



MEDIA RELEASE

Austral Gold Limited

31 March 2021

Austral Gold Files 2021 Annual Report

Austral Gold Limited (the “**Company**” or “**Austral**”) (ASX: AGD; TSX-V: AGLD) is pleased to announce that it has filed its Annual Report for the Financial Year Ended 31 December 2021. The Annual Report is available under the Company’s profile at www.asx.com.au and www.sedar.com and on the Company’s website at www.australgold.com

About Austral Gold

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 and the Casposo Mine (care and maintenance) in Argentina, and a 26.46% interest in the Rawhide Mine in Nevada. In addition, Austral owns an attractive portfolio of exploration projects in the Paleocene Belt in Chile (including those acquired in the recent acquisition of Revelo Resources Corp) and a 100% interest in the Pingüino project in Santa Cruz, Argentina. Austral Gold Limited is listed on the TSX Venture Exchange (TSX-V: AGLD), and the Australian Securities Exchange. (ASX: AGD). For more information, please consult Austral's website at (www.australgold.com).

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Release approved by the Chief Executive Officer of Austral Gold, Stabro Kasaneva.

For additional information please contact:

Ben Jarvis
Director
Austral Gold Limited
info@australgold.com
+61 413 150 448

David Hwang
Company Secretary
Austral Gold Limited
info@australgold.com
+61 (2) 9698 5414



EXCELLENCE IN GOLD & SILVER MINING

Annual Report for the year ended 31 December 2021



CORPORATE DIRECTORY	4
CHAIRMAN'S LETTER	6
KEY PRINCIPLES	8
REVIEW OF ACTIVITIES	10
DIRECTORS' REPORT	36
FINANCIAL STATEMENTS	58
DIRECTORS' DECLARATION	96
INDEPENDENT AUDITOR'S REPORT	98
ADDITIONAL INFORMATION	106

TABLE OF CONTENTS





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

*resigned 28 February 2022

COMPANY SECRETARY

David Hwang

Automatic Group

REGISTERED OFFICE

Level 5 126 Phillip Street

Sydney NSW 2000

Tel: +61 2 9380 7233

Email: info@australgold.com

Web: www.australgold.com

OTHER OFFICES

Santiago, Chile

Lo Fontecilla 201 of. 334

Santiago, Chile

Tel: +56 (2) 2374 8560

Buenos Aires, Argentina

Bolivar 108

Buenos Aires (1066) Argentina

Tel: +54 (11) 4323 7500

Fax: +54 (11) 4323 7591

Vancouver, Canada

170-422 Richards Street

Vancouver, BC V6B 2Z4

Tel: +1 604 868 9639



SHARE REGISTRIES

Computershare Investor Services Australia

GPO Box 2975

Melbourne VIC 3001

Tel: 1300 850 505 (within Australia)

Tel: +61 3 9415 5000 (outside Australia)

Computershare Investor Services Canada

510 Burrard Street, 2nd Floor

Vancouver, BC V6C 3B9

Tel: +1 604 661 9400

Fax: +1 604 661 9549

AUDITORS

KPMG

www.kpmg.com.au

LISTED

Australian Securities Exchange

ASX: AGD

TSX Venture Exchange

TSXV: AGLD

PLACE OF INCORPORATION:

Western Australia



CHAIRMAN'S LETTER

DEAR SHAREHOLDERS

It's been another busy year for Austral Gold as we continued to move forward with our growth strategy.

We deployed a record amount of funding to exploration across the Company's projects in Argentina and Chile, and in nearby areas where we have secured options over projects for future exploration and possibly development potential. The results of our exploration activities in Chile are best reflected in the updated independent technical report by SLR Consulting (Canada) ("SLR") released after year end which encompasses drilling at our Guanaco/Amancaya mines. The report shows an increase in the mine life at Guanaco/Amancaya from one year in proven and probable reserves in 2020 to proven and probable reserves that can support production levels of 30,000-35,000 gold equivalent ounces per year over the next four to five years, plus a further 10,000 gold equivalent ounces of production per year for the following seven to eight years.

In Argentina, in the Casposo – Manantiales district, the first phase of drilling was completed across five veins. The next phase started in early March 2022 and will focus on the newly discovered La Puerta Oeste high grade vein system which has the potential for broader mineralized zones. The Casposo mine is on care and maintenance until a new zone has been delineated with several years of ore reserves defined.

In addition, we have been active with respect to mergers and acquisitions where we continued to pursue quality assets and investments including:

- The acquisition of Revelo Resources Corp. ("Revelo") which included three projects located close to our pre-existing Guanaco/Amancaya mining complex;

- Securing an interest in Ensign Minerals Gold Inc. ("Ensign") (current equity position of 11.93%) who owns 54 patented claims, 370 unpatented claims, and 5 SITLA claims on South Mercur, West Mercur and North Mercur in Utah, while Barrick Gold Corporation ("Barrick") owns the central Mercur mine area which Ensign executed an option on during 2021;
- Continuing the consolidation of High Sulphidation deposits in the Paleocene Belt in Chile by executing an Option agreement with Pampa Metals where Austral may acquire up to an 80% interest in the Cerro Blanco and Morros Blancos properties in Chile held by Pampa Metals;
- Completing the first tranche to acquire 51 % of the Sierra Blanca project in Q3 2021;
- In February 2022, signing an offer letter with Mexplort where Mexplort offered to grant us an earn-in option where we may acquire a 50% interest in the Jaguelito project, located in the Province of San Juan, Argentina, which is a High Sulphidation deposit that has had 30,000 meters drilled. In addition, both parties are to enter into a 50:50 Joint Venture ("JV") to identify and develop new precious metal projects located in the Indio belt in the Province of San Juan, Argentina.

Unfortunately, the Rawhide mine, which is owned by Rawhide Acquisition Holding LLC and where Austral Gold currently has an equity position of 24.74%, had operational challenges in 2021 that resulted in the Company taking a full impairment charge on its investment. Despite the impairment, we still believe the mine has significant exploration potential and long-term development upside. Our investment in Rawhide was made based on this longer-term potential on the property.



Since 2019, we have seen a positive trend for gold and silver prices, and we expect the price of precious metals to remain strong

On a more positive note, we are most encouraged about the prospects for our other equity investment made this year, being the purchase of an interest in Ensign at a cost of US\$0.8 million for units consisting of shares and warrants at C\$0.25 per unit. Based on Ensign's US\$7.4 million financing in Q3 2021 at C\$0.50 per share, our investment has doubled in value.

Our mine operating model changed in 2021 as we outsourced underground operations at Amancaya. As part of the on-going plan to increase productivity from operations, the technical team worked on improving its oversight of key activities to improve the efficiency of the production process. During Q4 2021, roles and responsibilities were evaluated to better align the Company and its contractors on underground exploitation, maintenance of mining equipment and procurement of materials and spare parts. These changes resulted in improved operational efficiencies.

Although our production decreased from 2020 to 31,142 gold equivalent ounces, we recorded healthy EBITDA of US\$4.8 million and adjusted EBITDA of US\$14.4 million while generating US\$11.3 million in net cash flows from operating activities. For 2022, we forecast an increase in production to 40,000-45,000 gold equivalent ounces and that production will be higher in the second half of the year. In addition, we expect to continue to deliver solid margins and strong cash flows from operations.

On the financing front, we raised US\$1.1 million from the exercise of options from our investors who participated in the 2019 Rights Issue program that concluded on 18 October 2021, of which ~US\$0.7 million was received during 2021. In addition, our committed lenders demonstrated their long-term belief in the Company by refinancing current debt of US\$3.5 million with a three-year ESG facility (4.2% p.a.). During the first quarter of 2021, we also rewarded our shareholders with a dividend payment of A\$0.008 per share paying out approximately US\$3.8 million.

Since 2019, we have seen a positive trend for gold and silver prices, and we expect the price of precious metals to remain strong in 2022 and be stable over the long-term due to negative real interest rates and governments that have continued deficit spending. Gold remains proven over the centuries as an asset class without liabilities.

During 2021 we continued to lay the foundation for our growth strategy by:

- Increasing the mine life at Guanaco/Amancaya that can support production levels of 30,000-35,000 gold equivalent ounces per year over the next four to five years, plus a further 10,000 gold equivalent ounces of production per year for the following seven to eight years,
- Exploring the Paleocene Belt's High Sulfidation systems in Northern Chile to find a large Tier 1 deposit,
- Continuing to explore our Casposo-Manantiales properties in San Juan, Argentina to restart profitable mining operations,
- Continue to explore our Pinguino-Sierra Blanca Complex in Santa Cruz, Argentina in one of the most prominent precious metal regions in the world, and
- Continued to invest in attractive mining opportunities in North America including Ensign Minerals in Utah and the Rawhide Mine in Nevada.

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



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**



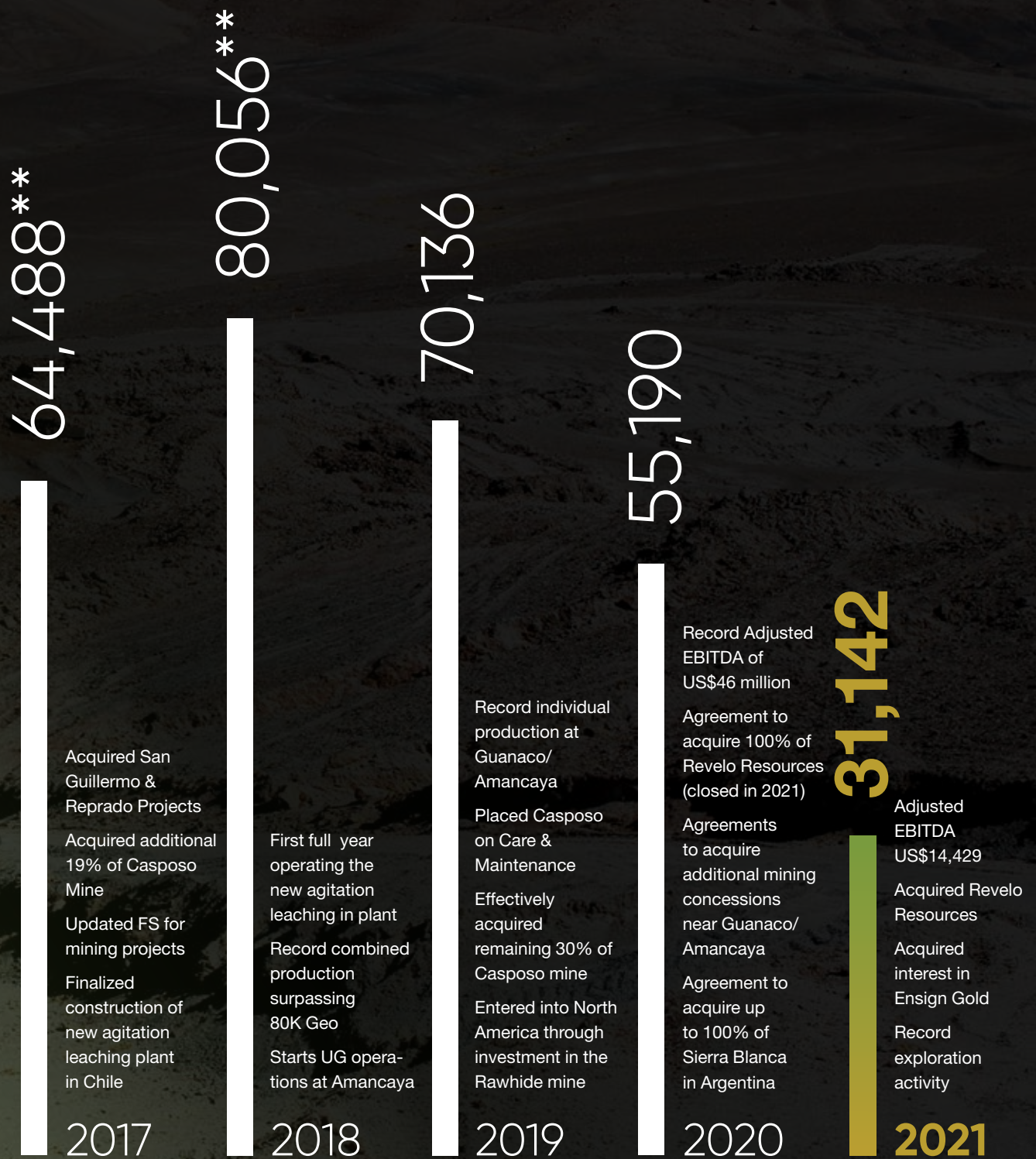
Austral Gold Limited (“Austral”) is a growing gold and silver mining, development and exploration company building a portfolio of quality assets in Chile, the USA and Argentina. Austral owns a 100% interest in the Guanaco/Amancaya mine in Chile and the Casposo Mine (care and maintenance) in Argentina, a 24.74% interest in the Rawhide Mine in Nevada and 11.93% interest in the Mercur project in Utah through the equity investment in Ensign Minerals. In addition, Austral owns an attractive portfolio of exploration projects in the Paleocene Belt in Chile (including those acquired in the February 2021 acquisition of Revelo Resources Corp), a 13.6% interest in Pampa Metals and a 100% interest in the Pingüino project in Santa Cruz, Argentina; recently expanded the district through the 2020 option agreement for the Sierra Blanca project.

AUSTRAL GOLD HAS PRODUCED OVER 531,000 GOLD EQUIVALENT OUNCES OVER THE LAST 11 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					
	2021			2020		
	Guanaco/Amancaya Mines	Rawhide Mine (100% basis)	Net to Austral Gold*	Guanaco/Amancaya Mines	Rawhide Mine (100% basis)	Net to Austral Gold*
Processed (t)	233,794	1,563,115	627,230	195,296	1,855,337	665,995
Gold produced (Oz)	29,938	18,253	34,532	52,306	24,213	58,449
Silver produced (Oz)	87,050	108,982	114,481	253,066	160,113	293,687
Gold Equivalent Ounces (Oz) ³	31,142	19,535	36,059	55,190	26,265	61,853

* Includes 100% of Guanaco/Amancaya and 2021 twelve month weighted average of 25.17% (2020-25.37%) at the Rawhide mine.

** AuEq ratio is calculated at 71:1 Ag:Au for FY21 and 88:1 Ag:Au during FY20 at the Guanaco/Amancaya mine and at 85:1 Ag:Au during FY21 and 78:1 during FY20 at the Rawhide mine.

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 Cachi-nalito 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).

The San Guillermo property consists of concessions totaling 12,175 hectares that surround the company's high-grade gold and silver Amancaya operation. The Reprado Project consists of concessions totaling 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. The Technical report was updated in March 2022 and shows an increase in the mine life at Guanaco/Amancaya from one year in proven and probable reserves in 2020 to proven and probable reserves that can support production levels of 30,000-35,000 gold equivalent ounces over the next four to five years plus an additional 10,000 gold equivalent ounces of production for the following seven to eight years.

On 4 February 2021, Austral Gold acquired Revelo Resources, which owns three projects located close to the Group's pre-existing Guanaco/Amancaya mining complex.

On 28 July 2021, Austral Gold entered into an Option agreement with Pampa Metals ("Pampa") whereby Austral Gold may acquire up to an 80% interest in the Cerro Blanco and Morros Blancos properties (Chile) held by Pampa. However, Pampa can earn back an 80% interest under the same terms and conditions as those for Austral if studies indicate that copper is the most valuable commodity instead of gold and silver.

Austral may exercise the initial 60% interest option within five years from the date of the agreement by incurring US\$3 million in exploration expenses on the Properties as follows:

- i. at least US\$1 million in year 1; and
- ii. an additional US\$2 million in year 2

If the Group exercises the initial 60% interest option and earns a 60% interest in a property or the Properties, Austral may increase its interest in each such property to an aggregate total of 65% ("Stage 1") within five years from the date of closing the Option agreement for the following consideration on each Property:

- a. minimum drilling of 15,000m,
- b. studies required to complete a preliminary economic assessment ("PEA"),
- c. PEA by an internationally recognized engineering firm to the standards, and in the form, prescribed under National Instrument 43-101 ("NI 43-101"), and
- d. minimum annual exploration expenditures on each property of US\$250,000.

After completion of this stage, both parties intend to form a Joint Venture (JV) Company and execute a Shareholder Agreement in respect of each Property subject to the JV. Any Property on which a Preliminary Economic Assessment is not completed will be returned to Pampa.

Additional terms of the agreement are disclosed in note 20 to the financial statements.

The acquisition of Revelo and the option obtained on the Pampa properties provided the Group with a leading role in the Paleocene-Eocene Belt in Chile.

On 8 February 2022, Austral Gold Argentina SA ("AGASA"), a subsidiary of Austral, accepted a binding offer letter to enter into a Joint Venture signed a binding offer letter with Mexplort Perforaciones Mineras S.A. ("Mexplort") where the parties agreed to enter into a Joint Venture Agreement to identify and develop new precious metal projects located in the Indio belt in the Province of San Juan, Argentina and Mexplort is to grant AGASA an earn-in option whereby it may acquire a 50% interest in the Jaguelito project "(50% interest)" held by Mexplort through a concession granted by the Instituto Provincial de Exploraciones y Explotaciones Mineras de la Provincia de San Juan (IPEEM) in October 2011.

