Unique Value Proposition for
Gold Production, **Exploration**
and **Investments** in the Americas

2023

Annual Report for the year ended 31 December 2023

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

Jose Bordogna
Chief Financial Officer

Raul Guerra*
Former Vice President of Exploration

DIRECTORS

Eduardo Elsztain
Chair & Non-Executive Director

Wayne Hubert**
Former Chair & 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

REGISTERED OFFICE

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Web: www.australgold.com

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Melbourne VIC 3001
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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
OTC Bulletin Board
OTCQB: AGLDF

PLACE OF INCORPORATION:

Western Australia

*resigned effective 31 January 2023
**retired effective 30 May 2023

VALUE PROPOSITION

GOLD PRODUCTION

Profitable operations delivering positive cash flow since 2012.

Installed production capacity with two agitation and heap leaching plants in Argentina and Chile.

GOLD EXPLORATION

Targeting high and low sulfidation epithermal gold and silver deposits in a high-quality land portfolio.

Strategically located in well-known gold mineral endowments in the Americas.

MINING INVESTMENTS

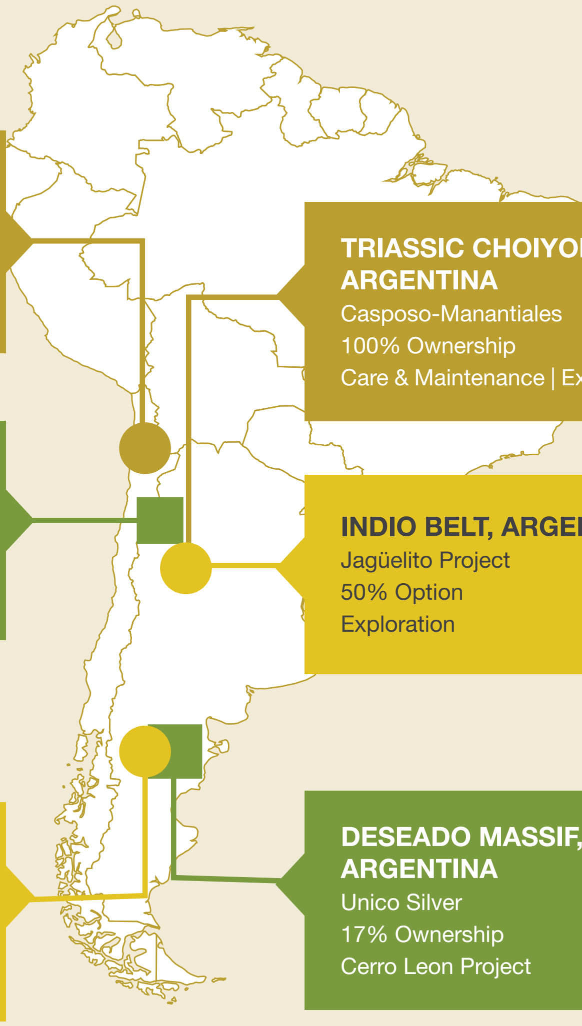
Expanding exposure through equity investments in public and private mining companies.

Seeking strategic alliances with other mining companies to leverage and accelerate growth.

Unique Exposure to Gold Production, Exploration, and Investments in the Americas

MINING PORTFOLIO
Located in rich mineral endowments

South America



PALEOCENE BELT, CHILE
Guanaco/Amancaya Mines
100% Ownership
Production | Exploration

TRIASSIC CHOIYOI BELT, ARGENTINA
Casposo-Manantiales
100% Ownership
Care & Maintenance | Exploration

MIOCENE BELT, ARGENTINA
Pampa Metals
3% Ownership
Piuquenes Project

INDIO BELT, ARGENTINA
Jagüelito Project
50% Option
Exploration

DESEADO MASSIF, ARGENTINA
Sierra Blanca Project
51% Ownership
Exploration

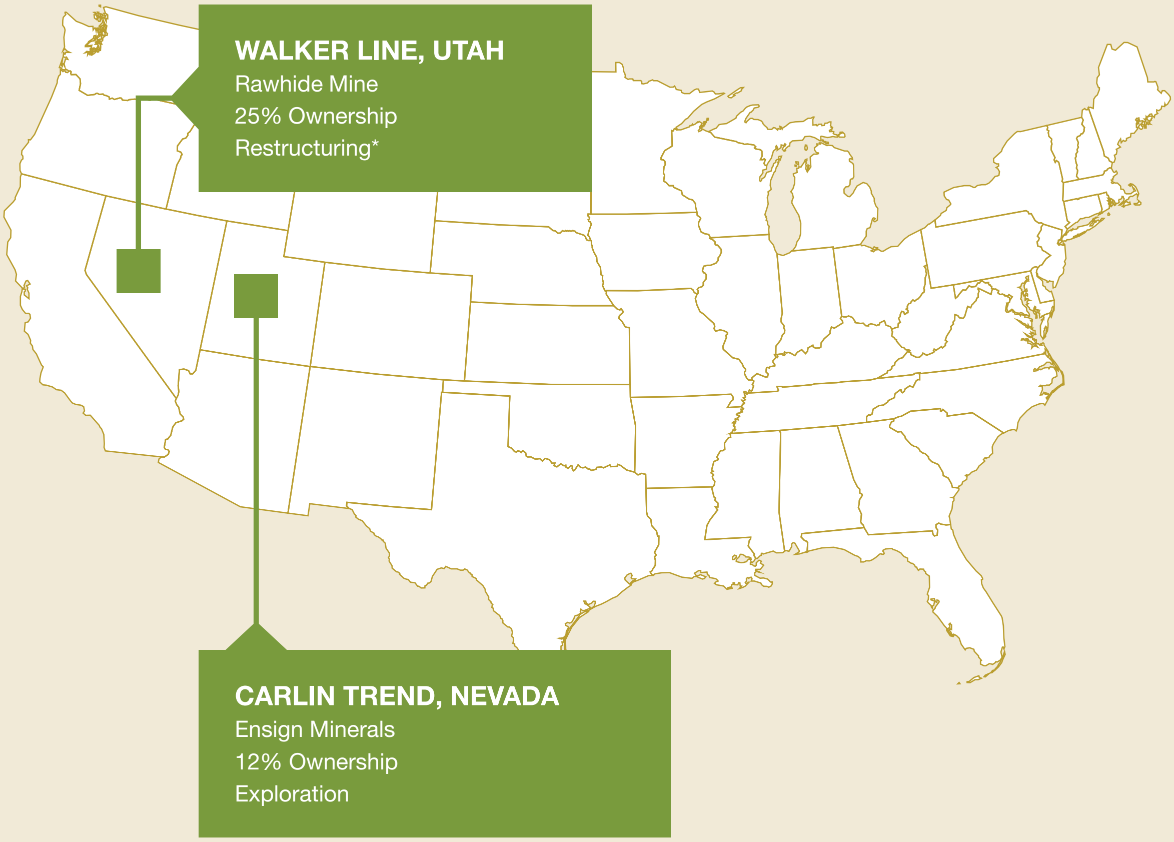
DESEADO MASSIF, ARGENTINA
Unico Silver
17% Ownership
Cerro Leon Project

Operations

Exploration

Equity investments

United States



Equity investments

* On 20 December 2023 (the " Petition Date ") Rawhide Mining LLC filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

LETTER FROM NON-EXECUTIVE CHAIR

ON BEHALF OF THE BOARD OF DIRECTORS OF AUSTRAL GOLD LIMITED ("AUSTRAL" OR THE "COMPANY"), I AM PLEASED TO PRESENT OUR ANNUAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023 ("FY23").

This report outlines our efforts to generate value for stakeholders and highlights advancements in our three strategic pillars: **Production, Exploration, and Equity Investments**. Our commitment to the well-being of our employees and communities, coupled with the promotion of the highest health, safety, and environmental standards underpins all our activities.

In FY23, we continued to make significant capital investments in our flagship project, **Guanaco/Amancaya** in Chile. We transitioned to the new **Heap Reprocessing Project (the Heaps Project)**, and conducted drilling campaigns at our key assets in Argentina. These assets include: the **Casposo/Manantiales Mine Complex** and the advanced exploration project, **Jaguelito**, where we have an option to acquire 50%.

These actions reflect our commitment to advancing our value proposition of maintaining sustainable mining operations to support exploration activities and organic growth. The completion of the Heaps Project construction, despite delays communicated to our stakeholders over the past 12 months, marks a crucial milestone, confirming the extended life of the project until **2033**(1).

Production: During FY23, **Guanaco/Amancaya** delivered total production of **24,879 gold-equivalent ounces (GEOs)** at an adjusted gross profit of US$6,557 thousand and a 13.7% margin (excluding depreciation and amortization). Production was lower than our initial 2023 guidance of **34,000-38,000 GEOs** as we initially projected the Heaps Project to contribute 7,000 to 9,000 GEOs during the second half of 2023, but 2023 production from the Heaps Project was **496 GEOs**, primarily due to operational issues, including technical challenges in the implementation and ramp-up of operations. The Company is actively addressing these issues and expects to resolve them in early 2024.

Exploration: On the exploration front, we successfully completed two drilling campaigns, covering a total of over 8,000 meters between **Casposo/Manantiales** and **Jaguelito** in the province of San Juan, Argentina. These campaigns yielded positive results, opening further opportunities for continued exploration in these areas. Specifically, we are working towards obtaining a new independent **Mineral Resource Estimate (MRE)** for the Casposo/Manantiales project as part of our strategic plan to restart operations there.

Equity Investments: In FY23, our **Equity Investments** pillar also played a crucial role in the sale of SCRN Properties Ltd, owner of the **Pingüino Project**, to **ASX Listed Unico Silver Limited ("Unico")**. Total consideration for this strategic transaction was approximately **US$10 million**, comprising **US$5 million** in cash, shares, and options of Unico. As a result of in this sale, we hold a ~**17%** interest as of **31 December 2023**, allowing us to benefit from any potential increase in the value of **Unico Silver**. Additionally, we retained options to buy back a 2% **NSR Royalties** over the Project.

Outlook for FY24: Looking ahead to **FY24**, we project total production of **26,000 to 28,000 GEOs**, with approximately **80%** to be sourced from the **Heaps Project**. Our operational plan involves integrating **agitation leaching** and **heap leaching** processes, utilising material from the Heaps, as well as remaining ore and stocks from our **Amancaya** and **Guanaco** mines. Our technical team anticipates improved profitability margins and enhanced cash flow generation, with projected average **Cash Costs (C1)** ranging from **US$1,300-US$1,450 per GEO**, and **All-in-Sustaining Costs (AISC)** in the range US$1,300-US$2,283 and an annual average of US$1,533 per GEO. We expect that 2024 production, combined with favorable gold and silver prices, will improve our liquidity ratios by increasing internal cash generation and gradually reducing the Company's debt to our supportive lenders and vendors. The decrease in projected AISC primarily results from expected lower sustaining capital expenditure needs, as production is forecast to be primarily sourced from the **Heaps Project** rather than the underground mines.

The fundamental strength of gold and silver prices, supported by expectations of a decrease in interest rates and sustained government deficit spending, **remain positive factors for our business in 2024 and the long term**.

We are proud that 2024 will be our 14th consecutive year of production at Guanaco, which commenced in late 2010. During this period, we have produced over half a million gold ounces. As we look ahead to the next year, our primary focus will continue to be on production and exploiting additional value-added opportunities. Specifically, we are committed to restarting operations at the Casposo-Manantiales mine complex in Argentina. Our dedicated technical team is diligently exploring various scenarios to drive this initiative forward.

Finally, we express our gratitude to our shareholders for their unwavering support, our employees, contractors, communities, and Board members for their contributions throughout the year. We also acknowledge the retirement of former Executive Chair, Wayne Hubert, in FY23, and commend him for his significant and lasting impact on the Company.

Yours sincerely,

EDUARDO ELSZTAIN
Non-Executive Chair

(1) see notes to mineral resources & ore reserves statement on page 23

KEY PRINCIPLES

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

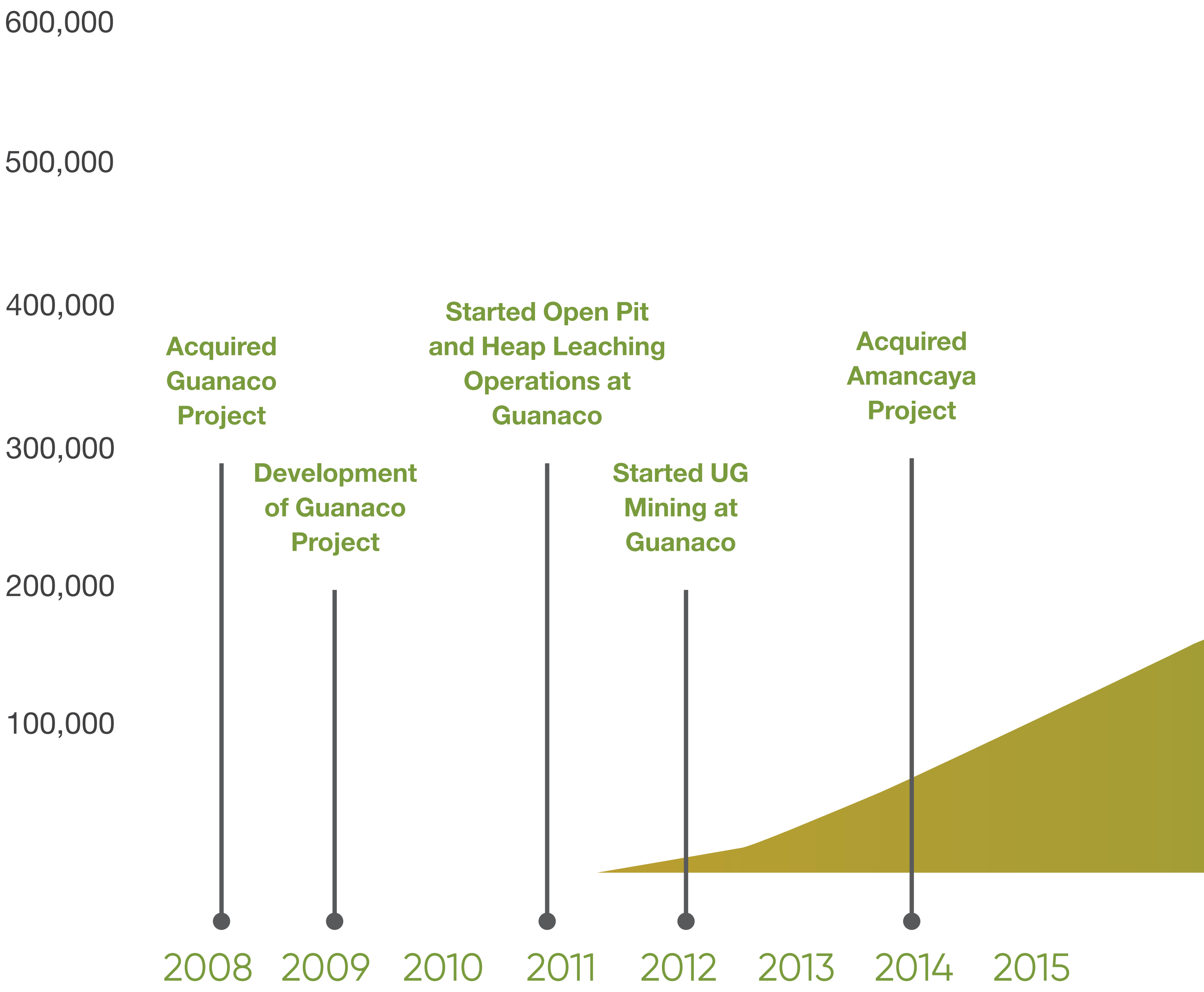
Be the preferred partner for commu- nities, governments and companies to operate and explore precious metal proj- ects in the Americas

MAXIMISE VALUE CREATION FOR STAKEHOLDERS

PATHWAY TO AN ESTABLISHED GOLD PRODUCER

+ 10 Years | + 500,000 gold ounces produced

CONSISTENT JOURNEY DELIVERING PRODUCTION



* See notes to the mineral resources & ore reserves statement on page 22

2016 — Acquired Casposo Mine and re-started operations

2017 — Constructed Agitation Leaching Plant at the Guanaco-Amancaya Cluster

2018 — Started Mining at Amancaya

2019 — Placed Casposo on Care & Maintenance

2020 — Acquired Exploration Rights of Manantiales Property adjacent to Casposo

2021 — Launched Drilling Program at Casposo-Manantiales with the strategic objective to restart operations

2022 — Extended Gua-naco-Amancaya LOM to 2033 (10 Years) *

2023 — Completed Construction of the Heap Reprocessing project at Guanaco-Amancaya

CASH FLOW FROM OPERATIONS INVESTED IN GROWTH

STRONG M&A TRACK-RECORD

2013

15% Private Placement in **Goldrock Mines**

20% Private Placement in **Argentex Mining**

2014

Acquisition of **Amancaya Project** from Yamana Gold

Acquisition of **U/G mining contractor**

Purchase of **Kinross NPI Royalty** on Guanaco

2016

51% Acquisition of **Casposo Mine** from Troy Resources

Friendly takeover of Argentex Mining

Secondary listing of Austral on the TSXV

Sold interest in **Goldrock Mines**

2017

Acquisition of two Projects from **Revelo Resources** (stock transaction)

Additional 19% Acquisition of Casposo Mine

2019

Acquisition of remaining interest in Casposo Mine

22% Private Placement in **Rawhide mine** (Nevada, US)

2020

Earn-in Agreement to acquire up to 100% of the **Sierra Blanca** project adjacent to Pinguino

2021

Friendly takeover of **Revelo Resources** (stock and cash transaction)

~20% Private Placement in **Ensign Minerals** (Utah, US)

2022

Agreement to enter into a JV with Mexplort to explore projects in the Indio Belt (San Juan province, Argentina) plus an earn-in agreement to acquire 50% of the **Jaguelito Project**

2023

Completed the sale of **SCRN Properties** (owner of Pinguino) to ASX listed Unico Silver Limited for approx. US$10M comprising cash, shares and options

MINERAL RESERVES AND RESOURCES

TABLE 1: SUMMARY OF MINERAL RESERVES

31 December 2023

	Tonnes	Grade		Contained Metal	
Classification	(000 t)	(g/t Au)	(g/t Ag)	(000 oz Au)	(000 oz Ag)
Guanaco and Amancaya Mines					
Underground					
Proven	2	2.81	5.32	0	0
Probable	3	4.26	8.34	0	1
P + P	**5**	**3.74**	**7.27**	**0**	**1**
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	10,082	0.67	3.15	217	1,022
Probable	-	-	-	-	-
P + P	**10,082**	**0.67**	**3.15**	**217**	**1,022**
Total					
Total Proven	**10,084**	**0.67**	**3.15**	**217**	**1,022**
Total Probable	**1,611**	**1.06**	**14.38**	**55**	**745**
Total P + P	**11,694**	**0.72**	**4.70**	**272**	**1,767**

See notes to Mineral Reserves on page 22.

