MEDIA RELEASE

Austral Gold Limited

26 February 2021

Austral Gold Files Preliminary 2020 Financial Report

Austral Gold Limited (the **"Company"** or **"Austral"**) (ASX: AGD; TSX-V: AGLD) is pleased to announce that it has filed its Appendix 4E Preliminary Financial Report for the Financial Year Ended 31 December 2020. The Report is available under the Company's profile at www.asx.com.au and 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 building a portfolio of quality assets in Chile, the USA and Argentina. Austral owns 100% interest in the Guanaco/Amancaya mine in Chile and the Casposo Mine (care and maintenance) in Argentina, and a 26.46% interest in the Rawhide Mine in Nevada. 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) 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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APPENDIX 4E

PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The report is based on accounts which are in the process of being audited.

AUSTRAL GOLD LIMITED

PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to year ended 31 December 2019)

Revenue and net profit				US$'000
Revenue from ordinary activities	Down	14%	to	88,223
Revenue from Guanaco/Amancaya	Down	6%	to	88,223
Revenue from Casposo	Down	100%	to	-
Profit after tax from ordinary activities	Up	368%	to	7,667
Profit attributable to members	Up	47%	to	7,667

Dividend information	
Interim unfranked dividend per share	A$0.009

Interim dividend dates

Ex-dividend date	09 July 2020
Record date	10 July 2020
Payment date	24 July 2020

Net tangible assets per security	31 December 2020 per share	31 December 2019 per share
Net tangible assets per security	US$0.11	US$0.10
Common shares on issue at balance sheet date	566,070,265	559,393,259

REVIEW OF RESULTS

For the Year Ended 31 December 2020

The following report on the review of results for the year ended 31 December 2020 ("FY20") and 2019 ("FY19") together with the consolidated dated financial report of Austral Gold Limited (the Company) and its subsidiaries, (referred to hereafter as the Group).

PRINCIPAL ACTIVITIES

The principal activities of the Group during FY20 were:

- Several precautionary measures taken to protect the health of our people to address the risk of the COVID-19 virus.
- Gold and silver production at the Group's Guanaco/ Amancaya mines achieved its full-year production guidance despite the interruption to operations from a miners´ strike during Q2 2020 and the transition to outsource the Amancaya underground mining operations.
- Continued to seek quality assets through M&A activities in stable jurisdictions by:
  - executing a definitive arrangement agreement to acquire 100% of the shares of Revelo Resources Corp. The acquisition was finalised on 5 February 2021;
  - entering into a Subscription and Investment Agreement with Ensign Gold to acquire a 19.9% interest;
  - increasing the Group's interest in Rawhide. The Group owns a 26.46% interest after exercising its options during 2020;
  - executing an agreement with New Dimension Resources Ltd. (TSX-V:NDR) ("New Dimension") to acquire up to 100% of New Dimension's Sierra Blanca gold-silver project (the "Project") in Santa Cruz Province near the Group's Pinguino project;
  - executing acquisition agreements to acquire additional mining concessions near the Group's Guanaco/Amancaya complex.
- Exploration activities seeking organic growth in the Company´s existing mining projects in Argentina and Chile.
- Strengthening the corporate team through the appointment of Wayne Hubert as Executive Chairman and Raúl Guerra as VP of Exploration while Director Eduardo Elsztain, the Company´s largest shareholder, remains on the Board as Non-Executive Director and Vice-Chairman.
- There were no other significant changes in our principal activities during the period. A summary of key operating results for FY20 and FY19 is set out in the following table for comparative purposes.

REVIEW OF RESULTS OF OPERATIONS

Key Operating Results	Fiscal Year ended 31 December						
	2020				2019		
	Guanaco/ Amancaya Mines	Rawhide Mine (100% basis)*	Casposo Mine (100% basis)	Net to Austral Gold*	Guanaco/ Amancaya Mines	Casposo Mine (100% basis)	Net to Austral Gold**
Processed (t)	195,296	1,855,337	-	665,995	253,024	39,545	280,706
Gold produced (Oz)	52,306	24,213	-	58,449	60,666	2,770	62,605
Silver produced (Oz)	253,066	160,113	-	293,687	543,906	143,542	644,385
Gold Equivalent Ounces (Oz)	55,190	26,265	-	61,853	67,005	4,473	70,136

*Attributable production from the Rawhide Mine

**Effective December 2019, Austral Gold owned 100% of Casposo. From March 2017 to 22 December 2019, Austral Gold owned 70% of Casposo; C1 and AISC calculated based on 100% Processed (t). December 2020 twelve month weighted average of 25.37% (2019-nil as 17 December 2019 – acquired 22.48% ownership in the Rawhide Mine and exercised options to increase its ownership interest on 31, January 2020 Austral to 23.62% ownership interest. On 8, May 2020 the Group exercised its remaining options and increased its ownership interest to 26.46%. **AuEq ratio is calculated at 86:3 Ag:Au for the FY2020 and 85:1 Ag:Au for FY19.

Guanaco Operations	Fiscal Year ended 31 December months ended	
	2020	2019
Mined Ore (t)	196,194	250,986
Processed (t)	195,296	253,024
Average Plant Grade (g/t Au)	8.5	7.6
Average Plant Grade (g/t Ag)	43.9	81.2
Gold produced (Oz)	52,306	60,666
Silver produced (Oz)	253,066	543,906
Gold-Equivalent (Oz) ***	55,190	67,005
C1 Cash Cost of Production (US$/AuEq Oz)*	723	661
All-in Sustaining Cost (US$/Au Oz) *	1,021	899
Realised gold price (US$/Au Oz)	1,765	1,404
Realised silver price (US$/Ag Oz)	21	16
Sales volume	49,995	66,657

* The cash cost (C1) includes: Mine, Plant, On-Site G&A, Smelting, Refining, and Royalties (excludes Corporate G&A). It is the cost of production per gold equivalent ounce.
** The All-in Sustaining Cost (AISC) includes: C1, Sustaining Capex, Brownfield Exploration, and Mine Closure Amortisation.
*** AuEq ratio is calculated at 88:1 Ag:Au for the FY20 and 85:1 Ag:Au for the FY19

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Production during FY20 at Guanaco/Amancaya decreased by 18% to 55,190 gold equivalent ounces (52,306 gold ounces and 253,066 silver ounces) from 67,005 gold equivalent ounces (60,666 gold ounces and 543,906 silver ounces) during FY19. The decrease was mainly a result of the lower throughput of the mine and lower silver grades which was anticipated in accordance with the production guidance.

During FY20, mining continued at the Guanaco underground operations with a total of 2,928 tonnes mined while 193,266 tonnes were mined from the Amancaya underground operations. Management continues to evaluate opportunities to extend the life of mine of the Guanaco and Amancaya mines.

In addition, the following table summarizes the production figures of the Rawhide mine (US) in which Austral has a 26.46% interest. Actual production was slightly below Rawhide's FY20 guidance of 27,000-30,000 gold equivalent ounces mainly as a result of interruptions at the crushing plant due to repairs and the ramp up of the crushing conveying system.

Rawhide Operations (100% basis)	Fiscal Year ended December 2020
Processed (t)	1,855,337
Gold produced (Oz)	24,213
Silver produced (Oz)	160,113
Gold-Equivalent (Oz) *	26,265

*The Company acquired an initial 22.48% interest in interest in Rawhide on 17 December 2019.
*FY20 weighted average of 25.23% (ownership in the Rawhide Mine as effective 31, January 2020 Austral held a 23.62% ownership interest in Rawhide. On 8, May 2020 the ownership interest was increased to 26.46%).
*** AuEq ratio is calculated at 78:1 Ag:Au for FY20

COVID-19 IMPACT

During FY20, the Company´s flagship mine complex in Chile (Guanaco/Amancaya) was not significantly impacted by COVID-19 except for several precautionary measures to address the risk of the COVID-19 virus as recommended by the Health Authorities and Governments around the world. In Argentina, exploration activities were reduced at the Casposo and Pingüino projects following mandatory isolation measures in effect in Argentina during Q2 and Q3 2020.

KEY FINANCIAL RESULTS

Key financial metrics Thousands of US$	Fiscal Year ended December 31	
	2020	2019
Revenue	88,223	102,209
Gross profit	37,884	26,661
Gross profit %	42.9%	26.1%
Adjusted gross profit (excluding depreciation and amortisation)	54,151	46,916
Adjusted gross profit % (excluding depreciation and amortisation)	61.4%	45.9%
EBITDA*	30,963	33,550
EBITDA per share (basic)	0.055	0.062
EBITDA per share (fully diluted)	0.054	0.059
Adjusted EBITDA**	45,962	37,612
Adjusted EBITDA per share (basic)	0.082	0.070
Adjusted EBITDA per share (fully diluted)	0.080	0.066
Profit attributed to shareholders	7,667	5,225
(Loss) attributed to non-controlling interests	-	(3,586)
Earnings per share (Basic)	1.36c	0.97c
Earnings/(Loss) earnings per share (diluted)	1.34c	0.93c
Comprehensive income	7,612	1,658

Note: Readers are cautioned that Adjusted EBITDA does not have standardised meanings as prescribed by IFRS and may not be comparable to similar measures presented by other companies. Further, readers are cautioned that Adjusted EBITDA shouldnot 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.