PRODUCTION

Guanaco/Amancaya Operations	Year ended 31 December	
	2021	2020
Mined Ore (t)	155,210	196,194
Processed (t)	233,794	195,296
Average Plant Grade (g/t Au)	4.2	8.5
Average Plant Grade (g/t Ag)	13.7	43.9
Gold produced (Oz)	29,938	52,306
Silver produced (Oz)	87,050	253,066
Gold-Equivalent (Oz) ***	31,142	55,190
C1 Cash Cost of Production (US\$/AuEq Oz)*	1,175	723
All-in Sustaining Cost (US\$/Au Oz) *	1,739	1,021
Realised gold price (US\$/Au Oz)	1,797	1,765
Realised silver price (US\$/Ag Oz)	25	21
Sales volume	35,838	49,995

* 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: 71:1 Ag:Au during FY21 and 88:1 Ag:Au during FY20

Production during FY21 at Guanaco/Amancaya was in compliance with the revised annual guidance provided in Q3 2021, although it decreased by 43.6% to 31,142 gold equivalent ounces (29,938 gold ounces and 87,050 silver ounces) from 55,190 gold equivalent ounces (52,306 gold ounces and 253,066 silver ounces) when comparing with FY20. The lower production in FY21 was mainly due to:

- lower throughput at the Amancaya mine,
- transition to a new mining contractor during Q1 2021
- production issues during the year including the lower availability of mining equipment, lower gold grades at Amancaya and tailing issues that resulted in the shutdown of the plant during June 2021.
- Impact of covid protocols

During FY21, 155,210 tonnes were mined from the Amancaya underground operations.

Rawhide Operations (100% basis)	Year ended 31 December	
	2021	2020
Processed (t)	1,563,115	1,855,337
Gold produced (Oz)	18,253	24,213
Silver produced (Oz)	108,982	160,113
Gold-Equivalent (Oz) *	19,535	26,265

* December 2021 twelve month weighted average of 25.17 % (2020-25.37%)

** AuEq ratio is calculated at 85:1 Ag:Au for FY21 (78:1 Ag:Au for FY20)

Production during FY21 at Rawhide decreased by 25.6% to 19,535 gold equivalent ounces (18,253 gold ounces and 108,982 silver ounces) from 26,265 gold equivalent ounces (24,213 gold ounces and 160,113 silver ounces) during FY20.

MINING

During the year ended 31 December 2021, 155,210 tonnes were mined at the Amancaya underground operations. In March 2022, the Company received an independent technical report prepared by SLR Consulting (Canada) Ltd ("SLR"). The report shows an increase in the mine life at Guanaco/Amancaya from one year in proven and probable reserves in 2020 to proven and probable reserves that can support production levels of 30,000-35,000 gold equivalent ounces over the next four to five years plus an additional 10,000 gold equivalent ounces of production for the following seven to eight years. We estimate of production from the following sources:

- nearly two years from underground mining
- three years of open pit mining starting in 2023
- ten years of processing existing heap leach pads

SAFETY AND ENVIRONMENTAL PROTECTION

During the year ended 31 December 2021, there were five lost-time accident (LTA) and sixteen nil-lost-time accidents (NLTA) involving employees of Guanaco/Amancaya 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

The Company continued to address the COVID-19 pandemic and minimize the potential impact at its operations. Austral places the safety and well-being of its workforce and all stakeholders as its highest priority. The Company continues to implement measures and precautionary steps to manage and respond to the risks associated with COVID-19 to ensure the safety of its employees, contractors, suppliers, and surrounding communities where the Company operates.

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.

ENVIRONMENTAL

The environmental monitoring program implemented for the Guanaco Amancaya Operation includes meteorology, air quality, water quality, flora and fauna, archaeology. Air quality is monitored at two locations in Guanaco and one in Amancaya. Meteorological parameters are collected at one air quality station in Guanaco and the air quality station in Amancaya. There is also a meteorological station in Guanaco, independent from the air quality monitoring system. Monitoring of flora and fauna is conducted in Punta del Viento, Las Mulas and Pastos Largos approximately 30 km east of Guanaco.

The results of the environmental monitoring campaigns are regularly submitted electronically to the Environmental Superintendency ("SMA") through the system set up in the SMA's website to upload the information. In addition, the monitoring results are submitted to other government agencies such as the General Water Directorate.

The Guanaco Amancaya Operation is in an arid area with infrequent surface runoff resulting from precipitation. There is no discharge of water to the environment from the Guanaco site. The process plant, the heap leach pads and the tailing storage facility ("TSF") are operated as zero discharge facilities. The heap leach pads are operated as closed circuits. The freshwater supply to be used for industrial processes is required to offset evaporation losses.

The water collected from the surface water and wells is conveyed to Guanaco by gravity through HDPE pipes. Currently the water supply for Guanaco is mostly groundwater pumped from two main wells. There are two additional small wells (for a total of four) that provide small volumes of water. The water collected from the wells is a small fraction of the total freshwater supply.

Flow monitoring is conducted at three locations in the area where freshwater is taken from the natural ponds/creeks resulting from spring water, which encompasses three sectors: Punta del Viento, Las Mulas and Pastos Largos. Flow monitoring is also conducted at the groundwater supply wells. Water quality monitoring is conducted at five groundwater monitoring wells located downstream of the heap leach pads and the tailing storage facility.

There is no discharge of water to the environment from the Amancaya site. Freshwater is required only for road irrigation (dust suppression) and domestic consumption. Currently the freshwater supply is obtained by pumping water from one groundwater well and conveying it by gravity through HDPE pipes. Flow monitoring is conducted at the water supply well. Water quality monitoring is conducted at four groundwater monitoring wells located downstream of the Amancaya site.

Water for domestic use is treated in potable treatment plants installed at both Guanaco and Amancaya. Sanitary wastewater is sent to sewage treatment plants and the treated effluent is used for road irrigation and operation of drilling equipment for exploration activities.

EXPLORATION

During 2020, we established a new exploration strategy which includes the following:

- Discover a 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 2020;
- New Opportunities: Identify and consolidate third-party projects with potential near existing Austral Gold infrastructure;
- Explore other oxide and deeper gold-rich sulfide mineralisation opportunities in the Chilean Paleocene-Eocene Belt, which include Sierra Inesperada, Cerro Buenos Aires, Morros Blancos and Cerro Blanco.

During 2021, the Group focused on the following exploration activities:

- organic growth at the Guanaco/Amancaya mine complex resulting in the discovery of two new veins and some very positive drill results;
- At Sierra Inesperada in the Guanaco district, the Group continued to focus on the Sierra Inesperada area with drilling activities in the best ranked targets delineated for HS systems. Drilling results confirmed HS hydrothermal activity controlled by phreatomagmatic complexes and associated with silver mineralisation confirmed silver mineralization vectoring to potential blind gold mineralization in the Purisima breccia complex.
- drilling campaign at its project Manantiales-Casposo in Argentina, resulting in the interception of a blind ore-shoot opening the upside to the south and the exploration potential to the north in the protected block related to the Vallecito reverse fault.
- Exploration program at the Sierra Blanca project in Santa Cruz, Argentina, in accordance with the Option Agreement executed with New Dimension Resources on 13 October 2020. During Q3 2021, the Company fulfilled its exploration commitment to acquire a 51% interest in the project.
- Delineation completed at the Rosario del Alto (within the Morros Blancos project located in the Paleocene Mineral Belt in northern Chile and close to the Guanaco/Amancaya operating mines), one of the two properties included in the Option agreement with Pampa Metals.
- Exploration at Cerro Buenos Aires. Lab results from the five drill-holes at Cerro Buenos Aires did not show any significant gold intercepts. In addition, as the full multi-element geochemistry did not show any significant silver values or clear distribution patterns of pathfinder elements, the option agreement at Cerro Buenos was terminated by year end.
- Preliminary targeting of the Pingüino and Sierra Blanca district, based on geological mapping, Aster interpretation, and geophysics.



EXPLORATION **IN CHILE**

EXPLORATION IN 2021 FOCUSED ON BROWNFIELD AREAS IN THE AMANCAYA / SIERRA INESPERADA (GUANACO) DISTRICT / CERRO BUENOS AIRES/ MORROS BLANCOS AND CERRO BLANCO.

AMANCAYA MINE EXPLORATION

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

Exploration activities at Guanaco/Amancaya continued where three of six drill holes in the Sur vein confirmed its continuity and two of the five follow-up drillholes in the Oeste vein confirmed the continuity of the structure at depth.

HIGHLIGHTS

Significant results were obtained from the deep drilling campaign of the Amancaya Vein System which included the discovery of two new veins, the Oeste and Este veins. Drilling highlights from assays disclosed in the Group's 2021 press releases include:

- 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
- DAM-016 1.8 meters @ 3.1 g/t gold and 1.5 g/t silver
- DAM-019 4.27 meters @ 7.81 g/t gold and 33.0 g/t silver
- DAM-024 2.41 meters @ 10.19 g/t gold and 55.2 g/t silver
- DAM-026 1.17 meters @ 24.98 g/t gold and 77.3 g/t silver
- DAM-028 0.60 meters @ 86.88 g/t gold and 6.9 g/t silver (Sur Vein)
- DAM-029 0.80 meters @ 23.68 g/t gold and 1.9 g/t silver (Sur Vein)
- DAM-032 2.26 meters @ 5.77 g/t gold and 5.3 g/t silver (Sur Vein)
- DAM-035 1.50 meters @ 20.06 g/t gold and 4.8 g/t silver (Oeste Vein)
- DAM-036 3.85 meters @ 5.18 g/t gold and 5.2 g/t silver (Oeste Vein)

The most significant results were obtained in the Oeste Vein, where two follow-up drill holes confirmed 100 meters of vertical continuity of the structure in the previous drilled sections, whilst a third drill hole (DAM-040) in a section in between, cut the structure in depth where it is observed a narrow structure with a low grade.

At Veta Este, the continuity of the structure on the proposed strike was not confirmed, as the follow-up program intercepted only narrow veins. The interpretation suggests that it is a gently east dipping splay structure between the North and South veins.

GUANACO DISTRICT EXPLORATION

During the year, the focus continued on the Sierra Inesperada area with delineation and drilling activities. Drilling started with Mina Inesperada and continued 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.

Four targets at Sierra Inesperada were then tested with 20 diamond drillholes in two phases, confirming high sulfide (“HS”) hydrothermal activity controlled by phreatomagmatic complexes and associated with silver mineralisation. Integration of geological, geophysical and geochemical interpretations suggest potential blind gold mineralisation that was tested during 2021.

The latest drilling results confirmed silver mineralisation vectoring to potential blind gold mineralisation in Purisima breccia complex. The most significant results disclosed in the Company’s press releases dated 26 October 2021 and 28 January 2022 were as follows:

- **DIN-018B:** 98.50 meters @ **19.2 g/t silver**
(Including 24.0 meters @ **51.5 g/t silver** and sub-include 8.20 meters @ **0.25 g/t gold**)
- **DAM-027:** 129.00 meters @ **34.0 g/t silver**
(Including 55.0 meters @ **63.6 g/t silver** and sub-include 4.00 meters @ **0.27 g/t gold**)
- **RDIN-001:** 6.0 meters @ **1.05 g/t gold** and **2.7 g/t silver** and 1.0 meter @ **1.99 g/t gold** and **31.7 g/t silver**
- **RIN-001A:** 41.0 meters @ **18.6 g/t silver**
(including 8.0 meters @ **24.8 g/t silver**) and 30.0 meters @ **21.6 g/t silver** and; 60.0 meters @ **14.1 g/t silver**
(including 6.0 meters @ **32.5 g/t silver**)

All drill holes crossed the phreatomagmatic complexes without reaching the feeder ducts. However, we believe there is still enough space in the main gold deposition level to intercept a mineralized conduit

PALEOCENE HS DISTRICT EXPLORATION

Cerro Buenos Aires

During December 2020, the Company entered into a purchase option agreement for 36 mining concessions from Mr. Simunovic Patricio. The Property is a potential 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. During 2021, we drilled five holes to test the phreatomagmatic breccia borders related to CSAMT anomalies in three targets defined in the delineation stage. Despite having intercepted a large column of alteration, the results were not significant, and we dismissed the potential for a productive high-sulfidation system located in the southern sector of the property and recorded an impairment of US\$1.3m.

Morros Blancos and Cerro Blanco

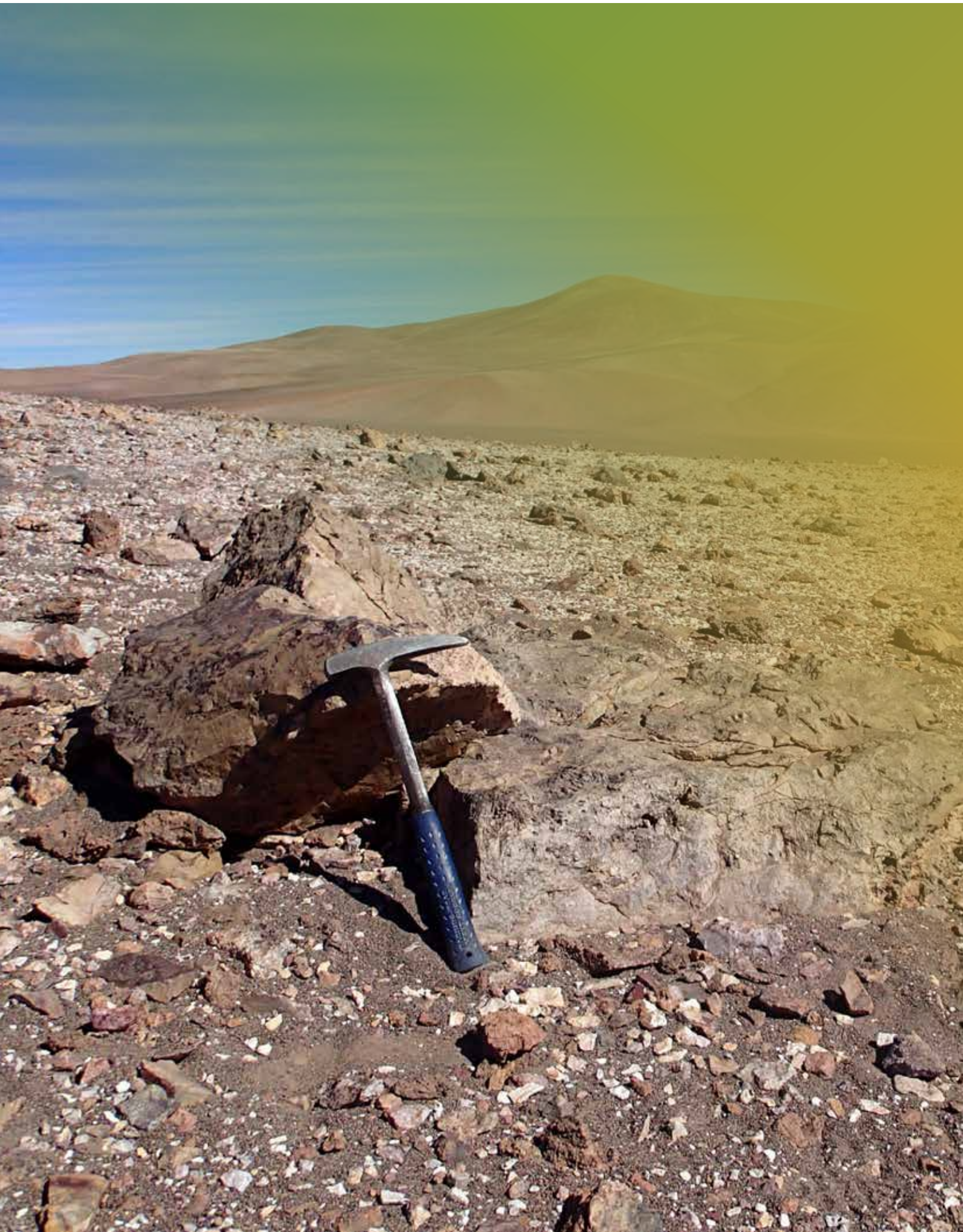
On 28 July 2021, entered into an Option agreement with Pampa Metals whereby Austral may acquire up to an 80% interest in the Cerro Blanco and Morros Blancos properties (Chile) held by Pampa Metals as described on page 15. Delineation was completed at Rosario del Alto (within Morros Blanco), where key elements of high-sulfidation systems were field validated, including four maar-diatreme structures, multiple of phreatomagmatic breccias extending ~2x1 km and a preserved structural block based on shallow volcanic features and high-level alteration, systematic surface geochemistry prospecting with 297 rock chip samples and over 450 spectrometry measurements validated extensive advanced argillic alteration (~4x3 km) with preserved shallow levels and newly acquired high-resolution ground magnetic data collected on 38 North-South oriented lines (100 m spacing) which is being processed by an external consultant. Preliminary results show demagnetized areas, presumably due to an acidic hydrothermal alteration with spatially matching phreatomagmatic features. Five East -West oriented CSAMT lines (totalling 12 km) were surveyed over favorably altered centers and confirmed subvertical cone-shaped resistors over 10,000 ohms/m in 1D and 2D inversions.

ACQUISITION OF REVELO RESOURCES

As described in note 34 to the FY21 Financial statements, on 4 February 2021, Austral 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 approximately US\$920,353 (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) (“Pampa”). The Group’s interest in Pampa was reduced to 13.6% as the Group returned 2,963,132 shares of Pampa as consideration for entering into the Option agreement with Pampa.

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.

During 2021, Austral commenced exploration activities on Las Pampas, Loro and Victoria Sur, the three main properties owned by Revelo.





ARGENTINA



EXPLORATION IN 2021 FOCUSED ON BROWNFIELD AREAS IN CASPOSO- MANANTIALES ON AND THE SIERRA BLANCA PROJECT

CASPOSO MINE

The Casposo mine is 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.