TABLE 2: SUMMARY OF MINERAL RESOURCES

31 December 2023

	Tonnes	Grade		Contained Metal	
Classification	(000 t)	(g/t Au)	(g/t Ag)	(000 oz Au)	(000 oz Ag)
Guanaco and Amancaya Mines					
Underground					
Measured	586	2.66	12.69	50	239
Indicated	947	2.60	17.06	79	520
M + I	**1,533**	**2.62**	**15.39**	**129**	**759**
Inferred	**350**	**4.15**	**8.25**	**47**	**93**
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	11,259	0.67	3.09	242	1,118
Indicated	-	-	-	-	-
M + I	**11,259**	**0.67**	**3.09**	**242**	**1,118**
Inferred	**1,907**	**0.55**	**2.64**	**34**	**162**
Total					
Total Measured	**11,845**	**0.77**	**3.56**	**292**	**1,357**
Total Indicated	**2,630**	**1.61**	**15.35**	**136**	**1,298**
Total M + I	**14,474**	**0.92**	**5.70**	**428**	**2,655**
Total Inferred	**2,331**	**1.10**	**3.79**	**82**	**284**

See notes to Mineral Resources on page 22.

TABLE 3: 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 Mines					
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 22.

TABLE 4: 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 Mines					
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**

Notes to Mineral Reserves:

1. Mineral Reserves follow CIM (2014) definitions and are compliant with the JORC Code.
2. 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.
3. Mineral Reserves are estimated using an average long term gold price of US$1,700/oz and silver price of US$22/oz.
4. Amancaya AuEq was calculated as AuEq = Au + 0.0110 x 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.
5. 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).
6. Metallurgical recovery is 93% for gold and 79% for silver.
7. Bulk density is 2.5 t/m3.
8. 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.
9. 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.
10. Metallurgical recoveries for Heaps I, II, and II are 54%, 70%, and 46% for gold respectively.
11. 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.
12. Numbers may not add due to rounding.

Notes to Mineral Resources:

1. Mineral Resources followed CIM (2014) definitions and are compliant with the JORC Code.
2. Mineral Resources are reported on a 100% ownership basis.
3. Mineral Resources are inclusive of Mineral Reserves.
4. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
5. 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.
6. 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.
7. Gold equivalency (AuEq) was calculated as follows:
   - Guanaco: AuEq = Au + 0.0106 x 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 x 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 x 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.
8. 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 II, respectively.
9. A minimum mining width of 1.5 m is used for resource underground shapes for the Amancaya and Guanaco mines.
10. 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.
11. 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 and 2023. 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 Constantino Mendiz, a Competent Person (CP 497) who is a registered member of the Comision Calificadora de Competencias en Recursos y Reservas Mineras. Constantino Mendiz is a consultant 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 under- taken 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'. Constantino Mendiz 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 2023

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

PRINCIPAL ACTIVITIES

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

Completed construction and started production at the Heap Reprocessing project that is expected to provide production to 2033 (commenced Q4 2023)

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

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

Completed the sale of SCRN Properties, owner of the Pinguino advanced exploration project to ASX listed Unico Silver Limited ("Unico") for total consideration of approximately US$10 million

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

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

Mr. Eduardo Elsztain was appointed as the new non-Executive Chair of the Company after Mr. Wayne Hubert retired as a director at the Group's 2023 AGM

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

SAFETY AND ENVIRONMENTAL PROTECTION

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.

SAFETY

During the year ended 31 December 2023, there were six lost-time accidents (LTA's) and 12 nil-lost-time accidents (NLTA) involving employees of Guanaco/Amancaya and third party contractors.

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 socioeconomic 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, and 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.

The Casposo/Manantiales Mine Complex's Environmental Impact Assessment (EIA) was submitted in 2007, reviewed by a multidisciplinary commission, and approved in 2009. Casposo received the ISO 14001 certification for its Environmental Management Plan in 2012.

REVIEW OF RESULTS OF OPERATIONS

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

KEY OPERATIONAL INDICATORS

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

(1) (AuEq) ratio is calculated at: 83.8:1 Ag:Au for FY23 and 81.9:1 Ag:Au for FY22
(2) The cash cost (C1) includes: Mine, Plant, On-Site G&A, Smelting, Refining, and Royalties (excludes Corporate G&A). It is the cost of production per gold equivalent ounce.
(3) The All-in Sustaining Cost (AISC) includes: C1, Sustaining Capex, Brownfield Exploration, and Mine Closure Amortisation
(4) Reported as US$1,735 in the 2022 annual report

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

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

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

KEY FINANCIAL RESULTS

Thousands of US$	Year ended 31 December	
	2023	2022
Revenue	47,729	49,710
Gross profit	546	2,566
Gross profit %	1.1%	5.2%
Adjusted gross profit (excluding depreciation and amortisation)	6,557	10,237
Adjusted gross profit % (excluding depreciation and amortisation)	13.7%	20.6%
Adjusted earnings	4,192	2,807
Adjusted earnings per share (basic and fully diluted)	0.007c	0.005c
Loss before income tax	(7,951)	(9,581)
Loss attributed to shareholders	(7,229)	(8,257)
Loss attributed to non-controlling interests	(14)	(9)
Loss per share (Basic)	(1.18)c	(1.35)c
Loss earnings per share (diluted)	(1.18)c	(1.35)c
Comprehensive loss	(7,242)	(8,283)

Note: Adjusted earnings and basic adjusted earnings per share are non-IFRS measures that the Company considers to better reflect normalized earnings as it eliminates items that in management's judgment are subject to volatility as a result of factors which are unrelated to operations in the period, and readers are cautioned that Adjusted earnings may not be comparable to similar measures presented by other companies. Further, readers are cautioned that Adjusted Earnings should not replace profit or loss or cash flows from operating, investing and financing activities (as determined in accordance with IFRS), as an indicator of the Company's performance.

ADJUSTED EARNINGS

Thousands of US$	Year ended 31 December	
	2023	2022
Loss before tax	(7,951)	(9,581)
Depreciation and amortisation(1)	6,048	7,778
Other (income)(2)		
Gain on sale of subsidiary	(1,964)	-
Gain on sale of financial assets and revaluation of Ensign securities	(1,033)	-
Equipment rental	(222)	(298)
Other(3)	(634)	(1,395)
Other expenses(4)		
Impairment loss exploration and evaluation assets	3,981	926
Care and maintenance	2,415	2,068
Loss on fair value of financial assets	992	968
Rawhide financial option and due diligence expenses	617	-
Other	519	589
Finance income(5)		
Interest income	(140)	(4)
Other	(174)	-
Finance costs(6)		
Interest expense	1,395	660
Present value adjustment to mine closure provision	138	420
Present value adjustment to GST/VAT receivable	145	-
Share of loss of associates	60	676
Adjusted Earnings	**4,192**	**2,807(7)**

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

Thousands of US$	Year ended 31 December	
	2023	2022
Cash & cash equivalents	1,039	926
Current assets	17,135	22,305
Non-current assets	87,149	75,012
Current liabilities	40,820	29,820
Non-current liabilities	21,891	18,682
Net assets	41,573	48,815
Net current liabilities	(23,685)	(7,515)
Current loans and borrowings	13,540	7,382
Non-current loans and borrowings	2,568	1,264
Current lease liabilities	1,169	1,925
Non-current lease liabilities	1,143	911
Combined debt (borrowings and financial leases)	18,420	11,482
Combined net debt (net of cash & cash equivalents)	17,381	10,556
Current ratio (1)	0.42	0.75
Total liabilities to net assets	1.51	0.99

(1) Current Assets divided by Current Liabilities

OPERATING AND FINANCIAL RESULTS OF THE GROUP

During FY23, the Group realised a loss before and after income tax of US$7,951 thousand (FY22: $9,581 thousand) and US$7,243 thousand (FY22:US$8,266 thousand), respectively.

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

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

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

i. Decrease in FY23 administration costs by US$2,259 thousand to US$6,145 thousand (FY22:US$8,404 thousand) mainly due to decreases in staff costs, consulting and professional fees and business, property and other taxes.

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

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

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

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

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

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

v. Decrease in finance costs by US$244 thousand to US$1,678 thousand (FY22: US$1,922 thousand) was primarily due to a loss from foreign exchange of US$842 thousand incurred in FY22. This loss was partially offset by a US$764 thousand increase in interest expense to US$1,216 thousand. The interest expense rose due to an increase in the average interest rate from 6.9% to 9.6% on higher borrowings in FY23.

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

HEAP REPROCESSING PROJECT

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

FINANCIAL POSITION

The Group held cash and cash equivalents of US$1,039 thousand at 31 December 2023 (2022: US$926 thousand) or US$2,581 thousand (2022: US$2,593 thousand) when combined with the fair value of 742 unsold and unrefined gold equivalent ounces in inventory of US$1,542 thousand (2022: 918 unrefined gold equivalent ounces with a fair value of US$1,667 thousand). Cash and cash equivalents at 31 December 2023 is net of a US$222 thousand bank overdraft and includes US$591 thousand of cash advanced from a private placement of convertible notes which closed the first tranche on 15 February 2024. The second tranche of US$409 thousand, which had a deadline of 15 March 2024 was not completed.

Trade and other receivables (current and non-current) increased by US$157 thousand to US$3,483 thousand at 31 December 2023 (31 December 2022:US$3,326 thousand). The increase was mainly due to the discounted value of two remaining installments totaling US$1,631 thousand (undiscounted US$1,750 thousand) due from Unico over the next two years on the sale of SCRN Properties Ltd. on 1 March 2023. Additionally, GST/VAT receivable decreased mainly due to the impact of the decrease in the value of the Argentinean peso on GST/VAT receivable in the country.

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

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

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

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

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

At 31 December 2023, the Group had net current liabilities of US$23,685 thousand (31 December 2022: US$7,515 thousand). The increase from 31 December 2022 was mainly due to a decrease in gross profit on sales that led to lower cash generation and an increase in trade and other payables and short-term borrowings. The Group expects its net current liability position to improve in FY24 mainly due to an increase in production at higher margins as most of the production is forecasted from the Heaps.

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

Net assets decreased by US$7,242 thousand from 31 December 2022 to US$41,573 thousand at 31 December 2023 (31 December 2022: US$48,815 thousand) following the net loss of the year.

CASH FLOW

Net cash provided from operating activities before and after changes in working capital were US$2,475 thousand and US$7,927 thousand during FY23 (FY22:US$2,571 thousand and US$10,953 thousand). The decrease was primarily due to lower gross profit margins, partially offset by working capital changes in FY23 as explained above.

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

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

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

- Net cash of US$4,020 thousand received from the net receipt of, loans, borrowings, interest and financial leases including US$4,550 thousand of loans from related parties (FY22: net repayments of US$778 thousand);US$591 thousand received from the US$1 million convertible note financing announced on 10 October 2023. As the financing has not closed as of 31 December 2023, US$591 thousand was recorded as a current liability. The financing was partially closed as explained above.

LIQUIDITY

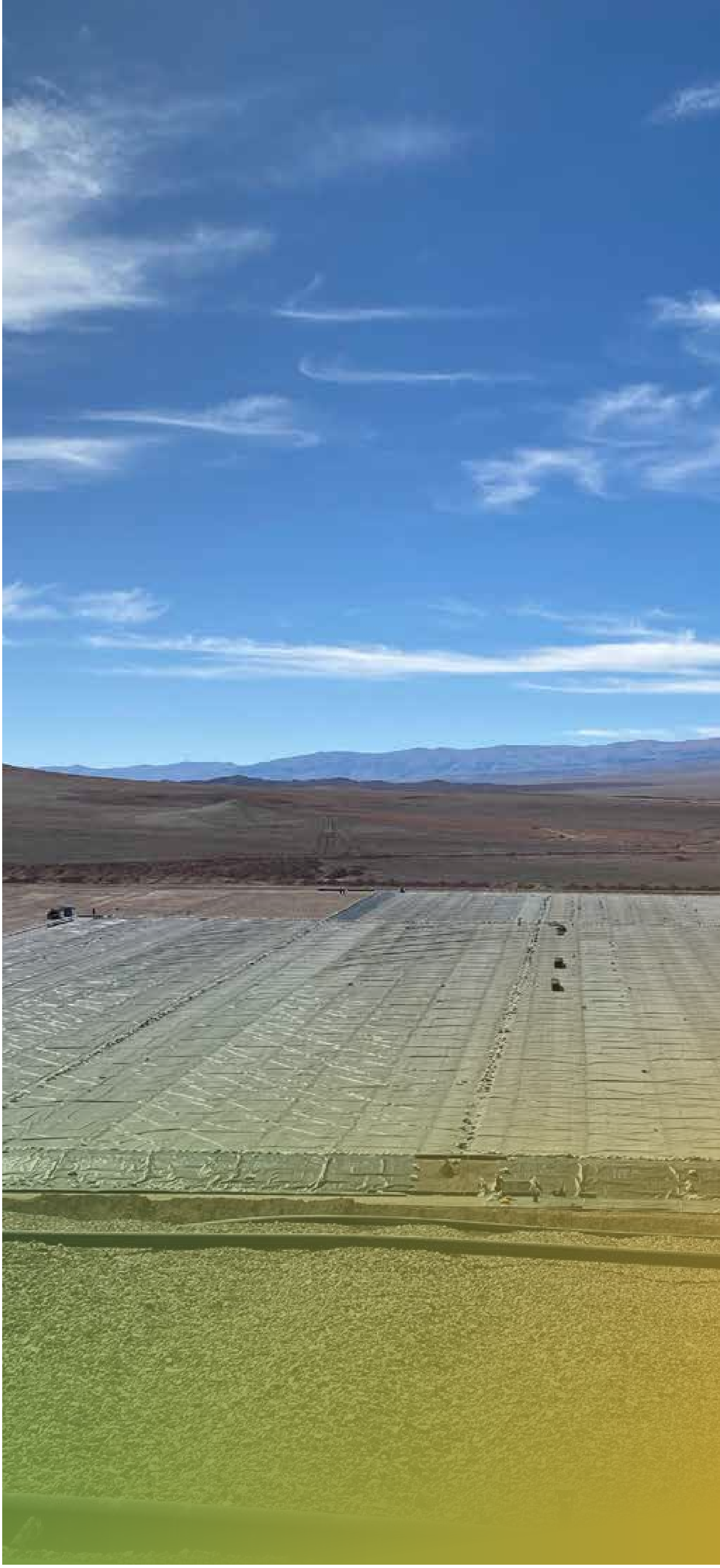
Guidance

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

2024 Cash costs are estimated to be between US$1,250-US$2,101 per GEO with all in sustaining costs (AISC) in the range US$1,300-US$2,283 and an annual average of US$1,533 per GEO.

Access to capital

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



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 creating 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

EDUARDO ELSZTAIN
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, with shopping centers, premium office buildings, five-star hotels and residential developments. He also serves as Chairman of Cresud (NASDAQ:CRESY, BASE: CRES) 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.
Re-appointed Chair 30 May 2023

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), and Cresud (NASDAQ: CRESY, BASE: CRES)

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 non-executive director of Aguia Resources Limited (ASX:AGR) and Freehill Mining Limited (ASX:FHS) and he was a non-executive director of QX Resources Limited (ASX:QXR) until his resignation effective 27 October 2023. 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 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), 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 the Director International Business of Austmine Ltd. As a fellow of the Australian Institute of Mining and Metallurgy, Dr. Trzebski also acts as the Competent Person (CP) for the Company's announcements.

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

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

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 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.

Mr. Bordogna is a non-executive director of Unico Silver Limited (ASX: USL)

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. Chelsea Sheridan is a named Company Secretary at Automic who manages a portfolio of ASX listed companies, across a wide range of industries. Chelsea has a diploma in Business Administration, and an affiliate of the Governance Institute of Australia (GIA).

Corporate secretary since 31 August 2022

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	
Director	A	B	A	B
Pablo Vergara del Carril	3	3	3	3
Robert Trzebski	3	3	3	3
Wayne Hubert	2	2	N/A	N/A
Eduardo Elsztain	3	3	N/A	N/A
Saul Zang	3	3	N/A	N/A
Stabro Kasaneva	3	3	N/A	N/A
Ben Jarvis	3	3	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 30 May 2023, 83.93% 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 Senior Executive KMP, are denominated in the local currency of the jurisdiction in which the Senior Executive KMP are employed.

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 Chair 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 except for statutory superannuation for Australian KMP, including directors.

Total KMP remuneration was US$1,616,011 in FY23 (US$2,444,080 in FY22). Senior Executives KMP have not received any cash bonus performance payments which they are entitled to for FY23 and FY22, except for the VP of Exploration who resigned in 2022 effective 31 January 2023. These bonus payments will not be made until after the CEO and Board have seen an improvement in the Company's financial situation.