EBITDA AND ADJUSTED EBITDA

Thousands of US$	Fiscal Year ended December 31	
	2020	2019
Profit before tax	14,335	9,508
Depreciation and amortisation	16,267	20,255
Net finance (income) / costs	361	3,787
EBITDA*	**30,963**	**33,550**
Other expenses		
Settlement of union agreement at Guanaco/Amancaya	4,963	-
Severance of mining employees due to outsource of operations	4,278	-
Impairment of goodwill	926	-
Impairment of exploration and evaluation expenditure	748	862
Care and maintenance	1,983	1,185
Restructuring cost (Casposo)	-	2,087
Other	(180)	(62)
Loss/(gain) on financial assets	1,774	(10)
Share of loss of associate	507	-
Adjusted EBITDA**	**45,962**	**37,612**

Thousands of US$	Fiscal Year ended December 31	
	2020	2019
Cash & cash equivalents	12,401	9,196
Current assets	31,942	26,849
Non-current assets	73,523	79,318
Current liabilities	24,035	23,529
Non-current liabilities	20,162	25,907
Net assets	61,268	56,731
Net current assets	7,907	3,320
Current loans and borrowings	831	4,045
Current financial leases	2,905	3,047
Non-current loans and borrowings	1,246	2,077
Non-current financial leases	3,416	6,302
Combined debt (borrowings and financial leases)	8,398	15,471
Combined net debt (net of cash & cash equivalents)	(4,003)	6,275
Combined debt to EBITDA	27%	46%
Combined net debt to EBITDA	(13%)	19%
Current ratio*	1.33	1.14
Total liabilities to net assets	0.72	0.87

*Current Assets divided by Current Liabilities

OPERATING AND FINANCIAL RESULTS OF THE GROUP

Adjusted EBITDA increased to US$46.0m (52%) from US$37.6m during FY19 (37%) while EBITDA decreased to US$31.0m (35%) during FY20 from US$ 33.6m (33%) during FY19.

Net profit before and after tax increased to US$14.3m and US$7.7m during FY20 from US$9.5 and US$1.6m during FY19 and was mainly due to higher operating margins, which resulted from both higher gold and silver prices per ounce realised and higher gold grades. The cost of sales in the prior period was also impacted by unprofitable operations at Casposo due to low production and the 2019 restructuring when Casposo was placed on care and maintenance.

Net profit during FY20 was mainly due to the following:

- Gross profit of US$37.9m or 43% (including US$16.3m of depreciation and amortisation) was realised (FY19: gross profit of US$26.7m or 26% including US$20.3m of depreciation and amortisation). Excluding depreciation and amortisation, a gross profit of US$54.2m was earned during FY20 or 61% (FY19: US$46.9m or 46%).
- Other expenses include the following:
    - payment of bonuses and other benefits to mining employees at Guanaco/Amancaya due to a new collective union agreement during Q2 2020;
    - the cost to terminate mining employees in December 2020 at Guanaco/Amancaya as a result of the Group's decision to outsource the underground mine operation at its 100% owned Amancaya mine and certain maintenance activities at Guanaco´s processing plant;
    - Impairment expenses which are mainly due to the expense of goodwill and the expense of certain exploration and evaluation expenditures previously capitalised;
    - care and maintenance expenses for the entire year as compared to FY19 when Casposo was placed on care and maintenance during the second quarter of 2019
- lower administration costs, which were mainly due to the depreciation of the South American currencies against the USD dollar, lower general and administrative expenses at Casposo and a decrease in the provision for employee entitlements.
- lower net finance costs which was primarily due to a decrease in interest expense as a result of debt repayments during the year and a present value adjustment to the mine closure provision at Guanaco
- a loss on financial assets.

Net gold equivalent ounces (GEOs) produced (including production attributable from Rawhide) during FY2020 decreased to 61,853 GEOs from 70,136 GEOs produced during FY19. Production from the Guanaco/ Amancaya mine complex decreased to 55,190 GEOs from 67,005 GEOs, a decrease of 17.6%. The decrease in production was primarily due to the miner's strike of approximately one month.

Overall cash cost of production ("C1")* and All-in sustaining costs ("AISC") at Guanaco/Amancaya increased slightly during FY20 due to lower throughput compared to the prior year to US$723/AuEq oz and US$1,021/ AuEq oz (FY2019:US$661/AuEq oz and US$899/ AuEq oz).

FINANCIAL POSITION

Net assets increased by US$4.6m from 31 December 2019 to US$61.3m at 31 December 2020 (31 December 2019: US$56.7m). The increase was mainly due to the profit earned during FY20 which was partially offset by the payment of a US$3.5m dividend. Working capital increased by US$4.6m to US$7.9m at 31 December 2020 (31 December 2019: working capital of US$3.3m). The increase in working capital arose mainly due to the increase in inventory as a result of the Company's cash management strategy to maximise gold and silver inventory. The increase was partially offset by an increase in income tax payable and the dividend paid to shareholders.

At 31 December 2020, the Group had a current ratio equal to 1.33 (FY19 1.14). Cash plus refined gold totaled US$24.1m, US$12.4m cash and cash equivalents (31 December 2019: US$9.2m) and ~6,200 refined gold ounces in inventory with a fair value of ~US$11.7m.

Combined net debt (borrowings and financial leases net of cash & cash equivalents) decreased by US$10.3m to negative US$4.0m at 31 December 2020 compared to US$6.3m at 31 December 2019.

Trade and other receivables (current and non-current) decreased by US$1.4m to US$6.4m at 31 December 2020 mainly due to a decrease in trade receivables, prepaid tax and GST/VAT receivable.

Inventories increased by US$4.1m to US$14.7m at 31 December 2020 (31 December 2019: US10.6m) and was mainly due to an increase in gold and silver in process and gold and silver bullion due to the Company's cash management strategy. The allowance for inventory obsolescence increased by US$0.3m to US$1.6m at 31 December 2020.

Trade and other payables (current and non-current) increased by US$1.5m to US$10.4m at 31 December 2020 (31 December 2019: US$8.9m) mainly due to a portion of severance which remained payable at year end.

CASH FLOW

Net cash provided from operating activities before and after changes in assets and liabilities increased to US$36.9m and US$30.5m during the 12-months ended 31 December 2020 from US$33.3m and US$29.6m during the 12-months ended 31 December 2019 respectively. The increase was primarily due to the strong operational results during FY20.

Cash used in investing activities totaled US$16.2m during FY20 compared to US$14.7m during FY19. Cash was used primarily for additions to plant property and equipment, exploration and evaluation activities, payment of a promissory note and the exercise of options to increase the Group's equity interest to 26.46% in the Rawhide Mine in Nevada, USA.

Cash used in financing activities totaled US$11.0m during FY20 compared to US$7.5m during FY19 due to the net repayment of borrowings and financial leases, the payment of a dividend to shareholders and the exercise of options by shareholders.

LIQUIDITY

Guidance

The Group forecasts 2020 profitable production be at the lower end of the 50,000-55,000 gold equivalent ounces range with C1 and AISC at US$700-800 and US$800-1,000 respectively per gold equivalent ounce.

Access to capital

The Group has in the money options outstanding from the October 2019 rights issue equivalent to approximately US$0.7m and has strong banking relationships from which it expects it can obtain financing if required.

AUSTRAL GOLD LIMITED FINANCIAL REPORT

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	2020	2019
Continuing operations			
Sales revenue	13	88,223	102,209
Cost of sales	6	(34,072)	(55,293)
Gross profit before depreciation and amortisation expense		**54,151**	**46,916**
Depreciation and amortisation expense	6	(16,267)	(20,255)
Gross profit		**37,884**	**26,661**
Other expense	7	(13,000)	(4,072)
Administration expenses	8	(7,907)	(9,304)
Net finance costs	9	(361)	(3,787)
Share of loss of associate	21	(507)	-
(Loss)/gain on financial assets		(1,774)	10
Profit before income tax		**14,335**	**9,508**
Income tax expense	11	(6,668)	(7,869)
Profit after income tax expense		**7,667**	**1,639**
Profit attributable to:			
Owners of the Company		7,667	5,225
Non-controlling interests		-	(3,586)
		7,667	**1,639**
Items that may not be classified subsequently to profit or loss			
Foreign currency translation		(55)	19
Total comprehensive income for the year		**7,612**	**1,658**
Comprehensive income/(loss) attributable to:			
Owners of the Company		7,612	5,244
Non-controlling interests		-	(3,586)
		7,612	**1,658**
Earnings per share (cents per share):			
Basic earnings per share	12	1.36	0.97
Diluted earnings per share	12	1.34	0.93

