



MEDIA RELEASE

Austral Gold Limited

30 March 2023

Austral Gold Files 2022 Annual Report

Austral Gold Limited (“**Austral**” or “**the Company**”) (ASX: AGD; TSX-V: AGLD) is pleased to announce that it has filed its Annual Report for the Financial Year Ended 31 December 2022.

About Austral Gold Limited

Austral Gold Limited is a gold and silver explorer and mining producer whose strategy is to expand the life of its cash generating assets in Chile, restart its Casposo-Manantiales mine complex in Argentina and build a portfolio of quality assets in Chile, the USA and Argentina organically through exploration and via acquisitions and strategic partnerships. Austral owns a 100% interest in the Guanaco/Amancaya mines in Chile and the Casposo-Manantiales mine complex (currently on care and maintenance) in Argentina, a non-controlling interest in the Rawhide Mine in Nevada, USA and a non-controlling interest in Ensign Gold which holds the Mercur project in Utah, USA.

In addition, Austral owns an attractive portfolio of exploration projects in the Paleocene Belt in Chile (including those acquired in the 2021 acquisition of Revelo Resources Corp), and a 51% interest in the Sierra Blanca project in Santa Cruz, Argentina. Austral Gold Limited is listed on the TSX Venture Exchange (TSX-V: AGLD) and the Australian Securities Exchange. (ASX: AGD). For more information, please consult Austral's website at www.australgold.com.

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

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

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2022



ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

www.australgold.com



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CORPORATE DIRECTORY

KEY MANAGEMENT

Stabro Kasaneva
Chief Executive Officer and Executive Director

Rodrigo Ramirez
Vice President of Operations

Raul Guerra*
Vice President of Exploration

Jose Bordogna
Chief Financial Officer

DIRECTORS

Wayne Hubert
Chair & Executive Director

Eduardo Elsztein
Vice Chair & Non-Executive Director

Saul Zang
Non-Executive Director

Pablo Vergara del Carril
Non-Executive Director

Stabro Kasaneva
Chief Executive Officer and Executive Director

Robert Trzebski
Independent Non-Executive Director

Ben Jarvis
Independent Non-Executive Director

COMPANY SECRETARY

Chelsea Sheridan
Automic Group

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170-422 Richards Street
Vancouver, BC V6B 2Z4
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SHARE REGISTRIES

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GPO Box 2975
Melbourne VIC 3001
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Tel: +61 3 9415 5000 (outside Australia)

Computershare Investor Services Canada
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Vancouver, BC V6C 3B9
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Fax: +1 604 661 9549

AUDITORS

KPMG
www.kpmg.com.au

LISTED

Australian Securities Exchange
ASX: AGD

TSX Venture Exchange
TSXV: AGLD

PLACE OF INCORPORATION:

Western Australia

*resigned effective 31 January 2023



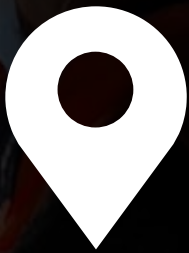
VALUE PROPOSITION



MINING OPERATIONS

POSITIVE cash flow from operations since 2012

INSTALLED production capacity with two 1,500 tpd agitation leaching plants in Argentina and Chile



EXPLORATION STRATEGY

FIND High-Sulphidation gold and silver deposits in a high-quality land portfolio

STRATEGICALLY LOCATED in five of the richest mineral endowments in the Americas



BOARD/MANAGEMENT

PREVIOUS DISCOVERIES of world-class deposits in the Americas

PROVEN SUCCESS doing business in Argentina and Chile through managing listed companies



CHAIR'S LETTER

On behalf of the Board of Directors, I am pleased to present the Austral Gold Limited (“Austral” or the “Company”) Annual Report for the financial year ended 31 December 2022 (“FY22”).

For Austral, 2022 proved to be a challenging year with important milestones achieved to enable the advancement on our long-term growth strategy. We continued to move forward with our value proposition of maintaining sustainable mining operations to support our exploration activities through the extension of the life of our Guanaco/Amancaya mine complex and our search for large High-Sulphidation (HS) gold and silver deposits. These activities rely on our strong commitment to the well-being of our employees and communities where we operate, including promotion of the highest health, safety and environmental standards.

During FY22, our Guanaco-Amancaya mine complex continued to be the primary source of the company’s cash flow with a total of 27,686 gold-equivalent ounces produced and a gross profit of US\$10.2 million (excluding depreciation and amortisation) despite lower production than our initial 2022 guidance of 35,000-40,000 gold-equivalent ounces. The lower production is mainly explained by (i) restricted availability of the underground fleet, (ii) change in the underground mine contractor at the beginning of the year, and (iii) lower gold grades in certain areas of the Amancaya mine.

An important operational milestone achieved was the updated independent technical report issued by SLR Consulting (Canada) (“SLR”) dated 25 March 2022 that reflects a longer estimated life of mine for the Guanaco/Amancaya operations to year 2033 by combining production from the Guanaco and Amancaya mines and from the reprocessing of heaps at Guanaco.

We believe that the heap reprocessing project will provide operational stability by providing low cost production. In January 2023, we announced that production from the heaps is forecast for June 2023 and that we had significantly advanced with construction activities and engineering studies. For the financial year ended 31 December 2023 (“FY23”), we project production of 11,000-11,500 gold equivalent ounces (“GEOs”) from the heaps at significantly higher margins than production from our underground Amancaya mine, which we expect to produce 23,000-27,000 GEOs. Total production for 2023 is projected to increase to 34,000-38,000 GEOs.

During the year, the Guanaco-Amancaya operations continued to support our brownfield and greenfield exploration activities that totaled US\$5.8 million in FY22.

Our brownfield activities were focused on our Casposo-Manantiales project in Argentina and on the Paleocene belt, near the vicinity of our Guanaco/Amancaya mine complex in Chile.

To advance on our strategic objective of restarting profitable mining operations at our Casposo-Manantiales project, we drilled more than 7,000 meters in 2022. Our first drill program resulted in the intersection of some high gold grades at the Manantiales vein, opening the upside at depth and indicating the continuity of mineralisation in the south ore-shoot. At our subsequent follow up drill program in the fourth quarter, some holes intersected high gold grades at the top and bottom of the central ore-shoot, indicating possible continuity at depth.

On the greenfield exploration front, with the strategic objective to find HS deposits, we focused on exploration activities in the Paleocene belt in Chile and the Indio belt in Argentina, where we have earn-in agreements with third parties.

As part of our 2022, strategic planning, we decided to sell SCRN Properties Ltd, (“SCRN”) owner of the Pingüino project. The sales process culminated in the sale of SCRN in Q1 2023 to E2 Metals Limited (“E2”) (ASX:E2M) for total consideration of approximately US\$10 million. We believe this transaction is accretive for Austral, as not only did we obtain US\$2.5 million cash on closing, with another US\$2.5 million cash to be received over the next three years, we retained exposure to the Pingüino project through the receipt of 19.9% of E2’s common shares valued at US\$4.7 million plus options valued at US\$0.6 million to acquire additional shares of E2, provided our ownership position does not exceed 19.9% of E2.

Since Austral Gold started its operations in 2011, gold and silver prices fundamentals have remained strong, and we expect them to remain attractive for the business in 2023, and be stable over the long-term due to negative real interest rates and governments that have continued deficit spending. Gold remains proven over the centuries as an asset class without liabilities.

In summary, we continued to lay the foundation for the growth of Austral Gold by:

- Increasing the mine life at Guanaco/Amancaya that can support production levels of 30,000-35,000 gold equivalent ounces per year over the next three to four years, plus a further 10,000 gold equivalent ounces of production per year for the following seven to eight years.
- Exploring the Paleocene and Indio belts in Chile and Argentina in our search for High-Sulphidation (HS) gold and silver deposits.
- Continuing to explore our Casposo-Manantiales properties in San Juan, Argentina while reviewing all exploration data to develop an internal resource estimate and determine next steps.

I would like to thank our shareholders for their continued support, all of our employees and contractors, and our Board members for their hard work and dedication during this year and we look forward to continuing to execute on our growth strategy in 2023.

WAYNE HUBERT

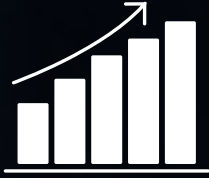
Chair





KEY PRINCIPLES





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



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



**MAXIMISE VALUE
CREATION FOR
STAKEHOLDERS**



MINERAL RESERVES AND RESOURCES

TABLE 1: SUMMARY OF MINERAL RESERVES

31 December 2022

	Tonnes	Grade		Contained Metal	
Classification	(000 t)	(g/t Au)	(g/t Ag)	(000 oz Au)	(000 oz Ag)
Guanaco and Amancaya Mine					
Underground					
Proven	32	5.81	14.42	6	15
Probable	116	5.84	16.94	22	63
P + P	148	5.83	16.40	28	78
Inesperada					
Open Pit					
Proven	-	-	-	-	-
Probable	1,607	1.05	14.39	54	744
P + P	1,607	1.05	14.39	54	744
Heap Reprocessing Project					
Heap					
Proven	10,189	0.68	3.16	221	1,037
Probable	-	-	-	-	-
P + P	10,189	0.68	3.16	221	1,037
Total					
Total Proven	10,221	0.69	3.20	227	1,052
Total Probable	1,723	1.37	14.56	76	807
Total P + P	11,945	0.79	4.84	303	1,859

See notes to Mineral Reserves on page 16.

TABLE 2: SUMMARY OF MINERAL RESOURCES

31 December 2022

	Tonnes	Grade		Contained Metal	
Classification	(000 t)	(g/t Au)	(g/t Ag)	(000 oz Au)	(000 oz Ag)
Guanaco and Amancaya Mine					
Underground					
Measured	594	2.77	13.00	53	248
Indicated	1,009	3.12	17.98	101	584
M + I	1,604	2.99	16.14	154	832
Inferred	402	4.20	8.51	54	110
Insperada					
Open Pit					
Measured	-	-	-	-	-
Indicated	1,682	1.05	14.38	57	778
M + I	1,682	1.05	14.38	57	778
Inferred	74	0.91	12.40	2	30
Heap Reprocessing Project					
Heap					
Measured	11,366	0.67	3.10	246	1,133
Indicated	-	-	-	-	-
M + I	11,366	0.67	3.10	246	1,133
Inferred	1,907	0.55	2.64	34	162
Total					
Total Measured	11,961	0.78	3.59	299	1,381
Total Indicated	2,692	1.82	15.73	158	1,362
Total M + I	14,652	0.97	5.82	457	2,743
Total Inferred	2,383	1.18	3.93	90	301

See notes to Mineral Resources on page 16.

TABLE 3: SUMMARY OF MINERAL RESERVES

31 December 2021

	Tonnes	Grade		Contained Metal	
Classification	(000 t)	(g/t Au)	(g/t Ag)	(000 oz Au)	(000 oz Ag)
Guanaco and Amancaya Mine					
Underground					
Proven	47	5.74	11.51	9	17
Probable	251	5.01	12.95	40	105
P + P	298	5.12	12.72	49	122
Inesperada					
Open Pit					
Proven	-	-	-	-	-
Probable	1,607	1.05	14.39	54	744
P + P	1,607	1.05	14.39	54	744
Heap Reprocessing Project					
Heap					
Proven	10,240	0.68	3.17	223	1,043
Probable	-	-	-	-	-
P + P	10,240	0.68	3.17	223	1,043
Total					
Total Proven	10,287	0.70	3.21	232	1,060
Total Probable	1,859	1.58	14.20	95	848
Total P + P	12,146	0.84	4.89	326	1,909

See notes to Mineral Reserves on page 16.

TABLE 4: SUMMARY OF MINERAL RESOURCES

31 December 2021

	Tonnes	Grade		Contained Metal	
Classification	(000 t)	(g/t Au)	(g/t Ag)	(000 oz Au)	(000 oz Ag)
Guanaco and Amancaya Mine					
Underground					
Measured	630	3.03	12.98	61	263
Indicated	1,189	3.34	16.82	128	643
M + I	1,819	3.23	15.49	189	906
Inferred	402	4.20	8.51	54	110
Inesperada					
Open Pit					
Measured	-	-	-	-	-
Indicated	1,682	1.05	14.38	57	778
M + I	1,682	1.05	14.38	57	778
Inferred	74	0.91	12.40	2	30
Heap Reprocessing Project					
Heap					
Measured	11,417	0.67	3.10	247	1,139
Indicated	-	-	-	-	-
M + I	11,417	0.67	3.10	247	1,139
Inferred	1,907	0.55	2.64	34	162
Total					
Total Measured	12,047	0.80	3.62	309	1,402
Total Indicated	2,871	2.00	15.39	184	1,421
Total M + I	14,918	1.03	5.89	493	2,823
Total Inferred	2,383	1.18	3.93	90	301

Notes to Mineral Reserves:

- Mineral Reserves follow CIM (2014) definitions and are compliant with the JORC Code.
- Mineral Reserves are reported on a 100% ownership basis and estimated at the following cut-off grades:
 - Amancaya: break-even cut-off grade of 3.04 g/t AuEq, and marginal cut-off grades of 2.37 g/t AuEq and 1.37 g/t AuEq for SLS stopes and drifts respectively.
 - Inesperada - pit discard cut-off grade of 0.40 g/t Au.
 - Heap Leach Pads - Marginal cut-off grades for Heap Reprocessing have been estimated as 0.20 g/t Au and 0.15 g/t Au for Heaps I and Heap II respectively, and at zero cut-off for Heaps III.
- Mineral Reserves are estimated using an average long term gold price of US\$1,700/oz and silver price of US\$22/oz.
- Amancaya AuEq was calculated as $AuEq = Au + 0.0110 \times Ag$, based on prices of US\$1,700/oz Au and US\$22/oz Ag and recoveries of Au and Ag of 93% and 79%, respectively.
- The following parameters were used for the Amancaya Mineral Reserve estimate:
 - A minimum mining width of 1.5 m was used for SLS stopes and 3.5 m for drifts.
 - Stope dilution: 0.5 m in the hanging wall and 0.5 m in the footwall (1.0 m total).
 - Drift dilution: 0.25 m in each of the side walls (0.5 m total).
- Metallurgical recovery is 93% for gold and 79% for silver.
- Bulk density is 2.5 t/m³.
- The following parameters were used for the Inesperada Mineral Reserve estimate:
 - Dilution and mining recovery factors of 0% and 100% respectively were applied.
 - Metallurgical recovery is 80% for gold.
 - Bulk density is 2.44 t/m³.
- The following parameters were used for the Mineral Reserve estimate for the Guanaco Heaps:
 - Heap Leach Pad I: maximum of 5% dilution. The average dilution over the LOM is 3.5%. Dilution grades are 0.18 g/t Au and 1.50 g/t Ag.
 - Heap Leach Pad II: maximum of 5% dilution. The average dilution over the LOM is 2.5%. Dilution grades are 0.13 g/t Au and 1.40 g/t Ag.
 - Heap Leach Pad III: All internal dilution within the heap limits was included.
- Metallurgical recoveries for Heaps I, II, and III are 54%, 70%, and 46% for gold respectively.
- Bulk density is 1.77 t/m³ for Heap I, 1.50 t/m³ for Heap II, and 1.70 t/m³ for Heap III.
- Numbers may not add due to rounding.

Notes to Mineral Resources:

- Mineral Resources followed CIM (2014) definitions and are compliant with the JORC Code.
- Mineral Resources are reported on a 100% ownership basis.
- Mineral Resources are inclusive of Mineral Reserves.
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- Mineral Resources are estimated at the following cut-off grades:
 - Amancaya and Guanaco underground Mineral Resources: 2.90 g/t AuEq and 1.50 g/t AuEq, respectively.
 - Inesperada open pit Mineral Resources: 0.38 g/t Au.
 - Heap Leach Pads Mineral Resources: zero cut-off grade – the entire volume is included.
- Mineral Resources at Guanaco and Amancaya are estimated using a long-term gold price of US\$1,750/oz and a silver price of US\$22/oz. Mineral Resources at Inesperada and Heap Leach Pads are estimated using a long-term gold price of US\$1,750/oz.
- Gold equivalency (AuEq) was calculated as follows:
 - Guanaco: $AuEq = Au + 0.0106 \times Ag$ based on a gold and silver price of \$1,750/oz and \$22/oz respectively and recoveries of gold and silver of 95% and 80%, respectively.
 - Guanaco: $AuEq = Au + 0.0106 \times Ag$ based on a gold and silver price of \$1,750/oz and \$22/oz respectively and recoveries of gold and silver of 95% and 80%, respectively.
 - Amancaya: $AuEq = Au + 0.0107 \times Ag$ based on a gold and silver price of \$1,750/oz and \$22/oz respectively and recoveries of gold and silver of 93% and 79%, respectively.
- Metallurgical recoveries are 93% for gold and 79% for silver for Amancaya, 95% for gold and 80% for silver for Guanaco, 80% for gold for Inesperada, and 54%, 70%, and 46% for gold for Heaps I, II, and III, respectively.
- A minimum mining width of 1.5 m is used for resource underground shapes for the Amancaya and Guanaco mines.
- Bulk densities are 2.5 t/m³ for Amancaya and Guanaco, 2.44 t/m³ for Inesperada, and 1.77 t/m³ for Heap I, 1.50 t/m³ for Heap II, and 1.70 t/m³ for Heap III, respectively.
- Numbers may not add due to rounding.

NOTES TO THE MINERAL RESOURCES & ORE RESERVES STATEMENT

Guanaco and Amancaya Mines

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

The Company confirms that the form and context in which the CP's findings are presented have not been materially modified from the original market announcement, except for the depletion of mineral resources in 2022. The Company ensures that the Ore Reserves and Mineral Resource Estimates are subject to appropriate levels of governance and internal controls. Governance of the Company's Ore Reserves and Mineral Resources development and the estimation process is a key responsibility of the Executive Management of the Company. The Chief Executive Officer of the Company oversees the review and technical evaluations of the Ore Reserves and Mineral Resource estimates.

Competent Persons Statements

The information in the report to which this statement is attached that relates to the depletion of Mineral Resources is based upon information compiled by Pedro Hauyon, a Competent Person (CP 408) who is a registered member of the Comision Calificadora de Competencias en Recursos y Reservas Mineras. Pedro Hauyon is a full time employee of the company and has sufficient experience that is relevant to the type of deposit and the mining methods of exploitation under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Pedro Hauyon consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in the report to which this statement is attached that relates to Ore Reserves is based upon information is based on work supervised, or compiled on behalf of Robert Trzebski, a Non-Executive Director of the Company. Dr. Trzebski, holds a degree in Geology, PhD in Geophysics and is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) who qualifies as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Robert Trzebski consents to the inclusion in the report of matters based on his information in the form and context in which it appears.





