



MEDIA RELEASE

Austral Gold Limited

29 April 2022

Austral Gold Files Q1 2022 Quarterly Activity Report

Austral Gold Limited (the “Company”) (ASX: AGD; TSX-V: AGLD) is pleased to announce that it has filed its Q1 2022 Quarterly Activity Report. The complete Report is available under the Company’s profile at www.asx.com, 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 noncontrolling interest in Pampa Metals and a 100% interest in the Pingüino project and a 51% interest in the Sierra Blanca project, both 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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MARCH 2022

Quarterly Activity Report

KEY QUARTERLY HIGHLIGHTS

- **Updated NI-43-101 technical on the Guanaco/Amancaya mine complex showing an increase in the mine life (LOM) until year 2033** (30K-35K GEOs per year for four to five years and 10K GEO per year for the next eight years). **The new base case Net Present Value (NPV) is US\$77 million (AU\$106 million) at a discount rate of 6.89% and an average gold price of US\$1,686/oz over the LOM.**
- **Quarterly production was 7,493 gold equivalent ounces (“GEOs”).** The Group expects production to increase during the balance of the year and to meet its annual production guidance of 35,000-40,000 GEO’s.
- **Cost of production (“C1”) per GEO was US\$1,377 in Q1 2022, a 12% decrease** from US\$1,574 in Q1 2021 and **an increase of 22%** from US\$1,130 in Q4 2021. All-in-sustaining cost (“AISC”) was US\$1,810 in Q1 2022, **a 32% decrease from US\$2,659 in Q1 2021 and a 13% increase** from US\$1,596 in Q4 2021. Quarterly average GEO selling price was US\$1,861/oz vs US\$1,790/oz in Q4 2021. Q1 2022 C1 and AISC per ounce were mainly impacted by low production.
- **Cash flow generation from operating activities was US\$0.9 million after changes in working capital during Q1 2022.** Cash on hand at the end of the quarter was US\$1.1 million and combined with the fair value of unsold and unrefined ~800 gold ounces in inventory totaled US\$2.7 million.

- Secured a new 3-year ESG facility for US\$3.5 million (4.2% p.a.) to replace debt due in 2021. The facility requires monitoring of certain Environment, Social and Governance (“ESG”) KPIs throughout the life of the loan and improved the Company’s working capital.
- **The latest drilling at Sierra Inesperada results confirmed silver mineralisation vectoring to potential blind gold mineralisation in the Purisima breccia complex.** Further details were provided in the Company’s 26 October 2021 and 28 January 2022 announcements.
- **Signed an offer letter with Mexplort Perforaciones Mineras S.A. (“Mexplort”)** for an earn-in option where we may acquire a 50% interest in the Jaguelito project, located in the Province of San Juan. In addition, we agreed to enter into a 50:50 Joint Venture to identify and develop new precious metal projects located in the Indio belt in the Province of San Juan, Argentina.

COVID-19

- 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.

PRODUCTION

- **Guanaco/Amancaya gold and silver production during the March 2022 quarter totaled 7,493 GEOs** (or 7,224 gold ounces and 21,187 silver ounces), **a 60% increase from the March 2021 quarter** and a **14% decrease from the December 2021 quarter**.
- Production included 211 GEOs from Guanaco historical heap material processed through the agitation leaching plant during the March 2022 quarter compared to 241 GEOs produced in the December 2021 quarter.
- Production was lower than forecasted during the quarter mainly due to lower throughput at Amancaya. This was primarily due to the continuation of restricted availability of the UG fleet (mainly vertical drilling equipment) that was an issue in Q4 2021. To address the lower throughput, the following steps were taken:
 - a new contractor was hired as mining operator and another contractor was hired to maintain the mining fleet,
 - two additional drilling Jumbos were rented in the latter part of Q1 2022. Production was also impacted by lower gold grades at Amancaya.
- **Rawhide production (100% basis) during the March 2022 quarter totaled 3,289 GEOs representing a 36% decrease from December 2021 quarterly production of 5,162 GEOs.** The Company’s March 2022 quarterly share of production was 817 GEOs compared to the December 2021 quarterly share of production of 1,282 GEOs.

