



MEDIA RELEASE

Austral Gold Limited

31 January 2022

Austral Gold Announces Filing of Q4 2021 Quarterly Activity Report

Austral Gold Limited (the “Company”) (ASX: AGD; TSX-V: AGLD) is pleased to announce that it has filed its Q4 2021 Quarterly Activity Report. The complete Report is available under the Company’s profile at www.asx.com, www.sedar.com and on the Company’s website at www.australgold.com/.

About Austral Gold

Austral Gold Limited is a growing gold and silver mining, development and exploration company whose strategy is to expand the life of its cash generating assets in Chile, restart its Casposo mine in Argentina and build a portfolio of quality assets in Chile, the USA and Argentina organically through a Tier 1 or 2 exploration strategy and via acquisitions and strategic partnerships. Austral owns a 100% interest in the Guanaco/Amancaya mine in Chile and the Casposo Mine (currently on care and maintenance) in Argentina, a non-controlling interest in the Rawhide Mine in Nevada, USA and a non-controlling interest in Ensign Gold which holds the Mercur project in Utah, USA.

In addition, Austral owns an attractive portfolio of exploration projects in the Paleocene Belt in Chile (including those acquired in the 2021 acquisition of Revelo Resources Corp), a noncontrolling interest in Pampa Metals and a 100% interest in the Pingüino project in Santa Cruz, Argentina. Austral Gold Limited is listed on the TSX Venture Exchange (TSX-V: AGLD) and the Australian Securities Exchange. (ASX: AGD). For more information, please consult Austral's website at www.australgold.com.

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

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

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DECEMBER 2021

Quarterly Activity Report

KEY QUARTERLY HIGHLIGHTS

- **Solid cash flow generation from operating activities totaling US\$4.4 million after changes in working capital during Q4 2021.** Internal cash generation allowed the Company to fund US\$3.3 million in exploration and sustaining capex programs during the period. Cash on hand at the end of the quarter was US\$2.3 million and combined with the fair value of unsold and unrefined ~1,400 gold ounces in inventory totaled US\$4.8 million. Net financial debt decreased by US\$0.2 million to US\$8.2 million.
- **Annual production reached 31,142 gold equivalent ounces (“GEOs”)** and met the revised production guidance for the year of 30,000-35,000 GEO.
- **A total of 8,682 GEOs** (8,382 gold ounces and 23,296 silver ounces) were produced during Q4 2021, an **8% decrease** from Q3 2021.
- **Cost of production (“C1”) per GEO was US\$1,130 in Q4 2021, a 6% increase from US\$1,070 in Q3 2021** while all-in-sustaining cost (“AISC”) was US\$1,596 in Q4 2021, a **7% increase** from US\$1,496 in Q3 2021. Quarterly average GEO selling price was US\$1,790/oz (37% gross margin before depreciation and amortisation) vs US\$1,795/oz (40% gross margin before depreciation and amortisation) in Q3 2021.
- **Exploration activities at Guanaco/Amancaya continued** where three of six drill holes in the Sur vein confirmed its continuity and two of the five follow-up drillholes in the Oeste

vein confirmed the continuity of the structure at depth. In addition, at Sierra Inesperada, the latest drilling results confirmed silver mineralisation vectoring to potential blind gold mineralisation in the Purisima breccia complex. Further details were provided in the Company's 26 October 2021 and 28 January 2022 announcements.

- **Engaged SLR Consulting (Canada) Ltd ("SLR") to update the mineral resource and mineral reserve estimates at the Company's Guanaco-Amancaya mine complex** as announced on 7 October 2021. The update is expected during Q1 2022.
- The Options issued in the **October 2019 rights issue financing expired on 18 October 2021** with a total of US\$1.1M raised of which ~60% were exercised during October 2021.
- **Secured a new 3-years ESG facility for US\$3.5 million (4.2% p.a.)** to replace debt due in 2022. The facility will require monitoring of certain Environment, Social and Governance ("ESG") KPIs throughout the life of the loan and will improve the Company's working capital.

