Agreement with Ensign Gold to acquire a 19.9% interest;
 - increasing the Group's interest in Rawhide. The Group owns a 26.46% interest after exercising its options during 2020;
 - executing an agreement with New Dimension Resources Ltd. (TSX-V:NDR) ("New Dimension") to acquire up to 100% of New Dimension's Sierra Blanca gold-silver project (the "Project") in Santa Cruz Province near the Group's Pinguino project;
 - executing acquisition agreements to acquire additional mining concessions near the Group's Guanaco/Amancaya complex.
- Exploration activities seeking organic growth in the Company's existing mining projects in Argentina and Chile.
- Strengthening the corporate team through the appointment of Wayne Hubert as Executive Chairman and Raúl Guerra as VP of Exploration while Director Eduardo Elstain, the Company's largest shareholder, remains on the Board as Non-Executive Director and Vice-Chairman.
- There were no other significant changes in our principal activities during the period. A summary of key operating results for FY20 and FY19 is set out in the following table for comparative purposes.

REVIEW OF RESULTS OF OPERATIONS

Key Operating Results	Fiscal Year ended 31 December						
	2020				2019		
	Guanaco/ Amancaya	Rawhide Mine (100% basis) ¹	Casposo (100% basis) ²	Net to Austral Gold ^{1,2}	Guanaco/ Amancaya	Casposo (100% basis) ²	Net to Austral Gold ^{1,2}
Processed (t)	195,296	1,855,337	-	665,995	253,024	39,545	280,706
Gold produced (Oz)	52,306	24,213	-	58,449	60,666	2,770	62,605
Silver produced (Oz)	253,066	160,113	-	293,687	543,906	143,542	644,385
Gold Equivalent Ounces (Oz) ³	55,190	26,265	-	61,853	67,005	4,473	70,136

¹ Attributable production from the Rawhide Mine and as of December 2020 twelve month Austral recorded a weighted average of 25.37% (2019-nil) as 17 December 2019 – acquired 22.48% ownership in the Rawhide Mine and exercised options to increase its ownership interest on 31, January 2020 Austral to 23.62% ownership interest. On 8, May 2020 the Group exercised its remaining options and increased its ownership interest to 26.46%.

² Effective December 2019, Austral Gold owned 100% of Casposo. From March 2017 to 22 December 2019, Austral Gold owned 70% of Casposo;

³ AuEq ratio is calculated at 86:3 Ag:Au for the FY20 and 85:1 Ag:Au for FY19.

Guanaco Operations	Fiscal Year ended 31 December months ended	
	2020	2019
Mined Ore (t)	196,194	250,986
Processed (t)	195,296	253,024
Average Plant Grade (g/t Au)	8.5	7.6
Average Plant Grade (g/t Ag)	43.9	81.2
Gold produced (Oz)	52,306	60,666
Silver produced (Oz)	253,066	543,906
Gold-Equivalent (Oz) ***	55,190	67,005
C1 Cash Cost of Production (US\$/AuEq Oz)*	723	661
All-in Sustaining Cost (US\$/Au Oz) *	1,021	899
Realised gold price (US\$/Au Oz)	1,765	1,404
Realised silver price (US\$/Ag Oz)	21	16
Sales volume	49,995	66,657

* The cash cost (C1) includes: Mine, Plant, On-Site G&A, Smelting, Refining, and Royalties (excludes Corporate G&A). It is the cost of production per gold equivalent ounce.

** The All-in Sustaining Cost (AISC) includes: C1, Sustaining Capex, Brownfield Exploration, and Mine Closure Amortisation.

*** AuEq ratio is calculated at 88:1 Ag: Au for the FY20 and 85:1 Ag: Au for the FY19

Production during FY20 at Guanaco/Amancaya decreased by 18% to 55,190 gold equivalent ounces (52,306 gold ounces and 253,066 silver ounces) from 67,005 gold equivalent ounces (60,666 gold ounces and 543,906 silver ounces) during FY19. The decrease was mainly a result of the lower throughput of the mine and lower silver grades which was anticipated in accordance with the Group's production guidance.

During FY20, mining continued at the Guanaco underground operations with a total of 2,928 tonnes mined while 193,266 tonnes were mined from the Amancaya underground operations. Management continues to evaluate opportunities to extend the life of mine of the Guanaco and Amancaya mines.

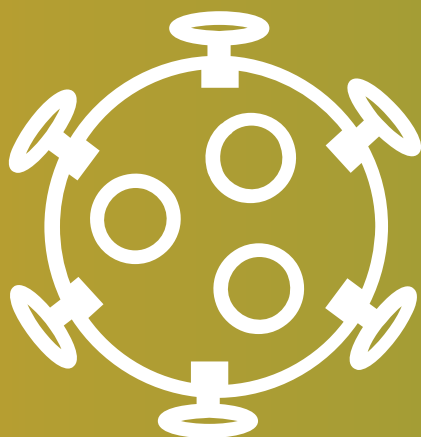
In addition, the following table summarizes the production figures of the Rawhide mine (US) in which Austral has a 26.46% interest. Actual production was slightly below Rawhide's FY20 guidance of 27,000-30,000 gold equivalent ounces mainly as a result of interruptions at the crushing plant due to repairs and the ramp up of the crushing conveying system.

Rawhide Operations (100% basis)	Fiscal Year ended December 2020
Processed (t)	1,855,337
Gold produced (Oz)	24,213
Silver produced (Oz)	160,113
Gold-Equivalent (Oz) *	26,265

* The Company acquired an initial 22.48% interest in Rawhide on 17 December 2019.

** FY20 weighted average of 25.23% (ownership in the Rawhide Mine as effective 31, January 2020 Austral held a 23.62% ownership interest in Rawhide. On 8, May 2020 the ownership interest was increased to 26.46%).

*** AuEq ratio is calculated at 78:1 Ag: Au for FY20



COVID-19 IMPACT

During FY20, the Company's flagship mine complex in Chile (Guanaco/Amancaya) was not significantly impacted by COVID-19 except for several precautionary measures to address the risk of the COVID-19 virus as recommended by the Health Authorities and Governments around the world. In Argentina, exploration activities were reduced at the Casposo and Pingüino projects following mandatory isolation measures in effect in Argentina during Q2 and Q3 2020.

KEY FINANCIAL RESULTS

Key financial metrics Thousands of US\$	Fiscal Year ended December 31	
	2020	2019
Revenue	88,223	102,209
Gross profit	37,884	26,661
Gross profit %	42.9%	26.1%
Adjusted gross profit (excluding depreciation and amortisation)	54,151	46,916
Adjusted gross profit % (excluding depreciation and amortisation)	61.4%	45.9%
EBITDA	30,963	33,550
EBITDA per share (basic)	0.055	0.062
EBITDA per share (fully diluted)	0.054	0.059
Adjusted EBITDA	45,962	37,612
Adjusted EBITDA per share (basic)	0.082	0.070
Adjusted EBITDA per share (fully diluted)	0.080	0.066
Profit attributed to shareholders	7,667	5,225
(Loss) attributed to non-controlling interests	-	(3,586)
Earnings per share (Basic)	1.36c	0.97c
Earnings/(Loss) earnings per share (diluted)	1.34c	0.93c
Comprehensive income	7,612	1,658

Note: Readers are cautioned that Adjusted EBITDA does not have standardised meanings as prescribed by IFRS and may not be comparable to similar measures presented by other companies. Further, readers are cautioned that Adjusted EBITDA should not replace profit or loss or cash flows from operating, investing and financing activities (as determined in accordance with IFRS), as an indicator of the Company's performance.

EBITDA AND ADJUSTED EBITDA

Thousands of US\$	Fiscal Year ended December 31	
	2020	2019
Profit before tax	14,335	9,508
Depreciation and amortisation	16,267	20,255
Net finance (income) / costs	361	3,787
EBITDA	30,963	33,550
Other expenses		
Settlement of union agreement at Guanaco/Amancaya	4,963	-
Severance of mining employees due to outsource of operations	4,278	-
Impairment of goodwill	926	-
Impairment of exploration and evaluation expenditure	748	862
Care and maintenance	1,983	1,185
Restructuring cost (Casposo)	-	2,087
Other	(180)	(62)
Loss/(gain) on financial assets	1,774	(10)
Share of loss of associate	507	-
Adjusted EBITDA	45,962	37,612

Thousands of US\$	Fiscal Year ended December 31	
	2020	2019
Cash & cash equivalents	12,401	9,196
Current assets	31,942	26,849
Non-current assets	73,523	79,318
Current liabilities	24,035	23,529
Non-current liabilities	20,162	25,907
Net assets	61,268	56,731
Net current assets	7,907	3,320
Current loans and borrowings	831	4,045
Current financial leases	2,905	3,047
Non-current loans and borrowings	1,246	2,077
Non-current financial leases	3,416	6,302
Combined debt (borrowings and financial leases)	8,398	15,471
Combined net debt (net of cash & cash equivalents)	(4,003)	6,275
Combined debt to EBITDA	27%	46%
Combined net debt to EBITDA	(13%)	19%
Current ratio*	1.33	1.14
Total liabilities to net assets	0.72	0.87

*Current Assets divided by Current Liabilities

OPERATING AND FINANCIAL RESULTS OF THE GROUP

Adjusted EBITDA increased to US\$46.0m (52%) from US\$37.6m during FY19 (37%) while EBITDA decreased to US\$31.0m (35%) during FY20 from US\$ 33.6m (33%) during FY19.

Net profit before and after tax increased to US\$14.3m and US\$7.7m during FY20 from US\$9.5 and US\$1.6m during FY19 and was mainly due to higher operating margins, which resulted from both higher gold and silver prices per ounce realised and higher gold grades. The cost of sales in the prior period was also impacted by unprofitable operations at Casposo due to low production and the 2019 restructuring when Casposo was placed on care and maintenance.

Net profit during FY20 was mainly due to the following:

- Gross profit of US\$37.9m or 43% (including US\$16.3m of depreciation and amortisation) was realised (FY19: gross profit of US\$26.7m or 26% including US\$20.3m of depreciation and amortisation). Excluding depreciation and amortisation, a gross profit of US\$54.2m was earned during FY20 or 61% (FY19: US\$46.9m or 46%).
- Other expenses include the following:
 - payment of bonuses and other benefits to mining employees at Guanaco/Amancaya due to a new collective union agreement during Q2 2020;
 - the cost to terminate mining employees in December 2020 at Guanaco/Amancaya as a result of the Group's decision to outsource the underground mine operation at its 100% owned Amancaya mine and certain maintenance activities at Guanaco's processing plant;
 - Impairment expenses which are mainly due to the expense of goodwill and the expense of certain exploration and evaluation expenditures previously capitalised;
 - care and maintenance expenses for the entire year as compared to FY19 when Casposo was placed on care and maintenance during the second quarter of 2019
- lower administration costs, which were mainly due to the depreciation of the South American currencies against the USD dollar, lower general and administrative expenses at Casposo and a decrease in the provision for employee entitlements.
- lower net finance costs which was primarily due to a decrease in interest expense as a result of debt repayments during the year and a present value adjustment to the mine closure provision at Guanaco
- a loss on financial assets.

Net gold equivalent ounces (GEOs) produced (including production attributable from Rawhide) during FY20 decreased to 61,853 GEOs from 70,136 GEOs produced during FY19. Production from the Guanaco/ Amancaya mine complex decreased to 55,190 GEOs from 67,005 GEOs, a decrease of 17.6%. The decrease in production was mainly a result of the lower throughput of the mine and lower silver grades which was anticipated in accordance with the Group's production guidance. Overall cash cost of production ("C1")* and All-in sustaining costs ("AISC") at Guanaco/Amancaya increased slightly during FY20 due to lower throughput compared to the prior year to US\$723/AuEq oz and US\$1,021/ AuEq oz (FY19:US\$661/AuEq oz and US\$899/ AuEq oz).

FINANCIAL POSITION

Net assets increased by US\$4.6m from 31 December 2019 to US\$61.3m at 31 December 2020 (31 December 2019: US\$56.7m). The increase was mainly due to the profit earned during FY20 which was partially offset by the payment of a US\$3.5m dividend. Working capital increased by US\$4.6m to US\$7.9m at 31 December 2020 (31 December 2019: working capital of US\$3.3m). The increase in working capital arose mainly due to the increase in inventory as a result of the Company's cash management strategy to maximise gold and silver inventory. The increase was partially offset by an increase in income tax payable and the dividend paid to shareholders.

At 31 December 2020, the Group had a current ratio equal to 1.33 (FY19 1.14). Cash plus refined gold totaled US\$24.1m, US\$12.4m cash and cash equivalents (31 December 2019: US\$9.2m) and ~6,200 refined gold ounces in inventory with a fair value of ~US\$11.7m.

Combined net debt (borrowings and financial leases net of cash & cash equivalents) decreased by US\$10.3m to negative US\$4.0m at 31 December 2020 compared to US\$6.3m at 31 December 2019.

Trade and other receivables (current and non-current) decreased by US\$1.4m to US\$6.4m at 31 December 2020 mainly due to a decrease in trade receivables, prepaid tax and GST/VAT receivable.

Inventories increased by US\$4.1m to US\$14.7m at 31 December 2020 (31 December 2019: US\$10.6m) and was mainly due to an increase in gold and silver in process and gold and silver bullion due to the Company's cash management strategy. The allowance for inventory obsolescence increased by US\$0.3m to US\$1.6m at 31 December 2020.

Trade and other payables (current and non-current) increased by US\$1.5m to US\$10.4m at 31 December 2020 (31 December 2019: US\$8.9m) mainly due to a portion of severance which remained payable at year end.

CASH FLOW

Net cash provided from operating activities before and after changes in assets and liabilities increased to US\$36.9m and US\$30.5m during the 12-months ended 31 December 2020 from US\$33.3m and US\$29.6m during the 12-months ended 31 December 2019 respectively. The increase was primarily due to the strong operational results during FY20.

Cash used in investing activities totaled US\$16.2m during FY20 compared to US\$14.7m during FY19. Cash was used primarily for additions to plant, property and equipment, exploration and evaluation activities, payment of a promissory note and the exercise of options to increase the Group's equity interest to 26.46% in the Rawhide Mine in Nevada, USA.

Cash used in financing activities totaled US\$11.0m during FY20 compared to US\$7.5m during FY19 due to the net repayment of borrowings and financial leases, the payment of a dividend to shareholders and the exercise of options by shareholders.

LIQUIDITY

Guidance

The Group forecasts 2021 production to be at the lower end of the 50,000-55,000 gold equivalent ounces range with C1 and AISC at US\$700-800 and US\$800-1,000 respectively per gold equivalent ounce.

Access to capital

The Group has in the money options outstanding from the October 2019 rights issue equivalent to approximately US\$0.7m and has strong banking relationships from which it expects it can obtain financing if required.