Quarterly Production figures

Operations	Guanaco/ Amancaya Mines			Rawhide*			Net to Austral		
	Mar Qtr 2022	Dec Qtr 2021	Mar Qtr 2021	Mar Qtr 2022	Dec Qtr 2021	Mar Qtr 2021	Mar Qtr 2022	Dec Qtr 2021	Mar Qtr 2021
Processed (t)	70,900	84,096	26,180	187,171	414,509	570,457	117,393	187,060	174,893
Gold produced (Oz)	7,224	8,382	4,450	2,992	4,956	5,317	7,967	9,613	5,836
Silver produced (Oz)	21,187	23,296	16,031	25,171	17,527	45,595	27,439	27,650	27,917
Gold-Equivalent (Oz) **	7,493	8,682	4,684	3,289	5,162	6,006	8,310	9,964	6,250

* Quarterly Weighted average of 24.84% (December 2021-24.84% and March 2021-26.07%).

** Au:Ag ratio is calculated at 79:1 Ag:Au for the March 2022 Quarter; 78:1 Au:Ag for the December 2021 Quarter and 69:1 Au:Ag for the March 2021 Quarter. Rawhide's Au:Ag ratio equaled 85:1 for the March 2022 Quarter, Au:Ag 85:1 for the December 2021 Quarter and Au:Ag 66:1 for the March 2021 Quarter.

Forecasted Calendar 2022 Production and Costs:

- Production guidance for 2022 for the Guanaco and Amancaya Mine complex is estimated at 35,000-40,000 gold-equivalent ounces with forecasted C1 and AISC of US\$1,000-US\$1,100 and US\$1,300-US\$1,400 per GEO.
- Production guidance for 2022 for Rawhide is estimated at 12,000 GEO.

EXPLORATION

- During Q1 2022, exploration activities focused on Chile and Argentina as follows:
 - Chile:
 - Morros Blancos: Completed four of the five drillholes planned for phase 1 of our drilling campaign at the Rosario del Alto target, totaling 1,020 meters. In addition, at the Morro Colorado target, delineation confirmed the high-sulfidation features on the eastern block, where advanced argillic altered phreatomagmatic rocks outcrop.
 - Pampa Metals Corp. Option Agreement: Expenses incurred on the Morros Blancos and Cerro Blanco projects were US\$0.7 million in Q1 2022. The first-year expenditure commitment was met as total expenses incurred were US\$1.2 million. An additional US\$1.8 million is required to be expended prior to the end of Q3 2023 to obtain an initial 60% interest in the properties.
 - Sierra Inesperada-the latest drilling results announced 28 January 2022 confirmed silver mineralisation vectoring to potential blind gold mineralisation in the Purisima breccia complex.
 - Argentina:
 - Casposo-Manantiales: Launched a second drilling campaign supported by detailed geological mapping and systematic channel sampling over the main mineralized corridors in La Puerta, Awada and Fabiola targets. The first drill hole was in La Puerta Oeste following the high gold grades identified through surface geochemistry announced in Q4 2021. During Q1 2022, 224 meters were drilled (CY 2021: 2,799 meters).
 - Sierra Blanca-Pinguino: Activities were focused on the southwestern area of the property following anomalies and indicators of potential mineralisation in the Vetarron area.
 - Mexplort Option Agreement: Field work and surface mapping commenced on the Jaguelito project as part of the agreement signed in February 2022.

FINANCIALS

- **At the end of Q1 2022, cash and cash equivalents were US\$1.1 million and combined with the fair value of ~800 unsold and unrefined gold equivalent ounces in inventory totaled US\$2.7 million.** The table below summarises the March 2022 quarterly cash flow compared to the December 2021 quarter and prior year quarter ended March 2021.