COVID-19

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

PRODUCTION

- **Guanaco/Amancaya gold and silver production during the fourth quarter totaled 8,682 GEOs** (or 8,382 gold ounces and 23,296 silver ounces), an **8% decrease from the September 2021 quarter and a 32% decrease from the December 2020 quarter**.
- Production included 241 GEOs from Guanaco historical heap material processed through the agitation leaching plant during the quarter.
- Production was lower than forecasted during the quarter mainly due to lower gold grades at Amancaya, restricted availability of the UG fleet (mainly vertical drilling equipment) and a failure on the primary crusher during November 2021, which was repaired in December 2021 and led to an increase in December production.
- As part of its on-going plan to increase productivity from operations, the Company worked on improving its oversight of key activities to improve the efficiency of the production process. During 4Q 2021, roles and responsibilities were evaluated to better align the company and its contractors on UG exploitation, maintenance of mining equipment and procurement of materials and spare parts.
- **Rawhide production (100% basis) during the December 2021 quarter totaled 5,162 GEOs representing a 28% decrease from September 2021 quarterly production of 7,195 GEOs.** The Company's December 2021 quarterly share of production was 1,282 GEOs compared to the September 2021 quarterly share of production of 1,652 GEOs.

Quarterly Production figures

Operations	Guanaco/ Amancaya Mines			Rawhide*			Net to Austral		
	Dec Qtr 2021	Sept Qtr 2021	Dec Qtr 2020	Dec Qtr 2021	Sept Qtr 2021	Dec Qtr 2020	Dec Qtr 2021	Sept Qtr 2021	Dec Qtr 2020
Processed (t)	84,096	80,549 (**)	52,977	414,509	453,314	496,848	187,060	183,513 (**)	184,443
Gold produced (Oz)	8,382	9,120	12,153	4,956	6,904	5,632	9,613	10,705	13,643
Silver produced (Oz)	23,296	21,390	44,833	17,527	24,678	41,603	27,650	27,056	55,841
Gold-Equivalent (Oz) **	8,682	9,422	12,728	5,162	7,195	6,124	9,964	11,074	14,348

* Quarterly Weighted average of 24.84% (September 2021-22.96% and December 2020-26.46%).

** Au:Ag ratio is calculated at 78:1 Ag:Au for the December 2021 Quarter; 71:1 Au:Ag for the September 2021 Quarter and 78:1 Au:Ag for the December 2020 Quarter. Rawhide's Au:Ag ratio equaled 85:1 for the December 2021 Quarter, Au:Ag 85:1 for the September 2021 Quarter and Au:Ag 85:1 for the December 2020 Quarter.

*** Includes an additional 28,643 tonnes processed from Guanaco's historical heap material that was not included in the Company's September 2021 quarterly report.

Forecasted Calendar 2022 Production and Costs:

- Production guidance for 2022 for the Guanaco and Amancaya Mine complex is estimated at 40,000-45,000 gold-equivalent ounces with forecasted C1 and AISC of US\$1,000-US\$1,100 and US\$1,300-US\$1,400 per GEO.
- Production guidance for 2022 was not provided by Rawhide.

EXPLORATION

- During Q4 2021, exploration activities focused on Chile and Argentina as follows:
 - Chile: drilling campaigns at Amancaya, Sierra Inesperada and Cerro Buenos Aires; definition of drilling targets, ground magnetic activities and trenching at **Morros Blancos**; and geological mapping, rock sampling and ground magnetometry at **Cerro Blanco**.
 - Argentina: 3D modelling, re-logging, detailed review of drillholes geochemistry, systematic sampling and mapping and reinterpretation of certain veins at **Manantiales and Casposo**, and design of new exploration activities at **Sierra Blanca** as part of the agreement with Capella Minerals Limited (former New Dimension Resources).
- **Significant results were obtained from the deep drilling campaign at Amancaya** in the Sur and Oeste veins announced on 26 October 2021. These two new veins were discovered in Q2 2021.
- At **Sierra Inesperada**, the latest drilling results confirmed silver mineralisation vectoring to potential blind gold mineralisation in the Purisima breccia complex.
- At the **Casposo – Manantiales** district, the first phase of drilling was completed in five vein targets. At the Manantiales vein, a blind ore-shoot was intercepted opening the upside to the south and at section 6775E, and a strongly stratified volcanic-clastic sequence was defined. In addition, surface mapping of the "La Puerta vein" was 90% completed. The mapping enabled the identification of corridors with a marked N60° E orientation, with strong silicification and the presence of sheeted veins (with veins and veinlets <0.50 m) and the presence of crustiform-coloform, lattice bladed and occasional gingueros textures.
- At **Sierra Blanca**, the first tranche to acquire 51% of the project was completed in Q3 2021. The Company is focused on acquiring the next 29% interest, which requires an additional US\$600,000 in exploration expenses be incurred over the next two years of which US\$54,000 was expended during Q4 2021.
- The option agreement at Cerro Buenos was terminated as lab results from the five drillholes at Cerro Buenos Aires did not show any significant gold intercepts. In addition, the full multi-element geochemistry did not show any significant silver values or clear distribution patterns of pathfinder elements.