REVIEW OF ACTIVITIES

REVIEW OF RESULTS

For the Year Ended 31 December 2022

The following report on the review of results for the year ended 31 December 2022 ("FY22") and 2021 ("FY21") together with the consolidated financial report of Austral Gold Limited (the Company) and its subsidiaries, (referred to hereafter as the Group).

PRINCIPAL ACTIVITIES



Produced 27,686 gold equivalent ounces at the Group's Guanaco/ Amancaya mine complex;



Issued an updated Technical Report that increased the estimated life of mine of the Guanaco-Amancaya Operation in accordance with NI-43-101 and JORC 2012;



Started the construction of the Heap Reprocessing project that is expected to provide ten years of production;



Continued its search for new discoveries with brownfield and greenfield exploration activity undertaken at the Company's existing projects in Argentina and Chile, which included more than 7,000 meters of drilling at the Casposo-Manantiales project;



Expanded the footprint in the Indio Belt in Argentina through an earn-in agreement with Mexplort Perforaciones Mineras S.A. ("Mexplort"), a subsidiary of Corporación América Internacional ("Corporación América") controlled by Mr. Eduardo Eurnekian (a prominent businessman from Argentina) to acquire 50% of the mining rights in the Jaguelito project, located in the Province of San Juan;



Signed a Share Sale Agreement with E2 Metals Limited ("E2") to sell SCRN Properties Limited ("SCRN"), the owner of the Pingüino advanced exploration project, for a total consideration of approximately US\$10 million. (Transaction closed 1 March 2023)

There were no other significant changes in our principal activities during the period. All resolutions were passed at the Company's 27 May 2022 Annual General Meeting.

AUSTRAL GOLD EQUITY INVESTMENTS AND PROJECTS

Austral Gold Limited ("Austral") is a growing gold and silver mining, development and exploration company building a portfolio of quality assets in Chile, the USA and Argentina. Austral owns a 100% interest in the Guanaco/Amancaya mines in Chile and the Casposo mine (on care and maintenance) in Argentina, a 19.9% interest in E2 Metals acquired in March 2023 through the sale of the Pingüino project, a 24.74% interest in the Rawhide Mine in Nevada and a 11.91% interest in the Mercur project in Utah through the equity investment in Ensign Minerals Inc. In addition, Austral owns an attractive portfolio of exploration projects in the Paleocene Belt in Chile (including those acquired in the 2021 acquisition of Revelo Resources Corp), and a 51% interest in the Sierra Blanca project in Santa Cruz, Argentina.





**AUSTRAL GOLD HAS
PRODUCED OVER
559,000 GOLD
EQUIVALENT OUNCES
AND DELIVERED
POSITIVE OPERATING
CASH FLOW SINCE
2012 THAT HAVE
FUNDED AUSTRAL'S
GROWTH INITIATIVES**

GUANACO AND AMANCAYA MINE COMPLEX

Background

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

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

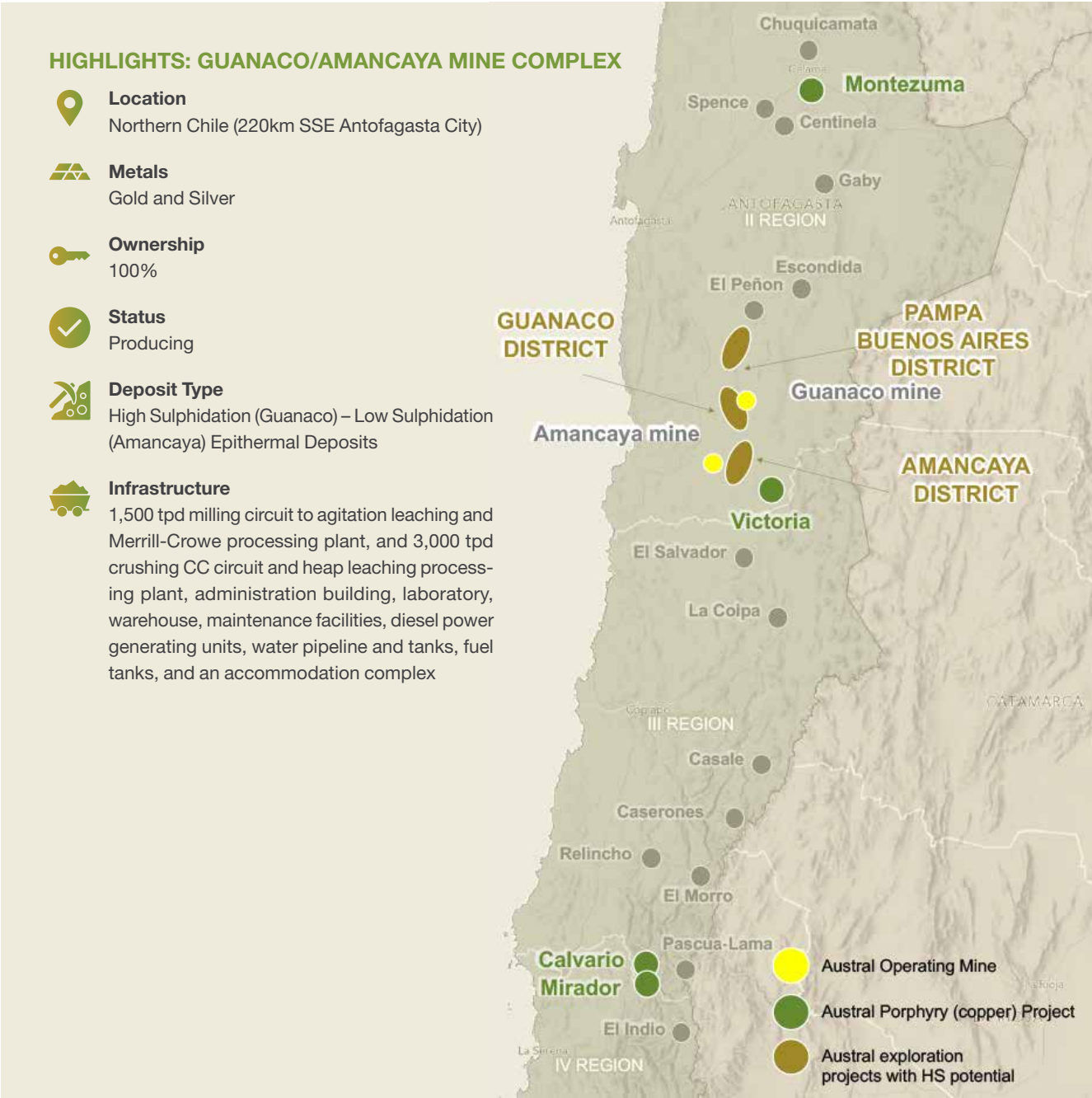
Gold mineralisation at Guanaco is controlled by pervasively silicified, sub-vertical east/northeast-west/southwest trending zones with related hydro-thermal breccias.

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

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

On 6 June 2017, Austral Gold completed the construction of a new agitation leaching plant at Guanaco. At Amancaya, open-pit mining operations began during the first half of 2017 while underground operations at Guanaco started in 2018. The Amancaya ore is delivered to the Guanaco plant for processing.

On 25 March 2022, the Technical report was updated and shows an increase in the mine life at Guanaco/ Amancaya can support production levels of 30,000-35,000 gold equivalent ounces over the next three to four years plus a further 10,000 gold equivalent ounces of production for the following seven to eight years from the processing of heaps.



HEAP REPROCESSING PROJECT

During the year, the Company launched the heap reprocessing project. Construction activities required for the project started in January 2023. We anticipate production from reprocessing the heaps (the "Project") to commence in June 2023 and forecast annual 2023 production from the Project to be 11,000-11,500 GEOs. Total estimated Capex for construction of the Project is

estimated to be US\$4.4M. The Company expects to fund the Capex through internal cash generation, proceeds from the sale of SCR Properties Ltd. (owner of the Pingüino project) to E2 Metals in March 2023, and additional financing including a US\$1M related party loan obtained in March 2023.

Heap Reprocessing Project
as of 15 March 2023





SAFETY AND ENVIRONMENTAL PROTECTION

During the year ended 31 December 2022, there were four lost-time accident (LTA) and twelve nil-lost-time accidents (NLTA) involving employees of Guanaco/Amancaya and third party contractors. Safety and environmental protection are core values of the Company. The implementation of best practice safety standards along with a sound risk management program are key priorities for Austral Gold.

COVID-19 IMPACT

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

COMMUNITY ACTIVITIES

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

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



ENVIRONMENTAL

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

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

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

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

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

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

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

REVIEW OF RESULTS OF OPERATIONS

Guanaco/Amancaya Operations	Year ended 31 December	
	2022	2021
Mined Ore (t)	219,525	155,210
Processed (t)	283,720	233,794
Plant Grade Underground (g/t Au)	3.71	4.20
Plant Grade Heap (g/t Au)	1.19	-
Plant Grade Underground (g/t Ag)	13.36	13.70
Plant Grade Heap (g/t Ag)	35.26	-
Gold recovery rate (%)	93.72	93.9
Silver recovery rate (%)	80.75	83.5
Gold produced (Oz)	26,507	29,938
Silver produced (Oz)	96,541	87,050
Gold-Equivalent (Oz) ***	27,686	31,142
C1 Cash Cost of Production (US\$/AuEq Oz)*	1,370	1,175
All-in Sustaining Cost (US\$/Au Oz) **	1,735	1,739
Realised gold price (US\$/Au Oz)	1,798	1,797
Realised silver price (US\$/Ag Oz)	22	25
Sales volume	27,648	35,838

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

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

*** AuEq ratio is calculated at: 82:1 Ag:Au during FY22 and 71:1 Ag:Au during FY21

KEY FINANCIAL RESULTS

Thousands of US\$	Fiscal Year ended December 31	
	2022	2021
Revenue	49,710	64,390
Gross profit	2,566	12,270
Gross profit %	5.2%	19.1%
Adjusted gross profit (excluding depreciation and amortisation)	10,237	24,516
Adjusted gross profit % (excluding depreciation and amortisation)	20.6%	38.1%
Adjusted earnings*	2,204	17,628
Adjusted earnings per share (basic and fully diluted)	0.004c	0.029c
(Loss) before income tax	(9,581)	(4,686)
(Loss) attributed to shareholders	(8,257)	(7,324)
(Loss) attributed to non-controlling interests	(9)	(4)
(Loss) per share (Basic)	(1.35)c	(1.20)c
(Loss) per share (diluted)	(1.35)c	(1.20)c
Comprehensive (loss)	(8,283)	(7,397)

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.

*see page 27.



ADJUSTED EARNINGS

Thousands of US\$	Fiscal Year ended December 31	
	2022	2021
(Loss) before tax	(9,581)	(4,686)
Depreciation and amortisation	7,778	12,403
Other expense/(income) ¹		
Severance of mining employees due to outsource of operations	-	487
Impairment of exploration and evaluation expenditure	926	1,322
Impairment of investment in associates	-	5,189
Care and maintenance	1,465	1,559
Loss on financial assets	968	512
Gain on sale of equipment	(485)	(287)
Equipment rental	(298)	-
Other	(321)	(55)
Net finance costs/(income) ²		
Interest income	(4)	-
Finance costs	660	477
Present value adjustment to mine closure provision	420	(239)
Share of loss of associates	676	946
Adjusted Earnings*	2,204	17,628

¹ note 7 to the financial statements

² note 9 to the financial statements

Thousands of US\$	Fiscal Year ended December 31	
	2022	2021
Cash & cash equivalents	926	2,346
Current assets	22,305	19,992
Non-current assets	75,012	77,998
Current liabilities	29,820	22,745
Non-current liabilities	18,682	18,147
Net assets	48,815	57,098
Net current liabilities	(7,515)	(2,753)
Current loans and borrowings	7,382	5,338
Non-current loans and borrowings	1,264	415
Current financial leases	1,925	2,920
Non-current financial leases	911	1,843
Combined debt (borrowings and financial leases)	11,482	10,516
Combined net debt (net of cash & cash equivalents)	10,556	8,170
Current ratio*	0.75	0.88
Total liabilities to net assets	0.99	0.72

*Current Assets divided by Current Liabilities



OPERATING AND FINANCIAL RESULTS OF THE GROUP

During FY22, the Group realised a loss before and after income tax of US\$9.6m (FY21: \$4.7m) and US\$8.3m (FY21:US\$7.3m), respectively.

Revenues at existing operations totaled US\$49.7m (FY21: \$64.4m) with gross profit (including depreciation and amortization) of US\$2.6m (5.2% margin) in FY22 compared to US\$12.3m (19.1% margin) in FY21.

The decrease in gross profit during FY22 from FY21 was mainly driven by (i) lower sales of gold equivalent ounces (GEOs) (27,686 GEOs vs 31,142 GEOs in FY21), (ii) higher costs of production due to lower grades and higher tonnes extracted as explained below, and (iii) the robbery of 423 GEOs of gold precipitate, partially offset by lower amortisation charges for the Guanaco/Amancaya mine complex as a result of lower production and an increase in estimated mineral resources as per the March, 2022 independent Technical report¹. FY21 gross profit was impacted by the sale of 6,185 GEO's produced in 2020 at lower production costs than incurred in FY21 and FY22. Production costs increased in FY22 due to an increase in ore processed, of which 45,728 tonnes were processed from lower grade material at the historical heap pads at Guanaco, and lower gold and silver grades.

The Group's results during FY22 were also impacted by the following:

- i. Decrease in FY22 administration costs by US\$0.4m to US\$9.0m (FY21:US\$9.4) mainly due to transaction costs incurred in the acquisition of Revelo in FY21 which resulted in a decrease in consulting expenses in FY22, a decrease in withholding taxes due to a decrease in intercompany dividends used to fund certain non-revenue Group entities, partially offset by an increase in staff costs due to severance of US\$0.5m.
- ii. Decrease in other expenses by US\$6.9m to US\$2.7m (FY21: US\$9.6m) mainly due to an impairment on investment in associates of US\$5.2m in FY21, and a decrease in the impairment of exploration and evaluation expenditures to US\$0.9m (FY21: US\$1.3m), including the impairment of the Cerro Blanco project from the option agreement with Pampa Metals Corp.
- iii. Decrease in net finance income by US\$2.7m to US\$0.2m (FY21: US\$3.0m) primarily due to a US\$1.9m decrease in foreign exchange gains to US\$1.3m (FY21: US\$3.2m) on the increase in the value of the US dollar versus the Argentine and Chilean currencies during FY22. The foreign exchange gains were partially offset by US\$0.4m from the increase in the present value of the mine closure provisions (FY21: decrease of US\$0.2 million) due to a decrease in the discount rate.

¹ Technical Report on the Guanaco-Amancaya Operation, Antofagasta Region, Chile Report for NI 43-101 dated 25 March 2022 and filed on 19 April 22 on SEDAR under the Company's profile at www.sedar.com and available on the Company's website at www.australgold.com.

Production for the year ended December 2022 decreased by 12.4% to 27,686 GEOs (26,507 gold ounces and 96,541 silver ounces) from 31,142 GEOs (29,938 gold ounces and 87,050 silver ounces) during the year ended December 2021. The cost of production ("C1") per GEO increased to US\$1,370 for the year ended December 2022 from US\$1,175 for the year ended December 2021 while the all-in sustaining cost ("AISC") per GEO decreased to US\$1,735 for the year ended December 2022 from US\$1,739 for the year ended December 2021. The increase in costs of production were mainly due to lower average grades, higher tonnes processed, and an increase in the cost of supplies due to inflation.

UPDATED MINERAL RESERVE AND RESOURCE ESTIMATE

During FY22, the Group announced results of the updated Mineral Reserve and Mineral Resource Estimates prepared by SLR Consulting (Canada) Ltd. ("SLR") in accordance with CIM Definitions 2014, National Instrument 43-101 ("NI 43-101") and Joint Ore Reserves Committee Code, 2012 (JORC 2012) for the Group's 100% owned Guanaco/Amancaya Operation in Chile, which consists of the Guanaco Mine (Guanaco) and Inesperada satellite deposit (Inesperada), the Amancaya Mine (Amancaya), and the Guanaco heap leach pads (Heap Reprocessing project). The Technical Report was filed on Sedar and on the Group's website.

The highlights of the technical report on the Guanaco/Amancaya operation, Antofagasta region, Chile report for NI 43-101 include:

- An increase in the mine life (LOM) until year 2033 (30K-35K GEOs per year for four to five years and 10K GEO per year for the next eight years).
- Base case Net Present Value (NPV) of US\$77 million (AU\$106 million) at a discount rate of 6.89% and an average gold price of US\$1,686/oz over the LOM.
- Undiscounted pre-tax free cash flows of US\$132.7 million (post tax US\$102.6 million).
- Measured and Indicated Mineral Resources for the Guanaco-Amancaya Operation are estimated to be 14.9 million tonnes (Mt) grading 1.03 g/t Au and 5.89 g/t Ag.
- Proven and Probable Mineral Reserves for the Guanaco-Amancaya Operation are estimated to be 12.1 Mt grading 0.84 g/t Au and 4.89 g/t Ag and containing 0.326 million ounces (Moz) Au and 1.91 M oz Ag. The Heap Reprocessing material provides the majority of the increase from previous estimates.

FINANCIAL POSITION

The Group held cash and cash equivalents of US\$0.9m at 31 December 2022 (2021: US\$2.3m) or US\$2.7m when combined with the fair value of 900 unsold and unrefined gold equivalent ounces in inventory of US\$1.8m (2021: 1,400 unrefined gold equivalent ounces with a fair value of US\$2.5m).

Combined financial debt (borrowings and financial leases net of cash & cash equivalents) increased by US\$2.4m to US\$10.6m at 31 December 2022 (31 December 2021: US\$8.2m).

At 31 December 2022, the Group had net current liabilities of US\$7.5m (31 December 2021: US\$2.8m). The increase from 31 December 2021 was mainly due to a decrease in gross profit on sales that led to lower cash flow and an increase in trade and other payables and short-term borrowings, which was partially offset by the reclassification of the Pingüino project from non-current assets held for sale (described below). The Group expects its net current liability position to improve in FY23 mainly due to an increase in production.

As described above, assets available for sale of US\$8.3m were reclassified from non-current assets as during November, the Group entered into a Share Sale Agreement to sell SCR Properties Ltd., owner of the Pingüino project and one of the Group's companies to E2 Metals Limited (ASX:E2M) for approximately US\$10 million.

