AUSTRALGOLD

MEDIA RELEASE

Austral Gold Limited

29 February 2024

Austral Gold Files Appendix 4E Preliminary Final 2023 Report

Established gold producer Austral Gold Limited (Austral or the Company) (ASX: AGD; TSX-V: AGLD; OTCQB: AGLDF) is pleased to announce that it has filed its Appendix 4E: Preliminary Final Report for the year ended 31 December 2023 ("FY23"). The complete Report is available under the Company's profile at www.asx.com.au, www.sedar.com and on the Company's website at www.australgold.com/.

About Austral Gold

Austral Gold is a growing gold and silver mining producer building a portfolio of quality assets in the Americas. Austral continues to lay the foundation for its growth strategy by advancing its attractive portfolio of producing and exploration assets. For more information, please visit the Company'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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Forward Looking Statements

Statements in this news release 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 news release include Austral continues to lay the foundation for its growth strategy by advancing its attractive portfolio of producing and exploration assets.

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.

PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023

Appendix 4E, previous corresponding period, year ended 31 December 2022

Revenue and net profit				US$'000
Revenue from ordinary activities	Down	4%	to	47,729
Loss from ordinary activities after tax	Up	8%	to	(7,619)
Net Loss attributable to members	Up	8%	to	(7,605)
Dividend information				

No dividend for the financial year 2023 has been declared.

Net tangible assets per security	December 2023 per share	December 2022 per share
Net tangible assets per security	US$0.07	US$0.08
Common shares on issue at balance sheet date	612,311,353	612,311,353

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 2024 production, C1 and AISC costs, the Group expects its net current liability position to improve in FY24 mainly due to an increase in production at higher margins as most of the production is forecasted from the Heaps, the Group plans to continue integrating the agitation leaching and heap leaching processes and utilise material from the Heaps, and the remaining ore and stocks from the Amancaya and Guanaco mines the Group has a strong shareholder group and solid banking relationships and it expects both groups to continue to provide financial support.

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 labor 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 2023

The following report on the review of results for the year ended 31 December 2023 (“FY23”) and 2022 (“FY22”) together with the consolidated financial report of Austral Gold Limited (the Company) and its subsidiaries, (referred to hereafter as the Group).

PRINCIPAL ACTIVITIES

Achieved production of 24,879 gold equivalent ounces at the Group’s Guanaco/ Amancaya mine complex

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Completed construction of the Heap Reprocessing project that is expected to provide production to 2030 (commenced Q4 2023)

Reported final assay results from the 6,585 meter drilling campaign at Casposo-Manantiales, supporting the Company objective to commence mining operations

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Actively pursued new discoveries with exploration activity undertaken at the Company’s high-quality land portfolio including over 4,000 meters of drilling at the Jaguelito Project in Argentina

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Completed the sale of the Pingüino advanced exploration project to ASX listed Unico Silver Limited (“Unico”) for total consideration of approximately US$10 million

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Executed a definitive agreement with TSXV listed Colossus Resources to sell Austral’s Chilean Calvario and Mirador copper projects, to become their largest shareholder with a 19.9% interest

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Secured related party loans totaling approximately US$4.3 million in principal from the Company’s major shareholder and a Company under his control

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Mr. Eduardo Elsztain was appointed as the new non-Executive Chair of the Company after Mr. Wayne Hubert retired as a director at the Group’s AGM.

There were no other significant changes in our principal activities during the year. All resolutions were passed at the Company’s 30 May 2023 Annual General Meeting.

A summary of key operating results for FY23 and FY22 are set out in the following tables for comparative purposes.

KEY OPERATIONAL INDICATORS

Guanaco/Amancaya Operations	Year ended 31 December	
	2023	2022
Mined Ore (t)	239,356	219,525
Processed (t)	343,835	283,720
Plant Grade Underground (g/t Au)	2.79	3.71
Plant Grade Heap (g/t Au)	1.47	1.19
Plant Grade Underground (g/t Ag)	8.83	13.36
Plant Grade Heap (g/t Ag)	3.74	35.26
Gold recovery rate (%)	92.76	93.72
Silver recovery rate (%)	76.32	80.75
Gold produced (Oz)	24,012	26,507
Silver produced (Oz)	72,620	96,541
Gold-Equivalent produced (Oz) (1)	24,879	27,686
C1 Cash Cost of Production (US$/AuEq Oz) (2)	1,645	1,370
All-in Sustaining Cost (US$/Au Oz) (3)	2,004	1,765 (4)
Realised gold price (US$/Au Oz)	1,942	1,798
Realised silver price (US$/Ag Oz)	23	22
Gold Equivalent sales volume	24,578	27,648

(1) (AuEq) ratio is calculated at: 83.8:1 Ag:Au for FY23 and 81.9:1 Ag:Au for FY22
(2) 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.
(3) The All-in Sustaining Cost (AISC) includes: C1, Sustaining Capex, Brownfield Exploration, and Mine Closure Amortisation
(4) Reported as US$1,735 in the 2022 annual report

Cash Costs of Production **(C1)** refer to the direct expenses incurred during the production of gold. These costs are typically reported on a per-ounce basis while **All in Sustaining costs (AISC)** provides a comprehensive view of the total costs included with gold production and includes cash costs plus sustaining costs to maintain ongoing mining operations.

Cash Costs of Production (C1) and All-in Sustaining Cost (AISC) Expressed in USD per GEO	Year ended 31 December	
	2023	2022
Mining	700	571
Plant	557	414
Geology, engineering, and laboratory	123	105
Onsite general and administration	240	209
Smelting and refining	27	19
Royalties and taxes	48	39
Inventory movement	(52)	11
Other	2	2
Cash Cost (C1)	**1,645**	**1,370**
Reclamation & Remediation amortisation	1	4
Sustaining capital expenditure	218	234
Other administration costs	56	41
Financial leases	84	116
All in Sustaining costs (AISC)	**2,004**	**1,765** (1)

(1) Reported as US$1,735 in the Group's 2022 annual report

KEY FINANCIAL RESULTS

Thousands of US$	Year ended 31 December	
	2023	2022
Revenue	47,729	49,710
Gross profit	546	2,566
Gross profit %	1.1%	5.2%
Adjusted gross profit (excluding depreciation and amortisation)	6,557	10,237
Adjusted gross profit % (excluding depreciation and amortisation)	13.7%	20.6%
Adjusted earnings	3,666	2,807
Adjusted earnings per share (basic and fully diluted)	0.006c	0.005c
Loss before income tax	(8,477)	(9,581)
Loss attributed to shareholders	(7,605)	(8,257)
Loss attributed to non-controlling interests	(14)	(9)
Loss per share (Basic)	(1.24)c	(1.35)c
Loss earnings per share(diluted)	(1.24)c	(1.35)c
Comprehensive loss	(7,780)	(8,283)

Note: Adjusted earnings and basic adjusted earnings per share are non-IFRS measures that the Company considers to better reflect normalized earnings as it eliminates items that in management's judgment are subject to volatility as a result of factors which are unrelated to operations in the period, and readers are cautioned that Adjusted earnings may not be comparable to similar measures presented by other companies. Further, readers are cautioned that Adjusted Earnings 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.

ADJUSTED EARNINGS

Thousands of US$	Year ended 31 December	
	2023	2022
Loss before tax	(8,477)	(9,581)
Depreciation and amortisation (1)	6,048	7,778
Other (income) (2)		
Gain on sale of subsidiary	(1,964)	-
Gain on sale of financial assets and revaluation of Ensign securities	(1,033)	-
Equipment rental	(222)	(298)
Other	(634)	(1,395)
Other expenses (3)		
Impairment loss exploration and evaluation assets	3,981	926
Care and maintenance	2,143	2,068
Loss on fair value of financial assets	992	968
Rawhide financial option and due diligence expenses	617	-
Other	791	589
Finance income (4)		
Interest income	(140)	(4)
Other	(174)	-
Finance costs (5)		
Interest expense	1,395	660
Present value adjustment to mine closure provision	138	420
Present value adjustment to GST/VAT receivable	145	-
Share of loss of associates	60	676
Adjusted Earnings	**3,666**	**2,807**(6)

(1) Includes US$37 thousand (2022: US$107 thousand) of depreciation and amortisation included in Other expenses (note 8)
(2) Note 7 to the financial statements
(3) Note 8 to the financial statements
(4) Note 10 to the financial statements
(5) Note 11 to the financial statements
(6) Reported as US$2,204 in the 2022 annual report

Thousands of US$	Year ended December 31	
	2023	2022
Cash & cash equivalents	1,039	926
Current assets	17,135	22,305
Non-current assets	87,150	75,012
Current liabilities	41,508	29,820
Non-current liabilities	21,742	18,682
Net assets	41,035	48,815
Net current liabilities	(24,373)	(7,515)
Current loans and borrowings	13,540	7,382
Non-current loans and borrowings	2,568	1,264
Current lease liabilities	1,169	1,925
Non-current lease liabilities	1,143	911
Combined debt (borrowings and financial leases)	18,420	11,482
Combined net debt (net of cash & cash equivalents)	17,381	10,556
Current ratio (1)	0.41	0.75
Total liabilities to net assets	1.54	0.99

(1) Current Assets divided by Current Liabilities

OPERATING AND FINANCIAL RESULTS OF THE GROUP

During FY23, the Group realised a loss before and after income tax of US$8,477 thousand (FY22: $9,581 thousand) and US$7,619 thousand (FY22:US$8,266 thousand), respectively.

Revenues at existing operations totaled US$47,729 thousand (FY22: $49,710 thousand) with gross profit (including depreciation and amortization) of US$546 thousand (1.1% margin) in FY23 compared to US$2,566 thousand (5.2% margin) in FY22. Gross profit margin (excluding depreciation and amortization) was 13.7% in FY23 compared to 20.6% in FY22.

The decrease in gross profit during FY23 from FY22 was mainly driven by (i) a decrease in sales of gold equivalent ounces (GEOs) (24,578 GEOs vs 27,648 GEOs in FY22), and (ii) an increase in the cost of production, partially offset by an increase in the average sales price realised and lower depreciation and amortisation.

The Group's results during FY23 were also impacted by the following:

i. Decrease in FY23 administration costs by US$1,733 thousand to US$6,671 thousand (FY22:US$8,404 thousand) mainly due to decreases in staff costs, consulting and professional fees and business, property and other taxes.

ii. Increase in other income by US$2,160 thousand to US$3,853 thousand (FY22: US$1,693 thousand) primarily driven by a US$1,964 thousand gain resulting from the sale of SCRN Properties Ltd., whose major asset was the Pinguino project. The sale was made to ASX listed Unico Silver Limited ("Unico"). Additionally, there was a US$1,012 thousand gain due to the revaluation of Ensign securities. In FY23, the Group accounted for the investment as a financial asset instead of an equity investment, reflecting a change in circumstances during the year.

iii. Increase in other expenses by US$3,917 thousand to US$8,889 thousand (FY22: US$4,972 thousand) mainly due to the following:

   a. A non-cash US$3,981 thousand impairment on exploration and evaluation assets (2022: US$926 thousand), primarily due to the impairment of the Morros Blancos project from the option agreement with CSE listed Pampa Metals Corporation and the implementation of a rationalisation plan to reduce non-core exploration areas in Chile.

   b. Rawhide option agreement and due diligence expenses of US$617 thousand. The takeover option were not exercised.

   c. Other costs of US$397 thousand as the Group decided to terminate the agreement with the Amancaya UG contractor effective 31 January 2024.

iv. Increase in finance income by US$2,288 thousand to US$4,422 thousand (FY22: US$2,134 thousand) primarily due to a US$1,978 thousand increase in foreign exchange gains to US$4,108 thousand (FY22: US$2,130 thousand) on the increase in the value of the US dollar versus the Argentine and Chilean currencies during FY23.

v. Decrease in finance costs by US$244 thousand to US$1,678 thousand (FY22: US$1,922 thousand) was primarily due to a loss from foreign exchange of US$842 thousand incurred in FY22. This loss was partially offset by a US$764 thousand increase in interest expense to US$1,216 thousand. The interest expense rose due to an increase in the average interest rate from 7% to 10% on higher borrowings in FY23.