Cash Flow (US\$'M)	Dec 2021 Qtr	Dec 2021 Qtr	Mar 2021 Qtr
Operating Cash flow before change in working capital	0.7	3.1	3.8
Changes in working capital	0.2	1.3	1.8
Operating cash flow after change in working capital	0.9	4.4	5.6
Net cash used in investing activities	(2.8)	(3.8)	(7.9)
Net cash from (used in) financing activities	0.7	(0.6)	(4.8)
Net (decrease) increase in cash	(1.2)	-	(7.1)
Cash beginning of period	2.3	2.3	12.4
Cash end of period	1.1	2.3	5.3

- **Cash flow generated from operating activities** was US\$0.9 million during Q1 2022, a decrease of US\$3.5 million from US\$4.4 million during Q4 2021. The decrease in cash flow generated was mainly due to higher costs of production in Q1 2022.
- **Net cash used in investing activities** was US\$2.8 million, mainly due to US\$1.4 million for sustaining capital expenditures, US\$1.3 million for exploration activities.
- **Net cash from financing activities** was US\$0.7 million due to the net increase in borrowings. **The table below summarises the net financial debt position.**

Net Financial Debt Position (US\$'M)	March 2022 *	December 2021**	March 2021 *
Cash & Cash Equivalents ***	1.1	2.3	5.3
Financial Debt ****	11.6	10.5	7.5
Net Financial Debt	10.5	8.2	2.2

* Consolidated unaudited figures

** Consolidated audited figures

*** Includes short-term investments that mature in less than 90 days

**** Includes Borrowings and Financial leases

- **As of 31 March 2022, consolidated net financial debt was US\$10.5 million**, a net increase of US\$2.3 million from 31 December 2021. At the end of Q1 2022, total financial debt of US\$11.6 million was comprised of US\$8.0 million of short-term debt and US\$3.6 million of long-term debt. In January 2022, a short-term pre-export facility of US\$3.5 million was replaced by a new US\$3.5 million 3-years ESG facility, which resulted in the conversion of US\$2.3 million of short-term debt to long-term debt.



Guanaco & Amancaya Mines
Antofagasta, Chile



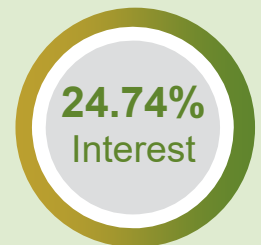
Casposo Mine
San Juan, Argentina



Pingüino Project
Santa Cruz, Argentina



Rawhide Mine
Fallon Nevada, USA



Mercur Project
Utah, USA



Austral Gold Limited (“Austral”) is a growing gold and silver mining, development and exploration company building a portfolio of quality assets in Chile, the USA and Argentina. Austral owns a 100% interest in the Guanaco/Amancaya mine in Chile and the Casposo Mine (care and maintenance) in Argentina, a 24.74% interest in the Rawhide Mine in Nevada and 11.93% interest in the Mercur project in Utah through the equity investment in Ensign Gold. In addition, Austral owns an attractive portfolio of exploration projects in the Paleocene Belt in Chile (including those acquired in the recent acquisition of Revelo Resources Corp), a 12.6% interest in Pampa Metals and a 100% interest in the Pingüino project in Santa Cruz, Argentina, which was expanded as a result of the 2020 option agreement for the Sierra Blanca project.

CHILE

Guanaco and Amancaya Mines

Background

The Guanaco and Amancaya mine complex remains the Company's flagship asset in Chile.

Guanaco is located approximately 220km south-east of Antofagasta in Northern Chile at an elevation of 2,700m and 45km from the Pan American Highway. Guanaco is embedded in the Paleocene/Eocene belt, a geological feature which runs north/south through the centre of the Antofagasta region, Chile.

Amancaya is located approximately 60km south-west of the Guanaco mine. Amancaya is a low sulphidation epithermal gold-silver deposit consisting of eight mining exploration concessions covering 1,755 hectares (and a further 1,390 hectares of second layer mining claims).

At Amancaya, underground operations started in 2018. The Amancaya ore is being trucked to the agitation leaching plant at Guanaco for processing.

Safety

During the quarter, there were no lost-time accidents (LTA) and seven no-lost-time accidents (NLTA's) involving Guanaco employees and contractors. Safety and environmental protection are core values of the Company. The implementation of best practice safety standards along with a sound risk management program are key priorities for Austral Gold.

Production

March 2022 quarterly production at Guanaco/Amancaya **increased** by **60% to 7,493 GEOs** (7,224 gold ounces and 21,287 silver ounces) from **4,684 GEOs** (4,450 gold ounces and 16,031 silver ounces) during the March 2021 quarter and **decreased by 14%** from 8,682 GEOs (8,382 gold ounces and 23,296 silver ounces) during the December 2021 quarter and. The cost of production ("C1") and the all-in sustaining cost ("AISC") at the Guanaco/Amancaya mine complex in the March 2022 quarter increased to US\$1,377 per GEO and US\$1,810 per GEO respectively from US\$1,130 per GEO and US\$1,596 per GEO during the December 2021 quarter and decreased from US\$1,574 per GEO and US\$2,659 per GEO respectively during the March 2021 quarter.