Trade and other receivables (current and non-current) increased by US\$0.5m to US\$3.3m at 31 December 2022 (31 December 2021:US\$2.9m). The increase was mainly due to receivables at year end from the sale of equipment and spare parts at Casposo.

Inventories decreased by US\$1.7m to US\$8.9m at 31 December 2022 (31 December 2021: US\$10.6m) mainly due to a decrease in materials and supplies and a decrease in the gold equivalent ounces available for sale.

Prepaid income taxes (current and non-current) decreased by US\$2.7m to US\$1.5m mainly due to the refund of taxes during the year.

Current trade and other payables increased by US\$5.4m to US\$15.7m at 31 December 2022 (31 December 2021: US\$10.3m) due to an increase in production costs, higher exploration in Q4 2022 and lower cash flow during the year. Non-current trade and other payables were US\$1.0m at 31 December 2022 (31 December 2021: US\$nil) and represent the balance of the Group's commitment to incur US\$2m on the Jaguelito project by August 2024.

Other financial assets decreased by US\$1.1m from 31 December 2021 to US\$0.6m (31 December 2021: US\$1.7m) mainly due to the variation in the value of the Group's investment in shares of Pampa Metals Corp. (CSE:PM).

Net assets decreased by US\$8.3m from 31 December 2021 to US\$48.8m at 31 December 2022 (31 December 2021: US\$57.1m) following the net loss of the year.

CASH FLOW

During FY22, net cash provided from operating activities before changes in working capital was US\$2.7m (FY21: \$4.4m). After considering changes in working capital, US\$11.1m was provided from operating activities (FY21: US\$11.3m). The decrease was primarily due to lower gross margins, partially offset by working capital changes in FY22 as explained above.

Net cash used in investing activities decreased by US\$6.8m to US\$11.7m during FY22 (FY21: US\$18.5m) of which US\$6.4m were primarily used to fund additions to plant, property and equipment (FY21: US\$6.9m), and exploration and evaluation activities of US\$5.8m (FY21: US\$8.4m).

Net cash used in financing activities decreased by US\$2.1m to US\$0.8m during FY22 (FY21: US\$2.9m) due to the net repayment from interest, loans, borrowings and financial leases of US\$0.8m (FY21: net proceeds of US\$0.3m). FY21 also included the payment of a shareholder dividend totaling US\$3.8m.

LIQUIDITY

Guidance

The Group forecasts 2023 production to increase to 34,000-38,000 GEOs due to annual production from the heaps reprocessing project of 11,000-11,500 GEOs which it expects will start producing in June 2023.

C1 is estimated at US\$1,200-US\$1,250 per GEO for 2023, with a higher average C1 of US\$1,450-US\$1,500 during the first half of the year mainly due to lower forecasted grades. During the second half of the year, C1 is estimated to decrease to US\$1,000-US\$1,050 as a result of lower costs of reprocessing material at the heaps.

Forecasted AISC for 2023 is estimated at US\$1,400-US\$1,450 per GEO, with higher average AISC costs of US\$1,800-US\$1,850 during the first half of the year and lower AISC costs of US\$1,100-US\$1,150 during the second half of the year due to lower sustaining capex required for the heaps operations.

Access to capital

The Group has a strong shareholder and has long standing banking relationships from which it expects it can obtain financing if required. On 1 March 2023, the Group obtained a US\$1M related party loan.



A full-page background image showing a person in a red jacket standing on a rocky ridge, looking out over a vast, arid landscape with snow-capped mountains in the distance under a cloudy sky.

OUR EXPLORATION

TWO YEARS AGO, WE ESTABLISHED A NEW EXPLORATION STRATEGY WHICH INCLUDES THE FOLLOWING:

- Find high-sulfidation gold and silver deposits in a high quality land portfolio;
- Discover brownfields ounces at Amancaya, Casposo and Manantiales;
- Guanaco District: complete delineation at Sierra Inesperada to drill the best ranked targets starting 2020;
- New Opportunities: Identify and consolidate third-party projects with potential near existing Austral Gold infrastructure;
- Explore other oxide and deeper gold-rich sulfide mineralisation opportunities in the Chilean Paleocene-Eocene Belt
- During FY22, the Group continued its search for new discoveries with brownfield and greenfield exploration activities undertaken at the Company's existing projects in Argentina and Chile including projects where the Company has option agreements.

MAIN ACTIVITIES FY22

1

CASPOSO-MANANTIALES PROJECT, ARGENTINA

During FY22, 6,585 metres DDH were drilled in 27 holes. There were two drilling programs during the year. The first drilling program of 2022 of 2,321 meters were drilled in 12 diamond drill holes in Manantiales vein, La Puerta, Awada and Fabiola targets. At the Manantiales vein high gold grades were intercepted, opening the upside at depth and indicating the continuity of mineralisation in the south ore-shoot. The follow-up drilling program at the Manantiales vein intercepted high gold grades at the top and bottom of the central ore-shoot, indicating possible continuity at depth.

2

JAGUELITO PROJECT, ARGENTINA

(Option agreement)

As announced on 2 December 2022, a 5,000-metre drilling campaign began at the Jaguelito project in the San Juan Province of Argentina as part of the first stage of the option agreement with Mexplort to acquire 50% of the mining rights of the project.

3

SIERRA BLANCA PROJECT, ARGENTINA

(Option agreement)

During FY22, the first part of the second tranche to increase the Group's participation from 51% to 80% was completed by performing exploration activities totaling US\$200,000 in the project. The remaining investment for this tranche of US\$400,000 is required by 15 September 2023 and is to include a minimum of 2,000 meters of drilling.

4

MORROS BLANCOS PROJECT, CHILE

(Option Agreement)

As announced 28 April 2022, a phase I drilling campaign was completed with four of the five drillholes planned at the Rosario del Alto target, totaling 1,020 meters. In addition, at the Morro Colorado target, delineation confirmed the high-sulfidation features on the eastern block, where advanced argillic altered phreatomagmatic rocks outcrop.

An aerial photograph of a vast, arid, reddish-brown desert landscape. In the center, a small mining exploration site is visible, featuring a drilling rig and some equipment. The foreground is covered in dark, rocky terrain. The sky is blue with scattered white clouds.

EXPLORATION IN CHILE

EXPLORATION IN 2022 FOCUSED ON BROWNFIELD AREAS IN THE SIERRA INESPERADA (GUANACO) DISTRICT / MORROS BLANCOS/ CERRO BUENOS AIRES.

GUANACO DISTRICT EXPLORATION

Sierra Inesperada Project, Chile

A combined RC and DDHH drilling campaign (phase III) was completed with five drillholes. A zone with silver anomalies was intercepted that suggests continuity at depth. No gold intercepts of economic level were obtained. All drill holes crossed the phreatomagmatic complexes without reaching the feeder.

The most significant results obtained were:

RDIN-001:

- 6.0 meters @ 1.05 g/t gold and 2.7 g/t silver
- 1.0 meter @ 1.99 g/t gold and 31.7 g/t silver

RIN-001A:

- 41.0 meters @ 18.6 g/t silver
(including 8.0 meters @ 24.8 g/t silver)
- 30.0 meters @ 21.6 g/t silver
- 60.0 meters @ 14.1 g/t silver
(including 6.0 meters @ 32.5 g/t silver)

At Morros Blancos, four diamond drill holes totaling 1,020 meters were completed in three main phreatomagmatic complexes (Maar Austral, Maar Central, Maar Oriental) identified in the delineation stage at Rosario del Alto. All drill holes intercepted large columns of phreatomagmatic rocks, confirming a high degree of preservation and continuity of the systems at depth. The phreatomagmatic facies show a progression from crater-fill environments towards the edges of the complexes. All recognized geological features such as breccia rock type, hydrothermal alteration, and oxidation level allow for vectoring towards the mineralised center of the system in the next phase of drilling.

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

Cerro Buenos Aires Project, Chile

Five holes were drilled at the southern part of the property to test the phreatomagmatic breccia boundaries related to CSAMT anomalies in three targets defined in the delineation stage. Despite having intercepted a large column of alteration, the results were not significant. We plan to pursue the High Sulfidation targets in the central and northern part of the property.





EXPLORATION IN ARGENTINA

EXPLORATION IN 2022 FOCUSED ON BROWNFIELD AREAS IN CASPOSO- MANANTIALES, JAGUELITO AND THE SIERRA BLANCA PROJECTS

BACKGROUND

CASPOSO MINE

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

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

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

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

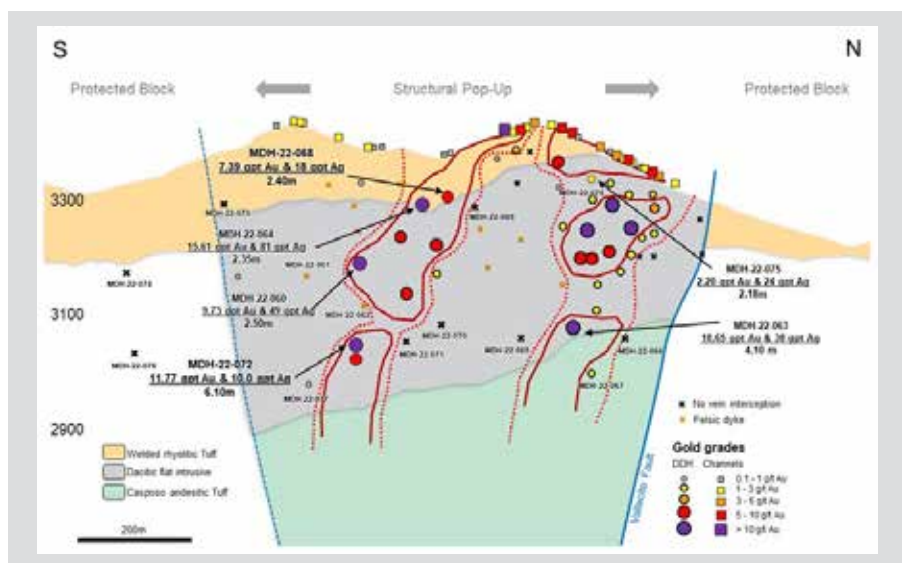
During the June 2019 quarter, Austral completed a comprehensive review of operations, and as the mine operator, decided to temporarily place the mine on care and maintenance.



SAN JUAN PROVINCE

CASPOSO-MANANTIALES PROJECT





Casposo-Manantiales Project

During FY22, 6,585 metres DDH were drilled in 27 holes. There were two drilling programs during the year. The first drilling program of 2022 of 2,321 meters were drilled in 12 diamond drill holes in Manantiales vein, La Puerta, Awada and Fabiola targets. At the Manantiales vein high gold grades were intercepted, opening the upside at depth and indicating the continuity of mineralisation in the south ore-shoot. The follow-up drilling program at the Manantiales vein intercepted high gold grades at the top and bottom of the central ore-shoot, indicating possible continuity at depth.

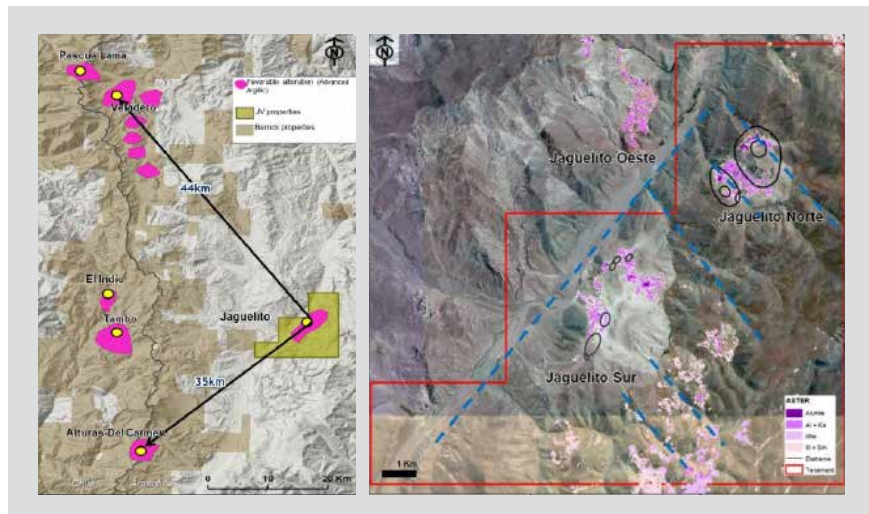
Best intercepts were at:

- **MDH-02-60: 2.50 meters @ 9.73 g/t gold and 49 g/t silver**
including: 0.90 meters @ 25.48 g/t gold and 125 g/t silver
- **MDH-02-63: 4.40 meters @ 18.65 g/t gold and 58 g/t silver**
- **MDH-02-64: 2.35 meters @ 15.61 g/t gold and 81 g/t silver**
- **MDH-02-60: 2.50 meters @ 9.73 g/t gold and 49 g/t silver**
- **MDH-22-72: 6.10 m @ 11.77 gpt gold and 10.0 gpt silver**
(including: 1.10 m @ 54.03 gpt gold and 21.40 gpt silver)
- **MDH-22-68: 2.40 m @ 7.39 gpt gold and 18.0 gpt silver**
(including: 1.30 m @ 12.93 gpt gold and 22.30 gpt silver)

SAN JUAN PROVINCE

JAGUELITO PROJECT





Jaguelito Project

The Jaguelito project is an advanced exploration stage project located in one of the main districts of precious metals worldwide; the El Indio – Pascua Lama district in the Province of San Juan, Argentina. Its deposits, of the high sulfidation epithermal type of Miocene age, include mines in production, construction and exploration. The Jaguelito project covers an area of 11,000 approximately hectares, and over 150 holes (~30,000m) were drilled by previous owners (Minera Peñoles, Minera IRL) between 1996 and 2009. It is located approximately 225 kilometers northwest of the city of San Juan in Valle del Cura, Iglesias Department, San Juan Province, Argentina. Its central coordinates are 29° 46' 20" West Latitude, 69° 38' 15 South Longitude and a variable altitude between 3,600 and 4,300 meters above sea level. Jaguelito is a high sulfidation epithermal deposit related to a Miocene volcanism hosted in basement of Permo-Triassic age. Its mineralisation is related to a hydrothermal system controlled by northeast-southwest oriented faults and hosted in porous permeable volcanoclastic units. These rocks allowed the circulation of precursor acidic hydrothermal fluids that strongly altered the rocks through which they circulated, generating a secondary porosity or vuggy silica, in the alteration cores. The high porosity product of the alteration served as a conduit for the posthumous hydrothermal fluids responsible for the mineralization of gold and silver.

Jaguelito represents a key pillar in Austral's strategy to find High-Sulphidation projects in mining friendly jurisdictions.

During December 2022, the company began a 5,000 meter drilling campaign at the Jaguelito project in the San Juan Province of Argentina as part of the first stage of the option agreement with Mexplor to acquire 50% of the project.

Drilling program overview:

We plan to complete the First Stage of approximately 5,000m of diamond drilling (DDH) in 15 to 20 holes at Jaguelito Norte and Jaguelito Sur.

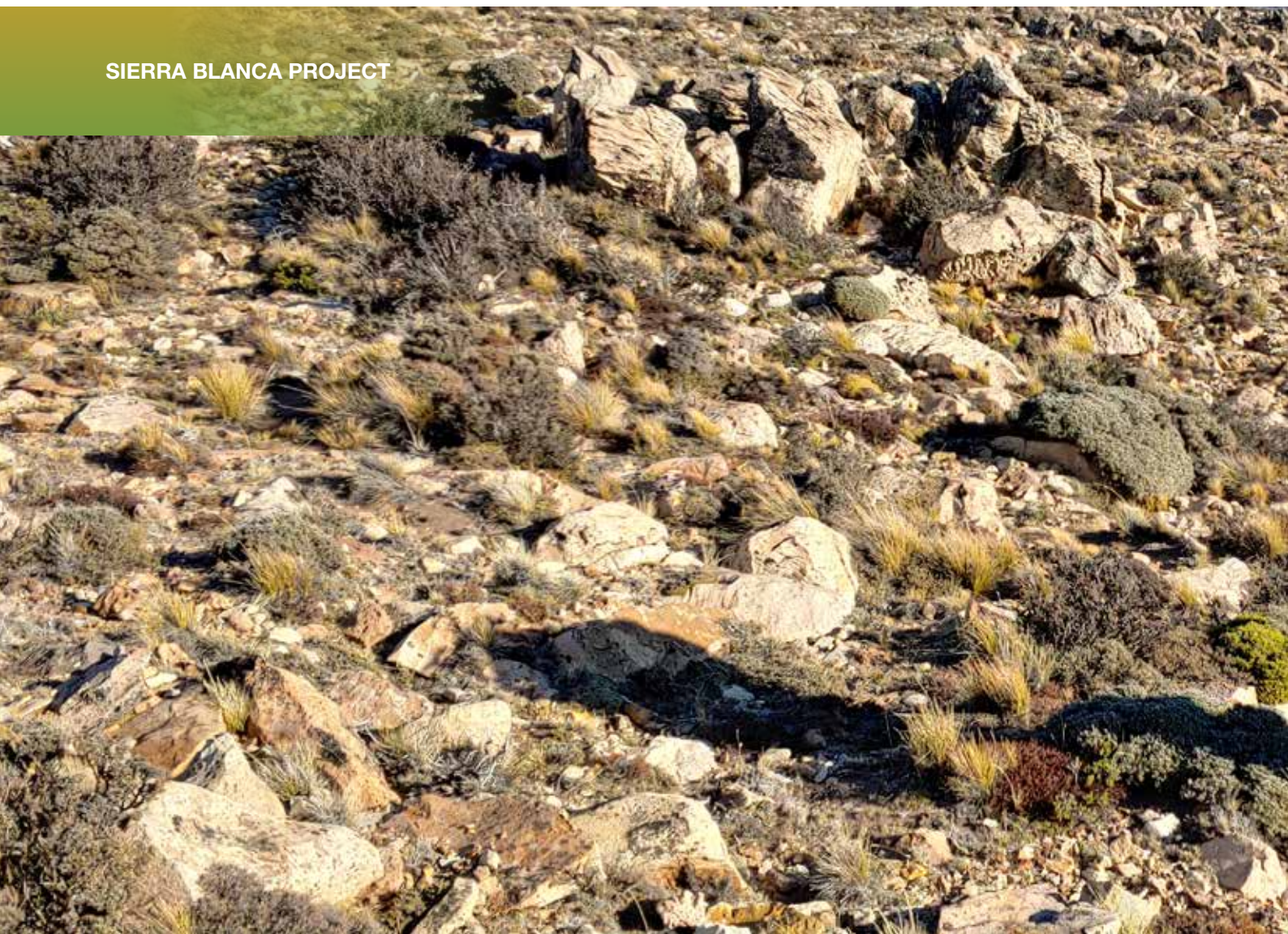
- At Jaguelito Norte, five drilling targets have been identified and in this stage at least three targets are expected to be tested with 3,500 meters of DDH drilling. The program intends to prioritise the Capote - Alcatraz sector under a new concept of gold ore control related to northwest direction and to drill the La Cuña maar-diatreme complex, which we recently identified as the main or major control of the hydrothermal system in the area. The third target corresponds to the satellite body of the Guanaco Breccia.
- At Jaguelito Sur, preliminary work has identified five structures related to phreatomagmatic activity that may control the alteration and possibly mineralisation in that sector. Progress is being made in the delineation process and our objective is to define drilling targets to be tested with 1,500 meters of drilling.