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

The Directors of the Group:

- Eduardo Elsztain Non-Executive Chair
- Wayne Hubert Executive Chair (retired effective 30 May 2023)
- 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

Other Executive KMP of the Group:

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

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 by the Board of Directors and CEO accordingly 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 Senior Executive KMP in the "31 December 2023" 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 2019	12 months ended 30 June 2020	12 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2023
Sales Revenue (US$'000)	102,209	88,223	64,390	49,710	47,729
Profit/(loss) before tax (US$'000)	9,508	14,335	(4,686)	(9,581)	(7,951)
Basic EPS (US cents per share)	0.97	1.36	(1.20)	(1.35)	(1.18)
Diluted EPS (US cents per share)	0.93	1.34	(1.20)	(1.35)	(1.18)
Share price (cents AUD/CDN)	9.0/8.5	21.0/22.0	8.5/8.0	3.9/3.5	2.9/3.0
Dividend (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 Senior Executive KMP of the Group during the financial year were:

Twelve month period ended 31 December 2023

	Primary			Post-employment		Share-based		Total
	Cash and accrued Salary and Fees US$	Accrued Cash Bonus US$[1]	Non-monetary benefits US$[4]	Super-annuation US$	Retirement/ Termination benefits US$	Equity settled Shares US$	Options US$	US$
Directors								
Non-executive directors								
E Elsztain	100,000	-	-	-	-	-	-	100,000
S Zang	50,000	-	-	-	-	-	-	50,000
R Trzebski	45,147	-	4,298	4,853	-	-	-	54,298
B Jarvis	45,147	-	-	4,853	-	-	-	50,000
P Vergara del Carril	50,000	-	-	-	-	-	-	50,000
Total non-executive director remuneration	**290,294**	**-**	**4,298**	**9,706**	**-**	**-**	**-**	**304,298**
Executive Director								
W Hubert	-	-	-	-	-	-	-	-
S Kasaneva	387,500	93,001	7,656	-	-	-	-	488,157
Total Director remuneration	**677,794**	**93,001**	**11,954**	**9,706**	**-**	**-**	**-**	**792,455**
Other Key Executives								
R. Ramirez	311,281	75,197	3,889	-	-	-	-	390,367
R. Guerra[3]	34,002	11,859	623	-	71,762	-	-	118,246
J. Bordogna	220,971	57,784	18,512	17,676	-	-	-	314,943
Total other executive remuneration	**566,254**	**144,840**	**23,024**	**17,676**	**71,762**	**-**	**-**	**823,556**
Total director and executive officer remuneration	**1,244,048**	**237,841**	**34,978**	**27,382**	**71,762**	**-**	**-**	**1,616,011**

1 The 2023 accrued cash bonuses were paid only to the VP of Exploration as part of his resignation agreement. No accrued cash bonus was paid to the other Senior Executive KMP as of the date of this report.
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 received his 2022 bonus, a 2023 bonus of US$11,859, an exit bonus of US$71,762 and US$10,081 of vacation owed. The amount was paid in six equal monthly installments in Chilean pesos commencing February 2023 and ending July 2023.
4 Non-monetary benefits include annual leave, health and benefit premiums, professional membership dues and parking.

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**	**-**	**-**		**1,278,245**
Total director and executive officer remuneration	**1,472,144**	**893,671**	**56,782**	**21,483**	**-**	**-**	**-**	**2,444,080**

1 The 2022 accrued cash bonus was only paid to the VP of Exploration as part of his resignation agreement in 2023. No accrued cash bonus was paid to the rest of the Senior Executive KMP as of the date of this report.
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. The amount is to be paid in six equal monthly installments in Chilean pesos commencing February 2023 and ending July 2023 net of assets purchased of US3,108.
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.

Contractual Arrangement with Executive KMP during 2023

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	1 month	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	1 month	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
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	One month salary per year of employment
Wayne Hubert Executive Chair	Open	Not defined	Consulting fees of US$12,000 per month*	None	N/A	None

- Upon his retirement on 30 May 2023, Mr. Hubert advised that he would not take any fees for 2023.

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 2023	December 2022	December 2023	December 2022	December 2023	December 2022
Executive Directors						
Stabro Kasaneva	81%	47%	19%	53%	0%	0%
Executive Officers						
Rodrigo Ramirez	81%	48%	19%	52%	0%	0%
Raul Guerra	29%	63%	71%	37%	N/A	0%
Jose Bordogna	82%	54%	18%	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 2023	Granted as remuneration	Market purchases	Number of ordinary shares at time of retirement/ resignation	Balance at 31 December 2023
Wayne Hubert	2,545,500	-	-	2,545,500	N/A
Eduardo Elsztain	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	-	350,000		600,000
Stabro Kasaneva	7,881,230	-	-		7,881,230
Raul Guerra	801,000	-	-	801,000	N/A
Rodrigo Ramirez	279,514	-	-	-	279,514
Jose Bordogna	126,495	-	-	-	126,495
Total	474,887,181	-	350,000	3,346,500	471,890,681

Other transactions with KMP

Chief Executive Officer Stabro Kasaneva is related to Ensign as he is a board member of Ensign. 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 2023 amounted to US$80,922 (2022: US$79,219).

IRSA Inversiones y Representaciones S.A. and Consultores Asset Management S.A. are related parties as they are controlled by Non-executive Director and Chair, Eduardo Elsztain. During the year ended 31 December 2023 a total of US$61,975 was charged to the Company (2022: US$72,303) in regard to IT services support, HR services, software licenses, building/office expenses and other fees.

As disclosed in note 28 to the financial statements, during 2023, Inversiones Financieras Del Sur SA, the Company's major shareholder controlled by Board Chair Eduardo Elsztain, provided loans totaling US$2,555,000, Eduardo Elsztain provided loans totaling US$1,700,000 and director Saul Zang provided loans totaling US$300,000.

This concludes the remuneration report, which has been audited.

Principal activities

The principal activities of the Group during FY23 were:

- Production of 24,879 gold equivalent ounces at the Group's Guanaco/ Amancaya mine complex;
- Completed construction of the Heap Reprocessing project that is expected to provide production to 2033 (commenced Q4 2023)
- Reported final assay results from the 6,585 meter drilling campaign at Casposo-Manantiales, supporting the Company objective to commence mining operations
- Actively pursued new discoveries with exploration activity undertaken at the Company's high-quality land portfolio including over 4,000 meters of drilling at the Jaguelito Project in Argentina
- Completed the sale of SCRN Properties, owner of the Pingüino advanced exploration project to ASX listed Unico Silver Limited ("Unico") for total consideration of approximately US$10 million
- Executed a definitive agreement with TSXV listed Colossus Resources to sell Austral's Chilean Calvario and Mirador copper projects, to become their largest shareholder with a 19.9% interest
- Secured related party loans totaling approximately US$4.3 million in principal from the Company's major shareholder and a Company under his control
- Mr. Eduardo Elsztain was appointed as the new non-Executive Chair of the Company after Mr. Wayne Hubert retired as a director at the Group's AGM.
- There were no other significant changes in our principal activities during the year.

Objectives

The group's objectives for 2024 are to:

- Meet or exceed our production forecast of 26,000-28,000 gold equivalent ounces
- Increase profitability margins to strengthen the Company's cash flow generation and reduction of debt, and
- Conduct the required activities to restart a profitable mining operation at the Casposo-Manantiales mine complex

Events subsequent to reporting date

On 1 March 2024, the Group executed a loan agreement for up to US$2,200,000 from a company related to two of its directors and the Company received US$1,000,000 on 5 March 2024.

In addition, the loan maturity dates of the loans held by Inversiones Financieras del Sur S.A., Eduardo Elsztain and Saul Zang aggregating principal of US$4,555 thousands were extended to 30 September 2024 (note 28).

On 15 February 2024, the Company issued 919,158 non-transferable unsecured convertible notes valued at US$591 thousand immediately following the execution by the investor and the Company of an amendment agreement to allow for closing the private placement in two tranches. There will be no further tranches under the agreement as the second tranche was not closed by the due date of 15 March 2024 (note 25.2).

During January and February 2024, a total of US$2,500 thousand in pre-export facilities were renewed with Santander Bank for an additional 6 months at an average interest rate of 9.36% per annum as three 6-month pre-export facilities were renewed as follows: US$1,000 thousand at 9.12%, US$500 thousand at 9.32%, and US$500 thousand at 9.75% and US$500 thousand at 9.60% (note 28).

Likely developments

The Group will continue to pursue its objectives for 2024.

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.

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 12 to the financial statements. There were no non-audit services provided by KPMG in 2023 (2022: 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 12 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 2023 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 future years are based on the achievement of its 2024 objectives described on page 46.

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
28 March 2024

MINE COMPLEXES

Background

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

Guanaco and Amancaya

OVERVIEW

The Guanaco and Amancaya mine complex remains 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.

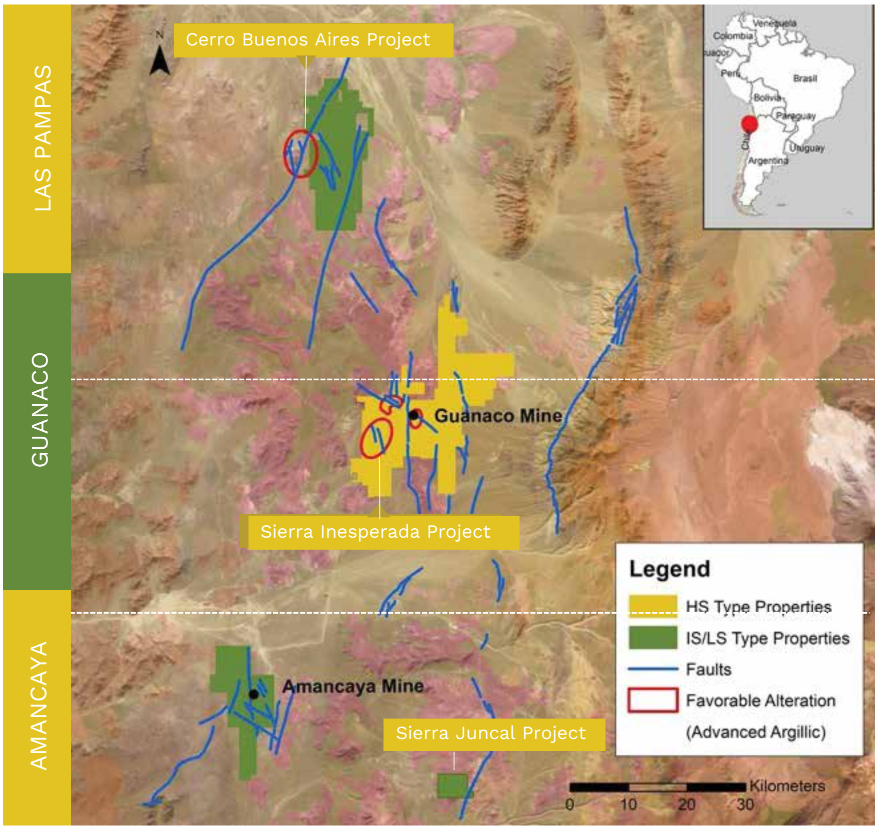
In July 2014, the Company acquired the Amancaya Project ('Amancaya') from Yamana Gold Inc (TSX:YRI | NYSE:AUY) which is located approximately 60km south-west of the Guanaco mine. Amancaya is a low sulfidation epithermal gold-silver deposit consisting of eight mining exploration concessions covering 1,755 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 under- ground operations at Guanaco started in 2018. The Amancaya ore is delivered to the Guanaco plant for processing.

On 25 March 2022, the technical report[1] was updated, revealing an extended mine life at Guanaco/ Amancaya that could sustain 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 over the subsequent seven to eight years through heap processing.

(1) see notes to the mineral resources & ore reserves statement on page 23

In 2023, the Company completed the construction of the Heap Reprocessing Project at the Guanaco mine site, which is expected to be the main source of mineral production at Guanaco/ Amancaya in the following years.



PALEOCENE BELT

Austral Gold controls an extensive portfolio of +50,000 hectares of mining properties.

Chile's Paleocene Belt hosts major gold and silver deposits and porphyry copper mines.

GUANACO & AMANCAYA MINE COMPLEX

1

Strategic location (220km from Antofagasta, Chile) with + 50K hectares of mining property

2

Guanaco, high-sulphidation epithermal deposit, and Amancaya a low sulphidation epithermal deposit, both hosted in the Paleocene/Eocene Belt

3

- 1,500 tpd milling circuit to agitation leaching and Merrill-Crowe processing plant
- +3,000 tpd crushing, heap leaching, and CC circuit processing plant

4

Austral Gold historical production of + 500K gold-equivalent ounces since 2010

Casposo Manantiales

OVERVIEW

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-Argentine 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%.

The Manantiales project is located immediately to the west and adjacent to Casposo. Exploration rights and an option for exploitation were granted by the Instituto Provincial de Exploraciones y Explotaciones Mineras de la Provincia de San Juan (IPEEM) in 2019.

The Casposo Mine was placed on care and maintenance during the June 2019 quarter and exploration activities that commenced during the December 2019 quarter have been ongoing with the goal of recommencing processing operations. Since then, Austral has incurred approximately US$6,500 thousand on exploration activities.

During 2023, Austral engaged a third-party consultant to prepare a Mineral Resource Estimate (MRE) for Casposo and Manantiales, including Manantiales, Mercado, B-Vein, and Julieta Veins. The report is expected to be completed during Q2 2024.

CASPOSO MANANTIALES MINE COMPLEX

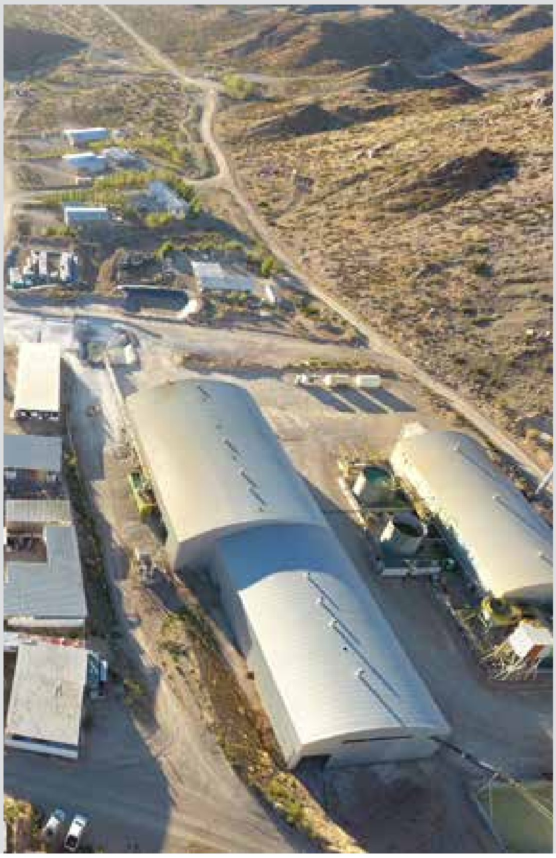
1. On Care & Maintenance since 2019 with the strategic objective to restart operations

2. 1,300 tpd crushing circuit to agitation leach and Merril-Crowe processing plant

3. Historical 2010-2019 production of 530K gold-equivalent ounces

4. Camp facilities 21km from mine site

5. +70K hectares of land plus mining property



EXPLORATION

Three 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;
- 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

Exploration in Argentina

A total of 4,265 metres of diamond drilling ("DD") was conducted across 15 DD holes in the Manantiales and Cerro Amarillo areas, as announced on 30 January 2023.

CASPOSO-MANANTIALES PROJECT, ARGENTINA

During FY23, the Group completed the drilling campaign that started in FY22. A total of 4,265 metres of diamond drilling ("DD") was conducted across 15 DD holes in the Manantiales and Cerro Amarillo areas, as disclosed on 30 January 2023.

The focus of the drilling program was to follow up on the results achieved in previous drilling campaigns at the Manantiales vein, as disclosed in the 27 July 2022 and 26 October 2021 announcements. The drilling at the Manantiales vein intercepted some high gold grades at the top and bottom of the central ore-shoot, indicating possible continuity at depth. The two best holes confirmed the continuity of mineralisation in the central ore-shoot and opened up potential upside at depth.

Drill hole MDH-022-68 appears to confirm shallow mineralisation and provides continuity to the previously reported drill hole MDH-022-64. Additionally, drill hole MDH-022-72 intercepted gold high-grade, further confirming the continuity of mineralisation in the central ore-shoot and opening up potential upside at depth. The best assay results received in Q1 2023 were:

MDH-22-72: 6.10 m @ 11.77 gpt gold and 10.0 gpt silver (incl. 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 (incl. 1.30 m @ 12.93 gpt gold and 22.30 gpt silver)

Manantiales District

In FY23, we completed the geological model for the Manantiales vein, and the Company hired an external consulting firm to assist with the next steps for the Casposo-Manantiales project.

At the Cerro Amarillo area, two holes were drilled to validate new structural controls in the Awada and La Puerta areas. Favorable alteration was intercepted, but with discrete gold anomalies.

Casposo District

In FY23, a thorough analysis was conducted at the Julieta vein to differentiate the textural, mineralogical, and structural arrangements of the main structure from secondary ones. The Julieta vein predominantly consists of a breccia vein composed of quartz + carbonate, often found alongside polymictic and monomictic breccias. Banded vein pulses are infrequent in the main structure. The Company plans to perform an assessment of the continuity of these structures at the Julieta vein.

At the Mercado vein, the historical database was validated, and the main stratigraphic units, intrusive bodies, and mineralisation were verified in the field. An updated geological model was completed and peer-reviewed, incorporating the interpretation of 16 cross sections, a longitudinal section, a surface map, and 2450 and 2400 level plans. In all the analysed sections, the Mercado vein is continuous except for an interruption in the junction zone with the MV1 vein and post-mineral faulting in the SE sector. Within the 350 meters of vein extension, two irregular mineralised ore shoots are formed.

During Q4 2023, the Company initiated geological modelling of the southeastern extensions of the Inca and B-vein veins. The block, named Kamila SE, exhibits minimal mineralisation and appears structurally complex, influenced by abundant post-mineral andesitic dykes. The highest grades seem to be associated with the unexploited sectors of Inca 2B and Inca 3.

In the second half of the year, the Company evaluated third-party opportunities to utilise the processing plant at the Casposo-Manantiales mine complex. This evaluation process is expected to continue into 2024. Additionally, a third-party consultant was engaged to prepare a Mineral Resource Estimate (MRE) for the Manantiales and Casposo Districts, covering Manantiales, Mercado, B-Vein, and Julieta Veins. The report is anticipated to be completed in Q2 2024.