The Casposo Mine continues to be on care and maintenance although exploration activities commenced during the December 2019 quarter with the goal of recommencing processing operations.

ARGENTINA EXPLORATION

Casposo — Manantiales Exploration

During Q1 2021, the delineation process was completed in the Manantiales and Chimbuca veins resulting in the identification of the main mineralisation control, based on the relogging of the entire historical drilling, detailed geological mapping, new geochemistry and the reprocessing of geophysical data.

Phase I drilling commenced in April 2021 and was completed in five vein targets including 14 holes in 2,800 meters. At the Manantiales vein, a blind ore-shoot was intercepted opening the upside to the south and the exploration potential to the north in the protected block related to Vallecito reverse fault. The most significant results, disclosed in the Company's press release dated 26 October 2021, were as follows:

- MDH-021-56 1.44 meters @ 6.88 g/t gold and 10.6 g/t silver
- MDH-021-57 1.50 meters @ 5.05 g/t gold and 10.3 g/t silver

The holes drilled at Valentina, Julieta, Awada and Maya, did not intercept significant mineralisation. However, the composition and textures of the intercepted veins suggest potential at depth. A new drill phase is under review and is expected to commence during Q1 2022.

During 4Q 2021, surface geochemistry results were received from samples taken at "La Puerta target," and 34 of 63 samples have Au and Ag anomalies (Au above 250 ppb). Two samples of Au high grade were obtained (68.11 and 29.98 ppm of Au and values > 200 ppm Ag), that are associated with areas with strong veinlets of quartz and intense silicification in host rock.

New geochemistry results from the channel CH-PO-04 included 4.7m with 8.09 g/t Au and 56.53 g/t Ag average (including 2.5m with 14.59 g/t Au – 81.60 g/t Ag). These results confirm the potential for another style of mineralisation.



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 large mines 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.

Sierra Blanca Project

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.

2021 exploration activities included district mapping of the area, remote sensing processing, sampling for talus fine geochemistry and drilling relogging. The follow-up activities on the new target confirmed favorable alteration related to Dome-Breccia complex. Dating of a rhyolitic dome in the Dome-Breccia complex resulted in the mean age of 165 ± 1.4 Ma, although a smaller population of zircons results have an age of $153.6 \text{ Ma} \pm 1.9$, as seen in the Cerro Negro deposit. The US\$100,000 work commitment was met, and the Group earned 51% of Sierra Blanca. In accordance with the Agreement, the Group intends to meet the additional US\$200,000 in exploration activities in 2022 (of which US\$45,000 was incurred in 2021). To earn a further 29%, the Group will need to incur another US\$400,000 in 2023. Further details of the agreement are disclosed in note 20 of the 2021 financial statements.





USA



RAWHIDE MINE / ENSIGN GOLD

BACKGROUND

On 17 December 2019, Austral Gold's US subsidiary, Austral Gold North America Corp. ("AGNA"), acquired an equity interest in Rawhide Acquisition Holding LLC ("Rawhide"), 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 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. Rawhide is a historical mining operation that started in the early 1900s located in the Walker Lane structural zone, one of the most prolific gold mining districts in the world, and is located 50 miles from Fallon, Nevada, USA. It is surrounded by multiple 1.0 million+ gold oz deposits. Rawhide was formerly operated as a subsidiary of Kennecott Corp. prior to Coral Reef Capital partnering with Rawhide's management team to acquire the property from Rio Tinto Plc in 2010. Coral Reef Capital is the controlling shareholder.

During December, 2019, Austral acquired an equity interest in Rawhide, 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.

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 commenced there in 2019. Regent highlights the upside exploration and production optionality of Austral's strategic investment in the Rawhide mining operation.

During 2021 Rawhide exploration included:

- Completion of infill and step-out reverse circulation drilling at Regent, the historical Rawhide open pits, and adjacent satellite prospects. The results largely confirmed the gold-silver mineralisation already included in the current Regent mine plan and did not delineate near-term mineable oxide mineralisation left in the historical open pits. Drilling at the step-out targets confirmed a priority exploration target south of the historical open pits;
- completed drilling and sampling, and initiated metallurgical testing to characterize open pit back fill material as potential sources for near term processing; and
- completed core drilling beneath the historical Rawhide open pit to obtain mineralized sulfide material for metallurgical test work

EQUITY OWNERSHIP

As disclosed in note 21.1 to the December 2021 financial statements, the Group increased its equity interest in Rawhide from 22.48% to 26.46% through the exercise of options during 2020. During 2021, the Group invested an additional US\$1,546,777. Rawhide's other major investors also invested in the Company which resulted in the reduction of the Group's interest to 24.74%

OPERATING ACTIVITIES

The following table summarizes the production figures of the Rawhide mine (US) in which Austral has a 24.74% interest as of 31 December 2021.

Rawhide Operations (100% basis)	Fiscal Year ended 31 December	
	2021	2020
Processed (t)	1,563,115	1,855,337
Gold produced (Oz)	18,253	24,213
Silver produced (Oz)	108,982	160,113
Gold-Equivalent (Oz)*	19,535	26,265

* December 2021 twelve month weighted average of 25.17 % (2020-25.37%).

** AuEq ratio is calculated at 85:1 Ag:Au for FY21 (78:1 Ag:Au for FY20)

The Group impaired 100% of its investment in Rawhide due to its concerns about Rawhide's ability to fund its operations as Rawhide:

- incurred losses during 2021
- has shut down its mine and its only revenue source is processing from the heaps
- is currently in negotiations with its major creditors to restructure significant debt repayments

Rawhide continues to evaluate alternatives to turnaround the business.

ENSIGN GOLD

As disclosed in note 21.2 to the financial statements, the Group initially acquired a 19.96% equity interest in Ensign Gold Inc., (subsequently changed to Ensign Minerals Inc) ("Ensign") through the purchase of 5,950,000 Units consisting of 5,950,000 shares and 2,975,000 warrants. The cost of each Unit was C\$0.25. During July 2021, Ensign Gold ("Ensign") raised gross proceeds of US\$7.4 million (C\$9.16 million) through the issuance of equity at C\$0.50/share, a 100% increase from the Austral investment of C\$0.25/share. As a result of this financing and other minor share issuances during 2021, the Group's interest in Ensign at 31 December 2021 was reduced to 11.93%. Funds raised are expected to be used mainly for exploration work commitments (US\$4.8 million (C\$6 million)) over a two-year period and a final cash payment of US\$16 million (C\$20 million) if Ensign exercises the option to acquire Barrick's 2,869 acre of mostly private ground as a result of the option agreement with Barrick Gold for US\$0.8 million signed in Q2 2021.

Ensign is a privately held 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 favorable 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.

Ensign advised the Company that during the 2021 field season, it drilled a total of 55 holes at the Mercur project, ranging in length from 75 to 400 meters. At Main Mercur (the Barrick Option area) 50 holes were drilled for a total of 7,723 meters. The main goal was to confirm mineralisation modelled using historic Barrick drilling. Ensign believes the program was successful and confirmed, and in some areas upgraded, the width and grades of modelled mineralisation. Mineralisation was also encountered outside of the model which is intended to be a target for the 2022 drill program. At South Mercur 2 holes for 448 meters were drilled to extend existing mineralisation. At West Mercur 3 shallow holes for 317 meters were drilled in an area of historic workings. For all areas, initial assays have been received and are being evaluated subject to final QA/QC protocol. In addition to the drilling program geologic mapping and sampling were conducted throughout the property to provide a better understanding of structural trends and alteration patterns which Ensign believes will help in developing targets for its 2022 program.





TABLE 1: ORE RESERVES ESTIMATE

31 December 2021

Ore Reserves (JORC 2012 and CIM (2014))									
	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)
Amancaya (Underground)									
Underground	47	5.74	9	251	5.01	40	298	5.13	49
Total Amancaya	47	5.74	9	251	5.01	40	298	5.13	49
Inesperada									
Open Pit	0	0	0	1,607	1.05	54	1,607	1.05	54
Total Inesperada	0	0	0	1,607	1.05	54	1,607	1.05	54
Guanaco Heap Leach Pads									
Heap Leach Pads	10,240	0.68	223	0	0	0	10,240	0.68	223
Total Guanaco	10,240	0.68	223	0	0	0	10,240	0.68	223
Total Combined	10,287	0.70	232	1,859	1.58	95	12,146	0.84	326
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)
Amancaya (Underground)									
Underground	47	11.51	17	251	12.95	105	298	12.72	122
Total Amancaya	47	11.51	17	251	12.95	105	298	12.72	122
Inesperada									
Open Pit	0	0	0	1,607	14.39	744	1,607	14.39	744
Total Inesperada	0	0	0	1,607	14.39	744	1,607	14.39	744
Guanaco Heap Leach									
Heap Leach Pads	10,240	3.17	1,043	0	0	0	10,240	3.17	1,043
Total Guanaco	10,240	3.17	1,043	0	0	0	10,240	3.17	1,043
Total Combined	10,287	3.21	1,060	1,859	14.2	848	12,146	4.89	1,909

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

TABLE 2: MINERAL RESOURCES ESTIMATE

31 December 2021

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)
Amancaya												
Underground	49	7.96	13	321	6.10	63	370	6.35	76	151	5.50	27
Total Amancaya	49	7.96	13	321	6.10	63	370	6.35	76	151	5.50	27
Inesperada												
Underground	0	0.00	0	1,682	1.05	57	1,682	1.05	57	74	0.91	2
Total Inesperada	0	0.00	0	1,682	1.05	57	1,682	1.05	57	74	0.91	2
Guanaco Heap Leach												
	11,417	0.67	247	0	0.00	0	11,417	0.67	247	1,907	0.55	34
Total Guanaco Heap Leach	11,417	0.67	247	0	0.00	0	11,417	0.67	247	1,907	0.55	34
Guanaco												
Underground	581	2.61	49	868	2.31	65	1,448	2.43	113	250	3.42	28
Total Guanaco	581	2.61	49	868	2.31	65	1,448	2.43	113	250	3.42	28
Total Combined	12,047	0.80	309	2,871	2.00	184	14,918	1.03	493	2,383	1.18	90

	Measured (Me)			Indicated (Ind)			Total (Me + Ind)			Inferred (Inf)		
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)
Amancaya												
Underground	49	16.60	26	321	14.52	150	370	14.79	176	151	12.23	60
Total Amancaya	49	16.60	26	321	14.52	150	370	14.79	176	151	12.23	60
Inesperada												
Open Pit	0	0.00	0	1,682	14.38	778	1,682	14.38	778	74	12.40	30
Total Inesperada	0	0.00	0	1,682	14.38	778	1,682	14.38	778	74	12.40	30
Guanaco Heap Leach												
	11,417	3.10	1,139	0	0.00	0	11,417	3.10	1,139	1,907	2.64	162
Total Guanaco Heap Leach	11,417	3.10	1,139	0	0.00	0	11,417	3.10	1,139	1,907	2.64	162
Guanaco												
Underground	581	12.67	237	868	17.67	493	1,448	15.67	729	250	6.26	50
Total Guanaco	581	12.67	237	868	17.67	493	1,448	15.67	729	250	6.26	50
Total Combined	12,047	3.62	1,402	2,871	15.39	1,421	14,918	5.89	2,823	2,383	3.93	301

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

TABLE 3: ORE RESERVES ESTIMATE

31 December 2020

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	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

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

TABLE 4: 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

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 SLR Qualified Persons (QPs) for the Amancaya and Guanaco Reserve and Resource Estimates include: Stephan R. Blaho, MBA, P.Eng., SLR Principal Mining Engineer, Orlando Rojas, MAIG, SLR Associate Principal Geologist, Rodrigo Barra, MAIG, SLR Associate Principal Geologist, Varun Bhundhoo, ing., SLR Project Mining Engineer, Andrew P. Hampton, M.Sc., P.Eng., SLR Principal Metallurgist, and Luis Vasquez, M.Sc., P.Eng, SLR Senior Environmental Consultant and Hydrotechnical Engineer. The Mineral Resources and Reserves are classified and reported in accordance with CIM (2014) definitions as incorporated in NI 43-101, as well as JORC 2012, within the Guanaco and Amancaya Gold Project, Region II, Chile, dated 25 March, 2022, with an effective date of 31 December 2021.

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 and 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.

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 is based on work supervised, or compiled on behalf of Robert Trzebski, a Non-Executive Director of the Company. Dr. Trzebski, holds a degree in Geology, PhD in Geophysics and is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) who qualifies 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 2021

The following report on the review of results for the year ended 31 December 2021 ("FY21") and 2020 ("FY20") 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 FY21 were:

- Gold and silver production at the Group's Guanaco/ Amancaya mine complex;
- Transitioned to a new operational model at Amancaya by outsourcing the Underground Mine exploitation;
- Exploration activities seeking organic growth in the Company's existing mining projects in Argentina and Chile;
- Continued seeking quality assets through M&A in stable jurisdictions through the acquisition of Revelo Resources Corp. ("Revelo") and an interest in Ensign Gold Inc. ("Ensign");
- Acquisitions of additional mining concessions near the Group's Guanaco/Amancaya mine complex;
- Engaged SLR Consulting (Canada) Ltd ("SLR") to update the mineral resource and mineral reserve estimates at the Company's Guanaco-Amancaya mine complex.
- There were no other significant changes in our principal activities during the period. A summary of key operating results for FY21 and FY20 is set out in the following table for comparative purposes.

REVIEW OF RESULTS OF OPERATIONS

Key Operating Results	Fiscal Year ended 31 December					
	2021			2020		
	Guanaco/ Amancaya Mines	Rawhide Mine (100% basis)	Net to Austral Gold*	Guanaco/ Amancaya Mines	Rawhide Mine (100% basis)	Net to Austral Gold ^{1,2}
Processed (t)	233,794	1,563,115	627,230	195,296	1,855,337	665,995
Gold produced (Oz)	29,238	18,253	34,532	52,306	24,213	58,449
Silver produced (Oz)	87,050	108,982	114,481	253,066	160,113	293,687
Gold Equivalent Ounces (Oz)**	31,142	19,535	36,059	55,190	26,265	61,853

* Includes 100% of Guanaco/Amancaya and 2021 twelve month weighted average of 25.17% (2020-25.37%) at the Rawhide mine.

** AuEq ratio is calculated at 71:1 Ag:Au for FY21 and 88:1 Ag:Au during FY20 at the Guanaco/Amancaya mine and at 85:1 Ag:Au during FY21 and 78:1 during FY20 at the Rawhide mine.

Guanaco Operations	Year ended 31 December	
	2021	2020
Mined Ore (t)	155,210	196,194
Processed (t)	233,794	195,296
Average Plant Grade (g/t Au)	4.2	8.5
Average Plant Grade (g/t Ag)	13.7	43.9
Gold produced (Oz)	29,938	52,306
Silver produced (Oz)	87,050	253,066
Gold-Equivalent (Oz) ***	31,142	55,190
C1 Cash Cost of Production (US\$/AuEq Oz)*	1,175	723
All-in Sustaining Cost (US\$/Au Oz) *	1,739	1,021
Realised gold price (US\$/Au Oz)	1,797	1,765
Realised silver price (US\$/Ag Oz)	25	21
Sales volume	35,838	49,995

* 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: 71:1 Ag:Au during FY21 and 88:1 Ag:Au during FY20

Production during FY21 at Guanaco/Amancaya was in compliance with the revised annual guidance provided in Q3 2021, albeit it decreased by 43.6% to 31,142 gold equivalent ounces (29,938 gold ounces and 87,050 silver ounces) from 55,190 gold equivalent ounces (52,306 gold ounces and 253,066 silver ounces) when comparing with FY20. The lower production in FY21 was mainly due to:

- lower throughput at the Amancaya mine,
- transition to a new mining contractor during Q1 2021
- production issues during the year including the lower availability of mining equipment, lower gold grades at Amancaya and tailing issues that resulted in the shutdown of the plant during June 2021.

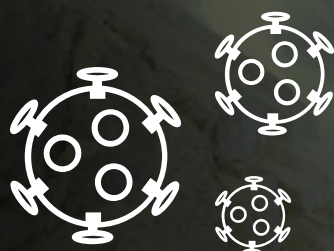
During FY21; 155,210 tonnes were mined from the Amancaya underground operations. Management continues to evaluate opportunities to expand the mineral resources at the Guanaco and Amancaya mines.

Rawhide Operations (100% basis)	Year ended 31 December	
	2021	2020
Processed (t)	1,563,115	1,855,337
Gold produced (Oz)	18,253	24,213
Silver produced (Oz)	108,982	160,113
Gold-Equivalent (Oz) *	19,535	26,265

* December 2021 twelve month weighted average of 25.17 % (2020-25.37%)

** AuEq ratio is calculated at 85:1 Ag:Au for FY21 (78:1 Ag:Au for FY20)

Production during FY21 at Rawhide decreased by 25.6% to 19,535 gold equivalent ounces (18,253 gold ounces and 108,982 silver ounces) from 26,265 gold equivalent ounces (24,213 gold ounces and 160,113 silver ounces) during FY20.



COVID-19 IMPACT

The Company continued to address the COVID-19 pandemic and minimize the potential impact at its operations. Austral places the safety and well-being of its workforce and all stakeholders as its highest priority. The Company continues to implement measures and precautionary steps to manage and respond to the risks associated with COVID-19 to ensure the safety of its employees, contractors, suppliers, and surrounding communities where the Company operates.