SANTA CRUZ PROVINCE

PINGÜINO PROJECT



SIERRA BLANCA PROJECT





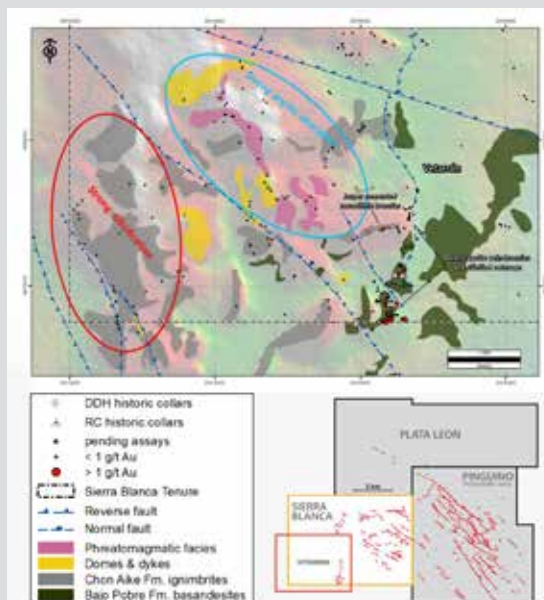
During FY20, the Group and New Dimension Resources Ltd. (TSX-V:NDR) (“New Dimension”) signed an Agreement to acquire New Dimension’s Sierra Blanca gold-silver project (the “Project”) in Santa Cruz, near the Group’s Pingüino project.

Sierra Blanca Project

FY21 exploration activities included district mapping of the area, remote sensing processing, sampling for talus fine geochemistry and drilling relogging. The follow-up activities on the new target confirmed favorable alteration related to Dome-Breccia complex. Dating of a rhyolitic dome in the Dome-Breccia complex resulted in the mean age of 165 ± 1.4 Ma, although a smaller population of zircons results have an age of $153.6 \text{ Ma} \pm 1.9$, as seen in the Cerro Negro deposit. The US\$100,000 work commitment was met, and the Group earned 51% of Sierra Blanca.

During FY22 work commitments of US\$200,000 were completed, as required under the first part of the second tranche of the Option. The main activities were performed towards achievement of the following goals: (i) complete district delineation and targeting process to define drilling targets, (ii) revisit Vetarrón area to identify new ore controls for additional drilling, (iii) remodel Chala and Lucila veins to identify the potential extension and the upside in depth, and (iv) complete the field evaluation of the Aster anomalies and define a delineation program. The Company also conducted spectrometric validation using talus fines and field samples in addition to the reprocessing of historical geophysics.

An additional US\$400,000 in exploration activities is required to be incurred, including a 2,000 meter drilling campaign before the end of Q3 2023 to increase our equity in the project from 51% to 80%. Further details of the agreement are disclosed in note 21 of the 2022 financial statements.





EQUITY **INVESTMENTS**

RAWHIDE MINE / ENSIGN GOLD / PAMPA METALS

RAWHIDE

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

The Rawhide mine is a fully permitted operation that produces gold and silver through an open pit heap leaching operation. In 2019, Rawhide received a mine expansion permit associated with the Regent open pit. Rawhide is a historical mining operation that started in the early 1900s located in the Walker Lane structural zone, one of the most prolific gold mining districts in the world, and is located 50 miles from Fallon, Nevada, USA. It is surrounded by multiple 1.0 million+ gold oz deposits. Rawhide was formerly operated as a subsidiary of Kennecott Corp. prior to Coral Reef Capital partnering with Rawhide's management team to acquire the property from Rio Tinto Plc in 2010. Coral Reef Capital is the controlling shareholder.

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During December, 2019, Austral acquired an equity interest in Rawhide, a privately held Delaware limited liability company that owns Rawhide Mining LLC which in turn owns the Rawhide Mine located ~50 miles outside of Fallon, Nevada, United States.

Background

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

Gold-silver mineralization at Rawhide has been historically mined from a series of low sulfidation epithermal veins, vein swarms and replacement zones hosted by various basaltic to rhyolitic volcanic units. The lower grade bulk tonnage mineralization that is the focus of current operations occurs between structures within permeable volcanic units and at intrusive contacts. Rawhide Mining received a mine expansion permit covering the Regent satellite deposit, and open pit mining commenced there in 2019. Regent highlights the upside exploration and production optionality of Austral's strategic investment in the Rawhide mining operation.

Rawhide Acquisition Holding LLC

The Group's interest in the LLC is 24.74%. During 2021, the Group impaired 100% of its investment in Rawhide due to its concerns about Rawhide's ability to fund its operations.

During 2022, Rawhide processed ore from its heaps. Rawhide is currently working with its major debtor to restructure the business.



MERCUR PROJECT





ENSIGN MINERALS

As disclosed in note 22.2 to the financial statements, the Group initially acquired a 19.96% equity interest in Ensign Gold Inc., (subsequently changed to Ensign Minerals Inc) (“Ensign”) through the purchase of 5,950,000 Units consisting of 5,950,000 shares and 2,975,000 warrants. The cost of each Unit was C\$0.25. During July 2021, Ensign Gold (“Ensign”) raised gross proceeds of US\$7.4 million (C\$9.16 million) through the issuance of equity at C\$0.50/ share, a 100% increase from the Austral investment of C\$0.25/ share. As a result of this financing and other minor share issuances during 2021 and 2022, the Group’s interest in Ensign at 31 December 2022 was reduced to 11.91% (31 December 2021-11.93%) Ensign requires funds to be used mainly for exploration work commitments (US\$4.8 million (C\$6 million)) over a two-year period and a final cash payment of US\$16 million (C\$20 million) if Ensign exercises the option to acquire Barrick’s 2,869 acre of mostly private ground as a result of the option agreement with Barrick Gold for US\$0.8 million signed in Q2 2021.

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

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

Ensign advised the Group of the following activities during 2022:

- the 2022 exploration drill program commenced on June 5, 2022 and 10 core holes (1,778m) and 37 reverse circulation holes (6,498m) were completed during the year.
- continued work on the updated resource model for Main and South Mercur and expect to finalise it in the first quarter of 2023.
- continued discussions on various avenues to raise capital and believes it will be in a better position to raise capital to fund an exploration program in 2023 following the release of the updated resource model. In addition, Ensign continues to monitor the market for the potential to do an IPO.

PAMPA METALS CORP. (“PAMPA”)

The Company acquired shares in Pampa through the acquisition of Revelo Resources Corp. in February 2021. As of 31 December 2022, the Company held ~3.8 million shares of Pampa.

Pampa is a Canadian company listed on the Canadian Stock Exchange (CSE: PM) as well as the Frankfurt (FSE: FIRA) and OTC (OTCQB®: PMMCF) exchanges. Pampa Metals owns a highly prospective, wholly owned, 47,400-hectare portfolio of seven projects for copper, molybdenum and gold located along proven mineral belts in Chile, one of the world’s top mining jurisdictions. In addition, the Company has an option agreement with Pampa as described in note 21 to the financial statements.





DIRECTORS' REPORT



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

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

THE DIRECTORS



WAYNE HUBERT
Executive Chairman

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

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

Director since 18 Oct 2011
Appointed Chair August 2020



EDUARDO ELSZTAIN
Vice-Chairman

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

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

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

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

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



STABRO KASANEVA

Executive Director, Chief Executive Officer

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

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

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

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

Mr. Kasaneva is a Director of Ensign Minerals Inc. (private company).

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

Director since 7 Oct 2009

Appointed COO until appointment as Chief Executive Officer August 2016



SAUL ZANG

Non-Executive Director

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

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

Mr. Zang currently holds:

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

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

Director since 7 Jun 2007

THE DIRECTORS



BEN JARVIS

Non-Executive Director,
Member of the Audit Committee

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

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

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

Director since 2 Jun 2011



PABLO VERGARA DEL CARRIL

Non-Executive Director,
Member of the Audit Committee

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

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

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

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

Director since 18 May 2006



ROBERT TRZEBSKI

Non-Executive Director,
Chairman of the Audit Committee

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

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

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

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

Director since 10 Apr 2007



SENIOR MANAGEMENT AND COMPANY SECRETARY



RODRIGO RAMIREZ

Vice President of Operations

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

He has been involved with the Company since it was founded, to recommission the Guanaco mine in 2010. Mr. Ramirez has led mining and engineering activities since then, as well as all reviews and analysis of the Company's growth activities. Mr. Ramirez led the design and construction of the Company's agitation leach plant at Guanaco and assumed the role of VP of Operations in 2018

Prior to joining Austral, Mr. Ramirez held senior operational, planning and execution roles at Antofagasta PLC and at Meridian Gold's world class El Peñon mine acquired by Yamana Gold.

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



RAUL GUERRA

Vice President of Exploration

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

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

Appointed as VP of Exploration in August 2020 Vice President of Exploration from August 2020 until his resignation effective 31 January 2023.



JOSÉ BORDOGNA

Chief Financial Officer

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

Mr. Bordogna is a Certified Public Accountant and holds a Global Executive MBA (IE Business School) and a Master of International Business (The University of Sydney). He is also CFA Candidate Level 3.

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

**Appointed 22 August 2016 and resigned effective 28 February 2022
Chief Financial Officer from August 2016 until his resignation on 28 February 2022 and his reappointment effective 1 May 2022.**



CHELSEA SHERIDAN

Automic Group, Company Secretary

Ms. Sheridan assumed the role of Company Secretary in August 2022. Ms. Sheridan joined the Automic Group in January 2019 and has assisted the former Company Secretary since starting with Automic. Ms. Sheridan holds a diploma in Business Administration and an Affiliate of the Governance Institute of Australia (GIA).

Corporate secretary since 31 August 2022

DAVID HWANG

Mr. Hwang assumed the role of Company Secretary in July 2019 and resigned in August 2022 due to his resignation to Automic Group. Mr. Hwang is an experienced corporate lawyer specialising in listings on the ASX, equity capital markets and providing advice on corporate governance and compliance issues.

DIRECTORS' MEETINGS

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

	Directors' meetings		Audit Committee meetings	
	A	B	A	B
Director				
Pablo Vergara del Carril	5	5	3	3
Robert Trzebski	4	5	3	3
Wayne Hubert	4	5	N/A	N/A
Eduardo Elsztain	4	5	N/A	N/A
Saul Zang	5	5	N/A	N/A
Stabro Kasaneva	5	5	N/A	N/A
Ben Jarvis	5	5	3	3

A: Number of meetings attended

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

SHARES AND OPTIONS

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

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

INDEMNITY AND INSURANCE OF OFFICERS

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

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

The above indemnities:

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

INDEMNITY AND INSURANCE OF AUDITOR

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

REMUNERATION REPORT (AUDITED)

Remuneration Policy

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

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

The level of remuneration is based on market rates and is not directly linked to the market value of the shares of Austral Gold.

At the most recent Annual General Meeting of the Company held on 27 May 2022, 85.83% of votes cast at the meeting were in favour of the adoption of the Remuneration Report.

Remuneration information for KMP is reported in US Dollars (US\$). All contractual arrangements for non-executive Directors and the Chairman are denominated in US Dollars. The contractual arrangements for the CEO, Vice President of Operations and Vice President of Exploration are denominated in Chilean pesos (CLP) while the contractual arrangement for the CFO is denominated in Australian Dollars (AUD).

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

The executive directors do not receive fees for being a director. Total compensation for all non-executive directors, last voted on by shareholders at the 2020 AGM, is not to exceed US\$400,000 per annum. The director fee for the Vice-Chairman is US\$100,000 per annum. Director fees for other non-executive directors are US\$50,000 per annum.

Non-executive directors do not receive performance-related compensation and are not provided with retirement benefits apart from statutory superannuation for Australian Total KMP (including directors) in FY22 was US\$2,444,080 (FY21-US\$2,394,409).

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

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

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

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

- **Rodrigo Ramirez** Vice President of Operations
- **Raul Guerra** Vice-President of Exploration (resigned effective 31 January 2023)
- **José Bordogna** Chief Financial Officer

Remuneration of KMP

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

Remuneration of executive KMP is made up of a fixed component and a variable ('at risk') component. Performance is assessed against financial and non-financial indicators including production, safety, cost of production, sustaining capital investments, new business and value accretive investments amongst others. The award of the variable component is fully discretionary as detailed in the 'Contractual Arrangement with Executive KMP in the "31 December 2022" table.

Link Between Remuneration and Performance

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

	12 months ended 31 December 2018	12 months ended 30 June 2019	12 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2022
Sales Revenue (US\$'000)	122,767	102,209	88,223	64,390	49,710
Profit/(loss) before tax (US\$'000)	(37,054)	9,508	14,335	(4,686)	(9,581)
Basic EPS (US cents per share)	(4.88)	0.97	1.36	(1.20)	(1.35)
Diluted EPS (US cents per share)	(4.88)	0.93	1.34	(1.20)	(1.35)
Share price (cents AUD/CDN)	6.0/6.0	9.0/8.5	21.0/22.0	8.5/8.0	0.039/0.035
Dividend (cents AUD per share)	–	–	0.009	0.008	-

Details of Remuneration

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

Twelve month period ended 31 December 2022

	Primary			Post-employment		Share-based		Total
	Cash and accrued Salary and Fees US\$	Accrued Cash Bonus US\$ ¹	Non-monetary benefits US\$	Superannuation US\$	Retirement/ Termination benefits US\$	Equity settled Shares US\$	Options US\$	US\$
Directors								
Non-executive directors								
E Elsztain	100,000	-	293	-	-	-	-	100,293
S Zang	50,000	-	293	-	-	-	-	50,293
R Trzebski	45,347	-	4,352	4,653	-	-	-	54,352
B Jarvis	45,347	-	-	4,653	-	-	-	50,000
P Vergara del Carril	50,000	-	-	-	-	-	-	50,000
Total non-executive director remuneration	290,694	-	4,938	9,306	-	-	-	304,938
Executive Director								
W Hubert	144,000	-	-	-	-	-	-	144,000
S Kasaneva	337,750	352,236	26,911	-	-	-	-	716,897
Total Director remuneration	772,444	352,236	31,849	9,306	-	-	-	1,165,835
Other Key Executives								
R. Ramirez	273,503	284,350	8,104	-	-	-	-	565,957
R. Guerra ³	245,038	127,005	14,884	-	-	-	-	386,927
J. Bordogna ⁴	181,159	130,080	1,945	12,177	-	-	-	325,361
Total other executive remuneration	699,700	541,435	24,933	12,177	-	-	-	1,287,245
Total director and executive officer remuneration	1,472,144	893,671	56,782	21,483	-	-	-	2,444,080

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

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

³ Mr. Guerra resigned effective 31 January 2023. Per his settlement agreement, Mr. Guerra is to receive his 2022 bonus, a 2023 bonus of US\$11,859, an exit bonus of US\$71,762 and US\$10,081 of vacation owed net of assets purchased of US\$3,108. The amount is to be paid in six equal monthly installments in Chilean pesos commencing February 2023 and ending July 2023.

⁴ Mr. Bordogna resigned effective 28 February 2022 and was re-hired effective 1 May 2022. During the period between Mr. Bordogna's resignation and his employment contract, Mr. Bordogna received US\$8,000 in consulting fees which are included in the above remuneration.

Twelve-month period ended 31 December 2021

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

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

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

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

Contractual Arrangement with Executive KMP at 31 December 2022

The table below represents the target remuneration mix for group executives in the current year. The variable remuneration is provided at target levels.

Name	Term of Agreement and notice period	Notice Period by Either Party	Base salary	Bonus performance	Bonus performance conditions	Termination payments
Stabro Kasaneva Chief Executive Officer	Open	30 days	Base salary is paid in Chilean pesos with no FX adjustment clause	0% to 100% of salary	At the discretion of the Board based on Group results and individual performance	One month salary per year of employment
Rodrigo Ramirez VP of Operations	Open	30 days	Base salary is paid in Chilean pesos with no FX adjustment clause	0% to 100% of salary	At the discretion of the Chief Executive Officer based on Group results and individual performance	One month salary per year of employment
Raul Guerra VP of Exploration	Open	30 days	Base salary is paid in Chilean pesos with no FX adjustment clause	0% to 50% of salary	At the discretion of the Chief Executive Officer based on Group results and individual performance	One month salary per year of employment
Jose Bordogna Chief Financial Officer	Open	1 month	Base salary is paid in Australian dollars with no FX adjustment clause	0% to 100% of salary	At the discretion of the Chief Executive Officer based on Group results and individual performance, which included various financial objectives related to marketing, capital markets, funding resources, financial reporting and risk management	One month salary per year of employment

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

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

Relative Proportion of Fixed vs Variable Remuneration Expense

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

Name	Fixed remuneration		At risk — short-term incentive		At risk — long-term incentive	
	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021
Executive Directors						
Stabro Kasaneva	47%	44%	53%	56%	0%	0%
Executive Officers						
Rodrigo Ramirez	48%	52%	52%	48%	0%	0%
Raul Guerra	63%	69%	37%	31%	0%	0%
Jose Bordogna	54%	54%	46%	46%	0%	0%

Equity Holdings

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

	Balance at 1 January 2022	Granted as remuneration	Market purchases	Balance at 31 December 2022
Wayne Hubert	2,545,500	-	-	2,545,500
Eduardo Elsztein	461,294,560	-	-	461,294,560
Saul Zang	1,640,763	-	-	1,640,763
Pablo Vergara	68,119	-	-	68,119
Robert Trzebski	-	-	-	-
Ben Jarvis	250,000	-	-	250,000
Stabro Kasaneva	7,881,230	-	-	7,881,230
Raul Guerra	801,000	-	-	801,000
Rodrigo Ramirez	279,514	-	-	279,514
Jose Bordogna	45,724	-	80,771	126,495
Total	474,806,410	-	80,771	474,887,181

Other transactions with KMP

Chairman Wayne Hubert and Chief Executive Officer Stabro Kasaneva are related to Ensign as they are board members of Ensign. Mr. Hubert holds 1,964,865 common shares of Ensign and 395,000 stock options and Mr. Kasaneva holds nil shares of Ensign and 150,000 stock options.