Mining

During the March 2022 quarter, 38,736 tonnes were mined from the Amancaya underground operations.

Operations	Guanaco/Amancaya Quarter ended		
	March 2022	December 2021	March 2021
Processed (t)	70,900	84,096	26,180
Average Plant Grade Underground (g/t Au)	4.4	4.9	5.3
Average Plant Grade Heap (g/t Au)	1.1	1.8	-
Average Plant Grade Underground (g/t Ag)	15.3	19.2	21.7
Average Plant Grade Heap (g/t Ag)	3.8	4.1	-
Gold produced (Oz)	7,224	8,382	4,450
Silver produced (Oz)	21,187	23,296	16,031
Gold-Equivalent (Oz) ^{(1) (2)}	7,493	8,682	4,684
C1 Cost of Production (US\$/AuEq Oz) ⁽³⁾	1,377	1,130	1,574
All-in Sustaining Cost (US\$/Au Oz) ⁽⁴⁾	1,810	1,596	2,659
Realised gold price (US\$/Au Oz)	1,861	1,790	1,781
Realised silver price (US\$/Ag Oz)	24	23	26

⁽¹⁾ AuEq ratio is calculated at 79:1 Ag:Au for the 31 March 2022 quarter; 78:1 for the 31 December 2021 quarter and 69:1 Ag:Au for the 31 March 2021 quarter.

⁽²⁾ Includes 211 Gold equivalent (Oz) from Guanaco historical heap material processed through the agitation leaching plant during the 31 March 2022 quarter; 241 GEOs during the 31 December 2021 quarter and nil GEOs during the 31 March 2021 quarter.

⁽³⁾ 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.

⁽⁴⁾ The All-in Sustaining Cost (AISC) includes: C1, Sustaining Capex, Brownfield Exploration, and Mine Closure Amortisation.

Updated Mineral Reserve and Resource Estimates at Guanaco/Amancaya

During Q1 2022, the Group announced the positive results of updated Mineral Reserve and Mineral Resource Estimates prepared by SLR Consulting (Canada) Ltd. ("SLR") in accordance with CIM Definitions 2014, National Instrument 43-101 ("NI 43-101") and Joint Ore Reserves Committee Code, 2012 (JORC 2012) for the Group's 100% owned Guanaco/Amancaya Operation in Chile, which consists of the Guanaco Mine (Guanaco) and Inesperada satellite deposit (Inesperada), the Amancaya Mine (Amancaya), and the Guanaco heap leach pads (Heap Reprocessing project). The Technical Report was filed on Sedar and on the Group's website in April 2022.

Highlights from the Technical Report are included in the Group's 29 March 2022 media release www.australgold.com/wp-content/uploads/2022/03/2022-03-29-Austral-Gold-Files-Updated-Reserve-and-Resource-Estimate-at-Guanaco-Amancaya-Final.pdf.

Heap Reprocessing Project

As disclosed in the SLR Technical Report that provided updated mineral reserve and resource estimates, reprocessing of the heaps is scheduled to commence in 2023 and continue through to the end of mine life in 2033.

The project's first step includes the archaeological work detailed in the environmental approval and the operational permits required from the mining authority. This permit is expected to be issued after the company completes a report known as "permiso sectorial" and is approved by the authority. The estimated time to complete these two initial activities is 2-3 months.