THE DIRECTORS

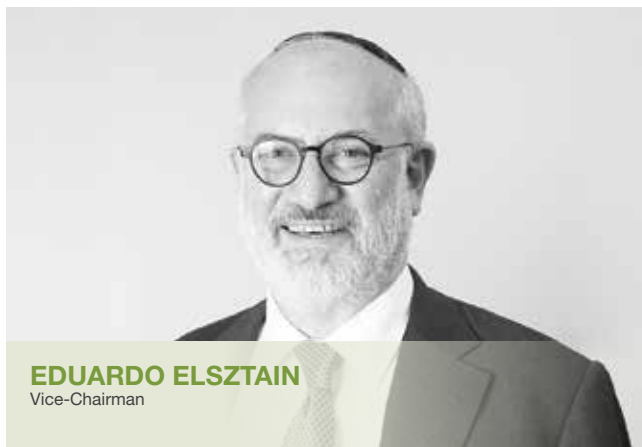


WAYNE HUBERT
Executive Chairman

Mr. Hubert is a mining executive with over 15 years' experience working in the South American resources sector. From 2006 until 2010 he was the Chief Executive Officer of ASX-listed Andean Resources Limited and led the team that increased Andean's value from \$70 million to \$3.5 billion in four years. Andean was developing a world-class silver and gold mine in Argentina with a resource of over 5 million ounces of gold when it was acquired by Goldcorp Inc. of Canada.

Mr. Hubert holds a degree in Engineering and a Master of Business Administration and has held executive roles for Meridian Gold with experience in operations, finance and investor relations. In addition to his role at Austral Gold Limited, Mr. Hubert is currently serving as Chairman of Revival Gold Inc. (TSX.V:RVG) (OTCQB:RVLGF) and Ensign Gold Inc. (private company), and is also a director of InZinc Mining.

Appointed 18 Oct 2011
Re-elected by shareholders on 27 May 2020



EDUARDO ELSZTAIN
Vice-Chairman

Mr. Eduardo Elsztain is chairman of IRSA Inversiones y Representaciones S.A. (NYSE:IRS), one of Argentina's largest and most diversified real estate companies; and IRSA Commercial Properties (NASDAQ:IRCP), with shopping centers, premium office buildings, five-star hotels and residential developments. He also serves as Chairman of Cresud (NASDAQ:CRESY) and BrasilAgro (NYSE:LND), leading Latin American agricultural companies that own directly and indirectly almost 1M HA of farmland.

Mr. Elsztain is Chairman of Banco Hipotecario S.A. (BASE:BHIP); and of BACS, Argentinean leading bank specialized in providing innovative financial solutions to local companies.

He is also member of the World Economic Forum, the Council of the Americas, the Group of 50 and Argentina's Business Association (AEA). He is President of Fundacion IRSA, which promotes education among children and young people; President of TAGLIT — Birthright Argentina; Co-Founder of Endeavor Argentina; and Vice- President of the World Jewish Congress.

Mr. Elsztain has not held any other Directorships with Australian or Canadian listed companies in the last three years.

Appointed Director 29 Jun 2007
Appointed Chairman on 2 Jun 2011
Re-elected by shareholders on 27 May 2020



STABRO KASANEVA

Executive Director, Chief Executive Officer

Mr. Kasaneva is a Geologist with a degree from the Universidad Católica del Norte, Chile and has over 30 years of experience in production geology, exploration and management of precious metal mining operations.

Since Mr. Kasaneva joined Austral Gold in 2009, he has been instrumental in transforming the Company by consolidating the operations of the Guanaco Mine in Chile, restarting operations at the Casposo Mine in Argentina as well as identifying a number of opportunities that represent the growth potential for Austral Gold.

Throughout his career as a geologist, he worked on exploration and production gaining vast experience in grade control, QA/QC, modeling and geological resources estimation.

Mr. Kasaneva led Business Development Departments for several years evaluating a number of mining business opportunities in South America, Central America and North America. He has held the roles of General Manager of Mining Operations, Vice-President of Operations and COO.

Mr. Kasaneva is a Director of Ensign Gold.

Mr. Kasaneva does not hold any other Directorships.

Appointed 7 Oct 2009

Re-elected by shareholders on 27 May 2020



SAUL ZANG

Non-Executive Director

Mr. Zang obtained a law degree from Universidad de Buenos Aires. He is a founding member of the law firm Zang, Bergel & Viñes.

Mr. Zang is an adviser and Member of the Board of Directors of the Buenos Aires Stock Exchange and provides legal advice to national and international companies.

Mr. Zang currently holds:

- i. Vice-Chairmanships on the Boards of IRSA (NYSE: IRS, BASE: IRSA), IRSA Commercial Properties (NASDAQ: IRCP, BASE: IRCP), Cresud (NASDAQ: CRESY, BASE: CRES) and
- ii. Directorships with Banco Hipotecario (BASE: BHIP), Brasil Agro (NYSE: LND, BVMF:AGRO3), among others.

Mr. Zang has not held any other Directorships with Australian or Canadian listed companies in the last three years.

Appointed 29 Jun 2007

Re-elected by shareholders on 27 May 2020

THE DIRECTORS



BEN JARVIS

Non-Executive Director,
Member of the Audit Committee

Mr. Jarvis is the Managing Director of Six Degrees Investor Relations, an Australian advisory firm that provides investor relations services to a broad range of companies listed on the Australian Securities Exchange.

Mr. Jarvis was educated at the University of Adelaide where he majored in Politics.

Other Directorships with listed companies in the last three years: Hip Resources Limited (ASX: HIP) Appointed 24 October 2019.

Appointed 2 Jun 2011

Re-elected by shareholders on 27 May 2020



PABLO VERGARA DEL CARRIL

Non-Executive Director,
Member of the Audit Committee

Mr. Vergara del Carril is a lawyer and is professor of Post-graduate Degrees for Capital Markets, Corporate Law and Business Law at the Argentine Catholic University.

He is a member of the International Bar Association, the American Bar Association and the AMCHAM, among other legal and business organisations. He is a founding Board member of the recently incorporated Australian-Argentinean Chamber of Commerce. He is a Board member of the Argentine Chamber of Corporations and also an officer of its Legal Committee. He is recognised as a leading lawyer in Corporate, Real Estate, M&A, Banking & Finance and Real Estate Law by international publications such as Chamber & Partners, Legal 500, International Financial Law Review, Latin Lawyer and Best Lawyer.

He is a Director of Banco Hipotecario SA. (BASE: BHIP), Nuevas Fronteras (owner of the Intercontinental Hotel in Buenos Aires), IRSA Commercial Properties (NASDAQ: IRCP, BASE: APSA) and Emprendimiento Recoleta SA (owner of the Buenos Aires Design Shopping Centre), among other companies. Mr. Vergara del Carril is also a Director of Guanaco Mining Company Limited and Guanaco Capital Holding Corp.

Mr. Vergara del Carril has not held any other Directorships with Australian or Canadian listed companies in the last three years.

Appointed 18 May 2006

Re-elected by shareholders on 27 May 2020



ROBERT TRZEBSKI

Non-Executive Director,
Chairman of the Audit Committee

Dr. Trzebski holds a degree in Geology, PhD in Geophysics, Masters in Project Management and has over 30 years of professional experience in mineral exploration, project management and mining services.

He is currently Chief Operating Officer of Austmine Ltd. As a fellow of the Australian Institute of Mining and Metallurgy, Dr. Trzebski has acted as the Competent Person (CP) for the Company's ASX releases.

Dr. Trzebski is a non-executive director of Lake Resources NL (ASX: LKE; OTC:LLKKF).

Dr. Trzebski has not held any other Directorships with Australian or Canadian listed companies in the last three years.

Appointed 10 Apr 2007

Re-elected by shareholders on 27 May 2020

The Company's Board believes that a highly credentialed Board, with diverse backgrounds, skills and perspectives, will be effective in supporting and enabling delivery of strong governance for the Company and create value for the Company's shareholders.

The Board brings a broad mix of experience and skills to the Company including in the areas of corporate governance, legal, geological expertise and financial management.

SENIOR MANAGEMENT AND COMPANY SECRETARY



RODRIGO RAMIREZ
Vice President of Operations

Mr. Ramirez holds a Mining Engineering degree from the University of Chile.

He assumed the role of VP of Operations as the Company looks to maximize efficiencies across three operations and seek out growth opportunities.

He has been involved with the Company since it was founded, to recommission the Guanaco mine in 2010. Mr. Ramirez has led mining and engineering activities since then, as well as all reviews and analysis of the Company's growth activities. Mr. Ramirez recently led the design and construction of the Company's new agitation leach plant at Guanaco. Prior to joining Austral, Mr. Ramirez held senior operational, planning and execution roles at Antofagasta PLC and at Meridian Gold's world class El Peñon mine acquired by Yamana Gold.

Appointed 7 August 2017



RAUL GUERRA
Vice President of Exploration

Raul Guerra assumed the role of Corporate VP Exploration in August 2020. He brings more than 30 years of precious metal exploration experience to the Austral Gold team. Most recently, he was Vice-President of Latin America for Barrick Gold Corporation (Barrick). He has been involved in the discovery of more than 50 million ounces of gold including two large greenfield discoveries at Barrick.

Mr. Guerra is a Geologist from the Universidad de Chile.

Appointed as VP of Exploration in August 2020.



JOSÉ BORDOGNA
Chief Financial Officer

Mr. Bordogna joined Austral Gold in 2013 as Controller and was promoted to CFO in 2016. Since then, he has overseen all the corporate finance and accounting activities, including equity and direct investments in mining related assets, listing the company on the TSX-V, amongst others.

Mr. Bordogna is a Certified Public Accountant and holds a Master of Finance (Universidad del CEMA) and a Master of International Business (The University of Sydney). He is also CFA Candidate Level 3.

Prior to joining Austral Gold, he worked for the International Finance Corporation (IFC) and Deloitte in Latin America. He has over 15 years' experience in corporate finance, M&A, investment banking and accounting roles.

Appointed 22 August 2016



DAVID HWANG
Automatic Group, Company Secretary

Mr. Hwang assumed the role of Company Secretary in July 2019. Mr. Hwang is an experienced corporate lawyer specialising in listings on the ASX, equity capital markets and providing advice on corporate governance and compliance issues.

Appointed 31 July 2019

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were

	Directors' meetings		Audit Committee meetings	
	A	B	A	B
Director				
Pablo Vergara del Carril	6	6	2	2
Robert Trzebski	5	6	2	2
Wayne Hubert	6	6	N/A	N/A
Eduardo Elsztain	6	6	N/A	N/A
Saul Zang	6	6	N/A	N/A
Stabro Kasaneva	6	6	N/A	N/A
Ben Jarvis	6	6	2	2

A: Number of meetings attended

B: Number of meetings held during the time the Director held office during the financial year

SHARES AND OPTIONS

At the date of this report there are no options over the Company's ordinary shares.

During or since the end of the financial year, the Company has not granted options over its ordinary shares.

INDEMNITY AND INSURANCE OF OFFICERS

Under a deed of access, indemnity and insurance, the Company indemnifies each person who is a Director or secretary of Austral Gold Limited against:

- any liability (other than for legal costs) incurred by a Director or secretary in his or her capacity as an officer of the Company or of a subsidiary of the Company; and
- reasonable legal costs incurred in defending an action for a liability incurred or allegedly incurred by a secretary in his or her capacity as an officer of the Company or of a subsidiary of the Company.

The above indemnities:

- apply only to the extent the Company is permitted by law to indemnify a Director or secretary;
- are subject to the Company's constitution and the prohibitions in section 199A of the Corporations Act; and
- apply only to the extent and for the amount that a Director or secretary is not otherwise entitled to be indemnified and is not actually indemnified by another person (including a related body corporate or an insurer).

INDEMNITY AND INSURANCE OF AUDITOR

- The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.
- During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

INTERESTS KEY MANAGEMENT PERSONNEL

- The relevant interest of each Director and Executive Officer (directly or indirectly) in the share capital of the Company, as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary Shares	Options
P Vergara del Carril	68,119	-
R Trzebski	-	-
E Elsztain	451,679,060	9,615,500
S Zang	1,640,763	136,730
S Kasaneva	6,881,230	-
B Jarvis	-	-
W Hubert	2,545,500	-
Raul Guerra	801,000	-
R Ramirez	279,514	-
J Bordogna	22,000	-

It is also noted:

- E Elsztain, S Zang, P Vergara del Carril and are Directors of Guanaco Capital Holding Corp which holds 35,870,730 shares and 2,989,226 options according to the last substantial holder notice lodged in December 2020.
- E Elsztain and S Zang are Directors of IFISA which holds 380,234,614 shares according to the last substantial holder notice lodged in December 2020.

E Elsztain is the ultimate beneficial owner of IFISA.

REMUNERATION REPORT (AUDITED)

Remuneration Policy

The full Board of Austral Gold is responsible for determining remuneration policies in respect of executives and Key Management Personnel (KMP).

The Company has a Remuneration Policy that aims to ensure the remuneration packages of Directors and senior executives properly reflect the person's duties, responsibilities and level of performance, as well as ensuring that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The level of remuneration for non-executive Directors is considered with regard to the practices of other public companies and the aggregate amount of fees paid to non-executive Directors approved by shareholders.

At this stage, the level of remuneration is based on market rates and is not directly linked to shareholders' wealth.

The Key Management Personnel (KMP) during or since the end of the financial year were:

The Directors of the Group during or since the end of the financial year:

- **Wayne Hubert** Executive Director
- **Eduardo Elsztain** Non-Executive Vice Chairman
- **Saul Zang** Non-Executive Director
- **Pablo Vergara de Carril** Non-Executive Director
- **Robert Trzebski** Non-Executive Director
- **Ben Jarvis** Non-Executive Director
- **Stabro Kasaneva** Chief Executive Officer and Director

The Senior Executive KMP during or since the end of the financial year:

- **Rodrigo Ramirez** Vice President of Operations
- **Raul Guerra** Vice-President of Exploration
- **José Bordogna** Chief Financial Officer

Remuneration of KMP

The Group has employment agreements with all executive KMP in accordance with the laws in the jurisdiction in which the KMP is employed.

Remuneration of executive KMP is made up of a fixed component and a variable component. Performance against predetermined targets (KPIs) are used to determine the portion of the variable component paid annually.

The KPIs are based on financial and non-financial indicators and include production, safety, cost of production, sustaining capital investments, new business and value accretive investments amongst others.

Link Between Remuneration and Performance

The Group aims to align its executive remuneration to its strategic and business objectives and the creation of shareholder value.