Zang, Bergel & Viñes Abogados is a related party since one non-executive Director, Pablo Vergara del Carril has significant influence over this law firm based in Buenos Aires, Argentina. Fees charged and expenses to reimbursement to the Group for the year ended 31 December 2022 amounted to US\$79,219 (2021: US\$112,458).

IRSA Inversiones y Representaciones S.A., IRSA Propiedades Comerciales S.A. and Consultores Asset Management S.A. are related parties as they are controlled by Non-executive Director and Chairman, Eduardo Elsztein. During the year ended 31 December 2022 a total of US\$72,303 was charged to the Company (2021: US\$68,071) in regard to IT services support, HR services, software licenses, building/office expenses and other fees.

This concludes the remuneration report, which has been audited.

Principal activities

The principal activities of the Group during FY22 were:

- Production of 27,686 gold equivalent ounces at the Group's Guanaco/ Amancaya mine complex;
- Issued an updated Technical Report that increased the estimated life of mine of the Guanaco-Amancaya Operation in accordance with NI-43-101 and JORC 2012;
- Started the construction of the Heap Reprocessing project that is expected to provide ten years of production;
- Continued its search for new discoveries with brownfield and greenfield exploration activity undertaken at the Company's existing projects in Argentina and Chile, which included more than 7,000 meters of drilling at the Casposo-Manantiales project;
- Expanded the footprint in the Indio Belt in Argentina through an earn-in agreement with Mexplot Perforaciones Mineras S.A. ("Mexplot"), a subsidiary of Corporación América Internacional ("Corporación América") controlled by Mr. Eduardo Eurnekian (a prominent businessman from Argentina) to acquire a 50% interest in the Jaguelito project, located in the Province of San Juan;
- Signed a Share Sale Agreement with E2 Metals Limited ("E2") to sell SCRNP Properties Limited ("SCRNP"), the owner of the Pingüino project, for a total consideration of approximately US\$10 million.
- There were no other significant changes in our principal activities during the year.

Objectives

The group's objectives for 2023 are to:

- Meet or exceed our production forecast of 34,000-38,000 gold equivalent ounces
- Continue to explore the Paleocene Belt's High Sulfidation systems in Northern Chile to find a significant deposit,
- Continue to explore our Casposo-Manantiales properties in San Juan, Argentina to restart profitable mining operations, and
- Continue to explore the Jaguelito project in San Juan and Sierra Blanca in Santa Cruz, Argentina.

Events subsequent to reporting date

Effective 31 January 2023, the Group's Vice President of Exploration Raul Guerra resigned.

On 1 March 2023, the Group executed a loan agreement of US\$1 million from two of its directors, with Eduardo Elsztein, the controlling shareholder loaning US\$850,000.

Likely developments

The Group will continue to pursue its objectives for 2023.

Environmental

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

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

The environmental monitoring program implemented for the Guanaco Amancaya Operation includes meteorology, air quality, water quality, flora and fauna, archaeology. Air quality is monitored at two locations in Guanaco and one in Amancaya. Meteorological parameters are collected at one air quality station in Guanaco and the air quality station in Amancaya. There is also a meteorological station in Guanaco, independent from the air quality monitoring system. Monitoring of flora and fauna is conducted in Punta del Viento, Las Mulas and Pastos Largos approximately 30 km east of Guanaco. Additional details are provided on page 25 of the annual report.

Auditors

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in note 10 to the financial statements. There were no non-audit services provided by KPMG in 2022 (2021: Nil).

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

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

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

Dividends

No dividends were paid to shareholders during the year.

Proceedings on Behalf of the Company

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

Auditor's Independence Declaration

The lead auditor's independence declaration for the period ended 31 December 2022 has been received and is included in this report. Signed in accordance with a resolution of Directors at Sydney.

Rounding of Amounts

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

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

Review of prospects for future years

The Group's prospects for are based on the achievement of its 2023 objectives described on page 58.

The achievement of these objectives are subject to several risks including business integration risks; uncertainty of production, development plans and cost estimates, commodity price fluctuations; political or economic instability and regulatory changes; environmental risks, currency fluctuations, the state of the capital markets, uncertainty in the measurement of mineral reserves and resource estimates, the Group's ability to attract and retain qualified personnel and management, potential labour unrest, reclamation and closure requirements for mineral properties; unpredictable risks and hazards related to the development and operation of a mine or mineral property that are beyond the Company's control, and the availability of capital to fund all of the Company's projects. Note that these risks are not exhaustive of all risks.

For and on behalf of the board



Robert Trzebski

Director

30 March 2023





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

To the Directors of Austral Gold Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Austral Gold Limited for the financial year ended 31 December 2022 there have been:

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

KPMG

KPMG

J. Dillon

Jessica Dillon
Partner
Sydney
30 March 2023

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FINANCIAL STATEMENTS

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2022

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	2022	2021
Continuing operations			
Sales revenue	13	49,710	64,390
Cost of sales (including depreciation and amortisation)	6	(47,144)	(52,120)
Gross profit		2,566	12,270
Other expenses	7	(2,676)	(9,578)
Administration expenses	8	(9,007)	(9,393)
Finance income	9	1,292	3,199
Finance costs	9	(1,080)	(238)
Share of loss of associates	22	(676)	(946)
(Loss) before income tax		(9,581)	(4,686)
Income tax benefit (expense)	11	1,315	(2,642)
(Loss) after income tax expense		(8,266)	(7,328)
(Loss) attributable to:			
Owners of the Company		(8,257)	(7,324)
Non-controlling interests		(9)	(4)
		(8,266)	(7,328)
Items that may not be classified subsequently to profit or loss			
Foreign currency translation		(17)	(69)
Total comprehensive (loss) for the year		(8,283)	(7,397)
Comprehensive (loss) attributable to:			
Owners of the Company		(8,274)	(7,393)
Non-controlling interests		(9)	(4)
		(8,283)	(7,397)
(Loss) per share (cents per share):			
Basic (loss) per share	12	(1.35)	(1.20)
Diluted (loss) per share	12	(1.35)	(1.20)

The notes on pages (67) to (99) are an integral part of these consolidated financial statements.

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures are reported in thousands of US\$	As at 31 December		
	Note	2022	2021
Assets			
Current assets			
Cash and cash equivalents	14	926	2,346
Trade and other receivables	15	2,422	1,818
Prepaid income tax		1,076	3,510
Other financial assets	16	641	1,717
Inventories	17	8,946	10,601
Assets held for sale	18	8,294	-
Total current assets		22,305	19,992
Non-current assets			
Other receivables	15	904	1,054
Prepaid income tax		476	750
Mine properties	19	4,054	1,217
Property, plant and equipment	20	42,257	42,007
Exploration and evaluation expenditure	21	27,261	32,322
Investments accounted for using the equity method	22	60	628
Deferred tax assets	11	-	20
Total non-current assets		75,012	77,998
Total assets		97,317	97,990
Liabilities			
Current liabilities			
Trade and other payables	23	15,690	10,263
Income tax payable		770	-
Employee entitlements	24	4,053	4,224
Loans and borrowings	26	7,382	5,338
Lease liabilities	20	1,925	2,920
Total current liabilities		29,820	22,745
Non-current liabilities			
Trade and other payables	23	1,003	-
Provisions for reclamation and rehabilitation	25	10,934	9,233
Loans and borrowings	26	1,264	415
Lease liabilities	20	911	1,843
Employee entitlements	24	35	9
Deferred tax liability	11	4,535	6,647
Total non-current liabilities		18,682	18,147
Total liabilities		48,502	40,892
Net assets		48,815	57,098
Equity			
Issued capital	27	109,114	109,114
Accumulated losses	28	(59,320)	(51,063)
Reserves	29	(1,158)	(1,141)
Non-controlling interest	30	179	188
Total equity		48,815	57,098

The notes on pages (67) to (99) are an integral part of these consolidated financial statements.

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2022 and 2021

All figures are reported in thousands of US\$	Note	Issued capital	Accumulated losses	Reserves	Non- controlling interest	Total
Balance at 31 December 2020		102,177	(43,871)	2,962	-	61,268
Loss for the year		-	(7,324)	-	(4)	(7,328)
Expired share options		-	(321)	321	-	-
Foreign exchange movements from translation of financial statements to US\$		-	-	(69)	-	(69)
Total comprehensive income/ (loss)		-	(7,645)	252	(4)	(7,397)
Windup of Cachinalito Limitada		-	453	(453)	-	-
Acquisition of Sierra Blanca		-	-	-	192	192
Issued Capital	27	6,937	-	(108)	-	6,829
Options expired unexercised		-	-	(4)	-	(4)
Dividends paid		-	-	(3,790)	-	(3,790)
Balance at 31 December 2021		109,114	(51,063)	(1,141)	188	57,098
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

The notes on pages (67) to (99) are an integral part of these consolidated financial statements

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

All figures are reported in thousands of US\$	For the year ended 31 December		
	Note	2022	2021
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		2,346	12,401
Cash and cash equivalents, at the end of the year		926	2,346
Net decrease in cash and cash equivalents		(1,420)	(10,055)
Causes of change in cash and cash equivalents			
Operating activities			
Loss after income tax		(8,266)	(7,328)
Adjustments for			
Income tax benefit/(expense) recognized in loss		(1,315)	2,642
Income tax collection / (payments), net		2,134	(9,383)
Impairment of exploration and evaluation expenditure		926	1,322
Impairment of investment in associate	22.1	-	5,189
Depreciation and amortisation		7,778	12,403
Gain on sale of equipment		(485)	(287)
Non-cash net finance charges		1,089	366
Provision for reclamation and rehabilitation		(1,096)	(1,910)
Inventory write-down		-	24
Allowance for doubtful accounts		238	(199)
Non-cash employee entitlements		27	112
Share of loss of associates		676	946
Loss in fair value of other financial assets		968	512
Net cash from operating activities before change in assets and liabilities		2,674	4,409
Changes in working capital			
Decrease in inventory		1,655	4,043
(Increase) /decrease in trade and other receivables		(690)	2,808
Increase /(decrease) in trade and other payables		7,626	(281)
(Decrease)/Increase in employee entitlements		(172)	331
Net cash provided through operating activities		11,093	11,310
Cash flows from investing activities			
Additions to plant, property and equipment	20	(6,434)	(6,897)
Proceeds from sale of inventory and equipment		535	518
Payment for investment in exploration and evaluation	21	(5,790)	(8,390)
Payment for investment in mine properties	19	(30)	(363)
Payment for equity investments, net of costs	22	(124)	(2,720)
Payment for other financial assets	16	(27)	-
Cash paid to acquire Revelo	35	-	(920)
Cash acquired in Revelo acquisition	35	-	14
Proceeds from sale of other financial assets		135	287
Net cash used in investing activities		(11,735)	(18,471)
Cash flows from financing activities			
Proceeds from loans and borrowings		11,735	4,513
Repayment of loans and borrowings		(8,842)	(839)
Interest paid on loans and borrowings		(330)	(141)
Repayment of lease liabilities		(3,133)	(3,032)
Interest paid on leases		(208)	(244)
Proceeds from exercise of options net of costs		-	656
Transaction costs related to issuance of shares		-	(17)
Dividends paid	32	-	(3,790)
Net cash used in financing activities		(778)	(2,894)
Net decrease in cash and cash equivalents		(1,420)	(10,055)

The notes on pages (67) to (99) are an integral part of these consolidated financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

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

These consolidated financial statements ("financial statements") as at and for the year ended 31 December 2022 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 2021 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 and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for profit oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. They were authorised for issue by the Company's Board of Directors on 30 March 2023.

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

2.2 Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 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 2022, the market fundamentals of gold and silver remained strong and the Group produced 27,686 gold equivalent ounces with sales revenue totaling US\$49.710 million from sales of 27,648 gold equivalent ounces at an average selling price per ounce of US\$1,798 (year ended 31 December 2021: production of 31,142 gold equivalent ounces and sales revenue of US\$64.390 million from sales of 35,838 gold equivalent ounces at an average selling price per ounce of US\$1,797 including the sale of 4,010 gold equivalent ounces produced in the previous year).

During the year ended 31 December 2022, the Group incurred a net loss after tax of US\$8.266 million (year ended 31 December 2021: US\$7.328 million net loss after income tax) with net cash flows of US\$11.093 million in 2022 (2021: US\$11.310 million) generated through operating activities. At 31 December 2022, the Group has net assets of US\$48.815 million and net current liabilities of US\$7.515 million (31 December 2021: US\$57.098 million and US\$2.753 million, respectively). For the year ended 31 December 2022, the net increase of loans and borrowings was US\$2.893 million (2021: US\$3.674 million).

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 12 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 for short term and longer-term financing through the renewal of existing 360 days and 180 days pre-export facilities maturing in 2023;
- Source new financing of US\$1.0M from related parties on 1 March 2023 (completed) and continued ongoing funding support as required;
- Continued cash management controls including supply chain financing arrangements with trade creditors to defer payment terms as required;
- Production from the heaps processing project forecast to commence in June 2023. For the financial year ended 31 December 2023, 11,000 – 11,500 gold equivalent ounces ('GEOs') are forecast to be produced at lower production costs than from the Amancaya underground mine;

NOTES TO THE FINANCIAL STATEMENTS

- Average 2023 prices realised per gold equivalent ounce of approximately US\$1,800;
- Sale of SCRN Properties Ltd. owner of the Pingüino project (completed) - the Group received cash of US\$2.5M on 1 March 2023 and an additional \$2.5m is forecast to be received in 2024-2025;
- Sale of other non-core plant and equipment; 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 2022 are detailed below:

Carrying value of Mine Properties

The Group estimates its ore reserves and mineral resources annually at each year end, based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources (JORC code 2012). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying amount of mine development (including mine properties, property, plant and equipment and exploration and evaluation assets), the provision for mine closure provisions (further details on the mine disclosure provision are included in note 25), the recognition of deferred tax assets (further details on deferred tax assets are included in note 11), as well as the amount of amortisation charged to the statement of profit or loss.

Impairment

Significant judgements, estimates and assumptions are required in determining value in use or fair value less costs of disposal. This is particularly so in the assessment of long life assets. It should be noted that the CGU recoverable amounts are subject to variability in key assumptions including, but not limited to, gold and silver prices, currency exchange rates, discount rates, production profiles and operating and capital costs. A change in one or more of the assumptions used to determine value in use or fair value less costs of disposal could result in a change in a CGU's recoverable amount (further details on the value of the CGU's are included in note 19).

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 25.

NOTES TO THE FINANCIAL STATEMENTS

Measurement of fair values

The Group has established a control framework with respect to the measurement of fair values. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2022 are detailed below:

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 31 — Financial instruments.

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

Adoption of other narrow scope amendments to IFRSs and IFRS Interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements as the impact of adoption was not significant to the Group's Consolidated Financial Statements.

6. COST OF SALES

All figures are reported in thousands of US\$	For the year ended 31 December	
	2022	2021
Production	26,864	23,535
Staff costs	9,307	10,668
Royalty	1,134	1,480
Mining Fees	594	576
Gold precipitate stolen	838	-
Inventory movements	736	3,615
Total cost of sales before depreciation and amortisation expense	39,473	39,874
Depreciation of plant and equipment	6,663	10,122
Amortisation of mine properties	1,008	2,124
Total depreciation and amortisation expense	7,671	12,246
Total cost of sales	47,144	52,120
Severance included in staff costs	467	453

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER EXPENSES/(INCOME)

All figures are reported in thousands of US\$	For the year ended 31 December	
	2022	2021
Severance of mining employees due to outsource of operations	-	487
Impairment of exploration and evaluation expenditure (note 21)	926	1,322
Impairment of investment in associates (note 22.1)	-	5,189
Care and maintenance	1,465	1,559
Exploration expenses	421	851
Loss on financial assets	968	512
Gain on sale of equipment	(485)	(287)
Equipment rental	(298)	-
Other	(321)	(55)
Total other expenses/(income)	2,676	9,578

8. ADMINISTRATION EXPENSES

All figures are reported in thousands of US\$	For the year ended 31 December	
	2022	2021
Consulting and professional services	1,728	1,995
Office and utility costs	834	1,030
Staff costs (1)	4,869	4,212
Non-executive director fees	300	300
Depreciation on equipment	107	157
Business, property and other taxes	980	1,457
Other	189	242
Total administration expenses	9,007	9,393
(1) Severance included in staff costs	493	-

9. NET FINANCE INCOME/COST

All figures are reported in thousands of US\$	For the year ended 31 December	
	2022	2021
Interest income	4	-
Gain from foreign exchange	1,288	3,199
Total finance income	1,292	3,199
Interest expense	(452)	(194)
Interest expense on leases	(208)	(283)
Present value adjustment to mine closure provision	(420)	239
Total finance costs	(1,080)	(238)
Net finance income	212	2,961

10. AUDITOR'S REMUNERATION

All figures are reported in thousands of US\$	For the year ended 31 December	
	2022	2021
Audit and review services		
Auditors of the Group-KPMG		
Audit and review of financial statements-Group	113,343	85,512
Audit and review of financial statements-controlled entities	99,200	136,215
	212,543	221,727

NOTES TO THE FINANCIAL STATEMENTS

11. INCOME TAX EXPENSE

All figures are reported in thousands of US\$	For the year ended 31 December	
	2022	2021
(A) Income tax expense comprises:		
Current income tax expense	777	75
Deferred income tax (benefit)/expense	(2,092)	2,567
Income tax	(1,315)	2,642

(B) Reconciliation of effective income tax rate:		
Loss before tax	(9,581)	(4,686)
Prima facie income tax (benefit)/expense calculated at 30%	(2,874)	(1,406)
Difference due to blended overseas tax rate*	1,008	(181)
Impairment of investment in associates	-	1,557
Share of loss of associates	186	261
Non-deductible expenses	(921)	1,587
Prior year income tax expense adjustments	690	69
Recognition of previously unrecognised deductible temporary differences and tax losses	596	755
Income tax	(1,315)	2,642

* Chile tax rate: 27% (31 December 2021: 27.0%). Argentina tax rate: 30-25% (31 December 2021: 25%)

All figures are reported in thousands of US\$	31 December 2022				31 December 2021			
	Chile	Argentina	Other	Total	Chile	Argentina	Other	Total

(C) Deferred tax assets and liabilities								
Deferred tax assets								
Other receivable	224	-	-	224	71	-	-	71
Inventory	69	44	-	113	69	77	-	146
Mining concessions brought into account	-	45	-	45	-	78	-	78
Accrual for mine closure	1,932	686	-	2,618	1,517	438*	-	1,955
Financial assets	650	-	-	650	540	-	-	540
Tax losses carried forward	5,860	631	7,226	13,717	3,239	725*	7,628*	11,592
Property, plant and equipment	-	-	-	-	-	521*	-	521
Payroll accrual	268	-	-	268	280	-	-	280
Other	-	191	-	191	-	544*	-	544
Leasing	177	-	-	177	511	1	-	512
Allowance for tax carry forward losses and deferred tax assets	-	(1,550)	(7,226)	(8,776)	-	(1,752)*	(7,590)*	(9,342)
Deferred tax assets	9,180	47	-	9,227	6,227	632	38	6,897
Deferred tax liabilities								
Mining concessions	(12,512)	-	-	(12,512)	(12,809)	-	-	(12,809)
Deferred income	(774)	-	-	(774)	(45)	-	-	(45)
Property, plant and equipment inflation adjustment	-	(415)	(61)	(476)	-	(612)	(58)	(670)
Deferred tax liabilities	(13,286)	(415)	(61)	(13,762)	(12,854)	(612)	(58)	(13,524)
Net deferred tax (liabilities)/assets	(4,106)	(368)	(61)	(4,535)	(6,627)	20	(20)	(6,627)
Movement in deferred tax balances								
Opening balance	(6,627)	20	(20)	(6,627)	(4,403)	432	(23)	(3,994)
Exchange rate difference	-	(8)	8	-	-	(75)	9	(66)
Charged to profit or loss	2,521	(380)	(49)	2,092	(2,224)	(337)	(6)	(2,567)
Closing balance	(4,106)	(368)	(61)	(4,535)	(6,627)	20	(20)	(6,627)

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

* During the year ended 31 December 2022, the Group updated the amounts of certain 2021 accounts to better reflect the nature of the items.

