MEDIA RELEASE
Austral Gold Limited
25 February 2022

Austral Gold Files Preliminary 2021 Financial Report

Austral Gold Limited ("**Austral**" or the "**Company**") (ASX: AGD; TSX-V: AGLD) is pleased to announce that it has filed its Appendix 4E Preliminary Financial Report for the Financial Year Ended 31 December 2021. The 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 whose strategy is to expand the life of its cash generating assets in Chile, restart its Casposo mine in Argentina and build a portfolio of quality assets in Chile, the USA and Argentina organically through a Tier 1 or 2 exploration strategy and via acquisitions and strategic partnerships. Austral owns a 100% interest in the Guanaco/Amancaya mine in Chile and the Casposo Mine (currently on care and maintenance) in Argentina, a non-controlling interest in the Rawhide Mine in Nevada, USA and a non-controlling interest in Ensign Gold which holds the Mercur project in Utah, USA. In addition, Austral owns an attractive portfolio of exploration projects in the Paleocene Belt in Chile (including those acquired in the 2021 acquisition of Revelo Resources Corp), a non-controlling interest in Pampa Metals 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.

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PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The report is based on accounts which are in the process of being audited.

Austral Gold Limited
Preliminary Financial Report For The Year Ended 31 December 2021

Appendix 4E, previous corresponding period, year ended 31 December 2020

Revenue and net profit				US$'000
Revenue from ordinary activities	Down	27%	to	64,390
Loss from ordinary activities after tax	Down	197%	to	(7,328)
Net Loss attributable to members	Down	197%	to	(7,324)
Dividend information				
Interim unfranked dividend per share				A$0.008
Interim dividend dates				
Ex-dividend date				08 March 2021
Record date				09 March 2021
Payment date				19 March 2021

Net tangible assets per security	December 2021 per share	December 2020 per share
Net tangible assets per security	US$0.09	US$0.11
Common shares on issue at balance sheet date	612,311,353	566,070,265

This report is based on accounts which are in the process of being audited.

Forward Looking Statements
Statements in this Appendix 4E 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. Forward-looking statements in this Appendix 4E include forecasted 2022 production, C1 and AISC costs and the Group has strong banking relationships from which it expects it can obtain financing if required.

All of these 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 especially in light of the effects of the novel coronavirus,, 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 on 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.

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. 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.

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	627,296	195,296	1,855,337	665,995
Gold produced (Oz)	29,918	18,253	34,512	52,306	24,213	58,449
Silver produced (Oz)	87,049	108,982	114,480	253,066	160,113	293,687
Gold Equivalent Ounces (Oz)**	31,142	19,535	36,056	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/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)	5.2	8.5
Average Plant Grade (g/t Ag)	18.6	43.9
Gold produced (Oz)	29,918	52,306
Silver produced (Oz)	87,049	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 (29,918 gold ounces and 87,049 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:

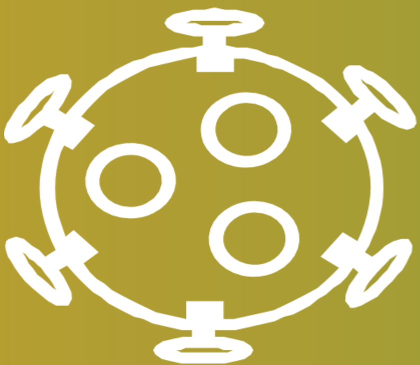
- lower throughput at the Amancaya mine,
- transition to a new mining contractor during Q1 2021
- production issues during the year including the lower availability of mining equipment, lower gold grades at Amancaya and tailing issues that resulted in the shutdown of the plant during June 2021.

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 108,892 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$	Year ended 31 December 2021	 2020
Revenue	64,390	88,223
Gross profit	12,113	37,884
Gross profit %	18.8%	42.9%
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)	-
Earnings/(loss) per share (Basic)	(1.20)	1.36c
Earnings/(Loss) earnings per share(diluted)	(1.20)	1.34c
Comprehensive income (loss)	(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.

*see table below

EBITDA AND ADJUSTED EBITDA

Thousands of US$	Year ended 31 December 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)	7,819	12,718
(Gain) /Loss on financial assets	512	1,774
Share of loss of associates	1,342	507
Adjusted EBITDA**	**14,429**	**45,962**

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	77,997	73,523
Current liabilities	22,745	24,035
Non-current liabilities	18,146	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.