The notes on pages (12) to (41) 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	2020	2019
Assets			
Current assets			
Cash and cash equivalents	14	12,401	9,196
Trade and other receivables	16	4,469	6,825
Other financial assets	17	404	277
Inventories	15	14,668	10,551
Total current assets		**31,942**	**26,849**
Non-current assets			
Other receivables	16	1,907	990
Mine properties	18	3,876	6,484
Property, plant and equipment	19	44,146	50,432
Exploration and evaluation expenditure	20	18,941	15,281
Investment accounted for using the Equity method	21	4,221	3,976
Goodwill	7	-	926
Deferred tax assets	11	432	1,229
Total non-current assets		**73,523**	**79,318**
Total assets		**105,465**	**106,167**
Liabilities			
Current liabilities			
Trade and other payables	22	10,371	8,910
Income tax payable		6,034	2,022
Employee entitlements	23	3,894	3,548
Loans and borrowings	25	831	4,045
Promissory note	21	-	1,957
Lease liabilities	19	2,905	3,047
Total current liabilities		**24,035**	**23,529**
Non-current liabilities			
Trade and other payables	22	-	1
Provisions for reclamation and rehabilitation	24	11,050	10,814
Loans and borrowings	25	1,246	2,077
Lease liabilities	19	3,416	6,302
Employee entitlements	23	24	1,048
Deferred tax liability	11	4,426	5,665
Total non-current liabilities		**20,162**	**25,907**
Total liabilities		**44,197**	**49,436**
Net assets		**61,268**	**56,731**
Equity			
Issued capital	26	102,177	101,682
Accumulated losses	27	(43,871)	(44,238)
Reserves	28	2,962	(713)
Total equity		**61,268**	**56,731**

The notes on pages (12) to (41) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020 and 2019

All figures are reported in thousands of US$	Note	Issued capital	Accumulated losses	Reserves	Non-controlling interest	Total
Balance at 31 December 2018		**100,569**	**(49,473)**	**35**	**3,741**	**54,872**
Adjustment on initial application of AASB16		-	10	-	-	10
Adjusted balance at 1 January 2019		100,569	(49,463)	35	3,741	54,882
Profit (loss) for the year		-	5,225	-	(3,586)	1,639
Foreign exchange movements from translation of financial statements to US$		-	-	19	-	19
Total comprehensive income/ (loss)		**-**	**5,225**	**19**	**(3,586)**	**1,658**
Issued Capital	26	1,113	-	186	-	1,299
Acquisition of 49% of Cachinalito		-	-	453	(1,361)	(908)
Acquisition of 30% of Casposo		-	-	(1,406)	1,206	(200)
Balance at 31 December 2019		**101,682**	**(44,238)**	**(713)**	**-**	**56,731**
Profit for the year		-	7,667	-	-	7,667
Profit transferred to profit reserve		-	(7,300)	7,300	-	-
Foreign exchange movements from translation of financial statements to US$		-	-	(55)	-	(55)
Total comprehensive income/ (loss)		**-**	**367**	**7,245**	**-**	**7,612**
Issued Capital	26	495	-	(74)	-	421
Dividend paid		-	-	(3,496)	-	(3,496)
Balance at 31 December 2020		**102,177**	**(43,871)**	**2,962**	**-**	**61,268**

The notes on pages (12) to (41) 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	2020	2019
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		9,196	1,716
Cash and cash equivalents, at the end of the period		12,401	9,196
Net increase in cash and cash equivalents		**3,205**	**7,480**
Causes of change in cash and cash equivalents			
Operating activities			
Profit after income tax		7,667	1,639
Non-cash items			
Income tax expense recognized in profit or loss		6,668	7,869
Impairment of goodwill		926	-
Impairment of exploration and evaluation expenditure		748	862
Depreciation and amortisation		16,267	20,255
Interest received		(4)	(27)
(Gain)/loss on sale of equipment		(114)	215
Non-cash net finance charges		742	1,860
Provision for reclamation and rehabilitation		767	175
Inventory write-down		286	179
Allowance for doubtful accounts		123	75
Non-cash employee entitlements		591	255
Share of loss of associate		507	-
Loss/(gain) in fair value of other financial assets		1,774	(10)
Net cash from operating activities before change in assets and liabilities		**36,948**	**33,347**
Changes in working capital:			
(Increase) Decrease in inventory		(4,653)	2,481
Decrease in trade and other receivables		1,316	1,417
(Decrease) in trade and other payables		(1,860)	(4,183)
(Decrease) in deferred revenue		-	(2,140)
(Decrease) in employee entitlements		(1,269)	(1,287)
Net cash provided through operating activities		**30,482**	**29,635**
Cash flows from investing activities			
Additions to plant, property and equipment	19	(7,624)	(10,035)
Proceeds from maturity of bonds and sale of securities		99	294
Proceeds from sale of inventory and equipment		366	650
Payment for investment in exploration and evaluation	20	(3,329)	(779)
Payment for investment in mine properties	18	(1,036)	(1,993)
Payment for equity investment, net of costs	21	(2,708)	(2,019)
Payment for purchase of a property option	17	(2,000)	-
Payment for purchase of non-controlling interests	29	-	(817)
Interest received		4	27
Net cash used in investing activities		**(16,228)**	**(14,672)**
Cash flows from financing activities			
Proceeds from loans and borrowings		1,072	5,991
Repayment of loans and borrowings		(5,117)	(11,455)
Repayment of lease liabilities		(3,495)	(2,794)
Interest paid on leases		(434)	(524)
Proceeds from rights offering net of offering costs		-	1,299
Proceeds from exercise of options net of costs		421	-
Dividends paid		(3,496)	-
Net cash used in financing activities		**(11,049)**	**(7,483)**
Net increase in cash and cash equivalents		**3,205**	**7,480**

The notes on pages (12) to (41) are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

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

These consolidated financial statements ("financial statements") as at and for the year ended 31 December 2020 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.

These financial statements are available upon request from the Company's registered office at Level 5, 126 Phillip Street, Sydney NSW 2000 or at www.australgold.com.

2. BASIS OF PREPARATION

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for profit oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities which are stated at fair value. Details of the Group's accounting policies are included in Note 38.

2.1 Functional and Presentation currency

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

2.2 Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 34.

2.3 Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. Inventory movements previously included in Production in Cost of Sales have been disclosed separately.

3. GOING CONCERN

The outbreak of the COVID-19 pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic's spread have impacted the Group. These measures required the Group to stop its exploration activities at the Casposo Mine in Argentina during its second quarter and take precautionary measures to protect the health of the Group's employees. However, the Group's production, financial performance for the year and its liquidity have not been negatively impacted by COVID-19.

For the year ended 31 December 2020, the Group made a profit after income tax of US$7,667 million (2019: profit after income tax of US$1,639 million) from continuing operations and generated net cash flows from operating activities of US$30,482 million (2019: net cash flow from operating activities of US$29,635 million). At 31 December 2020, the Group has net current assets of US$7,907 million (2019: net current assets of US$3,320 million).

There is still significant uncertainty over how the outbreak of COVID-19 will impact the Group's business in future periods.

However, the Directors note the following with regards to the ability of the Group to continue as a going concern:

i. At 31 December 2020, the Group had a cash balance of $12.401 million and approximately 6,200 refined gold ounces in inventory with a fair value of US$11.7 million.

ii. The Group's cash flow forecasts following the most likely mine plan and 2021 production guidance that forecast sales of;

- 50,000-55,000 gold equivalent ounces; and
- average 2021 selling price of gold equivalent ounces US$1,790, indicate that the Group forecasts that it will have free cash flow from operations to meet its borrowing obligations, to meet the required capital expenditures and fund the acquisition and investment disclosed in note 37.

The financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realization of assets and settlement of liabilities in the normal course of business. Based on the factors set out above, the Directors believe that the going concern basis of preparation is appropriate and the Group will be able to repay its debts as and when they fall due.

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 2020 is detailed below:

Carrying value of Mine Properties

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

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.

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 24,

Measurement of fair values

The Group has established a control framework with respect to the measurement of fair values. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2020 is detailed below:

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

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 17 – Other financial assets and Note 30 – Financial instruments.

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

Adoption of other narrow scope amendments to IFRSs and IFRS Interpretations
A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

6. COST OF SALES

All figures are reported in thousands of US$	For the year ended 31 December	
	2020	2019
Profit before income tax includes the following specific expenses:		
Production	18,020	31,377
Staff costs	17,843	21,616
Royalties	1,962	2,560
Mining Fees	474	502
Inventory movements	(4,227)	(762)
Total cost of sales before depreciation and amortisation expense	**34,072**	**55,293**
Depreciation of plant and equipment	14,229	17,117
Amortisation of mine properties	2,038	3,138
Total depreciation and amortisation expense	**16,267**	**20,255**
Severance included in staff costs	**1,608**	**988**

7. Other expenses

All figures are reported in thousands of US$	For the year ended 31 December	
	2020	2019
Settlement of union agreement at Guanaco/Amancaya	4,963	-
Severance of mining employees due to outsource of operations	4,278	-
Impairment of goodwill (i)	926	-
Impairment of exploration and evaluation expenditure	748	862
Care and maintenance	1,983	1,185
Restructuring expenses	-	2,087
Exploration expenses	282	-
(Gain)/loss on sale of fixed assets and inventory	(114)	215
Other	(66)	(277)
Total other expenses	**13,000**	**4,072**

(i) Goodwill of $926,000, which arose on the acquisition of a subsidiary, Ingenieria y Mineria Cachinalito Limitada was written off as Ingenieria y Mineria Cachinalito Limitada is in the process of being wound up.