FINANCIALS

- **At the end of Q4 2021, cash and cash equivalents were US\$2.3 million and combined with the fair value of ~1,400 unsold and unrefined gold equivalent ounces in inventory totaled US\$4.8 million.** The table below summarises the December 2021 quarterly cash flow compared to the September 2021 quarter and prior year quarter ended December 2020.

Cash Flow (US\$`M)	Dec 2021 Qtr	Sept 2021 Qtr	Dec 2020 Qtr
Operating Cash flow before change in working capital	3.1	6.0	10.1
Changes in working capital	1.3	(1.8)	1.3
Operating cash flow after change in working capital	4.4	4.2	11.4
Net cash used in investing activities	(3.8)	(3.8)	(4.3)
Net cash from (used in) financing activities	(0.6)	0.1	(2.5)
Net increase (decrease) in cash	-	0.5	4.6
Cash beginning of period	2.3	1.8	7.8
Cash end of period	2.3	2.3	12.4

- **Cash flow generated from operating activities** was US\$4.4 million during Q4 2021, an increase of US\$0.2 million from US\$4.2 million during Q3 2021. The increase in cash flow generated was due to an increase in the changes in working capital during Q4 2021.
- **Net cash used in investing activities** was US\$3.8 million, mainly due to US\$1.9 million for sustaining capital expenditures, US\$1.4 million for exploration activities and US\$0.5 million invested in Rawhide.
- **Net cash used in financing activities** was US\$0.6 million due to the net decrease in borrowings of ~ US\$1.2 million offset by proceeds of ~ US\$0.6 million from the exercise of shareholder options issued in the 2019 rights issuance. **The table below summarises the net financial debt position.**

Net Financial Debt Position (US\$`M)	Dec 2021 *	Sept 2021*	Dec 2020 *
Cash & Cash Equivalents **	2.3	2.3	12.4
Financial Debt ***	10.5	10.7	8.4
Net Financial Debt	8.2	8.4	(4.0)

* Consolidated unaudited figures

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

*** Includes Borrowings and Financial leases

- **As of 31 December 2021, consolidated net financial debt was US\$8.2 million**, a net decrease of US\$0.2 million from 30 September 2021. At the end of Q4 2021, total financial debt of US\$10.5 million was comprised of US\$8.3 million of short-term debt and US\$2.2 million of long-term debt. In January 2022, a short-term pre-export facility of US\$3.5 million was replaced by a new US\$3.5 million 3-years ESG facility, which resulted in the conversion of US\$2.3 million of short-term debt to long-term debt.



Guanaco & Amancaya Mines
Antofagasta, Chile



Casposo Mine
San Juan, Argentina



Pingüino Project
Santa Cruz, Argentina



Rawhide Mine
Fallon Nevada, USA



Mercur Project
Utah, USA



Austral Gold Limited (“Austral”) is a growing gold and silver mining, development and exploration company building a portfolio of quality assets in Chile, the USA and Argentina. Austral owns a 100% interest in the Guanaco/Amancaya mine in Chile and the Casposo Mine (care and maintenance) in Argentina, a 24.74% interest in the Rawhide Mine in Nevada and 11.93% interest in the Mercur project in Utah through the equity investment in Ensign Gold. In addition, Austral owns an attractive portfolio of exploration projects in the Paleocene Belt in Chile (including those acquired in the recent acquisition of Revelo Resources Corp), a 13.6% interest in Pampa Metals and a 100% interest in the Pingüino project in Santa Cruz, Argentina, which was expanded as a result of the 2020 option agreement for the Sierra Blanca project.

CHILE

Guanaco and Amancaya Mines

Background

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

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

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

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

Safety

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

Production

December 2021 quarterly production at Guanaco/Amancaya **decreased by 8% to 8,682 GEOs** (8,382 gold ounces and 23,296 silver ounces) from 9,422 GEOs (9,120 gold ounces and 21,390 silver ounces) during the September 2021 quarter and decreased by **32%** from 12,728 GEOs (12,153 gold ounces and 44,833 silver ounces) during the December 2020 quarter. The cost of production ("C1") and the all-in sustaining cost ("AISC") at the Guanaco/Amancaya mine complex in the December 2021 quarter increased to US\$1,130 per GEO and US\$1,596 per GEO respectively from US\$1,070 per GEO and US\$1,496 per GEO during the September 2021 quarter and increased from US\$762 per GEO and US\$1,197 per GEO respectively during the December 2020 quarter.