The table below shows the measures of the Group's financial performance over the last 5 financial years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to each KMP. Consequently, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	12 months ended 30 June 2016	12 months ended 30 June 2017	6 months ended 31 December 2018	12 months ended 31 December 2019	12 months ended 31 December 2020
Sales Revenue (US\$'000)	101,025	48,867	122,767	102,209	88,223
Profit/(loss) before tax (US\$'000)	(6,232)	(14,905)	(37,054)	9,508	14,335
Basic EPS (US cents per share)	(0.85)	(2.56)	(4.88)	0.97	1.36
Diluted EPS (US cents per share)	(0.85)	(2.56)	(4.88)	0.93	1.34
Share price (cents AUD/CDN)	15.0/15.0	15.0/13.0	6.0/6.0	9.0/8.5	21.0/22.0

Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each Director of the Group and each of the KMP of the Group during the financial year were:

12 month period ended 31 December 2020

	Primary			Post-employment		Share-based		Total
	Cash and accrued Salary and Fees US\$	Accrued Cash Bonus US\$ ¹	Non-monetary benefits US\$	Superannuation US\$	Retirement/ Termination benefits US\$	Shares US\$	Options US\$	US\$
Directors								
Non-executive directors								
E Elsztain	100,000	–	–	–	–	–	–	100,000
S Zang	50,000	–	–	–	–	–	–	50,000
W Hubert	33,833	–	–	–	–	–	–	33,833
R Trzebski	45,695	–	368	4,305	–	–	–	50,368
B Jarvis	45,695	–	–	4,305	–	–	–	50,000
P Vergara del Carril	50,000	–	–	–	–	–	–	50,000
Total non-executive director remuneration	325,223	–	368	8,610	–	–	–	334,201
Executive Director								
W Hubert	60,000	–	–	–	–	–	–	60,000
S Kasaneva	326,358	364,973	–	–	–	–	–	691,331
Total Director remuneration	711,581	364,973	368	8,610	–	–	–	1,085,532
Other Key Executives								
R. Ramirez	263,828	295,053	–	–	–	–	–	558,881
R. Guerra ³	123,192	61,596	–	–	–	–	–	184,788
J. Bordogna	108,010	86,377	–	–	–	–	–	194,387
Total other executive remuneration	495,030	443,026	–	–	–	–	–	938,056
Total director and executive officer remuneration	1,206,611	807,999	368	8,610	–	–	–	2,023,588

¹ Accrued cash bonus defined as bonus earned during the year that has been paid or accrued

² All salaries are paid in local currency and converted to USD by average FX – only for the purpose of preparing this table.

³ Commenced employment during the third quarter of 2020.

Twelve-month period ended 31 December 2019

	Primary			Post-employment		Share-based		Total
	Cash and accrued Salary and Fees US\$	Accrued Cash Bonus US\$	Non-monetary benefits US\$ ¹	Superannuation US\$	Retirement benefits US\$	Shares US\$	Options US\$	US\$
Directors								
Non-executive directors								
E Elsztain	100,000	–	–	–	–	–	–	100,000
S Zang	50,000	–	–	–	–	–	–	50,000
W Hubert	58,000	–	–	–	–	–	–	58,000
R Trzebski	45,676	–	–	4,024	–	–	–	50,000
B Jarvis	45,676	–	–	4,024	–	–	–	50,000
P Vergara del Carril	50,000	–	–	–	–	–	–	50,000
Total non-executive director remuneration	349,352	–	–	8,648	–	–	–	358,000
Executive director								
S Kasaneva	355,127	311,255	–	–	–	–	–	666,382
Total Director remuneration	705,079	311,255	–	8,048	–	–	–	1,024,382
Other Key Executives								
R. Ramirez	287,069	251,606	–	–	–	–	–	538,675
J Bordogna	119,390	69,857	–	–	–	–	–	189,247
Total Other Executive remuneration	406,459	321,463	–	–	–	–	–	727,922
Total director and executive officer remuneration	1,111,538	632,718	–	8,048	–	–	–	1,782,304

¹ Accrued cash bonus defined as bonus earned during the year that has been paid or accrued

² All salaries are paid in local currency and converted to USD by average FX — only for the purpose of preparing this table

Contractual Arrangement with Executive KMP at 31 December 2020

Name	Term of Agreement and notice period	Base salary	Termination payments
Stabro Kasaneva Chief Executive Officer	No fixed term 30 days notice	Base salary is paid in Chilean pesos annually with no FX adjustment clause	Pro rata bonus accrued
Rodrigo Ramirez VP of Operations	No fixed term 30 days notice	Base salary is paid in Chilean pesos annually with no FX adjustment clause	Pro rata bonus accrued
Raul Guerra VP of Exploration	No fixed term 30 days notice	Base salary is paid in Chilean pesos annually with no FX adjustment clause	Pro rata bonus accrued
Jose Bordogna Chief Financial Officer	No fixed term 30 days notice	Base salary is paid in Argentine pesos annually with no FX adjustment clause	Pro rata bonus accrued

Relative Proportion of Fixed vs Variable Remuneration Expense

The following table shows the relative proportions of executive remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above

Name	Fixed remuneration		At risk — short-term incentive		At risk — long-term incentive	
	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019
Executive Directors						
Stabro Kasaneva	47%	53%	53%	47%	0%	0%
Executive Officers						
Rodrigo Ramirez	47%	53%	53%	47%	0%	0%
Raul Guerra	67%	N/A	33%	N/A	0%	N/A
Jose Bordogna	56%	63%	44%	37%	0%	0%

Other transactions with KMP

Zang, Bergel & Viñes Abogados is a related party since two non-executive Directors, Saul Zang and Pablo Vergara del Carril have significant influence over this law firm based in Buenos Aires, Argentina. Fees charged to the Company for the year ended 31 December 2020 amounted to US\$148,696 (2019: US\$141,022).

Cresud S.A.C.I.F.Y.A., IRSA Inversiones y Representaciones S.A., IRSA Proiedades Comerciales S.A. and Consultores Asset Management S.A. are related parties as they are controlled by Non-executive Director and Chairman, Eduardo Elsztain. During the twelve month period ended 31 December 2020 a total of US\$62,047 was charged to the Company (2019: US\$326,437) in regard to IT services support, HR services, software licenses building/ office expenses and other fees.

During April 2019, Consultores Assets Management SA, a company controlled by E Elsztain provided a loan of US\$1.6 million at an annual interest rate of at 10% per annum. The loan plus interest of \$30,609, was repaid in July 2019.

This concludes the remuneration report, which has been audited.

Auditors

KPMG continues in office as auditors in accordance with the requirements of the Corporations Act 2001.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in note 10 to the financial statements. There were no non-audit services provided by KPMG in 2020 (2019: Nil).

The Directors are satisfied that the provision of non-audit services during the period by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 10 during the period do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Auditor's Independence Declaration

The lead auditor's independence declaration for the period ended 31 December 2020 has been received and is included in this report. Signed in accordance with a resolution of Directors at Sydney.

Rounding of Amounts

The Company is a company of the kind referred to in ASIC Instrument 2016/191, dated 1 April 2016, and in accordance with that Instrument amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

For and on behalf of the board



Robert Trzebski

Director

17 March 2021



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Austral Gold Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Austral Gold Limited for the financial year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Daniel Camilleri

Partner

Sydney

17 March 2021

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FINANCIAL STATEMENTS



AUSTRAL GOLD LIMITED FINANCIAL REPORT 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

All figures are reported in thousands of US\$	For the year ended 31 December		
	Note	2020	2019
Continuing operations			
Sales revenue	13	88,223	102,209
Cost of sales	6	(34,072)	(55,293)
Gross profit before depreciation and amortisation expense		54,151	46,916
Depreciation and amortisation expense	6	(16,267)	(20,255)
Gross profit		37,884	26,661
Other expense	7	(13,000)	(4,072)
Administration expenses	8	(7,907)	(9,304)
Net finance costs	9	(361)	(3,787)
Share of loss of associate	21	(507)	-
(Loss)/gain on financial assets		(1,774)	10
Profit before income tax		14,335	9,508
Income tax expense	11	(6,668)	(7,869)
Profit after income tax expense		7,667	1,639
Profit attributable to:			
Owners of the Company		7,667	5,225
Non-controlling interests		-	(3,586)
		7,667	1,639
Items that may not be classified subsequently to profit or loss			
Foreign currency translation		(55)	19
Total comprehensive income for the year		7,612	1,658
Comprehensive income/(loss) attributable to:			
Owners of the Company		7,612	5,244
Non-controlling interests		-	(3,586)
		7,612	1,658
Earnings per share (cents per share):			
Basic earnings per share	12	1.36	0.97
Diluted earnings per share	12	1.34	0.93

The notes on pages (59) to (87) are an integral part of these consolidated financial statements.

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures are reported in thousands of US\$	As at 31 December		
	Note	2020	2019
Assets			
Current assets			
Cash and cash equivalents	14	12,401	9,196
Trade and other receivables	16	4,469	6,825
Other financial assets	17	404	277
Inventories	15	14,668	10,551
Total current assets		31,942	26,849
Non-current assets			
Other receivables	16	1,907	990
Mine properties	18	3,876	6,484
Property, plant and equipment	19	44,146	50,432
Exploration and evaluation expenditure	20	18,941	15,281
Investment accounted for using the Equity method	21	4,221	3,976
Goodwill	7	-	926
Deferred tax assets	11	432	1,229
Total non-current assets		73,523	79,318
Total assets		105,465	106,167
Liabilities			
Current liabilities			
Trade and other payables	22	10,371	8,910
Income tax payable		6,034	2,022
Employee entitlements	23	3,894	3,548
Loans and borrowings	25	831	4,045
Promissory note	21	-	1,957
Lease liabilities	19	2,905	3,047
Total current liabilities		24,035	23,529
Non-current liabilities			
Trade and other payables	22	-	1
Provisions for reclamation and rehabilitation	24	11,050	10,814
Loans and borrowings	25	1,246	2,077
Lease liabilities	19	3,416	6,302
Employee entitlements	23	24	1,048
Deferred tax liability	11	4,426	5,665
Total non-current liabilities		20,162	25,907
Total liabilities		44,197	49,436
Net assets		61,268	56,731
Equity			
Issued capital	26	102,177	101,682
Accumulated losses	27	(43,871)	(44,238)
Reserves	28	2,962	(713)
Total equity		61,268	56,731

The notes on pages (59) to (87) are an integral part of these consolidated financial statements.

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020 and 2019

All figures are reported in thousands of US\$	Note	Issued capital	Accumulated losses	Reserves	Non- controlling interest	Total
Balance at 31 December 2018		100,569	(49,473)	35	3,741	54,882
Adjustment on initial application of AASB16		-	10	-	-	10
Adjusted balance at 1 January 2019		100,569	(49,463)	35	3,741	54,882
Profit (loss) for the year		-	5,225	-	(3,586)	1,639
Foreign exchange movements from translation of financial statements to US\$		-	-	19	-	19
Total comprehensive income/ (loss)		-	5,225	19	(3,586)	1,658
Issued Capital	26	1,113	-	186	-	1,299
Acquisition of 49% of Cachinalito		-	-	453	(1,361)	(908)
Acquisition of 30% of Casposo		-	-	(1,406)	1,206	(200)
Balance at 31 December 2019		101,682	(44,238)	(713)	-	56,731
Profit for the year		-	7,667	-	-	7,667
Profit transferred to profit reserve		-	(7,300)	7,300	-	-
Foreign exchange movements from translation of financial statements to US\$		-	-	(55)	-	(55)
Total comprehensive income/ (loss)		-	367	7,245	-	7,612
Issued Capital	26	495	-	(74)	-	421
Dividend paid		-	-	(3,496)	-	(3,496)
Balance at 31 December 2020		102,177	(43,871)	2,962	-	61,268

The notes on pages (59) to (87) are an integral part of these consolidated financial statements.

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

All figures are reported in thousands of US\$	For the year ended 31 December		
	Note	2020	2019
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		9,196	1,716
Cash and cash equivalents, at the end of the period		12,401	9,196
Net increase in cash and cash equivalents		3,205	7,480
Causes of change in cash and cash equivalents			
Operating activities			
Profit after income tax		7,667	1,639
Non-cash items			
Income tax expense recognized in profit or loss		6,668	7,869
Impairment of goodwill		926	-
Impairment of exploration and evaluation expenditure		748	862
Depreciation and amortisation		16,267	20,255
Interest received		(4)	(27)
(Gain)/loss on sale of equipment		(114)	215
Non-cash net finance charges		742	1,860
Provision for reclamation and rehabilitation		767	175
Inventory write-down		286	179
Allowance for doubtful accounts		123	75
Non-cash employee entitlements		591	255
Share of loss of associate		507	-
Loss/(gain) in fair value of other financial assets		1,774	(10)
Net cash from operating activities before change in assets and liabilities		36,948	33,347
Changes in working capital:			
(Increase) Decrease in inventory		(4,653)	2,481
Decrease in trade and other receivables		1,316	1,417
(Decrease) in trade and other payables		(1,860)	(4,183)
(Decrease) in deferred revenue		-	(2,140)
(Decrease) in employee entitlements		(1,269)	(1,287)
Net cash provided through operating activities		30,482	29,635
Cash flows from investing activities			
Additions to plant, property and equipment	19	(7,624)	(10,035)
Proceeds from maturity of bonds and sale of securities		99	294
Proceeds from sale of inventory and equipment		366	650
Payment for investment in exploration and evaluation	20	(3,329)	(779)
Payment for investment in mine properties	18	(1,036)	(1,993)
Payment for equity investment, net of costs	21	(2,708)	(2,019)
Payment for purchase of a property option	17	(2,000)	-
Payment for purchase of non-controlling interests	29	-	(817)
Interest received		4	27
Net cash used in investing activities		(16,228)	(14,672)
Cash flows from financing activities			
Proceeds from loans and borrowings		1,072	5,991
Repayment of loans and borrowings		(5,117)	(11,455)
Repayment of lease liabilities		(3,495)	(2,794)
Interest paid on leases		(434)	(524)
Proceeds from rights offering net of offering costs		-	1,299
Proceeds from exercise of options net of costs		421	-
Dividends paid		(3,496)	-
Net cash used in financing activities		(11,049)	(7,483)
Net increase in cash and cash equivalents		3,205	7,480

The notes on pages (59) to (87) are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Austral Gold Limited ("the Company") is a company limited by shares that is incorporated and domiciled in Australia. The Company's shares are publicly traded on the Australian Securities Exchange under the symbol AGD and on the TSX Venture Exchange under the symbol AGLD.

These consolidated financial statements ("financial statements") as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The nature of the operations and principal activities of the Group are described in the Directors' Report.

These financial statements are available upon request from the Company's registered office at Level 5, 126 Phillip Street, Sydney NSW 2000 or at www.australgold.com.

2. BASIS OF PREPARATION

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for profit oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities which are stated at fair value. These financial statements were authorised for issue by the Company's Board of Directors on 17 March 2021. Details of the Group's accounting policies are included in Note 38.

2.1 Functional and Presentation currency

These consolidated financial statements are presented in United States dollars (US\$), which is the Group's functional currency. The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with the legislative instrument, amounts in the audited financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

2.2 Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 34.

2.3 Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. Inventory movements previously included in Production in Cost of Sales have been disclosed separately.

3. GOING CONCERN

The outbreak of the COVID-19 pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic's spread have impacted the Group. These measures required the Group to stop its exploration activities at the Casposo Mine in Argentina during its second quarter and take several precautionary measures to protect the health of the Group's employees. However, the Group's production, financial performance for the year and its liquidity have not been negatively impacted by COVID-19.

For the year ended 31 December 2020, the Group made a profit after income tax of US\$7,667 million (2019: profit after income tax of US\$1,639 million) from continuing operations and generated net cash flows from operating activities of US\$30,482 million (2019: net cash flow from operating activities of US\$29,635 million). At 31 December 2020, the Group has net current assets of US\$7,907 million (2019: net current assets of US\$3,320 million).

There is still significant uncertainty over how the outbreak of COVID-19 will impact the Group's business in future periods.