The cost of production ("C1") per GEO increased to US$1,645 for the year ended December 2023 from US$1,370 for the year ended December 2022 while the all-in sustaining cost ("AISC") per GEO increased to US$2,004 for the year ended December 2023 from US$1,765 for the year ended December 2022. The increase in the cost of production were mainly due to lower average grades, higher tonnes processed, and an increase in the cost of supplies due to inflation.

HEAP REPROCESSING PROJECT

During the year, the Company started and completed construction of the Heap Reprocessing Project ("Project" or "Heaps"). Production began gradually during Q4 2023, contributing a total of 485 gold ounces and 923 silver ounces (or 496 GEOs). Production from the Project was less than budgeted due to operational issues primarily caused by (i) structural damage in the multi-slope screen (a.k.a. banana screen), (ii) implementation delays in Heap 4's irrigation systems, (iii) electrical devices failures at the crushing circuit, and (iv) reduced kinetic results and prolonged initial recovery rates.

FINANCIAL POSITION

The Group held cash and cash equivalents of US$1,039 thousand at 31 December 2023 (2022: US$926 thousand) or US$2,581 thousand (2022: US$2,593 thousand) when combined with the fair value of 742 unsold and unrefined gold equivalent ounces in inventory of US$1,542 thousand (2022: 918 unrefined gold equivalent ounces with a fair value of US$1,667 thousand). Cash and cash equivalents at 31 December 2023 is net of a US$222 thousand bank overdraft and includes US$591 thousand of cash advanced from a private placement of convertible notes which closed the first tranche on 15 February 2024. The second tranche must be completed by no later than 30 days from the announcement of the first tranche, effectively 15 March 2024.

Trade and other receivables (current and non-current) increased by US$158 thousand to US$3,484 thousand at 31 December 2023 (31 December 2022:US$3,326 thousand). The increase was mainly due to the discounted value of two remaining installments totaling US$1,631 thousand (undiscounted US$1,750 thousand) due from Unico over the next two years on the sale of SCRN Properties Ltd. on 1 March 2023. Additionally, GST/VAT receivable decreased mainly due to the impact of the decrease in the value of the Argentinean peso on GST/VAT receivable in the country.

Inventories increased by US$753 thousand to US$9,699 thousand at 31 December 2023 (31 December 2022: US$8,946 thousand) mainly due to an increase in ore stockpiles by year end from both Guanaco and Amancaya mines.

Other financial assets (current and non-current) increased by US$5,444 thousand to US$6,085 thousand at 31 at December 2023 (31 December 2022:US$641 thousand) mainly due to Unico shares and options acquired by the Group from the sale of SCRN Properties Ltd. Half of these shares are to be released from escrow on 1 March 2024 with the remainder to be released on 1 March 2025. Additionally, an increase of US$1,012 thousand relates to the remeasuring of the Group's investment in Ensign at fair value as disclosed in note 18 to the financial statements.

Property, plant and equipment increased by US$7,359 thousand to US$49,616 thousand at 31 December 2023 (31 December 2022: US$42,257 thousand) primarily due to sustaining capital expenditures and construction activities at the new Heap Reprocessing Project.

Prepaid income taxes (current and non-current) decreased by US$1,343 thousand to US$209 thousand (31 December 2022: US$1,552 thousand) mainly due to the refund of US$994 thousand in Chilean taxes during the year.

Current trade and other payables increased by US$7,431 thousand to US$23,121 thousand at 31 December 2023 (31 December 2022: US$15,690 thousand). The main reasons for the increase were the lower than forecasted production, mainly due to a delay in ramping up production at the Heap Reprocessing Project. Non-current trade and other payables were US$3 thousand at 31 December 2023 (31 December 2022: US$1,013 thousand).

At 31 December 2023, the Group had net current liabilities of US$24,373 thousand (31 December 2022: US$7,515 thousand). The increase from 31 December 2022 was mainly due to a decrease in gross profit on sales that led to lower cash generation and an increase in trade and other payables and short-term borrowings. The Group expects its net current liability position to improve in FY24 mainly due to an increase in production at higher margins as most of the production is forecasted from the Heaps.

Combined net financial debt (borrowings and lease liabilities net of cash & cash equivalents) increased by US$6,825 thousand to US$17,381 thousand at 31 December 2023 (31 December 2022: US$10,556 thousand). Financial debt totaled US$18,420 thousand at 31 December 2023, of which US$14,709 thousand (representing 80% of total financial debt) was categorised as short-term. The short-term financial debt includes related party loans, renewable pre-export facilities, lease liabilities and the short-term portion, of two 3-year bank loans. During January and February 2024, the Group renewed US$2,500 thousand in pre-export facilities.

Net assets decreased by US$7,780 thousand from 31 December 2022 to US$41,035 thousand at 31 December 2023 (31 December 2022: US$48,815 thousand) following the net loss of the year.

CASH FLOW

Net cash provided from operating activities before and after changes in working capital were US$1,787 thousand and US$7,927 thousand during FY23 (FY22:US$2,571 thousand and US$10,953 thousand). The decrease was primarily due to lower gross profit margins, partially offset by working capital changes in FY23 as explained above.

Net cash used in investing activities totaled US$12,425 thousand during FY23 (FY22:US$11,595 thousand) mainly due to the following:

- Investments of US$11,283 thousand in FY23 were primarily used for additions to plant, property and equipment including US$5,633 thousand on the Heap Reprocessing Project (FY22:US$6,434 thousand);
- Exploration and evaluation activities of US$4,614 thousand (FY22:US$5,790 thousand) of which US$2,943 thousand was incurred on the Jaguelito project and US$917 thousand was incurred at the Casposo-Manantiales district.
- Partially offset by US$3,250 thousand received from Unico through the sale of SCRN Properties Ltd. which constitutes the first two cash installments from a total of US$5,000 thousand, in addition to the shares and warrants received as disclosed above.

Net cash of US$4,611 thousand received from financing activities during FY23 compared to US$778 thousand used in financing activities in FY22 primarily due to the following:

- Net cash of US$4,020 thousand received from the net receipt of, loans, borrowings, interest and financial leases including US$4,550 thousand of loans from related parties (FY22: net repayments of US$778 thousand);

- US$591 thousand received from the US$1 million convertible note financing announced on 10 October 2023. As the financing has not closed as of 31 December 2023, US$591 thousand was recorded as a current liability. The financing was partially closed as explained above.

LIQUIDITY

Guidance

2024 revised production guidance indicates that 26,000-28,000 GEOs will be sourced primarily from the Heap Reprocessing Project ("Heaps"). Additionally, Q1 2024 production is expected to be between 4,500 and 5,000 GEOs, with higher production in each successive quarter. The Group plans to continue integrating the agitation leaching and heap leaching processes and utilise material from the Heaps and the remaining ore and stocks from the Amancaya and Guanaco mines.

2024 C1 and AISC are estimated to be between US$1,300-US$1,450 per GEO and US$1,450-US$1,600 per GEO respectively.

Access to capital

The Group has a strong shareholder group and solid banking relationships that demonstrated their financial support in 2023. The Group expects both groups to continue providing financial support.

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	2023	2022 Restated [1]
Continuing operations			
Sales revenue	15	47,729	49,710
Cost of sales (including depreciation and amortisation)	6	(47,183)	(47,144)
Gross profit		**546**	**2,566**
Other income	7	3,853	1,693
Other expenses	8	(8,889)	(4,972)
Administration expenses	9	(6,671)	(8,404)
Finance income	10	4,422	2,134
Finance costs	11	(1,678)	(1,922)
Share of loss of associates	24	(60)	(676)
(Loss) before income tax		**(8,477)**	**(9,581)**
Income tax benefit	13	858	1,315
(Loss) after income tax expense		**(7,619)**	**(8,266)**
(Loss) attributable to			
Owners of the Company		(7,605)	(8,257)
Non-controlling interests		(14)	(9)
		(7,619)	**(8,266)**
Items that may not be classified subsequently to profit or loss			
Foreign currency translation		**(161)**	**(17)**
Total comprehensive (loss) for the year		**(7,780)**	**(8,283)**
Comprehensive (loss) attributable to:			
Owners of the Company		(7,766)	(8,274)
Non-controlling interests		(14)	(9)
		(7,780)	**(8,283)**
(Loss) per share (cents per share):			
Basic (loss) per share	14	(1.24)	(1.35)
Diluted (loss) per share	14	(1.24)	(1.35)

[1] note 40

The notes 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	2023	2022
Assets			
Current assets			
Cash and cash equivalents	16	1,039	926
Trade and other receivables	17	2,356	2,422
Prepaid income tax		83	1,076
Other financial assets	18	3,958	641
Inventories	19	9,699	8,946
Assets held for sale	20	-	8,294
Total current assets		**17,135**	**22,305**
Non-current assets			
Other receivables	17	1,128	904
Prepaid income tax		126	476
Other financial assets	18	2,127	-
Mine properties	21	6,259	4,054
Property, plant and equipment	22	49,616	42,257
Exploration and evaluation expenditure	23	27,894	27,261
Investments accounted for using the equity method	24	-	60
Total non-current assets		**87,150**	**75,012**
Total assets		**104,285**	**97,317**
Liabilities			
Current liabilities			
Trade and other payables	25	23,121	15,690
Income tax payable		-	770
Employee entitlements	26	3,678	4,053
Loans and borrowings	28	13,540	7,382
Lease liabilities	22	1,169	1,925
Total current liabilities		**41,508**	**29,820**
Non-current liabilities			
Trade and other payables	25	3	1,013
Provision for reclamation and rehabilitation	27	13,695	10,924
Loans and borrowings	28	2,568	1,264
Lease liabilities	22	1,143	911
Employee entitlements	26	18	35
Deferred tax liability	13	4,315	4,535
Total non-current liabilities		**21,742**	**18,682**
Total liabilities		**63,250**	**48,502**
Net assets		**41,035**	**48,815**
Equity			
Issued capital	29	109,114	109,114
Accumulated losses	30	(66,925)	(59,320)
Reserves	31	(1,319)	(1,158)
Non-controlling interest	32	165	179
Total equity		**41,035**	**48,815**