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

During FY21, the Group realised a gross profit of US$12.1m or 18.8% (including US$12.4m of depreciation and amortisation) (FY20: gross profit of US$37.9m or 43% including US$16.3m of depreciation and amortisation).

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 result 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$6.352m including the following:

    a. Impairment of US$4.793m 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$2.7m due to favorable fluctuations of the Argentine and Chilean currencies against the US dollar.

Net gold equivalent ounces (GEOs) produced during FY21 decreased to 36,056 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 31,139 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$723/ AuEq oz during FY21 compared to US$1,739AuEq 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.

FINANCIAL POSITION

Net assets decreased by US$4.4m from 31 December 2020 to US$56.9m 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 2022 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, 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) increased by US$0.8m to US$7.1m at 31 December 2021 (31 December 2020:US$6.4m) mainly due to increases in prepaid tax and GST/VAT receivable partially offset by a decrease in trade receivables,

Inventories decreased by US$4.1m to US$10.6m at 31 December 2021 (31 December 2020: US14.7m) 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$14.2m 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.

LIQUIDITY

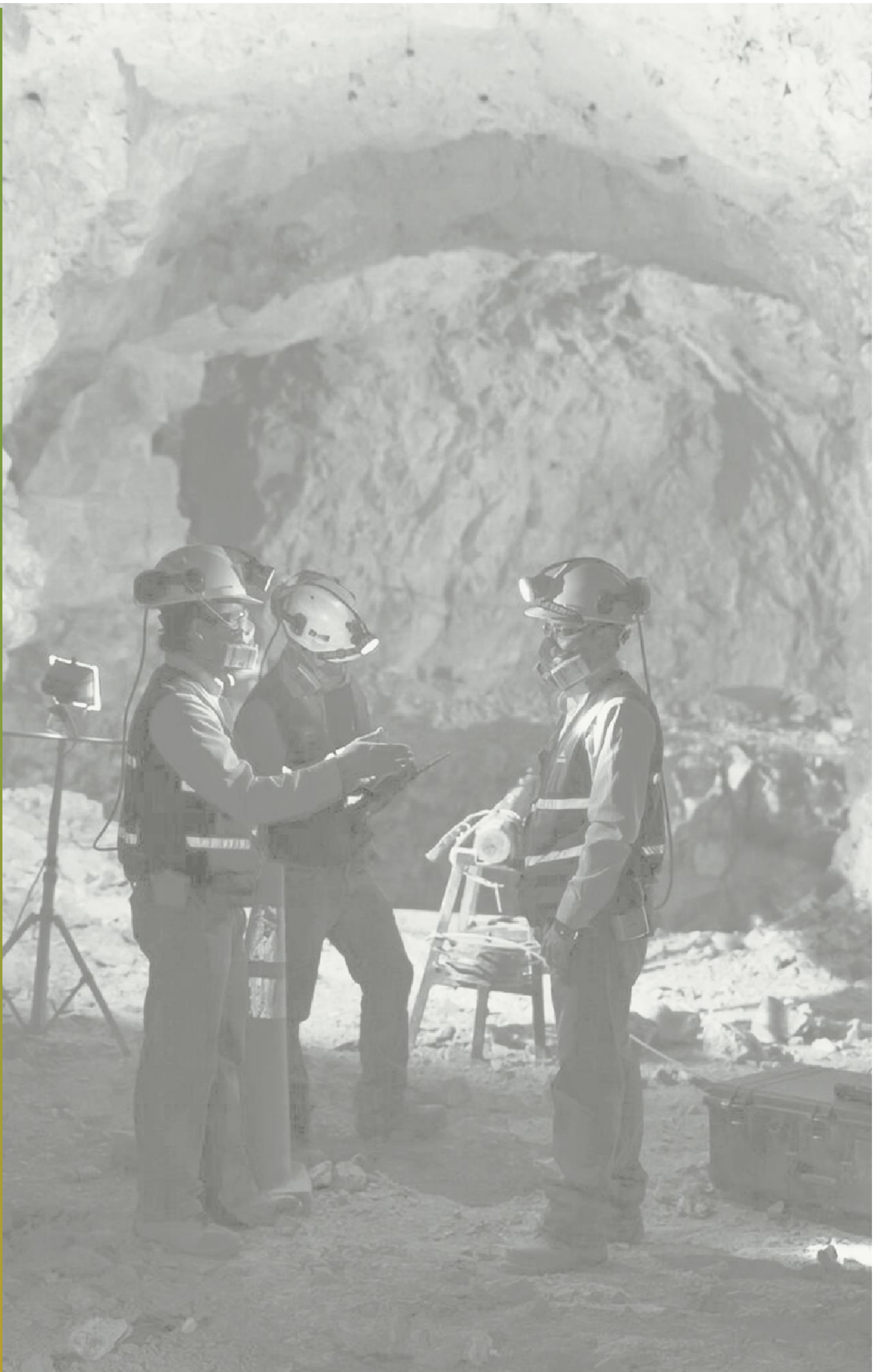
Guidance

The Group forecasts 2022 production to increase to 40,000-45,000 gold equivalent ounces range with 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.