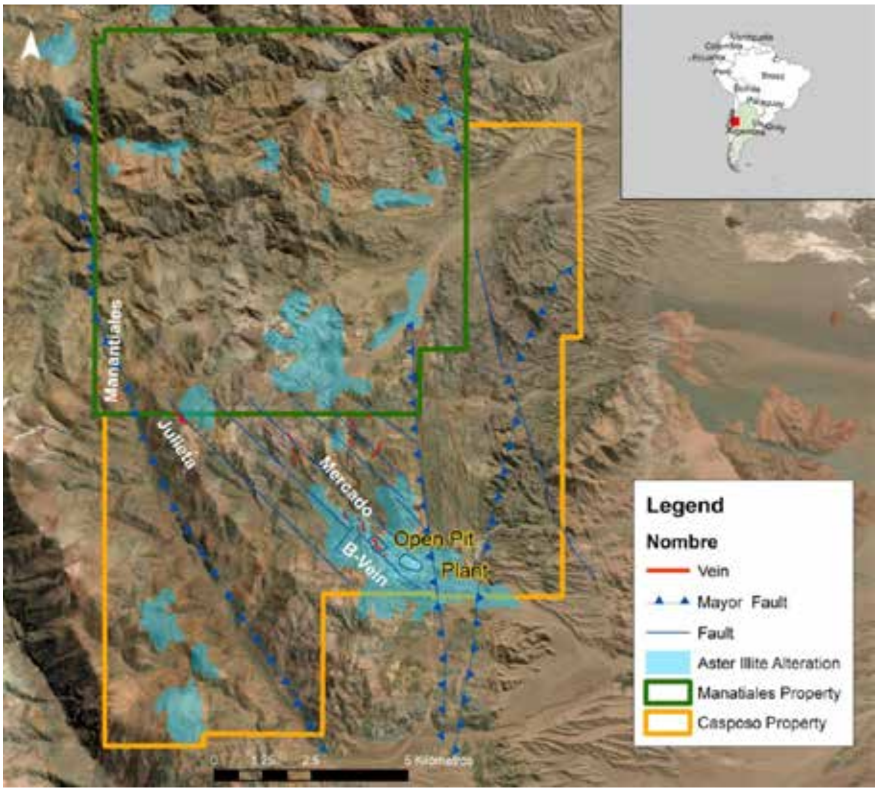


Figure: Casposo-Manantiales District, Argentina

Casposo-Manantiales Project

Our presence in the Triassic Choiyoi Belt is in the Casposo District, located on the eastern edge of the Cordillera Frontal (Calingasta Department), about 170 km NW of the city of San Juan

JAGUELITO PROJECT, ARGENTINA

(Option agreement)

As announced on 2 December 2022, a 5,000-metre drilling campaign commenced at the Jaguelito project in the San Juan Province of Argentina as part of the first stage of the option agreement with Mexplort Perforaciones Mineras SA (Mexplort) to acquire 50% of the mining rights for the project (the Option Agreement).

During FY 2023, the Company drilled 4,331 meters of DDH at the Jaguelito Project in Argentina, which is part of the 5,000-meter program committed under the 2022 option agreement with Mexplort under the First Stage of the Option Agreement set to expire in August 2024. Austral incurred US$4,942 thousand in exploration expenditures as of 31 December 2023, exceeding the US$2,000 thousand required for each of the First and Second Stages of the Option Agreement. Best intercepts were as follows:

Capote-Alcatraz target (Norte Zone)	DJN-003	26m @ 0.60 grams per tonne (gpt) gold and 7 gpt silver Including 1.5m @ 1.12 gpt gold and 45 gpt silver
	DJN-004	21m @ 1.24 gpt gold and 1 gpt silver Including 3.0m@ 3.32 gpt gold and <0.5 gpt silver
La Cuña Norte target (Norte Zone)	DJN-006	4m@ 1.40 gpt gold and 26 gpt silver
Capote-Alcatraz target (Norte Zone)	DJN-003	26m @ 0.60 gpt gold and 7 gpt silver Incl 1.5m @ 1.12 gpt gold and 45 gpt silver
	DJN-004	21m @ 1.24 gpt gold and 1 gpt silver Incl 3.0 m@ 3.32 gpt gold and <0.5 gpt silver
La Cuña Norte target (Norte Zone)	DJN-006	4m@ 1.40 gpt gold and 26 gpt silver
Sagitario (Sur) target	DJNS-001A	4m @ 0.70 grams per tonne (gpt) gold and 17 gpt silver Including 4.4m @ 1.44 gpt gold and 30 gpt silver

A total of eight targets were identified across two zones, Norte and Sur, and drilling was conducted at the La Cuña Norte (Norte) and Sagitario (Sur) targets.

Jaguelito Sur Target Area:

- Preliminary analysis identified five structures related to phreatomagmatic activity, suggesting potential mineralisation in the sector.
- The only drill hole completed in the Sagitariio target during this campaign intercepted strong alteration consisting of silica flooding in a quartz-alunite-jarosite vuggy silica interval developed in phreatomagmatic rocks, validating the exploratory model.

Jaguelito Norte:

- Relogging of drillholes and interpretation of sections were completed.
- The faults that controlled the configuration of the Miocene basin, their control in phreatomagmatism, and the relationship with alteration and mineralisation were identified and modelled.
- The La Cuña (F1CÑ) and Capote (F1CA) faults configured the initial geometry of the basin.
- In general, the central block deepens from NW to SE, where the bottom of the depocenter is not known.
- Several successive pulses of dilation - subsidence and phreatomagmatism were modelled, controlled to the west by the fault system and to the east by a set of faults with eastern vergence, with activity advancing progressively towards the east.
- The diatremes generated in the earliest events have been submerged and covered by the volcanic sequences associated with the evolution of the basin. However, the later diatremes maintain a shallower location.
- The alteration modelling suggests a main event, evidenced by a sub horizontal distribution centered at approximately 4,000 m.a.s.l. in all structural blocks.
- A subordinate event, identified at deeper levels, may correspond to precursor alterations with little or no associated mineralisation.

Next steps and activities on Jaguelito are to be defined going forward in conjunction with Mexplort, owner of the project.

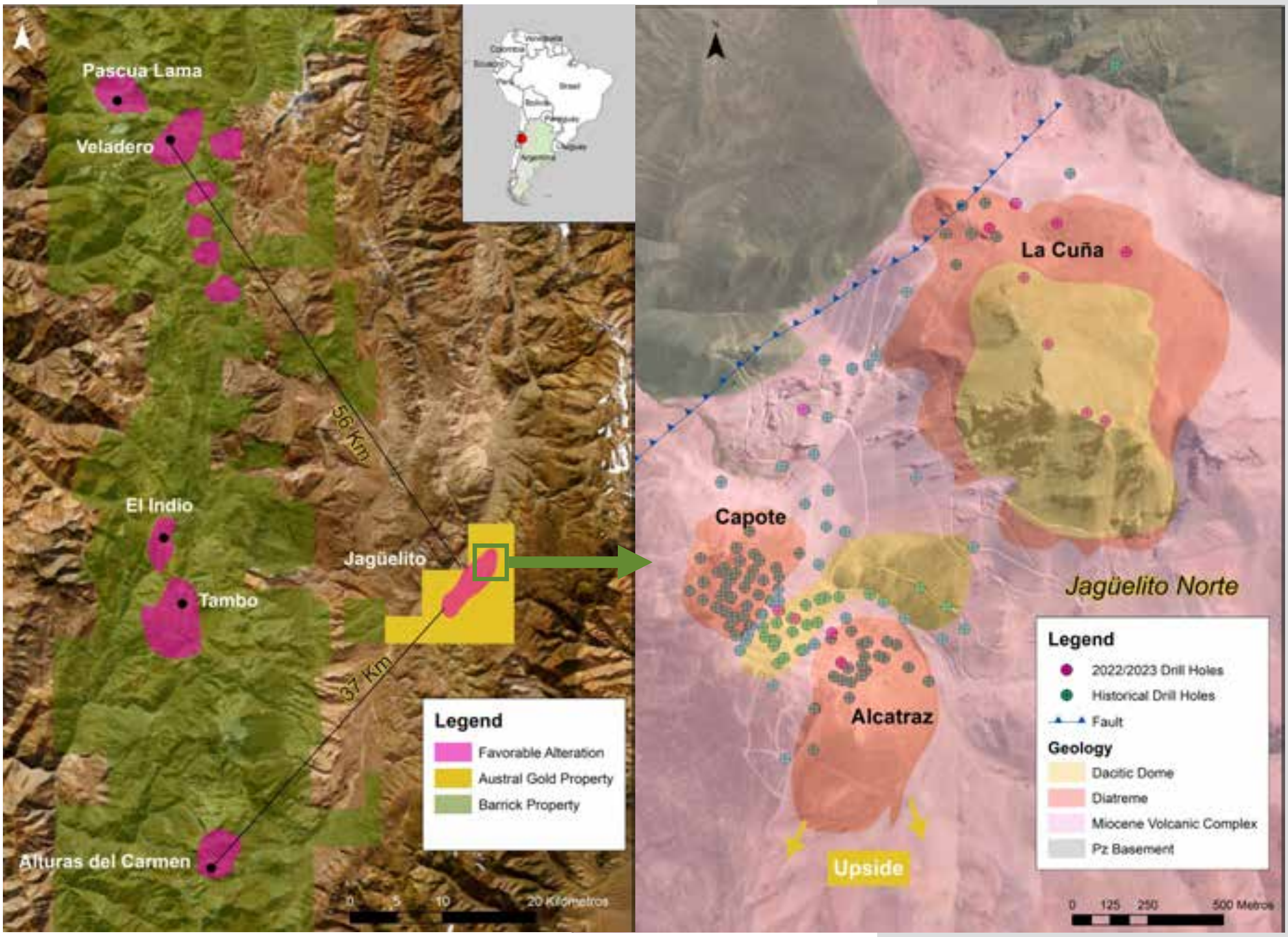
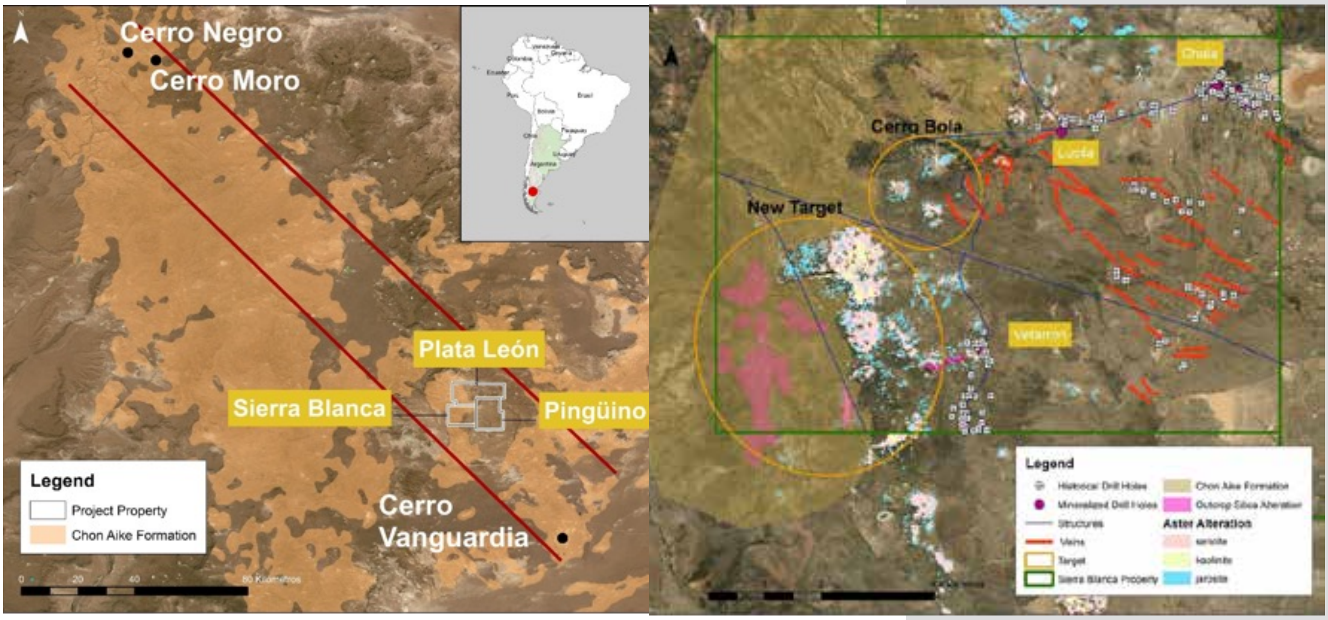


Figure: Jaguelito Project, Argentina

SIERRA BLANCA, ARGENTINA

(Option agreement)

In FY23, no major activities were conducted in Sierra Blanca where the Company owns 51% interest as of 31 December 2023. During FY23, the Company did not complete the second tranche of the Purchase Agreement to acquire a further 29% interest in the project



Exploration in Chile

GUANACO-AMANCAYA MINE COMPLEX, CHILE

In FY23, we focused on Natalia and Los Nanos areas, which are near the Amancaya and Guanaco mine complex. Our efforts included surface mapping, relogging of historical drillholes, and geological interpretation.

In addition, the Company conducted a comprehensive review of the total exploration projects in Chile and opted to initiate a rationalization program aimed at decreasing the number of exploration tenements. As a result, the Company has reduced its overall portfolio from around 137,022 hectares to 51,345 hectares in Chile.

Los Nanos:

- a set of cross sections were reinterpreted, considering new logs and a revision of drill core.
- The geological team's analysis indicates that two main bodies can be modeled, and the continuity towards the East of the geological controls of these two mineralised bodies extends over a length of more than 250 meters.
- The geological setting in Los Nanos appears similar to the Cachinalito System, with structures dipping north and faults/feeders dipping south. The greatest difference lies in the inclination of the ore bodies. Our analysis suggest that this may be related to the intensity of syn/post mineral tilting in each structural block, resulting in bodies with gentle dips and thicknesses in the Los Nanos sector.

Dumbo and Perserverancia:

- We continued with geological modelling, utilising surface mapping, systematic spectroscopy, historical drillhole re-logging and metallurgical and channel sampling tests to explore additional opportunities for exploitation.
- Ongoing modelling highlights the presence of under explored favourable host rock in the southern structural block.
- Two structural blocks separated by the Dumbo fault were recognised.
- A sequence of dacitic tuffs were identified in both blocks. These tuffs are exposed and partially exploited towards the Defensa pit to the northeast, but preserved towards the Perseverancia area. This confirms a potential target towards the southwest. Known mineralisation of both Au and Cu is best developed in these volcanic rocks, as well as in phreatomagmatic breccias.

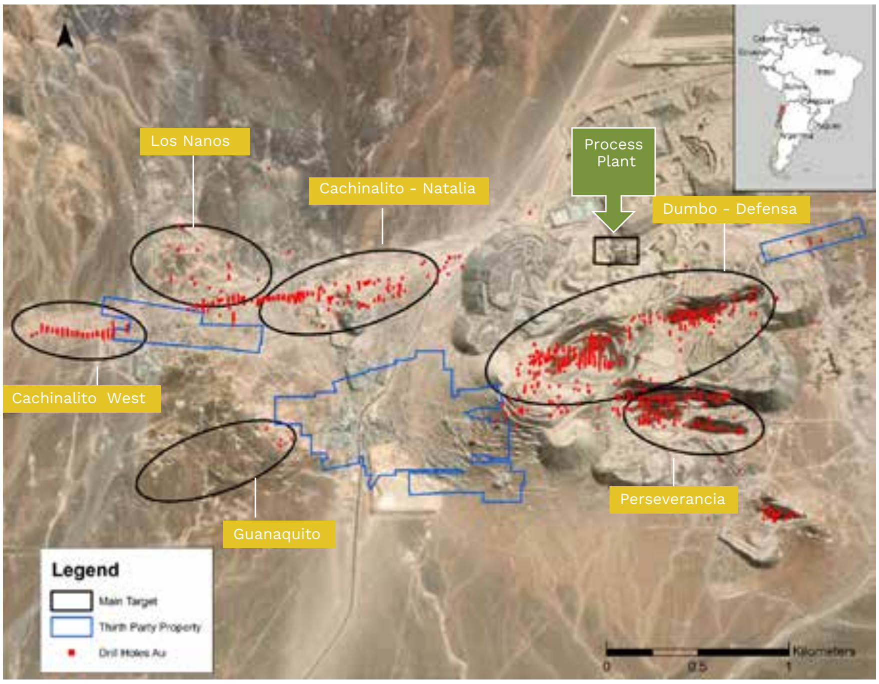
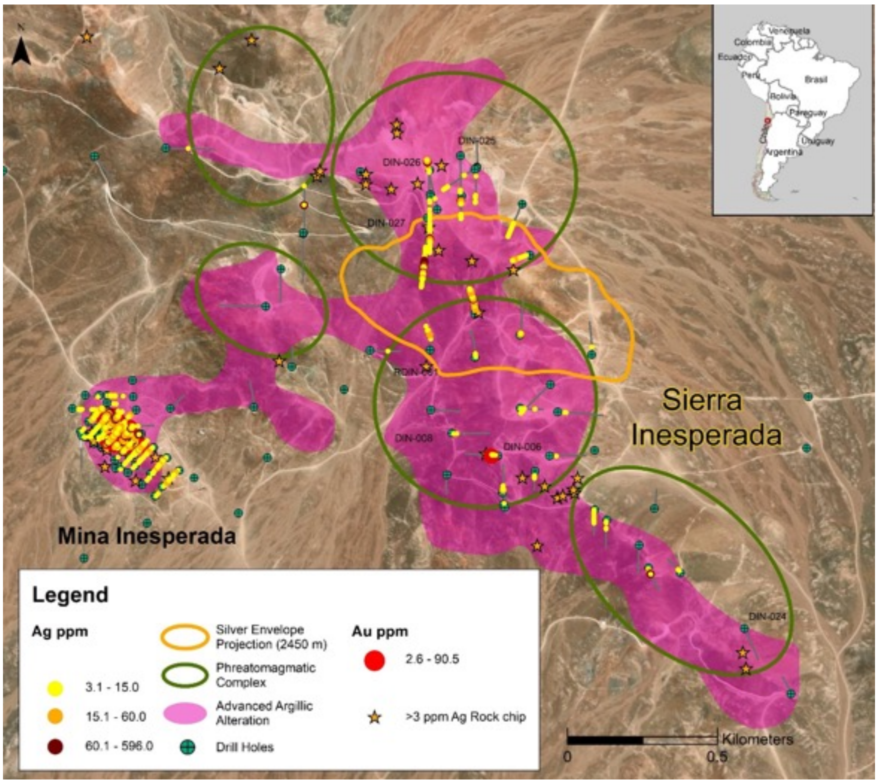


Figure: Guanaco District, Chile

SIERRA INESPERADA

In FY23, minor activities were conducted in Sierra Inesperada, located 10km SW of Guanaco. Next steps on this project are the preparation of a drill plan to follow-up the gold and silver intercepts obtained in previous drilling phases and drill the remaining untested areas. Multiple targets have confirmed an HS hydrothermal activity controlled by phreatomagmatic complexes with silver mineralisation vectoring to potential blind gold mineralization.