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2023 and 2022

All figures are reported in thousands of US$	Note	Issued capital	Accumulated losses	Reserves	Non-controlling interest	Total
Balance at 31 December 2021		**109,114**	**(51,063)**	**(1,141)**	**188**	**57,098**
Loss for the year		-	(8,257)	-	(9)	(8,266)
Foreign exchange movements from translation of financial statements to US$		-	-	(17)	-	(17)
Total comprehensive (loss)		-	(8,257)	(17)	(9)	(8,283)
Balance at 31 December 2022		**109,114**	**(59,320)**	**(1,158)**	**179**	**48,815**
Loss for the year		-	(7,605)	-	(14)	(7,619)
Foreign exchange movements from translation of financial statements to US$		-	-	(161)	-	(161)
Total comprehensive (loss)		-	(7,605)	(161)	(14)	(7,780)
Balance at 31 December 2023		**109,114**	**(66,925)**	**(1,319)**	**165**	**41,035**

The notes 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	2023	2022
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		926	2,346
Cash and cash equivalents, at the end of the year		1,039	926
Net increase/(decrease) in cash and cash equivalents		**113**	**(1,420)**
Causes of change in cash and cash equivalents			
Operating activities			
Loss after income tax		(7,619)	(8,266)
Adjustments for			
Income tax benefit recognised in loss		(858)	(1,315)
Income tax refunds		928	2,134
Impairment of exploration and evaluation expenditure		3,981	926
Depreciation and amortisation		6,048	7,778
Gain on sale of equipment	7/8	(46)	(590)
Gain on sale of subsidiary	7	(1,964)	-
Exclusivity fee on option agreement	7	(100)	-
Non-cash net finance charges		1,349	1,089
Provision for reclamation and rehabilitation		(126)	(1,094)
Allowance for doubtful accounts		(107)	238
Inventory write-down		302	-
Non-cash employee entitlements		(20)	27
Share of loss of associates	24	60	676
Loss in fair value of other financial assets	8	992	968
Gain in fair value of other financial assets	7	(1,033)	-
Net cash from operating activities before change in assets and liabilities		**1,787**	**2,571**
Changes in working capital			
(Increase) / decrease in inventory		(1,055)	1,620
Decrease /(increase) in trade and other receivables		1,519	(690)
Increase in trade and other payables		6,048	7,624
(Decrease) in employee entitlements		(372)	(172)
Net cash provided through operating activities		**7,927**	**10,953**
Cash flows from investing activities			
Additions to property, plant and equipment	22	(11,283)	(6,434)
Proceeds from sale of subsidiary	20	3,250	-
Proceeds from sale of inventory and equipment		113	675
Proceeds from exclusivity fee on option agreement	7	100	-
Payment for investment in exploration and evaluation		(4,614)	(5,790)
Payment for investment in mine properties	21	(9)	(30)
Payment for equity investments		-	(124)
Payment for other financial assets		(4)	(27)
Proceeds from sale of other financial assets		22	135
Net cash used in investing activities		**(12,425)**	**(11,595)**
Cash flows from financing activities			
Restricted proceeds from convertible note offering		591	-
Proceeds from loans and borrowings		17,955	11,735
Repayment of loans and borrowings		(10,777)	(8,842)
Interest paid on loans and borrowings		(720)	(330)
Repayment of lease liabilities		(2,252)	(3,133)
Interest paid on leases		(186)	(208)
Net cash used in financing activities		**4,611**	**(778)**
Net increase/ (decrease) in cash and cash equivalents		**113**	**(1,420)**

The notes are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

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

These consolidated financial statements ("financial statements") as at and for the year ended 31 December 2023 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 annual financial statements of the Group as at and for the year ended 31 December 2023 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 financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for profit oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Details of the Group's accounting policies are described in Note 40.

2.1 Functional and Presentation currency

These consolidated financial statements are presented in United States dollars (US$), which is the Company'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 consolidated financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Change in classification

During the year ended 31 December 2023, the Group updated the classification of certain income, expenses and cash flow items to better reflect the nature of the items. The effects of such reclassifications on the comparative period are disclosed in Note 40 to the financial statements.

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 36.

3. GOING CONCERN

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. For the year ended 31 December 2023, the market fundamentals of gold and silver remained strong and the Group produced 24,879 gold equivalent ounces with sales revenue totaling US$47,729 thousand from sales of 24,578 gold equivalent ounces at an average selling price per ounce of US$1,942 (year ended 31 December 2022: production of 27,686 gold equivalent ounces and sales revenue of US$49,710 thousand from sales of 27,648 gold equivalent ounces at an average selling price per ounce of US$1,798).

During the year ended 31 December 2023, the Group incurred a net loss after tax of US7,619 thousand (year ended 31 December 2022: US$8,266 thousand net loss after income tax) with net cash flows of US$7,927 thousand in 2023 (2022: US$10,953 thousand) generated through operating activities. At 31 December 2023, the Group has net assets of US$ 41,035 thousand and net current liabilities of US$24,373 thousand (31 December 2022: US$48,815 thousand and US$7,515 thousand, respectively). For the year ended 31 December 2023, the net increase of loans and borrowings was US$7,462 thousand (2022: US$2,893 thousand).

The Directors have prepared cashflow forecasts underpinning the basis of preparation as a going concern. These include acknowledgement of the intrinsic operational risks of the business, the existing cash position of the Group, the ongoing loan repayment requirements and the strategy to further support capital investment at the Amancaya/Guanaco mine and other exploration and investment activities.

The 18 month cashflow forecast underpins the basis of preparation of the Group as a going concern and are dependent on a combination of the following main assumptions:

- Continued support of existing financiers, including related parties, for short term and longer-term financing through the renewal of existing loan facilities maturing in the following 12 months, and source ongoing funding support as required from related parties;
- Continued cash management controls including supply chain financing arrangements with trade creditors to defer payment terms as required;
- 2024 production guidance of 28,000-30,000 gold equivalent ounces ('GEOs') at the Guanaco-Amancaya Mine Complex, of which 23,000 GEOs are expected to be contributed by the Heap Reprocessing Project ("Project");

- Continued with gold prices above the Company's projected operating costs;
- Received the second and third instalment of US$750,000 and US$1,000,000 in 2024 and 2025, respectively, from the sale of SCRN Properties Ltd., owner of the Pingüino project; and
- Deferral of certain exploration expenditures.

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

The Directors of the Group consider it appropriate that the Group will continue to fulfil all obligations as and when they fall due for the foreseeable future and accordingly consider that the Group's financial statements should be prepared on a going concern basis. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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 2023 are detailed below:

Carrying value of Mine Properties

The Group estimates its ore reserves and mineral resources annually at each year end, based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources (JORC code 2012). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying amount of mine development (including mine properties, property, plant and equipment and exploration and evaluation assets), the provision for mine closure provisions (further details on the mine closure provision are included in note 27), the recognition of deferred tax assets (further details on deferred tax assets are included in note 13), as well as the amount of amortisation charged to the statement of profit or loss.

Impairment

Significant judgements, estimates and assumptions are required in determining value in use or fair value less costs of disposal. This is particularly so in the assessment of long life assets. It should be noted that the CGU recoverable amounts are subject to variability in key assumptions including, but not limited to, gold and silver prices, currency exchange rates, discount rates, production profiles and operating and capital costs. A change in one or more of the assumptions used to determine value in use or fair value less costs of disposal could result in a change in a CGU's recoverable amount (further details on the value of the CGU's are included in note 21).

Carrying value of exploration and evaluation assets

The Group tests at each reporting date whether there are any indicators of impairment as identified by AASB 6 "Exploration for and Evaluation of Mineral Resources". Where indicators of impairment are identified, the recoverable amounts of the assets are determined, and an impairment is recorded when the carrying value exceeds recoverable value. In assessing indicators of impairment, assumptions relating to whether the exploration and evaluation activity will be recouped through successful development and exploitation of the area are made.

Mine closure provisions

Obligations associated with exploration and mine properties are recognised when the Group has a present obligation, the future sacrifice of the economic benefits is probable, and the provision can be measured reliably. The provision is measured at the present value of the future expenditure and a corresponding rehabilitation asset is also recognised. On an ongoing basis, the rehabilitation will be remeasured in line with the changes in the time value of money (recognised as an expense and an increase in the provision), and additional disturbances (recognised as additions to a corresponding asset and rehabilitation liability). The calculation of this provision requires assumptions such as application of environmental legislation, mine closure dates, available technologies and engineering cost estimates. The related carrying amounts are disclosed in note 27.

Measurement of fair values

The Group has established a control framework with respect to the measurement of fair values.

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 3 of the fair value hierarchy. In addition, the group also holds shares in an unlisted company which is being fair valued and the assumptions/inputs are explained in Note 18.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 17—Trade and Other receivables
- Note 18—Other financial assets
- Note 33 — Financial instruments.

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

Adoption of other narrow scope amendments to IFRSs and IFRS Interpretations

There are a number of new and revised Standards that are applicable for the first time for the year ended 31 December 2023. These Standards have been adopted by the Group for the first time for the year ended 31 December 2023. In addition, a number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; the Group has early adopted amendments effective for IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements.

The Group has not early adopted any other new or amended standards in preparing these consolidated financial statements as the impact of adoption was not material 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	
	2023	2022
Production	31,107	26,864
Staff costs	9,707	9,307
Royalty	1,198	1,134
Mining Fees	523	594
Gold precipitate stolen	-	838
Inventory movements	(1,363)	736
Total cost of sales before depreciation and amortisation expense	**41,172**	**39,473**
Depreciation of plant and equipment	5,562	6,663
Amortisation of mine properties	449	1,008
Total depreciation and amortisation expense	**6,011**	**7,671**
Total cost of sales	**47,183**	**47,144**
Severance included in staff costs	**317**	**467**

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER INCOME

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Gain on sale of subsidiary (note 20)	1,964	-
Gain on revaluation of equity securities (note 24)	1,012	-
Gain on sale of financial assets	21	-
Sale of equipment	113	675
Sale of inventory parts	129	399
Equipment rental	222	298
Exclusivity fee on Colossus Agreement (note 23)	100	-
Other	292	321
Total other income	**3,853**	**1,693**

8. OTHER EXPENSES

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Impairment loss exploration and evaluation assets (note 23)	3,981	926
Cost of equipment sold	67	85
Cost of inventory parts sold	55	504
Loss on fair value of financial assets	992	968
Care and maintenance	2,143	2,068
Rawhide option and due diligence expenses (note 24)	617	-
Exploration expenses	365	421
Inventory allowance at non-operating mine	272	-
Other	397	-
Total other expenses	**8,889**	**4,972**

9. ADMINISTRATION EXPENSES

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Office and utility costs	1,039	799
Staff costs (1) (2)	3,293	4,537
Consulting and professional services	1,194	1,634
Non-executive director fees (2)	300	300
Depreciation on equipment	19	33
Business, property and other taxes	652	924
Other	174	177
Total administration expenses	**6,671**	**8,404**
(1) Severance included in staff costs	**138**	**493**
(2) Amounts for defined contribution plans included in staff costs and director fees	**27**	**21**

10. FINANCE INCOME

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Interest income	140	4
Gain from foreign exchange	4,108	2,130
Present value adjustment to provision for mine closure	174	-
Total finance income	**4,422**	**2,134**

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCE COSTS

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Loss from foreign exchange	-	842
Interest expense	1,216	452
Interest expense on leases	179	208
Present value adjustment to provision for mine closure	138	420
Present value adjustment to GST/VAT receivable	145	-
Total finance costs	**1,678**	**1,922**