However, the Directors note the following with regards to the ability of the Group to continue as a going concern:

- i. At 31 December 2020, the Group had a cash balance of US\$12,401 million and approximately 6,200 refined gold ounces in inventory with a fair value of US\$11.7 million.
- ii. The Group's cash flow forecasts following the most likely mine plan and 2021 production guidance that forecast sales of;
 - 50,000-55,000 gold equivalent ounces; and
 - average 2021 selling price of gold equivalent ounces US\$1,790, indicate that the Group forecasts that it will have free cash flow from operations to meet its borrowing obligations, to meet the required capital expenditures and fund the acquisition and investment disclosed in note 37.

The financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realization of assets and settlement of liabilities in the normal course of business. Based on the factors set out above, the Directors believe that the going concern basis of preparation is appropriate and the Group will be able to repay its debts as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

4. USE OF ESTIMATES AND JUDGEMENTS

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2020 is detailed below:

Carrying value of Mine Properties

The Group estimates its ore reserves and mineral resources annually at each year end, based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources (JORC code 2012). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying amount of mine development (including mine properties, property, plant and equipment and exploration and evaluation assets), the provision for mine closure provisions, the recognition of deferred tax assets, as well as the amount of amortisation charged to the statement of profit or loss.

Impairment

Significant judgements, estimates and assumptions are required in determining value in use or fair value less costs of disposal. This is particularly so in the assessment of long life assets. It should be noted that the CGU recoverable amounts are subject to variability in key assumptions including, but not limited to, gold and silver prices, currency exchange rates, discount rates, production profiles and operating and capital costs. A change in one or more of the assumptions used to determine value in use or fair value less costs of disposal could result in a change in a CGU's recoverable amount.

Carrying value of exploration and evaluation assets

The Group tests at each reporting date whether there are any indicators of impairment as identified by AASB 6 "Exploration for and Evaluation of Mineral Resources". Where indicators of impairment are identified, the recoverable amounts of the assets are determined and an impairment is recorded when the carrying value exceeds recoverable value.

Mine closure provisions

Obligations associated with exploration and mine properties are recognised when the Group has a present obligation, the future sacrifice of the economic benefits is probable, and the provision can be measured reliably. The provision is measured at the present value of the future expenditure and a corresponding rehabilitation asset is also recognised. On an ongoing basis, the rehabilitation will be remeasured in line with the changes in the time value of money (recognised as an expense and an increase in the provision), and additional disturbances (recognised as additions to a corresponding asset and rehabilitation liability). The calculation of this provision requires assumptions such as application of environmental legislation, mine closure dates, available technologies and engineering cost estimates. The related carrying amounts are disclosed in note 24.

Measurement of fair values

The Group has established a control framework with respect to the measurement of fair values. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2020 is detailed below:

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- i. Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities
- ii. Level 2 — inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e. as prices), or indirectly (i.e. derived from prices)
- iii. Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

NOTES TO THE FINANCIAL STATEMENTS

The Group holds listed equity securities on the Australian and Canadian stock exchanges and listed Argentine sovereign bonds at fair value, which are measured at the closing bid price at the end of the reporting period. These financial assets held at fair value fall within Level 1 of the fair value hierarchy. The Group also holds options which rely on estimates and judgements to calculate a fair value for these financial instruments using the Black Scholes model. These financial assets held at fair value fall within Level 2 of the fair value hierarchy.

Further information about the assumptions made in measuring fair values is included in Note 17 – Other financial assets and Note 30 – Financial instruments.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ADOPTION OF NEW/AMENDED AASB AND AASB INTERPRETATIONS

Adoption of other narrow scope amendments to IFRSs and IFRS Interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

6. COST OF SALES

All figures are reported in thousands of US\$	For the year ended 31 December	
	2020	2019
Profit before income tax includes the following specific expenses:		
Production	18,020	31,377
Staff costs	17,843	21,616
Royalties	1,962	2,560
Mining Fees	474	502
Inventory movements	(4,227)	(762)
Total cost of sales before depreciation and amortisation expense	34,072	55,293
Depreciation of plant and equipment	14,229	17,117
Amortisation of mine properties	2,038	3,138
Total depreciation and amortisation expense	16,267	20,255
Severance included in staff costs	1,608	988

7. OTHER EXPENSES

All figures are reported in thousands of US\$	For the year ended 31 December	
	2020	2019
Settlement of union agreement at Guanaco/Amancaya	4,963	-
Severance of mining employees due to outsource of operations	4,278	-
Impairment of goodwill (i)	926	-
Impairment of exploration and evaluation expenditure	748	862
Care and maintenance	1,983	1,185
Restructuring expenses	-	2,087
Exploration expenses	282	-
(Gain)/loss on sale of fixed assets and inventory	(114)	215
Other	(66)	(277)
Total other expenses	13,000	4,072

(i) Goodwill of US\$926,000, which arose on the acquisition of a subsidiary, Ingenieria y Minería Cachinalito Limitada was written off as Ingenieria y Minería Cachinalito Limitada is in the process of being wound up.

NOTES TO THE FINANCIAL STATEMENTS

8. ADMINISTRATION EXPENSES

All figures are reported in thousands of US\$	For the year ended 31 December	
	2020	2019
Consulting and professional services	1,427	1,987
Administration	1,095	1,044
Staff costs	3,754	4,909
Non-executive director fees	334	358
Other	1,297	1,006
Total administration expenses	7,907	9,304
Severance included in staff costs	42	84

9. NET FINANCE COSTS

All figures are reported in thousands of US\$	For the year ended 31 December	
	2020	2019
Interest income	(4)	(27)
Interest expense	214	901
Interest expense on leases	434	524
(Gain)/loss from foreign exchange	(535)	1,845
Present value adjustment to mine closure provision	252	517
Other	-	27
Net finance costs	361	3,787

10. AUDITOR'S REMUNERATION

All figures are reported in US\$	For the year ended 31 December	
	2020	2019
Audit and review services:		
Auditors of the Group-KPMG		
Audit and review of financial statements-Group	92,885	74,000
Audit and review of financial statements-controlled entities	144,700	159,500
	237,585	233,500

11. INCOME TAX EXPENSE

All figures are reported in thousands of US\$	For the year ended 31 December	
	2020	2019
(A) Income tax expense comprises:		
Current tax payable	7,450	2,312
Deferred tax (benefit)/expense	(782)	5,557
Income tax	6,668	7,869
(B) Reconciliation of effective income tax rate		
Profit before tax	14,335	9,508
Prima facie income tax expense calculated at 30%	4,300	2,852
Difference due to blended overseas tax rate*	(720)	(721)
Non-deductible expenses	2,907	6,510
Temporary differences not brought into account	149	(460)
Recognition of carry-forward tax losses	32	(312)
Income tax	6,668	7,869

* Chile tax rate: 27.0% (31 December 2019: 27.0%). Argentina tax rate: 30% (31 December 2019: 30%)

NOTES TO THE FINANCIAL STATEMENTS

All figures are reported in thousands of US\$	31 December 2020				31 December 2019			
	Chile	Argentina	Other	Total	Chile	Argentina	Other	Total
(C) Deferred tax assets and liabilities								
Deferred tax assets								
Other receivable	147	-	-	147	57	-	-	57
Inventory	69	84	-	153	69	61	-	130
Mining concessions brought to account	-	198	-	199	-	320	-	320
Accrual for mine closure	2,037	302	-	2,339	1,198	198	-	1,396
Deferred income	2,266	-	-	2,266	18	-	-	18
Tax losses carried forward	-	245	9,965	10,210	-	98	9,182	9,280
Property, plant and equipment	-	632	-	632	-	1,072	-	1,072
Payroll accrual	326	-	-	326	780	-	-	780
Other	-	102	-	102	36	989	-	1,025
Leasing	884	-	-	884	1,147	-	-	1,147
Tax losses not brought to account	-	-	(9,965)	(9,965)	-	-	(9,182)	(9,182)
Deferred tax assets	5,729	1,563	-	7,292	3,305	2,738	-	6,043
Deferred tax liabilities								
Mining concessions	(10,672)	-	-	(10,672)	(8,950)	-	-	(8,950)
Property plant and equipment inflation adjustment	-	(1,040)	(23)	(1,063)	-	(1,474)	(20)	(1,494)
Financial assets	540	(91)	-	449	-	(35)	-	(35)
Deferred tax liabilities	(10,132)	(1,131)	(23)	(11,286)	(8,950)	(1,509)	(20)	(10,479)
Net deferred tax (liabilities)/assets	(4,403)	432	(23)	(3,994)	(5,645)	1,229	(20)	(4,436)
Movement in deferred tax balances								
Opening balance	(5,645)	1,229	(20)	(4,436)	(888)	3,892	-	3,004
Exchange rate difference	-	(349)	9	(340)	2	(1,897)	12	(1,883)
Charged to profit or loss	1,242	(448)	(12)	782	(4,759)	(766)	(32)	(5,557)
Closing balance	(4,403)	432	(23)	(3,994)	(5,645)	1,229	(20)	(4,436)

Deferred tax assets have not been recognised in respect to tax losses for certain entities of the Group. See Note 36 for details.

12. EARNINGS PER SHARE

All figures are reported in thousands of US\$	For the year ended 31 December	
	2020	2019
Net profit/(loss) attributable to owners	7,667	5,225
Weighted average number of shares used as the denominator		
Number for basic earnings per share	562,581,929	539,424,350
Number for diluted earnings per share	572,718,453	556,237,880
Basic earnings per ordinary share (cents)	1.36	0.97
Diluted earnings per ordinary share (cents)	1.34	0.93

NOTES TO THE FINANCIAL STATEMENTS

13. OPERATING SEGMENTS

Management have determined the operating segments based on reports reviewed by the Chief Operating Decision Maker (“CODM”). The CODM considers the business from both operations and geographic perspective and has identified two reportable segments, Guanaco/Amancaya which is based in Chile and Casposo which is based in Argentina. The CODM monitors the performance in these two regions separately. During the year ended 31 December 2020, the Group earned approximately 57% (2019-78%) of its consolidated revenue from sales made to one customer.

All figures are reported in thousands of US\$	For the year ended 31 December 2020				For the year ended 31 December 2019			
	Guanaco Amancaya	Casposo	Group and unallocated items	Consolidated	Guanaco/ Amancaya	Casposo	Group and unallocated items	Consolidated
Revenue:								
Gold	82,810	-	-	82,810	84,823	5,045	-	89,868
Silver	5,413	-	-	5,413	8,650	3,691	-	12,341
Cost of sales	(34,072)	-	-	(34,072)	(44,985)	(10,308)	-	(55,293)
Depreciation and amortization expense	(16,106)	(119)	(42)	(16,267)	(16,269)	(3,927)	(59)	(20,255)
Other (expense) Income	(10,103)	(2,149)	(748)	(13,000)	(668)	(3,479)	75	(4,072)
Administration expenses	(4,193)	(552)	(3,162)	(7,907)	(5,455)	(887)	(2,962)	(9,304)
Finance costs	(462)	1,450	(1,349)	(361)	(1,239)	(2,545)	(3)	(3,787)
Share of loss of associate	-	-	(507)	(507)	-	-	-	-
(Loss)/gain on financial assets	(2,000)	-	226	(1,774)	-	-	10	10
Income tax expense	(6,224)	(397)	(47)	(6,668)	(7,155)	(832)	118	(7,869)
Segment profit/(loss)	15,063	(1,767)	(5,629)	7,667	17,702	(13,242)	(2,821)	1,639
Segment assets	77,124	12,701	15,640	105,465	76,525	13,568	16,074	106,167
Segment liabilities	38,681	4,091	1,425	44,197	41,832	4,565	3,039	49,436
Capital expenditure	10,599	638	225	11,462	12,138	486	183	12,807

NOTES TO THE FINANCIAL STATEMENTS

Geographic information:

All figures are reported in thousands of US\$	For the year ended 31 December	
	2020	2019
Revenue by geographic location		
Chile	88,223	93,473
Argentina	-	8,736
Australia	-	-
Canada	-	-
United States	-	-
Total revenue	88,223	102,209
Non-current assets by geographic location		
Chile	51,468	57,615
Argentina	17,722	17,619
United States	4,221	3,976
British Virgin Islands	110	102
Canada	2	6
Australia	-	-
Total non-current assets	73,523	79,318

14. CASH AND CASH EQUIVALENTS

All figures are reported in thousands of US\$	For the year ended 31 December	
	2020	2019
Cash at call and in hand	12,285	7,756
Short-term investments	116	1,440
Total cash and cash equivalents	12,401	9,196
Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows, is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	12,401	9,196

Risk Exposure

The Group's exposure to interest rate risk is discussed in note 30. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

15. INVENTORIES

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019
Materials and supplies	8,538	8,648
Ore stocks	776	71
Gold bullion and gold in process	5,354	1,832
Total inventories	14,668	10,551

*Ore stock inventories require estimates and assumptions most notably in regard to grades, volumes, densities, future completion costs and ultimate sale price. Such estimates and assumptions may change as new information becomes available which may impact upon the carrying value of inventory. The allowance for inventory obsolescence forming part of the above balance is US\$1,548k (31 December 2019:US\$1,262k).

NOTES TO THE FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019
Current		
Trade receivables	2,285	3,787
Other current receivables	1,072	548
Loan receivable (i)	132	–
Prepaid income tax	112	1,252
GST/VAT receivable	868	1,238
Total current receivables	4,469	6,825
Non-current		
GST/VAT receivable	905	578
Prepaid income tax	799	–
Loan receivable (i)	12	–
Other	191	412
Total non-current receivables	1,907	990
Allowance for doubtful accounts included in trade receivables	513	390
Trade debtors		
The ageing of trade receivables is 0–30 days	2,285	3,787

(i) As part of the new three year collective labour agreements with Unions at the Group's Guanaco/Amancaya mines, the Company provided non-interest-bearing loans to employees

16.1 Past due but not impaired

There were no receivables past due at 31 December 2020 (31 December 2019: nil).

16.2 Fair value and credit risk

Due to the short-term nature of trade receivables, their carrying amount is assumed to approximate their fair value. Refer to note 30 for more information on the risk management policy of the Group and the credit quality of the receivables.

16.3 Key customers

The Group is mainly reliant on three customers to which gold and silver produced from the Guanaco/Amancaya mines are sold.

17. OTHER FINANCIAL ASSETS

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019
Current		
Call option to buy a further 3.795% of Rawhide — level 3	–	4
Listed bonds — level 1	34	29
Listed equity securities — level 1	370	244
Total current other financial assets at fair value	404	277

The table above sets out the Group's assets and liabilities that are measured and recognised at fair value at 31 December 2020 and 2019.

Listed securities are shares of a Canadian listed mining company and sovereign bonds nominated in USD as at 31 December 2020 and 2019.

Call options as at 31 December 2019 are options to acquire an interest in a certain mining asset in North America which were exercised during year ended 31 December 2020. During the year ended 31 December 2020, another option to acquire certain mining properties in South America which was purchased at a cost of US\$2 million. This option was initially valued using the Black-Scholes option valuation model at the time of acquisition and revalued to nil during the year ended 31 December 2020.

Fair value hierarchy

Refer to note 4 of these financial statements for details of the fair value hierarchy.