Mining

During the December 2021 quarter, 41,512 tonnes were mined from the Amancaya underground operations. Management continues to evaluate opportunities to expand the mineral resources at the Guanaco and Amancaya mines.

Operations	Guanaco/Amancaya Quarter ended		
	December 2021	September 2021	December 2020
Processed (t)	84,096	80,549	52,977
Average Plant Grade Underground (g/t Au)	4.9	5.1	6.8
Average Plant Grade Heap (g/t Au)	1.8	2.2	-
Average Plant Grade Underground (g/t Ag)	19.2	13.9	27.6
Average Plant Grade Heap (g/t Ag)	4.1	4.8	-
Gold produced (Oz)	8,382	9,120	12,153
Silver produced (Oz)	23,296	21,390	44,833
Gold-Equivalent (Oz) ^{(1) (2)}	8,682	9,422	12,728
C1 Cost of Production (US\$/AuEq Oz) ⁽³⁾	1,130	1,070	762
All-in Sustaining Cost (US\$/Au Oz) ⁽⁴⁾	1,596	1,496	1,197
Realised gold price (US\$/Au Oz)	1,790	1,795	1,877
Realised silver price (US\$/Ag Oz)	23	25	25

⁽¹⁾ AuEq ratio is calculated at 78:1 Ag: Au for the 31 December 2021 quarter; 71:1 for the 30 September 2021 quarter and 78:1 Ag: Au for the 31 December 2020 quarter.

⁽²⁾ Includes 241 Gold equivalent (Oz) from Guanaco historical heap material processed through the agitation leaching plant during the 31 December 2021 quarter; 600 GEOs during the 30 September 2021 quarter and nil GEOs during the 31 December 2020 quarter.

⁽³⁾ The cash cost (C1) includes: Mine, Plant, On-Site G&A, Smelting, Refining, and Royalties (excludes Corporate G&A). It is the cost of production per gold equivalent ounce.

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

Exploration

Amancaya District Exploration

During Q4 2021, the most significant results (disclosed in the Company's press release dated 26 October 2021) were as follows:

- DAM-028 0.60 meters @ **86.88 g/t gold** and 6.9 g/t silver (Sur Vein)
- DAM-029 0.80 meters @ **23.68 g/t gold** and 1.9 g/t silver (Sur Vein)
- DAM-032 2.26 meters @ **5.77 g/t gold** and 5.3 g/t silver (Sur Vein)
- DAM-035 1.50 meters @ **20.06 g/t gold** and 4.8 g/t silver (Oeste Vein)
- DAM-036 3.85 meters @ **5.18 g/t gold** and 5.2 g/t silver (Oeste Vein)

At Veta Este, the continuity of the structure along strike intersected only narrow intercepts with drillholes DAM-33 and DAM-034. The interpretation suggests that it is a gently east dipping splay structure between the North and South veins.

Guanaco District Exploration

At Sierra Inesperada, four targets were tested with 20 diamond drillholes in two phases, confirming HS hydrothermal activity controlled by phreatomagmatic complexes and associated with silver mineralisation. Integration of geological, geophysical and geochemical interpretations suggest potential blind gold mineralisation that were tested during Q4 2021.

The latest drilling results confirmed silver mineralisation vectoring to potential blind gold mineralisation in Purisima breccia complex. The most significant results (disclosed in the Company's press releases dated 26 October 2021 and 28 January 2022) were as follows:

- DIN-018B 98.50 meters @ **19.2 g/t silver**
(Including 24.0 meters @ **51.5 g/t silver** and sub-include 8.20 meters @ 0.25 g/t gold)
- DAM-027 129.00 meters @ **34.0 g/t silver**
(Including 55.0 meters @ **63.6 g/t silver** and sub-include 4.00 meters @ 0.27 g/t gold)
- RDIN-001: 6.0 meters @ **1.05 g/t gold** and **2.7 g/t silver**
and 1.0 meter @ **1.99 g/t gold** and **31.7 g/t silver**
- RIN-001A: 41.0 meters @ **18.6 g/t silver** (including 8.0 meters @ 24.8 g/t silver) and
30.0 meters @ **21.6 g/t silver** and;
60.0 meters @ **14.1 g/t silver** (including 6.0 meters @ 32.5 g/t silver)

All drill holes crossed the phreatomagmatic complexes without reaching the feeder ducts. However, we believe there is still enough space in the main gold deposition level to intercept a mineralized conduit.