FINANCIAL STATEMENTS



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	(39,874)	(34,072)
Gross profit before depreciation and amortisation expense		**24,516**	**54,151**
Depreciation and amortisation expense		(12,403)	(16,267)
Gross profit		**12,113**	**37,884**
Other expenses	7	(8,670)	(13,000)
Administration expenses	8	(9,236)	(7,907)
Net finance income/(costs)	9	2,961	(361)
Share of loss of associates	21	(1,342)	(507)
Loss on financial assets		(512)	(1,774)
(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 (loss)/income 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 (13) to (41) are an integral part of these consolidated financial statements.

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	5,328	4,469
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	1,804	1,907
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 (13) to (41) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2021 and 2020

All figures are reported inthousands 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 (13) to (41) are an integral part of these consolidated financial statements

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 year		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
Non-cash items			
Income tax expense recognized in profit or loss		2,642	6,668
Impairment of goodwill		-	926
Impairment of exploration and evaluation expenditure		1,322	748
Impairment of investment in associate	20	4,793	-
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 entitlements		112	591
Share of loss of associates		1,342	507
Loss in fair value of other financial assets		512	1,774
Net cash from operating activities before change in assets and liabilities		**14,190**	**36,948**
Changes in working capital:			
Decrease/(increase) in inventory		4,043	(4,653)
(Increase) /decrease in trade and other receivables		(940)	1,316
Decrease in trade and other payables		(281)	(1,860)
Decrease in income tax payable		(6,034)	-
Increase /(decrease) in employee entitlements		331	(1,269)
Net cash provided through operating activities		**11,309**	**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		(979)	(5,117)
Repayment of lease liabilities		(3,032)	(3,495)
Interest paid on leases		(244)	(434)
Proceeds from exercise of options net of costs		656	421
Financing fees paid on shares issued excluding options exercised		(17)	-
Dividends paid		(3,790)	(3,496)
Net cash used in financing activities		**(2,893)**	**(11,049)**
Net (decrease) / increase in cash and cash equivalents		**(10,055)**	**3,205**

The notes on pages (13) to (40) are an integral part of these consolidated 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. 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. 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

The outbreak of the COVID-19 pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic's spread have impacted the Group. These measures required the Group and take several precautionary measures to protect the healthof the Group's employees. However, the Group's production, financial performance for the year and its liquidity have not been negatively impacted by COVID-19.

For the year ended 31 December 2021, the Group made 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$11.308 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).

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

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

i. At 31 December 2021, the Group had a cash balance of US$2.3 million and approximately 1,400 refined gold ounces in inventory with a fair value of US$2.5 million.

i. The Group's cash flow forecasts following the most likely mine plan and 2022 production guidance that forecast production of;

- 40,000-45,000 gold equivalent ounces; and
- average 2022 selling price of gold equivalent ounces of US$1,850 indicate that the Group forecasts that it will have free cash flow from operations to meet its borrowing obligations and to meet the required capital expenditures.

In addition, in 2022, the Group restructured $3.5m of the current loan resulting in US$2.3m of the current loan reclassified to non-current debt as described in note 25. Furthermore, should any of the Group's assumptions materially impact cash flow, the Group has the ability to scale back on certain planned 2022 expenditures such as most exploration and evaluation expenditures.

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

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 is detailed below:

Carrying value of Mine Properties

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

Impairment

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

Carrying value of exploration and evaluation assets

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

Mine closure provisions

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

Measurement of fair values

The Group has established a control framework with respect to the measurement of fair values. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 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
ii. Level 2 — inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e. as prices), or indirectly (i.e. derived from prices)
iii. Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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 2 of the fair value hierarchy.

Further information about the assumptions made in measuring fair values is included in Note 30 — Financial instruments.