Transfers

During the year ended 31 December 2020 there were no transfers between the financial instrument levels of hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

18. MINE PROPERTIES

All figures are reported in thousands of US\$	Guanaco/Amancaya	Casposo	Total
Mine Properties – 31 December 2019			
Cost	63,122	9,795	72,917
Accumulated amortisation	(56,638)	(9,795)	(66,433)
Carrying value – Mine Properties	6,484	-	6,484
Movements in carrying value			
Carrying amount at 1 January 2019	6,723	-	6,723
Additions	1,993	-	1,993
Transfers from Exploration and Evaluation expenditure	-	906	906
Amortisation	(2,232)	(906)	(3,138)
Carrying amount at 31 December 2019	6,484	-	6,484
Mine Properties – 31 December 2020			
Cost	62,552	9,795	72,347
Accumulated amortisation	(58,676)	(9,795)	(68,471)
Carrying value – Mine Properties	3,876	-	3,876
Movements in carrying value			
Carrying amount at 1 January 2020	6,484	-	6,484
Additions	1,036	-	1,036
Transfers to Exploration and Evaluation expenditure	(1,079)	-	(1,079)
Decrease in provision for reclamation and rehabilitation	(527)	-	(527)
Amortisation	(2,038)	-	(2,038)
Carrying amount at 31 December 2020	3,876	-	3,876

Carrying value – Guanaco/Amancaya

The Guanaco and Amancaya mines have been determined by Management to be a single cash generating unit (“CGU”). The mine properties noted above and the property, plant and equipment that is an intrinsic part of the mine and its structure (included in note 19) with a total book value of US\$42.5 million are included in determining the carrying value of the CGU for the purposes of assessing for impairment.

Management have assessed the fair value to be above book value of the Guanaco/Amancaya project and therefore no impairment charge has been applied to the assets for the current year. An impairment test was also performed by an independent party using the discounted cash flow model (DCF) as the primary valuation methodology along with a crosscheck method using comparable listed market values.

Main assumptions of the DCF model for impairment test purposes are as follows:

- Real Forecast Gold price (2021-2024): US\$1,554/oz – US\$1,871/oz (31 December 2019 US\$1,493/oz – US\$1,498/oz)
- Real Forecast Silver price: (2021-2024) US\$18.70/oz – US\$23.1/oz (31 December 2019 US\$17.10/oz – US\$17.90/oz)
- One year of underground mining plus three years of processing existing heap leach pads
- Real Discount Rate (post-tax): 4.8% (31 December 2019: 4.9%)

The sensitivity to +/- 10% variation in the gold price (US\$1,398-2,058/oz) on the fair value of the Guanaco/Amancaya project results in an impact of +/- US\$9.4 million.

The sensitivity to +/- 10% variation in the discount rate (4.3%-5.3%) fair value of the Guanaco/Amancaya project results in an impact of +/- US\$0.4 million.

The sensitivities do not lead to a fair value below the book value of the project.

NOTES TO THE FINANCIAL STATEMENTS

19. PROPERTY, PLANT AND EQUIPMENT

All figures are reported in thousands of US\$	31 December 2020	31 December 2019
Property, plant and equipment owned	34,725	37,515
Right-of-use	9,421	12,917
	44,146	50,432
Property, plant and equipment owned		
Cost	154,297	146,883
Accumulated depreciation	(119,572)	(109,368)
Carrying amount at 31 December 2020 and 31 December 2019	34,725	37,515
Movements in carrying value		
Carrying amount at beginning of the year	37,515	54,020
Additions	7,624	10,035
Transfer of leases to right-of-use	-	(12,930)
Depreciation	(10,411)	(13,352)
Disposals	(3)	(258)
Carrying amount at 31 December 2020 and 31 December 2019	34,725	37,515

The majority of the property, plant and equipment is included in the Guanaco/Amancaya Cash Generating Unit ("CGU"). Property, plant and equipment that does not form part of the Guanaco CGUs are being carried at the lower of their book value and recoverable amount. The Casposo property, plant and equipment is recorded at salvage value as it is currently not being used.

The Group leases production equipment under a number of finance leases. At 31 December 2020, the net carrying amount of finance lease assets under AASB 16 was US\$9.4m.

All figures are reported in thousands of US\$	31 December 2020						
	Underground Mine Development	Plant	Mining Equipment	Buildings	Land	Other	Total
Movements in carrying value							
Balance at 1 January, 2019	14,669	28,090	5,600	4,056	815	790	54,020
Additions	7,687	655	1,013	680	-	-	10,035
Transfer of leases to right-of-use assets	-	(10,652)	(888)	(1,390)	-	-	(12,930)
Disposals	-	-	(258)	-	-	-	(258)
Depreciation	(5,670)	(5,392)	(917)	(1,173)	-	(200)	(13,352)
Carrying amount at 31 December 2019	16,686	12,701	4,550	2,173	815	590	37,515
Balance at 1 January, 2020	16,686	12,701	4,550	2,173	815	590	37,515
Additions	5,718	401	362	1,037	-	106	7,624
Disposals	-	-	-	(3)	-	-	(3)
Depreciation	(5,637)	(3,031)	(841)	(630)	-	(272)	(10,411)
Carrying amount at 31 December 2020	16,767	10,071	4,071	2,577	815	424	34,725

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of carrying amount

All figures are reported in thousands of US\$	Underground Mine Development	Plant	Mining Equipment	Buildings	Land	Other	Total
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Cost

Balance at 1 January, 2019	62,770	48,608	21,402	14,732	815	7,109	155,436
Recognition of right-of-use assets on initial recognition of AASB 16	-	(14,352)	(1,240)	(2,499)	-	-	(18,091)
Adjusted balance at 1 January 2019	62,770	34,256	20,162	12,233	815	7,109	137,345
Additions	7,687	655	1,013	680	-	-	10,035
Disposals	-	-	(497)	-	-	-	(497)
Balance at 31 December 2019	70,457	34,911	20,678	12,913	815	7,109	146,883
Additions	5,718	401	362	1,037	-	106	7,624
Disposals	-	-	(68)	(133)	-	(9)	(210)
Balance at 31 December 2020	76,175	35,312	20,972	13,817	815	7,206	154,297

All figures are reported in thousands of US\$	Underground Mine Development	Plant	Mining Equipment	Buildings	Land	Other	Total
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Accumulated depreciation and impairment losses

Balance at 31 December, 2018	48,101	20,518	15,801	10,677	-	6,319	101,416
Recognition of right-of-use on initial recognition of AASB 16	-	(3,700)	(352)	(1,110)	-	-	(5,162)
Adjusted balance at 1 January 2019	48,101	16,818	15,449	9,567	-	6,319	96,254
Depreciation	5,670	5,392	917	1,173	-	200	13,352
Disposals	-	-	(238)	-	-	-	(238)
Balance at 31 December 2019	53,771	22,210	16,128	10,740	-	6,519	109,368
Depreciation	5,637	3,031	841	630	-	272	10,411
Disposals	-	-	(68)	(130)	-	(9)	(207)
Balance at 31 December 2020	59,408	25,241	16,901	11,240	-	6,782	119,572

Carrying amounts

At 31 December 2019	16,686	12,701	4,550	2,173	815	590	37,515
At 31 December 2020	16,767	10,071	4,071	2,577	815	424	34,725

NOTES TO THE FINANCIAL STATEMENTS

19 (ii). Right of use

All figures are reported in thousands of US\$	Office	Vehicles	Machinery and equipment	Total
Recognised on adoption of AASB 16	339	3,206	9,724	13,269
Additions	47	3,366	-	3,413
Less depreciation	(94)	(1,383)	(2,288)	(3,765)
Balance at 31 December 2019	292	5,189	7,436	12,917
Balance at 1 January 2020	292	5,189	7,436	12,917
Additions	-	322	-	322
Less depreciation	(99)	(1,834)	(1,885)	(3,818)
Balance at 31 December 2020	193	3,677	5,551	9,421

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019
Lease liabilities	6,321	9,349
Lease liabilities		
Less: current portion	(2,905)	(3,047)
Non-current long-term liability	3,416	6,302

19 (iii). Undiscounted lease payments

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019
Less than a year	3,193	3,233
Greater than a year	7,712	7,811
	10,905	11,044

20. EXPLORATION AND EVALUATION EXPENDITURE

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019
Costs carried forward in respect of areas of interest		
Carrying amount at the beginning of the period	15,281	16,270
Additions	3,329	779
Impairment for the period	(748)	(862)
Transfers from/(to) Mining Properties	1,079	(906)
Carrying amount at end of the period	18,941	15,281

The recovery of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the areas of interest. This balance mainly relates to expenditures at the Guanaco, Casposo and Pingüino exploration projects.

Additions for the year ended 31 December 2020 and 2019 relate mainly to exploration on the Guanaco and Casposo projects and the initial payment for the Sierra Blanca project in Santa Cruz, Argentina.

The significant terms of the transaction to acquire the Sierra Blanca in October 2020 include the payment of US\$100,000 cash (paid) on signing and work commitments of US\$700,000. The transaction is being accounted for as an acquisition of an asset and the work commitments are to be paid as follows:

Year 1: \$100,000

Year 2: \$200,000

Year 3: \$300,000

After work commitments in Year 1 are incurred, the Group will acquire a 51% interest. After the work commitments in Year 2 and Year 3 are incurred, the Group will acquire an additional 29% interest. Expenditures may be incurred earlier than the work commitment dates.

NOTES TO THE FINANCIAL STATEMENTS

After 80% of the project is earned, the Group also has an option to purchase the final 20% of the project for a total of US\$2.3 million cash and US\$1.6 million in work commitments as follows:

Year 4: Cash of US\$0.5 million and work commitments of US\$0.4 million

Year 5: Cash of US\$1.0 million and work commitments of US\$0.4 million

At the time of acquisition, the Sierra Blanca project had no probable and proven resources. The project was not in production and there was no mine plan to place them into production. For these reasons, the acquisition was accounted for as an acquisition of assets and liabilities and not a business combination as defined under AASB3.

Impairment for the year ended 31 December 2020 and 2019 relate exploration projects with no expected value in Argentina.

During December 2020, the Group entered into an option agreement to acquire certain mining concessions in Chile named Buenos Aires from 1 to 199.

The total cost of the option is US\$5.05 million ("Fixed Price") and is to be paid in Chilean pesos as follows:

	US\$
Upon execution of the agreement (paid)	100,000
6 months from the date of the agreement	100,000
12 months from the date of the agreement	350,000
18 months from the date of the agreement	500,000
24 months from the date of the agreement	1,000,000
30 months from the date of the agreement	500,000
36 months from the date of the agreement	1,000,000
48 months from the date of the agreement	1,500,000
	5,050,000

In addition, there is a 2% NSR on gold and silver and a 1.5% NSR on other minerals sold from these concessions.

During December 2020, the Group also entered into an agreement to acquire the Sierra Amarilla properties (334 hectares) from SQM (SQM:NYSE). The total consideration was US\$40,000 (paid) plus a 1% NSR royalty over precious metals sold from those properties.

21. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

The Group's interests in equity-accounted investees comprise an interest in Rawhide Acquisition Holding LLC. ("Rawhide"). On 17 December 2019, the Group made an initial purchase of approximately 22.48% (21.28% on a fully diluted basis) directly from Rawhide for a purchase price of US\$3,957,406, of which US\$2,000,000 was paid in cash at closing. The balance of US\$1,957,406 was paid on 31 January 2020. Transaction costs of US\$19,016 were incurred. In addition, on 17 December 2019, the Group entered into option agreements with three existing unit owners to acquire an additional 3.795% of the issued and outstanding Rawhide Units for a total of US\$750,813. The Group exercised these options during 2020. During the year ended 31 December 2020, the Group recorded a loss of US\$507,093 representing the share of the loss incurred by Rawhide adjusted for the impact of AASB 16, Rawhide hedges and call options based on their ownership interest throughout the period.

All figures are reported in thousands of US\$	As at December	
	2020	2019
Percentage ownership interest	26.46%	22.48%
Non-current assets	23,873	25,330
Current assets	18,145	15,323
Non-current liabilities	(33,504)	(34,557)
Current liabilities	(11,047)	(7,347)
Net liabilities (100%)	(2,533)	(1,251)
Group's share of net liabilities	(670)	(281)
Carrying amount of interest in associate	4,221	3,976

NOTES TO THE FINANCIAL STATEMENTS

All figures are reported in thousands of US\$	For the year ended 31 December	
	2020	2019
Revenue	42,623	-
(Loss) from continuing operations (100%)	(1,999)	-
Other comprehensive income (100%)	-	-
Total comprehensive income (100%)	(1,999)	-
Group's share of total (loss) and comprehensive income (25.37%)*	(507)	-

*Weighted average of 25.37% ownership in the Rawhide Mine during the year ended 31 December 2020.

22. TRADE AND OTHER PAYABLES

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019
Current		
Trade payables	4,775	4,081
Accrued expenses	3,956	3,075
Royalty payable	659	746
Director fees	429	432
Other	552	576
Total trade and other payables	10,371	8,910
Non-Current		
Other payables	-	1

23. EMPLOYEE ENTITLEMENTS

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019
Current		
Salaries and bonuses	2,579	1,894
Employee entitlements	1,315	1,654
Total employee entitlements	3,894	3,548
The current provision for employee entitlements includes all unconditional entitlements in accordance with the applicable legislation. The entire amount is presented as current, since the Group does not have an unconditional right to defer payment. The entire balance of employee benefits is expected to be settled within the next 12 months.		
Non-current		
Employee entitlements	24	1,048

Retirement benefits

Retirement benefits are to be paid upon the death of workers and for disability and retirement.

The methodology followed to determine the provision for all employees adhering to the agreements has considered turnover rates and the RV-2014 mortality table established by the Superintendency of Securities and Insurance to calculate the reserves of life insurance in Chile according to the valuation method called Accumulated Benefit Valuation Method or Accrued Benefit Cost. This methodology is established in AASB 119 Employee benefits on Retirement Benefits Costs. The parameters of turnover rates, rates of increase of remunerations and discount rate have been determined by the Group.

NOTES TO THE FINANCIAL STATEMENTS

24. PROVISIONS

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019
Non current		
Mine closure	11,045	10,804
Others	5	10
Closing balance	11,050	10,814
Movement in non current provisions		
Opening balance	10,814	10,664
(Reductions)/additions	(531)	(25)
Exchange difference	515	(342)
Present Value Adjustment	252	517
Closing balance	11,050	10,814

Rehabilitation provision

Provision for rehabilitation work has been recognised in relation to estimated future expenditures including rehabilitating mine sites, dismantling operating facilities and restoring affected areas. These future cost estimates are discounted to their present value. The calculation of this provision requires assumptions such as application of environmental legislation, mine closure dates, available technologies and engineering cost estimates. The related carrying amounts are disclosed in note 18.

As at 31 December 2020, the total restoration provision amounts to US\$7.5m for Guanaco/Amancaya mine. The present value of the restoration provision was determined based on the following assumptions:

Undiscounted rehabilitation costs: US\$7.6m; and

Discount period: 2 years (Discount period based on expected timing of restoration activities).

Discount rate: 0.50% (2019-1.75%)

As at 31 December 2020, the total restoration provision amounts US\$3.5m for the Casposo mine. The present value of the restoration provision was determined based on the following assumptions:

Undiscounted rehabilitation costs: US\$4.2m; and

Discount rate: 11.49% (2019-12.3%)

There are no current plans for rehabilitation and restoration as the Group has initiated an exploration program and there is potential to restart operations in the future.