NOTES TO THE FINANCIAL STATEMENTS

8. ADMINISTRATION EXPENSES

All figures are reported in thousands of US$	For the year ended 31 December	
	2020	2019
Consulting and professional services	1,427	1,987
Administration	1,095	1,044
Staff costs	3,754	4,909
Non-executive director fees	334	358
Other	1,297	1,006
Total administration expenses	**7,907**	**9,304**
Severance included in staff costs	**42**	**84**

9. NET FINANCE COSTS

All figures are reported in thousands of US$	For the year ended 31 December	
	2020	2019
Interest income	(4)	(27)
Interest expense	214	901
Interest expense on leases	434	524
(Gain)/loss from foreign exchange	(535)	1,845
Present value adjustment to mine closure provision	252	517
Other	-	27
Net finance costs	**361**	**3,787**

10. AUDITOR'S REMUNERATION

All figures are reported in US$	For the year ended 31 December	
	2020	2019
Audit and review services:		
Auditors of the Group-KPMG		
Audit and review of financial statements-Group	92,885	74,000
Audit and review of financial statements-controlled entities	144,700	159,500
	237,585	**233,500**

11. INCOME TAX EXPENSE

All figures are reported in thousands of US$	For the year ended 31 December	
	2020	2019
(A) Income tax expense comprises:		
Current tax payable	7,450	2,312
Deferred tax (benefit)/expense	(782)	5,557
Income tax	**6,668**	**7,869**
(B) Reconciliation of effective income tax rate		
Profit before tax	14,335	9,508
Prima facie income tax expense calculated at 30%	4,300	2,852
Difference due to blended overseas tax rate*	(720)	(721)
Non-deductible expenses	2,907	6,510
Temporary differences not brought into account	149	(460)
Recognition of carry-forward tax losses	32	(312)
Income tax	**6,668**	**7,869**

* Chile tax rate: 27.0% (31 December 2019: 27.0%). Argentina tax rate: 30% (31 December 2019: 30%)

NOTES TO THE FINANCIAL STATEMENTS

All figures are reported in thousands of US$	31 December 2020				31 December 2019			
	Chile	Argentina	Other	Total	Chile	Argentina	Other	Total
(C) Deferred tax assets and liabilities								
Deferred tax assets								
Other receivable	147	-	-	147	57	–	–	57
Inventory	69	84		153	69	61	–	130
Mining concessions brought to account	-	198	-	198	–	320	–	320
Accrual for mine closure	2,037	302	-	2,339	1,198	198	–	1,396
Deferred income	2,266	-	-	2,266	18	–	–	18
Tax losses carried forward	-	245	9,965	10,210	–	98	9,182	9,280
Property, plant and equipment	-	632	-	632	–	1,072	–	1,072
Payroll accrual	326	-	-	326	780	–	–	780
Other	-	102	-	102	36	989	–	1,025
Leasing	884	-	-	884	1,147	–	–	1,147
Tax losses not brought to account	-	-	(9,965)	(9,965)	–	–	(9,182)	(9,182)
Deferred tax assets	**5,729**	**1,563**	**-**	**7,292**	**3,305**	**2,738**	**-**	**6,043**
Deferred tax liabilities								
Mining concessions	(10,672)	-	-	(10,672)	(8,950)	–	–	(8,950)
Property plant and equipment inflation adjustment	-	(1,040)	(23)	(1,063)	–	(1,474)	(20)	(1,494)
Financial assets	540	(91)	-	449	–	(35)	–	(35)
Deferred tax liabilities	**(10,132)**	**(1,131)**	**(23)**	**(11,286)**	**(8,950)**	**(1,509)**	**(20)**	**(10,479)**
Net deferred tax (liabilities)/assets	**(4,403)**	**432**	**(23)**	**(3,994)**	**(5,645)**	**1,229**	**(20)**	**(4,436)**
Movement in deferred tax balances								
Opening balance	(5,645)	1,229	(20)	(4,436)	(888)	3,892	–	3,004
Exchange rate difference	-	(349)	9	(340)	2	(1,897)	12	(1,883)
Charged to profit or loss	1,242	(448)	(12)	782	(4,759)	(766)	(32)	(5,557)
Closing balance	**(4,403)**	**432**	**(23)**	**(3,994)**	**(5,645)**	**1,229**	**(20)**	**(4,436)**

Deferred tax assets have not been recognised in respect to tax losses for certain entities of the Group. See Note 36 for details.

12. EARNINGS PER SHARE

All figures are reported in thousands of US$	For the year ended 31 December	
	2020	2019
Net profit/(loss) attributable to owners	7,667	5,225
Weighted average number of shares used as the denominator		
Number for basic earnings per share	562,581,929	539,424,350
Number for diluted earnings per share	572,718,453	556,237,880
Basic earnings per ordinary share (cents)	1.36	0.97
Diluted earnings per ordinary share (cents)	1.34	0.93

NOTES TO THE FINANCIAL STATEMENTS

13. OPERATING SEGMENTS

Management have determined the operating segments based on reports reviewed by the Chief Operating Decision Maker ("CODM"). The CODM considers the business from both 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 2020, the Group earned approximately 57% (2019-78%) of its consolidated revenue from sales made to one customer.

All figures are reported in thousands of US$	For the year ended 31 December 2020				For the year ended 31 December 2019			
	Guanaco/ Amancaya	Casposo	Group and unallocated items	Consolidated	Guanaco/ Amancaya	Casposo	Group and unallocated items	Consolidated
Revenue:								
Gold	82,810	-	-	82,810	84,823	5,045	-	89,868
Silver	5,413	-	-	5,413	8,650	3,691	-	12,341
Cost of sales	(34,072)	-	-	(34,072)	(44,985)	(10,308)	-	(55,293)
Depreciation and amortization expense	(16,106)	(119)	(42)	(16,267)	(16,269)	(3,927)	(59)	(20,255)
Other (expense) Income	(10,103)	(2,149)	(748)	(13,000)	(668)	(3,479)	75	(4,072)
Administration expenses	(4,193)	(552)	(3,162)	(7,907)	(5,455)	(887)	(2,962)	(9,304)
Finance costs	(462)	1,450	(1,349)	(361)	(1,239)	(2,545)	(3)	(3,787)
Share of loss of associate	-	-	(507)	(507)	-	-	-	-
(Loss)/gain on financial assets	(2,000)	-	226	(1,774)	-	-	10	10
Income tax expense	(6,224)	(397)	(47)	(6,668)	(7,155)	(832)	118	(7,869)
Segment profit/(loss)	**15,063**	**(1,767)**	**(5,629)**	**7,667**	**17,702**	**(13,242)**	**(2,821)**	**1,639**
Segment assets	77,124	12,701	15,640	105,465	76,525	13,568	16,074	106,167
Segment liabilities	38,681	4,091	1,425	44,197	41,832	4,565	3,039	49,436
Capital expenditure	10,599	638	225	11,462	12,138	486	183	12,807

NOTES TO THE FINANCIAL STATEMENTS

Geographic information:

All figures are reported in thousands of US$	For the year ended 31 December	
	2020	2019
Revenue by geographic location		
Chile	88,223	93,473
Argentina	-	8,736
Australia	-	-
Canada	-	-
United States	-	-
Total revenue	**88,223**	**102,209**
Non-current assets by geographic location		
Chile	51,468	57,615
Argentina	17,722	17,619
United States	4,221	3,976
British Virgin Islands	110	102
Canada	2	6
Australia	-	-
Total non-current assets	**73,523**	**79,318**

14. CASH AND CASH EQUIVALENTS

All figures are reported in thousands of US$	As at 31 December	
	2020	2019
Cash at call and in hand	12,285	7,756
Short-term investments	116	1,440
Total cash and cash equivalents	**12,401**	**9,196**

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	**12,401**	**9,196**

Risk Exposure

The Group's exposure to interest rate risk is discussed in note 30. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

15. INVENTORIES

All figures are reported in thousands of US$	As at 31 December	
	2020	2019
Materials and supplies	8,538	8,648
Ore stocks	776	71
Gold bullion and gold in process	5,354	1,832
Total inventories	**14,668**	**10,551**

*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$1,548k (31 December 2019:US$1,262k).

NOTES TO THE FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES

All figures are reported in thousands of US$	As at 31 December	
	2020	2019
Current		
Trade receivables	2,285	3,787
Other current receivables	1,072	548
Loan receivable (i)	132	–
Prepaid income tax	112	1,252
GST/VAT receivable	868	1,238
Total current receivables	**4,469**	**6,825**
Non-current		
GST/VAT receivable	905	578
Prepaid income tax	799	–
Loan receivable (i)	12	–
Other	191	412
Total non-current receivables	**1,907**	**990**
Allowance for doubtful accounts included in trade receivables	**513**	**390**
Trade debtors		
The ageing of trade receivables is 0–30 days	2,285	3,787

(i) As part of the new three year collective labour agreements with Unions at the Group's Guanaco/Amancaya mines, the Company provided non-interest-bearing loans to employees

16.1 Past due but not impaired

There were no receivables past due at 31 December 2020 (31 December 2019: nil).

16.2 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 30 for more information on the risk management policy of the Group and the credit quality of the receivables.