Exploration

Paleocene HS Districts Exploration

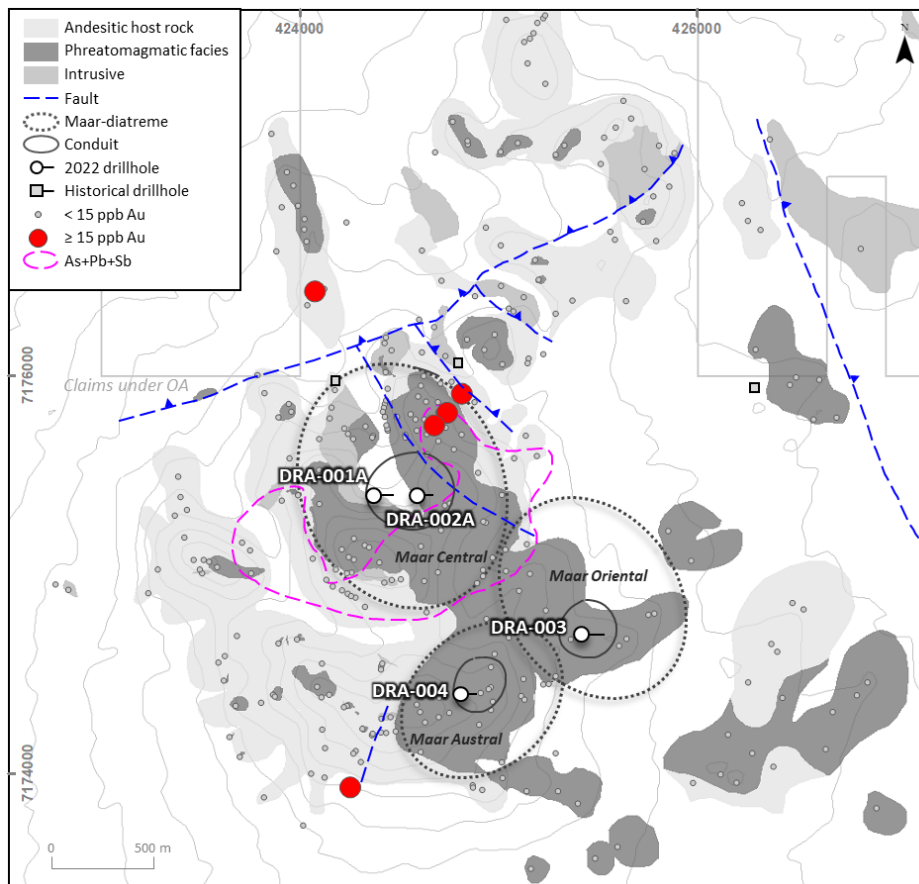
At the Morros Blancos project, the Company completed four of the five drillholes planned for the Rosario del Alto target and continued the surface studies of the Morro Colorado target.

During Q1 2022, four diamond drill holes totaling 1,020 meters were completed in three main phreatomagmatic complexes (Maar Austral, Maar Central, Maar Oriental) identified in the delineation stage at Rosario del Alto. All drill holes intercepted large columns of phreatomagmatic rocks, confirming a high degree of preservation and continuity of the systems at depth. No significant gold intercepts were obtained. The phreatomagmatic facies show a progression from crater-fill environments towards the edges of the complexes. All recognized geological features such as breccia rock type, hydrothermal alteration, and oxidation level allow for vectoring towards the mineralised center of the system in the next phase of drilling.

At the Morro Colorado target, delineation is progressing where a ~2x1 km area with phreatomagmatic breccias affected by high-level high sulfidation alteration was identified, developed in volcanic sequences that include domes and blocks and ash deposits. This structural block is in contact to the west with a domain characterized by lavas and numerous intrusive bodies, some of them with evidence of porphyry-style alteration.

MORROS BLANCOS

Rosario del Alto Target



ARGENTINA

Casposo Mine

Background

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

In March 2016, Austral Gold acquired a controlling stake and management of the Casposo gold and silver project and in December 2019 acquired the balance of the project.

The Casposo Mine consists of several narrow steeply dipping ore bodies known as Aztec, B-Vein, B-Vein1, Inca0, Inca1, Inca2A, Inca2B, and Mercado.

During the June 2019 quarter, Austral completed a comprehensive review of operations, and as the mine operator, decided to temporarily place the mine on care and maintenance.

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

Safety

During the March 2022 quarter, there were zero lost-time accidents (LTA's) and zero no-lost-time accidents (NLTA) involving employees and contractors of Casposo. Safety and environmental protection are core values of the Company. The implementation of best practice safety standards along with a sound risk management program are key priorities for Austral Gold.

Production

There was no production in Q1 2022.