12. AUDITOR'S REMUNERATION

All figures are reported in US$	For the year ended 31 December	
	2023	2022
Audit and review services		
Auditors of the Group-KPMG		
Audit and review of financial statements-Group	110,839	113,343
Audit and review of financial statements-controlled entities	105,700	99,200
	216,539	**212,543**

13. INCOME TAX EXPENSE

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
(A) Income tax expense comprises:		
Current income tax (benefit)/expense	(638)	777
Deferred income tax expense/(benefit)	(220)	(2,092)
Income tax	**(858)**	**(1,315)**
(B) Reconciliation of effective income tax rate:		
Loss before tax	(8,477)	(9,581)
Prima facie income tax (benefit)/expense calculated at 30%	(2,543)	(2,874)
Difference due to blended overseas tax rate*	477	1,008
Share of loss of associates	16	186
Non-deductible expenses	243	(921)
Prior year deferred income tax expense adjustments	(63)	690
Recognition of previously unrecognised deductible temporary differences and tax losses	1,012	596
Income tax	**(858)**	**(1,315)**

* Chile tax rate: 27% (31 December 2022: 27%). Argentina tax rate: 30-25% (31 December 2021: 30-25%%)

All figures are reported in thousands of US$	31 December 2023				31 December 2022			
	Chile	Argentina	Other	Total	Chile	Argentina	Other	Total
(C) Deferred tax assets and liabilities								
Deferred tax assets								
Other receivable	83	-	-	83	224	-	-	224
Inventory	77	11	-	88	69	44	-	113
Mining concessions brought	-	46	-	46	-	45	-	45
Accrual for mine closure	2,728	842	-	3,570	1,932	686	-	2,618
Financial assets	699	-	-	699	650	-	-	650
Tax losses carried forward	7,042	375	7,337	14,754	5,860	631	7,226	13,717
Payroll accrual	295	-	-	295	268	-	-	268
Other	-	26	-	26	-	191	-	191
Leasing	-	-	-	-	177	-	-	177
Allowance for tax carry forward	-	(1,300)	(7,337)	(8,637)	-	(1,550)	(7,226)	(8,776)
Deferred tax assets	**10,924**	**-**	**-**	**10,924**	**9,180**	**47**	**-**	**9,227**
Deferred tax liabilities								
Mining concessions	(13,627)	-	-	(13,627)	(12,512)	-	-	(12,512)
Deferred income	(597)	-	-	(597)	(774)	-	-	(774)
Property, plant and equipment inflation adjustment	-	(881)	-	(881)	-	(415)	(61)	(476)
Financial leases	(134)	-	-	(134)	-	-	-	-
Deferred tax liabilities	**(14,358)**	**(881)**	**-**	**(15,239)**	**(13,286)**	**(415)**	**(61)**	**(13,762)**
Net deferred tax liabilities	**(3,434)**	**(881)**	**-**	**(4,315)**	**(4,106)**	**(368)**	**(61)**	**(4,535)**
Movement in deferred tax balances								
Opening balance	(4,106)	(368)	(61)	(4,535)	(6,627)	20	20	(6,627)
Exchange rate difference	-	-	-	-	-	(8)	8	-
Charged to profit or loss	672	(513)	61	220	2,521	(380)	(49)	2,092
Closing balance	**(3,434)**	**(881)**	**-**	**(4,315)**	**(4,106)**	**(368)**	**(61)**	**(4,535)**

Deferred tax assets have not been recognised in respect to tax losses for certain entities of the Group. See Note 38 for details.

NOTES TO THE FINANCIAL STATEMENTS

14. EARNINGS PER SHARE

	For the year ended 31 December	
	2023	2022
Net loss attributable to owners (in thousands of US$)	(7,605)	(8,257)
Weighted-average number of ordinary shares (basic)	612,311,353	612,311,353
Weighted-average number of ordinary shares (diluted) at 31 December	612,311,353	612,311,353
Basic earnings (loss) per ordinary share (cents)	(1.24)	(1.35)
Diluted earnings (loss) per ordinary share (cents)	(1.24)	(1.35)

15. 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 2023, the Group earned 100% of its consolidated revenue from sales made to one customer (2022-95% of its consolidated revenue from sales made to one customer).

All figures are reported in thousands of US$	For the year ended 31 December 2023				For the year ended 31 December 2022			
	Guanaco/ Amancaya	Casposo	Group and unallocated items	Consolidated	Guanaco/ Amancaya	Casposo	Group and unallocated items	Consolidated
Revenue:								
Gold	45,872	-	-	45,872	47,772	-	-	47,772
Silver	1,857	-	-	1,857	1,938	-	-	1,938
Cost of sales	(41,172)	-	-	(41,172)	(39,473)	-	-	(39,473)
Depreciation and amortisation expense	(6,011)	-	-	(6,011)	(7,671)	-	-	(7,671)
Other income	249	474	3,130	3,853	2	1,072	30	1,104
Other expenses	(2,906)	(2,537)	(3,446)	(8,889)	(1,292)	(1,782)	(1,309)	(4,383)
Administration expenses	(3,517)	(34)	(3,120)	(6,671)	(4,791)	(63)	(3,550)	(8,404)
Finance income	465	396	3,561	4,422	425	1,008	701	2,134
Finance expenses	214	(182)	(1,710)	(1,678)	(1,608)	(278)	(36)	(1,922)
Share of loss of associates	-	-	(60)	(60)	-	-	(676)	(676)
Income tax (expense)/benefit	1,371	(513)	-	858	1,822	(380)	(127)	1,315
Segment (loss)	**(3,578)**	**(2,396)**	**(1,645)**	**(7,619)**	**(2,876)**	**(711)**	**(4,679)**	**(8,266)**
Segment assets	**71,868**	**14,163**	**18,254**	**104,285**	**64,518**	**15,332**	**17,467**	**97,317**
Segment liabilities	**51,370**	**4,985**	**6,895**	**63,250**	**39,708**	**5,783**	**3,011**	**48,502**
Capital expenditure	**12,044**	**919**	**2,943**	**15,906**	**8,780**	**2,864**	**2,211**	**13,855**

Geographic information:

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Revenue by geographic location		
Chile	47,729	49,710
Total revenue	**47,729**	**49,710**

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Non-current assets by geographic location		
Chile	66,725	60,074
Argentina	19,400	14,768
United States	-	60
Canada	915	-
British Virgin Islands	110	110
Total non-current assets	**87,150**	**75,012**

NOTES TO THE FINANCIAL STATEMENTS

16. CASH AND CASH EQUIVALENTS

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Cash at call and in hand	1,039	926
Short-term investments	-	-
Total cash and cash equivalents	**1,039**	**926**
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	670	926
Restricted cash received from private placement of convertible note offering (note 25.2)	591	-
Bank overdraft	(222)	-
Cash and cash equivalents	**1,039**	**926**

Risk Exposure

The Group's exposure to interest rate risk is discussed in note 33. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

17. TRADE AND OTHER RECEIVABLES

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Current		
Trade Receivables	668	808
Other receivables	911	611
GST/VAT receivable	777	1,003
Total current receivables	**2,356**	**2,422**
Non-current		
GST/VAT receivable	540	1,117
Other receivables	1,033	339
Total non-current receivables	**1,573**	**1,456**
Allowance for doubtful accounts	(445)	(552)
Net non-current receivables	**1,128**	**904**
Trade debtors ageing		
The ageing of trade receivables is 0-30 days	668	808
>30 days	-	-

The other receivables from Unico disclosed in note 20 were discounted using the following US treasury yield rates as follows:

All figures are reported in thousands of US$			
Due date	Undiscounted receivable	Discounted receivable	Discount rate (%)
25 November 2024[1]	750	716	5.18
25 November 2025[2]	1,000	915	4.73
	1,750	**1,631**	

[1] current other receivable

[2] non-current other receivable

17.1 Past due but not impaired

There were no receivables past due at 31 December 2023 (31 December 2022: nil).

17.2 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 33 for more information on the risk management policy of the Group and the credit quality of the receivables.

17.3 Key customers

The Group is reliant on two customers to which gold and silver produced from the Guanaco/Amancaya mines are sold. The major customer purchased 100% (2022-95%) of sales and the other customers purchased the remaining 0% of sales (2022-5%).

18. OTHER FINANCIAL ASSETS

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Current		
Listed bonds — level 1	23	23
Listed equity securities — level 1	2,427	590
Unico Silver options— level 3 (note 20)	496	-
Unlisted equity securities, Ensign—level 3	1,012	-
Ensign warrants — level 3	-	28
Total current other financial assets at fair value	**3,958**	**641**
Non-Current		
Listed equity securities — level 1	**2,127**	-
Total non-current other financial assets at fair value	**6,085**	**-**

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 Australian and Canadian listed mining companies nominated in A$ and C$ and sovereign bonds nominated in ARS as at 31 December 2023 and 31 December 2022, respectively.

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

Fair values of private company investment

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. Given the strategy of the Group to invest in privately held assets, the assets held by the Group are of such a nature where there is generally an absence of an active market in the asset and the valuation of these assets can be volatile owing to their high-risk nature, lack of profitability and level of negative cash flow. The Group selects several other valuation techniques which requires the Group to make certain assumptions and judgements in assessing the fair value of these assets.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The "fair value" of financial assets is assumed to be the price that would be received for the financial asset in an orderly transaction between knowledgeable and willing but not anxious market participants acting at arm's length given current market conditions at the relevant measurement date. Fair value for unquoted or illiquid investments is often estimated with reference to the potential realisation price for the investment or underlying business if it were to be realised or sold in an orderly transaction at the measurement date, regardless of whether an exit in the near future is anticipated and without reference to amounts received or paid in a distressed sale.

An assessment will be made at each measurement date as to the most appropriate valuation methodology, Each portfolio company will be subject to individual assessment. As of 31 December 2023, The Group prepared several valuation models and determined using publicly available information, noting Ensign's peer group consists of listed companies. The Group determined that the chosen valuation metric, Enterprise Value to Mineral Resources, is a widely accepted standard in the sector for assessing the relative valuation of capital and the most appropriate valuation methodology for its investment in Ensign Minerals Inc. ("Ensign").

The following assumptions were used to determine the fair value of the Group's investment in Ensign under the Enterprise Value to Mineral Resources model:

- Group's shareholding in Ensign-11.7%
- Discount factor of 40% of 1,640 thousand inferred resources reported in a NI 43-101 Technical Report (Jorc compliant) prepared by independent consulting firm with an effective date of 5 December 2023
- Illiquidity discount 20%
- EV to Mineral Resource factor 16.08

The sensitivity to +/- 10% variation in the discount factor to inferred resources (29.6%-44%) on the fair value of the Ensign investment results in an impact of +/- US$96 thousand.

The sensitivity to +/- 10% variation in the illiquidity factor (18%-22%) on the fair value of the Ensign investment results in an impact of +/- US$25 thousand.

The sensitivity to +/- 10% variation in the EV to Resources multiple (14.5x-17.7x) on the fair value of the Ensign investment results in an impact of +/- US$145 thousand.

Transfers

During the year ended 31 December 2023 there were no transfers between the financial instrument levels of hierarchy. However, as the Group lost significant influence in Ensign during the year, it remeasured its common shares of Ensign at fair value at 31 December 2023.