16.3 Key customers

The Group is mainly reliant on three customers to which gold and silver produced from the Guanaco/Amancaya mines are sold.

17. OTHER FINANCIAL ASSETS

All figures are reported in thousands of US$	As at 31 December	
	2020	2019
Current		
Call option to buy a further 3.795% of Rawhide — level 3	-	4
Listed bonds — level 1	34	29
Listed equity securities — level 1	370	244
Total current other financial assets at fair value	**404**	**277**

The table above sets out the Group's assets and liabilities that are measured and recognised at fair value at 31 December 2020 and 2019.

Listed securities are shares of a Canadian listed mining company and sovereign bonds nominated in USD as at 31 December 2020 and 2019.

Call options as at 31 December 2019 are options to acquire an interest in a certain mining asset in North America which were exercised during year ended 31 December 2020. During the year ended 31 December 2020, another option to acquire certain mining properties in South America which was purchased at a cost of US$2 million. This option was initially valued using the Black-Scholes option valuation model at the time of acquisition and revalued to nil during the year ended 31 December 2020.

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 2020 there were no transfers between the financial instrument levels of hierarchy.

18. MINE PROPERTIES

All figures are reported in thousands of US$	Guanaco/Amancaya	Casposo	Total
Mine Properties – 31 December 2019			
Cost	63,122	9,795	72,917
Accumulated amortisation	(56,638)	(9,795)	(66,433)
Carrying value — Mine Properties	**6,484**	**–**	**6,484**
Movements in carrying value			
Carrying amount at 1 January 2019	6,723	–	6,723
Additions	1,993	–	1,993
Transfers from Exploration and Evaluation expenditure	–	906	906
Amortisation	(2,232)	(906)	(3,138)
Carrying amount at 31 December 2019	**6,484**	**–**	**6,484**
Mine Properties— 31 December 2020			
Cost	62,552	9,795	72,347
Accumulated amortisation	(58,676)	(9,795)	(68,471)
Carrying value — Mine Properties	**3,876**	**-**	**3,876**
Movements in carrying value			
Carrying amount at 1 January 2020	6,484	–	6,484
Additions	1,036	–	1,036
Transfers to Exploration and Evaluation expenditure	(1,079)	–	(1,079)
Decrease in provision for reclamation and rehabilitation	(527)	–	(527)
Amortisation	(2,038)	–	(2,038)
Carrying amount at 31 December 2020	**3,876**	**–**	**3,876**

Carrying value — Guanaco/Amancaya

The Guanaco and Amancaya mines have been determined by Management to be a single cash generating unit ("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 19) with a total book value of US$42.5million are included in determining the carrying value of the CGU for the purposes of assessing for impairment.

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

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

- Real Forecast Gold price (2021-2024): US$1,554/oz – US$1,871/oz (31 December 2019 US$1,493/oz – US$1,498/oz)
- Real Forecast Silver price: (2021-2024) US$18.70/oz – US$23.1/oz (31 December 2019 US$17.10/oz – US$17.90/oz)
- Life of Mine: one year of underground mining plus three years of processing existing heap leach pads (based on most recent financial model used for impairment testing)
- Real Discount Rate (post-tax): 4.8% (31 December 2019: 4.9%)

The sensitivity to +/- 10% variation in the gold price (US$1,620-1,980/oz) and in the discount rate (4.6%–6.6%) on the fair value of the Guanaco/Amancaya project results in an impact of +/- US$10 million on the valuation which does not lead to a fair value below the book value of the project.

NOTES TO THE FINANCIAL STATEMENTS

19. PROPERTY, PLANT AND EQUIPMENT

All figures are reported in thousands of US$	31 December 2020	31 December 2019
Property, plant and equipment owned	34,725	37,515
Right-of-use	9,421	12,917
	44,146	**50,432**
19(i) Property, plant and equipment owned		
Cost	154,297	146,883
Accumulated depreciation	(119,572)	(109,368)
Carrying amount at 31 December 2020 and 31 December 2019	**34,725**	**37,515**
Movements in carrying value		
Carrying amount at beginning of the year	37,515	54,020
Additions	7,624	10,035
Transfer of leases to right-of-use	-	(12,930)
Depreciation	(10,411)	(13,352)
Disposals	(3)	(258)
Carrying amount at 31 December 2020 and 31 December 2019	**34,725**	**37,515**

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

The Group leases production equipment under a number of finance leases. At 31 December 2020, the net carrying amount of finance lease assets under AASB 16 was US$9.4m.

All figures are reported in thousands of US$	31 December 2020						
	Underground Mine Development	Plant	Mining Equipment	Buildings	Land	Other	Total
Movements in carrying value							
Balance at 1 January, 2019	14,669	28,090	5,600	4,056	815	790	54,020
Additions	7,687	655	1,013	680		-	10,035
Transfer of leases to right-of-use assets	-	(10,652)	(888)	(1,390)	-	-	(12,930)
Disposals	-	-	(258)	-	-	-	(258)
Depreciation	(5,670)	(5,392)	(917)	(1,173)	-	(200)	(13,352)
Carrying amount at 31 December 2019	**16,686**	**12,701**	**4,550**	**2,173**	**815**	**590**	**37,515**
Balance at 1 January, 2020	16,686	12,701	4,550	2,173	815	590	37,515
Additions	5,718	401	362	1,037	-	106	7,624
Disposals	-	-	-	(3)	-	-	(3)
Depreciation	(5,637)	(3,031)	(841)	(630)	-	(272)	(10,411)
Carrying amount at 31 December 2020	**16,767**	**10,071**	**4,071**	**2,577**	**815**	**424**	**34,725**

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of carrying amount

All figures are reported in thousands of US$	Underground Mine Development	Plant	Mining Equipment	Buildings	Land	Other	Total
Cost							
Balance at 1 January, 2019	62,770	48,608	21,402	14,732	815	7,109	155,436
Recognition of right-of-use assets on initial recognition of AASB 16	-	(14,352)	(1,240)	(2,499)	-	-	(18,091)
Adjusted balance at 1 January 2019	**62,770**	**34,256**	**20,162**	**12,233**	**815**	**7,109**	**137,345**
Additions	7,687	655	1,013	680	-	-	10,035
Disposals	-	-	(497)	-	-	-	(497)
Balance at 31 December 2019	**70,457**	**34,911**	**20,678**	**12,913**	**815**	**7,109**	**146,883**
Additions	5,718	401	362	1,037	-	106	7,624
Disposals	-	-	(68)	(133)	-	(9)	(210)
Balance at 31 December 2020	**76,175**	**35,312**	**20,972**	**13,817**	**815**	**7,206**	**154,297**

All figures are reported in thousands of US$	Underground Mine Development	Plant	Mining Equipment	Buildings	Land	Other	Total
Accumulated depreciation and impairment losses							
Balance at 31 December, 2018	48,101	20,518	15,801	10,677	-	6,319	101,416
Recognition of right-of-use on initial recognition of AASB 16	-	(3,700)	(352)	(1,110)	-	-	(5,162)
Adjusted balance at 1 January 2019	**48,101**	**16,818**	**15,449**	**9,567**	**-**	**6,319**	**96,254**
Depreciation	5,670	5,392	917	1,173	-	200	13,352
Disposals	-	-	(238)	-	-	-	(238)
Balance at 31 December 2019	**53,771**	**22,210**	**16,128**	**10,740**	**-**	**6,519**	**109,368**
Depreciation	5,637	3,031	841	630	-	272	10,411
Disposals	-	-	(68)	(130)	-	(9)	(207)
Balance at 31 December 2020	**59,408**	**25,241**	**16,901**	**11,240**	**-**	**6,782**	**119,572**
Carrying amounts							
At 31 December 2019	**16,686**	**12,701**	**4,550**	**2,173**	**815**	**590**	**37,515**
At 31 December 2020	**16,767**	**10,071**	**4,071**	**2,577**	**815**	**424**	**34,725**

19(ii) Right of use

All figures are reported in thousands of US$	31 December 2020			
	Office	Vehicles	Machinery and equipment	Total
Recognised on adoption of AASB 16	339	3,206	9,724	13,269
Additions	47	3,366	-	3,413
Less depreciation	(94)	(1,383)	(2,288)	(3,765)
Balance at 31 December 2019	**292**	**5,189**	**7,436**	**12,917**
Balance at 1 January 2020	292	5,189	7,436	12,917
Additions	-	322	-	322
Less depreciation	(99)	(1,834)	(1,885)	(3,818)
Balance at 31 December 2020	**193**	**3,677**	**5,551**	**9,421**

19(iii) Lease liabilities

All figures are reported in thousands of US$	As at 31 December	
	2020	2019
Lease liabilities	6,321	9,349
Lease liabilities		
Less: current portion	(2,905)	(3,047)
Non-current long-term liability	**3,416**	**6,302**

Undiscounted lease payments

All figures are reported in thousands of US$	As at 31 December	
	2020	2019
Less than a year	3,193	3,233
Greater than a year	7,712	7,811
	10,905	11,044

20. EXPLORATION AND EVALUATION EXPENDITURE

All figures are reported in thousands of US$	As at 31 December	
	2020	2019
Costs carried forward in respect of areas of interest		
Carrying amount at the beginning of the period	15,281	16,270
Additions	3,329	779
Impairment for the period	(748)	(862)
Transfers from/(to) Mining Properties	1,079	(906)
Carrying amount at end of the period	**18,941**	**15,281**

The recovery of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the areas of interest. This balance mainly relates to expenditures at the Guanaco, Casposo and Pingüino exploration projects.