Paleocene HS Districts Exploration

At Cerro Buenos Aires, we drilled five holes to test the phreatomagmatic breccia borders related to CSAMT anomalies in three targets defined in the delineation stage. Despite having intercepted a large column of alteration, the results were not significant, and we dismissed the potential for a productive high-sulfidation system located in the southern sector of the property.

As disclosed in our 11 January 2022 press release, delineation was completed at Rosario del Alto (within Morros Blanco), where key elements of high-sulfidation systems were field validated, including four maar-diatreme structures, multiplicity of phreatomagmatic breccias extending ~2x1 km and a preserved structural block based on shallow volcanic features and high-level alteration, systematic surface geochemistry prospection with 297 rock chip samples and over 450 spectrometry measurements validated extensive advanced argillic alteration (~4x3 km) with preserved shallow levels and newly acquired high-resolution ground magnetic data collected on 38 North-South oriented lines (100 m spacing) which is being processed by an external consultant. Preliminary results show demagnetized areas, presumably due to an acidic hydrothermal alteration with spatially matching phreatomagmatic features. Five East -West oriented CSAMT lines (totalling 12 km) were surveyed over favorably altered centers and confirmed subvertical cone-shaped resistors over 10,000 ohms/m in 1D and 2D inversions.

ARGENTINA

Casposo Mine

Background

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

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

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

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

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

Safety

During the December 2021 quarter, there were zero lost-time accidents (LTA's) and zero no-lost-time accidents (NLTA) involving employees and contractors of Casposo. Safety and environmental protection are core values of the Company. The implementation of best practice safety standards along with a sound risk management program are key priorities for Austral Gold.

Production

There was no production in Q4 2021.

Casposo - Manantiales Exploration

The first phase of drilling was completed in five vein targets including 14 holes in 2,800 meters. At the Manantiales vein, a blind ore-shoot was intercepted opening the upside to the south and the exploration potential to the north in the protected block related to Vallecito reverse fault.

The most significant results (disclosed in the Company's press release dated 26 October 2021) were as follows:

- MDH-021-56 1.44 meters @ **6.88 g/t gold and 10.6 g/t silver**
- MDH-021-57 1.50 meters @ **5.05 g/t gold and 10.3 g/t silver**

The holes drilled at Valentina, Julieta, Awada and Maya, did not intercept significant mineralisation. However, the composition and textures of the intercepted veins suggest potential at depth. A new drill phase is under review and is expected to commence during Q1 2022.

During 4Q 2021, surface geochemistry results were received from samples taken at "La Puerta target," and 34 of 63 samples have Au and Ag anomalies (Au above 250 ppb). Two samples of Au high grade were obtained (68.11 and 29.98 ppm of Au and values > 200 ppm Ag), that are associated with areas with strong veinlets of quartz and intense silicification in host rock.

New geochemistry results from the channel CH-PO-04 included 4.7m with 8.09 g/t Au and 56.53 g/t Ag average (including 2.5m with 14.59 g/t Au – 81.60 g/t Ag). These results confirm the potential for another style of mineralisation.

Pingüino and Sierra Blanca Projects

Preliminary targeting of the district, based on geological mapping, Aster interpretation, and geophysics resulted in a new target structurally protected. The follow-up activities on the new target confirmed favorable alteration related to Dome-Breccia complex.

Dating of a rhyolitic dome in the Dome-Breccia complex resulted in the mean age of 165 ± 1.4 Ma, although a smaller population of zircons results with an age of $153.6 \text{ Ma} \pm 1.9$, as seen in the Cerro Negro deposit.

United States

Rawhide Mine

Background

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

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

During August 2021, Rawhide raised additional capital which reduced AGNA's interest to 22.78%. Due to a Covid outbreak at the mine in September 2021, production was impacted, which resulted in Rawhide requested a further capital call of US\$2.4 million on 19 October 2021 of which AGNA paid its pro rata amount of US\$546,777 resulting in an increase in AGNA's interest to 24.74%. In early January 2022, AGNA invested an additional US\$125,000 in Rawhide.

During 2021, RAH completed two private placements at valuations less than the Company's investment cost. As such, during Q4 2021 the Company determined its investment in RAH was impaired and recognized an impairment charge of US\$2 million. The adjustment to the carrying value of RAH was based on the valuation and related subscription price used in RAH's October 2021 financing. The Company is continuing to evaluate the valuation of its investment in RWH and final numbers will be provided when it files its 2021 audited financial statements.