Guanaco Mine

Exploring within the mine footprint to increase production and LOM

AMANCAYA

In FY23, we continued exploiting the Amancaya underground mine at the deepest levels of the deposit's main vein, which we expect to continue in 2024 at a lower path through a rental agreement with a third party. During 2023, we designed a drilling program with the goal of connecting two segments of the Oeste Vein, albeit its starting date is to be defined.

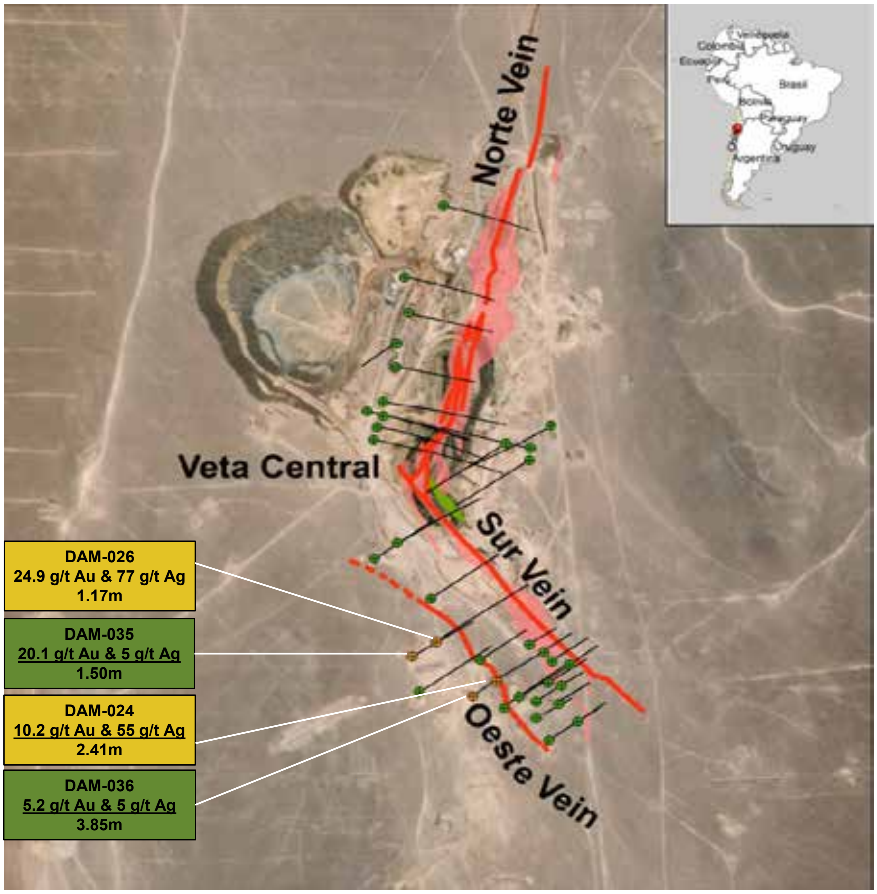
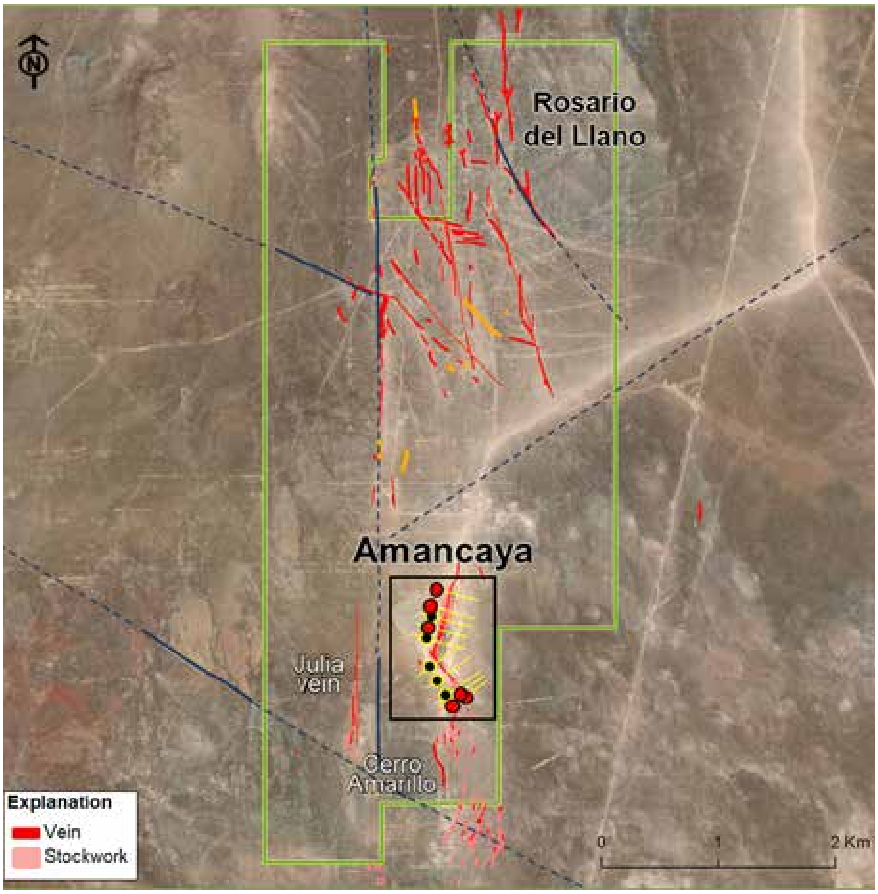


Figure: Amancaya Project, Chile



Amancaya Mine

Amancaya is a low sulfidation (LS) epithermal gold-silver deposit with further expansion potential through exploration

Mining Investments

Building an equity portfolio of mining companies

EQUITY INVESTMENTS

UNICO SILVER

Deseado Massiff, Santa Cruz, Argentina
17% interest

Unico Silver is a pure-play silver development company listed on the ASX that has increased resources through exploration and acquisitions

- Austral's interest in Unico Silver was acquired through the 2023 sale of SCRN Properties, owner of the Pinguino project
- Its flagship asset is the new Cerro Leon project comprising two adjacent silver and gold districts, with land holdings in the mining-friendly province of Santa Cruz, Argentina

PAMPA METALS

Piuquenes Project, San Juan, Argentina
3% interest

Pampa Metals is a copper-gold exploration company listed on the Canadian Stock Exchange, Frankfurt, and OTC exchanges

- Austral's interest in Pampa Metals was acquired through the takeover of Revelo Resources in 2021
- In November 2023, Pampa Metals announced it had entered into an Option and Joint Venture Agreement for the acquisition of an 80% interest in the Piuquenes Copper-Gold Porphyry Project in San Juan Province, Argentina

ENSIGN MINERALS

Carlin Trend, Utah, USA
12% interest

The former producing Mercur mine produced approximately 2.6 million ounces of gold

- Project operator Ensign Minerals controls approximately 6,200 hectares in the Mercur district on primarily patented claims
- Excellent infrastructure, easy access, favorable permitting process, and world-class deposits in the area

RAWHIDE MINE

Walker Line, Nevada, USA
25% interest

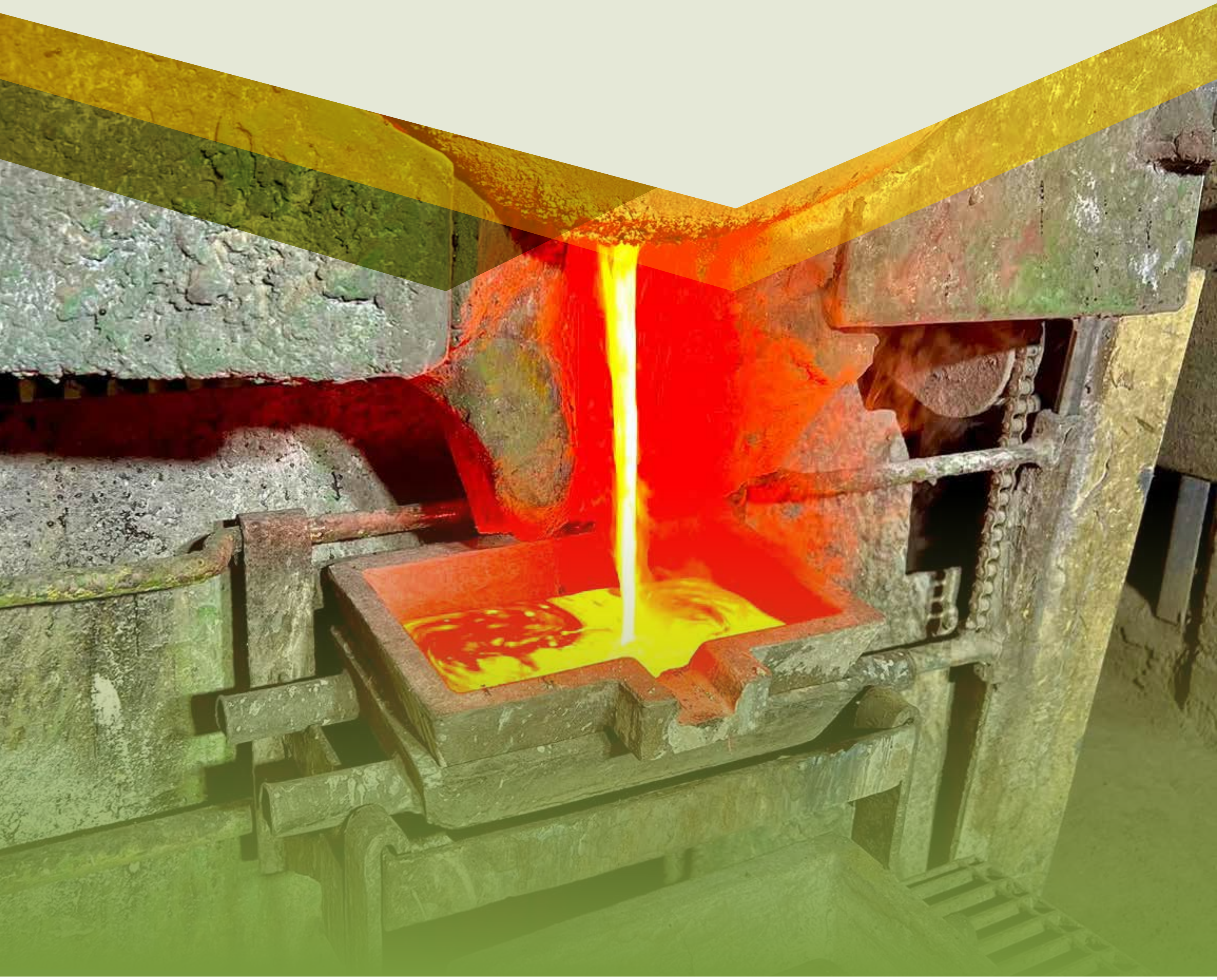
Located within the prolific Walker Lane gold-silver belt, Rawhide has produced close to 2 million ounces of gold since 1990*

- The Operation is fully permitted with further identified exploration targets
- (1)On 20 December 2023 (the "Petition Date") Rawhide Mining LLC filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code

Name		Holding	Type	Projects Location	Flagship Project
Unico Silver Ltd	ASX Listed	17%	Exploration	Argentina	Cerro Leon Project
Pampa Metals Corp.	CSE Listed	3%	Exploration	Argentina	Piuquenes Project
Ensign Minerals Inc	Private	12%	Exploration	USA	Mercur Project
Rawhide Mine LLC	Private	25%	Restructuring(1)	USA	Rawhide Mine

(1) See Rawhide Mine above

FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

All figures are reported in thousands of US$	For the year ended 31 December		
	Note	2023	2022 Restated [1]
Continuing operations			
Sales revenue	15	47,729	49,710
Cost of sales (including depreciation and amortisation)	6	(47,183)	(47,144)
Gross profit		**546**	**2,566**
Other income	7	3,853	1,693
Other expenses	8	(8,889)	(4,972)
Administration expenses	9	(6,145)	(8,404)
Finance income	10	4,422	2,134
Finance costs	11	(1,678)	(1,922)
Share of loss of associates	24	(60)	(676)
(Loss) before income tax		**(7,951)**	**(9,581)**
Income tax benefit	13	708	1,315
(Loss) after income tax expense		**(7,243)**	**(8,266)**
(Loss) attributable to:			
Owners of the Company		(7,229)	(8,257)
Non-controlling interests		(14)	(9)
		(7,243)	**(8,266)**
Items that may not be classified subsequently to profit or loss			
Foreign currency translation		1	(17)
Total comprehensive (loss) for the year		**(7,242)**	**(8,283)**
Comprehensive (loss) attributable to:			
Owners of the Company		(7,228)	(8,274)
Non-controlling interests		(14)	(9)
		(7,242)	**(8,283)**
(Loss) per share (cents per share):			
Basic (loss) per share	14	(1.18)	(1.35)
Diluted (loss) per share	14	(1.18)	(1.35)

(1) note 41
The notes on pages (73) to (105) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures are reported in thousands of US$	As at 31 December		
	Note	2023	2022 Restated(1)
Assets			
Current assets			
Cash and cash equivalents	16	1,039	926
Trade and other receivables	17	2,356	2,422
Prepaid income tax		83	1,076
Other financial assets	18	3,958	641
Inventories	19	9,699	8,946
Assets held for sale	20	-	8,294
Total current assets		**17,135**	**22,305**
Non-current assets			
Other receivables	17	1,127	904
Prepaid income tax		126	476
Other financial assets	18	2,127	-
Mine properties	21	6,259	4,054
Property, plant and equipment	22	49,616	42,257
Exploration and evaluation expenditure	23	27,894	27,261
Investments accounted for using the equity method	24	-	60
Total non-current assets		**87,149**	**75,012**
Total assets		**104,284**	**97,317**
Liabilities			
Current liabilities			
Trade and other payables	25	23,121	15,690
Income tax payable		-	770
Employee entitlements	26	2,990	4,053
Loans and borrowings	28	13,540	7,382
Lease liabilities	22	1,169	1,925
Total current liabilities		**40,820**	**29,820**
Non-current liabilities			
Trade and other payables	25	3	1,013
Provisions for reclamation and rehabilitation	27	13,695	10,924
Loans and borrowings	28	2,568	1,264
Lease liabilities	22	1,143	911
Employee entitlements	26	18	35
Deferred tax liability	13	4,464	4,535
Total non-current liabilities		**21,891**	**18,682**
Total liabilities		**62,711**	**48,502**
Net assets		**41,573**	**48,815**
Equity			
Issued capital	29	109,114	109,114
Accumulated losses	30	(66,549)	(59,320)
Reserves	31	(1,157)	(1,158)
Non-controlling interest	32	165	179
Total equity		**41,573**	**48,815**

(1) note 41
The notes on pages (73) to (105) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2023 and 2022

All figures are reported in thousands of US$	Note	Issued capital	Accumulated losses	Reserves	Non-controlling interest	Total
Balance at 31 December 2021		**109,114**	**(51,063)**	**(1,141)**	**188**	**57,098**
Loss for the year		-	(8,257)	-	(9)	(8,266)
Foreign exchange movements from translation of financial statements to US$		-	-	(17)	-	(17)
Total comprehensive income/ (loss)		**-**	**(8,257)**	**(17)**	**(9)**	**(8,283)**
Balance at 31 December 2022		**109,114**	**(59,320)**	**(1,158)**	**179**	**48,815**
Loss for the year		-	(7,229)	-	(14)	(7,243)
Foreign exchange movements from translation of financial statements to US$		-	-	1	-	1
Total comprehensive (loss)		**-**	**(7,229)**	**1**	**(14)**	**(7,242)**
Balance at 31 December 2023		**109,114**	**(66,549)**	**(1,157)**	**165**	**41,573**

The notes on pages (73) to (105) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

All figures are reported in thousands of US$	For the year ended 31 December		
	Note	2023	2022 Restated [1]
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		926	2,346
Cash and cash equivalents, at the end of the year		1,039	926
Net increase/(decrease) in cash and cash equivalents		**113**	**(1,420)**
Causes of change in cash and cash equivalents			
Operating activities			
Loss after income tax		(7,243)	(8,266)
Adjustments for			
Income tax benefit/(expense) recognized in loss		(708)	(1,315)
Income tax collection		928	2,134
Impairment of exploration and evaluation expenditure		3,981	926
Depreciation and amortisation		6,048	7,778
Gain on sale of equipment	7/8	(46)	(590)
Gain on sale of subsidiary	7	(1,964)	-
Exclusivity fee on option agreement	7	(100)	-
Non-cash net finance charges		1,511	1,089
Provision for reclamation and rehabilitation		(126)	(1,094)
Allowance for doubtful accounts		(107)	238
Inventory write-down		302	-
Non-cash employee entitlements		(20)	27
Share of loss of associates	24	60	676
Loss in fair value of other financial assets	8	992	968
Gain in fair value of other financial assets	7	(1,033)	-
Net cash from operating activities before change in assets and liabilities		**2,475**	**2,571**
Changes in working capital			
Decrease in inventory		(1,055)	1,620
(Increase) /decrease in trade and other receivables		1,519	(690)
Increase in trade and other payables		6,048	7,624
(Decrease) in employee entitlements		(1,060)	(172)
Net cash provided through operating activities		**7,927**	**10,953**
Cash flows from investing activities			
Additions to property, plant and equipment	22	(11,283)	(6,434)
Proceeds from sale of subsidiary	20	3,250	-
Proceeds from sale of equipment		113	675
Proceeds from exclusivity fee on option agreement	7	100	-
Payment for investment in exploration and evaluation		(4,614)	(5,790)
Payment for investment in mine properties	21	(9)	(30)
Payment for equity investments		-	(124)
Payment for other financial assets		(4)	(27)
Proceeds from sale of other financial assets		22	135
Net cash used in investing activities		**(12,425)**	**(11,595)**
Cash flows from financing activities			
Restricted proceeds from convertible note offering		591	-
Proceeds from loans and borrowings		17,955	11,735
Repayment of loans and borrowings		(10,777)	(8,842)
Interest paid on loans and borrowings		(720)	(330)
Repayment of lease liabilities		(2,252)	(3,133)
Interest paid on leases		(186)	(208)
Net cash used in financing activities		**4,611**	**(778)**
Net increase/ (decrease) in cash and cash equivalents		**113**	**(1,420)**

(1) note 41

The notes on pages (73) to (105) are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

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

These consolidated financial statements ("financial statements") as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group"). The nature of the operations and principal activities of the Group are described in the Directors' Report.