Casposo - Manantiales Exploration

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

Phase II drilling commenced in 2022 and drill hole LPO-22-001 of the "La Puerta was completed in April 2022 at 224 meters. Final results are expected to be received in Q2 2022.

Several metric intervals with high to very high pervasive silicification were intercepted affecting the host rock (rhyolitic tuff) in the first 75 meters drilled of the LPO-22-001 drillhole. In addition, despite not having intercepted vein structures larger than 20 cm, many millimetric veinlets up to 12 cm were intercepted and were comprised of white and gray cryptocrystalline and saccharoidal silica. In addition, cryptocrystalline gray silica veinlets with black bands associated with adularia were intercepted between 67- 69 meters and from 110.0meters, tufisites dikes and polymictic supported breccia were intercepted.

New geological interpretations confirmed diatreme with preserved maar facies, migrating to polymictic breccias at depth opening potential for new ore controls. The program has been redefined and aimed to test for these new conceptual targets.

As part of the Phase II drilling program, two more holes are to be drilled at Puerta Oeste, while five follow-up holes are to be drilled at Manantiales Vein and another three holes are to be drilled at Fabiola and Awada, where recent surface sampling has returned high-grade values.

Jaguelito Project

During Q1 2022, we acquired an earn-in option from Mexplort, where we may acquire a 50% interest in the Jaguelito project, located in the Province of San Juan, Argentina, which is a High Sulfidation deposit that has had 30,000 meters drilled.

The preliminary structural mapping highlighted the presence of first order structures generating a triangular zone, defined by the lift of basement of the Paleozoic Choiyoi group in both sides and protecting in the central zone the units of the Vacas Heladas Fm affected by high sulfidation alteration and mineralisation assigned to Miocene age.

At the Jaguelito Norte area, in progress detailed mapping **preliminarily** confirmed phreatomagmatic activity controlled by reverse fault that put previously in contact Paleozoic basement with Miocene flat intrusive complex (Infiernillo Unit – 13,65 Ma).

Much of the steam-heated alteration is preserved in Jaguelito Norte, and most of the vuggy silica and mineralisation is related to phreatomagmatic products suggesting multiple similarities with observations in Veladero and Alturas, both which are very close to the project.

Mexplort Joint Venture

During Q1 2022, we accepted a binding offer letter from Mexplort Perforaciones Mineras S.A (“Mexplort”) to enter into a 50:50 Joint Venture”) to identify and develop new precious metal projects located in the Indio belt in the Province of San Juan, Argentina. We are currently working with Mexplort to complete the agreement.

Pingüino and Sierra Blanca Projects

During Q1 2022, the main exploration activities were focused on to the South-West area of the property following Aster anomalies and geological indicators of potential mineralisation in the Vetarron area.

Preliminary studies confirm the presence of a dome-diatreme system controlling a large zone of argillic alteration of the age of the Cerro Vaguardia and Cerro Negro endowment. Detailed mapping identified vuggy silica and quartz-alunite alterations confirmed by petrographic studies, which precede a low sulfidation type alteration system.

The current activities are focused on complete the targeting the new area and then focus the systematic geophysical and geochemical studies on the best ranked targets.

United States

Rawhide Mine LLC

Quarterly Production figures

Rawhide Operations	March 2022 Qtr	Dec 2021 Qtr	March 2021 Qtr
Processed (t)	187,171	414,509	570,457
Gold produced(Oz)	2,992	4,956	5,317
Silver produced(Oz)	25,171	17,527	45,595
Gold-Equivalent (Oz) *	3,289	5,162	6,006

* Rawhide's Au:Ag ratio equaled 85:1 for the March 2022 Quarter; Au:Ag 85:1 for the December 2021 Quarter and Au:Ag 66:1 for the March 2021 Quarter.

Quarterly production was 3,289 gold equivalent ounces (100% basis) with 817 gold equivalent ounces attributed to Austral. This represents a 36% decrease over Q4 2021 production and a 45% decrease over Q1 2021 production. Production was obtained from heaps.

Due to decreasing production, management of Rawhide held discussions with its major financial lender and are reviewing strategic alternatives for the company.