KEY FINANCIAL RESULTS

Key financial metrics Thousands of US\$	Fiscal Year ended December 31	
	2021	2020
Revenue	64,390	88,223
Gross profit	12,270	38,045
Gross profit %	19.1%	43.1%
Adjusted gross profit (excluding depreciation and amortisation)	24,516	54,151
Adjusted gross profit % (excluding depreciation and amortisation)	38.1%	61.4%
EBITDA*	4,756	30,963
EBITDA per share (basic)	0.007	0.055
EBITDA per share (fully diluted)	0.007	0.054
Adjusted EBITDA**	14,429	45,962
Adjusted EBITDA per share (basic)	0.024	0.082
Adjusted EBITDA per share (fully diluted)	0.022	0.080
(Loss)/profit attributed to shareholders	(7,324)	7,667
(Loss)/profit attributed to non-controlling interests	(4)	-
(Loss) earnings per share (Basic)	(1.20)	1.36c
(Loss) earnings earnings per share (diluted)	(1.20)	1.34c
Comprehensive (loss) income	(7,397)	7,612

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	
	2021	2020
(Loss) Profit before tax	(4,686)	14,335
Depreciation and amortisation	12,403	16,267
Net finance (income) / costs	(2,961)	361
EBITDA*	4,756	30,963
Other expense / (income)***	8,727	14,492
Share of loss of associates	946	507
Adjusted EBITDA**	14,429	45,962

***note 7 to the financial statements excluding exploration expenses

Thousands of US\$	Fiscal Year ended December 31	
	2021	2020
Cash & cash equivalents	2,346	12,401
Current assets	19,992	31,942
Non-current assets	77,998	73,523
Current liabilities	22,745	24,035
Non-current liabilities	18,147	20,162
Net assets	57,098	61,268
Net current assets	(2,753)	7,907
Current loans and borrowings	5,338	831
Non-current loans and borrowings	415	1,246
Current financial leases	2,920	2,905
Non-current financial leases	1,843	3,416
Combined debt (borrowings and financial leases)	10,516	8,398
Combined net debt (net of cash & cash equivalents)	8,170	(4,003)
Combined debt to EBITDA	221%	27%
Combined net debt to EBITDA	172%	(13%)
Current ratio*	0.88	1.33
Total liabilities to net assets	0.72	0.72

*Current Assets divided by Current Liabilities

OPERATING AND FINANCIAL RESULTS OF THE GROUP

EBITDA and adjusted EBITDA decreased to US\$4.8m (7%) and US\$14.4m (22%) during FY21 from US\$31.0m (35%) and US\$46.0m (52%) during FY20.

During FY21, the Group realised a gross profit of US\$12.3m or 19.1% (including US\$12.2m of depreciation and amortisation) (FY20: gross profit of US\$38.0m or 43.1% including US\$16.1m of depreciation and amortisation).

The Group's loss attributable to shareholders during FY21 was US\$7.3m (FY20: profit of US\$7.7m).

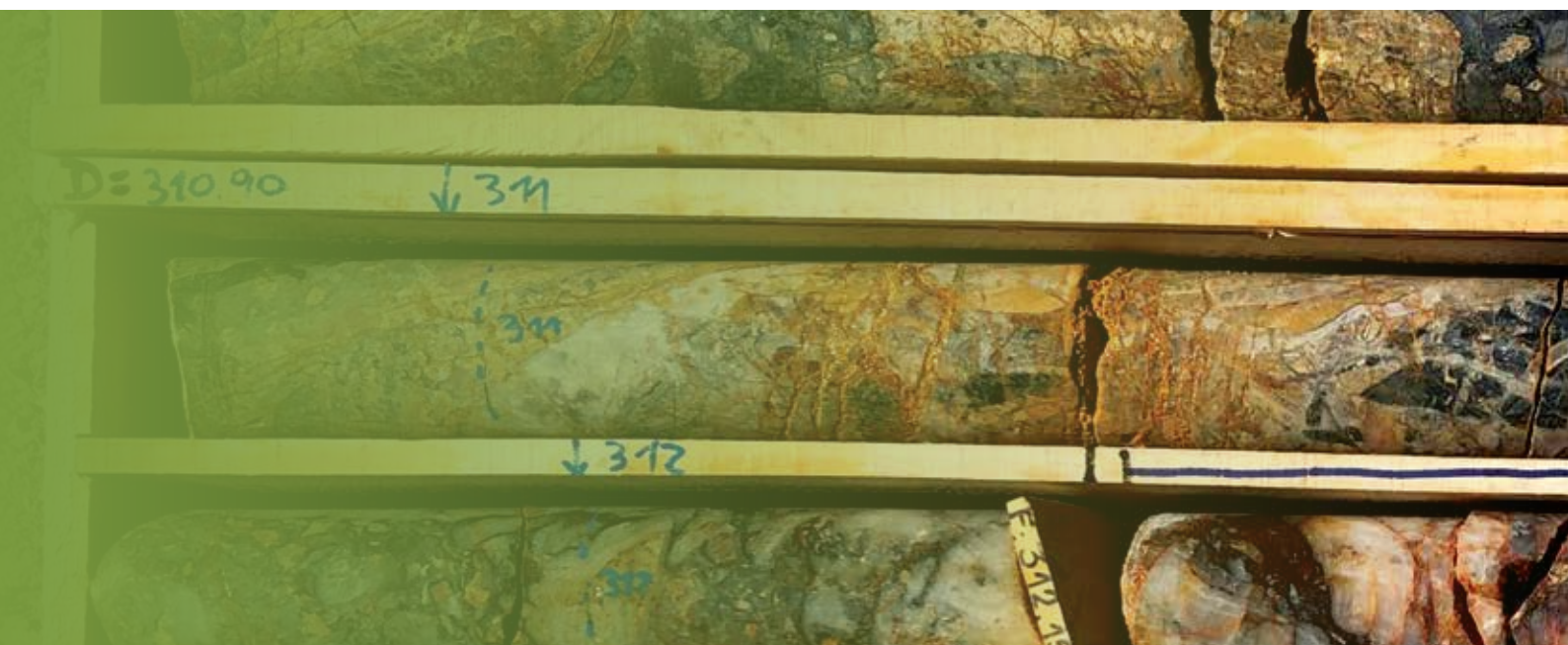
The decrease in net profit during FY21 from FY20 was mainly due to lower production which also resulted in higher costs per gold equivalent ounce. The lower production was slightly offset by higher realised gold and silver prices during FY21, and the sale of gold and silver in inventory at 31 December 2020. Lower production was impacted by lower throughput at the mine, the transition to a new mining contractor during Q1 2021, issues during the year including the lower availability of mining equipment, lower gold grades at Amancaya and two unplanned shutdowns of the plant during the year.

The net profit during FY21 was also impacted by the following:

- i. Higher administration costs, which were mainly due to transaction costs incurred in the acquisition of Revelo and higher staff costs as a full year's salary of the Corporate VP of Exploration was included during FY21 due to his appointment in August 2020. In addition, administration costs during FY20 were lower by approximately US\$0.6 million due to an accounting adjustment to revalue the employee benefit plan based on an independent actuarial valuation.
- ii. Decrease in other expenses as FY20 included the payment of bonuses and other benefits to mining employees at Guanaco/Amancaya due to a new collective three year union agreement after the miners' strike during May/June 2020 and 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.
- iii. Impairment charges of US\$6.511m including the following:
 - a. Impairment of US\$5.189m on the Group's equity investment in Rawhide as explained in note 21.1 to the financial statements,
 - b. Impairment in exploration and evaluation expenditures which was primarily due to the Group's decision to terminate its option on certain concessions in Chile named Cerro Buenos Aires.
- iv. Increase in net finance income primarily due to a foreign exchange gain of US\$3.2m due to favorable fluctuations of the Argentine and Chilean currencies against the US dollar.

Net gold equivalent ounces (GEOs) produced during FY21 decreased to 36,059 GEOs from 61,853 GEOs produced during FY20. The GEOs produced during FY21 and FY20 includes our share of production (FY21 4,917 GEOs; FY20-3,405 GEOs) from the Rawhide mine. Production from the Guanaco/ Amancaya mine complex during FY21 was 31,142 GEOs, a decrease of 43.6% from 55,190 GEOs in FY20 as explained above.

Overall cash cost of production ("C1")* and All-in sustaining costs ("AISC") at Guanaco/Amancaya increased to US\$1,175/AuEq oz and US\$1,739/ AuEq oz during FY21 compared to US\$723AuEq oz and US\$1,021/ AuEq oz in FY20. Despite the increase year over year, costs decreased during the second half of FY21 as C1 and AISC were US\$1,280/AqEq oz and US\$2,011/AqEq oz during HY21. The increase in costs was due to lower production during the year as fixed costs represent approximately 54% of total costs of production.



FINANCIAL POSITION

Net assets decreased by US\$4.2m from 31 December 2020 to US\$57.1m at 31 December 2021 (31 December 2020: US\$61.3m). The decrease was mainly due to a decrease in working capital and an impairment charge on the Group's equity investment in Rawhide. Working capital decreased by US\$10.7m to negative US\$2.8m at 31 December 2021 (31 December 2020: working capital of US\$7.9m). The decrease in working capital arose mainly due to lower production that resulted in higher unit production costs and an increase in short term borrowings. However, in January 2022, a US\$3.5m pre-export facility due in October 2021 was converted to a 3-years ESG facility with a fixed interest rate at 4.2% resulting in US\$2.3 million reclassified to non-current debt, which improved the working capital of the Company.

At 31 December 2021, the Group had a current ratio equal to 0.88 (31 December 2020: 1.33). Cash plus refined gold totaled US\$4.8m, (31 December 2020: US\$24.1m) US\$2.3m cash and cash equivalents (31 December 2020: US\$12.4m) and ~1,400 refined gold ounces in inventory with a fair value of ~US\$2.5m (31 December 2020: 6,200 refined gold ounces with a fair value of ~US\$11.7m).

Combined financial debt (borrowings and financial leases net of cash & cash equivalents) increased by US\$2.1m to US\$10.5m at 31 December 2021 (31 December 2020: US\$8.4m).

Trade and other receivables (current and non-current) decreased by US\$2.6m to US\$2.9m at 31 December 2021 (31 December 2020: US\$5.5m) mainly due to a decrease in trade receivables,

Inventories decreased by US\$4.1m to US\$10.6m at 31 December 2021 (31 December 2020: US\$14.7m) and was mainly due to a decrease in gold and silver bullion. The allowance for inventory obsolescence was unchanged at US\$1.6m at 31 December 2021 and 31 December 2020.

Trade and other payables decreased by US\$0.1m to US\$10.3m at 31 December 2021 (31 December 2020: US\$10.4m) while income tax payable decreased by US\$6.0m to \$nil at 31 December 2021 (31 December 2020: US\$6.0m).

CASH FLOW

Net cash provided from operating activities before and after changes in assets and liabilities decreased to US\$4.4m and US\$11.3m during the FY21 (FY20: US\$36.9m and US\$30.5m). The decrease was primarily due to stronger operational results during FY20 compared to FY21.

Cash used in investing activities totaled US\$18.5m during FY21 (FY20: US\$16.2m). Cash in FY21 was primarily used for additions to plant, property and equipment (US\$6.9m), exploration and evaluation activities (US\$8.4m), and equity investments (US\$2.7m).

Cash used in financing activities totaled US\$2.9m during FY21 (FY20: US\$11.0m) due to the net proceeds from loans, borrowings and financial leases of US\$0.5m including the of repayment of borrowings and financial leases, the payment of a dividend totaling US\$3.8m to shareholders and proceeds of US\$0.7m from the exercise of shareholder options and that production will be higher in the second half of the year.

LIQUIDITY

Guidance

The Group forecasts 2022 production to increase to 35,000-40,000 gold equivalent ounces range with production to be higher in the second half of the year and C1 and AISC of US\$1,000-US\$1,100 and US\$1,300-US\$1,400 respectively per gold equivalent ounce.

Access to capital

The Group has strong banking relationships from which it expects it can obtain financing if required.



THE DIRECTORS

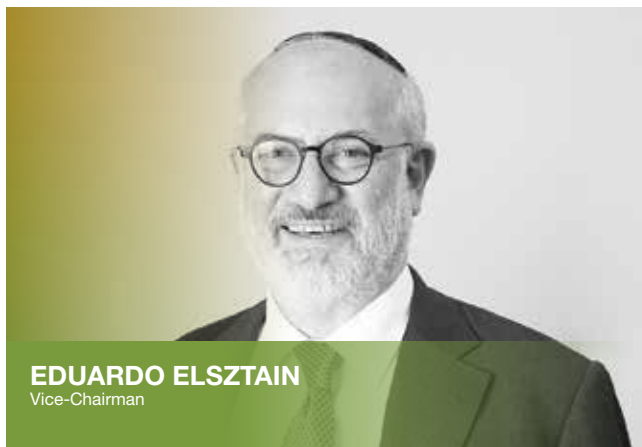


WAYNE HUBERT
Executive Chairman

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 Chemical Engineering and a Master of Business Administration. Mr. Hubert 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 Minerals Inc. (private company), and is also the CEO and director of InZinc Mining (TSX.V: IZN).

Director since 18 Oct 2011
Appointed Chairman August 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.

Director since 29 June 2007
Appointed Chairman 2011 until August 2020 when became Vice Chairman



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 Minerals Inc. (private company).

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

Director since 7 Oct 2009

Appointed COO until appointment as Chief Executive Officer August 2016



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.

Director since 7 Jun 2007

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.

Mr. Jarvis is a director of Hip Resources Limited. Mr. Jarvis has not held any other Directorships with Australian or Canadian listed companies in the last three years.

Director since 2 Jun 2011



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.

Director since 18 May 2006



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.

Director since 10 Apr 2007

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



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

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 led the design and construction of the Company's agitation leach plant at Guanaco and assumed the role of VP of Operations in 2018

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.

Chief Operating Officer since June 2018 and Vice President of Technical Services from 7 August 2017 to June 2018



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
Vice President of Exploration since August 2020



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 Global Executive MBA (IE Business School) 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 and resigned effective 28 February 2022
Chief Financial Officer from August 2016 until his resignation on 28 February 2022



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.

Corporate secretary since 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	4	4	2	2
Robert Trzebski	4	4	2	2
Wayne Hubert	4	4	N/A	N/A
Eduardo Elsztain	4	4	N/A	N/A
Saul Zang	4	4	N/A	N/A
Stabro Kasaneva	4	4	N/A	N/A
Ben Jarvis	4	4	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, secretary or officer of Austral Gold Limited against:

- any liability (other than for legal costs) incurred by a Director, secretary or officer 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, officer 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, secretary or officer 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.

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 Elsztein** 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 (resigned on 28 February 2022)

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 is assessed against financial and non-financial indicators including production, safety, cost of production, sustaining capital investments, new business and value accretive investments amongst others. The award of the variable component is fully discretionary as detailed in the 'Contractual Arrangement with Executive KMP in the "31 December 2021" table.

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.

	6 months ended 31 December 2017	12 months ended 30 June 2018	12 months ended 31 December 2019	12 months ended 31 December 2020	12 months ended 31 December 2021
Sales Revenue (US\$'000)	48,867	122,767	102,209	88,223	64,390
Profit/(loss) before tax (US\$'000)	(14,905)	(37,054)	9,508	14,335	(4,686)
Basic EPS (US cents per share)	(2.56)	(4.88)	0.97	1.36	(1.20)
Diluted EPS (US cents per share)	(2.56)	(4.88)	0.93	1.34	(1.20)
Share price (cents AUD/CDN)	15.0/13.0	6.0/6.0	9.0/8.5	21.0/22.0	8.5/8.0
Dividend (cents AUD per share)	0.009	–	–	0.009	0.008

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:

Twelve month period ended 31 December 2021

	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\$	Equity settled Shares US\$	Options US\$	US\$
Directors								
Non-executive directors								
E Elsztain	100,000	–	295	–	–	–	–	100,295
S Zang	50,000	–	291	–	–	–	–	50,291
R Trzebski	45,562	–	4,511	4,438	–	–	–	54,511
B Jarvis	45,562	–	–	4,438	–	–	–	50,000
P Vergara del Carril	50,000	–	–	–	–	–	–	50,000
Total non-executive director remuneration	291,124	–	5,097	8,876	–	–	–	305,097
Executive Director								
W Hubert	144,000	–	–	–	–	–	–	144,000
S Kasaneva	349,963	318,959	2,863	–	–	127,710 ³	–	799,495
Total Director remuneration	785,087	318,959	7,960	8,876	–	127,710	–	1,248,592
Other Key Executives								
R. Ramirez	282,919	257,852	2,934	–	–	–	–	543,705
R. Guerra	252,955	115,271	3,649	–	–	–	–	371,875
J. Bordogna	124,117	106,120	–	–	–	–	–	230,237
Total other executive remuneration	659,991	479,243	6,583	–	–	–	–	1,145,817
Total director and executive officer remuneration	1,445,078	798,202	14,543	8,876	–	127,710	–	2,394,409

¹ Accrued cash bonus defined as bonus earned during the year that has been paid or accrued (accrued maximum bonus for the year). Differences in calculation of maximum bonus from salary as bonus calculation based on foreign exchange at year end versus the spot rates for salaries paid in local currencies of employees).

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

³ Value of one million shares issued based on market price of A\$0.165 and a foreign exchange rate of 0.774 at date of issue. Board discretionary issuance based on his past performance, and as incentive for future performance, as Chief Executive Officer of the Group approved by shareholders on 27 May 2021

Twelve-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 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.