The consolidated annual financial statements of the Group as at and for the year ended 31 December 2023 are available upon request from the Company's registered office at Level 5, 126 Phillip Street, Sydney NSW 2000, Australia at www. australgold.com.

2. BASIS OF PREPARATION

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for profit oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. They were authorised for issue by the Company's Board of Directors on 28 March 2024.

Details of the Group's accounting policies are described in Note 41.

2.1 Functional and Presentation currency

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

Change in classification

During the year ended 31 December 2023, the Group updated the classification of certain income, expenses and cash flow items to better reflect the nature of the items. The effects of such reclassifications on the comparative period are disclosed in Note 41 to the financial statements.

2.2 Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 36.

3. GOING CONCERN

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. During the year ended 31 December 2023, the Group incurred a net loss after tax of US$7,243 thousand (year ended 31 December 2022: US$8,266 thousand net loss after income tax) with net cash inflows of US$7,927 thousand in 2023 (2022: inflows of US$10,953 thousand) generated through operating activities. Net cash used in investing activities totaled US$12,425 thousand during FY23 (FY22:US$11,595 thousand) while net cash received from financing activities totaled US$4,611 thousand during FY23 (FY22: outflows US$778 thousand). At 31 December 2023, the Group has net assets of US$41,573 thousand and net current liabilities of US$23,685 thousand (31 December 2022: US$48,815 thousand and US$7,515 thousand, respectively). For the year ended 31 December 2023, the net increase of loans and borrowings was US$7,462 thousand (2022: US$2,893 thousand).

Management and the Directors prepared cashflow forecasts that are dependent on a combination of the following main assumptions:

- Renewal of the existing short-term fully drawn loans and borrowings as at 31 December 2023 from lenders disclosed in Note 28 Loans and Borrowings, as follows: Santander Bank (US$3,400 thousand), Banco de Credito e Inversiones SA (BCI) (US$3,500 thousand), Inversiones Financiera del Sur S.A. (US$2,555 thousand), Eduardo Elsztain (US$1,700 thousand) and Saul Zang (US$300 thousand). These loans all mature on or before 30 June 2025 and are assumed to be renewed in full when they mature.
- Continuing the extension of payment terms with Guanaco/Amancaya suppliers. On 31 December 2023 US$11,777 thousand of the aggregate $15,179 thousand of trade payables disclosed in Note 25 Trade and Other Payables are overdue. Extension of payment terms with overdue suppliers has not been formally agreed.
- Obtaining additional loans and borrowings, equity contributions or other forms of assistance from related parties as required by the Group. Mr. Elsztain, Mr. Zang and their related entities Inversiones Financieras del Sur S.A. and Consultores Asset Management S.A. have confirmed their intention, (rather than binding commitment) to continue providing ongoing financial support and assistance, as deemed necessary.

- Achieving production of 26,000 – 28,000 gold equivalent ounces ('GEOs') in 2024 with all in sustaining costs (AISC) in the range of US$1,300-US$2,283 and an annual average AISC of US$1,533 per GEO, by executing on the integration of the agitation leaching and heap leaching processes, using material from the Heaps and remaining ore and stocks from the Amancaya and Guanaco mines.
- Achieving average 2024 prices realised per gold equivalent ounce of approximately US$2,016.
- Realisation of the carrying value at 31 December 2023 of non core assets through sale.

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 Austral Gold consider 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, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

4. USE OF ESTIMATES AND JUDGEMENTS

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2023 are detailed below:

Carrying value of Mine Properties

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

Impairment

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

Carrying value of exploration and evaluation assets

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

Mine closure provisions

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

Measurement of fair values

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

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

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

i. Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities

ii. Level 2 — inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e. as prices), or indirectly (i.e. derived from prices)

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

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

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

The Group holds listed equity securities on the Australian and Canadian stock exchanges and listed Argentine sovereign bonds at fair value, which are measured at the closing bid price at the end of the reporting period. These financial assets are held at fair value fall within Level 1 of the fair value hierarchy. The Group also holds options which rely on estimates and judgements to calculate a fair value for these financial instruments using the Black Scholes model. These financial assets held at fair value fall within Level 3 of the fair value hierarchy.

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

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

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

Adoption of other narrow scope amendments to IFRSs and IFRS Interpretations

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

The Group has not early adopted any other new or amended standards in preparing these consolidated financial statements as the impact of adoption was not material to the Group's Consolidated Financial Statements.

6. COST OF SALES

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Production	31,107	26,864
Staff costs	9,707	9,307
Royalty	1,198	1,134
Mining Fees	523	594
Gold precipitate stolen	-	838
Inventory movements	(1,363)	736
Total cost of sales before depreciation and amortisation expense	**41,172**	**39,473**
Depreciation of plant and equipment	5,562	6,663
Amortisation of mine properties	449	1,008
Total depreciation and amortisation expense	**6,011**	**7,671**
Total cost of sales	**47,183**	**47,144**
Severance included in staff costs	**317**	**467**

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER INCOME

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

8. OTHER EXPENSES

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

9. ADMINISTRATION EXPENSES

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Office and utility costs	1,039	799
Staff costs (1) (2)	2,767	4,537
Consulting and professional services	1,194	1,634
Non-executive director fees (2)	300	300
Depreciation on equipment	19	33
Business, property and other taxes	652	924
Other	174	177
Total administration expenses	**6,145**	**8,404**
(1) **Severance included in staff costs**	**138**	**493**
(2) **Amounts for defined contribution plans included in staff costs and director fees**	**27**	**21**

10. FINANCE INCOME

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

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCE COSTS

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

12. AUDITOR'S REMUNERATION

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

13. INCOME TAX EXPENSE

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
(A) Income tax expense comprises:		
Current income tax (benefit)/expense	(637)	777
Deferred income tax expense	(71)	(2,092)
Income tax	**(708)**	**(1,315)**
(B) Reconciliation of effective income tax rate:		
Loss before tax	(7,951)	(9,581)
Prima facie income tax (benefit)/expense calculated at 30%	(2,386)	(2,874)
Difference due to blended overseas tax rate*	460	1,008
Share of loss of associates	16	186
Non-deductible expenses	740	(921)
Prior year deferred income tax expense adjustments	87	690
Prior year current income tax true up	(637)	-
Recognition of previously unrecognised deductible temporary differences and tax losses	1,012	596
Income tax	**(708)**	**(1,315)**

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

All figures are reported in thousands of US$	31 December 2023				31 December 2022			
	Chile	Argentina	Other	Total	Chile	Argentina	Other	Total
(C) Deferred tax assets and liabilities								
Deferred tax assets								
Other receivable	83	-	-	83	224	-	-	224
Inventory	77	11	-	88	69	44	-	113
Mining concessions brought	-	46	-	46	-	45	-	45
Accrual for mine closure	2,728	842	-	3,570	1,932	686	-	2,618
Financial assets	699	-	-	699	650	-	-	650
Tax losses carried forward	6,857	375	7,337	14,569	5,860	631	7,226	13,717
Payroll accrual	295	-	-	295	268	-	-	268
Other	36	26	-	62	-	191	-	191
Leasing	793	-	-	793	902	-	-	902
Allowance for tax carry forward	-	(1,300)	(7,337)	(8,637)	-	(1,550)	(7,226)	(8,776)
Deferred tax assets	**11,568**	**-**	**-**	**11,568**	**9,905**	**47**	**-**	**9,952**
Deferred tax liabilities								
Exploration assets and property, plant and equipment	(13,627)	-	-	(13,627)	(12,512)	-	-	(12,512)
Deferred income	(597)	-	-	(597)	(774)	-	-	(774)
Property, plant and equipment inflation adjustment	-	(881)	-	(881)	-	(415)	(61)	(476)
Leasing assets	(927)	-	-	(927)	(725)	-	-	(725)
Deferred tax liabilities	**(15,151)**	**(881)**	**-**	**(16,032)**	**(14,011)**	**(415)**	**(61)**	**(14,487)**
Net deferred tax liabilities	**(3,583)**	**(881)**	**-**	**(4,464)**	**(4,106)**	**(368)**	**(61)**	**(4,535)**
Movement in deferred tax balances								
Opening balance	(4,106)	(368)	(61)	(4,535)	(6,627)	20	(20)	(6,627)
Exchange rate difference	-	-	-	-	-	(8)	8	-
Charged to profit or loss	523	(513)	61	71	2,521	(380)	(49)	2,092
Closing balance	**(3,583)**	**(881)**	**-**	**(4,464)**	**(4,106)**	**(368)**	**(61)**	**(4,535)**

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

(D) The Group operates in Australia, which has enacted new legislation to implement the global minimum top-up tax in accordance with Pillar Two of the OECD/G20 Two-Pillar Solution. The Group and its subsidiaries (note 35) operate in various jurisdictions with statutory income tax rates greater than 15%, with the exception of Guanaco Mining Company, incorporated in the British Virgin Island , which is not an operating company and has no taxable income. The Group has determined there is no current tax impact related to the top-up tax legislation for the year ended 31 December 2023.

14. EARNINGS PER SHARE

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Net loss attributable to owners	(7,229)	(8,257)
Weighted-average number of ordinary shares (basic)	612,311,353	612,311,353
Weighted-average number of ordinary shares (diluted) at 31 December	612,311,353	612,311,353
Basic earnings (loss) per ordinary share (cents)	(1.18)	(1.35)
Diluted earnings (loss) per ordinary share (cents)	(1.18)	(1.35)

NOTES TO THE FINANCIAL STATEMENTS

15. OPERATING SEGMENTS

Management have determined the operating segments based on reports reviewed by the Chief Operating Decision Maker ("CODM"). The CODM considers the business from both an operations and geographic perspective and has identified two reportable segments, Guanaco/Amancaya which is based in Chile and Casposo which is based in Argentina. The CODM monitors the performance in these two regions separately. During the year ended 31 December 2023, the Group earned 100% of its consolidated revenue from sales made to one customer (2022-95% of its consolidated revenue from sales made to one customer).

All figures are reported in thousands of US$	For the year ended 31 December 2023				For the year ended 31 December 2022			
	Guanaco/ Amancaya	Casposo	Group and unallocated items	Consolidated	Guanaco/ Amancaya	Casposo	Group and unallocated items	Consolidated
Revenue:								
Gold	45,872	-	-	45,872	47,772	-	-	47,772
Silver	1,857	-	-	1,857	1,938	-	-	1,938
Cost of sales	(41,172)	-	-	(41,172)	(39,473)	-	-	(39,473)
Depreciation and amortisation expense	(6,011)	-	-	(6,011)	(7,671)	-	-	(7,671)
Other income	249	474	3,130	3,853	-	1,072	619	1,693
Other expenses[1]	(2,906)	(2,537)	(3,446)	(8,889)	(1,290)	(1,782)	(1,900)	(4,972)
Administration expenses	(2,963)	(34)	(3,148)	(6,145)	(4,791)	(63)	(3,550)	(8,404)
Finance income	1,986	396	2,040	4,422	425	1,008	701	2,134
Finance expenses	(1,307)	(182)	(189)	(1,678)	(1,608)	(278)	(36)	(1,922)
Share of loss of associates	-	-	(60)	(60)	-	-	(676)	(676)
Income tax (expense)/ benefit	1,221	(513)	-	708	1,822	(380)	(127)	1,315
Segment (loss)	**(3,174)**	**(2,396)**	**(1,673)**	**(7,243)**	**(2,876)**	**(423)**	**(4,969)**	**(8,266)**
Segment assets	**71,868**	**14,163**	**18,253**	**104,284**	**64,518**	**15,332**	**17,467**	**97,317**
Segment liabilities	**50,966**	**4,985**	**6,760**	**62,711**	**39,708**	**5,783**	**3,011**	**48,502**
Capital expenditure	**12,044**	**919**	**2,943**	**15,906**	**8,780**	**2,864**	**2,211**	**13,855**

1 Includes Impairment of US$2,328 related to Guanaco/Amancaya and US$1,653 related to Group and unallocated items.

Geographic information:

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

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Non-current assets by geographic location		
Chile	66,724	60,074
Argentina	19,400	14,768
United States	-	60
Canada	915	-
British Virgin Islands	110	110
Total non-current assets	**87,149**	**75,012**

NOTES TO THE FINANCIAL STATEMENTS

16. CASH AND CASH EQUIVALENTS

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Cash at call and in hand	1,039	926
Short-term investments	-	-
Total cash and cash equivalents	**1,039**	**926**
Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows, is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	670	926
Restricted cash received from private placement of convertible note offering (note 25.2)	591	-
Bank overdraft	(222)	-
Cash and cash equivalents	**1,039**	**926**

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

17. TRADE AND OTHER RECEIVABLES

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Current		
Trade Receivables	668	808
Other receivables	911	611
GST/VAT receivable	777	1,003
Total current receivables	**2,356**	**2,422**
Non-current		
GST/VAT receivable	540	1,117
Other receivables	1,032	339
Total non-current receivables	**1,572**	**1,456**
Allowance for doubtful accounts	(445)	(552)
Net non-current receivables	**1,127**	**904**
Trade debtors ageing		
The ageing of trade receivables is 0-30 days	668	808
>30 days	-	-

As part of the Other receivables disclosed above, the main balances are the receivables from Unico disclosed in note 20. These have been discounted using the following US treasury yield rates:

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

(1) current other receivable
(2) non-current other receivable

1.1 Past due but not impaired
There were no receivables past due at 31 December 2023 (31 December 2022: nil).

1.2 Fair value and credit risk
Due to the short-term nature of trade receivables, their carrying amount is assumed to approximate their fair value. Refer to note 33 for more information on the risk management policy of the Group and the credit quality of the receivables.

1.3 Key customers
During 2023 the Group is reliant on one customers to which gold and silver produced from the Guanaco/Amancaya mines are sold. During 2022, the major customer purchased 95% of sales and the other customer purchased the remaining 5% of sales.

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER FINANCIAL ASSETS

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

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.

Non-current listed equity securities refers to listed equity securities that will be released from escrow on 1 March 2025.

Listed equity securities and bonds are shares of Australian and Canadian listed mining companies nominated in A$ and C$ and sovereign bonds nominated in ARS as at 31 December 2023 and 31 December 2022, respectively.

Level 3 recurring fair value
Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

All figures are reported in thousands of US$	Equity securities	Options
Balance at 1 January 2022	-	86
Loss included in financial cost	-	(58)
Balance al 31 December 2022	**-**	**28**
Addition from sale of SCRN Properties Ltd. (note 20)		712
Gain on revaluation of equity securities (note 24)	1,012	(244)
Balance al 31 December 2023	**1,012**	**496**

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

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

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

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

The following assumptions were used to determine the fair value of the Group's investment in Ensign under the

Enterprise Value to Mineral Resources model:

- Group's shareholding in Ensign-11.7%
- Discount factor of 40% of 1,640 thousand inferred resources advised by Ensign
- Illiquidity discount 20%
- EV to Mineral Resource factor 16.08

The sensitivity to +/- 10% variation in the discount factor to inferred resources (36%-44%) on the fair value of the Ensign investment results in an impact of -US$87 thousand and +US$106 thousand respectively.

The sensitivity to +/- 10% variation in the illiquidity factor (18%-22%) on the fair value of the Ensign investment results in an impact of -US$15 thousand and +US$35 thousand respectively.

The sensitivity to +/- 10% variation in the EV to Resources multiple (14.5x-17.7x) on the fair value of the Ensign investment results in an impact of +US$154 thousand and -US$135 thousand 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 2023 there were no transfers between the financial instrument levels of hierarchy. However, as the Group lost significant influence in Ensign during the year, it remeasured its common shares of Ensign at fair value at 31 December 2023.

Key assumptions for Options/Warrants	Unico Silver	Ensign
Strike price	A$0.26	C$1.50
Annual volatility	99.79%	55%
Interest rate	3.96%	0.20%
Expiration date	1 March 2026	18 February 2024

19. INVENTORIES

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

*Ore stock inventories require estimates and assumptions most notably in regard to grades, volumes, densities, future completion costs and ultimate sale price. Such estimates and assumptions may change as new information becomes available which may impact upon the carrying value of inventory. The allowance for inventory obsolescence forming part of the above balance is US$1,874k (31 December 2022:US$1,572k) resulting in an expense of US$272K included with other expenses (note 8) and US$30k charged to cost of sales (note 6).

20. ASSETS FOR SALE

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

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

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

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

a. Total cash consideration of US$5,000 thousand, (US$2,500 thousand received at closing, while US$2,500 thousand is due over three subsequent years on the anniversary of the Agreement date, of which US$750 thousand was received in November 2023) which fair value was estimated at US$4,793 thousand at closing);

b. 49,751,970 shares of Unico valued at US$4,709 thousand (A$6,965 thousand) at closing that are being held in escrow with 50% released on the first anniversary of the closing date and 50% released on the second anniversary of the closing date, which was equal to (19.9%) Unico's shareholding on a non-diluted basis on 1 March 2023 (31 December 2023-17%) and;

c. 15 million options of Unico. The value of the options using the Black-Scholes model at closing was US$0.712 million using t key assumptions disclosed in note 18:

21. MINE PROPERTIES

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

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

Carrying value — Guanaco/Amancaya

The Guanaco and Amancaya mines have been determined by Management to be a single cash generating unit ("CGU"). The fair value less cost of disposal, is used to assess the recoverable value of the CGU. The mine properties noted above and the property, plant and equipment that is an intrinsic part of the mine and its structure (included in note 22) are included in determining the carrying value of the CGU, which has been estimated at US$24,372 thousands after considering working capital, for the purposes of assessing for impairment, while the carrying value of the Guanaco/ Amancaya mine properties, plant and equipment is US$51,623 thousands.

Management have assessed the recoverable value to be above book value of the Guanaco/Amancaya project and therefore no impairment charge has been applied to the assets for the current year. An impairment test was also performed internally using the discounted cash flow model (DCF) as the primary valuation methodology. This FVLCOD discounted cashflow model is a level 3 fair value hierarchy.