Key assumptions for Options/Warrants	Unico Silver	Ensign
Strike price	A$0.26	C$1.50
Annual volatility	97.81%	55%
Interest rate	4.06%	0.20%
Expiration date	27 February 2026	18 February 2024

19. INVENTORIES

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Materials and supplies	6,558	7,167
Ore stocks	1,736	274
Gold bullion and gold in process	1,405	1,505
Total inventories	**9,699**	**8,946**

*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$1,874k (31 December 2022:US$1,572k) resulting in an. expense of US$272k included with other expenses (note 8) and US$30k charged to cost of sales (note 6).

20. ASSETS FOR SALE

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Transfers from property, plant and equipment	-	951
Transfers from exploration and evaluation expenditures	-	7,343
Assets held for sale	**-**	**8,294**

On 25 November 2022, the Group entered into a Share Sale Agreement ("Agreement") with E2 Metals Limited, whose name was subsequently changed to Unico Silver Limited ("Unico") to sell the common shares of its subsidiary, SCRN Properties Ltd. ("SCRN"), whose major assets are exploration assets and property and equipment. As closing of the transaction was subject to several conditions including Unico shareholder approval of the total shares and options to be issued by Unico, the Group recorded the transaction as an asset held for sale at its carrying value on 31 December 2022.

All conditions for closing the transaction were met and the sale was completed on 1 March 2023.

A gain on the sale of US$1,964 thousand was recognised (note 7) based on the difference between the US$8,249 thousand carrying value of the assets held for sale and the total discounted consideration of US$10,213 thousand related to:

a. Total cash consideration of US$5,000 thousand, (US$2,500 thousand received at closing, while US$2,500 thousand is due over three subsequent years on the anniversary of the Agreement date) which fair value was estimated at US$4,793 thousand at closing; the first payment of US$750 thousand was received, and the remaining US$1,750 thousand is secured by a share mortgage;

b. 49,751,970 shares of Unico valued at US$4,709 thousand (A$6,965 thousand) at closing that are being held in escrow with 50% released on the first anniversary of the closing date and 50% released on the second anniversary of the closing date, which was equal to 19.9% Unico's shareholding on a non-diluted basis on 1 March 2023 and;

c. 15 million options of Unico. The value of the options using the Black-Scholes model at closing was US$0.711 million using the key assumptions disclosed in note 18.

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21. MINE PROPERTIES

All figures are reported in thousands of US$	Guanaco/ Amancaya	Casposo	Total
Mine Properties-31 December 2022			
Cost	65,862	9,795	75,657
Accumulated amortisation	(61,808)	(9,795)	(71,603)
Carrying value — Mine Properties	**4,054**	**-**	**4,054**
Mine Properties – 31 December 2023			
Cost	68,516	9,795	78,311
Accumulated amortisation	(62,257)	(9,795)	(72,052)
Carrying value — Mine Properties	**6,259**	**-**	**6,259**

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Costs carried forward in respect of areas of interest		
Carrying amount at the beginning of the year	4,054	1,217
Additions	9	30
Transfers from exploration and evaluation expenditure	-	3,585
Transfers to property, plant and equipment	-	(368)
Increase in provision for reclamation and rehabilitation	2,645	598
Amortisation	(449)	(1,008)
Carrying amount at end of the year	**6,259**	**4,054**

Carrying value — Guanaco/Amancaya

The Guanaco and Amancaya mines have been determined by Management to be a single cash generating unit ("CGU"). The fair value less cost of disposal, is used to assess the recoverable value of the CGU. The mine properties noted above and the property, plant and equipment that is an intrinsic part of the mine and its structure (included in note 22) with a total book value of US$51,623 thousand are included in determining the carrying value of the CGU for the purposes of assessing for impairment.

Management have assessed the recoverable 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 internally using the discounted cash flow model (DCF) as the primary valuation methodology.

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

- Forecast Gold price (2024-2033): US$2,048/oz-1,815/oz (31 December 2022 (2023-2033): US$1,800/oz – US$1,720/oz)
- Forecast Silver price (2024-2033):US$24/oz-25/oz (31 December 2022 (2022-2033) US$20/oz– US$23.5/oz
- Life of mine operations based on the current model are forecast to end in 2033 (31 December 2022: 2033).
- Discount Rate (pre-tax): 8.5% (31 December 2022: 7.5%)
- Production costs 2024 (US$1,364) 2023 (US$1,645/oz)

Proven and Probable reserves and resource estimates to 31 December 2023 are based on an independent technical report provided to the Group in 2022.

The sensitivity to +/- 10% variation in the gold price (US$1,692-US$2,068 /oz) on the recoverable value of the Guanaco/Amancaya project results in an impact of +/- US$16,700 thousand.

The sensitivity to +/- 10% variation in the discount rate 7.7%-9.4%) recoverable value of the Guanaco/Amancaya project results in an impact of +/- US$1,800 thousand.

The sensitivity to +/- 10% variation in production costs on the recoverable value of the Guanaco/Amancaya project results in an impact of +/- US$10,600 thousand.

None of these reasonably possible changes would result in a recoverable value below the book value of any of the projects.

22. PROPERTY, PLANT AND EQUIPMENT

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Property, plant and equipment owned	42,581	35,549
Right of use assets	7,035	6,708
	49,616	**42,257**
Property, plant and equipment owned		
Cost	175,490	164,967
Accumulated depreciation	(132,909)	(129,418)
Carrying amount at end of the year	**42,581**	**35,549**

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Movements in carrying value		
Carrying amount at beginning of the year	35,549	34,334
Additions	11,283	6,434
Transfers from mining properties	-	368
Transfers to assets held for sale	-	(952)
Depreciation	(4,184)	(4,590)
Disposals	(760)	(1,687)
Depreciation on disposals	693	1,642
Carrying amount at end of the year	**42,581**	**35,549**

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 CGU are being carried at the lower of their book value and recoverable amount. The Casposo property, plant and equipment is recorded at salvage value as it is currently not being used.

22.1 Reconciliation of carrying amount

All figures are reported in thousands of US$	Underground Mine Development	Plant	Mining Equipment	Buildings	Heap	Land	Other	Total
Cost								
Balance at 31 December 2021	**81,070**	**35,716**	**21,528**	**14,580**	**-**	**815**	**7,476**	**161,185**
Additions	5,663	336	262	42	105	-	26	**6,434**
Transfer from Mine properties	-	-	-	-	368	-	-	**368**
Reallocation	-	-	-	-	139	-	(139)	**-**
Disposals	-	-	(1,687)	-	-	-	-	**(1,687)**
Transfers to asset held for sale	-	-	(196)	(304)	-	(815)	(18)	**(1,333)**
Balance at 31 December 2022	**86,733**	**36,052**	**19,907**	**14,318**	**612**	**-**	**7,345**	**164,967**
Additions	5,009	122	40	-	5,633	-	479	11,283
Disposals	-	-	(760)	-	-	-	-	(760)
Balance at 31 December 2023	**91,742**	**36,174**	**19,187**	**14,318**	**6,245**	**-**	**7,824**	**175,490**

All figures are reported in thousands of US$	Underground Mine Development	Plant	Mining Equipment	Buildings	Heap	Land	Other	Total
Accumulated depreciation								
Balance at 31 December 2021	**63,558**	**27,016**	**17,433**	**11,873**	**-**	**-**	**6,971**	**126,851**
Depreciation	3,378	590	309	238	-	-	75	**4,590**
Disposals	-	-	(1,637)	-	-	-	(5)	**(1,642)**
Transfers to asset held for sale	-	-	(190)	(174)	-	-	(17)	**(381)**
Balance at 31 December 2022	**66,936**	**27,606**	**15,915**	**11,937**	**-**	**-**	**7,024**	**129,418**
Depreciation	3,133	561	162	219	103	-	6	4,184
Disposals	-	-	(693)	-	-	-	-	(693)
Balance at 31 December 2023	**70,069**	**28,167**	**15,384**	**12,156**	**103**	**-**	**7,030**	**132,909**
Carrying amounts								
At 31 December 2022	**19,797**	**8,446**	**3,992**	**2,381**	**612**	**-**	**321**	**35,549**
At 31 December 2023	**21,673**	**8,007**	**3,803**	**2,162**	**6,142**	**-**	**794**	**42,581**

22.2 Right of use assets

All figures are reported in thousands of US$	Office	Vehicles	Machinery and equipment	Total
Balance at 31 December 2021	108	**3,077**	**4,488**	**7,673**
Additions	-	1,220	-	**1,220**
Disposals	-	(5)	-	**(5)**
Less depreciation	(99)	(1,748)	(333)	**(2,180)**
Balance at 31 December 2022	**9**	**2,544**	**4,155**	**6,708**
Additions	232	-	1,670	**1,902**
Disposals	-	(160)	-	**(160)**
Less depreciation	(83)	(1,033)	(299)	**(1,415)**
Balance at 31 December 2023	**158**	**1,351**	**5,526**	**7,035**

22.3 Lease payments*

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Undiscounted		
Less than a year	1,352	2,026
Greater than a year	1,256	953
	2,608	**2,979**
Discounted		
Less than a year	1,169	1,925
Greater than a year	1,143	911
	2,312	**2,836**

*Expiration dates are disclosed in note 33 (d)

23. EXPLORATION AND EVALUATION EXPENDITURE

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Costs carried forward in respect of areas of interest:		
Carrying amount at the beginning of the year	27,261	32,322
Additions	4,614	6,793
Transfers to assets held for sale	-	(7,343)
Transfers to mine properties	-	(3,585)
Impairment for the year	(3,981)	(926)
Carrying amount at end of the year	**27,894**	**27,261**

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, and Casposo exploration projects and the fair value of the properties acquired from Revelo. Additions for the year ended 31 December 2023 and 2022 relate mainly to exploration on the Jaguelito project, located in the Indio belt in Argentina, the Casposo-Manantiales project, located in San Juan, Argentina and the Guanaco projects located in Chile.

During 2023, the Group impaired the Morro Blanco project for US$1,850 thousand as the Group did not expect to meet the commitments under the option agreement with Pampa Metals that expired on 27 July 2023. In addition, it impaired the following properties:

a) Reprado project acquired from Revelo Resources for US$258 thousand as it decided not to continue exploration activities.

b) Between 20-54% of the Las Pampas, Victoria Sur and Loro properties acquired from Revelo Resources and the San Guillermo property for US$1,643 thousand as the Group relinquished a selected number of hectares based on historical geological information and the Group's internal estimate of the potential for further discoveries.

c) Expenditures of US$230 thousand on phase II of the Sierra Blanca project as US$400 thousand was due to be incurred by 31, August 2023 but was not spent.

During 2022, the Group impaired the Orca property acquired from Revelo for US$156 thousand as it abandoned the property and impaired US$769 thousand related to Cerro Blanco after advising Pampa that it was withdrawing from the property.

Impairment for the year ended 31 December 2023 and 2022 relate to impairment on the exploration projects with either no expected value or partial value.