Ensign Gold (Mercur project)

Background

During February 2021, the Company acquired 5,950,000 units (19.94%) of Ensign Gold Inc (“Ensign”), a Canadian entity that is currently assembling a 5,000-hectare land package on Carlin-type gold deposit geology in the state of Utah (the Mercur project). The Company paid C\$0.25 per Unit, for an aggregate purchase price of C\$1,487,500 (US\$1,162,109 at an assumed exchange rate of 1.28). Each Unit consists of one Class A share (each, a “Share”) in the capital of Ensign and one-half of one transferable share purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder to purchase one additional Share at an exercise price will C\$1.50 for a period of 36 months, subject to an acceleration provision that will accelerate expiration of the Warrants if the closing sale price for a Share on a public market exceeds C\$2.00 for 30 consecutive trading days.

Ensign owns 54 patented claims, 370 unpatented claims, and 5 SITLA claims on South Mercur, West Mercur and North Mercur, while Barrick Gold Corporation owns the central Mercur mine area. Historically, this region produced over 3 million ounces of gold and was shut down over two decades ago when gold was less than US\$300 per ounce.

During July 2021, **Ensign Gold (“Ensign”)** raised gross proceeds of US\$7.4 million (C\$9.16 million) through the issuance of equity. **The shares in the financing were issued at C\$0.50/share, a 100% increase from the Austral investment of C\$0.25/share.**

Q1 2022 Update

The assays from Ensign's 2021 drill program the data was loaded into Ensign's block model, which will continue to be refined based on geological insight gained in 2021.

Permitting for the 2022 drilling program is well underway with 13 proposed holes at South Mercur, and 10 holes at West Mercur fully permitted and bonded. At Main Mercur, 44 new sites are permitted, subject to posting an additional reclamation bond prior to the start of drilling. Permitting is in progress for an additional 27 holes at West Mercur and 12 holes at Main Mercur, which will require cultural resource surveys and additional reclamation bonds prior to approval by the Utah Division of Oil, Gas & Mining.

The Company plans to drill approximately 14,000 meters of RC drilling and 8,000 meters of core drilling in 2022. The goal of Ensign is to continue to confirm and extend mineralisation, and increase the mineral inventory in both tonnes and grade along with the completion of a NI-43-101 technical report.

In addition to the drilling the exploration program will also involve detailed geologic mapping and geochemical sampling. For the mapping, Ensign has engaged a structural specialist, who is now onsite.

Ensign placed its IPO on hold and continues to evaluate when to move forward with it.

Corporate Summary & Financial Performance

The main corporate and financial highlights during the quarter were as follows:

- **Cash and cash equivalents were US\$1.1 million** and combined with the fair value of ~800 unsold and unrefined gold equivalent ounces in inventory totaled US\$2.7 million.
- **Quarterly operating cash flow** before changes in working capital was US\$0.7 million; after changes in working capital the balance was US\$0.9 million.
- **Net cash used in investing activities** was US\$2.8 million, mainly due to US\$1.4 million for sustaining capital expenditures and US\$1.3 million for exploration activities.
- **Net cash from financing activities** was US\$0.7 million due to the net increase in borrowings.
- **Net financial debt** was US\$10.5 million as of 31 March 2022.

By order of the Board



David Hwang
Company Secretary

Forward Looking Statements

Statements in this quarterly activity report that are not historical facts are forward-looking statements. Forward-looking statements are statements that are not historical and consist primarily of projections-statements regarding future plans, expectations and developments. Words such as "expects", "intends", "plans", "may", "could", "potential", "should", "anticipates", "likely", "believes" and words of similar import tend to identify forward-looking statements. Forward-looking statements in this quarterly activity report include the Company's 2022 forecasted production guidance and costs, drilling results are expected in Q2 2022, heap reprocessing project activities and planned exploration in Q2 2022.

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 discovery and production, development plans and cost estimates, commodity price fluctuations; political or economic instability and regulatory changes; currency fluctuations, the state of the capital markets, uncertainty in the measurement of mineral reserves and resource estimates, the Company'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 with 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. The Company 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. The Company's forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and the Company 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.

Confirmation: For the purposes of ASX Listing Rule 5.23.2, Austral confirms that is not aware of any information or data that materially affects the information included in its press releases dated 26 October 2021 and 28 January 2022.

Compliance Statement

This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 29 April 2022

(Company secretary)

Print name:

David Hwang