NOTES TO THE FINANCIAL STATEMENTS

12. EARNINGS PER SHARE

All figures are reported in thousands of US\$	For the year ended 31 December	
	2022	2021
Net loss attributable to owners		
Weighted average number of shares used as the denominator	(8,257)	(7,324)
Number for basic earnings per share	612,311,353	600,584,618
Number for diluted earnings per share	612,311,353	600,584,618
Basic earnings per ordinary share (cents)	(1.35)	(1.20)
Diluted earnings per ordinary share (cents)	(1.35)	(1.20)

13. OPERATING SEGMENTS

Management have determined the operating segments based on reports reviewed by the Chief Operating Decision Maker ("CODM"). The CODM considers the business from both an operations and geographic perspective and has identified two reportable segments, Guanaco/Amancaya which is based in Chile and Casposo which is based in Argentina. The CODM monitors the performance in these two regions separately. During the year ended 31 December 2022, the Group earned 95% of its consolidated revenue from sales made to one customer (2021-100% of its consolidated revenue from sales made to three customers, of which sales to each customer exceeded 10%).

All figures are reported in thousands of US\$	For the year ended 31 December 2022				For the year ended 31 December 2021			
	Guanaco/Amancaya	Casposo	Group and unallocated items	Consolidated	Guanaco/Amancaya	Casposo	Group and unallocated items	Consolidated
Revenue:								
Gold	47,772	-	-	47,772	62,243	-	-	62,243
Silver	1,938	-	-	1,938	2,147	-	-	2,147
Cost of sales	(39,473)	-	-	(39,473)	(39,874)	-	-	(39,874)
Depreciation and amortisation expense	(7,671)	-	-	(7,671)	(12,246)	-	-	(12,246)
Other expense	(1,290)	(395)	(991)	(2,676)	(1,578)	(1,891)	(6,109) ¹	(9,578)
Administration expenses	(4,791)	(666)	(3,550)	(9,007)	(4,375)	(629)	(4,389)	(9,393)
Finance income (costs)	(1,183)	730	665	212	1,270	1,851	(160)	2,961
Share of loss of associates	-	-	(676)	(676)	-	-	(946)	(946)
Income tax (expense)/ benefit	1,822	(380)	(127)	1,315	(2,308)	(336)	2	(2,642)
Segment (loss)/profit	(2,876)	(711)	(4,679)	(8,266)	5,279	(1,005)	(11,602)	(7,328)
Segment assets	64,518	15,332	17,467	97,317	68,033	13,027	16,930	97,990
Segment liabilities	39,708	5,783	3,011	48,502	35,733	4,265	894	40,892
Capital expenditure	8,780	2,864	2,211	13,855	14,143	1,258	365	15,766

NOTES TO THE FINANCIAL STATEMENTS

Geographic information:

All figures are reported in thousands of US\$	For the year ended 31 December	
	2022	2021
Revenue by geographic location		
Chile	49,710	64,390
Argentina	-	-
Australia	-	-
Canada	-	-
United States	-	-
Total revenue	49,710	64,390

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Non-current assets by geographic location		
Chile	60,074	58,650
Argentina	14,768	18,610
United States	60	628
Canada	-	-
British Virgin Islands	110	110
Australia	-	-
Total revenue	75,012	77,998

14. CASH AND CASH EQUIVALENTS

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Cash at call and in hand	926	2,346
Short-term investments	-	-
Total cash and cash equivalents	926	2,346

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	926	2,346
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Risk Exposure

The Group's exposure to interest rate risk is discussed in note 31. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

15. TRADE AND OTHER RECEIVABLES

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Current		
Trade Receivables	808	86
Other current receivables	611	212
GST/VAT receivable	1,003	1,520
Total current receivables	2,422	1,818
Non-current		
GST/VAT receivable	1,117	1,022
Other	339	346
Total non-current receivables	1,456	1,368
Allowance for doubtful accounts	(552)	(314)
Net non-current receivables	904	1,054
Trade debtors		
The ageing of trade receivables is 0-30 days	808	86
>30 days	-	-

NOTES TO THE FINANCIAL STATEMENTS

15.1 Past due but not impaired

There were no receivables past due at 31 December 2022 (31 December 2021: nil).

15.2 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 31 for more information on the risk management policy of the Group and the credit quality of the receivables.

15.3 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 95% (2021-60%) of sales and the other customers purchased the remaining 5% of sales (2021-40%).

16. OTHER FINANCIAL ASSETS

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Current		
Listed bonds — level 1	23	32
Listed equity securities — level 1	590	1,543
Ensign warrants — level 3	28	86
Rawhide warrants — level 3	-	56
Total current other financial assets at fair value	641	1,717

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 Canadian listed mining companies nominated in C\$ and sovereign bonds nominated in ARS as at 31 December 2022 and 31 December 2021, respectively.

Fair value hierarchy

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

Transfers

During the year ended 31 December 2022 there were no transfers between the financial instrument levels of hierarchy.

Key assumptions for warrants	Ensign
Strike price	C\$1.50
Annual volatility	55%
Interest rate	0.20%
Expiration date	18 February 2024

17. INVENTORIES

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Materials and supplies	7,167	8,086
Ore stocks	274	132
Gold bullion and gold in process	1,505	2,383
Total inventories	8,946	10,601

*Ore stock inventories require estimates and assumptions most notably in regard to grades, volumes, densities, future completion costs and ultimate sale price. Such estimates and assumptions may change as new information becomes available which may impact upon the carrying value of inventory. The allowance for inventory obsolescence forming part of the above balance is US\$1,572k (31 December 2021: US\$1,572k).

18. ASSETS FOR SALE

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
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 with E2 Metals Limited ("E2") to sell the common shares of its subsidiary, SCR Properties Ltd., whose major assets are exploration assets and property and equipment. As closing of the transaction is subject to several conditions including E2 shareholder approval of the total shares and options to be issued by E2, the Group recorded the transaction as an asset held for sale at its carrying value.

NOTES TO THE FINANCIAL STATEMENTS

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

On closing, the Group received US\$2.5M of a total of US\$5.0M due over three years, 49,751,970 shares of E2, which is equal to 19.9% E2's shareholding on a non-diluted basis and 15M options of E2. The value of the E2 shares at closing was US\$6.2 million (A\$6.2 million) and 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. The value of the Black-Scholes model at closing was US\$0.6 million.

The US\$2.5M in deferred cash payments is secured by a share mortgage over 51% of SCRNs's common shares until the second cash installment is paid, at which time the share mortgage is to be reduced to 19%. The deferred cash payments are to be received as follows:

- US\$0.75 million on the first anniversary of the closing date;
- US\$0.75 million on the second anniversary of the closing date; and
- US\$1 million on the third anniversary of the closing date.

The Group also has the right to appoint one person to the E2 Board for as long as it holds at least nine percent (9%) of E2's outstanding shares.

19. MINE PROPERTIES

All figures are reported in thousands of US\$	Guanaco/ Amancaya	Casposo	Total
Mine Properties-31 December 2021			
Cost	62,017	9,795	71,812
Accumulated depreciation	(60,800)	(9,795)	(70,595)
Carrying value — Mine Properties	1,217	-	1,217
Mine Properties – 31 December 2022			
Cost	65,862	9,795	75,657
Accumulated depreciation	(61,808)	(9,795)	(71,603)
Carrying value — Mine Properties	4,054	-	4,054
All figures are reported in thousands of US\$	2022	2021	
Costs carried forward in respect of areas of interest			
Carrying amount at the beginning of the year	1,217	3,876	
Additions	30	363	
Transfers from exploration and evaluation expenditure	3,585	-	
Transfers to property, plant and equipment	(368)	-	
Increase (decrease) in provision for reclamation and rehabilitation	598	(898)	
Amortization	(1,008)	(2,124)	
Carrying amount at end of the year	4,054	1,217	

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 20) with a total book value of US\$42 million are included in determining the carrying value of the CGU for the purposes of assessing for impairment.

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

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

- Real Forecast Gold price (2023-2033): US\$1,800/oz-1,720/oz (31 December 2021 (2022-2033): US\$1,610/oz – US\$1,720/oz
- Real Forecast Silver price (2023-2033):US\$20/oz-23.25/oz (31December 2021 (2022-2033) US\$22/oz– US\$23.8/oz
- Life of mine operations based on the current model are forecast to end in 2033.
- Real Discount Rate (pre-tax): 7.5% (31 December 2021: 6.9%)

NOTES TO THE FINANCIAL STATEMENTS

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

The sensitivity to +/- 10% variation in the gold price (US\$1,582-1,933/oz) on the fair value of the Guanaco/Amancaya project results in an impact of +/- US\$18.0 million.

The sensitivity to +/- 10% variation in the discount rate (6.8%-8.3%) fair value of the Guanaco/Amancaya project results in an impact of +/- US\$1.6 million.

The sensitivity to +/- 10% variation in production costs on the fair value of the Guanaco/Amancaya project results in an impact of +/- US\$10.0 million.

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

20. PROPERTY, PLANT AND EQUIPMENT

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Property, plant and equipment owned	35,549	34,334
Right-of-use-assets	6,708	7,673
	42,257	42,007
Property, plant and equipment owned		
Cost	164,967	161,185
Accumulated depreciation	(129,418)	(126,851)
Carrying amount at end of the year	35,549	34,334
Movements in carrying value		
Carrying amount at beginning of the year	34,334	34,725
Additions	6,434	6,897
Transfers from mining properties	368	-
Transfers to assets held for sale	(952)	-
Depreciation	(4,590)	(7,288)
Disposals	(1,687)	(9)
Depreciation on disposals	1,642	9
Carrying amount at end of the year	35,549	34,334

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

NOTES TO THE FINANCIAL STATEMENTS

20.1 Reconciliation of carrying amount

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

Balance at 31, December 2020	76,175	35,312	20,972	13,817	-	815	7,206	154,297
Additions	4,895	404	565	763	-	-	270	6,897
Disposals	-	-	(9)	-	-	-	-	(9)
Balance at 31, December 2021	81,070	35,716	21,528	14,580	-	815	7,476	161,185
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

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

Balance at 31, December 2020	59,408	25,241	16,901	11,240	-	-	6,782	119,572
Depreciation	4,150	1,775	541	633	-	-	189	7,288
Disposals	-	-	(9)	-	-	-	-	(9)
Balance at 31, December 2021	63,558	27,016	17,433	11,873	-	-	6,971	126,851
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

Carrying amounts

At 31 December 2021	17,512	8,700	4,095	2,707	-	815	505	34,334
At 31 December 2022	19,797	8,446	3,992	2,381	612	-	321	35,549

NOTES TO THE FINANCIAL STATEMENTS

20.2 Right of use

All figures are reported in thousands of US\$	Office	Vehicles	Machinery and equipment	Total
Balance at 31 December 2020	193	3,677	5,551	9,421
Additions	13	1,461	-	1,474
Disposals	-	(231)	-	(231)
Less depreciation	(98)	(1,830)	(1,063)	(2,991)
Balance at 31 December 2021	108	3,077	4,488	7,673
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

20.3 Lease payments*

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Undiscounted		
Less than a year	2,026	3,078
Greater than a year	953	1,893
	2,979	4,971
Discounted		
Less than a year	1,925	2,920
Greater than a year	911	1,843
	2,836	4,763

*Expiration dates are disclosed in note 31 (d)

21. EXPLORATION AND EVALUATION EXPENDITURE

All figures are reported in thousands of US\$	For the year ended 31 December	
	2022	2021
Costs carried forward in respect of areas of interest:		
Carrying amount at the beginning of the year	32,322	18,941
Additions ⁽¹⁾	6,793	14,703
Transfers to assets held for sale	(7,343)	-
Transfers to mining properties	(3,585)	-
Impairment for the year	(926)	(1,322)
Carrying amount at end of the year	27,261	32,322

⁽¹⁾ (2021) Includes the fair value of US\$5.298 million of Exploration and Evaluation rights acquired from Revelo in 2021 (note 35)

The recovery of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the areas of interest. This balance mainly relates to expenditures at the Guanaco, Casposo and Pingüino exploration projects and the fair value of the properties acquired from Revelo. Additions for the year ended 31 December 2022 and 2021 relate mainly to exploration on the Guanaco and Casposo projects and the exploration and evaluation expenditure on the Sierra Blanca project in Santa Cruz, Argentina.

During 2022, the Group impaired the Orca property acquired from Revelo for US\$156,460 as it abandoned the property.

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. As at 31 December 2022, the Joint Venture Agreement had not been entered into. The consideration to acquire the 50% interest is as follows:

NOTES TO THE FINANCIAL STATEMENTS

- a. US\$2 million in exploration expenditures on Jaguelito within two years from the approval of the Option by IPEEM (the “First Stage”), including drilling a minimum of 5,000 meters. As of 31 December 2022, US\$1 million of exploration expenses was incurred and US\$1 million was accrued as a non-current liability (note 23).
- b. US\$2 million in exploration expenditures on Jaguelito within two years after completing the First Stage (the “Second Stage”), and
- c. US\$3 million payment to Mexplot if the Board of the JV Company approves the construction of the project based on a bankable feasibility study (“BFS”). The Group committed to the first US\$2 million and must comply with the conditions in (a-c) above to acquire a 50% interest in the Jaguelito project.

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.

Pampa Option Agreement

On 28 July 2021, the Group entered into an Option agreement which enabled it to acquire up to an 80% ownership interest in two mining properties in northern Chile currently held by Pampa Metals Corporation (“Pampa”). During 2022, the Group impaired US\$769,350 related to Cerro Blanco after advising Pampa that it was withdrawing from the property.

Consideration for the Option consisted of the return of 2,963,132 shares of Pampa valued at US\$0.827 million, which reduced the number of Pampa shares held by Austral to 5,926,264. Austral may exercise the initial 60% interest option within five years from the date of the agreement by incurring US\$3 million in exploration expenses on the Properties as follows:

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

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

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

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

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

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

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

Sierra Blanca Agreement

The significant terms of the transaction to acquire the Sierra Blanca signed with New Dimension Guernsey Ltd. in October 2020 include the payment of US\$100,000 cash (paid) on signing and work commitments of US\$700,000. The transaction is being accounted for as an acquisition of an asset and the future work commitments are to be paid before the following dates

- 31 August 2021: \$100,000 (paid) (Year 1)
- 31 August 2022: \$200,000 (paid) (Year 2)
- 31 August 2023: \$400,000 (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\$392,000, the non-controlling interest at the time of acquisition, for total cash consideration of US\$200,000. If the work commitments in Year 2 and Year 3 are incurred, the Group will acquire an additional 29% interest. Expenditures may be incurred earlier than the work commitment dates.

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

At the time of acquisition, the Sierra Blanca project had no probable and proven resources. The project was not in production and there was no mine plan to place them into production. For these reasons, the acquisition was accounted for as an acquisition of assets and liabilities and not a business combination as defined under AASB3 and note 40.

Impairment for the year ended 31 December 2022 and 2021 relate to impairment on the exploration projects with no expected value.

22. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Carrying amount of interest in associates		
Carrying amount of interest in Ensign	60	628
Group's total carrying amount of interest in associates	60	628

22.1 Investment in Rawhide

During the year ended 31 December 2021, the Group recorded an impairment on its investment in Rawhide of US\$5,188,644 to reduce its carrying value to nil. During the year ended 31 December 2022, the Group advanced Rawhide US\$123,686. As the Group does not expect to recover this amount, the Group has recognised this amount in share of loss of associates in the consolidated statement of profit or loss and other comprehensive income.