Jaguelito Option Agreement

During February 2022, the Group signed a binding offer letter with Mexplort Perforaciones Mineras S.A. (”Mexplort") where the parties agreed to enter into a Joint Venture Agreement to identify and develop new precious metal projects located in the Indio belt in the Province of San Juan, Argentina and Mexplort is to grant Austral Gold Argentina S.A., a subsidiary company in Argentina, an earn-in option whereby it may acquire a 50% of the mining rights 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 which was approved on 10 August 2022. During the year ended 31 December 2023, a company owned equally by Group and Mexplort was incorporated. The consideration to acquire the 50% interest is as follows:

22.3.1 US$2,000 thousand 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. As of 31 December 2023, US$4,943 thousand of exploration expenses was incurred and 4,331 meters has been drilled.

22.3.2 US$2,000 thousand in exploration expenditures on Jaguelito within two years after completing the First Stage (the “Second Stage”), and

22.3.3 US$3,000 thousand payment to Mexplort if the Board of the JV Company approves the construction of the project based on a bankable feasibility study (“BFS”). The Group committed to the first US$2,000 thousand and must comply with the conditions in (a-c) above to acquire a 50% interest in the Jaguelito project.

At the time of acquisition, the Jaguelito 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 “Business combinations” and note 40.

Sierra Blanca Agreement

The significant terms of the transaction to acquire the Sierra Blanca signed with New Dimension Guernsey Ltd. in October 2020 include the payment of US$100 thousand cash (paid) on signing and work commitments of US$700 thousand. The transaction is being accounted for as an acquisition of an asset and the future work commitments are to be paid before the following dates:

31 August 2021: $100 thousand (paid) (Year 1)

31 August 2022: $200 thousand (paid) (Year 2)

31 August 2023: $400 thousand (Year 3)

As the work commitments in Year 1 were incurred, the Group acquired a 51% interest in Sierra Blanca S.A., which resulted in Exploration and Evaluation rights of US$392 thousand, the non-controlling interest at the time of acquisition, for total cash consideration of US$200 thousand. Although the work commitments in Year 2 were incurred, as the work commitments in Year 3 were not incurred, the Group did not acquire an additional interest.

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 “Business combinations” and note 40.

Colossus Resource Agreement

On 4 April 2023, the Group entered executed a letter of intent to grant Colossus Resources Corp. (“Colossus”) an option to purchase the Group’s Chilean Calvario and Mirador copper projects. Colossus paid the Group US$100 thousand of which US$75 thousand was agreed to be used to pay the 2023 maintenance fees for the projects. Subsequently, the parties executed an agreement on 15 November 2023. Consideration comprised mainly of (i) a US$2,500 thousand work commitment over a two-year period, (ii) 19.99% shareholding in Colossus (non-diluted basis), (iii) one million Colossus warrants at an exercise price of C$0.50 and anti-dilution rights up to Colossus raising US$3,800 thousand. Additional payment of two million Colossus common shares if Colossus prepares a prefeasibility study. Colossus is to complete an equity financing for proceeds of not less than US$1,500 thousand within 90 days after the date of the Agreement and any required regulatory approval.

24. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group's interests in equity-accounted investees comprise an interest in a Rawhide Acquisition Holding LLC. ("Rawhide") that owns Rawhide Mining LLC, a gold and silver operating mine in Nevada, USA and which carry value is US$ nil)31 December 2022: US$ nil) and an interest in Ensign Gold Limited ("Ensign") that is engaged in the acquisition, exploration, and development of precious metal mineral properties primarily in the state of Utah, United States through its subsidiary, Ensign Gold (US) Corp. Subsequent to acquiring the interest, Ensign changed its name to Ensign Minerals Inc.

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Carrying amount of interest in associates		
Carrying amount of interest in Ensign	-	60
Group's total carrying amount of interest in associates	**-**	**60**

24.1 Investment in Rawhide

During the year ended 31 December 2023, the Group provided bridge funding of US$555,000 to the Rawhide Mining LLC in exchange for takeover options with the other unitholders to acquire an equity position of approximately 99.98% of the Mine, subject to due diligence. Total expenses related to the takeover option, which include due diligence expenses and the bridge funding, were US$617 thousand. As the Group did not exercise the takeover options, the Group recognised these expenses in the consolidated statement of profit or loss and other comprehensive income as Other expenses (note 8). On 20 December 2023 (the " Petition Date ") Rawhide Mining LLC filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

During the year ended 31 December 2022, the Group advanced Rawhide US$124 thousand. As the Group did not expect to recover this amount, the Group recognised this amount in share of loss of associates in the consolidated statement of profit or loss and other comprehensive income during that period.

24.2 Investment in Ensign

The Group has reviewed the facts and circumstances that affect the Group's assessment of significant influence over Ensign and believes that as at 31 December 2023, it no longer has significant influence. As a result, the Group has derecognised its equity accounted investment in Ensign and recognised an investment in Ensign as a financial asset, measured at fair value. This has resulted in a gain of $1,012 thousand which has been recognised as an item in the Group's profit or loss (note 8). Any subsequent gains or losses on the fair value of the investment will be recognised in the Group's Profit or Loss statement.

At 31 December 2023, the Group had only one member of its board on Ensign's board (31 December 2022: 2 board members) and it's percentage ownership interest was 11.7% (31 December 2022: 11.91%).

25. TRADE AND OTHER PAYABLES

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Current		
Trade payables	15,179	8,655
Trade payables-supply chain financing arrangement (**note 25.1**)	835	876
Accrued expenses	5,312	4,668
Royalty payable	578	376
Director fees	531	341
Restricted cash received on private placement of convertible notes (**note 25.2**)	591	-
Other	95	774
Total current trade and other payables	**23,121**	**15,690**
Non-Current		
Other payables	3	1,013

25.1 Supply chain financing arrangements

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Carrying amount of financial liabilities		
Presented in trade and other payables	835	876
Of which suppliers have received payment from finance providers	795	854
Range of payment due dates		
Liabilities that are part of the arrangements	180 days after invoice date	180 days after invoice date
Comparable trade payables that are not part of the arrangements	30-60 days	30-60 days

The Group participates in a supply chain financing arrangement (SCF) under which its supplier may elect to receive early payment of their invoice from a financial institution by factoring their receivable from the Group. Under the arrangement, a financial institution agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to a bank before their due date.

The Group has not derecognised the original liabilities to which the arrangement applies because neither a legal release was obtained, nor the original liability was substantially modified on entering into the arrangement. From the Group's perspective, the arrangement extends payment terms to six months. The Group incurs interest ranging from approximately 16%-20% per annum to the financial institutions on the amounts due to suppliers. The Group therefore discloses the amounts factored by suppliers within trade payables because the nature and function of the financial liability remain similar to those of other trade payables but discloses disaggregated amounts in the notes. All payables under SCF are classified as current as at 31 December 2023.

The payments to the financial institutions are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating- i.e. payments for services required to earn revenue. The payments to a supplier by the financial institution are considered non-cash transactions and as at 31 December 2023 amount to US$795 thousand (31 December 2022-US$854 thousand) plus accrued interest of US$40 thousand (31 December 2022-US$22 thousand).

25.2 Cash received on private placement of convertible notes

On 10 October 2023, the Group entered into an Agreement to issue approximately 1,548 thousand non-transferable unsecured convertible notes, each with a face value of AUD$1, to an accredited and sophisticated investor. The number of notes will be determined by converting the gross proceeds into equivalent Australian dollars. The notes are to bear interest at a rate of 9% per annum and mature on the second anniversary of the date they are issued. Each note will entitle the holder to convert the notes into ordinary shares of the Company at the holder's option at a conversion price of AUD$0.059 (approximately C$0.051) per share during the first year and AUD$0.118 (approximately C$0.103) during the second year. The private placement is expected to yield gross proceeds of US$1,000 thousand (approximately AUD$1,548 thousand). At 31 December 2023, the Group had received US$591 thousand from the investor, and as the aggregate of US$1,000 thousand stated in the agreement had not been received, the Group has not closed the financing, and classified the cash received as restricted cash. The closing of the Agreement is also subject to acceptance by the TSX Venture Stock Exchange.

On 14 February 2024, a Deed of Variation of the Convertible Note Agreement was entered into which allowed for the closing of the convertible notes in two tranches, with the first tranche totaling US$591 thousand.

On 15 February 2024, the first tranche of the Agreement was completed and the US$591 thousand became unrestricted cash.

26. EMPLOYEE ENTITLEMENTS

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Current		
Salaries, social security and bonuses	2,655	3,009
Employee entitlements	1,023	1,044
Total employee entitlements	**3,678**	**4,053**

The current provision for employee entitlements includes all unconditional entitlements in accordance with the applicable legislation. The entire amount is presented as current, since the Group does not have an unconditional right to defer payment. The entire balance of employee benefits is expected to be settled within the next 12 months.

Total employee salary, benefits and bonuses of the Group in the profit and loss statement was US$13,812 thousand (2022-US$14,176 thousand), including US$9,707 thousand (2022-US$9,307 thousand) in cost of sales and US$4,105 thousand (2022-US$4,869 thousand) in administration.

Non-current		
Employee entitlements	18	35

Retirement benefits

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

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

27. PROVISIONS

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Provision for reclamation and rehabilitation	**13,695**	**10,924**
Movement in non-current provisions		
Opening balance	10,924	9,232
Increase of provision for reclamation and rehabilitation	2,645	598
Exchange difference	161	674
Present value adjustment	(35)	420
Closing balance	**13,695**	**10,924**

Mine closure provision

Provision for reclamation and 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.

During the year ended 31 December 2023, the Company adjusted the Reclamation and rehabilitation/Mine-Closure Plan (MCP) for the Guanaco-Amancaya mine complex in compliance with local regulations in Chile. The increase in the estimated provision for reclamation and rehabilitation was primarily driven by increases in inflation, labor costs, market competitiveness, and the inclusion of the Heap Reprocessing Project, which extended the life of the mine complex to 2033 from 2026.

The MCP encompasses the entire mine complex, and it foresees the initiation of closure activities in 2033, following the conclusion of production from the Heap Reprocessing Project. The MCP is expected to receive approval by "Servicio Nacional de Geología y Minería" (SERNAGEOMIN) during the first half of 2024. If the SERNAGEOMIN requires changes to the MCP, the reclamation and rehabilitation provision would change.

The carrying amount of the mine closure asset of US$3,587 thousand is included in the carrying value of mine properties disclosed in note 21.

As at 31 December 2023, the total provision for reclamation and rehabilitation amounts to US$12,900 thousand (31 December 2022–US$7,.200 thousand) for the Guanaco/ Amancaya mine. The present value of this provision was determined based on the following assumptions:

Undiscounted reclamation and rehabilitation costs:

- US$10,100 thousand (31 December 2022– US$ 7,700 thousand);
- Discount period: 10 years (Discount period based on expected timing of reclamation and rehabilitation work). Discount rate: 2.44% (2022- 1.7%)

As at 31 December 2023, the total reclamation and rehabilitation provision amounts to US$3,900 thousand (31 December 2022: US$3,800 thousand) for the Casposo mine. The present value of this provision was determined based on the following assumptions:

- Number of years 5 (31 December 2022 2 years) -increase based on Group's expectation of when reclamation and rehabilitation work is expected to be performed.

- Undiscounted reclamation and rehabilitation costs: US$3,600 thousand;
- Discount rate: 1.7% (2022–US$3,900 thousand and 2.2%)

28. LOANS AND BORROWINGS

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Current		
Loan facilities	8,823	7,382
Related party loans	4,717	-
Total current loans and borrowings	**13,540**	**7,382**
Non-current		
Loan facilities	**2,568**	1,264
Total non-current loans and borrowings	**2,568**	**1,264**

Loan Facilities

At 31 December 2023, the current and non-current Loan facilities are to be repaid over 9 months and 34 months respectively at an annual average interest rate of 10.0% (2022–6.9%).