Contractual Arrangement with Executive KMP at 31 December 2021

Name	Term of Agreement and notice period	Base salary	Bonus*	Bonus performance conditions	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	0% to 100% of salary	At the discretion of the Board based on Group results and individual performance	One month salary per year of employment
Rodrigo Ramirez VP of Operations	No fixed term 30 days notice	Base salary is paid in Chilean pesos annually with no FX adjustment clause	0% to 100% of salary	At the discretion of the Chief Executive Officer based on Group results and individual performance	One month salary per year of employment
Raul Guerra VP of Exploration	No fixed term 30 days notice	Base salary is paid in Chilean pesos annually with no FX adjustment clause	0% to 50% of salary	At the discretion of the Chief Executive Officer based on Group results and individual performance	One month salary per year of employment
Jose Bordogna Chief Financial Officer	No fixed term 30 days notice	Base salary is paid in Argentine pesos annually with no FX adjustment clause	0% to 100% of salary	At the discretion of the Chief Executive Officer based on Group results and individual performance	One month salary per year of employment

*The bonus relates to the 31 December 2021 ("2021") year and is to be paid in cash. Jose Bordogna's bonus was paid in February 2022 while the other KMPs bonuses will not be paid until the Board determines that operations have sufficiently improved. There are no ongoing service or performance conditions. For the 2021 year, Stabro Kasaneva, Rodrigo Ramirez and Raul Guerra were awarded their maximum bonus, and Jose Bordogna was awarded 88% of his maximum bonus.

During August 2020, the Board engaged Hubert Mining Consultants to engage Wayne Hubert (director of the Group since October 2011) to serve as Executive Chairman of the Group. The Board approved the appointment by resolution but has not entered into a formal agreement. Terms of the engagement are:

- No fixed term
- US\$12,000 per month
- Minimum of 20 hours per month
- No payment upon termination
- No entitlement to bonus

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 2021	December 2020	December 2021	December 2020	December 2021	December 2020
Executive Directors						
Stabro Kasaneva	44%	47%	56%	53%	0%	0%
Executive Officers						
Rodrigo Ramirez	52%	47%	48%	53%	0%	0%
Raul Guerra	69%	67%	31%	33%	0%	0%
Jose Bordogna	54%	56%	46%	44%	0%	0%

Equity Holdings

The movement during the financial year in the number of ordinary shares in the Company held, directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

	Balance at 1 January 2021	Granted as remuneration	Received on exercise of options issued in 2019 rights issuance	Market purchases	Balance at 31 December 2021
Wayne Hubert	2,545,500	-	-	-	2,545,500
Eduardo Elsztain	451,679,060	-	9,615,500*	-	461,294,560
Saul Zang	1,640,763	-	-	-	1,640,763
Pablo Vergara	68,119	-	-	-	68,119
Robert Trzebski	-	-	-	-	-
Ben Jarvis	-	-	-	250,000	250,000
Stabro Kasaneva	6,881,230	1,000,000	-	-	7,881,230
Raul Guerra	801,000	-	-	-	801,000
Rodrigo Ramirez	279,514	-	-	-	279,514
Jose Bordogna	22,000	-	-	23,274	45,274
Total	463,917,186	1,000,000	9,615,500	273,274	474,805,960

*Eduardo Elsztain beneficially held 9,615,500 options at 31 December 2019 related to the rights offering to shareholders made on the 15 October 2019. The options were exercised during the year and no options remain unvested.

Other transactions with KMP

Chairman Wayne Hubert and Chief Executive Officer Stabro Kasaneva are related to Ensign as they are board members of Ensign. Mr. Hubert holds 1,964,865 common shares of Ensign and 175,000 stock options and Mr. Kasaneva holds nil shares of Ensign and 100,000 stock options.

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 year ended 31 December 2021 amounted to US\$112,458 (2020: US\$148,696).

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 Elsztein. During the year ended 31 December 2021 a total of US\$68,071 was charged to the Company (2020: US\$62,047) in regard to IT services support, HR services, software licenses building/office expenses and other fees.

This concludes the remuneration report, which has been audited.

Principal activities

The principal activities of the Group during FY21 were:

- Gold and silver production at the Group's Guanaco/ Amancaya mine complex;
- Transitioned to a new operational model at Amancaya by outsourcing the Underground Mine exploitation;
- Exploration activities seeking organic growth in the Company's existing mining projects in Argentina and Chile;
- Continued seeking quality assets through M&A in stable jurisdictions through the acquisition of Revelo Resources Corp. ("Revelo") and an interest in Ensign Gold Inc. ("Ensign");
- Acquisitions of additional mining concessions near the Group's Guanaco/Amancaya mine complex;
- Engaged SLR Consulting (Canada) Ltd ("SLR") to update the mineral resource and mineral reserve estimates at the Company's Guanaco-Amancaya mine complex. The update is expected during Q1 2022.
- There were no other significant changes in our principal activities during the period. A summary of key operating results for FY21 and FY20 is set out in the following table for comparative purposes.

Objectives

The group's objectives for 2022 are to:

- Meet or exceed our production forecast of 40,000-45,000 gold equivalent ounces
- Continue to explore the Paleocene Belt's High Sulfidation systems in Northern Chile to find a large Tier 1 deposit,
- Continue to explore our Casposo-Manantiales properties in San Juan, Argentina to restart profitable mining operations,
- Continue to explore our Pinguino-Sierra Blanca Complex in Santa Cruz, Argentina in one of the most prominent precious metal regions in the world, and
- Continue to invest in attractive mining opportunities in North America.

Events subsequent to reporting date

During February 2022, the Group signed a binding offer letter with Mexplort Perforaciones Mineras S.A. ("Mexplort") where the parties agreed to enter into a Joint Venture Agreement to identify and develop new precious metal projects located in the Indio belt in the Province of San Juan, Argentina and Mexplort is to grant AGASA an earn-in option whereby it may acquire a 50% interest in the Jaguelito project "(50% interest)" held by Mexplort through a concession granted by the Instituto Provincial de Exploraciones y Explotaciones Mineras de la Provincia de San Juan (IPEEM) in October 2011

During February 2022, the Group's CFO Jose Bordogna resigned.

During March 2022, the Group announced the results from the technical report on the Guanaco-Amancaya mine complex.

Likely developments

The Group will continue to pursue its objectives for 2022.

Environmental regulation

The Group's operations are subject to environmental regulation in the areas where it operates, Chile and Argentina.

The Group is committed to achieving a high standard of environmental performance.

The environmental monitoring program implemented for the Guanaco Amancaya Operation includes meteorology, air quality, water quality, flora and fauna, archaeology. Air quality is monitored at two locations in Guanaco and one in Amancaya. Meteorological parameters are collected at one air quality station in Guanaco and the air quality station in Amancaya. There is also a meteorological station in Guanaco. independent from the air quality monitoring system. Monitoring of flora and fauna is conducted in Punta del Viento, Las Mulas and Pastos Largos approximately 30 km east of Guanaco. Additional details are provided on page 17 of the annual report.

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 2021 (2020: 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.

Dividends

An unfranked dividend of A\$0.008 per share was paid to shareholders on 19 March 2021 for a total of US\$3.79 million.

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.

Review of prospects for future years

The Group's prospects for are based on the achievement of its growth strategy including:

1. Increasing the mine life at Guanaco/Amancaya, which is supported by the March 2022 SLR report extending the mine life to 2033 and extracting the gold and silver resources profitably.
2. Exploring the Paleocene Belt's High Sulfidation systems in Northern Chile to find a large Tier 1 deposit
3. Continuing to explore our Casposo-Manantiales properties in San Juan, Argentina to restart profitable mining operations
4. Continue to explore our Pinguino-Sierra Blanca Complex in Santa Cruz, Argentina in one of one of the most prominent precious metal regions in the world
5. Continued to invest in attractive mining opportunities in North America.

The achievement of these objectives are subject to several risks including business integration risks; uncertainty of production, development plans and cost estimates, commodity price fluctuations; political or economic instability and regulatory changes; environmental risks, currency fluctuations, the state of the capital markets, uncertainty in the measurement of mineral reserves and resource estimates, the Group'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, and the availability of capital to fund all of the Company's projects. Note that these risks are not exhaustive of all risks.

For and on behalf of the board



Robert Trzebski

Director

31 March 2022





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 2021 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

KPMG

J. Dillon

Jessica Dillon
Partner
Sydney
31 March 2022

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.







The background of the page is a photograph of a molten metal casting process. Bright orange-red liquid metal is being poured from a ladle into a green sand mold. The mold is held by grey metal blocks. The scene is dimly lit, with the primary light source being the intense heat of the molten metal.

FINANCIAL **STATEMENTS**

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2021

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	2021	2020
Continuing operations			
Sales revenue	13	64,390	88,223
Cost of sales	6	(52,120)	(50,178)
Gross profit		12,270	38,045
Other expenses	7	(9,578)	(14,774)
Administration expenses	8	(9,393)	(8,068)
Net finance income/(costs)	9	2,961	(361)
Share of loss of associates	21	(946)	(507)
(Loss)/ profit before income tax		(4,686)	14,335
Income tax expense	11	(2,642)	(6,668)
(Loss)/profit after income tax expense		(7,328)	7,667
(Loss)/profit attributable to:			
Owners of the Company		(7,324)	7,667
Non-controlling interests		(4)	-
		(7,328)	7,667
Items that may not be classified subsequently to profit or loss			
Foreign currency translation		(69)	(55)
Total comprehensive (loss)/income for the year		(7,397)	7,612
Comprehensive income/(loss) attributable to:			
Owners of the Company		(7,393)	7,612
Non-controlling interests		(4)	-
		(7,397)	7,612
Earnings per share (cents per share):			
Basic (loss)/earnings per share	12	(1.20)	1.36
Diluted (loss)/earnings per share	12	(1.20)	1.34

The notes on pages (63) to (95) are an integral part of these consolidated financial statements.

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures are reported in thousands of US\$	As at 31 December		
	Note	2021	2020
Assets			
Current assets			
Cash and cash equivalents	14	2,346	12,401
Trade and other receivables	16	1,818	4,357
Prepaid income tax		3,510	112
Other financial assets	17	1,717	404
Inventories	15	10,601	14,668
Total current assets		19,992	31,942
Non-current assets			
Other receivables	16	1,054	1,108
Prepaid income tax		750	799
Mine properties	18	1,217	3,876
Property, plant and equipment	19	42,007	44,146
Exploration and evaluation expenditure	20	32,322	18,941
Investments accounted for using the equity method	21	628	4,221
Deferred tax assets	11	20	432
Total non-current assets		77,998	73,523
Total assets		97,990	105,465
Liabilities			
Current liabilities			
Trade and other payables	22	10,263	10,371
Income tax payable		-	6,034
Employee entitlements	23	4,224	3,894
Loans and borrowings	25	5,338	831
Lease liabilities	19	2,920	2,905
Total current liabilities		22,745	24,035
Non-current liabilities			
Provisions for reclamation and rehabilitation	24	9,233	11,050
Loans and borrowings	25	415	1,246
Lease liabilities	19	1,843	3,416
Employee entitlements	23	9	24
Deferred tax liability	11	6,647	4,426
Total non-current liabilities		18,147	20,162
Total liabilities		40,892	44,197
Net assets		57,098	61,268
Equity			
Issued capital	26	109,114	102,177
Accumulated losses	27	(51,063)	(43,871)
Reserves	28	(1,141)	2,962
Non-controlling interest	29	188	-
Total equity		57,098	61,268

The notes on pages (63) to (95) are an integral part of these consolidated financial statements.

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2021 and 2020

All figures are reported in thousands of US\$	Note	Issued capital	Accumulated losses	Reserves	Non- controlling interest	Total
Balance at 31 December 2019		101,682	(44,238)	(713)	-	56,731
Profit for the year		-	7,667	-	-	7,667
Profits 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
Balance at 31 December 2020		102,177	(43,871)	2,962	-	61,268
Loss for the year		-	(7,324)	-	(4)	(7,328)
Expired share options		-	(321)	321	-	-
Foreign exchange movements from translation of financial statements to US\$		-	-	(69)	-	(69)
Total comprehensive (loss)/ income		-	(7,645)	252	(4)	(7,397)
Windup of Cachinalito Limitada		-	453	(453)	-	-
Acquisition of Sierra Blanca		-	-	-	192	192
Issued Capital	26	6,937	-	(108)	-	6,829
Options expired unexercised		-	-	(4)	-	(4)
Dividends paid		-	-	(3,790)	-	(3,790)
Balance at 31 December 2021		109,114	(51,063)	(1,141)	188	57,098

The notes on pages (63) to (95) 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	2021	2020
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		12,401	9,196
Cash and cash equivalents, at the end of the year		2,346	12,401
Net (decrease)/ increase in cash and cash equivalents		(10,055)	3,205
Causes of change in cash and cash equivalents			
Operating activities			
(Loss)/profit after income tax		(7,328)	7,667
Adjustments for			
Income tax expense recognized in profit or loss		2,642	6,668
Income tax payments		(9,383)	-
Impairment of goodwill		-	926
Impairment of exploration and evaluation expenditure		1,322	748
Impairment of investment in associate	21.1	5,189	-
Depreciation and amortisation		12,403	16,267
Interest received		-	(4)
Gain on sale of equipment		(287)	(114)
Non-cash net finance charges		366	742
Provision for reclamation and rehabilitation		(1,910)	767
Inventory write-down		24	286
Allowance for doubtful accounts		(199)	123
Non-cash employee compensation		112	591
Share of loss of associates		946	507
Loss in fair value of other financial assets		512	1,774
Net cash from operating activities before change in assets and liabilities		4,409	36,948
Changes in working capital:			
Decrease/(increase) in inventory		4,043	(4,653)
(Increase) /decrease in trade and other receivables		2,808	1,316
Decrease in trade and other payables		(281)	(1,860)
Increase /(decrease) in employee entitlements		331	(1,269)
Net cash provided through operating activities		11,310	30,482
Cash flows from investing activities			
Additions to plant, property and equipment	19	(6,897)	(7,624)
Proceeds from sale of inventory and equipment		518	366
Payment for investment in exploration and evaluation	20	(8,390)	(3,329)
Payment for investment in mine properties	18	(363)	(1,036)
Payment for equity investments, net of costs	21	(2,720)	(2,708)
Payment for purchase of a property option		-	(2,000)
Cash paid to acquire Revelo	34	(920)	-
Cash acquired in Revelo acquisition	34	14	-
Proceeds from sale of other financial assets		287	99
Interest received		-	4
Net cash used in investing activities		(18,471)	(16,228)
Cash flows from financing activities			
Proceeds from loans and borrowings		4,513	1,072
Repayment of loans and borrowings		(839)	(4,940)
Interest paid on loans and borrowings		(141)	(177)
Repayment of lease liabilities		(3,032)	(3,495)
Interest paid on leases		(244)	(434)
Proceeds from exercise of options net of costs		656	421
Transaction costs related to issuance of shares		(17)	-
Dividends paid		(3,790)	(3,496)
Net cash used in financing activities		(2,894)	(11,049)
Net (decrease) / increase in cash and cash equivalents		(10,055)	3,205

The notes on pages (63) to (95) are an integral part of these consolidated financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Austral Gold Limited ("the Company") is a for profit 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 2021 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.

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 annual financial statements of the Group as at and for the year ended 31 December 2020 are available upon request from the Company's registered office at Level 5, 126 Phillip Street, Sydney NSW 2000, Australia at www.australgold.com.

2. BASIS OF PREPARATION

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 31 March 2022. Details of the Group's accounting policies are included in Note 39.

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 35.

3. GOING CONCERN

For the year ended 31 December 2021, the Group incurred a loss after income tax of US\$7.328 million (year ended 31 December 2020: profit after income tax of US\$7.667 million) from continuing operations and generated net cash flows from operating activities of US\$11.310 million (year ended 31 December 2020: net cash flow from operating activities of US\$30.482 million). At 31 December 2021, the group has net current liabilities of US\$2.753 million (31 December 2020: net current assets of US\$7.907 million). In 2022, the Group has restructured US\$3.5m of current loans and borrowings payable as at 31 December 2021, resulting in US\$2.3m of the current loan and borrowing being reclassified to non-current.

The loss after income tax reflects lower production at the Amancaya/Guanaco mine impacted by lower throughput, the transition to a new mining contractor at the start of the 2021 year, reduced availability of mining equipment, lower gold grades, and two unplanned shutdowns of the plant during the year. In addition, there were impairment charges on the Group's investment in Rawhide and Cerro Bueno Aires exploration and evaluation assets in Chile.

The Directors have prepared cashflow forecasts underpinning the basis of preparation as a going concern. These include acknowledgement of the existing cash position of the Group, ongoing loan repayment requirements and the strategy to further support exploration and capital investment at the Amancaya/Guanaco mine and other exploration activities. Given the issues associated with production at the Amancaya/Guanaco mine, the Directors have enacted measures and have further planned measures to manage going concern, of which the key assumptions in the forecasts along with their risks and uncertainties to the cashflows of the Group are:

- Improvements in production at the Amancaya/Guanaco mine, in particular from increasing the underground mine fleet through rent and leasing of additional equipment (during February to April 2022), and contracting a new mine operator (in February 2022), both of which will require a short transition period before the full benefits can be realised;
- Market prices for gold and silver remaining high;
- Deferring certain exploration expenditures and action plans to reduce capital expenditures; and
- Continued support of existing financiers for short term and longer-term financing. The Group successfully restructured existing loan facilities in January 2022, deferring repayment for a significant portion of debt and lowering the interest rate applicable, and the Directors remain confident in the support of their financiers for additional facilities if required.