22.2 Investment in Ensign

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Percentage ownership interest	11.91%	11.93%
Non-current assets	4,339	3,557
Current assets	722	5,428
Non-current liabilities	-	(6)
Current liabilities	(14)	(170)
Net assets (liabilities) (100%)	5,047	8,809
Group's share of net liabilities	601	1,051
Carrying amount of interest in associate	60	628

- During February 2021, the Group acquired 5,950,000 units (19.96%) of Ensign Gold Inc, a Canadian entity that changed its name to Ensign Minerals Inc. ("Ensign") on 21 July 2021. Ensign is currently assembling a 5,000-hectare land package on Carlin-type gold deposit geology in the state of Utah. Two of Ensign's five board members are board members of Austral. The Group paid C\$0.25 per Unit, for an aggregate purchase price of approximately US\$1,173,107 (C\$1,487,500). Each Unit consists of one Class A share (each, a "Share") in the capital of Ensign and one-half of one transferable share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional Share at an exercise price will C\$1.50 for a period of 36 months, subject to an acceleration provision that will accelerate expiration of the Warrants if the closing sale price for a Share on a public market exceeds C\$2.00 for 30 consecutive trading days. In addition, for a period of 12 months from the date of acquisition, Austral agreed to not acquire more than 19.99% of Ensign's shares without the prior written consent of Ensign.
- As two directors of Austral Gold are on Ensign's board of directors, the Group has determined that Austral has significant influence over Ensign and accounts for its investment in Ensign using the equity method of accounting.
- During July 2021, Ensign raised US\$7.4 million (C\$9.16 million) and during the remainder of the year issued additional shares which reduced the Group's interest to 11.91% as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

All figures are reported in thousands of US\$	For the 12 months ended 31 December 2022	For the period from 19 February 2021 to 31 December 2021
Revenue	-	-
(Loss) from continuing operations (100%)	(4,636)	(3,330)
Other comprehensive (loss) income (100%)	(122)	41
Total comprehensive (loss) (100%)	(4,758)	(3,289)
Group's share of total (loss) and comprehensive income*	(567)	(451)

*Weighted average of 11.92% and 13.73% ownership in Ensign Minerals during the twelve month period ended 31 December 2022 and 31 December 2021, prorated for the period 19 February 2021 to 31 December 2021, respectively.

23. TRADE AND OTHER PAYABLES

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Current		
Trade payables	8,655	4,346
Trade payables-supply chain financing arrangement	876	-
Accrued expenses	4,668	4,927
Royalty payable	376	485
Director fees	341	198
Other	774	307
Total current trade and other payables	15,690	10,263
Non-Current		
Other payables (note 21)	1,003	-

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 bank by factoring their receivable from the Group. Under the arrangement, a bank 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 8%-9% per annum to the bank 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 2022.

The payments to the bank 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 bank are considered non-cash transactions and amount to US\$854,382 plus accrued interest of US\$21,633 as at 31 December 2022.

24. EMPLOYEE ENTITLEMENTS

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Current		
Salaries and bonuses	3,009	3,075
Employee entitlements	1,044	1,149
Total employee entitlements	4,053	4,224
The current provision for employee entitlements includes all unconditional entitlements in accordance with the applicable legislation. The entire amount is presented as current, since the Group does not have an unconditional right to defer payment. The entire balance of employee benefits is expected to be settled within the next 12 months.		
Total employee salary, benefits and bonuses of the Group in the profit and loss statement was US\$14.2 million (2021-US\$14.9 million), including US\$9.3 million (2021-US\$10.7 million) in cost of sales and US\$4.9 million (2021-US\$4.2 million) in administration.		
Non-current		
Employee entitlements	35	9

NOTES TO THE FINANCIAL STATEMENTS

Retirement benefits

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

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

25. PROVISIONS

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Current		
Mine closure	10,924	9,136
Other	10	97
Closing balance	10,934	9,233
Movement in non-current provisions		
Opening balance	9,232	11,050
Additions	8	93
Increase/ (decrease) of provision for reclamation an rehabilitation	598	(898)
Exchange difference	676	(773)
Present value adjustment	420	(239)
Closing balance	10,934	9,233

Mine closure provision

Provision for rehabilitation work has been recognised in relation to estimated future expenditures including rehabilitating mine sites, dismantling operating facilities and restoring affected areas. These future cost estimates are discounted to their present value. The calculation of this provision requires assumptions such as application of environmental legislation, mine closure dates, available technologies and engineering cost estimates. The carrying amounts of the mine closure asset are disclosed in note 19.

As at 31 December 2022, the total restoration provision amounts to US\$7.2m (31 December 2021–US\$5.7m) for Guanaco/ Amancaya mine. The present value of the restoration provision was determined based on the following assumptions:

Undiscounted rehabilitation costs: US\$7.7m (31 December 2021– US\$ 7.7m); and

Discount period: 4 years (Discount period based on expected timing of restoration activities). Discount rate: 1.7% (2021- 4%)

As at 31 December 2022, the total restoration provision amounts to US\$3.8m (31 December 2021: US\$3.6m) for the Casposo mine. The present value of the restoration provision was determined based on the following assumptions:

Undiscounted rehabilitation costs: US\$3.9m; and Discount rate: 2.2% (2021–US\$4.2m and 11.24%)

26. LOANS AND BORROWINGS

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Current		
Loan facilities	7,382	5,338
Total current loans and borrowings	7,382	5,338
Non-current		
Loan facilities	1,264	415
Closing balance	1,264	415

Loan Facilities

At 31 December 2022, the current and non-current Loan facilities are to be repaid over 11 months and 48 months respectively at an annual average interest rate of 6.9% (2021–5.5%).

NOTES TO THE FINANCIAL STATEMENTS

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

	Loans	Leasing
Balance at 1 January 2021	2,077	6,321
Change from financing cash flows		
Proceeds from loans and borrowings	4,513	-
Repayments	(839)	(3,032)
Other changes		
New leases	-	1,474
Interest expense	143	244
Interest paid	(141)	(244)
Balance at 31 December 2021	5,753	4,763
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

Lender	Value (US\$)	Carrying value (US\$)	Interest rate (%)	Maturity date
BCI	62,097	63,292	6.92	20 January 2023
Santander Bank	1,000,000	1,018,990	6.05	8 March 2023
BCI	62,370	63,668	7.49	21 March 2023
Santander Bank	500,000	508,020	7.91	17 April 2023
Santander Bank	500,000	506,700	7.20	21 April 2023
BCI	77,000	78,909	6.97	24 April 2023
Santander Bank	250,000	252,753	7.64	02 May 2023
Santander Bank	250,000	252,865	7.34	03 May 2023
Santander Bank	500,000	505,624	7.64	05 May 2023
Santander Bank	3,600,000	415,120	5.54	19 June 2023
BCI	1,000,000	1,029,092	6.63	21 July 2023
BCI	500,000	512,645	6.95	17 August 2023
BCI	500,000	504,812	8.88	17 November 2023
BCI	500,000	502,495	6.19	27 November 2023
Santander Bank	3,500,000	2,430,556	4.27	25 January 2025
Total	12,801,467	8,645,541		

27. ISSUED CAPITAL

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Fully paid ordinary shares	109,114	109,114
Number of ordinary shares	612,311,353	612,311,353
Weighted average number of ordinary shares	612,311,353	600,584,618

NOTES TO THE FINANCIAL STATEMENTS

Movements in ordinary share capital	Number of ordinary shares	US\$000's
Balance at 31 December 2020	566,070,265	102,177
Share issuance pursuant to acquisition of Revelo	35,475,095	6,061
Share issuance to management	1,000,000	128
Exercise of options	9,765,993	774
Share issue costs pursuant to exercise of options	-	(26)
Balance at 31 December 2021	612,311,353	109,114
Balance at 31 December 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.

28. ACCUMULATED LOSSES

All figures are reported in thousands of US\$	For the year ended 31 December	
	2022	2021
Accumulated losses at beginning of year	(51,063)	(43,871)
Net (loss) for the year	(8,257)	(7,324)
Transfer from share option reserve	-	(321)
Transferred from profit reserve	-	453
Accumulated losses at end of year	(59,320)	(51,063)

29. RESERVES

All figures are reported in thousands of US\$	For the year ended 31 December	
	2022	2021
Foreign currency translation reserve		
Balance at beginning of year	251	320
Foreign exchange movements from translation of financial instruments to US dollars	(17)	(69)
Balance end of year	234	251
Share option reserve		
Balance at beginning of year	-	(209)
Unlisted options exercised	-	(108)
Unlisted options expired unexercised	-	(4)
Transfer to accumulated losses	-	321
Balance end of year	-	-
Business combination reserve		
Balance at beginning of year	(1,406)	(953)
Windup of Cachinalito Limitada	-	(453)
Balance end of year	(1,406)	(1,406)
Profit appropriation reserve		
Balance at beginning of year	14	3,804
Dividend paid	-	(3,790)
Balance end of year	14	14
Total reserves	(1,158)	(1,141)

Foreign Currency Translation Reserve

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

Business Combination Reserve

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

Share Option Reserve

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

NOTES TO THE FINANCIAL STATEMENTS

Profit appropriation Reserve

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

30. NON-CONTROLLING INTEREST

All figures are reported in thousands of US\$	For the year ended 31 December	
	2022	2021
Non-controlling interest in subsidiaries comprise		
Acquired as part of subsidiary	-	188
Non-controlling interest during the year	(9)	-
Balance end of the year	179	188
During November 2021, the Group completed the work commitment to acquire 51% of Sierra Blanca S.A as disclosed in note 21.		

30.1 Assets and liabilities assumed

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

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

31. FINANCIAL INSTRUMENTS

Financial risk management objectives

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

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

The Group holds the following financial instruments:

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Financial Assets		
Cash and cash equivalents	926	2,346
Trade and other receivables	3,326	2,872
Other financial assets	641	1,717
Financial liabilities		
Trade and other payables	16,693	10,263
Borrowings	8,646	5,753
Financial leases	2,836	4,763

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 2022, 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.

NOTES TO THE FINANCIAL STATEMENTS

USD	Average rate		Year-end spot rate	
	2022	2021	2022	2021
ARS	139.84	93.34	177.06	102.62
CLP	850.28	777.85	855.86	844.69
AUD	1.44	1.33	1.48	1.38
CDN	1.25	1.29	1.35	1.27

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Argentine peso, Chilean peso, Australian dollar, Canadian dollar and US dollar against all other currencies at 31 December 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 31 December 2022	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
ARS (70% movement)	688	(688)	688	(688)
CLP (10% movement)	(585)	585	(585)	585
AUD (5% movement)	-	-	-	-
CDN (2% movement)	-	-	-	-
31 December 2021	Strengthening	Weakening	Strengthening	Weakening
ARS (22% movement)	401	(401)	401	(401)
CLP (19% movement)	229	(229)	229	(229)
AUD (6% movement)	-	-	-	-
CDN (1% movement)	2	(2)	2	(2)

	Argentinian Peso (ARS)	Chilean Peso (CLP)	Australian Dollar (AUD)	Canadian Dollar (CAD)
Financial assets				
Cash and cash equivalents	75	17	10	24
Trade and other receivables	1,599	1,128	20	9
Other financial assets	23	-	-	590
Financial liabilities				
Trade and other payables	709	6,799	30	40
Borrowings	-	-	-	-
Financial leases	5	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

ii. Price Risk

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

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



Sensitivity to Changes in Commodity Prices (Gold and Silver)

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

All figures are reported in thousands of US\$	Effect on profit/(loss) For the year ended 31 December		Effect on equity For the year ended 31 December	
	2022	2021	2022	2021
10 % increase in gold and silver prices	4,971	6,439	4,971	6,439
10 % decrease in gold and silver prices	(4,971)	(6,439)	(4,971)	6,439

iii. Interest Rate Risk

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

a. Financial Market Risk

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

The group holds listed government bonds, and listed equity securities (note 4). These are classified as level 1 within the fair value hierarchy as per AASB 7 "Financial Instruments".

b. Credit Risk

The maximum exposure to credit risk at the reporting date to recognised financial assets, 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 are no significant concentrations of credit risk.

NOTES TO THE FINANCIAL STATEMENTS

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 2022					
Financial liabilities					
Trade and other payables	15,690	-	1,003	-	16,693
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	3,252	-	28,561
31 December 2021					
Financial liabilities					
Trade and other payables	10,263	-	-	-	10,263
Borrowings	4,960	434	422	-	5,816
Leasing	1,539	1,539	1,893	-	4,971
Total 31 December 2021 liabilities	16,762	1,973	2,315	-	21,050

32. DIVIDENDS

All figures are reported in thousands of US\$	For the year ended 31 December	
	2022	2021
Dividends paid	-	3,790

33. COMMITMENTS

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Operating leases not recognised as liabilities	-	-
Exploration commitment at the reporting date and recognised as liabilities (note 23)	1,003	-
Capital expenditure not recognized as liabilities		
Within one year	616	-
Two to five years	-	-
Total Capital expenditure not recognized as liabilities	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\$0.9m during the next year to maintain legal rights to all of its properties.

NOTES TO THE FINANCIAL STATEMENTS

34. SUBSIDIARIES

	Country of Incorporation	% owned as at 31 December	
		2022	2021
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	99.99	99.99
SCM Pampa Buenos Aires Ltda	Chile	99.99	99.99
Minera Celeste Chile Ltda	Chile	99.99	99.99
Minera Serena Chile Ltda	Chile	99.99	99.99
SMC Montezuma Ltda	Chile	99.99	99.99
Casposo Energías Renovables S.A.U.	Argentina	100.000	100.000
Austral Gold Argentina S.A.	Argentina	99.970	99.970
Sierra Blanca S.A.	Argentina	51.000	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	100.000
Casposo Argentina Limited	Canada	100.000	100.000
Revelo Resources Corp.	Canada	100.000	100.000
1388631 BC Ltd	Canada	100.000	100.000

35. ACQUISITION OF REVELO

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

At the time of acquisition, Revelo’s main assets were its exploration properties and 7,798,747 shares of Pampa Metals Corp “Pampa”. Based on the listed price of Pampa of approximately US\$0.351 (C\$0.45), the total shares were valued at US\$2,745,432. The projects held by Revelo were not in production and there were no plans to place them into production. For these reasons, the acquisition was accounted for as an acquisition of assets and liabilities and not a business combination as defined under AASB3.

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

35.1 Assets and liabilities assumed

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

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

NOTES TO THE FINANCIAL STATEMENTS

36. PARENT ENTITY INFORMATION

All figures are reported in thousands of US\$	As at 31 December	
	2022	2021
Current assets	334	1,008
Total assets	73,260	73,935
Current liabilities	13,515	12,893
Total liabilities	13,515	12,893
Net assets	59,745	61,042
Issued capital	109,114	109,114
Accumulated losses	(48,963)	(47,670)
Reserves	(406)	(402)
Total shareholders' equity	59,745	61,042
(Loss)/ profit for the year	(1,293)	3,452
Total comprehensive (loss)/income for the year	(1,296)	3,383
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	A*	A*
Details of any contingent liabilities of the parent entity	None	None
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment	None	None

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

37. RELATED PARTY TRANSACTIONS

37.1 KMP holdings of shares and share options at 31 December 2022

- Mr. Eduardo Elsztain holds 461,294,560 shares directly and indirectly in Austral Gold Limited. (31 December 2021 — 461,294,560 shares)
- Mr. Saul Zang holds 1,640,763 shares directly in Austral Gold Limited. (31 December 2021 — 1,640,763 shares)
- Mr. Pablo Vergara del Carril holds 68,119 shares directly in Austral Gold Limited. (31 December 2021 — 68,119)
- Mr. E. Elsztain and Mr. S. Zang are Directors of IFISA which holds 380,234,614 shares (31 December 2021 — 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 2021 — 38,859,957)
- Mr. Stabro Kasaneva holds 7,881,230 shares indirectly in Austral Gold Limited. (31 December 2021 — 7,881,230)
- Mr. Wayne Hubert holds 2,545,500 shares indirectly in Austral Gold Limited. (31 December 2021 — 2,545,500)
- Mr. Raul Guerra holds 801,000 shares directly in Austral Gold Limited. (31 December 2021 — 801,000)
- Mr. Rodrigo Ramirez holds 279,514 shares directly in Austral Gold Limited. (31 December 2021 — 279,514)
- Mr. Ben Jarvis holds 250,000 shares directly in Austral Gold Limited (31 December 2021 — 250,000)
- Mr. Jose Bordogna holds 126,495 shares directly in Austral Gold Limited. (31 December 2021 — 45,724)

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 thousands of US\$	For the year ended 31 December	
	2022	2021
Short-term employment benefit	2,444,080	2,267,188
Share based payment	-	127,710
Total	2,444,080	2,394,898

Other transactions with related parties

Chairman Wayne Hubert and Chief Executive Officer Stabro Kasaneva are related to Ensign as they are board members of Ensign. Mr. Hubert holds 1,964,865 common shares of Ensign and 395,000 stock options and Mr. Kasaneva holds nil shares of Ensign and 150,000 stock options.

Zang, Bergel & Viñes Abogados is a related party since one non-executive Director, Pablo Vergara del Carril has significant influence over this law firm based in Buenos Aires, Argentina. Fees charged and expenses reimbursed by the Group for the year ended 31 December 2022 amounted to US\$79,219 (2021: US\$112,458).

NOTES TO THE FINANCIAL STATEMENTS

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 2022 a total of US\$72,303 was charged to and reimbursed by the Company (2021: US\$68,071) in regard to IT services support, HR services, software licenses building/office expenses and other fees.

37.3 Ultimate parent entity

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

The ultimate beneficial owner of IFISA is Eduardo Elsztain.

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			
	2022	Expiry	2021	Expiry
Australia				
Tax losses	13,505	no-expiry	14,462	no-expiry
Capital losses	2,187	no-expiry	2,342	no-expiry

All figures are reported in thousands of US\$	As at 31 December			
	2022	Expiry	2021	Expiry
Canada				
Tax losses	5,123	2036-2043	5,232	2035-2042

All figures are reported in thousands of US\$	As at 31 December			
	2022	Expiry	2021	Expiry
USA				
Tax losses	5,405	no-expiry	5,405	no-expiry

All figures are reported in thousands of US\$	As at 31 December			
	2022	Expiry	2021	Expiry
Argentina				
Tax losses	2,524	2023-2027	2,840	2022-2026
Deferred tax assets	3,676	no-expiry	4,168	no-expiry

All figures are reported in thousands of US\$	As at 31 December			
	2022		2021	
Total				
Tax losses	26,557		27,941	
Capital losses	2,187		2,342	
Deferred tax assets	3,676		4,168	

39. SUBSEQUENT EVENTS

39.1 On 1 March 2023, the Group completed the sale of SCRN Properties Ltd., owner of the Pinguino property to E2 Metals as disclosed in note 18.

39.2 On 1 March 2023, the Group received a loan from two of its directors for an aggregate of US\$1M, The loans are due in six months and bear interest at an annual rate of 8% per annum.