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

Adoption of other narrow scope amendments to IFRSs and IFRS Interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 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	10,279	14,229
Amortisation of mine properties	2,124	2,038
Total depreciation and amortisation expense	**12,403**	**16,267**
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)	4,793	-
Care and maintenance	1,559	1,983
Exploration expenses	851	282
Gain on sale of equipment	(287)	(114)
Other	(55)	(66)
Total other expenses/(income)	**8,670**	**13,000**

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
Administration	1,030	1,095
Staff costs	4,212	3,754
Non-executive director fees	300	334
Other	1,699	1,297
Total administration expenses	**9,236**	**7,907**
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
Interest expense	(194)	(214)
Interest expense on leases	(283)	(434)
Gain from foreign exchange	3,199	535
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 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 (benefit)/expense	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)
Non-deductible expenses	3,405	2,907
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%)

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	147
Mining concessions brought into account	-	78	-	78	-	198	-	198	
Accrual for mine closure	1,517	319	-	1,836	2,037	302	-	2,339	
Deferred income	(45)	-	-	(45)	2,266	-	-	2,266	
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	**5,642**	**632**	**38**	**6,312**	**5,729**	**1,563**	**-**	**7,292**	
Deferred tax liabilities									
Mining concessions	(12,809)	-	-	(12,809)	(10,672)	-	-	(10,672)	
Property, plant and equipment inflation adjustment	-	(612)	(58)	(670)	-	(1,040)	(23)	(1,063)	
Financial assets	540	-	-	540	540	(91)	-	449	
Deferred tax liabilities	**(12,269)**	**(612)**	**(58)**	**(12,939)**	**(10,132)**	**(1,131)**	**(23)**	**(11,286)**	
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

*includes options outstanding

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	Consolidated	Guanaco/ Amancaya	Casposo	Group and unallocated items	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	(12,248)	(119)	(36)	(12,403)	(16,106)	(119)	(42)	(16,267)
Other expense	(1,502)	(1,891)	(5,277) (1)	(8,670)	(10,103)	(2,149)	(748)	(13,000)
Administration expenses	(4,306)	(560)	(4,370)	(9,236)	(4,193)	(552)	(3,162)	(7,907)
Finance income (costs)	1,270	1,851	(160)	2,961	(462)	1,450	(1,349)	(361)
Share of loss of associates	-	-	(1,342)	(1,342)	-	-	(507)	(507)
(Loss)/gain on financial assets	(76)	-	(436)	(512)	(2,000)	-	226	(1,774)
Income tax (expense)/ benefit	(2,308)	(336)	2	(2,642)	(6,224)	(397)	(47)	(6,668)
Segment (loss)/profit	**5,346**	**(1,055)**	**(11,619)**	**(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**	**15,666**	**10,599**	**638**	**225**	**11,462**

(1) Includes impairment on investment in Rawhide of US$4,793m

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**

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).

16. TRADE AND OTHER RECEIVABLES

All figures are reported in thousands of US$	As at December	
	2021	2020
Current		
Trade Receivables	86	2,285
Other current receivables	212	1,072
Loan receivable	-	132
Prepaid income tax	3,510	112
GST/VAT receivable	1,520	868
Total current receivables	**5,328**	**4,469**
Non-current		
GST/VAT receivable	901	905
Prepaid income tax	750	799
Loan receivable	-	12
Other	153	191
Total non-current receivables	**1,804**	**1,907**
Allowance for doubtful accounts	**314**	**513**
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	31 December 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**
Non-current		
Listed equity securities — level 1	**-**	**-**

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 nominated in C$ and sovereign bonds nominated in AR$ 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.

*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 December 31	
	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") using the fair value in use method less cost of sales over the life of mine. 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 (2022-2025): US$1,501/oz-1,735/oz (31 December 2020 (2021-2024): US$1,554/oz – US$1,871/oz)
- Real Forecast Silver price (2022-2025): US$19.3/oz-22.7/oz (31 December 2020 (2021-2024) US$18.70/oz – US$23.1/oz)
- One year of underground mining, ten years of processing existing heap leach pads and three years of open pit mining starting in 2023.
- Real Discount Rate (pre-tax): 7.6% (31 December 2020: 6.4%)

The sensitivity to +/- 10% variation in the gold price (US$1,351-1,909/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$2.1 million.

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

19. PROPERTY, PLANT AND EQUIPMENT

All figures are reported in thousands of US$	As at 31 December 2021	As at 31 December 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 bookvalue and recoverable amount. The Casposo property, plant and equipment is recorded at salvage value as it is currently not being used.