25. LOANS AND BORROWINGS

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019
Current		
Loan facilities	831	3,754
Vendor take-back loan	-	291
Total current loans and borrowings	831	4,045
Non-current		
Loan facilities	1,246	2,077
Total non-current loans and borrowings	1,246	2,077

Loan Facilities

At 31 December 2020, the Loan Facilities are payable to Banco Santander and are to be repaid over 30 months at an annual average interest rate of 5.5% (2019-5.85%).

NOTES TO THE FINANCIAL STATEMENTS

26. ISSUED CAPITAL

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019
Fully paid ordinary shares	102,177	101,682
Number of ordinary shares	566,070,265	559,393,259
Weighted average number of ordinary shares (basic)	562,581,929	539,424,350

Movements in ordinary share capital	Number of ordinary shares	US\$'000
Balance at 1 January 2019	534,173,010	100,569
Shares issued pursuant to pro-rata rights offering	25,220,249	1,194
Share issue costs pursuant to exercise of options	-	(81)
Balance at 31 December 2019	559,393,259	101,682
Exercise of options	6,677,006	504
Share issue costs pursuant to exercise of options	-	(9)
Balance at 31 December 2020	566,070,265	102,177

On 15 October 2019, the Group closed its non-renounceable pro-rata rights offer of ordinary shares and attaching options at a price of A\$0.08 per share. One option was granted for each 1.5 shares ordinary issued. The fair value of the options granted was US\$186,000 (note 28). The Group received gross proceeds of US\$0.43m.

Ordinary shares participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The ordinary shares do not have any par value.

Movements in share options	As at 31 December		
	Date	2020	2019
Unlisted Options to acquire ordinary fully paid shares at A\$0.092 on or before 18 October 2021	18 Oct 2019	10,136,524	16,813,530

27. ACCUMULATED LOSSES

All figures are reported in thousands of US\$	31 December 2020	31 December 2019
Accumulated losses at beginning of year	(44,238)	(49,473)
Adjustment on initial application of AASB16 (net of tax)	-	10
Adjusted balance at 1 January 2020/1 January 2019	(44,238)	(49,463)
Net profit for the year	7,667	5,225
Profits transferred to profit reserve	(7,300)	-
Accumulated losses at end of year	(43,871)	(44,238)

NOTES TO THE FINANCIAL STATEMENTS

28. RESERVES

All figures are reported in thousands of US\$	31 December 2020	31 December 2019
Foreign currency translation reserve		
Balance at beginning of year	375	356
Foreign exchange movements from translation of financial statements to US dollars	(55)	19
Balance at end of year	320	375
Share option reserve		
Balance at beginning of year	(135)	(321)
Unlisted options (1)	(74)	186
Balance at end of year	(209)	(135)
Business combination reserve		
Balance at beginning of year	(953)	-
Acquisition of 49% of Cachinalito	-	453
Acquisition of 30% of Casposo	-	(1,406)
Balance at end of year	(953)	(953)
Profit appropriation reserve		
Transfer from accumulated losses	7,300	-
Dividend paid	(3,496)	-
Balance at end of year	3,804	-
Total reserves	2,962	(713)

(i) The fair value of the unlisted options issued in its non-renounceable pro-rata rights offer is determined at the date of issuance using the Black-Scholes options valuation model that takes into account the assumptions per the following table. Upon the exercise of options, the balance of the reserve relating to those options is transferred to share capital.

Exercise price	AUS\$ 0.092
Term of option	2 years
Share price at date of issuance	AUS\$ 0.073
Expected price volatility	53% per annum
Risk-free interest rate	0.72%

Nature and purpose of reserves

Foreign Currency Translation Reserve

Exchange differences arising on translation of the non-US\$ denominated non-monetary balances of Group Companies are recognised in the foreign currency translation reserve. The reserve is recognised in profit or loss when the net investment is disposed of.

Share Option Reserve

Options granted/issued as share-based payments and a capital raise are recognised in the share option reserve.

Profit appropriation Reserve

Transfers up to the net income earned during the year may be transferred from accumulated losses and paid as a dividend.

NOTES TO THE FINANCIAL STATEMENTS

29. NON-CONTROLLING INTEREST

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019
Non-controlling interest in subsidiaries comprise		
Acquired as part of subsidiary	-	-

On 20 March 2019, the Group entered into an agreement to acquire the 49% non-controlling interest in Cachinalito for US\$949,729 to be paid in eighteen monthly installments of approximately US\$52,651. During the year ended 31 December 2020, the Company made twelve payments totaling US\$332,729 (2019; US\$617,000).

On 23 December 2019, the Group entered into an agreement to effectively acquire the 30% non-controlling interest in Casposo for US\$200,000.

30. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's principal financial instruments comprise borrowings, receivables, listed equity securities, cash and short-term deposits. These activities expose the Group to a variety of financial risks: market risk (interest rate risk and foreign currency risk), credit risk, price risk and liquidity risk.

The Group recognises the importance of risk management and has adopted a Risk Management and Internal Compliance and Control policy which describes the role and accountabilities of management and of the Board. The Directors manage the different types of risks to which the Group is exposed by considering risk and monitoring levels of exposure to the main financial risks by being aware of market forecasts for interest rates, foreign exchange rates, commodity and market prices. The Group's exposure to credit risk and liquidity risk is monitored through general business budgets and forecasts.

The Group holds the following financial instruments:

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019
Financial Assets		
Cash and cash equivalents	12,401	9,196
Trade and other receivables	4,603	6,000
Other financial assets	404	277
Financial liabilities		
Trade and other payables	10,371	8,910
Employee entitlements	3,918	4,596
Borrowings	2,077	6,122
Promissory note	-	1,957
Financial leases	6,321	9,349

a. Market Risk

Foreign Currency Risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign currency exchange rate fluctuations.

Foreign exchange rate risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the functional currency of the Group. The risk is measured using cash flow forecasting. Foreign currency risk is minimal as most of the transactions are settled in US\$.

As at 31 December 2020, the Group was exposed to foreign exchange risk though the following financial assets and liabilities denominated in currencies other than the Group's functional currency (thousands of US\$).

NOTES TO THE FINANCIAL STATEMENTS

	Argentinian Peso (ARS)	Chilean Peso (CLP)	Australian (AUS)	Canadian Dollar
Financial assets				
Cash and cash equivalents	81	120	4	15
Trade and other receivables	1,981	54	334	14
Other financial assets	34	-	-	-
Financial liabilities				
Trade and other payables	289	2,591	369	39
Employee entitlements	420	2,159	-	-
Financial leases	1	86	-	-

ii. Price Risk

The Group's revenues are exposed to fluctuations in the price of gold, silver and other prices. Gold and silver produced is sold at prevailing market prices in US\$.

The Group has resolved that for the present time the production should remain unhedged. The Group considers exposure to commodity price fluctuations within reasonable boundaries to be an integral part of the business.

Historical Evolution in the gold and silver commodity prices (US\$)



Sensitivity to Changes in Commodity Prices (Gold and Silver)

The below sensitivity analysis demonstrates the after tax effect on the profit/(loss) and equity which could result if there were changes in the gold and silver commodity prices by +/- 10% of the actual commodity prices realised by the Group.

All figures are reported in thousands of US\$	Effect on profit/(loss) For the year ended		Effect on equity	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
10 % increase in gold and silver prices	8,822	10,221	8,822	10,221
10 % decrease in gold and silver prices	(8,822)	(10,221)	(8,822)	(10,221)

iii. Interest Rate Risk

The Group's main interest rate risk arises from finance leases. The Group's borrowings are at fixed rates and therefore do not carry any variable interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

a. Financial Market Risk

The financial market risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices, which occurs due to the Group's investment in listed securities where share prices can fluctuate over time. This risk however is not deemed to be significant as these investments are held for long term strategic purposes and therefore movement in the market prices do not impact the short-term profit or loss or cash flows of the Group.

The group holds listed government bonds, and listed equity securities (note 17). These are classified as level 1 within the fair value hierarchy as per AASB 7 "Financial Instruments".

b. Credit Risk

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

c. Liquidity Risk

The liquidity of the Group is managed to ensure sufficient funds are available to meet financial commitments in a timely and cost effective manner.

Management continuously reviews the Group's liquidity position through cash flow projections based upon the current mine plan to determine the forecast liquidity position and maintain appropriate liquidity levels.

d. Maturities of financial liabilities

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated					
All figures reported in thousands of US\$	6 months	6-12 months	1-5 years	> 5 years	Total
31 December 2020					
Financial liabilities					
Trade and other payables	10,371	-	-	-	10,371
Employee entitlements	3,894	-	24	-	3,918
Borrowings	416	415	1,246	-	2,077
Leasing	1,468	1,437	3,416	-	6,321
Total 31 December 2020 liabilities	16,149	1,852	4,686	-	22,687
31 December 2019					
Financial liabilities					
Trade and other payables	8,910	-	1	-	8,911
Employee entitlements	3,548	-	1,048	-	4,596
Promissory note	1,957	-	-	-	1,957
Borrowings	3,484	561	2,077	-	6,122
Leasing	1,532	1,515	6,302	-	9,349
Total 31 December 2019 liabilities	19,431	2,076	9,428	-	30,935

NOTES TO THE FINANCIAL STATEMENTS

31. DIVIDENDS

All figures are reported in thousands of US\$	For the year ended 31 December	
	2020	2019
Dividends paid	3,496	-

An unfranked cash dividend of A\$0.09 per share was paid on 24 July 2020.

32. COMMITMENTS

All figures are reported in thousands of US\$	As at 31 December	
	2020	2019

Lease commitments

Finance lease commitments at the reporting date and recognised as liabilities, payable:

Within one year	3,179	3,496
Two to five years	3,553	6,711
Total commitment	6,732	10,207
Less: Future finance charges	(411)	(858)
Net commitment recognised as liabilities	6,321	9,349

Representing:

Lease liability — current	2,905	3,047
Lease liability — non-current	3,416	6,302

Operating leases not recognised as liabilities

-

To maintain legal rights to its properties, the Group pays fees for mining concessions and exploration. It anticipates that it will need to pay approximately US\$0.5m during the next year to maintain legal rights to all of its properties.

Exploration commitments not recognized as liabilities

Exploration commitments at the reporting date and not recognised as liabilities

Within one year	550	-
Two to five years	5,100	-
Total exploration commitments not recognised as liabilities	5,650	-

33. SUBSIDIARIES

	Country of Incorporation	% owned	
		31 December 2020	31 December 2019
Subsidiaries			
Guanaco Mining Company Limited	British Virgin Islands	100.000	100.000
Guanaco Compañía Minera SpA	Chile	99.998	99.998
Ingeniería y Minería Cachinalito Limitada	Chile	100.000	100.000
Casposo Energías Renovables S.A.U.	Argentina	100.000	100.000
Austral Gold Argentina S.A.	Argentina	99.970	99.970
Austral Gold North America Corp.	United States	100.000	100.000
Argentex Mining Corporation	Canada	100.000	100.000
SCRN Properties Ltd.	Canada	100.000	100.000
Casposo Argentina Limited	Canada	100.000	100.000

NOTES TO THE FINANCIAL STATEMENTS

34. PARENT ENTITY INFORMATION

All figures are reported in thousands of US\$	31 December 2020	31 December 2019
Current assets	1,011	1,136
Total assets	67,795	67,920
Current liabilities	13,176	12,896
Total liabilities	13,176	12,896
Net assets	54,619	55,024
Issued capital	102,177	101,682
Accumulated losses	(47,326)	(46,553)
Reserves	(231)	(106)
Total shareholders' equity	54,620	55,023
Profit for the year	2,727	(676)
Total comprehensive income/(loss) for the year	2,672	(657)
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	A*	A*
Details of any contingent liabilities of the parent entity	None	None
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment.	None	None

A* Austral Gold Limited is guarantor for the credit facility of US\$0.3m between BAF and Guanaco Compañía Minera SpA.

35. RELATED PARTY TRANSACTIONS

35.1 KMP holdings of shares and share options at 31 December 2020

- Mr Eduardo Elsztain holds 451,679,060 shares and 9,615,500 options directly and indirectly in Austral Gold Limited. (31 December 2019— 479,805,958 shares and 16,241,776 options)
- Mr Saul Zang holds 1,640,763 shares and 136,730 options directly in Austral Gold Limited. (31 December 2019— 1,640,763 shares and 136,730 options)
- Mr Pablo Vergara del Carril holds 68,119 shares directly in Austral Gold Limited. (31 December 2019—68,119)
- E Elsztain and S Zang are Directors of IFISA which holds 380,234,614 shares and nil options according to the last substantial holder notice lodged in December 2020. (31 December 2019—433,448,890 and 12,378,689 options)
- P Vergara del Carril, E Elsztain and S Zang are Directors of Guanaco Capital Holding Corp which holds 35,870,730 shares and 2,989,226 options according to the last substantial holder notice lodged in December 2020. (31 December 2019—35,870,730 and 2,989,227 options)
- Mr Stabro Kasaneva holds 6,881,230 shares indirectly in Austral Gold Limited. (31 December 2019—6,881,230)
- Mr Wayne Hubert holds 2,545,500 shares indirectly in Austral Gold Limited. (31 December 2019— 1,750,000)
- Mr. Raul Guerra holds 801,000 shares directly in Austral Gold Limited. (31 December 2019—nil)
- Mr. Rodrigo Ramirez holds 279,514 shares directly in Austral Gold Limited. (31 December 2019—279,514)
- Mr. Jose Bordogna holds 22,000 shares directly in Austral Gold Limited. (31 December 2019—nil)

35.2 Directors and Key Management Personnel Remuneration

The aggregate compensation made to Directors and other members of Key Management Personnel of the Group is set out below:

All figures are reported in thousands of US\$	For the year ended 31 December	
	2020	2019
Short-term employment benefits	1,691	1,394
Consulting fees	60	-
Non-executive director fees	334	358
Total	2,085	1,752

NOTES TO THE FINANCIAL STATEMENTS

Other transactions with related parties

Zang, Bergel & Viñes Abogados is a related party since two non-executive Directors, Saul Zang and Pablo Vergara del Carril have significant influence over this law firm based in Buenos Aires, Argentina. Fees charged and expenses to reimbursement to the Group for the 12 months ended 31 December 2020 amounted to US\$148,696 (2019: US\$141,022).

Cresud S.A.C.I.F.Y.A., IRSA Inversiones y Representaciones S.A., IRSA Propiedades Comerciales S.A. and Consultores Asset Management S.A. are related parties as they are controlled by Non-executive Director and Chairman, Eduardo Elsztain. During the twelve month period ended 31 December 2020 a total of US\$62,047 was charged to the Company (2019: US\$326,437) in regard to IT services support, HR services, software licenses building/office expenses and other fees.

During April 2019, Consultores Assets Management SA, a company controlled by E Elsztain provided a loan of US\$1.6 million at an annual interest rate of at 10% per annum. The loan plus interest of US\$30,609 was repaid in July 2019.

35.3 Ultimate parent entity

The Parent Entity is controlled by IFISA with a 67.17% non-diluted and diluted interest in Austral Gold Limited and is incorporated in Uruguay.