Related party loans

During the year ended 31 December 2023, the Group received unsecured related party loans totaling US$4,555,000 (including accrued interest, the total amount owed at 31 December 2023 is US$4,716,790). Further information about these loans is described in note 37.

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

All figures are reported in thousands of US$	Loans	leasing
Balance at 1 January 2022	**5,753**	**4,763**
Change from financing cash flows		
Proceeds from loans and borrowings	11,735	-
Repayments	(8,842)	(3,133)
Other changes		
New leases	-	1,220
Interest expense	330	194
Interest paid	(330)	(208)
Balance at 31 December 2022	**8,646**	**2,836**
Balance at 11 January 2023	**8,646**	**2,836**
Change from financing cash flows		
Proceeds from loans and borrowings	17,955	-
Repayments	(10,777)	(2,252)
Other changes		-
New leases	-	1,742
Foreign exchange	-	(14)
Interest expense	1,004	186
Interest paid	(720)	(186)
Balance at 31 December 2023	**16,108**	**2,312**

All figures are reported in US$	31 December 2023			
Lender	Face value	Carrying value	Interest rate (%)	Maturity date (1)
Santander Bank(3)	1,000,000	1,039,119	8.97	23 January 2024
Santander Bank(3)	1,000,000	1,016,903	9.22	24 January 2024
Inversiones Financieras del Sur S.A.(2)(3)	555,000	562,077	9.00	10 February 2024
Santander Bank(3)	500,000	515,119	8.85	26 February 2024
Santander Bank	500,000	515,602	9.52	01 March 2024
Inversiones Financieras del Sur S.A. (2)	2,000,000	2,059,750	9.00	12 March 2024
Eduardo Elsztain(2)	850,000	870,188	9.00	12 March 2024
Saul Zang(2)	150,000	153,638	9.00	12 March 2024
Eduardo Elsztain(2)	850,000	910,468	9.00	31 March 2024
Saul Zang(2)	150,000	160,671	9.00	31 March 2024
Banco de Crédito e Inversiones SA (BCI)	1,000,000	1,061,686	11.94	17 June 2024
Banco de Crédito e Inversiones SA (BCI	500,000	531,546	13.93	17 July 2024
Santander Bank	400,000	418,225	12.62	19 August 2024
Banco de Crédito e Inversiones SA (BCI)	500,000	515,697	12.15	23 September 2024
Banco de Crédito e Inversiones SA (BCI)	500,000	505,830	12.35	23 September 2024
Santander Bank	3,500,000	1,263,889	4.27	25 January 2025
Santander Bank	3,500,000	3,062,500	8.50	17 April 2026
Banco de Crédito e Inversiones SA (BCI)	1,000,000	944,444	12.35	23 October 2026
Total	**18,455,000**	**16,107,352**		

(1) The Maturity date refers to the date when the loan is to be completely repaid. Loans and borrowings have been classified based on the actual repayment calendar as disclosed in note 33.

(2) Related party loans

(3) During January and February 2024, a total of US$2,500 thousand in pre-export facilities were renewed with Santander Bank for an additional 6 months at an average interest rate of 9.36% per annum as three 6-month pre-export facilities were renewed as follows: US$1,000 thousand at 9.12%, $500 thousand at 9.32%, and US$500 thousand at 9.65%. In addition, the Inversiones Financieras del Sur S.A. loan's maturity date was extended by three months.

29. ISSUED CAPITAL

	As at 31 December	
	2023	2022
Fully paid ordinary shares (in thousands of US$)	109,114	109,114
Number of ordinary shares	612,311,353	612,311,353
Weighted average number of ordinary shares	**612,311,353**	**612,311,353**

Movements in ordinary share capital	Number of ordinary shares	US$000's
Balance at 31 December 2023 and 2022	**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.

30. ACCUMULATED LOSSES

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Accumulated losses at beginning of year	(59,230)	(51,063)
Net (loss) for the year	(7,605)	(8,257)
Accumulated losses at end of year	**(66,925)**	**(59,320)**

NOTES TO THE FINANCIAL STATEMENTS

31. RESERVES

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Foreign currency translation reserve		
Balance at beginning of year	234	251
Foreign exchange movements from translation of financial instruments to US dollars	(161)	(17)
Balance end of year	**73**	**234**
Business combination reserve		
Balance at beginning of year	(1,406)	(1,406)
Balance end of year	**(1,406)**	**(1,406)**
Profit appropriation reserve		
Balance at beginning of year	14	14
Dividend paid		-
Balance end of year	**14**	**14**
Total reserves	**(1,319)**	**(1,158)**

Foreign Currency Translation Reserve

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

Business Combination Reserve

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

Profit appropriation Reserve

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

32. NON-CONTROLLING INTEREST

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Non-controlling interest in subsidiaries comprise		
Non-controlling interest during the year	(14)	(9)
Balance end of the year	**165**	**179**

During November 2021, the Group completed the work commitment to acquire 51% of Sierra Blanca S.A as disclosed in note 23.

33. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's principal financial instruments include items such as 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	
	2023	2022
Financial Assets		
Cash and cash equivalents	1,039	926
Trade and other receivables	3,484	3,326
Other financial assets	3,958	641
Financial liabilities		
Trade and other payables	23,124	16,703
Borrowings	16,108	8,646
Financial leases	2,312	2,836

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$.

At 31 December 2023, the Group was exposed to foreign exchange risk through the following financial assets and liabilities denominated in currencies other than the Group's functional currency (thousands of US$).

The following significant exchange rates have been applied.

USD	Average rate		Year-end spot rate	
	2023	2022	2023	2022
ARS	492.01	139.84	806.95	177.06
CLP	866.49	850.28	877.12	855.86
AUD	1.47	1.44	1.46	1.48
CDN	1.31	1.25	1.32	1.35

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Argentine peso, Chilean peso, Australian dollar, Canadian dollar and US dollar against all other currencies at 31 December 2022 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in thousands of USD	Profit or loss		Equity, net of tax	
31 December 2023	Strengthening	Weakening	Strengthening	Weakening
ARS (70% movement)	(198)	198	(198)	198
CLP (10% movement)	(1,952)	1,952	(1,952)	1,952
AUD (5% movement)	-	-	-	-
CDN (2% movement)	-	-	-	-
31 December 2022	Strengthening	Weakening	Strengthening	Weakening
ARS (70% movement)	688	(688)	688	(688)
CLP (10% movement)	(585)	585	(585)	585
AUD (5% movement)	-	-	-	-
CDN (1% movement)	-	-	-	-

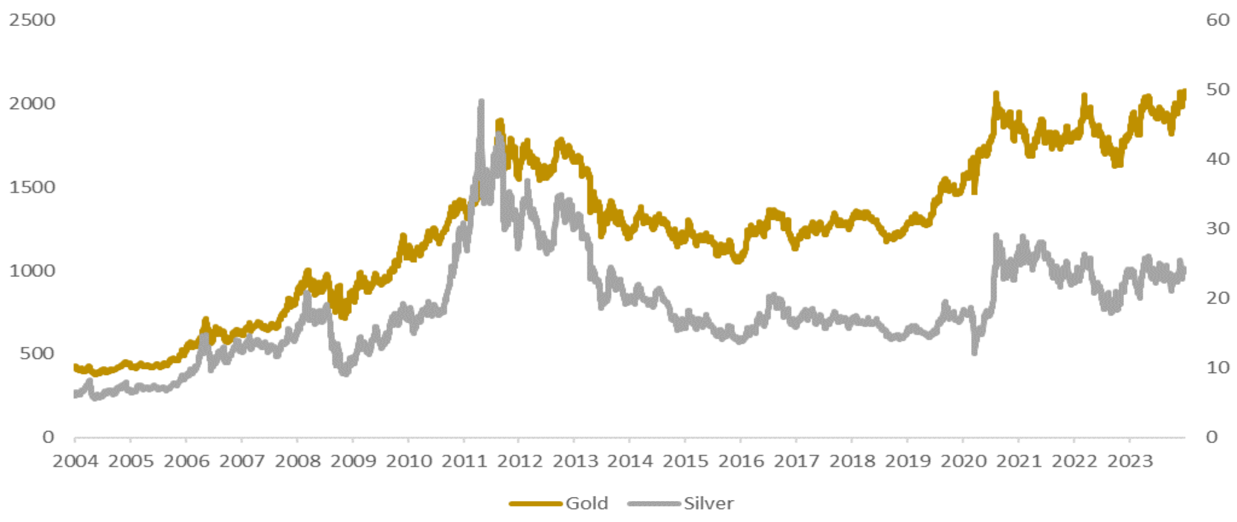
All figures are reported in thousands of US$	Argentinian Peso (ARS)	Chilean Peso (CLP)	Australian Dollar (AUD)	Canadian Dollar (CAD)
Financial assets				
Cash and cash equivalents	29	14	9	42
Trade and other receivables	28	733	20	-
Other financial assets	23	-	5,774	288
Financial liabilities				
Trade and other payables	278	19,482	85	28
Financial leases	-	136	-	-

ii. Price Risk

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

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

The graph below shows the long term upward trend of gold and silver prices.



Sensitivity to Changes in Commodity Prices (Gold and Silver)

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

All figures are reported in thousands of US$	Effect on profit/(loss) For the year ended 31 December		Effect on equity For the year ended 31 December	
	2023	2022	2023	2022
10 % increase in gold and silver prices	4,773	4,971	4,773	4,971
10 % decrease in gold and silver prices	(4,773)	(4,971)	(4,773)	(4,971)

iii. Interest Rate Risk

The Group's main interest rate risk arises from recent higher interest rates on new borrowings and finance leases. The Group's borrowings and finance leases are at fixed rates and therefore do not carry any variable interest rate risk. Changes in interest rates are not expected to have a significant impact on the Group.

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 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".

Sensitivity analysis-Equity price risk

All of the Group's listed equity investments are listed on either the Australian Stock Exchange ("ASX") or the Toronto Venture Exchange ("TSXV") or the Canadian Stock Exchange ("CSE"). For such investments, an increase in the value of the investments at the reporting date on profit or loss would have resulted in an increase of US$243 thousand before tax and US$206 thousand after tax (2022: US$59 thousand before tax and US$42 thousand after tax). An equal change in the opposite direction would have decreased profit or loss by US$243 thousand (2022: US$59 thousand after tax).

b. Credit Risk

The maximum exposure to credit risk at the reporting date to recognised financial assets, including receivables from government authorities, 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 is no significant credit risk of concentration as although the Group typically sells to one refinery, it has the flexibility to sell through alternative channels such as financial institutions and merchant banks. In addition, credit risk is minimised as generally funds are collected within two days of the date of shipment.

c. Liquidity Risk

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

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

d. Maturities of financial liabilities

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

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

All figures reported in thousands of US$	Consolidated				
	6 months	6-12 months	1-5 years	> 5 years	Total
31 December 2023					
Financial liabilities					
Trade and other payables	23,121	-	3	-	23,124
Borrowings	10,617	3,576	2,748	-	16,941
Leasing	699	653	1,256	-	2,608
Total 31 December 2023 liabilities	**34,437**	**4,229**	**4,007**	**-**	**42,673**
31 December 2022					
Financial liabilities					
Trade and other payables	15,690	-	1,013	-	16,703
Borrowings	4,367	3,226	1,296	-	8,889
Leasing	1,405	621	953	-	2,979
Total 31 December 2022 liabilities	**21,462**	**3,847**	**3,262**	**-**	**28,571**

34. COMMITMENTS

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Operating leases not recognised as liabilities	-	-
Exploration commitment at the reporting date and recognised as liabilities		1,003
Capital expenditure not recognised as liabilities	**824**	**616**

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$824 thousand during the next year to maintain legal rights to all of its properties.