The Group leases production equipment under a number of finance leases. At 31 December 2021, the net carrying amount of finance lease assets under AASB 16 was US$7.7m (31 December 2020-US$9.4m).

19.1 Reconciliation of carrying amount

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

All figures are reported in thousands of US$	Underground Mine Development	Plant	Mining Equipment	Buildings	Land	Other	Total
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	31 December 2020
Undiscounted		
Less than a year	3,078	3,193
Greater than a year	1,893	7,712
	4,971	**10,905**
Discounted		
Less than a year	2,920	2,905
Greater than a year	1,843	3,416
	4,763	**6,321**

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 to 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 expenditure 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 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
(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.

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

Year 1: $100,000 (paid)

Year 2: $200,000

Year 3: $300,000

As the work commitments in Year 1 were incurred, the Group acquired a 51% interest which resulted in a non-cash adjustment to Exploration and Evaluation expenditure of US$96,000, the value of the non-controlling interest at the time of acquisition. 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:

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

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

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

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

During December 2020, the Group entered into an option agreement to acquire certain mining concessions in Chile named Buenos Aires from 1 to 199.The total cost of the option 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$100 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.

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") and an interest in Ensign Gold Limited ("Ensign"). 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 December 31	
	2021	2020
Percentage ownership interest	24.74%	26.46%
Non-current assets	26,972	23,873
Current assets	21,616	18,145
Non-current liabilities	(22,666)	(33,504)
Current liabilities	(25,783)	(11,047)
Net assets (liabilities) (100%)	**139**	**(2,533)**
Group's share of net liabilities	34	(670)
Carrying amount of interest in associate prior to impairment	**4,793**	**4,221**
Impairment on investment in Rawhide (note 7)	(4,793)	-
Carrying amount of interest in associate after impairment	**-**	**4,221**

All figures are reported in thousands of US$	For the year ended December 31	
	2021	2020
Revenue	45,491	42,623
(Loss) from continuing operations (100%)	(3,642)	(1,999)
Other comprehensive income (100%)	-	-
Total comprehensive income (100%)	(3,642)	(1,999)
Group's share of total (loss) and comprehensive income (24.45%)*	**(891)**	**(507)**

*Weighted average of 24.45% 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 AASB 16, Rawhide hedges and call options based on their ownership interest throughout the period.

(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$890,589 (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$4,792,884. An initial impairment charge of US$2,165,882 to the carrying value of Rawhide was based on the valuation and related subscription price used in Rawhide's October 2021 financing and an additional impairment charge of US$2,627,002 was based on Rawhide's asset based valuation at 31 December 2021 risk adjusted by the Group.

21.2 Investment in Ensign

All figures are reported in thousands of US$	As at December 31	
	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%.

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)**

22. TRADE AND OTHER PAYABLES

All figures are reported in thousands of US$	As at December 31	
	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 December 31	
	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.

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.

24. PROVISIONS

All figures are reported in thousands of US$	As at December 31	
	2021	2020
Non current		
Mine closure	9,136	11,045
Other	97	5
Closing balance	**9,233**	**11,050**
Movement in non current provisions		
Opening balance	**11,050**	**10,814**
Additions/(reductions)	(805)	(531)
Exchange difference	(773)	515
Present value adjustment	(239)	252
Closing balance	**9,233**	**11,050**

Rehabilitation provision

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

As at 31 December 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 US$3.6m for the Casposo mine. The present value ofthe restoration provision was determined based on the following assumptions:

Undiscounted rehabilitation costs: US$4.2m; and Discount rate: 11.24% (2020–11.49%)

There are no current plans for rehabilitation and restoration as the Group undertook an exploration program in 2021 and there is potential to restart operations in the future.

25. LOANS AND BORROWINGS

All figures are reported in thousands of US$	As at December 31	
	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 payable to Banco Santander and 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 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.

26. ISSUED CAPITAL

All figures are reported in thousands of US$	As at December 31	
	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.

Movements in share options	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

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 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 Companiesare recognised in the foreign currency translation reserve. The reserve is recognised in profit or loss when the net investment is disposed of.

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

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

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.

All figures are reported in thousands of US$	
Cash and cash equivalents	2
Exploration and evaluation expenditure	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	7,132	6,376
Other financial assets	1,717	404
Financial liabilities		
Trade and other payables	10,263	10,371
Employee entitlements	4,233	3,918
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$).

	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
Employee entitlements	694	3,448	-	-
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 producedis 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 thousandsof 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.

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.

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.