The ultimate beneficial owner of IFISA is Eduardo Elsztain.

36. UNRECOGNISED DEFERRED TAX ASSETS

In certain entities of the Group, tax losses have not been recognised as deferred tax assets in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

Australia	As at 31 December 2020	
	US\$ '000	Expiry
Tax losses	15,332	No Expiry
Capital losses	2,486	No Expiry
Canada		
Tax losses	18,683	2021-2041
The ability of the Group to utilise Australian or Canadian tax losses will depend on the applicability and compliance with the respective Australian or Canadian tax laws regarding continuity of ownership or same or similar business tests.		
United States		
Tax losses	287	No Expiry

37. SUBSEQUENT EVENTS

- (i) During February 2021, the Group completed the acquisition of Revelo Resources Corp. ('Revelo') under a plan of arrangement ('the Arrangement') in Canada. Under terms of the Arrangement, Austral acquired all Revelo shares and Revelo shareholders received total consideration of US\$6,977,713 comprised of cash of US\$917,059 (C\$1,176,471) and 35,475,095 ordinary shares of Austral valued at approximately US\$6,060,654. Consequently, Revelo became a wholly-owned subsidiary of Austral.

The fair value of the ordinary shares issued was based on the listed share price of the Company at the date of issue on 05 February 2021, AUD\$0.225 (US\$0.1708) per share.

- (ii) During February 2021, the Group acquired 5,950,000 units (19.96%) of Ensign Gold Inc, a Canadian entity that is currently assembling a 5,000-hectare land package on Carlin-type gold deposit geology in the state of Utah. The Group paid C\$0.25 per Unit, for an aggregate purchase price of C\$1,487,500 (US\$1,162,109 at an assumed exchange rate of 1.28). Each Unit consists of one Class A share (each, a "Share") in the capital of Ensign and one-half of one transferable share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional Share at an exercise price will C\$1.50 for a period of 36 months, subject to an acceleration provision that will accelerate expiration of the Warrants if the closing sale price for a Share on a public market exceeds C\$2.00 for 30 consecutive trading days.
- (iii) During January 2021, the Group received shareholder and regulatory approval of the Companies Stock incentive plan.
- (iv) On 14 February 2021, 2,666 ordinary shares were issued pursuant to the exercise of options.
- (v) On 23 February 2021, the Group declared an unfranked dividend of A\$0.008 per share to shareholders totaling approximately US\$3.8 million.

NOTES TO THE FINANCIAL STATEMENTS

38. SIGNIFICANT ACCOUNTING POLICIES

The group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise (see also Note 5).

Set out below is an index of the significant accounting policies.

38.1	Basis of consolidation
38.2	Revenue recognition
38.3	Goods and services tax (GST)/ Value added tax (VAT)
38.4	Foreign currency translation
38.5	Mine properties
38.6	Exploration and evaluation expenditure
38.7	Property, plant and equipment
38.8	Cash and cash equivalents
38.9	Income tax
38.10	Inventories
38.11	Trade and other receivables
38.12	Trade and other payables
38.13	Interest bearing liabilities
38.14	Provisions
38.15	Leases
38.16	Impairment of non-financial assets
38.17	De-recognition of financial assets and financial liabilities
38.18	Contributed equity
38.19	Earnings per share
38.20	Borrowing costs
38.21	Employee leave benefits
38.22	Segment reporting
38.23	New, revised or amending Accounting Standards and Interpretations adopted

38.1 Basis of consolidation

A subsidiary is any entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

A list of subsidiaries is contained in note 33 to the financial statements. The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company using consistent accounting policies.

All intercompany balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

Non-controlling interests in the equity and results of the subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Goodwill

Goodwill has arisen on the acquisition of a subsidiary, Ingenieria y Minería Cachinalito Limitada. The recoverable amount of the goodwill arising from the Cachinalito business has been determined by including it as part of the combined Guanaco/ Amancaya CGU described above.

As of 31 December 2020 the goodwill was written off as Ingenieria y Minería Cachinalito Limitada is in the process of being wound up.

NOTES TO THE FINANCIAL STATEMENTS

38.2 Revenue Recognition

Under AASB 15, the sale of minerals is recognised at the transfer of control or point of sale, which is when the customer has taken delivery of the goods, the risks and rewards have been transferred to the customer and there is a valid contract. Determining the timing of the transfer of control at a point in time or over time requires judgement.

When the customer is the refinery, the control of the metals is transferred at the metal availability date. The metal availability date is when the metals are available for pricing by the refinery. If the customer is not the refinery, revenue is recognized when the metals are transferred to the customer upon receipt and the customer obtains control of the metals. Invoices are payable two business days after the metal availability date.

Goods and services tax (GST)/ Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST/VAT, except where the amount of GST/ VAT incurred is not recoverable from the tax authorities. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST/VAT. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST/VAT component of investing and financing activities, which are disclosed as operating cash flows.

38.3 Foreign currency translation

The financial statements are presented in United States Dollars (US\$), which is the Group's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into US\$ using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

38.4 Mine Properties

Mines in production represent the aggregated exploration and evaluation expenditure and capitalised development costs in respect of areas of interest in which mining is ready to or has commenced. Mine development costs are deferred until commercial production commences, at which time they are depreciated on a units-of-production basis over the mineable reserves. Once production commences, further development expenditure is classified as part of the cost of production, unless substantial future economic benefits can be established.

Amortisation

Aggregated costs on productive areas are amortised over the life of the area of interest to which such costs relate on the units-of-production basis.

Deferred stripping costs

Deferred stripping costs represent certain mining costs, principally those that relate to the stripping of waste, which provides access so that future economically recoverable ore can be mined. Stripping (i.e. overburden and other waste removal) costs incurred in the production phase of a surface mine are capitalised to the extent that they improve access to an identified component of the ore body and are subsequently amortised on a systematic basis over the expected useful life of the identified component of the ore body.

Capitalised stripping costs are disclosed as a component of Mine Properties. Components of an ore body are determined with reference to mine plans and take account of factors such as the geographical separation of mining locations and/or the economic status of mine development decisions. Capitalised stripping costs are initially measured at cost and represent an accumulation of costs directly incurred in performing the stripping activity that improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs. The amount of stripping costs deferred is based on a relevant production measure which uses a ratio obtained by dividing the tonnage of waste mined by the quantity of ore mined for an identified component of the ore body. Stripping costs incurred in the period for an identified component of the ore body are deferred to the extent that the current period ratio exceeds the expected waste to ratio for the life of the identified component of the ore body. Such deferred costs are then charged against the statement of profit or loss when the stripping ratio falls below the mine ratio. These are a function of the mine design and therefore any changes to the design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact on reserves may also have an impact on the component ratio even though they may not impact the mine design. Changes to the mine plan, identified components of an ore body, stripping ratios, units of production and expected useful life are accounted for prospectively. Deferred stripping costs form part of the total investment in a cash generating unit, which is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

38.6 Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and carried forward in the statement of financial position where rights to tenure of the area of interest are current; and one of the following conditions is met:

- i. such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sales; or
- ii. exploration and/or evaluation activities in the area of interest have not, at reporting date, yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in the area are continuing.

Expenditure relating to pre-exploration activities is written off to the profit or loss during the period in which the expenditure is incurred.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Accumulated expenditure on areas that have been abandoned, or are considered to be of no value, are written off in the year in which such a decision is made.

When the technical and commercial feasibility of an undeveloped mining project has been demonstrated, the project enters the construction phase. The cost of the project assets are transferred from exploration and evaluation expenditure and reclassified into construction phase and include past exploration and evaluation costs, development drilling and other subsurface expenditure. When full commercial operation commences, the accumulated costs are transferred into Mine Properties or an appropriate class of property, plant and equipment.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the production output basis.

38.7 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciated amount of property, plant and equipment is recorded either on a straight-line basis or on the production output basis to the residual value of the asset over the lesser of mine life or estimated useful life of the asset.

Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed, except those that are included in the amount of exploration assets as an allocation of production overheads. The depreciation rate used for fixed assets except for underground mine development is between 10%-20%. The depreciation rate used in underground mine development is provided for over the life of the area of interest on a production output basis. Assets that are idle or no longer ready for use are not depreciated but are separately tested for impairment and where the recoverable value is less than the book value of the asset, an impairment is recorded.

De-recognition and disposal

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is de-recognised.

38.6 Cash and cash equivalents

Cash includes:

- i. cash on hand and at call deposits with banks or financial institutions; and
- ii. other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

38.9 Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by reporting date.

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

NOTES TO THE FINANCIAL STATEMENTS

- i. when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- ii. when the taxable temporary difference is associated with investments in subsidiaries, associates, or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- i. when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- ii. when the deductible temporary difference is associated with investments in subsidiaries, associates, or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of any deferred income tax assets recognised is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply for the year when the asset is realised or the liability is settled, based on tax laws that have been enacted or substantively enacted at reporting date.

Income taxes relating to items recognised directly to equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

38.10 Inventories

Materials and supplies are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity.

If the ore stockpile is not expected to be processed in 12 months after reporting date, it is included in non-current assets and the net realisable value is calculated on a discounted cash flow basis. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained ounces based on assay data, and the estimated recovery percentage. Stockpile tonnages are verified to periodic surveys.

Gold bullion and gold-in-process are valued at the lower of cost and net realisable value. Net realisable value is determined using the prevailing metal prices.

38.11 Trade and other receivables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

38.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. They are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

38.13 Interest bearing liabilities

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

38.14 Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

38.15 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period for time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

38.16 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell or value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives or more frequently if events or circumstances indicate that the carrying value may be impaired.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

38.17 De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- i. the rights to receive cash flows from the asset have expired; or
- ii. the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- iii. the Group has transferred its rights to receive cash flows from the asset and either:
 - a. has transferred substantially all the risks and rewards of the asset; or
 - b. has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

Fair value through other comprehensive income

The Group's investments in equity securities are classified as 'fair value through Other Comprehensive Income. Subsequent to initial recognition fair value through other comprehensive income investments are measured at fair value with gains or losses being recognised directly through Other Comprehensive Income in the Statement of Profit or Loss and Other Comprehensive Income.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

38.18 Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

38.19 Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the parent, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

38.20 Borrowing costs

Borrowing costs are recognised as an expense when incurred unless they are attributable to qualifying assets, in which case they are then capitalised as part of the assets.

38.21 Employee leave benefits

Short-term employee benefits

Liabilities for employees' entitlements to wages and salaries, annual leave and other employee entitlements expected to be settled within 12 months of the reporting date are recognised in the current provisions in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated cash outflows.

Superannuation

The Company contributes to employee superannuation funds. Contributions made by the Company are legally enforceable. Contributions are made in accordance with the requirements of the Superannuation Guarantee Legislation.

38.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM").

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

38.23 New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.



DIRECTORS' **DECLARATION**



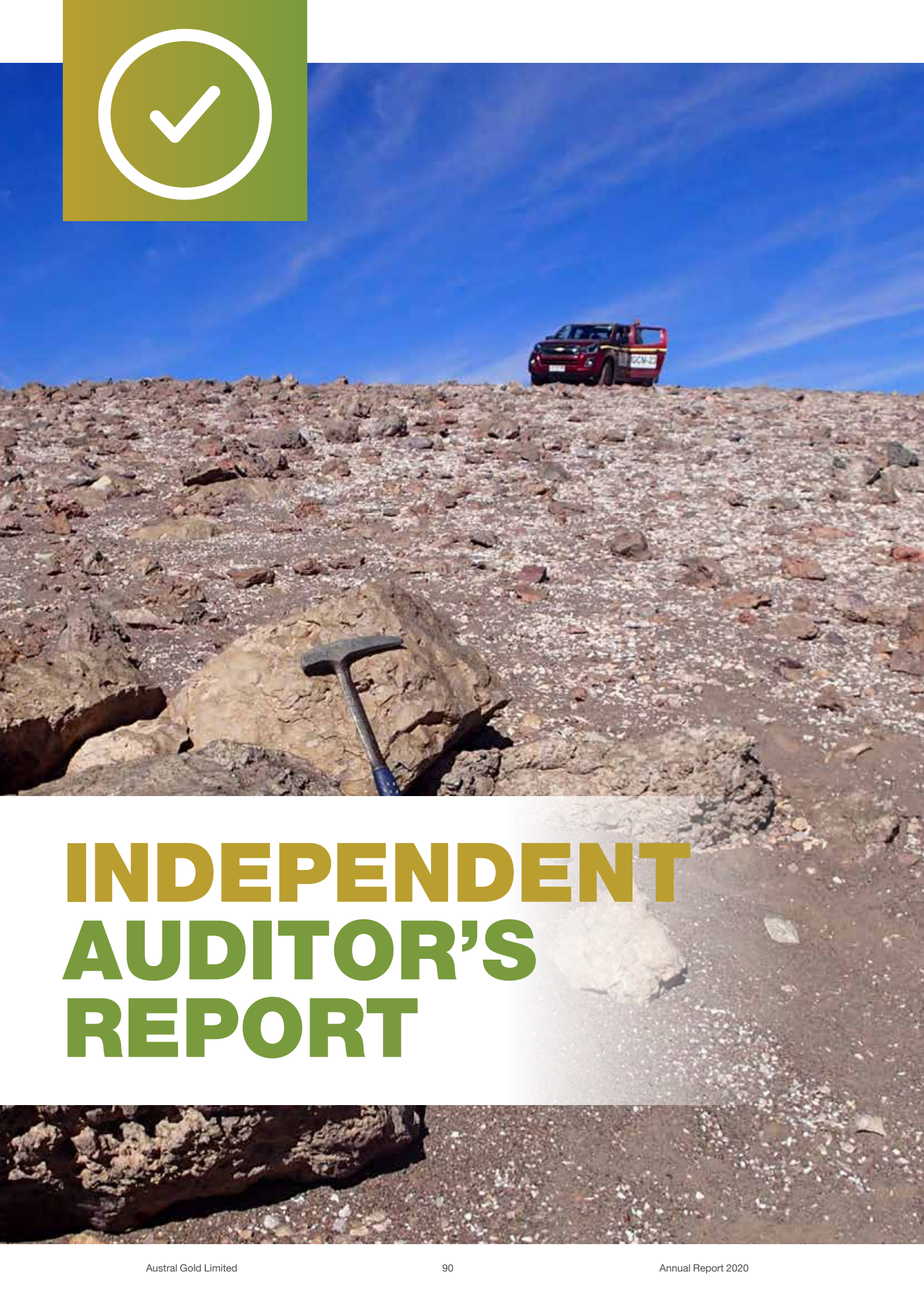
IN THE DIRECTORS' OPINION:

1. the attached consolidated financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. the attached consolidated financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the consolidated financial statements;
3. the attached consolidated financial statements and notes thereto give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the 12 months ended on that date; and
4. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001. Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Signed on behalf of the Directors by:

Robert Trzebski
Director
Sydney
17 March 2021



INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the shareholders of Austral Gold Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Austral Gold Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group**'s financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2020;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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Liability limited by a scheme approved under Professional Standards Legislation.