The going concern basis presumes a combination of the above operational and funding solutions, as deemed appropriate by the Directors, will be achieved, and that the realisation of assets and settlement of liabilities will occur in the normal course of business. Notwithstanding the confidence of the Directors, there is material uncertainty as to whether the Group will continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

The Directors consider that there is a basis to expect the Group will be able to meet its commitments and accordingly, the financial report has been prepared on a going concern basis.

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 2021 are 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 (further details on the mine disclosure provision are included in note 24), the recognition of deferred tax assets (further details on deferred tax assets are included in note 11), 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 (further details on the value of the CGU's are included in note 18).

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. In assessing indicators of impairment, assumptions relating to whether the exploration and evaluation activity will be recouped through successful development and exploitation of the area are made.

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 2021 are 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
- i. 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)
- i. Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

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.

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 are 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 3 of the fair value hierarchy.

Further information about the assumptions made in measuring fair values are included in Notes 17—Other financial assets and 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 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements as the impact of adoption was not significant to the Group's Consolidated Financial Statements.

6. COST OF SALES

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Production	23,535	18,020
Staff costs	10,668	17,843
Royalties	1,480	1,962
Mining Fees	576	474
Inventory movements	3,615	(4,227)
Total cost of sales before depreciation and amortisation expense	39,874	34,072
Depreciation of plant and equipment	10,122	14,068
Amortisation of mine properties	2,124	2,038
Total depreciation and amortisation expense	12,246	16,106
Severance included in staff costs	453	1,608

7. OTHER EXPENSES/(INCOME)

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Settlement of union agreement at Guanaco/Amancaya	-	4,963
Severance of mining employees due to outsource of operations	487	4,278
Impairment of goodwill	-	926
Impairment of exploration and evaluation expenditure	1,322	748
Impairment of investment in associates (note 21.1)	5,189	-
Care and maintenance	1,559	1,983
Exploration expenses	851	282
Loss on financial assets	512	1,774
Gain on sale of equipment	(287)	(114)
Other	(55)	(66)
Total other expenses/(income)	9,578	14,774

NOTES TO THE FINANCIAL STATEMENTS

8. ADMINISTRATION EXPENSES

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Consulting and professional services	1,995	1,427
Office and utility costs	1,030	1,095
Staff costs	4,212	3,754
Non-executive director fees	300	334
Depreciation on equipment	157	161
Other	1,699	1,297
Total administration expenses	9,393	8,068
Severance included in staff costs	-	42

9. NET FINANCE INCOME/(COSTS)

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Interest income	-	4
Gain from foreign exchange	3,199	535
Total finance income	3,199	539
Interest expense	(194)	(214)
Interest expense on leases	(283)	(434)
Total finance costs	(477)	(648)
Present value adjustment to mine closure provision	239	(252)
Net finance income / (costs)	2,961	(361)

10. AUDITOR'S REMUNERATION

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Audit and review services:		
Auditors of the Group-KPMG		
Audit and review of financial statements-Group	85,512	92,885
Audit and review of financial statements-controlled entities	136,215	144,700
	221,727	237,585

11. INCOME TAX EXPENSE

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
(A) Income tax expense comprises:		
Current tax expense	75	7,450
Deferred tax expense/(benefit)	2,567	(782)
Income tax	2,642	6,668
(B) Reconciliation of effective income tax rate		
(Loss)/Profit before tax	(4,686)	14,335
Prima facie income tax (benefit)/expense calculated at 30%	(1,406)	4,300
Difference due to blended overseas tax rate*	(181)	(720)
Impairment of investment in associates	1,557	-
Share of loss of associates	261	152
Non-deductible expenses	1,587	2,755
Temporary differences not brought into account	69	149
Recognition of carry-forward tax losses	755	32
Income tax	2,642	6,668

* Chile tax rate: 27.0% (31 December 2020: 27.0%). Argentina tax rate: 25% (31 December 2020: 30%)

NOTES TO THE FINANCIAL STATEMENTS

All figures are reported in thousands of US\$	31 December 2021				31 December 2020			
	Chile	Argentina	Other	Total	Chile	Argentina	Other	Total
(C) Deferred tax assets and liabilities								
Deferred tax assets								
Other receivable	71	-	-	71	147	-	-	147
Inventory	69	77	-	146	69	84	-	153
Mining concessions brought into account	-	78	-	78	-	198	-	198
Accrual for mine closure	1,517	319	-	1,836	2,037	302	-	2,339
Financial assets	540	-	-	540	540	-	-	540
Tax losses carried forward	3,239	15	9,951	13,205	-	245	9,965	10,210
Property, plant and equipment	-	106	-	106	-	632	-	632
Payroll accrual	280	-	-	280	326	-	-	326
Other	-	36	-	36	-	102	-	102
Leasing	511	1	-	512	884	-	-	884
Tax losses not brought into account	-	-	(9,913)	(9,913)	-	-	(9,965)	(9,965)
Deferred tax assets	6,227	632	38	6,897	4,003	1,563	-	5,566
Deferred tax liabilities								
Mining concessions	(12,809)	-	-	(12,809)	(10,672)	-	-	(10,672)
Deferred income	(45)	-	-	(45)	2,266	-	-	2,266
Property, plant and equipment inflation adjustment	-	(612)	(58)	(670)	-	(1,040)	(23)	(1,063)
Financial assets	-	-	-	-	-	(91)	-	(91)
Deferred tax liabilities	(12,854)	(612)	(58)	(13,524)	(8,406)	(1,131)	(23)	(9,560)
Net deferred tax (liabilities)/assets	(6,627)	20	(20)	(6,627)	(4,403)	432	(23)	(3,994)
Movement in deferred tax balances								
Opening balance	(4,403)	432	(23)	(3,994)	(5,645)	1,229	(20)	(4,436)
Exchange rate difference	-	(75)	9	(66)	-	(349)	9	(340)
Charged to profit or loss	(2,224)	(337)	(6)	(2,567)	1,242	(448)	(12)	782
Closing balance	(6,627)	20	(20)	(6,627)	(4,403)	432	(23)	(3,994)

Deferred tax assets have not been recognised in respect to tax losses for certain entities of the Group. See Note 37 for details.

12. EARNINGS PER SHARE

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Net profit/(loss) attributable to owners	(7,324)	7,667
Weighted average number of shares used as the denominator		
Number for basic earnings per share	600,584,618	562,581,929
Number for diluted earnings per share	600,584,618	572,718,453
Basic earnings per ordinary share (cents)	(1.20)	1.36
Diluted earnings per ordinary share (cents)	(1.20)	1.34

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 an 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 2021, the Group earned 100% of its consolidated revenue from sales made to three customers, of which sales to each customer exceeded 10% (2020-100% of its consolidated revenue from sales made to three customers, of which sales to each customer exceeded 10%).

All figures are reported in thousands of US\$	For the year ended 31 December 2021				For the year ended 31 December 2020			
	Guanaco/Amancaya	Casposo	Group and unallocated items ⁽¹⁾	Consolidated	Guanaco/Amancaya	Casposo	Group and unallocated items ⁽¹⁾	Consolidated
Revenue:								
Gold	62,243	-	-	62,243	82,210	-	-	82,810
Silver	2,147	-	-	2,147	5,413	-	-	5,413
Cost of sales	(39,874)	-	-	(39,874)	(34,072)	-	-	(34,072)
Depreciation and amortisation expense	(12,246)	-	-	(12,246)	(16,106)	-	-	(16,106)
Other expense	(1,578)	(1,891)	(6,109) ⁽²⁾	(9,578)	(12,103)	(2,149)	(522)	(14,774)
Administration expenses	(4,375)	(629)	(4,389)	(9,393)	(4,193)	(671)	(3,204)	(8,068)
Finance income (costs)	1,270	1,851	(160)	2,961	(462)	1,450	(1,349)	(361)
Share of loss of associates	-	-	(946)	(946)	-	-	(507)	(507)
Income tax (expense)/ benefit	(2,308)	(336)	2	(2,642)	(6,224)	(397)	(47)	(6,668)
Segment (loss)/profit	5,279	(1,005)	(11,602)	(7,328)	15,063	(1,767)	(5,629)	7,667
Segment assets	68,033	13,027	16,930	97,990	77,124	12,701	15,640	105,465
Segment liabilities	35,733	4,265	894	40,892	38,681	4,091	1,425	44,197
Capital expenditure	14,143	1,258	365	15,766	10,599	638	225	11,462

(1) includes only the Group's share of loss of associates and corporate costs

(2) Includes impairment on investment in Rawhide of US\$5,189m

Geographic information:

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Revenue by geographic location		
Chile	64,390	88,223
Argentina	-	-
United States	-	-
Canada	-	-
British Virgin Islands	-	-
Australia	-	-
Total revenue	64,390	88,223

NOTES TO THE FINANCIAL STATEMENTS

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Non-current assets by geographic location		
Chile	58,650	51,468
Argentina	18,610	17,722
United States	628	4,221
Canada	-	2
British Virgin Islands	110	110
Australia	-	-
Total non-current assets	77,998	73,523

14. CASH AND CASH EQUIVALENTS

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Cash at call and in hand	2,346	12,285
Short-term investments	-	116
Total cash and cash equivalents	2,346	12,401

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	2,346	12,401
----------------------------------	--------------	---------------

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	
	2021	2020
Materials and supplies	8,086	8,538
Ore stocks	132	776
Gold bullion and gold in process	2,383	5,354
Total inventories	10,601	14,668

*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\$1,572k (31 December 2020:US\$1,548k).

NOTES TO THE FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Current		
Trade Receivables	86	2,285
Other current receivables	212	1,072
Loan receivable	-	312
GST/VAT receivable	1,520	868
Total current receivables	1,818	4,537
Allowance for doubtful accounts	-	(180)
Net current receivables	1,818	4,357
Non-current		
GST/VAT receivable	1,022	1,044
Loan receivable	-	12
Other	346	385
Total non-current receivables	1,368	1,441
Allowance for doubtful accounts (included in GST/VAT receivable and other)	(314)	(333)
Net non-current current receivables	1,054	1,108
Trade debtors		
The ageing of trade receivables is 0-30 days	86	2,285

16.1 Past due but not impaired

There were no receivables past due at 31 December 2021 (31 December 2020: 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 reliant on three customers to which gold and silver produced from the Guanaco/Amancaya mines are sold. The major customer purchased 60% (2020-40%) of sales and the other two customers purchased the remaining 40% of sales (2020-42%).

17. OTHER FINANCIAL ASSETS

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Current		
Listed bonds — level 1	32	34
Listed equity securities — level 1	1,543	370
Ensign warrants — level 3*	86	-
Rawhide warrants — level 3*	56	-
Total current other financial assets at fair value	1,717	404

The table above sets out the Group's assets and liabilities that are measured and recognised at fair value at the end of each reporting period with any movements recorded through the profit and loss statement.

Listed equity securities and bonds are shares of a Canadian listed mining company denominated in Canadian dollars and sovereign bonds nominated in Argentine pesos as at 31 December 2021 and 31 December 2020, respectively.

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 2021 there were no transfers between the financial instrument levels of hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

*Key assumptions for warrants	Ensign	Rawhide
Strike price	C\$1.50	US\$2.82
Annual volatility	55%	42%
Interest rate	0.20%	0.06%
Expiration date	31 December 2023	30 June 2022

18. MINE PROPERTIES

All figures are reported in thousands of US\$	Guanaco/ Amancaya	Casposo	Total
Mine Properties – 31 December 2020			
Cost	62,552	9,795	72,347
Accumulated depreciation	(58,676)	(9,795)	(68,471)
Carrying value – Mine Properties	3,876	-	3,876
Mine Properties – 31 December 2021			
Cost	62,017	9,795	71,812
Accumulated depreciation	(60,800)	(9,795)	(70,595)
Carrying value – Mine Properties	1,217	-	1,217

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Costs carried forward in respect of areas of interest		
Carrying amount at the beginning of the year	3,876	6,484
Additions	363	1,036
Transfers to Exploration and Evaluation expenditure	-	(1,079)
Decrease in provision for reclamation and rehabilitation	(898)	(527)
Amortization	(2,124)	(2,038)
Carrying amount at end of the year	1,217	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 fair value less cost of disposal, is used to assess the recoverable value of the 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\$39 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 (2022-2033): US\$1,610/oz-1,720/oz (31 December 2020 (2021-2024): US\$1,554/oz – US\$1,871/oz)
- Real Forecast Silver price (2022-2033): US\$22/oz-23.8/oz (31 December 2020 (2021-2024) US\$18.70/oz – US\$23.1/oz)
- Life of mine operations based on the current model are forecast to end in 2033.
- Real Discount Rate (pre-tax): 6.9% (31 December 2020: 6.4%)
- Proven and Probable reserves and resource estimates to 31 December 2021 are based on an independent technical report provided to the Group in 2022.

The sensitivity to +/- 10% variation in the gold price (US\$1,449-1,892/oz) on the fair value of the Guanaco/Amancaya project results in an impact of +/- US\$19.3 million.

The sensitivity to +/- 10% variation in the discount rate (4.5%-5.5%) fair value of the Guanaco/Amancaya project results in an impact of +US\$2.2 million/-US\$1.8 million.

The sensitivity to +/- 10% variation in production costs on the fair value of the Guanaco/Amancaya project results in an impact of +/- US\$11.4 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\$	As at 31 December	
	2021	2020
Property, plant and equipment owned	34,334	34,725
Right-of-use-assets	7,673	9,421
	42,007	44,146
Property, plant and equipment owned		
Cost	161,185	154,297
Accumulated depreciation	(126,851)	(119,572)
Carrying amount at end of the year	34,334	34,725
Movements in carrying value		
Carrying amount at beginning of the year	34,725	37,515
Additions	6,897	7,624
Depreciation	(7,288)	(10,411)
Disposals	(9)	(3)
Depreciation on disposals	9	-
Carrying amount at end of the year	34,334	34,725

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.

19.1 Reconciliation of carrying amount

All figures are reported in thousands of US\$	Underground Mine Development	Plant	Mining Equipment	Buildings	Land	Other	Total
Cost							
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
Additions	4,895	404	565	763	-	270	6,897
Disposals	-	-	(9)	-	-	-	(9)
Balance at 31 December 2021	81,070	35,716	21,528	14,580	815	7,476	161,185

NOTES TO THE FINANCIAL STATEMENTS

All figures are reported in thousands of US\$	Underground Mine Development	Plant	Mining Equipment	Buildings	Land	Other	Total
Accumulated depreciation							
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
Depreciation	4,150	1,775	541	633	-	189	7,288
Disposals	-	-	(9)	-	-	-	(9)
Balance at 31, December 2021	63,558	27,016	17,433	11,873	-	6,971	126,851
Carrying amounts							
At 31 December 2020	16,767	10,071	4,071	2,577	815	424	34,725
At 31 December 2021	17,512	8,700	4,095	2,707	815	505	34,334

19 (ii) Right of use

All figures are reported in thousands of US\$	Office	Vehicles	Machinery and equipment	Total
Balance at 31, December 2019	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
Additions	13	1,461	-	1,474
Disposals	-	(231)	-	(231)
Less depreciation	(98)	(1,830)	(1,063)	(2,991)
Balance at 31, December 2021	108	3,077	4,488	7,673

19 (iii) Lease payments*

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Undiscounted		
Less than a year	3,078	3,179
Greater than a year	1,893	3,553
	4,971	6,732
Discounted		
Less than a year	2,920	2,905
Greater than a year	1,843	3,416
	4,763	6,321

*Expiration dates are disclosed in not note 30 (d)

NOTES TO THE FINANCIAL STATEMENTS

20. EXPLORATION AND EVALUATION EXPENDITURE

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Costs carried forward in respect of areas of interest:		
Carrying amount at the beginning of the year	18,941	15,281
Additions (1)	14,703	3,329
Impairment for the year	(1,322)	(748)
Transfers from Mining Properties	-	1,079
Carrying amount at end of the year	32,322	18,941

(1) Includes the fair value of US\$5.298 million of Exploration and Evaluation rights acquired from Revelo (note 34).

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 and the fair value of the properties acquired from Revelo.

Additions for the year ended 31 December 2021 and 2020 relate mainly to exploration on the Guanaco and Casposo projects and the exploration and evaluation expenditure acquired from Revelo and expenditures on the Sierra Blanca project in Santa Cruz, Argentina.

Pampa Option Agreement

On 28 July 2021, the Group entered into an Option agreement which enables it to acquire up to an 80% ownership interest in two mining properties in northern Chile currently held by Pampa Metals Corporation ("Pampa"). Consideration for the Option consisted of the return of 2,963,132 shares of Pampa valued at US\$0.827million, which reduced the number of Pampa shares held by Austral to 5,926,264. Austral may exercise the initial 60% interest option within five years from the date of the agreement by incurring US\$3 million in exploration expenses on the Properties as follows:

- i. at least US\$1 million in year 1; and
- i. an additional US\$2 million in year 2

If the Group exercises the initial 60% interest option and earns a 60% interest in a property or the Properties, Austral may increase its interest in each such property to an aggregate total of 65% ("Stage 1") within five years from the date of closing the Option agreement for the following consideration on each Property:

- a. minimum drilling of 15,000m,
- b. studies required to complete a preliminary economic assessment ("PEA"),
- c. PEA by an internationally recognized engineering firm to the standards, and in the form, prescribed under National Instrument 43-101 ("NI 43-101"), and
- d. minimum annual exploration expenditures on each property of US\$250,000.