Quarterly Production figures

Rawhide Operations	Dec 2021 Qtr	Sept 2021 Qtr	Dec 2020 Qtr
Processed (t)	414,509	453,314	496,848
Gold produced(Oz)	4,956	6,904	5,632
Silver produced(Oz)	17,527	24,678	41,603
Gold-Equivalent (Oz) *	5,162	7,195	6,124

* Rawhide's Au:Ag ratio equaled 85:1 for the December 2021 Quarter; Au:Ag 85:1 for the September 2021 Quarter and Au:Ag 85:1 for the December 2020 Quarter.

Quarterly production was 5,162 gold equivalent ounces (100% basis) with 1,282 gold equivalent ounces attributed to Austral. This represents an 28% decrease over Q3 2021 production and a 19% decrease over Q4 2020 production.

The company continues to evaluate alternatives to turnaround the business.

During Q4 2021 Rawhide:

- completed infill and step-out reverse circulation drilling at Regent, the historical Rawhide open pits, and adjacent satellite prospects. The results largely confirmed the gold-silver mineralisation already included in the current Regent mine plan and did not delineate near-term mineable oxide mineralisation left in the historical open pits. Drilling at the step-out targets confirmed a priority exploration target south of the historical open pits;
- completed drilling and sampling, and initiated metallurgical testing to characterize open pit back fill material as potential sources for near term processing; and
- completed core drilling beneath the historical Rawhide open pit to obtain mineralized sulfide material for metallurgical test work.

Ensign Gold (Mercur Project)

Background

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

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

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

Q4 2021 Update

Ensign Minerals (“Ensign”) advised the Company that during the 2021 field season, it drilled a total of 55 holes at the Mercur project, ranging in length from 75 to 400 meters. At Main Mercur (the Barrick Option area) 50 holes were drilled for a total of 7,723 meters. The main goal was to confirm mineralisation modelled using historic Barrick drilling.

Ensign believes the program was successful and confirmed, and in some areas upgraded, the width and grades of modelled mineralisation. Mineralisation was also encountered outside of the model which is intended to be a target for the 2022 drill program. At South Mercur 2 holes for 448 meters were drilled to extend existing mineralisation. At West Mercur 3 shallow holes for 317 meters was drilled in an area of historic workings. For all areas, initial assays have been received and are being evaluated subject to final QA/QC protocol. In addition to the drilling program geologic mapping and sampling was conducted throughout the property to provide a better understanding of structural trends and alteration patterns which Ensign believes will help in developing targets for its 2022 program.

Corporate Summary & Financial Performance

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

- **Cash and cash equivalents were US\$2.3 million** and combined with the fair value of ~1,400 unsold and unrefined gold equivalent ounces in inventory totaled US\$4.8 million.
- **Quarterly operating cash flow** before changes in working capital was US\$3.1 million; after changes in working capital the balance was US\$4.4 million
- **Net cash used in investing activities** was US\$3.8 million, mainly due to US\$1.9 million for sustaining capital expenditures, US\$1.4 million for exploration activities and US\$0.5 million invested in Rawhide.
- **Net cash used in financing activities** was US\$0.6 million due to the net decrease in borrowings ~ US\$1.2 million offset by proceeds of ~ US\$0.6 million from the exercise of shareholder options issued in the 2019 rights issuance.
- **Net financial debt** was US\$8.2 million as of 31 December 2021.

By order of the Board



David Hwang
Company Secretary

Forward Looking Statements

Statements in this quarterly activity report that are not historical facts are forward-looking statements. Forward-looking statements are statements that are not historical and consist primarily of projections - statements regarding future plans, expectations and developments. Words such as "expects", "intends", "plans", "may", "could", "potential", "should", "anticipates", "likely", "believes" and words of similar import tend to identify forward-looking statements. Forward-looking statements in this quarterly activity report include the Company's 2022 forecasted production guidance and costs. Management continues to evaluate opportunities to expand the mineral resources at the Guanaco and Amancaya mines, SLR is expected to provide an updated mineral resource and mineral reserve estimates at the Company's Guanaco-Amancaya mine complex during Q1 2022, and planned exploration activities in Chile, Argentina and at Ensign's property in Q1 2022.

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

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

Compliance Statement

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

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

Sign here:



Date: 31 January 2022

(Company secretary)

Print name:

David Hwang