Consolidated					
All figures reported in thousands of US$	6 months	6-12 months	1-5 years	> 5 years	Total
31 December 2021					
Financial liabilities					
Trade and other payables	10,263	-	-	-	10,263
Employee entitlements	4,224	-	9	-	4,233
Borrowings	4,923	415	415	-	5,753
Leasing	1,642	1,278	1,843	-	4,763
Total 31 December 2021 liabilities	**21,052**	**1,693**	**2,267**	**-**	**25,012**
31 December 2020					
Financial liabilities					
Trade and other payables	10,371	-	-	-	10,371
Employee entitlements	3,894	-	24	-	3,918
Borrowings	416	415	1,246	-	2,077
Leasing	1,468	1,437	3,416	-	6,321
Total 31 December 2020 liabilities	**16,149**	**1,852**	**4,686**	**-**	**22,687**

31. 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).

32. COMMITMENTS

All figures are reported in thousands of US$	As at 31 December	
	2021	2020
Lease commitments		
Within one year	3,078	3,179
Two to five years	1,893	3,553
Total commitment	**4,971**	**6,732**
Less: Future finance charges	(208)	(411)
Net commitment recognised as liabilities	**4,763**	**6,321**
Representing		
Lease liability—current	2,920	2,905
Lease liability—non-current	1,843	3,416
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	-	550
Two to five years	-	5,100
Total Exploration commitments not recognised as liabilities	**-**	**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
Ingenieria y Mineria 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	100.000

(*) 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	**6,981**

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)
- E Elsztain and S Zang are Directors of IFISA which holds 380,234,614 shares (31 December 2020—380,234,614)
- P Vergara del Carril, E Elsztain and 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	1,936	1,691
Consulting fees	144	60
Non-executive director fees	300	334
Total	**2,380**	**2,085**

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 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 Elsztain. 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.

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.

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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 therefrom.

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
United States		
Tax losses	4,371	No Expiry

The ability of the Group to utilise Australian, USor 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

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. The consideration to acquire the 50% interest is as follows"

a) 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.

b) US$2 million in exploration expenditures on Jaguelito within two years after completing the First Stage (the "Second Stage"), and

c) 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 has committed to the first US$2 million.

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).

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

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.

Goodwill

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

As of 31 December 2021, the goodwill was written off as Ingenieria y Mineria Cachinalito Limitada was wound up.

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.

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

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

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

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

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 translation

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

Foreign currency transactions

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

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 over the mineable reserves. Once production commences, further development expenditure is classified as part of the cost of production, unless substantial future economic benefits can be established.

Amortisation

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

Deferred stripping costs

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

Capitalised stripping costs are disclosed as a component of Mine Properties. Components of an ore body are determined with reference to mine plans and take account of factors such as the geographical separation of mining locations and/or the economic status of mine development decisions. Capitalised stripping costs are initially measured at cost and represent an accumulation of costs directly incurred in performing the stripping activity that improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs. The amount of stripping costs deferred is based on a relevant production measure which uses a ratio obtained by dividing the tonnage of waste mined by the quantity of ore mined for an identified component of the ore body. Stripping costs incurred in the period for an identified component of the ore body are deferred to the extent that the current period ratio exceeds the expected waste to ratio for the life of the identified component of the ore body. Such deferred costs are then charged against the statement of profit or loss when the stripping ratio falls below the mine ratio. These are a function of the mine design and therefore any changes to the design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact on reserves may also have an impact on the component ratio even though they may not impact the mine design. Changes to the mine plan, identified components of an ore body, stripping ratios, units of production and expected useful life are accounted for prospectively. Deferred stripping costs form part of the total investment in acash 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 accumulated in respect of each identifiable area of interest and carried forward in the statement of financial position where rights to tenure of the area of interest are current; and one of the following conditions is met:

i. such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sales; or

ii. exploration and/or evaluation activities in the area of interest have not, at reporting date, yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in the area are continuing.

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

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

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

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

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

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. The depreciation rate used for fixed assets except for underground mine development is between 10%-20%. The depreciation rate used in underground mine development is provided for over the life of the area of interest on a production output basis. Assets that are idle or no longer ready for use are not depreciated but are separately tested for impairment and where the recoverable value is less than the book value of the asset, an impairment is recorded.

De-recognition and disposal

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

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

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.

39.10 Inventories

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

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

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

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, any unearned income and 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.

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 for time in exchange for consideration.

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

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.

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.

Fair value through other comprehensive income

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

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of theoriginal 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.

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, experienceof 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 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.