NOTES TO THE FINANCIAL STATEMENTS

40. SIGNIFICANT ACCOUNTING POLICIES

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

Change in classification

During the year ended 31 December 2022, 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 2021 \$000's	Re-stated financial statement captions	31 December 2021 \$000's
Profit or loss and other comprehensive income			
Net finance income/(costs)	2,961	Finance income	3,199
		Finance costs	(238)
	2,961		2,961
Note 11 (C) – Deferred tax assets and liabilities			
Argentina		Argentina	
Accrual for mine closure	319	Accrual for mine closure	438
Tax carryforward losses	15	Tax carryforward losses	725
Property, plant and equipment	106	Property, plant and equipment	521
Other	36	Other	544
Allowance for tax carry forward losses and deferred tax assets	-	Allowance for tax carry forward losses and deferred tax assets	(1,752)
Other		Other	
Tax carryforward losses	9,951	Tax carryforward losses	7,628
Allowance for tax carry forward losses and deferred tax assets	(9,913)	Allowance for tax carry forward losses and deferred tax assets	(7,590)
	514		514
Note 33 - Commitments			
Exploration commitments at the reporting date and not recognised as liabilities		Exploration commitments at the reporting date and not recognised as liabilities	
Within one year	872	Within one year	-
Two to five years	3,488	Two to five years	-
	4,360		-
Note 38 – Unrecognised Deferred Tax Assets (Gross)			
Canada		Canada	
Tax losses	18,042	Tax losses	5,232
USA		USA	
Tax losses	3,974	Tax losses	5,405
Argentina		Argentina	
Tax losses	-	Tax losses	2,840
Deferred tax assets	-	Deferred tax assets	4,168
	24,358		17,645

NOTES TO THE FINANCIAL STATEMENTS

40.1	Basis of consolidation
40.2	Revenue recognition
40.3	Goods and services tax (GST)/ Value added tax (VAT)
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40.5	Mine properties
40.6	Exploration and evaluation expenditure
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40.8	Cash and cash equivalents
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40.10	Inventories
40.11	Trade and other receivables
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40.13	Interest bearing liabilities
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40.18	Contributed equity
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40.21	Employee leave benefits
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40.23	Share-based payment arrangements
40.24	Capital management
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40.26	New, revised or amending Accounting Standards and Interpretations adopted

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 34 to the financial statements. The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company using consistent accounting policies.

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

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

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

Business combinations

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

NOTES TO THE FINANCIAL STATEMENTS

40.2 Revenue Recognition

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

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

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

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.

Foreign currency

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

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 was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

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

40.5 Mine Properties

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

Amortisation

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

Deferred stripping costs

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

Capitalised stripping costs are disclosed as a component of Mine Properties. Components of an ore body are determined with reference to mine plans and take account of factors such as the geographical separation of mining locations and/or the economic status of mine development decisions. Capitalised stripping costs are initially measured at cost and represent an accumulation of costs directly incurred in performing the stripping activity that improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs. The amount of stripping costs deferred is based on a relevant production measure which uses a ratio obtained by dividing the tonnage of waste mined by the quantity of ore mined for an identified component of the ore body. Stripping costs incurred in the period for an identified component of the ore body are deferred to the extent that the current period ratio exceeds the expected waste to ratio for the life of the identified component of the ore body. Such deferred costs are then charged against the

NOTES TO THE FINANCIAL STATEMENTS

statement of profit or loss when the stripping ratio falls below the mine ratio. These are a function of the mine design and therefore any changes to the design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact on reserves may also have an impact on the component ratio even though they may not impact the mine design. Changes to the mine plan, identified components of an ore body, stripping ratios, units of production and expected useful life are accounted for prospectively. Deferred stripping costs form part of the total investment in a cash generating unit, which is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

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 one of the following conditions is met:

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

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

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

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

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

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

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

De-recognition and disposal

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

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:

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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 to sell or value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate.

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

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

NOTES TO THE FINANCIAL STATEMENTS

40.17 De-recognition of financial assets and financial liabilities

Financial assets

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

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

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

Financial liabilities

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

40.18 Contributed equity

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

40.19 Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

40.20 Borrowing costs

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

40.21 Employee leave benefits/Short-term employee benefits

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

Long service leave

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

Superannuation

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

NOTES TO THE FINANCIAL STATEMENTS

40.22 Segment reporting

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

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

40.23 Share-based payment arrangements

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

40.24 Capital management

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

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

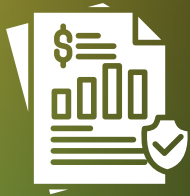
40.25 Assets held for sale

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.

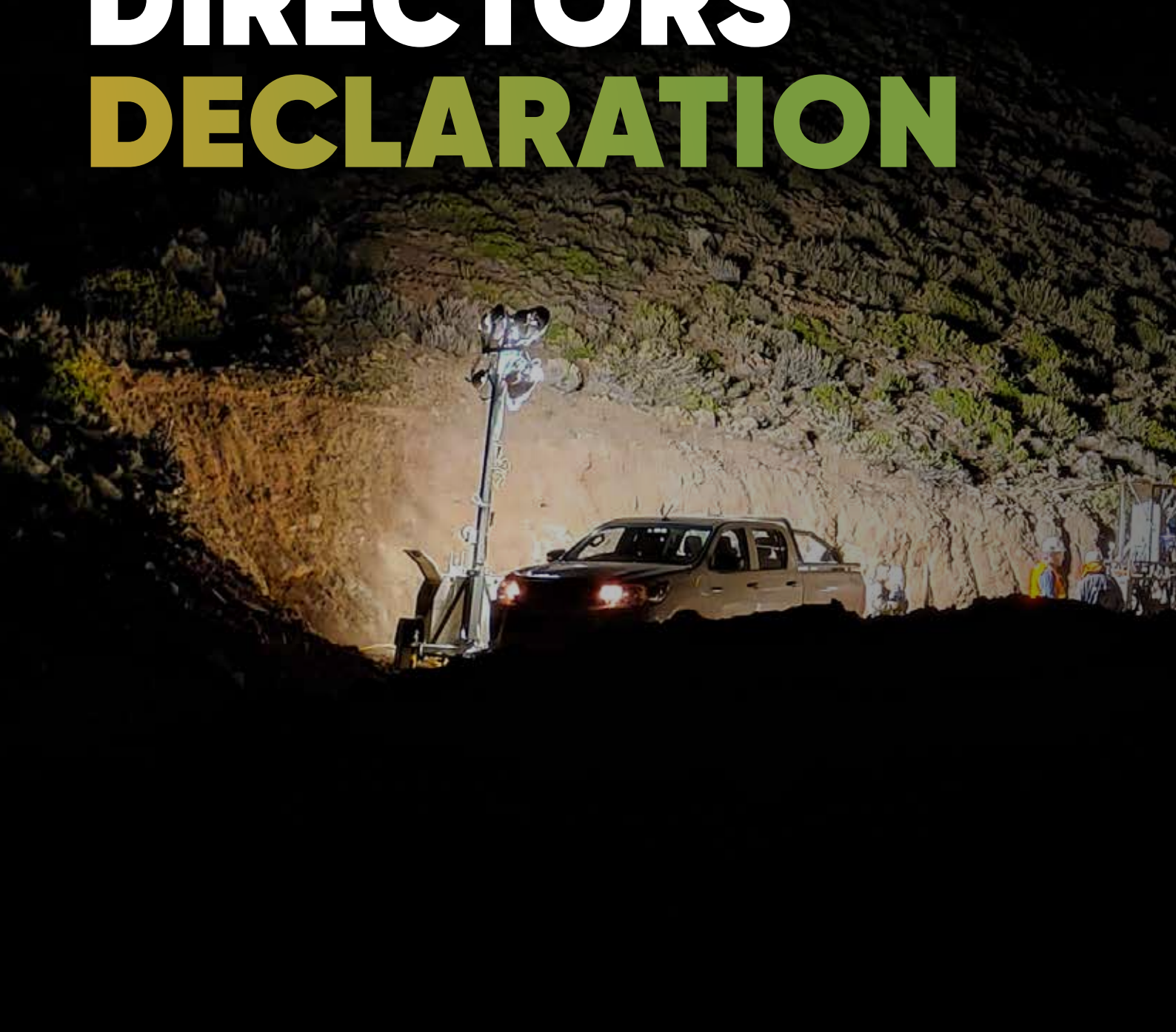
Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated 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.

40.26 New, revised or amending Accounting Standards and interpretations adopted

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



DIRECTORS' DECLARATION



IN THE DIRECTORS' OPINION:

1. the attached consolidated financial statements and notes thereto comply with the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. the attached consolidated financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the consolidated financial statements;
3. the attached consolidated financial statements and notes thereto give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the 12 months ended on that date; and
4. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed on behalf of the Directors by:



Robert Trzebski
Director
Sydney
30 March 2023



INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the shareholders of Austral Gold Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the **Group's** financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Statement of financial position as at 31 December 2022
- Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

Basis for opinion

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

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

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

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Material uncertainty related to going concern

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

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

- Analysing the cash flow projections by:
 - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group’s intentions, and past results and practices;
 - Assessing the planned levels of operating cash inflows and outflows, including capital expenditures, for feasibility, timing, consistency of relationships and trends to the Group’s historical results, particularly in light of recent loss making operations, results since year end, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant non-routine forecast cash inflows and outflows for feasibility, quantum and timing. We used our knowledge of the client, its industry and current status of those initiatives to assess the level of associated uncertainty.
- Reading correspondence with existing and potential financiers to understand the financing options available to the Group, and assess the level of associated uncertainty resulting from renegotiation of existing debt facilities, and negotiation of additional/revised funding arrangements;
- Reading Directors minutes and relevant correspondence with the Group’s advisors to understand the Group’s ability to raise additional shareholder funds, and assess the level of associated uncertainty;
- Evaluating the Group’s going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group’s plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principle matters giving rise to the material uncertainty.



Key Audit Matters

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

- Carrying value of Guanaco/Amancaya mine assets and plant and equipment
- Carrying value of exploration and evaluation assets

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

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

Carrying value of Guanaco/Amancaya mine assets and plant & equipment (US\$42 million)

Refer to Notes 19 "Mine properties" and 20 "Property, plant and equipment" to the Financial Report

The key audit matter

The Group's Guanaco/Amancaya mine properties and plant & equipment are a significant portion (43%) of the Group's total assets. The recoverable value of the Guanaco/Amancaya cash generating unit (CGU) is based on the Group's fair value less costs of disposal model for the CGU, and this is a key audit matter due to:

- the high level of judgement used in evaluating key assumptions applied by the Group in the Guanaco/Amancaya CGU model, which are affected by expected future operating performance and market conditions, including:
 - level of resources and reserves capable of being produced economically, as reported in the Group's external expert Reserve Report
 - forecast costs of developing areas of interest and producing silver and gold;
 - future production costs, volumes, and timing; and
 - specific discount rate applied in the model.

These forward-looking assumptions necessitate additional scrutiny by us due to:

- the inherent uncertainties in auditing these assumptions which are forward looking and not based on observable data;

How the matter was addressed in our audit

Our procedures included:

- testing the design and implementation of the management review control associated with the approval of the fair value less costs of disposal model used to assess the recoverable amount of the Group's Guanaco/Amancaya CGU;
- evaluating the fair value less costs of disposal methodology used by the Group for consistency with the requirements of the Accounting Standards;
- working with our valuations specialists we critically evaluated the Group's key assumptions used to determine the recoverable amount of the Guanaco/Amancaya CGU. The assumptions evaluated are those relating to commodity prices, production costs and discount rate based on our knowledge of the industry, publicly available data of comparable entities and published forecast price expectations of industry commentators;
- working with our valuations specialists we considered the sensitivity of the Guanaco/Amancaya CGU model by varying key assumptions. The assumptions considered include, commodity prices, production costs and discount rate within a reasonably possible range to identify those assumptions at higher

<ul style="list-style-type: none"> the consistency of application of assumptions and the fluctuations in forecast silver and gold (commodity) pricing increasing the risk of inaccurate forecasting; and the sensitivity of assumptions in the Group's Guanaco/Amancaya CGU model such as commodity prices, production costs and discount rate, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application. 	<p>risk of impairment, inconsistency in application and to focus our further procedures;</p> <ul style="list-style-type: none"> checking the forecast cost of developing areas of interest and producing silver and gold, future productions volumes and timing to those within the Group's Reserves Report, Board approved plans and budgets. We assessed these against our understanding of the business, and industry trends; assessing the level of resources and reserves capable of being produced economically by examining mine closure plans and the Group's Reserve Report with the Group's key operational and finance personnel; assessing the historical accuracy of budgeting and forecasting by the Group to inform our evaluation of forecasts incorporated in the Guanaco/Amancaya CGU model; evaluating the scope, competence, and objectivity of the Group's external expert engaged and assess the completeness and accuracy of the key assumptions used by the external expert. Working with our valuation specialist, this involved challenging the key assumptions and assessing the framework applied based on our understanding of the business and industry and the procedures the expert performed; This is to assist the Group prepare the Group's Reserve Report as utilised within the Guanaco/Amancaya CGU model and, assessing the financial report disclosures based on our understanding obtained from our testing and the requirements of the accounting standards.
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Carrying value of exploration and evaluation assets (US\$27.2 million)	
Refer to Note 21 "Exploration and evaluation expenditure" to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Exploration and evaluation expenditure capitalised ('E&E') is a key audit matter due to:</p> <ul style="list-style-type: none"> the significant of the balance (28%) of the 	<p>Our procedures included:</p> <ul style="list-style-type: none"> evaluating the Group's accounting policy to recognise E&E assets using the criteria in the

<p>Group's total assets;</p> <ul style="list-style-type: none"> the greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 Exploration for and Evaluation of Mineral Resources in particular the conditions allowing capitalisation of relevant expenditure and presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E, therefore given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed. <p>In assessing the conditions allowing capitalisation of relevant expenditure, we focus on:</p> <ul style="list-style-type: none"> the determination of the areas of interest (areas); documentation available regarding the rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the Group's intention and capacity to continue the relevant E&E activities; and the Group's determination of whether the E&E assets are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale. <p>In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for the areas of interest where significant capitalised E&E assets exist.</p> <p>In addition to the assessments above, and given the financial position of the Group, we paid particular attention to:</p> <ul style="list-style-type: none"> the impact of changes in gold and silver prices to the Group's strategy and intentions; and the ability of the Group to fund the continuation of activities. 	<p>accounting standard;</p> <ul style="list-style-type: none"> testing the design and implementation of the management review control associated with the approval of the impairment assessment used to assess the carrying value of the E&E assets; evaluating the Group's determination of areas of interest for consistency with the definition in the accounting standard based on the Group's planned work programs and results of exploration activity of each area of interest; for each area of interest, we assessed the Group's current rights tenure by examining the ownership of the relevant license to government registries and agreements in place with other parties. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses; testing the Group's additions to E&E assets for the period by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard; evaluating Group documents, such as minutes of director's meetings and ASX market announcements, for consistency with the Group's stated intentions for continuing E&E activities in certain areas. We corroborated this through interviews with key operational and finance personnel; analysing the Group's determination of recoupment through successful development and exploration of the area by evaluating the Group's documentation of planned future work programs and project and corporate budgets for a sample of areas; assessing the impact of changes in the gold and silver prices to the Group's modelling underlying their decision for commercial continuation of activities; and obtaining project and corporate budgets identifying areas with existing funding and those requiring alternate funding sources. We compared this for consistency with areas of E&E activities, for evidence of the ability to
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	fund continued activities. We identified those areas relying on alternate funding sources and evaluated the capacity of the Group to secure such funding.
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Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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



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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Austral Gold Limited for the year ended 31 December 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 53 to 58 of the Directors' report for the year ended 31 December 2022.

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

KPMG

KPMG

Jessica Dillon

Partner

Sydney

30 March 2023



ADDITIONAL INFORMATION

Forward Looking Statements

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

CORPORATE GOVERNANCE STATEMENT

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

STATEMENT OF ISSUED CAPITAL

As at 28 February 2023 the total issued capital of Austral Gold Limited was 612,311,353 ordinary shares. 547,604,352 shares were quoted on the Australian Securities Exchange under the code AGD. The only shares of the Company on issue are fully paid ordinary shares. None of these shares are restricted securities or securities subject to voluntary escrow within the meaning of the Listing Rules of the Australian Securities Exchange. 63,707,001 shares were quoted on the Toronto Venture Exchange under the code AGLD. There are no restrictions on the voting rights attached to the fully paid ordinary shares. On a show of hands, every member present in person, by proxy, by attorney or by representative shall have one vote. On a poll, every member present in person, by proxy, by attorney or by representative shall have one vote for every share held.

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

As at 28 February 2023

Size of Holding	Holders	Shares held	% of issued capital
1 - 100	379	15,928	0.00%
101 - 1,000	579	291,198	0.05%
1,001 - 5,000	543	1,499,954	0.24%
5,001 - 10,000	247	36,694,563	5.99%
10,001 - 50,000	298	7,108,286	1.16%
50,001 - 100,000	99	7,349,945	1.20%
>100,000	139	559,351,478	91.35%
	2,284	612,311,353	100%

SUBSTANTIAL SHAREHOLDERS

The Company has been notified of the following substantial shareholdings as at 28 February 2023:

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

TWENTY LARGEST SHAREHOLDERS

Rank	Name	No. of shares	% of issued capital
1	EDUARDO SERGIO ELSZTAIN	461,294,560	75.34%
2	MICHAEL D WINN	15,502,212	2.53%
3	EMX ROYALTY CORPORATION	9,381,770	1.53%
4	HSBC CUSTODY NOMINEES	9,244,452	1.51%
5	STABRO KASANEVA	7,881,230	1.29%
6	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	7,034,241	1.15%
7	CITICORP NOMINEES PTY LIMITED	4,700,774	0.77%
8	WAYNE HUBERT	2,545,500	0.42%
9	MRS ANNA VORONTSOVA	2,312,594	0.38%
10	HEPHAESTUS CONSULTING SERVICES	1,760,308	0.29%
11	SAUL ZANG	1,640,763	0.27%
12	ASOCIACION ISRAELITA ARGENTINA	1,158,265	0.19%
13	MR POH SENG TAN	1,100,000	0.18%
14	FUSION ELECTRICS (AUST) PTY	1,000,000	0.16%
15	MS LEANNE MARION HUNTER	1,000,000	0.16%
16	MRS NICOLA PAULINE COURT	900,000	0.15%
17	MR PHILIP BOMFORD	850,000	0.14%
18	MR DEAN MICHAEL MATHEWS	843,800	0.14%
19	TAYLOR FAMILY INVESTMENTS PTY	800,000	0.13%
20	NATIONAL NOMINEES LIMITED	712,386	0.12%
	Total	531,662,855	86.83%
	Other	80,648,498	13.17%
	Total Shares on issue	612,311,353	100%

*Beneficial holdings