Additions for the year ended 31 December 2020 and 2019 relate mainly to exploration on the Guanaco and Casposo projects and the initial payment for the Sierra Blanca project in Santa Cruz, Argentina.

The significant terms of the transaction to acquire the Sierra Blanca in October 2020 include the payment of US$100,000 cash (paid) on signing and work commitments of US$700,000. The transaction is being accounted for as an acquisition of an asset and the work commitments are to be paid as follows:

Year 1: $100,000

Year 2: $200,000

Year 3: $300,000

After work commitments in Year 1 are incurred, the Group will acquire a 51% interest. After the work commitments in Year 2 and Year 3 are incurred, the Group will acquire an additional 29% interest. Expenditures may be incurred earlier than the work commitment dates.

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

Year 4: Cash of US$0.5 million and work commitments of US$0.4 million

Year 5: Cash of US$1.0 million and work commitments of US$0.4 million

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.

Impairment for the year ended 31 December 2020 and 2019 relate exploration projects with no expected value in Argentina.

During December 2020, the Group entered into an option agreement to acquire certain mining concessions in Chile named Buenos Aires del 1 a la 199.

The total cost of the option is US$5.05 million ("Fixed Price") and is to be paid in Chilean pesos as follows:

	US$
Upon execution of the agreement (paid)	100,000
6 months from the date of the agreement	100,000
12 months from the date of the agreement	350,000
18 months from the date of the agreement	500,000
24 months from the date of the agreement	1,000,000
30 months from the date of the agreement	500,000
36 months from the date of the agreement	1,000,000
48 months from the date of the agreement	1,500,000
	5,050,000

In addition, there is a 2% NSR on gold and silver and a 1.5% NSR on other minerals sold from these concessions.

During December 2020, the Group also entered into an agreement to acquire the Sierra Amarilla properties (334 hectares) from SQM (SQM:NYSE). The total consideration was US$40,000 (paid) plus a 1% NSR royalty over precious metals sold from those properties.

21. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

The Group's interests in equity-accounted investees comprise an interest in Rawhide Acquisition Holding LLC. ("Rawhide"). On 17 December 2019, the Group made an initial purchase of approximately 22.48% (21.28% on a fully diluted basis) directly from Rawhide for a purchase price of US$3,957,406, of which US$2,000,000 was paid in cash at closing. The balance of US$1,957,406 was paid on 31 January 2020. Transaction costs of US$19,016 were incurred. In addition, on 17 December 2019, the Group entered into option agreements with three existing unit owners to acquire an additional 3.795% of the issued and outstanding Rawhide Units for a total of US$750,813. The Group exercised these options during 2020. During the year ended 31 December 2020, the Group recorded a loss of US$507,093 representing the share of the loss incurred by Rawhide adjusted for the impact of AASB 16, Rawhide hedges and call options based on their ownership interest throughout the period.

All figures are reported in thousands of US$	As at December	
	2020	2019
Percentage ownership interest	26.46%	22.48%
Non-current assets	23,873	25,330
Current assets	18,145	15,323
Non-current liabilities	(33,504)	(34,557)
Current liabilities	(11,047)	(7,347)
Net liabilities (100%)	**(2,533)**	**(1,251)**
Group's share of net liabilities	(670)	(281)
Carrying amount of interest in associate	**4,221**	**3,976**

All figures are reported in thousands of US$	For the year ended 31 December	
	2020	2019
Revenue	42,623	-
(Loss) from continuing operations (100%)	(1,999)	-
Other comprehensive income (100%)	-	-
Total comprehensive income (100%)	(1,999)	-
Group's share of total (loss) and comprehensive income (25.37%)*	**(507)**	**-**

*Weighted average of 25.37% ownership in the Rawhide Mine during the year ended 31 December 2020.

22. TRADE AND OTHER PAYABLES

All figures are reported in thousands of US$	As at 31 December	
	2020	2019
Current		
Trade payables	4,775	4,081
Accrued expenses	3,956	3,075
Royalty payable	659	746
Director fees	429	432
Other	552	576
Total trade and other payables	**10,371**	**8,910**
Non-Current		
Other payables	-	1

23. EMPLOYEE ENTITLEMENTS

All figures are reported in thousands of US$	As at 31 December	
	2020	2019
Current		
Salaries and bonuses	2,579	1,894
Employee entitlements	1,315	1,654
Total employee entitlements	**3,894**	**3,548**

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.

Non-current		
Employee entitlements	24	1,048

Retirement benefits

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

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

24. PROVISIONS

All figures are reported in thousands of US$	As at 31 December	
	2020	2019
Non current		
Mine closure	11,045	10,804
Others	5	10
Closing balance	**11,050**	**10,814**
Movement in non current provisions		
Opening balance	10,814	10,664
(Reductions)/additions	(531)	(25)
Exchange difference	515	(342)
Present Value Adjustment	252	517
Closing balance	**11,050**	**10,814**

Rehabilitation provision

Provision for rehabilitation work has been recognised in relation to estimated future expenditures including rehabilitating mine sites, dismantling operating facilities and restoring affected areas. These future cost estimates are discounted to their present value. The calculation of this provision requires assumptions such as application of environmental legislation, mine closure dates, available technologies and engineering cost estimates. The related carrying amounts are disclosed in note 18.

As at 31 December 2020, the total restoration provision amounts to US$7.5m for Guanaco/Amancaya mine. The present value of the restoration provision was determined based on the following assumptions:

- Undiscounted rehabilitation costs: US$7.6m; and
- Discount period: 2 years (Discount period based on expected timing of restoration activities).
- Discount rate: 0.50% (2019-1.75%)

As at 31 December 2020, the total restoration provision amounts US$3.5m for the Casposo mine. The present value of the restoration provision was determined based on the following assumptions:

- Undiscounted rehabilitation costs: US$4.2m; and
- Discount rate: 11.28% (2019–12.3%)

There are no current plans for rehabilitation and restoration as the Group has initiated an exploration program and there is potential to restart operations in the future.

25. LOANS AND BORROWINGS

All figures are reported in thousands of US$	As at 31 December 2020	As at 31 December 2019
Current		
Loan facilities	831	3,754
Vendor take-back loan	-	291
Total current loans and borrowings	**831**	**4,045**
Non-current		
Loan facilities	1,246	2,077
Total non-current loans and borrowings	**1,246**	**2,077**

Loan Facilities

At 31 December 2020, the Loan Facilities are payable to Banco Santander and are to be repaid over 36 months at an annual average interest rate of 5.5% (2019–5.85%).

26. ISSUED CAPITAL

All figures are reported in thousands of US$	As at 31 December 2020	As at 31 December 2019
Fully paid ordinary shares	102,177	101,682
Number of ordinary shares	**566,070,265**	**559,393,259**
Weighted average number of ordinary shares (basic)	**562,581,929**	**539,424,350**

Movements in ordinary share capital	Number of ordinary shares	US$'000
Balance at 1 January 2019	**534,173,010**	**100,569**
Shares issued pursuant to pro-rata rights offering	25,220,249	1,194
Share issue costs pursuant to exercise of options	-	(81)
Balance at 31 December 2019	**559,393,259**	**101,682**
Exercise of options	6,677,006	504
Share issue costs pursuant to exercise of options	-	(9)
Balance at 31 December 2020	**566,070,265**	**102,177**

On 15 October 2019, the Group closed its non-renounceable pro-rata rights offer of ordinary shares and attaching options at a price of A$0.08 per share. One option was granted for each 1.5 shares ordinary issued. The fair value of the options granted was US$186,000 (note 28). The Group received gross proceeds of US$0.43m.

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.

Movements in share options	Date	As at 31 December 2020	As at 31 December 2019
Unlisted Options to acquire ordinary fully paid shares at A$0.092 on or before 18 October 2021	18 Oct 2019	10,136,524	16,813,530

27. ACCUMULATED LOSSES

All figures are reported in thousands of US$	31 December 2020	31 December 2019
Accumulated losses at beginning of year	(44,238)	(49,473)
Adjustment on initial application of AASB16 (net of tax)	-	10
Adjusted balance at 1 January 2020/1 January 2019	(44,238)	(49,463)
Net profit for the year	7,667	5,225
Profits transferred to profit reserve	(7,300)	-
Accumulated losses at end of year	**(43,871)**	**(44,238)**

28. RESERVES

All figures are reported in thousands of US$	Note	31 December 2020	31 December 2019
Foreign currency translation reserve			
Balance at beginning of year		375	356
Foreign exchange movements from translation of financial statements to US dollars		(55)	19
Balance at end of year		**320**	**375**
Share option reserve			
Balance at beginning of year		(135)	(321)
Unlisted options (1)		(74)	186
Balance at end of year		**(209)**	**(135)**
Business combination reserve			
Balance at beginning of year		(953)	-
Acquisition of 49% of Cachinalito		-	453
Acquisition of 30% of Casposo		-	(1,406)
Balance at end of year		**(953)**	**(953)**
Profit appropriation reserve			
Transfer from accumulated losses		7,300	-
Dividend paid		(3,496)	-
Balance at end of year		**3,804**	**-**
Total reserves		**2,962**	**(713)**

(1) The fair value of the unlisted options issued in its non-renounceable pro-rata rights offer is determined at the date of issuance using the Black-Scholes options valuation model that takes into account the assumptions per the following table. Upon the exercise of options, the balance of the reserve relating to those options is transferred to share capital.