After completion of this stage, both parties intend to form a Joint Venture (JV) Company and execute a Shareholder Agreement in respect of each Property subject to the JV. Any Property on which a Preliminary Economic Assessment is not completed will be returned to Pampa.

The Group may at its sole discretion, elect to earn an additional 15% interest to increase its interest to 80% in a property or the Properties ("Stage 2") by completing the following activities within 5 years from providing notice to Pampa that it intends to reach Stage 2:

- a. minimum drilling of 10,000m,
- b. studies required to complete a bankable feasibility study ("BFS"), and
- c. BFS by an internationally recognized engineering firm to the standards, and in the form, prescribed under NI 43-101.

If Austral does not complete these activities, then Pampa will be named operator of a property or the Properties and may increase its ownership from 35% to 80% by completing these activities, on the same conditions established for Austral.

Sierra Blanca Agreement

The significant terms of the transaction to acquire the Sierra Blanca signed with New Dimension Guernsey Ltd. 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 future work commitments are to be paid before the following dates:

- 31 August 2021: \$100,000 (paid) (Year 1)
- 31 August 2022: \$200,000 (Year 2)
- 31 August 2023: \$400,000 (Year 3)

NOTES TO THE FINANCIAL STATEMENTS

As the work commitments in Year 1 were incurred, the Group acquired a 51% interest in Sierra Blanca S.A., which resulted in Exploration and Evaluation rights of US\$392,000, the non-controlling interest at the time of acquisition, for total cash consideration of US\$200,000. If 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.

If 80% of the project is earned, the Group 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:

31 August 2024: Cash of US\$0.5 million and work commitments of US\$0.4 million (Year 4)

31 August 2025: Cash of US\$1.0 million and work commitments of US\$0.4 million (Year 5)

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 and note 39.

Impairment for the year ended 31 December 2021 and 2020 relate to impairment on the exploration projects with no expected value.

Buenos Aires 1 to 199

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 was US\$5.05 million ("Fixed Price") and was to be paid in Chilean pesos over 48 months. Upon execution of the agreement, the Group paid US\$0.1 million. During the year ended 31 December the Group incurred US\$1.222 million in exploration expenditures. As no significant gold intercepts were discovered, the option agreement was terminated and US\$1.322 million of exploration expense was written off as impaired.

Sierra Armarilla

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. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group's interests in equity-accounted investees comprise an interest in a Rawhide Acquisition Holding LLC. ("Rawhide") that owns Rawhide Mining LLC, a gold and silver operating mine in Nevada, USA and an interest in Ensign Gold Limited ("Ensign") that is engaged in the acquisition, exploration, and development of precious metal mineral properties primarily in the state of Utah, United States through its subsidiary, Ensign Gold (US) Corp. Subsequent to acquiring the interest, Ensign changed its name to Ensign Minerals Inc.

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Carrying amount of interest in associates		
Carrying amount of interest in Rawhide	-	4,221
Carrying amount of interest in Ensign	628	-
Group's total carrying amount of interest in associates	628	4,221

21.1 Investment in Rawhide

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Percentage ownership interest	24.74%	26.46%
Non-current assets	26,425	23,873
Current assets	25,251	18,145
Non-current liabilities	(33,207)	(33,504)
Current liabilities	(16,695)	(11,047)
Net assets (liabilities) (100%)	1,774	(2,533)
Group's share of net liabilities	439	(670)
Carrying amount of interest in associate prior to impairment	5,189	4,221
Impairment on investment in Rawhide (note 7)	(5,189)	-
Carrying amount of interest in associate after impairment	-	4,221

NOTES TO THE FINANCIAL STATEMENTS

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Revenue	45,491	42,623
(Loss) from continuing operations (100%)	(2,041)	(1,999)
Other comprehensive income (100%)	-	-
Total comprehensive income (100%)	(2,041)	(1,999)
Group's share of total (loss) and comprehensive income (24.23%)*	(495)	(507)

Weighted average of 24.23% and 25.37% ownership in the Rawhide Mine during the years ended 31 December 2021 and 31 December 2020 respectively.

- i. 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 differences in accounting policies of the Group and Rawhide (including the application of AASB 16).
- ii. During the year ended 31 December 2021, the Group invested an additional US\$1,546,777 in Rawhide to acquire additional units in Rawhide which reduced its interest to 24.74% and recorded a loss of US\$494,830 (year ended 31 December 2020-US\$507,093) representing the share of the loss incurred by Rawhide adjusted for the impact of AASB 16 based on their ownership interest throughout the year.
- iii. During the year, the Group determined its investment in Rawhide was impaired and recognised an impairment charge of US\$5,188,644. The impairment was based on the Group's assessment of the recoverable value, sustained losses and profitability of the entity likely requiring financial reorganization in the future.

21.2 Investment in Ensign

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Percentage ownership interest	11.93%	-
Non-current assets	3,557	-
Current assets	5,428	-
Non-current liabilities	(6)	-
Current liabilities	(170)	-
Net assets (100%)	8,809	-
Group's share of net assets	1,051	-
Carrying amount of interest in associate	628	-

- i. During February 2021, the Group acquired 5,950,000 units (19.96%) of Ensign Gold Inc, a Canadian entity that changed its name to Ensign Minerals Inc. ("Ensign") on 21 July 2021. Ensign is currently assembling a 5,000-hectare land package on Carlin-type gold deposit geology in the state of Utah. Two of Ensign's five board members are board members of Austral. The Group paid C\$0.25 per Unit, for an aggregate purchase price of approximately US\$1,173,107 (C\$1,487,500). 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. In addition, for a period of 12 months from the date of acquisition, Austral agreed to not acquire more than 19.99% of Ensign's shares without the prior written consent of Ensign.
- ii. As two directors of Austral Gold are on Ensign's board of directors, the Group has determined that Austral has significant influence over Ensign and accounts for its investment in Ensign using the equity method of accounting.
- iii. During July 2021, Ensign raised US\$7.4 million (C\$9.16 million) and during the remainder of the year issued additional shares which reduced the Group's interest to 11.93%.

NOTES TO THE FINANCIAL STATEMENTS

All figures are reported in thousands of US\$	For the period from 19 February to 31 December 2021
Revenue	-
(Loss) from continuing operations (100%)	(3,330)
Other comprehensive income (100%)	41
Total comprehensive (loss) (100%)	(3,289)
Group's share of total (loss) and comprehensive income*	(451)

*Prorated weighted average for the year of 13.73%

22. TRADE AND OTHER PAYABLES

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Current		
Trade payables	4,346	4,775
Accrued expenses	4,927	3,956
Royalty payable	485	659
Director fees	198	429
Other	307	552
Total trade and other payables	10,263	10,371

23. EMPLOYEE ENTITLEMENTS

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Current		
Salaries and bonuses	3,075	2,579
Employee entitlements	1,149	1,315
Total Employee entitlements	4,224	3,894

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.

Total employee salary, benefits and bonuses of the Group in the profit and loss statement was US\$14.9 million (2020-US\$21.6 million), including US\$10.7 million (2020-US\$17.8 million) in cost of sales and US\$4.2 million (2020-US\$3.8 million) in administration.

Non-Current

Employee entitlements	9	24
-----------------------	---	----

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 turn-over 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	
	2021	
Non current		
Mine closure		9,136
Other		97
Closing balance		9,233
Movement in non current provisions		
Opening balance		11,050
Additions		93
Reductions		(898)
Exchange difference		(773)
Present value adjustment		(239)
Closing balance		9,233

Mine closure 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 carrying amounts of the mine closure asset are disclosed in note 18.

As at 31 December 2021, the total restoration provision amounts to US\$5.7m for Guanaco/Amancaya mine. The present value of the restoration provision was determined based on the following assumptions:

Undiscounted rehabilitation costs: US\$7.7m; and

Discount period: 5 years (Discount period based on expected timing of restoration activities). Discount rate: 4% (2020-0.50%)

As at 31 December 2021, the total restoration provision amounts to US\$3.6m 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: 11.24% (2020-11.49%)

25. LOANS AND BORROWINGS

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Current		
Loan facilities	5,338	831
Total current loans and borrowings	5,338	831
Non-current		
Loan facilities	415	1,246
Closing balance	415	1,246

Loan Facilities

At 31 December 2021, the current and non-current Loan facilities are to be repaid over six months and eighteen months respectively at an annual average interest rate of 5.5% (2020-5.5%). In January 2022, US\$3.5m of the current loan payable to Santander bank was restructured whereby the interest rate was lowered to 4.2% and the term of the loan was extended to three years resulting in US\$2.3 million reclassified to non-current debt.

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loans	Leasing
Balance at 1 January 2021	2,077	6,321
Change from financing cash flows		
Proceeds from loans and borrowings	4,513	-
Repayments	(839)	(3,032)
Other changes		
New leases	-	1,474
Interest expense	143	244
Interest paid	(141)	(244)
Balance at December 2021	5,753	4,763
Balance at January 2020	5,948	9,494
Change from financing cash flows		
Proceeds from loans and borrowings	1,072	-
Repayment	(4,940)	(3,495)
Other changes		
New leases	-	322
Interest expense	174	434
Interest paid	(177)	(434)
Balance at December 2020	2,077	6,321

Lender	Value (US\$)	Carrying value (US\$)	Interest rate (%)	Maturity date
Santander Bank	3,500,000	3,500,000	2.30	26 January 2022*
Santander Bank	3,600,000	1,246,154	5.54	23 June 2023
BCI	1,000,000	1,007,583	2.00	27 June 2022
Total	8,100,000	5,753,737		

* Only interest paid on loan from initial expiry date of 21 October 2021 until restructuring of the loan on 26 January 2022

26. ISSUED CAPITAL

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Fully paid ordinary shares	109,114	102,177
Number of ordinary shares	612,311,353	566,070,265
Weighted average number of ordinary shares	600,584,618	562,581,929

Movements in ordinary share capital	Number of ordinary shares	US\$'000
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
Share issuance pursuant to acquisition of Revelo	35,475,095	6,061
Share issuance to management	1,000,000	128
Exercise of options	9,765,993	774
Share issue costs pursuant to exercise of options	-	(26)
Balance at 31 December 2021	612,311,353	109,114

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.

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Unlisted Options to acquire ordinary fully paid shares at A\$0.092 expired on 18 October 2021	-	10,136,524

NOTES TO THE FINANCIAL STATEMENTS

27. ACCUMULATED LOSSES

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Accumulated losses at beginning of year	(43,871)	(44,238)
Net (loss)/profit for the year	(7,324)	7,667
Transfer from share option reserve	(321)	-
Transferred from/(to) profit reserve	453	(7,300)
Accumulated losses at end of year	(51,063)	(43,871)

28. RESERVES

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Foreign currency translation reserve		
Balance at beginning of year	320	375
Foreign exchange movements from translation of financial instruments to US dollars	(69)	(55)
Balance at end of year	251	320
Share option reserve		
Balance at beginning of year	(209)	(135)
Unlisted options exercised	(108)	(74)
Unlisted options expired unexercised	(4)	-
Transfer to accumulated losses	321	-
Balance at end of year	-	(209)
Business combination reserve		
Balance at beginning of year	(953)	(953)
Windup of Cachinalito Limitada	(453)	-
Balance at end of year	(1,406)	(953)
Profit appropriation reserve		
Balance at beginning of year	3,804	-
Transfer from accumulated losses	-	7,300
Dividend paid	(3,790)	(3,496)
Balance at end of year	14	3,804
Total reserves	(1,141)	2,962

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.

Business Combination Reserve

Created on the acquisition of non-controlling interests. The reserve is reversed when the entity acquired is sold or wound up.

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.

29. NON-CONTROLLING INTEREST

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Non-controlling interest in subsidiaries comprise		
Acquired as part of subsidiary	188	-

During November 2021, the Group completed the work commitment to acquire 51% of Sierra Blanca S.A as disclosed in note 20.

29.1 Assets and liabilities assumed

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition

NOTES TO THE FINANCIAL STATEMENTS

All figures are reported in thousands of US\$	
Cash and cash equivalents	2
Exploration and evaluation rights	423
Accounts payable and accrued liabilities	(4)
Related party liabilities	(29)
Total identifiable net assets acquired	392

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	
	2021	2020
Financial Assets		
Cash and cash equivalents	2,346	12,401
Trade and other receivables	2,872	5,465
Other financial assets	1,717	404
Financial liabilities		
Trade and other payables	10,263	10,371
Borrowings	5,753	2,077
Financial leases	4,763	6,321

a. Market Risk

i. 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 2021, the Group was exposed to foreign exchange risk through the following financial assets and liabilities denominated in currencies other than the Group's functional currency (thousands of US\$).

The following significant exchange rates have been applied.

USD	Average rate		Year-end spot rate	
	2021	2020	2021	2020
ARS	93.34	71.95	102.62	84.05
CLP	777.85	761.50	844.69	711.00
AUD	1.33	1.45	1.38	1.30
CDN	1.25	1.34	1.27	1.27

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Argentine peso, Chilean peso, Australian dollar, Canadian dollar and US dollar against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

NOTES TO THE FINANCIAL STATEMENTS

Effect in thousands of USD 31 December 2021	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
ARS (22% movement)	401	(401)	401	(401)
CLP (19% movement)	229	(229)	229	(229)
AUD (6% movement)	-	-	-	-
CDN (1% movement)	2	(2)	2	(2)
31 December 2020	Strengthening	Weakening	Strengthening	Weakening
ARS (22% movement)	397	(397)	397	(397)
CLP (19% movement)	476	(476)	476	(476)
AUD (6% movement)	2	(2)	2	(2)
CDN (1% movement)	-	-	-	-

	Argentinian Peso (ARS)	Chilean Peso (CLP)	Australian Dollar (AUD)	Canadian Dollar (CAD)
--	---------------------------	-----------------------	----------------------------	--------------------------

Financial assets

Cash and cash equivalents	127	156	13	12
Trade and other receivables	1,964	4,978	27	11
Other financial assets	32	-	-	1,543

Financial liabilities

Trade and other payables	288	3,929	100	32
Financial leases	11	-	-	-

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.



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 2021	31 December 2020	31 December 2021	31 December 2020
10 % increase in gold and silver prices	6,439	8,822	6,439	8,822
10 % decrease in gold and silver prices	(6,439)	(8,822)	6,439	(8,822)

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. Changes in interest rates are not expected to have a significant impact on the Group.

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 4). 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. Cash and cash equivalents are held at reputable financial institutions.

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 life of 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.

All figures reported in thousands of US\$	Consolidated				
	6 months	6-12 months	1-5 years	> 5 years	Total
31 December 2021					
Financial liabilities					
Trade and other payables	10,263	-	-	-	10,263
Borrowings	4,960	434	422	-	5,816
Leasing	1,539	1,539	1,893	-	4,971
Total 31 December 2021 liabilities	16,762	1,973	2,315	-	21,050
31 December 2020					
Financial liabilities					
Trade and other payables	10,371	-	-	-	10,371
Borrowings	469	456	1,301	-	2,226
Leasing	1,590	1,590	3,553	-	6,733
Total 31 December 2020 liabilities	12,430	2,046	4,854	-	19,330

31. DIVIDENDS

All figures are reported in thousands of US\$	For the year ended 31 December	
	2021	2020
Dividends paid	3,790	3,496

An unfranked dividend of A\$0.008 per share was paid on 19 March 2021 (2020-A\$0.009 per share was paid on 24 July 2020). The Group has no franking credits.

NOTES TO THE FINANCIAL STATEMENTS

32. COMMITMENTS

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
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\$0.872m during the next year to maintain legal rights to all of its properties		
Exploration commitment not recognised as liabilities		
Exploration commitments at the reporting date and not recognised as liabilities		
Within one year	872	550
Two to five years	3,488	5,100
Total Exploration commitments not recognised as liabilities	4,360	5,650

33. SUBSIDIARIES

	Country of Incorporation	% owned as at 31 December	
		2021	2020
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
Casposo Energías Renovables S.A.U.	Argentina	100.000	100.000
Austral Gold Argentina S.A.	Argentina	99.970	99.970
Sierra Blanca S.A.	Argentina	51.000	-
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
Revelo Resources Corp.	Canada	100.000	0.000

* Wound up during 2021

34. ACQUISITION OF REVELO

On 4 February 2021, the acquisition of Revelo was finalised under a statutory plan of arrangement ("the Arrangement") in Vancouver, Canada between Austral Gold and Revelo Resources Corp. ("Revelo"). Under terms of the Arrangement, in exchange for each common share of Revelo, Revelo shareholders received (i) 0.9184 ordinary shares of Austral, and (ii) C\$0.03045715 per share in cash. Austral Gold issued an aggregate of 35,475,095 common shares and paid cash totaling approximately US\$920,353 (CDN\$1,176,471) to Revelo shareholders. Under the Arrangement Austral paid liabilities of Revelo totaling US\$923,121.

At the time of acquisition, Revelo's main assets were its exploration properties and 7,798,747 shares of Pampa Metals Corp "Pampa". Based on the listed price of Pampa of approximately US\$0.351 (C\$0.45), the total shares were valued at US\$2,745,432. The projects held by Revelo were not in production and there were no plans 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.

The fair value of the Austral ordinary shares issued was based on the listed price of the Company at the date of issue on 4 February 2021, approximately US\$0.171 (AUD \$0.225) per share, which valued the share consideration transferred at US\$6,060,654.

34.1 Assets and liabilities assumed

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition.