Key Audit Matters

The **Key Audit Matters** we identified are:

- Going concern basis of preparation;
- Carrying value of mine assets and plant & equipment; and
- Carrying value of exploration and evaluation assets.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern basis of preparation	
Refer to Note 3 "Going Concern" to the Financial Report	
The key audit matter	How the matter was addressed in our audit
The Group's use of the going concern basis of preparation and the associated extent of uncertainty is a key audit matter due to the high level of judgment required by us in evaluating the Group's assessment of going concern. The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and judgments, and the Directors have concluded that the range of possible outcomes considered in arriving at this judgment does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern. We critically assessed the level of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgments, focusing on the following: • Impact of future commodity prices to cash inflows projected; • The Group's planned levels of operational and capital expenditures, and the ability of the Group to manage cash outflows within available funding; and • The nature and feasibility of planned methods the Group has to meet its financing commitments. In assessing this key audit matter, we involved	We evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. This included: • Analysing cash flow projections by: - evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group's intentions, and past results and practices. We specifically looked for consistency between commodity prices used by management and those tested by us and consistency with the Group's intentions, as outlined in Directors minutes and strategy document; and - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends with the Group's historical results, results since year end, and our understanding of the business, industry and economic conditions of the Group; • Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected monthly cash positions. We assessed the resulting impact on the ability of the Group to pay debts as and when they fall due and continue as a going concern. The specific areas we focused on were informed from the results of our tests of the accuracy of previous



senior audit team members who understand the Group's business, industry and the economic environment it operates in.	Group cash flow projections and sensitivity analysis on key cash flow projection assumptions; - Assessing significant non-routine forecast cash inflows and outflows for feasibility, quantum and timing. We used our knowledge of the Group, its industry and status to assess the level of associated uncertainty; and - Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans, and accounting standard requirements.
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Carrying value of mine assets and plant & equipment (\$48.022 million)

Refer to Notes 18 "Mine properties" and 19 "Property, plant and equipment" to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group's mine properties and plant & equipment are a significant portion (46%) of the Group's total assets. The recoverable value is based on a net present value model for each cash generating unit ('CGU'), and is a key audit matter due to: - The high level of judgement used in evaluating key assumptions applied by the Group in each net present value model, which are affected by expected future operating performance and market conditions, including: - level of resources and reserves capable of being produced economically, as reported in the Group's third-party Reserve Report; - forecast cost of developing areas of interest and producing silver and gold; - future production volumes and timing; and - specific discount rate applied in each model.	Our procedures included: - Obtaining an understanding of the key controls associated with the preparation of the net present value models used to assess the recoverable amount of each CGU; - Evaluating the net present value methodology used by the Group for consistency with the requirements of the Accounting Standards; - Evaluating the Group's determination of CGUs based on our understanding of the operations of the Group's business and each area of interest, and how independent cash inflows were generated, against the requirements of the accounting standards; - Critically evaluating the Group's key assumptions used to determine the recoverable amount of key CGUs relating to commodity prices, and discount rate based on our knowledge of the industry, publicly available data of comparable entities, and published forecast price expectations of industry commentators;



These forward looking assumptions necessitate additional scrutiny by us due to: - the inherent uncertainties in estimating these assumptions; - the consistency of application and the changes in silver and gold pricing increasing the risk of inaccurate forecasting; and - the sensitivity of the net present value model to changes in assumptions such as commodity prices and discount rate, reducing available headroom. Management engaged a third-party expert to assist in their assessment of mine property and plant & equipment carrying value.	- Considering the sensitivity of the models by varying key assumptions such as commodity price and discount rate within a reasonably possible range to identify those CGUs at higher risk of impairment and to focus our further procedures; - Checking the forecast cost of developing areas of interest and producing silver and gold, future production volumes and timing to those within the Group's Reserves Report, Board approved plans and budgets. We assessed these against our understanding of the business and industry trends; - Corroborating mine closure plans with the key operational and finance personnel; - Assessing the historical accuracy of budgeting and forecasting by the Group to inform our evaluation of forecasts incorporated in the models; - Evaluating the scope, competence, and objectivity of the Group's external experts engaged to 1) assist the Group prepare the Group's Reserves Report as utilised within the net present value model and 2) assess the salvage value of plant and equipment; and - Assessing the financial report disclosures based on our understanding and the requirements of the accounting standards.
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Carrying value of exploration and evaluation assets (\$18.941 million)

Refer to Note 20 "Exploration and evaluation expenditure" to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group's exploration and evaluation assets ('E&E assets') are a significant portion (18%) of the Group's total assets. The carrying value of E&E assets is a key audit matter due to the high level of judgement used in application of the requirements of the industry specific accounting standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, in particular the conditions allowing capitalisation of relevant expenditure and presence of impairment indicators.	Our procedures included: - Obtaining an understanding of the key controls associated with evaluating the E&E assets; - Evaluating the Group's accounting policy to recognise E&E assets using the criteria in the accounting standard; - Evaluating the Group's determination of areas of interest based on our understanding of the operations of the Group and each area of interest, and how independent cash



The conditions allowing capitalisation of relevant expenditure focus on: - the determination of the areas of interest (areas) in particular, evaluating the results of the external expert engaged by the Group; - documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest; - the Group's determination of whether the E&E assets are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and - The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E assets. Assessing the presence of impairment indicators includes factors that may draw into question the commercial continuation of E&E activities for the areas of interest where significant capitalised E&E assets exist. In addition to the assessments above we paid particular attention to: - The impact of changes in gold and silver prices to the Group's strategy and intentions; - The intention of the Group to fund the continuation of activities; and - Results from latest activities regarding the existence or otherwise of economically recoverable reserves or commercially viable quantity of the reserves. The Group engaged an external third party expert to assist with these assessments for certain exploration interests.	inflows were generated, against the requirements of the accounting standards; - For each area of interest, we assessed the Group's current rights to tenure by corroborating the ownership of the relevant license to government registries and evaluating agreements in place with other parties. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses; - Testing the Group's additions to E&E assets for the period by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard; - Evaluating documents, such as minutes of directors' meetings and ASX market announcements, for consistency with the Group's stated intentions for continuing E&E activities in certain areas. We corroborated this through interviews with key operational and finance personnel; - Analysing the Group's determination of recoupment through successful development and exploitation of the area (or by its sale) by evaluating the Group's documentation of planned future and continuing activities including work programs and project and corporate budgets for a sample of areas; - Assessing the impact of changes in the gold and silver prices to the Group's modelling underlying their decision for commercial continuation of activities; - Obtaining project and corporate budgets identifying areas with existing funding and those requiring alternate funding sources. We compared this for consistency with areas with E&E activities, for evidence of the ability to fund continued activities. We identified those areas relying on alternate funding sources and evaluated the capacity of the Group to secure such funding; and - Assessing the results of the external expert.
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Other Information

Other Information is financial and non-financial information in Austral Gold Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Austral Gold Limited for the year ended 31 December 2020 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 45 to 50 of the Directors' report for the year ended 31 December 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

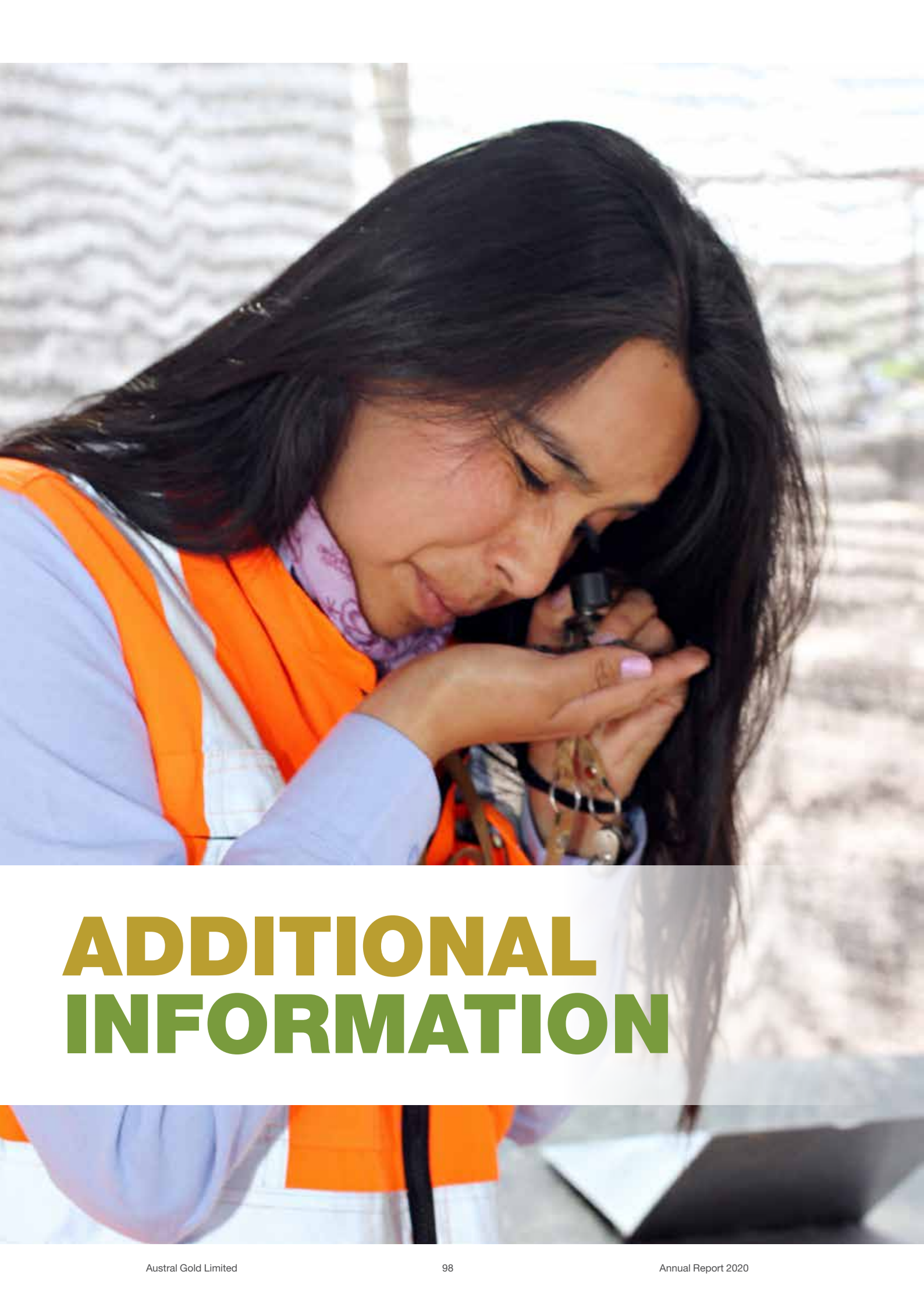
KPMG

Daniel Camilleri

Partner

Sydney

17 March 2021



ADDITIONAL INFORMATION

Forward Looking Statements

In this annual report that are not historical facts are forward-looking statements. Forward-looking statements are statements that are not historical, and consist primarily of projections — statements regarding future plans, expectations and developments. Words such as “expects”, “intends”, “plans”, “may”, “could”, “potential”, “should”, “anticipates”, “likely”, “believes” and words of similar import tend to identify forward-looking statements. All forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including, without limitation, business integration risks; uncertainty of production, development plans and cost estimates, commodity price fluctuations; political or economic instability and regulatory changes; currency fluctuations, the state of the capital markets, uncertainty in the measurement of mineral reserves and resource estimates, Austral's ability to attract and retain qualified personnel and management, potential labour unrest, reclamation and closure requirements for mineral properties; unpredictable risks and hazards related to the development and operation of a mine or mineral property that are beyond the Company's control, the availability of capital to fund all of the Company's projects and other risks and uncertainties identified under the heading “Risk Factors” in the Company's continuous disclosure documents filed on the ASX and SEDAR. You are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Austral cannot assure you that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. Austral's forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and Austral does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. For the reasons set forth above, you should not place undue reliance on forward-looking statements.

CORPORATE GOVERNANCE STATEMENT

Austral Gold Limited and its subsidiaries have adopted the corporate governance framework and practices set out in its Corporate Governance Statement. The Corporate Governance Statement is available on the Company's website at www.australgold.com.

STATEMENT OF ISSUED CAPITAL

As at 28 February 2021 the total issued capital of Austral Gold Limited was 601,548,026 ordinary shares. 534,091,001 shares were quoted on the Australian Securities Exchange under the code AGD. The only shares of the Company on issue are fully paid ordinary shares. None of these shares are restricted securities or securities subject to voluntary escrow within the meaning of the Listing Rules of the Australian Securities Exchange. 67,457,025 shares were quoted on the Toronto Venture Exchange under the code AGLD.

There are no restrictions on the voting rights attached to the fully paid ordinary shares. On a show of hands, every member present in person, by proxy, by attorney or by representative shall have one vote. On a poll, every member present in person, by proxy, by attorney or by representative shall have one vote for every share held.

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

As at 28 February 2021

Size of Holding	Holders	Shares held	% of issued capital
1-1,000	680	260,231	0.04
1,001-5,000	548	1,564,445	0.26
5,001-10,000	224	1,779,025	0.30
50,001-100,000	307	10,434,012	1.73
>100,000	77	587,510,313	97.67
	1,836	601,548,026	100.00

SUBSTANTIAL SHAREHOLDERS

The Company has been notified of the following substantial shareholdings as at 28 February 2021:

Registered Holder	Beneficial Holder	Shares Held	Options Held
HSBC Custody Nominees (Australia) Limited	Inversiones Financieras Del Sur SA (IFISA)	380,234,614	—
Citicorp Nominees Pty Limited	Inversiones Financieras Del Sur SA (IFISA)	47,658,462	—
HSBC Custody Nominees (Australia) Limited	Guanaco Capital Holding Corp	35,870,730	2,989,226
HSBC Custody Nominees (Australia) Limited	Eduardo Elsztain	35,573,716	6,626,274

Rank	Name	No. of shares	% of issued capital
1	EDUARDO SERGIO ELSZTAIN *	451,679,060	75.09%
2	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	16,458,232	2.74%
3	MICHAEL D WINN	15,978,225	2.66%
4	EMX ROYALTY CORPORATION	9,855,784	1.64%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	9,244,035	1.54%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	8,825,769	1.47%
7	STABRO KASANEVA	6,881,230	1.14%
8	CITICORP NOMINEES PTY LIMITED	6,763,994	1.12%
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,910,954	0.82%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,399,222	0.57%
11	TIMOTHY J BEALE	2,333,622	0.39%
12	SAUL ZANG	1,640,763	0.27%
13	BNP PARIBAS NOMS PTY LTD <DRP>	1,541,378	0.26%
14	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,500,000	0.25%
15	ASOCIACION ISRAELITA ARGENTINA TZEIRE AGUDATH JABAD	1,158,265	0.19%
16	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,121,910	0.19%
17	SHANN SUPERANNUATION NOMINEES PTY LTD <SHANN SUPER FUND A/C>	1,100,000	0.18%
18	FUSION ELECTRICS (AUST) PTY LTD <GAF CONTROL SSF NO 2 A/C>	1,000,000	0.17%
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	931,341	0.15%
20	TAYLOR FAMILY INVESTMENTS PTY LTD <TAYLOR FAMILY S/F A/C>	750,000	0.12%
	Total	547,073,784	90.94%
	Other	54,474,242	9.06%
	Total Shares on issue	601,548,026	100.00%

*Beneficial holdings