35. SUBSIDIARIES

	Country of Incorporation	% owned as at 31 December	
		2023	2022
Subsidiaries			
Guanaco Mining Company Limited	British Virgin Islands	100.000	100.000
Guanaco Compañía Minera SpA	Chile	99.998	99.998
Minera Mena Chile Ltda	Chile	99.990	99.990
SCM Pampa Buenos Aires Ltda	Chile	99.990	99.990
Minera Celeste Chile Ltda	Chile	99.990	99.990
Minera Serena Chile Ltda	Chile	99.990	99.990
SMC Montezuma Ltda	Chile	99.990	99.990
Austral Gold Argentina S.A.	Argentina	99.970	99.970
Sierra Blanca S.A.	Argentina	51.000	51.000
Austral Gold North America Corp.	United States	100.000	100.000
Austral Gold Canada Limited	Canada	100.000	100.000
SCRN Properties Ltd.	Canada	-	100.000
Casposo Argentina Mining Limited	Canada	100.000	100.000
Revelo Resources Corp.	Canada	100.000	100.000
1388631 BC Ltd	Canada	-	100.000
Minera Cuyo S.A.	Argentina	50.000	-

36. PARENT ENTITY INFORMATION

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Current assets	904	334
Total assets	**56,288**	**73,260**
Current liabilities	15,253	13,515
Total liabilities	**15.253**	**13,515**
Net assets	**41,035**	**59,745**
Issued capital	109,114	109,114
Accumulated losses	(67,512)	(48,963)
Reserves	(567)	(406)
Total shareholders' equity	**41,035**	**59,745**
(Loss) for the year	**(18,549)**	**(1,293)**
Foreign exchange movements from translation of financial statements to US$	(161)	(3)
Total comprehensive (loss) for the year	**(18,710)**	**(1,296)**

Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	None	None
Details of any contingent liabilities of the parent entity	None	None
Details of any contractual commitments by the parent for the acquisition of property, plant or equipment	None	None

37. RELATED PARTY TRANSACTIONS

37.1 KMP holdings of shares and share options at 31 December 2023

- Mr. Eduardo Elsztain holds 461,294,560 shares directly and indirectly in Austral Gold Limited. (31 December 2022— 461,294,560 shares)
- Mr. Saul Zang holds 1,640,763 shares directly in Austral Gold Limited. (31 December 2022— 1,640,763 shares)
- Mr. Pablo Vergara del Carril holds 68,119 shares directly in Austral Gold Limited. (31 December 2022—68,119)
- Mr. E. Elsztain and Mr. S. Zang are Directors of IFISA which holds 380,234,614 shares (31 December 2022—380,234,614)
- Mr. P. Vergara del Carril, Mr. E. Elsztain and Mr. S Zang are Directors of Guanaco Capital Holding Corp which holds 38,859,957 shares. (31 December 2022—38,859,957)
- Mr. Stabro Kasaneva holds 7,881,230 shares indirectly in Austral Gold Limited. (31 December 2022—7,881,230)
- Mr. Rodrigo Ramirez holds 279,514 shares directly in Austral Gold Limited. (31 December 2022—279,514)
- Mr. Ben Jarvis holds 600,000 shares directly in Austral Gold Limited (31 December 2022—250,000)
- Mr. Jose Bordogna holds 126,495 shares directly in Austral Gold Limited. (31 December 2022—126,495)

37.2 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 US$	For the year ended 31 December	
	2023	2022
Short-term employment benefit	1,959,564	2,442,596
Contributions to defined contribution plans	27,382	21,484
Total	**1,986,946**	**2,444,080**

37.3 Other transactions with related parties

Zang, Bergel & Viñes Abogados is a related party since one non-executive Director, Pablo Vergara del Carril has significant influence over this law firm based in Buenos Aires, Argentina. Fees charged and expenses reimbursed by the Group for the year ended 31 December 2023 amounted to US$80,922 (2022: US$79,219).

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 2023 a total of US$57,974 was charged to and reimbursed by the Company (2022: US$72,303) in regard to IT services support, HR services, software licenses building/office expenses and other fees.

During 2023, the Group entered into loans with Inversiones Financieras del Sur S.A. ("IFISA") and directors, Eduardo Elsztain and Saul Zang, for US$2,555,000, US$1,700,000, and US$300,000 respectively. Terms of the loans are described in note 28.

37.4 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. As IFISA is a private company, they do not produce consolidated financial statements available for public use.

The ultimate beneficial owner of IFISA is Eduardo Elsztain.

38. UNRECOGNISED DEFERRED TAX ASSETS

In certain entities of the Group, deferred tax assets have not been recognised 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.

The ability of the Group to utilise Australian, Argentina, US or Canadian tax losses will depend on the applicability and compliance with the respective country's tax laws regarding continuity of ownership or same or similar business tests.

All figures are reported in thousands of US$	As at 31 December			
	Gross amount		Gross amount	
	2023	Expiry	2022	Expiry
Australia				
Tax losses	13,658	no-expiry	13,505	no-expiry
Capital losses	2,208	no-expiry	2,187	no-expiry

All figures are reported in thousands of US$	As at 31 December			
	Gross amount		Gross amount	
	2023	Expiry	2022	Expiry
Canada				
Tax losses	4,861	2027-2024	5,123	2036-2043
Capital losses	311	no-expiry	-	no-expiry

All figures are reported in thousands of US$	As at 31 December			
	Gross amount		Gross amount	
	2023	Expiry	2022	Expiry
USA				
Tax losses	5,624	no-expiry	5,405	no-expiry

All figures are reported in thousands of US$	As at 31 December			
	Gross amount		Gross amount	
	2023	Expiry	2022	Expiry
Argentina				
Tax losses	1,495	2024-2028	2,524	2023-2027
Deferred tax assets	3,700	no-expiry	3,676	no-expiry

All figures are reported in thousands of US$	As at 31 December			
	Gross amount		Gross amount	
	2023		2022	
Total				
Tax losses	25,638		26,557	
Capital losses	2,208		2,187	
Deferred tax assets	3,700		3,676	

39. CAPITAL MANAGEMENT

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

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

The Group monitors capital using a ratio of 'net debt' to equity'. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents.

All figures are reported in US$	For the year ended 31 December	
	2023	2022
Total liabilities	63,250	48,502
Less: cash and cash equivalents	(1,039)	(926)
Net debt	**62,177**	**47,576**
Total equity	**41,035**	**48,815**
Net debt to adjusted equity ratio	**1.52**	**0.97**

NOTES TO THE FINANCIAL STATEMENTS

40. MATERIAL ACCOUNTING POLICIES

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

Change in classification

During the year ended 31 December 2023, the Group updated the classification of certain disclosures to better reflect the nature of the items.

Comparative amounts in the profit and loss and other comprehensive income and notes to the financial statements were re-stated as follows:

Previous financial statement captions	31 December 2022 $000's	Re-stated financial statement captions	31 December 2022 $000's
Consolidated profit or loss and other comprehensive income			
Other income	-	Other income	1,693
Other expenses	(2,676)	Other expenses	(4,972)
Administration expenses	(9,007)	Administration expenses	(8,404)
Finance income	1,292	Finance income	2,134
Finance costs	1,080	Finance costs	(1,922)
	(11,471)		**(11,471)**
Consolidated statement of financial position			
Non-current trade and other payables	1,003		1,013
Provision for reclamation and rehabilitation	10,934		10,924
	11,937		**11,937**
Consolidated statement of cash flows			
Gain on sale of equipment	(485)		(590)
Provision for reclamation and rehabilitation	(1,096)		(1,094)
Decrease in inventory	1,655		1,620
Net cash provided through operating activities	11,093		10,953
Proceeds from sale of inventory and equipment	535		675
Net cash flow from investing activities	(11,735)		(11,595)
	7,593		**7,593**

40.1 Basis of consolidation
40.2 Revenue recognition
40.3 Goods and services tax (GST)/ Value added tax (VAT)
40.4 Foreign currency
40.5 Mine properties
40.6 Exploration and evaluation expenditure
40.7 Property, plant and equipment
40.8 Cash and cash equivalents
40.9 Income tax
40.10 Inventories
40.11 Trade and other receivables
40.12 Trade and other payables
40.13 Interest bearing liabilities
40.14 Provision for reclamation and rehabilitation
40.15 Leases
40.16 Impairment of non-financial assets
40.17 Contributed equity
40.18 Earnings per share
40.19 Borrowing costs
40.20 Employee leave benefits

40.1 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 35 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.

40.2 Revenue Recognition

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

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

When the customer is the refinery, the control of the metals is transferred at the metal availability date. The metal availability date is when the metals are available for pricing by the refinery. If the customer is not the refinery, revenue is recognised when the metals are transferred to the customer upon receipt and the customer obtains control of the metals. Invoices are payable two business days after the metal availability date. At the Guanaco/Amancaya mine revenue is recognised when silver/gold doré bars are shipped to the refinery which is taken to be the point in time when the customer accepts the material and related risk and rewards of ownership is transferred. When the customer is a refinery, control occurs when material is received and when the customer is not a refinery, control occurs when the ounces of metals are received. The price is set by the market using the London gold market.

40.3 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.

40.4 Foreign currency transactions

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

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

The assets and liabilities of foreign operations are translated into US dollars at the exchange rates at the reporting date.

The income and expenses of foreign operations are translated into US dollars at the exchange rates at the dates of the transactions.

40.5 Mine Properties

Mine properties 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 amortised on a units-of-production basis of gold equivalent ounces over mineable reserves. Once production has commenced, further development expenditure is classified as part of the cost of production, (e.g. stripping costs) unless substantial future economic benefits can be established.

Amortisation

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

40.6 Exploration and evaluation expenditure

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

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

40.6.2 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 of interest are continuing.

Expenditure relating to pre-exploration activities, including costs incurred prior to the Group having an exploration license, is written off to the profit or loss during the period in which the expenditure is incurred.

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

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

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

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

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

De-recognition and disposal

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

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

40.8 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.

40.9 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:

- 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
- 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.

40.10 Inventories

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

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

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

40.11 Trade and other receivables

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

40.12 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.

40.13 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.

40.14 Provisions

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

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

Mine Closure provision

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

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

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

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

40.15 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.

Right of use

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

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

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

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

40.16 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 of disposal 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.

40.17 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.

40.18 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.

40.19 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.

40.20 Employee leave benefits/Short-term employee benefits

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

Long service leave

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

Superannuation

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

40.21 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.

40.22 Share-based payment arrangements

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

40.23 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

40.24 New, revised or amending Accounting Standards adopted

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