Exercise price	AUS$ 0.092
Term of option	2 years
Share price at date of issuance	AUS$ 0.073
Expected price volatility	53% per annum
Risk-free interest rate	0.72%

Nature and purpose of reserves

Foreign Currency Translation Reserve

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

Share Option Reserve

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

Profit appropriation Reserve

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

29. NON-CONTROLLING INTEREST

All figures are reported in thousands of US$	As at 31 December	
	2020	2019
Non-controlling interest in subsidiaries comprise		
Acquired as part of subsidiary	-	-

On 20 March 2019, the Group entered into an agreement to acquire the 49% non-controlling interest in Cachinalito for US$949,729 to be paid in eighteen monthly installments of approximately US$52,651. During the year ended 31 December 2020, the Company made twelve payments totaling US$332,729 (2019; US$617,000).

On 23 December 2019, the Group entered into an agreement to effectively acquire the 30% non-controlling interest in Casposo for US$200,000.

30. FINANCIAL INSTRUMENTS

Financial risk management objectives

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

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

The Group holds the following financial instruments:

All figures are reported in thousands of US$	As at 31 December	
	2020	2019
Financial Assets		
Cash and cash equivalents	12,401	9,196
Trade and other receivables	4,603	6,000
Other financial assets	404	277
Financial liabilities		
Trade and other payables	10,371	8,910
Employee entitlements	3,918	4,596
Borrowings	2,077	6,122
Promissory note	-	1,957
Financial leases	6,321	9,349

a. **Market Risk**

i. Foreign Currency Risk

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

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

As at 31 December 2020, the Group was exposed to foreign exchange risk though the following financial assets and liabilities denominated in currencies other than the Group's functional currency (thousands of $US).

NOTES TO THE FINANCIAL STATEMENTS

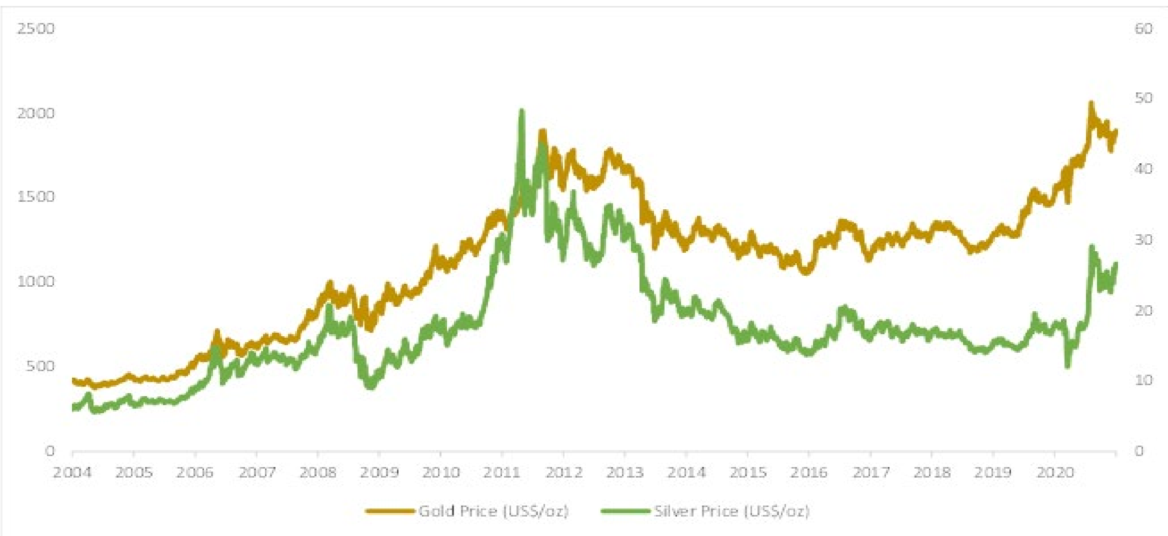
	Argentinian Peso (ARS)	Chilean Peso (CLP)	Australian (AUS)	Canadian Dollar
Financial assets				
Cash and cash equivalents	81	120	4	15
Trade and other receivables	1,961	54	334	14
Other financial assets	34	-	-	-
Financial liabilities				
Trade and other payables	289	2,591	369	39
Employee entitlements	420	2,159	-	-
Financial leases	1	-	-	-
Borrowings	-	86	-	-

ii. Price Risk

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

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

Historical Evolution in the gold and silver commodity prices (US$)



Sensitivity to Changes in Commodity Prices (Gold and Silver)

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

All figures are reported in thousands of US$	Effect on profit/(loss) For the year ended		Effect on equity	
	December 2020	December 2019	31 December 2020	31 December 2019
10 % increase in gold and silver prices	8,822	10,221	8,822	10,221
10 % decrease in gold and silver prices	(8,822)	(10,221)	(8,822)	(10,221)

iii Interest Rate Risk

The Group's main interest rate risk arises from finance leases. The Group's borrowings are at fixed rates and therefore do not carry any variable interest rate risk.

a. Financial Market Risk

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

The group holds listed government bonds, and listed equity securities (note 17). These are classified as level 1 within the fair value hierarchy as per AASB 7 "Financial Instruments".

b. Credit Risk

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

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

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

c. Liquidity Risk

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

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

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.

Consolidated					
All figures reported in thousands of US$	6 months	6-12 months	1-5 years	> 5 years	Total
31 December 2020					
Financial liabilities					
Trade and other payables	10,371	-	-	-	10,371
Employee entitlements	3,894	-	24	-	3,918
Borrowings	416	415	1,246	-	2,077
Leasing	1,468	1,437	3,416	-	6,321
Total 31 December 2020 liabilities	**16,149**	**1,852**	**4,686**	**-**	**22,687**
31 December 2019					
Financial liabilities					
Trade and other payables	8,910	-	1	-	8,911
Employee entitlements	3,548	-	1,048	-	4,596
Promissory note	1,957	-	-	-	1,957
Borrowings	3,484	561	2,077	-	6,122
Leasing	1,532	1,515	6,302	-	9,349
Total 31 December 2019 liabilities	**19,431**	**2,076**	**9,428**	**-**	**30,935**

NOTES TO THE FINANCIAL STATEMENTS

31. DIVIDENDS

All figures are reported in thousands of US$	For the year ended 31 December	
	2020	2019
Dividends paid	3,496	-

An unfranked cash dividend of A$0.09 per share was paid on 24 July 2020.

32. COMMITMENTS

All figures are reported in thousands of US$	As at 31 December	
	2020	2019
Lease commitments		
Finance lease commitments at the reporting date and recognised as liabilities, payable:		
Within one year	3,179	3,496
Two to five years	3,553	6,711
Total commitment	**6,732**	**10,207**
Less: Future finance charges	(411)	(858)
Net commitment recognised as liabilities	**6,321**	**9,349**
Representing:		
Lease liability—current	2,905	3,047
Lease liability—non-current	3,416	6,302
Operating leases not recognised as liabilities	**-**	**-**

To maintain legal rights to its properties, the Group pays fees for mining concessions and exploration. It anticipates that it will need to pay approximately US$0.5m during the next year to maintain legal rights to all of its properties.

Exploration commitments not recognized as liabilities		
Within one year	550	-
Two to five years	5,100	-
Total exploration commitments not recognised as liabilities	**5,650**	**-**

33. SUBSIDIARIES

	Country of Incorporation	% owned	
		31 December 2020	31 December 2019
Subsidiaries			
Guanaco Mining Company Limited	British Virgin Islands	100.000	100.000
Guanaco Compañía Minera SpA	Chile	99.998	99.998
Ingenieria y Mineria Cachinalito Limitada	Chile	100.000	100.000
Casposo Energías Renovables S.A.U.	Argentina	100.000	100.000
Austral Gold Argentina S.A.	Argentina	99.970	99.970
Austral Gold North America Corp.	United States	100.000	100.000
Argentex Mining Corporation	Canada	100.000	100.000
SCRN Properties Ltd.	Canada	100.000	100.000
Casposo Argentina Limited	Canada	100.000	100.000

34. PARENT ENTITY INFORMATION

All figures are reported in thousands of US$	31 December 2020	31 December 2019
Current assets	1,011	1,136
Total assets	**67,795**	**67,920**
Current liabilities	13,176	12,896
Total liabilities	13,176	12,896
Net assets	**54,619**	**55,024**
Issued capital	102,177	101,682
Accumulated losses	(47,326)	(46,554)
Reserves	(231)	(106)
Total shareholders' equity	**54,619**	**55,024**
Profit for the year	**2,727**	**(676)**
Total comprehensive income/(loss) for the year	**2,672**	**(657)**
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	A*	A*
Details of any contingent liabilities of the parent entity	None	None
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment.	None	None

A* Austral Gold Limited is guarantor for the credit facility of US$0.3m between BAF and Guanaco Compañía Minera SpA.