All figures are reported in thousands of US\$	As at 4 February 2021
Cash and cash equivalents	14
Trade and other receivables	29
Other financial assets	2,745
Exploration and evaluation expenditure	5,298
Accounts payable and accrued liabilities	(924)
Related party liabilities	(181)
Total identifiable net assets acquired and purchase consideration	6,981

NOTES TO THE FINANCIAL STATEMENTS

35. PARENT ENTITY INFORMATION

All figures are reported in thousands of US\$	As at 31 December	
	2021	2020
Current assets	1,008	1,011
Total assets	73,935	67,795
Current liabilities	12,893	13,176
Total liabilities	12,893	13,176
Net assets	61,042	54,619
Issued capital	109,114	102,177
Accumulated losses	(47,670)	(47,326)
Reserves	(402)	(231)
Total shareholders' equity	61,042	54,620
Profit for the year	3,452	2,727
Total comprehensive income for the year	3,383	2,672
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.

36. RELATED PARTY TRANSACTIONS

36.1 KMP holdings of shares and share options at 31 December 2021

- Mr. Eduardo Elsztain holds 461,294,560 shares directly and indirectly in Austral Gold Limited. (31 December 2020—451,679,060 shares and 9,615,500 options)
- Mr. Saul Zang holds 1,640,763 shares directly in Austral Gold Limited. (31 December 2020—1,640,763 shares and 136,730 options)
- Mr. Pablo Vergara del Carril holds 68,119 shares directly in Austral Gold Limited. (31 December 2020—68,119)
- Mr. E. Elsztain and Mr. S. Zang are Directors of IFISA which holds 380,234,614 shares (31 December 2020—380,234,614)
- Mr. P. Vergara del Carril, Mr. E. Elsztain and Mr. S. Zang are Directors of Guanaco Capital Holding Corp which holds 38,859,957 shares. (31 December 2020—35,870,730 and 2,989,227 options)
- Mr. Stabro Kasaneva holds 7,881,230 shares indirectly in Austral Gold Limited. (31 December 2020—6,881,230)
- Mr. Wayne Hubert holds 2,545,500 shares indirectly in Austral Gold Limited. (31 December 2020—2,545,500)
- Mr. Raul Guerra holds 801,000 shares directly in Austral Gold Limited. (31 December 2020—801,000)
- Mr. Rodrigo Ramirez holds 279,514 shares directly in Austral Gold Limited. (31 December 2020—279,514)
- Mr. Ben Jarvis holds 250,000 shares directly in Austral Gold Limited (31 December 2020—nil)
- Mr. Jose Bordogna holds 45,724 shares directly in Austral Gold Limited. (31 December 2020—22,000)

36.2 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	
	2021	2020
Short-term employment benefit	2,267,188	2,023,588
Share based payment	127,710	-
Post employment benefits	-	-
Total	2,394,898	2,023,588

NOTES TO THE FINANCIAL STATEMENTS

Other transactions with related parties

Chairman Wayne Hubert and Chief Executive Officer Stabro Kasaneva are related to Ensign as they are board members of Ensign. Mr. Hubert holds 1,964,865 common shares of Ensign and 175,000 stock options and Mr. Kasaneva holds nil shares of Ensign and 100,000 stock options.

Zang, Bergel & Viñes Abogados is a related party since one non-executive Director, Pablo Vergara del Carril has significant influence over this law firm based in Buenos Aires, Argentina. Fees charged and expenses reimbursed by the Group for the year ended 31 December 2021 amounted to US\$112,458 (2020: US\$148,696).

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 year ended 31 December 2021 a total of US\$68,071 was charged to and reimbursed by the Company (2020: US\$62,047) in regard to IT services support, HR services, software licenses building/office expenses and other fees.

36.3 Ultimate parent entity

The Parent Entity is controlled by IFISA with a 62.1% non-diluted and diluted interest in Austral Gold Limited and is incorporated in Uruguay.

The ultimate beneficial owner of IFISA is Eduardo Elsztain.

37. 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.

Australia	As at 31 December 2021	
	US\$ '000	Expiry
Tax losses	14,462	No Expiry
Capital losses	2,342	No Expiry

Canada		
Tax losses	18,042	2022-2042

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	3,974	No Expiry

The ability of the Group to utilise Australian, US 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.

38. SUBSEQUENT EVENTS

38.1 During February 2022, the Group signed a binding offer letter with Mexplort Perforaciones Mineras S.A. ("Mexplort") where the parties agreed to enter into a Joint Venture Agreement to identify and develop new precious metal projects located in the Indio belt in the Province of San Juan, Argentina and Mexplort is to grant Austral Gold Argentina S.A., a subsidiary company in Argentina, an earn-in option whereby it may acquire a 50% interest in the Jaguelito project "(50% interest)" held by Mexplort through a concession granted by the Instituto Provincial de Exploraciones y Explotaciones Mineras de la Provincia de San Juan (IPEEM) in October 2011. The consideration to acquire the 50% interest is as follows"

- US\$2 million in exploration expenditures on Jaguelito within two years from the approval of the Option by IPEEM (the "First Stage"), including drilling a minimum of 5,000 meters.
- US\$2 million in exploration expenditures on Jaguelito within two years after completing the First Stage (the "Second Stage"), and
- US\$3 million payment to Mexplort if the Board of the JV Company approves the construction of the project based on a bankable feasibility study ("BFS").

The Group committed to the first US\$2 million and must comply with the conditions in (a-c) above to acquire a 50% interest in the Jaguelito project.

38.2 In January 2022, US\$3.5m of the current loan payable to Santander bank was restructured whereby the interest rate was lowered to 4.2% and the term of the loan was extended to three years resulting in US\$2.3 million reclassified to non-current debt.

NOTES TO THE FINANCIAL STATEMENTS

39. 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).

Change in classification

During the year ended 31 December 2021, the Group updated the classification of certain expenses, assets and cash flow items to better reflect the nature of the items.

Comparative amounts in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows were re-stated as follows:

Previous financial statement captions	31 December 2020 \$000's	Re-stated financial statement captions	31 December 2020 \$000's
Profit or loss and other comprehensive income			
Cost of sales	(34,072)	Cost of sales	(50,178)
Depreciation and amortisation expense	(16,106)		
Administration expenses	(7,907)	Administration expenses	(8,068)
Depreciation and amortisation expense	(161)		
Other (expense) income	(13,000)	Other (expense) income	(14,774)
(Loss)/gain on financial assets	(1,774)		
	(73,020)		(73,020)
Statement of financial position			
Current assets			
Trade and other receivables	4,469	Trade and other receivables	4,357
		Prepaid income tax	112
Non-current assets			
Trade and other receivables	1,907	Trade and other receivables	1,108
		Prepaid income tax	799
	6,376		6,376
Statement of cash flows			
Repayment of loans and borrowings	(5,117)	Repayment of loans and borrowings	(4,940)
		Interest paid on loans and borrowings	(177)
	(5,117)		(5,117)

NOTES TO THE FINANCIAL STATEMENTS

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

39.1	Basis of consolidation
39.2	Revenue recognition
39.3	Goods and services tax (GST)/ Value added tax (VAT)
39.4	Foreign currency
39.5	Mine properties
39.6	Exploration and evaluation expenditure
39.7	Property, plant and equipment
39.8	Cash and cash equivalents
39.9	Income tax
39.10	Inventories
39.11	Trade and other receivables
39.12	Trade and other payables
39.13	Interest bearing liabilities
39.14	Provisions
39.15	Leases
39.16	Impairment of non-financial assets
39.17	De-recognition of financial assets and financial liabilities
39.18	Contributed equity
39.19	Earnings per share
39.20	Borrowing costs
39.21	Employee leave benefits
39.22	Segment reporting
39.23	Share-based payment arrangements
39.24	Capital management
39.25	New, revised or amending Accounting Standards and Interpretations adopted

39.1 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.

NOTES TO THE FINANCIAL STATEMENTS

39.2 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.

The Group has an agreement with the refinery and sales are made via correspondence or an on-line trading platform with the customer.

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. At the Guanaco/Amancaya mine revenue was recognized when silver/gold doré bars were shipped to the refinery which was taken to be the point in time at which the customer accepted the material and related risk and rewards of ownership transferred. When the customer is a refinery, control occurs when material is received and when the customer is not a refinery, control occurs when the ounces of metals are received. The price is set by the market using the London gold market.

39.3 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.

39.4 Foreign currency

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

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

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.

NOTES TO THE FINANCIAL STATEMENTS

39.5 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 of gold equivalent ounces over mineable reserves. Once production commences, further development expenditure is classified as part of the cost of production, (e.g. stripping costs) 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.

39.6 Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is capitalised 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, including costs incurred prior to the Group having an exploration license, 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.

NOTES TO THE FINANCIAL STATEMENTS

39.7 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. Fixed assets except for underground mine development are depreciated on a straight line basis over three years. 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.

39.8 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.

39.9 Income tax

Current tax assets and liabilities for the current and prior years 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:

- 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.

NOTES TO THE FINANCIAL STATEMENTS

39.10 Inventories

Materials and supplies used in production 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.

39.11 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, net of provisions for doubtful accounts.

39.12 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.

39.13 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.

39.14 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.

Mine closure provision

Close-down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbances. The costs are based on the net present value of the estimated future costs of a closure.

Estimated changes resulting from new disturbances, updated cost estimates including information from tenders, changes to the lives of operations and revisions to discount rates are capitalised within the property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

The amortisation or "unwinding" of the discount applied in establishing the net present value provisions is charged to the income statement in each period as part of finance costs.

The cost of property, plant and equipment includes the estimated cost of dismantling and removing infrastructure and restoring the site to the extent that such cost is recognised as a provision.

NOTES TO THE FINANCIAL STATEMENTS

39.15 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 of 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.

Right of use

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

39.16 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.

NOTES TO THE FINANCIAL STATEMENTS

39.17 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;
 - 39.17.1.1 has transferred substantially all the risks and rewards of the asset; or
 - 39.17.1.2 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.

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.

39.18 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.

39.19 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.

39.20 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.

NOTES TO THE FINANCIAL STATEMENTS

39.21 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 and contributions are made in accordance with the requirements of the Superannuation Guarantee Legislation.

39.22 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.

39.23 Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

39.24 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group maintains strong relationships with its lenders, including banks which provide the Group with borrowings and lines of credit, and the gold refinery that the Group has an agreement with, and other customers of the Group that may fund the purchase of gold and silver in advance of delivery.

39.25 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 2021 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
31 March 2022



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 2021 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 2021;
- 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;
- 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 these requirements.

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



Material uncertainty related to going concern

We draw attention to Note 3, “Going Concern” in the financial report. The conditions disclosed in Note 3, indicate a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group’s assessment of going concern. This included:

- Analysing the 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;
 - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group’s historical results, particularly in light of recent loss making operations, results since year end, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant non-routine forecast cash inflows and outflows for feasibility, quantum and timing. We used our knowledge of the client, its industry and current status of those initiatives to assess the level of associated uncertainty.
- Reading correspondence with existing and potential financiers to understand the financing options available to the Group, and assess the level of associated uncertainty resulting from renegotiation of existing debt facilities, and negotiation of additional/revised funding arrangements;
- 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 to address those events or conditions, and accounting standard requirements. We specifically focused on the principle matters giving rise to the material uncertainty.

Key Audit Matters

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the **Key Audit Matters**:

- Carrying value of mine assets and plant and equipment
- 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.

Carrying value of Guanaco/Amancaya mine assets and plant & equipment (\$39.0mmillion)	
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 (44%) of the Group's total assets. The recoverable value of the Guanaco/Amancaya cash generating unite (CGU) is based on the Group's fair value less costs of disposal model for the CGU, and this is a key audit mater due to: - the high level of judgement used in evaluating key assumptions applied by the Group in the Guanaco/Amancaya CGU 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 external expert 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 the model. These forward-looking assumptions necessitate additional scrutiny by us due to: - the inherent uncertainties in auditing these assumptions which are forward looking and / not based on observable data; - the consistency of application of assumptions and the fluctuations in forecast silver and gold (commodity) pricing increasing the risk of inaccurate forecasting; and - the sensitivity of assumptions in the Group's Guanaco/Amancaya CGU model such as commodity prices and discount rate, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application.	Our procedures included: - testing the design and implementation of the management review control associated with the approval of the fair value less costs of disposal model used to assess the recoverable amount of the Group's Guanaco/Amancaya CGU; - evaluating the fair value less costs of disposal methodology used by the Group for consistency with the requirements of the Accounting Standards; - working with our valuations specialists we critically evaluated the Group's key assumptions used to determine the recoverable amount of the Guanaco/AmancayaCGU. The assumptions evaluated are those 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; - working with our valuations specialists we considered the sensitivity of the Guanaco/Amancaya CGU model by varying key assumptions. The assumptions considered include commodity prices and discount rate within a reasonably possible range to identify those assumptions at higher risk of impairment, inconsistency in application and to focus our further procedures; - checking the forecast cost of developing areas of interest and producing silver and gold, future productions 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; - assessing the level of resources and reserves capable of being produced economically by examining mine closure



	plans and the Group's Reserve Report with the Group's 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 Guanaco/Amancaya CGU model; • evaluating the scope, competence, and objectivity of the Group's external expert engaged and assess the completeness and accuracy of the key assumptions used by the external expert. Working with our valuation specialist, this involved challenging the key assumptions and assessing the framework applied based on our understanding of the business and industry and the procedures the expert performed. This is to assist the Group prepare the Group's Reserve Report as utilised within the Guanaco/Amancaya CGU model and, • assessing the financial report disclosures based on our understanding obtained from our testing and the requirements of the accounting standards.
--	---

Carrying value of exploration and evaluation assets (\$32.3 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
Exploration and evaluation expenditure capitalised ('E&E') is a key audit matter due to: • the significant of the balance (33%) of the Group's total assets; • the greater level of audit effort to evaluate the Group's 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. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E,	Our procedures included: • evaluating the Group's accounting policy to recognise E&E assets using the criteria in the accounting standard; • testing the design and implementation of the management review control associated with the approval of the impairment assessment used to assess the carrying value of the E&E assets; • evaluating the Group's determination of areas of interest for consistency with the definition in the accounting standard based on the Group's planned work programs and

therefore given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed. In assessing the conditions allowing capitalisation of relevant expenditure, we focus on: - the determination of the areas of interest (areas); - documentation available regarding the rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the Group's intention and capacity to continue the relevant E&E activities; - 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 In assessing the presence of impairment indicators, we focused on those 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, and given the financial position of the Group, we paid particular attention to: - the impact of changes in gold and silver prices to the Group's strategy and intentions; and - the ability of the Group to fund the continuation of activities;	results of exploration activity of each area of interest. - for each area of interest, we assessed the Group's current rights tenure by examining the ownership of the relevant license to government registries and 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 Group documents, such as minutes of director's 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 exploration of the area by evaluating the Group's documentation of planned future 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; and - obtaining project and corporate budgets identifying areas with existing funding and those requiring alternate funding sources. We compared this for consistency with areas of 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.
---	--



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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

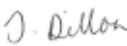
The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 47 to 52 of the Directors' report for the year ended 31 December 2021.

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

KPMG
KPMG


Jessica Dillon

Partner

Sydney

31 March 2022



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 2022 the total issued capital of Austral Gold Limited was 612,311,353 ordinary shares. 548,399,462 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. 63,911,891 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 2022

Size of Holding	Holders	Shares held	% of issued capital
1 - 100	372	15,708	0.00%
101 - 1,000	557	281,127	0.05%
1,001 - 5,000	553	1,553,818	0.25%
5,001 - 10,000	239	1,875,083	0.31%
10,001 - 50,000	289	7,254,743	1.18%
50,001 - 100,000	90	6,663,974	1.09%
>100,000	122	594,666,900	97.12%
	2,222	612,311,353	100%

SUBSTANTIAL SHAREHOLDERS

The Company has been notified of the following substantial shareholdings as at 28 February 2022:

Registered Holder	Beneficial Holder	Shares 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
HSBC Custody Nominees (Australia) Limited	Eduardo Elsztein	35,573,716

Rank	Name	No. of shares	% of issued capital
1	EDUARDO SERGIO ELSZTAIN	461,294,560	75.34%
2	MICHAEL D WINN	13,735,558	2.24%
3	EMX ROYALTY CORPORATION	9,381,770	1.53%
4	STABRO KASANEVA	7,881,230	1.29%
5	CITICORP NOMINEES PTY LIMITED	6,397,257	1.04%
6	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	3,755,995	0.61%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,768,375	0.45%
8	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	2,727,042	0.45%
9	MRS ANNA VORONTSOVA	2,312,594	0.38%
10	MS LEANNE MARION HUNTER	1,800,000	0.29%
11	SAUL ZANG	1,640,763	0.27%
12	TIMOTHY BEALE	1,546,308	0.25%
13	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,462,185	0.24%
14	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,422,961	0.23%
15	ASOCIACION ISRAELITA ARGENTINA TZEIRE AGUDATH JABAD	1,158,265	0.19%
16	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	1,150,523	0.19%
17	FUSION ELECTRICS (AUST) PTY LTD <GAF CONTROL SSF NO 2 A/C>	1,000,000	0.16%
18	MRS NICOLA PAULINE COURT	900,000	0.15%
19	MARIO SZOTLENDER	1,148,862	0.19%
20	PUTNEY HOLDINGS CO LP	808,859	0.13%
	Total	524,293,107	85.63%
	Other	88,018,246	14.37%
	Total Shares on issue	612,311,353	100%

*Beneficial holdings