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

- Forecast Gold price (2024-2033): US$2,048/oz-1,815/oz (31 December 2022 (2023-2033): US$1,800/oz – US$1,720/oz)
- Forecast Silver price (2024-2033):US$24/oz-25/oz (31 December 2022 (2022-2033) US$20/oz– US$23.5/oz)
- The gold and silver assumptions represent management's assessment of future prices are based on current commodity prices and market expectations of future changes.
- Life of mine operations based on the current model are forecast to end in 2033 (31 December 2022: 2033).
- Discount Rate (pre-tax): 9.6% (31 December 2022:8.1%)
- Discount Rate (after-tax): 8.5% (31 December 2022: 7.5%)
- The discount rate was a measure estimated based on the Company's current weighted average cost of capital.
- Production costs 2024 (US$1,364/oz) 2023 (US$1,645/oz)
- Production costs are management's estimate of costs based on estimated production, historical data and anticipated inflationary changes.

NOTES TO THE FINANCIAL STATEMENTS

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

No reasonably possible change to the key assumptions would result in a recoverable value below the book value of any of the projects. The sensitivities to the key assumptions would have the following results;

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

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

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

22. PROPERTY, PLANT AND EQUIPMENT

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

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

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

22.1 Reconciliation of carrying amount

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

NOTES TO THE FINANCIAL STATEMENTS

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

22.2 Right of use assets

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

22.3 Future lease payments*

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

*Expiration dates are disclosed in note 33 (d)

NOTES TO THE FINANCIAL STATEMENTS

23. EXPLORATION AND EVALUATION EXPENDITURE

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

The recovery of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the areas of interest. This balance mainly relates to expenditures at the Guanaco, and Casposo exploration projects and the fair value of the properties acquired from Revelo. Additions for the year ended 31 December 2023 and 2022 relate mainly to exploration on the Jaguelito project, located in the Indio belt in Argentina, the Casposo-Manantiales project, located in San Juan, Argentina and the Guanaco projects located in Chile.

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

a. Reprado project acquired from Revelo Resources for US$258 thousand as it abandoned the property.

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

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

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

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

Jaguelito Option Agreement

During February 2022, the Group signed a binding offer letter with Mexplort Perforaciones Mineras S.A. ("Mexplort") where the parties agreed to enter into a Joint Venture Agreement to identify and develop new precious metal projects located in the Indio belt in the Province of San Juan, Argentina and Mexplort is to grant Austral Gold Argentina S.A., a subsidiary company in Argentina, an earn-in option whereby it may acquire a 50% of the mining rights the Jaguelito project ("50% interest") held by Mexplort through a concession granted by the Instituto Provincial de Exploraciones y Explotaciones Mineras de la Provincia de San Juan (IPEEM) in October 2011 which was approved on 10 August 2022. During the year ended 31 December 2023, a company owned equally by Group and Mexplort was incorporated. The consideration to acquire the 50% interest is as follows:

i. US$2,000 thousand in exploration expenditures on Jaguelito within two years from the approval of the Option by IPEEM (the "First Stage"), including drilling a minimum of 5,000 meters. As of 31 December 2023, US$4,943 thousand of exploration expenses was incurred and 4,331 meters has been drilled.

ii. US$2,000 thousand in exploration expenditures on Jaguelito within two years after completing the First Stage (the "Second Stage"), and

iii. US$3,000 thousand payment to Mexplort if the Board of the JV Company approves the construction of the project based on a bankable feasibility study ("BFS").

The Group must comply with the conditions in (i)-(iii) above to acquire a 50% interest in the Jaguelito project.

At the time of acquisition, the Jaguelito project had no probable and proven resources. The project was not in production and there was no mine plan to place them into production. For these reasons, the acquisition was accounted for as an acquisition of assets and liabilities and not a business combination as defined under AASB3 "Business combinations" and note 41.

Sierra Blanca Agreement

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

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

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

31 August 2023: $400 thousand (Year 3)

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

At the time of acquisition, the Sierra Blanca project had no probable and proven resources. The project was not in production and there was no mine plan to place them into production. For these reasons, the acquisition was accounted for as an acquisition of assets and liabilities and not a business combination as defined under AASB3 "Business combinations" and note 41.

Colossus Resource Agreement

On 4 April 2023, the Group entered executed a letter of intent to grant Colossus Resources Corp. ("Colossus") an option to purchase the Group's Chilean Calvario and Mirador copper projects. Colossus paid the Group US$100 thousand, which was recorded as other income (note 7), of which US$75 thousand was agreed to be used to pay the 2023 maintenance fees for the projects. Subsequently, the parties executed an agreement on 15 November 2023. Consideration comprised mainly of (i) a US$2,500 thousand work commitment over a two-year period, (ii) 19.99% shareholding in Colossus (non-diluted basis), (iii) one million Colossus warrants at an exercise price of C$0.50 and anti-dilution rights up to Colossus raising US$3,800 thousand. Additional payment of two million Colossus common shares if Colossus prepares a prefeasibility study. Colossus is to complete an equity financing for proceeds of not less than US$1,500 thousand within 90 days after the date of the Agreement and any required regulatory approval. Required regulatory approval by the TSXV has not been received as of the date of the annual report.

24. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

24.1 Investment in Rawhide

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

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

NOTES TO THE FINANCIAL STATEMENTS

24.2 Investment in Ensign

The Group has reviewed the facts and circumstances that affect the Group's assessment of significant influence over Ensign, including that one of the Group's directors is on Ensign's board as at 31 December 2023 (31 December 2022-two of the Group's directors were on Ensign's board), and believes that as at 31 December 2023, it no longer has significant influence. As a result, the Group has derecognised its equity accounted investment in Ensign and recognised an investment in Ensign as a financial asset, measured at fair value. This has resulted in a gain of $1,012 thousand which has been recognised as an item in the Group's profit or loss (note 8). Any subsequent gains or losses on the fair value of the investment will be recognised in its Profit or Loss statement.

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

25. TRADE AND OTHER PAYABLES

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

25.1 Supply chain financing arrangements

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

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

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

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

25.2 Cash received on private placement of convertible notes

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

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

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

The investor did not subscribe for the second tranche, which was due by 15, March 2024.

26. EMPLOYEE ENTITLEMENTS

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Current		
Salaries, social security and bonuses	1,967	3,009
Employee entitlements	1,023	1,044
Total current employee entitlements	**2,990**	**4,053**

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

Total employee salary, benefits and bonuses of the Group in the profit and loss statement was US$13,286 thousand (2022-US$14,176 thousand), including US$9,707 thousand (2022-US$9,307 thousand) in cost of sales and US$3,579 thousand (2022-US$4,869 thousand) in administration.

Non-current		
Employee entitlements	18	35
Total non-current employee entitlements	**18**	**35**

Retirement benefits

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

The methodology followed to determine the provision for all employees adhering to the agreements has considered 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.

27. PROVISIONS

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

Mine closure provision

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

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

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

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

As at 31 December 2023, the total restoration provision amounts to US$10,103 thousand (31 December 2022–US$7,157 thousand) for Guanaco/ Amancaya mine. The present value of the restoration provision was determined based on the following assumptions:

Undiscounted rehabilitation costs:

- US$12,860 thousand (31 December 2022– US$ 7,647 thousand);
- Discount period: 10 years (Discount period based on expected timing of restoration work).
- Discount rate: 2.44% (2022- 1.7%)

At 31 December 2023, the total restoration provision amounts to US$3,592 thousand (31 December 2022: US$3,767) for the Casposo mine. The present value of the restoration provision was determined based on the following assumptions:

- Number of years, 5 (31 December 2022-2 years) (increase based on Group's expectation of when reclamation and rehabilitation work is expected to be performed).
- Undiscounted reclamation and rehabilitation costs: US$3,912 thousand (31 December 2022-US$3,912 thousand);
- Discount rate: 1.7% (2022–2.2%)

28. LOANS AND BORROWINGS

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

Loan Facilities

At 31 December 2023, the current and non-current Loan facilities are to be repaid over 9 months and 34 months respectively at an annual average interest rate of 9.6% (2022–6.9%).

Related party loans

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

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

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

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

(1) The Maturity date refers to the date when the loan is to be completely repaid. Loans and borrowings have been classified based on the actual repayment calendar as disclosed in note 33.
(2) Related party loans
(3) During January and February 2024, a total of US$2,500 thousand in pre-export facilities were renewed with Santander Bank for an additional 6 months at an average interest rate of 9.36% per annum as three 6-month pre-export facilities were renewed as follows: US$1,000 thousand at 9.12%, US$500 thousand at 9.32%, and US$500 thousand at 9.75% and US$500 thousand at 9.60%. In addition, the loan maturity dates of the loans held by Inversiones Financieras del Sur S.A., Eduardo Elsztain and Saul Zang were extended to 30 September 2024.

NOTES TO THE FINANCIAL STATEMENTS

29. ISSUED CAPITAL

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

Movements in ordinary share capital	Number of ordinary shares	US$000's
Balance at 31 December 2023 and 2022	**612,311,353**	**109,114**

Ordinary shares participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The ordinary shares do not have any par value.

30. ACCUMULATED LOSSES

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Accumulated losses at beginning of year	(59,320)	(51,063)
Net (loss) for the year	(7,229)	(8,257)
Accumulated losses at end of year	**(66,549)**	**(59,320)**

31. RESERVES

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Foreign currency translation reserve		
Balance at beginning of year	234	251
Foreign exchange movements from translation of financial instruments to US dollars	1	(17)
Balance end of year	**235**	**234**
Business combination reserve		
Balance at beginning of year	(1,406)	(1,406)
Balance end of year	**(1,406)**	**(1,406)**
Profit appropriation reserve		
Balance at beginning of year	14	14
Dividend paid	-	-
Balance end of year	**14**	**14**
Total reserves	**(1,157)**	**(1,158)**

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

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

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

32. NON-CONTROLLING INTEREST

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

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

33. FINANCIAL INSTRUMENTS

Financial risk management objectives

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

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

The Group holds the following financial instruments:

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Financial Assets		
Cash and cash equivalents	1,039	926
Trade and other receivables	3,483	3,326
Other financial assets	3,958	641
Financial liabilities		
Trade and other payables	23,124	16,703
Borrowings	16,108	8,646
Financial leases	2,312	2,836

a. Market Risk

Foreign Currency Risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign currency exchange rate fluctuations.

Foreign exchange rate risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the functional currency of the Group. The risk is measured using cash flow forecasting. Foreign currency risk is minimal as most of the transactions are settled in US$.

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

The following significant exchange rates have been applied.

US$	Average rate		Year-end spot rate	
	2023	2022	2023	2022
ARS	295.19	139.84	806.95	177.06
CLP	839.69	850.28	877.12	855.86
A$	1.51	1.44	1.47	1.48
C$	1.35	1.25	1.32	1.35

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Argentine peso, Chilean peso, Australian dollar, Canadian dollar and US dollar against all other currencies at 31 December 2023 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

NOTES TO THE FINANCIAL STATEMENTS

Effect in thousands of US$ 31 December 2023	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
ARS (70% movement)	(198)	198	(198)	198
CLP (10% movement)	(1,952)	1,952	(1,952)	1,952
A$ (5% movement)	289	(289)	289	(289)
C$ (2% movement)	5	(5)	5	(5)
31 December 2022	Strengthening	Weakening	Strengthening	Weakening
ARS (70% movement)	688	(688)	688	(688)
CLP (10% movement)	(585)	585	(585)	585
A$ (5% movement)	-	-	-	-
C$ (1% movement)	9	(9)	9	(9)

All figures are reported in thousands of US$ 31 December 2023	Argentinian Peso (ARS)	Chilean Peso (CLP)	Australian Dollar (A$)	Canadian Dollar (C$)
Financial assets				
Cash and cash equivalents	29	14	9	42
Trade and other receivables	28	733	20	-
Other financial assets	23	-	5,774	288
Financial liabilities				
Trade and other payables	278	19,482	85	28
Financial leases	-	136	-	-

All figures are reported in thousands of US$ 31 December 2022	Argentinian Peso (ARS)	Chilean Peso (CLP)	Australian Dollar (A$)	Canadian Dollar (C$)
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	-	-	-

ii. Price Risk

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

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

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

iii. Interest Rate Risk

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

a. Financial Market Risk

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

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

Sensitivity analysis-Equity price risk

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

b. Credit Risk

The maximum exposure to credit risk at the reporting date to recognised financial assets, including receivables from government authorities, is the carrying amount, net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There is no significant credit risk of concentration as although the Group typically sells to one refinery, it has the flexibility to sell through alternative channels such as financial institutions and merchant banks. In addition, credit risk is minimised as generally funds are collected within two days of the date of shipment.

c. Liquidity Risk

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

Management continuously reviews the Group's liquidity position through cash flow projections based upon the current life of mine plan to determine the forecast liquid

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

NOTES TO THE FINANCIAL STATEMENTS

34. COMMITMENTS

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Operating leases not recognised as liabilities	**-**	**-**
Exploration commitment at the reporting date and recognised as liabilities	-	1,003
Capital expenditure not recognised as liabilities	**383**	**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$383 thousand during the next year to maintain legal rights to all of its properties.

35. SUBSIDIARIES

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

36. PARENT ENTITY INFORMATION

All figures are reported in thousands of US$	As at 31 December	
	2023	2022
Current assets	4,586	334
Total assets	**59,970**	**73,260**
Current liabilities	18,832	13,515
Total liabilities	**18,832**	**13,515**
Net assets	**41,138**	**59,745**
Issued capital	109,114	109,114
Accumulated losses	(67,571)	(48,963)
Reserves	(405)	(406)
Total shareholders' equity	**41,138**	**59,745**
(Loss) for the year	**(18,608)**	**(1,293)**
Foreign exchange movements from translation of financial statements to US$	1	(3)
Total comprehensive (loss) for the year	**(18,607)**	**(1,296)**
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	None	None
Details of any contingent liabilities of the parent entity	None	None
Details of any contractual commitments by the parent for the acquisition of property, plant or equipment	None	None

NOTES TO THE FINANCIAL STATEMENTS

37. RELATED PARTY TRANSACTIONS

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

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

37.2 Directors and Key Management Personnel Remuneration

The aggregate compensation made to Directors and other members of Key Management Personnel of the Group is set out below.

All figures are reported in US$	For the year ended 31 December	
	2023	2022
Short-term benefits	1,516,867	2,422,596
Other long term benefits	27,382	21,484
Termination benefits	71,762	-
Total	**1,616,011**	**2,444,080**

37.3 Other transactions with related parties

Zang, Bergel & Viñes Abogados (“ZBV”) is a related party since one non-executive Director, Pablo Vergara del Carril has significant influence over this law firm based in Buenos Aires, Argentina. Fees charged and expenses reimbursed by the Group for the year ended 31 December 2023 amounted to US$80,922 (2022: US$79,219). As at 31 December 2023, the Group owed ZBV US$5,990 (31 December 2022-US$7,967).

IRSA Inversiones y Representaciones S.A. and Consultores Asset Management S.A. are related parties as they are controlled by Non-executive Director and Chair, Eduardo Elsztain. During the year ended 31 December 2023 a total of US$61,975 was charged to and reimbursed by the Company (2022: US$72,303) in regard to IT services support, HR services, software licenses building/office expenses and other fees at 31 December 2023, the Group owed these companies US$$7,285 (31 December 2022-US$12,755) During 2023, the Group entered into loans with Inversiones Financieras del Sur S.A. it’s directors, Eduardo Elsztain and Saul Zang. Terms of the loans are described in note 28 and the respective amounts owed and interest expense are disclosed in the following table:

All figures are reported in US$	For the year ended 31 December 2023	
	Balance due	Interest expense
Lender		
Inversiones Financieras del Sur S.A.	2,621,827	88,797*
Eduardo Elsztain	1,780,656	80,656
Saul Zang	314,309	14,309

* Includes US$25,525 of interest paid during the year

37.4 Ultimate parent entity

The Parent Entity is controlled by IFISA with a 62.1% non-diluted and diluted interest in Austral Gold Limited and is incorporated in Uruguay. As IFISA is a private company, they do not produce consolidated financial statements available for public use.

The ultimate beneficial owner of IFISA is Eduardo Elsztain.

37.5 Board positions with Companies that we hold equity interests

Mr. Kasaneva, CEO and Director of Austral Gold Limited is a Director of Ensign Minerals Inc. (note 18) and Mr. Bordogna, CFO of Austral Gold Limited is a director of Unico Silver Limited (note 18).

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

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

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

All figures are reported in thousands of US$	As at 31 December			
	Gross amount		Gross amount	
	2023	Expiry	2022	Expiry
Canada				
Tax losses	4,861	2037-2044	5,123	2036-2043
Capital losses	311	no-expiry	-	no-expiry

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

39. CAPITAL MANAGEMENT

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

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

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

All figures are reported in thousands of US$	For the year ended 31 December	
	2023	2022
Total liabilities	62,711	48,502
Less: cash and cash equivalents	(1,039)	(926)
Net debt	**61,672**	**47,576**
Total equity	**41,573**	**48,815**
Net debt to adjusted equity ratio	**1.48**	**0.97**

40. SUBSEQUENT EVENTS

40.1 On 1 March 2024, the Group executed a loan agreement for up to US$2,200,000 from a company related to two of its directors and the Company received US$1,000,000 on 5 March 2024. In addition, the loan maturity dates of the loans held by Inversiones Financieras del Sur S.A., Eduardo Elsztain and Saul Zang aggregating principal of US$4,555 thousands were extended to 30 September 2024 (note 28).

40.2 On 15 February 2024, the Company issued 919,158 non-transferable unsecured convertible notes valued at US$591 thousand immediately following the execution by the investor and the Company of an amendment agreement to allow for closing the private placement in two tranches. There will be no further tranches under the agreement as the second tranche was not closed by the due date of 15 March 2024 (note 25.2).

40.3 During January and February 2024, a total of US$2,500 thousand in pre-export facilities were renewed with Santander Bank for an additional 6 months at an average interest rate of 9.36% per annum as three 6-month pre-export facilities were renewed as follows: US$1,000 thousand at 9.12%, US$500 thousand at 9.32%, and US$500 thousand at 9.75% and US$500 thousand at 9.60% (note 28).

41. MATERIAL ACCOUNTING POLICIES

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

Change in classification

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

Changes were made to the Consolidated statement of profit or loss and other comprehensive income to:

- disclose other income and other expenses separately
- reclassify administration expenses to other expenses related to care and maintenance disclose
- disclose finance income and finance costs separately

Changes were made to the Consolidated statement of financial position to reallocate a payable related to the Provisions for reclamation and rehabilitation.