35. RELATED PARTY TRANSACTIONS

35.1 KMP holdings of shares and share options at 31 December 2020

- Mr Eduardo Elsztain holds 451,679,060 shares and 9,615,500 options directly and indirectly in Austral Gold Limited. (31 December 2019— 479,805,958 shares and 16,241,776 options)
- Mr Saul Zang holds 1,640,763 shares and 136,730 options directly in Austral Gold Limited. (31 December 2019—1,640,763 shares and 136,730 options)
- Mr Pablo Vergara del Carril holds 68,119 shares directly in Austral Gold Limited. (31 December 2019—68,119)
- E Elsztain and S Zang are Directors of IFISA which holds 380,234,614 shares and nil options according to the last substantial holder notice lodged on 10 December 2020. (31 December 2019—433,448,890 and 12,378,689 options)
- P Vergara del Carril, E Elsztain and S Zang are Directors of Guanaco Capital Holding Corp which holds 35,870,730 shares and 2,989,227 options according to the last substantial holder notice lodged in October 2019. (31 December 2019—35,870,730 and 2,989,227 options)
- Mr Stabro Kasaneva holds 6,881,230 shares indirectly in Austral Gold Limited. (31 December 2019—6,881,230)
- Mr Wayne Hubert holds 2,545,500 shares indirectly in Austral Gold Limited. (31 December 2019—1,750,000)
- Mr. Raul Guerra holds 801,000 shares directly in Austral Gold Limited. (31 December 2019—nil)
- Mr. Rodrigo Ramirez holds 279,514 shares directly in Austral Gold Limited. (31 December 2019—279,514)
- Mr. Jose Bordogna holds 22,000 shares directly in Austral Gold Limited. (31 December 2019—nil)

35.2 Directors and Key Management Personnel Remuneration

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

All figures are reported in thousands of US$	For the year ended 31 December	
	2020	2019
Short-term employment benefits	1,691	1,394
Consulting fees	60	-
Non-executive director fees	334	358
Total	**2,085**	**1,752**

Other transactions with related parties

Zang, Bergel & Viñes Abogados is a related party since two non-executive Directors, Saul Zang and Pablo Vergara del Carril have significant influence over this law firm based in Buenos Aires, Argentina. Legal fees charged and expenses to reimbursement to the Group for the 12 months ended 31 December 2020 amounted to US$198,696 (2019: US$211,512).

Cresud S.A.C.I.F.Y.A, IRSA Inversiones y Representaciones S.A., IRSA Propiedades Comerciales S.A. and Consultores Asset Management S.A. are related parties as they are controlled by Non-executive Director and Chairman, Eduardo Elsztain. During the twelve month period ended 31 December 2020 a total of US$62,047 was charged to the Company (2019: US$326,437) in regard to IT services support, HR services, software licenses building/office expenses and other fees.

During April 2019, Consultores Assets Management SA, a company controlled by E Elsztain provided a loan of US$1.6 million at an annual interest rate of at 10% per annum. The loan plus interest of US$30,609 was repaid in July 2019.

Hubert Mining Consultants, a company controlled by Wayne Hubert charged of US$60,000 during the 12 months ended 31 December 2020 (2019:US$nil)

353 Ultimate parent entity

The Parent Entity is controlled by IFISA with a 67.17% non-diluted and diluted interest in Austral Gold Limited and is incorporated in Uruguay.

The ultimate beneficial owner of IFISA is Eduardo Elsztain.

36. UNRECOGNISED DEFERRED TAX ASSETS

In certain entities of the Group, tax losses have not been recognised as deferred tax assets in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

Australia	As at 31 December 2020	
	US$ '000	Expiry
Tax losses	15,332	No Expiry
Capital losses	2,486	No Expiry
Canada		
Tax losses	18,683	2021-2041

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

United States		
Tax losses	287	No Expiry

37. SUBSEQUENT EVENTS

(i) During February 2021, the Group completed the acquisition of Revelo Resources Corp. ('Revelo) under a plan of arrangement ('the Arrangement') in Canada. Under terms of the Arrangement, Austral acquired all Revelo shares and Revelo shareholders received total consideration of US$6,977,713 comprised of cash of US$917,059 (C$1,176,471) and 35,475,095 ordinary shares of Austral valued at approximately US$6,060,654. Consequently, Revelo became a wholly-owned subsidiary of Austral.

The fair value of the ordinary shares issued was based on the listed share price of the Company at the date of issue on 05 February 2021, AUD$0.225 (US$0.1708) per share.

(ii) During February 2021, the Group acquired 5,950,000 units (19.96%) of Ensign Gold Inc, 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 Group 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.

(iii) During January 2021, the Group received shareholder and regulatory approval of the Companies Stock incentive plan.

(iv) On 14 February 2021, 2,666 ordinary shares were issued pursuant to the exercise of options.

(v) On 23 February 2021, the Group declared an unfranked dividend of A$0.008 per share to shareholders totaling approximately US$3.8 million.

38. SIGNIFICANT ACCOUNTING POLICIES

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

Set out below is an index of the significant accounting policies.

38.1 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 33 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.

Goodwill

Goodwill has arisen on the acquisition of a subsidiary, Ingenieria y Mineria Cachinalito Limitada. The recoverable amount of the goodwill arising from the Cachinalito business has been determined by including it as part of the combined Guanaco/ Amancaya CGU described above.

As of 31 December 2020, the goodwill was written off as Ingenieria y Mineria Cachinalito Limitada is in the process of being wound up.

38.2 Revenue Recognition

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

When the customer is the refinery, the control of the metals is transferred at the metal availability date. The metal availability date is when the metals are available for pricing by the refinery. If the customer is not the refinery, revenue is recognized when the metals are transferred to the customer upon receipt and the customer obtains control of the metals. Invoices are payable two business days after the metal availability date.

38.3 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.

38.4 Foreign currency translation

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

Foreign currency transactions

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.

38.5 Mine Properties

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

Amortisation

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

Deferred stripping costs

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

Capitalised stripping costs are disclosed as a component of Mine Properties. Components of an ore body are determined with reference to life of mine plans and take account of factors such as the geographical separation of mining locations and/or the economic status of mine development decisions. Capitalised stripping costs are initially measured at cost and represent an accumulation of costs directly incurred in performing the stripping activity that improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs. The amount of stripping costs deferred is based on a relevant production measure which uses a ratio obtained by dividing the tonnage of waste mined by the quantity of ore mined for an identified component of the ore body. Stripping costs incurred in the period for an identified component of the ore body are deferred to the extent that the current period ratio exceeds the expected waste to ratio for the life of the identified component of the ore body. Such deferred costs are then charged against the statement of profit or loss when the stripping ratio falls below the life of mine ratio. These are a function of the mine design and therefore any changes to the design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact on reserves may also have an impact on the component ratio even though they may not impact the mine design. Changes to the life of mine plan, identified components of an ore body, stripping ratios, units of production and expected useful life are accounted for prospectively. Deferred stripping costs form part of the total investment in a cash generating unit, which is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

38.6 Exploration and evaluation expenditure

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

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

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

Expenditure relating to pre-exploration activities is written off to the profit or loss during the period in which the expenditure is incurred.

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

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

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

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

38.7 Property, plant and equipment

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

Depreciation

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

Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed, except those that are included in the amount of exploration assets as an allocation of production overheads. The depreciation rate used for fixed assets except for underground mine development is between 10%-20%. 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.

38.8 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.

38.9 Income tax

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

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

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

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

ii. when the taxable temporary difference is associated with investments in subsidiaries, associates, or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

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

38.10 Inventories

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

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

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

38.11 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, any unearned income and provisions for doubtful accounts.

38.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. They are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

38.13 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.

38.14 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.

38.15 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.

38.16 Impairment of non-financial assets

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

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

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

38.17 De-recognition of financial assets and financial liabilities

Financial assets

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

i. the rights to receive cash flows from the asset have expired; or

ii. the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass- through' arrangement; or

iii. the Group has transferred its rights to receive cash flows from the asset and either;

  a. has transferred substantially all the risks and rewards of the asset; or

  b. has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

Fair value through other comprehensive income

The Group's investments in equity securities are classified as 'fair value through Other Comprehensive Income. Subsequent to initial recognition fair value through other comprehensive income investments are measured at fair value with gains or losses being recognised directly through Other Comprehensive Income in the Statement of Profit or Loss and Other Comprehensive Income.

Financial liabilities

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

38.18 Contributed equity

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

38.19 Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

38.20 Borrowing costs

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

38.21 Employee leave benefits

Short-term employee benefits

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

Long service leave

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

Superannuation

The Company contributes to employee superannuation funds. Contributions made by the Company are legally enforce-able. Contributions are made in accordance with the requirements of the Superannuation Guarantee Legislation.

38.22 Segment reporting

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

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

38.23 New, revised or amending Accounting Standards and Interpretations adopted

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