Changes to the Consolidated statement of cash flows were primarily due to changes to the Consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

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

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

41.1	Basis of consolidation
41.2	Revenue recognition
41.3	Goods and services tax (GST)/ Value added tax (VAT)
41.4	Foreign currency
41.5	Mine properties
41.6	Exploration and evaluation expenditure
41.7	Property, plant and equipment
41.8	Cash and cash equivalents
41.9	Income tax
41.10	Inventories
41.11	Trade and other receivables
41.12	Trade and other payables
41.13	Interest bearing liabilities
41.14	Provisions
41.15	Leases
41.16	Impairment of non-financial assets
41.17	Contributed equity
41.18	Earnings per share
41.19	Borrowing costs
41.20	Employee leave benefits
41.21	Segment reporting
41.22	Share-based payment arrangements
41.23	Assets held for sale
41.24	New, revised or amending Accounting Standards and Interpretations adopted

41.1 Basis of consolidation

A subsidiary is any entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

A list of subsidiaries is contained in note 35 to the financial statements. The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company using consistent accounting policies.

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

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

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

Business combinations

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

41.2 Revenue Recognition

Under AASB 15 “Revenue from Contracts with Customers”, 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 upon stowage of the material into the approved carrier’s vehicle at the gold room at the mine. The metal availability date is when the metals are available for pricing by the refinery. If the customer is not the refinery, revenue is recognised when the metals are transferred to the customer upon receipt and the customer obtains control of the metals. Invoices are payable two business days after the metal availability date. At the Guanaco/Amancaya mine, revenue is recognised when control of the metal is transferred as the related risk and rewards of ownership is transferred. When the customer is not a refinery, control occurs when the ounces of metals are transferred to the customer.

The price is set by the market using the London gold market.

41.3 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.

41.4 Foreign currency transactions

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

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

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

41.5 Mine Properties

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

Amortisation

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

41.6 Exploration and evaluation expenditure

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

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

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

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

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

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

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

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

41.7 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciated amount of property, plant and equipment is recorded either on a straight-line basis or on the production output basis to the residual value of the asset over the lesser of mine life or estimated useful life of the asset.

Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Fixed assets except for underground mine development are depreciated on a straight line basis over three years. The depreciation rate used in underground mine development is provided for over the life of the area of interest on a production output basis. Assets that are idle or no longer ready for use are not depreciated but are separately tested for impairment and where the recoverable value is less than the book value of the asset, an impairment is recorded.

De-recognition and disposal

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

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

41.8 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.

41.9 Income tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by reporting date.

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

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

i. when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

ii. when the deductible temporary difference is associated with investments in subsidiaries, associates, or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

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

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

41.10 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 the normal operating cycle, 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.

41.11 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.

41.12 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.

41.13 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.

41.14 Provisions

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

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

Mine Closure provision

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

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

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

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

41.15 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.

41.16 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal or value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate.

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

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

41.17 Contributed equity

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

41.18 Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

41.19 Borrowing costs

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

41.20 Employee leave benefits/Short-term employee benefits

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

Long service leave

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

Superannuation

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

41.21 Segment reporting

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

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

41.22 Share-based payment arrangements

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

41.23 Assets held for sale

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

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

41.24 New, revised or amending Accounting Standards adopted

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

DIRECTORS' DECLARATION

IN THE DIRECTORS' OPINION:

1. In the opinion of the directors of Austral Gold Limited ("the Company")

a. the consolidated financial statements and notes that are set out on pages 69 to 105 and the Remuneration report in sections 41 to 46 in the Directors' report, are in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and

   ii. complying with Australian Accounting Standards and the Corporation Regulations 2021; and

   iii. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the group entities identified in Note 35 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

3. The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 December 2023.

4. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed on behalf of the Directors by:

Robert Trzebski
Director
Sydney
28 March 2024

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 2023 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.

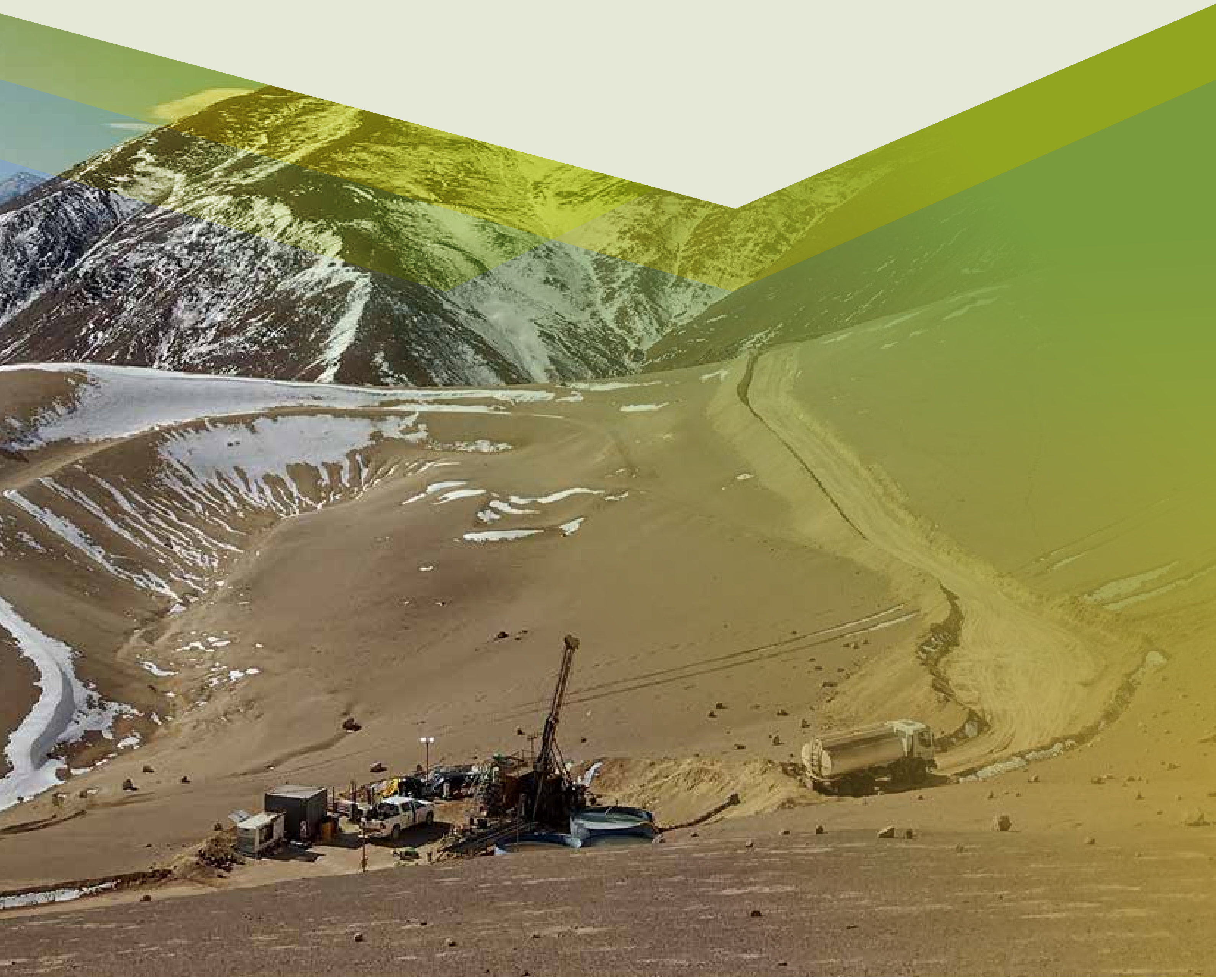
KPMG

KPMG

J. Dillon

Jessica Dillon
Partner
Sydney
28 March 2024

INDEPENDENT AUDITOR'S REPORT



KPMG

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 2023 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 2023
- 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 material 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.

Material uncertainty related to going concern

We draw attention to note 3, "Going Concern" in the Financial Report. The events or 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, evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- 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, for feasibility, timing, consistency of relationships and trends to the Group's historical results, particularly in light of 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 Group, 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 assessing 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 assessing the level of associated uncertainty; and
- 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 principal 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 property, 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 property, plant and equipment (US$51.6 million)

Refer to Notes 21 "Mine properties" and 22 "Property, plant and equipment" to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group's Guanaco/Amancaya mine properties and property, plant and equipment are a significant portion (49%) 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 Mater due to: ● the high level of judgement used in evaluating key assumptions applied by the Group in the Guanaco/Amancaya CGU model, which are affected by expected future operating performance and market conditions, including: - forecast gold and silver price; - level of resources and reserves estimates for which the Group engaged an external expert during the financial year ended 31 December 2022; - future production costs; and - the specific discount rate applied in the model. These forward-looking assumptions necessitate additional scrutiny by us due to: • the inherent uncertainties in auditing these assumptions which are forward looking and not based on observable data; • the consistency of application of assumptions and the fluctuations in forecast gold and silver d(commodity) pricing increasing the risk of inaccurate forecasting; and • the sensitivity of assumptions in the Group's Guanaco/Amancaya CGU model such as gold prices, production costs and discount rate, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application.	Our procedures included: • testing the design and implementation of the management review control associated with the approval of the fair value less costs of disposal model used to assess the recoverable amount of the Group's Guanaco/Amancaya CGU; • evaluating the fair value less costs of disposal methodology used by the Group for consistency with the requirements of the accounting standards; • working with our valuations specialists challenging the Group's key assumptions used to determine the recoverable amount of the Guanaco/Amancaya CGU. The assumptions evaluated are those relating to gold and silver 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, considering the sensitivity of the model by varying key assumptions, such as production costs and discount rates within a reasonably possible range to identify those assumptions at higher risk of impairment, inconsistency in application and to focus our further procedures; • checking the forecast cost of 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 historical production costs; • assessing the historical accuracy of

.	budgeting and forecasting by the Group to inform our evaluation of forecasts incorporated in the Guanaco/Amancaya CGU model; • assessing the level of resources and reserves estimates against external expert report findings subject to assessment in our prior year audit, our understanding of current period changes in the business and against the Group's mine closure plan; and • assessing the Financial Report disclosures based on our understanding obtained from our testing and the requirements of the accounting standards.

Carrying value of exploration and evaluation assets (US$27.9 million)	
Refer to Note 23 "Exploration and evaluation expenditure" to the Financial Report	
The Key Audit Matter	**How the matter was addressed in our audit**
Exploration and evaluation expenditure capitalised ('E&E') is a key audit matter due to: • the significance of the balance (27%) of the Group's total assets; • the greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 *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. In assessing the conditions allowing capitalisation of relevant expenditure, we focus on: • the determination of the areas of interest (areas);	Our procedures included: • evaluating the Group's accounting policy to recognise E&E assets using the criteria in the accounting standard; • testing the design and implementation of the management review control associated with the approval of the impairment assessment used to assess the carrying value of the E&E assets; • evaluating the Group's determination of areas of interest for consistency with the definition in the accounting standard based on the Group's planned work programs and 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

• 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. In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for the areas of interest where significant capitalised E&E assets exist. In addition to the assessments above, and given the financial position of the Group, we paid particular attention to: • the impact of changes in gold and silver prices to the Group's strategy and intentions; and • the ability of the Group to fund the continuation of activities.	for the period by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard; • evaluating Group documents, such as minutes of director's meetings and ASX market announcements, for consistency with the Group's stated intentions for continuing E&E activities in certain areas. We corroborated this through interviews with key operational and finance personnel; • analysing the Group's determination of recoupment through successful development and exploration of the area by evaluating the Group's documentation of planned future work programs and project and corporate budgets for a sample of areas; • assessing the impact of changes in the gold and silver prices to the Group's modelling underlying their decision for commercial continuation of activities; and • obtaining project and corporate budgets identifying areas with existing funding and those requiring alternate funding sources. We compared this for consistency with areas of E&E activities, for evidence of the ability to fund continued activities. We identified those areas relying on alternate funding sources and evaluated the capacity of the Group to secure such funding.

Other Information

Other Information is financial and non-financial information in Austral Gold Limited's annual report 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 2023, 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 41 to 46 of the Directors' report for the year ended 31 December 2023.

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

KPMG

KPMG

J. Dillon

Jessica Dillon

Partner

Sydney

28 March 2024

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 2024 the total issued capital of Austral Gold Limited was 612,311,353 ordinary shares. 547,725,329 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. 64,586,024 shares were quoted on the Toronto Venture Exchange under the code AGLD, of which 4,765,285 shares were also quoted on the OCTQB. 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 29 February 2024

Size of Holding	Holders	Shares held	% of issued capital
1-1000	946	301,448	0.05%
1,001 - 5,000	519	1,427,835	0.23%
5,001 - 10,000	199	1,536,109	0.25%
10,001 - 100,000	379	13,952,386	2.28%
>100,001	161	595,093,575	97.19%
	2,204	**612,311,353**	**100%**

SUBSTANTIAL SHAREHOLDERS

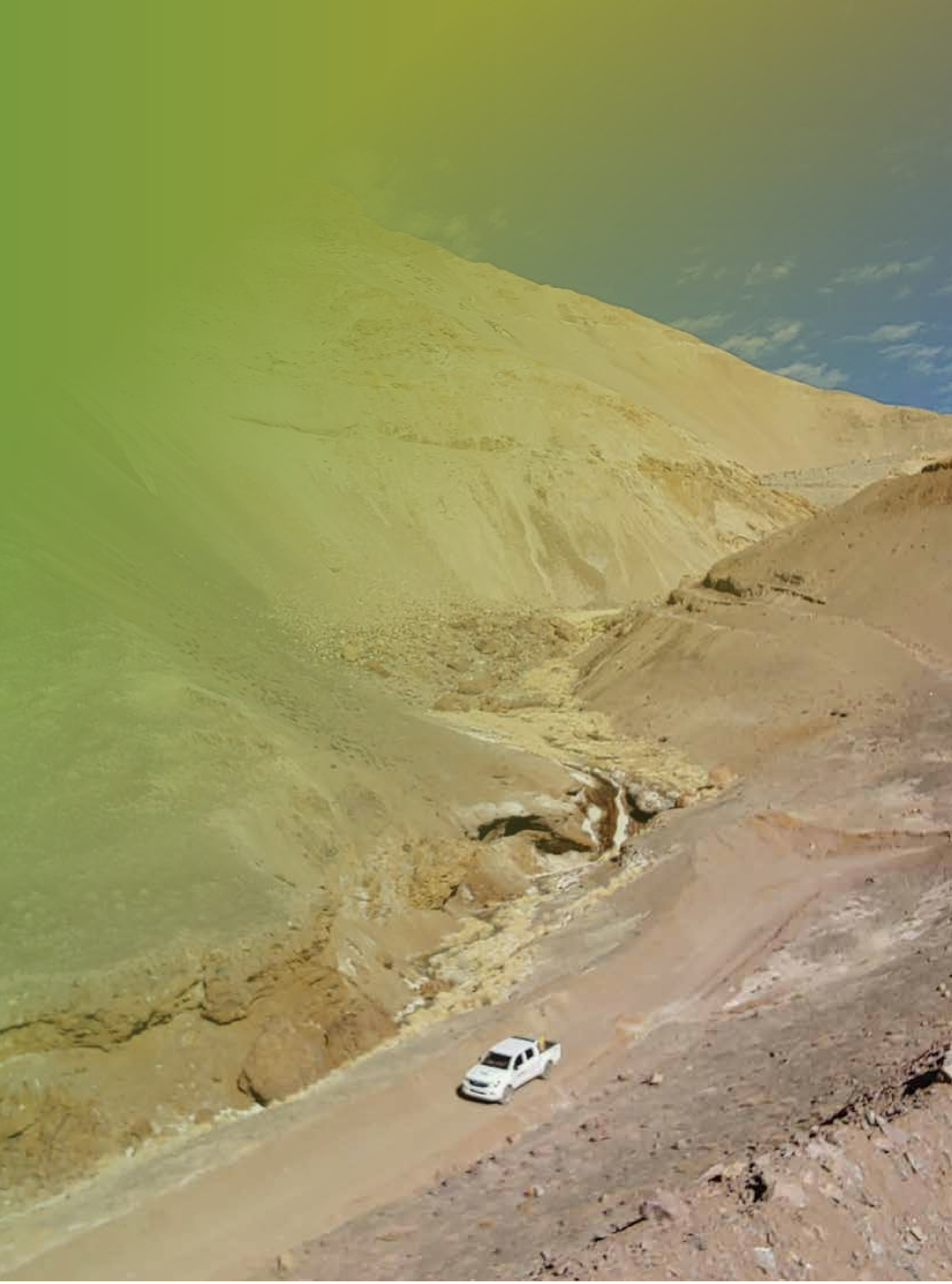
The Company has been notified of the following substantial shareholdings as at 29 February 2024:

Registered Holder	Beneficial Holder	Shares Held
HSBC Custody Nominees (Australia) Limited	Inversiones Financieras Del Sur SA (IFISA)	332,576,152
Citicorp Nominees Pty Limited	Inversiones Financieras Del Sur SA (IFISA)	47,658,462
HSBC Custody Nominees (Australia) Limited	Eduardo Elsztain	42,199,990
HSBC Custody Nominees (Australia) Limited	Guanaco Capital Holding Corp	38,859,956

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	5,691,714	0.93%
7	CITICORP NOMINEES PTY LIMITED	3,931,343	0.64%
8	WAYNE HUBERT	2,545,500	0.42%
9	MRS ANNA VORONTSOVA	2,312,594	0.38%
10	SAUL ZANG	1,640,763	0.27%
11	MR PHILIP BOMFORD	1,420,000	0.23%
12	MR POH SENG TAN	1,300,000	0.21%
13	MR MICHAEL WEHBE	1,160,000	0.19%
14	ASOCIACION ISRAELITA ARGENTINA	1,158,265	0.19%
15	FUSION ELECTRICS (AUST) PTY	1,000,000	0.16%
16	MS LEANNE MARION HUNTER	1,000,000	0.16%
17	MR DEAN MICHAEL MATHEWS	1,000,000	0.16%
18	MRS NICOLA PAULINE COURT	900,000	0.15%
19	TAYLOR FAMILY INVESTMENTS PTY	800,000	0.13%
20	MR ALEXANDER IAN BURTON	696,635	0.11%
	Total	**528,364,403**	**86.29%**
	Other	83,946,950	13.71%
	Total Shares on issue	**612,311,353**	**100%**

*Beneficial holdings

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